

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

KEVIN FLYNN and HEALTHCARE ADVOCATES, INC.,	:	CIVIL ACTION
	:	
Plaintiffs,	:	
	:	
v.	:	No. 03-3764
	:	
HEALTH ADVOCATE, INC., JOHN PEPPELMAN and NANCY CONWELL PEPPELMAN,	:	
	:	
Defendants.	:	

MEMORANDUM

ROBERT F. KELLY, Sr. J.

FEBRUARY 8, 2005

Plaintiffs’ Second Amended Complaint was filed on October 28, 2004 and has five counts. Count I is a state law fraud claim and is being brought against all three Defendants. Counts II, III and IV are being brought solely against Defendant Health Advocate, Inc. (“HA”) and relate to the purported trademark infringement alleged in this case. Finally, Count V is entitled “Application for Injunctive Relief and Damages” against only HA and appears to state claims under both the fraud and trademark claims. The first Motion for Summary Judgment was filed by Defendants HA and John Peppelman. The second Motion for Summary Judgment was submitted by Nancy Conwell Peppelman.¹ For the following reasons, this Court will enter summary judgment in favor of HA on Counts II, III and IV of the Second Amended Complaint.

¹ While a Response and Reply to Nancy Conwell’s Motion for Summary Judgment was filed and docketed, it appears as if her original Motion for Summary Judgment was never actually docketed. However, as this Court will be dismissing the sole state law claim against her pursuant to 28 U.S.C. § 1367(c)(3), this clerical error is harmless.

Additionally, this Court will dismiss without prejudice Plaintiffs' pendant state law fraud claim against all three Defendants. Finally, this Court will briefly clarify its January 11, 2005 Order denying Plaintiffs' Motion to Compel Testimony and Responsive Documents in light of Plaintiffs' Motion for Clarification filed on January 24, 2005.

I. BACKGROUND²

Plaintiff, Kevin Flynn ("Flynn"), formed Healthcare Advocates, Inc. ("HAS") in or about 1996 to provide advocacy services for healthcare patients. Flynn's conception for HAS apparently arose due to the frustrations Flynn faced in dealing with the healthcare and insurance industries after he sustained a serious injury. Flynn is the sole employee of HAS. Flynn asserts that he has developed business strategies and methodologies which enable his company to assist patients in dealing with the healthcare industry. Specifically, HAS provides services to patients and employers, including but not limited to:

assistance in dealing with insurance companies, helping patients gain access to specialists and treatment, getting claims paid that have been rejected, assisting in assuring that patients obtain the best treatment possible under applicable insurance plans, obtain coverage for emergency room costs previously denied for payment; assisting patients in consolidating and simplifying health care bills . . . investigate treatment options . . . [and] assisting employers by providing their services as an additional employee benefit and by substantially reducing employee "down time" as a result of insurance related issues.

(Second Am. Compl. ¶ 6).

² As Plaintiffs' pendant state law fraud claim will be dismissed without prejudice due to the entry of summary judgment on Plaintiffs' federal claims, I deem it unnecessary to lay out the factual predicate giving rise to Plaintiffs' fraud claim. Additionally, I will briefly recite the relevant facts giving rise to Plaintiffs' Motion to Compel Testimony and Responsive Documents in infra Part III.C.

The suit against HA is one for federal and common law trademark infringement, unfair competition and fraud.³ The Plaintiffs assert that HA’s use of the term “healthcare advocates” infringes upon its trademark and forms the basis for Plaintiffs’ federal and state law trademark claims, as well as their claim for unfair competition. For the purposes of this Motion, the parties are in agreement that HA first began to use the term “healthcare advocates” on November 13, 2001. As to the mark’s use, Plaintiffs assert that HA has “intentionally directed potential [HA] customers to [HAS’s] website by using the meta tag “Healthcare Advocates” thereby misrepresenting to potential customers that [HAS] and [HA] are somehow affiliated or connected and creating customer confusion.” (Second Am. Compl. ¶ 46).

II. STANDARD

Pursuant to Rule 56(c) of the Federal Rules of Civil Procedure, summary judgment is proper “if there is no genuine issue as to any material fact and the moving party is entitled to judgment as a matter of law.” FED. R. CIV. P. 56(c). Essentially, the inquiry is “whether the evidence presents a sufficient disagreement to require submission to the jury or whether it is so one-sided that one party must prevail as a matter of law.” Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 251-52 (1986). The moving party has the initial burden of informing the court of the basis for the motion and identifying those portions of the record that demonstrate the absence of a genuine issue of material fact. Celotex Corp. v. Catrett, 477 U.S. 317, 323 (1986). An issue is genuine only if there is a sufficient evidentiary basis on which a reasonable

³ Plaintiffs’ Original Complaint contained additional federal and state law claims, including claims for misappropriation of trade secrets, tortious interference with existing and prospective contractual relations, breach of non-disclosure agreements, unjust enrichment, conspiracy and copyright infringement. However, Plaintiffs have voluntarily removed these claims from the case through the filing of their Second Amended Complaint.

jury could find for the non-moving party. Anderson, 477 U.S. at 249. A factual dispute is material only if it might affect the outcome of the suit under governing law. Id. at 248.

To defeat summary judgment, the non-moving party cannot rest on the pleadings, but rather that party must go beyond the pleadings and present “specific facts showing that there is a genuine issue for trial.” FED. R. CIV. P. 56(e). Similarly, the non-moving party cannot rely on unsupported assertions, conclusory allegations, or mere suspicions in attempting to survive a summary judgment motion. Williams v. Borough of W. Chester, 891 F.2d 458, 460 (3d Cir. 1989)(citing Celotex, 477 U.S. at 325 (1986)). Further, the non-moving party has the burden of producing evidence to establish *prima facie* each element of its claim. Celotex, 477 U.S. at 322-23. If the court, in viewing all reasonable inferences in favor of the non-moving party, determines that there is no genuine issue of material fact, then summary judgment is proper. Id. at 322; Wisniewski v. Johns-Manville Corp., 812 F.2d 81, 83 (3d Cir. 1987).

III. DISCUSSION

The Plaintiffs bring the following three trademark counts against HA: Count II - false designation of origin under the Lanham Act, 15 U.S.C. § 1125(a); Count III - common law trademark infringement; and Count IV - unfair competition. Additionally, the Plaintiffs have brought a fraud claim against all three Defendants. This Court will first examine the three interrelated trademark claims.

A. LANHAM ACT, COMMON LAW TRADEMARK INFRINGEMENT AND UNFAIR COMPETITION CLAIMS

As the courts have noted, “the test for common law trademark infringement and unfair competition is essentially the same test as the test for infringement and unfair competition

under the Lanham Act” with the exception being that the goods need to have had an effect on interstate commerce to establish the federal claim. Gideons Int’l, Inc. v. Gideon 300 Ministries, Inc., 94 F. Supp. 2d 566, 580 (E.D. Pa. 1999)(citing Fisons Horticulture, Inc. v. Vigoro Indus., Inc., 30 F.3d 466, 472 (3d Cir. 1994)). Thus, the analysis for Counts II, III and IV will be the same.

““The law of trademark protects trademark owners in the exclusive use of their marks when use by another would be likely to cause confusion.”” Commerce Nat’l Ins. Servs., Inc. v. Commerce Ins. Agency, Inc., 214 F.3d 432, 437 (3d Cir. 2000)(quoting Interpace Corp. v. Lapp, Inc., 721 F.2d 460, 462 (3d Cir. 1983)). A trademark infringement claim “is established when the plaintiff proves that: (1) its mark is valid and legally protectable; (2) it owns the mark; and (3) the defendant’s use of the mark to identify its goods or services is likely to create confusion concerning the origin of those goods or services.” Id. (citing Opticians Ass’n of Am. v. Indep. Opticians of Am., 920 F.2d 187, 192 (3d Cir. 1990)).

“If the mark at issue has become federally registered and has become incontestible, then validity, legal protectability, and ownership are proved.” Id. at 438 (citing Ford Motor Co. v. Summit Motor Prods., 930 F.2d 277, 292 (3d Cir. 1991)). In this case, the mark at issue, “healthcare advocates,” has not been federally registered. “If the mark has not been federally registered or, if registered, has not achieved incontestability, then ‘validity depends on proof of secondary meaning, unless the unregistered or contestable mark is inherently distinctive.’” Id. (quoting Ford Motor Co., 930 F.2d at 292). A mark is considered inherently distinctive if it falls into a category of being arbitrary, fanciful or suggestive. See Ford Motor Co., 930 F.2d 292 n.18. In this case, the parties agree that the mark at issue, “healthcare

advocates,” does not fall into any one of these three categories, but instead, should be considered a descriptive mark. Therefore, secondary meaning will need to be shown if Plaintiffs are to be successful on their trademark claims since the mark has not been registered and is not inherently distinctive. Id. (“The secondary meaning analysis is used for marks which are merely ‘descriptive.’”).

In their Motion for Summary Judgment, Defendants argue that Plaintiffs have failed to show secondary meaning. Additionally, Defendants argue that summary judgment should be entered against Plaintiffs trademark claims since the Plaintiffs have failed to show market penetration. This Court will consider both of these arguments in turn.

1. SECONDARY MEANING

“Secondary meaning exists when the mark ‘is interpreted by the consuming public to be not only an identification of the product or services, but also a representation of the origin of those products or services.’” Commerce Nat’l Ins. Servs., Inc., 214 F.3d at 438 (quoting Scott Paper Co. v. Scott’s Liquid Gold, Inc., 589 F.2d 1225, 1228 (3d Cir. 1978)). “A plaintiff must establish secondary meaning in a mark at the time and place that the defendant began use of the mark.” Id. (citations omitted). As stated in supra Part I, for the purposes of deciding this Motion, the parties are in agreement that November 13, 2001 is the date that HA first used the “healthcare advocates” mark.

The Court of Appeals for the Third Circuit (“Third Circuit”) has enunciated a non-exclusive list of factors a court should examine in considering whether secondary meaning has been established. Specifically the list includes: “(1) the extent of sales and advertising leading to buyer association; (2) length of use; (3) exclusivity of use; (4) the fact of copying; (5)

customer surveys; (6) customer testimony; (7) the use of the mark in trade journals; (8) the size of the company; (9) the number of sales; (10) the number of customers; and (11) actual confusion.” Id. (citing Ford Motor Co., 930 F.2d at 292). “In general, [secondary meaning] is established through extensive advertising which creates in the minds of the consumers an association between the mark and the providers of services advertised under the mark.” Id. (citing Scott Paper Co., 589 F.2d at 1228). After considering the relevant factors, including the minute and ineffective advertising of HAS as of November 13, 2001, this Court concludes that secondary meaning was not present which precludes Plaintiffs’ trademark claims from moving forward to trial.

At the outset, this Court notes that advertising after November 13, 2001 is irrelevant for purposes of illustrating secondary meaning. See id. at 439 (citing Scott Paper Co., 589 F.2d at 1231; 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 15:4 (4th ed. 1997)). Plaintiffs expenditures on advertising leading up to the November 13, 2001 critical date is as follows: 1996 - \$603.37; 1997 - \$88.40; 1998 - \$11,803.26; 1999 - \$562.40; 2000 - \$1238.01; 2001 - \$1071.50.⁴ (HA’s App. Accompanying its Mot. Summ. J. Ex. A at 3). During this period, Plaintiffs’ advertisements consisted of ads in newspapers, flyers, direct mail and radio spots. (See Pls. Opp’n to Defs.’ John Peppelman and HA’s Mot. Summ. J., at 6 n.1). While Plaintiffs engaged in some advertising leading up to the critical November 13, 2001 date, the Plaintiffs admit “that such advertisements were not effective.” (HA’s App. Accompanying its Mot. Summ. J. Ex. C, at 4). Therefore, as Plaintiffs admit that

⁴ While November 13, 2001 is the critical date, Plaintiffs have only supplied this Court with its yearly figures. However, as November 13, 2001 is near the end of 2001, this Court will consider these figures as if they were spent before the critical date.

these advertisements were not effective, this Court finds that their role in establishing secondary meaning and creating buyer association is significantly limited.

Aside from its admittedly ineffective paid media advertisements, the Plaintiffs argue that its numerous media appearances help to show that secondary meaning was established with respect to its use of “healthcare advocates” as of the critical date. Plaintiffs cite to a number of articles that mentioned HAS as evidence of its establishment of secondary meaning. As with its paid media advertising, however, this Court will not consider the media appearances which occurred after the November 13, 2001 date. The Plaintiffs have come forward with approximately eleven instances HAS was mentioned in print, four of which occurred from the same source, articles within City Line News, a local paper. However, the Plaintiffs have come forward with no evidence showing how these sparse citations by the media before November 13, 2001 had any effect in causing consumers to associate the “healthcare advocates” mark solely with HAS.

The next factor this Court will consider is exclusivity of use. Exhibits produced in this case illustrate that the mark at issue, “healthcare advocates,” is not exclusive, but rather describes the industry that Plaintiffs have chosen. Newspaper clippings and magazine articles provided to this Court by both parties illustrate that the term “healthcare advocates” was not used exclusively by Plaintiffs to describe HAS, but rather, is a term used to describe the business industry encompassing both HAS and HA. As the Third Circuit has noted, where a party is seeking to establish rights to a commonplace descriptive term used by a variety of businesses in a variety of contexts, the evidentiary bar for establishing secondary meaning is higher. See Commerce Nat’l Ins. Servs., 214 F.3d at 440-41 (citing MCCARTHY, supra, § 15:28 (“[A]s a

general rule of thumb, the more descriptive the term, the greater the evidentiary burden to establish secondary meaning.”)). Indeed, as the media has noted, people who engage in the type of services both HAS and HA engage in are called “health care advocates.” (See HA App. Accompanying Mot. Summ. J. Ex H; Pls. Opp’n Defs Mot. Summ. J. Ex. 41). Similarly, in Duffy v. Charles Schwab & Company, 97 F. Supp. 2d 592, 600 (D.N.J. 2000), the court held that a mark did not establish secondary meaning, noting, in part, that there was evidence in the record that the purported mark at issue had been used by the media to refer to the services without any relation to any product brand.

Plaintiffs cite to numerous “thank you” notes that they received from people who utilized HAS’ services as evidence of the establishment of secondary meaning. However, this Court finds that such “thank you” notes have little probative value in establishing secondary meaning. The Third Circuit has noted that the satisfaction of customers does little to demonstrate secondary meaning. See Commerce Nat’l Ins. Servs., Inc., 214 F.2d at 440. Additionally, there are simply no customer surveys related to secondary meaning in the record. This Court notes that Plaintiffs have provided three affidavits of former clients of HAS. All three affidavits of HAS’s former clients state, “I have come to associate the trademark ‘Healthcare Advocates’ with the services that Healthcare Advocates provides.” However, this Court notes that to establish secondary meaning, it is necessary to show that a substantial segment or appreciable number of the “relevant group of consumers made the requisite association between symbol and source to prove secondary meaning.” 2 MCCARTHY, supra, § 15:45. Thus, the extent to which these three affidavits help to establish secondary meaning is limited at best.

Next, this Court will consider whether the size of HAS, its number of sales and its number of customers established secondary meaning. For the calendar year of 2001, Plaintiffs' sales related to its advocacy business amounted to less than \$1200 (See HA App. Accompanying Mot. Summ. J. Ex. A, at 2). Regarding the years leading up to 2001, the only information provided is in the form of HAS' tax returns. The total income for HAS was: In 1998 - \$1509; 1999 - \$22,984; in 2000 - \$12,791; and 2001 - \$11,244. These tax returns illustrate that HAS had revenue streams in the years leading up to the critical November 13, 2001 date. However, the weight of importance this Court should give to these tax returns is questionable in light of the fact that Plaintiffs have admitted their sales relating to advocacy services in 2001 amounted to less than \$1200, yet HAS' tax return states an income of \$11,244.⁵ Additionally, HAS has not provided this Court with any information regarding its client base before the critical November 13, 2001 date. Instead, the only client information provided to this Court relates to HAS's client base after November 13, 2001. Yet, these numbers also remained small. For example, the number of HAS clients in 2002 totaled 80; the total in 2003 was 107 and HAS had sixty-one customers in 2004. Thus, as to both the amount of sales and number of customers, neither of these factors favor a finding of secondary meaning. As to the size of HAS, Plaintiffs admit that HAS is a small operation with only one employee, Flynn. Thus, this factor also supports a finding of no secondary meaning regarding the purported mark at issue.⁶

⁵ HA apparently also engaged in other non-advocacy related business in its early years, including web site development services and debt purchase.

⁶ While not specifically cited to by the Plaintiffs in their Opposition Brief, there is some evidence in the record regarding confusion between the two companies. Specifically, a call log produced by Flynn demonstrates people mistakenly calling HAS when they intended to call HA. However, in light of the numerous other factors clearly illustrating against the establishment of

As discussed above, this Court has examined the relevant factors to determine whether Plaintiffs established secondary meaning in its mark as of November 13, 2001. After careful examination, this Court concludes that secondary meaning with respect to Plaintiffs' purported "healthcare advocates" mark was not established as of the critical date so as to preclude Plaintiffs from moving forward with their three interrelated trademark claims.

2. MARKET PENETRATION

Even if secondary meaning could be established by the Plaintiffs, this Court would still grant summary judgment in favor of the Defendants on Counts II, III and IV because the Plaintiffs cannot pass the market penetration test. "In Natural Footwear Ltd. v. Hart, Schaffner & Marx, 760 F.2d 1383 (3d Cir. 1985), the Third Circuit observed that 'the trademark of a prior user should be protected from infringement by a subsequent user of the same mark only in areas where the prior user has established a market for its goods.'" Smith v. Ames Dept. Stores, Inc., 988 F. Supp. 827, 837 (D.N.J. 1997), aff'd, 172 F.3d 860 (3d Cir. 1998). "Lack of market penetration precludes a common law right to use the trademark in question because exclusive right to use the trademark rests upon appropriation and use, not on federal registration." Id. (citing Natural Footwear, Ltd., 760 F.2d at 1394; Wiener King, Inc. v. Wiener King Corp., 407 F. Supp. 1274, 1280 (D.N.J. 1976), aff'd 577 F.2d 731 (3d Cir. 1978)). "In Natural Footwear, the Third Circuit adopted the following four factors to guide the market penetration analysis: (1) the volume of sales of the trademarked product; (2) the growth trends

secondary meaning, this Court deems such a call log insufficient to create a material issue of fact as to secondary meaning. See Castle Oil Corp. v. Castle Energy Corp., No. 90-6544, 1992 WL 394932, at *12 (E.D. Pa. Dec. 29, 1992)(citation omitted)("Instances of actual confusion alone do not establish secondary meaning."); see also, First Keystone Fed. Sav. Bank v. First Keystone Mortgage, Inc., 923 F. Supp. 692, 703, 705-06 (E.D. Pa. 1996).

(both positive and negative) in the area; (3) the number of persons actually purchasing the product in relation to the potential number of customers; and (4) the amount of product advertising in the area.” Icon Solutions, Inc. v. Ikon Office Solutions, Inc., No. 97-4178, 1998 U.S. Dist. LEXIS 9101, at *23 (E.D. Pa. June 12, 1998)(citing Natural Footwear, Ltd., 760 F.2d at 1398-99). Similar to this Court’s secondary meaning analysis, “courts should evaluate market penetration at the time the junior user adopted it and began using its trademark.” Accu Personnel, Inc. v. Accustaff, Inc., 846 F. Supp. 1191, 1206 (D. Del. 1994)(citing Natural Footwear, Ltd., 760 F.2d at 1397). Thus, the November 13, 2001 date is again critical.

At the outset, Plaintiffs argue that this Court should not consider the market penetration test in its summary judgment analysis because “[m]arket penetration is to be examined when determining the proper scope of an injunction and is not relevant to a determination of infringement.” (See Pls.’ Opp’n Defs. Mot. Summ. J., at 10). Since Natural Footwear, however, many courts have utilized the market penetration test in analyzing the merits of a summary judgment motion. See Universal Nutrition Corp. v. Carbolite Foods, Inc., 325 F. Supp. 526 (D.N.J. 2004); Duffy, 97 F. Supp. 2d 592 ; Smith, 988 F. Supp. 827. For example, in Universal Nutrition Corporation, the plaintiff moved for summary judgment and asserted that it had a common law right to a mark based upon priority of use. 325 F. Supp. 2d at 532-33. The court then applied the four factor Natural Footwear test to determine whether plaintiff had established trademark rights on the basis of use. Id. at 533. Additionally, as one court has noted regarding the use of the market penetration test in this context:

[w]hile the Third Circuit Court of Appeals came to this conclusion [market penetration test] in the context of a preliminary injunction motion, its statement is no less valid in the context of a motion for

partial summary judgment. Sales figures may be so insignificant that, upon a consideration of those figures in conjunction with the other three factors, no reasonable jury could find market penetration by the party offering them. In such a case, no genuine issue of material fact remains as to whether the trademarked product has penetrated the relevant market.

Accu Personnel, Inc., 846 F. Supp. at 1206 n.17. Here, HAS is attempting to assert it had a common law right to its mark based upon its priority of use, thus, this Court's analysis under the market penetration test is appropriate.

As the courts have noted:

[w]hile there are no bright line tests to determine whether or not a product has achieved market penetration, see Charles Jacquin Et Cie, Inc. v. Destileria Serralles, Inc., 921 F.2d 467, 473-74 (3d Cir. 1990), "sales volume must be more than de minimis. When sales activity does not exceed even a minimum threshold level, a court may properly conclude that market penetration . . . simply has not been demonstrated." ACCU Personnel, 846 F. Supp. at 1206 (citing Natural Footwear, 760 F.2d at 1400). This ensures that a plaintiff does not preempt markets before it actually enters them by actual sales, reputation, or advertising.

Smith, 988 F. Supp. at 838 (internal quotation marks and citation omitted). After examining the record, this Court is convinced that Plaintiffs had not attained market penetration as of November 13, 2001. As previously noted, during the calendar year of 2001, HAS' revenue from advocacy related services totaled less than \$1200. In Natural Footwear, the Third Circuit found that sales were de minimus where the plaintiff neither achieved gross sales over \$5000 or a total of fifty customers in at least two of three years. Id. at 1400. While Plaintiffs have come forward with their tax forms for years prior to 2002, these forms by themselves do not illustrate market

penetration because any information as to sales in the relevant market is completely lacking.⁷ Additionally, the Plaintiffs have come forward with no evidence as to the number of its clients before 2002. Thus, the first element of the market penetration test militates against a finding of market penetration.

As to the second and third factors of the market penetration test, there is little to no evidence in the record for this Court to consider. Finally, as to the final factor, the amount of advertising, this Court has already examined Plaintiffs' advertising leading up to and before the critical November 13, 2001 date. See supra Part II.A.1. I have already noted that such advertising was minimal. Even Plaintiffs admitted that its advertising was not effective. Thus, I can only conclude that Plaintiffs have failed to establish a common law right to "healthcare advocates" because they cannot illustrate any market penetration before November 13, 2001. Therefore, summary judgment will be entered in favor of the Defendant, HA, on Counts II, III and IV.⁸

B. FRAUD

Plaintiffs also have brought a state law fraud claim against all three Defendants. As summary judgment will be granted on Plaintiffs' federal claims, I will invoke my discretion

⁷ As previously stated, in the one year that the Plaintiffs have produced both tax forms and revenue streams from its advocacy services, this Court has already noted that the HAS' revenue from its advocacy services in 2001 amounted to under \$1200 of approximately \$11,000 in company revenue.

⁸ To the extent Count V, entitled "Application for Injunctive Relief and Damages" also invokes Plaintiffs' interrelated trademark claims, an entry of summary judgment in favor of Defendants on this claim is also proper.

under 28 U.S.C. § 1367(c)(3) to dismiss Plaintiffs' state law fraud claim without prejudice.⁹

C. PLAINTIFFS' MOTION TO COMPEL TESTIMONY AND RESPONSIVE DOCUMENTS

Plaintiffs filed a Motion to Compel Testimony and Responsive Documents on December 23, 2004. In the Motion to Compel, Plaintiffs requested HA to supplement Martin Rosen's deposition with a witness who could testify about topics noticed in the deposition. Additionally, the Plaintiffs asserted that HA's August 31, 2004 answer to Plaintiffs' Request for Documents was incomplete. This Court denied Plaintiffs' Motion to Compel on January 11, 2005. Subsequently, on January 24, 2005, Plaintiffs filed a Motion for Clarification regarding this Court's January 11, 2005 denial of their Motion to Compel. I will briefly recite the reasons for my denial.

"Under the Federal Rules of Civil Procedure and in the . . . Third Circuit, district courts have broad discretion to manage discovery." Small v. Provident Life & Accident Ins. Co., No. 98-2934, 1999 WL 1128945, at *1 (E.D. Pa. Dec. 8, 1999)(citing Sempier v. Johnson, 45 F.3d 724, 734 (3d Cir. 1995). In this case, fact discovery closed on September 30, 2004 and dispositive motions were due on October 29, 2004. Indeed, the Summary Judgment Motions discussed in this Memorandum Opinion were filed on October 29, 2004.¹⁰ Plaintiffs filed their

⁹ To the extent that Count V seeks relief on Plaintiffs' fraud claim, it too is dismissed without prejudice.

¹⁰ The Plaintiffs admit that the discovery sought in their Motion to Compel was not related to the issues discussed in the Defendants Motion for Summary Judgment. Specifically, the Plaintiffs have stated that, "the discovery sought by Plaintiffs via their motion to compel would have touched on the issue of confusion, while Health Advocate's motion for summary judgment was largely based on the issues of secondary meaning and market penetration. Seeking further discovery would not have delayed disposition of that motion." (Letter from Sunstrom to Barnhart of January 26, 2005, at 1).

Responses to Defendants' Summary Judgment Motions on November 30, 2004.

In this case, Plaintiffs' Motion to Compel was untimely and thus was properly denied. Many courts have stated that Motions to Compel filed after the discovery deadline are untimely. See Banks v. CBOCS West, Inc., No. 01-0795, 2004 WL 723767, at *2 (N.D. Ill. April 1, 2004); Mash Enters. Inc. v. Prolease Atlantic Corp., No. 01-2437, 2003 WL 251944, at *3 (E.D. Pa. Jan. 31, 2003); Cooney v. Consol. Edison, 220 F. Supp. 2d 241, 247 (S.D.N.Y. 2002); Gault v. Nabisco Biscuit Co., 184 F.R.D. 620, 622 (D. Nev. 1999). For example, in Gault, the court denied a Motion to Compel that was filed seventy-six days after the close of discovery and 136 days after the receipt of defendants answers to interrogatories and requests for production of documents. Gault, 184 F.R.D. at 621-22. The court additionally noted that the plaintiff was aware of the deficiencies for nearly two months before the close of discovery. Id. at 622.

In their Motion for Clarification, which is more in the form of a Motion for Reconsideration, Plaintiffs make two arguments as to the timeliness issue. The Plaintiffs note that since Defendants were producing discovery documents as of November 24, 2004, Plaintiffs Motion to Compel filed a month later should not be deemed untimely. A similar argument was unsuccessful in Banks. In Banks, the plaintiff argued that defendants waived the right to object to their motion to compel as untimely because they sent discovery related matter to the plaintiff and conducted depositions after the close of discovery. 2004 WL 723767, at *3. The court noted that "[t]here is no law to support the proposition that a discovery related communication sent after the close of discovery or the occurrence of any discovery after the close of discovery operates as a waiver of timeliness objections to discovery requests after the close of discovery."

Id. Thus, the court held that there was no merit to plaintiff's argument that defendants' actions after the close of discovery negated their timeliness objection. Id. Therefore, for similar reasons, Defendants actions after the close of discovery does not negate their timeliness objection to the Motion to Compel.

Next, the Plaintiffs state that the parties agreed amongst themselves on September 30, 2004 that any motion to compel would not be objected to as untimely. First, no party in this case ever requested leave of Court to extend the discovery deadline past September 30, 2004. While the supposed defective deposition at issue in the Motion to Compel took place near the end of the discovery period, this was not an excuse for filing a motion to compel almost three months past the discovery deadline. This is especially the case where the Plaintiffs were aware of the purported deficiencies relating to the deposition testimony of Martin Rosen after his deposition was completed on September 28, 2004. Additionally, the Plaintiffs were aware of the alleged deficiencies in Defendants' production of documents a month before the discovery deadline. Finally, this Court notes that the Motion to Compel was filed over three weeks after the Summary Judgment Motions were fully briefed and ripe for disposition. Therefore, as Plaintiffs' Motion to Compel was untimely, denial of their Motion to Compel was proper.

IV. CONCLUSION

Plaintiffs' Counts II, III and IV all arise based upon the purported trademark infringement of the mark "healthcare advocates." This Court has determined that the Plaintiffs have failed to create a material issue of fact as to the purported mark having secondary meaning. Thus, summary judgment on all three counts is deemed appropriate. However, even if secondary meaning with the mark was established, summary judgment is still proper since the Plaintiffs

have failed to show that their purported common law mark penetrated the market. Since no federal claim remains, this Court has additionally concluded that it will dismiss Plaintiffs' state law fraud claim without prejudice. Finally, this Court has clarified its January 11, 2005 Order denying Plaintiffs' Motion to Compel so as to moot Plaintiffs' Motion for Clarification.

An appropriate Order follows.

