

Nos. 06-55406, 06-55425, 06-55759, 06-55854, 06-55877

Consolidated with Docket No. 06-55405

IN THE
UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

PERFECT 10, INC.,

Plaintiff, Appellant, and Cross-Appellee,

v.

GOOGLE INC.,

Defendant, Appellee, and Cross-Appellant.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE CENTRAL
DISTRICT OF CALIFORNIA, HON. A. HOWARD MATZ, CASE No. CV 04-9484
AHM (SHx)

**SECOND BRIEF ON CROSS-APPEAL
APPELLEE/CROSS-APPELLANT GOOGLE INC.'S
RESPONSE/PRINCIPAL BRIEF**

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REDACTED VERSION — NOT AS FILED

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I. JURISDICTION

In addition to the appeals identified by Perfect 10, Inc. (“P10”), Google also filed notices of appeal on June 7, 2006 from the District Court’s Preliminary Injunction (“PI”) entered May 9, 2006, and on June 15, 2006 from the District Court’s denial of modification of the PI entered June 8, 2006, pursuant to Federal Rule of Appellate Procedure 4. SERG0892-902; SERG906-915.¹ On July 7, 2006, Google filed a stipulated motion to consolidate these two appeals with the appeals identified by P10. The appeals are also consolidated with P10’s appeal from the denial of a preliminary injunction against Amazon.com, Inc.

Google agrees that this Court has general appellate jurisdiction over appeals from the District Court’s orders relating to the PI. All orders appealed from are orders relating to a preliminary injunction, which are appealable under 28 U.S.C. §1292(a)(1).

Google denies, however, the jurisdiction of the District Court and this Court to enforce many of the copyrights at issue here. A federal court has no jurisdiction over the enforcement of unregistered copyrights. 17 U.S.C. § 411; *see Corbis Corp. v. Amazon.com, Inc.*, 351 F. Supp. 2d 1090, 1112-13 (W.D. Wash. 2004); *Corbis Corp. v. UGO Networks, Inc.*, 322 F. Supp. 2d

¹ SERG refers to Google’s Supplemental Excerpts of Record. ERG refers to P10’s Excerpts of Record.

520, 522 (S.D.N.Y. 2004). P10 has asserted that its suit concerns over 11,000 works. Its Complaint identifies fewer than 150 copyright registrations, for a small fraction of those works, and it alleges some pending applications for registration. ERG136¶16. Even assuming that some registrations have occurred, P10 undoubtedly seeks to enforce unregistered copyrights in many works. Although Google's proposed form of injunction required P10 to verify ownership of copyright registrations, SERG0781:1-3, the District Court refused to limit the injunction to registered copyrights. ERG1360-61. Because this jurisdictional defect affects only particular copyrights asserted by P10, not the entire action, the Court may cure it by requiring that any preliminary injunction be limited to works for which P10 has secured copyright registrations.

II. STATEMENT OF THE ISSUES

A. Did the District Court properly hold that P10 is unlikely to establish that Google is secondarily liable for copyright infringement?

B. Did the District Court properly hold that P10 failed to establish that Google's framing of or in-line linking to infringing copies of P10's images constituted a public display or distribution rendering Google liable for direct copyright infringement?

C. Did the District Court err in holding that P10 had established a likelihood of proving that Google's creation and public display of thumbnails directly infringed P10's copyrights and was not fair use?

D. Regardless of the correctness of the District Court's view of the merits, did the District Court nevertheless err in granting a PI, where the balance of harms and the public interest clearly oppose an injunction?

E. Assuming some preliminary relief were warranted, is the PI overbroad?

III. INTRODUCTION

P10, an "adult" magazine and website publisher, challenges the most useful and popular Internet search tool, Google's search engine, with claims under every copyright infringement theory (direct, contributory, and vicarious), and apparently with respect to every distinct copyright right. The case arises from the simple fact that Google provides a robust, powerful, simple (to the user), and convenient tool for any user to find any type of information on the Web. Google works on a variety of computing platforms, a variety of Internet "browser" software programs at the user end, and a variety of network server platforms at the "server host" or source end, across millions of available communications pathways, to help users locate almost any publicly available information on the Web.

P10 turns Google's technological and marketplace achievement on its head, depicting Google as a menacing, deliberate, and obstinate infringer, building its business on "stolen" pornography. Relying on invective, P10 calls Google the Internet's largest "porn site." ERG1223.

P10 aims to hobble the Google search engine in the following ways: (1) by forcing Google to screen for infringement and filter all Web content before Google indexes it and points to it in search results; (2) by forcing Google to alter its architecture and develop new image recognition technology to identify infringements of P10 photographs by matching Web content against pictures to be furnished by P10, before images are indexed by Google; (3) by obliging Google to delete images

and (4)

imposing damages after trial of \$1.65 billion (a figure calculated from P10's own statements, although P10 sheepishly refuses to acknowledge the total).

P10 has tried to trip Google up over so-called "DMCA notices" that P10 furnished from time to time. Seeking windfall statutory damages of over a billion dollars unrelated to any actual harms, P10 sent burdensome but fatally deficient notices regarding search results indexing allegedly infringing websites, often at inconvenient times such as late in the day

around major holidays, e.g., SERG0242-259, evidently calculated to thwart Google's safe harbor under the Digital Millennium Copyright Act ("DMCA"), 17 U.S.C. §512, which sometimes depends upon responses to certain notices. In fact, as shown below, while Google made enormous efforts to process P10's "notices" and to suppress many search results, P10's notices were insufficient to trigger Google's need to respond under the safe harbor.

More than nine months after filing suit against Google, P10 sought a preliminary injunction based only on copyright claims. The District Court rightly held that P10 was unlikely to prevail on its direct infringement claims based on Google's alleged framing² of unauthorized P10 images as part of Google's Image Search. The court also correctly held that P10 was unlikely to prevail on any of its contributory infringement and vicarious liability claims against Google based on the actions of third parties.

The District Court also held, however, that P10 would likely prevail on its direct infringement claim based on Google's creation and public display of thumbnails for its Image Search engine, despite the fact that the only Ninth Circuit precedent, *Kelly v. Arriba Soft Corp.*, 336 F.3d 811 (9th

² As discussed below, "framing" occurs when a browser causes material from two different web sources to appear simultaneously on screen. "Framing" and "in-line linking" as used by P10 are synonymous.

Cir. 2003), found a search engine's use of thumbnails, nearly identical to Google's use in Image Search, to be a fair use. Based upon this holding, the District Court ordered an injunction that would require Google to disrupt and drastically redesign its Image Search in order to comply. The court erred in holding that Google's creation and display of thumbnails were an infringement and not fair use, in presuming irreparable harm to P10, and in improperly considering the balance of harms and the public interest. Google appeals from both the improvident granting of the injunction and the District Court's refusal to modify the injunction.

IV. STATEMENT OF THE CASE

P10 sued Google on November 19, 2004 and filed an amended complaint on January 18, 2005, alleging direct, contributory, and vicarious copyright infringement; circumvention of copy-protection systems; trademark violations; unfair competition; and violations of publicity rights. ERG1-52.

More than nine months after filing suit, P10 sought a preliminary injunction based only on its copyright claims. On February 21, 2006, the District Court granted in part and denied in part P10's motion. *Perfect 10, Inc. v. Google Inc.*, 416 F. Supp. 2d 828 (C.D. Cal. 2006). Google largely prevailed: the District Court held P10 was *not* likely to succeed on direct

infringement claims based on Google's alleged "framing" of unauthorized P10 images and on P10's vicarious liability and contributory infringement claims. *Id.* at 851, 858-59. Though "reluctant," the court ruled P10 would likely succeed on its direct infringement claim based on Google's "creation and public display of thumbnails," miniature images used to deliver Image Search results. *Id.* at 851.

After soliciting proposals and briefing from the parties, the District Court entered the PI on May 9, 2006, nearly 18 months after P10 sued. ERG1358-1364. The PI mandates a notice and "takedown" procedure for thumbnails. P10 may notify Google monthly about allegedly infringing thumbnails in Google's search results. P10 must submit the URLs of thumbnails along with statements that P10 owns rights to the images and that the third parties hosting the images are unauthorized. ERG1360-ERG1361¶4.

Under the District Court's "takedown" process, Google must then either contest P10's claims or

within ten business days, cease displaying and permanently remove from those of its servers that provide thumbnails to the public all infringing thumbnails identified

ERG1361¶5(a).

Upon entry of the PI, as Google investigated compliance, it became

The District Court summarily denied the application on June 8, 2006. SERG0903-04.

On June 13, 2006, Google applied for a stay of the removal requirement pending appeal. SERG0937 (no. 185). On June 15, 2006, the District Court temporarily stayed the PI to permit Google to seek a stay from this Court. SERG0905. Google's motion for stay is presently before this Court.

V. FACTS

A. The Parties

P10 publishes an "adult" magazine and website, ERG134-35, with little commercial success. SERG0503:15-0504:21; SERG0593-606; SERG0744-50.

Google offers the most robust and popular Internet search engine in the world. Google's general purpose search engine automatically explores

and indexes more than 8 billion web pages and responds to search queries by listing the most likely relevant documents in its index. SERG0482:1-11. A “staple educational resource,” Google’s search engine facilitates vast research and news gathering, and gives users snippets of web pages or thumbnail images that the system identifies as probably relevant to search queries. *Id.*; *Search King, Inc. v. Google Tech., Inc.*, No. 0201457, 2003 WL 21464568 at *4 (W.D. Okla. May 27, 2003); SERG0545-92. Google delivers search results without charge to either users or information providers. Google does not require accounts or subscriptions for the general public search engine use challenged in this litigation. SERG0003:1-3.

B. Operation Of The Internet And Browser Software

This dispute occurs because the Web makes information and creative works widely accessible and because search engines help users find information and works. The Web is an open, network service operating over the Internet by means of the Hypertext Transfer Protocol (“HTTP”), which enables the linking and sharing of a vast number of documents across the Internet. SERG0479:27-0480:9. It operates through a massive collection of links that connect these documents, residing on Web servers, in countless ways. *Id.* “Browser” software programs such as Internet Explorer enable Web users to navigate through these links from document to document. *Id.*

They facilitate the transmission, across the Web, of web pages that are formatted using Hypertext Markup Language (“HTML”) as well as images, word processing documents, and other files. *Id.*

Web pages typically are not unitary documents but consist of multiple elements. Each element has a Uniform Resource Locator (“URL”), which uniquely identifies its location on the Internet. Browsers use URLs to locate and retrieve the elements. The main file for a web page (usually identified by the URL displayed in the browser’s address bar) consists of the text portion of the web page, interspersed with HTML-coded instructions to the browser regarding the layout of the displayed page, including instructions to the browser to fetch various elements from disparate Web locations. Thus, each image that appears on a main web page is in a separate file fetched from some Web server. SERG0482:17-483:8.

C. Google’s Search Engine

The Web is so vast that finding useful information on it is a daunting task. To address this, search engines emerged to help users find material posted on various web pages. The development of search engines has been important to the development of the Internet. SERG0480:10-26.

Google’s search engine systematically explores the vast Web, retrieves and stores pages and files located on the Web in storage called a

“cache,” indexes those pages and files, and delivers search results based on the likely relevance of those pages and files to search queries entered by users. SERG0482:1-11; SERG0483:9-17. Google provides several search engine applications including Google Web Search and Google Image Search. SERG0002:5-28. Google can provide both Web and Image Search results to browsers on standard computers and other devices such as handheld “palmtops” and cell phones. ERG289.

1. Web Search

When the Google Web Search engine receives a query, it searches its index for pages relevant to that query and returns web page links with snippets of relevant text from those pages. It also provides a link to Google’s “cached” copy of the text portion of those pages. By clicking on the “cache” link, the user will cause the cached code to open the page.

While it sometimes seems that the cached page includes images, the images are in fact not part of the Web Search cache. That is because Google stores only the HTML code and text of pages in its cache, not images.

Nevertheless, the HTML code will sometimes include pointers to images, stored in other locations, which seem to appear “on” the cached web page when viewed on a browser. SERG0002:13-20; SERG0484:4-19.

For that reason, when a Google user views Google's cache of a web page, sometimes the cached code will trigger retrieval of an image that still resides on the source web server but is no longer linked to a current web page on that server. *Id.* P10 has falsely argued that Google's cache of the source web page "displays" content that has been purged from the source websites (P10's First Brief at 8-9), but that argument rests on a profound misunderstanding of the basic technology and structure of both web pages and Google's cache. Any image appearing in connection with a Google-cached web page comes from the underlying source, not Google's search engine.

2. Image Search

Google's Image Search engine takes a user's "text search string and returns a number of reduced-sized, or 'thumbnail' images organized into a grid." *Perfect 10*, 416 F. Supp. 2d at 832-33. These thumbnails are distinct from, but correspond to, the source images deemed relevant to users' queries. "Users can quickly scan the entire set of thumbnails to locate the particular full-size image for which they were looking." *Id.* at 833 n.4. To determine an image's relevance to a search query, Image Search algorithms analyze text on web pages that link to the URL of the image file. Google

Image Search takes text, not images, as input: it cannot identify images as similar to others. SERG0484:21-26.

Upon executing an image search, the user's browser retrieves a page of thumbnail images from Google's server, together with information about the web pages associated with the source images. If the user clicks on a thumbnail, the user will see more information about the image and cause the user's browser to open a "frame" on the screen that will show the underlying web page simultaneously with the Google search result. SERG0002:21-28.

Framing (or "in-line linking") causes browsers to combine multiple web pages to be viewed simultaneously in a single window, typically so that one "frame" may comment on the other frame's content or to keep the earlier web page active. When a web browser displays multiple frames, the browser address bar at the top of the interface usually displays the URL of the earlier web page. SERG0485:18-28.

With Google's Image Search a user, at his or her option, may click on a thumbnail image and thereby cause the browser to open a frame with the underlying web page, served from the source of the web image, in the lower part of a user's screen while the browser displays information from Google about that image, along with a link to return to the index of search results, in the upper part of the screen. SERG0485:18-28.

Before a thumbnail

is displayed to a user, Google Image Search checks a “blacklist” file to see whether the thumbnail display should be suppressed (SERG0960:18-21), for example because Google has received a claim that the image is infringing.

Google prevents access to blacklisted files: to the public, they are

effectively deleted

D. Google's Advertising Programs

Google is generally advertising-supported, but Image Search has no advertising. ERG1249:15-19;³ ERG679-718, 985-1017 (sampling of Image Search Results without ads).

Google has two web advertising programs, AdWords for advertisers and AdSense for web publishers. SERG0003:25-0004:2; SERG0012-14. Through Google's AdWords program, advertisers purchase advertising placement on some Google pages, including its Web Search results page, Gmail web-based email service and other services, or on third-party

³ Google's counsel informed the District Court that, although there may have been a brief test period where Image Search had advertisements, that practice was discontinued and that in "the Image Search results, you will not see ads. Image search, in fact, does not have ads." The District Court replied: "I never saw any." ERG1249.

websites, SERG0003:25-0004:2, but as noted above, **not** on Google Image Search (ERG1249:15-19).

Google's AdSense program, available to third-party Web publishers, allows third-party sites to carry Google-channeled advertising and share revenue that flows from the advertising displays and click-throughs (i.e. referrals from one site to another prompted by a user's "click" on a link). AdSense targets advertising to relevant text in the AdSense participant's website or search keywords. SERG0004:3-12. To participate, a website publisher places javascript code on its web page that asks Google's servers to deliver relevant advertisements to users when they load the page.

Publishers, not Google, determine the location of advertisements.

SERG0004:3-12.

Despite the importance of advertising revenue, to maximize the usefulness of its search engine, Google does not allow advertisers' participation in Google's advertisement programs to affect rankings of their web pages in search results. SERG0784:12-18 ("Participation of web page publishers in Google's AdSense program does not have an effect on Google's search rankings of those publishers' websites."). AdWords advertisements are segregated from Web Search results in an area designated for "Sponsored Links." SERG0012-013.

The AdSense policy specifically excludes web pages with “Image Results” from participating in the AdSense program. The policy states: “Copyrighted Material: In order to avoid associations with copyright claims, website publishers may not display Google ads on web pages with MP3, Video, News Groups, and Image Results.” SERG0004:13-20; SERG0017. In addition, it is Google’s intention to exclude sites with pornography, adult, or mature content, along with certain other categories of content, such as gambling and profanity, from its AdSense program. SERG0017-18.⁴ The Google AdSense terms and conditions, execution of which is a prerequisite to participating in the AdSense program, further state that

You represent and warrant that ... each Site and any material displayed therein: (i) comply with all applicable laws, statutes, ordinances and regulations; (ii) do not breach and have not breached any duty toward or rights of any person or entity including, without limitation, rights of intellectual property, publicity or privacy ... (iii) are not pornographic, hate-related or otherwise violent in content.

SERG0004:21-05:2; SERG0023.

P10 nevertheless asserts that certain AdSense publishers violate this policy and put AdSense javascript code on pages that contain pornographic

⁴ Despite the fact that the current version of Google’s AdSense policies is posted on Google’s website, P10 continues to cite, as it did in the court below, a dated version of the Policies printed on September 14, 2004, that does not reflect the current language. *See* ERG140.

images that infringe P10's copyrights. This merely illustrates Google's lack of control over where third parties choose to place the javascript code that triggers AdSense advertising. Moreover, Google reserves the right to terminate third parties from AdSense when it becomes aware that they violate the AdSense policies or terms and conditions. When P10 raised the issue of allegedly infringing AdSense publishers for the first time in its PI papers, Google promptly reviewed P10's notices and terminated participation of those in violation. SERG0785-786:7; SERG0940-58.

E. Google's Policy Of Responding To DMCA Notices

Google diligently responds to notices of alleged infringement that comply with DMCA notice requirements, 17 U.S.C. §512(c)(3). SERG0005:9-14. Google explains its policy at its google.com website. *Id.*; SERG0026-032. Google receives thousands of inquiries daily about search results, including notices about search results that link to allegedly improper content. Those notices concern various issues, including claims that third-party websites have infringed the senders' copyright, trademark or other rights. Google has several departments involved in handling notices of alleged infringement. SERG0005:15-24.

Trained individuals process notices of alleged copyright infringement. If a notice contains insufficient information, or if it otherwise fails the

requirements of §512(c)(3) but contains the sender's contact information, Google typically contacts the sender for additional information. *Id.*

Upon receiving a notice of alleged infringement substantially conforming to the requirements of §512(c)(3), Google expeditiously disables access to the material. SERG0005:25-0006:2. Google does this by flagging the URL or URL pattern for which Google has received notice so that the web page or image file will be suppressed in search results. In each case, the URL specific to the alleged infringement is targeted. For Web Search, the page URL is suppressed; for Image Search, the image file URL is suppressed. *Id.*

F. The Dispute

This dispute arose because some third-party websites allegedly acquire unauthorized P10 "adult" images and post them to the Web, and because Google automatically indexes the images and their textual context. Even though others directly perform the accused acts, P10 focuses its litigation not on them but on intermediaries. Thus, P10 previously sued age verification and billing service, CCBill, and payment system providers Visa and MasterCard; now it sues Google and Amazon.com.

1. Google's Responses To P10's Notices

a. Google's Suppression Of Search Results

Since May 2004, Google has received more than forty communications from P10's President, Norm Zada, regarding thousands of alleged infringements and publicity violations by various websites.

SERG0006:14-19. The notices listed thousands of URLs of websites that Dr. Zada claimed violated the rights of P10 and unrelated third parties. Google diligently and promptly responded to notices with respect to P10's alleged rights. *Id.*

Dr. Zada's communications were impossible to process completely, for numerous reasons. The notices were vastly overbroad, dealing often with unrelated third parties and non-copyright issues; they were incomplete and shoddy in light of the DMCA's notice requirements set forth in §512(c)(3); and they were delivered in a manner that impeded efficient handling by Google. SERG0006:20-24. A previous court ruling had held Dr. Zada's similar notices to be defective. *See Perfect 10 v. CCBill, LLC*, 340 F. Supp. 2d 1077, 1096-97 (C.D. Cal. 2004).

For example, notices from May 31, 2004 through July 2004 listed thousands of URLs without sufficiently identifying the allegedly infringed work or the nature of the infringement, as required by §512(c)(3)(A)(ii). *See, e.g.*, ERG380-385; SERG0006:25-0007:1; SERG0034-76 (notices sent from May 31, 2004 through July 2004). Google promptly responded to Dr.

Zada's notices, explaining the need to specify the material protected by copyright. SERG0007:2-4; SERG0178-88.

On October 11, 2004 (a month before filing this lawsuit), in response to Google's requests for identification of works, Dr. Zada began consistently providing notices in a format referring to P10 magazine issues and page numbers of images whose copyright P10 claimed to have been infringed (SERG0007:5-10; SERG190-477 (notices sent from October 11, 2004 through June 19, 2005)), although this still was insufficient to meet the requirements of §512(c)(3)(A)(ii).

The notices also did not comply with the DMCA's requirement of "identification of the material that is claimed to be infringing or to be the subject of infringing activity and that is to be removed or access to which is to be disabled, and information reasonably sufficient to permit the service provider to locate the material." *See* 17 U.S.C. §512(c)(3)(A)(iii). Instead — to the extent P10 furnished complete URLs, which was often not the case — the URLs were overwhelmingly to *websites* or *web pages* (e.g., "celebrityscandal.com," SERG0208), not to allegedly infringing *images*. These websites and web pages could contain thousands of images unrelated to P10. SERG0008:15-009:2.

Despite these and other deficiencies,⁵ beginning October 11, 2004, Google processed the notices from Dr. Zada that Google could confirm identified web pages that contained nude female images and were indexed by Google, and suppressed those noticed web pages from Web Search results. Google had to use this overbroad “nude women” approach (which oversuppressed what P10 claimed) because Dr. Zada provided only general *website* URLs and, with very few exceptions, failed to provide URLs for the allegedly infringing *image* files. SERG0007:10-21; SERG0008:20-28. If Dr. Zada did provide URLs of images, Google’s policy was to suppress those from appearing in Image Search results. SERG0006:1-2. **Despite the difficulties with, and scope of, Dr. Zada’s notices, with only four exceptions⁶ Google processed Dr. Zada’s October 11, 2004 notice and**

⁵ Many of Dr. Zada’s notices also did not comply with §512(c)(3)’s requirement to provide notifications “to the designated agent of a service provider.” SERG0007:21-23.

⁶ The four exceptions involve Zada Dec. Exs. 58, 66-68. Google processed Ex. 68 in 19 days. Google had not, to its knowledge, received Exs. 66 and 67. Through their inclusion as exhibits, Google received them and processed Exs. 66 and 67. Due to miscommunication, Google did not complete processing of Ex. 58. Once the mistake was discovered, Google restarted processing this “notice.” SERG0007:26-008:5.

later notices within two weeks of receipt, often within one week.⁷

SERG0007:24-26.⁸

In addition to deficiencies in Dr. Zada's notices, P10's copyright claims have occasionally been suspect. For example, P10 delivered to Google a purported DMCA notice containing claims of exclusive rights and allegations of infringements that proved to be false. *See* SERG0789:10-790:14; SERG0797-847. The episode highlights the need for the DMCA's requirement that a claimant specifically identify the location of allegedly infringing materials and attest under oath the authority to assert rights in the allegedly infringed works.

Notwithstanding Google's good-faith efforts to respond to P10's notices, P10, relying upon a spreadsheet compiled by Dr. Zada, ERG601-ERG616 ("Ex. 81") claims that "Google, via its Image Search, is continuing to display at least 1,043 P10 images from, and link at least 1,043 P10 images

⁷ Processing termination notices, particularly those with hundreds or thousands of URLs, like Dr. Zada's, is laborious. SERG0008:6-14.

⁸ Google lodged additional evidence of diligence in responding to P10 notices consisting of a further declaration and a summary spreadsheet indicating whether each noticed URL had been suppressed from Google's search results; how long that process took; and, if a URL was not suppressed, why. Google lodged these with the District Court as soon as they were available in connection with a proposed surreply on P10's motion. The District Court directed them to be "placed in the file, not used." ERG1201; ERG1448.

to, web pages that P10 specifically notified Google were infringing P10 copyrights.” ERG165-66. This characterization is deceptive. None of the complete URLs in Ex. 81 identified image files; instead they linked to web pages with potentially hundreds of images each, not all claimed by P10. SERG0008:15-23. When P10 identified only a web page with numerous images, Google could suppress the web page from appearing in response to a Google *Web* Search (which Google did) but Google could not prevent a specific image from appearing in response to a Google Image Search query, because P10 had identified no *image* file. SERG0008:23-28.

Google analyzed the 470 URLs identified in Ex. 81. Of those 470 URLs, Google had already suppressed 414 from appearing in response to a Web search before P10 even filed its motion. Of the 56 remaining URLs, 21 were incomplete URLs containing ellipses that could not be reconstructed. SERG0009:3-13. Of 35 remaining URLs, at least ten either were inactive or did not contain any images of the kind claimed by P10. SERG0751:26-28. Any few unprocessed URLs identified in Ex.81, may well have corresponded to pages that did not contain relevant images, could not be loaded, or were not in the Google Web Search index at the time of notice; they also may have resulted from inevitable errors transcribing Dr. Zada's notices, which were at times only faxed to Google. SERG0009:8-13.

Google continues promptly to process new notices from Dr. Zada substantially conforming to §512(c). SERG0009:1-2.

b. Google's Termination Of AdSense Publishers

Not only has Google made great efforts to suppress allegedly infringing items in its search results, but it also diligently responds to complaints of AdSense publishers' copyright violations and terminates repeat violators. As noted, Google's AdSense policy prohibits publishers from posting ads on web pages with infringing content. SERG0017-18.

Notified for the first time by P10's arguments *in its PI papers* on August 24, 2005, that AdSense account holders were allegedly displaying P10 images, Google took prompt action. In September-October 2005, Google reviewed all web pages associated with URLs noticed by P10 and determined whether any contained AdSense advertisements. If a web page was determined to violate the AdSense Policy, for example if it contained pornographic images or images that appeared to be claimed by P10, Google blacklisted the associated URL from the AdSense program so that no AdSense advertisements could appear on that web page. The AdSense team also reviewed the publisher responsible for the noticed URL's participation in the AdSense program, and terminated the publisher where appropriate (for

example, if the publisher's website had multiple web pages or websites violating AdSense policies). SERG0785:19-86:4; SERG0941-56.

On March 3, 2006, the AdSense team re-reviewed URLs noticed by P10 to determine whether any that had not been terminated after earlier reviews were later violating AdSense Policy. Google promptly blacklisted additional URLs and terminated the associated publishers where appropriate. SERG0786:24-87:9; SERG0958.

Since P10's notices began flooding into Google in 2004, Google bent over backwards to respond, as shown above. P10, on the other hand, has been unwilling to assist Google. P10 failed to provide notice information required by the DMCA, insisting that non-image-specific URLs or even model names were sufficient to notify Google about allegedly infringing images. When the noticed URLs pointed to web pages with hundreds of images, it was impossible for Google to determine which images allegedly violated P10's rights and Google cautiously had to err towards over-suppression. SERG0007:05-23; SERG0008:15-009:2. Meanwhile, P10 has apparently not sued the actual alleged wrongdoers who made, and posted to the Web, unauthorized copies of P10's images. P10's focus on Google instead of the real alleged wrongdoers, and its apparent desire to hobble

Google's efforts to respond to notices, suggest a motive other than that of thwarting infringements.

VI. SUMMARY OF ARGUMENT

The District Court correctly found that P10 did not establish likely secondary liability of Google for its search engine because P10 did not establish that Google engages in "personal conduct" to promote infringement, intends to cause or induce infringement, knowingly materially contributes to infringement, has a direct financial interest in the infringing exploitation of copyrighted works, or has the right and ability to supervise or control infringing behavior of others. Moreover, under Supreme Court jurisprudence, Google's provision of a mass-market, general purpose search engine without any culpable intent does not give rise to any copyright liability.

Google also does not directly infringe upon any of P10's rights under 17 U.S.C. §106. The District Court correctly ruled that Google does not violate the "distribution" right and its framing of third-party images does not violate the "public display" right, because the statutory language of §§106(3) and 106(5), construed in light of statutory definitions of key terms, does not proscribe Google's conduct. The District Court was wrong to rule that Google directly infringed P10's rights by storing and displaying "thumbnail"

images in its Image Search. The District Court was also wrong to rule that Google's search engine operation does not constitute fair use.

The District Court erred in granting the preliminary injunction. Its assessment of P10's likely success on one theory was flawed as described above; the court wrongly presumed irreparable harm to P10; it wrongly calculated the balance of harms; and it failed to account for the substantial public interest in avoiding an injunction

This Court should reverse the District Court's partial grant of a PI and its denial of a modification; it should affirm the District Court's partial denial of a PI.

VII. ARGUMENT

P10 cannot establish either that the District Court was wrong in rejecting its claims of indirect infringement and in rejecting its claim of direct infringement based upon Google's framing of third-party images or upon alleged distribution, or that it was right in finding a likelihood of success on P10's "thumbnail" claim. Where a district court has made an error of law in a decision to grant or deny a preliminary injunction, the underlying issues of law are reviewed *de novo*. *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1013 (9th Cir. 2001). A district court's

interpretation of the Copyright Act, including its analysis of a fair use defense, is also reviewed *de novo*. *Kelly*, 336 F.3d at 817.

On a preliminary injunction motion, “[t]he plaintiff’s burden of showing a likelihood of success on the merits includes the burden of showing a likelihood that it would prevail against any affirmative defenses raised by the defendant.” *Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 924 F. Supp. 1559, 1562 (S.D. Cal. 1996), *aff’d*, 109 F.3d 1394 (9th Cir. 1997) (citing *Atari Games Corp. v. Nintendo of Am. Inc.*, 975 F.2d 832, 837 (Fed. Cir. 1992)); *Religious Tech. Ctr. v. Netcom On-Line Commc’n Servs.*, 923 F. Supp. 1231, 1243 n.12 (N.D. Cal. 1995) (“*Netcom*”).

The Supreme Court’s recent decision in *eBay Inc. v. MercExchange*, 126 S. Ct. 1837 (2006), clarified the requirements for *any* injunction, including preliminary injunctions. In that case, the Court rejected the suggestion that a permanent injunction should automatically follow a verdict of patent or copyright infringement after trial. The Court reaffirmed the traditional four-factor test under which “[a] plaintiff must demonstrate: (1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest

would not be disserved by a permanent injunction.” Irreparable harm and the balance of harms are two independent factors to be evaluated after liability has been conclusively established. Under *eBay*, there is no basis for a presumption of irreparable harm based on even actual success, much less a *likelihood* of success.

This appeal arises from a motion for preliminary injunction, not a permanent injunction. Because of the preliminary and tentative nature of a preliminary injunction ruling, courts should be even less hasty to order an injunction based on a plaintiff’s *likely* success than after it has *actually* prevailed at trial. Thus, a court must consider all four traditional factors very carefully on a preliminary injunction, without invoking any presumptions in favor of an injunction, after determining the likelihood of success at trial.

This Court, moreover, has acknowledged that “[p]ublic policy does not advocate the liberal issuance of *preliminary* injunctions in copyright infringement actions.” *Nintendo of Am., Inc. v. Lewis Galoob Toys*, 16 F.3d 1032, 1038 (9th Cir. 1994) (emphasis in original). Moreover, preliminary injunctions are meant to be temporary, preserving the status quo until trial on the merits. *Nat’l Wildlife Fed’n v. Nat’l Marine Fisheries Serv.*, 422 F.3d 782, 793 (9th Cir. 2005); *Chalk v. U.S. Dist. Ct.*, 840 F.2d 701, 704 (9th Cir.

1988). For that reason, *permanent* relief is erroneous in a *preliminary* injunction context.

A. The District Court Correctly Found That P10 Did Not Establish Likely Secondary Liability Of Google For Its Search Engine.

P10's arguments cast no serious doubt on the District Court's rejection of P10's secondary liability claims.

1. P10 Failed To Prove Underlying Infringement By Google Users.

To establish secondary liability, a plaintiff must prove an underlying direct infringement. *Subafilms, Ltd. v. MGM-Pathe Commc'ns Co.*, 24 F.3d 1088, 1092-93 (9th Cir. 1994); *Netcom*, 907 F. Supp. at 1371 ("[T]here can be no contributory infringement by a defendant without direct infringement by another."). P10 failed to prove any underlying violations by Google users; Google never conceded any; and the District Court correctly found that P10 presented no evidence of any. *Perfect 10*, 416 F. Supp. 2d at 852. The *amicus* brief of Recording Industry Association of America, at 6-12, tries to rescue P10 on that point by arguing that proof of direct infringement may be *inferred*. That argument, based on inapposite cases, is radical. In this preliminary injunction context, P10 and its allies want the courts to *infer* a direct infringement, to *infer* Google's culpable intent from the design of its search engine, and to *infer* irreparable harm from an *inferred* infringement.

This line of reasoning is a house of cards. Even if there had been evidence of underlying direct infringement by users, however, for the reasons shown below (also applicable to alleged direct infringement by web sites), P10 cannot establish Google's "secondary" liability.

2. P10 Failed To Establish Either Vicarious Liability or Contributory Infringement.

Courts have consistently recognized two general approaches to determining when one person should be held "secondarily" liable for copyright infringements directly performed by another. In *Sony Corp. v. Universal City Studios*, 464 U.S. 417 (1984), the Court observed:

Vicarious liability is imposed in virtually all areas of the law, and the concept of contributory infringement is merely a species of the broader problem of identifying the circumstances in which it is just to hold one individual accountable for the actions of another.

464 U.S. at 435. Drawing on traditional doctrines of vicarious and contributory liability, the Court did not create special variants of them in copyright law.

This Court has adopted the concepts of vicarious liability developed in the Second Circuit:

The concept of vicarious copyright liability was developed in the Second Circuit as an outgrowth of the agency principles of respondeat superior. The landmark case on vicarious liability...is *Shapiro, Bernstein and Co. v. H.L. Green Co.*, 316 F.2d 304 (2d Cir. 1963)...Noting

that the normal agency rule of respondeat superior imposes liability on an employer for copyright infringements by an employee, the court endeavored to fashion a principle for enforcing copyrights against a defendant whose economic interests were intertwined with the direct infringer's, but who did not actually employ the direct infringer....The test was more clearly articulated in a later Second Circuit case as follows: "even in the absence of an employer-employee relationship one may be vicariously liable if he has the right and ability to supervise the infringing activity and also has a direct financial interest in such activities." *Gershwin Publishing Corp. v. Columbia Artists Management, Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971).

Fonovisa, Inc. v. Cherry Auction, Inc., 76 F.3d 259, 261-62 (9th Cir. 1996).

In *Shapiro, Bernstein & Co. v. H.L. Green Co.*, 316 F.2d 304 (2nd Cir.

1963) the Second Circuit justified the application of the doctrine to copyright law as follows:

When the right and ability to supervise coalesce with an obvious and direct financial interest in the exploitation of copyrighted materials...the purposes of copyright law may be best effectuated by the imposition of liability upon the beneficiary of that exploitation.

316 F.2d at 307.

Numerous other cases establish that vicarious liability arises in limited contexts, involving employer-employee and principal-agent relationships or others resembling them. *See, e.g., In re Aimster Copyright Litig.*, 334 F.3d 643, 654 (7th Cir. 2003). Indeed, the Second Circuit in *Shapiro*

distinguished landlord-tenant relationships, which do not create vicarious liability, from employer-employee relationships, which can give rise to such liability, and it used those examples as ends of a spectrum on which to place, and by which to evaluate, challenged conduct. *See Shapiro*, 316 F.2d at 307-308.

In *Meyer v. Holley*, 537 U.S. 280 (2003), the Supreme Court considered the scope of vicarious liability for a different federal statutory tort under the Fair Housing Act. The Court held that courts must not expand vicarious liability for alleged federal statutory violations (as in this case involving the Copyright Act) beyond limited traditional boundaries without express authorization by Congress. *Id.* at 290-91. The Court described traditional vicarious liability as making principals or employers liable for the acts of their agents or employees. *Id.* at 285.

That limiting precept applies here, in a claim under the Copyright Act, particularly where courts have expressly justified the doctrine as traditional. Nothing in the record suggests any relationship between Google and alleged direct infringers equivalent to an employer-employee or principal-agent relationship with respect to the alleged infringing activity to justify vicarious liability. Nothing suggests a coalescence of any right and ability to control

infringing websites' or Internet users' conduct with an obvious and direct financial interest of Google in their exploitation of copyright material.

P10 relies heavily upon a single, unelaborated phrase in *Fonovisa* that provision of a "site and facilities" for infringement suffices to establish vicarious liability, and it strains the notion of "site and facilities" to apply that phrase metaphorically to Google's search engine. P10 cannot stretch *Fonovisa* that far. The facts in *Fonovisa* were vastly different from the facts in this case. The swap meet operator was in effect a participant in a joint enterprise with the alleged infringers because of its detailed involvement in their affairs. Mere provision of a "site and facilities" cannot establish vicarious liability, for those are precisely what a landlord furnishes; and cases from *Shapiro* on down have recognized that a landlord-tenant relationship paradigmatically does not justify vicarious liability. See *Shapiro*, 316 F.2d at 307-308. *Fonovisa* must be read in that light: neither it nor any other Ninth Circuit case has altered the traditional doctrines of vicarious and contributory liability.

P10 also argues that, by designing its search engine, Google exercises control over a tool used by direct infringers, and that this is identical to exercising control over infringing activities. The argument is misguided. Google's offer of a general-purpose tool to the public does not force anyone

to use it; for that reason the provision of an optional tool cannot constitute control over that person's conduct. Perfect 10's logic also admits no limit. If creation of a tool constitutes control over its use, no tool provider is safe from vicarious liability.

P10's argument that the power to diminish infringement suggests "control" and gives rise to vicarious liability proposes an improper "but for" causation criterion, which has been soundly rejected in other contexts. *See Perfect 10, Inc. v. Visa Int'l Serv. Ass'n*, No. 04-0371, 2004 WL 1773349 (N.D. Cal. Aug. 5, 2005). Many companies can diminish infringement, such as the telephone company by terminating service, without facing liability for failure to do so.

Nor has P10 shown that Google has an obvious and direct financial interest in the exploitation of infringing works by others. One court has astutely analyzed this element of vicarious liability in light of *Fonovisa*:

To satisfy the direct financial benefit prong of the vicarious copyright infringement test, *Fonovisa* holds that the sale of the counterfeit products must in fact be the "draw" for customers to the venue.... The direct financial benefit must stem from the fact that substantial numbers of customers are drawn to a venue with the explicit purpose of purchasing counterfeit goods. In order to satisfy this prong, there must be "an obvious and direct financial interest in the exploitation of copyrighted materials." *Shapiro*, 316 F.2d at 307. Without the requirement that the counterfeit goods provide the main customer "draw" to the venue, *Fonovisa* would provide essentially for the limitless expansion of vicarious liability into spheres wholly unintended by the court.

Adobe Sys. Inc. v. Camus Prods., Inc., 173 F. Supp. 2d 1044, 1050-51 (C.D. Cal. 2001).

Infringement is not the draw for Google's search engine. It cannot be controverted that Google's general-purpose Internet search engine benefits from its comprehensive indexing of the Web and its evaluations of connections of the Web in ranking search results for relevance to a search query. Google's economic interests are not intertwined with exploitation of copyrighted materials by any particular participant in Internet communications. To the contrary, they are intertwined with the robustness and connectedness of the Web in general. Google cannot be held vicariously liable for the alleged infringements of others in this case.

P10's arguments with respect to contributory infringement fare no better. For the case law makes clear that contributory liability may be imposed only if the defendant engaged in personal conduct that was intended to, and did, cause, induce or encourage infringement. As this Court recently stated, "liability exists if the defendant engages in 'personal conduct that encourages or assists the infringement.'" *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1019 (9th Cir. 2001) (citing *Matthew Bender & Co. v. West Publ'g Co.*, 158 F.3d 693, 706 (2d Cir. 1998)).

The conclusion is supported by *Fonovisa*, in which this Court noted,

Contributory infringement originates in tort law and stems from the notion that one who directly contributes to another's infringement should be held accountable. See *Sony v. Universal City*, 464 U.S. at 417, 104 S.Ct. at 774-776.... Contributory infringement has been described as an outgrowth of enterprise liability, see 3 Nimmer § 1204[a] [2], at 1275; *Demetriades v. Kaufmann*, 690 F. Supp. 289, 292 (S.D.N.Y.1988), and imposes liability where one person knowingly contributes to the infringing conduct of another.

Fonovisa, 76 F.3d at 264.

In *Sony*, 464 U.S. at 439, the Supreme Court addressed the question of vicarious or contributory infringement liability based on Sony's manufacture and distribution of a mass-market product that could be used by consumers to engage in both copyright infringement and non-infringing activities. The Court stated:

If vicarious liability is to be imposed on Sony in this case, it must rest on the fact that it has sold equipment with constructive knowledge of the fact that its customers may use that equipment to make unauthorized copies of copyrighted material.

Sony, 464 U.S. at 439. There the Court imported into copyright from patent law the "staple article of commerce" doctrine, under which the maker of a technology used for infringement would not be liable based upon the technology itself. The Court stated:

[T]he sale of copying equipment, like the sale of other articles of commerce, does not constitute contributory infringement if the product is widely used for legitimate,

unobjectionable purposes. Indeed, it need merely be capable of substantial noninfringing uses.

Sony, 464 U.S. at 442.

While *Sony* applied the “staple article of commerce doctrine” in the context of a product sold with no continuing involvement between buyer and seller, that doctrine has a much broader reach. For example, in *In re Aimster*, 334 F.3d at 648-649, the Seventh Circuit articulated its application to both products and services. Moreover, the doctrine is relevant even where there is a continuing relationship, such as when the staple article of commerce is leased instead of sold.⁹

The Supreme Court recently explained that “[o]ne infringes contributorily by intentionally inducing or encouraging direct infringement.” *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster Ltd.*, 545 U.S. ___, ___, 125 S. Ct. 2764, 2776 (2005) (citing *Gershwin Publ’g Corp. v. Columbia Artists Mgmt.*, 443 F. 2d 1159, 1162 (2nd Cir. 1971)). Thus, while *Sony* spoke expressly in terms of a *knowledge* requirement for contributory infringement, *Grokster* revealed that *Sony* was — and contributory infringement liability in general is — really about *intent*. Indeed, the Court

⁹ The Supreme Court’s “staple article of commerce” analysis may apply to direct as well as indirect infringement claims. In *Sony* the Court approved the statement that “the lines between direct infringement, contributory infringement, and vicarious liability are not clearly drawn...” 464 U.S. at 435 n.17 (quoting district court, 480 F. Supp. at 457-458).

expressly described *Sony* as concerning “liability resting on imputed intent,” *Grokster*, 125 S. Ct. at 2778, and “culpable intent,” *id.* at 2779. And the Court suggested that “fault-based liability derived from the common law” was the essence of indirect liability in copyright law. *Id.*

Thus, contributory liability may be imposed on Google only if it engaged in personal conduct that was intended to, and did, cause, induce or encourage infringement, without presuming Google’s intent from the characteristics of the Google search engine.

Nothing in the record suggests any improper intent¹⁰ by Google, any specific personal conduct by Google to cause or promote infringements, or any legal causation of infringements by Google to justify contributory infringement liability.

Furthermore, the creation and offering of Google’s general purpose search engine, which is capable of and actually used for, a variety of uses, and not specially designed or adapted to target to promote copyright

¹⁰ While the Supreme Court in *Grokster* has now clarified an intent requirement, not merely a knowledge requirement, for contributory liability, in any event P10 did not establish requisite knowledge on Google’s part. The District Court erroneously assumed (without deciding) that Google had knowledge of allegedly infringing conduct of its users. *Sony* held that such knowledge cannot be inferred in this context. *Sony*, 464 U.S. at 439; *cf.* *Grokster*, 125 S. Ct. at 2778. Furthermore, the Copyright Act precludes consideration of P10’s defective notices in determining actual knowledge. *See* 17 U.S.C. §512(c)(3)(B).

infringement, cannot justify Google's contributory infringement liability in light of *Sony*. The District Court correctly decided the secondary liability theories in Google's favor.

B. P10 Did Not Establish Google's Likely Direct Infringement Of Its Copyright Rights.

The District Court also correctly held that Google does not engage in "distribution" of copies of copyrighted works within the meaning of §106 and that Google did not "display" the images located on other parties' web servers even when those images are framed alongside Google web pages. The court below erred, however, in concluding that Google's automated search responses to user queries violated the display right of P10. It also erred in ruling that P10 had established that Google's search engine operations were not fair use.

1. Automatic Responses To Search Queries Are Not Direct Infringement.

One district court recently ruled that Google was not liable for direct infringement arising from its automated responses to user queries. The court stated:

A plaintiff must also show volitional conduct on the part of the defendant in order to support a finding of direct copyright infringement. *See Religious Tech. Ctr v. Netcom On-Line Commc'n Servs., Inc.*, 907 F. Supp. 1361, 1369-70 (N.D. Cal. 1995) (direct infringement requires a volitional act by defendant; automated copying by machines occasioned by others not sufficient); *CoStar*

Group, Inc. v. LoopNet, Inc., 373 F.3d 544, 555 (4th Cir. 2004) (“Agreeing with the analysis in *Netcom*, we hold that the automatic copying, storage, and transmission of copyrighted materials, when instigated by others, does not render an ISP strictly liable for copyright infringement under §§ 501 and 106 of the Copyright Act.”).

Field v. Google, Inc., 412 F. Supp. 2d 1106, 1115 (D. Nev. 2006). Applying that rule to the facts of Google’s search engine, the court stated:

[w]hen a user requests a web page contained in the Google cache by clicking on a “Cached” link, it is the user, not Google, who creates and downloads a copy of the cached web page. Google is passive in this process. Google’s computers respond automatically to the user’s request. Without the user’s request, the copy would not be created and sent to the user, and the alleged infringement at issue in this case would not occur. The automated, non-volitional conduct by Google in response to a user’s request does not constitute direct infringement under the Copyright Act. *See, e.g., Religious Tech. Ctr.*, 907 F. Supp. at 1369-70 (direct infringement requires a volitional act by defendant; automated copying by machines occasioned by others not sufficient); *CoStar Group*, 373 F.3d at 555; *Sega Enters. Ltd v. MAPHIA*, 948 F. Supp. 923, 931-32 (N.D. Cal. 1996).

Field, 412 F. Supp. 2d at 1115. The court’s reasoning applies to the display (both thumbnails and framing) and distribution claims that P10 asserts based on Google’s automated response to user search queries. Other courts have reached similar conclusions. *See, e.g., Newborn v. Yahoo!, Inc.*, 391 F. Supp. 2d 181, 186 n.3 (D.D.C. 2005); *CoStar Group v. LoopNet, Inc.*, 373 F.3d 544, 550 (4th Cir. 2004).

2. P10 Ignores The Statutory Relevance Of “Copies” To The Distribution And Display Rights.

P10's effort to expand copyright, by arguing that the "distribution" and "display" rights do not depend upon "copies," is profoundly misguided.

The distinctions among the five rights¹¹ of a copyright holder in section 106 of the Copyright Act do not mean that the five rights are unrelated and independent. To start with an example not directly relevant to this case, it is well established that to violate the "adaptation" right in section 106(2), one must incorporate enough of the underlying work also to constitute a "reproduction" or a "performance," both of which are protected under other paragraphs of section 106. *See* 2 M. Nimmer & D. Nimmer, *Nimmer on Copyright* §8.09[A] at 8-142.14-5 (2006).¹²

In seeking to expand the distribution and display rights, P10 carefully avoids the fact that the Copyright Act makes "copies" statutory prerequisites of those rights and their corresponding violations. The so-called "distribution" right in section 106 is in fact very precise. The right is

¹¹ They are summarized as the rights of reproduction, preparing derivative works, distribution, public performance, and public display, all subject to other rights such as fair use, *see* 17 U.S.C. §106, but the statute establishes very precise contours.

¹² While the rights are related, their distinction becomes evident in the fact that a person licensed to make a reproduction may violate the adaptation right by changing the work from the original. While, because of the reproduction license, the infringer may not violate the reproduction right, she would violate the adaptation right by creating a new and different work that substantially reproduced the earlier work. *See id.* at 8-142.15.

specifically “to distribute *copies or phonorecords* of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending.” 17 U.S.C. §106(3) (emphasis added). Moreover, the Copyright Act defines “[t]o ‘display’ a work” as “to show *a copy* of it” 17 U.S.C. §101 (emphasis added). Indeed, no matter which copyright right is involved, apart from performances (not relevant here), copies are at the heart of copyright.

3. The District Court Correctly Found That P10 Did Not Establish Likely Distribution Of Copies Of Any Images By Sale Or Other Transfer Of Ownership, Or By Rental, Lease, or Lending.

As the Supreme Court has explained, “[a] copyright, like other intellectual property, comprises a series of carefully defined and carefully delimited interests to which the law affords correspondingly exact protections.” *Dowling v. United States*, 473 U.S. 207, 216 (1985). P10 and its allies ignore the careful and precise language of section 106(3), which defines the “distribution” right claimed by P10 here: it is the right “to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease or lending.” 17 U.S.C. §106(3). For two independent reasons Google has not violated §106(3).

First, as P10 fails to acknowledge, “copies” is a defined term and is specifically limited to “material objects.” *See* 17 U.S.C. §101. Google’s

search engine does not distribute any material objects, and thus it cannot distribute copies. Moreover, there is no suggestion that Google has engaged in the “*sale or other transfer of ownership, rental, lease, or lending*” of any copyrighted works, much less material objects embodying them, via its search engine.

P10 and its allies try to bypass the defined §106(3) right by urging a vague concept of “making available” as equivalent to that right. The Court should resist this aggressive suggestion. P10 and its ally MPAA argue circuitously that (1) a “distribution” is the same thing as a “publication” in copyright law, (2) “publication” includes an offer to distribute, and therefore (3) an offer to distribute is a distribution. *See* MPAA Brief at 18-20. Setting aside the threshold flaws that a “sale or other transfer of ownership, rental, lease, or lending,” and not a mere offer, is required by §106(3), and that there still is no “material object” being either distributed or offered by Google, P10 and MPAA’s arguments defy both logic and the statutory framework. Congress knows how to distinguish acts from offers to act. Indeed, the definition of “publication” in Copyright Act *separately* identifies “distribution” and “the offering to distribute” as constituting “publication.” *See* 17 U.S.C. §101. The §106(3) reference to “distribute”

cannot embrace an offer to distribute, or the definition of “publication” upon which P10 and MPAA rely would be redundant.

P10 invokes the language of “authorization” in section 106 as supporting direct infringement of the distribution right when no actual distribution has occurred. *See* P10’s First Brief. But its novel argument based upon ambiguity in the term “to authorize,” however, is misguided.

As a House Report explained, “[u]se of the phrase ‘to authorize’ [in §106] is intended to avoid any questions as to the liability of contributory infringers.” H.R. Rep. 94-1476 at 61 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5674. Because this language pertains to *contributory* infringement, it does not expand the scope of *direct* infringement to embrace mere offers or attempts that result in no actual infringement.

Courts agree. In *Venegas-Hernandez v. Asociación De Compositores, Editores De Música Latinoamericana*, 424 F.3d 50 (1st Cir. 2005), a plaintiff sued defendants for authorizing, via a license, copyright rights that the defendants did not have authority to license. The court identified as the threshold question whether the unauthorized grant of a license was an infringement without proof that the licensee undertook an infringing act. *See id.*, 424 F.3d at 57. The court observed:

Because the right to “authorize” is literally one of the exclusive rights provided in section 106, the authorizing person could (as a

matter of language) be treated as an infringer subject to statutory damages even if no listed infringing act ... actually occurred. Yet the legislative origins of the “authorize” language in the statute arguably support a narrower reading, and most (perhaps all) courts that have considered the question have taken the view that a listed infringing act (beyond authorization) is required for a claim.

Id. at 57. For these reasons, P10 fails to show that Google has infringed P10’s §106(3) right.

4. Google Does Not Engage In A §106(5) Display Based On A Browser’s Simultaneous Display Of Two Web Sites.

Hyperlinking also does not constitute direct copyright infringement because there is no copying. *See Online Policy Group v. Diebold Inc.*, 337 F. Supp. 2d 1195, 1202 n.12 (N.D. Cal. 2004); *Ticketmaster Corp. v. Tickets.com, Inc.*, No. 99-7654, 2000 WL 525390 *2 (C.D. Cal., March 27, 2000). P10’s ally MPAA, in its *amicus* brief at 17, concedes this.

For the same reason, “framing,” the triggering of a new frame to open on a user’s browser so that the new page is displayed concurrently with the previous page, does not constitute direct copyright infringement. While P10 urges that framing directly infringes the display right, it leaves aside that the only difference in function of framing from that of a hyperlink that causes a new page to substitute for the previous page in the browser window is that with framing the browser displays two different pages, from different websites, instead of one. P10 artfully describes the user as viewing the

second page while still “on” the first page. But in reality, undisputed evidence shows the user is “on” two separate pages, even though only one address normally appears in the browser’s address bar. SERG0486:26-487:3;485:18-28.

Moreover, P10 fails to mention that the dual display occurs only when a *user* activates the second page on her browser by actively clicking on the hyperlink. The “click” causes the user’s browser to send a request to the (non-Google) source website of the second page, and when the non-Google source returns that page, the user’s browser shows the two pages simultaneously. SERG0485:18-28.

These facts establish that Google’s use of a framing link does not constitute a “display” within the meaning of the statute. A copyright holder’s §106(5) right is “to display the work publicly.” “To display” a work means “to show a copy of it, either directly or by means of a film, slide, television image, or any other device or process” 17 U.S.C. §101. To “display a work publicly” means “to transmit or otherwise communicate a ... display of the work” *Id.* As shown above, a “copy” is a material object in which “a work is fixed by any method ... and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.” *Id.*

Based on a straightforward reading of the statute, a public display in violation of §106(5) requires a connection between the *copy* that underlies the display and the *transmission or communication* of the work, resulting in a *perception* of the work, which together constitute the “showing” of the copy. By this reasoning, the one who publicly displays a work in the online context must be the person that shows the copy through a communication or transmission. In the case of images residing on websites that are indexed by Google, the other websites and not Google conduct the communication and transmission.¹³

P10’s alternative reading of the statute is flawed. By disengaging responsibility for display of a work from its source of the display or the transmission route of the display, P10 opens up “display” liability to limitless potential defendants. By P10’s own logic, a newspaper listing of art exhibitions would be liable for displaying works in galleries merely by directing readers to the works’ location, and a browser provider would be liable for the appearance of an infringing website in the browser’s interface.

P10 relies on three cases (P10’s First Brief at 17) to argue that “indirect” transmission can violate the display right. All three cases

¹³ While the District Court correctly decided the issue, Google does not rely on its “server” and “incorporation” terminology, preferring to focus instead on the precise statutory language.

concerned defendants who participated as either originators or retransmitters in the stream of transmissions from the source of the content to its destination. See *WGN Cont'l Broad. Co. v. United Video, Inc.*, 693 F.2d 622, 625 (7th Cir. 1982); *Hubbard Broad., Inc. v. So. Satellite Sys., Inc.*, 593 F. Supp. 808, 812 (D. Minn. 1984); *David v. Showtime/The Movie Channel, Inc.*, 697 F. Supp. 752, 758 (S.D.N.Y. 1988). Google, by contrast, stands apart from the transmission from a website to a user and P10 has not alleged any participation in the transmission stream itself.

C. The District Court Erred In Failing To Recognize Google's Fair Use In Storing Images On Its Servers And Displaying Them As "Thumbnails" As An Integral Function Of The Google Search Engine.

Even if Google were deemed to "publicly display" P10 images, the display and related operations constitute fair use and cannot give rise to liability. Section 107 of the Copyright Act codifies the fair use doctrine and "identifies various factors that enable a Court to apply an 'equitable rule of reason' analysis to particular claims of infringement." *Sony*, 464 U.S. at 448. The non-exclusive factors to be considered are: "(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; (2) the nature of the copyrighted work; (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 work.” 17 U.S.C. §107.

Fair use “calls for case-by-case analysis, and the task is not to be simplified with bright-line rules.” *Sony Computer Entm’t Am., Inc. v. Bleem, LLC*, 214 F.3d 1022, 1026 (9th Cir. 2000). The doctrine is “necessary to fulfill copyright’s very purpose, to promote the Progress of Science and useful Arts.” *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 575 (1994).

In finding that the fair use factors weighed “slightly” in favor of P10 with respect to thumbnails in Google’s Image Search, the District Court distinguished the Ninth Circuit precedent on this issue, *Kelly*, 336 F.3d 811, which found a search engine’s use of thumbnails to be fair. Like Google Image Search, the search engine in *Kelly* functioned “as a tool to help index and improve access to images on the internet and their related websites” by generating smaller, lower-resolution thumbnails of the images. *Id.* at 818-22.¹⁴ The District Court incorrectly distinguished *Kelly* on two narrow grounds: (1) that Google’s AdSense program made its use of thumbnails more “commercial” than the Kelly defendant’s commercial, but permissible

¹⁴ Most recently, in *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605 (2d Cir. 2006), the Second Circuit cited *Kelly* in holding that a publisher’s use of reduced-sized images of the plaintiff’s posters was fair use.

use, under the first factor (“purpose and character of use”), and (2) that Google’s provision of Image Search results to cellphones could have a negative effect on P10’s post-litigation licensing program for cellphone downloads. The court ruled that this made Google’s use of thumbnails “consumptive” with respect to P10’s reduced-sized images under the first factor and likely to harm P10’s potential market for downloading of reduced-sized images on cellphones under the fourth factor. *Perfect 10*, 416 F. Supp. 2d at 849, 851.

Neither distinction warrants a departure from *Kelly*. The District Court’s failure to credit the “enormous benefit” that Google provides, and the potential threat to the progress of Internet technology that it explicitly acknowledged may arise as a result of its decision, both frustrate the purpose of the fair use doctrine. Analysis of the factors in light of this purpose compels the conclusion that Google’s use is fair with respect to all copyright claims in this case.

1. The District Court Erred In Characterizing Google’s Use.

In ruling that (1) Google’s use of thumbnails was “highly transformative” but “simultaneously consumptive as well” and (2) Google benefits commercially from “Image Search in the form of increased user

traffic--and, in turn, increased advertising revenue,” *Perfect 10*, 416 F. Supp. 2d at 848-49, 846, the District Court’s reasoning was flawed on both points.

First, as that court correctly observed in another context, “the focus here is not on the individuals who use Google Image Search ... [r]ather, it is *Google’s* use that the Court is to consider.” 416 F. Supp. 2d at 846 (emphasis in original). Indeed, Google’s fair use must be determined by Google’s own activities, not by the presumed activities of Google’s end users about which P10 has provided no evidence. *See Los Angeles News Serv. v. Reuters Television Int’l., Ltd.*, 149 F.3d 987, 994 (9th Cir. 1998) (finding customer’s ultimate use was irrelevant to issue of whether defendants’ copying and transmission of the works was fair use) (internal citations and quotations omitted).

But in analyzing the “transformative” versus “consumptive” nature of Google’s use, the District Court forgot its own precept when it observed that “Google’s use of thumbnails does supersede [cellphone download] use of P10’s images, because mobile users can download and save the thumbnails displayed by Google Image Search onto their phones.” 416 F. Supp. 2d at 849. *Google’s* use of the images, however, is strictly to provide search results. From that point on any use is attributable to the users and not to

Google (leaving aside the hypothesis of what Google users do, for which there was no competent evidence).¹⁵

In a similar context, the Second Circuit held a publisher's use of thumbnail images to be fair use, noting that the publisher's purpose in using the images was "plainly different from the original purpose for which they were created." *Bill Graham Archives*, 448 F.3d at 609. Here, P10's purpose is to titillate and entertain; Google's purpose is to provide a search engine for the Internet. Indeed, Google does not seek to exploit any individual copyrighted works. It seeks to exploit its technology for exploring and indexing the vast Web and its interconnections.

Second, the District Court's conclusion regarding advertising wrongly failed to consider that Image Search lacks advertising. AdSense ads only appear on *third-party* websites, not with Google Image Search results.

¹⁵ Nor does Google "promote" cellphone downloads. P10 has grossly misrepresented Google's activities with respect to cellphone downloads of adult content in stating that "Google *promotes* the downloading of such images on cellular phones and provides instructions to enable users to do so." P10's First Brief, p. 7 (emphasis in original). P10's sole support of this assertion is a printout of instructions on Google's website instructing users how to conduct a Google Image Search query on their cellphones "to find images of your favorite cartoon character, show your friend the type of dog you own or look at famous landmarks in your hometown." ERG289. These instructions do not tell users how to save images onto their phones or use thumbnail images as wallpaper. Nor does Google "promote" downloading of adult content or any other type of image. It simply promotes Internet search.

AdWords ads, on the other hand, are displayed with Web Search results, but are *not* displayed with Image Search results. *See* ERG679-718; ERG985-1017; ERG1249:15-19 (sampling of image search results without ads). Therefore, neither advertising program can drive traffic and revenue for thumbnail images. Moreover, in search results Google does not promote the ranking of any Google AdSense program publisher's websites in return for an AdSense relationship. SERG0784:12-18.

Even if ads did appear with thumbnails, mere advertising would not make Image Search "commercial" for fair use purposes; and, even if it were commercial, that would not be significant. The Second Circuit has recently ruled that use of reduced-sized images in a plainly commercial venture was fair use and noted that "nearly all of the illustrative uses listed in the preamble paragraph of §107 are generally conducted for profit." *Bill Graham Archives*, 448 F.3d at 612. Just as advertising in newspapers does not automatically make all of a newspaper publisher's use of works "commercial," the fact that Google has an advertising program does not make its entire medium commercial.

Congress specifically identified criticism, comment, news reporting, teaching, scholarship, and research as paradigmatic types of fair use. 17 U.S.C. §107. As the District Court recognized, Google's use of thumbnails

in its Image Search engine simplifies and expedites access to information, provides “great value to the public,” and is an “essential source[] of vital information for individuals, governments, non-profits, and businesses who seek to locate information.” 416 F. Supp. 2d at 849. Google’s use of thumbnails in its Image Search exemplifies a classic fair use as identified in the statute.

2. The District Court Wrongly Analyzed The Effect Of Google’s Use On The Market For P10’s Works.

In addition, the District Court erroneously double-counted the speculation that “mobile users can download and save the thumbnails displayed by Google Image Search onto their phones” in both the first and fourth fair-use factors.

Google provides users access to its Internet search engines, including its Image Search engine, on a variety of platforms and devices. The fact that an *end user* of Google’s image search engine may hypothetically select an image from the search results and use it in an infringing way on one type of device (of relatively minor importance) is irrelevant to the question of whether *Google’s* use is fair.¹⁶ The District Court erred by not

¹⁶ While the user’s fair use would affect Google’s *secondary* liability, the present discussion concerns P10’s claim of Google’s *direct* infringement.

distinguishing between Google's use and the hypothetical use of an end user of Google's Image Search.

Moreover, a proper analysis of effect of a use focuses on a copyright holder's *original* market, not a *transformative* market. As the Second Circuit noted, "a copyright holder cannot prevent others from entering fair use markets merely 'by developing or licensing a market for parody, news reporting, educational or other transformative uses of its own creative work.'" *Bill Graham Archives*, 448 F.3d at 614-15 (citations omitted).

Although the District Court focused on P10's cellphone download market in its flawed fair use analysis, its injunction would have a broad effect far beyond the cellphone download market: it would force Google to substantially disrupt and permanently alter the functioning of Google Image Search with respect to all platforms. The District Court failed to weigh this substantial harm to Google and the public against the *de minimis* effect the search engine may have on P10's purported cellphone download market. "By definition every fair use involves some loss of royalty revenue because the secondary user has not paid royalties. Therefore, if an insubstantial loss of revenue turned the fourth factor in favor of the copyright holder, this factor would never weigh in favor of the secondary user." P. Leval, *Toward a Fair Use Standard*, 103 Harv. L. Rev. 1105, 1124 (1990).

In any event, the record does not support the District Court's conclusion that Google's Image Search supersedes P10's derivative "market" for cellphone downloads. P10 provided no competent proof of any effect on its cellphone market from Google's search engine.

P10 allegedly sells "wallpaper" images for cellphones through FoneStarz while Google provides an image search engine. That is dispositive, for "[t]he fourth factor is aimed at the copier who attempts to usurp the demand for the original work and [is] not aimed at recompensing damages which may flow indirectly from copying." *Consumers Union of U.S., Inc. v. Gen. Signal Corp.*, 724 F.2d 1044, 1050 (2d Cir. 1983). Any effect that Google's Image Search has on P10's purported cellphone download market is speculative and minimal at best and must be weighed against the substantial harm the injunction would impose on Google's search engine.

The only evidence that P10 offered in support of its newly created cellphone market is based on one license agreement with FoneStarz Media Limited in the United Kingdom. P10 entered into this agreement in early 2005 — months after it filed its complaint against Google — with litigation in mind. ERG136 ¶ 16. This agreement — the only evidence P10 offered of an actual thumbnail market — and the related declarations offered only self-

serving speculation instead of competent evidence regarding the matter. P10 has not provided surveys or any other kind of evidence that use of Google's Image Search supplants demand for sales of its own images.¹⁷

3. The Court Failed To Weigh All Factors Together In Light Of The Purpose Of Copyright Law.

While recognizing “the enormous public benefit that search engines such as Google provide” and “reluctant to issue a ruling that might impede the advance of internet technology,” the District Court held that such considerations cannot “trump a reasoned analysis of the four fair use factors.” 416 F. Supp. 2d at 851. Apart from the District Court's flawed application of the factors, its failure to weigh the public benefit in its analysis and its failure to be mindful of the ultimate goal, “Progress of

¹⁷ P10's evidence does not indicate that its “worldwide” agreement with FoneStarz has resulted in any sales in the U.S. or any other country besides the United Kingdom. See ERG860¶4. In fact, an article P10 relied on to suggest that the cellphone download market is growing shows that any market for adult content on cellphones is limited by other factors in the U.S.: U.S. carriers “have thus far been reluctant” to allow adult content and “[f]or now, carriers in the U.S. serve up PG-rated fare.” The article further describes a demand for interactive images and video (not at issue here) rather than transferring Internet images onto the phone. ERG299.

Science and useful Arts,” caused it to conclude erroneously that Google’s use of thumbnails was not fair.¹⁸

4. P10’s Criticisms Of The District Court’s Other Fair Use Findings Are Misguided, And It Has Failed To Meet Its Burden.

P10’s argument that Google’s use of an entire P10 image cannot be fair use is misguided. In *Sony*, the Supreme Court established that reproduction of an entire work (there, a television program) is consistent with a finding of fair use. *Sony*, 464 U.S. at 454. Moreover, the Second Circuit held that thumbnail versions of entire images were fair use. *Bill Graham Archives*, 448 F.3d at 613.

P10’s argument in the District Court that “[n]o amount of taking of an unauthorized and infringing work is ‘fair’” is similarly meritless. In *Online Policy Group*, 337 F. Supp. 2d 1195, unknown persons purloined the email archive of a company. The court found that the plaintiffs’ publishing and hyperlinking to these *unauthorized* copies was fair use. *Id.* at 1203.

The District Court correctly determined that P10 has the burden of proving that Google’s use is not fair. 416 F. Supp. 2d at 837. A plaintiff normally has the burden of establishing the scope of its rights, which in the

¹⁸ The fair use analysis also calls for Google to be protected against P10’s distribution claim and its non-thumbnail display claim, which the District Court decided in Google’s favor without reaching fair use.

copyright context means the burden of showing that its rights extend to the challenged conduct. As the Supreme Court observed in *Sony*, the Copyright Act “has never accorded the copyright owner complete control over all possible uses of his work. ... Any individual may reproduce a copyrighted work for a ‘fair use’; the copyright owner *does not possess* the exclusive right to such a use.” *Sony*, 464 U.S. at 432-33 (emphasis added). Rather, “the definition of exclusive rights in §106 of the present Act is prefaced by the words ‘subject to sections 107 through 118,’ which describe a variety of uses of copyrighted material that ‘are not infringements of copyright notwithstanding the provisions of §106.’” *Sony*, 464 U.S. at 447. In that case, the Court indicated that “respondents [plaintiffs] failed to carry their burden” with respect to fair use. *Id.* at 451.

The legislative history of the Copyright Act confirms this interpretation that the burden is on the plaintiff with respect to fair use. In the Copyright Register’s Second Supplemental Report on the General Revision of the U.S. Copyright Law at 54-55 (1975), *reprinted in* 9 Nimmer at App 16-36, the Register stated:

The Copyright Office adheres to its position that, when it comes to the infinitely variable questions of fair use, rigid rules regarding legal presumptions and burdens of proof should not be laid out in the statute. We would have no objection, however, to an interpretation in the legislative report making clear that, where a teacher in an

infringement suit proves certain facts and alleges that they constitute fair use, *it is up to the plaintiff to prove that, as a matter of law, they are beyond the scope of the fair use doctrine.*

Id. (emphasis added). Moreover, contemporary discussions of the 1976 Act did not refer to fair use as a “defense”; they referred to it instead as a “doctrine.” *See, e.g., id.*; H.R. Rep. No. 94-1476 at 65-66 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5680 and *Sony*, 464 U.S. at 448 n.31. Thus, to the extent fair use is treated as an “affirmative defense,” that requires merely that a defendant raise the issue while the plaintiff retains the burden of persuasion.

Regardless, in the preliminary injunction context, P10 unquestionably had “the burden of showing a likelihood of success on the merits,” which includes the “burden of showing a likelihood that it would prevail against any affirmative defenses raised by the defendant.” *Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 924 F. Supp. 1559, 1562 (S.D. Cal. 1996) (citing *Atari Games Corp.*, 975 F.2d at 837).

Considering all the fair use factors, the public interest, and the purpose of the fair use doctrine, P10 did not meet its burden of showing that it will likely defeat Google’s fair use.

D. Google's Search Engine Is Protected Against All Copyright Claims By The DMCA Safe Harbor.

The DMCA is yet another independent reason P10 cannot succeed. The DMCA sets up four safe harbors under which “service providers may limit their liability for claims of copyright infringement.” *Ellison v. Robertson*, 357 F.3d 1072, 1076 (9th Cir. 2004). Copyright holders may obtain only the narrowest of injunctions where a safe harbor applies, 17 U.S.C. §512(j). The available relief is so narrow that a service provider's assurance that it terminated accounts of infringing users may moot infringement claims, with no further relief available. *See Corbis Corp. v. Amazon.com, Inc.*, 351 F. Supp. 2d at 1110-11.

Google qualifies for the DMCA's safe harbors; since Google has continuously and diligently processed P10's flawed infringement notices and terminated AdSense account holders displaying Google advertisements beside P10's images, the courts can offer no further relief and P10's claims are moot. In any event, the PI was improper.

1. The DMCA Protects Against Both Direct And Secondary Liability Claims.

The District Court never considered whether Google qualifies for DMCA safe harbors or whether P10's notices were adequate. *Perfect 10*, 416 F. Supp. 2d at 853 n.18, 854 (“In light of the ensuing analysis ... that

Google is neither vicariously nor contributorily liable, it is unnecessary for the Court to deal with the DMCA issues.”). The failure to address the DMCA safe harbor for direct liability was error.

The DMCA limits liability for “monetary relief” regardless of the theory of infringement. 17 U.S.C. §512(d). The legislative history is also crystal clear: the DMCA “protect[s] qualifying service providers from liability for all monetary relief for *direct*, vicarious and contributory infringement.” H. Rep. No. 105-796, at 73 (1998), *reprinted in* 1998 U.S.C.C.A.N. 639, 649 (emphasis added). Courts agree. *See Field*, 412 F. Supp. 2d at 1110, 1125 ; *Parker v. Google Inc.*, 422 F. Supp. 2d 492, 498-99 (E.D. Pa. 2006); *see also Ellison*, 357 F.3d at 1077.

2. The Safe Harbor Protects All Google’s Activities In Offering Its Information Location Tool.

Once this Court concludes, as it must, that the DMCA applies, the Court must conclude that it protects all of Google’s activities in providing its information location tool. Under the statute, a safe harbor is available to service providers¹⁹ meeting the conditions of eligibility of 512(i), *see*

¹⁹ Google qualifies as a service provider. 17 U.S.C. §512(k)(1)(B).

Ellison, 357 F.3d at 1080, and engaging in any of the four behaviors that the DMCA protects.²⁰ Google qualifies.

Section 512(i) conditions the DMCA's application on a service provider's (a) reasonable implementation and communication to subscribers and account holders of a policy for termination of subscribers or account holders who are repeat infringers and (b) accommodation of standard technical measures for infringement prevention. Policy implementation need only be reasonable, not perfect. *CCBill*, 340 F. Supp. 2d at 1089. Google's search engines index the open Web. Web content providers and search engine users are not "account holders and subscribers" of either the Web or of Google's search engine. Still, as shown above, Google has responded to claims that indexed content is infringing: it has regularly suppressed links, cached pages, or thumbnails upon complaint (including those of P10).²¹ Additionally, Google respects technical measures, obeying robot exclusion protocols and accommodating protection measures that may

²⁰ These are providing connections for content, §512(a); caching content, §512(b); hosting content at a user's direction, §512(c); and providing an information location tool, §512(d).

²¹ As discussed above, Google has also implemented and communicated a policy to AdSense publishers allowing Google to terminate repeat infringers and has terminated repeat infringers, notably those allegedly infringing P10's copyrights.

be embedded in web pages or files. *See, e.g., Field*, 412 F. Supp. 2d at 1113; SERG0003:4-5. Google thus meets the §512(i) conditions.

Google's allegedly infringing conduct consists of indexing web pages and images on third-party websites; creating and displaying thumbnails for use in search results, creating and providing short excerpts of text for Web Search results; and providing hyperlinks for users' browsers that, when clicked on by users, retrieve images and web pages from third-party websites. *Perfect 10*, 416 F. Supp. 2d at 837, 852-53.²² All these are integral to Image and Web Search, which are information location tools "referring or linking users to an online location" pursuant to §512(d).²³ Robust search tools, in this case thumbnail pointers and framing hyperlinks, are "essential" to the Internet's operation, S. Rep. 105-190, at 49, H.R. Rep. 105-551(II), at 58; *see also CCBill*, 340 F. Supp. 2d 1097 (noting P10's reference to Google as a core tool). Google, as required for application of §512(d), (1) neither has actual knowledge, nor is aware, of apparent infringing activity and acts expeditiously to disable access to material once aware; (2) does not derive financial benefit where it has the right and ability

²² In its discussion of indirect infringement, the District Court rephrases Google's behavior of linking to images as giving those images an "audience."

²³ While Google also qualifies for other safe harbors, the §512(d) safe harbor is dispositive by itself.

to control infringing activity (as Google lacks the right and ability to control);²⁴ and (3) upon notification of claimed infringement expeditiously disables access to material identified by its reference or link.²⁵ 17 U.S.C. §512(d)(1)-(3); SERG0003:19-23.

²⁴ Google's ability to block sites from its search results is not the right and ability to control underlying infringements. Google is powerless to exclude third parties from the Web. The "right and ability to control infringing activity, ... 'cannot simply mean the ability of a service provider to remove or block access to materials' or the choice of that provider to prescreen content. *CCBill*, 340 F. Supp. 2d at 1098, 1104-05 (quoting *CoStar Group v. LoopNet*, 164 F. Supp. 2d at 704); see *Perfect 10 v. Cybernet Ventures*, 213 F. Supp. 2d 1146, 1181 (C.D. Cal. 2002) ("[C]losing the safe harbor based on the mere ability to exclude users from the system is inconsistent with the statutory scheme").

²⁵ As discussed, Google processed all of P10's notices and disabled access to infringing content when reasonably possible based on the contents of the notices. Any P10 complaint of insufficient processing here or in the context of §512(i)'s requirement for reasonable policy implementation should fall on deaf ears. P10 knows what is sufficient DMCA notice. Its failure to provide image URLs in its notices is astonishing, as another court previously directed P10 to provide "the URLs of the [allegedly infringing] images." *CCBill*, 340 F. Supp. 2d at 1089-90. Notices with web page URLs, which point to *pages* not *images*, are deficient. *Id.* ("[W]ebsites may contain more than one hundred images at different URLs; it is Perfect 10's responsibility, under the DMCA, to provide ... enough information to allow IBill to locate the infringing material.").

E. P10 Has Failed To Argue Any Harms Or Public Interest In Its Appeal; And The Evaluation Of Harms And The Public Interest Does Not Support An Injunction.

Besides failing to establish likely success, P10 failed to establish irreparable harm and that the balance of harms and the public interest justify the further preliminary injunction it seeks in its appeal.

P10 is surprisingly silent on the question of irreparable harm and the balance of harms in its opening brief. Indeed, the brief reads like an appeal from summary judgment rather than a partial denial of a preliminary injunction: P10 treats the substantive law as sufficient for an injunction, without any discussion of harms. But without irreparable harm there can be no injunction. No matter which formulation of the preliminary injunction standard a court applies, in no case may it issue a preliminary injunction when plaintiff has not demonstrated a “significant threat of irreparable injury.” *Big Country Foods, Inc. v. Bd. of Educ.*, 868 F.2d 1085, 1088 (9th Cir. 1989). And P10’s failure to establish irreparable harm from Google’s thumbnails likewise dooms the injunction that the District Court entered.

1. P10 Failed to Establish Irreparable Harm.

As to the PI that was partially granted, the District Court’s finding of irreparable harm (416 F. Supp. 2d at 859) was error. The District Court employed a presumption of irreparable harm that is erroneous in light of

eBay: the Supreme Court stated it “has consistently rejected invitations to replace traditional equitable considerations with a rule that an injunction automatically follows a determination that a copyright has been infringed.” *eBay*, 126 S. Ct. at 1840. *Likelihood* of success, a far more tentative and hurried finding than a final judgment of infringement, cannot foreclose a complete analysis of irreparable harm when *actual* success still requires a separate showing of irreparable harm. Otherwise, injunctions would routinely issue without any genuine consideration of harms or equities. The District Court should be reversed because, on the record below, P10 failed to demonstrate irreparable harm.

Moreover, the record establishes *no* irreparable harm. P10’s delays in seeking an injunction, the long passage of time since P10 filed the motion without incremental harm to P10, 416 F. Supp. 2d at 859, its refusal to employ DMCA-compliant notices, SERG0034-176, and P10’s failure to challenge underlying alleged infringers point to the injunction effort as merely a litigation pressure tool, not an effort to avoid genuine business harm.

2. The Balance Of Hardships Opposes An Injunction.

As with irreparable harm P10 has failed to offer any argument regarding the balance of hardships on its appeal from the partial denial of an

injunction, and it has thus waived that point. In any event, the record demonstrates that the balance of hardships tips overwhelmingly against any injunction.

As shown above, compliance with the PI, which requires Google to *permanently remove* noticed thumbnail images from its servers,

P10's proposed expanded PI, which would require Google to use image recognition to filter web images of women based on their apparent resemblance to P10 models, or to take other steps to police and thwart Web-based infringement, would be hopelessly burdensome. There is no technology that enables Google to do that accurately. SERG0484:21-26. Such an injunction would end Image Search.

3. The Public Interest Opposes An Injunction.

P10 also fails to articulate any public interest to support a broader preliminary injunction based upon liability theories that were rejected by the District Court. It has waived that point as well.

On the other hand, the public interest calls for reversal of the partial grant of injunction. "Public policy does not advocate the liberal issuance of *preliminary* injunctions in copyright infringement actions." *Nintendo*, 16 F.3d at 1038 (emphasis in original).

Numerous decisions have discussed the public interest in promoting access to information on the Internet. *See, e.g., Kelly*, 336 F.3d at 820. Even the District Court recognized it. *Perfect 10*, 416 F. Supp. 2d at 851. Valuable for promoting access to information on the Internet, Google's continued availability and vitality are important. Any injunction would not

merely affect one company but would also chill an entire industry and threaten its development.

F. The Injunction Is Overbroad.

Because the District Court wrongly concluded that P10 was likely to prevail in any respect, the PI was unwarranted. Even assuming, however, that some preliminary injunction were warranted, the PI ordered below was overbroad for a number of reasons that also justify the District Court's denial of any broader injunction sought by P10.

1. The Injunction Wrongly Enjoins Non-infringing Conduct.

The first flaw in the District Court's injunction is that it enjoins non-infringing conduct. As discussed above, the District Court granted P10 an injunction because it found against Google on two fair-use factors: (1) that Google's AdSense program made its thumbnails commercial; and (2) that Google's provision of Image Search results to cellphones could have a negative effect on P10's post-litigation licensing for cellphones. *Perfect 10*, 416 F. Supp. 2d at 846, 849. While the District Court discussed the AdSense program in its fair-use evaluation, it did not find that placement of AdSense advertisements was illegal; nevertheless, the Court enjoined the non-infringing placement of AdSense ads on allegedly infringing websites.

2. The Order Violates The DMCA.

To the extent the injunction requires Google to “permanently remove” all thumbnails properly noticed by P10 (ERG1361¶5), it exceeds the scope of injunctive relief permitted under §512(j) of the DMCA. 17 U.S.C. §512(j); *Corbis Corp. v. Amazon.com*, 351 F. Supp. 2d at 1099. As detailed above, Google qualifies for DMCA safe harbor under §512(d), and also has strong arguments for safe harbor under subsections (a) and (b) of §512; and the DMCA limits remedies when a defendant qualifies for the safe harbor.

Section 512(j) does not empower courts to order removal of works, but merely authorizes an “order restraining the service provider from *providing access to infringing material*,” 17 U.S.C. §512(j)(1)(a)(i) (emphasis added).

Moreover, when considering injunctive relief against a service provider that qualifies under the §512(d) safe harbor, the Court must take into account the limitations and considerations of §512(j), including whether an injunction “would be technically feasible and effective, and would not interfere with access to non-infringing material at other online locations” and “whether other less burdensome and comparably effective means of preventing or restraining access to the infringing material are available.” The current injunction does not respect these limitations and considerations

because,

would

interfere with access to non-infringing material, and is not the least burdensome solution.

Finally, §512(j)(2)(A) calls for a court to consider whether the injunction, “either alone or in conjunction with other such injunctions..., would significantly burden either the provider or the operation of the provider’s system or network.” The District Court erroneously gave no regard to this consideration.

3. The District Court Lacked Jurisdiction To Enforce Unregistered Copyrights.

Finally, the District Court’s injunction is overbroad because it does not limit relief to those works for which P10 has a copyright registration, despite the fact that registration is a jurisdictional prerequisite to a suit for copyright infringement. *See* 17 U.S.C. §411. A court cannot enjoin infringement of copyrights that it has no jurisdiction to enforce. The District Court’s injunction was erroneous to the extent it requires Google to act on P10’s notices regarding unregistered copyrights.

VIII. CONCLUSION

Because the District Court rightly denied the PI in part, and erroneously granted the PI in part, this Court should affirm the decision below as to the denial, and reverse as to the grant of the PI and the denial of the modification of the PI.

DATED: July 11, 2006

Respectfully submitted,
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**CERTIFICATE OF COMPLIANCE PURSUANT TO
FED. R. APP. P. 32(a)(7)(C) AND CIRCUIT RULE 32-1**

Pursuant to Federal Rule of Appellate Procedure 32(a)(7)(C) and Ninth Circuit Rule 32-1, I certify that the attached response/principal brief is proportionately spaced, has a typeface of 14 points and contains 16,321 words.

DATED: July 11, 2006

WINSTON & STRAWN LLP

By: /s/
Andrew P. Bridges
Attorneys for Google Inc.

STATEMENT OF RELATED CASES

The following cases, pending before this Court, are related:

1. ***Perfect 10, Inc. v. CCBill, LLC*, 04-57143 and 07-57207.**

P10 challenges the district court's determinations that (a) P10's alleged "DMCA notices" were inadequate to trigger the need for a response by defendant for safe-harbor protection under the DMCA, (b) the alleged "DMCA notices" were inadequate to establish a defendant's actual knowledge of infringing activity, (c) the defendant had no constructive knowledge of infringing activity, (d) the defendant expeditiously removed allegedly infringing material, and (e) the defendant lacked the right and ability to control infringing activity.

2. ***Perfect 10, Inc. v. Visa Int'l Serv. Ass'n, et al.*, 05-15170.**

P10 challenges the district court's dismissal of vicarious and contributory copyright infringement claims in which P10 claimed that defendant payment systems providers (a) had actual and constructive knowledge of infringing activity through P10's alleged "DMCA notices," (b) had the right and ability to control infringing activity of third parties through their ability to deny payment processing services to them, and (c) materially contributed to infringing activities of third parties by providing "critical business support" to them.