UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

DISH NETWORK L.L.C.,

Plaintiff,

v.

AMERICAN BROADCASTING COMPANIES, INC., CBS CORPORATION, the FOX ENTERTAINMENT GROUP, INC., FOX TELEVISION HOLDINGS, INC., FOX CABLE NETWORK SERVICES, L.L.C., and NBCUNIVERSAL MEDIA, L.L.C.,

Defendants.

12 Civ. 4155 (LTS) (KNF)

MEMORANDUM OF LAW IN SUPPORT OF DISH NETWORK L.L.C.'S MOTION FOR AN ANTI-SUIT INJUNCTION AND TEMPORARY RESTRAINING ORDER

TABLE OF CONTENTS

Page

TABLE OF AUTHORITIES

Page(s)

FEDERAL CASES

TABLE OF AUTHORITIES
(continued)

Page(s)

FEDERAL STATUTES

TABLE OF AUTHORITIES
(continued)

Page(s)

RULES

OTHER AUTHORITIES

Fox is seeking extraordinary relief in a district court in California in an effort to preempt litigation of this suit. Fox is seeking that relief despite the facts that the New York suit (this case) was filed first, that the New York suit is the only one that includes all the relevant parties to the dispute, and that the contracts in dispute with two of the four networks require that any dispute be litigated in New York. Unfortunately, because Fox has been unwilling to delay even temporarily its rush to preempt the jurisdiction of this Court, Plaintiff DISH Network L.L.C. ("DISH") is forced to seek an anti-suit injunction, pursuant to Rule 65 of the Federal Rules of Civil Procedure, to prevent defendants Fox Entertainment Group, Inc., Fox Television Holdings, Inc. and Fox Cable Network Services, L.L.C. (collectively "Fox"), CBS Corporation ("CBS") and NBCUniversal Media L.L.C. ("NBC"), and any other persons or entities who are in active concert or participation with those defendants, including but not limited to affiliated entities, from proceeding with their later-filed copyright infringement and breach of contract actions in California or any further litigation embracing the facts alleged in this action or those later-filed California actions. DISH further requests a temporary restraining order against Fox. This dispute belongs in New York.

PRELIMINARY STATEMENT

On May 10, 2012, DISH added an "AutoHop" feature to its latest high definition ("HD") digital video recorder ("DVR") known as the "Hopper." (*See* Declaration of Elyse D. Echtman dated May 29, 2012 ("Echtman Dec.") Ex. 1. ("DISH Comp."), ¶ 23.) Technology has existed since at least the 1970's that has allowed consumers to skip through commercials. AutoHop is the latest feature that allows television viewers the freedom of choice to skip commercials. *Id.* ¶¶ 6, 25. AutoHop permits customers to skip the entire commercial break when playing back

certain recorded network primetime programs. *Id.* ¶ 23. Television viewers can also watch a recorded show with the commercials intact. *Id.* ¶ 6. It is their choice.

The top executives of the major television networks responded to AutoHop with a barrage of negative media attacks. DISH Comp. ¶¶ 32-34. For example, Les Moonves, the Chairman of CBS, called the AutoHop "illegal." In response to this unfair disparagement (and similar attacks), which in turn created market uncertainty, and a subsequent simultaneous refusal by certain of the networks to accept DISH's television advertisements for the Hopper DVR, DISH filed this action against all four major networks seeking a declaratory judgment that DISH's Hopper DVR, and its AutoHop commercial-skipping feature, do not infringe on the networks' copyrights. DISH also seeks a declaration that it is in compliance with its re-transmission contracts with the networks that authorize DISH to re-broadcast the networks' programming — rights for which DISH pays the networks hundreds of millions of dollars per year. *Id.* ¶¶ 3, 31, 37-44. DISH commenced this action in the Southern District of New York on Thursday, May 24, 2012 at 4:06 p.m. EDT to protect and safeguard its ability to market and sell its lawful product.

DISH had no idea that three of the networks — defendants Fox, NBC and CBS — were on their way to court. Without any advance notice to DISH, Fox, NBC and CBS filed obviously coordinated actions, *ad seriatim*, in the Central District of California, later that same day, taking issue with the Hopper and AutoHop. While the networks made vague and generalized statements in the media attacking AutoHop, none wrote the customary cease and desist letter threatening litigation.

Fox and certain affiliates were the first of the networks to commence an action against DISH in the Central District of California. The Fox entities assert copyright infringement and

breach of contract claims against DISH. (Echtman Dec. Ex. 4.) Approximately one hour after Fox's action was filed, NBC and certain affiliates also sued DISH for copyright infringement action in the Central District of California. (Echtman Dec. Ex. 5.) Finally, certain CBS affiliates likewise commenced a copyright infringement action against DISH in the Central District of California approximately one hour after NBC. (Echtman Dec. Ex. 6.) Within the span of less than three hours, three of the four major networks brought separate lawsuits over the same technology.

CBS and NBC are represented by the same counsel and make virtually identical allegations against DISH. Amazingly enough, even though the Fox, NBC and CBS cases all relate to DISH's Hopper DVR and AutoHop, and the three actions have similar or identical claims of copyright infringement and would involve a substantial duplication of labor by three different judges, all three civil cover sheets check "no" as to whether there were related cases filed in the same court. (Echtman Dec. Exs. 5, 6.) Each case is assigned to a different Central District of California judge. *Id.*

This litigation among DISH and the networks has received extensive press coverage. The Los Angeles Times says that "[t]he major broadcast networks' legal skirmish with satellite television service Dish Network over its new ad-skipping device is shaping up to be a titanic struggle with enormous implications." Meg James & Dawn C. Chmielewski, *Networks' Fight with Dish over Ad-Skipping has Huge Implications*, L.A. TIMES, May 25, 2012, http://www.latimes.com/entertainment/envelope/cotown/la-et-ct-broadcast-networks-fight-with-dish-over-adskipping-has-enormous-implications-20120525,0,4852990.story; (Echtman Dec. Ex. 8).

This Court, as the court assigned the first-filed case, is tasked with determining where these nearly identical claims should be heard. But the Fox defendants have indicated that they will not recognize this Court's priority to decide that question. DISH has repeatedly requested that Fox respect the authority of this Court, but Fox has brought an Order to Show Cause in the Central District of California and has refused to hold it in abeyance until this Court resolves the question. (Echtman Dec. Exs. 4, 15.)

Accordingly, DISH moves this Court, pursuant to Fed. R. Civ. P. 65, for an anti-suit injunction against Fox, NBC and CBS to enjoin them from proceeding with their later-filed duplicative lawsuits, and in favor of all issues being joined in DISH's first-filed comprehensive action in this Court. DISH seeks a temporary restraining order against Fox to prevent it from pursuing its Order to Show Cause in California.

This Court is the appropriate forum for several reasons. *First*, the legal rule is that the first-filed case takes precedence and is presumptively the proper forum in the face of competing actions with overlapping claims. *Second*, the Southern District of New York is the only forum where all of these copyright infringement and breach of contract claims may be heard. DISH's claims against ABC will proceed in this Court, as ABC has not filed a competing action, and the Southern District of New York is the mandatory forum in DISH's contract with ABC. (Echtman Dec. ¶ 17.) The Southern District of New York is also one of two mandatory fora in DISH's contract with CBS (the other being Colorado), and DISH's contract claims against CBS accordingly must remain in this Court. (Echtman Dec. ¶ 16.) In addition, New York law is the express governing law for DISH's contracts with Fox, ABC and NBC. (Echtman Dec. ¶¶ 14 (Fox), 15 (NBC) and 17 (ABC).) *Third*, this is the most comprehensive action. DISH named all four major networks as defendants in this action in the Southern District of New York, in the

interests of judicial economy and consistency, in order to have the common copyright issue determined before one court in a manner that binds all interested parties. DISH also pleaded contract claims against each defendant, and the contract issues are inextricably intertwined with the copyright issues. *Finally*, the networks can hardly complain of the inconvenience of being sued in New York; ABC, CBS and NBC headquarters are located in the Southern District of New York. DISH Comp. ¶¶ 10-11, 13. And, News Corporation, owner of Fox, is headquartered in New York. News Corporation, Form 8-K (May 25, 2012), available at http://investor.newscorp.com/secfiling.cfm?filingID=1181431-12-32829.

DISH tried to avoid the need to file this motion. DISH wrote to counsel for Fox, CBS and NBC on Friday, May 25, 2012, the day after the suits were filed, and requested that those defendants agree to dismiss, transfer or stay their later-filed cases in deference to the first-filed suit in this Court. (Echtman Dec. Ex. 9.) In the absence of such an agreement, DISH asked that Fox, CBS and NBC commit, at a minimum, to hold their California actions in abeyance pending a determination of proper venue by this Court. *Id.* DISH further represented that it was available to discuss the issue by telephone over the three-day weekend. *Id.*

Fox responded to DISH's letter the same day, stating that it would be moving to dismiss this action and dubbing DISH's declaratory judgment action a "sham" — but not answering whether it would hold its California action in abeyance pending this Court's determination of venue. (Echtman Dec. Ex. 10.) On Saturday, May 26, 2012, counsel for DISH sent Fox's attorneys an email again requesting a response to its request that Fox's California action be held in abeyance and the courtesy of a telephone call to meet and confer over the weekend. (Echtman Dec. Ex. 11.) In Fox's Order to Show Cause papers, Fox had noted that it is "mindful that [its] Application is being filed before a holiday weekend and that the Court is closed on Monday,

May 28, 2012" yet requested a briefing schedule that required DISH to file substantive opposition papers "no later than Wednesday, May 30, 2012." (Echtman Dec. Ex. 7.) At the same time that Fox filed papers that required DISH's attorneys to work over the holiday weekend, Fox's attorneys were unwilling to extend the courtesy of participating in a weekend telephone call with DISH's counsel. On Sunday, May 27, 2012, DISH again requested a specific response to DISH's request that Fox hold its Order to Show Cause in abeyance. (Echtman Dec. Ex. 12.) Fox responded the same day, refusing to stay its California action or to speak prior to Tuesday, May 29, 2012. (Echtman Dec. Ex. 13.) As a compromise, DISH offered to meet and confer on Tuesday morning. (Echtman Dec. Ex. 14.) Fox responded that it would not hold its Order to Show Cause in abeyance. (Echtman Dec. Ex. 15.)

By declining to speak to DISH's counsel by telephone at any time during the course of the three-day weekend or Friday afternoon, Fox effectively frustrated DISH's efforts to comply with this Court's individual practice rules. Because Fox refused to suspend its Order to Show Cause in California, DISH is pursuing relief by Order to Show Cause as well, and seeks a temporary restraining order against Fox, to permit this Court to determine proper venue without the risk of inconsistent proceedings taking place in California.

In order to have this motion for an anti-suit injunction heard once with respect to all parties, DISH has joined CBS and NBC in the motion, despite the fact that it has not yet completed the meet and confer process with those parties. DISH initiated the process by reaching out to counsel for CBS and NBC on Friday, May 25, 2012. (Echtman Dec. Ex. 9.) When DISH did not immediately hear back from those attorneys, it followed-up over the weekend to ensure that they had received DISH's meet and confer letter. (Echtman Dec. ¶ 25.) On Sunday, May 27, 2012, counsel for CBS and NBC acknowledged receipt of DISH's letter

and represented that they would be providing a detailed response in accordance with this Court's individual practices and would be available to meet and confer by telephone after the holiday weekend. (Echtman Dec. Ex. 16.) On May 28, 2012, DISH provided CBS and NBC with an update regarding its attempts to meet and confer with Fox, notifying CBS and NBC of its intention to file its motion on the following day. (Echtman Dec. Ex. 17.) Because CBS and NBC have not sought expedited relief in the Central District of California, DISH does not request a temporary restraining order against those defendants, and will complete the meet and confer process with CBS and NBC. In the event that any of the issues raised in this motion can be resolved on consent with CBS and NBC, DISH will amend its motion accordingly.

DISH provided counsel for Fox, NBC and CBS with copies of DISH's motion papers before submitting them to Chambers. (Echtman Dec. ¶ 27.) DISH also obtained contact information from counsel for Fox, NBC and CBS for attorneys located in their New York offices who might be available to appear on this motion. (Echtman Dec. Exs. 15, 17.)

FACTUAL BACKGROUND

The Parties

DISH is a satellite television provider that provides pay-television service to millions of subscribers. DISH Comp. ¶ 2. DISH has contracts with each of the defendants in this action, Fox, CBS, NBC and ABC — which are collectively the four major television networks. *Id.* ¶ 31. Those contracts, among other things, permit DISH to re-transmit the broadcast signals of the networks' owned and operated affiliates to DISH's subscribers in exchange for substantial fees. *Id.* DISH pays annual fees to the major television networks and their affiliates in the hundreds of millions of dollars. *Id.*

The Hopper

In mid-March 2012, DISH brought the Hopper to market, a best-in-class HD DVR. DISH Comp. ¶ 19. Critics praised the Hopper for its ease of use and powerful technical specifications and features. *Id.* ¶ 20. *PCMagazine* named the Hopper an "Editor's Choice" among DVR products, calling the Hopper "one of the best DVRs we've ever seen." *Id.* *Popular Mechanics* also gave the Hopper an "Editor's Choice" award for outstanding achievement in new product design and innovation. *Id.* One feature, PrimeTime Anytime, allows viewers, with the press of a button, to record three hours of primetime HD programming from each of the four major television networks every night. *Id.* ¶ 21. Those recorded primetime shows remain available on the Hopper for eight days. *Id.* Because PrimeTime Anytime allows viewers to watch more primetime programming than they did before, viewers using PrimeTime Anytime are being exposed to programs that they otherwise might have missed. *Id.* Most primetime viewing occurs the same day, so PrimeTime Anytime is expected to increase viewer exposure to primetime shows and ultimately increase live viewership for the major television networks. *Id.*

The Auto Hop Feature

On May 10, 2012, DISH unveiled AutoHop, an additional feature for the Hopper. DISH Comp. ¶ 23. AutoHop provides DISH's pay-television subscribers the option of skipping commercials when playing back a primetime show recorded with PrimeTime Anytime. *Id.* That feature is not available until after 1 a.m. Eastern time on the day following the show's initial broadcast. *Id.* ¶ 30. DISH does not alter the network signal. *Id.* The original program airs in the same form transmitted by the network. DISH does not alter the DVR recording either. The commercials are not deleted or erased from the recorded program. *Id.* ¶ 23. The commercials are viewable if the customer does not elect to use AutoHop for any playback. *Id.* Even with AutoHop enabled, customers can view commercials by fast forwarding or rewinding during the

playback of a recorded show. *Id.* All AutoHop does is to compress the fast-forward function into a split second whenever the DVR hits a block of commercials.

AutoHop provides viewers with a more efficient means to do what they have been doing for decades, opting not to watch commercials. DISH Comp. ¶¶ 24-25. Viewers have always skipped commercials, using the commercial break as an opportunity to get up and momentarily leave the room. *Id.* ¶ 25. With the advent of the remote control in the 1950s, viewers began to change the channel or mute the sound during commercial breaks. *Id.* In 1955, when Zenith Electronics Corporation introduced the first wireless remote control, known as the "Flash-Matic," it advertised to viewers, "Just think! Without budging from your easy chair you can turn your new Zenith Flash-Matic set *on, off, or change channels*. You can even *shut off annoying commercials* while the picture remains on the screen." Margalit Fox, *Eugene Polley, Conjuror of a Device That Changed TV Habits, Dies at 96*, N.Y. TIMES, May 23 2012, at A21 (emphasis in the 1955 original). With the introduction of the VCR in the 1970s, viewers playing back a recorded show began to fast-forward through commercials. DISH Comp. ¶ 25. Today, many DVRs include a 30-second skip feature, which allows viewers to skip over a standard 30-second commercial advertisement. *Id.* ¶ 24. By pressing the 30-second skip button multiple times in succession, a viewer can bypass an entire commercial break between show segments. *Id.* DISH has had that feature for 10 years. *Id.* NBC's cable affiliate, Comcast, the biggest pay television provider in the nation, also provides its customers with DVR set top boxes and a remote control that can be programmed to provide 30-second skip functionality. *Id.*

The Major Television Networks Attack AutoHop In The Press

Shortly after DISH introduced AutoHop, top executives at the major television networks launched a highly public attack on commercial-skipping. DISH Comp. ¶ 32. For example, on

May 17, 2012, CBS Chairman Les Moonves declared, "[t]hey can't put our content on without commercials. . . . They just can't do it. It's illegal." Tim Molloy, *CBS's Moonves on Dish's Auto Hop: 'It's Illegal'*, REUTERS (May 27, 2010), available at http://news.yahoo.com/cbss-moonves-dishs-auto-hop-illegal-193411443.html; (Echtman Dec. Ex. 2).

A May 23, 2012 news article reported that "the parent companies of the four major broadcasting networks -- Fox Broadcasting, NBCUniversal, ABC/Disney Television Group and CBS Corp. -- have begun consulting with major law firms with the expectation that litigation will be filed against Dish" and that "[t]he networks are said to be examining their Dish license agreements, looking for breaches of contract that can be alleged along with claims for copyright infringement. One top exec said a lawsuit should be expected within a month." Matthew Belloni, *DISH vs. TV Networks: Attorneys Readying Showdown over Auto Hop*, THE HOLLYWOOD REPORTER (May 23, 2012), http://www.hollywoodreporter.com/thr-esq/dish-auto-hop-tv-networks-lawsuit-327958; (Echtman Dec. Ex. 3).

In addition, at almost the same time, Fox, CBS and NBC all began rejecting Hopper advertising from DISH, claiming that the advertisements were contrary to their interests. DISH Comp. ¶ 35. By attacking the legality of AutoHop and refusing all Hopper advertising, the networks cast a cloud over DISH's product, and threatened DISH's ability to promote and sell the Hopper DVR.

DISH Brings a Declaratory Judgment Action in Defense of the Hopper and AutoHop

On Thursday, May 24, 2012, at 4:06 p.m. Eastern Daylight Time, DISH filed this action against Fox, CBS, NBC and ABC seeking a declaratory judgment that it was not infringing on defendants' copyrights and that it was not otherwise in breach of the relevant underlying re-

transmission agreements. *See generally* DISH Comp. Service on all defendants was completed the next day.

DISH brought a single action against all of the networks alleging copyright and contract claims in order to avoid duplicative, piecemeal litigation, and to settle the growing dispute over the legitimacy of the Hopper and AutoHop, with all relevant parties and claims joined in one forum. This is the precise purpose of a declaratory judgment action, to avoid a multiplicity of suits and the risk of inconsistent adjudications. *Assicurazioni Generali, SpA v. Terranova*, 40 Fed. R. Serv. 2d 850, 1984 WL 1191, at *5 (S.D.N.Y. Oct. 25, 1984) (citations omitted) ("[T]he very purpose of a declaratory judgment is to avoid multiplicity of lawsuits and piecemeal litigation by providing a method for settlement of a controversy in its entirety."); *see also Derman v. Gersten*, 22 F.Supp. 877, 879 (E.D.N.Y. 1938); 10B CHARLES ALAN WRIGHT, ARTHUR R. MILLER, MARY KAY KANE & RICHARD L. MARCUS, FEDERAL PRACTICE & PROCEDURE § 2761 (3d Ed. updated 2012).

DISH selected the Southern District of New York as the venue for this action, because it is the only forum where all parties and issues could be joined. DISH's agreements with CBS and ABC contain mandatory forum selection clauses providing for jurisdiction over any dispute in the Southern District of New York. The CBS agreement states: "[t]he federal and state courts located in the city and state of Denver, Colorado and **the Southern District of New York** shall have **exclusive jurisdiction** to hear and determine **any claims, disputes, actions or suits that may arise under or out of this Agreement and each party hereby waives its right to make any claim to the contrary**." (Echtman Dec. ¶ 16 (emphases added).) The ABC agreement confines jurisdiction to this district, stating "[t]he Federal and state courts located in the County of New York in **State of New York** shall have **exclusive jurisdiction** to hear and determine **any**

claims, disputes, actions or suits which may arise under or out of this Agreement and each party hereby waives its right to make any claim to the contrary." (Echtman Dec. ¶ 17 (emphases added).)

Furthermore, New York law governs disputes pertaining to DISH's agreements with three of the four networks. The NBC and Fox agreements state that those contracts will be "**governed by and construed in accordance with the laws of the State of New York.**" (Echtman Dec. ¶¶ 15 (NBC) and 14 (Fox).) The contract between DISH and ABC similarly contains a choice of law provision stating that the agreement and "**all collateral matters relating thereto shall be construed in accordance with the laws of the State of New York.**" (Echtman Dec. ¶17).

DISH certainly had no reason to believe that any defendant would object to having the claims heard in New York. All of the parties to this suit have substantial contacts with New York. ABC, CBS and NBC have headquarters in Manhattan. DISH Comp. ¶¶10-11, 13. And, Fox also maintains offices and television studios here. *Id.* ¶12. Fox's parent, News Corporation, is headquartered in New York. News Corporation, Form 8-K (May 25, 2012), available at http://investor.newscorp.com/secfiling.cfm?filingID=1181431-12-32829. In addition, DISH is involved in an ongoing litigation with Walt Disney (ABC's parent company) in this Court. *See Disney Enterprises, Inc., et al. v. DISH Network, L.L.C.*, No. 11 Civ. 2973 (S.D.N.Y. 2011).

Fox, NBC and CBS Launch Three Different Coordinated Actions in Los Angeles

What DISH did not know was that the press reports about possible litigation were wrong. The networks were not just assessing their options and taking their time in deciding whether to sue. Rather, three of the four major television networks planned to file suit imminently, but separately, on the opposite coast. Later on May 24, 2012, after DISH filed this action, Fox, CBS

and NBC each filed complaints in the district court for the Central District of California, raising the same issues raised by DISH in the Complaint filed this action, all relating to DISH's Hopper DVR and AutoHop. Fox brought claims for copyright infringement and breach of contract. CBS and NBC brought copyright infringement claims alone, as if the re-transmission contracts were completely irrelevant.

Defendants do not dispute that DISH was the first to file. DISH filed its complaint at 4:06 p.m. Eastern Daylight Time. Fox filed its complaint at 1:35 p.m. Pacific Daylight Time, or 4:35 p.m. Eastern Daylight Time. (*See* Echtman Dec. Ex. 4.) NBC filed its complaint at 2:32 p.m. Pacific Daylight Time, or 5:32 p.m. Eastern Daylight Time. (*See* Echtman Dec. Ex. 5.) CBS filed its complaint at 3:29 p.m. Pacific Daylight Time, or 6:29 p.m. Eastern Daylight Time. (*See* Echtman Dec. Ex. 6.)

CBS Corporation, oddly, did not name itself as a plaintiff in its litigation against DISH, and instead named affiliates as its proxies, presumably to attempt to evade the forum selection provisions that it had agreed upon with DISH.[1]

Fox, in contrast, brought a contract claim as part and parcel of its copyright infringement action, demonstrating that the contract and copyright issues are intertwined.[2] At the same time Fox commenced its action, it submitted an Order to Show Cause to the district court in

---

[1] CBS Corporation sued as "CBS Broadcasting Inc., CBS Studios Inc., and Survivor Productions LLC" (*see* Echtman Dec. Ex. 6); NBCUniversal Media LLC has sued as "NBC Studios, LLC, Universal Network Television, LLC, Open 4 Business Productions, LLC, and NBCUniversal Media, LLC" (*see* Echtman Dec. Ex. 5); and Fox Entertainment Group, Fox Television Holdings, and Fox Cable Network Services have sued as "Fox Broadcasting Company, Inc., Twentieth Century Fox Film Corp., and Fox Television Holdings (*see* Echtman Dec. Ex. 4)."

[2] Inexplicably, Fox's complaint takes issue with DISH's Sling Adapter product that DISH has sold since November 2010. The Sling Adapter functions like other Sling products and services, which DISH has been selling since late 2007. Fox appears to have anticipated a declaratory judgment action by DISH, and added stale claims to attempt to distinguish its action and make it appear different. But while Fox seeks immediate relief from the California court, it can make no claim whatsoever that resolution of its new-found complaint over an old product requires the extraordinary action of a TRO or a preliminary injunction.

California, requesting an accelerated briefing schedule on a motion for immediate discovery in support of a prospective preliminary injunction motion. (Echtman Dec. Ex. 7.) Fox's claims of urgency are disingenuous, considering that the Hopper DVR with PrimeTime Anytime has been on the market since mid-March and the Sling Adapter has been sold by DISH for a matter of years. There was no need for Fox to rush into court with an Order to Show Cause. The network rating sweeps period is at an end, most of Fox's primetime programming has concluded its regular season, and Fox and the other major television networks are now showing reruns.

ARGUMENT

This Court should follow the presumptive first-filed rule and enjoin Fox, CBS and NBC from prosecuting their later-filed California actions. None of the limited exceptions to the first-filed rule applies, and the balance of considerations decisively favor proceeding with all issues in DISH's first-filed action in this Court. In addition, DISH respectfully requests that this Court temporarily restrain Fox from proceeding with its later-filed action until such time as this Court has had an opportunity to consider and determine the venue where these overlapping claims should be heard.

I. FOX, CBS AND NBC SHOULD BE ENJOINED FROM PURSUING DUPLICATIVE ACTIONS IN CALIFORNIA, AND FOX SHOULD BE TEMPORARILY RESTRAINED FROM PURSUING ITS ACTION PENDING A RULING BY THIS COURT

As a rule in the Second Circuit, "[w]here there are . . . competing lawsuits, the first suit should have priority." *Employers Ins. of Wausau v. Fox Entm't Group, Inc.*, 522 F.3d 271, 274-75 (2d Cir. 2008) (citing *First City Nat'l Bank & Trust Co. v. Simmons*, 878 F.2d 76, 79 (2d Cir. 1989)); *New York v. Exxon Corp.*, 932 F.2d 1020, 1025 (2d Cir. 1991). The same rule applies in the Ninth Circuit, where Fox, CBS and NBC brought their later-filed actions. *Alltrade, Inc. v. Uniweld Prods., Inc.*, 946 F.2d 622, 628 (9th Cir. 1991); *see also Pacesetter Sys., Inc. v.*

Medtronic, Inc., 678 F.2d 93, 94-95 (9th Cir. 1982); *Summit Entm't, LLC v. Bath & Body Works Brand Mgmt., Inc.*, No. 11 Civ. 3570, 2011 WL 2649973 (C.D. Cal. July 5, 2011) (Lew, J.). "This rule 'embodies considerations of judicial administration and conservation of resources' by avoiding duplicative litigation and honoring the plaintiff's choice of forum." *Employers Ins. of Wausau*, 522 F.3d at 275 (quoting *First City Nat'l Bank & Trust Co.*, 878 F.2d at 80).

As this Court has recognized in the case of *Reliance Ins. Co. v. Six Star, Inc.*, at a minimum, the court in which the first-filed case was brought "decides whether the first-filed rule or an exception to the first filed rule applies." *Reliance Ins. Co. v. Six Star, Inc.*, 155 F. Supp. 2d 49, 54 n. 2 (S.D.N.Y. 2001) (Swain, J.) ("*Reliance*") (one day between filings) (citing *Citigroup, Inc. v. City Holding Co.*, 97 F. Supp 2d 549, 556 n. 4 (S.D.N.Y. 2000)); *see also Stroock & Stroock & Lavan v. Valley Sys., Inc.*, No. 95 Civ. 6513, 1996 WL 11249, at *4 (S.D.N.Y. 1996). This holds true regardless of the time interval between filings. *Daimler-Chrysler Corp. v. General Motors Corp.*, 133 F. Supp. 2d 1041, 1043-44 (N.D. Oh. 2001) ("Leaving the decision of the first to file dispute to the court in which the first case was filed makes good sense.") (twelve minutes between filings); *Horn & Hardart Co.v. Burger King Corp.*, 476 F.Supp. 1058, 1060 (S.D.N.Y. 1979) ("[W]e do not see how the brevity of interlude can effect the danger of inconsistent results and duplication of judicial effort. One court or the other must decide which case is to proceed, and controlling authorities place the burden upon us.") (two and one-half hours between filings); *see also Intuitive Surgical, Inc. v. Cal. Institute of Tech.*, No. 07 Civ. 0063, 2007 WL 1150787, at *2-3 (N.D. Cal. Apr. 18, 2007) ("the court in the first-filed action should decide whether there is an exception to the first-to-file rule" because "[t]he policy rationale behind the first-to-file rule is supported by reasons 'just as valid when applied to the

situation where one suit precedes the other by a day as they are in a case where a year intervenes between the suits'" (citation omitted)) (hours between filings).

There is a strong presumption in favor of having all actions heard in the first-filed forum, and the party opposing application of the first-filed doctrine bears the burden to show that special circumstances demand an exception to its application. *Reliance*, 155 F. Supp. 2d at 54. Identical parties and issues are not required; the test is whether the later filed actions *embrace* the issues in the first-filed action. *Toy Biz, Inc. v. Centuri Corp.*, 990 F.Supp. 328, 332 (S.D.N.Y. 1998) (citing *Meeropol v. Nizer*, 505 F.2d 232, 235-37 (2d Cir. 1974)).

Where a case is filed in one federal district court, and later litigation embracing the same issues is commenced in another federal court, the first court has authority to enjoin the prosecution of the later-filed litigation by issuance of an anti-suit injunction. *New York v. Exxon Corp.*, 932 F.2d at 1025; *Meeropol*, 505 F.2d at 235-36. The court's power to enjoin prosecution derives from Fed. R. Civ. P. 65, governing injunctions and restraining orders. *Formflex Founds., Inc. v. Cupid Founds., Inc.*, 383 F.Supp. 497, 498 (S.D.N.Y. 1974) (analyzing injunction in connection with first-filed rule pursuant to motion under Fed. R. Civ. P. 65). The first-filed court is also authorized to issue a temporary restraining order barring the litigants from proceeding with later-filed cases until the forum issue is properly resolved. *See BuddyUSA, Inc. v. Recording Industry Ass'n of Am.*, 21 Fed. Appx. 52, 54 (2d Cir. 2001); *see also Horn & Hardart Co*, 476 F. Supp. at 1060.

While the first-filed court determines where the dispute should proceed, there are two exceptions to the first-filed rule of priority between actions — neither of which applies here — that may justify a decision by the first-filed court that the dispute should proceed in a later-filed venue. Those exceptions to first-filed priority are: (1) where special circumstances warrant

giving priority to the second suit, or (2) where the balance of convenience favors the later-filed action. *Employers Ins. of Wausau*, 522 F.3d at 275. Because the balance of convenience favors the Southern District of New York and there are no special circumstances that warrant giving priority to the later-filed suits, an anti-suit injunction should issue and bar Fox, CBS and NBC from proceeding in California, and this action, which names all of the relevant parties and encompasses all of the core issues, should be permitted to go forward.

II. THE BALANCE OF CONVENIENCE FACTORS FAVOR DISH'S FIRST-FILED ACTION

The balance of convenience weighs decisively in favor of DISH's first-filed action in this district. In order to weigh the balance of convenience, courts look to the factors considered in connection with motions to transfer venue pursuant to 28 U.S.C. §1404(a). *Everest Capital Ltd. v. Everest Funds Mgmt., L.L.C.*, 178 F. Supp. 2d 459, 465 (S.D.N.Y. 2002) (Swain, J.) ("*Everest*") (five days between filings); *Reliance*, 155 F. Supp. 2d at 56-57. Those factors are: (1) convenience of witnesses; (2) location of documents and access to sources of proof; (3) convenience of the parties; (4) locus of the operative facts; (5) availability of process to compel attendance of unwilling witnesses; (6) relative means of the parties; (7) forum's familiarly with the governing law; (8) weight accorded plaintiff's choice of forum; and (9) trial efficiency and the interests of justice. *Everest*, 178 F. Supp. 2d at 465. The most critical of these factors — which are trial efficiency and the interest of justice, convenience of the parties and familiarity with governing law — make clear that the claims between these parties should be determined in this action.

(1) Trial Efficiency and the Interests of Justice

The factor of trial efficiency and interests of justice is often determinative. *Everest*, 178 F. Supp. 2d at 468-69. Here, the interests of justice and trial efficiency favor a consolidated

litigation where all necessary parties are present and all issues are raised, to permit a comprehensive resolution that avoids inconsistent adjudications. This case is not only about copyright, it is also about the scope of the re-transmission contracts between DISH and the four major networks. DISH's copyright and contract claims will proceed against ABC in this Court no matter how this Court decides this motion with respect to Fox, CBS and NBC. It would be contrary to trial efficiency and the interests of justice to split these issues among separate suits. Based on the forum selection clauses in the ABC and CBS contracts, the Southern District of New York is the only venue where all of the claims can be heard together. *See Reliance*, 155 F. Supp. 2d at 57 ("[T]he Supreme Court has made clear the '[t]he presence of a forum selection clause . . . will be a significant factor that figures centrally in the district court's calculus.'" (citing *Stewart Organization, Inc. v. Ricoh Corp.*, 487 U.S. 22, 29 (1988))).

Moreover, the forum selection clause in the CBS contract is broad enough to encompass the copyright claims that CBS affiliates brought in California. It is well established in this Circuit that it is the *substance*, not the form of a claim that determines whether the forum selection clause applies. *Roby v. Corp. of Lloyd's*, 996 F.2d 1353, 1361 (2d Cir. 1993). This dispute over whether DISH has the right to provide its customers with a DVR that allows them to time-shift their viewing of CBS broadcast content implicates the contract between DISH and CBS, which authorizes DISH to transmit that content from CBS owned and operated affiliates to its satellite pay-television subscribers in exchange for substantial re-transmission fees. It is also well established that non-parties to an agreement are subject to the forum selection clause, if they are "closely related to the dispute such that it becomes foreseeable that [they] will be bound." *Nanopierce Tech., Inc. v. Southridge Capital Mgmt.*, No. 02 Civ. 0767, 2003 WL 22882137, at *5 (S.D.N.Y. Dec. 4, 2003) (citation omitted). A non-party is closely related to a dispute if its

"interests are completely derivative of and directly related to, if not predicated upon, the signatory party's interests or conduct." *Cfirstclass Corp. v. Silverjet PLC*, 560 F. Supp. 2d 324, 328 (S.D.N.Y. 2008) (citation omitted).

In addition, causes of action that will "necessarily require analysis of the parties' rights and duties under the agreements" are within the scope of those agreements' forum selection clauses. *Cfirstclass Corp.*, 560 F. Supp. 2d at 330 (applying a forum selection clause to causes of action that were based "on assertions regarding [the plaintiff's] rights . . . pursuant to the two agreements"); *see Direct Mail Prod. Services Ltd. v. MBNA Corp.*, No. 99 Civ. 10550, 2000 WL 1277597, at *6 (S.D.N.Y. Sept. 7, 2000). In *Direct Mail*, the court held that a narrow forum selection clause encompassed the plaintiff's copyright infringement claims because the court's analysis of those claims would "inevitably require reference to rights and duties defined in the Agreement, since the Agreement was essentially a license that governed [the defendant's] use of [the plaintiff's] databases." *Direct Mail*, 2000 WL 1277597 at *6; *see also Bluefire Wireless, Inc. v. Cloud9 Mobile Commc'ns, Ltd.*, No. 09 Civ. 7268, 2009 WL 4907060, at *3 (S.D.N.Y. Dec. 21, 2009) (non-contract claims were subject to forum selection clause where "the entire relationship between" the parties arose out of the contract).

Here, too, an analysis of CBS's claims that DISH's and its customers' use of the AutoHop feature infringes on a copyright will implicate rights under the re-transmission agreement between CBS and DISH. Those contract issues must be determined in DISH's New York action.

(2) Convenience of the Parties

The convenience of the parties also favors maintaining this action in New York, where it was first-filed. Outside of the litigation context, Fox, CBS and NBC negotiated for New York as

a proper forum and/or for the application of New York law. Moreover, CBS, NBC and ABC have their headquarters in New York, as well as Fox's parent, News Corporation. The convenience of the parties weighs heavily in favor of maintaining the New York action ahead of the later-filed actions in California.

(3) Familiarity With The Applicable Law

The fact that the Fox, NBC and ABC's agreements with DISH are expressly governed by New York law is yet another factor that militates in favor of the Southern District of New York as the appropriate forum. In sum, the balance of convenience overwhelmingly favors DISH. All of the relevant factors favor maintaining this action in this Court.

III. NO "SPECIAL CIRCUMSTANCES" WARRANT PROCEEDING IN A LATER-FILED FORUM

Fox has made an unwarranted accusation that DISH's action is a "sham." It is not. DISH commenced an appropriate declaratory judgment action that serves the express purpose of such actions — to resolve uncertainty about the parties' legal rights and responsibility and to avoid a multiplicity of suits. Plaintiffs seek declaratory judgments because they are "challenged, threatened, or endangered [from the] enjoyment of what [they claim] to be [their] rights, to initiate the proceedings against [their] tormentor and remove the cloud by an authoritative determination of [their] legal right[s], privilege[s] and immunity[ies] and the [defendants'] absence of right[s], and disability[ies]." *Everest*, 178 F. Supp. 2d at 469 (relying on *United States v. Doherty*, 786 F.2d 491, 498-99 (2d Cir. 1986)).

In certain contexts — not present here — courts decline to apply the first-filed rule where the first suit constitutes an improper anticipatory filing or a filing made under questionable circumstances. *Kellen Co. v. Calphalon Corp.*, 54 F. Supp. 2d 218, 223 (S.D.N.Y. 1999); *Toy Biz, Inc.*, 990 F.Supp. at 332. The courts will examine whether the first-filing party has acted in

bad faith, by lulling another party into a sense of security that negotiations are on-going, and then rushing to commence an action first in an inconvenient forum. That is not the case here.

In *BuddyUSA, Inc. v. Recording Industry Association of America*, the Second Circuit examined a case where the district court issued a temporary restraining order prohibiting defendants from proceeding with a later filed action in the Southern District of New York, and later converted that order into a preliminary injunction, ruling that plaintiffs did not bring an "anticipatory" declaratory judgment action. 21 Fed. Appx. 52 (2d Cir. 2001). The panel in *BuddyUSA* reviewed a closer call than is presented to the Court in this motion. In *BuddyUSA*, a demand letter had been sent by the later-filing party, warning plaintiffs that they had one week to comply or the defendants would have "little choice" but to "seek additional remedies." *Id.* at 54. The Second Circuit noted that district courts typically find exceptions to the first-filed rule "where declaratory actions are filed in response to demand letters ***that give specific warnings as to deadlines and subsequent legal action***." *Id.* at 55 (emphasis added). "By contrast, district courts have often refused to characterize a suit as anticipatory where it is filed in response to a notice letter that does not explicitly 'inform a defendant of the intention to file suit, a filing date, and/or a specific forum for the filing of the suit." *Id.* (citation omitted). Here, the question is easier. There was no notice letter, cease and desist letter, or indication of a direct threat of litigation of any kind. (Declaration of David Shull dated May 28, 2012 ("Shull Dec.") ¶3.) Accordingly, DISH's first-filed action was clearly not "anticipatory" under controlling Second Circuit precedent.

DISH received no direct communications from the networks that they were going to commence an action and there were no efforts by the networks to resolve the issues between the parties without the necessity of a lawsuit. (*See generally* Shull Dec. ¶ 3.) The networks made

generalized and ambiguous disparaging remarks about Auto Hop and challenged its legitimacy in the media, with one network chairman going so far as calling the service "illegal." Fox, CBS and NBC all stopped carrying advertising for the Hopper. Media reports indicated that the networks were contemplating suit, but DISH never received anything that could fairly be characterized as a direct threat of litigation, such as a notice letter indicating that suit would be filed in a particular venue on a particular date, or even an inquiry offering to discuss or mediate the dispute. DISH filed in the natural and correct forum, and brought all of the interested parties together to achieve the purpose of a declaratory judgment action, to fully resolve the issues and eliminate any cloud of uncertainty hanging over its rights.

A declaratory judgment action does not, in and of itself, trigger the anticipatory filing exception. Under the rules governing declaratory judgment actions, it is appropriate for a party to commence an action when the nature and tone of communications with another party has provided it with a reasonable apprehension that, if the activity in issue continues, it will be sued. *Everest*, 178 F. Supp. 2d at 470. That is exactly what declaratory relief is for, and precisely what happened here. The networks were making vague indirect public threats, but had not filed any action against DISH.

This Court expressly recognized in the *Everest* case that a proper declaratory judgment action will be accorded the same deference as any other first-filed lawsuit. *Everest*, 178 F. Supp. 2d at 470; *see also Employers Ins. of Wausau*, 522 F.3d at 277 ("the action was not improperly anticipatory — it was not a response to a direct threat of litigation . . . . Although litigation was clearly on the horizon, evidenced by the parties' retention of . . . counsel and the general tenor of the communications leading up to the action, and Appellees may have been caught off guard by the timing of the complaint, there was no notice letter or other communication conveying a

specific threat of litigation"). This proper declaratory judgment action should similarly be accorded the appropriate deference as a first-filed action, and should proceed in this Court.

The only other "special consideration" that might bar application of the first-filed rule relates to forum shopping. Forum shopping "justifies an exception to the first-filed rule 'where a suit bears only a slight connection to the [forum].'" *Reliance*, 155 F. Supp. 2d at 55 (citing *Toy Biz, Inc.*, 990 F.Supp. at 332). As set forth above, there was no forum-shopping by DISH. DISH chose the only appropriate forum for this action. If any parties were engaging in forum shopping, it appears to be Fox, CBS and NBC. Because no special considerations apply, the Court should apply the first-filed doctrine and enter an anti-suit injunction in DISH's favor, as well as a temporary restraining order against Fox.

CONCLUSION

This dispute belongs in New York, where DISH filed first. For the foregoing reasons, DISH respectfully requests that this Court grant its motion for an anti-suit injunction, barring Fox, CBS and NBC from prosecuting their later filed actions in the Central District of California, and temporarily restraining Fox from proceeding with its later-filed action pending a decision on this motion, together with such other and further relief as may be just and proper.

Dated: New York, New York
May 29, 2012

Respectfully submitted,

ORRICK HERRINGTON & SUTCLIFFE LLP

Peter A. Bicks
pbicks@orrick.com
E. Joshua Rosenkranz
jrosenkranz@orrick.com

Elyse D. Echtman
eechtman@orrick.com
51 West 52nd Street
New York, New York 10019-6142
(212) 506-5000

Annette L. Hurst (subject to admission *pro hac vice*)
ahurst@orrick.com
The Orrick Building
405 Howard Street
San Francisco, California 94105-2669
(415) 773-5700

Of Counsel:

Mark A. Lemley (subject to admission *pro hac vice*)
mlemley@durietangri
Michael Page (subject to admission *pro hac vice*)
MPage@durietangri
Durie Tangri LLP
217 Leidesdorff Street
San Francisco, California 94111
(415) 362-6666

Attorneys for DISH Network L.L.C.