

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO
Judge William J. Martínez**

Civil Action No. 20-cv-2595-WJM-KMT

REAL ESTATE WEBMASTERS, INC.,

Plaintiff,

v.

GREAT COLORADO HOMES, INC., and
ANDREW FORTUNE,

Defendants.

**ORDER GRANTING PLAINTIFF'S MOTION TO DISMISS
UNDER FED. R. CIV. P. 41(a)(2)**

This matter is before the Court on Plaintiff Real Estate Webmasters, Inc.'s Motion to Dismiss Under Fed. R. Civ. P. 41(a)(2) ("Motion"). (ECF No. 38.) For the following reasons, the Motion is granted.

I. BACKGROUND

Plaintiff is a Canadian technology provider of custom website designs tailored specifically for real estate professionals. (ECF No. 27 ¶ 1.) In 2014, Defendant Andrew Fortune, a real estate agent from Colorado Springs, Colorado, purchased a license to use Plaintiff's custom website design and agreed to be bound by Plaintiff's licensed solution agreement ("LSA"), which provided that Plaintiff maintained exclusive ownership and control to all rights, title, interest, and benefit over its products, including customizations, enhancements, and associated intellectual property. (*Id.* ¶¶ 2–3.) In March 2020, Fortune terminated the LSA and thereafter began using a new website for

his company, Defendant Great Colorado Homes, Inc. (*Id.* ¶¶ 4–5.) Plaintiff alleges that Fortune’s website is nearly identical to Plaintiff’s website and uses Plaintiff’s intellectual property, though Fortune claims he created his website and spent over two years developing it with multiple developers. (*Id.* ¶ 5.)

On August 26, 2020, Plaintiff filed its initial Complaint against Defendants Great Colorado Homes, Inc. and Andrew Fortune (jointly, “Defendants”), alleging copyright infringement under the Canadian Copyright Act, R.S.C., ch. C-42 § 13(3) (1985), breach of contract, unjust enrichment, and misappropriation of trade secrets under 18 U.S.C. § 1836. (ECF No. 1.) On October 14, 2020, Defendants filed a motion to dismiss. (ECF No. 14.) The Court struck that motion for failure to confer under WJM Revised Practice Standard III.D.1. (ECF No. 20.)

Following conferral, Plaintiff filed an Amended Complaint, in which it withdrew its claims for breach of contract and misappropriation of trade secrets, but added a claim for civil theft. (ECF No. 27.) Plaintiff withdrew the breach of contract claim because Defendants stated their intention to enforce an exclusive jurisdiction clause within the applicable contract that required all proceedings asserted thereunder to be brought before the courts of British Columbia, Canada. (ECF No. 38 at 3 (citing ECF No. 29-1 at 2).) Plaintiff has filed an action for breach of contract against Defendants in the Supreme Court of British Columbia. (*Id.*)

Defendants filed a Motion to Dismiss Pursuant to Fed. R. Civ. P. 12(b)(6). (ECF No. 29.) Plaintiff filed a response on December 9, 2020 (ECF No. 34), and Defendants replied on December 23, 2020 (ECF No. 35). While that Motion to Dismiss was pending, the parties engaged in discovery.

On March 30, 2021, counsel for Plaintiff conferred by phone and e-mail with counsel for Defendants regarding a proposed dismissal of this action. (ECF No. 38 at 1.) Nearly a month later, having not received a response, Plaintiff's counsel again sought to confer with Defendants' counsel. (*Id.*) During that conferral, the parties discussed dismissal of Plaintiff's copyright infringement and civil theft claims with prejudice, and its unjust enrichment claim without prejudice; Plaintiff seeks to dismiss the unjust enrichment claim without prejudice because that matter is being litigated in Canada and dismissal with prejudice might have a preclusive effect on the same claim brought in the Canadian case. (*Id.* at 1–2.)

Plaintiff states that Defendants agreed to stipulate to the dismissal of the copyright infringement and civil theft claims with prejudice, but Defendants insisted that the unjust enrichment claim also be dismissed with prejudice. (*Id.* at 2.) Plaintiff further states that counsel for Defendants stated: "I guess if it will have re [sic] judicata effects in the BC case, then we can stipulate to it being dismissed without prejudice." (*Id.*) Plaintiff prepared a dismissal on those terms, but when Defendants received it, they refused to sign, claiming that Plaintiff's proposal "completely and intentionally mischaracterizes the reasons behind the dismissal and therefore is not acceptable." (*Id.*)

On May 3, 2021, Plaintiff filed the Motion, seeking to dismiss its copyright infringement and civil theft claims with prejudice, and its unjust enrichment claim without prejudice. (ECF No. 38.) Plaintiff explains that following briefing on the Motion to Dismiss, it "did its own extensive analysis of its damages and determined that proceeding in two forums is not worth the expense of litigation." (*Id.* at 7.) Defendants

oppose the Motion, arguing that while the case should be over, Plaintiff should be required to pay Defendants' attorneys' fees under Federal Rule of Civil Procedure 41(a)(2), the fee-shifting provision of the Copyright Act, 17 U.S.C. § 505, or Colorado Revised Statutes § 13-17-201. (ECF No. 39.) Thus, at bottom, the issue for the Court now is whether to award Defendants some amount of attorneys' fees.

II. LEGAL STANDARDS

A. Rule 41(a)(2)

Rule 41(a)(2) "permits a district court to dismiss an action . . . upon such terms and conditions as the court deems proper." *Frank v. Crawley Petroleum Corp.*, 992 F.3d 987, 998 (10th Cir. 2021) (quoting *Am. Nat. Bank & Tr. Co. of Sapulpa v. Bic Corp.*, 931 F.2d 1411, 1412 (10th Cir. 1991) (internal quotation marks omitted)). "The rule is designed primarily to prevent voluntary dismissals which unfairly affect the other side, and to permit the imposition of curative conditions." *Id.* (quoting *Brown v. Baeke*, 413 F.3d 1121, 1123 (10th Cir. 2005) (internal quotation marks omitted)). "Conditions are designed to alleviate any prejudice a defendant might otherwise suffer upon refiling of an action." *Id.* (quoting *Am. Nat. Bank*, 931 F.2d at 1412).

"[P]rejudice is a function of . . . practical factors including: the opposing party's effort and expense in preparing for trial; excessive delay and lack of diligence on the part of the movant; insufficient explanation of the need for a dismissal; and the present stage of litigation." *Brown*, 413 F.3d at 1124 (internal quotation marks omitted). "These factors are neither exhaustive nor conclusive; the court should be sensitive to other considerations unique to the circumstances of each case." *Id.* "[I]n reaching its conclusion, the district court should endeavor to insure substantial justice is accorded to

both parties, and therefore the court must consider the equities not only facing the defendant, but also those facing the plaintiff.” *Id.* “The district court, however, should impose only those conditions which actually will alleviate harm to the defendant.” *Am. Nat. Bank*, 931 F.2d at 1412.

“These rules apply to dismissals with prejudice as well as dismissals without.” *Frank*, 992 F.3d at 998 (citing *Cnty. of Santa Fe v. Pub. Serv. Co. of N.M.*, 311 F.3d 1031, 1049 (10th Cir. 2002) (the “normal” legal-prejudice analysis that governs dismissals without prejudice also governs dismissals with prejudice, although the presence of prejudice will be “rare”)). “[A] defendant may not recover attorney’s fees when a plaintiff dismisses an action with prejudice absent exceptional circumstances.” *AeroTech, Inc. v. Estes*, 110 F.3d 1523, 1528 (10th Cir. 1997); accord *Vanguard Envtl., Inc. v. Kerin*, 528 F.3d 756, 760 (10th Cir. 2008); *Steinert v. Winn Grp., Inc.*, 440 F.3d 1214, 1222 (10th Cir. 2006).

B. Copyright Act

The Copyright Act, 17 U.S.C. § 101 *et seq.*, provides that “In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court *may* also award a reasonable attorney’s fee to the prevailing party as part of the costs.” 17 U.S.C. § 505 (emphasis added).

The Supreme Court has established several principles and criteria to guide a court in deciding whether to award attorneys’ fees under § 505. *Kirtsaeng v. John Wiley & Sons, Inc.*, 136 S. Ct. 1979, 1985 (2016). The statute clearly connotes discretion and eschews any precise rule or formula for awarding fees. *Id.* However, in *Fogerty v.*

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