

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

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SMALL JUSTICE LLC,	)
RICHARD A. GOREN,	)
and,	)
CHRISTIAN DUPONT dba	)
ARABIANIGHTS-BOSTON	)
MASSACHUSETTS	)
	)
Plaintiffs,	)
	) CIVIL ACTION NO. 1:13-cv-11701-DJC
v.	)
	)
XCENTRIC VENTURES LLC,	) <i>Leave to file granted 12-10-13</i>
Defendant.	)

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**PLAINTIFFS’ SURREPLY IN OPPOSITION TO XCENTRIC’S SEPTEMBER 16, 2013  
RULE 12(b) (1) and (6) MOTION TO DISMISS and REPLY TO DEFENDANT’S  
RESPONSE TO PLAINTIFF’S CROSS MOTION FOR PARTIAL JUDGMENT ON THE  
PLEADINGS.**

Plaintiffs request the Court to issue an Order to convert defendant’s Rule 12 (b)(1) and (b)(6) motion(s) to dismiss into one for partial summary judgment pursuant to Fed. R. Civ. P. 12 (d) on the three of defendant’s avoidance defenses as to which it has the burden of proof. This is required on the copyright claims because the subject matter jurisdictional issues are intertwined with the merits. *Torres-Negron v. J & N Records, LLC*, 504 F. 3d 151, 162-63 (1<sup>st</sup> Cir. 2007); *Muench Photography, Inc. v. Houghton Mifflin Harcourt Pub. Co.*, 712 F. Supp. 2d 84 (S.D. N.Y. 2010). On the state law statutory and common law tort claims both parties urge the Court to consider matters outside of the complaint to rule on the immunity defense raised by defendant’s Rule 12(b)(6) motion. Plaintiff contends defendant cannot meet its Rule 56 burden of production to demonstrate a trial worthy issue as to its avoidance defense under the Communications Decency Act. Because the defendant insists matters outside the pleadings be

considered on its Rule 12(b)(6) motion but has refused to respond to plaintiffs' motion for partial judgment on the pleadings, that motion should also be converted into one for partial summary judgment.

1. ***Procedural Background.*** On September 2, 2013, plaintiffs filed their First Amended Complaint ("FAC") with exhibits A, B and C<sup>1</sup> pleading two separate causes of action. (Paper 13). Asserting federal question jurisdiction, under the Copyright Act, in Counts I and II the author Christian DuPont (the "Author") and his assignee Small Justice LLC ("Author's Assignee) sue Xcentric LLC, the owner operator of the Ripoff Report, for copyright infringement seeking declaratory relief and damages. Plaintiff Richard A. Goren ("Goren") in Counts III, IV and V sues Xcentric seeking damages and equitable relief for past and continuing injury to his reputation as a lawyer from Xcentric's repeated publication under color of Xcentric's claimed ownership of copyright of the Author's *per se* libel of Goren.

On September 16, 2013, Xcentric filed a motion to dismiss the FAC supported by the affidavit of its former general counsel. (Papers 14 and 15). Under Rule 12(b)(6), Xcentric contends that Counts III, IV and V must be dismissed with prejudice for failure to state claim for which relief can be granted. As to these tort claims Xcentric does not question that the allegations state actionable wrongs. Rather Xcentric contends that regardless of the despicability of its alleged actions it has immunity under the Communications Decency Act because of its status of an owner of an interactive internet bulletin board. Under Rule 12 (b)(1), Xcentric seeks a dismissal of the case "without prejudice" for lack of subject matter jurisdiction. According to Xcentric "the facts alleged in the FAC combined with the additional evidence offered by Xcentric['s attorney]," demonstrate "the works allegedly infringed by Xcentric are, in fact,

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<sup>1</sup> Exhibits A and B are the defendant's purported contract documents by which it asserts ownership of the copyright rights at issue. Exhibit C is a certified copy of the judgment of the Massachusetts Superior Court.

owned exclusively by Xcentric.” (Paper 14 at 3 and 11 {emphasis original}). The additional evidence is the attorney’s authentication of: (i) the Ripoff Report standard terms and conditions; and, (ii) Xcentric’s Certificate of Copyright Registration for “all new content posted on the Ripoff Report website from January 1, 2012 to March 7, 2012.”

Concerning its motion to dismiss for lack of subject matter jurisdiction Xcentric asks the Court to “review [whatever evidence has been submitted such as ... exhibits and ] ... affidavits.” (Paper 14 at 11). As to its Rule 12(b)(6) motion Xcentric urges the Court to consider documents “explicitly relied upon in the” FAC whether or not attached to the pleading provided there is no dispute as to authenticity. (Paper 14 at 8 n 2.).

On October 15, 2013, plaintiffs filed a cross motion for partial judgment on the pleadings, supported by an affidavit (Papers 20 and 20.1) and a combined memorandum in opposition to Xcentric’s motion to dismiss and in support of plaintiff’s motion for partial judgment on the pleadings. (Paper 21). The cross motion contends that Xcentric cannot come forth with evidence of a trial worthy issue on two of Xcentric’s affirmative defenses: (i) its contention that the copyright rights of the Author were transferred to Xcentric and that “it is the sole rightful owner of the work at issue”; and, (ii) its contention that Xcentric is entitled to immunity under 47 U.S.C. §230 (c)(1). The cross motion also contends that on the present record as a matter of law Xcentric’s March 7, 2012 registration of copyright ownership of the Author’s two works is unenforceable as it is predicated on ownership pursuant to a work made for hire contract. As to each issue plaintiffs contend Xcentric cannot meet its burden to demonstrate a trial worthy issue and that on the record with affidavits, exhibits and authenticated documents presented by the parties the Court should grant plaintiffs partial summary judgment.

On November 20, 2013, Xcentric filed a reply in support of its September 16, 2013 motion to dismiss and a response to plaintiff's October 15, 2013 cross motion. (Papers 24 and 25).

In its reply concerning the federal question cause of action, without proffering any authority that it may do so, Xcentric disputes the validity of the Massachusetts judgment and contends the Author is not properly a plaintiff. (Paper 24 at 4). Acknowledging the Author to be the presumptive owner of the copyright Xcentric replies that the Author had "transferred his copyrights to Xcentric" and that even if the Author "actually appeared in this case," it is "undisputed that Xcentric owns a registered copyright in both disputed works." (*Id.* at 15-17).

In its reply addressing Goren's cause of action, Xcentric insists that as a matter of law it is entitled to judgment on the pleadings under the Communications Decency Act. According to Xcentric because it did not "create[] any part of the two reports at issue ... [it] is entitled to absolute immunity from any state law claim that requires treating ... [Xcentric] as the 'publisher or speaker' of information posted on its website by a third party." (*Id.* at 6, 4).<sup>2</sup> In other words, assuming the truth of Goren's allegations that Xcentric published the *per se* libel under color of Xcentric's claimed copyright ownership, as a matter of law, according to Xcentric, it may avoid liability.

In its response to plaintiffs' cross motion for partial judgment on two of Xcentric's affirmative defenses and the unenforceability on the present record of the March 7, 2012 Copyright registration, Xcentric contends because "[t]he pleadings are not closed, ... the Cross Motion is premature and must be denied." (Paper 25 at 1). While seeking judgment that it is

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<sup>2</sup> In its motion to dismiss, Xcentric argues that "[t]o the extent ... [the claims in the FAC] arise from Xcentric's 'publication' of the two ... [works], those claims are wholly barred by the Communications Decency Act." (Paper 14 at 3).

entitled to avoid liability to Goren because it “did not create” the defamatory works, Xcentric argues it has not yet pleaded its defenses. (*Id.* at 2).

The second affidavit of Richard A. Goren (“Goren Aff. II”) is filed in support.

**REPLY ARGUMENT.**

***1. Torres-Negron v. J & N Records, LLC, 504 F. 3d 151 (1<sup>st</sup> Cir. 2007) requires that the intertwined subject matter and merits copyright claims should be decided on the standards applicable to a motion for summary judgment.***

The FAC alleges: (i) Author’s Assignee filed registrations of Copyright ownership for the two works at issue predicated on valid assignments from the Author; (ii) that there is no enforceable contract whereby the Author transferred ownership of his copyright in and to either of the two works to Xcentric; and (iii) the Author’s Assignee is the copyright owner of both works. (Paper 13 at 12 ¶¶55-60).

The claims of the Author and the Author’s Assignee under the Copyright Statute necessarily arise under federal law. 28 U.S.C. §1331. On the primary issue of Xcentric’s ownership, if it is true that the Author duly transferred to Xcentric all rights of ownership of the two works, the presumptive owner had nothing to transfer and the Author’s Assignee would lack standing to sue for infringement.<sup>3</sup> Whether Xcentric can meet its burden to prove that it had an enforceable contract with the Author is also at the very heart of the merits of plaintiffs’ case.

Xcentric’s Rule 12 (b)(1) motion is not a facial attack on the FAC. *Torres-Negron v. J & N Records, LLC*, 504 F. 3d 151, 162 n.8 (1<sup>st</sup> Cir. 2007). Because the motion is supported by the affidavit of its former general counsel the First Circuit’s guidance is as follows:

There are two types of challenges to a court’s subject matter jurisdiction: facial challenges and factual challenges. “Facial attacks on a complaint ‘require the court merely to look and see if the plaintiff has sufficiently alleged a basis of subject matter jurisdiction, and the allegations in [plaintiff’s] complaint are taken as true for purposes of

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<sup>3</sup> Goren Aff. II puts into the record the detailed documentary proof of the FAC’s allegations of the requisite subject matter jurisdictional predicates required under *Reed, Elsevier, Inc. v. Muchnick*, 559 U.S. 154 (2010).

the motion.’ ”.... However, when a motion to dismiss for lack of subject matter jurisdiction under Fed. R. Civ. P. 12(b)(1) involves factual questions, the court engages in a two-part inquiry.

First, the court must determine whether the relevant facts, which would determine the court’s jurisdiction, also implicate elements of the plaintiff’s cause of action. ...

“[W]here ... ‘the jurisdictional issue and substantive claims are so intertwined the resolution of the jurisdictional question is dependent on factual issues going to the merits, the district court should employ the standard applicable to a motion for summary judgment.’ ”.... Thus, where the relevant facts are dispositive of both the 12(b)(1) motion and portions of the merits, the trial court should grant the motion to dismiss “ ‘only if the material jurisdictional facts are not in dispute and the moving party is entitled to prevail as a matter of law.’

*Id.* at 162-63.

**2. *Xcentric lacks standing to collaterally attack the Superior Court judgment.***

U.S.Const. Art. IV, s 1 and the implementing statute 28 U.S.C. § 1738 require that “Full Faith and Credit shall be given” to the judgment of the Massachusetts Superior Court.

The constitutional command of full faith and credit, as implemented by Congress, requires that “judicial proceedings \* \* \* shall have the same full faith and credit in every court within the United States \* \* \* as they have by law or usage in the courts of such State \* \* \* from which they are taken.” Full faith and credit thus generally requires every State to give to a judgment at least the res judicata effect which the judgment would be accorded in the State which rendered it. ‘By the Constitutional provision for full faith and credit, the local doctrines of res judicata, speaking generally, become a part of national jurisprudence, and therefore federal questions cognizable here.

*Durfee v. Duke*, 375 U.S. 106, 109 (1963).

Under Massachusetts law Xcentric lacks standing to appeal from the judgment against the Author. *Corbett v. Related Companies Northeast, Inc.*, 424 Mass. 714 (1997) (denying standing to a non-party with “a direct and substantial interest in” the matter). “The rule that only parties to a lawsuit, or those that properly become parties, may appeal an adverse judgment, is well settled.” *Marino v. Ortiz*, 484 U.S. 301, 304 (1988) (affirming dismissal of impermissible collateral attack by nonparties).

Assuming *arguendo* that the judgment debtor had come into this Court, and assuming further Massachusetts law would permit a collateral attack, it would be limited to an inquiry as to the exercise of jurisdiction by the Superior Court. *Durfee v. Duke*, 375 U.S. at 110 (“a judgment of a court in one State is conclusive upon the merits in a court in another State only if the court in the first State had power to pass on the merits-had jurisdiction, that is, to render the judgment.”).

In opposing the motion to dismiss plaintiffs specifically challenged Xcentric as to its lack of standing to raise such a due process contention. (Paper 21 at 21).

Yet Xcentric points to no authority that it has standing to bring a post judgment motion or equitable proceeding seeking to void that judgment. Nor can Xcentric point to any case requiring this Court *sua sponte* to engage in an analysis of the jurisdiction of the Massachusetts Superior Court in the absence of a collateral attack by the Author. See *Weininger v. Castro*, 462 F. Supp. 2d 457, 474 (S.D. N.Y. 2006).<sup>4</sup>

**3. *Contrary to its Reply, the March 7, 2012 Certificate constitutes notice solely of Xcentric’s claimed ownership of its compilation of 1.6 million reports; as a matter of law it does not constitute constructive notice of its claimed ownership of the Author’s two works.***

Xcentric’s September 16, 2013 motion to dismiss represents that “[i]t is undisputed that Xcentric owns a registered copyright in both disputed works as evidenced by the ‘670 registration.” (Paper 14 at 14). That registration purports to be that of an employer, a deemed author, pursuant to a work for hire contract.

Xcentric’s reply concedes that its registration was not of the two works in question but of “a compilation of more than 1.6 Million individual reports” comprising “Xcentric’s overall

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<sup>4</sup> Even assuming *arguendo* standing, the Superior Court satisfied itself that it had both subject matter jurisdiction and personal jurisdiction over the Author before entering a permanent injunction. Exhibit A, Goren Aff. II. The Superior Court’s requisite Rule 65 findings included *inter alia* that the plaintiff “having dismissed his claims for money damages,” and that the Author having actual notice did not “oppos[e] the entry of a permanent injunction ...”. *Id.*

database of reports.” (Paper 24 at 14). As a matter of law Xcentric’s registration of its automated database consisting of a compilation of works written by different authors was not a registration of the Author’s works at issue. *Muench Photography, Inc. v. Houghton Mifflin Harcourt Pub. Co.*, 712 F. Supp. 2d 84 (S.D. N.Y. 2010).<sup>5</sup>

### The Copyright Act

recognizes two distinct copyrighted works: “Copyright in *each separate contribution to a collective work* is distinct from copyright in *the collective work as a whole* ....” § 201(c) .... Copyright in the separate contribution “vests initially in the author of the contribution”.... Copyright in the collective work vests in the collective author ... and extends only to the creative material contributed by that author, not to “the preexisting material employed in the work,” § 103(b). ... [C]opyright in “compilation”—a term that includes “collective works,” 17 U.S.C. § 101—is limited to the compiler’s original “selection, coordination, and arrangement”).

*New York Times Co., Inc. v. Tasini*, 533 U.S. 483, 493-94 (2001).

Xcentric’s March 7, 2012 registration cannot constitute registration of the Author’s individual works if for no other reason it does not list “the names of all the authors of the work ... [as mandated by] 17 U.S.C. §409(2).” *Muench Photography*, 712 F. Supp. 2d at 94.

Xcentric’s reply mischaracterizes plaintiffs’ argument (Paper 21 at 20) concerning the unenforceability of the March 7, 2012 registration for “false representation of ownership” and contends its registration of ownership of the Author’s two works is “entitled to a presumption of validity under 17 U.S.C. §410(c).” (Paper 24 at 17-18). In *Muench Photography*, Judge Preska rejected that argument. The failure to list the Author’s name cannot be an “innocent error” and thereby “save the registration as to the [Author’s] individual [work].” *Id.* at 95; *Muench Photography, Inc. v. Houghton Mifflin Harcourt Pub. Co.*, 2010 WL 3958841 (S.D. N.Y. 2010) (denial of motion for reconsideration on innocent error assertion). See also *Latin Am. Music Co.*

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<sup>5</sup> Copyright registration of an automated database that consisted of compilation of photographs taken by different photographers by third-party copyright claimant, which was assigned rights to individual works for purposes of copyright registration, did not register the individual works. *Id.*



*Inc. v. Media Power Grp., Inc.*, 705 F. 3d 34, 43 (1st Cir. 2013) (Because recordation of an instrument relating to a work does not indicate that the work itself has been registered, *see* 17 U.S.C. § 205(a), (c), a certificate of recordation does not suffice to prove compliance with the registration requirement.”).

**4. Which is it? a purported gift? Or a purported contract?**

Xcentric’s reply does not attempt to refute plaintiffs’ arguments as to the lack of an enforceable contract between Xcentric and the Author. Instead Xcentric first contends that “[n]o consideration was required to support the [Author’s grant of] the license [to Xcentric].” (Paper 24 at 15). But Xcentric represents to the Court that if “this matter is not dismissed,” it will sue both the Author for breach of contract and Goren for unlawful interference “with the contractual relationship between ... [the Author] and Xcentric.” (*Id.* at 3, 4).

**5. Immunity is an affirmative defense that Xcentric must plead and prove. The parties present a question of law which is appropriate for a Rule 56 determination.**

Xcentric insists that as a matter of law it is entitled to avoid any liability to Goren for “any state law claim that requires treating it as the ‘publisher ...’ of information posted on its [Ripoff Report] website by a third party[, in this case by the Author].” (Paper 24 at 4).

The Communications Decency Act provides an absolute immunity for an owner of an interactive website “so long as ... [its] actions were within the scope of the immunity.” *See Slotnick v. Garfinkle*, 632 F. 2d 163, 166 n.2 (1<sup>st</sup> Cir. 1980). But Goren has no burden of production or proof as to the absence of immunity. *See Gomez v. Toledo*, 446 U.S. 635, 640 (1980). Rule 8(c) requires Xcentric to “plead ‘any matter constituting an avoidance or affirmative defense.’” *Id.* Hence it is Xcentric’s burden to prove that its actions of which Goren complains were within the scope of the CDA immunity. *Id.* An absolute immunity defeats a suit

at the outset. *Slotnick, supra* (distinguishing between the affirmative defenses of qualified and absolute immunity).

Goren does not seek to hold Xcentric liable because in its role as owner of an interactive internet website host it allowed the Author to post his libel on the Ripoff Report website. (see Paper 21 at 4).

Goren seeks to hold Xcentric liable for its own speech in one or two ways that plaintiffs contend is not within the scope of the CDA immunity. Contrary to Xcentric's reply Goren does not contend that Xcentric should be liable "as the 'publisher or speaker' of information posted on its website by a third party." (Paper 24 at 4). Rather plaintiffs contend Xcentric is not automatically entitled to immunity simply because of its nominal status as a neutral host of a publicly accessible bulletin board.

There is a fundamental difference between a passive publisher who permits authors to post their works on its interactive website and the same actor publishing its own work on the same website. (*see, e.g.*, FAC ¶ 72). The First Amendment benefit lies in providing a publicly accessible bulletin board. When the owner of the bulletin board publishes his own speech, whether on his website or on the server of a search engine, he is the information content provider and hence not entitled to immunity. That another party "created any part of the content," is beside the point. Plaintiffs contend that when the website owner requires the creator or author of the work or content to transfer ownership to website owner of the work as condition of its posting, the website owner is no longer a passive publisher. A website host who posts his own speech on his website is not entitled to immunity under the CDA.

Contrary to Xcentric's reply plaintiffs do not contend the website owner loses its immunity by taking "various steps to make those reports more visible ... [on] search engines"

and hence to maximize the number of visits to Xcentric's Ripoff Report. (Paper 24 at 6-7). What plaintiffs contend is that Xcentric instructs search engines to make copies of the two works under color of Xcentric's claimed exclusive ownership of the works and also authorizes Google and the other search engines to display those cached copies. While Xcentric might have required that a search engine user be directed to its Ripoff Report website to read the original work, Xcentric chose to have its licensees publish on their servers copies of the two works. So even assuming it to be immune from liability for publication of the libel on its website, Xcentric is the "information content provider" of copies of the libel that it directs to be published on the search engine servers.

While the parties' disagreement on the law is evident, Plaintiffs contend that Xcentric cannot meet its Rule 56 burden to demonstrate a trial worthy issue on its affirmative avoidance defense under the Communications Decency Act.

**WHEREFORE** pursuant to Fed. R. Civ. P. 12(d) the plaintiffs request an Order that defendant's September 16, 2013 motion to dismiss be treated as one for summary judgment, and that with Xcentric as the moving party filings be made in compliance with LR 56.1.

Respectfully submitted,  
SMALL JUSTICE LLC, RICHARD A. GOREN,  
and CHRISTIAN DUPONT,

Plaintiffs,

by their attorney,

December 10, 2013

/s/ Richard A. Goren  
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**CERTIFICATE OF SERVICE**

I hereby certify that this document filed through the ECF system will be sent electronically to the registered participants as identified on the Notice of Electronic Filing (NEF), and that paper copies will be sent to those non-registered participants (if any) on December 10, 2013.

/s/ Richard A. Goren