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**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION**

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

Plaintiffs,

v.

DIEBOLD, INCORPORATED, and DIEBOLD
ELECTION SYSTEMS, INCORPORATED,

Defendants.

Case Number C 03-04913 JF

**ORDER GRANTING IN PART AND
DENYING IN PART CROSS-
MOTIONS FOR SUMMARY
JUDGMENT**

[Docket Nos. 51 & 57]

The parties have filed cross-motions for summary judgment seeking a determination as to what constitutes proper use of the internet service provider safe harbor provisions of the Digital Millennium Copyright Act. The Court has read the briefing submitted by the parties and has considered the oral arguments of counsel. For the reasons set forth below, both motions will be granted in part and denied in part.

1 **I. BACKGROUND**

2 Defendants Diebold, Inc. and Diebold Election Systems, Inc. (collectively “Diebold”)
3 produce electronic voting machines. The machines have been the subject of critical
4 commentary.¹ Both the reliability and verification procedures of the machines have been called
5 into question, in part because not all of the machines provide a means for verifying whether a
6 voter’s choice has been recorded correctly. It is undisputed that internal emails exchanged
7 among Diebold employees (the “email archive”) contain evidence that some employees have
8 acknowledged problems associated with the machines. *See* Plaintiffs’ Motion for Summary
9 Judgment, pp. 3–4. According to Diebold, the email archive also contains discussion of “the
10 development of Diebold’s proprietary computerized election systems, as well as Diebold trade
11 secret information, and even employees’ personal information such as home addresses and cell
12 phone numbers.” Defendants’ Motion for Summary Judgment, p. 9. At some point early in
13 2003, the entire email archive was obtained and reproduced on the internet by unknown persons,
14 giving rise to the events pertinent to the present motions.

15 Plaintiffs Nelson Chu Pavlosky (“Pavlosky”) and Luke Thomas Smith (“Smith”) are
16 students at Swarthmore College (“Swarthmore”). Using internet access provided by
17 Swarthmore, which for present purposes is considered their internet service provider (“ISP”),
18 Pavlosky and Smith posted the email archive on various websites. *See* Declaration of Nelson
19 Chu Pavlosky in Support of Plaintiff’s [sic] Application for Temporary Restraining Order and for
20

21 ¹ *See, e.g.*, “Voting Machines: Good Intentions, Bad Technology,” THE ECONOMIST, Jan.
22 24, 2004, pp. 30–31; “Securing Electronic Voting: California Takes Steps to Safeguard System,”
23 SAN JOSE MERCURY NEWS, Feb. 6, 2004; Tom Zeller, Jr., “Ready or Not, Electronic Voting Goes
24 National,” NEW YORK TIMES, Sep. 19, 2004,
25 <http://www.nytimes.com/2004/09/19/politics/campaign/19vote.html?ex=1096611569&ei=1&en=c490a5e466b682e3>. *See also* *American Ass’n of People with Disabilities v. Shelley*, 324
26 F.Supp.2d 1120, 1128 (C.D. Cal. 2004) (upholding the decision of the Secretary of State of
27 California to decertify and withdraw approval of some Diebold electronic voting machines on the
28 ground that the machines were not yet “stable, reliable and secure enough to use in the absence of
an accessible; voter-verified, paper audit trail”); Stuart Pfeifer, “State Joins Suit over Voting
Machines,” LOS ANGELES TIMES, Sept. 8, 2004,
<http://www.latimes.com/news/local/la-me-machines8sep08,1,384118.story>.

1 Preliminary Injunction (“Pavlosky PI Decl.”), ¶ 5. An on-line newspaper, IndyMedia, published
2 an article criticizing Diebold’s electronic voting machines and containing a hyperlink to the
3 email archive. *See* Plaintiffs’ Motion for Summary Judgment, p. 5. Plaintiff Online Policy
4 Group (“OPG”) provides IndyMedia’s internet access.² OPG, in turn, obtains internet access
5 from an upstream ISP, Hurricane Electric (“Hurricane”).

6 In response to the activities of Pavlosky, Smith, and IndyMedia, and in an alleged effort
7 to prevent further public viewing of the email archive, Diebold sent cease and desist letters to
8 many ISPs, including Swarthmore, OPG, and Hurricane, pursuant to the safe harbor provisions of
9 the Digital Millennium Copyright Act (“DMCA”).³ Swarthmore, OPG, and Hurricane were
10 advised that pursuant to these provisions they would be shielded from a copyright infringement
11 suit by Diebold if they disabled access to or removed the allegedly infringing material.
12 Swarthmore thereafter required Pavlosky and Smith to remove the email archive from their
13 website. At the same time, Hurricane notified OPG that it might be required to terminate OPG’s
14 internet access if IndyMedia’s hyperlink to the email archive was not removed. Hurricane
15 agreed, however, not to act during the pendency of the present action, and consequently OPG did
16 not disable access to or remove any material.

18 ² OPG asserts that the “IndyMedia website resides on a webserver co-located with OPG.
19 ‘Colocation’ means that the San Francisco IndyMedia server is not owned or controlled by OPG;
20 it simply resides in physical premises leased from OPG alongside OPG’s own servers and
21 utilizes OPG’s Internet connection.” Complaint, p. 3:24–27. OPG further asserts that, because it
22 did not control the IndyMedia server, “instead only providing Internet connectivity to that
23 computer through colocation, OPG could not comply by merely disabling or removing the
24 hyperlink and related information demanded by Diebold. OPG’s only option to comply with the
25 demand was to cut off IndyMedia’s Internet connectivity entirely.” *Id.* at 5:1–5. OPG also
26 asserts the same reasoning with respect to its relationship with Hurricane. *Id.* at 5:25–28. The
27 parties do not dispute that OPG and Hurricane could have utilized the DMCA’s safe harbors had
28 they disabled IndyMedia’s and OPG’s internet connectivity, respectively. Accordingly, for the
purposes of the present litigation, the Court will assume without deciding that OPG is
IndyMedia’s ISP and Hurricane is OPG’s ISP. The technical distinction does serve to illustrate
the ramifications for free speech of Diebold’s demands.

³ PUB. L. NO. 105-304, 112 Stat. 2860 (1998); 17 U.S.C. § 512; Section 202 of the
DMCA.

1 Diebold has not filed any lawsuits related to publication of the email archive. Plaintiffs
2 Smith, Pavlosky, and OPG nonetheless seek injunctive, declaratory, and monetary relief from
3 this Court, alleging that Diebold's claim of copyright infringement was based on knowing
4 material misrepresentation and that Diebold interfered with Plaintiffs' contractual relations with
5 their respective ISPs.⁴ Plaintiffs seek a judicial declaration that publication of the email archive,
6 hosting or providing colocation services to websites that link to allegedly infringing material, and
7 providing internet services to others who host websites that link to allegedly infringing material
8 are lawful activities. They request an injunction to prevent Defendants from threatening or
9 bringing any lawsuit for copyright infringement with respect to the email archive arising from the
10 publication, linking, or hosting services described in the complaint and a judgment barring
11 Defendants from enforcing any copyright in the email archive unless and until Defendants'
12 alleged copyright misuse has ceased. They also seek \$5,185.50 in damages⁵ and attorneys' fees
13 pursuant to 17 U.S.C. § 512(f) for Diebold's alleged misrepresentation or as otherwise allowed
14 by law, as well as costs and disbursements.

15 16 **II. APPLICABLE LAW**

17 **A. Summary Judgment**

18 A motion for summary judgment should be granted if there is no genuine issue of
19 material fact and the moving party is entitled to judgment as a matter of law. FED. R. CIV. P.
20 56(c); *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247–48 (1986). Material facts are those
21 that may affect the outcome of the case. *Anderson*, 477 U.S. at 248. There is a genuine dispute
22 if there is sufficient evidence for a reasonable jury to return a verdict for the nonmoving party.
23

24 ⁴ The complaint also includes a claim for alleged copyright misuse. Diebold argues that
25 copyright misuse may be asserted solely an affirmative defense to a claim of copyright
26 infringement. Plaintiffs cite no legal authority, and the Court is aware of none, that allows an
27 affirmative claim for damages for copyright misuse. Plaintiffs appear to have withdrawn this
28 cause of action. *See* Transcript of Law & Motion Hearing, February 9, 2004, p. 7:2–5.

⁵ *See* Plaintiffs' Motion for Summary Judgment, p. 25.

1 *Id.* Summary judgment thus is not appropriate if the nonmoving party presents evidence from
2 which a reasonable jury could resolve the material issue in his or her favor. *Barlow v. Ground*,
3 943 F.2d 1132, 1136 (9th Cir. 1991). However, the more implausible the claim or defense
4 asserted by the nonmoving party, the more persuasive its evidence must be to avoid summary
5 judgment. *Jackson v. Bank of Hawaii*, 902 F.2d 1385, 1389 (9th Cir. 1990).

6 The moving party bears the initial burden of informing the Court of the basis for the
7 motion, and identifying portions of the pleadings, depositions, answers to interrogatories,
8 admissions, or affidavits that demonstrate the absence of a triable issue of material fact. *Celotex*
9 *Corp. v. Catrett*, 477 U.S. 317, 323 (1986). If the moving party meets its initial burden, the
10 burden shifts to the nonmoving party to present specific facts showing that there is a genuine
11 issue of material fact for trial. FED. R. CIV. P. 56(e); *Celotex Corp.*, 477 U.S. at 324. The
12 evidence and all reasonable inferences therefrom must be viewed in the light most favorable to
13 the nonmoving party. *T.W. Elec. Serv., Inc. v. Pac. Elec. Contractors Ass’n*, 809 F.2d 626,
14 630–31 (9th Cir. 1987).

15 **B. Copyright Law**

16 Copyright laws are enacted pursuant to Article 1, Section 8 of the Constitution, which
17 provides that “[t]he Congress shall have Power . . . to Promote the Progress of Science and useful
18 Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their
19 respective Writings and Discoveries.” The elements of a copyright infringement claim are: (1)
20 ownership of a valid copyright and (2) copying⁶ of expression protected by that copyright. *See*
21 17 U.S.C. § 106(1); *Triad Sys. Corp. v. Southeastern Express Co.*, 64 F.3d 1330, 1335 (9th Cir.
22 1995). To be liable for direct infringement, one must “actively engage in” and “directly cause”
23 the copying. *See Religious Tech. Ctr. v. Netcom On-Line Communication Servs., Inc.*, 907
24 F.Supp. 1361 (N.D. Cal. 1995).

25
26 ⁶ Distribution, preparation of derivative works, performance, and public display also may
27 constitute copyright infringement. *See* 17 U.S.C. § 106. The modes of infringement listed in 17
28 U.S.C. § 106 may “overlap” in the cyberspace context. *See* Mark A. Lemley, *Dealing with*
Overlapping Copyrights on the Internet, 22 U. DAYTON L. REV. 547 (1997).

1 There is no statutory rule of liability for contributory infringement. However, courts
2 recognize such liability when the defendant “with knowledge of the infringing activity, induces,
3 causes or materially contributes to the infringing conduct of another.” *Gershwin Publ’g Corp. v.*
4 *Columbia Artists Mgmt., Inc.*, 443 F.2d 1159, 1162 (2nd Cir. 1971). “Such participation must be
5 substantial.” *Religious Tech. Ctr.*, 907 F.Supp. at 1361. The party alleging contributory
6 infringement must show “(1) direct infringement by a primary infringer, (2) knowledge of the
7 infringement, and (3) material contribution to the infringement.” *Metro-Goldwyn-Mayer*
8 *Studios, Inc. v. Grokster Ltd.*, 380 F.3d 1154, 1160 (9th Cir. 2004). A defendant may be liable
9 under a vicarious liability theory if the plaintiff demonstrates “(1) direct infringement by a
10 primary party, (2) a direct financial benefit to the defendant, and the right and ability to supervise
11 the infringers.” *Id.* at 1164.

12 Copyright protection sometimes appears to conflict with First Amendment protections.
13 This conflict is ameliorated in part by various copyright doctrines. For example, consistent with
14 the “idea-expression” dichotomy, expression, but not an idea, is copyrightable. *See* 17 U.S.C. §
15 102(b); *Eldred v. Ashcroft*, 537 U.S. 186, 219 (2003); *Baker v. Seldin*, 101 U.S. 99 (1879).
16 Similarly, copyright law protects only creative works, not facts. *See, e.g., Feist Publ’ns, Inc. v.*
17 *Rural Tel. Serv. Co., Inc.*, 499 U.S. 340, 349 (1991). Finally, fair use is not infringement of a
18 copyright. *See* 17 U.S.C. § 107; *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994);
19 *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539 (1985). Section 107 provides:

20 Notwithstanding the provisions of sections 106 and 106A, the fair use of a
21 copyrighted work, including such use by reproduction in copies or phonorecords
22 or by any other means specified by that section, for purposes such as criticism,
23 comment, news reporting, teaching (including multiple copies for classroom use),
24 scholarship, or research, is not an infringement of copyright. In determining
whether the use made of a work in any particular case is a fair use the factors to be
considered shall include--

- 25 (1) the purpose and character of the use, including whether such use is of a
26 commercial nature or is for nonprofit educational purposes;
27 (2) the nature of the copyrighted work;
28 (3) the amount and substantiality of the portion used in relation to the copyrighted
work as a whole; and
 (4) the effect of the use upon the potential market for or value of the copyrighted

1 work.

2 The Supreme Court has clarified that copyright laws should be designed to promote creativity by
3 protecting only creative work and, then, only for a limited time. A

4 limited grant is a means by which an important public purpose may be achieved. It
5 is intended to motivate the creative activity of authors and inventors by the
6 provision of a special reward, and to allow the public access to the products of
7 their genius after the limited period of exclusive control has expired.

8 *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984); *see also Eldred*,
9 537 U.S. 186.

10 **C. Internet Service Provider Safe Harbor Provisions**

11 Section 202 of the DMCA contains various nonexclusive⁷ safe harbors designed to limit
12 the liability of ISPs⁸ for incidental acts of copyright infringement. It provides immunity to ISPs
13 that satisfy the conditions of eligibility, *see* 17 U.S.C. § 512(i),⁹ “from copyright infringement
14 liability for ‘passive,’ ‘automatic’ actions in which [an ISP’s] system engages through a
15 technological process initiated by another without the knowledge of the” ISP. *ALS Scan, Inc. v.*
16 *RemarQ Communities, Inc.*, 239 F.3d 619, 625 (4th Cir. 2001). Once the ISP has actual
17 knowledge of the infringing material, it loses the safe harbor protections unless it complies with

18 ⁷ Nothing in the DMCA suggests that Congress intended this statute to constitute the
19 exclusive legal basis for protecting a copyright or defending against allegations of infringement.
20 In fact, 17 U.S.C. § 512(l) provides that “failure to . . . qualify for limitation of liability under this
21 section shall not bear adversely upon the consideration of . . . any other defense.”

22 ⁸ The DMCA provides two definitions of “service provider.” The first, which applies to
23 section 512(a), is “an entity offering the transmission, routing, or providing connections for
24 digital online communications, between or among points specified by a user, of material of the
25 user’s choosing, without modification to the content of the material as sent or received.” 17
26 U.S.C. § 512(k)(1)(A). The second, which applies to the rest of section 512, is “a provider of
27 online services or network access, or the operator of facilities therefor, and includes an entity
28 described in [17 U.S.C. § 512(k)(1)(A)].” 17 U.S.C. § 512(k)(1)(B). “Service provider” thus is
defined more narrowly with respect to the “conduit” safe harbor provision.

⁹ The parties do not dispute that Hurricane, OPG, and Swarthmore had valid section
512(i) policies. *See, e.g.*, Complaint, p. 5:20–23 & Ex. D (email from Ralph E. Jocke), although
there is no evidence in the record as to this point with respect to OPG and Swarthmore. The
Court will assume without deciding that all parties had valid section 512(i) policies.

1 the DMCA.

2 17 U.S.C. § 512(a)—the “conduit” safe harbor—does not require notice and takedown of
3 any content. Instead, an ISP is not liable for “transmitting, routing, or providing connections, for
4 material through a system or network controlled or operated by or for the service provider” if the
5 ISP did not (1) initiate the transmission, (2) select the material in a nonautomatic way, (3) select
6 the recipients in a nonautomatic way, (4) retain a copy for longer than necessary to transmit it,
7 and (5) modify the material. 17 U.S.C. § 512(a). In contrast, section 512(c)—the “storage” safe
8 harbor—does require notice and takedown of allegedly infringing material. This provision

9 gives Internet service providers a safe harbor from liability for infringement of
10 copyright by reason of the storage at the direction of a user of material that resides
11 on a system or network controlled or operated by or for the service provider as
12 long as the service provider can show that: (1) it has neither actual knowledge
13 that its system contains infringing materials nor an awareness of facts or
14 circumstances from which infringement is apparent, or it has expeditiously
15 removed or disabled access to infringing material upon obtaining actual
16 knowledge of infringement; (2) it receives no financial benefit directly attributable
17 to infringing activity; *and* (3) it responded expeditiously to remove or disable
18 access to material claimed to be infringing after receiving from the copyright
19 holder a notification conforming with requirements of § 512(c)(3).

16 *ALS Scan, Inc.*, 239 F.3d at 623 (internal citation omitted). 17 U.S.C. § 512(d) provides a similar
17 safe harbor from liability for copyright infringement resulting from use of “information location
18 tools,” which include “hypertext links” (“hyperlinks”). Section 512(g) provides for replacement
19 of the removed material upon counter-notice by the alleged infringer. Upon counter-notice of
20 noninfringement by an ISP subscriber, the ISP may reestablish access to the content without fear
21 of liability. Such replacement generally must be performed within approximately fourteen days.

22 *See* 17 U.S.C. § 512(g)(2)(C).¹⁰

23 17 U.S.C. § 512(f) provides as follows:

24 Misrepresentations.--Any person who knowingly materially misrepresents under
25

26 ¹⁰ Although section 512(g) refers to section 512(c), it does not refer expressly to section
27 512(d). Courts nonetheless have held that the replacement procedure of section 512(g) applies to
28 takedown pursuant to section 512(d). *See, e.g., Perfect10, Inc. v. Cybernet Ventures, Inc.*, 213
F.Supp.2d 1146, 1179 (C.D. Cal. 2002).

1 this section--

2 (1) that material or activity is infringing, or

3 (2) that material or activity was removed or disabled by mistake or
4 misidentification,

5 shall be liable for any damages, including costs and attorneys' fees, incurred by
6 the alleged infringer, by any copyright owner or copyright owner's authorized
7 licensee, or by a service provider, who is injured by such misrepresentation, as the
8 result of the service provider relying upon such misrepresentation in removing or
9 disabling access to the material or activity claimed to be infringing, or in replacing
10 the removed material or ceasing to disable access to it.

11 Thus, any person who sends a cease and desist letter with knowledge that claims of infringement
12 are false may be liable for damages.

13 III. DISCUSSION

14 A. Mootness

15 Diebold has represented to the Court that it has withdrawn and in the future will not send
16 a cease and desist letter pursuant to the DMCA to any ISP concerning the email archive. *See*
17 *Response to Plaintiffs' Post-Hearing Letter and Supplemental Ng Declaration*, dated November
18 24, 2003, p. 1; *Transcript of Law & Motion Hearing*, February 9, 2004, pp. 3:24–4:3. Because
19 no actual controversy remains¹¹ with respect to prevention of publication of the email archive,
20 *see* 28 U.S.C. § 2201; *Aetna Life Ins. Co. of Hartford, Conn. v. Haworth*, 300 U.S. 227 (1937),
21 Plaintiffs' claims for an injunction and declaratory relief are moot.¹² However, Plaintiffs' claims

22 ¹¹ Plaintiffs appear to have conceded at oral argument that their claims for injunctive and
23 declaratory relief are moot and that a decision on their claims for damages will be a sufficient
24 adjudication of their rights. *See* *Transcript of Law & Motion Hearing*, February 9, 2004, pp.
25 5:21–23, 6:22–24, 7:6–12, 10:4–9.

26 ¹² The Court also notes that in view of *Grokster*, a general declaration that hyperlinking to
27 infringing material does not amount to contributory infringement or subject one to vicarious
28 liability would be improper. Although hyperlinking per se does not constitute direct copyright
infringement because there is no copying, *see, e.g., Ticketmaster Corp. v. Tickets.com, Inc.*, 2000
WL 525390 (C.D. Cal., March 27, 2000), in some instances there may be a tenable claim of
contributory infringement or vicarious liability. *See, e.g., Grokster*, 2004 WL 1853717 at *3 (9th
Cir., Aug. 19, 2004) at *6 (If an alleged contributory infringer is a “true access provider[], failure
to disable . . . access after acquiring specific knowledge of a user’s infringement might be
material contribution.”); *Religious Tech. Ctr.*, 907 F.Supp. at 1361; *A&M Records, Inc. v.*

1 for damages, attorneys' fees, and costs relating to Diebold's past use of the DMCA's safe harbor
2 provisions still require adjudication.

3 **B. Misrepresentation of Copyright Infringement: 17 U.S.C. § 512(f)**

4 **1. Publication of some of the contents in the email archive is lawful.**

5 At the hearing on Plaintiffs' motion for preliminary injunction, Diebold's counsel
6 asserted that portions of the email archive contain material that is copyrighted and has no "public
7 interest" value. Transcript of Law and Motion Hearing, November 17, 2003, p. 8:7-12.
8 However, Diebold did not identify and has never identified specific emails that contain
9 copyrighted content, and thus it has not provided evidence to support its counsel's assertion. *See,*
10 *e.g., id.* at 10. At the same time, Diebold appears to have acknowledged that at least some of the
11 emails are subject to the fair use doctrine. *See, e.g., id.* at 12:8-9 & 14-16.

12 The purpose, character, nature of the use, and the effect of the use upon the potential
13 market for or value of the copyrighted work all indicate that at least part of the email archive is
14 not protected by copyright law. The email archive was posted or hyperlinked to for the purpose
15 of informing the public about the problems associated with Diebold's electronic voting
16 machines. It is hard to imagine a subject the discussion of which could be more in the public
17 interest. If Diebold's machines in fact do tabulate voters' preferences incorrectly, the very
18 legitimacy of elections would be suspect. Moreover, Diebold has identified no specific
19 commercial purpose or interest affected by publication of the email archive, and there is no
20 evidence that such publication actually had or may have any affect on the putative market value,
21 if any, of Diebold's allegedly copyrighted material. Even if it is true that portions of the email
22 archive have commercial value, there is no evidence that Plaintiffs have attempted or intended to
23 sell copies of the email archive for profit. Publishing or hyperlinking to the email archive did not
24 prevent Diebold from making a profit from the content of the archive because there is no

25 _____
26 *Napster, Inc.*, 139 F.3d 1004, 1021-22 (9th Cir. 2001). In this context, it is notable that the
27 DMCA provides ISPs a safe harbor (17 U.S.C. § 512(d)) from liability for copyright
28 infringement resulting from "information location tools."

1 evidence that Diebold itself intended to or could profit from such content. At most, Plaintiffs’
2 activity might have reduced Diebold’s profits because it helped inform potential customers of
3 problems with the machines. However, copyright law is not designed to prevent such an
4 outcome. *See, e.g., Acuff-Rose*, 510 U.S. at 591–92. Rather, the goal of copyright law is to
5 protect creative works in order to promote their creation. To the extent that Diebold argues that
6 publication of the entire email archive diminished the value of some of its proprietary software or
7 systems information, it must be noted that there is no evidence that *Plaintiffs* published or linked
8 to the archive in order to profit.¹³ Finally, Plaintiffs’ and IndyMedia’s use was transformative:
9 they used the email archive to support criticism that is in the public interest, not to develop
10 electronic voting technology. Accordingly, there is no genuine issue of material fact that
11 Diebold, through its use of the DMCA, sought to and did in fact suppress publication of content
12 that is not subject to copyright protection.¹⁴

13 **2. Diebold violated section 512(f).**

14 Plaintiffs argue that Diebold “knowingly materially misrepresented” that publication of
15 the email archive constituted copyright infringement and thus is liable for damages pursuant to
16 17 U.S.C. § 512(f). The parties dispute the meaning of the phrase “knowingly materially
17 misrepresents.” Plaintiffs argue that a type of preliminary injunction standard should be applied.
18 That is, the Court should conclude that Diebold violated section 512(f) if it did not have a
19

20 ¹³ The fact that Diebold had not published the email archive is not dispositive. The “first
21 publication right” permits the creator to control the final expression of the published work.
22 There is no such interest here, in the context of an archive of fact-based or proprietary emails.
23 Because Diebold clearly has indicated that it never intended to publish the emails, the fact that
the email archive was unpublished does not obviate application of the fair use doctrine.

24 ¹⁴ Even if Diebold is correct that some individual emails may contain only proprietary
25 software code or information concerning Diebold’s voting systems and thus is subject to
26 copyright protection, there nonetheless is no genuine issue of material fact that publication of
27 some of the email archive does not amount to copyright infringement. Plaintiffs additionally
28 have argued that they were required to post the entire email archive because Diebold has accused
Plaintiffs and others of taking individual emails out of context. *See* Plaintiffs’ Motion for
Summary Judgment, p. 12. Significantly, Diebold does not identify which of the more than
thirteen thousand emails support its argument.

1 “likelihood of success” on the merits of a copyright infringement claim when it sent the DMCA
2 letters. Diebold contends that the Court should apply a type of Federal Rule of Civil Procedure
3 11 (“Rule 11”) standard and thus conclude that Diebold did not violate section 512(f) unless
4 sending the DMCA letters was “frivolous.” Because the DMCA is of relatively recent vintage,
5 the issue appears to be one of first impression.

6 The Court concludes that neither standard is appropriate. A requirement that a party have
7 an objectively measured “likelihood of success on the merits” in order to assert claims of
8 copyright infringement would impermissibly chill the rights of copyright owners. At the same
9 time, in requiring a showing of “knowing material misrepresentation,” Congress explicitly
10 adopted a standard different from that embodied in Rule 11, which contains a variety of other
11 requirements that are not necessarily coextensive with those set forth in section 12(f). The Court
12 concludes that the statutory language is sufficiently clear on its face and does not require
13 importation of standards from other legal contexts. A party is liable if it “knowingly” and
14 “materially” misrepresents that copyright infringement has occurred. “Knowingly” means that a
15 party actually knew, should have known if it acted with reasonable care or diligence, or would
16 have had no substantial doubt had it been acting in good faith, that it was making
17 misrepresentations. *See* BLACK’S LAW DICTIONARY (8th ed. 2004) (definitions of “knowledge,”
18 in particular, “actual” and “constructive” knowledge). “Material” means that the
19 misrepresentation affected the ISP’s response to a DMCA letter. *See id.*

20 Applying this standard and in light of the evidence in the record, the Court concludes as a
21 matter of law that Diebold knowingly materially misrepresented that Plaintiffs infringed
22 Diebold’s copyright interest, at least with respect to the portions of the email archive clearly
23 subject to the fair use exception. No reasonable copyright holder could have believed that the
24 portions of the email archive discussing possible technical problems with Diebold’s voting
25 machines were protected by copyright, and there is no genuine issue of fact that Diebold
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1 knew—and indeed that it specifically intended¹⁵—that its letters to OPG and Swarthmore would
2 result in prevention of publication of that content. The misrepresentations were material in that
3 they resulted in removal of the content from websites and the initiation of the present lawsuit.
4 The fact that Diebold never actually brought suit against any alleged infringer suggests strongly
5 that Diebold sought to use the DMCA’s safe harbor provisions—which were designed to protect
6 ISPs, not copyright holders—as a sword to suppress publication of embarrassing content rather
7 than as a shield to protect its intellectual property.

8 **C. Tortious Interference with Contractual Relations**

9 Plaintiffs also claim that, through its inappropriate use of the DMCA, Diebold interfered
10 with their contractual relations with their respective ISPs. Under California law, the elements of
11 intentional interference with contractual relations are: (1) a valid contract between the plaintiff
12 and a third party; (2) the defendant’s knowledge of this contract; (3) intentional acts designed to
13 induce a breach or disruption of the contractual relationship; (4) actual breach or disruption of the
14 relationship; and (5) resulting damage. See *Quelimane Co. v. Stewart Title Guar. Co.*, 19 Cal.4th
15 26 (1998). As an affirmative defense to a charge of tortious interference with contract, a
16 defendant may show that its actions were justified. See *A.F. Arnold & Co. v. Pacific Prof’l Ins.,*
17 *Inc.*, 104 Cal.Rptr. 96, 99 (1972).

18 One who, by asserting in good faith a legally protected interest of his own or
19 threatening in good faith to protect the interest by appropriate means, intentionally
20 causes a third person not to perform an existing contract or enter into a
21 prospective contractual relation with another does not interfere improperly with
the other’s relation if the actor believes that his interest may otherwise be
impaired or destroyed by the performance of the contract or transaction.

22 Restatement (Second) of Torts § 773.

23
24 The test of whether there is justification for conduct which induces a breach of
25 contract turns on a balancing of the social and private importance of the objective
26 advanced by the interference against the importance of the interest interfered
with, considering all the circumstances including the nature of the actor’s

27 ¹⁵ Indeed, Diebold’s counsel stated that “the DMCA provides the rapid response, the rapid
28 remedies that Congress had in mind.” Law & Motion Hearing, November 17, 2003, p. 30:6–8.

1 conduct and the relationship between the parties.

2 *Richardson v. La Racherita of La Jolla*, 98 Cal.App.3d 73, 81 (1979).

3 Diebold argues that Plaintiffs cannot prevail on their interference with contract claim
4 because: (1) Pavlosky and Smith have not shown that they had a contract with Swarthmore; (2)
5 Swarthmore's compliance with the DMCA does not constitute breach of contract; (3) OPG has
6 not demonstrated that there has been any breach or disruption of its contract with Hurricane; (4)
7 Hurricane's contract with OPG permits it to comply with the DMCA; (5) seeking to protect one's
8 copyright does not constitute interference with a contract; and (6) the state law is preempted if it
9 is applied in such a manner as to prevent a party from complying with the DMCA.

10 The Court agrees with Diebold that on the facts of this case the claim is preempted.
11 Preemption occurs "when compliance with both state and federal [laws] is a physical
12 impossibility or when state law stands as an obstacle to the accomplishment and execution of the
13 full purposes and objectives of Congress." *Hillsborough County Fla. v. Automated Med. Labs.*
14 *Inc.*, 471 U.S. 707, 713 (1985) (internal citations omitted); *see also In re Cybernetics Servs., Inc.*,
15 252 F.3d 1039, 1045 (9th Cir. 2001) (internal citation omitted).

16 Even if a copyright holder does not intend to cause anything other than the removal of
17 allegedly infringing material, compliance with the DMCA's procedures nonetheless may result in
18 disruption of a contractual relationship: by sending a letter, the copyright holder can effectuate
19 the disruption of ISP service to clients. If adherence to the DMCA's provisions simultaneously
20 subjects the copyright holder to state tort law liability, there is an irreconcilable conflict between
21 state and federal law. To the extent that Plaintiffs argue that there is no conflict because
22 Diebold's use of the DMCA in this case was based on misrepresentation of Diebold's rights,
23 their argument is undercut by the provisions of the statute itself. In section 512(f), Congress
24 provides an express remedy for misuse of the DMCA's safe harbor provisions. It appears that
25 Congress carefully balanced the competing interests of copyright holders, ISPs, and the public,
26 by providing immunity subject to relief for any misuse of the statute. Accordingly, Diebold's
27 motion will be granted as to Plaintiffs' state law claim.

1 **IV. ORDER**

2 Good cause therefore appearing, IT IS HEREBY ORDERED that:

3 (1) Plaintiffs' causes of action for injunctive and declaratory relief and for copyright
4 misuse are deemed moot;

5 (2) Plaintiffs' motion is GRANTED with respect to their claim pursuant to 17 U.S.C. §
6 512(f) and otherwise is DENIED;

7 (3) Diebold's motion is GRANTED as to Plaintiffs' state law claim for tortious
8 interference with contractual relations and otherwise is DENIED; and

9 (4) Within ten (10) days of the date that this Order is filed, Plaintiffs shall submit a brief
10 addressing the monetary relief, including attorneys' fees and costs, to which they believe they are
11 entitled pursuant to 17 U.S.C. § 512(f) . Diebold may file an opposition brief within ten (10)
12 days after service of Plaintiffs' brief. Plaintiffs may file a reply brief within five (5) days after
13 service of Diebold's opposition brief. The matter thereafter shall stand submitted.

14
15
16 DATED: September 30, 2004

17 /s/ (electronic signature authorized)
18 JEREMY FOGEL
19 United States District Judge
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1 Copies of Order have been served upon the following persons:

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