

1 Cindy A. Cohn, Esq. (SBN 145997)
Wendy Seltzer, Esq.
2 ELECTRONIC FRONTIER FOUNDATION
454 Shotwell Street
3 San Francisco, CA 94110
Telephone: (415) 436-9333 x108
4 Facsimile: (415) 436-9993

5 Alan Korn, Esq. (SBN 167933)
LAW OFFICE OF ALAN KORN
6 1840 Woolsey Street
Berkeley, CA 94703
7 Telephone: (510) 548-7300
Facsimile: (510) 540-4821

8 Attorneys for Plaintiff
9 ONLINE POLICY GROUP

10 Jennifer Stisa Granick, Esq. (SBN 168423)
STANFORD LAW SCHOOL
11 CYBERLAW CLINIC
559 Nathan Abbott Way
12 Stanford, CA 94305-8610
Telephone: (650) 724-0014
13 Facsimile: (650) 723-4426

14 Attorneys for Plaintiffs
NELSON CHU PAVLOSKY and LUKE
15 THOMAS SMITH

16 **UNITED STATES DISTRICT COURT**
17 **FOR THE NORTHERN DISTRICT OF CALIFORNIA**

18 ONLINE POLICY GROUP, NELSON CHU)
PAVLOSKY, and LUKE THOMAS SMITH,)

19)
20 Plaintiffs,)

21 v.)

22 DIEBOLD, INCORPORATED, and DIEBOLD)
ELECTION SYSTEMS, INCORPORATED,)

23)
24 Defendants.)

No. C-03-04913 JF

**PLAINTIFFS' OPPOSITION TO
DEFENDANTS' MOTION FOR
SUMMARY JUDGMENT**

Date: February 9, 2004
Time: 9:00 a.m.
Courtroom: 3

TABLE OF CONTENTS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

- I. INTRODUCTION.....1
- II. STATEMENT OF FACTS2
- III. ARGUMENT3
 - A. Diebold’s Belated Retraction of Legal Threats Does Not Moot the Case3
 - 1. Live Issues of Damages, Costs and Attorneys Fees for Diebold’s Past Conduct Remain to Be Determined4
 - 2. Defendant Has Not Met its Heavy Burden of Showing That Plaintiffs’ Claim for Declaratory Relief Is Moot5
 - 3. Diebold Cannot Unilaterally Moot the Case Through Voluntary Cessation of its Illegal Acts7
 - B. Fair Use Can Be Decided on Summary Judgment8
 - C. Diebold Knowingly Misrepresented Infringement.....10
 - 1. DMCA 512(f) Is Properly Applied Here to Remedy Diebold’s Misuse of the DMCA....10
 - 2. Diebold Knowingly Misrepresented that the E-Mail Archive Was Infringing11
 - 3. There Is No Support for Diebold’s Claim That ISPs of Individual Linkers Have Potential Copyright Liability.....13
 - D. Diebold Threatened the ISPs with Litigation.....16
 - E. Diebold’s Threats of Sham Litigation Are Not Privileged.....16
 - F. Summary Judgment Is Appropriate on All Three of Plaintiffs’ Claims.....17
 - 1. Diebold Tortiously Interfered with Plaintiffs’ Internet Hosting Contracts17
 - 2. Diebold Misused Any Copyright it Had.....18
 - 3. Diebold Misused the DMCA.....20
- IV. CONCLUSION20

TABLE OF AUTHORITIES

Cases

Board of Education v. Pico, 457 U.S. 853 (1982).....12

Bruzzone v. Miller Brewing Co. 202 U.S.P.Q. 809, 1979 WL 1070 (N.D. Cal. 1979).....9

California Transport v. Trucking Unlimited, 404 U.S. 508 (1972)17

Capitol Cities Media, Inc. v. Chester, 797 F.2d 1164 (3d Cir. 1986)12

Cardtoons, L.C. v. Major League Baseball Players Association, 208 F.3d 885 (10th Cir. 2000)....17

Carey v. Brown, 447 U.S. 455 (1980)12

Comm. for the First Amendment v. Campbell, 962 F.2d 1517 (10th Cir. 1992).....4

Ellis v. Brotherhood of Ry., Airline and S.S. Clerks, 466 U.S. 435 (1984)4

Foad Consulting Group, Inc. v. Musil Govan Azzalino, 270 F.3d 821 (9th Cir. 2001)7

Fonovisa, Inc. v. Cherry Auction, Inc., 76 F.2d 259 (9th Cir. 1996)15

Friends of the Earth v. Laidlaw Environmental Services, Inc., 528 U.S. 167 (2001).....7

FTC v. Affordable Media, LLC, 179 F.3d 1228 (9th Cir. 1999)8

GATX/Airlog Co. v. U.S. District Court, 192 F.3d 1304 (9th Cir. 1999).....3

Harper & Row, Inc. v. Nation Enters., 471 U.S. 539 (1985)9

Hustler Magazine., Inc. v. Moral Majority, Inc., et al., 796 F.2d 1148 (9th Cir. 1986)9

In re Napster, Inc. Copyright Litigation, 191 F.Supp.2d 1087 (N.D. Cal. 2002)19, 20

Intellectual Reserve, Inc. v. Utah Lighthouse Ministry, Inc., 75 F.Supp.2d 1290
(D. Utah 1999)14, 15

Lasercomb America, Inc. v. Reynolds, 911 F.2d 970 (4th Cir. 1990)19

Lindquist v. Idaho State Bd. of Corrections, 776 F.2d 851 (9th Cir. 1985)7

Los Angeles v. Davis, 440 U.S. 625 (1979)3

Machesky v. Bizzell, 414 F.2d 283 (5th Cir. 1969).....12

Mann Design Ltd. v. Bounce, Inc., 138 F.Supp.2d 1174 (D. Minn. 2001).....6

Mattel, Inc. v. Walking Mountain Prod’ns, 353 F.3d 792 (9th Cir., Dec. 29, 2003)9

Narell v. Freeman, et al., 872 F.2d 907 (9th Cir. 1989).....8

New York Times v. Sullivan, 376 U.S. 254 (1964)12

1	<i>Norman-Bloodsaw v. Lawrence Berkeley Laboratory</i> , 135 F.3d 1260 (9th Cir. 1998).....	7
2	<i>Pacific Gas & Electric Co. v. Bear Stearns & Co.</i> (1990) 50 Cal.3d 1118).....	18
3	<i>Perfect 10, Inc. v. Cybernet Ventures, Inc.</i> , 213 F.Supp.2d 1146 (C.D. Cal. 2002)	15
4	<i>Practice Management Information Corporation v. American Medical Association</i> ,	
5	121 F.3d 516 (9th Cir. 1997).....	19
6	<i>Public Utilities Comm’n of California v. Federal Energy Regulatory Comm’n</i> ,	
7	100 F.3d 1451 (9th Cir. 1996).....	8
8	<i>Quelimane Co., Inc. v. Stewart Title Guaranty Co.</i> , 960 P.2d 513 (Cal. 1998).....	18
9	<i>Recording Indus. Ass’n of America, Inc. v. Verizon Internet Serv., Inc.</i> , 351 F.3d 1229	
10	(D.C. Cir. 2003).....	13
11	<i>Societe de Conditionnement en Aluminium v. Hunter Engineering Co., Inc.</i> , 655 F.2d 938	
12	(9th Cir. 1981).....	4, 5, 6, 16
13	<i>Super Tire Eng’g Co. v. McCorkle</i> , 416 U.S. 115 (1974)	4
14	<i>Texas v. West Pub. Co.</i> , 68 F.Supp. 1228 (W.D. Tex. 1988)	6
15	<i>Ticketmaster v. Tickets.com</i> , 54 U.S.P.Q.2d 1344, 2000 WL 525390 (C.D. Cal. 2000)	14
16	<i>Time, Inc. v. Bernard Geis Assoc’s</i> , 293 F.Supp. 130 (S.D.N.Y. 1966)	12
17	<i>Ty, Inc. v. Publications Int’l</i> , 292 F.3d 512 (7th Cir. 2002).....	19, 20
18	<i>U.S. v. Concentrated Phosphate Export Assn., Inc.</i> , 393 U.S. 199 (1968)	7
19	<i>U.S. v. W. T. Grant Co.</i> , 345 U.S. 629 (1953).....	7
20	<i>Universal City Studios, Inc. v. Reimerdes</i> , 111 F.Supp.2d 294 (S.D.N.Y. 2000)	15
21	<i>Versatile Plastics, Inc. v. Snowbest! Inc.</i> , 247 F.Supp.2d 1098 (E.D. Wis. 2003).....	17
22	<i>Video Pipeline, Inc. v. Buena Vista Home Entertainment, Inc.</i> , 342 F.3d 191 (3rd Cir. 2003) ..	19, 20
23	<i>Walling v. Helmerich & Payne</i> , 323 U.S. 37 (1944).....	8
24	<i>Yahoo!, Inc. v. La Ligue Contre le Racism et l’Antisemitisme</i> , 169 F.Supp.2d 1181	
25	(N.D. Cal. 2001)	6
26	<i>Z Channel Ltd. P’ship v. Home Box Office, Inc.</i> , 931 F.2d 1338 (9th Cir. 1991).....	4
27	Statutes	
28	17 U.S.C. § 512	passim
	Other Authorities	
	H.R. Rep. No. 105-551(II) (1998).....	13, 14, 17

1	H.R. Rep. No. 105-796 (1998)	13
2	S. Rep. No. 105-190 (1998).....	13, 17
3	Law Review Articles and Treatises	
4	3 Nimmer on Copyright, § 10.02[B][5].....	7
5	4 Nimmer on Copyright § 13.05[B][4].....	12
6	9 <i>Writings of James Madison</i> 103 (G. Hunt, ed. 1910).....	12
7	A. Meiklejohn, <i>Free Speech and Its Relation to Self-Government</i> , 26 (1948)	13
8	Brennan, <i>The Supreme Court and the Meiklejohn Interpretation of the First Amendment</i> , 79	
9	HARV.L.REV. 1 (1965).....	12
10	Brett Frischmann and Dan Moylan, “The Evolving Common Law Doctrine of Copyright Misuse,”	
	15 BERKELEY TECH. L.J. 865 (Fall 2000).....	19
11	Prosser & Keeton, <i>Torts</i> (5th ed. 1984) § 129.....	18
12	Wright, Miller & Cooper, <i>Federal Practice & Procedure</i> , Jurisdiction 2d § 3533	4, 8
13	Constitutional Provisions	
14	U.S. Const. Art. I § 8.....	20
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

I. INTRODUCTION

The issue before this Court, now that Diebold has withdrawn its direct threats, is whether the law provides any consequences for the misuse of copyright claims, especially misuse of the powerful new tools created by the Digital Millennium Copyright Act (“DMCA”). These tools, while important for their legitimate uses, are also attractive to misusers – in this case, a powerful company that sought to squelch publication of embarrassing information. Congress recognized this risk. It expressly created a strong remedy for misuse of the DMCA “notice and takedown” processes in subsection 512(f). A substantive ruling in this case will for the first time apply this remedy, alongside others that already exist in copyright and tort law. By awarding damages here, this Court will give Diebold, as well as others who may be tempted to misuse the 512(c) processes in the future, a real disincentive to do so.

Diebold misused copyright law in order to silence critical speech. It did so in three ways. First, Diebold misrepresented that the publication of its e-mail archive infringed its copyrights. Second, it misrepresented that the Internet service providers (“ISPs”) of those who merely linked to the information could be liable for the alleged infringement. Third, it misrepresented that the upstream ISP of an ISP of those who merely linked to the material could be liable. Diebold made these misrepresentations intentionally and multiple times to take advantage of the quick response the DMCA provides legitimate copyright holders, even though it did not have legitimate recourse under that statute. By so doing, Diebold succeeded in imposing a prior restraint on speech of the student Plaintiffs and in causing a crisis for Plaintiff Online Policy Group (“OPG”), which faced the loss of connectivity for over 1,000 websites, a crisis averted only because OPG promptly sought emergency relief from this Court.

Diebold now attempts to avoid the consequences of its tortious behavior by withdrawing its claims and invoking the mootness doctrine, while simultaneously reasserting that it had a right to claim infringement against Plaintiffs in the first place. Diebold cannot have it both ways. Diebold lacked any basis for making allegations of copyright infringement in its cease-and-desist letters and in sending them to non-hosting ISPs, yet the damage wrought by its actions has not been remedied. Plus, as students at Johns Hopkins University know, the chilling effect of Diebold’s cease-and-

1 desist campaign continues. *See* Laroia Decl., ¶¶ 10-11. Because of the past damage caused by
2 Diebold’s tortious misuse of the law, the current and ongoing damage of chilled speech, and the
3 possibility of future damage that may not be amenable to judicial review, both damages and
4 declaratory relief remain necessary and appropriate.

5 II. STATEMENT OF FACTS

6 The material facts in this case are not in dispute. Diebold sent multiple letters to ISPs
7 claiming copyright infringement because that was the fastest way to remove information from the
8 Internet without the showing of proof that would have been necessary to obtain a temporary
9 restraining order. Diebold admits why it adopted this strategy: “[W]e want those links to be
10 removed. Looking at it from a legal perspective, we were advised the DMCA was the best resource
11 for getting that done.” (Diebold spokesman Mike Jacobsen, *See* Seltzer PI Decl., Exh. H).
12 Diebold’s counsel admitted the same at the preliminary injunction hearing:

13 THE COURT: . . . You have remedies for misappropriation of trade secrets. Why
14 are they not in play here?

15 MR. MITTELSTAEDT: I think the plaintiffs are right initially that the DMCA
16 provides the rapid response, the rapid remedies that Congress had in mind.

Hearing Transcript 31:3-8.

17 Even if Diebold were unaware of Plaintiffs’ fair use defense when it initially sent the
18 letters, it was quickly put on notice though the responses it received from both OPG and
19 Swarthmore. Yet Diebold kept sending cease-and-desist letters and even upped the ante on OPG by
20 threatening its upstream provider, Hurricane Electric. In fact, Diebold sent a second letter to
21 Hurricane Electric on the day of the preliminary injunction hearing, demanding that it remove the
22 link from OPG’s client website, even as Diebold’s counsel argued before this Court that OPG faced
23 no threat. Plaintiffs’ Post-Hearing letter.

24 Contrary to Diebold’s representations, Swarthmore College also put the company on notice
25 that its claims were legally suspect. Diebold states that Swarthmore College agreed both (1) that
26 the publication and link to the archive by Plaintiffs Smith and Pavlosky constituted copyright
27 infringement, and (2) that Swarthmore had potential liability for that infringement in both
28 instances. Def. Brief at 3:1-7. In fact, while Swarthmore preliminarily acceded to Diebold’s

1 demands, the college had serious doubts about Diebold’s claims. Carissimi PI Decl. ¶¶ 3, 4. At
2 Swarthmore’s request, its attorney, Mr. Carissimi twice wrote to Diebold seeking additional
3 information to substantiate Diebold’s copyright claims. Those letters challenge Diebold’s
4 accusations on the same grounds for which Plaintiffs seek declaratory relief here. Swarthmore’s
5 initial letter sought:

- 6 (a) copies of all registrations for the materials in which Diebold claims a copyright
7 interest; (b) legal authority supporting your allegation that the subscriber’s use of a
8 link to a website containing the allegedly infringing material constitutes direct or
9 contributory infringement; (c) legal authority supporting your contention that
10 Swarthmore is engaging in infringing activity if it continues to maintain a
subscriber’s site which merely offers a link to a site with allegedly infringing
materials after your notification; (d) how a subscriber’s conduct in providing a link
falls within the scope of 17 U.S.C. § 512(d) which refers to actions taken by a
provider, not a user; and (e) the basis of your statement that the works were stolen.

11 Carissimi PI Decl., Exh. A. In the second letter, written after Diebold refused to respond to the first
12 inquiry, Mr. Carissimi explains that Swarthmore wrote directly to Diebold seeking clarification of
13 its claims, “[b]ecause of the extraordinary nature of your request and the non-obviousness of your
14 claim of copyright infringement.” Carissimi PI Decl., Exh. B. Diebold ignored both letters.
15 Carissimi PI Decl. ¶ 5.

16 III. ARGUMENT

17 Diebold threatened OPG, Hurricane Electric, and Swarthmore College with bad faith
18 copyright claims when it knew both that there was no copyright infringement and that the service
19 providers it threatened would not face copyright liability. After Plaintiffs filed suit, Diebold
20 belatedly retracted its claims. Diebold now argues that its unilateral actions have deprived this
21 Court of jurisdiction over Plaintiffs’ demands for redress. Diebold errs. Its threats, wrongful at the
22 time they were made and causing harm that is as yet uncompensated, continue to present a live
23 controversy on which this Court can rule in Plaintiffs’ favor as a matter of law. On the substantive
24 causes of action, Diebold misstates the applicable standards and misconstrues precedent.

25 A. Diebold’s Belated Retraction of Legal Threats Does Not Moot the Case

26 The heavy burden of establishing mootness rests on the party asserting the issue. *Los*
27 *Angeles v. Davis*, 440 U.S. 625, 631 (1979); *see also GATX/Airlog Co. v. U.S. District Court*, 192
28 F.3d 1304, 1306 (9th Cir. 1999). Diebold’s arguments cannot carry that weight because its belated

1 withdrawal neither redressed Plaintiffs’ damages claims, nor alleviated their apprehension of later
2 harm. Indeed, the chief case Diebold cites, *Societe de Conditionnement en Aluminium v. Hunter*
3 *Engineering Co., Inc.*, supports Plaintiffs here, in its holding that a similar retraction of a patent
4 threat did *not* lift plaintiffs’ “real and reasonable apprehension that [plaintiff] will be subject to
5 liability if plaintiff continues its activity.” 655 F.2d 938, 944 (9th Cir. 1981); Def. Brief at 6:14-15.
6 As discussed below, these facts show that a substantial controversy remains between parties with
7 adverse legal interests of sufficient immediacy and reality to warrant the issuance of a declaratory
8 judgment, as well as damages. *See Super Tire Eng’g Co. v. McCorkle*, 416 U.S. 115, 121-122
9 (1974).

10 1. Live Issues of Damages, Costs and Attorneys Fees for Diebold’s Past
11 Conduct Remain to Be Determined

12 Diebold hardly addresses Plaintiffs’ damages in its mootness argument, perhaps because so
13 long as damages are at stake, this Court must resolve the underlying issues of Diebold’s damages
14 liability. Wright, Miller & Cooper, *Federal Practice & Procedure*, Jurisdiction 2d § 3533; *see also*
15 *Z Channel Ltd. P’ship v. Home Box Office, Inc.*, 931 F.2d 1338, 1341 (9th Cir. 1991) (holding case
16 not moot where plaintiff could seek damages, even if declaratory and injunctive relief were no
17 longer necessary). OPG suffered actual damages in this case from the impairment of its contract
18 with Hurricane Electric, while Plaintiffs Pavlosky and Smith suffered at least nominal damage
19 sufficient to overcome a claim of mootness. *See Comm. for the First Amendment v. Campbell*, 962
20 F.2d 1517, 1526-1527 (10th Cir. 1992) (holding live controversy exists because past conduct
21 allegedly violating free expression rights may entitle plaintiff to nominal damages). Accordingly,
22 this Court retains jurisdiction to rule on the merits whether Plaintiffs are entitled to damages on
23 their tortious interference, DMCA misrepresentation, and copyright misuse claims. *See Ellis v.*
24 *Brotherhood of Ry., Airline and S.S. Clerks*, 466 U.S. 435, 442 (1984) (case not moot so long as the
25 parties have a concrete interest, however small, in the outcome of a litigation).

26 Diebold attempts to sidestep Plaintiffs’ claims with arguments that despite the tremendous
27 disruption its threats caused, Plaintiffs “were not injured.” Def. Brief at 17:11. This is simply
28 untrue. First, for its tortious interference, Diebold is liable for damages resulting from the

1 disruption of contracted-for services that Plaintiffs suffered. Diebold impaired the contractual
2 relationship between OPG and Hurricane Electric by causing Hurricane Electric to deprive OPG of
3 some of the ordinary benefits of that contract, including the rights to post or allow its users to post
4 excerpts from the e-mail archive. Ng. PI Decl., ¶ 19; Weekly PI Decl. ¶¶ 15, 19. This disruption
5 lasted for 45 days, leading OPG to claim \$5,185.50, for its costs for Internet connectivity during
6 this period. Diebold's threats wreaked havoc on OPG, as the demands to Hurricane Electric
7 threatened the connectivity OPG provides to 77,700 individuals and 1,000 websites that rely on its
8 services. Diebold's action not only threatened to prevent their important information about its
9 flawed voting systems from reaching millions of readers, but also the unrelated legitimate
10 communications of thousands of others. Weekly PI Decl. ¶ 15. Although the restrictions on
11 Pavlosky and Smith's speech may engender only nominal damages, the students also undoubtedly
12 suffered cognizable injury when Diebold's letter induced Swarthmore to remove the e-mail archive
13 as well as links to other sites hosting the archive. Pavlosky PI Decl., ¶¶ 10-11; Smith PI Decl. ¶ 12.

14 The Plaintiffs are further entitled to recover under their copyright misrepresentation claim.
15 Section 512(f) specifically provides compensation for "any damages, including costs and attorneys'
16 fees, incurred by the alleged infringer, ... as the result of the service provider relying upon such
17 misrepresentation in removing or disabling access to the material or activity claimed to be
18 infringing." 17 U.S.C. § 512(f). Diebold falsely asserted that its copyright interest in the archive
19 barred both publication of and linking to sites hosting the archive. As a result, Swarthmore
20 censored Pavlosky and Smith's speech, thereby interfering with their ability to plan and conduct an
21 educational symposium on the electronic voting process. Smith PI Decl. ¶ 13. Hurricane Electric
22 required OPG to censor some of its customers by disallowing any posting of the email archive. Ng
23 PI Decl. ¶ 19; Weekly Supp. PI Decl. ¶ 3.

24 2. Defendant Has Not Met its Heavy Burden of Showing That Plaintiffs' Claim
25 for Declaratory Relief Is Moot

26 Diebold's reliance on *Societe de Conditionnement en Aluminium v. Hunter Eng'g Co., Inc.*,
27 to rebut Plaintiffs' declaratory judgment claim is misplaced. Far from buttressing Diebold's
28 arguments, the facts and holding of that case support a finding that there is a live controversy here,

1 because Plaintiffs indeed faced a “real and reasonable apprehension of litigation” and continue to
2 face uncertainty over the status of their activities. *Societe*, 655 F.2d at 944.

3 The *Societe* plaintiff sought a declaratory judgment on the invalidity of defendant’s patent
4 after one of defendant’s employees told a third-party customer that “he felt that the [plaintiff’s]
5 equipment would infringe on this patent.... He said he would take this patent to court.” *Id.* at 941.
6 The Ninth Circuit held it was “not relevant that Hunter attempted to withdraw its threat after the
7 filing of this lawsuit”; rather than awaiting the “‘Damoclean threat’ of litigation,” plaintiff was
8 entitled to a determination of its rights now. *Id.* at 945. Like the plaintiff there, the student
9 Plaintiffs and OPG here filed suit based upon a real apprehension of litigation and continue to seek
10 declaratory relief to avert the impending threat of further claims of liability. As the *Societe*
11 declaration fostered fair competition, declaratory relief here is necessary to foster free and
12 unfettered debate about the security and efficacy of electronic voting systems in general, and
13 Diebold’s flawed technology in particular. A declaratory judgment will also lift the chilling effect
14 that has convinced John Hopkins University to continue to bar publication of the email archive
15 because of Diebold’s continued insistence that its copyright infringement claims are valid. *See*
16 *Laroia Decl.*, ¶ 10; *see also Yahoo!, Inc. v. La Ligue Contre le Racism et l’Antisemitisme*, 169
17 F.Supp.2d 1181, 1189 (N.D. Cal. 2001).

18 Diebold cites only two further cases, both distinguishable and neither binding nor
19 persuasive. *Texas v. West Pub. Co.*, 68 F.Supp. 1228 (W.D. Tex. 1988), concerned two parties to a
20 copyright action who were never in an adversarial position. In that case, the copyright holders,
21 West, had not “actually threatened a lawsuit or threatened to take *any action* ... to protect their
22 claimed copyright.” Unlike Diebold, West neither asserted its copyright nor made any legal threat
23 that could have a chilling effect on speech.

24 In *Mann Design Ltd. v. Bounce, Inc.*, 138 F.Supp.2d 1174 (D. Minn. 2001), the defendant
25 agreed to a covenant not to sue that was so broad and definitive that “the court [could] then say that
26 the patent holder is ‘forever estopped’ from asserting the patent.” As a result, the plaintiff there had
27 nothing to fear. In contrast, Diebold’s gratuitous promise not to sue was made without
28 consideration and is not binding, either as a contract or as a copyright license, either express or

1 implied. *Foad Consulting Group, Inc. v. Musil Govan Azzalino*, 270 F.3d 821, 828 n.11 (9th Cir.
2 2001) (“to be enforceable, the [copyright license] would have to be backed by consideration and
3 otherwise satisfy the formation requirements of state contract law”); see also *id.* at 825-28; accord,
4 3 Nimmer on Copyright, § 10.02[B][5] (“Nonexclusive licenses are revocable absent
5 consideration.”).

6 3. Diebold Cannot Unilaterally Moot the Case Through Voluntary Cessation of
7 its Illegal Acts

8 Moreover, it cannot be the case that a party is free to threaten suit up until the point that
9 someone takes its threats seriously enough to sue for declaratory relief, then “withdraw” the claims
10 before they can be tested. Instead, a defendant’s voluntary cessation of a challenged practice
11 ordinarily does not deprive a federal court of its power to determine the legality of the practice.
12 *Friends of the Earth v. Laidlaw Environmental Services, Inc.*, 528 U.S. 167, 169-170 (2001)
13 (holding defendant’s cessation of pollution and compliance with terms of permit did not moot suit
14 for past non-compliance). A suit in progress can be mooted only if “(1) ‘subsequent events [have]
15 made it absolutely clear that the allegedly wrongful behavior [cannot] reasonably be expected to
16 recur,’ and (2) ‘interim relief or events have completely and irrevocably eradicated the effects of
17 the alleged violation.’” *Norman-Bloodsaw v. Lawrence Berkeley Laboratory*, 135 F.3d 1260, 1274
18 (9th Cir. 1998) (emphasis in original) (*quoting U.S. v. Concentrated Phosphate Export Assn., Inc.*,
19 393 U.S. 199, 203 (1968); *Lindquist v. Idaho State Bd. of Corrections*, 776 F.2d 851, 854 (9th Cir.
20 1985)) (holding case not moot where defendant employer had ceased performing complained-of
21 blood tests on employees). Diebold fails to meet either of these two requisites.

22 First, as noted above, the effects of the alleged violations continue, both in an ongoing
23 chilling effect and the unredressed damages. Second, Diebold has failed to demonstrate that there is
24 “no reasonable expectation that the wrong will be repeated.” *U.S. v. W. T. Grant Co.*, 345 U.S. 629,
25 632-633 (1953); *see also Norman-Bloodsaw*, 135 F.3d at 1274 (Defendants must carry the “heavy
26 burden of establishing ... that their alleged behavior cannot be reasonably expected to recur...”).
27 Far from providing such assurance, Diebold’s conduct suggests it would raise the same claims if
28 similar incriminating material was leaked and again posted. Thus, some courts have viewed the

1 continued assertions of the legality of defendant’s conduct as evidence that the conduct will recur.
2 Wright, Miller & Cooper, *Federal Practice & Procedure*, Jurisdiction 2d §3533.5 Thus, in
3 *Walling v. Helmerich & Payne*, 323 U.S. 37 (1944), although the defendant had ceased using the
4 complained-of “split-day plans” during the suit, its continued assertion of the legality of its conduct
5 left a live case and controversy, as the court held:

6 We hold that the case is not moot under these circumstances. Despite respondent’s
7 voluntary cessation of the challenged conduct, a controversy between the parties
8 over the legality of the split-day plan still remains. Voluntary discontinuance of an
alleged illegal activity does not operate to remove a case from ambit of judicial
power.

9 *Id.* at 43. Diebold’s behavior in the present case is similar. It continues to insist on the legality of its
10 behavior by refusing to acknowledge the plaintiffs’ fair use of the email archive and by asserting
11 that it properly sent cease and desist letters to OPG and Hurricane Electric. Diebold’s insistence
12 has real world effects – based upon this insistence, Johns Hopkins University will not allow
13 publication of the e-mail archive. *See* Laroia Decl., ¶¶ 10-11. Without the “effective restraint” of
14 declaratory relief holding that publishing the email archive is fair use, Diebold will be free to return
15 to its unlawful harassment of Plaintiffs and others for freely exercising their fair use and First
16 Amendment rights. *See FTC v. Affordable Media, LLC*, 179 F.3d 1228, 1238 (9th Cir. 1999) (case
17 not moot when “the defendant is free to return to its illegal action at any time”) (*citing Public*
18 *Utilities Comm’n of California v. Federal Energy Regulatory Comm’n*, 100 F.3d 1451, 1460 (9th
19 Cir. 1996).

20 **B. Fair Use Can Be Decided on Summary Judgment**

21 Fair use is not only a question the court can decide as a matter of law, but it is also one that
22 is within the ability of copyright owners like Diebold to determine before threatening litigation.
23 Diebold asserts that summary judgment cannot be granted due to the “case by case” nature of fair
24 use, Def. Brief at 9:13-19, but even fact-specific determinations can be concluded on summary
25 judgment if the relevant facts are undisputed. Courts have long held that fair use – a mixed
26 question of law and fact – need not be postponed until trial. *Narell v. Freeman, et al.*, 872 F.2d
27 907, 910 (9th Cir. 1989) (affirming grant of summary judgment for defendant based on fair use).
28 “If there are no genuine issues of material fact ... a court may conclude as a matter of law whether

1 the challenged use qualifies as a fair use of the copyrighted work.” *Hustler Magazine., Inc. v.*
2 *Moral Majority, Inc., et al.*, 796 F.2d 1148, 1150 (9th Cir. 1986); *see also Mattel, Inc. v. Walking*
3 *Mountain Prod’ns*, 353 F.3d 792, 800 (9th Cir., Dec. 29, 2003), (“Where material facts are not in
4 dispute, fair use is appropriately decided on summary judgment.”) (*citing Harper & Row, Inc. v.*
5 *Nation Enters.*, 471 U.S. 539, 560 (1985)) (all cases finding fair use on summary judgment).

6 Indeed, Judge Conti of this court granted a declaratory ruling of fair use on summary
7 judgment in an affirmative case similar to this one. In *Bruzzone v. Miller Brewing Co.* 202
8 U.S.P.Q. 809, 1979 WL 1070 (N.D. Cal. 1979), the court ruled that “[w]here the assertion of a
9 copyright interest conflicts with the free flow of information in an open society, the copyright
10 owner’s interest should yield to the public interest lest the very nature of the Copyright Act be
11 frustrated.” *Id.* at *5. *Bruzzone* involved an entrepreneur plaintiff engaged in market research who
12 taped prime-time television commercials, segmented these into still-frames and distributed them to
13 clients engaged in commercial or academic research on television advertising. Here, similarly,
14 “Plaintiff’s use of defendant’s [copyrighted work] is for the purpose of criticism, comment, news
15 reporting, teaching and scholarship,” which are all protected under the fair use doctrine. As in
16 *Bruzzone*, a fair use analysis here clearly protects Plaintiffs and others. *Id.* at *3.

17 Diebold also asserts, without citation, that to prevail on summary judgment, Plaintiffs must
18 prove that Diebold’s infringement claims were “frivolous.” Def. Brief at 1:12-13. While Plaintiffs
19 likely could meet that standard here, “frivolousness” is not the appropriate standard. To prevail on
20 summary judgment on the claims under Section 512(f), Plaintiffs need only show that Diebold
21 “knowingly materially misrepresent[ed]” that the materials were infringing; under the tortious
22 interference claim, Plaintiffs need only show that Diebold engaged in “intentional acts designed to
23 induce a disruption” of Plaintiffs’ contracts for Internet service. Under the copyright misuse claim
24 Plaintiffs need only show that Diebold made “use of copyright in a way that violates the public
25 policy embodied in the grant of copyright.” As demonstrated below, Plaintiffs easily meet all three
26 tests.

1 **C. Diebold Knowingly Misrepresented Infringement**

2 1. DMCA 512(f) Is Properly Applied Here to Remedy Diebold’s Misuse of the
3 DMCA

4 In creating the DMCA, Congress expressly acknowledged the potential for abuse and
5 created a specific remedy within the statute. The DMCA created a mechanism for speedy,
6 nonjudicial removal of infringing publications by giving incentives to ISPs to respond immediately
7 to notices of infringement. It removed both the courts and the alleged infringer from the picture, at
8 least at the first stage, in order to ensure that actual infringement was quickly addressed. At the
9 same time, Congress recognized that it was creating a mechanism that would be attractive to those
10 who did not have legitimate copyright claims, but who nonetheless would seek to squelch certain
11 publications. To protect against this foreseen abuse, Congress created an explicit and powerful
12 remedy within the statute, Section 512(f).

13 Diebold raises no serious opposition to Plaintiffs’ claim under 512(f). Its suggestion that it
14 did not act “knowingly” in its letters to the ISPs is belied by its own admissions that it chose the
15 DMCA notice and takedown processes because of their “speedy remedy.” Its assertions are also
16 undermined by its decisions to send multiple letters to the ISPs after being informed both of the
17 claims of fair use and that ISPs of linkers are not proper subjects of DMCA notices. Diebold’s
18 claim that it did not misrepresent that the material to be infringing is also clearly wrong. Further, it
19 is irrelevant for purposes of the letters to OPG and Hurricane Electric, since even if the material
20 had been infringing, they were not proper recipients of DMCA demands. Finally, Diebold’s claim
21 that 512(f) does not recognize injuries to First Amendment-protected speech rights is simply
22 untrue. Congress certainly did not intend in creating 512(f) to allow unfounded attacks on
23 noncommercial speech, where monetary damages are rare, to remain unpunished. Although the
24 harm from loss of speech is not fully redressable with money damages, 512(f) can nonetheless
25 provide some recourse. 512(f) expressly allows for costs and attorneys’ fee recovery regardless of
26 monetary damage, and nominal damages and declaratory relief remain available as well.

27 While courts have now had several occasions to address application of Section 512(c), this
28 case marks the first to address its companion section, 512(f). As a result, this case will serve as a

1 bellwether for the question whether the powerful tools of 512(c) of the DMCA are to be carefully
2 limited to pursuit of true copyright infringement, with stiff penalties for misuse, or whether, as
3 Diebold suggests, they may be used with impunity, with no consequences for the user, even if the
4 copyright infringement allegation is facially invalid or withdrawn after it has its desired effect but
5 before judicial consideration.

6 2. Diebold Knowingly Misrepresented that the E-Mail Archive Was Infringing

7 The parties have exhaustively briefed the question of fair use here and the conclusions are
8 plain. It is undisputed that:

- 9 • There is no market for this work because Diebold would never have licensed this
10 embarrassing, compromising e-mail archive for publication;
- 11 • Publication of the archive was noncommercial;
- 12 • The purpose of the publication was to place the information into the context of the
13 important public discussion on the security of electronic voting machines and
14 thereby spur public action;
- 15 • The archive contains embarrassing information about flaws in the security and
16 certification of electronic voting machines and Diebold's attempts to cover up those
17 flaws, as well as evidence of intent by Diebold to overcharge public officials should
18 they seek additional security measures;
- 19 • The archive was mainly factual material that is not protected by copyright law;
- 20 • The material in the archive was not created with the intention that it be exploited
21 under copyright law;
- 22 • The archive, which contains only a few technical e-mail lists, represents a small
23 portion of Diebold's technical e-mails;
- 24 • The archive contained news articles to which Diebold did not own the copyright;
25 and
- 26 • Diebold never registered the email archive with the Copyright Office, indicating its
27 ownership or intent to enforce legitimate rights.

28 In light of these undisputed facts, the fair use analysis is straightforward. Protecting the

1 noncommercial publication of embarrassing or critical information to inform the public on a matter
2 of public importance is one of the key functions of the fair use doctrine. 4 Nimmer on Copyright
3 § 13.05[B][4], at 13-202.1 (“The public interest is also a factor that continually informs the fair use
4 analysis.”) The public interest in having the fullest information available on the election of our
5 public officials clearly protects the Plaintiffs and others here. *See Time, Inc. v. Bernard Geis*
6 *Assoc’s*, 293 F.Supp. 130, 146 (S.D.N.Y. 1966) (finding fair use for book’s use of copyrighted
7 Zapruder film images because of “public interest in having the fullest information available on the
8 murder of President Kennedy”); *see also Machesky v. Bizzell*, 414 F.2d 283, 288-89 (5th Cir. 1969)
9 (“[T]he most important public rights . . . are political rights which determine the composition of
10 government and the direction of government policy.”).

11 The political import of the subject matter of the e-mail archive amplifies the call for careful
12 fair use analysis to accommodate First Amendment values. From this nation’s founding, access to
13 information about our government has been of paramount importance. As James Madison said:

14 A popular Government, without popular information, or the means of acquiring it, is
15 but a Prologue to a Farce or a Tragedy; or perhaps both. Knowledge will forever
16 govern ignorance: And a people who mean to be their own Governors, must arm
themselves with the power which knowledge gives.

17 9 *Writings of James Madison* 103 (G. Hunt, ed. 1910). Alexander Meiklejohn, whose views of the
18 First Amendment have been embraced by the Supreme Court,¹ “identified the first amendment as a
19 corollary to the fundamental constitutional principle of self government. Because the electorate
20 exercises the power of self-government, though indirectly, he explained, the electorate must know
21 and be totally free to discuss all matters concerning its government.” *Capitol Cities Media, Inc. v.*
22 *Chester*, 797 F.2d 1164, 1183 (3d Cir. 1986). Meiklejohn observed, “Just so far as ... the citizens
23 who are to decide an issue are denied acquaintance with information or opinion or doubt or
24 disbelief or criticism which is relevant to that issue, just so far the result must be ill-considered, ill-
25 balanced planning, for the general good.” A. Meiklejohn, *Free Speech and Its Relation to Self-*

26
27 ¹ *See, e.g., Board of Education v. Pico*, 457 U.S. 853, 867 n. 20 (1982); *New York Times v.*
28 *Sullivan*, 376 U.S. 254, 297 n. 6 (1964) (Goldberg, J., concurring); *Carey v. Brown*, 447 U.S. 455,
467 (1980). *See generally* Brennan, *The Supreme Court and the Meiklejohn Interpretation of the*
First Amendment, 79 HARV.L.REV. 1 (1965).

1 *Government*, 26 (1948). Fair use, the doctrinal home of the First Amendment in copyright law,
2 accommodates this public need.

3 Because the publication of the information is protected as fair use, it is also legal to 1) host
4 that information, 2) link to that information, 3) host links to that information, and 4) serve as an
5 upstream host to an ISP that hosts links to the information.

6 3. There Is No Support for Diebold’s Claim That ISPs of Individual Linkers
7 Have Potential Copyright Liability.

8 Diebold claims the DMCA’s legislative history supports its argument that hosting a site
9 containing a hyperlink to infringing material can lead to liability for an ISP. Def. Brief at 12. Yet
10 the plain language of Section 512 shows that the existence of a safe harbor for certain conduct does
11 not imply liability for the protected conduct. 17 U.S.C. § 512(l) (“The failure of a service
12 provider’s conduct to qualify for limitation of liability under this section shall not bear adversely
13 upon the consideration of a defense by the service provider.”). Because the plain language of
14 section 512(l) is clear, no judicial inquiry into the legislative history is necessary. *See Recording*
15 *Indus. Ass’n of America, Inc. v. Verizon Internet Serv., Inc.*, 351 F.3d 1229, 1238 (D.C. Cir. 2003)
16 (reviewing the overall structure of section 512 and interactions among subsections: “We do not
17 resort to legislative history to cloud a statutory text that is clear.”)

18 Even if one examines the DMCA’s legislative history, it shows that Congress explicitly
19 rejected the argument proffered by Diebold. As the Senate Committee for the Judiciary explained,
20 “Section 512 is not intended to imply that a service provider is or is not liable as an infringer either
21 for conduct that qualifies for a limitation of liability or for conduct that fails to so qualify.” S. Rep.
22 No. 105-190, at 19 (1998); *see also* H.R. Rep. No. 105-551(II), at 64 (1998) (“Enactment of new
23 Section 512 does not bear upon whether a service provider is or is not an infringer when its conduct
24 falls within the scope of new Section 512.”); H.R. Rep. No. 105-796, at 73 (1998) (same).

25 The DMCA is not, as Diebold claims, “premised on the notion that an ISP with knowledge
26 that hyperlinks on its site directs users to potentially infringing material is not immunized from
27 liability”; tarnishing OPG as one of many “sophisticated ‘pirate’ directories” does nothing to
28 advance Diebold’s argument. *See* Def. Brief at 12:13-18. While Congress did intend to exclude

1 from the 512(d) safe harbor those service providers who had actual knowledge or “turned a blind
2 eye to ‘red flags’ of obvious infringement” in the sites to which it linked this was never meant to
3 address the liability of the provider of the link, let alone the ISP who hosts that provider. *See* H.R.
4 Rep. No. 105-551(II), at 57, 64.

5 Furthermore OPG is nothing like the “pirate” directories that concerned Congress: It neither
6 links to the allegedly infringing material nor hosts the material. Instead, OPG merely provides
7 Internet hosting and co-location services to more than 1,000 websites, one of which, IndyMedia,
8 linked to the email archive. Weekly SJ Decl., ¶¶ 6, 9. Likewise, IndyMedia, an independent media
9 collective, is nothing like “a ‘pirate’ site ... where sound recordings, software, movies, or books
10 were available for unauthorized downloading, public performance, or public display.” H.R. Rep.
11 No. 105-551(II), at 57; *see also* <<http://www.indymedia.org/>>.

12 Viewed in proper context, the legislative history of Section 512(d) highlights the absurdity
13 of Diebold’s argument and demonstrates that OPG is not among the narrow class of ISPs denied
14 the safe harbor protection. Even assuming that providing hosting and co-location service were
15 sufficiently close to providing an “information location tool,” the material at issue is simply not of
16 the type that would raise a “red flag.” *Id.* Accordingly, Diebold’s theory that an ISP can be liable as
17 a contributory infringer for hosting a third party site that contains a link to allegedly infringing
18 material is unsupported by Section 512 or its legislative history.

19 Nor can Diebold find precedent to justify its improper DMCA notices. As an initial matter,
20 Diebold cites no cases that even purport to find liability for merely *hosting* a third party site that
21 has a hyperlink. Instead, it cites to cases for its proposition that linking itself is a copyright
22 violation (which it is not), and hopes this Court will not see the distinction. *See* Def. Brief at 12:22-
23 13:4. Moreover, each case cited by Diebold is distinguishable, providing no reason to ignore the
24 holding in *Ticketmaster v. Tickets.com*, 54 U.S.P.Q.2d 1344, 2000 WL 525390 at *2 (C.D. Cal.
25 2000), that hyperlinking cannot be a copyright infringement.

26 In *Intellectual Reserve, Inc. v. Utah Lighthouse Ministry, Inc.*, 75 F.Supp.2d 1290 (D. Utah
27 1999), the Utah district court was clearly influenced by defendants’ non-linking conduct: The
28 defendants, who had been ordered to remove infringing copies of works from their own website,

1 responded to the court order by posting links leading readers to the same material elsewhere, and
2 encouraging people to put up ‘mirror’ sites. *Utah Lighthouse*, 75 F.Supp.2d at 1292-93, 1295. The
3 court overextended the proper scope of secondary liability to hold liable those it viewed as bad
4 actors.

5 Similarly, *Universal City Studios, Inc. v. Reimerdes*, 111 F.Supp.2d 294 (S.D.N.Y. 2000), is
6 not even about copyright infringement, but an entirely different part of the DMCA: the anti-
7 circumvention provisions of Section 1201 *et seq.*, which ban not just “copying” via circumvention
8 devices, but also “offering” them. The *Reimerdes* court enjoined defendants from hyperlinking to a
9 program for circumventing access controls on DVD movies, *Reimerdes*, 111 F.Supp.2d at 324
10 (noting that “[t]he dispositive question is whether linking to another web site containing DeCSS
11 constitutes ‘offering [DeCSS] to the public’” and analyzing hyperlinks in that light). Moreover, as
12 in *Utah Lighthouse*, the defendant in *Reimerdes* linked to the program in response to a preliminary
13 injunction requiring him to remove it from his own website. The linking was viewed by the court
14 as an effort to evade the injunction against hosting the circumvention program. *Reimerdes*, 111
15 F.Supp.2d at 313 (noting that by linking, “defendants obviously hoped to frustrate plaintiffs’
16 recourse to the judicial system by making effective relief difficult or impossible.”)

17 Finally, *Perfect 10, Inc. v. Cybernet Ventures, Inc.*, 213 F.Supp.2d 1146 (C.D. Cal. 2002)
18 merely found defendant Cybernet likely to face contributory and vicarious liability for activities
19 including “pay[ing]webmasters commissions directly based upon the number of Adult Check users
20 that register through the site”; “provid[ing] technical and content advice”; and deriving a financial
21 “symbiotic interest” from the infringing websites. *Perfect 10*, 213 F.Supp.2d at 1170, 1171. As to
22 the hyperlinks, by contrast, the court held that plaintiff had “not established a strong likelihood of
23 success on its direct copyright infringement claim against Cybernet.” *Id.* at 1189.²

24 Accordingly, there is no basis for contending that hosting a site containing a hyperlink to
25 infringing material can lead to liability for copyright infringement, and therefore no basis for

26 ² Diebold cannot show vicarious liability on OPG’s part because OPG does not have the right to
27 control its clients’ websites and derives no financial benefit from the allegedly infringing activity.
28 *See, e.g. Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.2d 259 (9th Cir. 1996) (finding that plaintiffs
stated a claim for vicarious liability for leasing the grounds where the infringing sales of bootleg
recordings were made).

1 Diebold’s DMCA notices to upstream ISPs, including OPG. And there is certainly no basis for
2 Diebold’s DMCA notices to upstream ISPs of the ISPs hosting linkers, such as Hurricane Electric.

3 **D. Diebold Threatened the ISPs with Litigation**

4 Diebold attempts to backtrack from its own cease-and-desist letters, belatedly asserting that
5 they did not “threaten litigation.” For purposes of standing in declaratory relief actions, however,
6 the question is not whether litigation was directly threatened, but whether the recipient had a
7 “reasonable apprehension” of liability. *Societe de Conditionnement en Aluminum*, 655 F.2d at 944.
8 The standard then is not whether Diebold expressly threatened litigation, but whether the ISPs who
9 received Diebold’s letters reasonably apprehended that Diebold would sue them should they refuse
10 to comply. It is clear that the ISPs both reasonably and subjectively did fear litigation.

11 Diebold demanded that Hurricane “assist in removing the identified infringing material” or
12 terminate OPG as a subscriber or account holder. Ng PI Decl., Exh. A. It further noted that:

13 The purpose of this letter is to advise you of our clients’ rights and to seek your
14 agreement to the following: To disable or remove the information location tool(s)
15 identified in the attached chart. In addition to disabling or removing any hyperlink,
the disabling or removal should include destroying the usefulness as an information
location tool of any textual directory or pointer information contained therein.”

16 Ng PI Decl., Exh. A. The import of the letter is clear: If Hurricane Electric did not “agree” to
17 disable the links, Diebold would assert its “rights” under copyright law in the form of a lawsuit.
18 The effect of the threat was exactly as Diebold intended – Hurricane Electric informed OPG that it
19 must address this issue immediately or face termination.

20 For Swarthmore, the story is the same. The Diebold defendants also “reserve[d] their
21 rights” and “seek [Swarthmore’s] agreement ... to remove and destroy” material posted on the web
22 and implicitly indicated that Swarthmore would face a copyright claim from Diebold if it did not.
23 Pavlosky Decl., Exh. A.

24 **E. Diebold’s Threats of Sham Litigation Are Not Privileged**

25 Unlike petitions to government, Diebold’s threats were directed at private ISPs to induce
26 them to deprive their clients – Diebold’s targets – of the ability to speak. “A letter from one private
27 party to another private party simply does not implicate the right to petition, regardless of what the
28 letter threatens.” *Cardtoons, L.C. v. Major League Baseball Players Association*, 208 F.3d 885,

1 892 (10th Cir. 2000) (*en banc*). Indeed, those threats, followed by Diebold’s efforts to moot the
2 case when Plaintiffs challenged them, amount to an attempt to deprive Plaintiffs of their speech and
3 petition rights, in which Diebold becomes the gatekeeper. *See California Transport v. Trucking*
4 *Unlimited*, 404 U.S. 508, 511 (1972) (denying First Amendment immunity where “the power,
5 strategy, and resources of the petitioners were used to harass and deter respondents in their use of
6 administrative and judicial proceedings so as to deny them “free and unlimited access” to those
7 tribunals.... [P]etitioners indeed became “the regulators of the grants of rights, transfers and
8 registrations” to respondents.”)

9 Again, Diebold misconstrues cases from the patent context, where notification letters are
10 often a prerequisite to filing suit. Def.’s Brief at 8:3-8, *see e.g. Versatile Plastics, Inc. v. Snowbest!*
11 *Inc.*, 247 F.Supp.2d 1098, 1104 (E.D. Wis. 2003) (distinguishing *Cardtoons* from patent case
12 because “the patent laws explicitly sanction and require notice letters to be sent”). In sharp
13 contrast, the DMCA notice process is absolutely optional. *See* H.R. Rep. No. 105-551(II), at 54
14 (“The Committee emphasizes that new Section 512 does not specifically mandate use of a notice
15 and take-down procedure.... copyright owners are not obligated to give notification of claimed
16 infringement in order to enforce their rights.”); S. Rep. No. 105-190, at 45 (same). Diebold was
17 under no requirement to send the notices before filing suit and emergency relief through the courts
18 was always available to it. Diebold argues that it needed to notify ISPs to give them the knowledge
19 required for contributory copyright infringement. While that argument might protect notices
20 regarding an actual underlying infringement, it does not protect blatant false alarms. Where the
21 copyright analysis plainly shows no direct infringement, there is nothing to which the ISPs could
22 be held to contribute and thus the only purpose notification could serve was to trigger expedited
23 takedown. Diebold’s own admissions that it used the DMCA as the most expeditious, if ill-fitting,
24 manner of takedown evidence its subjective bad faith. *See supra* p. 2. No “privilege” protects such
25 activity.

26 **F. Summary Judgment Is Appropriate on All Three of Plaintiffs’ Claims**

27 1. **Diebold Tortiously Interfered with Plaintiffs’ Internet Hosting Contracts**

28 Diebold attempts to defeat Plaintiffs’ tortious interference claims by citing standards for

1 interference with prospective economic advantage – not the tort Plaintiffs pled.³ Plaintiffs have
2 pled and given evidence to support all elements of the tort they actually claim, interference with
3 contractual relations. *Quelimane Co., Inc. v. Stewart Title Guaranty Co.*, 960 P.2d 513, 530 (Cal.
4 1998) (elements are “(1) a valid contract between plaintiff and a third party; (2) defendant’s
5 knowledge of this contract; (3) defendant’s intentional acts designed to induce a breach or
6 disruption of the contractual relationship; (4) actual breach or disruption of the contractual
7 relationship; and (5) resulting damage.”)

8 Diebold further asserts that because the ISPs’ contracts permitted them to modify
9 customers’ service levels, there was no actionable interference when Diebold induced them to
10 impose restrictions. The California Supreme Court has held otherwise: “We have affirmed that
11 interference with an at-will contract is actionable interference with the contractual relationship, on
12 the theory that a contract ‘at the will of the parties ... does not make it one at the will of others.’”
13 *Pacific Gas & Electric Co. v. Bear Stearns & Co.* (1990) 50 Cal.3d 1118, 1127 (internal citations
14 omitted). As the leading commentary indicates: “[I]nterference with ... contracts terminable at will
15 is actionable, since until it is terminated the contract is a subsisting relation, of value to the
16 plaintiff, and presumably to continue in effect.” Prosser & Keeton, *Torts* (5th ed. 1984) § 129, pp.
17 995.

18 2. Diebold Misused Any Copyright it Had

19 Finally, Plaintiffs asserted a claim of copyright misuse because Diebold’s conduct offends
20 the public policy goals of copyright. Diebold’s contentions that misuse cannot be an affirmative
21 claim, and that Plaintiffs must show bad faith or frivolousness on part of the defendant are both
22 incorrect. Although Plaintiffs agree there was no infringement, it was precisely because Diebold’s
23 letters accused Plaintiffs and their ISPs of infringement, knowing that, that this suit was necessary.
24 Copyright misuse is uniquely tailored to address these errant claims.

25 Copyright misuse will be found when a copyright owner “expands the statutory copyright
26 monopoly in order to gain control over areas outside the scope of the monopoly.” *In re Napster*,

27 _____
28 ³ Because the student Plaintiffs allege only nominal damages, we focus on the tortious interference
claim of Plaintiff OPG.

1 *Inc. Copyright Litigation*, 191 F.Supp.2d 1087, 1103 (N.D. Cal. 2002). The doctrine has grown
2 from its origins in antitrust and patent law to encompass conduct that otherwise offends public
3 policy, such as assertions of copyright that stifle competition or suppress legitimate criticism of a
4 company and its products. *See e.g. Practice Management Information Corporation v. American*
5 *Medical Association*, 121 F.3d 516 (9th Cir. 1997), *Lasercomb America, Inc. v. Reynolds*, 911 F.2d
6 970 (4th Cir. 1990), *Video Pipeline, Inc. v. Buena Vista Home Entertainment, Inc.*, 342 F.3d 191
7 (3rd Cir. 2003), *Ty, Inc. v. Publications Int'l*, 292 F.3d 512 (7th Cir. 2002).

8 Misuse of copyright threatens the balance between a copyright holder's monopoly rights on
9 the one hand, and the protection of free speech and public debate on the other. Brett Frischmann
10 and Dan Moylan, "The Evolving Common Law Doctrine of Copyright Misuse," 15 BERKELEY
11 TECH. L.J. 865, 901 (Fall 2000). The doctrine therefore addresses both anti-competitive behavior
12 and attempts to squelch criticism. *Practice Management*, 121 F.3d at 521. Thus when a copyright
13 holder goes beyond protecting its original creative work, to preventing others from commenting on
14 or criticizing that work, courts will refuse to enforce the copyright. "A copyright holder's attempt
15 to restrict expression that is critical of it [...] may, in context, subvert [...] a copyright's policy goal
16 to encourage the creation and dissemination to the public of creative activity." *Video Pipeline*, 342
17 F.3d at 205-206. Video Pipeline made preview clips of Disney movies without authorization from
18 Disney. The Disney licenses included a clause that the trailers could not be used in a context
19 critical of Disney or the entertainment industry. The Third Circuit considered this as possible
20 misuse, which it described as leveraging copyright to restrain creative expression in contravention
21 of the policy underlying copyright grants. *Id.* at 204-206.

22 In *Ty*, the maker of Beanie Babies toys sued a publisher of several collector's guides that
23 used images of the toys without Ty's permission. One of the books was critical of what it viewed
24 as Ty's numerous trademark infringements. The Seventh Circuit reversed the lower court's finding
25 that use of the photos was not fair. Judge Posner, writing for the court, stated that "ownership of a
26 copyright does not confer a legal right to control public evaluation of the copyrighted work," nor
27 "to suppress criticism of its product in these guides," 292 F.3d at 520, 521.

28 Here, Diebold attempted to use copyright claims to suppress all publication of the e-mail

1 archive, ignoring the fair use claims that permit the public access to the critical information
2 contained in the archive. In sending cease-and-desist notices to ISPs of the e-mail archive posters,
3 and to ISPs hosting linkers, Diebold extended its copyright monopoly to control the posters' First
4 Amendment rights. Rather than adding to the public's store of and access to knowledge, Diebold's
5 copyright claims effectively suppressed speech critical of its products. Just as the doctrine of
6 copyright misuse would prevent Ty from using its copyright to suppress the critical Beanie Babies
7 guidebook, and Disney from suppressing criticism of its company, the doctrine prevents Diebold
8 from extending its monopoly to suppress Plaintiffs evaluative speech and the public's right to
9 know. *Cf. Ty*, 292 F.3d at 521; *Video Pipeline*, 342 F.3d at 205-206.

10 The standard for copyright misuse is not the offending party's bad faith or frivolousness,
11 but only whether the owner's actions upset the public policy underlying copyright. *In re Napster*,
12 191 F.Supp.2d at 1104. In *In re Napster*, the court strongly suggested that MusicNet's licensing
13 agreement was copyright misuse because it coerced Napster to rely solely on MusicNet in
14 obtaining song catalogues. *Napster*, 191 F.Supp.2d at 1106-1007. Plaintiffs' publication of the e-
15 mail archive informs and influences state and city officials deciding whether to adopt electronic
16 voting. Use of copyright law to interrupt that debate plainly misuses a law designed "to promote
17 progress." U.S. Const. Art. I § 8 cl. 8.

18 3. Diebold Misused the DMCA

19 Finally, Diebold's DMCA misrepresentations are the appropriate object of Section 512(f)
20 damages, as addressed *supra*, pp. 10-11.

21 IV. CONCLUSION

22 For the foregoing reasons, and those included in Plaintiffs own motion for summary
23 judgment, Plaintiffs respectfully request that the Court deny Defendant's motion for summary
24 judgment and grant Plaintiffs' motion, including a damage award to Plaintiff OPG in the amount of
25 \$5,185.50, costs, attorneys' fees and a declaratory judgment that:

- 26 a) Publication of the e-mail archive is lawful;
- 27 b) Hosting or providing colocation services to websites that link to allegedly infringing
28 material is lawful; and

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

c) Providing Internet services to others who host websites that link to allegedly infringing material is lawful.

DATED: January 30, 2004

By _____
Cindy A. Cohn, Esq. (SBN 145997)
Wendy Seltzer, Esq.
ELECTRONIC FRONTIER FOUNDATION
454 Shotwell Street
San Francisco, CA 94110
Telephone: (415) 436-9333 x108
Facsimile: (415) 436-9993

Attorneys for Plaintiff
ONLINE POLICY GROUP