IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

CODE-TO-LEARN FOUNDATION d/b/a SCRATCH FOUNDATION,	
Plaintiff,	
v.	**Civ. Action No. 1:19-cv-67-LO-MSN**
SCRATCH.ORG, an Internet domain name,	**JURY TRIAL DEMANDED**
Defendant.	

DEFENDANTS' OPPOSITION TO PLAINTIFF'S MOTION TO COMPEL

Following a breakdown in settlement negotiations, Plaintiff seeks to use a premature and, indeed, wholly unnecessary motion to compel as a vehicle to complain about those negotiations to the Court. This is despite the fact that the only genuine issue in this motion—the validity of one of Defendant's discovery objections—has nothing whatsoever to do with these negotiations. Indeed, even Plaintiff's argument on that issue consists mostly of attacks on Defendant's character that improperly attempt to prejudge the merits of the case and have nothing to do with the actual legal analysis of the discovery objection.

The majority of Plaintiff's motion is spent complaining that Defendant supposedly breached a settlement agreement with Plaintiff. This claim is as false as it is irrelevant. Plaintiff's own evidence shows that the parties did ***not*** reach a settlement agreement, but simply agreed to pause discovery ***to negotiate*** a settlement agreement. (*See* Dkt. 42, Ex. E at 1 (agreeing to Plaintiff's core solution but noting that they still needed to "hash out the specific language")); *Cyberlock Consulting, Inc. v. Info. Experts, Inc.*, 939 F. Supp. 2d 572, 578 (E.D. Va. 2013) (collecting cases recognizing that such a preliminary agreement is not a contract, but is merely an

agreement to negotiate in good faith to reach a contract).[1] Indeed, the fact that the parties had not yet reached a settlement agreement can be seen in the fact that they merely paused discovery, as opposed to dismissing the case (as is typical when a settlement is reached).

Unfortunately, Plaintiff insisted on including terms in the settlement agreement that were unacceptable to Defendant, resulting in negotiations falling through less than one week ago. Thereafter, Defendant's counsel assured Plaintiff's counsel that Defendant would provide the requested discovery (subject to a single disputed objection) as quickly as possible. Nonetheless, Plaintiff has pointlessly filed the present motion, burdening Defendant and the Court with needless motions practice. For the reasons discussed herein, this motion should be denied.

FACTS

As an initial matter, settlement negotiations are confidential, and the parties' underlying settlement negotiations should never have been disclosed by Plaintiff in the first place. *See, e.g.*, *RegScan, Inc. v. Bureau of Nat'l Affairs, Inc.*, No. 1:11CV1129 (JCC/JFA), 2012 WL 2994075, at *8 (E.D. Va. (Alexandria Div.) July 19, 2012) (recognizing the need for settlement negotiations to be kept confidential). Indeed, the substance of these negotiations have no relevance to the only genuine issue in this motion: whether Defendant is required to disclose its use of, and income from,

[1] Specifically, in *Cyberlock*, this Court noted:

> For a contract to be enforceable, there must be mutual assent of the contracting parties to terms reasonably certain under the circumstances. Mere agreements to agree in the future are too vague and too indefinite to be enforced. Similarly, it is well settled under Virginia law that agreements to negotiate at some point in the future are unenforceable. Accordingly, an agreement to negotiate open issues in good faith to reach a contractual objective within an agreed framework will be construed as an agreement to agree rather than a valid contract.

Id. (quoting *Beazer Homes Corp. v. VMIF/Anden Southbridge Venture*, 235 F. Supp. 2d 485, 490 (E.D. Va. 2002); *Va. Power Energy Mktg., Inc. v. EQT Energy, LLC*, 3:11CV630, 2012 WL 2905110, at *4 (E.D. Va. July 16, 2012); *W.J. Schafer Assocs., Inc. v. Cordant, Inc.*, 254 Va. 514, 493 S.E.2d 512, 515 (1997); *Allen v. Aetna Cas. & Sur. Co.*, 222 Va. 361, 281 S.E.2d 818, 820 (1981)) (citations, brackets, and internal quotation marks omitted).

his domain names that are ***not*** challenged herein. However, in light of the fact that Plaintiff has not only disclosed these negotiations but has made numerous misstatements regarding them, Defendant must now discuss these negotiations to correct those misstatements. Defendant does so, without waiving confidentiality, only to respond to Plaintiff's misrepresentations. Subject to this objection and reservation of rights, a true account of the relevant facts is as follows:

On April 17, 2019, Plaintiff offered to purchase the contested domain name for $20,000. (Dkt. 42, Ex. E at 2.) This offer was contingent on (1) proof that Mr. Lahoti owns the domain and can transfer it, (2) use of a third-party escrow service, and (3) "prompt acceptance of this offer." (*Id.*) No further terms were stated in this offer. (*Id.*)

On June 3, 2019, Plaintiff served its first set of interrogatories and first set of requests for production on Defendant. (Dkt. 42, Exs. A, B.) Defendant promptly filed its objections to these requests. (Dkt. 42, Exs. C, D.)

On June 20, 2019, Plaintiff renewed its April 17 offer "through close of business June 27." (Dkt. 42, Ex. E at 1-2.) This renewal did not add any additional terms. (*Id.*)

On June 25, 2019, Defendant's counsel stated via email that Defendant "inten[ded] to accept the offer . . . in principle to resolve this matter and transfer the domain name." (Dkt. 42, Ex. E at 1.) This email noted that Plaintiff had not submitted any proposed settlement agreement and that "there w[ould] invariably be some need to hash out the specific language" of the settlement. (*Id.*) This email also asked that discovery be paused "while [the parties] hash out the formal settlement that will moot any need for that information." (*Id.*) Plaintiff agreed, and discovery was paused so the settlement negotiations could go forward. (*See* Dkt. 42, Ex. G at 1 (Plaintiff's admission that "the parties mutually agreed to halt the discovery process").)

Contrary to what Plaintiff now contends, the parties did ***not*** agree to a settlement at this

point. Instead, their communications make clear that they only agreed ***to negotiate*** a settlement that would involve Plaintiff purchasing the challenged domain name for $20,000. (*See* Dkt. 42, Ex. E at 1;) *see also Cyberlock*, 939 F. Supp. 2d at 578 (recognizing that such an "agreement to agree" to terms that would be negotiated later is not a contract). Indeed, the parties' emails expressly characterized the settlement as something that had not happened yet. (*See* Dkt. 42, Ex. E at 1 (June 25 email stating, in future tense, that "the formal settlement . . . ***will*** moot any need for" discovery and that the parties still "need to hash out" that agreement (emphasis added)).)

On July 2, 2019, Plaintiff sent Defendant a proposed settlement agreement. (Dkt. 42, Ex. G at 6-7.) This agreement contained several provisions that had not been discussed in Plaintiff's prior communications. In Plaintiff's defense, those prior communications were clearly only the core concept for a possible settlement, and were not intended to encompass all of its terms.

On July 15, 2019, Defendant sent Plaintiff a counteroffer in the form of a redlined revision of the proposed settlement agreement. (Dkt. 42, Ex. G at 5-6.)

On July 25, 2019, Plaintiff countered with another revision of the proposed settlement agreement. (*Id.* at 5.)

On August 6, 2019, Plaintiff sent Defendant yet another revised proposed agreement. (*Id.*)

On August 16, 2019, Defendant countered with a new revision of the proposed settlement agreement. (*Id.* at 4-5.) In particular, Mr. Lahoti requested that "the agreement not be confidential and that there be an acknowledgement of his bona fide rights" and that Plaintiff's proposed prohibition on Mr. Lahoti's use of the term "SCRATCH" be removed. (*Id.*)

On August 23, 2019, Plaintiff indicated that it would agree to some, but not all of the terms in Defendants' latest counteroffer, and proposed a new counteroffer of its own in the form of yet another revised proposed settlement agreement. (*Id.* at 3.)

On September 4, 2019, Defendant stated that he was rejecting one of the clauses in the latest counteroffer and proposed an entirely new counteroffer. (*Id.* at 1-2.)

Late in the night of September 4-5, 2019, Plaintiff's counsel informed Defendant's counsel that Plaintiff no longer intended to negotiate a settlement and instead sought to continue discovery in this matter. (Dkt. 42, Ex. G at 2.) In light of the mutually-agreed pause in discovery, Defendant's responses to the instant discovery requests became due on September 16, 2019.[2]

At no point during these negotiations did Plaintiff engage in partial performance of any settlement agreement as Plaintiff now claims. (Dkt. 42 at 1, 3, 4.) Indeed, Defendant is baffled as to what partial performance Plaintiff believes it has made in light of the fact that, as noted, the parties were unable to agree to the terms of any settlement agreement.[3] To be clear, Plaintiff has not paid Defendant any money for the subject domain name or taken any steps to dismiss the case, nor has Plaintiff taken any action under any of Defendant's proposed settlement agreements (all of which Plaintiff rejected either expressly or via counteroffer).

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[2] Under the relevant rules, a party must respond to interrogatories and requests for production within 30 of being served with them. Fed. R. Civ. P. 33(b)(2), 34(b)(2)(A). Here, the discovery requests were served on June 3, 2019. When the parties agreed to stay discovery on June 25, 2019, 21 days of this deadline had elapsed (June 4-24) and 9 days remained. At 9:14 p.m. on the evening of September 4, 2019, Plaintiff's counsel informed Defendant's counsel that Plaintiff no longer believed settlement was possible and that Plaintiff intended to resume discovery immediately. Because this email was sent late at night—several hours after the close of business—it should be counted as received on September 5, 2019. Thus, the new deadline response deadline became, at the earliest, 9 days later on September 14, 2019. However, September 14, 2019, is a Saturday. As a result, Rule 6 provides that deadline expires on the following Monday: September 16, 2019. Fed. R. Civ. P. 6(a)(1)(C).

[3] The only clue Defendant can find regarding Plaintiff's meaning here is a statement in the email Plaintiff sent on the night of September 4-5 asserting that Plaintiff "performed on [the] condition [to pause discovery] as agreed." (Dkt. 42, Ex. G at 2.) However, as noted above, this condition was not part of any final settlement agreement, but was part of the agreement to negotiate in good faith to reach an agreement. *See Cyberlock*, 939 F. Supp. 2d at 578. Defendant performed on this "agreement to agree" for over two months, and it was Plaintiff, not Defendant, who ultimately put an end to these negotiations when it became clear that no agreement was possible.

Moreover, Plaintiff does not contend that it was prejudiced in any way by the pause in discovery, nor can it make such a contention. Indeed, this pause likely ***benefitted*** Plaintiff in light of recent disruptions to its organization. *See, e.g.*, Marc Tracy & Tiffany Hau, *Director of M.I.T.'s Media Lab Resigns After Taking Money From Jeffrey Epstein*, N.Y. TIMES (Sept. 7, 2019), https://www.nytimes.com/2019/09/07/business/mit-media-lab-jeffrey-epstein-joichi-ito.html (noting that Plaintiff's founder resigned last week due to his ties to Jeffrey Epstein and his efforts to conceal Mr. Epstein's donations as "anonymous"). But beneficial or not, the fact remains that the parties mutually agreed to pause discovery to pursue settlement negotiations that ultimately fell through, and Plaintiff's effort to lay the fault for this failure wholly at Defendant's feet is nothing more than the common resentment that follows every failed negotiation. After all, Plaintiff had just as much ability to agree to Defendant's terms as Defendant had to agree to Plaintiff's.

On September 6, 2019, counsel for the parties met and conferred regarding the pending discovery issues. During this conversation, Plaintiff's counsel challenged several of Defendant's discovery objections. In the interest of amicably resolving these issues, Defendant's counsel agreed to drop all of the contested objections except one. The sole remaining contested objection challenged as irrelevant Plaintiff's request for information regarding the use and profitability of other, unrelated domain names. (*See* Dkt. 42, Ex. C at 15-16 (challenging Plaintiff's Requests for Production Nos. 25[4] & 26), Dkt. 42, Ex. D at 11-13 (challenging Plaintiff's Interrogatory No. 10).)

Three minutes before close of business on Friday, September 6, 2019, with ten days remaining before Defendant's discovery responses were due, Plaintiff prematurely filed the

[4] At the meet and confer, Defendant's counsel withdrew the objection to this request for production to the extent this request sought information concerning "scratch.org." However, to the extent this request for production seeks information regarding other domain names, Defendant stands on this objection for the same reasons as Defendant's objections to Plaintiff's tenth interrogatory and twenty-sixth requests for production, which raise identical relevancy issues.

present motion to compel. As noted, the only relevant issue in this motion—which has nothing to do with the failed settlement negotiations—is whether Defendant's sole contested objection to Plaintiff's discovery requests is permissible.

ARGUMENT

I. Under the Governing Law, Plaintiff's Request for Information Regarding Defendant's Income from and Use of All of Defendants' Domain Names Is an Irrelevant and Unduly Burdensome Fishing Expedition

Plaintiff challenges Defendant's objections to Plaintiff's tenth interrogatory and twenty-fifth and twenty-sixth requests for production. Plaintiff's tenth interrogatory states as follows:

> Identify all domain names presently or previously owned or used by the owner of the SCRATCH.ORG domain name, and for each, itemize in the chart below (adding more boxes as applicable) the revenues that the owner has obtained from each identified domain name and the use of each domain name, and identify by Bates Number (from SCRATCH.ORG's document production) all documents reflecting or describing such information.

(Dkt. 42, Ex. A at 8-9.) The chart in question contains columns labeled "Domain Name," "Use of Domain Name," "Date Range," "Gross Amount Received," and "Bates Numbers of Documents Reflecting this Information." (*Id.*) Likewise, Plaintiff's twenty-fifth and twenty-sixth requests for production request "documents sufficient to demonstrate all revenue generated by domain names owned or operated by the registrant(s) or owner(s) of SCRATCH.ORG" and "documents sufficient to demonstrate the means by which the registrant(s) or owner(s) of SCRATCH.ORG generate revenue through ownership of or operation of a website associated with any domain name," respectively. (Dkt. 42, Ex. B at 4.)

Defendant has objected that Plaintiff's tenth interrogatory seeks irrelevant information, seeks information protected from disclosure under a right of privacy, and is impermissibly vague and multiplicative. (Dkt. 42, Ex. D at 11-13.) Defendant has made similar relevancy objections to Plaintiff's twenty-fifth and twenty-sixth requests for production. (Dkt. 42, Ex. C at 15-16.)

Plaintiff's sole basis for claiming that this information is relevant is that it supposedly relates to 15 U.S.C. § 1125(d)(1)(B)(viii). (Dkt. 42 at 6.) This subsection provides as follows:

> In determining whether a person has a bad faith intent [as required to maintain a civil action], a court may consider factors such as, but not limited to--
>
> . . .
>
> (VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties;

15 U.S.C. § 1125 (d)(1)(B)(viii). As applied to this case, this subsection asks whether Mr. Lahoti "regist[ered] or acqui[red] . . . multiple domain names which [he] kn[ew] [we]re identical or confusingly similar to marks of others that [we]re distinctive at the time of registration of such domain names." Notably, Defendant has withdrawn its objections to Plaintiff's request for a list of Mr. Lahoti's domain names.[5] Instead, Defendant ***only*** objects to Plaintiff's burdensome and irrelevant request for a full accounting of the usage and profitability of those domain names.

Because § 1125(d)(1)(B)(viii) only concerns the registration or acquisition of other domain names, and not the use of, or revenue from, those names, Defendant's disclosure of a list of his domain names is sufficient to show whether Mr. Lahoti has "regist[ered] or acqui[red] . . . multiple [confusing] domain names." Plaintiff's request for usage and profitability information is simply irrelevant to this standard. Indeed, while Plaintiff attempts to prematurely argue the merits of this case by citing several other cases involving Mr. Lahoti or setting forth the general bad-faith standard (Dkt. 42 at 6-7), Plaintiff cites no law indicating that the use or profitability of a website—as opposed to its registration or acquisition—is relevant under § 1125(d)(1)(B)(viii).

[5] This request is found in the uncontested portion of Plaintiff's tenth interrogatory and in Plaintiff's twenty-fourth request for production. (Dkt. 42, Ex. A at 8-9; Dkt. 42, Ex. B at 4.)

Under the plain language of the governing statute, only Mr. Lahoti's "registration or acquisition" of other domain names is relevant to the issue of bad faith. Plaintiff makes no argument why a list of Mr. Lahoti's domain names would be insufficient to decide this factor. Plaintiff's motion to compel should be denied.

II. The Remainder of Plaintiff's Motion is Improperly Filed

Other than this one disputed issue, the remainder of Plaintiff's motion is entirely premature. As noted, the deadline for Defendant's responses will elapse no earlier than September 16, 2019—ten days after this motion was filed and three days after the proposed hearing on this motion. There is no evidence that Defendant will not issue its discovery responses by this date. Moreover, Plaintiff certainly cannot expect that Defendant will issue its responses any later than the deadline requested by Plaintiff in its prayer for relief—which, at the earliest, would elapse on September, 30, 2019.[6] The practice of filing essentially prophylactic motions to compel in the fear that another party *might* miss a future deadline only serves to unnecessarily multiply paperwork, and is diametrically opposed to the goal of keeping discovery-related motions practice to a minimum. Accordingly, this portion of the motion should be denied as premature.

CONCLUSION

Defendant attempted in good faith to pursue a settlement agreement with Plaintiff. In return, Plaintiff has responded with a betrayal of confidentiality, gross misstatements of fact, and pointless over-papering. Because this motion has no apparent purpose but to defame Defendant before this Court, Plaintiff's Motion to Compel (Dkt. 41) should be DENIED.

[6] Plaintiff requests that Defendant's responses be due eleven days from Court's Order. (Dkt. 42 at 5, 7.) Even if the Court were to issue its Order on the earliest date possible—the day after the responses come due under the Federal Rules of Civil Procedure—this Order would issue on September 17, 2019. Eleven days from September 17, 2019 is September 28, 2019. Because September 28, 2019 is a Saturday, Rule 6 would move the deadline to the following Monday: September 30, 2019. Fed. R. Civ. P. 6(a)(1)(C).

Dated: September 11, 2019

Respectfully submitted,

/s/

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CERTIFICATE OF SERVICE

I hereby certify that on this 11th day of September 2019, I electronically filed the foregoing with the Clerk of Court using the CM/ECF filing system, which will automatically notify all registered counsel of record.

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