No. 16-3628

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

MALIBU MEDIA LLC,
Plaintiff-Appellee,
v.
DAVID RICUPERO,
Defendant-Appellant,

On Appeal from the United State District Court
for the Southern District of Ohio
No. 2:14-cv-00821

DEFENDANT-APPELLANT'S OPENING BRIEF

Jason E. Sweet
BBO #668596
BOOTH SWEET LLP
32R Essex Street
Cambridge, MA 02139
T: 617-250-8619
F: 617-250-8883
jsweet@boothsweet.com

Joseph A. Bahgat (0082116)
Bahgat & Bahgat LLC
338 South High Street
Columbus OH 43215
T/F: 877-721-9027
joe@hubcitylawgroup.com

Counsel for Defendant-Appellant

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MALIBU MEDIA, LLC,	)
Plaintiff-Appellee,	)
v.	)
DAVID RICUPERO,	)
Defendant-Appellant.	)

RULE 26.1 CORPORATE DISCLOSURE STATEMENT

The following information is submitted pursuant to Cir. R. 26.1 and Fed. R. App. P. 26.1:

1. Is said party a subsidiary or affiliate of a publicly owned corporation? No.
2. Is there a publicly owned corporation, not a party to the appeal, that has a financial interest in the outcome? No.

/s/Jason E. Sweet
BBO #668596
BOOTH SWEET LLP
32R Essex Street
Cambridge, MA 02139
T: 617-250-8619
F: 617-250-8883
jsweet@boothsweet.com
Counsel for Defendant-Appellant

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REQUEST FOR ORAL ARGUMENT

Oral argument is requested in accordance with 6 Cir. R. 34(a). This appeal embodies important concerns such as access to the courts, fundamental fairness, and the application of prevailing party status as recently interpreted by the Supreme Court in *Kirtsaeng v. John Wiley & Sons, Inc.*, 136 S.Ct. 1980 (2016) and *CRST Van Expedited, Inc. v. EEOC*, 136 S.Ct. 1642 (2016). Defendant-Appellant David Ricupero ("Ricupero") respectfully requests to be heard at oral argument on these issues, as well as to address any questions the panel may have regarding the facts below.

JURISDICTIONAL STATEMENT

Plaintiff-Appellee Malibu Media, LLC ("Malibu") asserted claims under 17 U.S.C. §§ 101 *et seq*. *Amended Complaint*, R.5. The district court's jurisdiction over Malibu's claims arose under 28 U.S.C. §§ 1331 and 1338; and over Ricupero's counterclaims under 28 U.S.C. §§ 1331, 1338, 1367, 2201, and 2202. Final judgment was entered on May 13, 2016. *May 13th Order,* R.91. Ricupero timely filed his notice of appeal on Jun. 12, 2016. *Notice of Appeal,* R.93, PageID #1245. This Court has jurisdiction under 28 U.S.C. § 1291.

ISSUES PRESENTED FOR REVIEW

1. Whether it was an error of law to dismiss the declaratory judgment counterclaim without any discussion of the *Grand Trunk* factors.
2. Whether it was an abuse of discretion and error of law to dismiss the declaratory judgment counterclaim when maintaining the counterclaim would cause no prejudice to Malibu, and would deter against future filing of copyright claims to obtain nuisance-value settlements.
3. Whether it was an abuse of discretion and error of law to dismiss the declaratory judgment counterclaim when it was compulsory.
4. Whether it was an abuse of discretion to grant voluntary dismissal based on findings of fact without citations to the record, and for which there is no credible evidentiary support.

5. Whether the trial court erred as a matter of law and abused its discretion by dismissing without prejudice Malibu's unsubstantiated copyright infringement claims when: (1) the record shows that Ricupero had an absolute defense; (2) discovery had closed and motions for judgment were pending; and (3) the dismissal is based on incorrect reliance on legal precedent.
6. Whether the trial court deprived Ricupero of due process of law by: (1) circumventing the fee shifting provision of the Copyright Act via dismissal other than on the merits; and (2) where the record shows that Malibu exhibited a pervasive pattern of discovery abuse, and conducted the litigation in a manner that was intentionally calculated to increase the costs of defense.

STATEMENT OF THE CASE

Ricupero appeals from orders dismissing his counterclaim for declaratory judgment of non-infringement [*Feb. 4th Order,* R.22], denying reconsideration of that dismissal [*Jul. 14th Order,* R.67], and dismissing Malibu's claims without prejudice on its own motion [*May 13th Order,* R.91], while avoiding ruling on Ricupero's motions for default judgment [*Default Judgment,* R.78, PageID ##831-852] and summary judgment [*Summary Judgment,* R.79, PageID ##1124-1131].

In this copyright infringement case, Malibu alleged Ricupero "willfully downloaded, copied and distributed" [*Amended Complaint,* R.5, PageID ##51-52 ¶¶ 30-35] twenty-six of its adult motion pictures via BitTorrent [*id.*, PageID #48 § I]. BitTorrent, a peer-to-peer file-sharing protocol, allows users to transfer files over the Internet by breaking a large file into small pieces to be downloaded in parts, then reassembling the complete file once all pieces are downloaded. *Id.*, PageID #49 ¶¶ 10-13.

Malibu filed suit on Jul. 12, 2014 against a John Doe defendant identified only by the Internet protocol ("IP")

address 184.57.20.1. *Complaint*, R.1. The same day, pursuant to Fed.R.Civ.P. 26(d)(1), Malibu moved for leave to serve a third-party subpoena on the Doe's Internet service provider ("ISP"), Road Runner.[1] *26(f) Motion*, R.2, PageID #16. Despite precedent and its own acknowledgment to the contrary, Malibu certified that the IP address would accurately identify the infringer. *26(f) Memo,* R.2-1, PageID #19. *Cf. Answer,* R.7, PageID #70 ¶ 45; *Summary Judgment*, R.79, PageID ##1127-1129 (citing cases); *Voluntary Dismissal Opposition,* R. 80, PageID #1173 (correspondence between counsel) (Defendant: "As we both know, the subscriber is not necessarily the infringer." Malibu: "Yes, this is correct.").

Road Runner identified Ricupero as the subscriber whose account it assigned the IP address at issue. *Amended Complaint,* R.5. Once Malibu received Ricupero's identity, it conducted an investigation to ensure it had a good faith basis for naming Ricupero and proceeding. *Voluntary Dismissal Opposition,* R.80, PageID #1171 n.3. Malibu's investigation

[1] A former trade name of Time Warner Cable ("TWC").

included an Accurint or similar background report identifying Ricupero's work history and assets. *Id.*

In the Amended Complaint, filed Sep. 22, 2014, Malibu asserted claims for direct copyright infringement, and sought injunctive relief, statutory damages, and attorney's fees and costs. *Amended Complaint,* R.5, PageID #53 ¶ 35(D-E). Malibu noted that it had filed more than 1,000 similar cases. *Id.*, PageID #48 ¶¶ 5-6.

Malibu served the Amended Complaint on Sep. 30, 2014.[2] *Answer*, R.7, PageID #73 ¶ 74. On Oct. 2, 2014, at his own expense and initiative, Ricupero had his hard drive forensically imaged, preserved, and examined by a qualified expert, Dr. Delvan Neville, to confirm his innocence. *Neville Declaration*, R.79-2, PageID #1140 ¶ 3. Throughout the litigation, Ricupero repeatedly offered the imaged drive to Malibu's attorneys, but was refused. *Opposition to Third Extension*, R.70, PageID ##715-716.

On Oct. 20, 2014, Ricupero filed an Answer, asserting a declaratory judgment counterclaim for non-infringement.

[2] Malibu never filed proof of service on Ricupero with the district court.

Answer, R.7, PageID ##70-73. On Nov. 10, 2014, Malibu moved to dismiss Ricupero's counterclaims [*Motion to Dismiss*, R.9] and strike two of his affirmative defenses [*Motion to Strike*, R. 10]. On Nov. 24, 2014, Dr. Neville provided Ricupero with a declaration confirming that his computer was not used to infringe *any* of Malibu's films. *Neville Declaration*, R.79-2, PageID ##1140-1143.

The parties consented to the jurisdiction of the U.S. Magistrate Judge. *Consent Order*, R.14, PageID #133. At the pretrial conference on Dec. 3, 2014, Malibu's proposed discovery schedule was approved, with discovery concluding on April 15, 2015. *Discovery Schedule*, R.15, PageID #135.

Malibu served Ricupero its initial disclosures, interrogatories, and production requests on Jan. 3, 2015; and Ricupero served Malibu his disclosures, first set of interrogatories [*Interrogatories*, R.78-2], requests for admissions [*Admissions*, R.78-4] and production of documents [*Document Request*, R.78-3] on Jan. 20, 2015. Ricupero served timely responses to Malibu's discovery requests on Jan. 23, 2015. See e.g. *Discovery Responses*, R.28-1, PageID ##223-237.

Malibu's motion to dismiss Ricupero's counterclaims was granted on Feb. 4, 2015, finding the counterclaim of non-infringement "redundant." *Feb. 4th Order*, R.22, PageID ##160-161. With only Malibu's claim remaining, the case spiraled into a year-long odyssey of discovery disputes. Further compounding delays was Malibu's counsel's refusal to confer by telephone, requiring emails that often took days or weeks, to be answered. *Opposition to First Extension,* R.27, PageID #196 n. 4.

On Feb. 5, 2015, Malibu served Ricupero a letter objecting to his discovery responses. Despite stating "it is important that we resolve the issues as soon as possible," Malibu was unable to confer until Feb. 10, 2015. *Objections to Discovery Responses,* R.28-2, PageID #233; *Feb. 6th Email,* R.28-4, PageID #237. Malibu also stated it did not expect to complete its expert report by the Feb. 21st deadline. *Feb. 5th Email,* R.27-2, PageID #211.

On Feb. 10, 2015, Malibu's counsel was unable to inform Ricupero how he was to submit his hard drive for inspection and whether, given its volume of litigation, Malibu had a protective order for forensic searches already drafted.

Opposition to First Extension, R.27, PageID #195. Ricupero identified *uTorrent* as the BitTorrent client he recalled using most frequently. *Reply to Discovery Objections,* R.53-1, PageID #535.

Ricupero served responses to Malibu's discovery objections on Feb. 12, 2015. *Id.* On Feb. 13, 2015, after receiving no model protective order from Malibu, Ricupero sent Malibu his own draft order to cover the examination of his computer devices. *First Draft Protective Order,* R.28-3. In response, on Feb. 17, 2015, Malibu sent a draft under which Ricupero bore the financial and logistical costs of re-imaging his hard drive, and Malibu would have access to evidence on the drive related to third-party works outside the scope of its claims. *Stipulation,* R.28-5. Over the next few days, counsel conferred regarding their experts' technical concerns with the respective drafts. *Feb. 6th Email*, R.28-4.

On Feb. 20, 2015, Ricupero sought reconsideration of the dismissal of his declaratory judgment claim. *Reconsideration*, R.23. That same day, he consented to Malibu's request for a

three-day extension to serve its discovery responses. *Feb. 6th Email*, R.28-4, PageID #241.

On Feb. 23, 2015, Ricupero sent Malibu a revised protective order draft, incorporating Malibu's comments. *Second Draft Protective Order,* R.28-6. That same day, Malibu identified its expert (two days after the scheduled deadline) [*Discovery Schedule*, R.15, PageID #135 § F; *Feb. 5th Email*, R. 27-2, PageID #210], provided "a partial expert witness report," and moved for an additional two months to complete its expert report. *First Extension,* R.25.

The original discovery cutoff of Apr. 15, 2015 was a month away [*Discovery Schedule*, R.15, PageID #135 § E], but the trial court did not decide Malibu's first motion for an extension until Jul. 14, 2015—a period of nearly five months.

During the 141 days that elapsed while Malibu's motion languished, all remaining case deadlines passed. *Id.* Malibu filed motions to extend each of those deadlines, and Ricupero opposed. *Second Extension,* R.47; *Third Extension,* R.57; *Fourth Extension,* R.64. At the Apr. 16, 2015 status conference, the pending extensions were not discussed, rather the trial

court addressed only Ricupero's motions for protective orders and to exclude deposition testimony. *Neighbors' Protective Motion*, R.39; *Ricupero's Protective Motion*, R.41; *Motion to Exclude*, R.49.

On Feb. 26, 2015, Malibu responded to Ricupero's first sets of interrogatories and requests for documents and admissions. *Mar. 17th Letter,* R.78-9, PageID ##930-937; *Opposition to Compel*, R.58, PageID #564 n.4. The responses to interrogatories were unsigned; Malibu said it would provide a signed copy within two weeks. *Sep. 17th Letter,* R.78-12, PageID ##946-947. A signed copy was eventually produced on Mar. 27, 2015. *Id.* However, the signature of Colette Field on the interrogatories was markedly different than one appearing on a notarized document. *Id.* Undersigned requested the interrogatories be notarized pursuant to Fed.R.Civ.P. 33(b)(3) to remove any doubt. *Id.* Malibu stated it was under no obligation to comply. *Id.* The admissions called into question the veracity of Malibu's investigator's infringement detection software. *Default Judgment*, R.78, PageID ##840-841. The document responses stated Malibu was neither in possession

nor control of the evidence against Ricupero. *Id.*, PageID ##837-840.

On Mar. 30, 2015, at 10:38 pm, Malibu noticed the depositions of five of Ricupero's neighbors for Apr. 10, and inquired about his own availability for deposition that same day. *Neighbors' Protective Memo,* R.39-1, PageID ##373-375; *Mar. 30th Email*, R.39-2, PageID #377. Ricupero's counsel notified Malibu that he would be conducting depositions on that date in another case, and then on vacation, and co-counsel would similarly be unavailable. *Mar. 30th Email*, R.39-2, PageID #377. Ricupero requested that Malibu voluntarily withdraw the notices and a new mutually agreeable date be set. *Id.*

On Apr. 1, 2015, Malibu moved to compel; identifying *uTorrent* as "the exact BitTorrent client used to infringe Malibu's works." *Motion to Compel*, R.36, PageID #318 n.2. The motion was filed outside the procedural requirements of S.D. Ohio Civ. R. 37.1 and the trial court's precedent. *Opposition to Compel,* R.58, PageID ##572-73.

Hearing no response from Malibu, on Apr. 2, 2015, Ricupero again inquired whether the parties could confer on deposition dates. *Apr. 2nd Email,* R.41-2, PageID #394. Instead, that afternoon, Malibu requested Ricupero consent to a subpoena to TWC for DMCA notices, including those for third-party works to which it held no claim. On Apr. 3, 2015, Malibu stated that the depositions would proceed as scheduled. *First Apr. 3rd Email,* R.41-3, PageID #397. That same day, Ricupero moved for protective order prohibiting the neighbors' depositions as untimely. *Neighbors' Protective Memo,* R.39-1. That night, at 10:41 pm, Malibu emailed its notice of Ricupero's deposition, stating "I have not heard back from you regarding a deposition date and time for Defendant, so I had to unilaterally schedule it." *Second Apr. 3rd Email,* R.41-4.

On Apr. 4, 2015, Ricupero moved for a protective order prohibiting his deposition as untimely. *Ricupero's Protective Motion*, R.41, PageID ##386-389. On Apr. 6, 2015, Malibu moved for an order authorizing a subpoena on TWC. *TWC Subpoena*, R.42. On Apr. 7, 2015, Malibu's counsel noticed a change in time for the deposition of neighbor, Kirk Denton.

Denton Deposition, R.43. Ricupero emailed Malibu, reiterating that "until the Court rules on the protective orders, the depos[itions] cannot move forward." *Apr. 7th Email,* R.49-1, PageID #475.

On April 7, 2015, Malibu produced as evidence of Ricupero's infringements, a USB flash drive. The USB contained a .tar file, .torrent file, PCAP file, and technical report for each of the twenty-six films at issue. *Default Judgment*, R.78, PageID #833. Malibu never established the chain of custody for the USB, despite multiple requests and promises to comply. *Id.*, PageID #839; *Sep. 17th Letter*, R.78-12, PageID #948.

The morning of Apr. 10, 2015, Ricupero again asked Malibu if it would cancel the depositions in light of the pending protective order. Malibu did not respond. On Apr. 13, 2015, Ricupero confirmed with Veritext, the court reporting service, that Malibu had conducted the Apr. 10 depositions of his neighbors, but that on Apr. 9, Malibu had cancelled his scheduled Apr. 15 deposition. *Apr. 16th Email*, R.52-1, PageID #516.

On Apr. 15, 2015, the deadline for completing discovery, Malibu filed its second motion to extend discovery, this time by three months. *Second Extension,* R.47. In the motion, Malibu certified that "[Ricupero] and his counsel did not appear at [his] deposition." *Id.*, PageID #434. On Apr. 16, 2015, Ricupero asked Veritext to send confirmation to counsel that Malibu had canceled Ricupero's deposition on Apr. 9; and then requested Malibu withdraw the offending paragraph from its motion. *Cancellation Email,* R.53-3, PageID #550.

At the Apr. 16 status conference, Malibu's counsel stated he had "not yet" read the email [*Opposition to Second Extension,* R.53, PageID #526]; Ricupero agreed to withdraw his motions for protective orders and to exclude the neighbors' depositions as moot [*Withdrawal of Protective Orders,* R.52, PageID #513]; and the court indicated that it would not allow the neighbors' depositions to be used at trial [*Nov. 4th Order*, R.100, PageID #1291]. Nevertheless, Malibu's expert reports and motion to dismiss rely on those depositions. *Voluntary Dismissal,* R.76; *Dec. 23rd Paige Report,* R.76-2.

On Apr. 17, 2015, Malibu opposed Ricupero's (already withdrawn) motion for a protective order, in which Malibu again falsely asserted that Ricupero's counsel "simply instructed Ricupero to not show up for the subpoenaed deposition." *Opposition to Protective Orders,* R.51, PageID ##505-506. On Apr. 24, 2015, Malibu filed its third motion to extend discovery, seeking another three months. *Third Extension,* R.57. On May 4, 2015, Malibu denied making false statements regarding Ricupero's failure to show at the canceled deposition. *Second Extension Reply,* R.59, PageID ##626-627 § E.

The dispositive motion deadline passed on May 15, 2015. *Discovery Schedule*, R.15, PageID #135 § E. On May 16, 2015, Malibu filed its fourth discovery extension, seeking another two months. *Fourth Extension,* R.64. On May 28, 2015, Malibu produced the only other evidence of infringement that it has stated it possessed—a MySQL log. Prior to filing its complaint, Malibu's investigator generated a MySQL log that detailed no fewer than 1,758 allegedly infringing transactions, known as packet captures (PCAPs), attributed to Ricupero's IP address. *Default Judgment*, R.78, PageID ##842-843. The May 28

MySQL log that Malibu produced was both knowingly altered and incomplete, as multiple columns of material information had been deleted, and the log was in a non-native format lacking in metadata. *Id.*, PageID #841; *Sep. 17th Letter,* R. 78-12, PageID #947. Contrary to Malibu's earlier certification, the log identified "the exact BitTorrent client used to infringe Malibu's works" as *Vuze*—not *uTorrent*. *First MySQL Log,* R. 78-5, PageID ##876-903; *cf. Motion to Compel*, R.36, PageID #318, n.2. This was a fact known to Malibu at the time it certified otherwise to the trial court.

By Jul. 14, 2015, sixteen separate motions had accumulated before the trial court during a five month period. *Jul. 14th Order*, R.67, PageID #685. Ricupero's motion to withdraw his now moot motions for protective orders, and a motion to exclude, was granted. *Id.*, PageID #708; *Withdrawal of Protective Orders*, R.52. Malibu had filed eight of the twelve remaining motions. Malibu's four extensions of various discovery deadlines were granted, the motion to strike two of Ricupero's affirmative defenses, and its motion for leave to serve a subpoena on TWC. *Jul. 14th Order*, R.67, PageID

##708-709. The court also granted in part Malibu's motion to compel discovery, issuing a protective order that expressly limited Malibu's examination of Ricupero's data to the works Malibu cited in its complaint. *Id.*, PageID ##703-704.

> [T]he examination should be limited to Malibu Media's works, i.e., the digital movie files identified in Exhibit A; evidence of file-sharing, i.e., BitTorrent use related to these files; and evidence of the hard drive's having been wiped or erased since the initiation of this litigation, i.e., spoliation or suppression of evidence. Consequently, the motion to compel will be granted within these parameters.

Id.

The trial court denied Malibu's motion to strike Ricupero's surreply because it denied Ricupero's motion for leave to file it. *Id.*, PageID #709. The court also denied Ricupero's motions to reconsider dismissing the counterclaims, to strike Malibu's response thereto, and for leave to file his opposition to Malibu's motion to strike the surreply. *Id.,* PageID ##708-709.

On Jul. 14, 2015, with the discovery deadlines now extended, Ricupero renewed his efforts to have Malibu resolve its discovery deficiencies. *Jul. 16th Email,* R.78-10, PageID #939. On Jul. 20, 2015, Malibu replied that it would respond

"as soon as practicable." *Default Judgment*, R.78, PageID #833. One month later, on Aug. 20, 2015, Malibu served its reply, reiterating its original responses without offering anything to overcome Ricupero's prior specific objections. *Aug. 20th Email,* R.78-11, PageID #942-943.

On Sept. 17, 2015, Ricupero provided Malibu another letter explaining the key deficiencies in its discovery production, and requested a conference the next day. *Sep. 17th Letter,* R. 78-12, PageID #946-949. On Sept. 18, 2015, Malibu replied that it would respond the following Monday. *Default Judgment*, R. 78, PageID #833. It did not. On Sept. 23, 2015, Ricupero followed up via email. *Sep. 23rd Email,* R.78-13, PageID #951. This also prompted no response. Malibu next contacted Ricupero on Oct. 2, 2015, to seek assent to a thirty-day extension to complete its expert report, without mentioning Ricupero's conferral request on Malibu's discovery deficiencies *Oct. 2nd Email*, R.78-14, PageID #954. Ricupero replied he would consent to an extension if Malibu provided the outstanding documents or dates it was available for an informal

discovery conference *Id.* Without responding, Malibu filed its fifth extension, on Oct. 5, 2015. *Fifth Extension,* R.68.

On Oct. 8, 2015, Ricupero again inquired about his unfulfilled discovery requests, Malibu's intention of compliance, and available discovery conference dates. *Oct. 8th Email*, R. 78-15, PageID #958-959. On Oct. 9, 2015, Ricupero emailed the trial court's courtroom deputy and Malibu regarding his extra-judicial attempts to resolve the issue. *Oct. 9th Email,* R.78-16, PageID #963.

On Oct. 12, 2015, Malibu's counsel Mr. Faroniya responded that he was usually free "early afternoons to confer." *Oct. 12th Email*, R.78-17, PageID #965. The following day, Ricupero responded with available dates and times to confer. *Id.* On Oct. 15, 2015, receiving no response from Malibu, Ricupero again reached out, noting it had taken a month to not schedule a phone call. *Emails*, R.78-18, PageID #969-970. The parties conferred on Oct. 19, 2015, but were unable to resolve the issues. *Oct. 19th Email*, R.78-19, PageID #974.

Ricupero petitioned for an informal discovery conference held on Oct. 26, 2015. *Notice of Conference,* R.69, PageID #714.

Malibu reiterated its position that its investigator—which tracked the alleged infringements, were third-party vendors and any relevant documentation evidencing Ricupero's liability was not within Malibu's possession, custody, or control. *Nov. 4th Order*, R.100, PageID ##1290-1291 ¶¶ 1-2. Malibu also maintained that Ricupero was not entitled to the same access that its expert was given to its investigator's tracking software. *Id.* The trial court declared that it had specifically ruled to the contrary on those issues in other matters. *Id.*, PageID #1291 ¶¶ 3, 5.[3] The trial court explained that because its investigator acted at the behest of Malibu, any such evidence was in Malibu's possession. *Id.* The court told Malibu to produce the withheld evidence along with its expert report then due Nov. 4, and suggested Ricupero move for summary judgment if Malibu further refused to comply or he found its production insufficient.

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[3] The matter referenced is *Brown v. Tellermate Holdings Ltd.*, 2014 U.S. Dist. LEXIS 90123, *11-12 (S.D. Ohio July 1, 2014) (A party may not resist discovery on the grounds that the information sought is kept by the party's third-party vendor. "[A]ny competent practitioner would know [this does] not justify a party's refusal to provide responsive information over which it has control.").

On Oct. 28, 2015, new counsel for Malibu, Emilie Kennedy, noticed her appearance and advised Ricupero that she would be taking over as counsel. *Sweet Affidavit*, R.78-1, PageID #855 ¶ 25. Malibu's expert, Patrick Paige, produced his report on Nov. 4, 2015. *Id.,* ¶ 24. In this report, Malibu alleged for the first time, that Ricupero had not produced five devices for forensic examination: (1) a Dropbox account, (2) a Google Drive account, (3) a Dell PC, (4) an iPad, and (5) a laptop identified as "Max's MacBook Pro." *Nov. 4th Paige Report,* R. 76-8, ¶¶ 29-40. On Nov. 5, 2015, Ricupero notified Ms. Kennedy that the contents of the Google Drive account were produced on Aug. 18, 2015, that he had never owned a Dell PC or device named "Max's MacBook Pro," and that his iPad and Dropbox account had been unused and forgotten for two years. *Nov. 5th Email*, R.79-1, PageID ##1136-1137. Ricupero produced the iPad and Dropbox account, consenting to Malibu's motion for an appropriate extension of time for examination. *Id.,* PageID #1137.

On Nov. 5, 2015, Ricupero's counsel spoke with Ms. Kennedy regarding his long-pending discovery requests and

material shortcomings in Malibu's expert report. *Id.*, PageID ##1136-1137. After conferring, counsel agreed that additional time was required to supplement the expert reports, complete discovery, and file dispositive motions. *Id.* Ms. Kennedy further stated she was unaware of the Oct. 26 conference or its outcome. *Sweet Affidavit,* R.78-1, PageID #855 ¶ 25. Counsel urged Ms. Kennedy confer with Mr. Faronyia, who appeared for Malibu at the Oct. 26 conference, for confirmation.

On Nov. 10, 2015, Malibu produced a second MySQL log purportedly including the columns missing from its May 28, 2015 production, and told Ricupero a more substantive response to his outstanding discovery requests was forthcoming. *Nov. 5th Email*, R.79-1, PageID #1134. However, the second MySQL log again contained discrepancies, which Ricupero asked Malibu to explain. *Id.* On Nov. 12, 2015, Malibu produced a third MySQL log. *Id.* That same day, Ricupero informed Ms. Kennedy that he would move for summary judgment unless it produced its investigators' discoverable materials. *Id.* On Nov. 16, 2015, Ms. Kennedy told Ricupero that Mr. Faroniya denied that the court had instructed Malibu to

produce the materials. *Sweet Affidavit*, R.78-1, PageID #856 ¶ 26. See also, *Jan. 13th Email*, R.78-24, PageID #988 ¶ 4.

On Nov. 25, 2015, Malibu further informed Ricupero that absent a written order from the trial court, it would stand on its objections that the discovery Ricupero sought was both financially burdensome nor within its possession. *Sweet Affidavit*, R.78-1, PageID #856 ¶ 28; *Nov. 25th Email,* R.78-20, PageID #976; *Jan. 13th Email*, R.78-24, PageID ##988-990. Malibu also told counsel, for the first time, that the requested WORM cassettes were too large to be "economically shipped". *Id., cf. Default Judgment,* R.78, PageID #844 (illustrating the falsity of this statement). WORM cassettes are data storage devices on which information, once written, cannot be modified. *Default Judgment,* R.78, PageID #843. They are the only means of ensuring that the PCAPs and MySQL log of the alleged infringements can be examined in an unaltered form. *Id.*

Malibu, after examining the contents of Ricupero's Dropbox and iPad, produced a second expert report on Dec. 23, 2015. *Dec. 23rd Paige Report,* 76-2. The Nov. and Dec. reports

were identical save that the later omits Malibu's claims that Ricupero had not produced his Dropbox or Google Drive accounts. *Id.* Notably, neither report stated that it found any evidence, on any of Ricupero's devices, of any of the works cited in Malibu's complaint; any torrent files relating to the download or distribution of Malibu works; any spoliation; or of *Vuze*, the only BitTorrent client that Malibu identified as used to infringe its works. *First MySQL Log,* R.78-5; *Dec. 23rd Paige Report,* R. 76-2,; *cf. Neville Declaration,* R.79-2; *Neville Report,* R.79-3, PageID #1145-1160.

On Jan. 4, 2016, when the parties conferred about Malibu's refusal to produce evidence, Malibu claimed for the first time that it was contractually prohibited from obtaining the evidence from its investigators. *Feb. 1st Email,* R.78-22. Ricupero served a formal discovery request for the contract on Jan. 12, 2016—twelve days prior to the Jan. 28 discovery deadline. *Second Production Request,* R.78-21, PageID #980. Ricupero followed up on Feb. 1, 2016, also requesting a copy of an affidavit Malibu recently obtained from TWC. *Feb. 1st Email,* R.78-22, PageID #982. Malibu replied on Feb. 11, 2016,

objecting that Ricupero's request was untimely and sought confidential business information, but produced the TWC affidavit. *Response to Second Production*, R.78-23, PageID #985.

On Feb. 23, 2016, Malibu moved for two forms of voluntary dismissal: dismissal with prejudice conditioned on it not paying fees and costs to Ricupero; and unconditional dismissal without prejudice. *Voluntarily Dismissal,* R.76. On Feb. 24, 2016, the trial court *sua sponte* shortened the time Ricupero would have under S.D. Ohio Civ. R. 7.2(2) to oppose the dismissal by several days. *Feb. 24th Order,* R.77, PageID #830. On Feb. 29, 2016, Ricupero filed motions for default judgment and summary judgment. He noted that Malibu had "not produced any admissible evidence of copying." *Summary Judgment*, R.79, PageID #1124. He further noted that Malibu "refused to produce the only evidence it claimed would support liability." *Id.*, R.79, PageID #1130.

On Mar. 4, 2016, Ricupero filed an opposition to Malibu's motion for dismissal. *Voluntary Dismissal Opposition,* R.80, PageID ##1165-1177. On Mar. 21, 2016, Malibu filed its sixth

extension of time, to reply to Ricupero's opposition [*Sixth Extension,* R.82]; the extension was granted the next day [*Mar. 22nd Order,* R.83]. On Mar. 23, 2016, Malibu's reply in support of its voluntary dismissal argued in opposition to Ricupero's motion for default judgment. *Voluntary Dismissal Reply,* R.84, PageID ##1190-1191. On Mar. 24, 2016, Malibu filed its seventh motion for an extension of time, to respond to Ricupero's motions for default judgment and summary judgment. *Seventh Extension,* R.86. On Mar. 28, 2016, the trial court granted the extension, extending Malibu's deadline until after a ruling on its motion to dismiss. *Mar. 28th Order,* R.87, PageID #1208. On May 13, 2016, the trial court granted Malibu dismissal without prejudice. *May 13th Order,* R.91.

STANDARD OF REVIEW

This Court reviews a district court's discretion whether to exercise jurisdiction over a declaratory judgment action *de novo*. *Western World Ins. Co. v. Hoey*, 773 F.3d 755, 762 (6th Cir. 2014); *DaimlerChrysler Corp. v. Cox*, 447 F.3d 967, 971 (6th Cir. 2006). See also *Holliday v. Wells Fargo Bank, NA*, 569 Fed. App'x. 366, 367 (6th Cir. 2014) (This Court reviews "*de novo* a district court's decision to grant or deny a motion to dismiss under Rule 12(b)(6).").

A district court's decisions with respect to a voluntary dismissal under Fed.R.Civ.P. 41(a)(2) are reviewed for abuse of discretion. *DWG Corp. v. Granada Invs., Inc.*, 962 F.2d 1201, 1202 (6th Cir. 1992); *Grover by Grover v. Eli Lilly and Co.*, 33 F.3d 716, 718 (6th Cir. 1994); see also *Duffy v. Ford Motor Co.*, 218 F.3d 623, 629 (6th Cir. 2000). It is an abuse of discretion for the district court to rely on erroneous findings of fact, apply the wrong legal standard, misapply the correct legal standard, or make a clear error in judgment. *Nafziger v. McDermott Int'l, Inc.*, 467 F.3d 514, 522 (6th Cir. 2006).

ARGUMENT

I. Dismissal of the declaratory judgment counterclaim constitutes reversible error.

This Circuit provides specific guidance to courts faced with a declaratory judgment claim: (1) whether "the judgment will serve a useful purpose in clarifying and settling the legal relations in issue," and (2) whether "it will terminate and afford relief from the uncertainty, insecurity, and controversy giving rise to the proceeding." *Hoey*, 773 F.3d at 759. In applying this standard, five non-exclusive factors consider whether the declaratory action: (1) would settle the controversy; (2) would serve a useful purpose in clarifying the legal relations; (3) is being used merely for "procedural fencing" or "to provide an arena for *res judicata*; (4) would increase the friction between our federal and state courts and improperly encroach upon state jurisdiction; and (5) whether there is a more effective, alternative remedy. *Grand Trunk W. R.R. Co. v. Consol. Rail*

Corp., 746 F.2d 323, 326 (6th Cir. 1984).[4] Failure to apply the factors when dismissing a declaratory judgment claim constitutes reversible error. *U.S. Fire Ins. Co. v. Albex Aluminum*, 161 Fed. App'x. 562, 564 (6th Cir. 2006) (citing *AmSouth Bank v. Dale*, 386 F.3d 763, 785 (6th Cir. 2004)).

In applying the *Grand Trunk* factors, "[t]he essential question is always whether a district court has taken a good look at the issue and engaged in a reasoned analysis of whether issuing a declaration would be useful and fair." *Hoey*, 773 F.3d at 759. However, here, the trial court failed to provide so much as a cursory review of the *Grand Trunk* factors or elucidate as to why the factors would not apply to the matter at hand, subverting any notion a reasoned analysis was made.[5]

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[4] *Grand Trunk*—like most cases discussing jurisdiction over a declaratory judgment claim—exists in the context of separate declaratory judgment actions brought in federal court, to stay, enjoin, or otherwise control a state court proceeding. By contrast, the declaratory judgment claim herein was raised in the same court, by the defendant, as a counterclaim. Thus, the fourth factor is inapplicable.

[5] When presiding over other declaratory judgment cases, the trial court has meticulously applied the *Grand Trunk* factors to its analysis. See e.g. *General Cas. Co. v. Joseph*, 2011 U.S. Dist. LEXIS 106072 (S.D. Ohio Sep. 19, 2011).

II. The declaratory judgment counterclaim serves to deter against filing copyright claims to obtain nuisance-value settlements.

Ricupero's declaratory counterclaim was dismissed as redundant of Malibu's claim. R.22, *Feb. 4th Order*, PageID #161 (citing *Principal Life Ins. Co. v. Lawrence Rucker 2007 Ins. Trust*, 674 F.Supp. 2d 562, 566 (D. Del. 2009)). However, at the pleading stage, redundancy is not the issue.

Rather, the proper inquiry for the trial court was whether the counterclaim "served any useful purpose" *Pettrey v. Enter. Title Agency, Inc.*, 2006 U.S. Dist. LEXIS 83957, *3 (N.D. Ohio Nov. 17, 2006) (citation omitted). Courts of this Circuit have held a counterclaim in an infringement case "serves a useful purpose" because,

> "[w]ithout the counterclaim the plaintiff might withdraw the suit and leave the rights of the parties in uncertainty. If the defendant by filing a counterclaim for declaratory judgment, can prevent such voluntary withdrawal and keep the plaintiff in court until the respective rights of the parties are determined once and for all, the result was thought to be a wholesome one."

Dominion Elec. Mfg. Co. v. Edwin L. Wiegand Co., 126 F.2d 172, 174 (6th Cir. 1942); *P&G v. CAO Group, Inc.*, 2013 U.S. Dist. LEXIS 136675, *17-18 (S.D. Ohio Sep. 24, 2013); *Wilson v.*

Parrish, 2010 U.S. Dist. LEXIS 59414, *5-6 (N.D. Ind. Jun. 11, 2010).

Such an inquiry is essential, because it is difficult in most instances to determine whether counterclaims are identical early in litigation. The safer course is to deny dismissal of the counterclaim unless there is no doubt that it will be rendered moot by the adjudication of the main action. *Dominion*, 126 F. 2d at 174 ("we are of opinion that it was error to strike out the counterclaim at so early a stage."); *Wilson*, 2010 U.S. Dist. LEXIS 59414, *5-6 ("The case could conceivably be decided on grounds other than the copyright infringement claim, which would keep … the declaratory judgment sought in the Counterclaim relevant."). Even the *Principal Life* decision, which the trial court cites, cautioned such restraint. *Principal Life*, 674 F.Supp. 2d at 566. Indeed, "the best and most sensible time to determine the question is at the time of trial. No possible harm can result from the delay." *Jungersen v. Miller*, 125 F.Supp. 846, 847 (D. Ohio 1954).

Accordingly, Ricupero gave the trial court every reason to delay its Feb. 4th order: (1) Ricupero alerted the trial court to

Malibu's practice of bringing copyright infringement actions, alleging civil and criminal wrongdoing against defendants, and then dismissing the actions without prejudice [*Answer*, R.7, PageID #70 ¶¶ 43-51; see also *UMG Recordings, Inc. v. Del Cid*, 2007 U.S. Dist. LEXIS 103381, *4 (M.D. Fla. Sept. 19, 2007) (allegation that copyright infringement suits amount to sham litigation sufficient to overcome Rule 12(b)(6))]; and (2) that his assertion of innocence, combined with the unreliability of IP addresses, raised the reasonable expectation that discovery would confirm his innocence [*Answer*, R.7, PageID ##70 ¶¶ 45, 58-62; *Malibu Media, LLC v. Lee*, 2013 U.S. Dist. LEXIS 72218, *11-13 (D.N.J. May 22, 2013).

In dismissing Ricupero's counterclaim, the trial court assured the controversy between the parties would be determined on the merits. It then abandoned that representation, when—in the face of pending statutory limitations and at a time a ruling in his favor was all but mandated—it granted Malibu's voluntary dismissal without prejudice, sidestepping the protection of 41(a) and castrating any relief for Ricupero provided by a judgment.

> This Court has already struck Ricupero's counterclaim for declaratory relief as redundant. To grant dismissal without prejudice at this stage would strip him of any hope for relief.

May 13th Order, R.91, PageID #1227 (quoting *Default Judgment*, R.80, PageID #1175). *Cf. Malibu Media, LLC v. Doe*, 2016 U.S. Dist. LEXIS 80003, *5 (N.D. Cal. Jun. 20, 2016).

> The availability of attorney's fees should any defendant facing a lawsuit against Malibu Media prevail protects those, such as our defendant herein, who elect to challenge Malibu Media's case on the merits instead of accepting a nuisance-value settlement. Maintaining the counterclaim would cause no prejudice to Malibu Media.

Id.

III. The compulsory nature of the declaratory counterclaim precludes dismissal.

Rule 13(a) requires a party plead a counterclaim that "arises out of the transaction or occurrence that is the subject matter of the opposing party's claim," lest the subject of the counterclaim be deemed waived or abandoned. Fed.R.Civ.P. 13(a). Rule 13(a) further recognizes that fairness as well as efficiency require the issues be raised for resolution in the same action. *Id.*

To determine whether a counterclaim is compulsory, this Circuit applies the "logical relationship" test. *Sanders v. First*

Nat'l Bank & Trust Co., 936 F.2d 273, 277 (6th Cir. 1991). The test considers (1) whether there is a logical relationship between the two claims; (2) whether the issues of fact and law raised by the claim and counterclaim are largely the same; (3) whether *res judicata* bars a subsequent suit on the counterclaim if the court were not to take jurisdiction; and (4) whether substantially the same evidence support or refute both the claim and the counterclaim. *Maddox v. Kentucky Finance Company, Inc.*, 736 F.2d 380, 382 (6th Cir. 1984). The purpose is to determine (1) whether issues of law and fact are common among the claims; and (2) whether substantially the same evidence would be used to support or refute the claims. *Sanders*, 936 F.2d at 277.

There exists no precedent whatsoever indicating that declaratory judgment claims are immune from Rule 13(a).

> There is no reason why such actions would be excluded from the rules of civil procedure or from the compulsory counterclaim rule, as the policy rationale for compulsory counterclaims—to eliminate wasteful, repetitive actions—applies with equal force in declaratory judgment actions and in actions seeking other relief.

Holbrook v. Shelter Ins. Co., 186 Fed. App'x. 618, 621-622 (6th Cir. 2006). See also, e.g. *Polymer Industrial Products Co. v.*

Bridgestone/Firestone, Inc., 347 F.3d 935, 938 (Fed. Cir. 2003) ("Rule 13(a) makes an infringement counterclaim to a declaratory judgment action for non-infringement compulsory."); *Meathe v. Ret*, 547 Fed. App'x. 683, 687 (6th Cir. 2013).

The fact that the counterclaim arises from the same subject matter as Malibu's suit makes for an easy argument that the counterclaim is a "mirror image" of Malibu's claims. *Feb. 4th Order*, R.22, PageID #161. However, in finding the counterclaim redundant, the trial court failed to recognize the compulsory nature of the declaratory relief sought. See e.g. *Moore v. New York Cotton Exch.*, 270 U.S. 593, 609-610 (1926); *Polymer Indus. Prods. Co. v. Bridgestone/Firestone*, 211 F.R.D. 312, 317-318 (N.D. Ohio Nov. 25, 2002). In other words, before dismissal of the counterclaim as redundant, it must be shown that a determination of Malibu's claims will obviate the need for declaratory relief. Again, however, such a showing is difficult, if not impossible, at the pleading stage.

The trial court further reasoned that because the counterclaim is redundant it "is not a pleading that complies

with [minimum pleading requirements]."[6] *Feb. 4th Order*, R. 22, PageID #161. However, the same copyrights were the subject of both the claim and counterclaim, and the parties bore the same evidentiary burdens whether or not the counterclaim was permitted. *Cf. FDIC v. Project Dev. Corp.*, 1987 U.S. App. LEXIS 6748, *8 (6th Cir. 1987) (Dismissing counterclaim that stated issues identical to those in the complaint. Since complaint was dismissed for lack of actual controversy, the counterclaim was too for the same defect).

At the pleading stage, speculation about the ultimate disposition of the claim is not an appropriate basis for refusing to enter a compulsory pleading on an issue whose merits have not yet been decided. The need for declaratory judgment may be diminished by the fact that Malibu commenced its suit, but the need cannot be said to have wholly disappeared.

Nor is it disputed that Ricupero may sue Malibu for declaratory judgment on the same facts as those shown in the counterclaim. However, there is nothing useful in forcing

[6] Quoting *Malibu Media, LLC v. Doe*, 2013 U.S. Dist. LEXIS 55985, *33 (E.D. Pa. Mar. 6, 2013). However, the citation is of little persuasion as the two sentences quoted constitute that court's entire analysis.

Ricupero or the court to waste time, money or resources by engaging in duplicative litigation. *Southern Constr. Co. v. Pickard*, 371 U.S. 57, 60 (1962). By maintaining the counterclaim, the trial court should have resolved the entire matter rather than force Ricupero to seek resolution elsewhere. The interests of judicial economy and efficiency are served by hearing these two claims together. *Southern,* 371 U.S. at 60.

It follows then that because dismissal of Ricupero's counterclaim was error, on remand the counterclaim must be reinstated and remain pending for independent adjudication despite Malibu's dismissal without prejudice of its claims. *Compuserve Inc. v. Saperstein*, 1999 U.S. App. LEXIS 498, *15-16 (6th Cir. 1999) (compulsory counterclaim precludes Rule 41(a)(2) dismissal). See also *Shaw Family Archives, Ltd. v. CMG Worldwide, Inc.*, 2008 U.S. Dist. LEXIS 67474, *33-34 (S.D.N.Y. Sep. 2, 2008); *Bosteve Ltd. v. Marauszwki*, 110 F.R.D. 257, 259 (E.D.N.Y. 1986).

IV. The opinion is premised on facts contrary to the character of the record.

A. The grant of dismissal was improperly conditioned upon "typicality."

Whether it was proper to grant Malibu's dismissal involves determining if such a dismissal caused Ricupero plain legal prejudice. *Perkins v. MBNA Am.*, 43 Fed. App'x. 901, 902 (6th Cir. 2002); *Jones v. Lemke*, 178 F.3d 1294 (6th Cir. 1999); *Grover*, 33 F.3d at 718.

Four factors are considered when determining legal prejudice: (1) defendant's effort and expense in trial preparation; (2) plaintiff's excessive delay and lack of diligence in prosecuting the action; (3) the sufficiency of plaintiff's explanation for the dismissal; and (4) whether defendant has filed for summary judgment. *Maldonado v. Thomas M. Cooley Law Sch.*, 65 Fed. App'x. 955, 956 (6th Cir. 2003).

The factors, however, are only a guide; discretion ultimately rests with the court. *Rosenthal v. Bridgestone/ Firestone, Inc.*, 217 Fed. App'x. 498, 502 (6th Cir. 2007). See also *Fawns v. Ratcliff*, 1997 U.S. App. LEXIS 17206, *8-9 (6th Cir. 1997) (combination of first and third factors alone sufficient

to deny dismissal). Even still, in a system of laws, such discretion is rarely without its limits.

> Without governing standards or principles, such provisions threaten to condone judicial "whim" or predilection. At least, utterly freewheeling inquiries often deprive litigants of the basic principle of justice that like cases should be decided alike.

Kirtsaeng, 136 S.Ct. at 1985.

Here, the trial court conditioned its discretion upon what it determined to be "typical" of similar matters.

> *This case began as all of the other cases Malibu Media has filed in this Court.* ... Following service of the subpoena, Malibu Media filed an amended complaint naming Mr. Ricupero as the defendant. Mr. Ricupero filed an answer and counterclaims for a declaratory judgment that he was not an infringer and for abuse of process. *This marked the point where this case began to deviate from the typical.*

May 13th Order, R.91, PageID ##1221-1222 (emphasis added). Therefore, any review first requires an understanding of what is considered typical in these matters.

"Typical" for Malibu is to file suit premised on an IP address [*Brown Opinion*, R.78-30, PageID ##1036-1061; *id.*, PageID #1048 n.5 (an IP address "is not enough to prove liability")]; conduct early discovery on the subscriber's finances [*Default Judgment*, R.80, PageID #1171 n.3]; then delay service

until the subscriber is notified of the suit and reaches out to Malibu. If a settlement is not reached, Malibu names the subscriber and delays discovery [*Proposed Sur-Reply,* R.30-1, PageID ##265-266]. If a settlement is not reached by the close of discovery, Malibu voluntarily dismisses often blaming defendant's alleged spoliation as the reason. [*Dalzell Opinion*, R.58-6, PageID ##606-620; *id.* PageID #618 ("We find unsettling the gulf between Malibu Media's claims in this summary judgment motion and the actual evidence—or, more to the point, the lack thereof—its expert unearthed after extensive searches.")].

"Typical", for the trial court, is the expectation that these matters are settled or dismissed soon after a defendant is notified of the claim or served. Approximately 63 of the 284 cases brought by Malibu in the Southern District of Ohio were referred to the trial court below.[7] The trial court's role in all but several was ministerial—the approval of early discovery and extensions to serve. These cases were settled or voluntarily dismissed within two months of the court's last order.

[7] Available at www.pacer.gov

Here, the trial court has again deemed it atypical to put Malibu to its proof, subverting the notion that an appellate court must defer to a district court's proper exercise of discretion. See e.g. *Tye v. Board. of Educ.*, 811 F.2d 315, 320 (6th Cir. 1987).

B. The absence of any citation to the record impairs review.

Further distorting any meaningful analysis of legal prejudice is the opinion's recitation of facts is absent any actual citation to the record. Under Rule 41(a)(2), "the district court must provide some indication as to why it exercised its discretion as it did." *Bridgeport Music v. Universal-MCA Music Publ.*, 481 F.3d 926, 931 (6th Cir. 2007); *Israel v. Barberton*, 1991 U.S. App. LEXIS 32336, *3 (6th Cir. 1991) ("in order to review a discretionary decision, some understanding of the trial court's reasons is necessary").

This is especially true when, as here, the trial court provides its rationale, but the opinion itself ignores the procedural history of the case and fails to consider either those facts or legal precedent that contradict the most important basis for the decision, which itself, renders the order reversible error.

See e.g. *Morscott, Inc. v. City of Cleveland*, 936 F.2d 271, 272 (6th Cir. 1991); *Leary v. Daeschner,* 349 F.3d 888, 905 (6th Cir. 2003).

No explanation appears in the record which justifies the unconditional dismissal in this case. To the contrary, the opinion's only comment on the merits is that any contention Malibu's dismissal was to avoid its discovery obligations or a decision on the merits, is "speculative". *May 13th Order*, R.91, PageID ##1228-1229; *cf. Voluntary Dismissal Opposition*, R. 80, PageID ##1173-1175. See also *Malibu Media, LLC v. Doe*, 2016 U.S. Dist. LEXIS 42267, *11 (S.D. Ohio Mar. 30, 2016) ("[Malibu's] countless voluntary dismissals filed in numerous other suits in this District and others ... indicat[es] that it [does not intend] to prosecute the merits of its copyright infringement claims").

The *May 13th* opinion not only reflects the totality of facts as construed most favorably for Malibu's voluntary dismissal, but also constitutes an exclusive summary of *only* those facts which favor Malibu's motion. Though the trial court purports to "tak[e] into account the entire record in this case," [*May 13th,*

R.91, PageID #1233] the order ignores all uncontested material proof which favors Ricupero, or which can be rationally construed in a manner which favors him. *Reeves v. Sanderson Plumbing Products, Inc.*, 530 U.S. 133, 150 (2000) (a court "must review the record 'taken as a whole,'" which means "all of the evidence in the record") (citation omitted). Yet, that is precisely what occurred here. All facts relied on by the trial court in support of its opinion were specifically refuted by Ricupero. See *Opposition to Compel*, R.58; *Voluntary Dismissal Opposition*, R.80; and *Voluntary Dismissal Sur-Reply*, R.90, PageID ##1216-1219. Malibu advanced only allegations, unsupported by fact or law, and the trial court elected to adopt those allegations wholesale without question. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 256 (1986) ("[M]ere allegation[s]" unsupported by 'specific facts'—even alleged facts—do not have to be taken as true.").

Undisputed or unimpeached facts cannot simply be discredited or ignored because they support the cause of a disfavored litigant or provide a quick resolution to a disfavored matter. *Fajfar v. Cleveland Elec. Illuminating Co.*, 2012 U.S.

Dist. LEXIS 40496, *10 (N.D. Ohio Mar. 26, 2012) (citations omitted). Nor can this Court be expected to properly review the trial court's opinion when it parses the record or otherwise makes speculative determinations to conform to its ruling. *Bridgeport Music,* 481 F.3d at 931; *EMI April Music, Inc. v. 1064 Old River Rd., Inc.*, 214 Fed. App'x. 589, 591 (6th Cir. 2007) ("abuse of discretion occurs where the district court fails to consider relevant 'facts upon which the exercise of its discretionary judgment is based.'"); *DWG Corp.*, 962 F.2d at 1202.

At the end of a case, although a litigant may be disappointed in the outcome, he should still leave the courthouse feeling that he has been treated fairly.

C. Resources were expended defending a suit Malibu had no intention of pursuing to resolution.

After conceding the weakness of its claims against Ricupero, but not before he expended significant resources, Malibu voluntarily dismissed its claims.

The trial court discounts most, if not all, of Ricupero's effort and expense in defending himself as "wholly unnecessary and misdirected" motion practice in what it characterizes as

"very limited discovery" litigation. *May 13th Order*, R.91, PageID #1226. In doing so, it ignores the almost two years Ricupero devoted to the matter; the number of pleadings filed; the conferences attended; and the supplemental papers submitted thereafter at the trial court's request. *Id.*, PageID #1234; *Morgan v. Del Global Techn. Corp.*, 2007 U.S. Dist. LEXIS 84638, *19-20 (S.D. Ohio Oct. 29, 2007). If anything can be meant by asserting that "very limited discovery" took place, it is that Malibu, after the close of discovery, had made none in support of its claims and produced even less.

The focus of the trial court's ire is twofold. The first is on Ricupero's 'atypical' oppositions to Malibu's extension requests. *May 13th Order*, R.91, PageID ##1227-1228 ("he vehemently opposed the most routine of extension requests"); *id.*, PageID #1229 ("he … oppose[d] the requests in a manner not typically seen in this Court"). Malibu's extensions, however, were typical only in that they were part of an established pattern of hanging the cost of extended litigation over the heads of defendants. *Proposed Sur-Reply*, R.30-1, PageID ##265-266; *Default Judgment*, R.78, PageID #832 n.1; *In re Valley-Vulcan Mold*

Co., 5 Fed. App'x. 396, 400-401 (6th Cir. 2001). *Cf. May 13th Order*, R.91, PageID #1230 ("the desire to avoid expensive litigation is a justifiable reason to dismiss this action"). Often, Ricupero's oppositions were compelled to correct Malibu's misrepresentations of law and fact. See e.g. *Opposition to Second Extension,* R.53, PageID ##525-526; *Opposition to Fourth Extension*, R.65, PageID ##678-679.

The second faults Ricupero for not "directly disput[ing] Malibu[]'s characterization of … his discovery efforts" [*May 13th Order*, R.91, PageID #1226] and his "utter lack of zeal" in pursuing Malibu's discovery deficiencies [*id.*, PageID #1228]. Even if correct, the trial court fails to explain what purpose continued pursuit of discovery would serve. Ricupero's right to rebut Malibu's allegations meant little because no admissible evidence was ever produced. *Neville Declaration,* R.79-2; *Neville Report,* R.79-3. There was simply no way that this case could go forward. Instead, Ricupero, via dispositive motions, was able to demonstrate that Malibu's claims lacked merit. *Default Judgment*, R. 78; *Summary Judgment*, R.79. The burden of proof is upon Malibu for its copyright infringement

claims. *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.,* 499 U.S. 340, 361 (1991). Ricupero has no obligation to produce or seek out evidence negating Malibu's case. *Celotex Corp. v. Catrett*, 477 U.S. 317, 322-323 (1986). Ricupero need only point to the lack of evidence supporting Malibu's claim. *Id.*; *Hayes v. Equitable Energy Res. Co.*, 266 F.3d 560, 566 (6th Cir. 2001) ("The moving party need not support its motion with evidence disproving the non-moving party's claim, but need only show that 'there is an absence of evidence to support the non-moving party's case.'"). Despite numerous extensions to allow for further development of its case, the expert report(s) failed to demonstrate any genuine question of material fact about whether Ricupero infringed its works when it sought dismissal. *Mazer v. Stein*, 347 U.S. 201, 218 (1954) ("absent copying, there can be no infringement").

To the extent Malibu can be said to have met its burden, it is only because the trial court strains to lift that burden and place it upon the shoulders of Ricupero.

D. Malibu's inability to comply with its own discovery schedule weighs against dismissal.

Malibu's discovery schedule called for its expert report to be completed Feb. 21, 2015. *Supra*, pgs. 7-9. Despite knowing as early as Feb. 5 it would be unable to comply, Malibu did not seek an extension until the deadline had passed on Feb. 23, 2015. *Id.* Nor did Malibu move to stay discovery until a protective order was negotiated. *Mallory v. Noble Corr. Inst.,* 45 Fed. App'x. 463, 468 (6th Cir. 2002) (citing *Beattie v. Madison County Sch. Dist.,* 254 F.3d 595, 606 (5th Cir. 2001) (noting that "a party suspends discovery at his own risk")); *Sagraves v. Lab One, Inc.*, 316 Fed. App'x. 366, 373 (6th Cir. 2008) (failure to request a stay caused the discovery deadline to remain in effect). Instead it let each deadline lapse then engaged in belated requests for extensions. Although it did not diligently prosecute its case, Malibu was diligent in its efforts to slow discovery, being granted no fewer than five discovery related extensions. See generally, *Default Judgment*, R.78.

> A party's failure to exercise reasonable diligence is no mere technicality. "The district court's decision to honor the terms of its binding scheduling order does not simply exalt procedural technicalities over the merits of Johnson's case. Disregard of the order would undermine

> the court's ability to control its docket, disrupt the agreed-upon course of the litigation, and reward the indolent and the cavalier."

Smith v. Holston Med. Group, P.C., 595 Fed. App'x. 474, 480 (6th Cir. 2014) (citation omitted).

Nonetheless, the trial court points the finger at Ricupero for any delay [*May 13th Order*, R.91, PageID #1229], ignoring the five months that lapsed while Malibu's motions languished on its docket.

1. Malibu's dismissal six days before dispositive motions were due carries great significance.

The appropriate measure in determining diligence in moving for voluntary dismissal is not the period after which a party finds out that its choice to act on a meritless claim was ill-conceived. Rather, it is the period between the filing of the complaint and the filing of the dismissal, and the significant events that transpired in the interim that should have prompted Malibu to acknowledge the fruitless nature of pursuing this litigation far earlier. *Fawns*, 1997 U.S. App. LEXIS 17206, *7-9; *United Van Lines v. Solino*, 153 Fed. App'x. 46 (2d Cir. 2005), (denying dismissal where the claims had been pending for months, discovery had occurred and the court had decided

multiple discovery motions in addition to presiding over a conference). In that situation, which is exceeded here, the *Solino* court held that the interests of judicial economy and avoiding prejudice to the defendant required claimant to see its claims through resolution or suffer dismissal *with* prejudice.

Malibu not only waited almost two years after filing its claim to bring its dismissal, but every fact underlying Malibu's claimed rationale was known to it, or should have been known to it, when it instituted this litigation. Given that Malibu has filed over 5,949 copyright infringement cases, it fully understood the risks of filing a claim of copyright infringement and the fee shifting remedies available under the statute. See e.g., *Amended Complaint*, R.5, PageID #53; *Voluntary Dismissal*, R.76, PageID #732 ("unless by terminating the case Plaintiff would have to pay Defendant's attorneys' fees and costs"). Malibu filed suit premised on evidence insufficient to identify the infringer. Malibu is well aware that "an IP address alone is not enough to impose liability on Doe." *Brown Opinion*, R.78-30, PageID #1048; *Summary Judgment*, R.79, PageID #1128; *Voluntary Dismissal Opposition*, R.80, PageID #1170.

Prior to naming Ricupero, Malibu's pre-suit investigation included a background report identifying Ricupero's work history and assets. *Supra,* pg. 5. Nor did Malibu ever conduct any discovery as to Ricupero's finances. From the beginning Ricupero repeatedly offered Malibu the hard drive he had forensically imaged; and Malibu repeatedly refused. *Opposition to Third Extension*, R.70, PageID ##715-717. Prior to filing its complaint, Malibu's investigator generated a MySQL log [*Default Judgment*, R.78, PageID ##842-843] that identified *Vuze* as the only BitTorrent client used to infringe its works. *First MySQL Log,* R.78-5. Acceptance of Ricupero's offer of his imaged drive in February 2015 would have shown neither *Vuze* —nor any of Malibu's films—were ever on his laptop. *Summary Judgment*, R.79, PageID #1127-1132. Lastly, Malibu has been on notice since October 26, 2015 that a summary judgment motion was forthcoming. See e.g., *Nov. 12th Email*, R.79-1, PageID #1134.

Malibu's argument then that "that it is not in its best economic interests to proceed" is an implied admission that no operative facts or law changed since before it ever filed its case,

but that it simply wants to cut its losses before losing. *Voluntary Dismissal*, R.76, PageID #732 ("unless by terminating the case Plaintiff would have to pay Defendant's attorneys' fees and costs").

Whatever such a stop-the-bleeding measure that might be, "diligence" is not the word for it. In light of the above, Malibu cannot be found to have acted with diligence.

2. Unduly vexatious conduct weighs against dismissal.

Ricupero has all along maintained that Malibu's motivation in bringing this action against him was to harass him and place on him the financial burden associated with litigation in the hope of achieving an outcome which provides for no legal remedy. *Voluntary Dismissal Opposition*, R.80, PageID #1174.

By expressly participating in the scheduling of full discovery; filing motions to strike and dismiss Ricupero's affirmative defenses and counterclaims; filing repeat discovery extensions; moving to compel responses from Ricupero; and scheduling depositions, Malibu gave Ricupero every reason to believe that it had elected to litigate its claims. *SEC v. The*

Oakford Corp. 181 F.R.D. 269, 271 (S.D.N.Y. 1998) (unjustified delay in bringing a Rule 41(a)(2) motion is "unduly vexatious"). Only after Ricupero had filed his Answer; complied with Malibu's discovery requests; and began preparing his dispositive motions did Malibu turn about and bring its dismissal. It follows that Malibu not only failed to act with diligence but also engaged in "undue vexatiousness."

More so, Malibu's dismissal is compelling in that by bringing this action and thereafter refusing to dismiss it with prejudice or ensure its equity, Malibu was not motivated by a rational belief that it would recover monetary damages it allegedly suffered. Rather, such behavior is exemplary of the vexatiousness with which Malibu has prosecuted its tenuous claims from the beginning. Malibu's "decision to terminate an ill-conceived and wrongly prosecuted law suit cannot serve to limit the consequences of a course of action it initiated and persistently followed." *Fid. Guar. Mortg. Corp. v. Reben,* 809 F. 2d 931, 937 (1st Cir. 1987). See also *Fontanillas-Lopez v. Bauzá Cartagena*, 2016 U.S. App. LEXIS 14425, *23-24 (1st Cir. 2016) (citing *Christiansburg Garment Co.*, 434 U.S. 412, 422 (1978)

("The district court did not abuse its discretion in finding that [plaintiff's] conspicuously conditional offer to discontinue litigation of claims it found to be 'frivolous, unreasonable, or groundless' was tantamount to 'continu[ing] to litigate' those claims.").

E. The explanation for dismissal was manufactured to avoid a negative ruling.

Malibu insists that it did conduct a pre-filing investigation into the legal and factual basis for its copyright claims, and that its decision to abandon those claims has nothing to do with the merits. *Voluntary Dismissal*, R.76, PageID #732. Instead, it explains that its decision was based on its belief that it would not be cost-effective to pursue. *Id.*, PageID #740 ("In short, Plaintiff very recently learned it has no upside in this case."). Such a decision had not followed the trial court's urging.

The trial court rejects any notion Ricupero's financial situation should have been obvious from the outset, because any statements made by Ricupero were "unverified". *May 13th Order,* R.91, PageID #1230. The trial court goes on to find it "reasonable that his financial situation was a topic Malibu Media would have chosen to explore at Mr. Ricupero's

deposition." *Id.* Except Ricupero was never deposed on the topic of his finances. *Voluntary Dismissal,* R.76, PageID #739 (citing two responses to questions unrelated to Ricupero's financial status).

However, the trial court cites no authority which would require Ricupero to make such a verification [*cf. In re Bridges*, 51 B.R. 85, 89 (Bankr. W.D. Ky. 1985); ignores that Malibu did its own verification prior to naming Ricupero [s*upra*, pg. 5]; and fails to explain how, regardless of relevancy, his deposition statements qualify as "verified."

In truth, Malibu's argument in support of dismissal has no bearing on the court's decision whether to grant the motion to dismiss. Malibu initiated this case in 2014 based on alleged conduct by Ricupero that purportedly continues to occur. *Amended Complaint*, R.5, PageID #52 ¶ 35(A). The fact that Ricupero may not be able to satisfy the judgment has no effect on Malibu's claims and is insufficient justification to warrant a dismissal without prejudice. Ricupero will be prejudiced if forced to defend an action from Malibu at some time in the future when he has already moved for summary judgment on

those claims. *Leon v. City of Columbus*, 2012 U.S. Dist. LEXIS 25595, *5 (S.D. Ohio Feb. 28, 2012); *cf. Voluntary Dismissal,* R. 76, PageID ##747-748 ("Here, if Defendant double dips, Plaintiff would like to be able to sue him for his first helping.").

1. Dismissal is an offense to equity.

If Malibu's allegations of irreparable harm were ever *bona fide* its new assertion betrays it. Ultimately, Malibu either lied to the court when it asserted that it was suffering irreparable harm arising from Ricupero's actions [*Amended Complaint*, R. 5, PageID #52 ¶ 35(A-C)], or lied to the court when it says it is not all that important to stop that activity. *Voluntary Dismissa*l, R.76.

It is an offense to equity to permit Malibu to disavow prosecution of its "continuing harm" claims, which it addressed to this court's equitable powers, on pre-textual grounds and absent any credible explanation for "what happened" to that previously intolerable harm. *Amended Complaint,* R.5, PageID #52 ¶ 35(A-C). Nor is there any justice in preserving for Malibu the right to return to equity in the future to assert claims so lacking in merit or even, at this stage, the color of credibility.

Such an outcome is inequitable to Ricupero, to the judicial system and to the law that Malibu has so casually abused in its unsuccessful attempt to silence criticism of its operations by punishing defendants who refuse to settle.

F. The factor to be considered is whether dispositive motions were pending.

The Sixth Circuit has previously concluded that a defendant suffers plain legal prejudice where the motion to dismiss was filed after discovery was closed, the defendants were almost certain to move to summary judgment and plaintiff's explanation for the need to dismiss was convoluted. *Maldonado,* 65 Fed. App'x. at 957 ("a defendant suffers plain legal prejudice where the motion to dismiss was filed after discovery was closed"); see also *Linthicum v. Johnson*, 2006 U.S. Dist. LEXIS 85893, *8 (S.D. Ohio Nov. 28, 2006); and *Morgan*, 2007 U.S. Dist. LEXIS 84638, *19 (finding plain legal prejudice where: (1) case was defended for more than two years, (2) discovery was completed, and (3) summary judgment was filed one week after plaintiff's motion to dismiss).

In its analysis, the trial court put forth two rationales in granting Malibu's dismissal: (1) that "[a]t the time it filed its

motion, a motion for summary judgment had not been filed" [*May 13th Order*, R.91, PageID #1230]; and (2) that even if Ricupero had filed prior to Malibu's motion, that fact did not mandate a finding of plain legal prejudice, because Ricupero's motion may not be granted [*id.*, PageID #1231].

The factor to be considered, and what Ricupero argued, is whether a motion for summary judgment was *pending*—which there was. *Rosenthal*, 217 Fed. App'x. at 502; *Grover*, 33 F.3d at 718 (6th Cir. 1994) ("whether a motion for summary judgment has been filed by the defendant"). Whether the motion was filed prior to or after the request for dismissal is not relevant. *May 13th Order*, R.91, PageID #1230 ("the Court cannot conclude that after-the-fact filing of dispositive motions should be held against Malibu"); *cf. Jones v. Western Reserve Transit Auth.*, 455 Fed. App'x. 640 (6th Cir. 2012) (the factor weighed in defendant's favor because it had already started preparing a motion for summary judgment); *Fawns*, 1997 U.S. App. LEXIS 17206, *6 (denying dismissal even though the discovery deadline had not expired and defendant had not yet moved for summary judgment); *Vanderpool v. Edmondson*, 2003 U.S.

Dist. LEXIS 24170, *1 (E.D. Tenn. Dec. 2, 2003) (voluntary dismissal denied even though there was no pending motion for summary judgment).

What is relevant though, is Malibu's knowledge that summary judgment was imminent. *Estate of Arnold v. Protective Life Ins. Co.,* 2007 U.S. Dist. LEXIS 27141, *6 (N.D. Ohio Apr. 12, 2007) ("Plaintiffs were aware ... that Defendant had prepared and was anticipating filing its motion for summary judgment. Therefore, although technically no dispositive motion had been filed, it seems the purpose underlying this factor is consideration for whether Defendant had spent time and money in an effort to prepare a dispositive motion, which it had."). See also, *Lemke,* 178 F.3d 1294 (noting that district court properly denied plaintiff's motion to dismiss without prejudice where "defendants put forth considerable effort and expense in preparing their motion for summary judgment, the plaintiff delayed his motion to dismiss until the case was ripe for decision, and his explanation for the need to take a dismissal is clearly insufficient"); *Fawns v. Ratcliff,* 117 F.3d 1420 (6th Cir. 1997).

Malibu was aware as early as the Oct. 26 discovery conference that a summary judgment motion would be forthcoming if Ricupero's discovery requests went unanswered. See e.g., *Nov. 5th Email*, R.79-1, PageID #1134. When new counsel for Malibu took control of the case, Ricupero offered Ms. Kennedy every opportunity to familiarize herself with the case; to comply with his discovery requests without court intervention; and conduct the discovery necessary to prove its claims. Instead, Malibu strung Ricupero along with promises of compliance until it became apparent to all that it would be unable to prove its case. Knowing a summary judgment was imminent, Malibu dismissed rather than be held accountable for its acts. *Smith*, 595 Fed. App'x. at 480.

There is no indication here that Malibu's action was ever a *bona fide* effort to seek redress for the alleged wrongs they perceived they suffered or continue to suffer.

V. Legal prejudice in the form of lost defenses precludes voluntary dismissal.

"[T]he purpose of Rule 41(a)(2) is to protect the non-movant … from unfair treatment," and the Rule must be interpreted to effectuate—not eviscerate—that purpose.

Western Reserve, 455 Fed. App'x. at 643 (citation omitted). The operative question is whether the voluntary dismissal is impermissible if it will cause the "defendant [to] suffer some plain [legal] prejudice," as opposed to practical prejudice that may be cured by the imposition of costs or similar conditions.

The courts are so uniform in holding that the potential loss of a defense bars voluntary dismissal because that is the only interpretation that is true to Rule 41(a)(2)'s purpose of protecting defendants from legal prejudice. If the loss of "an absolute defense to the suit … does not constitute clear legal prejudice to the defendant, it is hard to envision what would." *Phillips v. Ill. Cent. Gulf R.R.*, 874 F.2d 984, 987 (5th Cir. 1989). See also *Grover*, 33 F.3d at 719 ("At the point when the law clearly dictates a result for the defendant, it is unfair to subject him to continued exposure to potential liability by dismissing the case without prejudice."). Under the trial court's interpretation, the loss of a defense—particularly a complete defense on the verge of being granted—is not legal prejudice. If this is true, then Rule 41(a)(2) offers no meaningful protection against legal prejudice, which cannot be right.

A. Absolute defense: Innocence/Non-Infringement.

The trial court's dismissal denied Ricupero the absolute defense, namely, his innocence. *Smith*, 595 Fed. App'x. at 477-478. At the time Malibu moved to dismiss discovery had closed and Malibu had presented no admissible evidence of copyright infringement—no admission of guilt; no witness; no evidence Malibu's works ever existed on any of Ricupero's computer devices; no evidence the infringing BitTorrent client, *Vuze*, was on his devices; no evidence of spoliation—nothing. *Summary Judgment,* PageID ##1127-1132. This abject failure to show Ricupero infringed its works all but mandated a ruling in his favor. *Mazer*, 347 U.S. at 218.

B. Absolute defense: Statute of Limitations.

Similarly, "there is clear legal prejudice when a Rule 41(a)(2) dismissal is granted in the face of a valid statute of limitations defense." *Metro. Fed. Bank of Iowa F.S.B. v. W.R. Grace & Co.*, 999 F.2d 1257, 1262 (8th Cir. 1993); see also *Smith*, 595 Fed. App'x. at 477-478 (citing *Phillips*, 874 F.2d at 987-88); *Wojtas v. Capital Guardian Trust Co.*, 477 F.3d 924, 927-928 (7th Cir. 2007) (once a claim is time-barred, the

defendant "would suffer plain legal prejudice if the [plaintiff's] motion for voluntary dismissal were granted").

At the time Malibu's dismissal was granted, the statute of limitations for two of the twenty-six films allegedly infringed had passed with another ten expiring since that time. *Voluntary Dismissal Opposition*, R.80, PageID #1173 ("the statute of limitations on [Malibu's] claims against Ricupero are fast approaching"). Therefore, and contrary to the trial court's insistence that Ricupero's harm "is limited to the mere prospect of a second lawsuit" [*May 13th Order*, R.91, PageID #13], little to none of Ricupero's work in this matter can be salvaged. *Cf. Rosenthal*, 217 Fed. App'x. at 502 (upholding the district court's grant of a Rule 41(a)(2) motion to dismiss because much of the defendants' effort and expense would be useful in a subsequent state action)*; Western Reserve,* 455 Fed. App'x. at 644.

Construing the Rule to effectively require or even tolerate voluntary dismissal in cases like this one would convert the Rule from a shield protecting defendants to a sword designed to cut off their defenses. Especially where, as here, Malibu continues to broadcast assertions of Ricupero's guilt. *Voluntary*

Dismissal, R.76, PageID #736; *Voluntary Dismissal Reply*, R. 84, PageID #1189 (accusing Ricupero of perjury and spoliation). Indeed, if Rule 41(a)(2) allows the destruction of Ricupero's defenses in this case, it is difficult to see what would be left of the Rule of any consequence.

VI. Voluntary dismissal does not insulate Malibu from an adverse award of fees.

Malibu argues that voluntarily dismissing its suit in "good faith" protects it against a fee award, and that a contrary outcome would lead to protracted litigation. *Voluntary Dismissal*, R.76, PageID #732. In Malibu's view, it should escape a fee award as a reward for proper conduct. The "reward" for correcting improper conduct, however, is preventing the accrual of additional fees. Moreover, a plaintiff who unreasonably drags litigation out past the point where the meritlessness of its claims becomes apparent exposes both itself and its counsel to even more severe sanctions than an award of fees under 17 U.S.C. § 505. *See* 28 U.S.C. § 1927; Fed.R.Civ.P. 11(b)(1), (c)(1).

Denying any chance of recovery under § 505 after Malibu voluntarily dismissed its suit provides an escape hatch

encouraging abusive behavior and vitiate the application of § 505 where it is needed most, and leaves Ricupero nothing but a pyrrhic victory in a meritless cases.

As discussed above, when confronted with a meritless suit, defendants face the dilemma of settling for anything less than the cost of litigation or litigating at great expense. Malibu has further leveraged the lopsided, upfront costs of discovery with the goal of forcing early settlements while assuming little risk. The possibility of incurring fees under § 505 has the potential to help balance the litigants' positions and discourage meritless suits. Problem is Malibu starts with the conclusion a defendant is the infringer, then works backwards ignoring or discounting anything that does not fit that narrative.

Disallowing Ricupero's potential recovery after a voluntary dismissal eliminates any chance of balance, especially where the most abusive litigation strategies always end in settlement or dismissal before trial. Such a result is manifestly unjust and would all but force defendants like Ricupero to settle regardless of the underlying merits of the case.

VII. Any dismissal should be conditioned on Malibu providing proper responses to Ricupero's discovery demands.

A court may include terms and conditions in its order granting voluntarily dismissal in order to prevent prejudice to a defendant. See *Bridgeport Music, Inc.,* 583 F.3d at 953.

One of the many conditions of dismissal that may be imposed, is a requirement that specified documents and interrogatories responses be produced prior to any final resolution or dismissal. See e.g. *Stewart v. Dow Chem. Co.*, 865, F.2d 103, 104-105, 107 (6th Cir. 1989) (determining that a defendant agreeing to produce documents under its control as a condition of dismissal supported dismissing for *forum non conveniens*). Much of the discovery resisted by Malibu goes directly to the *bona fides* it should have possessed at the time it filed suit against Ricupero.

Even in light of Malibu's dismiss its complaint, Ricupero may be considered a "prevailing party" within the meaning of 17 U.S.C. § 505; *CRST Van Expedited, Inc. v. EEOC*, 136 S.Ct. 1642, 1651 (2016) ("a defendant need not obtain a favorable judgment on the merits in order to be a 'prevailing party.'");

Kirtsaeng, 136 S.Ct. at 1979; and for purposes of 28 U.S.C. § 1927 and Rule 11.

As in the context of awards of fees to plaintiffs, courts have recognized two sets of circumstances under which relief is appropriate for defendants: (1) a complete lack of merit to the plaintiff's claims; and (2) abusive litigation tactics by the plaintiff. See, e.g. *Wilson-Simmons v. Lake County Sheriff's Dep't.*, 207 F.3d 818, 822 (6th Cir. 2000) ("the complete lack of substance and merit should have been so patent to Plaintiff's counsel that their failure to either advise her against pursuing the empty claims or terminate the action when its futility should have been obvious"); *Garner v. Cuyahoga County Juvenile Court,* 554 F.3d 624, 645 (6th Cir. 2009) (unreasonable and vexatious conduct "began with the filing of the complaint and persisted throughout the pendency of the case"). Importantly, a defendant's fees have even been awarded in instances where a plaintiff advanced a *prima facie* allegation in a well-pleaded complaint, but the allegations were held to lack a solid legal foundation. *Jones v. Continental Corp.*, 789 F.2d 1225, 1230 (6th Cir. 1986); *Ridder v. City of Springfield*, 109 F.3d 288, 298

(6th Cir. 1997); *Bridgeport Music, Inc. v. WB Music Corp.*, 520 F.3d 588, 593-595 (6th Cir. 2008) (awarding fees against a copyright holder who filed hundreds of suits on an over-broad legal theory, including in a subset of cases in which it was objectively reasonable).

Here, the documents requested of Ricupero's alleged infringements may further evidence either of the foregoing, thereby making Malibu's production eminently relevant. For these reasons, a grant of Malibu's voluntary dismissal should be predicated on its production of discovery.

CONCLUSION

For the reasons stated above, Ricupero respectfully requests the following relief:

1. The declaratory judgment counterclaim be reinstated and remanded for independent adjudication despite Malibu's dismissal without prejudice of its claims; and
2. Malibu's dismissal of its claims be conditioned on it providing proper responses to Ricupero's discovery demands.

Dated: December 21, 2016

Respectfully submitted,

s/Jason E. Sweet

Jason E. Sweet
BBO #668596
BOOTH SWEET LLP
32R Essex Street
Cambridge, MA 02139
T: 617-250-8619
F: 617-250-8883
jsweet@boothsweet.com

Counsel for Defendant-Appellant

CERTIFICATE OF COMPLIANCE

I certify that the foregoing Brief complies with Federal Rule of Appellate Procedure 32(a)(7)(B) in that it contains 12,844 words, exclusive of the corporate disclosure statement, table of contents, table of authorities, statement with respect to oral argument, this certificate of compliance, and the certificate of service.

s/Jason E. Sweet
Jason E. Sweet
BBO #668596
BOOTH SWEET LLP
32R Essex Street
Cambridge, MA 02139
T: 617-250-8619
F: 617-250-8883
jsweet@boothsweet.com
Counsel for Defendant-Appellant

CERTIFICATE OF SERVICE

I hereby certify that on December 21, 2016 a corrected copy of the foregoing brief of Defendant-Appellant's was filed electronically through the ECF system. Notice of the filing will be sent to all parties by operation of the Court's electronic filing system. Parties may access this filing through the Court's electronic filing system.

s/Jason E. Sweet
Jason E. Sweet
BBO #668596
BOOTH SWEET LLP
32R Essex Street
Cambridge, MA 02139
T: 617-250-8619
F: 617-250-8883
jsweet@boothsweet.com
Counsel for Defendant-Appellant

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