

[NOT YET SCHEDULED FOR ORAL ARGUMENT]

No. 04-5325

**IN THE UNITED STATES COURT OF APPEALS
FOR THE DISTRICT OF COLUMBIA CIRCUIT**

SBC INTERNET SERVICES, INC., f/k/a/ PACIFIC BELL INTERNET
SERVICES

Plaintiff-Appellant,

v.

RECORDING INDUSTRY ASSOCIATION
OF AMERICA,

Defendant-Appellee.

**Appeal from a Final Judgment of the United States
District Court for the District of Columbia**

OPENING BRIEF FOR APPELLANT

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March 7, 2005

CERTIFICATE AS TO PARTIES, RULINGS, AND RELATED CASES

(A) **Parties and Amici.** The following entities have appeared as parties, intervenors, or *amici* in proceedings before the district court and/or in this Court.

Parties: SBC Internet Services, Inc., f/k/a/ Pacific Bell Internet Services (plaintiff in the district court; appellant in this Court)

Recording Industry Association of America (defendant in the district court, appellee in this Court)

MediaSentry Inc. (defendant in the district court, dismissed on Nov. 26, 2003)

Io Group Inc. (defendant in the district court, dismissed on Nov. 26, 2003)

Titan Media (defendant in the district court, dismissed on Nov. 26, 2003)

Intervenor: United States of America (intervenor in district court)

Amici: AOL Time Warner, Inc. (*amicus* in the district court)

ACLU (*amicus* in district court)

(B) **Rulings Under Review.** The Order and accompanying Memorandum Opinion under review were entered by Judge Ricardo M. Urbina of the United States District Court for the District of Columbia on August 3, 2004. There is no official citation to Memorandum Opinion, which is included in the Joint Appendix at JA 185-195.

(C) **Related Cases.** The case on review has not previously been before this or any other Court. There are no other related cases involving substantially the same parties and the same or similar issues.

RULE 26.1 STATEMENT¹

Under Federal Rule of Appellate Procedure 26.1 and Circuit Rule 26.1, appellant SBC Internet Services, Inc. (“SBCIS”), formerly known as Pacific Bell Internet Services (“PBIS”), submits the following disclosure statement: SBCIS is owned by three entities – Southern New England Telecommunications Corp., SBC Teleholdings, Inc., and Pacific Telesis Group – each of which is 100%-owned by SBC Communications Inc. SBC Communications Inc. is a publicly traded corporation with no parent company. No publicly traded corporation owns a 10% or greater interest in SBC Communications Inc.

¹ Under Federal Rule of Appellate Procedure 26.1 and Circuit Rule 26.1, Pacific Bell Internet Services (“PBIS”) now known as SBC Internet Services, Inc. (“SBCIS”), filed its Corporate Disclosure Statement with this Court on November 22, 2004. In the Motion to Change the Name of the Appellant filed concurrently with this Opening Brief, SBCIS moved for leave to take the place of PBIS as the appellant. This Rule 26.1 Statement applies to SBCIS.

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GLOSSARY OF ABBREVIATIONS

AIMS:	Ameritech Interactive Media Services
DMCA:	Digital Millennium Copyright Act, 17 U.S.C. § 512
IP Address:	Internet Protocol Address
ISP:	Internet service provider
PBIS:	Pacific Bell Internet Services (now known as SBCIS)
P2P:	Peer-to-peer
RIAA:	Recording Industry Association of America (defendant-appellee)
SBCIS:	SBC Internet Services, Inc. (plaintiff-appellant)
SBIS:	Southwestern Bell Internet Services
SNET:	SNET Diversified Corporation

STATEMENT CONCERNING ORAL ARGUMENT

SBCIS believes that the Court's understanding of the facts and legal arguments in this case and the Court's decisional process would be aided significantly by oral argument. SBCIS therefore respectfully requests the opportunity to present oral argument in this case.

JURISDICTIONAL STATEMENT

Jurisdiction was proper in the district court under 28 U.S.C. §§ 1331, 2201, and 2202 over this action seeking a declaration as to the parties' rights under the Digital Millennium Copyright Act, 17 U.S.C. § 512 ("DMCA"). The interpretation of the DMCA, a federal statute, is a proper subject matter for invoking the district court's federal-question jurisdiction. See, e.g., *Recording Indus. Ass'n of Am. v. Verizon Internet Servs., Inc.*, 351 F.3d 1229 (D.C. Cir. 2003) (reversing the district court's interpretation of the DMCA).

The district court's subject-matter jurisdiction to issue a declaratory judgment under the Declaratory Judgment Act, 28 U.S.C. §§ 2201-2202, is at issue in this appeal. Appellant SBC Internet Services, Inc. ("SBCIS"), formerly known as Pacific Bell Internet Services ("PBIS") (both acronyms are used to designate the appellant in this filing), argues that the district court erred in holding that (1) the voluntary cessation by appellee Recording Industry Association of America ("RIAA") of its scheme of seeking and enforcing illegally-issued subpoenas out of the District of Columbia mooted this declaratory judgment action, and (2) that the threat of subpoenas issued in other districts was not relevant to the mootness inquiry.

The district court entered its final judgment on August 3, 2004, denying SBCIS's motion for judgment on the pleadings and ordering the case dismissed as moot. JA 184. SBCIS's notice of appeal was timely filed in the district court on

September 2, 2004. JA 196. This Court's jurisdiction is invoked under 28 U.S.C.
§ 1291.

STATEMENT OF THE ISSUE

SBCIS presents the following issue for this Court's review:

Whether the district court erred in holding that it lacked subject-matter jurisdiction over an action brought by SBCIS under the Declaratory Judgment Act, 28 U.S.C. § 2201, seeking a declaration that the DMCA, 17 U.S.C. § 512(h), does not authorize a copyright owner or its agent to obtain subpoenas seeking the identities of SBCIS subscribers who allegedly have used peer-to-peer software to share copyrighted music, because the defendant's voluntary cessation of its conduct has rendered SBCIS's claims moot.

STATEMENT OF THE CASE

This case is a declaratory judgment action filed by PBIS, now known as SBCIS, seeking an interpretation of its rights and duties under the Digital Millennium Copyright Act (“DMCA”), 17 U.S.C. § 512. Section 512(h) of the DMCA permits a copyright owner or an agent thereof to obtain a subpoena, under certain circumstances, directing an Internet service provider (“ISP”) to identify an alleged copyright infringer. See *Recording Indus. Ass’n of Am. v. Verizon Internet Services, Inc.*, 351 F.3d 1229, 1233-1235 (D.C. Cir. 2003) (*Verizon*). In Count I of its complaint, SBCIS seeks a declaration, consistent with this Court’s *Verizon* decision, 351 F.3d at 1233, that Section 512(h) does not authorize a copyright owner to obtain subpoenas seeking the identities of SBCIS subscribers who have allegedly used peer-to-peer software to share copyrighted music. JA 8, 20. This action is not based on any particular subpoena, or even a group of subpoenas, but on the illegality of the appellees’ conduct.

Notwithstanding that RIAA has procured hundreds of subpoenas against SBCIS – all but one of which are still pending – and continues to assert its right to procure DMCA subpoenas, the district court concluded that unilateral and non-binding statements from RIAA that it would not seek to enforce some (but not all) of the

subpoenas it had previously issued against SBCIS rendered this declaratory judgment action moot. JA 193-194. The district court's order should be reversed.

STATEMENT OF FACTS

A. SBCIS's Operations

SBCIS is an ISP that provides Internet connectivity to individual and business users throughout the United States. Prior to 2005, SBC Internet Services was an assumed business name used by the following regional SBC-affiliated Internet service providers: PBIS, Ameritech Interactive Media Services ("AIMS"), Southwestern Bell Internet Services ("SBIS"), SNET Diversified Corporation ("SNET") and Prodigy Communications Corp. At the time the complaint was filed in this case, PBIS offered Internet service to customers in California and Nevada. Effective January 2005, AIMS, SBIS, SNET and Prodigy were consolidated into PBIS, which changed its name to SBC Internet Services, Inc.² The appellant will hereafter be referred to by its current name, SBCIS.

When SBCIS provides Internet connectivity – and nothing more – to a customer, its conduct falls under the DMCA, section 512(a). When it provides the

² SNET was not fully merged into SBCIS, which assumed only its Internet operations. Prodigy Communications Corp. was a national dial-up ISP and was never served with illegal 512(h) subpoenas. Other entities were consolidated into SBCIS but are not relevant to the case at hand.

“conduit” function described in that subsection, information is passed through its service and does not “reside[] on a system or network controlled or operated by or for the service provider.” 17 U.S.C. § 512(c). In performing this conduit function, SBCIS does not monitor or control the specific content of its subscriber’s communications or Internet activity. JA 13. Indeed, SBCIS is not required to monitor such activity. 17 U.S.C. § 512(m).

B. RIAA’s Subpoena Campaign

This case arises from RIAA’s campaign against peer-to-peer (“P2P”) sharing of copyrighted music over the Internet. See generally *Verizon*, 351 F.3d at 1232-1233.³ In order to identify persons that RIAA believes are improperly sharing copyrighted material, RIAA identifies the Internet Protocol (“IP”) address of a suspected infringer and then traces the IP address to a particular ISP. Generally, the ISP can identify the subscriber who is using a particular IP address at a particular

³ Individuals with a personal computer and access to the Internet can offer digital copies of recordings (music, movies, audio books, etc.) for download by other users using P2P technology. *Verizon*, 351 F.3d at 1231. In order to download music via P2P, an individual will access the Internet using a connection provided by their ISP (*i.e.* SBCIS or another service provider), and then will log onto a P2P file sharing program such as eDonkey, KaZaA, or Gnutella. JA 13. The P2P technology permits Internet users to search the hard drives of other users’ computers and download (or copy) music directly from another individual’s computer. *Verizon*, 351 F.3d at 1231-1232.

time. Therefore, in order to identify an alleged infringer, the RIAA must obtain that information from the subscriber's ISP. See *id.* at 1232.

Rather than follow the well-established procedure of filing a *John Doe* lawsuit against an alleged infringer and then serving a subpoena on the defendant's ISP under Federal Rule of Civil Procedure 45, RIAA instead attempted to exploit Section 512(h) of the DMCA. JA 14-17. Relying on a decision of a district court in the District of Columbia authorizing DMCA subpoenas, see *Recording Indus. Ass'n of Am. v. Verizon Internet Servs., Inc. (In re Verizon Internet Services, Inc.)*, 240 F. Supp. 2d 24 (D.D.C.), rev'd, 351 F.3d 1229 (D.C. Cir. 2003), on July 8, 2003, RIAA obtained a subpoena directed to SBCIS from the Clerk of the United States District Court for the District of Columbia seeking the name, address, telephone number, and e-mail address of an SBCIS subscriber that RIAA believed was illegally sharing music files via P2P technology. JA 14. Throughout the remainder of July and through August 2003, RIAA invoked section 512(h) to obtain hundreds of subpoenas directed to SBCIS from the district court for the District of Columbia. All told, RIAA obtained 282 subpoenas from that district directed to entities that are now part of SBCIS. JA186.

RIAA did not limit its efforts to the District of Columbia courts. In October 2003, RIAA directed 345 additional subpoenas issued from the United States District

Court for the Western District of Texas to the SBCIS companies (226 of which were directed to the specific entity formerly known as PBIS). JA 118, 193-194. This tally does not include the hundreds of subpoenas obtained by RIAA in other Circuits and served on ISPs that are not SBCIS affiliates. See, e.g., *Verizon*, 351 F.3d at 1231; *Recording Indus. Ass'n of Am. v. Charter Comm'ns Corp.*, 393 F.3d 771, 772-773 (8th Cir. 2005) (*Charter*), pet. for reh'g filed February 18, 2005.

C. The Proceedings Below

On July 30, 2003, SBCIS filed the complaint in this matter in the Northern District of California – where its corporate headquarters are located, where most of its subscribers reside, and where RIAA delivered one of the subpoenas – seeking a judicial determination that, among other things, the DMCA does not permit the issuance of 512(h) subpoenas to ISPs that perform only a conduit function.⁴ In addition to RIAA, the complaint named as defendants two companies, MediaSentry, Inc. and IO Group, Inc., which had also served or threatened to serve DMCA subpoenas on SBCIS. JA 11-12.

Just over one week after this complaint was filed, RIAA filed a motion to enforce one of the subpoenas in federal district court in D.C., no doubt hoping to take

⁴ SBCIS asserted a total of five claims. The remaining claims requested declaratory relief as to three constitutional challenges (JA 20-24) and as to a claim for compensation (JA 24).

advantage of the favorable precedent that then existed in this Circuit. JA 72. SBCIS opposed this motion. *Ibid.*

After filing its motion to enforce in D.C., in a motion filed September 24, 2003,, RIAA requested that the Honorable Susan Illston, who was presiding over this action in the Northern District of California, either dismiss the case or transfer it to the United States District Court for the District of Columbia. JA 27. SBCIS also opposed the request to transfer the case. On November 21, 2003, Judge Illston denied RIAA's motion to dismiss but held that because SBCIS's request for declaratory relief raised many of the same legal questions pending before this Court in the context of RIAA's motion to enforce, the appropriate course was to abstain from deciding those questions and instead transfer the case. JA 77-78.⁵

Less than one month later, this Court issued its unanimous decision in *Verizon*. The *Verizon* decision resolved the same issue raised in Count One of the complaint in this case, holding that 17 U.S.C. § 512(h) does not authorize subpoenas to be issued to ISPs performing only a "conduit" function under the DMCA. In the wake of that opinion, RIAA on January 9, 2004 withdrew the one subpoena against an SBCIS

⁵ In the same Order, Judge Illston granted the motions to dismiss filed by MediaSentry and IO, holding that as to those defendants, there was no live controversy because the former had not actually obtained an enforceable subpoena and the latter had withdrawn the one that it had obtained. JA 75-76.

entity it had previously moved to enforce. JA 198. RIAA did not, however, withdraw any of the other 281 subpoenas it had obtained from the Clerk of the federal district court for the District of Columbia, nor did it withdraw a single one of the more than 300 subpoenas it had obtained from the Western District of Texas. More than 600 subpoenas thus remain pending to this day.

What is more, RIAA consistently has refused to concede that it may not legally obtain § 512(h) subpoenas, serve them, and compel production from SBCIS. In correspondence with SBCIS and its counsel, RIAA has maintained that it “disagree[s]” with the *Verizon* rule. JA 112. Indeed, RIAA sought rehearing of the *Verizon* decision and filed a petition for certiorari with the Supreme Court. See Order in *Recording Indus. Ass’n of Am. v. Verizon Internet Servs., Inc.*, No. 03-7015 (D.C. Cir. Feb. 24, 2004) (per curiam) (denying rehearing *en banc*); Petition for Certiorari in *Recording Indus. Ass’n of Am. v. Verizon Internet Servs., Inc.*, S. Ct. No. 03-1579 (filed May 24, 2004). And, throughout the course of the district court proceedings and continuing to this day, RIAA has argued in another litigation in the Eighth Circuit that Section 512(h) grants it the right to obtain subpoenas. See pp. 12-13, *infra*.

Supported by this Circuit’s *Verizon* decision, but nonetheless concerned about RIAA’s intentions with regard to its subpoena campaign – a concern heightened by RIAA’s failure to withdraw all but one of the hundreds of subpoenas it had previously

obtained – SBCIS moved for judgment on the pleadings as to Count One of its Complaint on January 21, 2004. JA 79-80. Seeking to avoid what was now the law of this Circuit (the court that RIAA had insisted, just months earlier, was the only court that should hear this case (JA 41), RIAA opposed the motion for judgment on the pleadings and cross-moved to dismiss the complaint.

Judge Ricardo M. Urbina held that SBCIS’s declaratory judgment action was moot in light of unsworn and unverified statements made by RIAA’s counsel in a letter and in its briefs before the district court that “[i]n light of the recent decision in [*Verizon*], the RIAA does not intend to compel responses to those RIAA subpoenas” that were issued out of the District of Columbia. JA 193; *id.* at 109. The district court also held that, because it would not have power under Federal Rule of Civil Procedure 45 to act on subpoenas issued from other districts, it did not have subject matter jurisdiction to issue a declaratory judgment as to the interpretation of the DMCA that might affect subpoenas issued in other districts. JA 194. The district court did not even acknowledge the evidence before it (JA 129-175) showing that RIAA continued to insist in both this Circuit and in the *Charter* case that DMCA subpoenas were legal. The district court therefore dismissed the action without considering whether it had jurisdiction to issue a declaration as to the underlying question of law – the interpretation of the DMCA. SBCIS timely appealed.

D. The Charter Case

As noted above, this Court is not the only jurisdiction in which RIAA is actively litigating the validity of obtaining 512(h) subpoenas under the DMCA. During the pendency of the *Verizon* appeal in this Court, RIAA was opposing Charter Communications' motion to quash hundreds of subpoenas issued from the U.S. District Court for the Eastern District of Missouri, also purportedly issued under the authority of Section 512(h). *Charter*, 393 F.3d at 774. The district court denied Charter's motion to quash, and Charter appealed and moved to summarily reverse the district court's order in light of the *Verizon* decision. *Ibid.* Just two weeks before SBCIS filed its motion for judgment on the pleadings in this case, RIAA opposed Charter's motion. JA 155. In its opposition, which SBCIS presented to the district court in this case, RIAA described the *Verizon* decision as "fundamentally flawed." JA 162. And, just four days after it filed its reply brief in this case, RIAA filed its merits brief in the *Charter* case. See RIAA Br. in Opp., *Charter*, 8th Cir. No. 03-3802 (filed Feb. 24, 2004), available at http://www.ca8.uscourts.gov/briefs/04/02/appellee/033802_1br.pdf?A1=View+Brief. The Eighth Circuit ultimately agreed with this Court's holding in *Verizon* that Section 512(h) does not authorize the issuance of subpoenas to be served on ISPs that – like Charter Communications, Verizon Internet Services, and SBCIS – are mere conduits. *Charter*, 393 F.3d at 777. On February 18,

2005, RIAA filed a petition for rehearing in *Charter*, yet again contending that the DMCA authorizes the issuance of subpoenas to ISPs that are performing only conduit functions. See RIAA Pet. Reh'g, *Charter*, 8th Cir. No. 03-3802 (filed Feb. 18, 2005).

STANDARD OF REVIEW

This Court reviews the district court's dismissal for lack of subject-matter jurisdiction *de novo*. See *Ass'n of Civilian Technicians, Inc. v. Fed. Labor Rel'ns Auth.*, 283 F.3d 339, 341 (D.C. Cir. 2002). "*De novo* means * * * a fresh, independent determination of 'the matter' at stake * * *." *Doe v. United States*, 821 F.2d 694, 697-698 & n.9 (D.C. Cir. 1987) (*en banc*) (noting also that "the legal issue presented is to be reviewed nondeferentially").

SUMMARY OF THE ARGUMENT

The district court's holding in this case reflects an abdication of responsibility to resolve a dispute with RIAA that for close to two years has placed a cloud over SBCIS's business operations. If the district court's dismissal stands, despite SBCIS's best efforts to reach a final resolution of the issue through litigation in the Northern District of California and now in the District of Columbia, SBCIS will be no closer to a complete understanding of its rights. Equally troubling, the decision below, if upheld, will reward RIAA's "run and hide" tactics – leaving RIAA free, despite the substantial investments made by SBCIS in this litigation, to renew the dispute in

another court at another time depending on the course of legal developments or merely on RIAA's prevailing mood or whim. It was precisely for this reason that SBCIS filed its declaratory judgment action, and did not file based on any one subpoena or group of subpoenas. This Court should not permit this intolerable result to occur.

The district court wrongly concluded that it did not have the power to adjudicate this controversy, relying on non-binding statements by RIAA about its intent not to seek to enforce compliance with certain subpoenas that RIAA had previously obtained. In fact, RIAA's assurances could not have been more hollow. Significantly, RIAA promised only to refrain from seeking to compel subpoenas that, due to the this Court's *Verizon* decision, it knew were unlawful. But RIAA has never conceded that it lacks authority anywhere else in the country under Section 512(h) to obtain subpoenas against SBCIS. On the contrary, even as the District Court was drafting its decision, RIAA was advocating the right to issue illegal Section 512(h) subpoenas in the *Charter* case. Under these circumstances, the law is clear that RIAA's geographically-limited and non-binding assurances are insufficient to warrant dismissal on mootness grounds. Nothing RIAA has said or done prevents it from moving tomorrow to compel production. In fact, even today, RIAA continues vigorously to litigate subpoenas in the *Charter* case.

The district court also erred in concluding that it could not issue a declaration affecting subpoenas issued outside of the District of Columbia, wrongly importing the territorial limits on its power to enforce or quash a subpoena into its analysis of its authority to issue a declaratory judgment. But this case is not an action addressing the enforcement of any particular subpoena or group of subpoenas. Instead, it addresses the appropriate interpretation of the DMCA – and seeks to resolve the ongoing dispute between RIAA and SBCIS over that legal issue. If declaratory relief is unavailable in this case, there is no available procedure that will grant the relief SBCIS seeks, to which, in light of the *Verizon* decision, it is unquestionably entitled.

ARGUMENT

The district court took two wrong turns in analysis that led it to believe it had no jurisdiction to interpret the DMCA and to enter a declaratory judgment protecting SBCIS from attempts to enforce – and from the future issuance of – thousands of illegal subpoenas under the DMCA. *First*, the district court erred in believing that a unilateral statement of intent by RIAA to cease issuing and enforcing certain subpoenas, which in no way contractually obliged RIAA, was enough to satisfy the exacting test for a defendant’s voluntary cessation sufficient to render the declaratory judgment action moot as to subpoenas issued from the District of Columbia. *Second*, the district court erred in believing that it could not consider RIAA’s conduct outside

of this Circuit in determining whether this action is, in fact, moot. Each wrong turn independently provides a basis for this Court to reverse the judgment below.

I. The District Court Erred in Holding that RIAA's Belated Assertion of Lack of Intent to Enforce Some of the Subpoenas Rendered this Declaratory Judgment Action Moot

RIAA's statement of its present intent not to seek enforcement of a subset of the total subpoenas does not provide SBCIS with any level of comfort that it will not be forced to respond to DMCA subpoenas or defend against motions to compel compliance with such subpoenas. Indeed, RIAA's unwavering litigation posture in the DMCA subpoena cases – including its unsuccessful efforts to obtain Supreme Court review of this Court's decision in *Verizon* (see *Recording Indus. Ass'n of Am. v. Verizon Internet Services, Inc.*, 125 S. Ct. 309 (2004) (denial of certiorari)) and its recent filing of a petition seeking rehearing *en banc* *Charter* – contributes to the intolerable state of uncertainty to which SBCIS remains subjected. In contrast, had the district court ruled on the merits of SBCIS's complaint simply by applying this Court's *Verizon* decision, SBCIS would have a final resolution of its dispute with RIAA that would be enforceable, by virtue of the doctrine of *res judicata*, throughout the country.

A. RIAA Has Not Discharged Its “Heavy Burden” of Demonstrating There Is No Reasonable Expectation It Will Again Attempt to Issue Illegal Subpoenas or to Enforce Illegal Subpoenas Already Issued

There is no question that SBCIS has standing to seek a declaration as to the legality of RIAA’s subpoena campaign under the DMCA. Thus, in order to avoid resolution of this issue in this Circuit (where the law no longer favors RIAA), RIAA argued to the district court that its statement that it “does not intend to compel compliance with those DMCA subpoenas” (JA 109) while it “weigh[ed] [its] options for further consideration by the courts” (JA 112) rendered the declaratory judgment action moot.⁶ Although the district court paid lip service to the firmly established rules for determining mootness (JA 192), it did not apply those rules properly in this case. More specifically, the district court failed to analyze correctly whether RIAA’s statements were sufficient to satisfy the demanding standards of the voluntary cessation doctrine. As we explain below, they do not.

1. As a general rule, “voluntary cessation of allegedly illegal conduct does not deprive the tribunal of power to hear and determine the case, *i.e.*, *does not make the*

⁶ In its correspondence with SBCIS and its counsel, RIAA stated only that it would temporarily halt its issuance of DMCA subpoenas while it considered how to best respond to the *Verizon* decision. Perhaps realizing how hollow these statements sounded, RIAA stated for the first time in its reply brief below (to which SBCIS has had no opportunity to respond until now) that it would never seek to enforce the subpoenas issued from this Circuit. But this assertion, too, is insufficient to moot the controversy.

case moot.” *United States v. W.T. Grant Co.*, 345 U.S. 629, 632 (1953) (emphasis added). See also *Nat’l Black Police Ass’n v. District of Columbia*, 108 F.3d 346, 349 (D.C. Cir. 1997)) (“generally[,] voluntary cessation of challenged activity does not moot a case”). As the Supreme Court repeatedly has recognized, if voluntary cessation were enough, “the courts would be compelled to leave ‘the defendant free to return to his own ways.’” *City of Mesquite v. Aladdin’s Castle, Inc.*, 455 U.S. 283, 289 n.10 (1982) (quoting *W.T. Grant*, 345 U.S. at 632); see also *United States v. Trans-Missouri Freight Ass’n*, 166 U.S. 290, 309 (1897) (“If the mere dissolution of the association worked an abatement of the suit * * *, it is plain that [the defendants] have thus discovered an effectual means to prevent the judgment of this court being given upon the question really involved in the case * * *. [I]t would only be necessary thereafter to dissolve their association and instantly form another of a similar kind * * *.”).

In order for a defendant’s voluntary cessation of conduct to moot a claim, “subsequent events” must make it “absolutely clear that the allegedly wrongful behavior could not reasonably be expected to recur.” *Friends of the Earth v. Laidlaw Env’tl. Servs., Inc.*, 528 U.S. 167, 189 (2000) (quoting *United States v. Concentrated Phosphate Export Ass’n*, 393 U.S. 199, 203 (1968)). As one commentator has noted, “where the defendant has suspended challenged conduct, the [Supreme] Court’s

mootness cases instead have established a powerful presumption favoring adjudication.” Richard H. Fallon, Jr., *Of Justiciability, Remedies, and Public Law Litigation: Notes on the Jurisprudence of Lyons*, 59 N.Y.U. L. REV. 1, 27 (1984). Importantly, the burden of proof is on the party urging mootness, and that “burden is a heavy one.” *W.T. Grant*, 345 U.S. at 633.

Applying these principles, this Court has articulated a two-part test for mootness based on voluntary cessation:

[T]he party urging mootness [must] demonstrate[] that (1) “there is no reasonable expectation that the alleged violation will recur,” and (2) “interim relief or events have completely or irrevocably eradicated the effects of the alleged violations.”

Pharmachemie B.V. v. Barr Laboratories, Inc., 276 F.3d 627, 631 (D.C. Cir. 2002) (quoting *Nat’l Black Police Ass’n*, 108 F.3d at 349).

2. In order to establish that this case is moot, therefore, RIAA must “demonstrate that ‘there is no reasonable expectation that the wrong’” – its issuance of, and attempts to enforce, subpoenas under the DMCA – “‘will be repeated.’” *W.T. Grant*, 345 U.S. at 633 (quoting *United States v. Aluminum Co. of Am.*, 148 F.2d 416, 448 (2d Cir. 1945) (L. Hand, J.)). RIAA has not come close to discharging this burden. All RIAA has done – and the entire basis for the district court’s holding in this case – is say that it does not intend to compel responses to those DMCA

subpoenas issued from the District Court for the District of Columbia. JA 193. This statement falls short of satisfying RIAA's burden for two independently sufficient reasons.

First, RIAA has claimed that it will not enforce *only* those subpoenas issued from this Circuit. It has made no similar commitment with regard to the 300-plus subpoenas pending in the Western District of Texas – subpoenas that it has never withdrawn. Thus, with regard to more than half of the subpoenas already issued, RIAA has not even intimated that it will not seek to compel compliance with those subpoenas. See JA 194 (finding that RIAA acknowledges that subpoenas are pending in the Western District of Texas). And no evidence before the district court gave any indication that RIAA would not seek subpoenas from other district courts in the future.

Second, as courts have consistently recognized, unilateral “assurances” are woefully inadequate to support a finding of mootness based on voluntary cessation.⁷

⁷ Relatedly, the cessation of conduct must be permanent to support a finding of mootness. RIAA does not even pretend that it has permanently ended its campaign of issuing DMCA subpoenas. Its correspondence with SBCIS and its counsel has been carefully drafted so as to reflect only its current intent, as opposed to promising that it will never obtain or enforce DMCA subpoenas. JA 109. Indeed, RIAA's continued litigation in the Eighth Circuit over the propriety of issuing subpoenas under the DMCA (described in more detail, *supra*, at I.D) calls into question whether RIAA actually intends to bring its campaign to a halt. See *City of Los Angeles v. Lyons*, 461 U.S. 95, 100-101 (1983) (temporary ban on challenged activity does not

Instead, a defendant must (at the very least) make a binding promise to halt the challenged conduct. Thus, in *W.T. Grant*, plaintiff's request for declaratory relief was not moot, even though "the defendants told the court that the [challenged practices] no longer existed and disclaimed any intention to revive them. Such a profession does not suffice to make a case moot * * *." 345 U.S. at 633. In *Fina Research, S.A. v. Baroid Ltd.*, 141 F.3d 1479 (Fed. Cir. 1998), the defendant argued to the district court (successfully) and to the court of appeals (unsuccessfully) "that they had disavowed" their previous commitment to enforce their rights under various patents. *Id.* at 1483. But in the absence of a "covenant not to sue the declaratory judgment plaintiff," mere assurances of a lack of intent to sue did not "eliminate[] a reasonable apprehension of suit already in existence" based on past conduct. *Id.* at 1483-1484. See also *Kidder, Peabody & Co. v. Maxus Energy Corp.*, 925 F.2d 556, 562-563 (2d Cir. 1991) (assertion of lack of intent to sue insufficient to moot declaratory judgment action). Even taking affirmative steps to reverse the prior illegal course of conduct will not suffice to moot a case, so long as those steps can be reversed. Thus, in *City of Mesquite*, 455 U.S. at 288-289 & n.10, the revision of a challenged ordinance did not provide certainty "that a similar course would not be pursued if [the ordinance's] most recent amendment were effective to defeat federal jurisdiction."

moot action).

In a case functionally indistinguishable from this one, the Tenth Circuit held that promises to cease the conduct that is the subject of a declaratory judgment action are not sufficient to moot the action. *ARW Exploration Corp. v. Aguirre*, 947 F.2d 450 (10th Cir. 1991). In *ARW*, the defendant had filed an arbitration claim against the plaintiff and the plaintiff, concerned about being subjected to an arbitral proceeding to which it had not agreed, sought a declaration in federal district court that certain claims were not arbitrable. *Id.* at 452. In response, the defendant initiated a separate lawsuit alleging the same claims and argued that the declaratory judgment action was “moot because they [we]re no longer seeking arbitration of * * * those claims.” *Id.* at 453. The Tenth Circuit did not accept this argument, holding that a mere statement of “intent to withdraw from the arbitration proceeding those claims” (even in conjunction with filing a separate lawsuit over the claims) was not enough to meet “their heavy burden of demonstrating there is no reasonable expectation they will not again attempt to arbitrate the disputed claims.” *Id.* at 453 & n.3. The court would have required that the defendants “dismiss[]with prejudice the first four claims of the arbitration complaint” or “file[] an amended arbitration complaint that eliminates those claims.” *Id.* at 453. In this regard, the Tenth Circuit was faithful to the Supreme Court’s admonitions that parties claiming mootness must demonstrate with absolute clarity that subsequent events provide assurance the conduct will not be repeated. See

Friends of the Earth, 528 U.S. at 189; *W.T. Grant*, 345 U.S. at 633.⁸ Unfortunately, the District Court in the case at hand did not properly apply the law in that it is clear that RIAA has not abandoned its contention that it may issue future § 512(h) subpoenas.

B. The District Court Erroneously Failed to Consider RIAA’s Continued Insistence that the DMCA Authorized the Subpoenas It Issued

Not only has RIAA failed make a binding commitment that it will not enforce any of the DMCA subpoenas that it has already issued, throughout the proceedings in this case RIAA has been actively engaged in litigation that is manifestly inconsistent with an intent not to issue or enforce subpoenas in the future. “[T]he fact that the defendant has continued to assert the legality of the challenged conduct” supports the conclusion that “discontinuance has not mooted the action.” 13A CHARLES A. WRIGHT ET AL., FEDERAL PRACTICE & PROCEDURE § 3533.5, at 327-328 (2d ed. 1984) (citing *Walling v. Helmerich & Payne, Inc.*, 323 U.S. 37, 42-43 (1944)).

⁸ Cases finding mootness due to a defendant’s voluntary cessation of challenged conduct also are instructive for showing the type of assurances that *will* suffice to moot a cause of action. In *National Black Police Ass’n*, 108 F.3d at 349, an action challenging legislation was mooted when the legislation had been repealed by a subsequent enactment. But see *City of Mesquite*, 455 U.S. at 289 (repeal of a statute does not moot the statute because the statute can be re-enacted). In *Pharmachemie*, one party had failed to appeal from a prior adverse ruling as to patent rights. 276 F.3d at 631. The failure to appeal timely precluded a future legal challenge, so no uncertainty remained as to the parties’ legal rights. *Id.* at 632.

For example, in *Lyons Partnership, L.P. v. Morris Costumes, Inc.*, 243 F.3d 789 (4th Cir. 2001), the defendant sought to assure the plaintiff that it would not rent out a costume that infringed the plaintiff’s intellectual property rights in a purple dinosaur character, and in fact said that it would hand over the costumes to the plaintiff at the termination of the litigation. Noting that the defendant continued to maintain that the costume did not infringe, the Fourth Circuit held that the defendant had not fulfilled its burden to eliminate reasonable expectations that the violations would recur absent a court order. *Id.* at 800-801. This Court too has recognized that a declaratory judgment defendant’s defense of its conduct undermines claims of mootness. See *Reeve Aleutian Airways, Inc. v. United States*, 889 F.2d 1139, 1143 (D.C. Cir. 1989) (“Indeed, [the defendant’s] very defense of [the challenged] regulations makes it more likely that [the plaintiff] will be subject to the procedures.”).⁹

Time and again, RIAA has maintained that its issuance of subpoenas ostensibly under the authority of the DMCA is legal. Indeed, it made several statements to this effect that were before the district court below. The RIAA letters on which the district court relied (JA 188-189, 193) specifically stated: “We disagree with that ruling [in

⁹ See also *Envtl. Defense Fund v. Gorsuch*, 713 F.2d 802, 811 (D.C. Cir. 1983) (argument of mootness precluded by the defendant’s “history” of actions like those at issue “along with its conspicuous failure – in its brief or in announcements related to these or other actions – to forswear future” such conduct; this evidence “sufficiently show[ed] such conduct may reasonably be expected to occur again”).

Verizon], and are weighing our options for further consideration by the courts.” JA 112; see also JA 109 (“The RIAA is currently weighing its options * * *. Consequently, we request that the above-listed companies continue to maintain all materials and information necessary to respond fully and completely to the previously-issued DMCA subpoenas.”). Indeed – as SBCIS pointed out to the district court (JA 129) – just two weeks before SBCIS filed its motion for judgment on the pleadings, RIAA filed a petition for rehearing and rehearing *en banc* in the *Verizon* case.

If this were not enough, even while “assuring” SBCIS and the district court that it would not enforce certain subpoenas, RIAA was arguing elsewhere that this Court’s decision in *Verizon* was “a bolt out of the blue” that should be decisively rejected by a sister circuit. In a pleading filed with the Eighth Circuit – which SBCIS also presented to the court below (JA 155) – RIAA stated:

Notwithstanding the D.C. Circuit’s view to the contrary, the DMCA does allow for the issuance of subpoenas to ISPs acting as a conduit for the transmission of infringing materials by its subscribers. This Court should not adopt the D.C. Circuit’s wooden interpretation of the DMCA, which misconstrued the statutory language and structure and gave insufficient consideration to the statutory purpose and legislative history.

JA 156-157; JA 118. RIAA continued to advocate its position regarding the permissibility of DMCA subpoenas in the Eighth Circuit while its motion to dismiss

was being briefed to and decided by the district court. See RIAA Br. in Opp., *Charter*, 8th Cir. No. 03-3802.

In that case, the Eighth Circuit ultimately held (in line with this Court's holding in *Verizon*) that the DMCA does not authorize subpoenas issued to ISPs that (like SBCIS) merely serve conduit functions. *Charter*, 393 F.3d at 777. In its petition for rehearing in that case, filed less than three weeks ago, RIAA has characterized the results in *Verizon* and *Charter* as “perverse” and “drastic limitation[s] on the scope of the subpoena authority” under the DMCA. RIAA Pet. Reh'g, *Charter*, 8th Cir. No. 03-3802, at 7, 10. And, according to RIAA, the interpretation of the DMCA that this Court and the Eighth Circuit have adopted “is not only convoluted – it is palpably wrong.” *Id.* at 11. Even if somehow the district court did not have enough before it to demonstrate the hollowness of RIAA's purported assurances to SBCIS, SBCIS's basis for uncertainty is amply demonstrated by the most recent filing.

Providing only unilateral statements as to its current intent with regard to some – but not all – of the outstanding subpoenas, RIAA has failed to take the steps sufficient to give SBCIS actual assurance that it will not be faced with the burden and expense of responding or objecting to subpoenas issued as part of RIAA's campaign. “This is not a case where the parties have entered into a settlement or where the defendant has ‘entered into a binding, judicially enforceable agreement * * *.’” In

those cases, the claims inarguably were moot.” *Kidder, Peabody*, 925 F.2d at 563 (quoting *Stokes v. Village of Wurtsboro*, 818 F.2d 4, 5 (2d Cir. 1987) (other citations omitted)). RIAA apparently hopes “to unilaterally bar” SBCIS’s claims “simply by representing that it” will cease filing subpoenas. *Kidder, Peabody*, 925 F.2d at 563. That it may not do.

II. The District Court Erred in Concluding that It Did Not Have Power to Issue a Declaration as to the Meaning of the DMCA that Would Affect Subpoenas Issued in Other Districts

Central to the district court’s conclusion that this action is moot was its refusal to consider the pendency of subpoenas issued from courts outside this Circuit – subpoenas RIAA has never promised not to enforce, and has never withdrawn. JA193-194. The district court believed that the territorial limitations on enforcement of subpoenas set by Federal Rule of Civil Procedure 45 prevented it from resolving the legal dispute between SBCIS and RIAA by determining whether the DMCA – an entirely different statute – provides an independent authority for the issuance of subpoenas to SBCIS. This conclusion has no basis in precedent, ignores hornbook principles of issue preclusion, and undermines the purposes of the Declaratory Judgment Act.

A. This Is a Case Seeking a Declaration as to the Appropriate Interpretation of the DMCA, Not A Case About the Enforcement of Specific Subpoenas

1. The district court erroneously treated this as a case seeking to quash specific subpoenas. It is not. Count One of the complaint seeks a declaration as to the parties' respective rights and obligations under 17 U.S.C. § 512(h). JA 20. "[A] dispute over the legality of the challenged practices" – precisely what this is – is "[a] controversy" warranting the exercise of jurisdiction in a declaratory judgment action. *W.T. Grant*, 345 U.S. at 632. For example, in *Super Tire Engineering Co. v. McCorkle*, 416 U.S. 115 (1974), a claim for injunctive relief against the state for providing unemployment benefits to striking workers was mooted with the ending of the strike, but a claim seeking a declaratory judgment as to the legality of the state's practice was not mooted. *Id.* at 123 (although "the strike here was settled before the litigation reached [the Supreme] Court * * *[,], the challenged governmental action has not ceased"). Cf. *Envtl. Defense Fund*, 713 F.2d at 811 (noting the error in adopting "too narrow a formulation of [the plaintiff's] interest in the litigation" and that "[t]he issue in th[e] case" was whether there was "reason to expect that a similar dispute w[ould] arise" based on other conduct of the defendant in the future).

RIAA argued to the district court, and the district court held, that the district court's exercise of jurisdiction to declare the parties' rights under the DMCA was

governed by the reach of its jurisdiction under Rule 45, relying exclusively on authorities for the run-of-the-mill proposition that ““motions to quash, modify, or condition the subpoena are to be made to the district court of the district from which the subpoena issued.”” JA 96 (quoting 9A CHARLES A. WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE & PROCEDURE § 2459, at 40-41 (2d ed. 1995)); JA 193-194 But neither RIAA nor the district court uncovered any authority for the novel proposition that the territorial limits on a court’s power under Rule 45 could be imported into the Declaratory Judgment Act.

Nor is this lack of authority surprising. Section 2201 “was enacted, at least in part, to ‘enable litigants to narrow the issue, speed the decision, and settle the controversy before an accumulation of differences and hostility engendered a wide and general conflict, involving numerous collateral issues.’” *Nat’l RR Passenger Corp. v. Consolidated Rail Corp.*, 670 F. Supp. 424, 427 (D.D.C. 1987) (quoting S. REP. NO. 73-1005, at 3 (1934)). “To facilitate these ends, courts have repeatedly stated that the Act should have a liberal construction.” *Ibid.* (citing authorities). Indeed, a declaratory judgment is simply an alternative form of *relief* that a district court may provide when exercising jurisdiction otherwise granted to it by Congress (*Skelly Oil Co. v. Phillips Petrol. Co.*, 339 U.S. 667, 671 (1950)) – in this case, its federal question jurisdiction under 28 U.S.C. § 1331 (which by its terms grants to the

district court “original jurisdiction of all civil actions arising under the * * * laws * * * of the United States”).¹⁰ And federal courts undeniably have jurisdiction to interpret the DMCA. See *Verizon*, 351 F.3d 1229 (interpreting the DMCA); cf. *Beethoven.com LLC v. Librarian of Congress*, 394 F.3d 939 (D.C. Cir. 2005) (reviewing administrative rules issued under the DMCA).

2. Moreover, regardless of any interaction between Rule 45 and the Declaratory Judgment Act, the existence of hundreds of subpoenas issued from another district and the threat of issuance from other districts still demonstrate that this issue is not moot. If SBCIS is successful – as, in light of this Court’s *Verizon* opinion, it *must* be – on its argument that because it is merely a conduit ISP, Section 512(h) does not authorize subpoenas issued to it, RIAA will be precluded by venerable doctrine of claim preclusion – “firmly fixed in the firmament of federal jurisprudence” (*Clark-Cowlitz Joint Operating Agency v. FERC*, 775 F.2d 366, 373 (D.C. Cir. 1985) (internal quotations omitted), judgment vacated on other grounds, 826 F.2d 1074 (D.C. Cir. 1987) (*en banc*) – from arguing otherwise in litigation elsewhere. In a very tangible

¹⁰ Cf. *Bush v. Lucas*, 462 U.S. 367, 374 (1983) (the jurisdictional grant of Section 1331 “provides not only the authority to decide whether a cause of action is stated by a plaintiff’s claim that he has been injured by a violation of the Constitution, but also the authority to choose among available judicial remedies in order to vindicate constitutional rights”) (internal citations omitted).

sense, then, the outcome of this declaratory judgment action will put to rest a substantial and live issue.

“[T]he principle” of claim preclusion “is simply that courts should honor the first actual decision of a matter that has actually been litigated.” 18 CHARLES A. WRIGHT ET AL., FEDERAL PRACTICE & PROCEDURE § 4416, at 386 (2d ed. 2002). “Under res judicata, the Supreme Court has said, ‘a final judgment on the merits of an action precludes the parties or their privies from relitigating issues that were or could have been raised in that action.’” *Clark-Cowlitz*, 775 F.2d at 373 (quoting *Allen v. McCurry*, 449 U.S. 90, 94 (1980)). Claim- and issue-preclusion doctrines “relieve parties of the cost and vexation of multiple lawsuits, conserve judicial resources, and, by preventing inconsistent decisions, encourage reliance on adjudication.” *Allen*, 449 U.S. at 94.

Thus understanding the doctrines, if ever a situation called for their application, this is it. The dispute between the parties is nationwide in scope. By bouncing from district to district in its issuance of, and efforts to enforce, subpoenas that this Court has held are unauthorized, RIAA has managed to keep SBCIS in a perpetual state of uncertainty as to whether, and when, it will be subjected to litigation. The district court has the power to put to rest this issue between the parties on a nationwide basis because its decision will resolve this issue as between SBCIS and RIAA – and this

case has advanced to the point that it is SBCIS's greatest hope for full and final resolution. Dismissing it now as moot is a perverse and unwarranted result.

B. Declaratory Relief Is the Only Way to Put an End to RIAA's Nationwide Campaign of Forum-Shopping for a Friendly Place to Issue of Enforce Illegal Subpoenas

As described above, this case is not an action to enforce or quash a particular subpoena, and therefore Rule 45's territorial limits have nothing to do with the determination of whether the district court had jurisdiction to interpret the DMCA. Indeed, Rule 45 cannot provide SBCIS with the relief it seeks in this case.

Absent declaratory relief, there is no way to settle for once and all whether RIAA can issue subpoenas to SBCIS under the DMCA. If the district court's view of its power to hear a declaratory judgment action is the law, SBCIS will be forced to fight RIAA in each and every district in which RIAA chooses – for its own strategic reasons, and with minimal expense and effort on its part – to obtain a subpoena from a clerk of a federal district court. RIAA could again, as it did here, commence litigation in a district it believes to be favorable, and then dismiss that action when the tides turn, leaving SBCIS again unable to achieve resolution of this issue. RIAA could also again, as it has done before, dismiss any subpoena that is the subject of an enforcement proceeding or motion to quash as soon as it perceives a threat of an adverse decision, leaving uncertainty as to hundreds of others. It is precisely these

results that the Declaratory Judgment Act is designed to avoid. See 10B CHARLES A. WRIGHT ET AL., FEDERAL PRAC. & PROC. § 2751, at 457 (3d ed. 1998) (the declaratory judgment remedy “relieves potential defendants ‘from the Damoclean threat of impending litigation which a harassing adversary might brandish, while initiating suit at his leisure – or never’”) (quoting *Japan Gas Lighter Ass’n v. Ronson Corp.*, 257 F. Supp. 219, 237 (D.N.J. 1966)).

CONCLUSION

The judgment of the district court should be reversed.

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

Pursuant to Federal Rule of Appellate Procedure 32(a), I certify that this brief complies with the type-volume limitations of Fed. R. App. P. 32(a)(7)(B) because this brief contains 7658 words, as counted by WordPerfect Version 12, excluding the parts of the brief permitted by Rule 32(a)(7)(B)(iii) to be excepted from the word count.

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CERTIFICATE OF SERVICE

I certify that on this 7th day of March, 2005, I caused to be served a copy of the Opening Brief of Plaintiff-Appellant SBCIS Internet Services, Inc., together with the Joint Appendix filed concurrently with the brief, by first-class mail, postage prepaid, on counsel for appellee listed below.

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