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11 STEVE EASTON

12 UNITED STATES DISTRICT COURT
13 NORTHERN DISTRICT OF CALIFORNIA

14 GLOBAL INNOVATIONS, INC., a Maryland
15 corporation, and RAMSEY LAMERSON, an
16 individual,
17 Plaintiff,
18 vs.
19 ALS Scan, Inc., a Maryland corporation, WAYNE
20 KIRN, an individual, APIC WORLD-WIDE,
21 INC., a Florida corporation and STEVE EASTON,
22 an individual,
23 Defendants.

Case No.: C03-1277 JSW

**OPPOSITION TO MOTION TO ENJOIN
PROSECUTION OF COMPULSORY
COUNTERCLAIM AS SEPARATE ACTION**

Date: August 1, 2003
Time: 9:00 a.m.
Courtroom 2, 17th Floor

Honorable Judge Jeffrey S. White presiding

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1 **I. STATEMENT OF ISSUES:**

2 1. Is this declaratory relief action an improper anticipatory action in which the Court should
3 disregard the “first-to-file” rule and strict adherence to F.R.C.P. Rule 13 in favor of the pending action
4 in the Maryland District Court?

5 **II. SUMMARY OF ARGUMENT:**

6 Although both Plaintiffs -- Global Innovations, Inc. (“Global”) and Ramsey Lamerson
7 (“Lamerson”) -- and both of the Defendants opposing this motion -- ALS Scan, Inc. (“ALS”) and Alex
8 Kirn (“Kirn”) -- reside and work a mere fifty miles apart in the State of Maryland, Plaintiffs hastily filed
9 this declaratory relief action in California knowing that Defendants were about to file action in
10 Maryland. None of the named parties in this action reside or work in the State of California.

11 Separately, and to be considered in conjunction with this motion, Defendants opposing this
12 motion, ALS and Kirn, have filed a motion seeking dismissal, transfer or stay of this California Action
13 on the grounds that this action is an improper anticipatory lawsuit, personal jurisdiction is lacking, this
14 California Action is not a useful exercise of the Court’s discretion to entertain declaratory relief actions
15 and, on forum nonconveniens grounds (hereinafter the “Motion to Dismiss/Transfer). In the event the
16 Court grants any of the requests contained in the Motion to Dismiss/Transfer, denial of Plaintiffs’
17 present motion is logical. (Rather than provide duplicative supporting declarations to the Court with this
18 Opposition, the declarations and attachments referred to herein are those on file in support of
19 Defendants’ Motion to Dismiss/Transfer, all of which are incorporated by reference into this
20 Opposition.)

21 Plaintiffs’ Motion to Enjoin Prosecution of the Maryland District Court action (the “Maryland
22 Action”) on the ground that the claims asserted there are compulsory counterclaims in this declaratory
23 relief action (the “California Action”) should be denied because this suit is an improper anticipatory
24 action in which the “first-to-file” rule should not apply. Further, strict application of the “first-to-file”
25 rule and F.R.C.P. Rule 13 in the present situation would not best serve the needs of the parties because a
26 comprehensive solution to the entire controversy is available in the Maryland Action, not here.
27 Plaintiffs’ use of F.R.C.P. Rule 13 to further its improper actions should not be supported by the Court
28 and this motion should be denied.

1 **III. FACTS**

2
3 **A. The Parties.**

4 **1. Defendants ALS Scan and Alex Kirn**

5 Defendant ALS is a Maryland corporation formed in 1996 with its only place of business in
6 Columbia, Maryland (Declaration of Alex Kirn, hereinafter “Kirn Declaration”; ¶¶2-3). ALS is not
7 incorporated, is not qualified to do business, has no subsidiaries or branch offices, no bank accounts,
8 property, telephone listings or mailing addresses in California. ALS has no officers, directors, or
9 employees residing or domiciled in California nor has it contracted with persons in California to act on
10 its behalf with respect to marketing, distributing or servicing any of its goods, services, or products
11 (Kirn Declaration, ¶6). ALS does not direct any of its advertising specifically toward California
12 residents or businesses, nor does it advertise in any publications that are directed primarily toward
13 California residents or businesses (Kirn Declaration, ¶9). None of ALS’ employees have attended
14 business conferences or similar functions within the state of California on behalf of ALS (Kirn
15 Declaration, ¶10).

16 Defendant Alex Kirn is an individual resident of Ellicot City, Maryland and is the primary
17 shareholder and CEO of ALS. Kirn has not visited the State of California for any reason whatsoever
18 during the entire course of his adult life (Kirn Declaration, ¶11). ALS was served with this action at its
19 corporate headquarters in Columbia, Maryland; Kirn was served at his home in Ellicot City, Maryland.

20 ALS is primarily engaged in the business of publishing a well known and successful adult
21 website *http://www.alsscan.com* (“ALS Site”) which receives two million unique visitors each month.
22 The ALS Site is subscription based; consumers 21 years of age or older may purchase a subscription
23 providing access to content on the ALS Site. Upon payment of a monthly fee and acceptance of ALS’
24 terms of use, consumers are issued a password which allows them “inside” the ALS Site, where they
25 may view thousands of ALS copyrighted photographs (Kirn Declaration, ¶¶12-15).

26 ALS invests substantial sums of money, time, effort and creative talent producing its copyrighted
27 works for display to ALS subscribers (Kirn Declaration, ¶17). Over the years, ALS has built a valuable
28 business and enviable reputation by reason of the distinct styling and quality of its original photographs

1 which are widely identified in the minds of the purchasing public with ALS (Kirn Declaration, ¶19).
2 ALS also spends significant sums of money protecting its copyrighted materials (Kirn Declaration, ¶19).
3 ALS currently has five full-time employees, all of whom work at ALS' Maryland office in the state of
4 Maryland (Kirn Declaration, ¶20).

5
6 All of ALS' copyrighted images have a Certificate of Registration issued by the United States
7 Copyright Office and contain ©, the name "ALS Scan" and the copyright year, or some other *indicia* of
8 ALS' ownership (Kirn Declaration, ¶15). ALS is the owner of the valuable and well-known ALS
9 SCAN trademark, under which its services are provided (Kirn Declaration, ¶16).

10 **2. The Plaintiffs, Ramsey Lamerson and Global Innovations, Inc.**

11
12 Ramsey Lamerson operates Global Innovations, Inc. from his parents' home in Walkersville,
13 Maryland (Lombardo Declaration ¶30). Mr. Lamerson has registered many domain names and operates
14 and presents them as if each was a separate legal entity. In reality, Lamerson controls all of them, either
15 by himself or with cohorts. Among the domain names registered and controlled by Lamerson are:
16 bannerstat.net, globali.net, globalinnovations.net, shoutcasting.com, shoutcasting.net, pornblocks.net,
17 pornblocks.com, adultbannerstat.net, adultbannerstat.com, motelhooker.com, eroticcelebs.com,
18 quibba.net, quibba.com, porndistro.com, porndistro.net, bannerstats.com, sexblocks.com, clean-
19 drive.com, clean-drive.net, sexblocks.net, peta-news.com, petanews.net, peta-news.net, and
20 bannerstats.net (Lombardo Declaration ¶10).

21 Mr. Lamerson's scam works as follows: Infringing adult images are posted on one of the
22 Lamerson-controlled websites, free to view by anyone with access to the WorldWideWeb. Via the
23 Internet, and with the assistance of Lamerson and his cohorts, word spreads with exponential speed that
24 free adult images can be viewed at a particular URL¹. Soon a large volume of traffic is coming to the
25 particular Lamerson-controlled URL illegally displaying these copyrighted images. Eventually the
26 copyright owner of these images learns of their unauthorized display, issues a Digital Millennium

27
28 ¹ Uniform Resource Locator. A specific "Address" on the internet, e.g. www.findlaw.com/11stategov refers to a specific web page on the findlaw.com website.

1 Copyright Act (“DMCA”) notice advising the listed website contact and its carrier that the site contains
2 infringing images, and requests that the infringing website pages be terminated (commonly known as a
3 DMCA “take-down notice”) (Lombardo Declaration ¶12).²

4 In this scenario, Mr. Lamerson gladly receives these DMCA notices, shuts down the web pages
5 with infringing images and redirects the large volume of traffic coming to that page to advertisers or
6 sponsors willing to pay for traffic. For example, a DMCA take-down notice would be sent by the owner
7 or owner’s agent relating to images illegally displayed on Lamerson’s www.sexblocks.com website.
8 Lamerson responds anonymously from support@sexblocks.com stating that the infringing images had
9 been removed. He would also respond from his ramsey@globali.net e-mail address stating that the take-
10 down notice had been forwarded on to the “Sexblocks.com Legal Staff” and the issue had been resolved.
11 The images on that specific URL, e.g. www.sexyblocks.com/terri/terri3.htm, would be removed and,
12 thereafter, Lamerson “sells” the traffic going to that webpage to another party willing to pay for traffic.
13 Under the assertion that his www.globali.net site is a “Service Provider,” Lamerson claims the benefit of
14 the safe harbor provision of the DMCA³ to shield Global from liability for the online infringement of
15 sexyblocks.com, which is carried by Global.

16 **B. The Negotiations**

17 ALS first became aware of Global in July of 2001. At that time, ALS learned that Global owned
18 and operated two websites, www.pornblocks.com and www.sexblocks.com, that were copying and
19 displaying ALS’ copyrighted images and using ALS trademark to draw Internet traffic to those websites.
20 ALS’ counsel sent a cease and desist letter to Verio, Inc., the Internet Service Provider (“ISP”) for the
21 sites, as well as to the “legal” departments of both Global and Pornblocks. All the images were
22 promptly removed and no further action was taken by ALS (Lombardo Declaration ¶6).
23

24
25 ² Under the DMCA, pursuant to 17 U.S.C. §512(c)(3), when a copyright owner or agent thereof discovers infringing material
26 on a service provider’s service, it may send the provider a notice demanding the removal or blocking of that material. If the
27 provider posts an infringement policy, the notice is proper, and the provider promptly complies, the provider remains exempt
28 from liability to the copyright owner. In addition, the provider is then generally exempt from liability to the person who
posted the material taken down or blocked. Among other bases, a service provider is exempt from liability in the above
scenario if the service provider is merely transmitting (is merely a conduit) the material posted on the provider’s system by
another. This is commonly known as the Service Provider’s “Safe Harbor” provision under the DMCA.

³ 17 U.S.C. §623(c)

1 Lamerson and Global again came to the attention of ALS in January of 2003, when ALS was
2 contacted by Defendant Steve Easton of APIC, a Florida-based organization ALS contracted with to
3 assist in the online policing of its copyrights, and advised that a massive amount of copyright
4 infringement of ALS' works was taking place on Global's system. At that time, a handful of websites
5 carried by Global were violating hundreds of ALS' copyrights on a daily basis. Upon review it was
6 determined that all these violating websites carried on Global's system used false information to register
7 their web sites (Lombardo Declaration ¶7).

8 In February of 2003, two websites, www2.smuthosters.com and www.sexyfiber.com, were
9 displaying hundreds of ALS' copyrighted photographs that had just recently been released in the
10 "members" section of the ALS website. At the request of ALS, APIC sent out hundreds of cease and
11 desist notices to Global, "CAF Webhosting and Technology" and "IBRH."⁴ In almost every case, the
12 URLs were removed and replaced shortly thereafter with different URLs on the same website displaying
13 other copyrighted images. Alarmed by the extent of the copyright infringement, ALS' counsel, Robert
14 Lombardo, was contacted by APIC and provided the contact information for Ramsey Lamerson, who
15 APIC understood to be Global's attorney (Lombardo Declaration ¶13).⁵

16 In February, 2003, ALS' counsel, Robert Lombardo, telephoned Global's offices, was
17 automatically directed to the "legal department," and Mr. Lamerson answered. In the course of this
18 conversation, it became readily apparent that Mr. Lamerson was not an attorney and that Global was a
19 "one-man" operation (Lombardo Declaration ¶14).

20 Mr. Lamerson stated that his "clients" always removed the copyrighted images promptly; which
21 is all the DMCA required of Global. But Lamerson refused to provide the names of the contact persons
22 for these "clients" of Global. ALS' counsel then asked to speak to Global's attorney because ALS could
23 not tolerate the continued massive violation of its copyrights on Global's system. Mr. Lamerson stated
24 that he had a "bunch of lawyers on retainer" and would have one of them contact ALS' counsel shortly
25 to discuss the matter (Lombardo Declaration ¶15).

27 ⁴ It was later learned that Chris Fernandez operates CAF Webhosting and Technology and Victor Hannan operates IBRH.

28 ⁵ ALS's counsel was provided with an e-mail from Mr. Lamerson to ALS, in which the signature line read: "Ramsey
Lamerson, Global Innovations, Inc. Legal Department, Ph: 301-668-6350, Fx. 301-668-6224, Email: ramsey@globali.net."
(Lombardo Declaration, ¶13).

1 ALS immediately began intensely policing Global's system for sites illegally publishing its
2 copyrighted images and documented the unauthorized daily publication of hundreds of ALS' images on
3 the Global System. ALS sent Global DMCA "take-down" notices relating to each infringing page, the
4 infringing pages would be taken down, and new infringing pages would appear on the Global system
5 immediately thereafter. By early February of 2003, the Global/Lamerson scam of using the DMCA Safe
6 Harbor provision for Service Providers as a sword for its illegal activities became clear. On February
7 11, 2003, ALS' legal counsel sent Mr. Lamerson an e-mail message demanding that he desist with the
8 copyright infringement on Global's system or ALS would seek legal recourse. ALS' counsel also
9 informed Lamerson that no attorney had contacted ALS on Global's behalf, as promised (Lombardo
10 Declaration ¶18).

11 On or about February 18, 2003, ALS' counsel was contacted by Charles Carreon who purported
12 to be legal counsel for Lamerson and Global. The merits of the case were discussed and Mr. Carreon
13 advised that he would talk to his clients and respond shortly. On February 20, 2003, Lombardo received
14 a letter from Mr. Carreon which bore little relationship to the earlier telephone conversation (Exhibit
15 "A" to Lombardo Declaration). Mr. Carreon and Mr. Lombardo continued their communications in an
16 effort to resolve the dispute to no avail. (Lombardo Declaration, ¶19). Accordingly, on or about March
17 10, 2003, Mr. Lombardo informed Mr. Carreon that ALS would be filing an action in the United States
18 District Court for the District of Maryland. However, Mr. Lombardo advised Mr. Carreon that he would
19 briefly await filing because the District Court had just switched to electronic filing and there was bound
20 to be confusion upon implementation of the policy (See Introduction to Electronic Filing Requirements
21 and Procedures found at <http://www.mdd.uscourts.gov/CMECF/cmecfInfo.htm>). (Lombardo
22 Declaration, ¶20).

23 Mr. Carreon offered to accept service of process for both Global and Lamerson and Lombardo
24 advised that he would await notification of local counsel for Lamerson/Global before effecting service.
25 Mr. Carreon assured Mr. Lombardo that local counsel in Maryland would be in contact shortly.
26 (Lombardo Declaration, ¶20 and Exhibit "A").

27 During the course of their discussions, Mr. Lombardo asked Mr. Carreon if he also represented
28 two of the most egregious infringers of ALS copyrights on the Global System -- "Caf Webhosting and

1 Technology” and “IBRH.” It was ALS’ intention to also name these entities and/or the individuals
 2 behind them in the Maryland Action. Carreon indicated that he was in the process of being retained by
 3 these entities/individuals and that he would get back to Mr. Lombardo. Thereafter, Mr. Carreon played
 4 a cat-and-mouse game, implying that he was about to be retained by these other Defendants but not yet
 5 in a position to accept service. (Lombardo Declaration, ¶¶27 and 28).

6
 7 **C. The Instant Lawsuit (the “California Action”)**

8 While Mr. Lombardo was finalizing the ALS complaint to initiate action in the Maryland District
 9 and waiting to hear from Mr. Carreon on the contact information for local counsel and whether or not he
 10 was representing CAF Webhosting and IBRH, Mr. Carreon filed his Complaint for Declaratory Relief
 11 on March 25, 2003. To insure that Lamerson/Global “won the race to the court house,” instead of
 12 requesting that ALS’ counsel accept service on behalf of ALS and/or Mr. Kirn, Mr. Carreon personally
 13 served both in Maryland. (Lombardo Declaration, ¶29)

14
 15 **D. The Action by ALS against Global Innovations et al. (the “Maryland Action”)**

16 On April 9, 2003, ALS filed a complaint for copyright and trademark infringement against
 17 Global Innovations, Inc., Ramsey Lamerson, Chris Fernandez (CAF Webhosting), Victor Hannan
 18 (IBRH), WilTel Communications, Equinix, Inc., and Does 1-10; Maryland District Court Action No.
 19 L03CV1028. (A copy of the complaint filed in the Maryland District Court is attached to the Lombardo
 20 Declaration in Support of the Motion to Dismiss/Transfer as Exhibit “C”). To date, only Mr. Hannan
 21 and Mr. Fernandez continue to evade service of process in the Maryland Action. (Lombardo
 22 Declaration, ¶32). With both this action and the Maryland Action filed, counsel for Lamerson and
 23 Global, on the one hand, and California counsel for ALS and Kirn, on the other, stipulated to a stay of
 24 activities amongst these parties in both cases pending the Court’s ruling on the Motion to
 25 Dismiss/Transfer and this Motion to Enjoin Prosecution of the Maryland Action (Seitel Declaration, ¶4).
 26 It was stipulated by counsel that both of these Motions would be heard on August 1, 2003 and an Order
 27 has been entered thereon.

28 **IV. ARGUMENT:**

A. This Action Is An Improper Anticipatory Litigation, Thus Defendants Claims In The

Maryland Action Should Not Be Deemed A Compulsory Counterclaim

1
2
3 Plaintiffs' arguments in support of their Motion to Enjoin Prosecution of the Maryland Action,
4 presuppose the propriety of the filing of this California Action. However, in this case, mechanical
5 application of the "first-to-file" rule conflicts with the rationale underlying that rule and subverts the
6 intent of F.R.C.P. Rule 13. Accordingly, before addressing the questions of whether the claims asserted
7 by ALS and Kirn in the Maryland Action are compulsory counterclaims in this action, the propriety of
8 this action must be considered.

9 The rule that declaratory relief lawsuits filed purely in anticipation of future litigation to secure a
10 choice of forum are not entitled to judicial deference (even as against a subsequently-filed action) is
11 well-settled in the Ninth Circuit. Because of the strong public policy against preemptive forum
12 shopping, "one equitable consideration in such decision is whether the declaratory judgment action was
13 filed in apparent anticipation of [another] pending proceeding." Ven-Fuel, Inc. v. Department of the
14 Treasury, 673 F.2d 1194, 1195 (11th Cir. 1982). "The Declaratory Judgment Act should not be used
15 to 'deprive the Plaintiff of his traditional choice of forum and timing, . . . provoking a disorderly race to
16 the courthouse.'" Gribin v. Hammer Galleries, 793 F. Supp. 233, 234-35 (C.D. Cal. 1992) (citing Hanes
17 Corp. v. Millard, 531 F.2d 585, 593 (D.C. Cir. 1976)). Generally a suit is anticipatory when the Plaintiff
18 filed its suit upon receipt of specific, concrete indications that a suit by the Defendant was imminent."
19 Ward v. Follett Corp., 158 F.R.D. 645, 648 (N.D. Cal. 1994). "A court may also relax the 'first to file'
20 rule if the balance of convenience weighs in favor of the later-filed action." *Id.* As noted, ALS, Kirn,
21 Global and Lamerson all reside and are employed in the State of Maryland. The vast majority of the
22 evidence is in the possession of these parties in Maryland (Kiwak Declaration ¶¶2-3; LaPerle
23 Declaration ¶3). Undoubtedly, the balance of convenience weigh in favor of resolution of the dispute
24 between these parties in the Maryland Action.⁶

25 A number of cases have dismissed or stayed a first filed declaratory judgment suit in favor of a
26 subsequent suit. See, e g, Tempo Elec. Heater Corp. v. Omega Eng'g., Inc., 819 F.2d 746 (7th

27
28 ⁶ This argument is fully briefed in Defendant's Motion to Transfer/Dismiss in which Defendants request transfer of this
action to Maryland on forum non conveniens grounds. Rather than restate that argument in its entirety here, Defendants
incorporate, by reference, the Motion to Dismiss/Transfer and the evidence submitted in support thereof.

1 Cir.1987).; Budget Rent A Car Corp v. Miljack, Inc., 760 F Supp 135 (ND Ill 1991); Great American Ins
 2 Co v. Houston General Ins Co., 735 F Supp 581 (SD N.Y.1990); Koch Engineering Co, Inc v. Monsanto
 3 Co., 621 F Supp 1204 (ED MO 1985); First Fishery Development Service, Inc. v. Lane Labs USA, Inc.,
 4 1997 WL 579165 (1997 U.S. Dist LEXIS 11231) (S.D.Cal. 1997). In all of these cases the court
 5 determined that the declaratory Plaintiff had filed suit preemptively and thus was not entitled to the
 6 benefit of the first-to-file rule.

7 In Tempo Electric, the Seventh Circuit affirmed the decision of the district court declining to
 8 hear a declaratory judgment action against a trademark registrant where the registrant had later filed an
 9 infringement action against the Plaintiff on the same trademark. The court first emphasized that the
 10 "purposes of declaratory judgments are to 'clarify[] and settl[e] the legal relations at issue' and to
 11 'terminate and afford relief from the uncertainty, insecurity, and controversy giving rise to the
 12 proceeding.'" Tempo Elec. Heater Corp., 819 F.2d at 749, quoting Borchard, Declaratory Judgments
 13 229 (2d ed. 1941). Thus, a declaratory judgment action is proper where "a party desires a declaration of
 14 the legal effect of a proposed or past course of action," but the prospect of judicial resolution of the issue
 15 is otherwise remote or uncertain. Tempo Electric, 819 F.2d at 749. But where a declaratory judgment
 16 action is filed in anticipation of an infringement action, the infringement action should proceed, even if
 17 filed later. *Id.* "The wholesome purpose of declaratory acts would be aborted by [their] use as an
 18 instrument of procedural fencing either to secure delay or to choose a forum." *Id.* at 750, quoting
 19 American Auto. Ins. Co. v. Freundt, 103 F.2d 613, 619 (7th Cir.1939).⁷

20 Here, counsel for Global and Lamerson, Mr. Carreon, effectively delayed the filing of a lawsuit
 21 in Maryland by urging that the parties negotiate a settlement "in the interests of avoiding a court battle
 22 that might be unnecessary" (Lombardo Declaration ¶19, Attachment "A"). Subsequently, the parties
 23 engaged in numerous discussions and exchanges of information in what ALS' counsel, Robert
 24 Lombardo, believed was an attempt to resolve the matter without resorting to litigation (Lombardo
 25 Declaration ¶19). Upon receiving notice of ALS' imminent intent to file an infringement action in
 26 _____

27 ⁷ Several courts elsewhere have reached the same conclusion on a similar set of facts. *See, e.g.*, Serco Servs. Co. v. Kelley, 31
 28 U.S.P.Q.2d 1795, 1797 (N.D.Tex.1994), *aff'd*, 51 F.3d 1037 (Fed.Cir.1995); American Greiner Elec., Inc. v. Establishments
Henry Le- Paute, S.A., 174 F.Supp. 918 (D.D.C.1959); Technical Tape Corp. v. Minnesota Mining & Mfg. Co., 135 F.Supp.
 505 (S.D.N.Y.1955).

1 Maryland, Global/Lamerson hastily filed this declaratory relief action while Mr. Lombardo was
 2 finalizing the ALS complaint to initiate action in the Maryland District and waiting to hear from Mr.
 3 Carreon on the contact information for local counsel and whether or not he was representing CAF
 4 Webhosting and IBRH (Lombardo Declaration ¶¶ 26-28). Moreover, rather than informing Defendants
 5 of this filing during the course of communications between counsel, Plaintiffs chose to remain silent
 6 until Defendants were served – ALS at its Maryland office and Kirn at his Maryland home. Plaintiffs’
 7 “back door” filing and service of this California Action is the clearest indication of the improper
 8 strategic purpose of this declaratory relief action and Plaintiffs should not now be allowed to stand
 9 behind the “first-to-file” rule and F.R.C.P. Rule 13 to support their actions.

10 The clear lesson of Tempo Electric is that any filing of a declaratory relief action in deliberate
 11 anticipation of an all but certain infringement action is nothing more than an abuse of the purposes of the
 12 Declaratory Judgment Act, 28 U.S.C. §2201(a). Plaintiffs did not face the type of uncertainty that the
 13 Declaratory Judgment Act contemplates, nor did they need this declaratory action to settle legal
 14 relations. Plaintiffs knew with certainty that ALS would file its suit in Maryland in short order and,
 15 therefore, did not need relief from the uncertainty engendered by a party who continually threatened
 16 litigation, but delayed in bringing suit.

17 Far from seeking to resolve uncertainty and settle legal relations (both of which could and should
 18 have been done in Maryland), Plaintiffs simply wanted to wrest the choice of forum away from ALS.
 19 Ven-Fuel, 673 F.2d at 1195 (finding forum shopping where Plaintiff filed a declaratory suit one day
 20 after being told of an imminent action, and one week before the action was filed); Amerada Petroleum
 21 Corp. v. Marshall, 381 F.2d 661, 663 (5th Cir. 1967) (finding forum shopping where a declaratory suit
 22 was filed forty days before the other action that Plaintiff knew would commence). Thus, “Plaintiff[s]
 23 [have] artfully filed this action as a preemptive maneuver in anticipation of [their] defense and in order
 24 to seize a California forum” Gribin, 793 F. Supp. at 237. This Court should not countenance such
 25 preemptive forum shopping and validate Plaintiffs’ actions by deeming the claims made in the Maryland
 26 Action compulsory counterclaims pursuant to F.R.C.P. Rule 13.

27 **B. Enjoining the Maryland Action in Strict Adherence to the First-to-File Rule**
 28 **Will Not Comprehensively Settle All Matters At Issue**

1 Additionally, in considering application of the “first-to-file” rule in this case, the Court should
 2 consider which action provides more comprehensive relief. Koch Engineering Co, 621 F. Supp at 1208
 3 (“This court must also consider which of the two actions will best serve the needs of the parties by
 4 providing a comprehensive solution to the entire controversy.”); Budget Rent A Car Corp, 760 F. Supp
 5 at 136 (“Here, the better alternative is to allow the Oklahoma action to proceed. The broader relief
 6 requested by CRLA in the Oklahoma suit would certainly address the relief sought by Budget in this
 7 action.”). The Maryland Action involves not only copyright but also trademark infringement claims and
 8 names parties not named in this California Action. It is undisputed that the Maryland Action is broader
 9 and more comprehensive than this declaratory relief action hastily filed in California.

10 The instant lawsuit is merely one piece of a much larger picture, as not only are key Defendants
 11 absent in this litigation, but Lamerson’s affiliates or alter egos –Hannon and Fernandez -- are not parties
 12 to this action. Therefore, the infringement action in Maryland is broader than this declaratory suit.
 13 Koch Engineering Co, Inc v Monsanto Co, 621 F. Supp. 1204, 1208 (ED MO 1985)(“This court must
 14 also consider which of the two actions will best serve the needs of the parties by providing a
 15 comprehensive solution to the entire controversy.”); Budget Rent A Car Corp v Miljack, Inc, 760 F.
 16 Supp. 135, 136 (ND Ill 1991)(“Here, the better alternative is to allow the Oklahoma action to proceed.
 17 The broader relief requested by CRLA in the Oklahoma suit would certainly address the relief sought by
 18 Budget in this action”). The Maryland litigation will comprehensively and effectively settle the legal
 19 relations at issue.

20 **V. CONCLUSION**

21 Plaintiffs’ Motion to Enjoin Prosecution of the Maryland District Court action on the ground that
 22 the claims asserted there are compulsory counterclaims in this declaratory relief action should be denied
 23 because this suit is an improper anticipatory action in which the “first-to-file” rule should not apply.
 24 Further, strict application of the “first-to-file” rule and F.R.C.P. Rule 13 in the present situation would
 25 not best serve the needs of the parties because a comprehensive solution to the entire controversy is
 26 available in the Maryland Action, not here.

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1 Plaintiffs' use of F.R.C.P. Rule 13 to further its improper actions should not be supported by the Court
2 and this motion should be denied.

3 Dated: July 10, 2003

IDELL, BERMAN & SEITEL

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5 By: /s/ Owen Seitel

6 Owen Seitel, Esq.
7 Attorneys for Defendants ALS SCAN, INC.,
8 WAYNE KIRN, APIC WORLD-WIDE, INC. and
9 STEVE EASTON
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