

IN THE CIRCUIT COURT FOR MONTGOMERY COUNTY, MARYLAND

QUAN-EN YANG

Plaintiff

vs.

G&C GULF, INC., D/B/A G&G TOWING

Defendant

CIVIL ACTION NO.: 403885V
TRACK VI – Judge Rubin

**DEFENDANT G&C GULF, INC.'S REPLY TO PLAINTIFF'S OPPOSITION TO
MOTION FOR PROTECTIVE ORDER AND TO QUASH SUBPOENAS**

I. INTRODUCTION

Shorn of its bluster and stripped of its hyperbole, *see, e.g.*, Plaintiff's Opposition at p. 4, ("there is a 'Wild West' towing practice (forcing trespassers) to pay hundreds of dollars to ransom their vehicle")¹, Plaintiff's opposition provides no justification why this Court should allow cumulative and duplicative discovery directed at thirty-six (36) G&G customers.²

¹ G&G did not "ransom" Plaintiff Yang's vehicle. Instead, the Plaintiff, travelling from Frederick County, voluntarily elected to park his car illegally on private commercial property, ostensibly believing he could do so without risk, despite notice that his car would be towed based on his trespass. Contrary to the Plaintiff's new founded theory, i.e., that an agent who removes an illegal parked vehicle from private property must release the vehicle to its owner without receiving payment, the Maryland Towing Law (§ 21-10A-01, et. seq., Transportation Article) is a statutory enactment requiring payment as a pre-condition to recovery of the towed vehicle. This is a proper "exercise of the will of the sovereign state whence it acquires its binding force." *Universal Credit Co. v. Marks*, 164 Md. 130, 163 A. 810, 815 (1933) (explaining that a statutory lien provision is not a matter of contract but of statutory law). Here, § 21-10A-05(c)(3), which addresses Payment Option and Duties; availability of vehicle, "requires that the facility storing the towed vehicle, shall make the vehicle available to the owner . . . for: (i) inspection; or (ii) retrievable from the vehicle of personal property that is not attached to the vehicle." This provision demonstrates the flaw in Plaintiff's argument that he had the absolute right to a return of the vehicle without paying for the tow. Otherwise, the subsection permitting the owner the right to inspect the vehicle and to recover property would be superfluous and meaningless if, in fact, the owner had an unfettered right. Accordingly, Plaintiff's theory that he can get his vehicle back without paying for the tow stands in opposition to of a cardinal rule of statutory construction to not "find any word, clause, sentence, or phrase (nor), . . . statutory subsection superfluous, meaningless nor nugatory." *Debusk v. Johns Hopkins Hospital*, 342 Md. 432, 445, 677 A.2d 73, 79 (1996) (internal citations omitted).

² Originally, 33 Subpoenas were issued that were subject to Defendant's Motion. Since that time, in addition to three Subpoenas have been issued by the Plaintiff.

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MAR 29 2015

Clerk of the Circuit Court
Montgomery County, Md.

II. THE SERVICE OF THIRTY-SIX (36) THIRD PARTY SUBPOENAS DIRECTED TO DEFENDANT'S CUSTOMERS, WHICH SEEK IDENTICAL INFORMATION THAT PLAINTIFF HAS ALREADY REQUESTED FROM THE DEFENDANT, SHOULD BE PROTECTED FROM DISCOVERY AT THIS TIME

The Plaintiff is mistaken in arguing that G&G lacks standing to challenge the thirty-six (36) subpoenas. The clear, unambiguous language of Maryland Rule 2-403(1) provides that “on motion of a party,” . . . the Court may enter any order that justice requires to protect the party . . . from annoyance, embarrassment, oppression or under burden expense, including . . . (1) that discovery not be had . . . (4) that discovery may be had only by a method of discovery other than selected by the party seeking discovery” (emphasis added). Here, G&G’s challenge to the subpoenas is based on the undisputed fact that the Plaintiff has asked for exactly the same information from G&G that it seeks from its customers. This duplicative, cumulative discovery should be precluded by entry of an appropriate Protective Order.

Federal Rule 26(b)(2)(C)³ provides that a court “on motion or on its own” . . . “must limit . . . discovery otherwise allowed by these rules . . . if it determines that: (i) the discovery sought is unreasonably cumulative or duplicative or can be obtained from some other source that is more convenient, less burdensome, or less expensive” (emphasis added). This parallel Federal provision should convince this Court to exercise its discretion and grant G&G’s motion. The Plaintiff’s argument that a party is not precluded from obtaining discovery from more than one source references Rule 2-402(a). However, this Rule merely addresses the basis for an objection to discovery on the grounds that the party seeking the information already knows the information or can obtain it by other means and does not operate to preclude a motion for protective order to bar the cumulative, duplicative discovery contained in the now 36 third party subpoenas.

³ Plaintiff concedes that Maryland Rule 2-403 is based on the Federal Rules of Civil Procedure 26. See, Plaintiff’s Opp. at p. 10.

Plaintiff's suggestion that *Accusoft Corp. v. Quest Diagnostics, Inc.*, 2012 WL 1358662 at *10 (D.Mass., April 18, 2012) and *HD Sherer, LLC v. Natural Molecular Testing Corp.*, 292 F.R.D. 305 (D.S.C. 2013) the two Federal cases that are most precisely on point "directly contravene Maryland law" (Plaintiff's Opp. at p. 9) is patently erroneous. In fact, Rule 26(c)(1)(A) and (C) include almost identical provisions to the Maryland Rules relied upon here that "forbid the disclosure or discovery or allow the Court to prescribe a discovery method other than the one selected by the parties seeking discovery." Further, Plaintiff's reference to *eScholar, LLC v. Otis Educational Systems, Inc.*, reported at 387 F.Supp.2d 329 (S.D.N.Y. 2005) on March 29, 2005 in support of the proposition that subpoenas served on customers of defendant seeking cumulative discovery were allowed over objection is curious given that the ruling addressed a motion to dismiss for breach of contract claim, rather than a discovery dispute. *See*, Exhibit 1.

III. CONCLUSION

G&G asks this Honorable Court to enter a Protective Order precluding Plaintiff's unnecessary and cumulative discovery served on thirty-six (36) of its customers.

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CERTIFICATE OF SERVICE

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387 F.Supp.2d 329
United States District Court,
S.D. New York.

ESCHOLAR, LLC, Plaintiff
v.

OTIS EDUCATIONAL SYSTEMS, INC., Defendant

No. 04 CIV. 4051(SCR). | March 29, 2005.

Synopsis

Background: Software licensor sued licensee for copyright infringement and breach of reseller agreement. Licensee moved to dismiss contract claims as preempted.

[Holding:] On objections to the report and recommendation of Yanthis, United States Magistrate Judge, the District Court, Robinson, J., held that breach of contract claims were not preempted.

Motion granted in part and denied in part.

West Headnotes (6)

- ¹¹¹ **United States Magistrate Judges**
 - ☞ Plain error, clear error, and manifest injustice review
- United States Magistrate Judges**
 - ☞ De novo review in general
- United States Magistrate Judges**
 - ☞ Clear error, manifest error, or contrary to law in general

To accept report and recommendation of magistrate, where no timely objection has been made, district court need only satisfy itself that there is no clear error on face of record; court is required, however, to make de novo determination as to aspects of report and recommendation to which objections are timely made. 28 U.S.C.A. § 636(b)(1).

1 Cases that cite this headnote

- ¹²¹ **Copyrights and Intellectual Property**
 - ☞ Remedies
 - States
 - ☞ Copyrights and patents

State law claims are preempted by federal copyright law when (1) particular work to which claim is being applied falls within type of works protected by copyright law, and (2) claim seeks to vindicate legal or equitable rights that are equivalent to right already protected by copyright law. 17 U.S.C.A. § 301(a).

3 Cases that cite this headnote

- ¹³¹ **Copyrights and Intellectual Property**
 - ☞ Remedies
 - States
 - ☞ Copyrights and patents

State law claim is preempted by federal copyright law if state-created right may be abridged by act that would, by itself, infringe right provided by federal copyright law. 17 U.S.C.A. § 301(a).

1 Cases that cite this headnote

- ¹⁴¹ **Copyrights and Intellectual Property**
 - ☞ Remedies
 - States
 - ☞ Copyrights and patents

State law claim avoids preemption by federal copyright law if it includes any extra elements that make it qualitatively different from copyright infringement claim. 17 U.S.C.A. § 301(a).

4 Cases that cite this headnote



¹⁵¹ **Copyrights and Intellectual Property**

↳ Remedies

States

↳ Copyrights and patents

In determining whether state law claim is preempted by federal copyright law, court takes restrictive view of what extra elements allegedly transform otherwise equivalent claim into one that is qualitatively different from copyright infringement claim. 17 U.S.C.A. § 301(a).

5 Cases that cite this headnote

¹⁶¹ **Copyrights and Intellectual Property**

↳ Contracts

States

↳ Particular cases, preemption or supersession

Breach of contract claims are not preempted by federal copyright law; promise inherent in agreement, by itself, provides extra element necessary to make breach claim qualitatively different from copyright infringement claim. 17 U.S.C.A. § 301(a).

8 Cases that cite this headnote

Attorneys and Law Firms

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Susan Poder MacFarlane, Holland & Knight LLP, New York City, for Defendant.

MEMORANDUM DECISION AND ORDER

ROBINSON, District Judge.

I. Background

eScholar, LLC ("eScholar" or "Plaintiff") brought this action against Otis Educational Systems, Inc. ("Otis" or "Defendant") in May 2004, alleging two causes of action: 1) common law breach of contract; and 2) copyright infringement pursuant to *331 the Copyright Act of 1976, 17 U.S.C. §§ 101, *et seq.* (the "Copyright Act"). The Defendant filed a motion to dismiss Plaintiff's breach of contract claim in July 2004.

The case was referred to Magistrate Judge George A. Yanthis for general supervision and for a Report and Recommendation ("R & R") regarding Defendant's motion to dismiss. Magistrate Judge Yanthis issued his R & R on December 20, 2004. The Defendant filed timely objections on January 18, 2005, and the Plaintiff replied on January 27, 2005.

The relevant facts, as summarized in the R & R, are as follows: The Plaintiff is the owner of a computer program known as the "eScholar Complete Data Warehouse," of which a critical component is the "eScholar Data Model." In October 2000, eScholar entered into an agreement with Otis wherein eScholar licensed Otis to serve as a reseller of the eScholar Complete Data Warehouse ("Reseller Agreement").

Here, Plaintiff alleges that Defendant breached the Reseller Agreement by (1) copying materials belonging to eScholar and distributing the copied materials without eScholar's written consent; (2) refusing to allow eScholar to audit Defendant's books and records relating to its resale of the licensed products, and (3) failing to pay royalty fees due under the Agreement. Defendant's motion seeks to dismiss Plaintiff's breach of contract claim on the ground that it is preempted by the Copyright Act. Magistrate Judge Yanthis recommended that Defendant's motion be granted in part and denied in part.

II. Analysis

A. Standard of Review

In considering a motion to dismiss pursuant to Fed.R.Civ.P. 12(b)(6), the court accepts as true all material factual allegations in the complaint and draws all reasonable inferences in favor of the non-movant. *Still v. DeBuono*, 101 F.3d 888, 891 (2d Cir.1996). We may grant the motion only where "it appears beyond doubt that the plaintiff can prove no set of facts in support of [its] claim which would entitle [it] to relief." *Id.* at 891.

¹¹¹ In reviewing an R & R, a Court “may accept, reject, or modify, in whole or in part, the findings or recommendations made by the magistrate judge.” 28 U.S.C. § 636(b)(1)(C). “To accept the report and recommendation of a magistrate, to which no timely objection has been made, a district court need only satisfy itself that there is no clear error on the face of the record.” *Nelson v. Smith*, 618 F.Supp. 1186, 1189 (S.D.N.Y.1985) (citations omitted). See also *Pizarro v. Bartlett*, 776 F.Supp. 815, 817 (S.D.N.Y.1991) (court may accept report if it is “not facially erroneous”). However, a district court judge is required to make a de novo determination as to the aspects of the report and recommendation to which objections are made. 28 U.S.C. § 636(b)(1); *United States v. Raddatz*, 447 U.S. 667, 673–674, 100 S.Ct. 2406, 65 L.Ed.2d 424 (1980); *United States v. Male Juvenile*, 121 F.3d 34, 38 (2d Cir.1997). Here, as mentioned, Defendant has objected in a timely fashion to Magistrate Judge Yanthis’s recommendation.

B. Objections

¹²¹ The Copyright Act preempts state law causes of action that are “equivalent to any of the exclusive rights within the general scope of copyright....” 17 U.S.C. § 301(a). Claims brought pursuant to state law are preempted when “(1) the particular work to which the claim is being applied falls within the type of works protected by the Copyright Act under 17 U.S.C. §§ 102 and 103, and (2) the claim seeks to vindicate legal or equitable rights *332 that are equivalent to one of the bundle of exclusive rights already protected by copyright law under 17 U.S.C. § 106.” *Briarpatch Ltd., L.P. v. Phoenix Pictures, Inc.*, 373 F.3d 296, 305 (2d Cir.2004).

¹³¹ ¹⁴¹ Of particular relevance here is the second requirement, which is satisfied only when the state-created right may be abridged by an act that would, by itself, infringe one of the exclusive rights provided by federal copyright law. See *Computer Assocs. Int’l, Inc. v. Altai, Inc.*, 982 F.2d 693, 716 (2d Cir.1992). In other words, the state law claim must involve acts of reproduction, adaptation, performance, distribution or display. See 17 U.S.C. § 106; *Computer Assocs.*, 982 F.2d at 716. Further, the state law claim must not include any extra elements that make it qualitatively different from a copyright infringement claim. See *Computer Assocs.*, 982 F.2d at 716.

¹⁵¹ To determine whether a claim is qualitatively different, the court must examine “what [the] plaintiff seeks to protect, the theories in which the matter is thought to be protected and the rights sought to be enforced.” *Computer Assocs.*, 982 F.2d at 716. Moreover, the court must take a

restrictive view of what extra elements transform an otherwise equivalent claim into one that is qualitatively different from a copyright infringement claim. See *Briarpatch Ltd., L.P.*, 373 F.3d at 306.

In his R & R, Magistrate Judge Yanthis recommended that Defendant’s motion be granted to the extent it seeks to enforce Plaintiff’s exclusive right to reproduce and distribute its work, but denied to the extent it seeks to enforce contractually guaranteed rights to audit books and receive royalty fees. Otis objects to the latter portion of this recommendation because (1) in this case there is no right to audit independent of remedies provided under the Copyright Act; and (2) there is not (nor could there be) any allegation that royalties are owed for resale of eScholar’s products independent of the allegedly infringing products allegedly sold in violation of the Copyright Act. The Plaintiff responds that its claims are independent because the Reseller Agreement explicitly provides eScholar with the rights to audit and receive royalties.

The crux of the dispute between the parties, therefore, is whether the promise inherent in any agreement, by itself, provides the extra element necessary to make a breach of contract claim qualitatively different from a copyright infringement claim. On this question, judges in this district have come to different conclusions. Compare *Architectronics, Inc. v. Control Sys.*, 935 F.Supp. 425, 438 (S.D.N.Y.1996) (Protection from breach of contract is not equivalent to copyright protection because a contract claim requires an “extra element” that renders the claim qualitatively different from a claim for copyright infringement: a promise by the defendant) with *American Movie Classics Co. v. Turner Entertainment Co.*, 922 F.Supp. 926, 931 (S.D.N.Y.1996) (a breach of contract claim will escape preemption only if there is a contractual promise and the promise involves a right not existing under copyright law). The Second Circuit has not, to date, resolved this disagreement.

In *Architectronics*, Judge Mukasey rejected *American Movie* after considering the Copyright Act’s legislative history and “the consensus among courts and commentators” that breach of contract claims are qualitatively different and therefore are not preempted. See 935 F.Supp. at 440–41 citing *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447, 1454 (7th Cir.1996); *National Car Rental Sys., Inc. v. Computer Assocs. Int’l, Inc.*, 991 F.2d 426, 433 (8th Cir.1993); *333 *Taquino v. Teledyne Monarch Rubber*, 893 F.2d 1488, 1501 (5th Cir.1990); *Acorn Structures v. Swantz*, 846 F.2d 923, 926 (4th Cir.1988); 1 NIMMER ON COPYRIGHT § 1.01[B][1][a]. See also *Grosso v. Miramax Film Corp.*,

383 F.3d 965, 968 (9th Cir.2004) (claim for a breach of an implied-in-fact contract contains necessary extra element and is not preempted).

¹⁶ For the reasons discussed in Judge Mukasey's, and the other above-mentioned courts' opinions, this court agrees that the existence of explicit contractual rights makes a breach of contract claim qualitatively different from a claim for copyright infringement. As such, Plaintiff's breach of contract claim must survive to the extent it seeks to enforce contractual rights to audit books and receive royalty fees.¹

Having reviewed the R & R and conducted a *de novo* review of Defendant's objections thereto, this court accepts and adopts Judge Yanthis's recommendation for the reasons described above. Accordingly, Defendant's motion to dismiss is GRANTED IN PART and DENIED IN PART.

It is so ordered.

All Citations

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III. Conclusion

Footnotes

- ¹ Defendant requests, in the event that this court adopts Judge Yanthis's recommendation, that Plaintiff be ordered to file an amended complaint reflecting the proper scope of Plaintiff's breach of contract claim in light of this opinion. But since the court and all parties are fully aware of this ruling and the implications thereof, the court agrees with the Plaintiff that an amended complaint is not necessary at this time.