DOUGLAS A. GRAVELLE (SBN 166110)
HINSON & GRAVELLE LLP
2659 Townsgate Road, Suite 100
Westlake Village, CA 91361
Telephone: (805) 230-0161
Facsimile: (805) 230-0187

THOMAS M. MULLANEY (TM 4274)
LAW OFFICES OF THOMAS M. MULLANEY
251 East 61st Street
New York, New York 10021
Telephone: (212) 223-0800
Facsimile: (212) 486-7701
[Application To Be Admitted *Pro Hac Vice*
To Be Submitted]

Attorneys for Defendant MediaSentry, Inc.

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

PACIFIC BELL INTERNET SERVICES, Plaintiff, v. RECORDING INDUSTRY ASSOCIATION OF AMERICA, INC., MEDIASENTRY, INC., dba MEDIAFORCE, and IO GROUP, INC., dba TITAN MEDIA, TITANMEDIA.COM, and TITANMEN.COM, Defendants.	Case No.: C-03-3560 (SI) **NOTICE OF MOTION TO DISMISS; MOTION TO DISMISS; MEMORANDUM OF POINTS AND AUTHORITIES; CERTIFICATION OF INTERESTED ENTITIES AND PERSONS; DECLARATION OF GARY MILLIN** Date: October 31, 2003 Time: 9:00 a.m. Place: United States District Court 450 Golden Gate Avenue Courtroom 10, 19th Floor San Francisco, CA

PLEASE TAKE NOTICE, that on October 31, 2003, at 9:00 a.m., or as soon thereafter as the matter may be heard, in Courtroom 10, the Honorable Susan Illston presiding, in the United States Courthouse located at 450 Golden Gate Avenue, San Francisco, California, defendant MediaSentry, Inc. ("MediaSentry") (f/k/a/ "MediaForce") will, and hereby does, move the Court pursuant to Federal Rules of Civil Procedure 12(b)(1) and 12(b)(6) to dismiss all claims against it for lack of subject matter jurisdiction and failure to state a claim.

This motion to dismiss is brought on the following grounds:

1. Pacific Bell Internet Services' (PBIS) Complaint fails to allege an actual case or controversy against MediaSentry within the meaning of Article III and the Declaratory Judgment Act, 28 U.S.C. § 2201. PBIS has not alleged that MediaSentry has obtained a DMCA subpoena to PBIS, nor is there any basis for claiming that PBIS has a reasonable apprehension that such a subpoena will issue in the future. PBIS also has not alleged that MediaSentry sent Notice Letters on behalf of the other defendants, or that MediaSentry has or will threaten it with litigation at any time in the near future. Because there appears to be no actual controversy that is sufficiently immediate or concrete between PBIS and MediaSentry, the Court lacks subject matter jurisdiction.

2. The Court should exercise its discretion not to hear PBIS's case. In addition to the fact that PBIS's "dispute" with MediaSentry depends on a host of uncertain future acts, whatever issues PBIS desires to raise are already being litigated in the District Court for the District of Columbia in PBIS's litigation against the Recording Industry Association of America. Allowing this case to proceed would merely duplicate that litigation, contrary to the purposes underlying the Declaratory Judgment Act.

3. Even if this Court were to reach the merits of PBIS's action, it should dismiss PBIS's Complaint for failure to state a claim under Fed. R. Civ. P. 12(b)(6). PBIS's statutory construction and constitutional claims have previously been rejected by the United States District Court for the District of Columbia– the very court that PBIS now seeks to avoid by filing for declaratory relief in this Court.

Dated: September 24, 2003 Hinson & Gravelle LLP

By: s/ Douglas Gravelle
Douglas Gravelle, Attorneys for Defendant Mediasentry, Inc.

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TABLE OF AUTHORITIES

POINTS AND AUTHORITIES IN SUPPORT OF THE MOTION

In this action by Plaintiff to effectively immunize it from receiving any further Digital Millennium Copyright Act subpoenas from copyright holders, MediaSentry is a stranger. MediaSentry has never obtained a DMCA subpoena and has no plans to do so. MediaSentry does not own any motion picture, video or music copyrights itself; its clients do. But its clients do not authorize MediaSentry to obtain subpoenas on their behalf, and so it does not do so. For that reason alone, the Court should dismiss MediaSentry because there simply is no case or controversy between Plaintiff and MediaSentry.

MediaSentry does send out notice letters informing Internet Service Providers ("ISPs") that copyright infringement is occurring over the ISP's network; those notice letters may satisfy one of the requirements for obtaining a DMCA subpoena. But there is no connection (and Plaintiff alleges none) between the notice letters sent out by MediaSentry and the subpoenas obtained by defendant Recording Industry Association of America, Inc. ("RIAA") in this case and the single subpoena that defendant IO Group, Inc. ("IO") obtained, but withdrew. MediaSentry has never sent Notice Letters to ISPs on behalf of either RIAA or IO.

Therefore, one must conclude that Plaintiff annexed MediaSentry – and IO – into this dispute as a tactic to manufacture a litigation in California to challenge subpoenas issued out of the District of Columbia court. There, in an action to enforce subpoenas that do exist, MediaSentry and IO have no part, and the issues are simply whether the subpoenas should be honored or quashed. Here, Plaintiff duplicates its arguments in the event the D.C. action does not go its way, and it joins two other parties to add some ballast to its Complaint and perhaps fend off a transfer motion. But a careful reading of the papers and issues in this case exposes Plaintiff's tactics for what they are, which offer it no protection from the defendants' various motions to dismiss.

I. RELEVANT FACTS

A. Background

MediaSentry offers online anti-piracy solutions to the motion picture, music, game, business software, and print publishing business sectors. *See* Declaration of Gary Millin, executed on September 24, 2003 ("Millin Decl.") ¶ 3. In providing these solutions, MediaSentry uses several services, including its proprietary software, "MediaSentry," to automatically scan peer-to-peer ("p2p") networks for its clients' copyrighted works. Peer-to-peer networks, such as the now-enjoined Napster network, allow individuals to make music and video files on a home or office computer available to any Internet user worldwide. MediaSentry's software scans the Internet looking for infringing file sharers and when it locates one, the software identifies the p2p application, such as "KaZaA," or "Gnutella," and identifies the infringers' Internet Protocol address ("IP address"). *See id.* ¶ 4.

Once MediaSentry has identified the IP address of a person infringing one of its clients' copyrights, MediaSentry will either send a letter to the person's ISP on behalf of its client or inform the client. Each letter to an ISP, among other things, is intended to provide notice of the MediaSentry client's copyright ownership, to inform the ISP of the IP address of the subscriber and of the subscriber's alleged acts that may infringe the copyright(s), to demand that such acts not be facilitated by the ISP, and/or that all unauthorized copies stored by the ISP be destroyed, and to provide the requisite notice of copyright infringement as described in 17 U.S.C. § 512, the Digital Millennium Copyright Act ("DMCA") (hereinafter "Notice Letter"). *See id.* ¶ 5; Complaint, Ex. 8.

By themselves, the Notice Letters require the ISP to take no action at all. The DMCA however, offers to ISPs the chance to receive limitations on their liability for copyright infringement caused by the ISPs' facilitating such infringement over their networks. If the ISP wants to receive the limitations on its liability, it must "take down" infringing material that resides on its system or

network in response to a Notice Letter that complies with the terms of the DMCA. *See, e.g.,* 17 U.S.C. § 512(c)(1). Under the DMCA, an ISP may not need to "take down" any infringing material if it is performing only the function of passively transmitting infringing material, as narrowly defined in 17 U.S.C. § 512(a). Such a provider – which PBIS claims to be – must, however, have a policy for terminating the accounts of repeat infringers who use the ISP's network to commit copyright infringement. *See* 17 U.S.C. § 512(i). Notice Letters inform ISPs of the IP addresses (which the ISP can use to determine the subscriber's identity) of those using their networks to infringe.

The DMCA also authorizes copyright owners or their agents to obtain subpoenas issued pursuant to 17 U.S.C. § 512(h). The subpoena provision is separate and distinct from the notice-and-take down provisions, although a Notice Letter is one prerequisite to a subpoena. *See* 17 U.S.C. §512(h)(2)(A). Such subpoenas are issued by the clerks of U.S. District Courts and are then delivered to the infringer's ISP, which will often be the only entity that knows who is committing the infringement. *See* 17 U.S.C. § 512(h)(4). An ISP served with a DMCA subpoena must reveal the identity of the infringer so that the copyright owner can seek relief directly from the infringer.

But in this process MediaSentry does not seek or obtain DMCA subpoenas on behalf of its clients. Millin Decl. ¶ 6. It is not authorized to do so and does not even offer such a service to its clients. *Id.* Specifically, MediaSentry has never served any type of subpoena upon plaintiff Pacific Bell Internet Services or its affiliated ISPs (collectively, "PBIS"). *Id.* ¶ 7. Moreover, MediaSentry is not authorized to commence a lawsuit on behalf of its clients, and does not offer such a service to its clients. *Id.* ¶ 6. Nor has MediaSentry ever threatened to commence a lawsuit against PBIS. MediaSentry does not own or have an interest in its clients, nor in their copyrights. MediaSentry does not own copyrights, such as those on motion pictures or recorded music, that are or likely will be at issue in this dispute. *See id.* ¶¶ 6-7.

B. The Complaint For Declaratory Relief

PBIS's claims arise from allegations that defendants RIAA and IO improperly but separately obtained subpoenas on PBIS pursuant to the provisions of the DMCA. PBIS's sole claim against MediaSentry is its claim that MediaSentry, in unrelated action, improperly sent Notice Letters to PBIS and that PBIS has a "reasonable apprehension" that MediaSentry *may* serve it with "similar subpoenas." *See* Millin Decl. ¶ 8; Complaint ¶¶ 2-3. Although PBIS asserts that MediaSentry has sent it over 16,700 Notice Letters in 2002, it does not allege that MediaSentry "converted" even one of them into a subpoena. *See* Millin Decl. ¶ 11; Complaint ¶ 16. In fact, MediaSentry has never sent a subpoena to PBIS, and PBIS does not allege otherwise. *See* Millin Decl. ¶ 13.

The only claim in the Complaint made against MediaSentry is found in Claim One, which is directed at all defendants, and seeks a declaratory judgment that "the DMCA does not authorize the issuance of subpoenas to service providers such as PBIS," "does not authorize the service of DMCA notices or demands in the context of conduit functions," and that "such notices are improper and of no legal effect." *See* Millin Decl. ¶ 9; Complaint ¶¶ 49-57.

The stated basis for PBIS's request for declaratory judgment against MediaSentry is that MediaSentry's conduct "has injured and threatens to injure PBIS by forcing it to devote substantial resources to responding to DMCA notices that have already been sent . . . and those that PBIS has a reasonable apprehension will be sent" and that "PBIS has a reasonable apprehension that Media[Sentry] will serve it with additional notices and/or subpoenas, issued under the purported authority of the DMCA." *See* Millin Decl. ¶ 10; Complaint ¶¶ 53-54. The Complaint also alleges that MediaSentry "has inundated PBIS with thousands of notices," including "more than 16,700 DMCA notices" in 2002, and that PBIS and/or its affiliated ISPs have received such notices as recently as July 25, 2003. *See* Millin Decl. ¶ 11; Complaint ¶¶ 16, 46.

The Complaint further alleges that MediaSentry's "continuing stream of improper 17 U.S.C. § 512 notifications . . . strongly indicates that Media[Sentry] will also serve similar invalid 17 U.S.C. § 512(h) subpoenas on PBIS" and that the thousands of DMCA notices sent to it by MediaSentry "creat[e] a reasonable apprehension that Media[Sentry] will begin to serve improper subpoenas." *See* Millin Decl. ¶ 12; Complaint ¶¶ 16, 50. However, despite alleging that PBIS has received more than 16,700 Notice Letters from MediaSentry over the past two (2) years, the Complaint makes no allegation that MediaSentry has served PBIS with a subpoena of any kind at any time nor that MediaSentry has threatened it with a lawsuit ever. *See* Millin Decl. ¶ 13.

Nor does PBIS allege any collusion by MediaSentry with RIAA or IO. The Notice Letters attached to or referred to in the Complaint were *not issued by MediaSentry on behalf of the RIAA or IO*. *Id.* ¶ 14. Nor does PBIS claim that the RIAA subpoenas at issue in the Complaint or the IO subpoena were preceded by MediaSentry Notice Letters. In fact, MediaSentry does not issue Notice Letters on behalf of the RIAA or IO to any entity. *Id.* Furthermore, the entity for which MediaSentry sent the Notice Letter found at Exhibit 8 to the Complaint, is not a party to this action. *See id.* ¶ 7.; Complaint, Ex. 8. The Complaint, then, alleges no connection between MediaSentry and its two co-defendants, and no involvement of MediaSentry with the issues of this dispute.

II. STANDARDS FOR THIS MOTION

A motion to dismiss an action for lack of subject matter jurisdiction is properly brought under Fed. R. Civ. P. 12(b)(1). "The objection presented by the motion is that the court has no authority to hear and decide the case." *Newmark v. Turner Broadcasting, Inc.*, 226 F. Supp.2d 1215, 1218 (C.D. Cal. 2002).

"Under the [Declaratory Judgment] Act, there must be an 'actual controversy' between the parties before a federal court may exercise jurisdiction." *Centocor, Inc. v. Medimmune, Inc.*, No. C 02-03252 CRB, 2002 WL 31465299, at *1 (N.D. Cal. Oct. 22, 2002); *see also* 28 U.S.C. § 2201. An

"actual controversy" under the Act exists when "the facts alleged, under all the circumstances, show that there is a substantial controversy, between the parties having *adverse legal interests*, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment." *Societe de Conditionnement en Aluminum v. Hunter Engineering Co., Inc.*, 655 F.2d 938, 942 (9th Cir. 1981) (emphasis added).

The initial burden of establishing the trial court's jurisdiction rests on the party invoking the jurisdiction. *See Cardinal Chem. Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 98, 113 S. Ct. 1967, 124 L. Ed.2d 1 (1993); *see also Newmark*, 226 F. Supp.2d at 1219 (stating "[t]he burden of proof on a Rule 12(b)(1) motion is on the party asserting jurisdiction."). There is a presumption that the court lacks jurisdiction until the plaintiff proves otherwise. *See O'Hagins, Inc. v. M5 Steel Mfg., Inc*, No. C 02 - 4532 SBA, 2003 WL 21921278, at *2 (N.D. Cal. July 24, 2003) (stating that "[t]he court presumes lack of jurisdiction until the plaintiff proves otherwise.").

Even if this Court should find that it has subject matter jurisdiction to hear PBIS's claim, PBIS has failed to state a cognizable claim for declaratory relief. *See* Fed. R. Civ. P. 12(b)(6). Even when the literal requirements of the Declaratory Judgment Act are satisfied, the Act confers no "absolute right upon the litigants" to obtain declaratory relief. *See Public Service Comm'n of Utah v. Wycoff Co.*, 344 U.S. 237, 241 (1952). To the contrary, a federal court has discretion to dismiss a declaratory judgment claim and should do so when such a claim will not advance the underlying purposes of the Declaratory Judgment Act. *See Wilton v. Seven Falls Co.*, 515 U.S. 277, 288 (1995).

III. ARGUMENT

A. Plaintiff's Claim Seeking Declaratory Judgment Against Mediasentry Must Be Dismissed Because Mediasentry Has Not And Does Not Obtain DMCA Subpoenas On Behalf Of Itself Or Its Clients

Notwithstanding PBIS's inclusion of MediaSentry in this action, MediaSentry is not a part of this dispute. MediaSentry does not obtain or serve DMCA subpoenas, nor is there any "reasonable

apprehension" that it will do so in the near future. This Court has no jurisdiction to hear PBIS's "dispute" with MediaSentry because there is no case or controversy here. MediaSentry has never served a DMCA subpoena on PBIS and there is no objective indication the MediaSentry will serve PBIS with a DMCA subpoena. In fact, using PBIS's statistics from the Complaint, the circumstances strongly indicate that MediaSentry will not obtain a subpoena of PBIS. Moreover, because MediaSentry is not authorized to issue subpoenas on behalf of its clients, it will not. And MediaSentry does not own any copyrights that are remotely likely to trigger it to seek issuance of DMCA subpoenas to PBIS or any other ISP.

Therefore, there exists no "actual controversy" or "adverse legal interest" between PBIS and MediaSentry necessary for the Court to exercise its jurisdiction over MediaSentry under the Declaratory Judgment Act. Consequently, Claim One of the Complaint should be dismissed as against MediaSentry for lack of subject matter jurisdiction.

i. There Exists No "Actual Controversy" To Enable The Court To Exercise Its Declaratory Judgment Jurisdiction

The Declaratory Judgment Act, codified at 28 U.S.C. § 2201, *et seq.* ("Act"), provides, in pertinent part:

> In a case of actual controversy within its jurisdiction . . . any court of the United States, upon the filing of an appropriate pleading, may declare the rights and other legal relations of any interested party seeking such a declaration . . . .

28 U.S.C. § 2201(a) (emphasis added). The Act "permits a federal court to declare the rights and other legal relations of parties to a case of actual controversy." *Societe de Conditionnement en Aluminum*, 655 F.2d at 942 (quotations omitted). "The 'actual controversy' requirement of the Act is the same as the 'case or controversy' requirement of Article III of the United States Constitution." *Id.* (citing *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 239-40, 57 S. Ct. 461, 463, 81 L. Ed. 617 (1937)); *see Xerox Corp. v. Apple Computer, Inc.*, 734 F. Supp. 1542, 1546 (N.D. Cal. 1990) (same). The Act was designed to relieve potential defendants from "the Damoclean threat of impending

litigation which a harassing adversary might brandish, while initiating suit at his leisure or never. The Act permits parties so situated to forestall the accrual of potential damages by suing for a declaratory judgment, once the adverse positions have crystallized and the conflict of interests is real and immediate." *Id.* (citation omitted).

In general, an actual controversy exists in a copyright case if a "defendant in the declaratory judgment lawsuit has either expressly or impliedly charged the plaintiff with infringement." *Diagnostic Unit Inmate Council v. Films, Inc.*, 88 F.3d 651, 653 (8th Cir. 1996). Next, the defendant copyright owner must have evidenced its intent to enforce the copyright, usually by a charge or threatened charge of infringement. *See id.*; *see also Xerox Corp.*, 734 F. Supp. at 1546 ("[i]t is important to avoid the premature conclusion that a controversy exists.").

ii. Based on PBIS's Allegations, There Is No Reasonable Apprehension of Imminent Suit, Subpoena or Liability Deriving from MediaSentry's Conduct

PBIS's sole claim against MediaSentry is based on its conclusory assertion that it has a "reasonable apprehension" that MediaSentry will seek subpoenas against it in the future. That assertion, however, is wholly belied by the rest of the Complaint.

MediaSentry has never obtained or served a subpoena to PBIS, nor does PBIS allege that it has. Millin Decl. ¶ 7. MediaSentry simply does not obtain or serve such subpoenas; that is not its business, nor does it intend to make it its business in the near future. *Id.* ¶ 6. Nor does PBIS allege that MediaSentry sent Notice Letters that preceded or accompanied the subpoenas obtained by RIAA and IO in this case. That is because MediaSentry did not do so. *Id.* ¶ 14. It does not send out Notice Letters on behalf of either party and has never done so in the past. *Id.* The entity for which MediaSentry did send the complained-of Notice Letter is not a party to this action. *Id.* Moreover, MediaSentry has made no threat of an imminent lawsuit against PBIS, and PBIS has not alleged that it has done so. And PBIS has no reason to believe that MediaSentry will ever threaten PBIS with a lawsuit, because MediaSentry does not own copyrights in material, such as movies or sound

recordings, that is commonly infringed on the Internet. Finally, MediaSentry has no ownership interest in the copyright(s) that its clients may seek to enforce. *See* Millin Decl. ¶¶ 5-7, 14-15.

The facts alleged in the Complaint themselves demonstrate the conjecture that underlies PBIS's claim against MediaSentry. As PBIS acknowledges, despite allegedly receiving more than 16,700 notice letters from MediaSentry over the past two (2) years, MediaSentry has not served it with a single DMCA subpoena nor has MediaSentry threatened it with a lawsuit. *See* Millin Decl. ¶ 13; Complaint ¶¶ 5, 16, 46. PBIS only alleges that it has a "reasonable apprehension" that MediaSentry will continue to issue it additional "notices" and that it has a "reasonable apprehension" that MediaSentry may begin to serve it with DMCA subpoenas. *See* Millin Decl. ¶¶ 10, 12; Complaint ¶¶ 15, 50, 53-54. However, even in the two (2) months after PBIS filed the Complaint, MediaSentry still has not served PBIS with a single DMCA subpoena. *See* Millin Decl. ¶ 7. The allegations in PBIS's complaint simply do not suggest a "reasonable" apprehension of receiving a DMCA subpoena from MediaSentry. Thus, there is no "sufficient immediacy or reality sufficient to warrant the issuance of a declaratory judgment." *See, e.g., Societe de Conditionnement en Aluminum*, 655 F.2d at 942.

Here, instead of an immediate and concrete threat of harm, PBIS seeks a declaration against MediaSentry based upon an uncertain future act - - the possible service upon it of a DMCA subpoena by MediaSentry. PBIS asks the Court to advise that the possibility of a MediaSentry subpoena is improper under the DMCA, just in case MediaSentry decides to serve one on PBIS, even though MediaSentry has never converted any of its more than 16,700 Notice Letters, issued to PBIS over more than a two-year period, into a DMCA subpoena. Such an allegation by PBIS is plainly one of a highly uncertain future act by MediaSentry, which does not allow a declaratory judgment action to go forward. *See Centocor, Inc.*, 2002 WL 31465299, at *2 (stating that a declaratory judgment is not available to stop "such an uncertain future act" and that "courts rarely

afford declaratory relief"); *see also Lang v. Pacific Marine and Supply Co., Ltd.*, 895 F.2d 761, 763-64 (Fed. Cir. 1990) (refusing to hear declaratory judgment action for an allegedly infringing ship's hull when the hull would not be completed for another nine months). Thus, dismissal of the Complaint would not leave PBIS with the "Damoclean threat of litigation" from MediaSentry hanging over its head. *See Societe de Conditionnement*, 655 F.2d at 945.

iii. MediaSentry's Sending of Notice Letters, Without More, Does Not Make this a Case or Controversy

PBIS has not alleged that the Notice Letters MediaSentry sent to it were sent for the purpose of harassment, and it does not challenge the content of those letters. Indeed, MediaSentry's Notice Letters to PBIS are made in good-faith and, among other things, are intended to provide notice of its client's copyright ownership and to identify the ISP subscriber's alleged acts of infringement. *See* Millin Decl. ¶¶ 5, 11. Accordingly, PBIS does not allege that the Notice Letters are incorrect in identifying instances of infringement occurring over PBIS's network.

PBIS does not allege that it will be subject to any potential liability based on the sending of Notice Letters by MediaSentry. PBIS's Complaint only makes allegations of inconvenience and cost, not potential liability. But inconvenience and cost do not create a justiciable controversy. *See Howell v. United States Army Corp. of Engineers*, 794 F. Supp. 1072, 1075 (D. N.M. 1992) ("[a]t this point, there are no penalties attached to non-compliance other than the obvious burdens associated with supplying information to the [defendant], and that is not enough to confer jurisdiction upon this court.").

Nevertheless, PBIS states that MediaSentry's issuance of Notice Letters to PBIS "has injured and threatens to injure PBIS by forcing it to devote substantial resources to responding to DMCA notices that have already been sent . . . and those that PBIS has a reasonable apprehension will be sent." *See* Millin Decl. ¶ 10; Complaint ¶ 53. There, however, is no authority for such a restyled

motion to quash private correspondence as overly broad and unduly burdensome, especially without regard to its content.

Notice Letters, without more, are not legal process and so cannot create a concrete case or controversy within the meaning of Article III and the Declaratory Judgment Act. *See Fresenius USA, Inc. v. Transonic Systems, Inc.*, 207 F. Supp.2d 1009, 1012 (N.D. Cal. 2001) (finding that a notice letter sent to plaintiff did not create an "actual controversy"); *Howell*, 794 F. Supp. at 1075 (stating that a cease and desist letter standing alone does not create a ripe controversy and "does not impose an obligation" on the recipient, but "merely advises" or provides notice to him, and has no "direct and immediate impact upon the plaintiff" and "there are no penalties attached to non-compliance other than the obvious burdens associated with supplying information");*Se e also In re Verizon Internet Services, Inc.*, 257 F. Supp.2d 244, 249-50 (D. D.C. 2003) ("*Verizon II*") (citing *Custiss v. Georgetown & Alexandria Turnpike Co.*, 10 U.S. 233 (1879) (Marshall, C.J.)) (collecting cases) (stating that a ministerial task without judicial involvement does not implicate Article III judicial power); *Accord United States v. Welch*, 103 F.3d 906, 908 (9th Cir. 1996); *United States v. Linville*, 10 F.3d 630, 633 (9th Cir. 1993) (stating that legal process is not "a letter or notice and warning of a violation" and holding that legal process "must be construed to be a directive based upon the kind of formalities that undergird orders, injunctions and decrees [and] that the letters and notice and warning of violation in this case are not that."). If the DMCA subpoenas themselves do not create a concrete controversy, certainly their precursor Notice Letters do not. *See Verizon II,* 257 F. Supp.2d at 250.

The question of what effect the Notice Letters may have is simply premature and not appropriate in an action for Declaratory Judgment. As it stands, the Notice Letters will only have "legal effect" if PBIS is sued for copyright infringement by some one (not MediaSentry). In such a situation, PBIS may attempt to prove that it is entitled to limitations on its liability under the DMCA;

to qualify for such a limitation, it may have to prove that it has taken down specific infringing material in response to some future, but as yet unspecified notice letter (from some unspecified copyright owner), *see* 17 U.S.C. § 512(c)(1), and it will have to prove that it has reasonably implemented a policy of terminating the accounts of repeat infringers. *See* 17 U.S.C. § 512(i).

That uncertainty alone defeats PBIS's declaratory judgment action. *See Diagnostic Unit Inmate Council*, 88 F.3d at 655 (finding no existence of an actual controversy because plaintiff did not and could not engage in activity that would prompt an infringement action). PBIS does not allege that it is currently being threatened with a copyright infringement lawsuit from anyone. Moreover, even if it did, it would have no basis for seeking to litigate *one part* of a *defense* to such a hypothetical future lawsuit through this declaratory judgment action (where the copyright owner that might sue it is not even a party – because PBIS cannot predict who might sue it in the future).

Nor can PBIS claim that this Court has jurisdiction to hear a declaratory judgment action because a Notice Letter is a precursor to issuance of a subpoena by the clerk of a United States District Court pursuant to a copyright owner's request. PBIS cannot dispute that, until such subpoena is issued and served, there is no controversy at all and it need take no action to identify the alleged infringer. As discussed above MediaSentry does not obtain DMCA subpoenas on behalf of anyone and does not issue Notice Letters on behalf of RIAA or IO. Moreover, if a subpoena were issued, PBIS would have the opportunity to object and refuse to comply, with its objections then being litigated in a concrete setting, based on the facts at the time, before the court that is called upon to enforce the subpoena. Resolution of hypothetical disputes about future subpoenas involving as yet unidentified parties are simply not cases or controversies and cannot form the basis of a declaratory judgment action.

MediaSentry stands accused only of sending Notice Letters to PBIS that inform PBIS in good faith of illegal conduct occurring on its network. *See* Millin Decl. ¶¶ 5, 11; Complaint, Ex. 8. PBIS has alleged no basis for claiming that such conduct by MediaSentry is contrary to law.

B. The Court Should Not Exercise Declaratory Judgment Jurisdiction

"The exercise of jurisdiction under the [Act] is committed to the sound discretion of the federal district courts." *Huth v. Hartford Ins. Co. of the Midwest*, 298 F.3d 800, 802 (9th Cir. 2002). "Even if there is an actual controversy, the district court is not required to exercise declaratory judgment jurisdiction, but has discretion to decline that jurisdiction." *Fresenius USA, Inc.*, 207 F. Supp.2d at 1012; *see also Huth*, 298 F.3d at 802 (stating "[e]ven if the district court has subject matter jurisdiction, it is not required to exercise its authority to hear the case.").

The exercise of jurisdiction here would be improvident because this declaratory judgment action is needlessly duplicative of litigation pending in the District Court for the District of Columbia, would multiply, not minimize, litigation over these issues, and would only serve to slow down, rather than hasten, the ultimate resolution of these issues in any judicial forum. *See Medmarc Ins. Co. v. Berkeley Properties, Inc.*, C 03-0259 MMC, 2003 WL 21018205, at *2 (N.D. Cal. April 29, 2003); *see also* RIAA's brief in support of its motion to dismiss the Complaint, pp. 17-19.

C. PBIS Has Failed To State A Claim Against Mediasentry

Because PBIS's complaints about MediaSentry simply do not rise to the level of a case or controversy, this Court should dismiss MediaSentry as a defendant. But even if the Court were to consider the merits, it would have to rule for MediaSentry as a matter of law. PBIS's entire argument that it should not have to respond to subpoenas is based on its claim that the DMCA does not authorize the sending of subpoenas to ISPs that perform only "conduit" functions. That argument is, however, wrong for the reasons stated in the court's opinion in *Verizon I* and in RIAA's

Motion to Dismiss. *See, generally, In re Verizon Internet Services, Inc.*, 240 F. Supp.2d 24 (D. D.C. 2003) ("*Verizon I*"). MediaSentry will not duplicate those arguments here.

But even if PBIS's interpretation of the DMCA *subpoena* provision was correct, it would nonetheless provide no basis for a declaration against MediaSentry. PBIS's vague allegations as to MediaSentry are a sleight-of-hand. PBIS does not seek a declaration that the *letters* sent to it by MediaSentry contain incorrect information, are harassing or that they do not comply with or substantially comply with the notice requirements of the DMCA. *See* 17 U.S.C. § 512(c)(3)(A); *see, e.g., ALS Scan, Inc. v. Remarq Communities, Inc.*, 239 F.3d 619, 625 (4th Cir. 2001) (stating that providing a "representative list of infringing material" as well as "information reasonably sufficient" to enable an ISP to locate infringing material substantially complies with the notice requirements of the DMCA). Rather, PBIS seeks a declaration from the Court that the "DMCA does not authorize the service of DMCA notices or demands in the context of conduit functions defined in 17 U.S.C. § 512(a) and that such notices are improper and of no legal effect," only because of PBIS's status as a "conduit." *See* Complaint ¶ 57.

But a party needs no federal statute to "authorize" it to inform PBIS that unlawful conduct is occurring over its network.[1] Moreover, PBIS's request that the Court demonstrate the such letters are "of no legal effect" begs the question – no legal effect with respect to what. Other than Notice Letters being one of the prerequisites for a DMCA subpoena (which MediaSentry has never served on PBIS), PBIS makes no allegation that there is any imminent threat to it from MediaSentry's Notice Letters or that it is required to do anything with respect to them. Whatever legal effect the Notice Letters might have may be resolved in a concrete controversy where their effect may actually

[1]As the court in *Verizon I* noted, a copyright owner generally cannot know exactly where particular infringing material is stored and may not know what functions (conduit or something more) the ISP provides when it obtains a DMCA subpoena. *Verizon I*, 240 F. Supp. 2d at 34-35.

be at issue later. But nothing in the DMCA prohibits the sending of Notice Letters; absent that, PBIS simply has no claim for relief against MediaSentry.

IV. CONCLUSION

For the reasons set forth above, MediaSentry, Inc. respectfully requests that the Court grant its motion in its entirety.

Dated: September 24, 2003

Hinson & Gravelle LLP

By: s/ Douglas Gravelle
Douglas Gravelle, Attorneys for Defendant Mediasentry, Inc.

CERTIFICATION OF INTERESTED ENTITIES AND PERSONS

Pursuant to Local Rule 3-16 and Federal Rule of Civil Procedure 7.1, the undersigned certifies that as of this date, other than the named parties and those persons and entities listed below, there are no persons, associations of persons, firms, partnership, corporations (including parent corporations) or other entities that (i) have a financial interest in the subject matter in controversy or in a party to the proceeding, or (ii) have a non-financial interest in that subject matter or in a party that could be substantially affected by the outcome of the proceeding.

SBC Communications Inc. (Parent of Pacific Bell Internet Services)

Dated: September 24, 2003

Hinson & Gravelle LLP

By: s/ Douglas Gravelle
Douglas Gravelle, Attorneys for Defendant Mediasentry, Inc.

DECLARATION OF GARY MILLIN

GARY MILLIN declares the following under penalty of perjury:

1. I am the President of defendant MediaSentry, Inc. ("MediaSentry") I submit this Declaration in support of MediaSentry's motion to dismiss the Complaint for Declaratory Relief ("Complaint").

2. I am fully familiar with the facts and circumstances set forth herein. This declaration is based upon my personal knowledge and review of relevant documents in this case, except where based upon information and belief, and as to those matters, I believe them to be true.

Background

3. MediaSentry offers online anti-piracy solutions to the motion picture, music, game, business software, and print publishing business sectors.

4. MediaSentry uses several services, including its proprietary software, "MediaSentry," to automatically scan peer-to-peer ("p2p") networks for its clients' copyrighted works. Peer-to-peer networks, such as the now-enjoined Napster network, allow individuals to make music and video files on a home or office computer available to any Internet user worldwide. MediaSentry's software scans the Internet looking for those infringing copyrights on p2p networks and when it locates an infringer, the software identifies the p2p application, such as "KaZaA," or "Gnutella," and identifies the infringers' Internet Protocol Address ("IP address").

5. Once MediaSentry has identified the IP address of a person infringing one of its clients' copyrights, MediaSentry will either send a notification letter to the person's ISP on behalf of its client or inform the client. Each letter, among other things, is intended to provide notice of the MediaSentry client's copyright ownership, the ISP subscriber's alleged acts that may infringe the copyright, a demand that such acts not be facilitated by the ISP, and/or that all unauthorized copies stored by the ISP be destroyed, and to provide the requisite notice under 17 U.S.C. § 512, the Digital

Millennium Copyright Act ("DMCA") ("Notice Letter"). A copy of a Notice Letter that was sent by MediaSentry to Plaintiff's parent company is attached to the Complaint at Exhibit 8.

6. MediaSentry does not obtain or serve DMCA subpoenas on anyone. MediaSentry is not authorized to serve subpoenas upon ISPs on behalf of its clients, nor does it offer such a service to its clients. Nor is MediaSentry authorized to commence a lawsuit on behalf of its clients, and does not offer such a service to its clients.

7. MediaSentry has never served any type of subpoena upon plaintiff Pacific Bell Internet Services or its affiliated ISPs (collectively, "PBIS"). Nor has MediaSentry ever threatened to commence a lawsuit against PBIS. MediaSentry does not own or have an interest in its clients, nor in their copyrights. MediaSentry does not own any copyrights, such as those on motion pictures or recorded music, that are or likely will be at issue in this dispute. Finally, MediaSentry has not served PBIS with a subpoena.

The Complaint For Declaratory Relief

8. PBIS's claims arise from allegations that defendants Recording Industry Association of America, Inc. ("RIAA") and IO Group, Inc. ("IO") improperly but separately issued subpoenas to PBIS pursuant to the provisions of the DMCA. PBIS's sole claim against MediaSentry is its claim that MediaSentry, in unrelated action, improperly issued Notice Letters or DMCA notices to PBIS and that PBIS has a "reasonable apprehension" that MediaSentry may serve it with "similar subpoenas." *See* Complaint, ¶¶ 2-3.

9. The only claim in the Complaint made against MediaSentry is found in Claim One, which is directed at all defendants, and seeks a declaratory judgment that "the DMCA does not authorize the issuance of subpoenas to service providers such as PBIS," "does not authorize the service of DMCA notices or demands in the context of conduit functions," and that "such notices are improper and of no legal effect." *See id.* at ¶¶ 49-57.

10. The alleged basis for PBIS's request for declaratory judgment against MediaSentry is that MediaSentry's conduct "has injured and threatens to injure PBIS by forcing it to devote substantial resources to responding to DMCA notices that have already been sent . . . and those that PBIS has a reasonable apprehension will be sent" and that "PBIS has a reasonable apprehension that Media[Sentry] will serve it with additional notices and/or subpoenas, issued under the purported authority of the DMCA." *See id.* at ¶¶ 53-54.

11. The Complaint also alleges that MediaSentry "has inundated PBIS with thousands of notices," including "more than 16,700 DMCA notices" in 2002, and that PBIS and/or its affiliated ISPs have received such notices as recently as July 25, 2003. *See id.* at ¶¶ 16, 46. MediaSentry sends Notice Letters to PBIS only upon finding evidence that gives it a good-faith belief that one of PBIS's clients is infringing the rights of one of MediaSentry's clients, not in an effort to harass PBIS. The Complaint does not allege otherwise, nor that MediaSentry "converted" any Notice Letters into subpoenas.

12. The Complaint further alleges that MediaSentry's "continuing stream of improper 17 U.S.C. § 512 notifications . . . strongly indicates that Media[Sentry] will also serve similar invalid 17 U.S.C. § 512(h) subpoenas on PBIS" and that the thousands of DMCA notices sent to it by MediaSentry "creat[e] a reasonable apprehension that Media[Sentry] will begin to serve improper subpoenas." *See id.* at ¶¶ 16, 50.

13. Despite alleging that PBIS has received more than 16,700 Notice Letters from MediaSentry over the past two (2) years, the Complaint makes no allegation that MediaSentry has served PBIS with a subpoena of any kind at any time or that MediaSentry has threatened it with a lawsuit. *See, generally,* Complaint. In fact, MediaSentry has never sent a subpoena to PBIS.

14. The Notice Letters attached to or referred to in the Complaint were not issued by MediaSentry on behalf of the RIAA or IO. The entity for which MediaSentry sent the Notice Letter

found at Exhibit 8 to the Complaint is not a party to this action. The subpoenas at issue in the Complaint were not obtained by MediaSentry nor did they involve Notice Letters drafted or sent by MediaSentry. In fact, MediaSentry does not issue Notice Letters on behalf of the RIAA or IO to any entity. Nor does MediaSentry obtain or serve subpoenas on behalf of its clients.

15. MediaSentry has not charged PBIS with infringement nor threatened it with a lawsuit. MediaSentry has not, nor is it planning to send PBIS a subpoena, never mind sue it for copyright infringement.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on September 24, 2003.

s/ Gary Millin
GARY MILLIN

DECLARATION OF DOUGLAS A. GRAVELLE REGARDING SIGNATURE OF GARY MILLIN

I, Douglas A. Gravelle, declare:

1. I am an attorney and partner of Hinson & Gravelle LLP, counsel of record for MediaSentry, Inc. in this case.

2. I make this declaration pursuant to General Order No. 45 (Electronic Case Filing), Section X (Signatures) regarding the signature of Mr. Gary Millin to which this declaration is attached.

3. Mr. Millin signed his declaration as indicated, and evidence of such signature is maintained in our office.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on September 24, 2003 in Westlake Village, California.

s/Douglas Gravelle
Douglas Gravelle