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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' NOTICE OF MOTION
AND MOTION FOR SUMMARY
JUDGMENT**

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

25 TO ALL PARTIES AND THEIR COUNSEL OF RECORD:

26 PLEASE TAKE NOTICE that on February 9, 2004, at 9:00 a.m., or as soon thereafter as
27 the matter may be heard before the Honorable Jeremy Fogel, United States District Judge, in
28 Courtroom 3, 5th Floor, 280 South 1st Street, San Jose, California, Plaintiffs Online Policy Group,

1 Nelson Chu Pavlosky and Luke Thomas Smith will and hereby do move for summary judgment on
2 their First Amended Complaint.

3 Plaintiffs seek an order granting them damages and declaratory relief for tortious
4 interference with contractual relations (Count I); declaratory relief for misuse of copyright (Count
5 II); declaratory relief and damages for misrepresentation of copyright infringement under the
6 Digital Millennium Copyright Act (DMCA) Section 512(f) (Count III); and declaratory judgment
7 of non-infringement and non-liability for “tertiary” and “quaternary” copyright infringement
8 (Count IV). Plaintiffs also seek costs and attorneys fees in this action.

9 The motion is based on this Notice of Motion and Motion; the following Memorandum of
10 Points and Authorities; the Declarations of David Weekly, Asheesh Laroia, Cindy Cohn and
11 Nelson Pavlosky filed herewith; and the papers, records, and pleadings on file in this case. The
12 motion is made on the ground that there are no disputed issues of material fact and that Plaintiffs
13 are entitled to a judgment as a matter of law on all claims of their complaint.

14 DATED: January 12, 2004

15 By _____
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MEMORANDUM OF POINTS AND AUTHORITIES

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1 I. INTRODUCTION

2 Through unfounded claims of copyright infringement aimed at Internet service providers
3 (ISPs) across the country, Defendant Diebold caused those ISPs to restrict the speech of their users
4 in October and November, 2003. The reason? Diebold was embarrassed by the information the
5 ISPs’ users published and linked to concerning problems with its electronic voting machine
6 product. Diebold’s unfounded copyright claims conveniently masked a prior restraint on speech,
7 stifling criticism on a topic of intense public interest and debate. It did so during an election period
8 and while the California Secretary of State was considering e-voting security requirements.¹
9 Diebold did not stop with just the ISPs of the speakers – it also threatened the ISPs of those who
10 merely linked to the information (including independent journalists), and more audaciously,
11 threatened the upstream Internet provider of one of those ISPs.

12 Plaintiffs are two individuals and a small, nonprofit ISP that were all hurt by Diebold’s
13 actions. Plaintiffs Smith and Pavlosky were silenced from publishing or linking to the material due
14 to Diebold’s legal claims to their ISP, which is also their college (Swarthmore College). Plaintiff
15 OPG risked the loss of its Internet connectivity altogether, including connectivity for about 1,000
16 unrelated websites it hosts, because of threats by Diebold to its upstream ISP about hyperlinks on a
17 single user website. Plaintiffs brought this action to free themselves and others from the shadow of
18 censorship and to obtain a clear declaration of their rights to ensure that this situation does not
19 recur.

20 Now Diebold seeks to have its cake and eat it too. Having used copyright-based threats in
21 the critical pre-election period to silence and delay criticism of its voting machines, it now attempts
22 to avoid adjudication of its claims – and to preserve its opportunities to raise similar claims again –
23 by unilaterally pledging not to sue those who publish or link to the materials. Although Diebold’s

24 _____
25 ¹ On November 21, 2003, after the preliminary injunction hearing in this case, the California
26 Secretary of State issued an electronic voting machine security directive requiring voter verified
27 paper ballots for all voting machines used in California.
28 <http://www.ss.ca.gov/executive/press_releases/2003/03_106.pdf>. Subsequently the Secretary
halted certification for some Diebold machines due to reports that Diebold routinely used
uncertified software in its machines. <<http://www.wired.com/news/politics/0,1283,61068,00.html>>.
As shown *infra*, at 3-4, both issues are discussed in the e-mail archive in ways that are not
flattering to Diebold.

1 belated retraction of its cease-and-desist letters may have removed some of the time-sensitivity
2 from Plaintiffs' request, that is all. The underlying controversy remains live and the legal issues
3 remain hotly disputed. Accordingly, Plaintiffs seek declaratory relief affirming their right to post
4 the materials under the fair use provisions of the Copyright Act, as well as awarding them
5 damages, costs and attorneys fees incurred due to Diebold's interference with their Internet
6 connectivity contracts and misuse of the notice provisions of the Digital Millennium Copyright Act
7 (DMCA).

8 **II. STATEMENT OF FACTS**

9 This case arises out of a very active public debate about electronic voting machines in this
10 country. Because the legal analysis must consider the role of the information at issue here in that
11 public debate, Plaintiffs begin by discussing that background briefly.

12 **A. The Electronic Voting Machine Controversy and Diebold's Role in It.**

13 Because of the notorious problems with paper ballots in the 2000 presidential election, the
14 U.S. Congress passed a law entitled the Help America Vote Act providing millions of dollars to
15 local officials to upgrade their election equipment. 42 U.S.C. § 15301, *et seq.* Plaintiff Diebold is
16 one of three major manufacturers of computer-based electronic voting machines, and it has
17 aggressively marketed its products to election officials nationwide. Yet in the past year, academic
18 reports and leading security professionals have raised questions about security and reliability of the
19 machines, and reports of problems using them in actual elections continue to surface. Diebold's
20 responses to these concerns include a claim that its machines go through independent certification
21 before their use by public entities. Diebold also claims that adding security features, especially a
22 printer that would allow a verifiable paper ballot, would be very expensive for the election officials
23 purchasing these devices. This debate has raged across the headlines and editorial sections of our
24 nation's leading newspapers and magazines, as well as on the Internet. *See* Seltzer Decl. in
25 Support of Temporary Restraining Order and Preliminary Injunction, ("Seltzer Decl."), Exhs. C-J.

26 **B. The Diebold E-mail Archive.**

27 On or about July 2003, someone not a party to this action (and who apparently still remains
28 unknown), gained access to an internal archive of Diebold technical e-mail mailing lists. The e-

1 mail archive was quickly made available on the Internet. The archive includes many individual e-
2 mails and discussion threads that collectively educate the public about problems with the Diebold
3 electronic voting machines. It is also undoubtedly embarrassing to Diebold.

4 Among the e-mail archive messages are discussions among Diebold employees and agents
5 about security problems with Diebold's voting machines and ways to solve, or in some cases,
6 obfuscate those problems.² For instance, as noted above, all voting machine software used in
7 public elections is supposed to be certified by Independent Testing Authorities (ITAs) before use.
8 In addition, machine-level diagnostic testing must be performed prior to elections. The Diebold
9 archive indicates that some its voting machine software is actually uncertified, altered after
10 certification, or misleadingly tested in the field. Examples including the following e-mail
11 correspondence:

12 Example 1.1

13 From: "Ken Clark" ken@gesn.com
14 Subject: RE: Central count doesn't stop for write-ins - Pima 1-11-2
15 Date: Wed, 13 Sep 2000 13:21:41 -0700

Pima (County) is going to use a hacked 1.11 for their upcoming election for this, as they have in the past.

16 Example 1.2

17 From: "Green, Pat" GreenP@diebold.com
18 Subject: RE: GEMS-1-18-17
19 Date: Fri, 24 Jan 2003 06:41:29 -0800

You make a very good point here. There are times we will need to release things for customers which do not choose to wait for ITA approval, but we want to move toward a system where we do a pre-release for certification purposes and then have a real release which sticks for a while. Today's system of doing a release and then having to do 2 or 3 more during the certification process causes a lot of confusion. Sometimes this is a necessary evil, but not always. We will try to start with pre-releases whenever possible...

22 Example 1.3

23 From: "Jeffrey W. Dean" jwdean@spectrumltd.com
24 Subject: AVOS 1.96
25 Date: Fri, 23 Feb 2001 17:16:25 -0800

Thought I should clear the air on the 17" ballot traffic. What we are doing is certifying a firmware release that

27
28 ² Additional examples are included in Pavlosky's PI Decl., ¶ 7; Smith PI Decl., ¶ 8; and the previous briefs of Plaintiffs in this action.

1 *I) Is backward compatible with the 1.94, 1.95 spider's web of uncertified features*
2 *currently in use...*

3 Example 1.4

4 From: "Ken Clark" ken@gesn.com
5 Subject: RE: AVTS - Diagnostics & Installation
6 Date: Tue, 6 Jul 1999 15:40:55 -0700

7 *We, the manufacturer, are supposed to set the procedures to follow for this equipment*
8 *since we build it. I hate more than anyone else in the company to bring up a certification*
9 *issue with this, but a number of jurisdictions require a "system test" before every election.*
10 *I just helped Knecht yesterday with an RFP from Riverside that required this. That is why*
11 *the AccuVote displays the silly ***System Test Passed*** message on boot up instead of*
12 *"memory test passed", which is all it actually tests. No argument from me that it is*
13 *pointless. You could probably get away with a batch file that prints "system test passed"*
14 *for all I know. We will do something along those lines with the new unit after a memory*
15 *test or whatever.*

16 Declaration of Cindy A. Cohn in Support of Plaintiffs' Motion for Summary Judgment filed
17 herewith, Exhs. A-D ("Cohn Decl.").

18 Additionally, the Diebold archive contains a suggestion that the company should
19 overcharge election officials who demand a change to the system in the interests of increased
20 security. Many legislators, computer scientists and others have suggested voter-verifiable paper
21 ballots as a desirable security feature for electronic voting equipment, and election officials
22 nationwide have been considering adding this as a requirement.³ The following comments were
23 made in January, 2003 when a newspaper article on this trend was distributed to one of the Diebold
24 lists:

25 Example 2.1

26 From: owner-support@dieboldes.com [mailto:owner-support@dieboldes.com] On Behalf Of Ken
27 Subject: RE: sunspot.net - maryland news.htm
28 Date: Friday, January 03, 2003 12:47 PM

There is an important point that seems to be missed by all these articles: they already
bought the system. At this point they are just closing the barn door. Let's just hope that as
a company we are smart enough to charge out the yin if they try to change the rules now
and legislate voter receipts.

When asked to define the term "yin," the author clarified his meaning:

³ As noted above at note 1, the California Secretary of State has recently required voter verified paper ballots on electronic voting machines by 2006.

1 Example 1.2

2 From: "Ken" ken@dieboldes.com
3 Subject: RE: sunspot.net - maryland news.htm
4 Date: Fri, 3 Jan 2003 14:17:54 -0800

5 *Short for "out the yin-yang." Perhaps a little too colloquial; apologies for that. In my
6 defense, google turns up 694 references to the phrase.*

7 *Any after-sale changes should be prohibitively expensive. Much more expensive than, for
8 example, a university research grant*

9 Cohn Decl., Exhs. E-F. The above excerpts are just some of the many examples of critical (and
10 embarrassing) passages contained in the Diebold archives.

11 **C. The Plaintiffs.**

12 Among the many direct publishers of the e-mail archive were Swarthmore College students,
13 Plaintiffs Nelson Chu Pavlosky and Luke Thomas Smith. Pavlosky and Smith are the co-founders
14 of the Swarthmore Coalition for the Digital Commons (SCDC). They posted the Diebold e-mail
15 archive to the SCDC website as part of their study of electronic voting, and in preparation for a
16 symposium entitled, "Choosing Clarity: A Symposium on Voting Transparency." Pavlosky Decl.
17 in Support of Temporary Restraining Order and Preliminary Injunction, ¶ 13 ("Pavlosky PI
18 Decl."); Smith PI Decl., ¶ 13.

19 Among the many who posted hyperlinks to the archive was the San Francisco branch of
20 IndyMedia, an independent media collective that receives its Internet connection from Plaintiff
21 Online Policy Group (OPG). OPG is a non-profit ISP dedicated to free speech and Internet access
22 for underserved communities. OPG provides Internet hosting and co-location services to numerous
23 groups and individuals including more than 1,000 websites. Declaration of David Weekly in
24 Support of Plaintiffs' Motion for Summary Judgment ("Weekly SJ Decl."), ¶ 6. OPG gets its
25 upstream Internet service from Hurricane Electric at a cost of \$3,457.00 per month. *Id.* at ¶ 8.

26 **D. Diebold's Cease-and-Desist Letters.**

27 At the heart of the case are cease-and-desist letters Diebold sent to many ISPs around the
28 country in an attempt to remove the e-mail archive from the Internet. Diebold sent two letters to
29 Swarthmore College (Pavlosky PI Decl., Exh. A; Carissimi PI Decl., ¶ 2), one to OPG (Weekly PI
30 Decl., ¶ 9), and two to Hurricane Electric (Ng PI Decls., ¶ 8, Exh. A; Plaintiffs' post-hearing letter

1 of November 17, 2003, Exh. A). Each letter claimed that the publication of the e-mail archive
2 infringed Diebold's copyrights. Some letters claimed that the recipient ISP risked liability if one of
3 its users merely hyperlinks to the archive, a kind of "tertiary" liability. Others asserted that
4 copyright liability could extend to the upstream provider to an ISP that provided connectivity to a
5 website containing a hyperlink, a claim that asserts what can best be termed "quaternary" copyright
6 liability.

7 On October 9, 2003, Diebold wrote Swarthmore to complain about posting of the e-mail
8 archive by Plaintiffs. Referring to two URLs hosting the archive, Diebold's letter claimed:

9 The web site you are hosting infringes Diebold's copyrights because the Diebold
10 Property was placed on this web site without Diebold's consent. The purpose of this
11 letter is to advise you of our clients' rights and to seek your agreement to the
12 following: (1) to remove and destroy the Diebold Property contained at the web site
13 identified in the attached chart and (2) to destroy any backup copies of the Diebold
14 Property in your possession or under your control.

15 Pavlosky PI Decl., Exh. A. A second cease-and-desist to Swarthmore on October 20, 2003,
16 asserted that even linking to the archive was infringing. Carissimi PI Decl., ¶ 2. While the letters
17 referenced another Swarthmore-hosted website that published the e-mail archive, Swarthmore
18 responded – as Diebold intended – by removing the e-mail archive from the SCDC and all other
19 student websites and forbidding students to link to the archive even if it were hosted elsewhere.
20 Pavlosky PI Decl., ¶¶ 9-11; Smith PI Decl., ¶¶ 10-12.

21 Also on October 9, 2003, Diebold sent a cease-and-desist letter to OPG, threatening
22 litigation for copyright infringement because OPG-user San Francisco IndyMedia linked to the e-
23 mail archive. Diebold wrote: "The web page you are hosting clearly infringes Diebold's copyrights
24 by providing information location tools that refer or link users of the web page to an online
25 location containing infringing material or activity. See 17 U.S.C. § 512(d)." Weekly PI Decl., ¶ 9,
26 Exh. B. OPG refused to remove the hyperlinks, responding that there was no copyright
27 infringement by OPG, its clients, or by those websites its clients linked to. Weekly PI Decl., ¶ 13,
28 Exh. C. OPG explained that the underlying use qualified as fair use under applicable copyright
law, and that linking and hosting of linkers was not copyright infringement. *Id.*

Diebold responded with a cease-and-desist letter to OPG's upstream provider, Hurricane

1 Electric, asking Hurricane to disable access to the link – which it could do only by cutting off OPG
2 (and all of OPG’s users). Weekly SJ Decl., ¶ 10. Notified that OPG intended to file suit to clarify
3 the status of its activities, Hurricane agreed not to take action against OPG for hosting linkers
4 pending the suit, but informed OPG that OPG could not allow its users to post the archive itself.
5 As a result, OPG was forced to tell three of its users not to post, or in one case, to remove the
6 archive from their websites. Weekly PI Decl., ¶¶ 16-19; Weekly Supp. Decl., ¶¶ 2-5.

7 Diebold continued to assert its copyright threats, even after receiving OPG’s notification of
8 its rights under fair use in its letter of October 22, 2003. Seltzer Decl., Exh. A. Diebold also
9 continued to press its threats against the ISPs after the filing of this action put it on even clearer
10 notice of the Plaintiffs’ fair use claims. Indeed, Diebold served a second copyright demand on
11 Hurricane Electric on the morning of the Preliminary Injunction hearing in this case. Post-Hearing
12 Letter, November 17, 2003.

13 Shortly after the Preliminary Injunction hearing, Diebold unilaterally wrote to this Court
14 and to the ISPs it previously threatened, stating its intention not to file copyright actions as a result
15 of the publication of the e-mail archive, withdrawing its DMCA notices and stating it would not
16 issue additional ones. Diebold’s Post-Hearing Letter of November 24, 2004 at 3:6-7. While
17 continuing to assert the correctness of its legal claims, Diebold stated the widespread availability of
18 the e-mail archive online led it to cease its campaign of cease and desist letters “for those
19 materials.” *Id.*

20 Yet the chilling effect from Diebold’s actions continues. At least one major university ISP,
21 Johns Hopkins University, continues to prevent publication of the e-mail archive due to the
22 publicity about Diebold’s threats. Laroia Decl., ¶¶ 3-10. Despite being informed that Diebold has
23 disclaimed any intent to sue, and despite never directly receiving a cease and desist letter from
24 Diebold, Johns Hopkins officials are so concerned about Diebold’s claims that they have banned
25 publication of the archive. *Id.* at 10. The well-established First Amendment concern about the
26 broad chilling effect created by censorship clearly applies here.

27 Upon receipt of Diebold’s statement withdrawing its notices, this court noted that Plaintiffs’
28 pending request for preliminary injunction was moot, but that other issues, including declaratory

1 relief, attorneys fees and damages were not. Scheduling Order of December 1, 2003. Court-ordered
2 mediation failed to result in a settlement and the parties now cross move for summary judgment.

3 III. ARGUMENT

4 Diebold used the club of frivolous DMCA notices against Plaintiffs' ISPs to spur the ISPs
5 into censoring Plaintiffs' criticisms of Diebold. Diebold succeeded in censoring the student
6 Plaintiffs and disrupting OPG's Internet service. The chilling effect of Diebold's actions is still
7 being felt. The problem is that the club Diebold used is rotten at its core: Plaintiffs Pavlosky and
8 Smith engaged in fair use, not infringement, when they posted the Diebold e-mail archive; Plaintiff
9 OPG did nothing cognizable under copyright law by hosting SF IndyMedia's hyperlink to the
10 archive. Because Diebold's copyright threats aimed at conduct beyond the reach of copyright law,
11 they constitute nothing less than attempts to suppress critical speech, suppression the law does not
12 and should not tolerate.

13 Diebold's response has been to assert something like a trade secret claim, including
14 assertions that the material was "stolen" and "unpublished." *See e.g.* Diebold Opposition to
15 Motion for Preliminary Injunction 9:14, 15. Yet Diebold's DMCA letters made no trade secret
16 claims; they contained only copyright threats. At hearing, Diebold admitted one reason it did this:
17 because the "DMCA provides rapid response." Hearing Transcript 30: 7 (November 17, 2003).
18 Yet the DMCA was not intended to effect the speedy censorship of noncommercial criticism. Nor
19 was it intended to allow parties to avoid the legal standards (and judicial oversight) of an
20 application for a temporary restraining order under trade secret law.

21 While the preliminary merits of its claims were being considered by this Court, Diebold
22 sought to evade that consideration, yet retain the ability to make the same or similar claims in the
23 future by unilaterally withdrawing its DMCA notices and disclaiming any intent to bring suit
24 against those who publish or link to the e-mail archive. This attempt to sidestep a ruling should
25 fail, however, both because the issue of the award of damages, costs and attorneys' fees for
26 Diebold's past actions remains unsettled and because the possibility remains that Diebold will once
27 again attempt to misuse copyright claims to silence its critics. Moreover, the public interest favors
28 issuance of declaratory relief in this case to clarify the law, stop the chilling effect that still

1 continues, and to ensure that others are unable to assert sham copyright claims in attempts to
2 censor or chill criticisms or other protected speech.

3 Accordingly, Plaintiffs are entitled to summary judgment that the underlying posting and
4 linking is fair use and non-infringing; to damages because bad faith claims that their conduct was
5 infringing subjected them to real harms in tort and copyright; and to declaratory relief sufficient to
6 prevent the recurrence of these unfounded threats.

7 **A. Summary Judgment Should be Granted That Plaintiffs' Conduct Was Fair and**
8 **Non-Infringing.**

9 Summary judgment is proper under Federal Rule of Civil Procedure 56 where there is “no
10 genuine issue as to any material fact and . . . the moving party is entitled to a judgment as a matter
11 of law. *Celotex Corp. v. Catrett*, 477 U.S. 317, 322 (1986) (quoting Fed. R. Civ. P. 56(c)). Where
12 material facts are not in dispute, fair use is appropriately decided on summary judgment. *Mattel,*
13 *Inc. v. Walking Mountain Prod'ns*, __ F.3d __, 2003 WL 23018285 at *5 (9th Cir., Dec. 29, 2003)
14 (citing *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 560 (1985)). Here, the
15 facts are not in dispute.

16 **B. Posting of the E-mail Archive Is Fair Use.**

17 “From the infancy of copyright protection, some opportunity for fair use of copyrighted
18 materials has been thought necessary to fulfill copyright’s very purpose, ‘[t]o promote the Progress
19 of Science and useful Arts.’” *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 575 (1994)
20 (quoting U.S. Const. Art. I § 8, cl. 8). Fair use is no minor exception to the copyright regime, but a
21 critical piece of the balance. Fair use and the idea-expression dichotomy serve as the First
22 Amendment safeguards in copyright law. *Eldred v. Ashcroft*, 537 U.S. 186, 219 (2003). The
23 Copyright Act provides, “the fair use of a copyrighted work ... for purposes such as criticism,
24 comment, news reporting,... or research, is not an infringement of copyright.” 17 U.S.C. § 107.
25 Analysis under the statutory four factors confirms that Plaintiffs’ uses here are in the heart of fair
26 use.

27 1. **Plaintiffs’ Purpose is Non-Commercial and Transformative.**

28 “The ‘purpose and character of use’ factor in the fair use inquiry asks ‘to what extent the

1 new work is transformative’ and does not simply ‘supplant[]’ the original work and whether the
2 work’s purpose was for- or not-for-profit.” *Mattel*, 2003 WL 23018285 at *5, (quoting *Campbell*,
3 510 U.S. at 584). *Mattel* objected to an artist’s photographs of Barbie “about to be destroyed or
4 harmed by domestic life in the form of kitchen appliances.” *Id.* at *7. The Ninth Circuit held that
5 the photographs made transformative uses of *Mattel*’s works, even though they depicted entire
6 Barbie dolls. *Id.* at *10.

7 Here, Plaintiffs’ use of the archive transformed the Diebold employees’ and agents’ day-to-
8 day discussions of bug-fixes and cover-ups by reframing them as part of a political discussion
9 about the mechanics of democratic elections. In other words, Plaintiffs transformed the Diebold e-
10 mail archive through the shift in context. Indymedia’s linking then added the further element of
11 news reporting. Thus Plaintiffs “used the works for a ‘further purpose,’ giving them a new
12 ‘meaning or message’” from their use in internal company discussions. *Nunez v. Caribbean*
13 *International News Corp.*, 235 F.3d 18, 23 (1st Cir. 2000) (publishing a modeling photograph in its
14 entirety alongside a news article, constituted a transformative fair use) (citing *Campbell*, 510 U.S.
15 at 579). The Ninth Circuit relied on *Nunez* in *Kelly v. Arriba Soft Corp.*, 336 F.3d 811 (9th Cir.
16 2003), finding fair use in an image search engine’s use of entire thumbnail images “because Arriba
17 has created a new purpose for the images.” *Id.* at 819.

18 Plaintiffs’ use of the archive is also plainly noncommercial, as Diebold conceded in
19 withdrawing its threats to their ISPs. See December 3, 2003, letter from Robert Urosevich to
20 William Doherty, informing OPG that “Diebold has decided not to sue ISPs or their subscribers
21 now or in the future for copyright infringement for the non-commercial use of the materials posted
22 to date.” Weekly SJ Decl, Exh. A. Non-commercial use is presumptively fair. See *Sony Corp. v.*
23 *Universal City Studios, Inc.*, 464 U.S. 417, 448 (1984).

24 Plaintiffs’ use of the archive not only serves a different, noncommercial purpose from
25 Diebold’s, it serves a purpose that is strongly protected by the First Amendment – public debate
26 about voting systems. Voting is fundamental to democracy; the debates about voting systems are in
27 the heartland of the First Amendment. “[F]reedom of expression upon public questions is secured
28 by the First Amendment.” *New York Times v. Sullivan*, 376 U.S. 254, 269 (1964), and “there is

1 practically universal agreement that a major purpose of that Amendment was to protect the free
2 discussion of governmental affairs,” *Buckley v. Valeo*, 424 U.S. 1, 14 (1976) (internal citation
3 omitted).

4 The publication of and linking to the e-mail archive are unquestionably part of an ongoing
5 public discussion about governmental use of electronic voting machines. By providing the public
6 with critical information about the security of voting machines, Plaintiffs are part of “the profound
7 national commitment to the principle that debate on public issues should be uninhibited, robust,
8 and wide-open.” *New York Times v. Sullivan*, 376 U.S. at 270. Uninhibited debate should, and
9 indeed must, include the widest possible range of information about the strengths and weaknesses
10 of these new voting technologies so that the public can make informed decisions about the future of
11 its democracy.

12 2. Factual Works Are Only Thinly Protected.

13 Diebold cannot protect facts about the manner in which its systems operate (or fail to
14 operate) with copyright claims. “The protection established by the Copyright Act for original
15 works of authorship does not extend to the ideas underlying a work or to the functional or factual
16 aspects of the work.” *Sega Enters. Ltd. v. Accolade, Inc.*, 977 F.2d 1510, 1524 (9th Cir. 1993).
17 “To the extent that a work is functional or factual, it may be copied.” *Id.* (citing *Baker v. Selden*,
18 101 U.S. (11 Otto) 99, 102-104 (1879)). Accordingly, the scope of fair use is greater when
19 informational works, those with strong factual or functional elements, are involved, as opposed to
20 more creative works of fiction. *Id.*; *see also Sony*, 464 U.S. at 455 n.40 (“Copying a news
21 broadcast may have a stronger claim to fair use than copying a motion picture.”).

22 The e-mail archive is a collection of questions to and answers from Diebold support staff,
23 feature requests, bug reports, update notes, one-line headers and forwards of copyrighted news
24 articles from outside sources. *See Seltzer Decl., Exh. B.* Very little of the archive is expressive or
25 creative in nature. None of its creation appears to have been motivated by the promise of copyright
26 protection.

27 Although Diebold asserts that the e-mail archive was not previously published outside of
28 Diebold, unpublished status does not preclude a finding of fair use. *See Harper & Row*, 471 U.S. at

1 552-3. Indeed, Congress was so concerned that courts might limit the fair use of unpublished works
2 under the *Salinger* case cited by Diebold, *Salinger v. Random House, Inc.*, 811 F.2d 90 (2d Cir.
3 1987), that it added language to Section 107 of the Copyright Act to clarify the applicability of fair
4 use to unpublished works. 3 NIMMER ON COPYRIGHT, § 13.05[A][2][b] (citing H.R. Rep. No. 102-
5 286 (1992)); *see also* 17 U.S.C. § 107. Congress indicated that *Wright v. Warner Books, Inc.*, 953
6 F.2d 731 (2d Cir. 1991), more properly balanced the fair use factors, though even it “did not reach
7 the outer limits of what might be regarded as fair use.” *Id.* at 13-179, n.198 (quoting H.R. Rep No.
8 102-286). In *Wright*, the court found the use of unpublished material from author Richard
9 Wright’s letters and journals was a fair use of copyrighted material. Thus, while this Court may
10 consider lack of general publication of the mostly factual e-mail archive as part of the ‘nature of
11 the work,’ that factor does not end the analysis. *Norse v. Henry Holt & Co.*, 847 F. Supp. 142, 146
12 (N.D. Cal. 1994).

13 3. The Amount Used is Permissible Fair Use.

14 The “extent of permissible copying varies with the purpose and character of the use.”
15 *Campbell*, 510 U.S. at 586-87. The Ninth Circuit recently affirmed that “entire verbatim
16 reproductions are justifiable where the purpose of the work differs from the original.” *Mattel*, 2003
17 WL 23018285 at n.8 (*citing Kelly v. Arriba Soft*, 336 F.3d at 821). The e-mail archive represents
18 only a fraction of Diebold’s e-mail communications, since it only includes a few technical e-mail
19 mailing lists. Thus, the archive represents only a small selection of the “entire work” either of
20 Diebold’s e-mail system or of its technical staff.

21 Moreover, Defendants themselves established circumstances in which the entirety of the
22 archive is relevant and necessary for the purposes of the criticism. In response to news reports
23 about the archive, Diebold officials asserted that criticisms of the company based upon the archive
24 relied on incomplete or out-of-context statements. In a press interview Diebold spokesman Mike
25 Jacobsen reportedly said “that the internal documents were probably deliberately corrupted or
26 changed by anyone who had access to them.” Mr. Jacobsen continued, “The memos are
27 incomplete. . . . [People] saw a memo or two and I think a lot of folks are making claims based on
28 one or two memos and its probably part of a long conversation e-mailed back and forth between

1 Diebold folks.” Seltzer Decl., Exh. G. Thus, even were it not initially necessary for Diebold’s
2 critics to copy the entire archive, such copying became necessary to respond to Diebold’s claims
3 that the published information was incomplete or taken out of context.⁴

4 4. There Is No Market Harm From Publication of Diebold’s E-mail Archive
5 For Purposes of Criticism.

6 The last element in a fair use analysis, and the most important, is the effect on the market
7 for or value of the copyrighted work. *Harper & Row*, 471 U.S. at 566. This factor considers
8 “whether unrestricted and widespread conduct of the sort engaged in by the defendant ... would
9 result in a substantially adverse impact on the potential market’ for the original.” *Mattel*, 2003 WL
10 23018285 at *9 (quoting *Campbell*, 510 U.S. at 590). “The market for potential derivative uses
11 includes only those that creators of original works would in general develop or license others to
12 develop.” *Campbell*, 510 U.S. at 592.

13 There is no plausible argument that any market exists for Diebold’s internal e-mail
14 archives. The Supreme Court has recognized that the “unlikelihood that creators of imaginative
15 works will license critical reviews of their own productions removes such uses from the very
16 notion of a potential licensing market.” *Id.* Diebold has no reasonable intention of publishing this
17 embarrassing information.

18 Critical use of copyrighted material that diminishes the market value of the original does
19 not satisfy this fourth fair use element. *See e.g., Campbell*, 510 U.S. at 591-92 (“[W]hen a lethal
20 parody, like a scathing theater review, kills demand for the original, it does not produce a harm
21 cognizable under the Copyright Act.”). Thus, there is no argument for copyright liability based upon
22 the fear that publication of the e-mail archive might lead some to conclude that Diebold’s product is
23 inferior.

24 5. The Public Interest Supports A Finding of Fair Use.

25 The statutory fair use factors “are not meant to be exclusive.” *Harper & Row*, 471 U.S. at
26 560. The e-mail archive is documentary evidence of Diebold’s failure to competently make and test

27 ⁴ Diebold will likely make much of the few telephone numbers that appeared in the archive. Aside
28 from the lack of copyright protection available to such facts, the numbers all appear to be work-
related, rather than home, telephone numbers.

1 a technology vital to our democracy and constitutes damning evidence of Diebold's suggestion to
2 overcharge public officials for this flawed technology. The tobacco industry could not suppress
3 evidence that it hid its knowledge that cigarettes cause cancer by proclaiming that copyright law
4 gives them the exclusive right to prevent publication of those smoking gun memos. Nor could
5 Enron assert copyright to prevent the publication of its internal e-mails documenting accounting
6 malfeasance. The same is undoubtedly true here. Even if the statutory factors did not firmly weigh
7 in favor of the Plaintiffs, this Court could still find that publication of the archive constitutes fair
8 use due to the strong public interest in this compromising information.

9 **C. Plaintiff OPG Is Entitled to Summary Judgment That There Is No Copyright**
10 **Liability for Merely Linking to Infringing Material.**

11 If the posting of the e-mail archive is fair use, the linking to and hosting of those postings is
12 necessarily non-infringing. Secondary liability for copyright infringement cannot exist absent
13 direct infringement by a third party. *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1013 n.2
14 (9th Cir. 2001).

15 Yet even assuming the posting of the e-mail archive were held to infringe, those who
16 merely *linked* to it did not infringe copyright, so their hosts and upstream providers also cannot be
17 held liable. It is unclear whether Diebold alleges that hyperlinks directly infringe copyright, or that
18 hyperlinking somehow constitutes a contributory or vicarious infringement. It is clear, however,
19 that the copyright law does not support a claim that hyperlinking is either direct or secondary
20 infringement. A hyperlink is a textual location pointer, read by a web browser to create a link that
21 a reader can click to open or download the pointed-to web content *from the location specified*, not
22 from the site containing the link. A hyperlink, such as was posted on SF IndyMedia's website, <a
23 href="http://d176.whartonab.swarthmore.edu/diebold_internalmemos.pdf">, does not reproduce,
24 distribute, or display any of Diebold's content, copyrighted or otherwise. "[H]yperlinking does not
25 itself involve a violation of the Copyright Act ... since no copying is involved." *Ticketmaster v.*
26 *Tickets.com*, 54 U.S.P.Q.2d 1344, 2000 WL 525390 at *2 (C.D. Cal. 2000). As Professor Nimmer
27 points out, extending copyright liability to linking would be analogous to holding AOL, Dell,
28 Microsoft, and Netscape liable simply because someone using a Dell computer with Microsoft

1 Windows, Netscape, and AOL accessed an infringing file on the Internet. 3 NIMMER ON
2 COPYRIGHT, § 12B.01[A][2] at 12B-14.

3 Moreover, no case has ever embraced a general principle of secondary liability for
4 hyperlinking. In the two cases Diebold cited previously, injunctions against linking came as a
5 second step, after injunctions against posting the same material by the same defendants had already
6 been granted, and one of those is not even a copyright case. *Intellectual Reserve, Inc. v. Utah*
7 *Lighthouse Ministry, Inc.*, 75 F.Supp.2d 1290 (D. Utah 1999); *Universal City Studios, Inc. v.*
8 *Reimerdes*, 111 F.Supp.2d 294 (S.D.N.Y. 2000) (anticircumvention law).⁵

9 **D. Plaintiffs' Are Entitled To Summary Judgment That Their ISPs Faced No**
10 **Good Faith Copyright Claims.**

11 Yet even if the hyperlinks themselves could be found infringing, the sting in Diebold's
12 cease-and-desist letters was the threat of infringement liability against Plaintiffs' ISPs, web hosts
13 who are one step further removed. Diebold used claims that these ISPs would be liable for
14 copyright infringement in order to induce them to remove content or limit their users' rights.

15 As in the linking analysis above (*see supra*, II.C), if the posting of the e-mail archive was
16 fair use, Swarthmore could not face copyright liability for providing hosting services to Plaintiffs,
17 and Hurricane Electric could not face copyright liability for hosting the ISP of user who linked to
18 the documents. Even assuming the posting were infringing, the claim that these ISPs were
19 secondarily liable is a stretch for Swarthmore and far outside the pale for OPG and Hurricane
20 Electric.

21 1. **ISPs Are Not Liable for Hosting Infringing Material When They Have**
22 **Objectively Reasonable Beliefs That it Is Fair Use.**

23 It is far from settled that an ISP like Swarthmore College here, who merely hosts infringing
24 material without more, is liable for the infringement. Congress, in creating the DMCA's "safe
25 harbor," did not change pre-existing law on ISP liability where the ISP was outside the harbor.⁶

26 ⁵ In *Perfect 10, Inc. v. Cybernet Ventures, Inc.*, 213 F. Supp. 2d 1146 (C.D. Cal. 2002), liability
27 was based upon activities other than linking. As to the linking claim, the court held that plaintiff
28 had "not established a strong likelihood of success on its direct copyright infringement claim
against Cybernet." *Id.* at 1189.

⁶ The legislative history supports the plain meaning of the statute on this point: "Even if a service

1 The best-developed case in that line, *Religious Technology Center v. Netcom On-Line*
2 *Communication Servs. Inc.* (“RTC”), 907 F.Supp. 1361, 1372 (N.D. Cal. 1995), held the service
3 provider is not *directly* liable for copies that are made and stored on its computers. . *RTC* leaves
4 open as questions of fact whether the ISP would be liable for contributory (knowing substantial
5 participation) or vicarious (right and ability to control, direct financial benefit) infringement if the
6 posted material infringed. The court specifically notes, however, that a claim of infringement does
7 not automatically put the ISP on notice for purposes of the contributory liability analysis. It states:

8 Where [an ISP] cannot reasonably verify a claim of infringement, either because of
9 a possible fair use defense, the lack of copyright notices on the copies, or the
10 copyright holder’s failure to provide the necessary documentation to show that there
11 is a likely infringement, the operator’s lack of knowledge will be found reasonable
12 and there will be no liability for contributory infringement for allowing the
13 continued distribution of the works on its system.

14 *Id.* at 1374.

15 Here, the ISPs could not reasonably verify Diebold’s claims of copyright infringement. To
16 the contrary, the material facially presents a strong fair use defense given the critical,
17 noncommercial nature of the publication and the obvious lack of any market for the work. In these
18 circumstances, an ISP whose customer publishes the information does not face potential copyright
19 liability for refusing to remove it in response to a cease and desist notice under DMCA §512.⁷

20 2. Copyright Law Does Not Provide for Tertiary and Quaternary Liability for
21 ISPs Hosting or Colocating Websites that Link to Infringing Works.

22 Diebold’s cease-and-desist letter to OPG asserted that the ISP might be liable for “hosting a
23 web site that contains information location tools that refer or link users to one or more online

24 provider’s activities fall outside the limitations on liability specified in the bill, the service provider
25 is not necessarily an infringer; liability in these circumstances would be adjudicated based on the
26 doctrines of direct, vicarious or contributory liability for infringement as they are articulated in the
27 Copyright Act and in the court decisions interpreting and applying that statute, which are
28 unchanged by section 512.” *See* Report of the Senate Judiciary Committee, S. Rep. No. 105-190, at
55 (1998).

⁷ When the material appears to be protected speech, any alternative interpretation would effectively
grant, at a minimum, a 14 day prior restraint on speech to those making sham copyright claims.
See 17 U.S.C. § 512(g)(2). The results would quickly become absurd: The government could not
restrain publication of the Pentagon Papers despite a national security claim but any person
claiming copyright in the same works would effectively be able to prevent or at least delay their
publication for at least 14 days. This unconstitutional result could not have been Congress’ intent in
passing the DMCA.

1 location containing Diebold property,” because “[t]he web page you are hosting clearly infringes
2 Diebold’s copyrights.” Weekly PI Decl., Exh. B. The letter to Hurricane Electric likewise implied
3 that if Hurricane did not apply a DMCA “termination” policy, Hurricane would be liable for
4 infringement. Ng PI Decl., Exh. A. Even assuming *Utah Lighthouse, supra*, was binding on this
5 Court, neither that case nor any other has ever held the *ISP of a hyperlinker* liable. The law does
6 not recognize contribution to a contributory infringement, or double-vicarious liability. Even if there
7 were underlying infringement at the bottom of this chain, the links to OPG and to its upstream
8 provider Hurricane Electric are too weak and attenuated to impose liability.⁸ *See also In Re*
9 *Napster Copyright Litigation*, Cases No. 00-1369MHP and 00-4725MHP, Order filed July 9, 2001,
10 attached as Exhibit A to Memorandum Supporting Plaintiffs’ Application for Preliminary
11 Injunction (discussing limits of “tertiary” liability in copyright).

12 Diebold’s infringement claim against Pavlosky and Smith is facially untenable in light of
13 the fair use doctrine. Diebold’s claim against OPG is outside the scope of copyright law
14 altogether. Diebold’s failure to file any litigation in the four months immediately after the memos
15 were published on the Internet, and Diebold’s formal statement that it would not sue in response to
16 this case, support the conclusion that it never intended to do so. Both law and experience support a
17 finding of bad faith.

18 **E. Since the Legal Threats Were Unjustified, Plaintiff is Entitled to Summary**
19 **Judgment and Damages.**

20 As the foregoing analysis shows, Diebold’s threats were both without legal foundation and
21 made in bad faith. The threats directly harmed Plaintiffs by causing OPG to limit its users’ hosting
22 of the e-mail archive and causing apprehension of termination, and by terminating Pavlosky’s and
23 Smith’s ability to post and access the e-mail archive.⁹ Summary judgment is appropriate on all
24 three of Plaintiffs’ legal claims.

25 _____
26 ⁸ As Mr. Weekly notes, since Indymedia’s website was colocated with OPG, OPG did not have the
27 technical ability to remove a hyperlink from Indymedia’s website. Its only choice was to end
28 Internet connectivity for the entire Indymedia server. Weekly SJ Decl., ¶ 11.

⁹ While Pavlosky and Smith were unquestionably damaged by the loss of their speech rights, those
damages are difficult to quantify. As a result, they seek only declaratory relief, costs and
attorneys’ fees.

1 1. Tortious Interference.

2 Plaintiffs' contractual relationships for their Internet connectivity and the benefits thereof
3 were disrupted by Diebold's letters. Intentional interference with contractual relations is shown by
4 "(1) a valid contract between plaintiff and a third party; (2) defendant's knowledge of this contract;
5 (3) defendant's intentional acts designed to induce a breach or disruption of the contractual
6 relationship; (4) actual breach or disruption of the contractual relationship; and (5) resulting
7 damage." *Quelimane Co., Inc. v. Stewart Title Guaranty Co.*, 960 P.2d 513, 530 (Cal. 1998)
8 (*quoting Pacific Gas & Elec. Co. v. Bear Stearns & Co.*, 791 P.2d 587, 589 (Cal. 1990)).

9 There is no dispute that Diebold knew that OPG had a contract with Hurricane Electric for
10 the provision of Internet connectivity and services. Ng PI Decl., ¶ 3; Weekly PI Decl., ¶ 7, Exh. A.
11 Similarly, Diebold knew that the ISP for Plaintiffs Pavlosky and Smith was Swarthmore College,
12 with the connectivity paid for as part of their tuition fees. Pavlosky PI Decl., ¶ 5; Smith PI Decl.,
13 ¶ 4.

14 Diebold's demand that Hurricane "assist in removing the identified infringing material" or
15 act to terminate OPG as a subscriber or account holder was intended to disrupt that contractual
16 relationship.¹⁰ Ng PI Decl., Exh. A. The same is true for Diebold's demands of Swarthmore.
17 Pavlosky Decl., Exh. A. Diebold may argue that interference was not its primary objective, but that
18 is irrelevant. "[T]he tort of intentional interference with performance of a contract does not require
19 that the actor's primary purpose be disruption of the contract." *Quelimane Co., Inc.*, 960 P.2d at
20 531. Intentional interference may be found even where "the actor does not act for the purpose of
21 interfering with the contract or desire it, but knows that the interference is certain or substantially
22 certain to occur as a result of his action." *Id.* Because Diebold did not intend that its letters should
23 be ignored, but rather that Hurricane and Swarthmore would share them with their respective
24 customers and students and preferably act upon them to disrupt or terminate those users' Internet

25 _____
26 ¹⁰ See also the letter from Diebold to OPG, attached to the Diebold-Hurricane letter: "The purpose
27 of this letter is to advise you of our clients' rights and to seek your agreement to the following: To
28 disable or remove the information location tool(s) 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." Ng PI Decl., Exh. A.

1 service, it acted with the requisite intent.

2 The interference tort does not require that the contract be breached; disruption is sufficient.
3 The limitations placed on OPG’s service – that it not post or allow its users to post the Diebold e-
4 mail archive – is significant disruption to an Internet service provider whose mission is to support
5 freedom of speech online and equal access to the Internet. Ng PI Decl., ¶¶ 19-20; Weekly PI Decl.,
6 ¶¶ 15, 19. For OPG, the damages should include the amount it paid under the contract during the
7 time of the disruption. The disruption lasted for 45 days; the amount OPG paid for Internet
8 connectivity during that time is \$5,185.50.¹¹

9 It is “clear that it is the contractual relationship, not any term of the contract, which is
10 protected against outside interference.” *Pacific Gas & Elec.*, 791 P.2d at 590. So interference with
11 an at-will contract is actionable even if either party to such a contract is free to terminate at any
12 time with or without cause. *PMC, Inc. v. Saban Entertainment, Inc.* 45 Cal App. 4th 579, 599 n.19
13 (1996). Even were it within the rights of Hurricane or Swarthmore to impose “acceptable use”
14 policies on the activities of their respective customers and students, it is not within Diebold’s rights
15 to impose its own version of those policies on OPG or Pavlosky and Smith by intimidating their
16 ISPs. Likewise, if Hurricane had terminated the contract because of Diebold’s notice, that
17 termination would be actionable against Diebold even if within Hurricane’s rights.

18 Finally, Diebold’s asserted justifications fall flat. Unfounded cease and desist demands are
19 not legally privileged and suing over them does not violate the right to petition, as the 10th Circuit
20 held *en banc* in a case with strong analogies to this one. *Cardtoons, L.C. v. Major League Baseball*
21 *Players Association*, 208 F.3d 885 (10th Cir., 2000) (*en banc*) (allowing the tortious interference
22 claim of the producer of parody baseball cards whose print run was disrupted by a cease-and-desist
23 letter from the Players Association to the printer, which claimed violation of the players’ “property
24 rights”). As in *Cardtoons*, Diebold asserted rights it knew it did not have. *See also Universal City*
25 *Studios, Inc. v. Nintendo Co., Ltd.*, 797 F.2d 70, 77-78 (2d Cir. 1986) (upholding punitive damages
26 for coercive assertion of inapplicable trademark rights, finding the claims amounted to “abuse of

27 ¹¹ The forced removal of the information by Swarthmore clearly interfered with the students’
28 service from Swarthmore, but as noted above, the damages are difficult to quantify. Pavlosky PI
Decl., ¶¶ 13-15; Smith PI Decl., ¶¶ 13-16, 18.

1 judicial processes” and “harm to the public as a whole”).

2 Diebold will probably cite, as it has before, to *Arista Records, Inc. v. MP3Board, Inc.*, No.
3 00 Civ. 4660 (SHS), 2002 WL 1997918 (S.D.N.Y. Aug. 29, 2002) for the propositions that its
4 letters do not subject it to 512(f) or tortious interference liability. That unreported case is not on
5 point for either argument. As regards 512(f), defendant MP3Board asserted only that plaintiff had
6 incompletely identified works; it did not claim as Plaintiffs do here, that those works, properly
7 identified, were known to be non-infringing. *Id.* at *14-15. Diebold will also claim that its
8 interference was justified, but the litigation privilege applies to a pre-litigation statement only when
9 that “statement is made in connection with a proposed litigation that is contemplated in good faith
10 and under serious consideration.” *Aronson v. Kinsella*, 58 Cal.App.4th 254, 266 (Cal.App.4.Dist.
11 1997). Notifications seeking to protect a copyright are justified only if made in good faith, an
12 affirmative defense on which Diebold has the burden of proof. *Arista*, 2002 WL 1997918 at *16.
13 Diebold cannot meet its burden to prove good faith here, especially after OPG put it on notice of
14 the fair use defense and in light of its admission that its copyright claim was made primarily
15 because the DMCA offers speedy takedown procedures.

16 2. Diebold’s Conduct Amounts to Misrepresentation Under DMCA, 17 U.S.C.
17 § 512(f).

18 The DMCA offers copyright claimants an expedited mechanism by which to get infringing
19 material removed from the Internet. In exchange, Section 512(f) imposes liability upon those who
20 misrepresent that protected activity is infringing and thereby interrupt connectivity or disable
21 access to non-infringing material:

22 Any person who knowingly materially misrepresents under this section - (1) that
23 material or activity is infringing, ... shall be liable for any damages, including costs
24 and attorneys' fees, incurred by the alleged infringer, ... as the result of the service
provider relying upon such misrepresentation in removing or disabling access to the
material or activity claimed to be infringing.

25 17 U.S.C. § 512(f). Representing as infringing that which is in fact a non-infringing fair use is a
26 misrepresentation subject to damages. The misrepresentation is material: had Diebold not claimed
27 infringement, the ISPs would not have removed or restricted posting of content that otherwise fit
28 within their contractual arrangements for hosting. It was knowing: Diebold’s own statements admit

1 its knowledge that copyright claims were a poor fit with potentially available protections: “[W]e
2 want those links to be removed. Looking at it from a legal perspective, we were advised the
3 DMCA was the best resource for getting that done. All we’re really requesting that the links be
4 removed from the site, although it does seem that the ISPs wind up taking down the whole site.”
5 (Diebold spokesman Mike Jacobsen, *See Seltzer Decl., Exh. H*); *see also* Hearing Transcript 31:3-
6 8. Moreover, by the time of its second notice to Hurricane, Diebold was on clear notice by both
7 OPG’s response letter and this lawsuit that Plaintiffs raised legitimate fair use defenses.

8 Plaintiffs Pavlosky and Smith were harmed when Diebold’s baseless threats led
9 Swarthmore College to disable access to the archives they were hosting. OPG was harmed when its
10 ability to offer hosting and colocation services was limited and its Internet connectivity threatened.
11 Accordingly, each of them is entitled to declaratory relief, costs and attorneys’ fees arising from
12 this misuse and OPG is entitled to damages in the amount of \$5,185.50 for the cost of its Internet
13 service during the time of the disruption.

14 3. Plaintiffs Are Entitled to Summary Judgment Declaration that Diebold
15 Misused Its Copyrights.

16 The doctrine of copyright misuse “forbids the use of the copyright to secure an exclusive
17 right or limited monopoly not granted by the Copyright Office.” *Practice Management Information*
18 *Corp. v. American Medical Ass’n*, 121 F.3d 516, 520 (9th Cir. 1997) (*quoting Lasercomb America,*
19 *Inc. v. Reynolds*, 911 F.2d 970, 977- 79 (4th Cir. 1990)). The doctrine reaches beyond the
20 doctrine’s origins in the patent and antitrust context: “whether plaintiff’s use of his or her copyright
21 violates the public policy embodied in the grant of a copyright, not whether the use is anti-
22 competitive.” *In re Napster, Inc. Copyright Litigation*, 191 F.Supp.2d 1087, 1103 (N.D. Cal. 2002)
23 (permitting discovery on misuse defense; *citing Practice Mgmt.*, 121 F.3d. at 521); *see generally*
24 Brett Frischmann & Dan Moylan, *The Evolving Common Law Doctrine of Copyright Misuse: A*
25 *Unified Theory and Its Application to Software*, 15 BERKELEY TECH.L.J. 865, 888-893 (Fall 2000).

26 Diebold used the thin veneer of copyright in its e-mail archive in order to suppress
27 publication of the archive as critical commentary on a matter of great public interest. Diebold
28 falsely asserted to Internet service providers that posting or linking to the archive by their users

1 violates copyright, and that the service providers themselves violate copyright by providing hosting
2 or connectivity to such users. Like the *Practice Management* plaintiff, OPG, Pavlosky, and Smith
3 seek a declaration that Diebold has engaged in copyright misuse and that any Diebold copyright in
4 the e-mail archive is unenforceable.

5 **F. Diebold's Retraction Does Not Moot the Case.**

6 Diebold attempts to avoid litigation of its copyright demands by retracting the threats after
7 they achieved much of desired effect – i.e., after they caused removal of material and links from
8 many websites during the last election period. However, Diebold's strategic and belated
9 withdrawal of those demands, while it continues to assert the validity of its claims, neither
10 redresses Plaintiffs' past injuries nor assures Plaintiffs that Diebold's misuse of copyright law will
11 not recur. Thus, Diebold's purported withdrawal cannot remove this court's jurisdiction to decide
12 the case.

13 First, as this Court has already recognized, the question of damages, attorneys' fees and
14 costs for Diebold's past actions remains. In order to assess the damages under the intentional
15 interference tort and 17 U.S.C. §512(f), for example, this court must determine whether Diebold
16 knowingly misrepresented that the material was infringing and the recipient ISPs' potential liability
17 for the claimed infringement. *See Z Channel Limited Partnership v. Home Box Office, Inc.*, 931
18 F.2d 1338, 1341 (9th Cir. 1991) (declaring case not moot because damages were available if
19 plaintiff succeeded, even where they were not pled in complaint. "If Z Channel is entitled to collect
20 damages in the event that it succeeds on the merits, the case does not become moot even though
21 declaratory and injunctive relief are no longer of any use.")

22 Second, Plaintiffs' request for declaratory relief remains live. As this Court has recognized:

23 The Declaratory Judgment Act was designed to relieve potential defendants from
24 the Damoclean threat of impending litigation which a harassing adversary might
25 brandish, while initiating suit at his leisure or never. The Act permits parties so
26 situated to forestall the accrual of potential damages by suing for a declaratory
27 judgment, once the adverse positions have crystallized and the conflict of interests is
28 real and immediate.

27 *Yahoo!, Inc. v. La Ligue Contre le Racism et l'Antisemitisme*, 169 F.Supp.2d 1181, 1189 (N.D. Cal.
28 2001) (quoting *Japan Gas Lighter Ass'n. v. Ronson Corp.*, 257 F.Supp. 219, 237 (D.N.J. 1966)).

1 Here, there is no dispute that as of the date the case was filed, the adverse positions of the
2 parties had crystallized and the conflict was ripe and immediate. *See Friends of the Earth v.*
3 *Laidlaw Environmental Servs., Inc.*, 528 U.S. 167, 180-81 (2001) (elements of Article III
4 standing). Diebold claims to have eliminated this conflict by its unilateral and belated decision not
5 to sue for infringement: “in light of Diebold’s decision not to sue for infringement, the students
6 have no basis for complaint” (Diebold’s Post-Hearing Letter, 3:6-7). Yet such self-serving
7 statements are not sufficient to eliminate a live controversy. In *Yahoo!, supra*, LICRA’s declaration
8 that “they [had] no present intention of taking legal action against Yahoo! in the United States.”
9 was not sufficient to eliminate a case or controversy under Article III. *Yahoo*, 169 F.Supp.2d . at
10 1188.

11 While standing is measured by the facts in existence at the time the complaint is filed, if the
12 facts change after the complaint is filed, the inquiry turns to mootness. *See Biodiversity Legal*
13 *Found. v. Badgley*, 309 F.3d 1166, 1171 (9th Cir. 2002) . “The burden of demonstrating mootness
14 is a heavy one,” borne by the party asserting it. *Norman-Bloodsaw v. Lawrence Berkeley*
15 *Laboratory*, 135 F.3d 1260, 1274 (9th Cir. 1998). That burden is particularly heavy when the
16 defendant has tried to moot a case-in-progress through its own conduct. It is well-settled that
17 “[m]ere voluntary cessation of allegedly illegal conduct does not moot a case; if it did, the courts
18 would be compelled to leave ‘the defendant free to return to his old ways.’” *United States v.*
19 *Concentrated Phosphate Export Assoc.*, 393 U.S. 199, 203 (1968) (*quoting United States v. W.T.*
20 *Grant Co.*, 345 U.S. 629, 632 (1953)).

21 Courts in this Circuit strictly evaluate assertions of mootness by the defendant who has
22 ceased the offending activity: “[P]art or all of a case may become moot if (1) subsequent events
23 have made it absolutely clear that the alleged wrongful behavior cannot reasonably be expected to
24 recur *and* (2) interim relief or events have completely and irrevocably eradicated the effects of the
25 alleged violation.” *Norman-Bloodsaw*, 135 F.3d at 1274 (9th Cir. 1998) (internal citations omitted,
26 emphasis in original). It is clear that a defendant and situation must pass both tests before a claim
27 will be dismissed as moot. Here, Diebold can show neither.

28 First, as noted above, the effects of the alleged violation continue. Other ISPs continue to

1 censor their users as a direct result of Diebold’s threats (Laroia Decl., ¶ 11) and these Plaintiffs
2 have not been compensated for their damages, attorneys’ fees and costs. Additionally, Diebold
3 continues to assert to Plaintiffs and the Court that it was legally justified in sending its cease-and-
4 desist letters, and that its withdrawal of the threats was a matter of mere expedience. Diebold’s
5 Post-Hearing letter at 3:7-8. Thus Diebold’s own statements support a continued chilling effect by
6 ISPs who do not wish to host or have their users link to allegedly infringing material.

7 The demand for declaratory relief of copyright non-infringement and linking non-liability
8 against DMCA demands presents a classic situation “capable of repetition yet evading review.” *See*
9 *In re U.S. for an Order Authorizing Roving Interception of Oral Communications*, 349 F.3d 1132
10 (9th Cir. 2003). If permitted to send out dozens of cease-and-desist letters, counting on
11 “expeditious” takedown under the DMCA, and allowed to walk away before resolution of the
12 propriety of those claims, Diebold and other copyright claimants will simply learn that they can
13 silence speech online by making extravagant, bad faith claims to the ISP as long as they retreat
14 before a judge can rule on the merits. Internet users and hosts who can find counsel may have an
15 opportunity to resist those claims, but a large proportion will have their speech throttled by risk-
16 averse ISPs and fear of the untested claims. Plaintiffs thus seek declaratory relief that will allow
17 them and others to give life to the fair use doctrine in their publication and hosting services and to
18 stop the ongoing chilling effect on these materials.

19 Diebold’s stated commitment not to assert copyright infringement claims against those who
20 make non-commercial use of its e-mail archive does not rise to the level of an enforceable license.
21 A non-exclusive copyright license is revocable at any time. *See* 3 NIMMER ON COPYRIGHT §
22 10.02[B][5]. Nor does Diebold’s unilateral statement protect Plaintiffs against all future demands
23 concerning these materials. OPG remains subject to renewed claims if one of its clients offers to
24 sell its site archives including the Diebold material; the students would reasonably fear suit if they
25 sought to sell tickets to their next e-voting symposium. Plaintiffs are entitled to greater certainty,
26 and the Declaratory Judgment Act gives them a way to obtain it against copyright claims as much
27 as against patent claims:

28

1 Before passage of the Act, a patentee had more protection for his invention than his
2 statutory monopoly warranted. A patentee could chill competition by declaring that
3 his competitors were infringing his patents and by threatening an infringement suit.
4 Unless the patentee actually brought an infringement suit, questions of validity of
the patent or infringement by competitors could not be adjudicated. Competitors
might have no practical recourse except to enter into a licensing agreement or make
some other arrangement with the patentee.

5 *Societe de Conditionnement en Aluminium v. Hunter Engineering Co., Inc.*, 655 F.2d 938, 943 (9th
6 Cir. 1981). Plaintiffs, facing an analogous over-extension of the copyright monopoly, are entitled
7 to a declaratory judgment that their posting and linking are non-infringing and that Diebold's
8 actions amounted to copyright misuse. There remains a "substantial controversy, between parties
9 having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a
10 declaratory judgment." *Biodiversity Legal Found.*, 309 F.3d at 1173 (quoting *Seattle Audubon
11 Soc'y v. Moseley*, 80 F.3d 1401, 1405 (9th Cir. 1996)).

12 IV. CONCLUSION

13 For the foregoing reasons, Plaintiffs respectfully request that the Court grant their motion
14 for summary judgment as to all claims of their First Amended Complaint and including a damage
15 award to Plaintiff OPG in the amount of \$5,185.50, costs, attorneys' fees and a declaratory
16 judgment that:

- 17 a) Publication of the e-mail archive is lawful;
- 18 b) Hosting or providing colocation services to websites that link to allegedly infringing
19 material is lawful; and
- 20 c) Providing Internet services to others who host websites that link to allegedly
21 infringing material is lawful.

22 DATED: January 12, 2004

23 By _____

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