

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

Case No. 17-cv-62013-BLOOM/Valle

HARD ROCK CAFE INTERNATIONAL
USA, INC., and TARSADIA HOTELS,

Plaintiffs,

v.

ROCKSTAR HOTELS, INC.,

Defendant.

ORDER

THIS CAUSE is before the Court upon Plaintiffs' Motion to Voluntarily Dismiss without Prejudice pursuant to Federal Rule of Civil Procedure 41(a)(2), ECF No. [77] (the "Motion"). Plaintiffs, Hard Rock Café International USA, Inc. and Tarsadia Hotels, seek to voluntarily dismiss this lawsuit against RockStar Hotels, Inc. ("Defendant") without prejudice. *See* ECF No. [77]. Defendant does not object to the dismissal without prejudice provided that Plaintiffs pay the attorney's fees and costs Defendant incurred in defending the action. *See* ECF No. [82]. Plaintiffs object to such a contingency. *See* ECF No. [84].

Under Rule 41(a)(2), a plaintiff, with court approval, may dismiss an action voluntarily and without prejudice to be refiled in the future. *McCants v. Ford Motor Co., Inc.*, 781 F.2d 855, 856 (11th Cir. 1986). The rule allows a court to grant a request for voluntary dismissal "on terms that the court considers proper." Fed. R. Civ. P. 41(a)(2). Rule 41(a)(2) is designed to prevent voluntary dismissals that unfairly affect the other side by allowing for curative conditions. *McCants*, 781 F.2d at 856. "Thus a district court considering a motion for dismissal without prejudice should bear in mind principally the interests of the defendant, for it is the defendant's

position that the court should protect.” *Id.* at 856-57 (citing *LeCompte v. Mr. Chip, Inc.*, 528 F.2d 601, 604 (5th Cir. 1976)). Generally, a dismissal should be granted unless the court finds that the defendant will suffer some legal prejudice beyond the possibility of another lawsuit. *Id.* at 857. “[T]he district court must exercise its broad equitable discretion under Rule 41(a)(2) to weigh the relevant equities and do justice between the parties in each case, imposing such costs and attaching such conditions to the dismissal as deemed appropriate.” *Id.* (collecting cases).

Importantly, a court will not allow a plaintiff to voluntarily dismiss an action without prejudice pursuant to Rule 41(a)(2) once the defendant has expended considerable sums preparing for trial “except on condition that the plaintiff reimburse the defendant for at least some portion of his expenses of litigation.” *Id.* at 860. The reimbursement of a defendant’s litigation-related expenses includes reasonable attorney’s fees. *Id.* If the parties contemplate a subsequent similar lawsuit, the award of litigation-related expenses may be limited to those incurred in “discovering information and researching and pressing legal arguments that will not be useful in the later suit.” *Id.*; see also *Universal Prop. & Cas. Ins., Co. v. Lifetime Brands, Inc.*, No. 2:15-cv-14333-ROSENBERG/LYNCH, 2016 WL 4133149, *1 (S.D. Fla. June 6, 2016) (“The Court may also impose a condition of payment of attorney’s fees, however, any award of attorney’s fees must be limited to fees for services that will not be useful in a subsequent lawsuit.”). Examples of services not useful in a later lawsuit include the cost of preparing motions that were only useful in the original action. *Id.* However, attorney’s fees related to discovery will not be recoverable as such discovery materials may be used in subsequent litigation. *Id.*

Defendant asks the Court to allow dismissal contingent upon Plaintiffs’ payment of all attorney’s fees and costs it has incurred to date. See ECF No. [82]. In support of its position,

Defendant states that, for nine months, it vigorously defended against Plaintiffs' claims. *Id.* To date, it has incurred \$462,347.46 in attorney's fees and costs. *Id.* Plaintiff, on the other hand, claims that Defendant has no basis for demanding reimbursement of attorney's fees and that it should be allowed to dismiss this action without prejudice and without any contingencies. *See* ECF No. [84] at 2. According to Plaintiff, discovery has revealed that Defendant is not a "soft hotel brand" but is more akin to a hotel booking website, such as Expedia or Orbitz, and for that reason, Plaintiff seeks to discontinue this lawsuit. *Id.* Plaintiffs would like to preserve their right to pursue trademark infringement claims against Defendant in the future should it further develop its business into a "soft brand hotel." *Id.* Thus, Plaintiffs acknowledge there is a possibility of subsequent litigation.

The Court concludes that Plaintiffs should be allowed to dismiss their claims without prejudice, preserving their right to file a subsequent lawsuit against Defendant. The Court recognizes that this lawsuit has forced Defendant to expend considerable resources preparing for trial. Indeed, Plaintiff filed this lawsuit nine months ago and the parties engaged in extensive motion practice in connection with Plaintiffs' Motion for Preliminary Injunction, including the preparation of lengthy memoranda, attendance and participation in an evidentiary hearing, and the submission of lengthy closing argument briefs. In addition, the parties were required to comply with all deadlines within the Court's Scheduling Order and, in compliance with those deadlines, Defendant retained two expert witnesses, incurring additional defense costs. Under the Scheduling Order, discovery is due to close in eight weeks and trial is set in less than six months. Significantly, the Court recently ruled on Plaintiffs' pending Motion for Preliminary Injunction against Plaintiffs, finding no substantial likelihood of success on the merits. It was only after such ruling that Plaintiffs requested a voluntary dismissal. *See Universal Pro.*, 2016

WL 4133149 at *1 (noting that the plaintiff sought a voluntary dismissal twelve days after the Court ruled against it on important expert discovery matters and four months before trial).

In light of the foregoing, the Court finds it appropriate to condition Plaintiffs' voluntary dismissal without prejudice on its payment of Defendant's litigation-related expenses. Contrary to Defendant's argument, however, it not is entitled to reimbursement of *all* attorney's fees and costs incurred to date in this lawsuit. Because the parties contemplate the possibility of a subsequent similar lawsuit, the award of litigation-related expenses, including attorney's fees, should be limited to those incurred in "discovering information and researching and pressing legal arguments that will not be useful in the later suit." *McCants*, 781 F.2d at 860; *see also Universal Pro.*, 2016 WL 4133149 at *1 (stating that award of attorney's fees is limited to fees for services that are not useful in a later lawsuit); *Siek v. American Airlines, Inc.*, No. 01-4473-CIV-MOORE, 2002 WL 2018833, * 2 (S.D. Fla. Aug. 14, 2002), *report and recommendation adopted by* 2002 WL 34394336 (S.D. Fla. Sept. 6, 2002) (awarding attorney's fees and costs to the defendant as a condition to voluntary dismissal); *Trujillo v. Banco Cent. del Ecuador*, 229 F. Supp. 2d 1369, 1376 (S.D. Fla. 2002) (awarding attorney's fees and costs after separating the amounts incurred in defense of the lawsuit versus amounts usable in other pending litigation); *Sobe News, Inc. v. Ocean Drive Fashions, Inc.*, 199 F.R.D. 377 (S.D. Fla. 2001) (granting voluntary dismissal "on condition that Defendants are reimbursed for their litigation-related expenses incurred in defending this suit, including reasonable attorney's fees").

Now that Plaintiffs are aware of the Court's condition in allowing a voluntary dismissal, Plaintiffs have until July 19, 2018 to decide whether they will accept or reject this condition. *See Universal Prop.*, 2016 WL 4133149 at *2 (giving the plaintiff two days to decide whether to accept or reject conditions upon which voluntary dismissal would be allowed) (citing *Elbaor v.*

Tripath Imaging, Inc., 279 F.3d 314, 320 (5th Cir. 2002)). If Plaintiffs reject the condition, then the Court will enter an order denying the Motion. Conversely, if Plaintiffs accept the condition, the Court will issue a briefing schedule in which Defendant will be required to submit evidence of those attorney's fees and costs it believes should be awarded consistent with this Order, Plaintiff will be allowed to file a response, and Defendant will be allowed a reply. Under this scenario, once the briefing is complete, the Court will then issue an order dismissing the action without prejudice and awarding attorney's fees and costs consistent with this Order.

Accordingly, it is **ORDERED AND ADJUDGED** as follows:

1. Plaintiffs' Motion to Voluntarily Dismiss without Prejudice pursuant to Federal Rule of Civil Procedure 41(a)(2), **ECF No. [77]**, is **GRANTED contingent upon Plaintiffs' acceptance of the condition set forth within this Order.**
2. No later than **July 19, 2018**, Plaintiffs shall file a notice of acceptance or a notice of rejection of the Court's condition within this Order.

DONE AND ORDERED in Miami, Florida, this 12th day of July, 2018.



BETH BLOOM
UNITED STATES DISTRICT JUDGE

Copies to:

Counsel of Record