

1 against Amazon.com, Inc. and its subsidiary, A9.com, Inc.¹ (collectively,
2 “Amazon”), alleging copyright and trademark infringement and various related
3 claims. The suits were consolidated. P10 moves now for a preliminary injunction
4 against both Defendants, solely on the basis of its copyright claims. P10 seeks to
5 prevent Defendants’ image search engines from displaying “thumbnail” copies of
6 P10’s copyrighted images and also from linking to third-party websites which host
7 and serve infringing full-size images.

8 The Court conducted a hearing on November 7, 2005. The Court now
9 concludes that Google’s creation and public display of “thumbnails” likely do
10 directly infringe P10’s copyrights. The Court also concludes, however, that P10 is
11 not likely to succeed on its vicarious and contributory liability theories.

12 This Order will address P10’s motion for preliminary injunctive relief against
13 Google. Amazon licenses from Google much of the technology whose use by
14 Amazon P10 challenges. A separate order will address P10’s motion against
15 Amazon.

16 **II. BACKGROUND**

17 **A. The Parties**

18 **1. Perfect 10**

19 P10 publishes the adult magazine “PERFECT 10” and operates the
20 subscription website, “perfect10.com,” both of which feature high-quality, nude
21 photographs of “natural” models. Pl.’s Zada Decl. ¶¶ 9-10.² During the last nine
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23 ¹A9.com is Amazon.com’s search website.

24 ²In this Order, Declarants proffered by Plaintiff will be referred to as “Pl.’s
25 ____ Decl.” Defendants’ declarants will be referred to as “Def.’s ____ Decl.”
26 Norman Zada (formerly Zadeh) is the founder and CEO of P10. Pl.’s Zada Decl. ¶ 2.
27 Zada received a Ph.D. in Operations Research from the University of California at
28 Berkeley in 1972. *Id.* ¶ 3. From 1972 to 1973, Zada performed computer science
research for IBM. *Id.* Zada has also taught applied mathematics as a visiting

1 years, P10 has invested \$36 million to develop its brand in its magazine and its
2 website. *Id.* ¶ 11. This investment includes approximately \$12 million spent to
3 photograph over 800 models and create 2,700 high quality images that have
4 appeared in its magazine, along with an additional approximately 3,300 images that
5 have appeared on perfect10.com. *Id.* P10 has obtained registered copyrights for its
6 photographs from the United States Copyright Office. *Id.*, Ex. 1.

7 P10 generates virtually all of its revenue from the sale of copyrighted works:
8 (1) it sells magazines at newsstands (\$7.99 per issue) and via subscription; (2) it sells
9 website subscriptions to perfect10.com for \$25.50 per month, which allow
10 subscribers to view P10 images in the exclusive “members’ area” of the site³; and (3)
11 since early 2005, when P10 entered into a licensing agreement with Fonestarz Media
12 Limited, a United Kingdom company, for the worldwide sale and distribution of P10
13 reduced-size copyrighted images for download and use on cell phones, it has sold,
14 on average, approximately 6,000 images per month in the United Kingdom. *Id.* ¶ 16.
15 Aside from the licensing agreement with Fonestarz Media Limited, P10 has not
16 authorized any third-party individual or website to copy, display, or distribute any
17 of the copyrighted images which P10 has created. *Id.* ¶ 17.

18 2. Google

19 Google describes itself as a “software, technology, Internet, advertising, and
20 media company all rolled into one.” Google, Inc., 2004 Annual Report (Form 10-K),
21 at 9. Google is one of the most highly frequented websites on the internet. Pl.’s
22 Zada Decl., Ex. 3 (report from Alexa Internet, Inc. showing <http://www.google.com/>
23 ranking as the third most visited site in the world). Google operates a search engine
24 located at the domain name “google.com.” Google’s search engine indexes websites
25 on the internet via a web “crawler,” *i.e.*, software that automatically scans and stores

26 professor at Stanford University, UCLA, U.C. Irvine, and Columbia University. *Id.*
27 ¶ 4.

28 ³Subscribers choose a unique username/password combination which allows
them to log into the “members’ area.”

1 the content of each website into an easily-searchable catalog. Def.'s Levine Decl.
2 ¶¶ 13-14. Websites that do not wish to be indexed, or that wish to have only certain
3 content indexed, can do so by signaling to Google's web crawler those parts that are
4 "off limits." Google's web crawler honors those signals.

5 Google operates different search engines for various types of web content. All
6 search queries are text-based, *i.e.*, users input text search strings representing their
7 query, but results can be in the form of text, images, or even video. *Id.* ¶ 21. Thus,
8 for example, Google's basic web search, called Google Web Search, located at
9 <http://www.google.com/>, receives a text search string and returns a list of *textual*
10 results relevant to that query. Google Image search, on the other hand, receives a
11 text search string and returns a number of reduced-sized, or "thumbnail" images
12 organized into a grid.⁴

13 Google stores content scanned by its web crawler in Google's "cache." For
14 Google Web Search, because its "web page index is based entirely on the textual part
15 of web pages and not the images, [its] web page cache contains only the text pages,
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17 ⁴A "thumbnail" is a lower-resolution (and hence, smaller) version of a full-size
18 image. Thumbnails enable users to quickly process and locate visual information.
19 For example, users of Google Image Search are presented with a set of thumbnails
20 that are *potentially* responsive to their search queries. Because thumbnails are
21 smaller in size, more of them can be displayed at the same time on a single page or
22 screen. Users can quickly scan the entire set of thumbnails to locate the particular
23 full-size image for which they were looking.

24 P10 repeatedly objects that the term "thumbnail" is a misnomer, even going so
25 far as to point out that the thumbnails displayed by Google can be up to eight times
26 the size of a person's actual thumbnail. Pl.'s Zada Reply Decl. ¶ 54. "Thumbnail,"
27 it argues, conveys the false impression that smaller, lower-resolution images are not
28 useful in and of themselves—or that they are less useful than their full-size
counterparts. The term "thumbnail," however, has become the standard way of
referring to the smaller, lower-resolution images central to this suit. In any event, the
Court recognizes that thumbnails have been used for purposes independent of their
primary function, as is discussed later. *See, e.g., Kelly v. Arriba Soft Corp.*, 336 F.3d
811, 815 (9th Cir. 2003).

1 and not the images that those pages include when displayed.” Def.’s Levine Decl.
2 ¶ 21. For Google Image Search, too, the results depend solely on the text
3 surrounding an image.⁵ *Id.* ¶ 22. But for Image Search, Google also stores
4 thumbnails in its cache, in order to present the results of the user’s query. Def.’s
5 MacGillivray Decl. ¶ 3 (“The browser obtains ‘thumbnail’ images from Google’s
6 server . . .”); Pl.’s Mausner Decl., Ex. 118, Google’s Resp. to P10’s Req. for Admis.
7 No. 24 (“Google admits that its servers store reduced-size extracts of images.”). A
8 user of Google Image Search can quickly scan the grid of returned thumbnails to
9 determine whether any of the images responds to his search query. He “can then
10 choose to click on the image thumbnail and show more information about the image
11 and cause the user’s browser . . . to open a ‘window’ on the screen that will display
12 the underlying Web page in a process called ‘framing.’” Def.’s MacGillivray Decl.
13 ¶ 3.

14 “Framing” is a method of “combin[ing] multiple pages in a single window so
15 that different content can be viewed simultaneously, typically so that one ‘frame’ can
16 be used to annotate the other content or to maintain a link with an earlier web page.”
17 Def.’s Levine Decl. ¶ 24 n.1. In other words, when a user clicks on a thumbnail
18 returned as the result of a Google Image Search, his computer pulls up a page
19 comprised of two distinct frames, one hosted by Google and a second hosted by the
20 underlying website that originally hosted the full-size image. The two frames are
21 divided by a gray horizontal line a few pixels high. The upper frame is the Google
22 frame. It contains the thumbnail, retrieved from Google’s cache, and information
23 about the larger image, including the original resolution of the image and the specific

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26 ⁵Google Image Search does *not* have the ability to accept an *image* as a search
27 query and return similar images. Only text-based search queries can be input.
28 Google Image Search returns those images on the internet whose *surrounding text*
was deemed responsive to the user’s textual search string.

1 URL associated with that image.⁶ The Google frame also states that the thumbnail
2 “*may be scaled down and subject to copyright*” and makes clear that the upper frame
3 is not the original context in which the full-size image was found, stating, “Below
4 is the image in its **original context** on the page: <http://<URL>>.” The lower frame
5 contains, or shows, the original web page on which the original image was found.
6 Google neither stores nor serves any of the content (either text or images) displayed
7 in the lower frame; rather, the underlying third party website stores and serves that
8 content. *Id.* ¶¶ 27-29. However, because it is Google’s webpage that composites the
9 two frames, the URL displayed in the browser’s address bar displays
10 “images.google.com.” *Id.*

11 Attached hereto as Exhibit A is an example of the two-frame structure just
12 described, containing in the upper frame one of the thumbnail images that appeared
13 on the display of thumbnails retrieved by an image search for “Vibe Sorenson,” a
14 P10 model.

15 Google generates much of its revenue through two advertising programs:
16 AdWords, for advertisers, and AdSense, for web publishers. Def.’s MacGillivray
17 Decl. ¶ 9. Through AdWords, advertisers purchase advertising placement on
18 *Google’s* pages, including on search results pages and Google’s Gmail web-based
19 email service. *Id.* Google’s AdSense program allows pages on *third party sites* “to
20 carry Google-sponsored advertising and share [with Google the] revenue that flows
21 from the advertising displays and click-throughs.” *Id.* ¶ 10. “To participate [in
22 AdSense], a website publisher places code on its site that asks Google’s server to
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28 ⁶Since URLs may often be extremely long, Google displays the domain name
of the third-party website and the file name of the image, but the middle portion of
the URL frequently contains an ellipsis indicating that the full URL has been
truncated.

1 algorithmically select relevant advertisements” based on the content of that site. *Id.*⁷

2 **B. Procedural History**

3 On November 19, 2004, P10 filed suit against Google asserting various
4 copyright and trademark infringement claims: (1) direct copyright infringement, (2)
5 vicarious copyright infringement, (3) contributory copyright infringement, (4)
6 circumvention of copyright protection systems under the Digital Millennium
7 Copyright Act (“DMCA”), (5) direct trademark infringement, (6) contributory
8 trademark infringement, (7) vicarious trademark infringement, (8) trademark dilution
9 (federal), (9) unfair competition, (10) wrongful use of a registered mark, (11)
10 trademark dilution (state), and (12) violation of rights of publicity. Compl. ¶¶ 35-
11 115.

12 **C. Proposed Injunctive Relief**

13 P10 seeks to preliminarily enjoin Google from engaging in the following
14 activities:

- 15 (a) Copying, reproducing, distributing, publicly displaying, adapting or
16 otherwise infringing, or contributing to the infringement of any
17 copyrighted image owned by Perfect 10 which has been or will be
18 identified in notices to Google, as described below (“PERFECT 10
COPYRIGHTED IMAGES”). Perfect 10 will provide to Google notice
of PERFECT 10 COPYRIGHTED IMAGES within ten (10) business

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20 ⁷To illustrate how AdSense works, an individual who maintains a website
21 dedicated to soccer—“SoccerMANIA.com,” say—might post his personal
22 commentary about recent games, along with player profiles and a short history of
23 soccer. What he is not likely to do—perhaps because it is time-consuming or outside
24 his area of expertise, or simply because he does not choose to—is find advertisers
25 who are willing to pay to place advertisements on his site. This is where Google
26 AdSense comes in. After registering to become an AdSense partner, the soccer
27 aficionado can demarcate an area on his website that acts as a “placeholder” for an
28 advertisement. Google will then scan the text of his website and populate or fill the
placeholder with advertisements it deems relevant to the content on that site. Google’s AdSense software will notice that the word “soccer” and other soccer-related terms appear frequently on the site, and thus will show advertisements directed at people interested in soccer—*e.g.*, sites that sell tickets to World Cup games.

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days of the issuance of this Order, and may supplement that notice once each month. Within ten (10) business days of the receipt of notice of PERFECT 10 COPYRIGHTED IMAGES (including additional images as provided herein), Google shall delete and disable its display of all such images, including without limitation, deletion from any database owned or controlled by Google, and shall not display such images in the future.

(b) Linking to websites which display or make available PERFECT 10 COPYRIGHTED IMAGES for which Google has received notice as described below (“Infringing Websites”). Infringing Websites are (i) websites which were linked to by Google as identified in any notice of infringement from Perfect 10 to Google prior to June 20, 2005 (exs. 40-73 of the Declaration of Norman Zada filed herein) and which as of July 11, 2005, continued to display or make available PERFECT 10 COPYRIGHTED IMAGES on any of their web pages, or (ii) websites that in the future continue to display or make available PERFECT 10 COPYRIGHTED IMAGES on any of their web pages three (3) weeks after notice of such infringement to Google. Within ten (10) business days of the receipt of each notice of Infringing Websites, Google shall delete and disable all links to such Infringing Websites from any website owned or controlled by Google and shall not link to such Infringing Websites in the future.

(c) Copying, reproducing, distributing or publishing any username/password combinations to perfect10.com or linking to any websites that provide username/password combinations to perfect10.com which have been or will be identified in notices to Google, as described below. Within ten (10) business days of the receipt of each notice of Infringing Websites, Google shall delete all username/password combinations to perfect10.com and disable all links to any website that provides username/password combinations to perfect10.com from any website owned or controlled by Google and shall not publish such username/password combinations to such websites in the future.

(d) Notice under paragraphs (a) and (b) above may be provided by service on counsel of record for Google in any manner provided by the Federal Rules of Civil Procedure of copies of PERFECT 10 COPYRIGHTED IMAGES and/or listings of the URLs of the homepages of Infringing Websites. Such notice may be by computer disk or other means calculated to provide reasonable notice.

Pl.’s Proposed Prelim. Inj. ¶ 1.

III. DISCUSSION

A. Legal Standard for Preliminary Injunction

1. General Principles

“A preliminary injunction should be granted if a plaintiff can show either: (1) a combination of probable success on the merits and the possibility of irreparable

1 harm; or (2) that serious questions are raised and the balance of hardships tilt in the
2 plaintiff's favor." *Elvis Presley Enters., Inc. v. Passport Video*, 349 F.3d 622, 627
3 (9th Cir. 2003). In any preliminary injunction analysis, courts also look to "whether
4 the public interest will be advanced by granting preliminary relief." *Preminger v.*
5 *Principi*, 422 F.3d 815, 823 (9th Cir. 2005).

6 2. Affirmative Defenses

7 Google does not contest that photographs are copyrightable subject matter or
8 that P10's certificates of copyright registration have sufficiently established its
9 ownership. Google does, however, dispute P10's contention that its copyright
10 interests have been directly infringed. Although Google admits creating and storing
11 thumbnail copies of P10's full-size images (found on third-party websites), as well
12 as displaying those thumbnails as search results on Google Image Search, it argues
13 that such use is protected under the fair use doctrine, as codified by 17 U.S.C. § 107.

14 "The plaintiff's burden of showing a likelihood of success on the merits
15 includes the burden of showing a likelihood that it would prevail against any
16 affirmative defenses raised by the defendant." *Dr. Seuss Enters., L.P. v. Penguin*
17 *Books USA, Inc.*, 924 F.Supp. 1559, 1562 (S.D. Cal. 1996) (citing *Atari Games*
18 *Corp. v. Nintendo*, 975 F.2d 832, 837 (Fed. Cir. 1992)), *aff'd*, 109 F.3d 1394 (9th
19 Cir. 1997); *accord Religious Tech. Ctr. v. Netcom On-Line Communication Servs.*,
20 923 F.Supp. 1231, 1242 n.12 (N.D. Cal. 1995) ("Even though fair use is an
21 affirmative defense[,] plaintiffs, as the parties moving for a preliminary injunction,
22 have the burden of proving a likelihood of success on their infringement claim,
23 including the fair use defense."); 2 William W. Schwarzer, *et al.*, *California Practice*
24 *Guide, Federal Civil Procedure Before Trial* ¶ 13:47 (2000); *Vision-Ease Lens, Inc.*
25 *v. Essilor Int'l SA*, 322 F.Supp.2d 991, 995 n.5 (D. Minn. 2004) (citing *Dr. Seuss*).

26 P10 points out that the Ninth Circuit, in affirming the district court's ruling in
27 *Dr. Seuss*, stated that because "fair use is an affirmative defense, [defendant] must
28 bring forward favorable evidence" relevant to the fourth fair use factor. *Dr. Seuss*,

1 109 F.3d at 1403.⁸ However, the defendant had presented no evidence whatsoever
2 on that factor. The Ninth Circuit stated that the absence of *any* evidence made it
3 “impossible to deal with the fourth factor except by recognizing that a silent record
4 on an important factor bearing on fair use disentitle[s] the proponent of the defense
5 . . . to relief from the preliminary injunction.” *Id.* (internal quotations omitted)
6 (alteration in original). The Ninth Circuit did *not* state or indicate that the district
7 court erred in interpreting Plaintiff’s burden of proving “likelihood of success on the
8 merits” to include the “likelihood that [plaintiffs] would prevail against any
9 affirmative defenses raised by the defendant.” That the Ninth Circuit required the
10 defendants to submit some quantum of evidence does not mean it had placed the
11 burden on defendant to show that it was entitled to the affirmative defense of fair
12 use.

13 P10 also cites *A&M Records, Inc. v. Napster, Inc.*, 114 F.Supp.2d 896 (N.D.
14 Cal. 2000) [hereinafter “*Napster I*”], which stated that “defendant bears the burden
15 of proving . . . affirmative defenses” on a motion for preliminary injunction. *Id.* at
16 912 (citing *Bateman v. Mnemonics, Inc.*, 79 F.3d 1532, 1542 n.22 (11th Cir. 1996)).
17 On appeal, the Ninth Circuit did not conclusively resolve the issue. It merely stated,
18 “[E]ven if plaintiffs bear the burden of establishing that they would likely prevail
19 against Napster’s affirmative defenses at the preliminary injunction stage, the record
20 supports the district court’s conclusion that Napster users do not engage in fair use
21 of the copyrighted materials.” *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004,
22 1015 n.3 (9th Cir. 2001) (emphasis added). This qualified language does not
23 necessarily suggest that the defendant bears the burden of proving the affirmative
24 defense at the preliminary injunction phase. Indeed, the Ninth Circuit’s analysis
25 proceeded under the assumption that plaintiffs shouldered the burden. Furthermore,
26 the Eleventh Circuit *Bateman* decision upon which the district court relied did not

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28 ⁸That factor is “the effect of the use upon the potential market for or value of
the copyrighted work.” 17 U.S.C. § 107.

1 involve a preliminary injunction.

2 Accordingly, the Court will follow *Dr. Seuss's* conclusion that P10 on its
3 motion for preliminary injunction against Google, carries the burden of overcoming
4 Google's fair use defense.

5 3. Prohibitory v. Mandatory Injunction

6 Google tries to characterize the relief P10 seeks as "mandatory" and points out
7 that "'mandatory preliminary relief' is subject to heightened scrutiny and should not
8 be issued unless the facts and law clearly favor the moving party." *Dahl v. HEM*
9 *Pharm. Corp.*, 7 F.3d 1399, 1403 (9th Cir. 1993); *see also Stanley v. Univ. of*
10 *Southern California*, 13 F.3d 1313, 1320 (9th Cir. 1994). P10 contends, however,
11 that "an injunction that requires a defendant to refrain from performing present and
12 continuing acts causing injury is prohibitory," not mandatory. *See First Union Nat.*
13 *Bank v. Burke*, 48 F.Supp.2d 132, 142-143 (D. Conn. 1999). "The distinction
14 between mandatory and prohibitory injunctions is not without ambiguities"
15 *Tom Doherty Assocs., Inc. v. Saban Entm't, Inc.*, 60 F.3d 27, 34 (2d Cir.1995).
16 "[M]any prohibitory injunctions can easily be restated in a manner that makes them
17 appear mandatory in effect." *First Union Nat. Bank*, 48 F.Supp.2d at 143.

18 The Court agrees with P10. The proposed injunction would be essentially
19 prohibitory in nature, because it would require Google to cease its allegedly
20 infringing activities. Whatever active steps Google might have to undertake would
21 merely be the means of discontinuing acts of infringement.

22 B. Likelihood of Success

23 P10 asserts that Google is both directly and secondarily liable for copyright
24 infringement. P10 alleges that Google's image search engine directly infringes by
25 copying, distributing, and displaying thumbnails and full-size images of P10's
26 copyrighted photographs. P10 alleges that Google is secondarily liable for the
27 actions of third-party websites that host infringing images and unauthorized
28 perfect10.com username/password combinations to which Google's search engine

1 links, as well for the actions of individuals who are led by Google Image Search to
2 infringing images and subsequently download infringing copies themselves.

3 Google raises several defenses. First, in response to P10's direct infringement
4 claims, it argues that (1) many of its actions do not infringe upon any of the
5 exclusive rights granted to the owner of a copyright, and (2) to the extent that its
6 actions do implicate those rights, such use is fair under 17 U.S.C. § 107. Second, in
7 response to P10's secondary liability claims, Google contends that (1) it has not
8 contributorily or vicariously infringed; (2) it is immune from contributory liability
9 under *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984)
10 [hereinafter "*Sony*"]; and (3) it qualifies for protection under the various safe harbor
11 provisions of the DMCA, 17 U.S.C. § 512(a)-(d).

12 1. Direct Infringement

13 To establish direct copyright infringement, a plaintiff must prove two
14 elements: (1) ownership of a valid copyright, and (2) violation of one of the
15 exclusive rights granted under copyright. *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.,*
16 *Inc.*, 499 U.S. 340, 361 (1991).

17 a. What Actions by Google Allegedly Constitute Direct 18 Infringement?

19 Although 17 U.S.C. § 106 sets forth six exclusive rights of a copyright holder,
20 the rights in question here are the right to display publicly, the distribution right, and
21 the reproduction right. P10 alleges that Google directly infringes in that it both (1)
22 displays and distributes full-size images hosted by third-party websites, and (2)
23 creates, displays, and distributes thumbnails of P10's copyrighted full-size images.⁹

24 ⁹P10 also argues that Google's web (text-based) search function directly
25 infringes P10's intellectual property by linking to websites that display the
26 username/password combinations that subscribers to perfect10.com have obtained in
27 order to gain access to the "members' only" area of the site. The Court rejects this
28 argument. P10 has not demonstrated that it has any copyright interest in the two
strings of characters that *other* individuals select when registering as members on
perfect10.com. Furthermore, as explained more fully below, Google does not risk

1 P10 contends that these displays and distributions of copyrighted material extend to
2 cell phones as well as computers. Google concedes that it creates and displays
3 thumbnails; it denies that it “displays,” creates, or distributes what is depicted in the
4 lower frame; and it challenges P10’s argument that any of its activities can be the
5 basis for direct infringement.

6 The Court will address P10’s contentions about framed, full-size images first.

7 **b. As to “In-Line Linking,” What Constitutes a**
8 **“Display”?**

9 There is no dispute that Google “in-line links” to and/or “frames” content that,
10 in fact, is stored on and served by other websites. Whether that conduct constitutes
11 a “display” for purposes of copyright law is the issue.

12 The terms “link” and “in-line link” can be used in two distinct, but related,
13 ways. “Link” is most commonly used to refer to text or image “hyperlinks” that are
14 displayed on a webpage and that when clicked by the user, transport him to a new
15 page. “In-line link” refers to the process whereby a webpage can incorporate by
16 reference (and arguably cause to be displayed) content stored on another website.
17 *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 816 (9th Cir. 2003) [hereinafter “*Kelly II*”]
18 (“The in-line link instructs the user’s browser to retrieve the linked-to image from
19 the source website and display it on the user’s screen, but does so without leaving
20 the linking document.”).

21 There are at least two approaches to defining “display” in the context of in-
22 line linking: what the Court will call (1) a “server” test and (2) an “incorporation”
23 test. The differences in the “server” and “incorporation” tests can be illustrated if
24 we return to the example of SoccerMANIA.com. *See supra* note 7. That fictitious
25 website might contain a single webpage with the text, “We proudly show this photo,”
26 below which appears a photo of the legendary soccer great Pelé that he (Pelé)

27 _____
28 liability for direct infringement merely by linking to content hosted on and served by
third-party websites.

1 copyrighted. The mere fact that the Pelé photo appears on SoccerMANIA's webpage
2 *does not* necessarily mean that the photo (or even a copy of it) is stored on or
3 transferred via SoccerMANIA.com. Using standard HTML, SoccerMANIA.com's
4 webpage might, in fact, be in-line linking to the Pelé photo stored on, say,
5 "SoccerPASSION.com." If that is the case, when the person seeking to visit
6 SoccerMANIA.com's webpage uses his browser, the browser would (1) download
7 SoccerMANIA.com's webpage, (2) parse through the various HTML commands of
8 that webpage, (3) per HTML code, display the text "We proudly show this photo,"
9 (4) also per HTML code, follow an in-line link to the image stored on
10 SoccerPASSION.com, (5) download the photo to the user's computer directly from
11 SoccerPASSION.com, and (6) display the image in the browser below the text.
12 Because the visitor cannot see any of these actions take place, he probably—but
13 mistakenly—will assume that the copyrighted photo of Pelé is stored on and served
14 by SoccerMANIA.com. Indeed, even though the image was actually transferred
15 directly from SoccerPASSION.com, the address shown on the user's browser will
16 still indicate something akin to "http://www.SoccerMANIA.com/webpage.html".
17 This is because browsers display the address of the file (here, a webpage) that they
18 are currently rendering; they do not in any way indicate the location from which each
19 component element of a webpage (such as an image) originates.

20 The question, then, is whether SoccerMANIA.com, SoccerPASSION.com, or
21 both have "displayed" the copyrighted Pelé photo.

22 i. The Server Test Embraced by Google

23 From a technological perspective, one could define "display" as the act of
24 *servicing* content over the web—*i.e.*, physically sending ones and zeroes over the
25 internet to the user's browser. Adopting this definition, as Google urges the Court
26 to do, SoccerPASSION.com would be the entity that "displays" the Pelé image, and
27 SoccerMANIA.com would not risk liability for direct infringement (regardless of
28 whether its in-line linking would otherwise qualify as fair use).

iii. Existing Precedents

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2 Only a few courts have addressed the question of whether hyperlinking
3 constitutes “displaying” that infringes a copyright holder’s exclusive right to display
4 his work. Fewer have considered in-line linking or framing.

5 P10 cites *Playboy Enters., Inc. v. Webbworld, Inc.*, 991 F.Supp. 543 (N.D.
6 Tex. 1997). There, Defendant Webbworld, an adult website, received a “news feed”
7 of nude photos from adult internet newsgroups, downloaded them to its computers,
8 and then uploaded them to its own publicly accessible web servers. *Id.* at 549-50.
9 The photos included Playboy’s copyrighted images. Webbworld then charged
10 internet users a monthly subscription fee to view the images on its website. *Id.* at
11 550. The district court concluded that Webbworld “displayed” Playboy’s photos
12 because it caused them to be shown on users’ computers and because “[t]he image
13 existed in digital form on Webbworld’s servers.” *Id.* at 551-52 (emphasis added).
14 Here, it is undisputed that Google does not store or serve any full-size images.

15 Similarly, in *Playboy Enters., Inc. v. Russ Hardenburgh, Inc.*, 982 F.Supp. 503
16 (N.D. Ohio 1997), also cited by P10, Defendant Rusty-N-Edie’s, Inc. (“RNE”) SUMMED
17 operated an electronic bulletin board through its own computers onto which paying
18 subscribers could upload various files and then receive access to, and the right to
19 download, all the files that other subscribers had uploaded. *Id.* at 505-506. When
20 users downloaded files from the bulletin board, those files were transferred to the
21 user’s computer directly from RNE’s computers (not from the original uploader’s
22 computer). The court concluded that RNE had publicly displayed and distributed the
23 files posted on the bulletin board. The court relied, in part, on the fact that after
24 reviewing the files in the upload queue, RNE *moved them to its own servers* that
25 were available to other subscribers. *Id.* at 512-13. Unlike RNE, however, Google
26 does not store or serve any full-size images on Google Image Search.

27 In *Perfect 10, Inc. v. Cybernet Ventures, Inc.*, 167 F.Supp.2d 1114 (C.D. Cal.
28 2001), Defendant Cybernet Ventures, Inc. (“Cybernet”) ran a website called

1 “adultcheck.com” which functioned as a gateway to other adult web sites. Paying
2 subscribers would receive access to “the content on any of the related sites within the
3 Adult Check ‘family.’” *Id.* at 1118. As it does here, Perfect 10 argued that Cybernet
4 directly infringed its copyrighted images. The court denied summary judgment for
5 Cybernet because it lacked sufficient information regarding how Cybernet’s systems
6 interacted with those of its partners, noting “Cybernet *may* have [had] a direct role
7 in the infringement.” *Id.* at 1122. The court did not discuss whether Cybernet had
8 stored or served any of the infringing content. But in a later decision on a motion for
9 preliminary injunction, the same court expressed doubt that liability for direct
10 infringement could be found because Cybernet did not store or serve the infringing
11 content:

12 Based on the evidence before the Court it appears that *Cybernet does not use*
13 *its hardware to either store the infringing images or move them from one*
14 *location to another for display.* This technical separation between its facilities
15 and those of its webmasters prevents Cybernet from engaging in reproduction
16 or distribution, and *makes it doubtful that Cybernet publicly displays the*
17 *works* The Court therefore concludes that there is little likelihood that
18 Perfect 10 will succeed on its direct infringement theory.

19 *Perfect 10, Inc. v. Cybernet Ventures, Inc.*, 213 F.Supp.2d 1146, 1168-69 (C.D. Cal.
20 2002) (emphasis added).

21 In its now-withdrawn opinion in *Kelly v. Arriba Soft Corp.*, 280 F.3d 934 (9th
22 Cir. 2002) [hereinafter, “*Kelly I*”], *amended by Kelly II*, 336 F.3d 811 (9th Cir.
23 2003), the Ninth Circuit discussed liability for direct infringement resulting from in-
24 line linking, without addressing how the technology functioned—*i.e.*, who stored
25 and served the infringing content. Defendant Arriba operated an image search
26 engine much like Google’s—it in-line linked to and framed, but did not store or
27 serve, full-size copies of Kelly’s photographs. Stating that “[n]o cases have
28 addressed the issue of whether inline linking or framing violates a copyright owner’s
29 public display rights,” *id.* at 945, the Ninth Circuit nevertheless analogized to
30 *Webbworld* and *Hardenburgh*, ignored the fact that the defendants in those two cases
31 actually hosted and served the infringing content, and concluded that Arriba had

1 directly infringed Kelly's exclusive right to display. *Kelly I*, 280 F.3d at 945-47.

2 Like the defendants in *Webbworld* and *Hardenburgh*, Arriba is directly liable
3 for infringement. Arriba actively participated in displaying Kelly's images by
4 . . . having its program inline link and frame those images within its own web
5 site. Without this program, users would not have been able to view Kelly's
6 images within the context of Arriba's site. Arriba acted as more than a
7 passive conduit of the images by establishing a direct link to the copyrighted
8 images. Therefore, Arriba is liable for publicly displaying Kelly's
9 copyrighted images without his permission.

10 *Id.* at 947.

11 The decision in *Kelly I* was roundly criticized:

12 If [the] logic [of the original opinion in *Kelly*] is valid, it should ensnare AOL,
13 Dell, Microsoft, and Netscape as well. Indeed, it condemns those other actors
14 *a fortiori*: the user of those products can see Kelly's entire web site displayed,
15 whereas Arriba only offers a portion of Kelly's material, framed by its own
16 proprietary content. Accordingly, Arriba's usurpation of Kelly's display right
17 is even less than the others.'

18 4 Nimmer on Copyright [hereinafter "Nimmer"] § 12B.01[A][2] (2005).

19 Some seventeen months later, perhaps "reflect[ing] *sub silentio* that the panel
20 no longer believed in the substance of its much-criticized conclusion," *id.*, the Ninth
21 Circuit withdrew the portion of the *Kelly I* opinion dealing with direct infringement
22 on procedural grounds. *Kelly II*, 336 F.3d at 817 ("[W]e conclude that the district
23 court should not have reached the issue [of whether Arriba's framing of full-size
24 images constitutes direct infringement] because neither party moved for summary
25 judgment as to the full-size images . . .").

26 *Kelly I* dealt with an image stored on and served by a third-party website and
27 incorporated into a defendant search engine's website via in-line linking and
28 framing. *Kelly II* declined to address whether that conduct constituted direct
infringement. Its description of how Arriba functioned is nevertheless useful:

In-line linking allows one to import a graphic from a source website and
incorporate it in one's own website, creating the appearance that the in-lined
graphic is a seamless part of the second web page. The in-line link instructs
the user's browser to retrieve the linked-to image from the source website and
display it on the user's screen, but does so without leaving the linking
document. Thus, the linking party can incorporate the linked image into its
own content. As a result, although the [full-size] image in Arriba's . . . page
came directly from the originating web site and was not copied onto Arriba's
server, the user would not realize that the image actually resided on another
web site.

1 *Kelly II*, 336 F.3d at 816. Although such conduct is potentially actionable under
2 secondary liability theories, in terms of *direct* infringement, *Kelly II* provides no
3 guidance; the Ninth Circuit just has not settled the question of whether the in-line
4 linking to and framing of content hosted by third-party websites constitutes a
5 “display.”

6 Certain other decisions, some unpublished, do deal with traditional
7 hyperlinking—*i.e.*, rather than incorporating third-party content via in-line linking
8 or framing, websites create hyperlinks that transport the user directly to the linked-to,
9 infringing page. Each of these cases holds that such linking does not implicate any
10 of the exclusive rights under copyright. *Ticketmaster Corp. v. Tickets.com, Inc.*, No.
11 CV 99-7654, 2000 WL 525390, at *2 (C.D. Cal. Mar. 27, 2000) (unpublished)
12 (“[H]yperlinking does not itself involve a [direct] violation of the Copyright Act
13 (whatever it may do for other claims) since no copying is involved.”); *Online Policy*
14 *Group v. Diebold, Inc.*, 337 F.Supp.2d 1195, 1202 n.12 (N.D. Cal. 2004)
15 (“[H]yperlinking per se does not constitute direct copyright infringement because
16 there is no copying, [although] in some instances there may be a tenable claim of
17 contributory infringement or vicarious liability.”); *Bernstein v. JC Penney, Inc.*, No.
18 98-2958, 1998 WL 906644, at *1 (C.D. Cal. Sept. 29, 1998) (unpublished) (granting,
19 without discussion, defendant’s motion to dismiss on the ground that hyperlinking
20 cannot constitute direct infringement); *Arista Records, Inc. v. MP3Board, Inc.*, No.
21 00 CIV. 4660, 2002 WL 1997918, at *4 (S.D.N.Y. Aug. 29, 2002) (unreported)
22 (linking to content does not implicate distribution right and thus, does not give rise
23 to liability for direct copyright infringement).

24 These cases, however, are distinguishable because in none of them did
25 defendant actually *display* anything (or, in the case of *Arista Records*, distribute
26 anything). In contrast, Google’s in-line linking causes the appearance of copyrighted
27 content on Google’s webpage, even though that content may have been stored on and
28 served by third-party websites.

1 *Hard Rock Cafe Int'l (USA) Inc. v. Morton*, No. 97 Civ. 9483, 1999 WL
 2 717995 (S.D.N.Y. Sept. 9, 1999) (unreported), involved trademark, not copyright
 3 claims, but is factually analogous. Plaintiff Hard Rock Cafe ("HRCI") sought to
 4 enforce a license agreement with the defendant that precluded the defendant from
 5 using the Hard Rock Hotel mark to sell merchandise outside certain permitted
 6 means. Granting in part the plaintiff's request, the court ordered the defendant to
 7 "cease framing" a website that used the trademark to promote the sale of CDs by a
 8 company referred to as "Tunes." The court suggested that in cases involving framed
 9 web content, direct *trademark* infringement may turn on how "smoothly integrated"
 10 the two frames are:

11 Defendants emphasize that the CDs are sold by Tunes, not Hard Rock Hotel,
 12 and argue that hyperlinks on Hard Rock Hotel's web site "do not involve
 13 further 'uses' of the Hard Rock Hotel Marks" because hyperlinks "are merely
 14 technical connections between two independent sources of content."
 15 Whether or not this is true with respect to hyperlinks, it is not true with respect
 16 to framing. Framing is far more than a "technical connection between two
 17 independent sources of material." Through framing, the Hard Rock Hotel
 18 Mark and the Tunes site are combined together into a single visual
 19 presentation Because the Tunes material appears as a window within the
 20 original linking page, *it is not clear to the computer user that she or he has*
 21 *left the Hard Rock Hotel web site.* The domain name appearing at the top of
 the computer screen, which indicates the location of the user in the World
 Wide Web, continues to indicate the domain name of Hard Rock Hotel, not
 that of Tunes. The Tunes web page is reached in the same fashion as any
 other section of the Hard Rock Hotel web site, by clicking on a button labeled
 "record store" which resembles the other buttons leading to web pages
 maintained by Hard Rock Hotel *The Hard Rock Hotel web site and the*
Tunes web page are thus smoothly integrated. In light of this seamless
presentation of the Tunes web page within the Hard Rock Hotel web site, the
only possible conclusion is that the Hard Rock Hotel Mark is used or
exploited to advertise and sell CDs.

22 *Id.* at *25 (emphasis added; internal citations omitted). In a footnote, the Court
 23 suggested that it might have ruled the other way had defendant's website (whose
 24 webpage created the frame structure), "indicate[d] to the user that he or she ha[d]
 25 retrieved a . . . web page run by a separate company" *Id.* n.16.

26 Trademark infringement typically concerns issues not applicable to copyright
 27 infringement, such as market confusion and passing off. Thus, it does not
 28 necessarily follow from *Hard Rock* that in assessing whether, for purposes of direct

1 *copyright* infringement, a work has been “displayed” in a webpage, courts must look
2 to how seamless the transition is between the two frames.

3 **iv. “Display” for Purposes of Full Size Images**

4 The Court concludes that in determining whether Google’s lower frames are
5 a “display” of infringing material, the most appropriate test is also the most
6 straightforward: the website on which content is stored and by which it is served
7 directly to a user, not the website that in-line links to it, is the website that “displays”
8 the content. Thus, the Court adopts the server test, for several reasons.

9 First, this test is based on what happens at the technological-level as users
10 browse the web, and thus reflects the reality of how content actually travels over the
11 internet before it is shown on users’ computers. Persons who view the full-size
12 “image in its original context” (*i.e.*, the lower frame) after clicking on one of the
13 thumbnails that Google Image Search aggregated, are not viewing images that
14 Google has stored or served. Rather, their computers have engaged in a *direct*
15 connection with third-party websites, which are themselves responsible for
16 transferring content.

17 Second, adoption of the server test neither invites copyright infringing activity
18 by a search engine such as Google nor flatly precludes liability for such activity.
19 This test will merely preclude search engines from being held directly liable for in-
20 line linking and/or framing infringing content stored on third-party websites.
21 Copyright owners may still seek, as P10 does, to impose contributory or vicarious
22 liability on websites for the inclusion of such content. Such secondary liability will
23 require analysis of the different set of factors discussed in Section III.B.3 of this
24 Order.

25 Third, website operators can readily understand the server test and courts can
26 apply it relatively easily. To be sure, the incorporation test, which would have courts
27 look at the URL displayed in the browser’s address bar, also can be applied relatively
28 easily. But that test fails to acknowledge the interconnected nature of the web, both

1 in its physical and logical connections and in its ability to aggregate and present
2 content from multiple sources simultaneously.

3 Fourth, here the initial *direct* infringers are the websites that stole P10's full-
4 size images and posted them on the internet for all the world to see. P10 would not
5 have filed suit but for their actions.

6 Finally, the server test maintains, however uneasily, the delicate balance for
7 which copyright law strives—*i.e.*, between encouraging the creation of creative
8 works and encouraging the dissemination of information. Merely to index the web
9 so that users can more readily find the information they seek should not constitute
10 direct infringement, but to *host* and *serve* infringing content may directly violate the
11 rights of copyright holders.

12 Applying the server test, the Court concludes that for the purposes of direct
13 copyright infringement, Google's use of frames and in-line links does not constitute
14 a "display" of the full-size images stored on and served by infringing third-party
15 websites. Thus, P10's claim of direct infringement with respect to these actions will
16 likely fail.

17 **c. "Display" for Purposes of Thumbnails**

18 Applying the server test to Google's use of thumbnails the Court finds that
19 Google does "display" thumbnails of P10's copyrighted images. Google
20 acknowledges that it creates and stores those thumbnails on its own servers—and
21 that upon receiving search queries, it responds by displaying a grid of those
22 thumbnails.

23 **d. What Constitutes a "Public Distribution"?**

24 The foregoing considerations also inform whether Google directly infringes
25 P10's distribution right. With respect to P10's full-size images, Google does not.
26 A distribution of a copyrighted work requires an "actual dissemination" of copies.
27 *See In re Napster, Inc. Copyright Litigation*, 377 F.Supp.2d 796, 802-804 (N.D. Cal.
28 2005); *accord* Nimmer § 8.11[A]. In the internet context, an actual dissemination

1 means the transfer of a file from one computer to another. Although Google frames
2 and in-line links to third-party infringing websites, it is *those* websites, not Google,
3 that transfer the full-size images to users' computers. Because Google is not
4 involved in the transfer, Google has not actually disseminated—and hence, and has
5 not distributed—the infringing content. *See In re Napster*, 377 F.Supp.2d at 802-804
6 (N.D. Cal. 2005) (finding that Napster had not “distributed” songs in light of the fact
7 that the “infringing works never resided on the Napster system,” and therefore,
8 Napster could not have transferred copyrighted content to its users).

9 Accordingly, the Court concludes that by merely framing and in-line linking
10 to third-party websites, Google has not “distributed” infringing copies of P10's
11 copyrighted full-size photographs.¹¹

12 2. Fair Use

13 Having found that the thumbnails directly infringe P10's copyrights, the Court
14 turns to Google's affirmative defense of fair use. Google argues that its creation and
15 display of thumbnails is fair under 17 U.S.C. § 107. “From the infancy of copyright
16 protection, some opportunity for fair use of copyrighted materials has been thought
17 necessary to fulfill copyright's very purpose, ‘[t]o promote the Progress of Science
18 and useful Arts . . .’ U.S. Const., Art. I, § 8, cl. 8.” *Campbell v. Acuff-Rose Music,*
19 *Inc.*, 510 U.S. 569, 575 (1994). This notion was codified in 17 U.S.C. § 107:

20 [T]he fair use of a copyrighted work . . . for purposes such as criticism,
21 comment, news reporting, teaching[,] scholarship, or research, is not an
22 infringement of copyright. In determining whether the use made of a work in
any particular case is a fair use the factors to be considered shall include—

- 23 (1) the purpose and character of the use, including whether such use is of
24 a commercial nature or is for nonprofit educational purposes;

25 ¹¹P10 also argues that Google “distributes” the thumbnails. Although Google
26 does transfer thumbnails to users' computers though local browser caching, this
27 automatic “distribution” likely constitutes fair use. *See note 17 infra.* In any event,
28 because the Court concludes that Google's *creation* and *display* of thumbnails
directly infringes P10's copyrights, the question of whether Google also *distributes*
those thumbnails is moot.

- 1 (2) the nature of the copyrighted work;
- 2 (3) the amount and substantiality of the portion used in relation to the
- 3 (4) the effect of the use upon the potential market for or value of the

4 Although often discussed within the context of the first factor, “the public interest
5 is also a factor that continually informs the fair use analysis.” Nimmer
6 § 13.05[B][4]; *see also Sony Computer Entm’t America, Inc. v. Bleem, LLC*, 214
7 F.3d 1022, 1027 (9th Cir. 2000); *Sega Enters. Ltd. v. Accolade, Inc.*, 977 F.2d 1510,
8 1523 (9th Cir. 1992) (“[W]e are free to consider the public benefit resulting from a
9 particular use . . .”). Courts are to consider “these factors in light of the objectives
10 of copyright law, rather than view them as definitive or determinative tests.” *Kelly*
11 *II*, 336 F.3d at 818.

12 a. Purpose and Character of Use

13 “[T]he preamble to Section 107 . . . enumerate[s] certain purposes that are
14 most appropriate for a finding of fair use: ‘criticism, comment, news reporting,
15 teaching[,] scholarship or research.’” Nimmer §13.05[A][1][a]. “The central
16 purpose of [the first fair use factor] is to see . . . whether the new work merely
17 supersedes the objects of the original creation, or instead adds something new, with
18 a further purpose or different character, altering the first with new expression,
19 meaning, or message; it asks, in other words, whether and to what extent the new
20 work is ‘transformative.’” *Campbell*, 510 U.S. at 579. Although the Supreme Court
21 has stated that “every commercial use of copyrighted material is presumptively an
22 unfair exploitation of the monopoly privilege that belongs to the owner of the
23 copyright,” *Sony*, 464 U.S. at 451, this pronouncement does not preclude a finding
24 that a defendant’s commercial use may nevertheless be fair. *Kelly II*, 336 F.3d at 818
25 (citing *Campbell*, 510 U.S. at 579). Furthermore, “[t]he more transformative the new
26 work, the less important the other factors, including commercialism, become.” *Id.*

27 i. Commercial Versus Noncommercial Use

28 In assessing whether a use is commercial, the focus here is not on the

1 individuals who use Google Image Search to locate P10's adult images. Nor is it on
2 whether their subsequent use of the images is noncommercial (e.g., titillation) or
3 commercial (e.g., to print and sell). Rather, it is *Google's* use that the Court is to
4 consider. That use, P10 contends, is commercial in nature. The Court agrees.

5 Courts have defined "commercial uses" extremely broadly. See Nimmer
6 § 13.05[A][1][c] (providing examples). Google unquestionably derives significant
7 commercial benefit from Google Image Search in the form of increased user
8 traffic—and, in turn, increased advertising revenue. The more people who view its
9 pages and rely on its search capabilities, the more influence Google wields in the
10 search engine market and (more broadly) in the web portal market. In turn, Google
11 can attract more advertisers to its AdSense and AdWords programs.

12 That Google's use of thumbnails is commercial, however, does not necessarily
13 weigh heavily in favor of P10. In *Kelly II, supra*, the Ninth Circuit acknowledged
14 that Arriba's use was commercial, yet concluded that that fact "weigh[ed] only
15 slightly against a finding of fair use" because "Arriba was neither using Kelly's
16 images to directly promote its web site nor trying to profit by selling Kelly's
17 images." *Kelly II*, 336 F.3d at 818. The court found that the creation and use of
18 thumbnails to display Arriba's image search results were "more incidental and less
19 exploitative in nature than more traditional types of commercial use." *Id.*

20 Google Image Search automatically scours the internet via its web crawler
21 software to find and catalog images. For each image, Google records information
22 about it and creates a thumbnail copy. The thumbnail is then stored in Google's
23 cache for later display when users perform an image search. When an image search
24 is performed, Google displays a grid of thumbnails that Google has algorithmically
25 determined are responsive to the search string based on the text of the originating
26 webpage surrounding the image. When a user clicks on one of the thumbnails, he
27 is taken to the two-frame page discussed above. In these respects, Google functions
28 like Arriba's search engine.

1 But unlike Arriba, Google offers and derives commercial benefit from its
2 AdSense program. AdSense allows third party websites “to carry Google-sponsored
3 advertising and share revenue that flows from the advertising displays and click-
4 throughs.” Def.’s MacGillivray Decl. ¶ 10. If third-party websites that contain
5 infringing copies of P10 photographs are also AdSense partners, Google will serve
6 advertisements on those sites and split the revenue generated from users who click
7 on the Google-served advertisements. Google counters that its AdSense Program
8 Policies prohibit a website from registering as an AdSense partner if the site’s
9 webpages contain images that appear in Google Image Search results: “In order to
10 avoid associations with copyright claims, website publishers may not display Google
11 ads on web pages with . . . Image Results.” *Id.* ¶ 11. However, Google has not
12 presented any information regarding the extent to which this purported policy is
13 enforced. Nor has it provided examples of AdSense partners who were terminated
14 because of violations of this policy. In contrast, P10 has submitted numerous
15 screenshots of third-party websites that serve infringing content and also appear to
16 be receiving and displaying AdSense ads from Google. Pl.’s Zada Decl., Exs. 28-29.

17 AdSense unquestionably makes Google’s use of thumbnails on its image
18 search far more commercial than Arriba’s use in *Kelly II*. Google’s thumbnails lead
19 users to sites that directly benefit Google’s bottom line. *Id.*, Ex. 6 (Second Quarter
20 Fiscal 2005 Report) at 98 (“Revenues generated on Google’s partner sites, through
21 AdSense programs, contributed \$630 million, or 46% of total revenues”¹²).
22 Google has a strong incentive to link to as many third-party websites as
23 possible—including those that host AdSense advertisements.

24 ii. Transformative Versus Consumptive Use

25
26
27 ¹²Of course, this figure represents the gross revenue earned through AdSense.
28 It is not discounted by the amount paid back to AdSense partners; nor does it break
down the much smaller amount attributable to websites that contain infringing
content.

1 That a use is commercial does not preclude a defendant from tipping the
2 balance back to a finding of fair use by showing that its use is “transformative,” as
3 opposed to “consumptive.” A consumptive use is one in which defendant’s use of
4 the images merely supersede[s] the object of the originals . . . instead [of] add[ing]
5 a further purpose or different character.” *Kelly II*, 336 F.3d at 818. Whether a use
6 is transformative depends in part on whether it serves the public interest. *See*
7 *Religious Tech. Ctr. v. Netcom On-Line Communication Servs.*, 907 F.Supp. 1361,
8 1379 (N.D. Cal. 1995) (“Netcom’s use, though commercial, also benefits the public
9 in allowing for the functioning of the Internet and the dissemination of other creative
10 works, a goal of the Copyright Act.”); *Sega Enters.*, 977 F.2d at 1522-23
11 (intermediate copying to reverse engineer software is fair use despite commercial
12 nature of activity in light of public benefit).

13 P10 argues that Google’s use of thumbnails is consumptive rather than
14 transformative since Google “provides the exact same images through the exact same
15 medium . . . as does Perfect 10.” Whether thumbnails are identical copies of their
16 full-size counterparts is debatable. A thumbnail contains significantly less pixel data
17 (and hence, less image detail) than does the full-size image.¹³ The more complex or
18 nuanced the original full-size image, the less exact is the replicated viewing
19 experience—*i.e.*, at some point viewers can no longer discern many of the fine
20 details that were once visible in the full-size image. On the other hand, thumbnails
21 are not “cropped” in any way, and if few or no important details have been lost, they
22 do convey the full expression—they achieve pretty much the same effect—as the
23 original full-size images. Merely because Google’s thumbnails are not cropped does
24 not necessarily make them exact copies of P10’s images, but the record currently

25
26
27 ¹³For example, a typical full-size image might be 1024 pixels wide by 768
28 pixels high, for a total of 786,432 pixels worth of data. A typical thumbnail might be
150 pixels wide by 112 pixels high, for a total of only 16,800 pixels. This represents
an information loss of 97.9% between the full-size image and the thumbnail.

1 before the Court does suggest that the thumbnails here closely approximate a key
2 function of P10's full-size originals, at least to the extent that viewers of P10's
3 photos of nude women pay little attention to fine details.

4 Google's use of thumbnails does not supersede P10's use of full-size images.
5 In the final analysis, P10's use is to provide "entertainment," both in magazines and
6 on the internet. For some viewers, P10's use of the photos creates or allows for an
7 aesthetic experience. Google, in contrast, does not profit from providing adult
8 content, but from locating, managing, and making information generally more
9 accessible, and therefore more attractive to advertisers. Google is focused almost
10 exclusively on the web and is involved in a wide variety of internet-related projects
11 (e.g., web search, desktop search, newsgroup search, map and directory services,
12 academic research, and language translation services). In this respect, Google's
13 wide-ranging use of thumbnails is highly transformative: their creation and display
14 is designed to, and does, display visual search results quickly and efficiently to users
15 of Google Image Search.

16 The Ninth Circuit's opinion in *Kelly II* is particularly instructive on this point:

17 Although Arriba made exact replications of Kelly's images, the thumbnails
18 were much smaller, lower-resolution images that served an entirely different
19 function than Kelly's original images. Kelly's images are artistic works
20 intended to inform and to engage the viewer in an aesthetic experience. His
21 images are used to portray scenes from the American West in an aesthetic
22 manner. Arriba's use of Kelly's images in the thumbnails is unrelated to any
23 aesthetic purpose. Arriba's search engine functions as a tool to help index and
24 improve access to images on the internet and their related web sites. In fact,
25 users are unlikely to enlarge the thumbnails and use them for artistic purposes
26 because the thumbnails are of much lower-resolution than the originals; any
27 enlargement results in a significant loss of clarity of the image, making them
28 inappropriate as display material.

24 Kelly asserts that because Arriba[']s thumbnails] reproduced his exact images
25 and added nothing to them, Arriba's use cannot be transformative. Courts
26 have been reluctant to find fair use when an original work is merely
27 retransmitted in a different medium. Those cases are inapposite, however,
28 because the resulting use of the copyrighted work in those cases was the same
as the original use. For instance, reproducing music CDs in computer MP3
format does not change the fact that both formats are used for entertainment
purposes. Likewise, reproducing news footage into a different format does not
change the ultimate purpose of informing the public about current affairs.

1 This case involves more than merely a retransmission of Kelly's images in a
2 different medium. Arriba's use of [thumbnails] serves a different function
3 than Kelly's use—improving access to information on the internet versus
4 artistic expression. Furthermore, it would be unlikely that anyone would use
5 Arriba's thumbnails for illustrative or aesthetic purposes because enlarging
6 them sacrifices their clarity. Because Arriba's use is not superseding Kelly's
7 use but, rather, has created a different purpose for the images, Arriba's use is
8 transformative.

9 ***

10 Arriba's use of Kelly's images [to create and display thumbnails] promotes the
11 goals of the Copyright Act and the fair use exception. The thumbnails do not
12 stifle artistic creativity because they are not used for illustrative or artistic
13 purposes and therefore do not supplant the need for the originals. In addition,
14 they benefit the public by enhancing information-gathering techniques on the
15 internet.

16 *Kelly II*, 336 F.3d at 818-820.

17 It is by now a truism that search engines such as Google Image Search provide
18 great value to the public. Indeed, given the exponentially increasing amounts of data
19 on the web, search engines have become essential sources of vital information for
20 individuals, governments, non-profits, and businesses who seek to locate
21 information. As such, Google's use of thumbnails to simplify and expedite access
22 to information is transformative of P10's use of reduced-size images to entertain.
23 But that does not end the analysis, because Google's use is simultaneously
24 consumptive as well. In early 2005, after it filed suit against Google, P10 entered
25 into a licensing agreement with Fonestarz Media Limited for the sale and distribution
26 of P10 reduced-size images for download to and use on cell phones. Google's use
27 of thumbnails does supersede this use of P10's images, because mobile users can
28 download and save the thumbnails displayed by Google Image Search onto their
phones. Google's thumbnail images are essentially the same size and of the same
quality as the reduced-size images that P10 licenses to Fonestarz. Hence, to the
extent that users may choose to download free images to their phone rather than

1 purchase P10's reduced-size images, Google's use supersedes P10's.¹⁴

2 In *Kelly II*, the Ninth Circuit found the first fair use factor to weigh in favor
3 of Arriba. *Kelly II*, 336 F.3d at 820 (“[T]his first factor weighs in favor of Arriba
4 due to the public benefit of the search engine and the minimal loss of integrity to
5 Kelly's images.”). Here, because Google's use of thumbnails is more commercial
6 than Arriba's and because it is “consumptive” with respect to P10's reduced-size
7 images, the Court concludes that this factor weighs slightly in favor of P10.

8 b. Nature of Copyrighted Work

9 “Works that are creative in nature are closer to the core of intended copyright
10 protection than are more fact-based works.” *Kelly II*, 336 F.3d at 820 (citing *A&M*
11 *Records*, 239 F.3d at 1016)). “Photographs that are meant to be viewed by the public
12 for informative and aesthetic purposes . . . are generally creative in nature.” *Id.*;
13 *accord Elvis Presley*, 349 F.3d at 629 (“[P]hotographs taken for aesthetic purposes,
14 are creative in nature and thus fit squarely within the core of copyright
15 protection.”).¹⁵

16 “The fact that a work is published or unpublished also is a critical element of
17 its nature” given a copyright holder's right of first publication. *Kelly II*, 336 F.3d at
18 820 (citing *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 564
19 (1985)). “Published works are more likely to qualify as fair use because the first
20 appearance of the artist's expression has already occurred.” *Id.*

21
22 ¹⁴This inquiry is closely related to the fourth fair use factor, *i.e.*, the impact on
23 plaintiff's potential market.

24 ¹⁵Google argues that P10's works are not creative because P10 “emphasizes the
25 objects of the photographs (nude women) and [P10] assumes that persons seeking
26 Perfect 10's photos are searching for the models and for sexual gratification.” Google
27 contends that this “implies a factual nature of the photographs.” The Court rejects
28 this argument. The P10 photographs consistently reflect professional, skillful, and
sometimes tasteful artistry. That they are of scantily-clothed or nude women is of no
consequence; such images have been popular subjects for artists since before the time
of “Venus de Milo.”

1 In *Kelly II*, however, the Ninth Circuit found that Kelly's photographs,
2 although creative, had "appeared on the internet before Arriba used them in its
3 search image." *Kelly II*, 336 F.3d at 820. Partly for that reason, the Ninth Circuit
4 concluded that although the second statutory fair use factor weighed in favor of
5 Kelly, its weight was slight. *Id.* Similarly, here, although P10's images are
6 "creative," they, too, have previously been published, both in print and on the web.
7 Thus, as in *Kelly II*, the Court concludes that this factor weighs only slightly in favor
8 of P10.

9 **c. Amount and Substantiality of the Portion Used**

10 "While wholesale copying does not preclude fair use per se, copying an entire
11 work militates against a finding of fair use." *Kelly II*, 336 F.3d at 820 (citing
12 *Worldwide Church of God v. Philadelphia Church of God, Inc.*, 227 F.3d 1110, 1118
13 (9th Cir. 2000). "However, the extent of permissible copying varies with the
14 purpose and character of the use." *Id.* (citing *Campbell*, 510 U.S. at 586-87). "If the
15 secondary user only copies as much as is necessary for his or her intended use, then
16 this factor will not weigh against him or her." *Id.* at 820-821.

17 In *Kelly II*, the Ninth Circuit concluded:

18 This factor neither weighs for nor against either party because, although
19 Arriba did copy each of Kelly's images as a whole [to make thumbnails], it
20 was reasonable to do so in light of Arriba's use of the [thumbnails]. It was
21 necessary for Arriba to copy the entire image to allow users to recognize the
22 image and decide whether to pursue more information about the image or the
23 originating web site. If Arriba only copied part of the image, it would be more
24 difficult to identify it, thereby reducing the usefulness of the visual search
25 engine.

26 *Id.* at 821.

27 The Court finds that Google's use of the infringing copies of P10's images
28 also is no greater than necessary to achieve the objective of providing effective
image search capabilities. In doing so, the Court rejects P10's contention that
Google could have provided such assistance through the use of text, claiming that
P10's images are more readily describable in words than Kelly's images. First,
contrary to P10's contention, photographs of nude women can, like photographs of

1 the American West, vary greatly. Second, *both* kinds of pictures can be described
2 verbally, yet no matter how susceptible any image is to textual description, words
3 cannot adequately substitute for thumbnails in quickly and accurately conveying the
4 content of indexed full-size images.

5 Thus, as in *Kelly II*, the Court finds that this factor favors neither party.

6 **d. Effect of the Use upon the Potential Market for and**
7 **Value of the Copyrighted Work**

8 “This last [fair use] factor requires courts to consider not only the extent of
9 market harm caused by the particular actions of the alleged infringer, but also
10 whether unrestricted and widespread conduct of the sort engaged in by the defendant
11 . . . would result in a substantially adverse impact on the potential market for the
12 original.” *Kelly II*, 336 F.3d at 821 (internal quotations omitted). “A transformative
13 work is less likely to have an adverse impact on the market of the original than a
14 work that merely supersedes the copyrighted work.” *Id.*

15 P10 targets its copyrighted small- and full-size images at several markets: the
16 print magazine market, the online adult website subscription market, and the cell
17 phone image download market. Google’s use of thumbnails is not likely to affect the
18 market for full-size images (whether in print or online). As stated in *Kelly II*,

19 The thumbnails would not be a substitute for the full-sized images because the
20 thumbnails lose their clarity when enlarged. If a user wanted to view or
21 download a quality image, he or she would have to visit Kelly’s original [and
22 download the full-resolution image]. This would hold true whether the
23 thumbnails are solely in Arriba’s database or are more widespread and found
24 in other search engine databases.

25 *Id.*

26 On the other hand, Google’s use of thumbnails likely *does* harm the potential
27 market for the downloading of P10’s reduced-size images onto cell phones. Google
28 argues that because “P10 admits [that] this market is growing,” its “delivery of
thumbnail search results” must not be having a negative impact. Apart from being
more relevant to the quantification of damages, this weak argument overlooks the
fact that the cell phone image-download market may have grown even faster but for

1 the fact that mobile users of Google Image Search can download the Google
2 thumbnails at no cost. Commonsense dictates that such users will be less likely to
3 purchase the downloadable P10 content licensed to Fonestarz.

4 **e. Conclusion Regarding Fair Use and Direct**
5 **Infringement**

6 The first, second, and fourth fair use factors weigh slightly in favor of P10.
7 The third weighs in neither party's favor. Accordingly, the Court concludes that
8 Google's creation of thumbnails of P10's copyrighted full-size images, and the
9 subsequent display of those thumbnails as Google Image Search results, likely do not
10 fall within the fair use exception. The Court reaches this conclusion despite the
11 enormous public benefit that search engines such as Google provide. Although the
12 Court is reluctant to issue a ruling that might impede the advance of internet
13 technology, and although it is appropriate for courts to consider the immense value
14 to the public of such technologies, existing judicial precedents do not allow such
15 considerations to trump a reasoned analysis of the four fair use factors.

16 To summarize, then: (1) at this stage P10 has not established that it is likely
17 to prove that Google's framing of and in-line linking to infringing (full-size) copies
18 of P10's images constitutes a public display or distribution rendering Google liable
19 for *direct* infringement; but (2) P10 has established a likelihood of proving that
20 Google's creation and public display of thumbnails does directly infringe P10's
21 copyrights.

22 That P10 has established a likelihood of success on one facet of its direct
23 infringement claims does not necessarily mean that it is entitled to all of its proposed
24 injunctive relief. Because certain aspects of that relief relate to conduct of Google
25 that must be addressed under principles of secondary liability,¹⁶ the Court now turns

26 ¹⁶P10 seeks to enjoin Google from "[l]inking to websites which display or make
27 available PERFECT 10 COPYRIGHTED IMAGES." Pl.'s Proposed Prelim. Inj.
28 ¶ 1(b). Because "linking" probably does not constitute direct infringement, the only
basis for P10 obtaining this relief would be that such linking infringes vicariously or

1 to P10's remaining claims.

2 **3. Secondary Copyright Liability—Contributory and Vicarious**
3 **Infringement**

4 P10 contends that Google is likely to be held secondarily liable under the
5 doctrines of contributory and vicarious infringement. "One infringes contributorily
6 by intentionally inducing or encouraging direct infringement . . . and infringes
7 vicariously by profiting from direct infringement while declining to exercise a right
8 to stop or limit it . . ." *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, ---
9 U.S. ---, 125 S.Ct. 2764, 2776 (2005) [hereinafter "*Grokster*"] (citations omitted).

10 P10 argues that parties other than Google directly infringe its copyrights in
11 two ways: (1) third-party websites directly infringe by reproducing, displaying, and
12 distributing unauthorized copies of P10's copyrighted photographs and (2) users of
13 Google directly infringe by downloading such images, thereby making infringing
14 reproductions. Google does not contest that numerous third-party websites directly
15 infringe by serving P10's copyrighted images. However, Google does argue that P10
16 has presented no evidence indicating that individual users of Google engage in direct
17 infringement upon finding copyrighted P10 photos on the web. Google contends
18 that "[t]here are countless ways Google searchers can 'use' Google's search results,
19 including fair uses, and Perfect 10's evidence is missing on this point." On this
20 point, the Court agrees with Google. P10 has not submitted evidence showing that
21 individual users of Google themselves infringe P10's copyrights. P10 has
22 demonstrated only that users of Google search are *capable* of directly infringing by
23 downloading the underlying webpage or image. It is not unlikely that many users
24 do just that, but on this preliminary injunction motion there is no evidence in the
25 record proving so. In contrast, in the *Napster* and *Grokster* cases, there was
26 overwhelming evidence that on a massive scale file-sharers were using those
27 defendants' software (essentially, peer-to-peer music search engines) to download,

28 _____
contributorily.

1 and thereby directly infringe, copyrighted works. *See, e.g., A&M Records, Inc. v.*
2 *Napster, Inc.*, 239 F.3d 1004, 1013-14 (9th Cir. 2001) [hereinafter “*Napster IP*”];
3 *Grokster*, 125 S.Ct. at 2772. Furthermore, in those cases the file-sharers actually had
4 to download songs in order to enjoy the music, thereby making infringing
5 reproductions. In contrast, to view P10’s photos, users of Google’s search engine
6 need only visit the third-party website that hosts and serves the infringing adult
7 content.¹⁷

8 P10’s arguments that Google is secondarily liable therefore must be assessed
9 in light of the only direct infringement (other than as to thumbnails) for which there
10 is evidence: that of third-party websites that reproduce and display unauthorized
11 copies of P10’s photographs. As to these websites’ actions, P10 argues that Google
12 is aware of, materially contributes to, profits from, and declines to supervise such
13 direct infringement by (1) providing infringing websites an “audience” (by helping

14
15 ¹⁷P10 argues that merely by viewing such websites, individual users of Google
16 search make local “cache” copies of its photos and thereby directly infringe through
17 reproduction. The Court rejects this argument. Local browser caching basically
18 consists of a viewer’s computer storing automatically the most recently viewed
19 content of the websites the viewer has visited. It is an automatic process of which
20 most users are unaware, and its use likely is “fair” under 17 U.S.C. § 107. *But cf.*
21 *Intellectual Reserve, Inc. v. Utah Lighthouse Ministry, Inc.*, 75 F.Supp.2d 1290 (D.
22 Utah 1999). Local caching by the browsers of individual users is noncommercial,
23 transformative, and no more than necessary to achieve the objectives of decreasing
24 network latency and minimizing unnecessary bandwidth usage (essential to the
25 internet). It has a minimal impact on the potential market for the original work,
26 especially given that most users would not be able to find their own local browser
27 cache, let alone locate a specific cached copy of a particular image. That local
28 browser caching is fair use is supported by a recent decision holding that Google’s
own cache constitutes fair use. *Field v. Google, Inc.*, --- F.Supp.2d ---, NO.
CV-S-04-0413, 2006 WL 242465 (D. Nev. Jan. 19, 2006). If anything, the argument
that local browser caching is fair use is even stronger. Whereas Google is a
commercial entity, individual users are typically noncommercial. Whereas Google
arranges to maintain its own cache, individual users typically are not aware that their
browsers automatically cache viewed content. Whereas Google’s cache is open to the
world, an individual’s local browser cache is accessible on that computer alone.

1 users locate them) and (2) providing a revenue stream to infringing websites via
2 AdSense.

3 **a. Contributory Infringement**

4 To substantiate its claim of contributory infringement, P10 must show (1) that
5 Google had knowledge of the infringing activity and (2) that Google induced,
6 caused, or materially contributed to that activity. *Ellison v. Robertson*, 357 F.3d
7 1072, 1076 (9th Cir. 2004).

8 Google argues that it cannot be held contributorily liable under the Supreme
9 Court's holding in *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S.
10 417 (1984).¹⁸ That seminal 1984 Supreme Court decision "barred secondary liability
11 based on presuming or imputing intent to cause infringement solely from the design
12 or distribution of a product capable of substantial lawful use, which the distributor
13 knows is in fact used for infringement." *Grokster*, 125 S.Ct. at 2778 (paraphrasing
14 *Sony's* holding). Under *Sony*, Google cannot be deemed to have constructive
15 knowledge of infringing activity since its search engine clearly is capable of
16 commercially significant noninfringing uses. However, "where evidence goes
17 beyond a product's characteristics or the knowledge that it may be put to infringing
18 uses, and shows statements or actions directed to promoting infringement, *Sony's* . . .
19 rule will not preclude liability." *Id.* at 2779. As the Ninth Circuit presciently stated
20 in *Napster II*: "[A]ctual, specific knowledge of direct infringement renders *Sony's*
21 holding of limited assistance" to a defendant seeking to avoid contributory liability.
22 *Napster II*, 239 F.3d at 1020.

23 **i. Knowledge**

24 Whether an alleged secondary infringer has "knowledge" of an infringing
25

26
27 ¹⁸Google also contends that it qualifies for protection under each of the four
28 DMCA safe harbors, 17 U.S.C. § 512(a)-(d). In light of the ensuing analysis
concluding that Google is neither vicariously nor contributorily liable, it is
unnecessary for the Court to deal with the DMCA issues.

1 activity includes both actual knowledge and constructive knowledge: “Contributory
2 liability requires that the secondary infringer ‘know or have reason to know’ of direct
3 infringement.” *Id.*

4 P10 contends that Google has *actual* knowledge of specific acts of
5 infringement based upon (1) numerous notices of infringement that P10 has sent
6 Google, (2) the fact that certain infringing images contain “Perfect 10 copyright
7 notices, or labels such as ‘P10 Fall 1999,’” and (3) the fact that Google “monitors the
8 content of allegedly Infringing Sites.”

9 The Court rejects P10’s second and third contentions. Google does not
10 necessarily know that any given image on the internet is infringing someone’s
11 copyright merely because the image contains a copyright notice. Google would need
12 more information in order to know whether the operator of that third-party website
13 created the work, licensed its use or instead was illegally displaying an infringing
14 copy of it.¹⁹ Nor does Google obtain actual knowledge of infringement as a result
15 of its alleged monitoring practices. Google claims that it no longer follows the
16 AdSense policies to which P10 points. The current AdSense Program Policies
17 webpage no longer contains language reserving to Google the right to “monitor” its
18 AdSense partners.²⁰ In any event, merely because Google may have reserved the
19 right to monitor its AdSense partners does not mean that it could thereby discern
20 whether the images served by those websites were subject to copyright. Only upon
21

22
23 ¹⁹*Cf.* Nimmer § 12B.04[A][1], discussing the provision in § 512(d)(1)(A)-(B)
24 of the DMCA that someone cannot qualify for a “safe harbor” if he ignores what has
25 been referred to as a “red flag” of obvious infringement: Given “how difficult it can
26 be to determine whether all the elements of infringement are present—from proper
27 ownership and standing to lack of license . . . to satisfaction of notice formalities . .
28 . to the perennially murky issue of fair use, and beyond[, i]t would seem, therefore,
that the ‘flag’ must be brightly red indeed—and be waving blatantly in the provider’s
face—to serve the statutory goal of making ‘infringing activity . . . apparent.’”

²⁰*See* <https://www.google.com/adsense/policies> (last visited January 27, 2006).

1 receiving proper notice of alleged infringement can Google determine whether a
2 given AdSense partner has violated the terms of Google's AdSense Program
3 Policies.

4 Thus, the question here is whether P10 provided Google with adequate actual
5 knowledge of specific infringing activities. Dr. Zada began to send "notices of
6 infringement" in May 2001 and continued to do so through 2005. Pl.'s Zada Decl.
7 ¶¶ 76-89. Google acknowledges that it received P10's notices. Def.'s MacGillivray
8 Decl. ¶ 19. It argues, however, that those notices frequently did not describe in
9 sufficient detail the specific location (URL) of an infringing image and frequently
10 did not identify the underlying copyrighted work. *Id.* ¶ 20. For example, some
11 notices included invalid, truncated URLs with an ellipsis between the domain name
12 of the website and the file name of the particular webpage on which that image
13 appeared.²¹ *See, e.g., id.*, Ex. E at 131. Other notices listed entire websites as
14 infringing, or entire directories within a website. Google claims that despite these
15 shortcomings, it promptly processed all of the notices it received, suppressing links
16 to specific webpages that it could confirm displayed infringing P10 photos. *Id.* ¶¶
17 21-25.

18 In the next section the Court concludes that Google does not materially
19 contribute to the direct infringement of P10's photos by third-party websites. For
20 that reason, without actually deciding the question, the Court will assume that
21 Google has actual knowledge of infringement and will proceed to analyze the second
22 element of contributory liability—*i.e.*, actual furthering of the activity.

23 ii. Material Contribution

24 To materially contribute to directly infringing activity, the defendant must
25 "engage[] in 'personal conduct that encourages or assists the infringement.'"
26

27 ²¹Apparently, Dr. Zada or one of his P10 employees "copied and pasted" the
28 truncated URL that Google displays in its upper frame, rather than taking the extra
step of identifying the full file name of the particular infringing image.

1 *Napster II*, 239 F.3d at 1019. P10 contends that Google does so by (1) giving
 2 infringing websites an audience (*i.e.*, allowing users to locate infringing sites) and
 3 (2) providing infringing websites with a revenue stream via AdSense or increasing
 4 their existing revenue stream by increasing user traffic.

5 For legal support that what Google does “materially contributes,” P10 relies
 6 heavily on the Ninth Circuit’s decision in *Napster II*. In light of the plentiful factual
 7 distinctions between *Napster II* and this case (as detailed in the following chart),
 8 P10’s reliance on that decision is misplaced.

<u>Napster II</u>	<u>This Case</u>
Napster enabled users to “download” music.	Google does not <i>enable</i> users to download images. The capacity to download the images displayed as a result of a Google Image Search is a function of the user’s <i>browser</i> , not Google.
Napster was an “integrated service <i>designed</i> to enable users to locate and download” music.	Google Image Search is not an integrated service. Google provides an open, web-based service; its search engine is not a closed-universe system like Napster’s file-sharing network. Indeed, third-party websites exist, are publicly accessible, and at times infringe upon others’ copyrights irrespective of their inclusion in or exclusion from Google’s index.
Napster allowed users to use its “proprietary software.”	Infringing websites do not have to download the Google Image Search proprietary software to make their infringing content available to the world. Indeed, they cannot gain access to it.
Napster provided the “means of establishing a connection between users’ computers.”	Google does not provide the <i>means</i> to establish connections between users’ computers. Absent Napster’s software, it was impossible for Napster users to download music from other people’s local hard drives. Absent Google, third-party websites would continue to exist and would continue to display infringing content.
Napster “boast[ed]” about how users could easily download songs.	Google does not boast of facilitating downloads or enabling third-party websites to serve infringing content.
Napster required users to register.	Google does not require users or websites to register prior to searching or being indexed by its web crawler.
Napster provided technical support to help users upload and/or download files.	Google does not assist infringing third-party websites in scanning or downloading copyrighted images or uploading them to their publicly accessible web servers.

<p>1 Napster provided a 2 "hotlist" function that 3 allowed a user "to create 4 a list of other users' names from whom he has obtained [music] in the past."</p>	<p>Google Image Search does not contain any functionality that would allow users to keep "hotlists" of sites that serve infringing content.</p> <p style="text-align: right;">SCANNED</p>
<p>5 Napster "track[ed] users 6 who are connected in real time."</p>	<p>There is no evidence that Google tracks users or third-party websites in real time.</p>
<p>7 Napster facilitated the 8 transfer of files stored on users' otherwise private computers.</p>	<p>Third-party websites already make their content available to the general public. Accordingly, such content would be accessible to the world irrespective of Google Image Search.</p>

10 *Napster II*, 239 F.3d at 1011-12; *Napster I*, 114 F.Supp.2d at 905-908, 920.

11 Google resembles Napster only in facilitating *searches* (*i.e.*, helping users find
12 information)—and even then there are significant differences. Whereas Napster
13 dedicated itself to helping users locate audio files found on the otherwise
14 inaccessible hard drives of individual users, Google helps users locate all types of
15 information (text, images, video, newsgroup discussion threads, blogs, academic
16 papers, price information, maps, driving directions) found on the entire, publicly
17 accessible web.

18 In short, Google does not materially contribute to direct infringement in the
19 ways or to the extent that Napster did. Nevertheless, P10 argues, Google contributes
20 differently: it provides an "audience" and brand recognition for infringing third-party
21 websites and it advertises for the sites. P10 overstates Google's actual conduct and
22 confuses search technology with active encouragement and promotion of infringing
23 activity. P10 likens this case to *Gershwin Publ'g. Corp. v. Columbia Artists Mgmt.,*
24 *Inc.*, 443 F.2d 1159 (2d Cir. 1971). There, the Second Circuit found material
25 contribution in defendant's "pervasive participation in the formation and direction
26 of [an] association" which put on concerts at which copyrighted musical
27 compositions were performed. *Id.* at 1163. The defendant organized the concerts,
28 helped select and book artists, prepared budgets and artist contracts, created publicity

1 kits, held one-week membership campaigns and compiled a report of the proceeds
2 of the concerts. *Id.* at 1160-61. Nothing Google does is comparable.

3 P10's citation to *Columbia Pictures Indus., Inc. v. Redd Horne, Inc.*, 749 F.2d
4 154 (3d Cir. 1984) is similarly inapposite. In *Columbia Pictures*, the defendant,
5 unlike Google, "conducted all of the advertising and promotional work for [the
6 alleged direct infringer, and also] provided financial, accounting, and administrative
7 services All of these services, and the advertising services in particular,
8 contributed and, indeed, were essential to the copyright infringement." *Id.* at 161.
9 Here, in contrast, Google has *not* actively encouraged users to visit infringing third-
10 party websites, and it has not induced or encouraged such websites to serve
11 infringing content in the first place. Moreover, it would be a "gross generalization
12 that cannot withstand scrutiny" to argue that "supplying the 'means' to accomplish
13 an infringing activity and [even] *encouraging that activity through advertisement* are
14 sufficient to establish liability for copyright infringement." *Sony*, 464 U.S. at 436
15 (emphasis added).

16 P10 cites *Grokster* in support of its claim that Google materially contributes
17 by "provid[ing] a revenue stream to infringing websites, including placing [AdSense]
18 advertisements next to infringing P10 images on these third party websites." In the
19 language that P10 cites, the Supreme Court noted that StreamCast and Grokster
20 made money

21 by directing ads to the screens of computers employing their software. As the
22 record shows, the more the software is used, the more ads are sent out and the
23 greater the advertising revenue becomes. Since the extent of the software's
use determines the gain to the distributors, the commercial sense of their
enterprise turns on high-volume use, which the record shows is infringing.

24 *Grokster*, 125 S.Ct. at 2781-82. This language, however, pertained to the Supreme
25 Court's "inducement theory" of contributory infringement, not to the analysis of
26 "material contribution." Although the two inquiries overlap to some extent, *id.* at
27 2782 n.13, *Grokster* does not support P10's argument that AdSense materially
28 contributes to direct infringement occurring on third-party websites. Although

1 AdSense may provide some level of additional revenue to these websites, P10 has
2 not presented *any* evidence establishing what that revenue is, much less that it is
3 material, (either in its own right or relative to those websites' total income). There
4 is no evidence that these sites rely on Google AdSense for their continued existence
5 or that they were created with the purpose of profiting from the display of AdSense
6 advertisements.

7 In short, P10 has failed to meet its burden of establishing that it is likely that
8 Google's AdSense program will be found to materially contribute to the direct
9 infringement taking place on infringing third-party websites. Such websites existed
10 long before Google Image Search was developed and would continue to exist were
11 Google Image Search shut down. Accordingly, it is unlikely that Google will be
12 found contributorily liable.

13 **b. Vicarious Infringement**

14 To prove vicarious infringement, P10 must show (1) that Google enjoys a
15 direct financial benefit from the infringing activity of third-party websites that host
16 and serve infringing copies of P10 photographs and (2) that Google has declined to
17 exercise the right and ability to supervise or control the infringing activity.²² *Ellison*
18 *v. Robertson*, 357 F.3d 1072, 1076 (9th Cir. 2004).

19 Neither party has submitted any evidence, such as economic data or expert
20 reports, showing the extent (if any) to which Google benefits financially from
21 copyright infringement by third-party websites.²³ It is likely that at least some users
22

23 ²²These two inquiries are also considered when a defendant seeks the protection
24 of the DMCA § 512(d) (information location tools) safe harbor, which requires that
25 the defendant "not receive a financial benefit directly attributable to the infringing
26 activity [where] the [the defendant] has the right and ability to control such activity
27" 17 U.S.C. § 512(d)(2).

28 ²³P10 submitted total revenue figures for Google generally and for Google's
AdSense program in particular. It did not, however, attempt to quantify the amount
of revenue Google derives from infringing content.

1 are drawn to Google Image Search because they know that copies of P10's photos
2 can be viewed for free, and it is indisputable that Google does stand to benefit the
3 more users visit and use Google Image Search. In principle, any increase in
4 Google's web traffic leads to increased advertising revenue, brand awareness, and
5 market clout for Google. Does that constitute a "direct" financial benefit?

6 In *Napster II*, the Ninth Circuit found that Napster had a direct financial
7 interest in the infringing activity, and, citing to *Fonovisa, Inc. v. Cherry Auction,*
8 *Inc.*, 76 F.3d 259 (9th Cir. 1996), the Court of Appeals stated,

9 Financial benefit exists where the availability of infringing material "acts as
10 a 'draw' for customers." *Fonovisa*, 76 F.3d at 263-64 (stating that financial
11 benefit may be shown "where infringing performances enhance the
12 attractiveness of a venue"). Ample evidence supports the district court's
finding that Napster's future revenue is directly dependent upon "increases in
user-base." More users register with the Napster system as the "quality and
quantity of available music increases."

13 *Napster II*, 239 F.3d at 1023. This broad definition of "direct financial benefit"
14 would encompass even a "future hope to 'monetize.'" Nimmer § 12.04[A][1]
15 (commenting on *Napster II*). Under this standard, Google clearly benefits financially
16 from third parties' displays of P10's photos. Google certainly derives a direct
17 financial benefit if users visit AdSense partners' websites that contain such
18 infringing photos. If Google serves advertisements that are displayed on such sites,
19 it will share in the ad revenue. Hence, its financial benefit is direct.

20 As to the second prong of vicarious liability, P10 again invokes *Napster II* in
21 support of its contention that Google has the right and ability to control the
22 infringing activity taking place on the web. In *Napster II*, the Ninth Circuit stated
23 that "the ability to block infringers' access to a particular environment for any
24 reason whatsoever is evidence of the right and ability to supervise." *Napster II*, 239
25 F.3d at 1023 (emphasis added). Napster did control the "particular environment" in
26 which its file-sharing service operated; its architecture was based on a proprietary,
27 closed-universe system, not an open, web-based service. If Napster removed a link
28 to infringing content, the content was no longer available on Napster's entire file-

1 sharing network. That is not the case here. Google does not exercise control over
2 the environment in which it operates—*i.e.*, the web. Google’s ability to remove a
3 link from its search index does not render the linked-to site inaccessible. The site
4 remains accessible both directly and indirectly (*i.e.*, via other search engines, as well
5 as via the mesh of websites that link to it). If the phrase “right and ability to control”
6 means having substantial input into or authority over the decision to serve or
7 continue serving infringing content, Google lacks such right or ability.²⁴

8 Moreover, Google’s software lacks the ability to analyze every image on the
9 internet, compare each image to all the other copyrighted images that exist in the
10 world (or even to that much smaller subset of images that have been submitted to
11 Google by copyright owners such as P10), and determine whether a certain image
12 on the web infringes someone’s copyright.²⁵ Def.’s Levine Decl. ¶ 22. In addition,
13 Google’s right and ability to remove infringing websites from its index would make
14 it more difficult for such websites to be found on the web, but those sites would
15 continue to exist anyway. Google cannot shut down infringing websites or prevent

16
17 ²⁴P10’s reliance on *Netcom* is similarly misplaced. The ability to delete
18 infringing postings to an electronic bulletin board system was held to constitute the
19 ability to control infringing activity on that system, but the “environment” at issue
20 was a *closed* system.

21 ²⁵P10 nevertheless claims that Google can prevent its web crawler from
22 indexing websites with a “history” of infringement and that it can block access to
23 images based on their “verbal” context (*i.e.*, blocking all images that would be
24 responsive to a particular search query). Both measures suffer from the same flaws:
25 imprecision and overbreadth. P10 has not explained how Google could evaluate
26 whether a certain site has a “history” of infringement. For Google to block certain
27 images altogether would suppress many search results that do not infringe. Thus, to
28 filter all images responsive to the search query “Vibe Sorenson” (*see* attached Exhibit
A) would suppress both infringing and noninfringing (*e.g.*, licensed) images.
Similarly, because websites are often comprised of dozens, if not hundreds of pages,
suppressing an entire website due to the infringing content found on one or more
specific pages would result in the suppression of speech and would be against the
public interest.

1 them from continuing to provide infringing content to the world.

2 P10 points out that Google's AdSense policies reserve the right to monitor and
3 terminate partnerships with entities that violate others' copyright. This, P10
4 contends, is evidence of Google's right and ability to control AdSense partners'
5 infringing conduct. In *Hendrickson v. eBay, Inc.*, 165 F.Supp.2d 1082 (C.D. Cal.
6 2001), the court considered the issue in the context of the DMCA § 512(c) safe
7 harbor (*i.e.*, for information residing on systems or networks at the direction of
8 users), held that "the 'right and ability to control' . . . infringing activity . . . cannot
9 simply mean the ability of a service provider to remove or block access to materials
10 posted on its website or stored in its system." *Id.* at 1093-94. The court rejected
11 plaintiff's argument that eBay's "ability to control" arose from its ability to remove
12 infringing auction listings. *Id. Accord, Perfect 10 v. CCBill, LLC*, 340 F.Supp.2d
13 1077, 1098 (C.D. Cal. 2004) (right and ability to "disconnect[] access . . . is not
14 sufficient . . . to demonstrate a 'right and ability to control' the infringing activity").

15 The "right and ability to control" infringing activity of others requires more
16 than what is embodied in Google's AdSense revenue-sharing agreement; there must
17 be some form of control over or authority to stop or limit the infringing conduct
18 itself. P10 has not established a likelihood of proving the second prong necessary
19 for vicarious liability.

20 **4. Conclusion Regarding Likelihood of Success**

21 P10 is likely to succeed in proving that Google directly infringes by creating
22 and displaying thumbnail copies of its photographs. P10 is unlikely to succeed in
23 proving that Google can be held secondarily liable.

24 **C. Irreparable Harm**

25 In copyright cases, irreparable harm is presumed once a sufficient likelihood
26 of success is raised. *Elvis Presley*, 349 F.3d at 627. Google argues that P10 first
27 sent notices of infringement in May 2001 and then "waited three and a half years
28 before filing this lawsuit [and] another nine months to seek a preliminary

1 injunction.” Google contends that this constitutes “unreasonable delay” and rebuts
2 any presumption of immediate or irreparable harm. Although P10 did begin sending
3 notices of infringement as early as May 2001, those notices concerned solely Google
4 Web Search. *See* Pl.’s Zada Decl. ¶ 76. P10 was not aware until May 2004 that
5 Google displayed thumbnails of P10’s copyrighted images on Google *Image* Search.
6 *Id.* ¶ 79. Shortly thereafter, P10 began sending notices of infringement. Although
7 P10 did wait six months to file suit and another nine months to seek a preliminary
8 injunction, P10 did so justifiably; it was engaged in settlement discussions with
9 Google and was evaluating whether Google would remove the infringing thumbnail
10 images from its index. P10 has satisfied the “irreparable harm” element.

11 **D. Public Interest**

12 Google argues that the “value of facilitating and improving access to
13 information on the Internet . . . counsels against an injunction here.” This point has
14 some merit. However, the public interest is also served when the rights of copyright
15 holders are protected against acts likely constituting infringement. Furthermore, in
16 this case a preliminary injunction can be carefully tailored to balance the competing
17 interests described in the first paragraph of this Order: those of intellectual property
18 rights on the one hand and those promoting access to information on the other. The
19 Court ORDERS P10 and Google to propose jointly the language of such an
20 injunction, and to lodge their proposal by not later than March 8, 2006.

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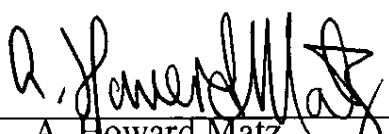
1 **IV. CONCLUSION**

2 For the reasons discussed above, the Court GRANTS IN PART and
3 DENIES IN PART P10's motion for a preliminary injunction against Google²⁶

SCANNED

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5 IT IS SO ORDERED.

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7 DATE: February 17, 2006


A. Howard Matz
United States District Judge

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²⁶Docket No. 22.

Google
Images



[See full-size image.](#)

[Remove Frame](#)

www.3thehardway.nl/.../vibe_sorenson006.jpg

[Image Results](#) »

485 x 730 pixels - 152k

Image may be scaled down and subject to copyright.

SCANNED

Below is the image in its original context on the page: www.3thehardway.nl/.../vibe_sorenson006.html

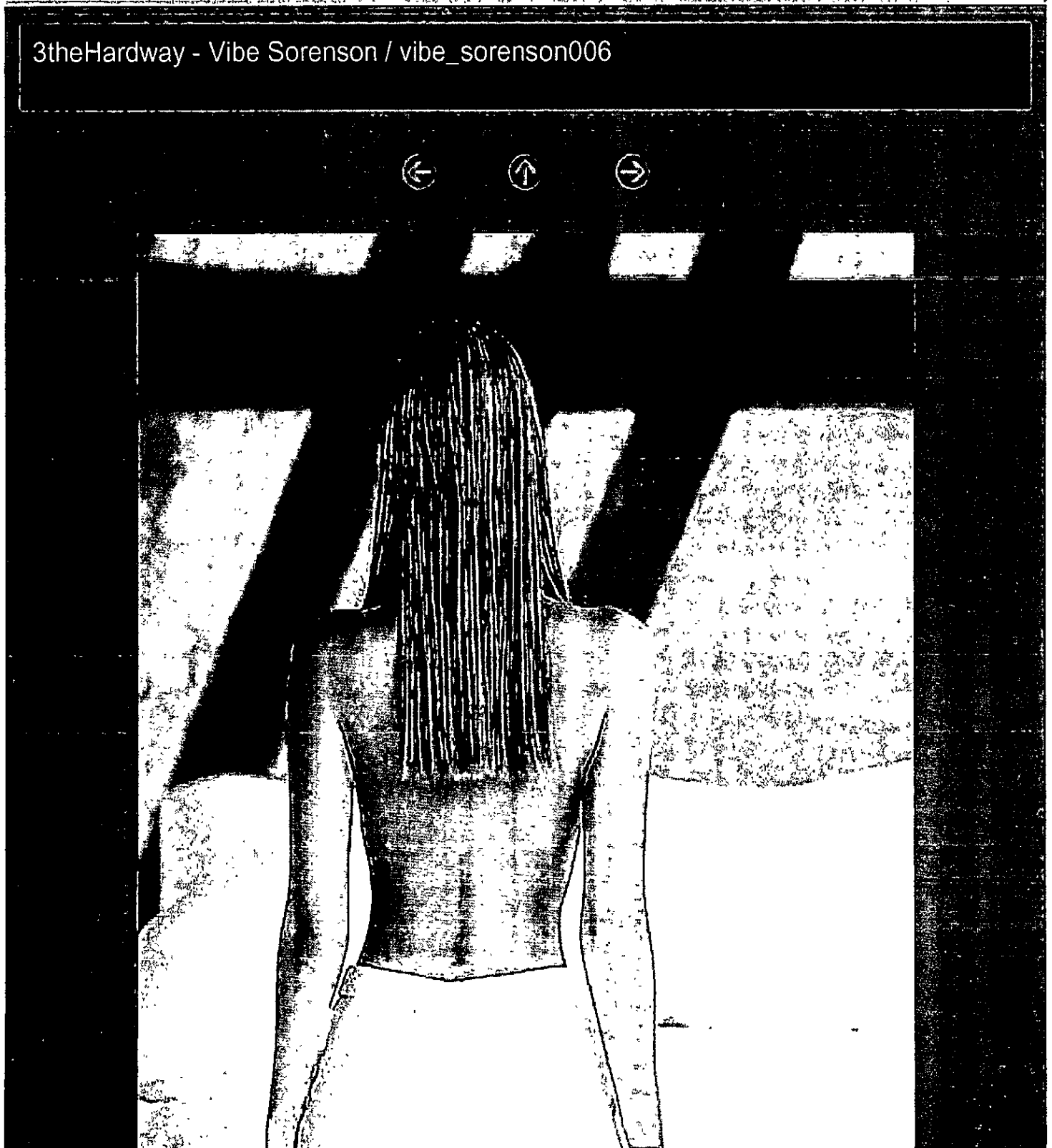


Exhibit A