

October 19, 2007

VIA HAND DELIVERY (cc:'ed to Plaintiffs' counsel by pdf email attachment)

Hon. Mark D. Fox,  
United States Magistrate Judge  
United States District Court,  
Southern District of New York  
300 Quarropas Street, Room 434  
White Plains, New York 10601-4150

Re: *Elektra, et.al. v. Santangelo, et.al.*, 7:06-cv-11520 (SCR)(MDF):  
REQUEST FOR COURT TO CONSIDER CORRECTED / ADDITIONAL  
LAW; PLAINTIFFS MISREPRESENTED LAW TO THIS COURT IN ITS  
"MOTION TO DISMISS DEFENDANTS' COUNTERCLAIMS,"  
WHICH LAW GOES DIRECTLY TO THE CENTRAL MATTER AND  
ORIGINATES FROM THIS COURTHOUSE IN  
*Lava Records, LLC, et al. v. Amurao*, 7:07-cv-00321 (CLB)

Your Honor:

On August 31, 2007, Plaintiffs filed a "Motion to Dismiss Defendants' Counterclaims."<sup>1</sup> Plaintiffs' Memorandum of Law was signed by Richard Gabriel, Esq., a partner in the firm of Holme Roberts & Owens ("HRO") LLP.<sup>2</sup> The motion sequence was fully submitted on October 11, 2007 ("Motion"). This letter addresses that part of Plaintiffs' Motion seeking to dismiss Defendants' counterclaim of "Misuse of Copyright."

On September 27, 2007, a conference call was held with the Court regarding Defendants' intention to file an Amended Answer with additional counterclaims. Upon

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<sup>1</sup> The motion sequence is comprised of PACER Documents 42-44, 49 and 50.

<sup>2</sup> Richard L. Gabriel, Esq., see: <[www.hro.com/people/bio?id=70](http://www.hro.com/people/bio?id=70)>.

researching that motion, counsel herein learned that Plaintiffs made materially false and misleading representations to this Court in their above-referenced Memorandum of Law (“Plaintiffs’ Mem.”) (PACER Document 44), regarding a holding by Hon. Charles L. Brieant, United States District Court Judge for the Southern District of New York, White Plains Courthouse, in *Lava Records v. Amurao*, 7:07-cv-0321 (CLB) (S.D.N.Y. 2007). In *Amurao*, one of Plaintiffs’ cases alleging illegal downloading, Judge Brieant *denied* Plaintiffs’ motion to dismiss the Defendant’s counterclaim of “misuse of copyright.”

In their Motion before this Court, Plaintiffs’ falsely advised:

Defendants may attempt to cite a recent order in *Lava Records v. Amurao*, Case No. 7:07CV-0321 (CLB) (S.D.N.Y. June 27, 2007) (attached as Exhibit A), to support their claim of copyright misuse. However, in *Amurao*, **the court provided no opinion or analysis** when it denied the plaintiffs’ motion to dismiss the defendant’s counterclaim for misuse of copyright. In its entirety, the Court’s Order regarding the plaintiffs’ motion to dismiss reads, “Motion Dkt. #8 is granted to the extend (sic) that the first counterclaim is dismissed, and denied with respect to the second counterclaim [for copyright misuse].” *Id.* **No further discussion or analysis was provided.** This Order would provide little substance in support of Defendants’ claim and does not affirmatively recognize copyright misuse as a cause of action.

Bold added; all else above, *sic.*; “Exhibit A.” offered by Plaintiffs in their Motion. Plaintiffs’ Mem., p.8.

While it is true that the *docket report* did not provide an analysis, Judge Brieant, *did, in fact*, provide his analysis and rationale on the record at the time of his ruling, on May 18, 2007. Attached as Exhibit A is the transcript of a hearing held with the participation of Plaintiffs' Attorneys Timothy M. Reynolds, Esq.,<sup>3</sup> and Patrick Train-Gutiérrez, Esq.<sup>4</sup> Mr. Reynolds is a partner at HRO and Mr. Train-Gutiérrez is an associate at HRO. Both work closely with Mr. Gabriel. The relevant portions of the transcript read:

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[. . .]

15 THE COURT: Please take the lectern and the court  
16 will hear the argument as to the motion, which is document  
17 number eight.

18 MR. REYNOLDS: Good morning, your Honor. Timothy  
19 Reynolds, the law firm of Holme Roberts & Owen on behalf of  
20 plaintiffs. With me at counsel table is Patrick  
21 Train-Gutierrez.

22 Your Honor, we're here on plaintiff's motion to  
23 dismiss two counterclaims brought by the defendant: One is  
24 a counterclaim for a declaration of noninfringement; the

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<sup>3</sup> Timothy M. Reynolds, Esq., see: <[www.hro.com/people/bio?id=153](http://www.hro.com/people/bio?id=153)>.

<sup>4</sup> Patrick Train-Gutiérrez, Esq., see: <[www.hro.com/people/bio?id=224](http://www.hro.com/people/bio?id=224)>.

25 other is a counterclaim for purported copyright misuse

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1 counterclaim.

[. . .]

13 MR. REYNOLDS: With respect to the misuse  
14 counterclaim, your Honor, there simply is no such thing as a  
15 claim for copyright misuse. It has never been recognized by  
16 any court.

17 THE COURT: This may be the first such case. We  
18 have had it the other day out in the circuit, you wouldn't  
19 believe this, on a service mark. Now if you can have such a  
20 claim on a service mark, and of course you have it under  
21 Lear as to patents, by logic I don't see why a reasonable  
22 argument can't be made. So that point of your motion is  
23 denied.

[. . .]

Under inquiry from the Court, Mr. Reynolds went on to acknowledge that, in fact, the Second Circuit does not prohibit the claim of copyright misuse:

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[. . .]

7 THE COURT: If you have a Second Circuit decision  
8 you want to confront me with, I have to endure that.

9 MR. REYNOLDS: The Second Circuit, your Honor, has  
10 never recognized the defense of copyright misuse.

11 THE COURT: They never said you couldn't have, did  
12 they?

13 MR. REYNOLDS: Not to my knowledge.

[. . .]

Though Judge Briant did not name the service mark case, his rationale was clearly stated: “misuse of a service mark” was a permissible counterclaim in the Second Circuit, decided as recently as May, 2007; “misuse by an intellectual property rights holder” has been recognized in law, citing *Lear, Inc. v. Adkins*, 395 U.S. 653, 663, 89 S.Ct. 1902, 1908, 23 L.Ed.2d 610 (1969); and, that since “misuse of a service mark” was a permissible claim, then so, too, was “misuse of a copyright.” Further, Judge Briant covered the “negative,” as well, citing that nothing in the law in the Second Circuit prohibits such a counterclaim.

This hearing was known to Plaintiffs' attorneys; in fact, two of them participated in the hearing. Further, though "Lava Records" is the first-captioned plaintiff in *Amurao*, co-plaintiffs include: "BMG Music, a New York general partnership;" "Sony BMG Music Entertainment, a Delaware general partnership;" and, "UMG Recordings, Inc., a Delaware corporation," each of which are co-plaintiffs in *Elektra, et al. v. Santangelo, et al.*, the matter before this Court.

The fact that Judge Brieant's rationale was not published does not grant Plaintiffs the right to falsely represent that Judge Brieant did not provide a rationale for his decision.

As to whether the deception is sanctionable is another matter, but what is important is that Judge Brieant, did, in fact, provide a rationale. I respectfully request that Your Honor include Judge Brieant's ruling and rationale in considering Defendants' opposition to Plaintiffs' motion. I also request Your Honor consider Plaintiffs' efforts to affirmatively hide Judge Brieant's rationale from this Court when considering their legal analysis and then grant their papers the weight they deserve. This misrepresentation goes beyond zealous advocacy.

Considering Judge Brieant's position, in addition to all reasons previously placed before this Court, and Plaintiffs' deception by omission, Plaintiffs' Motion to Dismiss Defendants' Counterclaims should be denied in all respects.

Hon. Mark D. Fox, October 12, 2007, page seven

I am available to the Court at (914) 831-3087; Mr. Gabriel may be reached at (303) 866-0331.

Respectfully submitted,

S/

Jordan D. Glass

JDG:tm

cc: Richard Gabriel, Esq., email by pdf'ed attachment