No. 15-13816

IN THE UNITED STATES COURT OF APPEALS

FOR THE ELEVENTH CIRCUIT

OPINION CORP., AND

CONSUMER OPINION CORP.,

Plaintiffs-Appellants,

v.

ROCA LABS, INC.,

Defendant-Appellee.

On Appeal from the United States District Court
for the Middle District of Florida

No. 8:15-cv-00811

Hon. Elizabeth A. Kovachevich

BRIEF OF OPINION CORP. AND CONSUMER OPINION CORP. AS PLAINTIFFS-APPELLANTS

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CERTIFICATE OF INTERESTED PERSONS AND CORPORATE DISCLOSURE STATEMENT

Pursuant to 11th Cir. R. 26.1 and 28.1(b), I hereby certify that the following persons constitute a complete list of the trial judge(s), all attorneys, persons, associations of persons, firms, partnerships, or corporations that have an interest in the outcome of the particular case or appeal, including subsidiaries, conglomerates, affiliates and parent corporations, including any publicly held corporation that owns 10% or more of the party's stock, and other identifiable legal entities related to a party:

- Berger, Paul H., attorney for defendant-appellee
- Coleman, Ronald D., attorney for plaintiffs
- Consumer Opinion Corp., plaintiff-appellant
- Goetz FitzPatrick, LLP, attorneys for plaintiffs
- Juravin, Don, shareholder of defendant-appellee
- Hurricane Law Group, attorneys for defendant-appellee
- Kovachevich, Hon. Elizabeth A., trial judge
- Opinion Corp., plaintiff-appellant
- Podolsky, Michael, shareholder of plaintiffs-appellants
- Randazza, Marc J., attorney for plaintiffs-appellants

- Randazza Legal Group, PLLC, attorney for plaintiff-appellant
- Roca Labs, Inc., defendant-appellee
- Roca Labs Nutraceuticals USA, Inc., alleged alter-ego of defendant-appellee
- Syrov, Alex, shareholder of plaintiffs-appellants

Pursuant to Fed. R. App. P. 26.1(a), Plaintiffs-Appellants hereby disclose that there is no parent corporation or any publicly held corporation that owns 10% or more of their stock.

By: /s/ Marc J. Randazza
Marc J. Randazza

STATEMENT REGARDING ORAL ARGUMENT

This case alleges violations by Defendant-Appellee Roca Labs, Inc., of the Digital Millennium Copyright Act ("DMCA") and other claims that arose after Plaintiffs-Appellants had served their responsive pleading to a previously-filed defamation action. The appeal challenges the district court's determination that these claims were mandatory counterclaims to the defamation action and thus failed to state a claim necessary to survive dismissal. Resolution of this issue will affect a broad spectrum of cases where new claims arise after responsive pleadings have been served. Plaintiffs-appellants believe that oral argument will assist the Court in its consideration of this appeal.

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STATEMENT OF JURISDICTION

Plaintiffs-Appellants filed this lawsuit alleging that (i) Defendant-Appellee violated the DMCA, 17 U.S.C. § 512(f) when it sent an improper takedown notice to improper parties regarding non-infringing matter; (ii) Defendant-Appellee violated the DMCA, 17 U.S.C. § 512(f) when it sent an improper takedown notice to assert copyright in its name; (iii) Defendant-Appellee committed an abuse of process by use of the improper takedown notice; (iv) Plaintiff-Appellant Opinion Corp. was entitled to a declaration that certain matter did not infringe Defendant-Appellee's copyright; (v) Plaintiffs-Appellants were entitled to a declaration that statements about Defendant-Appellee were non-defamatory; (vi) Plaintiff-Appellant Consumer Opinion Corp. was entitled to a declaration that it did not commit defamation because it was not the speaker of the alleged defamatory matter;[1] and (vii) Plaintiffs-Appellants were entitled to a declaration that Roca Labs Nutraceuticals USA, Inc., was the alter ego of Defendant-Appellee. See T18 [Complaint], D.1 pp. 6-17.[2] The district court therefore had federal question (copyright) and supplemental jurisdiction under 28 U.S.C. §§ 1331, 1338(a) &

[1] The district court correctly notes that no explicit declaration was requested for Count VI. T47, D.43 at p.4 n.7. However, the count is styled for declaratory relief and, on remand, Plaintiffs-Appellants will seek leave to amend to clarify the relief sought, and otherwise includes, as with all counts, the relief sought in the Prayer for Relief. T18, D.1 at pp. 17-18.

[2] "T" refers to the Appendix tab number at which the cited document can be found. "D" refers to the district court docket entry number.

1367(a). This Court has jurisdiction under 28 U.S.C. § 1291 because Appellants appeal a final order of a federal district court. See T47 [Order of Dismissal], D.43. The final order was entered on August 10, 2015, and the Notice of Appeal was filed on August 24, 2015. See T47 [Order of Dismissal], D.43 and T48 [Notice of Appeal], D.45. Plaintiffs-Appellants assert that the appeal is from a final order that disposes of all parties' claims. See T47 [Order of Dismissal], D.43.

STATEMENT OF THE ISSUES

Whether the district court improperly dismissed Plaintiffs-Appellants' original complaint for failure to state a claim where such claims arose after Plaintiffs-Appellants had served their responsive pleading to a previously-filed defamation action, where the district court determined that these claims were mandatory counterclaims to the defamation action.

STATEMENT OF THE CASE

As set forth above, Plaintiffs-Appellants filed this lawsuit alleging that (i) Defendant-Appellee violated the DMCA, 17 U.S.C. § 512(f) when it sent an improper copyright takedown notice to improper parties regarding non-infringing matter; (ii) Defendant-Appellee violated the DMCA, 17 U.S.C. § 512(f) when it sent an improper takedown notice to assert copyright in its name; (iii) Defendant-Appellee committed an abuse of process by use of the improper takedown notice; (iv) Plaintiff-Appellant Opinion Corp. was entitled to a declaration that certain matter did not infringe Defendant-Appellee's copyright; (v) Plaintiffs-Appellants were entitled to a declaration that statements about Defendant-Appellee were non-defamatory; (vi) Plaintiff-Appellant Consumer Opinion Corp. was entitled to a declaration that it was not the speaker of the alleged defamatory matter; and (vii) Plaintiffs-Appellants were entitled to a declaration that Roca Labs Nutraceuticals

USA, Inc., was the alter ego of Defendant-Appellee. See T18 [Complaint], D.1 pp. 6-17.

i. Course of Proceedings and Dispositions in the Court Below

On January 14, 2015, Plaintiffs-Appellants filed a seven-count complaint, initially in the U.S. District Court for the Southern District of Florida. See T18 [Complaint], D.1. Defendant-Appellee filed a motion to dismiss for improper venue per Fed. R. Civ. P. 12(b)(3) or, in the alternative, for transfer. See T25, D.16. Defendant-Appellee did not raise at that time a motion under Rule 12(b)(6)). Although Plaintiffs-Appellants opposed such motion, the Southern District of Florida transferred the case to the Middle District of Florida. See T29, D.19 & T35, D.24. Following the transfer, Defendant-Appellee filed a second motion to dismiss, under Fed. R. Civ. P. 12(b)(6) and 13(a)(1)(A)),[3] asserting that the claims were mandatory counterclaims to the matter of *Roca Labs, Inc. v. Consumer Opinion Corp., et al.*, Case No. 8:14-cv-02096 then pending in the Middle District of Florida. See T38, D.28. Plaintiffs-Appellants filed a timely opposition. See T39, D.29 (includes exhibits). Defendants-Appellants thereupon sought leave to file a reply memorandum, which it was permitted to file over Plaintiffs-Appellants' objection. See T42, D.30; see also T43, D.31; T45, D.34; and see T46, D.38. On August 10, 2015, the district court allowed the second motion to dismiss and issued

[3] Traditionally, such a motion should have been summarily denied for failure to have raised the defense in the first motion. See Fed. R. Civ. P. 12(g)(2).

an order dismissing the matter with prejudice. See T47, D.43. Plaintiffs-Appellants filed a timely notice of appeal. See T48, D.45; see also Fed. R. App. 4(a).

ii. Statement of the Facts

Plaintiff-Appellant Opinion Corp. ("OC") operates a consumer review website.

Defendant-Appellee Roca Labs, Inc. ("Roca"), purports to manufacture and sell a weight loss product. See T6, Defamation Complaint, Doc. 1-1 at ¶¶ 15-16. Roca is currently the subject of an Order shutting down its business operations, at least temporarily, due to unfair and deceptive trade practices. See *Federal Trade Commission v. Roca Labs, Inc.*, Case No. 8:15-cv-02231-MSS-TBM, United States District Court, Middle District of Florida, Docket # 13, September 29, 2015.

Roca was initially concerned with the general existence of complaints on PissedConsumer.com authored "by John Does" and made demand for their removal on June 11, 2014. See T6, Defamation Complaint, pp. 121-122. It had more specific concern with 11 unflattering statements appearing on the PissedConsumer.com website about it and three related statements on Twitter. T6, Defamation Complaint 1-1. at ¶¶ 86 & 88. By letters of August 4 & 7, 2014, Roca demanded that OC remove the statements as defamatory, and it made claims of trademark and copyright infringement by virtue of the content on the website. T4

[Complaint], SDNY Doc. 1 at ¶¶ 22, 24 & 25; T9, SDNY Doc. 19-3; T10, SDNY Doc. 19-4. Thus, on August 12, 2014, OC preemptively filed suit against Roca in the Southern District of New York, where Plaintiffs-Appellants are organized (hereinafter "SDNY Case"), for: (1) declaration of trademark non-infringement, non-dilution, and no unfair competition; (2) declaration of copyright non-infringement; (3) declaration of no deceptive or false advertising; and (4) declaration that it is immune from Roca's claims under Section 230 of the Communications Decency Act. *Id*.

Rather than file a compulsory counterclaim to the SDNY Case, on August 15, 2014, Roca brought suit against Plaintiffs-Appellants in the Circuit Court of the 12th Judicial Circuit, in and for Sarasota County, Florida, Case No. 2014 CA 004759 NC (hereinafter "02096 Case" or "Defamation Case"). T6, Defamation Complaint, Doc 1-1. Such suit alleged the following counts: (1) violation by COC of the Florida Deceptive and Unfair Trade Practices Act ("FDUPTA"); (2) violation by OC of FDUPTA; (3) tortious interference by COC with contractual relationships; (4) tortious interference by OC with contractual relationships; (5) tortious interference by COC with a prospective economic relationship; (6) tortious interference by OC with a prospective economic relationship; (7) defamation against COC for the PissedConsumer.com statements; (8) defamation against OC for the PissedConsumer.com statements; (9) defamation against COC for the

Twitter statements; (10) defamation against OC for the Twitter statements; and (11) for declaratory relief. *Id*. All of the counts related to the then-existing alleged statements on PissedConsumer.com and Twitter. *Id*. On August 26, 2014, Plaintiffs-Appellants removed the 02096 Case to the United States District Court for the Middle District of Florida, docketed as Case No. 8:14-cv-02096. T5 [Notice of Removal], Defamation Doc. 1. Subsequently, on September 11, 2014, Plaintiffs-Appellants filed their answer and affirmative defenses to Roca's complaint in the 02096 Case. T7, Defamation Doc. 9.

Following its answer in the 02096 Case, on September 30, 2014, OC amended its complaint in the SDNY Case to include Roca Labs Nutraceuticals USA, Inc. ("RLN") as a defendant and add the following causes: (5) declaration that Roca and RLN are alter egos for purposes of liability; and (6) declaration that Roca's and RLN's contracts with their consumers that might bar their complaints are unenforceable against OC. T8 [Amended Complaint], SDNY Doc 15.

While the litigation in the 02096 Case and SDNY Case was ongoing, on October 29, 2014, Roca transmitted one or more takedown notices under the Digital Millennium Copyright Act, 17 U.S.C. sec. 512(c). T18 [Complaint], D.1 ¶ 12; T16, SDNY Doc. 29-1; T12, SDNY Doc. 25-1. Roca asserted a copyright violation because the PissedConsumer.com website contained a "thumbnail image" of Roca's website, which itself contains an image of Roca's product. T16, SDNY

Doc. 29-1; T12, SDNY Doc. 25-1. It also asserted trademark infringement for the use of "Roca Labs" in a third-level domain name and URL, e.g. <http://roca-labs.pissedconsumer.com/product/roca-labs.htm>. T16, SDNY Doc. 29-1; T12, SDNY Doc. 25-1 (emphasis added).

In response, OC sought leave to further amend the SDNY Case to include a cause under 17 U.S.C. sec. 512(f) arising from the October 29, 2014, takedown notice. T11, SDNY Doc. 25. Although Roca opposed such amendment, it made no argument that such a claim should have been brought as a counterclaim in the 02096 Case. T15, SDNY Doc. 29. Ultimately, OC's request for leave to amend was denied on November 25, 2014, *without prejudice*. T17, SDNY Doc. 31.

Again, while the Defamation and SDNY cases were ongoing, on January 13, 2015, Roca sent a letter to OC and COC pursuant to Fla. Stat. ch. 770 & sec. 770.02, asserting claims for defamation arising from the number of complaints on the website and for statements appealing for donations to support OC & COC's litigation defense. T18 [Complaint], D.1, ¶¶ 14-17; T19, D. 7-1. The next day, the Complaint in this case was filed. T18 [Complaint], D.1.

Six days thereafter, on January 20, 2015, Roca sought leave to amend its complaint in the 02096 Case, citing as cause the filing by Plaintiffs-Appellants of this case, being "a preemptive lawsuit in response to receiving … notice of Plaintiff's *potential new* claims." T20, Defamation Doc. 82 at p. 5 (emphasis

added). Plaintiffs-Appellants objected, noting, in part, that such new claims should have been directed toward this case or the SDNY case. T21, Defamation Doc. 93, pp. 7-8. Although leave to amend was allowed, the district court was silent on the question of whether the new claims might also have been pleaded in this case as a counterclaim. T22, Defamation Doc. 96. Roca then attempted to take advantage of the leave to amend by filing an amended complaint different from the one it had proposed. T23, Defamation Doc. 104. The district court ordered that improper amended complaint stricken. *Id*. Thereupon, Roca sought express permission to file the improper amendment, which the district court denied. T24, Defamation Doc. 108. Such denial was over Roca's plea that the "proposed amended complaint contains facts not in existence at the time of filing Plaintiff's *original* complaint". *Id*. (emphasis added by court). Roca's amended complaint was thus finally filed on March 20, 2015.[4] T36, Defamation Doc. 116. OC and COC filed their answer to the amended complaint on April 15, 2015. T37, Defamation Doc. 117.

[4] In the interim, Roca and RLN contested personal jurisdiction in the Southern District of New York, and on February 9, 2015, the case was ultimately transferred to the Middle District of Florida as Case No. 8:15-cv-00263. T2, SDNY Docket Sheet; T3, MDFL Docket Sheet. At no time did Roca answer or set up a counterclaim in the SDNY Case asserting the causes in the Defamation Case, before or after transfer. T3, MDFL Docket Sheet. The SDNY Case was voluntarily dismissed without prejudice on March 9, 2015. T3, MDFL Docket Sheet; T28, MDFL Doc. 54.

In its order dismissing Plaintiffs-Appellants' complaint in this case, the district court reviewed the procedural history between the parties.[5] T47, D.43 at pp. 1-3. It then reviewed the claims filed by Plaintiffs-Appellants in this case and those by Defendant-Appellee in the 02096 Case. T47, D. 43 at pp. 3-5. The district court went on to note the usual pleading standard under Fed. R. Civ. P. 8 & 12(b)(6) and the applicable standard of review, but then dismissed that question because "Roca does not argue the insufficiency of Plaintiffs[-Appellants]' complaint, but rather the complaint should be dismissed because it is compulsory in nature." *Id*. at pp. 5-6.

The district court then proceeded to assess whether Plaintiffs-Appellants' claims were compulsory under Fed. R. Civ. P. 13(a). *Id*. at p. 6. It noted that the failure to so file "in earlier litigation constitutes a waiver of the claim." *Id*. at pp. 6-7, citing *Yost v. American Nat'l Bank*, 570 So.2d 350, 352 (Fla. Dist. Ct. App. 1990) and *Republic Health v. Lifemark Hosps. of Fla.*, 755 F.2d 1453, 1454 (11th Cir. 1985). In analyzing such question, the district court noted the four-part test set forth in *Montgomery Ward Dev. Corp. v. Juster*, 932 F.2d 1378, 1381 (11th Cir. 1991):

[5] Of particular note, the district court considered these matters, which were outside the pleadings, without converting to a motion for summary judgment. See Fed. R. Civ. P. 12(d). Thus, as the district court took notice of the matters in those cases, their entire dockets must be considered part of the record, even if the district court did not cite all of them.

(1) Are the issues of fact and law raised by the claim and counterclaim largely the same?
(2) Would res judicata bar the subsequent suit on defendant's claim absent the compulsory counterclaim rule?
(3) Will substantially the same evidence support or refute plaintiff's claim as well as defendant's counterclaim?
(4) Is there any logical relation between the claim and the counterclaim?

T47, D. 43. It then stated that an affirmative answer to any of the questions means that the counterclaim is compulsory. *Id*. at 7, citing *Montgomery Ward*, 932 F.2d at 1381. The district court then proceeded only to utilize the "logical relation" test set forth in the fourth question. *Id*. at pp. 7-9.

In applying the logical relationship test, the district court again looked to *Montgomery Ward*, which stated:

> A claim has a logical relationship to the original claim if it arises out of the same aggregate of operative facts as the original claim in two senses: (1) that the same aggregate of operative facts serves as the basis of both claims; or (2) that the aggregate core of facts upon which the original claim rests activates additional legal rights in a party defendant that would otherwise remain dormant.

T47, D.43 at p. 8; *Montgomery Ward*, 932 F.2d at 1381 (quoting *Neil v. S. Fla. Auto Painters, Inc.*, 397 So.2d 1160, 1164 (Fla. 3d Dist. Ct. App. 1981)). The district court noted that "there are strong topical similarities between the parties' causes of action," stating that each raised general defamation on the website, attributes of the statements on the website, and copyright infringement in the use of

"roca-labs.pissedconsumer.com."[6] T47, D.43 at pp. 8-9. The district court further erroneously found that "[t]he issues of defamation and copyright infringement lying at the heart of Roca's Amended Complaint [in the Defamation Case] are largely the same as Plaintiffs' Complaint in the current case." *Id*. at p. 9. Finally, it held that "[b]ecause the instant claim revolves around the website pissedconsumer.com and whether the content posted rise to the level of defamation, it 'arises out of the same aggregate of operative facts' making it compulsory in nature." *Id*. citing *Montgomery Ward*, 932 F.2d at 1381. Thus, the district court dismissed the complaint with prejudice, holding it was "clear the issues raised in this case should have been raised in the [Defamation] case, especially after amendment." *Id*. at p. 9.

iii. Statement of the Standard or Scope of Review for Each Contention

On appeal, the district court's grant of a motion to dismiss under 12(b)(6) for failure to state a claim is reviewed *de novo*. See *Freeman v. Key Largo Volunteer Fire and Rescue Dep't, Inc.*, 494 F. App'x 940, 942 (11th Cir. 2012); *Williams v. Bd. Of Regents of Univ. Sys. of Ga.,* 477 F.3d 1282, 1291 (11th Cir. 2007). The factual allegations in the complaint are construed in the light most favorable to the plaintiff. *Lord Abbett Mun. Income Fund, Inc. v. Tyson*, 671 F.3d 1203, 1206 (11th

[6] Roca's first amended complaint in the 02096 Case is actually silent on copyright and the domain name. Compare T33 [First Amended Complaint], Defamation Doc. 114. The word "copyright" appears nowhere in the document. *Id*.

Cir. 2012). Under Rule 12(b)(6), dismissal is only proper when, "on the basis of a dispositive issue of law, no construction of the factual allegations will support the cause of action." *Marshall Cnty. Bd. of Educ. v. Marshall Cnty. Gas Dist.*, 992 F.2d 1171, 1174 (11th Cir. 1993); see also *Allen v. USAA Cas. Ins. Co.*, 790 F.3d 1274, 1277-1278 (11th Cir. 2015).

SUMMARY OF THE ARGUMENT

Plaintiffs-Appellants were previously sued by Roca in Florida state court for defamation and related claims, which matter was shortly thereafter removed to the Middle District of Florida as the 02096 Case. T6, Defamation Doc. 1-1. None of the claims in the 02096 Case dealt with intellectual property infringement or any of the facts that Roca alleges constitute "defamation" in this case. Plaintiffs filed their answer in the Defamation Case on September 11, 2014. T7, Defamation Doc. 9.

On October 29, 2014, Defendant served a bogus DMCA takedown notice. T18 [Complaint], D.1 at ¶12. Defendant again threatened Plaintiffs on January 13, 2015 with brand new, previously non-articulated defamation claims, based on new publications. See T19, D.7-1. As a response, on January 14, 2015, Plaintiffs initiated this action. T18, D.1. After this case's transfer from the United States District Court for the Southern District of Florida to this Court Roca filed a motion to dismiss for failure state a claim under Fed. R. Civ. P. 12(b)(6), arguing that

Plaintiffs' claims in this action were compulsory counterclaims under Fed. R. Civ. P. 13(a) in the Defamation Case. T38, D.28.

On August 10, 2015, this Court granted Defendant's motion. T47, D.43. In reaching its conclusion, this Court ruled that "the issues raised in this case should have been raised in the 02096 case, especially after amendment." T47, D.43 at 9. Despite this admonishment from the District Court, Roca had not sought leave to amend its complaint in the 02096 Case until six days after the instant case had been filed. T20, Defamation Doc. 82. In order to do what the District Court says should have been done, the Appellant would have needed to travel back in time – a technological nicety that is not yet at Appellant's disposal.

Plaintiffs' claims in this case stem directly from the October 29, 2014 and January 13, 2015 communications from Roca; they arose after the filing of the Defamation case and could not have been anticipated at the time the responsive pleading was due. There was no "actual controversy" required by *Malowney v. Federal Collection Deposit Group*, 193 F.3d 1342, 1347 (11th Cir. 1999). Thus, the claims asserted herein could not have been counterclaims at all, much less compulsory counterclaims under Fed. R. Civ. P. 13(a) and the subsequent filing of the complaint in the instant case was proper. Plaintiffs could not have known on January 14, 2015 that such claims could later be filed as a counterclaim to the amended complaint in the Defamation case, though the district court determined

otherwise since Roca had not yet sought to amend. In fact, Plaintiffs-Appellants were not required to plead the claims as compulsory counterclaims to the amended complaint because the existence of this very case made exception under Fed. R. Civ. P. 13(a)(2)(A). Nor could they have set up a counterclaim at that time, as the district court in the defamation case was no longer permitting new pleadings. T24, Defamation Doc. 108.

Additionally, the claims are not otherwise compulsory as they fail the logical relationship test. The copyright claims appear nowhere in the Defamation case. The defamation claims relate only to statistics and a plea for monetary support that are unrelated to the other alleged defamatory content. Assuming arguendo that one or more claims were compulsory, such claims should have been consolidated, rather than dismissed, in light of case law. Thus, the decision should be reversed and remanded.

ARGUMENT AND CITATIONS OF AUTHORITY

I. Plaintiffs-Appellants Could Not Have Stated Their Claims as a Counterclaim

The crux of the district court's error results from its failure to account for a crucial term in Fed. R. Civ. P. 13(a)(1). That rule states, in relevant part, that "[a] pleading must state as a counterclaim any claim that — **at the time of its service** — the pleader has against an opposing party if the claim: (A) arises out of the

transaction or occurrence that is the subject matter of the opposing party's claim." Fed. R. Civ. P. 13(a)(1) (emphasis added). Florida procedure parallels federal. Fla. R. Civ. P. 1.170. "A counterclaim is not compulsory if it does not 'exist at the time the answer is served.'" *Kellogg v. Fowler, White, Burnett, Hurley, Banick & Strickroot, P.A.*, 807 So. 2d 669, 672 (Fla. Dist. Ct. App. 2001) (citing TRAWICK, FLORIDA PRACTICE AND PROCEDURE § 12-3, at 216 (2000 ed.)); see also TRAWICK at 244 ("[T]he counterclaim must exist at the time the answer is served. If any elements of the cause of action have not accrued, the counterclaim is not compulsory.") The claims of Plaintiffs-Appellants did not exist and had not yet accrued in the instant matter at the time they served their answer in the Defamation case.

In their Opposition to Roca's Motion to Dismiss, Plaintiffs-Appellants devoted particular argument highlighting for the district court that, at the time they filed their answer in the Defamation Case, the claims asserted in this matter **did not exist**. T39, D29 at pp. 3 & 4-6. As set forth above:

1) on September 11, 2014, Plaintiffs-Appellants filed their answer and affirmative defenses to Roca's complaint in the defamation case. T7 Defamation Doc. 9;
2) on October 29, 2014, Roca transmitted one or more takedown notices under the Digital Millennium Copyright Act, 17 U.S.C. § 512(c). T18

[Complaint], D.1 at ¶ 12; T16, SDNY Doc. 29-1; T12, SDNY Doc. 25-1; and

3) on January 13, 2015, Roca sent a letter to OC and COC pursuant to Fla. Stat. ch. 770 & § 770.02, asserting claims for defamation arising from the number of complaints on the website and for statements appealing for donations to support OC & COC's litigation defense. T18 [Complaint], D.1 at ¶ 14-17; T19, D.7-1.

Because the January 14, 2015 complaint in this case asserts claims only arising from the October 29, 2014 and January 13, 2015 correspondence from Roca, Plaintiffs-Appellants cannot be said to have had those claims on September 11, 2014, when they served their answer in the 02096 Case.

A. The Copyright Claims were Not Ripe on September 11, 2014

Plaintiffs-Appellants could not have asserted Counts 1-4 & 7 in their Complaint on or before September 11, 2014. Counts 1-4 sought declarations that:

i) Roca violated the DMCA, 17 U.S.C. § 512(f) when it sent one or more improper takedown notice(s) on October 29, 2014, to improper parties regarding non-infringing matter;

ii) Roca violated the DMCA, 17 U.S.C. § 512(f) when it sent one or more improper takedown notice(s) on October 29, 2014, to assert copyright in its name;

iii) Roca committed an abuse of process by use of the improper takedown notice(s) on October 29, 2014; and

iv) Plaintiff-Appellant Opinion Corp. was entitled to a declaration that certain matter that Roca claimed as infringing on October 29, 2014, did not infringe Roca's copyright.[7]

In order to obtain declaratory relief, a plaintiff must establish that there is an actual controversy present that is ripe for adjudication. See *Malowney v. Federal Collection Deposit Group*, 193 F.3d 1342, 1347 (11th Cir. 1999) ("Consistent with the 'cases' and controversies' requirement of Article III [of the Constitution], the Declaratory Judgment Act, 28 U.S.C. § 2201, specifically provides that a declaratory judgment may be issued only in the case of an 'actual controversy.'") Further, as set forth by this Court in *Emory v. Peeler*:

> the continuing controversy may not be conjectural, hypothetical, or contingent; it must be real and immediate, and create a definite, rather than speculative threat of future injury. The remote possibility that a future injury may happen is not sufficient to satisfy the "actual controversy" requirement for declaratory judgments.

[7] Although Count 7 does parallel a similar claim in the SDNY Case, seeking a declaration of alter ego, such only relates to being able to pursue RLN for the claims against Roca raised in Counts 1-6. As it is inextricably tied to those counts, and could not be adjudicated were Roca not liable for any of Counts 1-6, it cannot be said to have existed prior on or before September 11, 2014, as applied to the facts of the case.

Emory v. Peeler, 756 F.2d 1547, 1552 (11th Cir. 1985) (internal citations omitted). The claims in Counts 1-4 would not have satisfied the "actual controversy" requirement on September 11, 2014.

The first count asserts that the October 29, 2014, takedown notice(s) regarding the use of the domain names, URL, and screen shot, was in violation of 17 U.S.C. § 512(f), as OC made "non-infringing, and fair use under 17 U.S.C. § 107," and COC made no use of any such materials. T18, D.1 at ¶¶ 36, 37, 40 & 41. Under the "DMCA," an alleged copyright holder may pursue claims against an online "service provide" for otherwise unknown infringement if it first sends a notification of claimed infringement. 17 U.S.C. § 512(c). Such notice, which has been referred to herein as a "takedown notice," must be signed by an authorized person, under penalty of perjury, and state "that the complaining party has a good faith belief that the use of the material in the manner complained of is not authorized by . . . the law." 17 U.S.C. § 512(c)(3)(A)(i), (v) & (vi). False notices have consequences: a person who "knowingly materially misrepresents" under the DMCA "that material . . . is infringing . . . shall be liable for any damages, including costs and attorneys' fees, incurred by the alleged infringer . . . or by a service provider, who is injured by such misrepresentation." 17 U.S.C. § 512(f). Plaintiffs-Appellants alleged in the first count that, on October 29, 2014, Roca knew that COC never made use of the material and OC's use was non-infringing.

Since injury and rights under section 512(f) cannot arise until after notice per section 512(c) is sent, no actual controversy set forth in the first count could have existed on September 11, 2014.

In similar fashion, there could not have been an actual controversy relating to the second count on September 11, 2014. The second count specifically addresses the claim in the October 29, 2014 takedown notice(s) that the use of the words "roca labs" in the third-level domain name and a web page name infringed Roca's trademark. T18, D.1 at ¶¶ 53-56. Trademark registrants have a remedy under the Lanham Act for infringement. 15 U.S.C. § 1114(1). There is nothing in trademark law that makes a claim for trademark infringement a proper subject of a takedown notice. Compare 15 U.S.C. § 1114 with 15 U.S.C. § 512(c). By asserting a trademark claim in the October 29, 2014, takedown notice(s), Plaintiffs-Appellants alleged that such constituted a material misrepresentation under section 512(f). *See Lenz v. Universal Music Corp.*, 2015 U.S. App. LEXIS 16308 (9th Cir. 2015). Once more, since injury and rights under section 512(f) could not be triggered until after notice per section 512(c) is sent, no actual controversy set forth in the first count could have existed on September 11, 2014.

With respect to the third count, a cause of action for abuse of process under Florida law requires proof that: (1) the defendant made an illegal, improper, or perverted use of process; (2) the defendant had an ulterior motive or purpose in

exercising the illegal, improper or perverted process; and (3) the plaintiff was injured as a result of the defendant's action. See *Hardick v. Homol*, 795 So. 2d 1107, 1111 n.2 (Fla. 5th DCA 2001). Plaintiffs-Appellants alleged that the October 29, 2014, takedown letter constituted the process that Roca improperly used. T18, D.1 at ¶ 65. As an action for abuse of process cannot arise until after the other party has made "use" of "process," Plaintiffs-Appellants could not have asserted such claim until after October 29, 2014, and certainly not on September 11, 2014.

Finally, in the fourth count, Plaintiffs-Appellants sought a declaration as to whether the domain name and the use of the thumbnail image were not infringing on Roca's copyright. T18, D.1 at ¶¶ 73-75. Once more, these claims arose specifically from the October 29, 2014 takedown notice. Although Roca did make similar claims in its August 2014 correspondence, it did not assert these claims, though it might have, in the 02096 Case, not even on amendment.[8] As a result, on September 11, 2014, Plaintiffs-Appellants had no reason to believe there was an actual controversy, as opposed to a speculative threat of future injury, since the copyright claim was seemingly abandoned. *Emory*, 756 F.2d at 1552. This is especially apt as Roca could have amended its complaint within 21 days of serving to reflect that copyright claims had been raised in the SDNY Case. *See* Fed. R.

[8] As discussed further below, such copyright claim fails the logical relationship test as well.

Civ. P. 15(a)(1)(A). It was not until Roca actually began sending takedown notices to third parties on October 29, 2014, such as Google, that an actual controversy newly arose. As Plaintiffs-Appellants could not have sought declaratory relief regarding the October 29, 2014 matters on September 11, 2014, such could not have been a compulsory counterclaim.

B. The Defamation Claims were Not Ripe on September 11, 2014

In similar fashion to the DMCA takedown notice related claims, Plaintiffs-Appellants could not have pursued Counts 5 or 6 on September 11, 2014.[9] As set forth in the Complaint, T18, D.1, Counts 5 & 6 sought as follows:

v) a declaration that statements about Defendant-Appellee raised in January 13, 2015, correspondence were non-defamatory; and

vi) a declaration that Plaintiff-Appellant Consumer Opinion Corp. was entitled to a declaration that it was not the speaker of the alleged defamatory matter claimed in the January 13, 2015, correspondence.

As there was no actual controversy on September 11, 2014, regarding the January 13, 2015 correspondence, these claims were not compulsory.

Roca's correspondence of January 13, 2015, explicitly stated that it was "intended to comply with Florida Statutes Chapter 770 and Sec. 770.02." T19,

[9] Once more, although Count 7 does parallel a similar claim in the SDNY Case, seeking a declaration of alter ego, such only relates to being able to pursue RLN for the claims against Roca in this case, not the SDNY Case.

D.7-1. Although Plaintiffs-Appellants directed the district court to the requirements of Florida law, the district court was virtually silent on its operation. Compare T39, D.29 at pp. 5-6 with T47, D.43. There is no question that Fla. Stat. §770.01 requires pre-suit notice, not post-suit notice, of a claim for defamation. *See Gifford v. Bruckner*, 565 So. 2d 887, 888 n.1 (Fla. 1st DCA 1990) ("Compliance with section 770.01, where necessary, is a condition precedent to maintaining an action"). More specifically:

> Before any civil action is brought for publication or broadcast, in a newspaper, periodical, or other medium, of a libel or slander, the plaintiff shall, at least 5 days before instituting such action, serve notice in writing on the defendant, specifying the article or broadcast and the statements therein which he or she alleges to be false and defamatory.

Fla. Stat. §770.01. As the Southern District of Florida recently stated, "Under the plain language of the statute, notice must be given prior to the filing of the suit—and understandably so, as post-suit notice is meaningless, both in concept and in practice." *Tobinick v. Novella*, 2015 U.S. Dist. LEXIS 31884, *23 (S.D. Fla. Mar. 16, 2015). Failure to provide such proper notice requires dismissal; amendment of an existing claim is not authorized. *Gifford*, 565 So.2d at 888 n.1. The district court seemed generally aware of this requirement, stating "Under Florida law, a demand for retraction of allegedly libelous material is a prerequisite to an action for defamation," but then failed to give it any heed. T47, D.43 at p. 2, n.4.

In its January 13, 2015, correspondence, Roca made two new claims of statements it asserts were defamatory:

- statistics shown on the website include that there have been 52 complaints, $110K claimed losses, $2.1K average loss, and 0 resolved

- "Roca Labs, through its chief attorney, Paul Berger, believes it can silence you through fear and intimidation directed at Pissed Consumer" and " Roca Labs first sued us." *See* <http://www.pissedconsumer.com/static/roca-labs-fundraising.html>.

T19, D.7-1. Claims relating to these statements did not appear in the August 2014 correspondence or in the complaint in the 02096 Case. T6, Defamation Doc. 1-1; T9, SDNY Doc. 19-3; T10, SDNY Doc. 19-4. It was not until the service of the section 770.01 notice that Plaintiffs-Appellants were made aware that such statements were potentially defamatory. Roca then specifically amended its complaint in the 02096 Case to assert these new claims. T33, Defamation Doc. 114, ¶¶ 39, 87, 129, 151 & 191. The fifth count of the instant complaint seeks a declaration that those two statements are non-defamatory, and the sixth count seeks a declaration that COC was not the author of those two statements. T18, D.1 at ¶¶ 90 & 102. Plaintiffs-Appellants could not speculate a future injury, let alone know of an actual controversy relating to those alleged statements until January 13, 2015, such that they could have been pleaded on September 11, 2014. Since such claims were not then extant, they were not compulsory counterclaims.

C. The Claims Could Not Have Been Set up in March 2015

Key to the district court's fallacy lies in its final sentence, wherein it states "the issues raised in this case should have been raised in the 02096 case, especially after amendment." T47, D.43 at p. 9. Such appears to have been consistent with Roca's comparison of the complaint in this matter only with the amended complaint in the defamation case. *See* T38, D.28; see also T46, D.38. Neither Roca nor the district court had addressed the claims in existence on September 11, 2014; rather they were focused on April 15, 2015, when Plaintiffs-Appellants answered the amended complaint in the 02096 case. T37, D.117. Such mistakenly presumes that the claims asserted in this matter could or should have been asserted as a counterclaim on April 15, 2015 (or at some other point after the March 20, 2015 filing of the amended complaint).

Plaintiffs-Appellants were not required to plead their causes of action as compulsory counterclaims to the amended complaint in the 02096 Case. Fed. R. Civ. P. 13(a)(2)(A) specifically exempts such counterclaims, stating "[t]he pleader need not state the claim if when the action was commenced, the claim was the subject of another pending action." This Court has found that "Rule 13(a) literally requires that the otherwise precluded claim be pending before the other action was commenced, not merely before the judgment in that action was rendered." *Kaiser Aerospace & Elec. Corp. v. Teledyne Indus*. (*In re Piper Aircraft Corp*.), 244 F.3d

1289, 1296 n.3 (11th Cir. 2001) (addressing a substantially similar version of Rule 13(a)). This claim, the "otherwise precluded claim" was pending on January 14, 2015, before the amended complaint in the Defamation case, the "other action," was commenced. See *Canon Latin Am., Inc. v. Lantech (CR), S.A.*, 508 F.3d 597, 602 n.9 (11th Cir. 2007). Since this action was pending when Plaintiffs-Appellants were required to answer the amended complaint in the Defamation case, the causes asserted were excepted from being compulsory counterclaims therein. As they were not compulsory counterclaims, dismissal was reversible error.

In fact, Plaintiffs-Appellants could not have set these claims up as a counterclaim in the Defamation case had they wished to. The district court mistakenly presumed a right to file such a counterclaim. Prior to filing the amended complaint, Roca itself attempted to seek leave to file a second amended complaint, but was rebuffed on February 20, 2015. T24, Defamation Doc. 108. The district court in that case highlighted the January 20, 2015 deadline to amend. *Id*. at p. 2. When Roca sought to amend again after January 20, the court found that facts not in existence at the time of the original complaint did not justify seeking leave to file after the deadline. *Id*. at p. 4. To set up a counterclaim in March or April 2015, Plaintiffs-Appellants would have had to file for leave to do so under Fed. R. Civ. P. 13(e) & 15(d). Because Plaintiffs-Appellants had filed the instant matter a week prior to the January 20, 2015, deadline, it is unlikely that the

district court would have granted permission two months later to assert them in the 02096 case, in light of the February 20, 2015 ruling. Thus, if the claims could not have been raised in the Defamation case, the district court committed reversible error.

II. The Claims Fail the Logical Relationship Test

There is no logical relation between the claims asserted herein and the complaint in the Defamation case.[10] In applying the logical relationship test, the district court cited to *Montgomery Ward*, but did not address whether the decision was because the same facts were the "basis of both claims" or that the core facts "activates additional legal rights" under *Montgomery Ward*. T47, D.43 at p. 8. Instead, the district court found "topical similarities" because both raised copyright and defamation claims that were "largely the same," where each raised general defamation on the website, attributes of the statements on the website, and copyright infringement in the use of "roca-labs.pissedconsumer.com." T47, D.43 at pp. 8-9. Its analysis is faulty.

First, neither the original complaint nor the amended complaint in the 02096 raised a question of copyright, let alone use the word "copyright." T6, Defamation Doc. 1-1; T33, Defamation Doc. 114. Neither do Plaintiffs-Appellants' affirmative

[10] Plaintiffs-Appellants acknowledge that Counts 5 & 6 are related to the Amended Complaint in the Defamation case, but for the reasons set forth above, note that the operative questions is whether, on January 13, 2015, they were logically related to the original complaint in the Defamation case.

defenses. T7, Defamation Doc. 9; T37, Defamation Doc. 117. In fact, the only time "roca-labs.pissedconsumer.com" appears in the case is in the Amended Complaint at paragraphs 86, 127, 150, 190, 278, & 295 where it incidentally appears as part of screen shots relative to the complained-of statements, and in paragraphs 35, 36, 92, 164, 165, 204 & 205 where Roca alleges it to be part of deceptive tactics. T33, Defamation Doc. 114. Roca likens the domain name use in paragraphs 164 & 205 to "brand piracy or identity theft" which sounds more in trademark than copyright. T33, Defamation Doc. 114. The complained-of use of the thumbnail image in Roca's takedown notice appears nowhere in the 02096 Case. Compare T6 & T33, Defamation Docs. 1-1 & 114, with T16, SDNY 29-1 & T12, SDNY 25-1. As the domain name and thumbnail image were not the operative bases of both claims and were not part of the same core of operative facts activating dormant rights, especially as it relates to the original 02096 complaint, Counts 1-4 & 7 fail the logical relationship test and were not compulsory counterclaims.

Similarly, the defamation claims fail the logical relationship test. Although both claims involve defamation, they are entirely separate. In its original 02096 complaint, Roca made no claims regarding the aggregate statistics or the plea for support for Plaintiffs-Appellants' legal defense. In fact, although the pleas for support are mentioned in paragraphs 39 & 129 of the amended complaint, they are

not specifically referenced with respect to any defamation claim and appear more oriented toward the claim under FDUTPA. T33, Defamation Doc. 114. Roca's own actions tacitly acknowledge that the matters are not related. The January 13, 2015 Notice per sec. 770.01 was sent directly by Roca's counsel to Plaintiffs-Appellants, not their counsel (their counsel was not even copied on the transmission). T19, D.7-1. Pursuant to the Florida Bar Rules of Professional Conduct:

> In representing a client, a lawyer must not communicate about the subject of the representation with a person the lawyer knows to be represented by another lawyer in the matter, unless the lawyer has the consent of the other lawyer. Notwithstanding the foregoing, a lawyer may, without such prior consent, communicate with another's client to meet the requirements of any court rule, statute or contract requiring notice or service of process directly on a person, in which event the communication is strictly restricted to that required by the court rule, statute or contract, and a copy must be provided to the person's lawyer.

Fla. Bar Reg. R. 4-4.2(a). Since it was not copied to Plaintiffs-Appellants' lawyer, assuming even that sec. 770.01 required that notice be sent directly to a party, it must be Roca's position that the matters raised in sec. 770.01 were not "about the subject of the representation" in the 02096 Case. Unfortunately, though this was raised by Plaintiffs-Appellants, the district court gave no consideration to the fact that Roca is estopped from claiming otherwise. Compare T39, D.29 at p. 6 with T47, D.43. Having failed the logical relationship test, and with the district court having considered no other question, counts 5 & 6 cannot be said to have arisen

out of the same occurrence. As they were not compulsory counterclaims, the district court committed reversible error.

III. Consolidation, Not Dismissal, was Appropriate

Assuming, *arguendo*, that the claims were compulsory counterclaims, dismissal with prejudice was not the appropriate remedy. In its motion, Roca brought to the district court's attention the following body of law:

> courts have interpreted Rule 13(a) to permit dismissal of the second-filed action when this second action should have been brought as a counterclaim in the first-filed action. *Kerr Corp. v. N. Am. Dental Wholesalers, Inc.*, SACV 11-0313 DOC CWX, 2011 U.S. Dist. LEXIS 121063, 2011 WL 4965111, at *3-4 (C.D. Cal. Oct. 18, 2011) (finding that a court may consolidate two actions and realign the parties when a party failed to bring a compulsory counterclaim); *Internet Law Library, Inc. v. Southridge Capital Mgmt. LLC*, 208 F.R.D. 59, 63 (S.D.N.Y.2002) (finding that when a party institutes a second action based upon a compulsory counterclaim in a still pending action, courts can consolidate the two actions and realign the parties).

T38, D.28 at p. 6 (quoting *Ironshore Indem., Inc. v. Banyon 1030-32, LLC*, 2013 U.S. Dist. LEXIS 124542, *19 (S.D. Fla. Aug. 29, 2013) (finding such authority under Fed.R.Civ.P. 42(a))). The Second Circuit has approved of such consolidation. *See Speed Products Co. v. Tinnerman Products*, 222 F.2d 61, 68 (2d Cir. 1955). Dismissal with prejudice is an extreme remedy, since Plaintiffs-Appellants might have otherwise amended the first-filed SDNY case to include the instant causes rather than have dismissed that action voluntarily. Thus, even if the claims were compulsory counterclaims, the district court should have followed the law presented by Roca and consolidated the matters.

CONCLUSION

In light of the foregoing, this Court should reverse the district court's order of dismissal and remand for further proceedings.

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

This brief complies with the type-volume limitation of Fed. R. App. P. 32(a)(7)(B) because it contains 7,773 words (including footnotes), excluding the parts of the brief exempted by Fed. R. App. P. 32(a)(7)(B)(iii). This brief complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type style requirements of Fed. R. App. P. 32(a)(6) because it has been prepared in a proportionally spaced typeface using Microsoft Word 2010, the word-processing system used to prepare this brief, in Times New Roman 14 point.

By: */s/ Marc J. Randazza*
Marc J. Randazza

CERTIFICATE OF SERVICE

I, Marc J. Randazza, hereby certify that on October 5, 2015, I electronically filed the foregoing brief with the Court via the appellate CM/ECF system. I also certify that the following counsel of record, who have consented to electronic service, will be served the foregoing brief via the appellate CM/ECF system and provided hard copies by regular mail:

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