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6  
7 **UNITED STATES DISTRICT COURT**  
8 **DISTRICT OF NEVADA**  
9

10 RIGHTHAVEN LLC, a Nevada limited-  
liability company,

11  
12 Plaintiff,

13 v.

14 VIRGINIA CITIZENS DEFENSE LEAGUE,  
15 INC., a Virginia domestic corporation; PHILIP  
VAN CLEAVE, an individual; and JIM  
16 SNYDER, an individual,

17 Defendants.  
18

Case No.: 2:10-cv-01683-GMN-PAL

**PLAINTIFF RIGHTHAVEN LLC’S  
RESPONSE TO DEFENDANTS’ MOTION  
TO DISMISS FOR LACK OF SUBJECT  
MATTER JURISDICTION**

19  
20 Righthaven LLC (“Righthaven”) hereby responds to Defendants Virginia Citizens  
21 Defense League, Inc. (“VCDL”), Philip Van Cleave (“Mr. Van Cleave”), and Jim Snyder’s  
22 (“Mr. Snyder”; collectively referred to herein with VCDL and Mr. Van Cleave as the  
23 “Defendants”) Motion to Dismiss for Lack of Subject Matter Jurisdiction (Doc. # 27, the  
24 “Motion”).

25 Righthaven’s response is based upon the below memorandum of points and authorities,  
26 the declaration of Steven A. Gibson (the “Gibson Decl.”) and the declaration of Mark A.  
27 Hinueber (the “Hinueber Decl.”), both of which were originally filed in, among other actions,  
28 *Righthaven LLC v. Vote For The Worst, LLC, et al.*, Case No. 2:10-cv-1066-KJD-GWF (“Vote

1 *For The Worst*”(Doc. ## 41-42) that have been resubmitted with this filing, the declaration of  
2 Shawn A. Mangano, Esq. (the “Mangano Decl.”), the pleadings and papers on file in this action,  
3 any permitted oral argument, and any other matter of which this Court takes notice.  
4

5 **MEMORANDUM OF POINTS AND AUTHORITIES**

6 **I. INTRODUCTION**

7 Righthaven has been the recipient of several adverse standing decisions in this District, of  
8 which the Court is unquestionably aware. In fact, this Court’s June 23, 2011 Order (the “June  
9 23rd Order”), which denied Defendants’ first attempt at dismissing this action on, among other  
10 grounds, a lack of standing, expressly acknowledged Judge Hunt’s adverse standing decision in  
11 *Righthaven LLC v. Democratic Underground, LLC*, 2011 WL 2378186, at \*6 (D. Nev. June 20,  
12 2011) (“*Democratic Underground*”). (Doc. 26 at 13 n.2.) The *Democratic Underground*  
13 decision dismissed Righthaven’s copyright infringement action without prejudice based on  
14 application of the assignment of ownership and related rights in view of a certain Strategic  
15 Alliance Agreement (the “SAA”) entered into between the company and Stephens Media LLC in  
16 early 2010. (Doc. # 116 at 11.) The *Democratic Underground* decision, however, was expressly  
17 limited to these facts and did not consider the effect of a subsequent Clarification and  
18 Amendment to Strategic License Agreement (the “Clarification”) upon Righthaven’s standing.  
19 (*Id.* at 8 n.1.)

20 Other decisions from this District have likewise limited their analysis to the SAA  
21 standing alone. For instance, Judge Dawson recently entered dismissal without prejudice for lack  
22 of standing based solely on the terms of the SAA in *Righthaven LLC v. Mostofi*, Case No. 2:10-  
23 cv-1066-KJD-GWF (D. Nev. July 13, 2011) (Doc. # 34 at 7). Judge Pro also followed suit in  
24 *Righthaven LLC v. Hoehn*, 2011 WL 2441020, at \*6 (D. Nev. June 20, 2011)(“*Hoehn*”),  
25 however this decision also set forth an alternative, and likely advisory opinion, as to certain  
26 defects contained in the Clarification.

27 All of these decisions, which Righthaven respectfully disagrees with, have completely  
28 failed to address or substantively analyze a fairly straightforward argument that this Court’s June

1 23rd Order astutely recognized in its standing analysis – whether the assignment of ownership  
2 from Stephens Media to Righthaven included the right to pursue accrued infringement claims  
3 and whether the alleged infringement in this action constitutes an accrued infringement claim.  
4 (Doc. # 26 at 12-13.) This is precisely the issue presented to the Ninth Circuit in *Silvers v. Sony*  
5 *Pictures Entm't Inc.*, 402 F.3d 881, 884 (9th Cir. 2005)(“*Silvers*”) – whether a party assigned the  
6 bare right to sue for past infringement had requisite standing to maintain suit. As noted in the  
7 June 23rd Order:

8           The Ninth Circuit held in *Silvers* that an assignor can transfer the  
9 ownership interest in an accrued past infringement, but the assignee only  
10 has standing to sue if the interest in the past infringement is expressly  
11 included in the assignment and the assignee also holds the actual  
12 copyrights. . . .

13 . . .

14           Therefore, more information is needed to determine when the  
15 infringement occurred and whether the transfer conveyed preexisting  
16 claims. This is critical to whether or not [Righthaven] has standing to  
17 pursue the claim.

18 (Doc. # 26 at 12.)

19           If Righthaven construes the foregoing observations by the Court correctly, standing to  
20 sue for an accrued past infringement can be maintained by an assignor as long the right to do so  
21 is expressly conveyed with a transfer of ownership. While Righthaven raises several arguments  
22 as to why it has standing to maintain this action, one of the most fundamental arguments asserted  
23 by it below, and in other actions in this District that have not specifically address the issue, is that  
24 the company was assigned ownership in the work at issue along with the right to sue for, among  
25 other things, accrued past infringements by Stephens Media. While the general terms of the  
26 SAA causes certain rights to exploit the works to be licensed back to Stephens Media after  
27 assignment, the fact remains that Righthaven is conveyed ownership of the work and the right to  
28 sue for accrued infringements under the terms of the assignment. Thus, while the nature of  
exploitation rights in the work licensed back to Stephens Media may bear upon Righthaven’s

1 standing to sue for present and future infringements, this scenario is not before the Court and is  
2 outside the holding of *Silvers*.

3 While it is unfortunate that prior decisions from this District have failed to address this  
4 seemingly straightforward analysis, Righthaven is hopeful this Court will do so in a manner  
5 consistent with the observations contained in its June 23rd Order. If this is done, Righthaven  
6 asserts that Defendants' Motion should be denied. To the extent doubts remain in view of prior  
7 decisions from this District, including the *Hoehn* decision's alternative and advisory analysis of  
8 the Clarification, Righthaven maintains that such decisions are in error. Finally, Righthaven now  
9 introduces an Amended and Restated Strategic Alliance Agreement (the "Restated Amendment")  
10 between the company and Stephens Media, which was expressly crafted to address all of the  
11 concerns identified by Judge Pro in the *Hoehn* decision.<sup>1</sup> (Mangano Decl. Ex. 1.) Righthaven  
12 unquestionably has standing under the Restated Amendment.

13 In sum, Righthaven believes the Court fully appreciates the holding in *Silvers* and that it  
14 has standing under this decision. Righthaven additionally asserts that it has standing despite the  
15 license back structure envisioned under the SAA and that any such defects found to exist  
16 thereunder have been cured by the Clarification and the Restated Amendment. Accordingly, as  
17 argued below, Defendants' standing challenge should be denied once again.

## 18 **II. STATEMENT OF FACTS**

19 Righthaven is the owner of the copyrighted literary work entitled "Slaying of Army  
20 veteran shocks friends" (the "Work"), which was originally published on July 12, 2010 by the  
21 *Las Vegas Review-Journal* (the "LVRJ"). (Compl. ¶¶ 11, 25, 26, Exs. 1, 3.) The Work clearly  
22 identifies the LVRJ as the original source publication. (*Id.* ¶ 12, Ex. 1.) Substantively, the Work  
23 details the fatal shooting of a Las Vegas resident at the hands of the Las Vegas Metropolitan  
24 Police Department inside of a Las Vegas-based Costco department store. (*Id.* Ex. 1.) Stephens  
25 Media LLC ("Stephens Media") assigned ownership of the Work, along with the right to pursue  
26 any and all past, present or future infringements of the Work (the "Assignment"), prior to the  
27 filing of this action on September 28, 2010. (Doc. 1; Mangano Decl. Ex. 2.)

28 \_\_\_\_\_  
<sup>1</sup> To the extent deemed necessary, Righthaven intends to seek leave to amend its Complaint in

1 The Defendants are the owners of the Internet domain found at <vcdl.org> (the  
2 “Website”). (*Id.* ¶¶ 4-8.) On or about July 22, 2010, the Defendants displayed, without  
3 authorization, a 100% copy of the Work on the Website, which serves as the basis for  
4 Righthaven’s copyright infringement claims in this action (the “Infringement”). (*Id.* ¶¶ 9, 13-14,  
5 Ex. 2.) Defendants posted the unauthorized, verbatim copy of the Work on the Website as  
6 evidenced by the fact that it reads “From Philip Van Cleave”, who operates the Website along  
7 with Mr. Snyder. (*Id.* Ex. 2.)

8 Despite Righthaven’s clear evidence of Defendants having copied 100% of the Work  
9 without authorization and despite the Work having come from a source publication in this  
10 jurisdiction, which is directed to residents of this jurisdiction, and which concerned events  
11 occurring within this jurisdiction, Defendants moved to dismiss this case for lack of personal  
12 jurisdiction (the “First Motion”) Federal Rules of Civil Procedure 12(b)(2). (Doc. # 7 at 6-12.)  
13 Defendants’ First Motion further asked the Court to dismiss Righthaven’s Complaint pursuant to  
14 Federal Rule of Civil Procedure 12(b)(6) (“Rule 12(b)(6)”) based on application of several  
15 affirmative defenses, such as fair use, which are not properly before the Court since no answer  
16 has been filed. (*Id.* at 12-16.) Finally, defendants’ First Motion sought dismissal of to  
17 Righthaven’s Complaint for lack of standing on the ground that it did not own the Work at the  
18 time of infringement. (*Id.* at 12-13.)

19 While Defendants’ First Motion was pending, Judge Hunt issued the *Democratic*  
20 *Underground* decision. (Doc # 116.) The decision concluded that Righthaven lacked standing to  
21 maintain its copyright infringement claim based on the contractual terms of the SAA between the  
22 company and Stephens Media. (*Id.* at 10-11.) In so reaching this conclusion, Judge Hunt  
23 refused to consider the Clarification entered into by Righthaven and Stephens Media in response  
24 to issues being raised concerning Righthaven’s standing to maintain its copyright infringement  
25 actions. (*Id.* at 8 n.1.) The *Democratic Underground* decision also failed to address the effect of  
26 the assignment and transfer of the right to sue for an accrued past infringement claim under  
27 *Silvers* without reference to the SAA. (*Id.* at 6.) Accordingly, Judge Hunt determined that he  
28

1 lacked subject matter over Righthaven's copyright infringement claim and dismissed  
2 Righthaven's Complaint without prejudice. (*Id.* at 10-11.)

3 On June 23, 2011, this Court denied Defendants' First Motion. (Doc. # 26.) In doing so,  
4 the Court found that it could properly exercise personal jurisdiction over the Defendants. (*Id.* at  
5 8.) The Court further rejected Defendants' attempt to obtain dismissal on the affirmative  
6 defenses of fair use and implied license. (*Id.* at 9-11.)

7 Most importantly for purposes of adjudicating the current Motion, the Court also denied  
8 Defendants' request for dismissal for lack of standing. (Doc. # 26 at 11-14.) In so denying  
9 Defendants' request, the Court correctly noted that Righthaven had alleged sufficient facts to  
10 vest it with standing under a Rule 12(b)(6) analysis. (*Id.* at 13-14.) The Court then advised that  
11 standing challenges requiring an analysis of the Assignment, the Infringement and the nature of  
12 the assigned claims "could be raised in a motion for summary judgment" after the parties  
13 engaged in discovery. (*Id.* at 13:10-13.) In so advising, the Court expressly acknowledged the  
14 intervening decision in *Democratic Underground*. (*Id.* at 13 n.2.)

15 Defendants did not heed the Court's advice in the June 23rd Order as to how a  
16 subsequent standing challenge should be presented. Rather than engaging in discovery and  
17 seeking summary judgment on the issue of standing, Defendants simply elected to file the instant  
18 Motion, which is not a request for summary judgment and despite no discovery having been  
19 conducted. Defendants' apparent disregard of the Court's suggested means of presenting this  
20 issue for resolution, the Motion should nevertheless be denied as argued below.

### 21 **III. ARGUMENT**

22 Standing is a jurisdictional requirement that can be raised at any time, including *sua*  
23 *sponte* by the court, as is the case here. *D'Lil v. Best Western Encina Lodge & Suites*, 538 F.3d  
24 1031, 1035 (9th Cir. 2008). Pursuant to Section 501(b) of the Copyright Act, only "the legal or  
25 beneficial owner of an exclusive right under a copyright" is entitled to sue for infringement.  
26 *Silvers*, 402 F.3d at 884. Section 106 of the Act, in turn, defines the exclusive rights that can be  
27 held in a copyright (*e.g.* the right to reproduce, to prepare derivative works, and to distribute  
28 copies). Exclusive rights in a copyright may be transferred and owned separately—for example,

1 through assignment or an exclusive license - but no exclusive rights exist other than those listed  
2 in Section 106. *Silvers*, 402 F.3d at 885. While the right to assert an accrued cause of action for  
3 copyright infringement cannot be transferred alone, such a right can be transferred along with  
4 one or more of the exclusive rights in a copyright. *See id.* at 890.

5 As the assignee-owner of the full right and title in and to the Work together with the  
6 express language transferring it the right to sue for, among other things, past accrued copyright  
7 infringement claims, Righthaven has standing to maintain this action. (Mangano Decl. Ex. 1.)  
8 In addition, Stephens Media and Righthaven executed the Clarification in order to further clarify  
9 and effectuate, to the extent not already accomplished, what has at all times been the intent of the  
10 parties—to transfer full ownership in copyright to Righthaven. (Gibson Decl. ¶ 12, Ex. 3;  
11 Hinueber Decl. ¶ 11, Ex. 3.) The Clarification has cured any defects in standing that existed  
12 under the parties' original contractual relationship. (*Id.*)

13 Righthaven and Stephens Media, however, have not turned a deaf ear toward the  
14 concerns expressed by Judge Pro in the *Hoehn* decision, which presently represents the most  
15 comprehensive, albeit potentially advisory analysis, of the Clarification. (Doc. # 28 at 10.)  
16 Rather, the parties entered into the Restated Amendment as a means for addressing the concerns  
17 expressed in the *Hoehn* decision. (Mangano Decl. Ex. 1 at 1.) Therefore, as set forth below,  
18 Righthaven asserts that standing has been properly conferred under the Restated Amendment  
19 should the Court find otherwise in its analysis of the Assignment, the original SAA, and the  
20 Clarification.

21 **A. Righthaven Has Standing to Sue for Past Infringement Under the Plain**  
22 **Language of the Assignment.**

23 Binding precedent establishes that the Assignment from Stephens Media to Righthaven  
24 conveys standing upon Righthaven to bring this case. As previously noted by the Court in its  
25 June 23rd Order, in *Silvers*, the Ninth Circuit held that an assignor can transfer the ownership  
26 interest in an accrued past infringement, but the assignee has standing to sue only if the interest  
27 in the past infringement is expressly included in the assignment and the assignee is also granted  
28 ownership of an exclusive right in the copyrighted work. *Id.* at 889-90. In so holding, the panel



1 in *Silvers* aligned Ninth Circuit law with that of the Second Circuit as set forth in *ABKCO Music,*  
 2 *Inc. v. Harrisongs Music, Ltd.*, 944 F.2d 971, 980 (2d Cir. 1991), which recognized the right to  
 3 sue for past infringement when both the copyright and the accrued claims were purchased.  
 4 *Silvers*, 402 F.3d at 889.

5 Multiple courts in this District, including this very Court, have determined that  
 6 Righthaven has standing to bring a claim for past infringement under the Ninth Circuit's standard  
 7 in *Silvers*, **based on the plain language of the copyright assignment**: (1) *Righthaven LLC v.*  
 8 *Vote For The Worst, LLC, et al.*, Case No. 2:10-cv-01045-KJD-GWF (D. Nev. March 30, 2011);  
 9 (2) *Righthaven LLC v. Majorwager.com, Inc.*, 2010 WL 4386499, at \*2 (D. Nev. Oct. 28, 2010);  
 10 and (3) *Righthaven LLC v. Dr. Shezad Malik Law Firm P.C.*, 2010 WL 3522372, at \*2 (D. Nev.  
 11 Sept. 2, 2010). (See also Gibson Decl. ¶¶ 9-10.)<sup>2</sup> Just like the assignments at issue in these  
 12 cases, the Assignment here transferred all exclusive ownership rights in and to the Work to  
 13 Righthaven, and expressly included all past accrued causes of action for copyright infringement.  
 14 Specifically the Assignment at issue here transferred all exclusive ownership rights in and to the  
 15 works to Righthaven, and expressly included all accrued causes of action for copyright  
 16 infringement:

17 Assignor hereby transfers, vests and assigns [the Work]...to  
 18 Righthaven...all copyrights requisite to have Righthaven recognized as the  
 19 copyright owner of the Work for purposes of Righthaven being able to  
 20 claim ownership as well as the right to seek redress for ***past, present and***  
***future infringements*** of the copyright in and to the Work.

21 <sup>2</sup> The *Democratic Underground* decision mischaracterized Righthaven's reliance on these  
 22 decisions as being "[a]t best . . . disingenuous." (Doc. # 116 at 10:16-17.) Righthaven  
 23 respectfully maintains that its reliance on these cases, both here and in the *Democratic*  
 24 *Underground* case, are not and were not disingenuously asserted in any way. To clarify any  
 25 misunderstanding this Court may construe from the harsh language contained in the *Democratic*  
 26 *Underground* decision, Righthaven cites these prior decisions in support of its proposition that  
 27 courts from this judicial district have found that the plain language of the assignments at issue  
 28 complied with the requirements of the *Silvers* decision. Consistent with these prior decisions, the  
*Democratic Underground* decision did not conclude the plain language of the assignment at issue  
 violated the requirements of the *Silvers* decision. (See Doc. # 116 at 6-11.) Rather, the  
*Democratic Underground* decision found that the assignment *in view of the original SAA terms*  
 failed to comply with the *Silvers* decision. (*Id.* at 6.)



1 (Mangano Decl. Ex. 1, emphasis added.) At the moment of the Assignment, Righthaven became  
2 the owner of the Work with all rights of ownership, including the right to register the Work,  
3 license the Work and seek redress for infringement, including past infringement. In other words,  
4 the Assignment conferred upon Righthaven the exclusive ownership rights required under the  
5 Copyright Act to bring suit for past accrued acts of infringement. As parties frequently do,  
6 Righthaven licensed back to Stephens Media the right to exploit the Work, which, as discussed  
7 below, does not obviate the right to sue for a past accrued infringement expressly transferred  
8 contemporaneously with ownership through the Assignment.

9 **1. The Assignment, and not the SAA, effectuates the transfer of ownership**  
10 **from Stephens Media to Righthaven, along with the right to sue for,**  
11 **among other things, past accrued claims of infringement of the Work.**

12 The SAA's provisions neither serves to effectuate the assignment of any works nor does  
13 it alter the unambiguous language of the Assignment or the rights that Righthaven acquired  
14 thereunder. First, the SAA does not effectuate the assignment of any work. (Gibson Decl. ¶ 5,  
15 Ex. 2 § 7.2; Hinueber Decl. ¶ 5, Ex. 2 § 7.2.) Rather, the SAA reflects promises made by the  
16 parties with regard to future transactions in copyrights. (*Id.*) The SAA envisions an assignment  
17 to Righthaven of all rights, title and interest in and to potential copyrighted works, which  
18 includes the right to sue for any past, present or future infringements, coupled with a license back  
19 to Stephens Media of the right to exploit any copyrighted works. (*Id.*) This license back of  
20 rights to exploit works can only be effective ***after Righthaven has been assigned the work from***  
21 ***Stephens Media.*** Accordingly, the SAA does not effectuate the assignment or any work, but for  
22 purposes of the Court's standing analysis it serves to outline rights, including rights licensed  
23 back to Stephens Media, after Righthaven has been assigned a work along with the right to sue  
24 for, among, other things, past accrued infringement claims.

1                   **2. The license back of rights to Stephens Media and the SAA’s right of**  
2                   **reversion do not change Righthaven’s standing to sue for past accrued**  
3                   **infringement claims the plain language of the Assignment.**

4                   Neither the *post-assignment* license back of exploitation rights to Stephens Media nor the  
5                   right of reversion under the SAA obviates Righthaven’s standing to maintain this case for an  
6                   accrued copyright infringement claim in view of the Assignment.

7                   While parties in numerous other actions have alleged that this transactional structure  
8                   constitutes a “sham” or meaningless assignment, adopting these allegations by a finding that  
9                   Righthaven lacks standing to maintain this action for past infringement would eviscerate  
10                  countless complex commercial and intellectual property transactions. “Principles of contract law  
11                  are generally applicable in the construction of copyright assignments, licenses and other transfers  
12                  of rights.” *Key Maps, Inc. v. Pruitt*, 470 F. Supp. 33, 38 (S.D. Tex. 1978). An assignment  
13                  transfers all rights, title and interest in and to the assigned property. *See id.*; *see also Pressley’s*  
14                  *Estate v. Russen*, 513 F. Supp. 1339, 1350 (D. N. J. 1981) (“An assignment passes legal and  
15                  equitable title to the property . . .”). Axiomatically, when the totality of rights are assigned by  
16                  one party to another, and the party receiving said assignment then conveys a license of some  
17                  interest to the same party or to another party, complete title to ownership vests in the assignee  
18                  *prior to being divested through licensure.*

19                  While the transactional structure described in the original SAA, in which a license is  
20                  given back to Stephens Media, may potentially be construed to limit Righthaven’s ability to  
21                  bring suit for present and future infringements during the term of the license, it does not limit the  
22                  company’s ability to bring suit for past infringements, which is precisely what is at issue here.  
23                  As the Ninth Circuit held in *Silvers*, the right to sue for past infringement requires only an  
24                  assignment of an ownership interest along with the expressed right to sue for an accrued claim  
25                  for infringement. *Silvers*, 402 F.3d at 889-90.

26                  The transactional structure under the original SAA and the actual assignment of rights  
27                  comport with the holding in *Silvers*. Pursuant to the individual assignments that are ultimately  
28                  executed, Righthaven is assigned all ownership rights, along with the right to sue for past,  
present and future infringements, associated with the work assigned. (Mangano Decl. Ex. 1.)

1 While Righthaven promises under the original SAA to license rights back to Stephens Media to  
2 exploit the acquired works, there can be no license until *after* the assignment of ownership rights  
3 and the right to sue for past infringements is conveyed. This structure thus conveys ownership  
4 and the right to sue for accrued infringement claims, which is precisely what is required to  
5 establish standing under *Silvers* for purposes of accrued or past infringement claims. Any other  
6 conclusion would require the Court to ignore the expressly defined assignment and license-back  
7 structure contemplated by the parties to the SAA.

8 Nor does the original SAA's right of reversion provision impact Righthaven's standing to  
9 sue for past infringement. The right of reversion gives Stephens Media the right to regain the  
10 ownership to any assigned work in the future under certain conditions. (*See, e.g., Gibson Decl.*  
11 *Ex. 2 § 8.*) That future right has no impact on Righthaven's current ownership status, its  
12 ownership status at the time of the assignment, or its status at the time it filed this action. Indeed,  
13 *unless and until Stephens Media exercises its right of reversion*, that right will have no impact  
14 whatsoever. Stephens Media has not exercised that right (*Gibson Decl. Ex. 2 § 8; Hinueber*  
15 *Decl. Ex. 2 § 8.*), and there is nothing in the record to suggest it will. Accordingly, the license  
16 back structure and the right of reversion terms under the original SAA cannot obviate  
17 Righthaven's standing to maintain this action for an accrued infringement claim based on the  
18 plain language of the Assignment.

19 **B. Righthaven Has Standing to Sue for Infringements Under the Clarification.**

20 It is black-letter law that a copyright owner has standing to bring a claim for  
21 infringement. 17 U.S.C. § 501(b) ("The legal or beneficial owner of an exclusive right under a  
22 copyright is entitled ... to institute an action for any infringement of that particular right ..."). A  
23 copyright owner need not have been the author or original owner; indeed, copyright law  
24 recognizes the transferability of the rights protected by copyright. 17 U.S.C. § 101 ("A 'transfer  
25 of copyright ownership' is an assignment, mortgage, exclusive license, or any other conveyance,  
26 alienation, or hypothecation of a copyright or of any of the exclusive rights comprised in a  
27 copyright, whether or not it is limited in time or place of effect, but not including a nonexclusive  
28

1 license.”) It is also black-letter law that a non-exclusive licensee lacks standing to sue for  
2 infringement. *See id.*; *Silvers*, 402 F.3d at 898 n. 7.

3 Pursuant to the Clarification, Righthaven obtained “all right, title and interest to said  
4 Work such that Righthaven shall be recognized as the copyright owner of the Work, shall have  
5 the right to register said Work with the United States Copyright Office, and shall have the right  
6 to pursue past, present and future infringements of the copyright in and to the Work.” (Gibson  
7 Decl. Ex. 3; Hinueber Decl. Ex. 3.) As the owner of the copyright, Righthaven has the ability to  
8 exploit its exclusive rights as it sees fit. Righthaven may reproduce the copyrighted work, create  
9 derivative works, assign the copyright, grant licenses, receive royalty payments and sue for  
10 copyright infringement. In short, Righthaven may utilize the entire bundle of exclusive rights  
11 that accompany copyright ownership. Nothing in the Assignment or Clarification prevents  
12 Righthaven from doing so. Righthaven granted a non-exclusive license back to Stephens Media  
13 to use the copyrighted work (*Id.* Ex. 3 at § 7.2; Hinueber Decl. Ex. 3 at § 7.2), but that license  
14 does not divest Righthaven of its rights. *See Silvers*, 402 F.3d at 898 n. 7.

15 Righthaven acknowledges the *Hoehn* decision did find, although potentially advisory in  
16 nature, that it lacked standing failed to bring suit for past infringement after considering the SAA  
17 and the Clarification. Righthaven respectfully maintains the court erred in reaching this  
18 conclusion. First, the *Silvers* decision did not involve a substantive evaluation of underlying  
19 contractual rights and responsibilities. Rather, in *Silvers*, the copyright owner executed an  
20 “Assignment of Claims and Causes of Action” in favor of the plaintiff, and retained ownership of  
21 the underlying copyright. *Silvers*, 402 F.3d at 883. The copyright owner in *Silvers* never  
22 purported to assign the underlying work itself, or any rights protected by copyright. Thus in  
23 *Silvers*, the **only** right, title and interest assigned was the right, title and interest in litigation.  
24 That is not the case before this Court.

25 Another case also relied on in the *Hoehn* decision, *Nafal v. Carter*, 540 F. Supp. 2d 1128  
26 (C.D. Cal. 2007), is similarly inapposite. As a preliminary matter, *Nafal* was decided under the  
27 more narrow 1909 Copyright Act (*id.* at 1138), which, in contrast to the 1976 Copyright Act, did  
28 not allow the bundle of rights protected by copyright to be separable. *Silvers*, 402 F.3d 881 at

1 896. Moreover, the plaintiff in *Nafal* never alleged that he owned the copyright at issue. Instead  
2 he was assigned a purported one-half interest to an exclusive licensee's rights but lacked any  
3 ability to exercise any rights under the copyright. 540 F. Supp. 2d at 1143. Additionally the  
4 plaintiff in *Nafal* was not a party to the original exclusive license agreement with the copyright  
5 owner (*id.* at 1141) and was also not a co-exclusive licensee because he lacked any of the rights  
6 held by the other co-licensee (*id.* at 1142). Here, by contrast, the original copyright owner,  
7 Stephens Media, assigned the entirety of the Work to Righthaven, and Righthaven granted back  
8 to Stephens Media only the right to exploit the copyright on a non-exclusive basis under the  
9 Clarification. (Mangano Decl. Ex. 2; Gibson Decl. Ex. 3; Hinueber Decl. Ex. 3.) Under these  
10 circumstances, the only party to the transaction with any exclusive rights and the only party with  
11 standing to sue for copyright infringement is Righthaven.

12 **C. Neither the Purpose of the Transaction nor Stephens Media's Retention of**  
13 **Certain Rights Under the Clarification Invalidates the Assignment.**

14 The *Hoehn* decision further called into question the existence of two provisions in the  
15 Clarification: (1) a provision giving Stephens Media 30 days written notice prior to exploiting an  
16 infringed work; and (2) a separate provision giving Stephens Media the option to re-purchase the  
17 copyright. Any concerns over the effect of these provisions have been fully addressed in the  
18 Restated Amendment. (Mangano Decl. Ex. 1.) To the extent the Court somehow declines to  
19 consider the Restated Amendment, Righthaven respectfully asserts that the Clarification's  
20 provisions do not invalidate the rights assigned by Stephens Media, which includes the right to  
21 sue for, at least, acts of past infringement.

22 Parties routinely enter into complex agreements transferring intellectual property rights.  
23 It is well established that these transfers are not invalid simply because the original owner retains  
24 some rights. *See, e.g., Vittoria N. Am., L.L.C. v. Euro-Asia Imports Inc.*, 278 F.3d 1076,  
25 1082 (10th Cir. 2001) (holding that a "thirty-day reassignment clause does not establish that [the  
26 trademark assignment] is a sham") (citing *Premier Dental Prods. Co. v. Darby Dental Supply*  
27 *Co.*, 794 F.2d 850, 855-56 (3d Cir. 1986) ("[L]imitations in an otherwise valid assignment do not  
28 invalidate it")); *Int'l Armament Corp. v. Matra Manurhin Int'l., Inc.*, 630 F. Supp. 741,

1 746 (E.D. Va. 1986) (“Plaintiff’s ownership of the marks is subject to conditions on its license  
2 agreement with Carl Walther, which make that distributorship revocable by Walther for violation  
3 of ‘essential’ clauses. Such limitations on an assignment do not invalidate or make it a sham,  
4 however.”)

5 Moreover, the Ninth Circuit, more than 40 years ago, rejected the argument that an  
6 assignment made solely to facilitate a lawsuit is somehow improper. In *Rawlings v. Nat’l*  
7 *Molasses Co.*, 394 F.2d 645, 648 (9th Cir. 1968), the Ninth Circuit held:

8 Defendants make the further point that the arrangement between plaintiff and  
9 [assignor] was accomplished for the sole purpose of permitting plaintiff to bring  
10 this action without joining [assignor] as a party plaintiff or defendant. We assume  
11 that to be true. Defendants urge that the transaction was a sham. The documents  
12 were in fact executed and nothing in the record indicates that as between  
13 [assignor] and plaintiff they are either void or voidable. If not, then the purpose  
14 underlying their execution is of no concern to the defendants.

15 Thus, the Ninth Circuit long ago rejected the argument that the purpose behind a business  
16 transaction or a business itself has any bearing on the issue of standing.

17 Finally, as the Ninth Circuit held in *Silvers*, courts “should interpret the Copyright Act  
18 consistently with the requirement of the Patent Act” because of the fundamental similarity  
19 between the two types of intellectual property rights. 402 F.3d at 888; *see also Davis v. Blige*,  
20 505 F.3d 90, 104 (2d Cir. 2007) (“Although patent and copyright law function somewhat  
21 differently, courts considering one have historically looked to the other for guidance where  
22 precedent is lacking . . . . Licenses in patent and copyright function similarly . . . .”).

23 Courts in numerous patent cases have rejected the argument that an otherwise valid  
24 transfer of intellectual property rights made to confer standing is somehow defective, or a sham,  
25 because the motivating business purpose is litigation. For example, in a highly analogous case in  
26 the patent context, the Federal Circuit held that patent assignments made for the sole purpose of  
27 bringing suit are nonetheless valid. *SGS-Thomson Microelectronics, Inc. v. Int’l Rectifier Corp.*,  
28 1994 WL 374529 (Fed. Cir. Jul. 14, 1994). There, the defendant urged the court to ignore the  
patent assignment between related corporate entities because, like here, the agreement was  
entered for the purpose of conferring standing to sue for infringement. The defendant also  
argued “sham” because the assignment required the plaintiff to assign the patents back at the

1 conclusion of the litigation, a much greater restriction than that present in this case. *Id.* at \*6.  
2 The court rejected defendant's arguments, ruling that "[t]his court and other courts have held that  
3 an assignment that explicitly provides for possible transfer back to the assignor is nevertheless  
4 effective to give the assignee standing." *Id.* The court further held that:

5 the district court erred in granting summary judgment on the ground that the  
6 assignments of the ... patents were shams because the sole purpose of the  
7 assignment was to facilitate litigation. In so ruling, the trial court ignored the  
8 express language in the assignments and in effect created a new requirement, not  
found in any case law, that a patent assignment must have an "independent  
business purpose."

9 *Id.* Thus, in the very context that *Silvers* advises courts to consider, the Federal Circuit  
10 explicitly ruled that the motive or purpose of an assignment is irrelevant to the assignee's  
11 standing to enforce the exclusive rights conferred and that the assignor's ability to re-acquire its  
12 rights does not deprive the assignee of its right to bring suit. *Id.* at \*6-7.

13 In yet another case decided by the Federal Circuit, the court held that a grant of patent  
14 rights was sufficient to confer standing notwithstanding the fact that the grantor retained several  
15 rights relating to the patent. *See Vaupel Textilmaschinen KG v. Meccanica Euro Italia S.P.A.*,  
16 944 F.2d 870 (Fed. Cir. 1991). In *Vaupel*, the grantor retained "1) a veto right on sublicensing  
17 by Vaupel; 2) the right to obtain patents on the invention in other countries; 3) a reversionary  
18 right to the patent in the event of bankruptcy or termination of production by Vaupel; and 4) a  
19 right to receive infringement damages." *Id.* at 875. Despite the grantor's retention of these  
20 rights, the court held that "none of these reserved rights was so substantial as to reduce the  
21 transfer to a mere license or indicate an intent not to transfer all substantial rights." *Id.* Here, as  
22 in *Vaupel*, the rights retained by Stephens Media do not negate the exclusive rights conferred to  
23 Righthaven; thus, Righthaven is the owner of the copyright and has standing to sue for  
24 infringement.

25 **D. Righthaven Unquestionably Has Standing to Sue Under the Restated  
Amendment.**

26 There can be no doubt that Righthaven has standing to maintain this case under the  
27 Restated Amendment. In fact, the Restated Amendment was expressly designed to address the  
28 concerns set forth in the *Hoehn* decision, which sets forth the most comprehensive and



1 instructive discussion to date concerning the alleged contractual provisions that divest the  
2 company of standing to sue over content assigned to it by Stephens Media. (Mangano Decl. Ex.  
3 1 at 1.) The Restated Amendment further renders any reliance on the *Hoehn* decision moot.

4 First, the Restated Amendment fully clarifies that Stephens Media holds a non-exclusive  
5 license to exploit the works assigned to Righthaven. (*Id.*) As a non-exclusive licensee, Stephens  
6 Media cannot sue for infringement of the Work. *See Davis*, 505 F.3d at 101 (“[T]he holder of a  
7 nonexclusive license may not sue others for infringement.”); *I.A.E., Inc. v. Shaver*, 74 F.3d 768,  
8 775 (7th Cir. 1996) (“[A] person holding a nonexclusive license has no standing to sue for  
9 copyright infringement.”); *Eden Toys, Inc. v. Florelee Undergarment Co.*, 697 F.2d 27, 32 (2d  
10 Cir. 1982) (“The Copyright Act authorizes only to types of claimants to sue for copyright  
11 infringement: (1) owners of copyrights, and (2) persons who have been granted exclusive  
12 licenses by owners of copyrights.”). Rather, the right to sue for infringement of the work is held  
13 by Righthaven, which acquired ownership of the Work based on the Assignment from Stephens  
14 Media. *See* 17 U.S.C. § 101; 17 U.S.C. § 501(b).

15 Second, the Restated Amendment eliminates two provisions that were concerns in the  
16 *Hoehn* decision: (1) a provision giving Stephens Media 30 days written notice prior to exploiting  
17 an infringed work; and (2) a separate provision giving Stephens Media the option to repurchase  
18 the copyright. (*See* Doc. # 28 at 10.) The 30-day notice provision has been completely  
19 eliminated from the Restated Amendment. (Mangano Decl. Ex. 1.) Likewise, Stephens Media’s  
20 option to repurchase and assigned work may only be exercised five years after the date of  
21 assignment and fair market value must be paid to require a work. (*Id.*) Thus, Righthaven owns  
22 the works for at least a five-year term without the possibility of Stephens Media exercising its  
23 option to repurchase shortly after assignment under a potential scenario recognized in the *Hoehn*  
24 decision given the terms of the Clarification.

25 Finally, the Restated Amendment does not restrict Righthaven’s ability to exploit  
26 assigned works in any manner. Under the Clarification, the *Hoehn* decision expressed concern  
27 over the requirement that Righthaven notify Stephens Media of its intent to exploit any work  
28 outside of copyright infringement litigation. This notice requirement does not exist under the

1 Restated Amendment. (Mangano Decl. Ex. 1.) Moreover, there is no restriction imposed on  
2 Righthaven's ability to exploit works or to license works to other parties. (*Id.*)

3 Quite frankly, Righthaven has sought to fully address all of the concerns expressed in the  
4 *Hoehn* decision. In doing so, this Court is presented with record that is unlike those at issue in  
5 either the *Democratic Underground* or the *Hoehn* decisions. Most importantly, however,  
6 Righthaven has protectively addressed the concerns expressed as an impediment to it having  
7 standing.

8 In sum, Righthaven asserts that it has standing to maintain this infringement action based  
9 on the plain language of the Assignment, which not only transfers ownership to the company, but  
10 also grants the right to sue for, among other things, accrued claims of infringement of the Work.  
11 (Mangano Decl. Ex. 1.) To the extent the Court somehow finds the original SAA impairs  
12 Righthaven's standing, any objectionable terms have potentially been addressed through the  
13 Clarification. Finally, the Restated Amendment, which expressly addresses the concerns set  
14 forth in the *Hoehn* decision, unquestionably leaves absolutely no doubt that Righthaven has  
15 standing to maintain this action. Accordingly, Defendants' Motion must be denied.

16 **IV. CONCLUSION**

17 For the foregoing reasons, Righthaven respectfully requests the Court deny Defendants'  
18 Motion and find that Righthaven has standing to maintain this action.

19 Dated this 22<sup>nd</sup> day of July, 2011

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**CERTIFICATE OF SERVICE**

Pursuant to Federal Rule of Civil Procedure 5(b), I hereby certify that I on this 22<sup>nd</sup> day of July, 2011, I caused the foregoing document and supporting materials to be served by the Court's CM/ECF system.

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