

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

EXPLOROLOGIST LIMITED,)	Civil Action No. 2:07-cv-01848-LP
)	
Plaintiff,)	
)	
v.)	The Honorable
)	Louis H. Pollak
BRIAN SAPIENT a/k/a BRIAN J. CUTLER,)	
)	
Defendant.)	

**DEFENDANT’S RESPONSE TO
PLAINTIFF’S AMENDED MOTION
TO DISMISS**

Defendant Brian Sapient does not oppose plaintiff’s request to dismiss its own claims with prejudice, but urges the Court not to dismiss plaintiff’s claims until it first rules on – and grants – Sapient’s pending motion for leave to file an amended answer and counterclaims.

Plaintiff Explorologist Ltd. represents that it wishes to dismiss its claims now in order to shield its co-owner, Uri Geller, from deposition in the United States notwithstanding having filed suit here regarding Geller and his alleged rights. As remarkable as this concession is, there is an even stronger reason for the Court to dismiss Explorologist’s claims with prejudice: they were legally untenable from the beginning.

At the heart of this case is a 14-minute video that criticizes Geller, a self-styled “mentalist.” Explorologist and Geller used a pretextual copyright infringement notice to cause YouTube, a popular video hosting site, to disable access to the video for over two weeks. In an

effort to intimidate Sapient and to keep the video from the public, and well aware that it had no infringement claim under U.S. copyright law, Explorologist then asked this Court to apply U.K. law to the alleged “infringement.” However, as explained in detail in Sapient’s pending Motion for Summary Judgment (to which Explorologist has not responded, despite having requested and obtained an extension to do so), Explorologist’s copyright claim fails under U.K. law just as surely as it would under U.S. law. (*See* Docket No. 45.)¹ What is worse, at defendant’s insistence, Explorologist recently revealed that it had sent its DMCA notice and filed its lawsuit without an actual, written assignment of the copyrights upon which those actions purportedly were based. (*See* Docket No. 54-2 at 10-11.)

It is abundantly clear at this point that Explorologist filed this spurious case without a proper foundation, without legal grounds and with no intention of ever producing the key witness, Uri Geller. Indeed, Explorologist has not bothered to respond (or even object) to written discovery. Instead, after harassing Sapient and wasting this Court’s time for nine months, and recognizing that Sapient intended to press his defenses and his own claims, Explorologist decided to cut and run. (*See* Docket No. 52 at 1.)

Thus, at a bare minimum, the Court should dismiss Explorologist’s claims with prejudice. However, for reasons set forth below, the Court should do so only after ruling on Sapient’s motion to amend and allowing him the opportunity to assert his counterclaims.

¹ In fact, plaintiff implicitly conceded as much by failing to oppose Sapient’s Motion for Summary Judgment on this issue.

I. BACKGROUND

Until recently, the litigation between Sapiient and Explorologist was being waged on two coasts. Before the litigation began, Sapiient attempted to resolve his dispute with Uri Geller and Geller's company, Explorologist Ltd., by advising Geller and Explorologist in April 2007 that Sapiient was contemplating suit for misrepresentation pursuant to Section 512(f) of the Digital Millennium Copyright Act ("DMCA"). Negotiations broke down in early May, when Explorologist filed an anticipatory lawsuit in this Court based primarily on British copyright claims – the lawsuit it now seeks to withdraw. Sapiient believed that the Northern District of California was the appropriate forum for his misrepresentation claim, so Sapiient filed his DMCA lawsuit in that court the day after settlement discussions ended with Explorologist's filing of its anticipatory suit. (*See Sapiient v. Geller*, N.D. Cal Case No. 3:07-cv-02478-VRW ("Sapiient v. Geller") Complaint, filed May 8, 2007.) Explorologist then moved to dismiss the California case, arguing, *inter alia*, that Sapiient's claims should be heard in Pennsylvania. After briefing and argument, Chief Judge Vaughn Walker dismissed the California case on jurisdictional grounds, based in part on the ongoing litigation in Pennsylvania, observing that "Sapiient will suffer no actual prejudice as a result of the court's ruling" because he "will be able to raise his § 512(f) claim against Explorologist as a counterclaim in the Pennsylvania action" and "although Geller is not a party to [the Pennsylvania litigation], Sapiient will be able to bring his claims against Geller using either a regular jurisdiction analysis or the federal long-arm statute." (Docket No. 54-5 at Ex. C at 24.)

Following Chief Judge Walker's suggestion, Sapiient has filed a motion to amend, asking this Court to allow his claims to be heard here – in the forum that Explorologist selected

for its claims against Sapient. (See Docket No. 54.) As Sapient was preparing to file his motion (after Explorologist, through counsel, declined to stipulate to amendment), Explorologist filed its motion to dismiss. It then wrote to Magistrate Judge Angell to insist (incorrectly) that Sapient's counterclaims cannot be brought at this stage. Thus, after arguing vigorously in California to have the merits of its dispute with Sapient heard in Pennsylvania, Explorologist now hopes to avoid having the merits addressed in *any* court.

II. ARGUMENT

A. Plaintiff's Claims Should Be Dismissed With Prejudice AFTER the Court Decides Sapient's Motion to Amend.

In the interests of justice and judicial economy, the Court should defer dismissal until it has had a chance to decide Sapient's motion to amend his answer to assert counterclaims, so that the claims may go forward despite the dismissal. See *McGraw-Edison Co. v. Preformed Line Prods. Co.*, 362 F.2d 339, 342 (9th Cir 1966) (dismissal proper where counterclaims remained pending for independent adjudication); *Angelucci v. Cont'l Radiant Glass Heating Corp.*, 51 F.R.D. 314 (E.D. Pa. 1971) (where defendant had asserted compulsory counterclaim, district court would retain jurisdiction over counterclaim notwithstanding voluntary dismissal of plaintiff's action...)² Rule 41 gives the Court broad latitude to set the terms and conditions upon which dismissal shall be granted. FED. R.CIV.P. 41(a)(2) ("Except as provided in Rule 41(a)(1), an action may be dismissed at the plaintiff's request only by court order, on terms that the court considers proper."); *Fitzgerald v. Allegheny Corp.*, 882 F. Supp. 1433 (S.D.N.Y. 1995)

² The Court has an independent basis for subject matter jurisdiction over the counterclaims, pursuant to the Copyright Act, 17 U.S.C. §§ 101 et seq., 28 U.S.C. §§ 1331 and 1338, and the Declaratory Judgment Act, 28 U.S.C. § 2201.

(dismissal under Rule 41(a)(2) may be conditioned on such terms and conditions as court sees fit). “The purpose of Rule 41(a)(2) is to prevent dismissals that prejudice an opposing party and to permit the court to impose curative conditions it deems necessary.” *Reach & Assocs., P.C. v. Dencer*, Civ. A. No. 02-1355, 2004 WL 253487, at *1 (D. Del. Feb. 9, 2004); *see also ProtoComm Corp. v. Novell Advanced Servs., Inc.*, 171 F. Supp 2d 459, 470 (E.D. Pa. 2001) (“The purpose of the rule is primarily to prevent dismissals which would result in some clear legal prejudice to the defendant.”) (citations omitted); *LeCompte v. Mr. Chip, Inc.*, 528 F.2d 601, 604 (5th Cir. 1976) (Rule 41(a)(2) permits plaintiff to dismiss “so long as no other party will be prejudiced”; court allowed to attach conditions to order of dismissal to prevent defendants from being “unfairly affected”).

Dismissal in advance of amendment would greatly prejudice Sapient, and reward Explorologist for blatant gamesmanship. As explained in the motion to amend, Explorologist indicated to Chief Judge Vaughn Walker of the Northern District of California that Sapient would not be harmed by dismissal of his claims there because this Court offered an alternative forum. (*See* Docket No. 54-5 at Ex. F at 8.) Yet, when advised that Sapient intended to follow Chief Judge Walker’s suggestion and amend his answer to join the claims to this action, Explorologist refused to stipulate to that amendment. Then, just hours after opening discussions regarding a stipulated dismissal that would provide for Sapient’s claims, Explorologist ran to this Court seeking permission to dismiss. It then insisted, incorrectly, that Sapient should no longer be permitted to amend. (*See* Feb. 19, 2008, Richard Winelander Letter to Magistrate Judge Angell, attached as Ex. A hereto, at 1 (incorrectly asserting that Sapient has “waived his right to file a counterclaim” pursuant to Rule 13(a).) If Sapient is forced to bring these claims in a separate action, Explorologist will undoubtedly argue that they were compulsory and, therefore,

are forever barred because they were not previously brought in this action. In other words, after pushing for months to have Sapien's claims heard by this Court, Explorologist now hopes to deprive Sapien of the opportunity to seek relief in *any* court.

Justice should not permit this result. The overwhelming weight of case law favors permitting Sapien to amend at this stage – indeed, all the more so where, as Explorologist apparently believes is the case here, the claims at issue are compulsory. *See, e.g., Simpler Consulting, Inc. v. Wall*, Civ. A. No. 05-0452, 2007 WL 3252406, at *1 (W.D. Pa. Nov. 1, 2007) (“The argument for allowing amendment is particularly compelling” where the counterclaim “cannot be asserted in subsequent cases and the pleader will lose the opportunity to have the claim adjudicated.”) (citations omitted); *Puritan Inv. Corp. v. ASLL Corp.*, Civ. A. No. 97-1580, 1998 WL 440831, at *2-*3 (E.D. Pa. Aug. 3, 1998) (granting leave to amend counterclaims after seventeen-month delay where claims were sufficiently meritorious on face of complaint, claims would be barred if motion were denied, and there was no appreciable prejudice); *Perfect Plastics Indus., Inc. v. Cars & Concepts, Inc.*, 758 F. Supp. 1080, 1082 (W.D. Pa. 1991) (finding that if a counterclaim is compulsory under Fed. R. Civ. P. 13(a), “the argument for allowing amendment is ‘especially compelling’ . . . because an omitted compulsory counterclaim cannot be asserted in subsequent cases”). Explorologist's filing of a preemptive dismissal motion before Sapien could file his own motion should not be permitted to thwart the clear intent of Rules 13 and 15 that parties not be unduly deprived of the opportunity to have their claims heard.

Equally important, judicial economy will best be served by amendment now rather than a new action later. Both parties have already served discovery relevant to the claims Sapien seeks to assert. (*See, e.g.,* Docket No. 54-5 at E at Nos. 2, 3, 15 (seeking documents

related to alleged infringement and Sapient's damages as a result of the suspension of his account with YouTube); *see also* Sapient's First Set of Interrogatories, attached hereto as Ex. B at Nos. 2, 4, 6, 7, 8 (concerning ownership of the copyrighted works), and Nos. 1, 3, 5, 7, 13 (concerning alleged infringement, including fair use); Sapient's First Set of Requests for Production of Documents, attached hereto as Ex. C at Nos. 2-11, 13-16, 23 (seeking documents relating to ownership and alleged infringement.) The parties and the Court have spent considerable time and effort on scheduling Geller's deposition, resulting in an outstanding Order for that deposition from Magistrate Judge Angell. Further, the parties are negotiating the terms of a protective order to govern confidential information.

If the Court rules on Explorologist's Amended Motion to Dismiss without ruling on Sapient's motion to amend, discovery will have to recommence months from now, after Sapient is put through the wasteful and time-consuming exercise of having to file and serve a new complaint alleging exactly what he seeks to assert in this case now. This delay is unwarranted, prejudicial to Sapient and highly inefficient.

Explorologist's attempt to game the system should be rejected. Justice and judicial efficiency are best served by allowing Sapient's misrepresentation and declaratory judgment claims to be heard by this Court promptly. Therefore, Sapient respectfully requests that this Court grant his motion to amend his answer and then grant Explorologist's motion to dismiss (but retain jurisdiction over Sapient's counterclaims).

B. Sapiant is Entitled to and Will Seek Fees and Costs Incurred in Defending Against Explorologist's Claims

After the Court ultimately grants Explorologist's motion to dismiss with prejudice, Sapiant will seek fees and costs, as he is entitled to do under the laws of both the United States and the United Kingdom. *See Reuters Television Ltd. v. CEL Commc'ns, Inc.*, Civ. A. No. 94-1111, 1995 WL 13188, at *1-*3 (S.D.N.Y. Jan. 13, 1995) (awarding attorneys' fees where UK company successfully sued for violation of UK copyright law); *Van Muching {sic} & Co. Inc. v. M/V Star Mindanao*, Civ. A. No. 82-1092, 1986 WL 6303, at *2 (E.D. Pa. June 4, 1986) ("[S]ince 1278 A.D., English courts have been empowered to award attorneys' fees to prevailing plaintiffs and to award fees to prevailing defendants since 1607 A.D."); *see generally* UK Ministry of Justice Rules & Practice Directions 43-48, available at http://www.justice.gov.uk/civil/procrules_fin/menus/rules.htm#part41 (setting out rules and practice procedures for payment of attorneys' fees); Her Majesty's Court Service, Chancery Division Practice Directions, available at <http://www.hmcourts-service.gov.uk/cms/493.htm> (UK copyright court, referencing above rules 43-48).³

Furthermore, by suing for a purported violation of the copyright laws of the United Kingdom (and seeking attorneys' fees as a remedy), Explorologist has waived any argument that United Kingdom law does not apply to attorneys' fees on its copyright claim. *See*

³ It may be appropriate to refer the determination of the *amount* of the fees to a U.K. taxing master (at Explorologist's expense). *See Nikimiha Secs. Ltd. v. Trend Group Ltd.*, 646 F. Supp. 1211 (E.D. Pa. 1986); *see also Fleischmann Distilling Corp. v. Maier Brewing Co.*, 386 U.S. 714, 717 (1967) ("It is now customary in England, after litigation of substantive claims had terminated, to conduct separate hearings before special 'taxing Masters' in order to determine the appropriateness and the size of an award of counsel fees.").

Van Muching, 1986 WL 6303, at *2 (applying English Rule on attorneys' fees where English substantive law applied to merits); *DeRoburt v. Gannett Co., Inc.*, 558 F. Supp. 1223, 1227 (D. Haw. 1983) ("After insisting for four years that Nauru law is the applicable law, plaintiff certainly cannot claim that application of Nauru law to the question of attorneys' fees is unexpected."); *Drake v. Lowe's Cos., Inc.*, Civ. A. No. 04-0142, 2005 WL 2562653, at *3 (E.D. Cal. Oct. 11, 2005) ("When a foreign state's substantive law applies, rather than the law of the forum state, federal courts will apply the foreign state's law in awarding attorney's fees."); see generally *J. Barbour & Sons, Ltd. v. Taftco, Inc.*, Civ. A. No. 87-2609, 1989 WL 49518, at *3 (E.D. Pa. May 8, 1989) (The "[T]hird [C]ircuit has determined that applying the English law of attorneys' fees (under which such fees are awarded) does not offend Pennsylvania's public policy.") (citing *Somportex Ltd v. Phila. Chewing Gum Corp.*, 453 F.2d 435, 443 (3d Cir.1971)).⁴

⁴ If Explorologist nevertheless contests the applicability of U.K. law, and the Court would like further briefing on the issue, Sapient requests that the Court set a briefing schedule. See *Nikimiha Secs.*, 646 F. Supp. at 1211 (ordering a briefing schedule for determination of the entitlement to fees under English law). Sapient also requests that the Court compel Explorologist to comply with pending discovery relevant to Explorologist's bad faith, and extend the discovery deadline to allow for follow up discovery. Under Pennsylvania's choice of law rules, "[f]irst, the court must look to see whether a false conflict exists." *LeJeune v. Bliss-Salem, Inc.*, 85 F.3d 1069, 1071 (3d Cir. 1996). While ordinarily Pennsylvania's fee rules might conflict with the English rule, fees may be allowed when "contumacious or obdurate conduct has been involved" or "... where a losing party has brought an action or raised a defense in bad faith, vexatiously, wantonly or for oppressive reasons an award of counsel fees to the other party is appropriate." *Montgomery Ward and Co., Inc. v. Pac. Indem. Co.*, 557 F.2d 51, 59 and n.12 (3d Cir. 1977) (citing *Lichtenstein v. Lichtenstein*, 481 F.2d 682, 684 (3d Cir. 1973)). There is ample reason to believe that Explorologist has acted in bad faith here, thereby obviating any potential conflict between Pennsylvania and U.K. law, and Sapient should be permitted to develop and present evidence on the question.

III. CONCLUSION

For the reasons stated above, Sapient requests that the Court rule on Sapient's motion for leave to amend his answer and, after deciding that motion, dismiss Explorologist's claims with prejudice but retain jurisdiction over Sapient's counterclaims.

Respectfully submitted,



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Dated: March 7, 2008

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 7th day of March, 2008, a true and correct copy of the foregoing Defendant's Response to Plaintiff's Amended Motion to Dismiss was served electronically, by way of the Court's electronic case filing system, and by First Class U.S. Mail, postage prepaid, addressed as follows:

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