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4	Facsimile: 305-437-7662	
5	Attorney for Defendant, <i>Michael "Rick" Allec</i>	
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8	UNITED STATES DISTRICT COURT	
9	DISTRICT OF NEVADA	
10	RIGHTHAVEN, LLC, a Nevada limited liability company,	Case No. 2:11-cv-00532
11	Plaintiff,	
12	V.	DEFENDANT'S MOTION TO DISMISS UNDER
13	RICK ALLEC, an individual; and RX	RULES 12(b)(1) and (6)
14 15	ADVERTISING INC., LLC, a limited-liability company of unknown origin,	
16	Defendants.	
17	DEFENDANT'S MOTION TO DISMISS	
18	UNDER RULES 12(b)(1) and (6)	
19	Defendant Michael Richard (a/k/a "Rick") Allec (hereinafter, "Allec," or the	
20	"Defendant"), by and through his counsel, Randazza Legal Group, hereby moves to dismiss	
21	Plaintiff Righthaven LLC's (hereinafter "Righthaven['s]," or the "Plaintiff['s]" Complaint (Doc.	
22	# 1) for failure to state a claim upon which relief can be granted. Specifically, Allec is not the	
23	proper party in this action, having been misidentified as a defendant, and is not liable for the	
24	infringements Righthaven alleges. Righthaven is thus unable to rightfully seek relief from Allec,	
25	as this Court is deprived of subject matter jurisdiction, and Righthaven has not stated a claim for which Allec can provide relief.	
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Legal Group 7001 W. Charleston Bl. # 1043 Las Vegas, NV 89117 (888) 667-1113	- 1	-
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I. Introduction

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On April 8, 2011, Righthaven filed suit against the above-named defendants, seeking \$7,500,000 in statutory damages (Doc. # 1 ¶¶ 130-603, Prayer for Relief at 62-63). The RX Forum, a well-known and highly trafficked website, features information about sports odds – the likelihood of a team winning or losing a particular game – to be used in various forms of gambling, from office football pools to the sportsbooks of Las Vegas and Macau. Based on WHOIS information obtained in anticipation of litigation, Righthaven identified Allec as the registrar of the domain name <therxforum.com> (hereinafter, the "Domain Name") (Doc. # 1 ¶¶ 5-7). The Domain Name is used to display content for the RX Forum, which includes a message board where Righthaven alleges the infringements of its copyrights occurred. The user-accessible contents of the website residing at the Domain Name, including its message boards, shall be referred to collectively as the "Forum."

Allec, a web developer by trade, had a contractual relationship with the Forum's owners from June 1, 2006, to June 1, 2007. (Allec Aff., referred to hereafter as Exhibit A, ¶ 4; Exh B.) During this time, Allec was retained to develop many of the features used by the Forum. (Exh. A. ¶¶ 4, 7.) In fulfilling these duties, Allec became the nominated registrant for the Domain Name, as well as <therx.com>, making his name publicly available on the WHOIS registry¹. (Exh. A ¶¶ 6.) When his contract ended on June 1, 2007, though, Allec surrendered all WHOIS login information to the Forum's owners, and never again accessed the domain name. (Exhs. A ¶¶ 6-7, 11-14; B; Allec Supp. Aff., referred to hereafter as Exhibit C, ¶¶ 5, 7, 9-10.) Since that time, Allec has had no legal or financial interest, or control over, in the Domain Name or Forum. (Exhs. A ¶¶ 8-16; C ¶¶ 5, 7, 9-10.)

After Righthaven filed this lawsuit, the Domain Name was transferred out of Allec's name. (Exh. C $\P\P$ 3-4.) Allec did not authorize, direct or otherwise control this transfer, or know of it before being informed by his attorney. (*Id.* $\P\P$ 6-8.) While Allec's name apparently

¹ The WHOIS registry is a public registry of domain name registrants maintained by the Internet Corporation for Assigned Names and Numbers; domain name registrars – services used by individual registrants to register domain names – are required to submit a registrant's personal contact information to the WHOIS database. Network Solutions, What Is WHOIS? (2011), http://www.networksolutions.com/whois/index.jsp (*last accessed* June 19, 2011).

persisted as the nominated registrant in WHOIS for several years after turning the login information for Domain Name and <therx.com> over to the Forum's owners, he did not have any control, ownership, or financial or legal interests in the domain name. (Exhs. A ¶¶ 11-14; C ¶¶ 6-11.) As such, this was not an attempt by Allec to cover his tracks, but a transfer that occurred without his control, or even his knowledge. (Exh. C ¶¶ 6-11.)

After June 1, 2007, Allec ceased having a legal relationship with the Forum. (Exhs. A ¶¶ 9-10; B; C ¶¶ 13, 23.) Separate from the Forum, Allec was developing RXOdds, a sports odds service that would eventually be affiliated with the Forum once completed – drawing on the "RX" brand for marketing purposes – but was developed by Allec. (Exh. C ¶¶ 19-23.) Allec's role developing RXOdds did not involve him with the Forum's administration or ownership. (*Id.*) In June 2008, Allec announced that he was no longer developing RXOdds with the "RX" branding, and would not be working with the site at the project's conclusion, but would be running the final operation as Las Vegas Data Services LLC, d/b/a SportsOptions (hereinafter "SportsOptions"). (*Id.* ¶¶ 18-20.)

Thus, while Allec's contractual relationship with the Forum ended on June 1, 2007, anything that could be construed as a relationship between the two entities – Allec's development of SportsOptions, then known as RXOdds, in particular – ended in June of 2008. (Exhs. A ¶¶ 8-14; B at 1; C ¶¶ 18-20.) Allec's current business, SportsOptions, does not have any financial or other legal interest in the Forum. (Exh. C ¶¶ 19, 21-24.) Similarly, the Forum does not have any financial, ownership or other legal interest in SportsOptions. (*Id.*)

Allec's lack of involvement in the Forum apparently has not deterred Righthaven in bringing its action against him. In its Complaint, Righthaven claims to have obtained the rights to 25 copyrights, which the defendants allegedly infringed upon (Doc. # 1 ¶¶ 21-115). The oldest of these works were created in November 2010, and the newest in February 2011, with alleged infringements occurring during and around this time period (*id*.) – more than two years after Allec ended all involvement with the Forum and began SportsOptions. (Exh. C ¶¶ 7, 13, 18-23.)

Being unsuccessful thus far in being dismissed from this litigation based on the facts stated above, Allec now moves this Court to dismiss the action pending against him. As Allec has been sued in error, Righthaven has neither standing nor entitlement to any relief, let alone in the order of 7.5 million dollars, from Allec.

II. Legal Standards

Under Federal Rule of Civil Procedure 12(b)(6), courts must dismiss causes of action when a plaintiff fails to state a claim upon which relief can be granted. Fed. R. Civ. P. 12(b)(6); *N. Star Int'l v. Arizona Corp. Comm'n*, 720 F.2d 578, 581 (9th Cir. 1983). In evaluating a motion to dismiss under Rule 12(b)(6), courts accept the Complaint's allegations as true, and construe them in a light most favorable to the Plaintiff. *N. Star Int'l*, 720 F.2d at 580; *Lodge 1380*, *Brotherhood of Railway, Airline and Steamship Clerks v. Dennis*, 625 F.2d 819, 825 (9th Cir. 1980). Courts are not required to accept as true, however, allegations that are merely conclusory, unwarranted deductions of fact, or unreasonable inferences. *See Sprewell v. Golden State Warriors*, 266 F.3d 979, 988 (9th Cir. 2001).

While only notice pleading is required under Rule 8(a), a plaintiff must plead facts showing that a violation of law is plausible, rather than merely possible. A formulaic recitation of a cause of action with conclusory allegations is not sufficient; a plaintiff must plead facts showing that a violation is plausible, not just possible. *Ashcroft v. Iqbal*, 556 U.S. _____, 129 S. Ct. 1937, 1949 (2009) (citing *Twombly v. Bell Atl. Corp.*, 550 U.S. 544, 555 (2007)). A court's dismissal of an action pursuant to Rule 12(b)(6) is a ruling of law. *N. Star Int'l*, 720 F.2d at 580; *Yuba Consolidated Gold Fields v. Kilkeary*, 206 F.2d 884, 889 (9th Cir. 1953).

Subject matter jurisdiction is an essential element to every lawsuit and must be demonstrated "at the successive stages of the litigation." *Chapman v. Pier 1 Imports (U.S.), Inc.,* 631 F.3d 939, 954 (9th Cir. 2011) (citing *Lujan v. Defenders of Wildlife,* 504 U.S. 555, 561 (1992)). The existence of subject matter jurisdiction is an ongoing inquiry that a court must conduct *sua sponte* in order to continue the case. *Chapman,* 631 F.3d at 954; *Bernhardt v. County of Los Angeles,* 279 F.3d 862, 868 (9th Cir. 2002). Where subject matter jurisdiction is absent, a court has no discretion and must dismiss the case. *Chapman,* 631 F.3d at 954.

A central component to subject matter jurisdiction is the question of standing, which requires that the party experience actual or imminent harm. *Lujan*, 504 U.S. at 561 (citing *Whitmore v. Ark.*, 495 U.S. 149, 155 (1990)). This harm must be traceable to the defendant's unlawful conduct, and likely redressed by the desired relief, for standing to exist. *Allen v. Wright*, 468 U.S. 737, 751 (U.S. 1984). A party's standing to bring a case is not subject to waiver, and can be used to dismiss the instant action at any time. Fed. R. Civ. P. 12(h)(3); *U.S. v. Hays*, 515 U.S. 737, 742 (1995); *Chapman*, 631 F.3d at 954.

III. Argument

Righthaven's suit against Allec for copyright infringement is in error. Allec did not own or have any control over the Forum on which the infringing content appeared, at the time of infringement (exhs. A ¶¶ 8-16; C ¶¶ 5-7). Yet, because of a previous contractual relationship with the Forum, which has been clarified and explained in sworn statements, Righthaven seeks to hold Allec liable for copyright infringement occurring years after that contract ended. (*See generally* Doc. # 1.) This faulty reasoning is a clear example of an unwarranted deduction and improper inference under *Sprewell*, 266 F.3d 979, 988, as Righthaven's theory of liability – that because Allec once had a relationship with the Forum, he is liable for recent infringement – is utterly belied by Allec's sworn statements. Allec therefore cannot be liable for primary or vicarious infringement occurring on the Forum, and Righthaven's fifty causes of action against him must fail.

Moreover, to the extent Righthaven has suffered a harm from the copyright infringement alleged in its Complaint (Doc. # 1), it cannot be asserted against Allec. Where the defendant is improperly named and has not caused harm to the plaintiff, the plaintiff necessarily does not have an injury that can be raised against defendant. *Allen*, 468 U.S. at 751 (holding that a "plaintiff must allege personal injury fairly *traceable to the defendant's allegedly unlawful conduct*" to have standing) (emphasis added); *see Clark v. U.S.*, 105 A.F.T.R. (RIA) 2014 (E.D. Cal. 2010) (finding that plaintiff lacked subject matter jurisdiction over the IRS and its agent, both of which were improper defendants in the action, unable to accord relief to the defendant,

and dismissing the case). Because Allec did not cause Righthaven's harm, and cannot rightly provide the relief Righthaven seeks, this Court lacks subject matter jurisdiction over the dispute.

A. Righthaven Fails to Allege a Cognizable Claim for Direct Copyright Infringement upon which Allec can Grant Righthaven Relief.

Righthaven alleges 25 counts of direct copyright infringement under 17 U.S.C. § 501 against Allec in its Complaint (Doc. # 1 ¶¶ 130-453). To prevail on its claims for direct copyright infringement, Righthaven must show: 1) its ownership of a valid copyright; and 2) Allec's copying of constituent elements of the original work. 17 U.S.C. § 501; *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991); *Benay v. Warner Bros. Entm't, Inc.*, 607 F.3d 620, 624 (9th Cir. 2010); *Funky Films, Inc. v. Time Warner Entm't Co., L.P.*, 462 F.3d 1072, 1076 (9th Cir. 2006). As these elements are conjunctive, both must be satisfied for Righthaven to show direct infringement. 17 U.S.C. § 501.

The second element, requiring Allec to copy Righthaven's copyrighted content, cannot be fulfilled in this case. Allec does not have any ownership, legal interest or control over the Domain Name or Forum. (Exhs. A ¶¶ 8-14; C ¶¶ 2, 7, 10, 18.) In addition to lacking any current control over the Domain Name or Forum, Allec did not have control over them at the time of infringement, or at any time since June 1, 2007. (Exhs. A ¶¶ 9-15; B; C ¶¶ 2, 8-10, 18.) As it is the Forum that displays the allegedly infringing work (*see generally* Doc. # 1), it is impossible, in light of the clear absence of a relationship between Allec and the Forum, for Righthaven to claim Allec has infringed its copyrights. Failing to meet this essential element of its twenty-five direct infringement claims, Righthaven's causes of action for direct infringement must fail against Allec. Moreover, as Allec did not cause the claimed harm, Righthaven cannot lawfully pursue its claims against him and lacks standing to bring these causes of action.

B. Righthaven's Complaint Additionally Fails to Allege a Cognizable Claim for Vicarious Copyright Infringement upon which Allec can Grant Righthaven Relief.

In addition to 25 claims for direct copyright infringement, Righthaven alleges 25 separate claims for vicarious copyright infringement against Allec as well. Vicarious copyright infringement is a court-created claim with no statutory definition; as such, the elements for

liability found in precedent are as follows: 1) the right and ability to control the infringer's conduct; and 2) the receipt of financial gain as a result of infringement. *MGM Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913, 930 n. 9 (2005); *Shapiro, Bernstein & Co. v. H. L. Green Co.*, 316 F.2d 304, 308 (2d Cir. 1963) (holding that a store owner who let a third party sell pirated copies of records was liable for vicarious copyright infringement because the store had the ability and right to control infringement, yet profited from it); *Dreamland Ball Room, Inc. v. Shapiro, Bernstein & Co.*, 36 F.2d 354, 355 (7th Cir. 1929) (finding vicarious liability where a live music venue had the ability and right to control performers who engaged in unauthorized live reproduction of copyrighted music, and profited from such unauthorized performance).

Righthaven's vicarious copyright infringement claims against Allec fail on both prongs. First, Allec did not have any ownership in, or control over, the Forum or Domain Name where the infringement appeared at the time of the infringement or thereafter. (Exhs. A ¶¶ 8-15; C ¶¶ 2, 7-10, 18.) Allec's contractual relationship with the Forum – the only time at which he would even have the technical ability, let alone the right, to exercise control over copyright infringement – ended on June 1, 2007 (Exhs. A ¶¶ 8-15; B at 1; C ¶¶ 2, 7-10, 18), roughly 3.5 years before the first instance of infringement alleged in Righthaven's Complaint. (Doc. # 1 ¶¶ 21-119.) No set of facts or circumstances, in light of Allec's sworn statements (Exhs. A and C), can be construed to show Allec had the ability or right to control infringing content on the Forum, as he unequivocally did not. In addition, because Allec did not inflict the claimed injury on Righthaven, the Court lacks subject matter jurisdiction over Rightaven's claims.

Beyond lacking the ability or right to control infringing content on the Forum, Allec did not receive any financial benefit from the alleged infringement. The only compensation Allec received from the Forum came from his consulting agreement from June 1, 2006 to June 1, 2007. (Exhs. A ¶¶ 5-17; B at 1; C ¶¶ 1, 7-16.) As the infringements were found on the Forum beginning in late 2010 (Doc. # 1 ¶¶ 21-119), approximately 3.5 years after this contract ended, it is logically impossible for Allec to have received any financial gain or profit from the alleged infringements. Allec did not receive any money from the Forum or its owners as a result of the infringing content found on it in late 2010. (*See* Exhs. A ¶¶ 4, 9, 11, 14; B at 1; C ¶¶ 13-15, 18,

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24-26.) Without this fundamental element vicarious infringement, Righthaven has failed to properly state any of its 25 causes of action for vicarious copyright infringement against Allec.

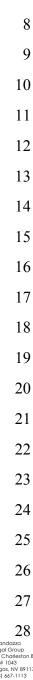
Righthaven fails to properly allege both elements required by this cause of action. Not only did Allec lack the right and ability to control copyright infringements complained of by Righthaven, he never received any compensation arising from their occurrence. Because Allec lacked the ability and right to control the infringements, he is not culpable for Righthaven's harm, depriving the Court of subject matter jurisdiction over such claims. Consequently, all 25 causes of action for vicarious copyright infringement must be dismissed against Allec.

C. Much Like the Hundreds of Lawsuits Based on Stephens Media LLC's Copyrights, Righthaven Likely Does Not Have Standing to Sue in this Case, Either.

This Motion to Dismiss' arguments gloss over the crucial question as to whether Righthaven even has standing to sue for copyright infringement. Ownership of a copyright, or exclusive right therein, is a prerequisite to bringing an infringement action. Silvers v. Sony Pictures Entm't, Inc., 402 F.3d 881, 885 (9th Cir. 2005); see Sybersound Records v. UAV Corp., 517 F.3d 1137, 1144 (holding that only owners and "exclusive licensees" may enforce a Recent developments establish that Righthaven acquired neither copyright or license). ownership nor exclusive rights in the copyrights it sued upon in more than 200 lawsuits relating to content owned by Stephens Media LLC.² Righthaven LLC v. Democratic Underground LLC, Case No. 2:10-cv-01356 (Doc. # 116) (D. Nev. June 14, 2011).

The document that revealed Righthaven's lack of rights in *Democratic Underground*, its "Strategic Alliance Agreement" with Stephens Media, has not yet been discovered in this case, nor has its equivalent thereof. Allec – as a defendant sued in haste and error – should not have to

² This issue has been raised repeatedly in this District and with respect to its copyrights obtained by Stephens Media LLC. See Righthaven LLC v. Vote for the Worst LLC, Case No. 2:10-cv-01045; Righthaven LLC v. Pahrump Life, Case No. 2:10-cv-01575; Righthaven LLC v. Hyatt, Case No. 2:10-cv-01736; Righthaven LLC v. Hoehn, Case No. 2:11-cv-00050; Righthaven LLC v. Grav et al., Case No. 2:11-cv-00720. The equivalent to the documents that failed to confer Righthaven with standing in Democratic Underground (Doc. # 116) are being sought with respect to Righthaven's relationship with MediaNews Group, owner of the Denver Post, in Righthaven LLC v. Wolf et al., Case No. 1:11-cv-00830 (D. Colo.), as they are also anticipated to be insufficient to confer Righthaven with standing to bring its infringement actions. To that end, it is unlikely in the extreme that Righthaven has properly acquired ownership of the copyrights at issue in this case from Servo Design, Inc., as it claims in its numerous copyright assignments attached as exhibits to the Complaint (Doc. # 1).



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bear the responsibility of uncovering this document. Allec and his counsel believe, and therefore argue, that Righthaven's ostensible "acquisition" of copyrights in this case is just as defective and deceptive as its acquisition of copyrights from Stephens Media LLC. The party invoking the jurisdiction of federal courts – Righthaven, in this case – bears the burden of showing that jurisdiction is proper. *Serrano v. 180 Connect, Inc.*, 478 F.3d 1018, 1019 (9th Cir. 2007) (holding that the party asserting jurisdiction bears the burden of showing it is proper); *Lew v. Moss*, 797 F.2d 747, 749 (9th Cir. 1986) (stating that the plaintiff always has the burden of establishing subject matter jurisdiction).

Righthaven's assertion of copyright rights in this case most likely entails the same issues of misrepresentations to not only this Court regarding the interested parties in this case as found in Democratic Underground, Case No. 2:10-cv-01356 (Doc. # 116 at 15), but to the Copyright office as well. These latter misrepresentations take the form of what may be fraudulent copyright registrations, since "Righthaven actually left the transaction [with Stephens Media LLC, in which copyrights were allegedly transferred] with nothing more than a fabrication since a copyright owner cannot assign a bare right to sue after Silvers." Id. at 6:14-15. Such a finding stands in stark contrast with the copyright registration obtained by Righthaven in that case, and casts serious doubt over the numerous registration applications attached as exhibits to the Complaint in this case (Doc. # 1). Though Righthaven has produced copyright registration applications as a predicate for standing in this case, this District has found that, in similar actions, Righthaven lacked sufficient rights to have standing – despite furnishing similar copyright registration applications. See Democratic Underground (Doc. #116); Hoehn, Case No. 2;11-cv-00050 (Doc. # 28). Because of the inherent unreliability of these documents in Righthaven's cases, they should not be accepted at face value as conferring subject matter jurisdiction upon the Court.

Additional information is needed to determine what copyright rights Righthaven actually possesses, despite its copyright registration applications. In particular, the document governing Righthaven's agreement with Servo Design, Inc. (hereinafter, "Servo"), is needed so that it may be analyzed regarding Righthaven's standing in this case, fulfilling its burden of doing so under

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Serrano, 478 F.3d at 1019 and Lew v. Moss, 797 F.2d at 749, as Righthaven may very well not possess sufficient rights to bring this action – or any rights at all – in the copyrights it asserts. Lacking the rights needed to sustain these lawsuits has not stopped Righthaven from bringing hundreds of them in this District, nor has it prevented Righthaven from misrepresenting to the courts that it is the "owner" of the copyrights in question. See Democratic Underground, Case No. 2:10-cv-01356 (Doc. # 116 at 6, 15.) For Righthaven to actually own the rights it purports to have in this case would be an exception to the rule in its operations thus far. In light of this deeply troubling pattern, Righthaven must provide information beyond its bare assertion of copyright rights to assure the Court of its subject matter jurisdiction over this dispute.

Conclusion

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Despite alleging 50 causes of action against Allec, all of them must be dismissed against him. In its haste to recover 7.5 million dollars, Righthaven named the wrong party as a defendant. Because Allec cannot accord Righthaven its desired relief, Righthaven has failed to state a claim against him for which relief can be granted. In addition, Righthaven lacks standing to sue Allec in this case because he did not cause the injuries for Righthaven seeks redress. Regardless, recent developments shed light on the patent unlikelihood that Righthaven even owns the copyrights on which it predicates this case, further impairing Righthaven's standing to sue Allec. While this case can be disposed of against Allec without analyzing Servo's assignment of copyrights to Righthaven, any review of this relationship likely would deprive Righthaven of the ability to sue on any copyrights it claims to have obtained from Servo.

Dated: June 20, 2011

Respectfully Submitted,

RANDAZZA LEGAL GROUP

J/Malcolm DeVoy IV

Attorney for Defendant, Michael "Rick" Allec

1	CERTIFICATE OF SERVICE	
2	Pursuant to Federal Rule of Civil Procedure 5(b), I hereby certify that I am a	
3	representative of Randazza Legal Group and that on this 20th day of June, 2011, I caused the	
4	document(s) titled:	
5	DEFENDANT'S MOTION TO DISMISS UNDER RULES 12(b)(1) and (6)	
6	to be served as follows:	
7		
8	[] by depositing same for mailing in the United States Mail, in a sealed envelope addressed to Steven A. Gibson, Esq., Righthaven, LLC, 9960 West Cheyenne	
9	Avenue, Suite 210, Las Vegas, Nevada, 89129-7701, upon which first class postage was fully prepaid; and/or	
10		
11	[] Pursuant to Fed. R. Civ. P. 5(b)(2)(D), to be sent via facsimile as indicated; and/or	
12		
13	[] to be hand-delivered;	
14		
15	[X] by the Court's CM/ECF system.	
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