

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

DREW TECHNOLOGIES, INC.,

Plaintiff,

v.

**SOCIETY OF AUTOMOTIVE
ENGINEERS, INC.,**

Defendant.

C.A. No. 03-CV-74535-NGE

Hon. Nancy G. Edmunds
United States District Judge

Hon. Paul J. Komives
United States Magistrate Judge

**RULE 12(b)(1) MOTION TO DISMISS FOR LACK OF SUBJECT-MATTER
JURISDICTION, AND FED. R. CIV. P. 60(b), and Local Rule 7(g) MOTION
REQUESTING THAT SUMMARY JUDGMENT OR DISMISSAL
NOT BE DELAYED FOR FUTILE DISCOVERY**

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**Motion To Dismiss And Motion For Relief
From Delay Of Summary Judgment, in Drew
Technologies, Inc. v. Society of Automotive Eng'rs.,
C.A. No. 03-CV-74535-NGE.**

ISSUES PRESENTED AND PRINCIPAL AUTHORITIES

- I. If the following eight premises are all true:
- (1) A Rule 56 Motion by DrewTech (as counterclaim *Defendant*) may be filed “**at any time**” – see FED. R. CIV. P. 56(b) – and need not wait for any discovery;
 - (2) The purpose of the FEDERAL RULES OF CIVIL PROCEDURE (including Rules 56(b), (c), and (f)), is “to secure the just, speedy, and inexpensive determination of every action,” according to FED. R. CIV. P. 1;
 - (3) As counterclaim *Defendant*, DrewTech is not required to prove – or introduce evidence – of anything, but only to make a “showing” (as we have done) of the key deficiencies in the legal theory of the SAE’s counterclaim – see *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986) (“Of course, a party seeking summary judgment always bears the initial responsibility of informing the district court of the basis for its motion But unlike the Court of Appeals, **we find no express or implied requirement in Rule 56 that the moving party support its motion with affidavits or other similar materials negating the opponent’s claim.**”);
 - (4) In order to justify any discovery at all, the SAE and its counsel have the burden under FED. R. CIV. P. 56(f) – even if no discovery at all has been taken so far – of submitting a sworn declaration setting forth, with specificity (1) the precise discovery that they claim would need to be taken, and (2) what they think said discovery would accomplish, if taken, to raise a “genuine issue of material fact,” – and **they have not done so** (even though the Sixth Circuit’s rulings are exceedingly clear in this regard), see, e.g., *Skousen v. Brighton High School*, 305 F.3d 520, 524 (6th Cir. 2002);
 - (5) Because any state-law claims are necessarily pre-empted by the Copyright Act (this is explained already in our Reply Memorandum), in order to go forward with any claim whatsoever, the SAE must come forward with a written Certificate of Registration from the Copyright

Office, 17 U.S.C. § 411(a), **the SAE has not done so**, and in the absence of a Registration Certificate, any discovery on the “counterclaims” would be a complete waste of time and resources;

- (6) In order to go forward with any claim whatsoever, the SAE must **also** come forward with a second document (in addition to a written Certificate of Registration from the Copyright Office) – namely, a written copyright document signed by Kerby Suhre. This document may take one of two forms:
- A. A “work made for hire” agreement, in writing, and signed by Suhre; or
 - B. A copyright assignment memorandum, in writing, and signed by Suhre.

In the absence of one or the other (and the SAE would have presented one or the other, if either one existed), then the SAE has no legal basis whatsoever to state any claim, and dismissal of the counterclaim is required as a matter of law. Delay of the dismissal for “discovery” to take place is a complete waste of everyone’s time and resources;

- (7) We are hereby providing notice to the SAE and to this Court that when DrewTech, sooner or later, becomes the prevailing party with respect to the “counterclaims” (which “counterclaims,” in our view, are objectively baseless) – DrewTech will be presumptively entitled to recover a reasonable attorney’s fee.¹ Fogerty v. Fantasy, Inc., 510 U.S. 517 (1994). By dismissing the case now, the Court can minimize the exposure of the SAE to attorneys’ fees. If the SAE and the Court insist on pressing forward on a fishing expedition to delay the

¹Copyright cases are an exception to the “American Rule” that each party bears its own costs and fees, because fee-shifting is specifically authorized by statute, 17 U.S.C. § 505, is routinely awarded by the courts, and is presumptively awarded to the prevailing party in copyright cases. In trademark cases, attorneys’ fees are only awarded “in exceptional cases.” In contrast, in copyright cases, there is no need to establish that a case is “exceptional” in order to trigger an award of fees. Although not automatic, such fee awards are the rule rather than the exception in copyright cases. See Fogerty, *supra*.

inevitable, we want to make it perfectly clear that the SAE will (when DrewTech ultimately prevails) probably have to pay a much greater amount in attorneys' fees, and that the increased payment is not DrewTech's fault (because we told you so at the beginning of the litigation);

then, why are we wasting everyone's time with "discovery" – when the outcome of the "counterclaims" is easily settled as a matter of law?

- II. Does subject-matter jurisdiction exist to entertain the Defendants' counterclaims, or are they subject to dismissal under Rule 12(b)(1) (which cannot be waived)?

Most Relevant Authorities:

17 U.S.C. § 411

Xoom, Inc. v. Imageline, Inc., 323 F.3d 279, 283 (4th Cir. 2003) ("Copyright registration is a jurisdictional prerequisite to bringing an action for infringement under the Copyright Act.").

Coles v. Wonder, 283 F.3d 798 (6th Cir. 2002);

Murray Hill Pubs. v. ABC Communications, Inc., 264 F.3d 622 (6th Cir. 2001) (addressing pre-emption of state claims);

Wrench, LLC v. Taco Bell Corp., 256 F.3d 446 (6th Cir. 2001) (pre-emption case);

Heydon v. MediaOne of S.E. Mi., 327 F.3d 466, 470 (6th Cir. 2003):

The Declaratory Judgment Act does not create an independent basis for federal subject matter jurisdiction. See Skelly Oil Co. v. Phillips Petroleum Co., 339 U.S. 667, 671-72 (1950); Aetna Life Ins. Co. v. Haworth, 300 U.S. 227, 240 (1937) (explaining that the Declaratory Judgment Act is procedural only). . . .

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The point we want to make is a practical one, about simple common sense. It is simply this: Attorneys' fees are presumptively awarded to the prevailing party (here, DrewTech) in copyright cases. If the Court dismisses the counterclaim now, then the reimbursement from the SAE to DrewTech of DrewTech's attorney fees can be relatively modest (which is the whole reason that – after the SAE repeatedly refused to sit down and meet with DrewTech and work out these issues amicably – DrewTech promptly filed suit, and did not delay one minute in seeking summary judgment, so as not to make the litigation any more expensive than necessary). Alternatively, the Court – if it really believes it necessary to do so – can make us go through the motions

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of discovery, only to arrive at the same result, and the SAE can pay a whole lot more (not only its own lawyer bills, but DrewTech's as well) for a prolonged and (at present) non-specific, unconstrained, and free-form adventure in discovery. We respectfully submit that prompt dismissal is the better course.

On Wednesday, May 19, 2004, the Court held a hearing on Plaintiff / Counterclaim Defendant Drew Technologies's (DrewTech's) Motion for Partial Summary Judgment. The Court – apparently believing (even though FED. R. CIV. P. 56(b) clearly says otherwise on its face) that summary judgment must wait until after discovery, elected to deny the Motion without prejudice so that entirely unspecified discovery may be taken, after which DrewTech was invited to renew its Motion.

The Court, of course, has discretion to order discovery (although we would respectfully ask the Court for written guidance as to the precise discovery that the Court believes is necessary or beneficial under the circumstances), and we are delighted to conduct discovery – especially so, if the Court can point us in the direction of the specific areas that it believes require factual elaboration.

However, based on careful legal analysis, we respectfully submit that any discovery at all (insofar as it pertains to the “counterclaims”) will necessarily represent an exercise in futility and will merely waste everyone's time and resources.

At the end of the process, we will be back at the same point – only, with a more

voluminous record for the Court to sift through before arriving at the same result (namely, dismissal of the counterclaims because two key documents remain absent from the to-become-voluminous record – (1) any Registration Certificate from the Copyright Office, which necessarily means that subject-matter jurisdiction is lacking; and (2) any signed copyright transfer from Kerby Suhre to the SAE).

The purpose of this Motion is simply to point out that DrewTech – when it prevails – will presumptively be entitled to recover attorneys’ fees from the SAE, and the SAE will presumptively be required to pay our fees. The question before the Court is whether it makes more sense to do this the inexpensive and efficient way, or to favor the less-efficient and more roundabout method.

If FED. R. CIV. P. 1 provides any guidance, then we suggest the Court should favor the option that promotes “the just, speedy, and inexpensive determination of [this] action,” without burdening the SAE (even though the SAE is the party asking for it) with discovery that – ultimately – will accomplish nothing.

The Court can dismiss the case now (and the law amply supports such a decision), which means the SAE can pay a little money. If the SAE thinks it ought to have been given more discovery, it can take an appeal to the Sixth Circuit (and then explain to the Court of Appeals why the SAE filed no Rule 56(f) affidavit – which failure by a summary judgment non-movant to file a 56(f) affidavit is a virtually

guaranteed way for district court rulings to be affirmed in this Circuit).

Or, the Court can re-iterate its directive to go take discovery, in which case we will come back later, the SAE will still lose, and the SAE can pay a whole lot more money for the experience of discovery and further study of copyright law. If the Court decides to put the disposition of the counterclaims off until later, however, then we want to make it abundantly clear that DrewTech is not to blame for all the extra court-ordered work and discovery between now and the outcome of the case. SAE has asked for the work to be done, and the Court (over DrewTech's objection) has told us to do the unnecessary work of taking discovery. The Court therefore deserves to know and understand in advance that the SAE will have no basis to complain about the magnitude of the attorneys' fees that it will be required to pay to DrewTech - when we come back to court (after discovery) and the SAE's case remains just as objectively baseless as we have already pointed out.

Without **both** of the necessary documents (neither one alone is sufficient for the SAE to go forward with its case), the SAE has no case as a matter of law. No amount of discovery will cure the critical defects in the SAE's case. Accordingly, the legally correct thing to do (especially when the SAE has not bothered to provide a Rule 56(f) list of the specific discovery it thinks it needs), is for the Court to dismiss the counterclaims without further ado.

DrewTech also respectfully moves, under Rule 12(b)(1), to dismiss the counterclaims for lack of subject-matter jurisdiction. Because the SAE has not fulfilled the requirements of 17 U.S.C. § 411, a jurisdictional pre-requisite is lacking, and subject-matter jurisdiction is not present. The SAE cannot create subject-matter jurisdiction by attempting to “plead around” the requirements of section 411, with state-law “conversion” or federal Declaratory Judgment Act allegations. The case-law in this Circuit is absolutely clear that the state-law claims are pre-empted by the copyright act (and must be dismissed) and the Declaratory Judgment Act provides no independent basis for subject-matter jurisdiction. Accordingly, the “counterclaims” must be dismissed as a matter of law. The defense set forth in Rule 12(b)(1) cannot be waived. FED. R. CIV. P. 12(h)(3).

CONCLUSION

Plaintiff and counterclaim-Defendant DrewTech respectfully prays that the counterclaims be dismissed.

May 23, 2004

Respectfully submitted,

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CERTIFICATE OF CONFERENCE

I certify that the conference requirements of Local Rule 7.1, were satisfied
on Monday May 24, 2004.

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**MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF
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The “counterclaims” that the SAE purports to assert – namely, a state-law “conversion” claim, and a claim based on the federal Declaratory Judgment Act – must both be dismissed for lack of subject-matter jurisdiction.

The SAE is forbidden from prosecuting any claim in court based on the view that the Program is a “derivative work” of the Document. The SAE is forbidden from doing so, because the SAE is not permitted to come into court (the Court lacks subject-matter jurisdiction) in the absence of a specific piece of paper – namely, a copyright registration certificate for the Document from the Copyright Office of the

Library of Congress. The SAE has not presented the Court with its ticket to get into court (the registration certificate) and therefore, subject-matter jurisdiction is lacking.

Likewise, the SAE is forbidden from prosecuting any claim that it (and not DrewTech) is the “owner” of the Program. The SAE is forbidden from doing so, because the SAE is not permitted to come into court (the Court lacks subject-matter jurisdiction) in the absence of a specific piece of paper – namely, a copyright registration certificate for the Program from the Copyright Office of the Library of Congress. The SAE has not presented the Court with its ticket to get into court (the registration certificate) and therefore, subject-matter jurisdiction is lacking. See 17 U.S.C. § 411; Xoom, Inc. v. Imageline, Inc., 323 F.3d 279, 283 (4th Cir. 2003) (“Copyright registration is a jurisdictional prerequisite to bringing an action for infringement under the Copyright Act.”).

The SAE, of course, has attempted to avoid the clear requirement of Section 411, by re-packaging its copyright claim under the guise of a state-law “conversion” claim, and by asking for a “declaratory judgment.” These stratagems are nothing new and experienced lawyers like Messrs. Wettach and Heintl should know better than to attempt to get away with tricks that the Sixth Circuit has already rejected again and again, in multiple published decisions.

First, the “declaratory judgment” trick is a real loser because the Declaratory

Judgment Act provides no independent basis for jurisdiction, when 17 U.S.C. § 411 squarely rules out jurisdiction over the SAE's counterclaims in the absence of a certificate of registration. As stated in Heydon v. MediaOne of S.E. Mi., 327 F.3d 466, 470 (6th Cir. 2003):

The Declaratory Judgment Act does not create an independent basis for federal subject matter jurisdiction. See Skelly Oil Co. v. Phillips Petroleum Co., 339 U.S. 667, 671-72 (1950); Aetna Life Ins. Co. v. Haworth, 300 U.S. 227, 240 (1937) (explaining that the Declaratory Judgment Act is procedural only). . . .

Numerous other cases by the Sixth Circuit and the Supreme Court (we will not trouble the Court with a string-citation) have repeatedly rejected precisely the same kind of “declaratory judgment” plead-arounds, again and again. The SAE’s attempt to rely on the Declaratory Judgment Act for jurisdiction, despite Section 411, is transparently faulty and objectively baseless. The SAE and its lawyers should be sanctioned for attempting to foist such a transparent sham on this honorable Court.

Likewise, the SAE is clearly forbidden from attempting (as it has done) to re-package a copyright claim (forbidden because of 17 U.S.C. § 411), as a state-law “conversion” claim. The Sixth Circuit could not possibly be more clear about how such state-law claims are pre-empted and must be brought (if at all) under the

Copyright Act, not under Michigan law. Murray Hill Pubs. v. ABC Communications, Inc., 264 F.3d 622 (6th Cir. 2001); Wrench, LLC v. Taco Bell Corp., 256 F.3d 446 (6th Cir. 2001). See also Sarver v. Detroit Edison Co., 225 Mich. App. 580, 556 N.W.2d 180 (1997) (Michigan recognizes no free-standing “conversion” claim for what the plaintiff – here SAE – unilaterally and subjectively deems to be her or its “idea” or “intellectual property”). Simply put, there is no basis in law for the SAE to assert any Michigan state-law “conversion” claim – and any such claim is both pre-empted and subject to dismissal for lack of subject-matter jurisdiction, due to the operation of 17 U.S.C. §§ 301 and 411, in combination. Section 301(a) specifically states:

On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

17 U.S.C. § 301(a). In short, the SAE’s claims for both “declaratory judgment” and “conversion” are both objectively baseless, and SAE’s learned counsel should have known better than to file such nonsense in this Court.

Both counterclaims – (1) “declaratory judgment,” and (2) “conversion” – represent an attempt to “plead around” the categorical requirements of 17 U.S.C. §§ 301 and 411, and as such should be dismissed forthwith for lack of subject-matter jurisdiction (and attorneys’ fees awarded to DrewTech under 17 U.S.C. § 505). See Fogerty v. Fantasy, Inc., 510 U.S. 517 (1994) (prevailing defendant or counterclaim defendant entitled to fees on same basis as prevailing copyright plaintiff).

It only makes sense for the Court to go ahead and dismiss the counterclaims now (and award DrewTech a relatively modest amount in attorneys’ fees), rather than putting the parties through needless discovery – only to wind up at the same point several months and several hundred thousand dollars hence. The right thing to do is to dismiss the counterclaims forthwith and (because the counterclaims truly are objectively baseless), to award a reasonable attorneys’ fee to DrewTech.

Again, as explained previously, the point we want to make is a practical one, about simple common sense. It is simply this: Attorneys’ fees are presumptively awarded to the prevailing party (here, DrewTech) in copyright cases. If the Court dismisses the counterclaim now, then the reimbursement from the SAE to DrewTech

of DrewTech's attorney fees can be relatively modest (which is the whole reason that – after the SAE repeatedly refused to sit down and meet with DrewTech and work out these issues amicably – DrewTech promptly filed suit, and did not delay one minute in seeking summary judgment, so as not to make the litigation any more expensive than necessary). We respectfully urge and implore this honorable Court not to make us all unnecessarily go through the motions of discovery, only to arrive at the same result – but only after a prolonged and (at present) non-specific, unconstrained, and free-form adventure in discovery. We pray for dismissal (under rule 12 or 56) without delay. The defense set forth in Rule 12(b)(1) cannot be waived. FED. R. CIV. P. 12(h)(3). Prompt dismissal is entirely appropriate.

CONCLUSION

Plaintiff and counterclaim-Defendant DrewTech respectfully prays that the counterclaims be dismissed.

May 23, 2004

Respectfully submitted,

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