

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

CIVIL ACTION NO. 03-11894-RWZ

REGISTRAR ACCREDITATION BOARD, INC.

v.

STEPHEN S. KENEALLY, d/b/a American Global Standards

v.

RANDY DOUGHERTY, ROBERT ROWE, GARY MARTEL,
ISO-9000 USA, INC., d/b/a American Global Standards,
AMERICAN INSTITUTE OF QUALITY REGISTRARS, LLC, and MICHAEL MORSE

&

AMERICAN INTERNATIONAL REGISTRARS

MEMORANDUM AND ORDER

September 28, 2007

ZOBEL, D.J.

I. Introduction

Plaintiff Registrar Accreditation Board, Inc. ("RAB") moves for partial summary judgment on the issue of liability on its trademark infringement claims against defendant Stephen S. Keneally ("Keneally") and for summary judgment in its favor on Keneally's counterclaims. Third-party defendant Randy Dougherty ("Dougherty") moves for summary judgment on third-party plaintiff Keneally's claims against him. For the reasons below, RAB's motion is allowed in part and denied in part, and Dougherty's motion is allowed as a motion to dismiss.

II. Procedural and Factual Background

A. Registrars, Accreditation and Certification

A system of international standards including “ISO 9000” and “ISO 14000” assures manufacturers that their suppliers conform to procedures that ensure product quality. Registrars, independent companies that evaluate suppliers’ methods and systems, conduct audits of those methods and systems and issue certificates of compliance that manufacturers can rely upon when dealing with suppliers. These registrars, in turn, must be accredited to ensure they conduct their audits properly and in compliance with standards that guarantee that the certificates they issue truly represent compliance by the supplier with ISO standards.

Plaintiff RAB accredits ISO 9000 and ISO 14000 registrars under its National Accreditation Program (“NAP”) in partnership with the American National Standards Institute (“ANSI”). ANSI and RAB offer the only accreditation program in the United States. Once a registrar is accredited by RAB, it enters into an NAP Accreditation Agreement (“Agreement”) with RAB that, *inter alia*, gives it permission to use several RAB trademarks on the certificates of compliance it issues to its customers. To maintain its own standards, RAB periodically audits the work of the accredited registrars and issues Noncompliance Conformance Reports (“NCRs”) if their work is substandard. If a registrar fails to take corrective action to correct the problem, RAB may suspend the registrar’s accreditation or withdraw it entirely.

While suspended, a registrar may not issue any new certificates bearing RAB’s marks. If a registrar loses its RAB NAP accreditation, not only may it no longer use the

trademarks, but it must also notify its customers that its accreditation is withdrawn and the certificates it previously issued are no longer valid. The supplier-customer must then either accept a replacement certificate without RAB trademarks from the now no longer accredited registrar, or recertify with another accredited registrar.

B. Keneally's History as a Registrar

Defendant and third-party plaintiff Keneally is a registrar who audits suppliers and issues certificates of compliance.¹ He began performing site audits in 1994 under accreditation from a Dutch registrar and obtained accreditation from RAB in 1998. As the result of a business deal in 1999, his primary focus for ISO 9000 certification services was on customers in the Far East.

In mid-2000, Keneally sold his registrar business, Davy Scott Registrars, Inc. ("DSR"), to a California company, ISO 9000 USA, Inc., owned and managed by Robert Rowe ("Rowe") and Gary Martel ("Martel") and doing business as American Global Standards ("AGS"). He continued to work on developing the certification business in Asia for AGS after the acquisition. During this period, RAB audited AGS on multiple occasions and issued several NCRs, most of which Keneally alleges were minor and quickly resolved. An employee of RAB, Randy Dougherty ("Dougherty") reviewed the NCRs issued to AGS and was involved in negotiations with AGS to resolve those NCRs. In 2002, however, Keneally claims RAB became uncooperative and refused to work with AGS in resolving the outstanding NCRs.

¹ Keneally operated through a series of companies, many of which are not relevant to the issues in the instant case and therefore are not discussed here.

In October 2002, Keneally moved the Japan, Korea and India files to his office in Massachusetts. Rowe and Martel formed a new company, American International Registrars (“AIR”) which was subsequently accredited by RAB while Keneally continued to operate in Massachusetts as AGS. In late 2002 and early 2003, RAB denied Keneally’s appeal of the outstanding NCRs and first suspended, then revoked, AGS’s accreditation. In order to continue operating, Keneally arranged for another registrar, Michael Morse (“Morse”) of American Institute of Quality Registrars (“AIQR”), to issue RAB accredited certificates to some of AGS’s Japanese customers. AIQR issued fourteen certificates to AGS customers from its offices in Michigan. In addition, Keneally printed eighty additional AIQR certificates in his offices for Japanese customers with, according to him, the permission of Morse.

B. RAB’s Complaint Against Keneally

RAB asserts that a customer receiving a certificate issued by AIQR on behalf of AGS complained to it in June 2003, bringing the arrangement to its attention. AIQR withdrew the fourteen certificates it had issued directly and denied that it or Morse had authorized Keneally to print and issue any additional certificates.

On September 29, 2003, RAB filed suit alleging that Keneally had issued certificates containing the RAB trademarks without accreditation or authorization. The complaint includes claims for trademark violations under the Lanham Act (Counts I, II, III and IV) and breach of contract (Counts V and VI) for failure to withdraw issued certificates after being de-accredited and for failure to pay several outstanding invoices. (Compl. (Docket # 1).) The complaint seeks monetary damages as well as

an injunction prohibiting Keneally from using RAB's marks.

C. Keneally's Counterclaims and Third-Party Claims

Keneally responded on November 17, 2003, with multiple counterclaims (Docket # 9), alleging that RAB deliberately refused to cooperate with him in resolving the NCRs, that Dougherty had a personal bias against him and that RAB interfered with the sale of his business, DSR, to Rowe and Martel. In addition, he claims that public notice of the revocation of AGS's accreditation libeled him. The counterclaims assert: (1) interference with contractual relations (Count I); (2) unfair and deceptive business practices under Mass. Gen. Laws ch. 93A (Count II); and (3) libel.

Shortly thereafter, Keneally filed a third-party complaint (Docket # 14) against: (1) ISO 9000 USA, Inc., alleging breach of the agreement to purchase his registration business (Count I) and breach of the covenant of good faith and fair dealing (Count II); (2) AIQR and Morse for misrepresentation (Count III); (3) Dougherty, Martel and Rowe for interference with contractual relations (Count IV); and (4) against all third-party defendants for unfair and deceptive business practices under Mass. Gen. Laws ch. 93A (Count V). The complaint also includes a reach and apply claim against AIR (Count VI).

D. AIQR's Counterclaim

AIQR and Morse filed a counterclaim (Docket # 55) against Keneally for breach of contract (Count I) and fraud (Count II) in connection with their agreement with him to issue certificates for his customers in Japan.

E. Subsequent History

The various parties have filed a host of motions during the four years following the initial complaint, including a partial motion to dismiss by third-party defendants ISO 9000 USA, Inc. (Docket # 20) and a motion to dismiss by the reach and apply defendant (Docket # 22), which were stayed pending arbitration (Docket # 33).

Despite the stay in this court and the existence of the arbitration proceeding, the litigation in this court did not remain in waiting. There was considerable skirmishing around a notice of default, the court held a scheduling conference and entered orders concerning pleadings and discovery, and the parties sought an order of reference to the court's mediation service. The mediation was successful only as to third-party defendant Morse, and the parties continued to conduct discovery.² (See Docket # 72; see also Docket ## 60-71.)

The court then vacated the stay and reinstated the third-party defendants, denying the motion to dismiss. (Docket # 79.) Third-party defendant Dougherty filed a motion for summary judgment. (Docket # 81.) Plaintiff RAB has filed a motion for partial summary judgment on its Lanham Act claims and seeks summary judgment in its favor on all of Keneally's counterclaims. (Docket # 83.) I address these motions seriatim below.

III. Dougherty's Motion for Summary Judgment

A. Motion Properly Considered as a Motion to Dismiss

Dougherty styles his motion as a motion for summary judgment pursuant to Fed.

² It is unclear from the mediator's report if the agreement with Morse also settled the identical third-party claims against AIQR and AIQR's counterclaims against Keneally.

R. Civ. P. 56. (Docket # 81, 1.) However, the ground he advances for dismissal of the third-party complaint against him is a lack of personal jurisdiction. (Id. at 2.) Lack of jurisdiction does not deal with the merits of the case; therefore, this defense should be raised in a motion to dismiss, which is not preclusive. See Wyatt v. Terhune, 315 F.3d 1108, 1119 (9th Cir. 2003); Kowalezyk v. Walsh, 482 F. Supp. 959, 962 (D.C. Mass. 1979) (“A motion to dismiss, rather than a motion for summary judgment, is the appropriate procedure for raising the defense of lack of subject matter jurisdiction.”). The court, therefore, treats Dougherty’s motion as a 12(b)(2) motion to dismiss. See Studio Elec. Technicians Local 728 v. Int’l. Photographers of Motion Picture Indus., Local 659, 598 F.2d 551, 552 n.2 (9th Cir. 1979); United States v. Marple Cmty. Record, Inc., 335 F. Supp. 95, 101 (E.D. Pa. 1971).

B. Legal Standard

1. Personal Jurisdiction

Courts may exercise either general or specific jurisdiction over a defendant. See Mass. Sch. of Law at Andover, Inc. v. Am. Bar Ass’n, 142 F.3d 26, 34 (1st Cir. 1998). Here, Keneally does not contend that Dougherty’s contacts with Massachusetts are “continuous or systematic” enough to establish general jurisdiction. Id. Rather he argues that Dougherty is subject to specific jurisdiction because he “committed a tort which results in injury to a known Massachusetts resident.” (Docket # 90, 1-2.)

Specific jurisdiction requires there to be a “demonstrable nexus between a plaintiff’s claims and a defendant’s forum-based activities.” Mass. Sch. of Law, 142 F.3d at 34. Such a determination requires both: (1) that the contacts satisfy the

Massachusetts long-arm statute; and (2) “that the exercise of jurisdiction under the statute is consistent with the [due process provisions of the] constitution.” Daynard v. Ness, Motley, Loadholt, Richardson & Poole, P.A., 290 F.3d 42, 52 (1st Cir. 2002).

First, the Massachusetts long-arm statute, Mass. Gen. Laws ch. 223A, § 3, provides for personal jurisdiction over a defendant if the cause of action arises, inter alia, from the defendant’s:

(c) causing tortious injury by an act or omission in this commonwealth;

(d) causing tortious injury in this commonwealth by an act or omission outside this commonwealth if he regularly does or solicits business, or engages in any other persistent course of conduct, or derives substantial revenue from goods used or consumed or services rendered

Mass. Gen. Laws ch. 223A, § 3(c), (d).³

Second, to comport with due process, the defendant must have “minimum contacts” with the forum state “such that the maintenance of the suit does not offend traditional notions of fair play and substantial justice.” Daynard, 290 F. 3d at 52 (citing Int’l Shoe Co. v. Washington, 326 U.S. 310, 316 (1945) (internal quotation marks omitted)).

The court applies a prima facie standard to determine questions of personal jurisdiction without an evidentiary hearing. Mass. Sch. of Law, 142 F.3d at 34. Under this standard, “the plaintiff [must] proffer[] evidence that, if credited, is enough to support findings of all facts essential to personal jurisdiction.” Boit v. Gar-Tec Products,

³ It is unclear from his memorandum if Keneally is invoking subparagraph (c) or (d) of Mass. Gen. Laws ch. 223A, § 3 to support personal jurisdiction. (See Docket # 90.)

Inc., 967 F.2d 671, 675 (1st Cir. 1992). Keneally, therefore, bears the burden of persuading the court that jurisdiction exists based on specific facts set forth in the record. United Elec. Radio and Mach. Workers of America (UE) v. 163 Pleasant Street Corp., 987 F.2d 39, 44 (1st Cir. 1993). In addition, Keneally cannot rely on the acts of Dougherty's employer, RAB, to establish personal jurisdiction in Massachusetts, rather, he must show that Dougherty himself meets the requirements. See Escude Cruz v. Ortho Pharm., 619 F.2d 902, 906 (1st Cir. 1980) (noting that the "general rule is that jurisdiction over the individual officers of a corporation may not be based merely on jurisdiction over the corporation").

C. Discussion

1. Minimum Contacts Necessary to Satisfy State Law

Here, Keneally does not dispute Dougherty's contention that the latter, employed as the Director of Accreditation for RAB, resides and works in Wisconsin, does not own property in Massachusetts and did not travel to Massachusetts in the performance of his duties for RAB in evaluating the accreditation of AGS. (See Docket # 82 ¶¶ 1-5, 7-8; Docket # 14 ¶ 3; Docket # 90; Docket # 91 ¶¶ 1-8.) Nevertheless, Keneally argues that Dougherty's "personal involvement in the unfair and deceptive acts" alleged "directed at a Massachusetts resident" subjects him to personal liability in the Commonwealth. (Docket # 90, 3.) Keneally misstates the law. The Massachusetts long-arm statute requires examination of where the act or omission causing the tortious injury occurred and what contacts the actor has with the Commonwealth, not the citizenship of the victim. See also Mass. Sch. of Law, 142 F.3d at 34 (describing

specific jurisdiction as requiring a “nexus between the plaintiff’s claims and a defendant’s forum-based activities.”) (emphasis added).

Keneally has offered no facts suggesting that Dougherty, in his personal capacity, “regularly does or solicits business, or engages in any other persistent course of conduct, or derives substantial revenue from goods used or consumed or services rendered” in Massachusetts. Mass. Gen. Laws ch. 223A, § 3(d). Therefore, the most expansive subsection of the statute, subsection 3(d), reaching an “act or omission outside th[e] commonwealth” is not applicable.

Subsection 3(c) is no more helpful to Keneally, as he does not allege that any of the acts or omissions described took place in the Commonwealth. Rather, on the facts asserted in his counterclaim and third-party complaint, they took place in Wisconsin, where RAB is located, and California, where AGS was situated at the time. (Docket # 14 ¶ 23.) Indeed, according to Keneally, the acts he alleges in support of his third-party claims of tortious injury all took place before he appropriated the AGS name and returned to Massachusetts in March 2003. (See Def. Stephen S. Keneally’s Third-Party Compl. (Docket # 14) ¶¶ 3-8, 18-22 (“AGS’ main offices were located in Oxnard, California, and between September of 2000 and October 2002, when Keneally wasn’t in Asia, he worked out of AGS’ California offices. All records, reports, and procedures for all AGS clients were maintained in the Oxnard, CA offices until October 2002.”); see also Answer, Affirmative Defenses, and Countercls. of Def. Stephan S. Keneally (Docket # 9), Verified Countercl. Against Pl., Registrar Accreditation Board ¶ 32-48.) In addition, he describes the injury he suffered, interference with the contract to purchase

DSR, as complete before his return to Massachusetts. (See Docket # 9, Countercls. ¶ 44 (“Beginning in October 2002 Mr. Keneally, moved the Japan, Korea, and India files to Massachusetts in response to indications by AGS that they did not intend to continue honoring the DSR Purchase Agreement.” (emphasis added).) On this record, there is no basis for personal jurisdiction over Dougherty due to “an act or omission in th[e] commonwealth.” Mass. Gen. Laws ch. 223A, § 3(c) (emphasis added); see also Murphy v. Erwin-Wasey, Inc., 460 F.2d 661, 664 (1st Cir. 1972) (“Section 3(c) [of ch. 223A] is intended to apply only when the act causing the injury occurs within the Commonwealth.”) (emphasis added).

Dougherty’s motion, converted to a motion to dismiss Keneally’s third-party claims, is therefore allowed.⁴

IV. RAB’s Motion for Summary Judgment

A. Legal Standard for Summary Judgment

RAB moves for partial summary judgment on its Lanham Act claims, Counts I-IV, and for summary judgment on Keneally’s counterclaims. It also seeks attorneys’ fees based on Keneally’s misappropriating its marks with wrongful intent. (Docket # 83.) Summary judgment is appropriate if, viewing the evidence in the light most favorable to the non-moving party and drawing all reasonable inferences in his favor, no genuine

⁴ Even if Keneally could overcome the hurdle of the state’s long-arm statute, it would likely “offend traditional notions of fair play and substantial justice” to hale Dougherty into a Massachusetts court for work he performed as an employee in Wisconsin in evaluating the accreditation of a California-based Delaware corporation merely because Keneally was a Massachusetts resident. Int’l Shoe Co. v. Washington, 326 U.S. 310, 316 (1945) (internal quotation marks omitted).

issue of material fact remains. See Fed. R. Civ. P. 56(c); Casas Office Machs., Inc. v. Mita Copystar Am., Inc., 42 F.3d 668, 684 (1st Cir. 1994). “As to issues on which the summary judgment target bears the ultimate burden of proof, she cannot rely on an absence of competent evidence, but must affirmatively point to specific facts that demonstrate the existence of an authentic dispute.” Grant's Dairy--Maine, LLC v. Comm’r of Maine Dept. of Agric., Food & Rural Res., 232 F.3d 8, 14 (1st Cir. 2000).

B. RAB’s Lanham Act Claims

1. Counts I, II and III - Trademark Infringement

Counts I, II and III accuse Keneally of using the RAB trademarks without consent on certificates delivered to his customers in order to deceive them into believing AGS was still accredited by RAB. Specifically, Count I alleges trademark infringement under Section 32(a) of the Lanham Act, 15 U.S.C. § 1114(a).⁵ Count II alleges false designation of origin, passing off, and unfair competition under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and Count III alleges false and misleading

⁵ Section 32(a) of the Lanham Act provides in relevant part:

(1) Any person who shall, without the consent of the registrant—

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive;

...

shall be liable in a civil action by the registrant for the remedies hereinafter provided.

15 U.S.C. § 1114(a).

statements of fact under that section.⁶ “To prevail in an action for trademark [] infringement, the plaintiff must establish: 1) that he uses, and thereby ‘owns,’ a mark, 2) that the defendant is using that same or a similar mark, and 3) that the defendant’s use is likely to confuse the public, thereby harming the plaintiff.” Star Fin. Servs., Inc. v. AASTAR Mortg. Corp., 89 F.3d 5, 9 (1st Cir. 1996) (internal quotation marks and citation omitted).

a. RAB’s Ownership and Use of its Marks

RAB alleges it is the owner of several United States registered trademarks, including U.S. Registration Nos. 2,312,250, 2,465,779 and 1,819,157 as well as four

⁶ Section 43(a) of the Lanham Act provides in relevant part:

(a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which--

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. § 1125(a).

NAP accreditation marks which include one or more of its registered marks. (Compl. (Docket # 1) ¶¶ 22, 25-27; Docket # 84 ¶ 8.) Keneally does not dispute RAB's ownership or use of these marks. (See Docket # 9 ¶¶ 22, 25-27; Pl.'s Statement of Undisputed Material Facts in Supp. of Pl.'s Mot. for Partial Summ. J. ("Pl.'s Facts") (Docket # 84) ¶¶ 8-9); Def. Stephen S. Keneally's Statement of Disputed Material Facts in Opp. to Mot. for Summ. J. by the Pl. and Third-Party Def., Randy Dougherty (Docket # 91), Resp. to Pl.'s Statement of Undisputed Material Facts ("Def.'s Facts") ¶¶ 8-9 (not disputed).)

b. Keneally's Use of RAB's Marks

RAB alleges Keneally used its marks without permission or failed to comply with RAB's rules in three separate situations. First, Keneally continued to issue AGS certificates bearing the RAB marks in violation of the Agreement during the period his accreditation was suspended. (Pl.'s Facts ¶¶ 10, 20, 45-49.) Second, after AGS's accreditation was withdrawn, Keneally failed to provide evidence that he had withdrawn all certificates previously issued with the RAB marks, as required by the Agreement. (Id. ¶¶ 10, 33, 35.) Third, the fourteen certificate issued by AIQR "on behalf of AGS" were invalid and Keneally did not have authorization to print and issue the eighty additional "AIQR on behalf of AGS" certificates bearing RAB's marks to his customers in Japan. (Id. ¶¶ 42-43.)

(1) Use of RAB's Marks During Suspension

Keneally admits to printing AGS certificates bearing the RAB marks during the period in which AGS's accreditation was suspended. (Pl.'s Facts ¶¶ 47-49; Def.'s Facts

¶¶ 47-49; see also Keneally Dep. 140:19-22, Mar. 2, 2005 (Docket # 85, Ex. A) (“And in a couple of instances, half a dozen, we may have issued RAB certificates during that suspension under the understanding and belief that we were gonna be unsuspended.”); id. at 200:19-21 (“I told you before there were ten or twelve or half a dozen certificates issued in that period of suspension.”).) While Keneally testified that AGS “issued” RAB certificates during the suspension period, he demures whether any of those certificates were actually put into “use” by being delivered to Japanese customers. (See Def.’s Facts ¶¶ 39, 43, 45, 47, 49; see also Keneally Dep. 172:5-12, Mar. 2, 2005 (“I am not sure that those certificates were always issued. It was up to [Hiro] Nishijima in Japan to determine whether or not he could stall the customer in the hopes that we were gonna have our suspension lifted or perhaps substitute an AIQR certificate for that particular customer”); id. at 183:16-19 (“We issued – we issued a number of RAB certificates to the Japan office that decided to issue them or not depending on the – whatever the scenario was with the client.”). Because the relevant statutes require the mark be “used” in order to infringe the trademark holder’s rights (see 15 U.S.C. § 1125(a); 15 U.S.C. § 1114(a)), Keneally asserts that “there exists a genuine dispute as to this material issue of fact,” and summary judgment is inappropriate. (Docket # 92, 15.)

RAB argues that the evidence shows that Japanese customers did, in fact, receive AGS certificates bearing the RAB marks issued after AGS accreditation was suspended. (Docket # 92; see also Second Decl. of Randy Dougherty (Docket # 89) ¶ 29.) It bases its argument on the Declaration of Paul Burck (“Burck Decl.” (Docket #

94-2)), and Exhibit G to the Second Decl. of Randy Dougherty (“Exhibit G”). Exhibit G includes of copies of Certificates of Registrations issued by AGS and imprinted with the name of thirty Japanese companies dated between July 22, 2002 and Dec 9, 2002, all after the date AGS’s accreditation was suspended. (Docket # 89, Ex. G.) Each of the certificates includes the words “ANSI-RAB” and “ACCREDITED” within a rectangle containing RAB’s triangle and star trademark. See U.S. Trademark Reg. No. 1,819,157.

Paul Burck is the president of Orion Registrar, Inc. (“Orion”), another RAB accredited registrar located in Colorado. (Burck Decl. ¶ 1.) In his affidavit, Burck explains that after AGS’s accreditation was withdrawn and it was no longer able to provide AIQR certificates, AGS’s Japanese agent, Teqno Asia, Inc. (“TAI”) contacted Orion seeking a new registrar to recertify AGS’s former clients. (Id. ¶¶ 2, 4.) Orion arranged to have the certificates issued to Japanese customers by AGS collected by TAI and returned to Orion before new certificates were issued. (Id. ¶ 5.) Orion received nearly 100 sets of certificates, each set consisting of a certificate issued by AGS bearing the RAB mark, and a certificate issued by AIQR on behalf of AGS. (Id.) Orion forwarded these returned certificates to RAB, thirty of which are included in Exhibit G. (Id. ¶ 6.) RAB asserts that this proves that Keneally delivered certificates bearing its marks to Japanese customers. (See Docket # 94, 2-3.)

The problem with RAB’s argument is that it offers only hearsay testimony to establish that the certificates in Exhibit G were recovered from customers. While Burck states “we recovered both sets [of certificates] from each of the customers” (Burck Decl.

¶ 6), it appears that, in fact, TAI collected the certificates in Japan and returned them to Burck. (See id. ¶ 5 (“I gathered those certificates back from each of the individual customers through TAI and received them in my offices in Colorado.”) (emphasis added).) There is nothing in Burck’s affidavit to suggest that his statements concerning the source of the certificates collected in Japan are based on personal knowledge. Therefore, RAB has not proven that any of the certificates in Exhibit G were actually delivered to customers, and thus “used.” Without such proof, summary judgment is inappropriate.

(2) Withdrawal of RAB Marked Certificates

Whether Keneally provided evidence of having withdrawn his issued certificates after de-accreditation is in dispute. Keneally references copies of a faxed exchange, apparently provided to Dougherty by ISO 9000 USA, Inc. on January 31, 2003, between AGS and its Japanese subsidiary instructing that subsidiary to contact AGS customers in Japan. (See Docket # 91, Ex. D.) The fax includes a sample customer letter instructing the customer to return their RAB marked certificate to “the local AGS office,” and explains that they will be receiving a new “AGS certificate to replace the AGS ANSI-RAB NAP certificate.” (Id. at 6.) A handwritten note at the bottom of the instructions to the subsidiary warns, “P.S. RAB will check to confirm we sent [the] letter withdrawing certificates,” and is initialed “SK.” (Id. at 5; see also Aff. of Keneally, Ex. A ¶ 28.) Taking this evidence in light most favorable to Keneally, there is a disputed question of fact whether he withdrew the RAB marked certificates when his accreditation was withdrawn. Therefore, summary judgment on the issue is not

appropriate.

(3) Certificates Issued “On Behalf of AGS”

The first fourteen AIQR certificates issued to AG’s customers are not amenable to resolution on summary judgment. Even if these certificates were invalid, as RAB claims, either because they were backdated or because the “on behalf of” endorsement was not allowed, they were issued by AIQR, not Keneally, and thus are outside the pleadings in this case.

The AIQR certificates printed and sent to Japan by Keneally, however, violate RAB’s rules and therefore infringe its trademark. Keneally asserts that Morse “agreed that Keneally would issue AIQR replacement certificates from his offices in Massachusetts then send the customer files to Morse for his subsequent review and approval.” (Def.’s Facts ¶ 44; Aff. of Keneally (Docket # 92, Ex. A) ¶ 32.) This statement, however, is hearsay on the issue of Keneally’s right to use RAB’s marks.⁷ The undisputed evidence in the record shows that he did not have authority to issue AIQR certificates bearing RAB’s marks.

Both RAB and Morse state under oath that no such permission was ever granted. (Pl.’s Facts ¶ 44; Decl. of Michael A. Morse (Docket # 86) ¶ 12. In addition, the agreement between AGS and AIQR explicitly prohibited Keneally from issuing AIQR certificates. (See Exclusive Cooperation Agreement [Between AIQR and AGS] (Docket # 92, Ex. G) ¶ 2 (“AGS shall not deliver or attempt to deliver a certificate of

⁷ The assertion is relevant, however, to the question of whether Keneally’s infringement was willful, an issue the court does not reach on summary judgment. See infra, Part IV.D.

registration using an AIQR logo and RAB Mark to a Cooperation Customer, and provided further that only AIQR LLC NAO shall be entitled to issue registration certificates bearing the AIQR logo with RAB marks to Cooperation Customers.”.) That agreement included an integration clause requiring all amendments to be “in writing and signed by both parties.” (Id. ¶ 9.) In addition, RAB rules require a registrar to determine that a customer meets RAB’s standards before reissuing a certificate to the customer after its previous registrar has lost its accreditation. (See Decl. of Michael Morse ¶ 5; see also id. ¶¶ 6-7.)

Finally, the evidence advanced by Keneally does not support his claim that such permission was granted; in fact, it supports the converse. Keneally points to an email exchange between himself and Morse which he claims included a certificate template Morse instructed him to use to print certificates directly. (See Docket # 92, 8.) In that email exchange, however, Morse describes the attachment as including “samples of our certification [in] a read only format.” (Docket # 91, Ex. F, message dated Dec. 9, 2002 (emphasis added).) A read only format is designed not to be modified, yet each certificate issued to a customer must be customized with that customer’s information and issuance date.

In addition, later email messages in the chain include statements indicating certificates were to be printed by AIQR. (See id. message to Keneally from AGS Japan dated Apr. 1, 2003) (“Has AIQR already printed [AASC’s] Cert.?”); id. message from Keneally to Morse dated Apr. 1, 2003 (“I will send by fax - AIQR application and copy of certs to get you started on certificate production for next batch of certs.” and “[T]his

must be like printing money for you – all you have to do is print a cert . . . “).)

Therefore, there is no evidence supporting Keneally’s claim that he had permission to print AIQR certificates bearing RAB’s marks on them.⁸

c. Likelihood of Confusion

Here, Keneally used RAB’s exact mark without authorization, not merely a similar mark, so the issue is not whether the customer was confused by the similarity of the marks, but rather whether the recipient believed the use of RAB’s mark indicated accreditation by RAB. Keneally admits that that was the reason he supplied certificates with RAB’s mark on them to his Japanese customers:

So to answer your question whether or not a customer was under the impression that he had a RAB certificate, that was the idea. That’s what we had told them. We had a contract with them to provide a RAB accredited certificate.

(Keneally Dep. 172:2-173:2, Mar. 2, 2005). Indeed, if his customers were not deceived into believing he still was RAB accredited, he could not fulfill his obligations to them.

Therefore, Keneally’s inclusion of RAB’s mark on AGS certificates was not only likely to create confusion in customers’ minds as to the accreditation status of AGS, but was intended to mislead them into believing he still was accredited and authorized to issue new certificates. Because, in fact, AGS was not authorized to issue those certificate and the certificates were actually invalid, Keneally “misrepresent[ed] the nature . . . of his . . . goods [and] services” 15 U.S.C. § 1125(a)(1)(B). Therefore, summary

⁸ While Keneally protests that “few [of the AIQR/RAB certificates he printed] were likely delivered to Japanese clients” (Docket # 92, 8), the number of trademark violations is only an issue for determination of damages, not liability. Compare 15 U.S.C. § 1114(a), and 15 U.S.C. § 1125(a), with 15 U.S.C.A. § 1117.

judgment is allowed as to Counts I, II, and III.

2. Count IV - Trademark Dilution Under 15 U.S.C. § 1125(c)

In Count IV, RAB claims that Keneally's use of its marks diluted their value under Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c).⁹ To find for RAB, the record must unequivocally establish that RAB's marks are "famous," and that Keneally's use of the marks without authorization "diluted" or is likely to dilute the value of the marks. See I.P. Lund Trading ApS v. Kohler Co., 163 F.3d 27, 45 (1st Cir. 1998). The factors to be considered in determining whether a mark is famous are identified in the statute (see 15 U.S.C. § 1125(c)(2)), however, the First Circuit cautions that this determination applies only to "very unique marks" and Congress intended the courts to be "discriminating and selective in categorizing a mark as famous." I.P. Lund, 163 F.3d at 45 (internal quotation marks and citations omitted). The argument presented by RAB on this issue is abbreviated, and the determination whether RAB's marks qualify for

⁹ The statute provides in relevant part:

(c) Dilution by blurring; dilution by tarnishment

(1) Injunctive relief

Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

15 U.S.C. § 1125(c). A willful violation of this section is also subject to monetary damages and attorneys' fees. See 15 U.S.C. § 1125(c)(5).

“famous” status is better left to a jury to decide.

Even if RAB’s marks are famous, from the facts presented, it is unclear whether Keneally’s use of the marks during the second half of 2002 diluted or was likely to dilute their value. See id. at 48.

Keneally disputes that the audits of his Japanese customers were not in conformity with proper ISO certification standards. (See Keneally Dep. 176:1-5, Mar. 2, 2005.) Thus, it is unclear if the marks were tarnished by being “linked to products of shoddy or inferior quality.” (Docket # 83, 12.) Factual questions remain whether dilution of RAB’s marks occurred or was likely. Therefore, RAB’s motion for summary judgment on Count IV is denied.

C. Keneally’s Counterclaims Against RAB

1. Count I - Interference in Contractual Relations

Keneally alleges in his counterclaim that RAB interfered in his agreement to sell his business to ISO 9000 USA, Inc. However, in response to RAB’s motion for summary judgment he fails to advance any argument or point to any evidence to support these allegations. (See Docket # 92, 15-16.) Because he bears the “ultimate burden of proof” on this issue, yet has failed to “affirmatively point to specific facts that demonstrate the existence of an authentic dispute,” RAB’s motion is allowed. Grant’s Dairy--Maine, LLC v. Comm’r of Maine Dept. of Agric., Food & Rural Res., 232 F.3d 8, 14 (1st Cir. 2000).

2. Count II - Unfair and Deceptive Business Practices

The basis for Keneally’s chapter 93A claims is that “the NCR’s issued by RAB

were unjustified and without support in the binding rules.” (Def. Facts ¶ 20; see also id. ¶¶ 18-19; Docket # 92, 9-13.) RAB argues that it merely followed its normal accreditation procedure in its dealings AGS. (See Docket # 84, 16.) Because there exists a genuine issue of material fact regarding whether RAB acted reasonably in first suspending and then revoking AGS’s accreditation, RAB’s motion for summary judgment on this claim is denied.

3. Count III - Libel¹⁰

Keneally has offered no evidence in support of his claim that Robert King, an agent of RAB, libeled him. Indeed, not only has he failed to respond to RAB’s motion for summary judgment on the libel count, he has not included copies of the material he alleges is libelous as an exhibit to his filings. Therefore, RAB is entitled to judgment in its favor on the libel counterclaim.

D. Award of Attorney’s Fees

RAB seeks an award of attorney’s fees on the basis that Keneally “is guilty of wrongful intent or bad faith” or that this case is “exceptional.” (See Docket # 83, 13.) It is too early in the case for such a determination. The court therefore reserves judgment on the issue of attorney’s fees until the conclusion of the case.

V. Conclusion

Accordingly, Dougherty’s motion for summary judgment (Docket # 81) is ALLOWED as a 12(b)(2) motion to dismiss for lack of personal jurisdiction. RAB’s

¹⁰ At a January 31, 2007, hearing, Keneally’s counsel stated that the libel counterclaim was no longer in the case.

motion for partial summary judgment on its complaint is ALLOWED as to liability on Counts I, II and III and DENIED as to Count IV. RAB's motion for summary judgment on Keneally's counterclaims is ALLOWED as to Counts I and III and DENIED as to Count II.

September 28, 2007
DATE

/s/Rya W. Zobel
RYA W. ZOBEL
UNITED STATES DISTRICT JUDGE