IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF NEW MEXICO

BLAINE HARRINGTON, III,

Plaintiff and Counter-Defendant,

vs. No. 1:22-cv-00063-KWR-JHR

360 ABQ, LLC d/b/a 360 VENTURES REAL ESTATE,

Defendant and Counterclaimant,

MEMORANDUM OPINION AND ORDER

THIS MATTER comes before the Court upon the Mr. Harrington's Motion to Dismiss Counterclaims and Strike Defendant's Second Affirmative Defense **(Doc. 7).** Having reviewed the parties' pleadings and the relevant law, the Court finds that Mr. Harrington's motion is **NOT WELL-TAKEN** and, therefore, is **DENIED**.

BACKGROUND

This is a copyright infringement action. Mr. Harrington is a photographer, while 360 ABQ, LLC is a real estate brokerage firm which displayed one of Mr. Harrington's photographs of the Albuquerque skyline without Mr. Harrington's permission. Mr. Harrington alleges that 360 ABQ violated his copyright. 360 ABQ filed counterclaims, asserting that Mr. Harrington misused the copyright system to "extort" money from it through allegedly abusive demands and litigation tactics.

Mr. Harrington asserts that he created a photograph of the skyline of downtown Albuquerque and obtained a copyright for that photograph. **Doc. 1 at ¶¶ 9, 10**. He alleges he is the owner of the work. ***Id***. He asserts that 360 ABQ published the copyrighted work on its

Facebook business website as part of the marketing of its real estate business. 360 ABQ is not licensed to use the photograph.

Mr. Harrington alleged one count of copyright infringement by reproducing, distributing, and publicly displaying the photograph for commercial purposes. **Doc. 1 at ¶ 25**

360 ABQ filed an answer and counterclaim. **Doc. 5.** 360 ABQ alleges that in 2015 it placed on its Facebook page Mr. Harrington's Albuquerque skyline photo. It says its employees found the image through a web search and it did not identify a photographer or copyright owner. Therefore, it alleges it believed it could lawfully display the photograph on its website. 360 ABQ alleges that Mr. Harrington retained a lawyer who sent it a letter asserting that Mr. Harrington owned the copyright in that photograph. The letter demanded that 360 ABQ pay $30,000 in 14 days or he would seek $150,000 in damages in an infringement suit.

It alleges that Mr. Harrington is a "copyright troll." It asserts that Mr. Harrington allows his photographs to be available on public websites without providing copyright notice and threatens to sue people who, without notice of the copyright, download and use his images. It alleges that Mr. Harrington demands "extortionate" settlements in amounts beyond "market value." **Doc. 5 at 5.** 360 ABQ alleges that if a person declines to pay him, Mr. Harrington files suit for copyright infringement. It alleges that Mr. Harrington has threatened hundreds of persons with copyright infringement lawsuits and they have generally paid far beyond "fair value." 360 ABQ alleges that Mr. Harrington has filed at least seventy-five suits. **Doc. 5 at 5.**

360 ABQ alleges it was the target of a broader scheme by Mr. Harrington. It describes the scheme as follows:

- Mr. Harrington has allowed for years his photographs to be available on websites without a copyright or ownership notice;
- Mr. Harrington intends for his photographs to be available on certain websites without copyright notice to induce innocent users to download and use his photographs;

- Mr. Harrington hires a service to track those who download and use his photographs;
- He directs his lawyers to threaten or pursue a claim for copyright infringement against those who use his photographs unless they pay an "extortionate" amount to compensate Mr. Harrington for the alleged infringement; and
- Mr. Harrington acted knowingly and willfully to implement this scheme to misuse copyright law and extort money from targets of his scheme.

360 ABQ asserts copyright misuse as an affirmative defense, and asserted the following counterclaims:

- Count 1: Declaratory Judgment for Copyright Misuse;
- Count 2: New Mexico Unfair Practices act, NMSA 1978 § 57-12-1; and
- Count 3: Prima Facie Tort.

Mr. Harrington now moves to dismiss the counterclaims and strike the affirmative defense.

LEGAL STANDARD

Rule 12(b)(6) permits the Court to dismiss a counterclaim for "failure to state a claim upon which relief can be granted." Fed. R. Civ. P. 12(b)(6). To survive a motion to dismiss, a counterclaim must have sufficient factual matter that if true, states a claim to relief that is plausible on its face. *Ashcroft v. Iqbal*, 556 U.S. 662, 677 (2009) ("*Iqbal*"). As such, a counterclaimant's "[f]actual allegations must be enough to raise a right to relief above the speculative level." *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007) ("*Twombly*"). All well-pleaded factual allegations are "viewed in the light most favorable to the nonmoving party." *Brokers' Choice of Am., Inc. v. NBC Universal, Inc.*, 757 F.3d 1125, 1136 (10th Cir. 2014). In ruling on a motion to dismiss, "a court should disregard all conclusory statements of law and consider whether the remaining specific factual allegations, if assumed to be true, plausibly suggest the defendant is liable." *Kan. Penn Gaming, LLC v. Collins*, 656 F.3d 1210, 1214 (10th Cir. 2011). Mere "labels and conclusions" or "formulaic recitation[s] of the elements of a cause of action" will not suffice. *Twombly*, 550 U.S. at 555.

Mr. Harrington also seeks to strike the copyright misuse affirmative defense. Federal Rule of Civil Procedure 12(f) permits the court to "strike from a pleading an insufficient defense." Fed. R. Civ. P. 12(f). However, motions to strike affirmative defenses are generally disfavored. *See Friends of Santa Fe County v. LAC Minerals, Inc.*, 892 F.Supp. 1333, 1343 (D.N.M.1995) (citations omitted). To strike a defense, its legal insufficiency must be "clearly apparent." *Id.* (same). A court "must be convinced that there are no questions of fact, that any questions of law are clear and not in dispute, and that under no set of circumstances could the defenses succeed." *Id.* (same). In deciding a motion to strike, the court bears in mind the purpose of pleading an affirmative defense: to provide the plaintiff with fair notice. *Falley v. Friends Univ.*, 787 F.Supp.2d 1255, 1257 (D.Kan.2011). The decision to strike an affirmative defense rests within the sound discretion of the district court. *Hayne v. Green Ford Sales, Inc.*, 263 F.R.D. 647, 650 (D.Kan.2009). Rule 12(f) is intended to minimize delay, prejudice and confusion by narrowing the issues for discovery and trial. *Hayne*, 263 F.R.D. at 648–49. "[S]triking an affirmative defense is considered a drastic remedy, and the court should only utilize the legal tool where the challenged allegations cannot succeed under any circumstances." *Falley v. Friends Univ.*, 787 F. Supp. 2d 1255, 1259 (D. Kan. 2011) (internal citations and quotation marks omitted).

DISCUSSION

I. Court declines to dismiss or strike copyright misuse equitable defense.

360 ABQ asserted copyright misuse as both a counterclaim and an affirmative defense. *Amaretto Ranch Breedables, LLC v. Ozimals, Inc.*, 790 F. Supp. 2d 1024, 1033 (N.D. Cal. 2011) ("There is no consensus on whether copyright misuse can be brought as an independent claim (as opposed to as an affirmative defense) and district courts come down on both sides of the issue."). Mr. Harrington moves to dismiss the counterclaim or strike the affirmative defense. The Court

finds that 360 ABQ's well-pled allegations state a plausible claim or affirmative defense for copyright misuse.

"Copyright misuse is an equitable defense to copyright infringement which precludes the copyright holder's enforcement of its copyright during the misuse period." *Vernor v. Autodesk, Inc.*, 621 F.3d 1102, 1115 (9th Cir. 2010). "The copyright misuse doctrine is an equitable defense to a copyright infringement action that forbids the use of a copyright to secure an exclusive right or limited monopoly not granted by the copyright office and is contrary to public policy to grant." *Malibu Media, LLC v. Miller*, No. 13-CV-02691-WYD-MEH, 2014 WL 2619558, at *4 (D. Colo. June 12, 2014), *citing Home Design Servs., Inc. v. B & B Custom Homes, LLC,* No. 06–cv–00249–WYD–GJR, 2008 WL 2302662, at *2 (D.Colo. May 30, 2008) (citing 185 ALR Fed 123 and *Alcatel USA, Inc. v. DGI Techs., Inc.*, 166 F.3d 772, 792 (5th Cir.1999)); *see also Altera Corp. v. Clear Logic, Inc.*, 424 F.3d 1079, 1090 (9th Cir.2005). 360 ABQ must prove that Mr. Harrington "illegally extended [his] monopoly beyond the scope of the copyright or violated the public policies underlying the copyright laws." *Malibu Media, LLC v. Miller*, No. 13-CV-02691-WYD-MEH, 2014 WL 2619558, at *4 (D. Colo. June 12, 2014) (quoting *In re Indep. Serv. Orgs. Antitrust Litig.*, 85 F.Supp.2d 1130, 1175 (D.Kan.2000)).

360 ABQ asserts that Mr. Harrington is a "copyright troll" who misused the copyright system through allegedly abusive tactics. An individual may be a copyright trolls when he employ "abusive litigation tactics to extract settlements." *Malibu Media, LLC v. Ramsey*, No. 1:14-cv-718, 2015 U.S. Dist. LEXIS 151273, at *9 (S.D. Ohio May 26, 2015).

"Standing alone, initiating multiple copyright infringement actions and attempting to negotiate settlements does not indicate copyright misuse or copyright trolling." *Freeplay Music, LLC v. Dave Arbogast Buick-GMC, Inc.*, No. 3:17-CV-42, 2019 WL 4647305, at *14 (S.D. Ohio

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