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6	UNITED STATES DISTRICT COURT		
7	FOR THE DISTRICT OF ARIZONA		
8	Richard Blair,	Case No.: 2:22-cv-01439-ESW	
9	Plaintiff,		
10	vs.	MEMORANDUM OF LAW IN SUPPORT OF PLAINTIFF'S	
11	Automobili Lamborghini S.p.A.,	MOTION FOR SANCTIONS PURSUANT TO FED. R. CIV. P. 11	
12	Defendant.		
13	Plaintiff Richard Blair ("Plaintiff"), by and through the undersigned counsel,		
14	moves this Court for sanctions against De	fendant, Automobili Lamborghini S.p.A.	
15	("Defendant"), and its counsel, pursuant to Federal Rule of Civil Procedure 11 for		
16	filing a completely meritless and frivolous motion, unwarranted under the existing		
17	law in this Circuit, and for the improper purpose of needlessly increasing		
18	Plaintiff's costs of litigation.		
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TABLE OF CONTENTS

1.
II. LEGAL STANDARD4
III. ARGUMENT6
A. Defendant's Legal Argument is So Frivolous and So Legally
Unreasonable that it Could Only Have Been Brought for an Improper Purpose, Such
that Sanctions Should be Granted6
B. Because Plaintiff also Sought a Declaration that His Use of the
Domain Name was not Unlawful, the Motion to Dismiss is Clearly Baseless, Legally
Unreasonable, and Filed for an Improper Purpose, Warranting Rule 11 Sanctions10
C. Sanctions are also Warranted because Defendant's Self-Serving and
Completely Frivolous Argument Would Upend the Very UDRP Policy, to Which
Defendant Availed Itself in Obtaining the Administrative Transfer Order Underlying
this Dispute, but Now Hypocritically Contends Cannot be Challenged11
IV. CONCLUSION16

TABLE OF AUTHORITIES

2	Cases
3	AIRFX.com v. AirFX LLC, No. CV 11-01064-PHX-FJM, 2011 WL 5007919 (D. Ariz.
4	Oct. 20, 2011)
5	Byzantine Cath. Eparchy of Phoenix v. Burri L. PA, No. CV-20-00779-PHX-ROS, 2021
6	WL 913733 (D. Ariz. Mar. 10, 2021)6,
7	Christian v. Mattel, Inc., 286 F.3d 1118 (9th Cir. 2002)
8	DaimlerChrysler v. The Net Inc., 388 F.3d 201 (6th Cir. 2004)1
9	DSPT Int'l, Inc. v. Nahum, 624 F.3d 1213 (9 th Cir. 2010)
10	Est. of Blue v. Cnty. of Los Angeles, 120 F.3d 982 (9th Cir. 1997)
11	Excel Fortress Ltd. v. Wilhelm, No. CV-17-04297-PHX-DWL, 2020 WL 1330664 (D.
12	Ariz. Mar. 23, 2020)
	G.C. & K.B. Invs., Inc. v. Wilson, 326 F.3d 1096 (9th Cir. 2003)
13	Golden Eagle Distrib. Corp. v. Burroughs Corp., 801 F.2d 1531 (9th Cir. 1986)10
14	Gomez v. Vernon, 255 F.3d 1118 (9th Cir. 2001)10
15	GoPets Ltd. v. Hise, 657 F.3d 1024 (9th Cir. 2011)
16	Holgate v. Baldwin, 425 F.3d 671 (9th Cir. 2005)
17	IFIXITUSA LLC v. iFixit Corp., No. CV-21-00887-PHX-DGC, 2022 WL 2117845 (D.
18	Ariz. June 13, 2022)
19	Loblaw Companies Limited, et al. v. Azimi, No. C 00 3591 WHO, 2001 WL 36028016
20	(N.D. Cal. Oct. 17, 2001)12

MEMORANDUM OF LAW IN SUPPORT OF PLAINTIFF'S MOTION FOR SANCTIONS PURSUANT TO FED. R. CIV. P. 11 - ii

Case 2:22-cv-01439-ROS Document 26-3 Filed 05/31/23 Page 4 of 21

1	Pocketbook Int'l SA v. Domain Admin/SiteTools, Inc., No. CV 20-8708-DMG (PDX),
2	2021 WL 1422784 (C.D. Cal. Apr. 13, 2021)12
3	Storey v. Cello Holdings, L.L.C., 347 F.3d 370 (2003)
4	Townsend v. Holman Consulting Corp., 929 F.2d 1358 (9th Cir. 1990)5
5	Statutes
6	15 U.S.C. § 1114(2)(D)(v)16
7	Fed. R. Civ. P. 11(b)(1)-(2)
8	Other Authorities
9	UDRP Policy Paragraph 3(b)(xii)-(xiii)
10	UDRP Policy Paragraph 4(k)15
11	
12	
13	
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	MEMORANDUM OF LAW IN SUPPORT OF PLAINTIFF'S MOTION FOR SANCTIONS PURSUANT TO FED. R. CIV. P. 11 - iii

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I. BACKGROUND

On August 24, 2022, Plaintiff filed the Complaint with this Court to stop the transfer of the transfer of administrative decision in a Uniform Domain Name Dispute Resolution proceeding initiated by Defendant (the "UDRP Proceeding"). The Complaint seeks declaratory relief under 15 U.S.C. § 1114(2)(D)(v), inter alia, to establish that the registration and Plaintiff's use of the Domain Name is not unlawful under the Anticybersquatting Consumer Protection Act (the "ACPA"). (ECF No. 1.) The relief sought by Plaintiff is no different than that sought by (at least) hundreds of domain name registrants since both the UDRP and ACPA were enacted in 1999. Defendant's motion is the only one ever filed to argue that a domain name registrant is statutorily barred from seeking such declaratory relief, unless they are the *original* registrant of a domain name – an argument that is utterly devoid of support under the law.

On February 23, 2023, Defendant notified Plaintiff, via counsel, that Defendant planned to file a Fed. R. Civ. P. 12(b)(6) motion to dismiss. (Exh. A to Declaration of Brett E. Lewis, Esq. ("Lewis Decl.").) Defendant's counsel invited Plaintiff's counsel to meet and confer, and cited *GoPets Ltd. v. Hise*, 657 F.3d 1024 (9th Cir. 2011) as the sole basis for its argument. Defendant's counsel repeated the same argument during the meet and confer call.

Following that call, Plaintiff's counsel emailed Defendant's counsel a detailed account of the significant flaws in Defendant's argument. (*See* Exh. A to Lewis Decl.) Chiefly, *GoPets* held that the purchaser of a domain name receives all property rights held by the initial registrant at the time that such domain name was transferred to him or her – which, by nature, includes the right to file a lawsuit to stop the transfer of a domain name under the ACPA. Additionally, Plaintiff's counsel demonstrated how Defendant's position would completely upset the framework of the UDRP Policy, which allows a respondent to submit a domain name dispute to a court to whose jurisdiction the UDRP complainant contractually agrees to submit – for a *de novo* judicial review. (Exh. A to Lewis Decl.)

On March 9, 2023, Plaintiff amended the Complaint, to make it more clear that Plaintiff sought a declaration both as to the lawfulness of the registration of the Domain Name, per *GoPets*, and Plaintiff's *use* of the same. (ECF No. 21.) Although Plaintiff did not believe that the Complaint required amendment, he did so in the interests of avoiding unnecessary motion practice. Nevertheless, on March 24, 2023, Defendant, through its counsel, again notified Plaintiff that it intended to proceed with filing the motion to dismiss for the same reasons previously stated. (*See* Exh. B to Lewis Decl.)

On March 30, 2023, Defendant filed a motion to dismiss under Fed. R. Civ. P. 12(b)(6) (ECF No. 23) (the "Motion to Dismiss"). The present motion relies MEMORANDUM OF LAW IN SUPPORT OF PLAINTIFF'S MOTION FOR SANCTIONS PURSUANT TO FED. R. CIV. P. 11 - 2

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entirely on the same deliberate misreading of the GoPets decision first proffered by Defendant's counsel. In response, on April 5, 2023, Plaintiff's counsel served Defendant's counsel with a Notice of Motion and letter pursuant to Rule 11. (See Exh. C to Lewis Decl. (the "Rule 11 Letter").) On April 13, 2023, Plaintiff filed an opposition to the Motion to Dismiss (ECF No. 24) (the "Opposition"). On April 20, 2023, Defendant filed a Reply in support of its Motion to Dismiss (ECF No. 25) ("Reply"). The Reply completely disregarded the legal authority cited by Plaintiff, and ignored both the plain language of the ACPA and governing law in this Circuit. The Reply also intentionally misstated Plaintiff's argument, as detailed *infra*. On April 26, 2023, Defendant's counsel responded to the Rule 11 Letter, tripling down on their legally unreasonable reading of *GoPets*, while ignoring or misstating the other bases supporting Plaintiff's invocation of declaratory relief under 15 U.S.C. 1114(2)(d)(v). (See Exh. D to Lewis Decl. (the "April 26 Letter").) Defendant's counsel also threatened to file its own Rule 11 motion if Plaintiff moved for Rule 11 sanctions. (Id.) Plaintiff hereby respectfully submits this Rule 11 Motion to deter the multibillion-dollar corporate Defendant and its large law firm counsel from filing a baseless motion for an improper purpose. Plaintiff respectfully submits that the motion to dismiss violates this Court's February 17 Order (ECF No. 17)— which discourages Rule 12(b)(6) and Rule 12(c) motions—by filing a nonsensical and

baseless motion for the sole and improper purpose of forcing an individual Plaintiff to incur increased costs of litigation. It is inconceivable that Defendant's counsel actually believes its arguments. This is not the typical case where the parties may disagree on the relative merits of a motion, or even a garden variety frivolous motion – Defendant argues that the very statutory framework allowing the losing respondent in a UDRP proceeding to seek declaratory relief in court – which was codified by Congress into law almost 25 years ago – is inoperable in this Circuit, on the basis of a profoundly flawed misreading of *Go Pets*, a case that recognized, not limited, the rights of a domain name registrant.

Yet, Defendants do not stop there – the Amended Complaint seeks a declaration that Plaintiff's *use* of the Domain Name was not unlawful, as Plaintiff is empowered to do by statute. Defendants advance a wholly disingenuous claim that "use" only means use in connection with a website, and otherwise completely ignores detailed pleadings concerning Plaintiff's lawful use of the Domain Name. Because Defendants' motion is so fundamentally lacking in basis that it could only have been filed to harass Plaintiff and increase his legal fees, and only after several attempts to convince Defendants to withdraw their motion failed, Plaintiff seeks sanctions pursuant to Rule 11.

II. LEGAL STANDARD

Federal Rule of Civil Procedure 11 requires an attorney, by presenting to the

court a pleading, written motion, or other paper, to certify that: 1 2 ... to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable 3 under the circumstances: (1) it is not being presented for any improper purpose, such as to harass, cause unnecessary delay, or 4 needlessly increase the cost of litigation; (2) the claims, defenses, and other legal 5 contentions are warranted by existing law or by a nonfrivolous argument for extending, modifying, or reversing existing law or 6 for establishing new law[.] 7 Fed. R. Civ. P. 11(b)(1)-(2); see also Est. of Blue v. Cnty. of Los Angeles, 120 F.3d 8 982, 985 (9th Cir. 1997) ("Rule 11 warrants sanctions when a filing is frivolous, 9 legally unreasonable, or without factual foundation, or is brought for an improper 10 purpose."). One of the fundamental purposes of Rule 11 is to "reduce frivolous" 11 claims, defenses or motions and to deter costly meritless maneuvers, ... [thereby] 12 avoid[ing] delay and unnecessary expense in litigation." Christian v. Mattel, Inc., 13 286 F.3d 1118, 1127 (9th Cir. 2002). A frivolous filing is one that is both baseless 14 and made without a reasonable and competent inquiry. Townsend v. Holman 15 Consulting Corp., 929 F.2d 1358, 1362 (9th Cir. 1990). The "improper purpose" 16 inquiry often overlaps with the question of "frivolousness," and the standard 17 governing both inquiries is objective. *Townsend.*, 929 F.2d at 1362. Under this 18 objective standard, the "reasonable man" against which conduct is tested under 19 Rule 11 is a competent attorney admitted to practice before the district court. *Id.*; 20 MEMORANDUM OF LAW IN SUPPORT OF PLAINTIFF'S MOTION FOR SANCTIONS PURSUANT TO

G.C. & K.B. Invs., Inc. v. Wilson, 326 F.3d 1096, 1109 (9th Cir. 2003).

III. ARGUMENT

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A. <u>Defendant's Legal Argument is So Frivolous and So Legally Unreasonable</u>
<u>that it Could Only Have Been Brought for an Improper Purpose, Such that</u>
Sanctions Should be Granted

As set forth above, a claim or filing is frivolous if it is legally or factually baseless from an objective perspective, and the filing attorney failed to conduct a reasonable and competent inquiry before pursuing it. Holgate v. Baldwin, 425 F.3d 671, 676 (9th Cir. 2005). "A legal argument violates Rule 11(b)(2) if it has 'no chance' of success under existing precedent." Excel Fortress Ltd. v. Wilhelm, No. CV-17-04297-PHX-DWL, 2020 WL 1330664, at *10 (D. Ariz. Mar. 23, 2020) (citing S. Gensler, 1 Federal Rules of Civil Procedure, Rules and Commentary, Rule 11, at 237 (2018)). Failure to identify any legal support to advance a novel argument further indicates its frivolousness. See Holgate, 425 F.3d at 676 (rejecting plaintiffs' arbitrary creation of "protected class of consumers," citing no legal support); Byzantine Cath. Eparchy of Phoenix v. Burri L. PA, No. CV-20-00779-PHX-ROS. 2021 WL 913733, at *8 (D. Ariz. Mar. 10, 2021) (rejecting plaintiff's frivolous contention that "service" was an interchangeable term with "service of process" for purpose of triggering removal clock).

Here, Defendant's counsel seeks dismissal based on the meritless argument that Plaintiff cannot seek relief under 15 U.S.C. § 1114(2)(D)(v) because he was MEMORANDUM OF LAW IN SUPPORT OF PLAINTIFF'S MOTION FOR SANCTIONS PURSUANT TO FED. R. CIV. P. 11 - 6

not the "initial registrant" of the Domain Name. The only legal authority that Defendant cites for its unprecedented contention is *GoPets Ltd. v. Hise*, 657 F.3d 1024 (9th Cir. 2011). *GoPets* held that there can only be one "registration" of a domain name, within the meaning of 15 U.S.C. § 1125(d). *Id.* at 1031. When a subsequent registrant obtains a domain name by transfer, however, they receive all rights to the domain name that the original registrant possessed, relating back to the domain name's registration date. *Id.* at 1031–32. *GoPets* focused on what it means to "register," a domain name. Nothing in *GoPets* suggests that "registration" is interchangeable with "registrant," or that only the first party to register a domain name can be a "registrant," within the meaning of the ACPA.

Indeed, the "primary question before [the Ninth Circuit] [wa]s whether the term "registration" applies only to the initial registration of the domain name, or whether it also applies to a re-registration of a currently registered domain name by a new registrant." *Id.* at 1026 (emphasis added). The Ninth Circuit held: "[w]e see no basis in ACPA to conclude that a right that belongs to an initial registrant of a currently registered domain name is lost when that name is transferred to another owner." *Id.* at 1031. If there could be only a single registrant of a domain name, the Ninth Circuit would not have distinguished between an initial registrant and a new registrant. Defendant's counsel inexplicably disregards the clear holding of *GoPets*.

Nor did *GoPets*'s progeny rule the other way. In the 24 years since the ACPA was enacted, and the 12 years since the *GoPets* decision, there has been no case in this Circuit holding that only the initial registrant of a domain name can seek declaratory relief under the Act. Instead, courts in this District, following *GoPets*, have repeatedly entertained the filings of domain name registrants, who acquired domains from previous owners, to proceed in federal court under the ACPA to stop UDRP decisions from being implemented and seek declarations of their rights. *See, e.g., AIRFX.com v. AirFX LLC*, No. CV 11-01064-PHX-FJM, 2011 WL 5007919, at *2 (D. Ariz. Oct. 20, 2011); *IFIXITUSA LLC v. iFixit Corp.*, No. CV-21-00887-PHX-DGC, 2022 WL 2117845, at *2 (D. Ariz. June 13, 2022).

Defendant's counsel seeks to trivialize these cases, arguing that they did not "[consider] whether the plaintiffs had, or could, adequately plead they were the 'domain name registrant[s]' of the disputed domain names." *See* Reply at 4, fn. 2. Yet, there is a reason why no Court in this or any other District has ever entertained Defendant's argument – because it is so frivolous that no other attorney has made it. *See Byzantine Cath. Eparchy of Phoenix*, 2021 WL 913733, at *7 ("A question may be so utterly baseless or so obviously foreclosed by existing authority that no reasonable attorney would argue the issue.").

Ironically, *GoPets*, itself, provides the strongest counterargument to

Defendant's distorted, self-serving argument. As detailed in Plaintiff's Opposition,

MEMORANDUM OF LAW IN SUPPORT OF PLAINTIFF'S MOTION FOR SANCTIONS PURSUANT TO

FED. R. CIV. P. 11 - 8

GoPets makes it clear that the rights of an initial registrant transfer along with the domain name. GoPets, 657 F. 3d at 1031 ("We see no basis in ACPA to conclude that a right that belongs to an initial registrant of a currently registered domain name is lost when that name is transferred to another owner."). If, accepting Defendant's argument, Section 1114(2)(D)(v) grants the right to invoke the ACPA to the "initial registrant," then under GoPets, it should also follow that a subsequent registrant who obtains that right from the initial registrant of a domain name should be able to seek a declaration of the lawfulness of the "initial" registration of a domain name. In other words, GoPets, in all cases, allows a subsequent domain name registrant to step into the shoes of the initial registrant when the lawfulness of the registration or use of a domain name is challenged under the ACPA.

Yet, Defendant concludes the opposite –that *GoPets prohibits* Plaintiff from asserting the very rights that *GoPets* recognized in an acquiror of a domain name. Given counsel's impressive background as a partner at a large law firm with over 20 years of experience litigating IP disputes, this can only be explained by the fact that Defendant was intent upon filing a motion to dismiss, regardless of its merit. Plaintiff's counsel tried several times to explain what should have been an obvious defect in Defendant's argument, and even amended a Complaint that did not require amending – all to avoid unnecessary motion practice. Defendant

1	disregarded every entreaty not to file a legally unreasonable and completely
2	frivolous motion – this warrants sanctions. See Golden Eagle Distrib. Corp. v.
3	Burroughs Corp., 801 F.2d 1531, 1542 (9th Cir. 1986) (A lawyer should not be
4	able to proceed with impunity in real or feigned ignorance of authorities which
5	render his argument meritless); Fed. Sav. & Loan Ins. Corp. v. Molinaro, 923 F.2d
6	736, 740 (9th Cir. 1991)(purpose of Rule 11 is to deter baseless filings and
7	streamline administrative process and procedure of federal courts).
8	B. Because Plaintiff also Sought a Declaration that His Use of the Domain
9	Name was not Unlawful, the Motion to Dismiss is Clearly Baseless, Legally Unreasonable, and Filed for an Improper Purpose, Warranting Rule 11
10	Sanctions As stated above, notwithstanding the fact that Defendant's argument was
11	completely frivolous, Plaintiff amended the Complaint to make crystal clear that he
12	sought a declaration both as to the lawfulness of the original registration and <i>his</i>
13	use of the Domain Name. See First Amended Complaint (ECF No. 21) (the
14	"FAC"). Putting aside how legally unreasonable Defendant's argument on

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dant's argument was nake crystal clear that he al registration and his ECF No. 21) (the s's argument on "registration" is, there was absolutely no legitimate basis to argue that Plaintiff is not entitled to a declaration that his "use" of the Domain Name is not unlawful – yet that is exactly the position Defendant took.

Defendant argues, without authority, that the only relevant use of a domain name is use in connection with a website, but nowhere in the ACPA or any of the hundreds or thousands of decisions interpreting the ACPA has a Court ever MEMORANDUM OF LAW IN SUPPORT OF PLAINTIFF'S MOTION FOR SANCTIONS PURSUANT TO FED. R. CIV. P. 11 - 10

construed the word "use" in that way. See, e.g., DSPT Int'l, Inc. v. Nahum, 624 F.3d 1213, 1219 (9th Cir. 2010) (finding defendant used domain name to obtain leverage in claim for commissions, even though content of website had been deleted): DaimlerChrysler v. The Net Inc., 388 F.3d 201, 203 (6th Cir. 2004) (implying that defendant used domain name by including a link on website without developing full website as he had planned). Moreover, the First Amended Complaint explicitly 6 alleges facts concerning multiple types of uses to which the Domain Name was put or could have been put. (See FAC ¶¶ 11, 23, 24, 34, 35, 47, 48.) Defendant and its counsel essentially disregard Plaintiff's request for a "use" declaration, and, in so doing, egregiously misrepresent Plaintiff's arguments to the Court – this further establishes that Defendant's entire motion was conceived with an improper purpose. C. Sanctions are also Warranted because Defendant's Self-Serving and Completely Frivolous Argument Would Upend the Very UDRP Policy, to Which Defendant Availed Itself in Obtaining the Administrative Transfer

Order Underlying this Dispute, but Now Hypocritically Contends Cannot be Challenged.

In its Reply, Defendant states: "[Plaintiff] lastly claims Defendant is somehow contractually barred from challenging the sufficiency of his Amended Complaint' under UDRP Rule 4(k), and that Plaintiff's argument is that a UDRP complainant is contractually obligated not to move for dismissal of a lawsuit filed under Section 1114(2)(D)(v). (See Reply at 4-6.) This is simply not Plaintiff's position. (See infra.)

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In truth, *Plaintiff* argues that UDRP Rule 4(k), with mirroring language in Section 1114(2)(D)(v), allows a domain name registrant, whose domain name is subject to transfer under a UDRP decision, to stop that transfer by filing a lawsuit in court. (See Opposition at 12.) Never has Plaintiff argued that the UDRP rules and policy prohibit Defendant from filing a motion to dismiss, but rather that there is no blanket prohibition against domain name owners who are not the original registrants of a domain name from seeking declaratory relief under 15 U.S.C. § 1114 (2)(d)(v) under the law. Plaintiff has never argued that a defendant may not

move to dismiss pleadings that are otherwise deficient.

Defendant initiated the UDRP Proceeding. Paragraph 4(k) of the UDRP Policy explicitly provides that "[t]he mandatory administrative proceeding requirements set forth in Paragraph 4 *shall not prevent* either [the domain name registrant] or the complainant from submitting the dispute to a court of competent jurisdiction for independent resolution before such mandatory administrative proceeding is commenced or after such proceeding is concluded." UDRP Policy Paragraph 4(k) (emphasis added); *see also Pocketbook Int'l SA v. Domain Admin/SiteTools, Inc.*, No. CV 20-8708-DMG (PDX), 2021 WL 1422784, at *4 (C.D. Cal. Apr. 13, 2021) ("UDRP proceedings are structured specifically to permit the domain-name registrant two bites at the apple"); *Storey v. Cello Holdings, L.L.C.*, 347 F.3d 370, 382–83 (2003) (holding a UDRP decision triggers

MEMORANDUM OF LAW IN SUPPORT OF PLAINTIFF'S MOTION FOR SANCTIONS PURSUANT TO FED. R. CIV. P. 11 - 12

a domain name registrant's right to sue under § 1114(2)(D)(v)); Loblaw 1 Companies Limited, et al. v. Azimi, No. C 00 3591 WHO, 2001 WL 36028016, at 2 3 *4 (N.D. Cal. Oct. 17, 2001) (UDRP expressly permits court to independently 4 resolve dispute between parties to a UDRP proceeding). Correspondingly, the 5 ACPA captures the essence of Paragraph 4(k), allowing a domain name registrant—whose domain name is subject to suspension, disablement, or transfer 6 7 pursuant to a UDRP proceeding—to file a civil action to establish lawfulness of the 8 registration or use of the domain name. See 15 U.S.C. § 1114(2)(D)(v). 9 It follows that Plaintiff, as the registrant of the Domain Name identified in the UDRP Proceeding, is entitled to submit this dispute to a federal court for 10 11 independent resolution – that is the very bargain that Defendant struck when it filed a Complaint against Plaintiff with WIPO. It defies all credulity that 12 13 Defendant's counsel actually believes that Plaintiff, the exact same domain name 14 registrant who Defendant accused of registering and using the Domain Name in bad faith, has no right to challenge in Court an adverse UDRP decision finding that 15 he registered and used the Domain Name in bad faith, even though both the UDRP 16 Policy – to which Defendant agreed to be bound – and the ACPA explicitly allow 17 18 him to do so. (See Opposition at 11-12.) 19 Under Paragraph 4(k), a party to a UDRP proceeding may submit a dispute

to a "court of competent jurisdiction"—generally the location of the registrar of the

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domain name, or the registrant's address in the WHOIS records—as further explained in Paragraph 3(b)(xiii) of the UDRP Policy. See UDRP Policy Paragraph 4(k). The Policy further provides that a complainant, such as Lamborghini, by signing and submitting a UDRP complaint, submits itself to "any challenges to a decision in the administrative proceeding canceling or transferring the domain name" in a court of competent jurisdiction. See UDRP Policy Paragraph 3(b)(xii)-(xiii) (referred to by Paragraph 4(k)). In other words, the registrant (here, Richard Blair) may file a lawsuit in the jurisdiction where the registrar of the Domain Name is located (in this case, the District of Arizona), setting aside the decision in the administrative proceeding transferring the Domain Name. The law and the UDRP rules to which Defendant agreed could not be clearer – in no way does the UDRP Policy limit the right to seek judicial relief to the original registrant of a domain name – there is no legal support for any contrary interpretation. In its UDRP Complaint, Lamborghini chose to submit to the jurisdiction of the Courts in this District for the adjudication of disputes over the Domain Name. Thus, applying the Policy to the facts of this case, this District is the only "court of competent jurisdiction" – the District where the registrar of the Domain Name, NameSilo, LLC, is located. Defendant signed and filed a UDRP complaint, hence submitting itself to any challenges to a decision canceling or transferring the Domain Name in this District. Plaintiff, whose domain name is subject to transfer

under the UDRP Proceeding, filed a lawsuit in this District to stop the transfer of his Domain Name and for a declaration that the registration and his use of the Domain Name are not unlawful.

There is no straight-faced argument that can be made that Plaintiff lacks this right, or is somehow barred from exercising his rights under both the UDRP and ACPA, and no legal support for it, whatsoever – Defendant cited none. In the absence of any legal support, Defendant twisted the law and misrepresented Plaintiff's contentions, all for the purpose of filing a legally unreasonable and wholly improper motion, for the sole purpose of increasing Defendant's legal costs. Not only is Defendant's argument plainly wrong and completely without basis, but were the Court to adopt Defendant's position, it would wreak utter havoc on the entire UDRP process, casting into doubt the right of most domain name registrants to have that second bite at the apple in a court of law.

Plaintiff raised these points to Defendant's counsel time and again, and time and again, counsel blew through stop signs, intent on filing a baseless and improper motion. No reasonable attorney would take the positions taken by Lamborghini's counsel, much less when repeatedly warned of their utter lack of merit. Litigation is not a game, as much as some lawyers and their clients see forcing the opposing party — especially individuals who lack endless resources to fight for their rights in court — to spend money defending frivolous motions as part MEMORANDUM OF LAW IN SUPPORT OF PLAINTIFF'S MOTION FOR SANCTIONS PURSUANT TO

FED. R. CIV. P. 11 - 15

of a legal strategy. It is clear by the absurdity of its arguments, deliberate disregard for the pleadings, disregard of this Court's Order, and distortion or outright misrepresentation of clear legal authority, that Defendants' conduct, and that of its attorneys, goes far beyond reasonable advocacy. When several letters and meet and confer calls failed to dissuade Defendants from filing a frivolous motion, Plaintiff made one final attempt to serve Defendant with a Rule 11 letter. Defendant responded by threatening to seek Rule 11 sanctions against Plaintiff and his counsel if Plaintiff filed a Rule 11 motion. (See Exh. D to Lewis Decl.) Plaintiff respectfully submits that sanctions should be imposed to deter Lamborghini from filing legally unreasonable and frivolous papers. Gomez v. Vernon, 255 F.3d 1118, 1133–34 (9th Cir. 2001) (imposing inherent power sanctions for counsel's abusive tactics that resulted in unnecessary litigation).

IV. **CONCLUSION**

For the foregoing reasons, Plaintiff respectfully requests that this Court impose appropriate sanctions on Defendant and its counsel under Fed. R. Civ. P. 11, including the Plaintiff's costs and fees incurred in connection with the motion to dismiss and this motion.

Dated: May 31, 2023

LEWIS & LIN, LLC

By: /s/ Brett E. Lewis Brett E. Lewis (pro hac vice) 77 Sands Street, 6th Floor

MEMORANDUM OF LAW IN SUPPORT OF PLAINTIFF'S MOTION FOR SANCTIONS PURSUANT TO FED. R. CIV. P. 11 - 16

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