IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

Arline Paul, James A. Bellanca and Mark Paul, individuals,	)	
Plaintiffs,	)	
v.	)	13-cv-7746
Eric L. Miller, an individual, and Wicker Park Press, Ltd.,	)	Hon. Matthew F. Kennelly
	)	Hon. Arlander Keys, Magistrate Judge
Defendants	)	

DEFENDANTS' RESPONSE IN OPPOSITION TO PLAINTIFFS' MOTION FOR A TEMPORARY RESTRAINING ORDER AND A PRELIMINARY INJUNCTION

The Defendants, through their attorney, hereby respectfully request that this Court deny the Plaintiffs' Motion for a Temporary Restraining Order and a Preliminary Injunction filed on January 29, 2014. Their motion for injunctive relief is a frivolous one, filed at the heart of a frivolous lawsuit. Its purpose is to inflict unnecessary costs on the Defendants and, more critically, to escape their outstanding contractual obligations to the Defendants and to harm substantial rights that the Defendants hold by virtue of their Contract. In their Motion, the Plaintiffs' willfully misrepresent a significant number of key facts. Due to their false statements, omissions of relevant information, and other faulty aspects of their pleading, they cannot reasonably show that they do not have an adequate remedy at law, or will suffer any irreperable harm if the motion is not granted, nor does their underlying suit present any likelihood of success on the merits, nor does it pass any test that would balance the real harms involved, nor is it in the public interest. Moreover, the Plaintiffs are not entitled to injunctive relief because their false statements of fact and willful misconduct should disqualify them from such under the Doctrine of Unclean Hands. We therefore ask this Court to deny the Plaintiffs' Motion for a temporary restraining order and preliminary injunction.

FACTS

1. The Plaintiffs entered into a publishing Contract with the Wicker Park Press on November 12, 2012, after several months of preliminary negotiations. [Plaintiffs' Mtn., Ex. 9].
2. While the Defendants provided the form of the Contract, the Plaintiffs negotiated and helped compose of its final form, having insisted that a number of substantive provisions be removed. [Mtn. Ex. 9].
3. The Contract contains the Plaintiffs' exclusive grant of all publishing rights, all subsidiary rights, all promotional rights, and the exclusive right to create and license derivative works, including performances and public displays. This grant of rights is for the collective work titled *On Becoming a Self-Directed Learner*. [Plaintiffs' Mtn., Ex. 9, ¶1, 5]. Taken collectively, this is the entire bundle of rights included in the copyright to a literary work.
4. It is common knowledge in the publishing industry that in copyright transactions the terms "grant," "assignment," "conveyance," "transfer," are used interchangeably and, unless defined otherwise, mean essentially the same thing.
5. The Plaintiffs granted the above-referenced rights in exchange for the Wicker Park Press's offer to pay them royalties on sales and licenses under this grant of rights. [Plaintiff's Ex. 9].
6. The Contract also contains the Plaintiffs' covenant not to "without the written permission of the Publisher, publish or furnish to any other publisher, for sale or trade or otherwise, any material taken from or based on material in the Work, or any work or material based on the same subject, that might compete with the sale of the Work." [Plaintiffs' Mtn., Ex. 9, ¶9a].

7. Similarly, the Contract contains the Plaintiffs' warranty, among others, that they "[are] the sole Author of the Work," and "[are] the sole owner of all rights granted herein to the Publisher." [Plaintiffs' Mtn., Ex. 9, ¶4a].

8. Most importantly, in the Contract the Plaintiffs' made the following promise with regards to the Contract's termination:

   > If this Agreement is terminated, the Publisher shall have the right to recover from the Author any and all costs and expenses incurred by it in connection with the Work. Until such reimbursement, the Author shall not allow the Work to be published elsewhere; but once the Publisher's costs and expenses have been repaid, the Publisher, the Publisher and Author shall have no further liability to each other hereunder. [Plaintiff's Mtn., Ex. 9, ¶2g].

9. The Contract also provides that the Plaintiffs' would furnish the Wicker Park Press with "one (1) copy of the manuscript of the Work [...] acceptable to the Publisher in form and content for publication." [Plaintiffs' Mtn., Ex. 9, ¶2a, 2d]. Instead of providing any complete manuscript to the collective work, the Editors provided the contributors' essays in piecemeal and haphazard fashion. [Miller, Aff. ¶20-22].

10. From December 2012 through January 2013, Eric Miller emailed the Editors several times requesting a complete version of the manuscript. The Editors ignored these requests until January 17, 2013, when Mark Paul responded in an email to Eric Miller: "I've said this before, I think: I do not have the final copies of any material. If you have the material as e-mail attachments, I don't know why you can't create the disk [file] from material that is already on your hard drive and why this is hanging up the process." Then, on January 18, 2013, Mark Paul responded to another request from Eric Miller for the completed

manuscript: “It seems to matter not at all how many times I’ve told Eric that I do not have a final copy of the manuscript. He keeps asking me to provide what I do not have.” [Miller, Aff. ¶18-22].

11. After receiving this preceding definitive refusal from the Plaintiffs to produce the complete version of the manuscript of the book, Eric Miller began to assemble the complete manuscript of the collective work with the help of an assistant at the Press. He produced a completed version of the manuscript and sent it to the Editors in an email dated March 30, 2013. [Miller, Aff. ¶28].
12. The preceding paragraphs 8 through 11 demonstrate beyond any doubt that Eric Miller and the Wicker Park Press created the complete manuscript to the collective work, contrary to the Plaintiffs’ phantasmic repeated assertions in their Complaint and current Motion. [Plaintiffs’ Mtn., 12-13]. This was not a work-for-hire but rather work product authorized by the Contract between the parties for the exclusive use of the Wicker Park Press. [Plaintiffs’ Motion, Exhibit 9, ¶2a-2d]. It should therefore be clear that the Wicker Park Press has a legitimate claim to authorship of the collective work. Mark Paul’s statements above should estop any of the Editors’ claims that they created the collective work themselves. His comments also show an obvious bad faith in the Plaintiffs’ non-performance of a critical task required of them under the publishing agreement with the Press.
13. With regards to the completed manuscript prepared by the Press referenced above, the Plaintiffs’ bad faith and inequitable conduct is also manifest in their subsequent refusal to return the Press’s work product, and the clear evidence that they used it to create their own subsequent version of the manuscript [see, e.g., Plaintiffs’ Mtn., 6], which the Contract forbids them to do until they pay the Press for its costs and expenses.

14. The preceding fact, acknowledged by the Plaintiffs in their public comments on Facebook and elsewhere in their current Motion [Plaintiffs' Mtn., Ex. 13], that their version of the collective work is based on the one produced by the Wicker Park Press and furnished to them under their publishing agreement, indicates that their version of the work is a derivative work under U.S. Copyright law. See 17 U.S.C. § 101. This derivative work produced by the Plaintiffs was not authorized by the Contract in any way, and was derived from the version of the collective work created by the Wicker Park Press.

These facts refute the Editors' repeated claims to have authored the work in question, as well as their malicious denials that Eric Miller and the Wicker Park Press had any role in creating the work. [Plaintiffs' Mtn., 12-14]. If the Plaintiffs had actually bothered to produce the complete manuscript, as the Contract required, this cloud on the title of their alleged copyright would probably not now appear. The preceding facts plainly indicate the Plaintiffs' bad faith in this matter, along with a certain negative tendency on their part of trying to get something for nothing. It also gives a strong suggestion that they might have fraudulently contracted with the Wicker Park Press in the first place with the intent of terminating the publishing agreement in order to abscond with the completed manuscript at no cost.

15. With respect to the issue of copyright ownership, the owners have also cited the Contract's provision that the Publisher will register the copyright in the Author's name as proof that the Publisher does not hold the copyright. [Plaintiffs' Mtn., Ex. 9, ¶3c]. This assertion, however, is false and disingenuous, as this provision means only that the Publisher agrees to list the "Author's" name, or in this case the Editors' names, as the authors of the work—and not as the owners of the copyright—on the copyright application. Moreover, even if this provision in the Contract did not mean only that the Publisher would list the editors' names only as

authors, the other governing convention in the publishing industry in this respect is to list the author's name as owner of the copyright with the clear understanding that the author is only the beneficial owner of the copyright, and that the publisher owns the actual rights as conveyed by the publishing agreement.

16. After working through some basic questions and disagreements over the course of five months, in emails dated on and around April 13, 2013, the Plaintiffs demanded that the Wicker Park Press produce a marketing plan for them, which is not required by the Contract. [Miller, Aff. ¶29]. They then levelled the unreasonable demand that the Press take out a quarter-page ad in the *New Yorker* magazine, the total cost of which would have been around $10,000, nearly all of the Wicker Park Press's anticpated gross receipts on first-year sales of the book, and nearly half of anticipated gross receipts for the book overall. On sound business principles, Eric Miller had no choice but to refuse this request. [Miller, Aff., ¶29.]
17. Around the same time the Editors imposed this unreasonable demand on the Wicker Park Press, they were telling world-renowned cover artist Jamie Keenan that they expected the book to make only $3,000 in total earnings, another sign of their bad faith in their dealings with the Press under their Contract (and in their dealings with Jamie Keenan.) [Miller, Aff. ¶30].
18. In April 2013, basing his judgment on work completed and work remaining to do, Eric Miller gave the Plaintiffs a prospective publishing date of October 2013. In his email dated April 18, 2013, Plaintiff James Bellanca responded that for some unexplained reason that this was inadequate. [Miller, Aff. ¶31]. If published according to Eric Miller's schedule, this would have brought the project to completion in under a year, a short time for a collective work of this scope, and well before the Plaintiffs' current, supposedly urgent announcement that they

are now ready to market and publish their own edition of the book. This underscores the lack of substance in their declared urgency and the imaginary nature of the harm they claim they will suffer if they do not receive the requested relief.

19. Less than four weeks after receiving a complete copy of the manuscript of the collective work, and fewer than two weeks after they failed to impose their outrageous demands that the Wicker Park Press incur unreasonable marketing expenses to promote the book, on March 30, 2013, the Plaintiffs sent an email to Eric Miller signifying their intent to terminate the Contract. [Miller, Aff. ¶33].

20. Eric Miller responded the same day, informing the Plaintiffs that in order to terminate the Contract, they first had to comply with its termination provision, which requires them to pay the Wicker Park Press all its cost and expenses in order to make the termination effective and extinguish liability under the Contract. [Miller, Aff., ¶33]

21. The Plaintiffs exclaim right and left in their Complaint and in their Motion for injunctive relief that the Contract has been terminated. [See e.g., Plaintiffs' Mtn., 1-2.] However, this was not their original understanding. In response to Eric Miller's email referenced above, in an email dated April 26, 2013, they stated: "as per the termination statement, upon receipt of itemized reimbursement of your sunk costs to this date, we will make payments so that we may publish elsewhere." [Miller, Aff. ¶34.] In other words, the Plaintiffs shared the same understanding as the Defendants in this case that, in order to publish the book elsewhere, they must first pay the Wicker Park Press for its costs and expenses, and that liability—i.e., debts, duties, and obligations—continues to exist under the Contract until they have done so.

The preceding shows that the Plaintiffs are not as concerned with any real or imminent harm—of which there are none—as they have been all along with avoiding their contractual obligation to pay the Wicker Park Press what they owe it under the Contract. All of their acts since signalling their intent to terminate the Contract have been calculated to evade this simple requirement and to wrest the rights to the work out from under the Contract. Their current Motion for injunctive relief is their latest and most desperate attempt to achieve this inequitable purpose.

22. The content of the preceding paragraph shows that the Contract's termination provision is not an "at-will" provision, at least not in the sense that the Plaintiffs pretend. [Compl., ¶31]. Based on their written statement above, the Plaintiffs would be estopped from arguing that the termination provision is "at will" as they now interpret it, or that their only surviving obligation under the Contract is to pay their publisher its costs and expenses, and that they can otherwise do whatever they please. That is plainly not what the termination provision itself states, where it is written that "until such reimbursement, the Author shall not allow the Work to be published elsewhere." [Plaintiffs' Mtn., Ex. 9]. The meaning of this is unequivocal, yet, in their bad faith, this is precisely what the Plaintiffs are trying to do, and they now ask this Court to approve their inequitable conduct and eviscerate the rights of the Wicker Park Press.

23. On April Eric Miller sent the Plaintiffs an invoice for the Wicker Park Press's costs and expenses under the Contract. Rather than pay it, as they initially promised to do, they hired an attorney, C. Michael Kendall, who appears to guide their illicit publishing project. Kendall in turn informed Eric Miller that the Plaintiffs would not pay any of the Wicker Park Press's costs and expenses. Miller then hired an attorney to attempt to negotiate a solution. In subsequent attempts to negotiate a settlement, counselor Kendall offered only a nominal sum to settle the dispute—several hundred dollars for over 200 hours of the Wicker Park Press's

work including communications and negotiations with third-party artists and illustrators, extensive and laborious consultations with the editors in person and via email, in-depth reading, reviewing and editing of the disparate materials, and the labor of assembling them into a unified work in a single style. [Plaintiff's Compl., Ex. 9].

24. Through their attorney and in their pleadings, Plaintiffs have continued to denigrate the work that the Wicker Park Press completed under the Contract. However, this did not stop them from refusing to return the Wicker Park Press's work product, the completed manuscript of the collective work, which Attorney Gollrad requested they return in a letter to Esquire Kendall dated July 8, 2013. [Plaintiffs' Compl., Ex. 9].

25. The Plaintiffs' postings on the Center's Facebook page dated July 6, et seq. […] made false statements about the ownership of the rights to the Work. Among other inappropriate remarks, Arline Paul stated that the Press no longer holds the rights to the Work, which is a legal conclusion for a court of law. [Plaintiffs' Mtn., Ex. 13]. The Contract does not provide for any automatic reversion of rights to the editors upon their announcement of their intention to terminate the Contract. [Plaintiffs' Mtn., Ex. 9]. These comments were obviously calculated to harm the Wicker Park Press's still extant rights to the work, just as the current Motion is intended to extinguish these rights and harm the Defendants.

26. The Wicker Park Press has not been selling or offering for sale the Center book, as the Plaintiffs state falsely in their current Motion. [Plaintiffs' Mtn., 13]. The Defendants suspended all sales of the work in late April not long after the current dispute took shape, and have not taken a pre-order for the book since April 21, 2013. [Miller, Aff., 37]. The Plaintiffs, on the other hand, have acted inequitably and in bad faith by pushing forward with their efforts to publish their version of the book while doing everything in their power to

avoid paying the Wicker Park Press what they owe it and terminating the Contract as it requires, as their current Motion shows.

27. The Wicker Park Press's Web page featuring *On Becoming a Self-Directed Learner* is authorized by the Contract. [Plaintiffs' Mtn., Ex. 9]. The fact that the Plaintiffs have abstained from advertising their illicit verson of the work since their Facebook postings were challenged by the Defendants shows that they understand that the Contract is still enforceable in this and all other regards.

28. In their Motion to Dismiss the Defendants' state court Complaint against them, the Plaintiffs have conceded that it is an issue at law how much money they owe the Defendants under the Contract, which is also necessarily an admission that the Contract and its termination provisions are valid and enforceable. [See Plaintiffs' Mtn. to Dismiss Defendants' state law Complaint, 1-2]. Once the Plaintiffs pay the Wicker Park Press for its costs and expenses, the Press will be happy to release all rights to the work by written agreement.

29. There is no likelihood of any confusion to arise from the single Web page advertising the Wicker Park Press's original version of the work still authorized by the Contract. As outlined in the preceding exposition of the facts, it is the Plaintiffs who have provoked confusion by discussing their unauthorized version of the book on Facebook, and also in this upcoming Symposium, which they mention to justify their request to override the content of a legitimate Contract.

30. A routine google search of the title, *Becoming Self-Directed Learners*, yields 3,730,000 results, with hundreds, if not thousands, of Web pages with titles prominently featuring the phrase "Self-Directed Learners" or some variant thereof. See, google search https://www.google.com/#q=Becoming+Self-Directed+Learners; conducted February 3,

2014. Contrary to the Plaintiffs' arguments, there is nothing proprietary about the phrase or title or any element of it. It is absurd to argue, as the Plaintiffs do here, that the advertisment "will unquestionably hurt sales and distribution" though they still concede "in ways that cannot easily be quantified," showing again the speculative and indefinite nature of their alleged harm. Rather than confuse an audience of potential purchasers, the implication is that the Plaintiffs' lawsuit and current motion are intended not to escape any imminent harm, but to circumvent their Contract with the Wicker Park Press, and as an attempt to promote their version of the work.

CONCLUSION

The Plaintiffs' Motion is very long on law and very short on reliable facts and conclusions. The preceding shows ample evidence of their bad faith and inequitable conduct, both while they were working willingly under the Contract, and since they represented their intent to end it. This is nowhere more evident than in their ubiquitous insistence that the Contract is, for all practical purposes, terminated. If this were true, however, they would not be asking for the relief requested here. If this relief is granted, it will harm the Defendants far more than any of the highly speculative harm that would be done to the Plaintiffs if it is withheld: such an imposition would render ineffective the Contract's termination provision and its safeguard component establishing that the editors may not publish elsewhere and that liability still exists until the Plaintiffs pay the Publisher for its costs and expenses, in other words, all its considerable work. Because liability still exists under the Contract, the Plaintiffs are, in effect, asking for relief that is designed to harm the Defendants by obliterating the Defendants' rights to sue for any such additional breach of the Contract's termination provision, and which would also probably entitle the Defendants' to lost profits. If these requests for injunctive relief are granted, the Plaintiffs will turn around and and argue, "look, the part of the termination provision that prevents us from publishing the book has been rendered ineffective (or unenforceable, not worthy of enforcement, etc.), so the requirement that we pay the Press for its work cannot be enforceable either." Once the floodgates are opened, they are hard to close.

As for the elements that the Plaintiffs need to prove to receive a preliminary injunction and a TRO, we do not believe they can prevail on any of these. The balancing of the equities, and the "sliding scale" cited at page 11 of the Complaint, favor the Defendants, first because they have suffered the Plaintiffs' breach of Contract in refusing to pay the Press's costs and expense, but also because they are already harmed by the Plaintiffs' inequitable conduct in refusing to prepare the manuscript as required by the Contract, then in retaining the complete manuscript that is the Press's work product and then, despite their covenants not to do so, using it to prepare a competing work and publish the work elsewhere. The scope of the Plaintiffs' liability under the Contract is the keystone issue in this case, but, rather than acknowledge this, the Plaintiffs continually mouth the words that the Contract has been terminated—another sign of their bad faith and of their very low likelihood of success on the merits, as drawn from *Ezell v. City of Chicago*, 651. F.3d 684, 695 (7th Cir. 2011) and outlined here below.

Element 1: The moving party must have an adequate legal remedy or will suffer irreparable harm if the requested relief is not granted: The Plaintiffs already have an adequate legal remedy: the remedy provided by the Contract itself, which is the only appropriate one. They can pay the Defendants their costs and expenses as the Contract requires, and move on. Instead, they have done everything in their power to avoid this end, although it is the most logical, simple, and cost-effective solution to the conflict.

As for irreparable harm, the Plaintiffs have made a great deal of their upcoming symposium and grand plans to market their new and improved version of the book, but, they readily concede that they have already waited five years to put this ball in play. The evidence above also shows that the Press was prepared to come out with a quality version of the book as early as last October, yet the Plaintiffs stated that was not good enough for them, and ditched their agreement with the Press only to come out with their version of the book now, five months later. It is implausible that such urgency should suddenly arise whereas nine months ago it was so lacking. The Plaintiffs could have made a good faith attempt to negotiate a settlement agreement with the Defendants a long time ago. Whether from the spurious allegations of copyright infringement which ignore the obvious grant of rights in the Contract, or from some unlikely loss of sales that have not yet been attempted because of the obvious risk of liability under the Contract, the putative harm is entirely speculative. The Plaintiffs state they are likely to suffer irreperable harm from the Press's lone Web page with its appended notice stating that sales have been postponed, and yet still concede that any harm to their "sales and distribution […] cannot easily be quantified." [Plaintiffs' Mtn., 15]. The notion that such speculative and imaginary harms are "irreparable" comes off as highly unlikely, notwithstanding James Bellanca's exaggerations that falsely identify Eric Miller's efforts to enforce a legitimate Contract as the source of the Plaintiffs' supposed marketing challenges. [Bellanca, Aff., ¶22-27]. He should look instead to the Plaintiffs' own conduct in refusing to pay the Press for its work and misappropriating its work product at the same time.

Element 2: Likelihood of success on the merits. The Plaintiffs' lawsuit has little likelihood of success on the merits. As far as copyright infringement is concerned, any copying by Eric Miller has been authorized by the Contract. He has refrained from selling the book since the current dispute arose. The Wicker Park Press does not only have the work in its possession: it created the work in its possession, and the Plaintiffs readily admit that their "new and improved" version is based on it—a copy of the Press's work, and not the other way around. Ownership of a valid copyright is a threshold issue in any determination of copyright infringement and whether a Plaintiff has standing to bring such a claim. *Topolos v. Caldewey*, 698 F.2d 991, 994 (9th Cir. 1983). Under the current facts, this issue is one of determining ownership of the copyright in the collective work. The Contract shows that the Defendants acquired these rights by written agreement. [Compl., Ex. 3, ¶1].

In the case of the editors' decision to terminate the agreement, liability—which means rights, duties, and obligations—continues to exist under the Contract until they pay the Publisher its costs and expenses, which they have refused to do. [Compl. Ex. 3, ¶2g]. Nowhere does the Contract provide that in the case of termination, ownership of the rights automatically reverts to the editors of the collective work. [Compl., Ex. 3]. Because ownership of the copyright to the collective work is still vested in the Wicker Park Press, the Plaintiffs do not have standing to bring a lawsuit for copyright infringement under 17 U.S.C. 101, et seq. The Plaintiffs are unlikely to succeed on the merits because they cannot show any actual infringement by the Plaintiffs, and, as the Wicker Park Press alone created the manuscript of the collective work, they cannot even prove that they authored the work.

As for their false advertising and related claims, they are equally unlikely to succeed, again, first of all for the reason that they assume that the contract has been terminated, as though their word on this were God, when in fact the Contract clearly states that liability still exists under it unless or until they pay the Plaintiff its costs and expenses. As for the Plaintiffs' theory that the Press's Web page comprises advertising that is literally false, this is simply not the case.

The Wicker Park Press's Web site is authorized by the Contract, still in force; and the Plaintiffs' propose a marketing campaign that will give rise to an insidious reverse confusion: this is, in effect, what they are proposing. If they expect the Press to relinquish its rights to the work, including all promotional rights, then they should terminate the Contract as it requires. Instead, they remind us of some greedy interloper in a four-star restaurant who orders a seven-course meal, plows through the first five courses, and, on the sixth, removes a dead fly from his pocket and sticks it on the plate and cries foul in an attempt to dodge the bill because he can use the money he saves to go buy a dessert he likes more somewhere else.

The Plaintiffs' conduct has been inequitable in this and many other regards, so not only for their inability to succeed on the merits, but also for their unclean hands, we ask this Court to deny their request for a TRO and preliminary injunction. The Plaintiffs here are not asking the Court to help them avoid any irreperable harm, but to legitimate the harm that they have done and continue to do to the Defendants, and to consummate that harm by giving a ruling that may render the Contract's termination provision ineffective and invalid. In consideration of a request for equitable relief, that would not be an equitable result.

Dated: February 4, 2014

Respectfully Submitted,
/s/ Gareth E. Gollrad
Attorney for Defendants Eric Miller and the Wicker Park Press

Gareth E. Gollrad, LLC
1338 W. Madison Street, 3E
Chicago, Illinois 60607
Tel: 773 216-7556
Email: gareth@garethgollrad.com

Attached: (1) Affidavit of Eric Miller in Support of Defendants' Motion to Dismiss; (2) Excerpt from Plaintiffs' Motion to Dismiss Defendants' state court complaint.