1 2 3 4 5 6 7 8	JEFFREY N. MAUSNER (State Bar DAVID N. SCHULTZ (State Bar No Law Offices of Jeffrey N. Mausner Warner Center Towers, Suite 910 21800 Oxnard Street Woodland Hills, California 91367-36 Telephone: (310) 617-8100, (818) 99 Facsimile: (818) 716-2773 Attorneys for Plaintiff Perfect 10, Inc.	5. 123094) 540 92-7500
9	UNITED STA	TES DISTRICT COURT
10	CENTRAL DIS	TRICT OF CALIFORNIA
11	PERFECT 10, INC., a California corporation,	Master Case No.: 04-9484 AHM (SHx)
12 13	Plaintiff,	NOTICE OF MOTION AND MOTION OF PLAINTIFF PERFECT 10, INC. FOR
14	v.	ORDER GRANTING LEAVE TO FILE [PROPOSED] SECOND AMENDED COMPLAINT; MEMORANDUM OF
15 16	GOOGLE INC., a corporation; and DOES 1 through 100, inclusive,	POINTS AND AUTHORITIES IN SUPPORT THEREOF
17	Defendants.	[DECLATION OF JEFFREY N. MAUSNER IN SUPPORT THEREOF; DECLARATION OF DR. NORMAN ZADA IN SUPPORT THEREOF;
18 19	AND CONSOLIDATED CASE	[PROPOSED] SECOND AMENDED COMPLAINT; AND [PROPOSED] ORDER SUBMITTED CONCURRENTLY HEREWITH]
20		Date: July 7, 2008
21 22		Time: 10:00 a.m. Place: Courtroom 14, Courtroom of the Honorable A. Howard Matz
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24		Discovery Cut-Off Date: None Set Pretrial Conference Date: None Set Trial Date: None Set
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TO ALL PARTIES AND TO THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that on July 7, 2008, at 10:00 a.m., or as soon thereafter as this matter may be heard, in the Courtroom of the Honorable A. Howard Matz, Courtroom 14 at the above-entitled Court, located at 312 North Spring Street, Los Angeles, California 90012-4793, Plaintiff Perfect 10, Inc. ("Perfect 10") will and hereby does move this Court, pursuant to Rule 15(a) of the Federal Rules of Civil Procedure, for an Order granting Perfect 10 leave to file a Second Amended Complaint in this action. The proposed Second Amended Complaint and a proposed Order are being lodged with this motion. In addition, true and correct copies of the proposed Second Amended Complaint (without the exhibits thereto) and a redlined version of the proposed Second Amended Complaint comparing it to the Amended Complaint currently on file in this action are attached as Exhibits 10 and 11 to the accompanying declaration of Perfect 10's counsel, Jeffrey N. Mausner.

This motion is made on the grounds that justice requires that Perfect 10 be granted leave to file the proposed Second Amended Complaint (the "Proposed Complaint"). The Proposed Complaint seeks to add allegations regarding activities that Google has concealed from this Court, the Ninth Circuit, and Perfect 10: (1) that Google is storing thousands of full-size infringing Perfect 10 copyrighted images on its servers, along with millions of full-size images belonging to other copyright holders; and (2) that Google is hosting infringing websites that infringe thousands of Perfect 10's copyrighted images. The Proposed Complaint also seeks to add claims for unjust enrichment, misappropriation, and unfair competition under common law and Section 17200 *et seq.* of the California Business and Professions Code against defendant Google, Inc. ("Google"); and to clarify certain allegations supporting Perfect 10's existing claims for copyright infringement, trademark infringement, trademark dilution, and violation of the rights of publicity against Google.

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Under Federal Rule of Civil Procedure 15(a), leave to amend is to be freely granted. Perfect 10 is acting in good faith in requesting leave to amend, there has been no undue delay in filing this Motion, Perfect 10 has not previously amended the complaint by motion, the amendment will not be futile, and Google will not be prejudiced by the amendment.

This Motion is based upon this Notice of Motion, the Memorandum of Points and Authorities attached hereto, the proposed Second Amended Complaint and the proposed Order lodged concurrently herewith, the Declarations of Jeffrey N. Mausner and Dr. Norman Zada filed concurrently herewith, the complete files and records in this action, and all matters that may be presented to the Court at or before the hearing on the Motion, including in any reply papers.

This Motion is made following the conference of counsel pursuant to Local Rule 7-3, which took place on April 9, 2008.

Dated: June 12, 2008

Respectfully submitted,

JEFFREYN. MAUSNER

Attorney for Plaintiff Perfect 10, Inc.

¹ The Amended Complaint was filed as a matter of right, two months after the original Complaint and before Google filed a responsive pleading.

MEMORANDUM OF POINTS AND AUTHORITIES

1. <u>INTRODUCTION AND SUMMARY OF ARGUMENT</u>.

Plaintiff Perfect 10, Inc. ("Perfect 10") seeks leave to file a Second Amended Complaint because it has learned, contrary to Google's representations to this Court and the Ninth Circuit, that Google has stored thousands of full-size Perfect 10 copyrighted images on its servers. Perfect 10 has also learned that Google is hosting hundreds of websites that offer, in total, tens of thousands of infringing copies of Perfect 10 copyrighted images. Accordingly, through this motion, Perfect 10 seeks leave to plead additional allegations in support of its existing claims against Google. Perfect 10 also seeks to add claims against Google for unjust enrichment, misappropriation, and unfair competition under common law and Section 17200 *et seq.* of the California Business and Professions Code. The proposed Second Amended Complaint (the "Proposed Complaint") is being lodged with this motion.²

When Perfect 10 sought to enjoin Google from infringing Perfect 10's copyrighted images, Google repeatedly asserted, both to this Court and before the Ninth Circuit, that it did not store any full-size images on its servers. Relying at least in part on Google's assertions, the Ninth Circuit denied Perfect 10's request for injunctive relief and Perfect 10 was forced to shut down its print magazine. Over the past year, however, Perfect 10 has learned that Google's assertions were false, both in its Court filings and in its discovery responses. Contrary to its representations, Google has been storing, on its own servers, millions of full-size images – including thousands of full-size Perfect 10 copyrighted images. The Proposed Complaint thus alleges that "Google stores hundreds of thousands of

² In addition, a copy of the Proposed Complaint, without the exhibits thereto, is attached as Exhibit 10 to the Declaration of Jeffrey N. Mausner, submitted concurrently herewith (the "Mausner Decl.") and a redlined version of the Proposed Complaint, comparing it to the Amended Complaint currently on file, is attached as Exhibit 11 to the Mausner Declaration.

unauthorized copyrighted images on its servers" (¶18), and that Google is hosting websites that infringe Perfect 10 copyrights (¶¶28, 37).

Allowing Perfect 10 to plead these additional allegations will not cause any prejudice to Google. Fact discovery remains ongoing, and no discovery cut-off date has been set. Nor has a trial date or a pre-trial conference date been set. In fact, Google still has not even taken its first deposition in this matter. Accordingly, allowing Perfect 10 to amend its complaint to add certain allegations would not delay this case in any manner.

Nevertheless, Google has refused to stipulate to the filing of the Proposed Complaint. During the meet-and-confer process, Google did not assert that the Proposed Complaint would delay this matter or cause any prejudice to Google. Nor did Google object to Perfect 10 adding the claims for unjust enrichment, misappropriation, and unfair competition. Rather, Google insisted that it would not even *consider* stipulating to the Proposed Complaint unless Perfect 10 submitted evidence to Google that supported more than 20 different factual allegations in the Proposed Complaint. Although a plaintiff is not required to first prove its case before being entitled to amend its complaint, Perfect 10 attempted to avoid unnecessary motion practice by offering to provide Google with evidence supporting any two of the new allegations. Google refused. Google has forced Perfect 10 to do a very substantial amount of unnecessary work to litigate this case, and we believe this is just more of the same.

As discussed below, it is well settled that leave to amend should be freely granted. Here, Perfect 10 is seeking to plead additional allegations against Google – allegations that Perfect 10 has only recently learned about, and which contradict the representations that Google has previously made to this Court and the Ninth Circuit. Since fact discovery remains ongoing and Google has not even begun taking depositions, the Proposed Complaint will not prejudice Google or delay the resolution of this case in any manner. Perfect 10 therefore respectfully submits

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that its motion for leave to file the Proposed Complaint should be granted.

2. <u>FACTUAL AND PROCEDURAL BACKGROUND</u>.

Perfect 10 filed suit against Google on November 19, 2004. On January 18, 2005, before Google filed a responsive pleading, Perfect 10 filed its Amended Complaint, the current operative pleading in this action. Mausner Decl., ¶4.

On August 24, 2005, Perfect 10 moved for a preliminary injunction to enjoin Google from infringing or contributing to the infringement of any copyrighted image owned by Perfect 10 for which Google receives notice. *Perfect 10 v. Google, Inc.*, 416 F. Supp. 2d 828, 834-35 (C.D. Cal. 2006).

a. Google Represented To This Court And The Court Of Appeals That It Did Not Store Full Size Images On Its Servers.

In opposition to the preliminary injunction motion, Google asserted that "a user's web browser fetches any images from their original location and not from Google's servers." (Google's Opposition to Perfect 10, Inc.'s Motion for Preliminary Injunction, page 2 lines 13-14, attached as Exhibit 18 to Mausner Decl. (Pacer No. 43); Declaration of Alexander Macgillivray in Support of Google's Opposition to Plaintiff's Motion for Preliminary Injunction, page 2 lines 18-19, attached as Exhibit 19 to Mausner Decl. (Pacer No. 42).)

Before the Court of Appeals, Google also claimed that "Google stores only the HTML code and text of pages in its cache, not images" and that "when displaying archived pages, the browser will summon images from the third-party source's Web server (not from Google) to appear on the archived Web page, even if the current page does not link to the image." (Appellee/Cross-Appellant Google Inc.'s Response/Principal Brief, page 11; Google's Fourth Brief on Cross-Appeal/Reply Brief, page 5, attached as Exhibits 21 and 22 to Mausner Decl.)

Google has made similar false statements in its discovery responses. Google has denied four separate requests for admission asking Google to admit that: (1) "GOOGLE has copied onto its servers Perfect 10 copyrighted images that are at

Notice of Motion and Motion of Plaintiff Perfect 10, Inc. for Order Granting Leave to File [Proposed] Second Amended Complaint; Memorandum of Points and Authorities in Support Thereof

least 4" x 5" in size;" (2) "GOOGLE has displayed to consumers Perfect 10 copyrighted images that are at least 4" x 5" in size;" (3) "full sized copies of Perfect 10's photographs are stored on Google's servers;" and (4) "full sized copies of Perfect 10's photographs are delivered to Internet users from Google's servers." (*See* Google Inc.'s Response To Plaintiff's Corrected First Set of Requests For Admissions Nos. 26, 27, 213, 214, dated April 18, 2005, attached as Exhibit 23 to Mausner Decl.)³

On February 17, 2006, this Court issued its opinion granting in part and denying in part Perfect 10's motion for preliminary injunction. In its opinion, this Court relied upon Google's assertions that it does not store any full-size images on its servers, including those described above:

[W]hen a user clicks on a thumbnail returned as the result of a Google Image Search, his computer pulls up a page comprised of two distinct frames, one hosted by Google and a second hosted by the underlying website that originally hosted the full-size image. The two frames are divided by a gray horizontal line a few pixels high. The upper frame is the Google frame. . . . The lower frame contains, or shows, the original web page on which the original image was found. Google neither stores nor serves any of the content (either text or images) displayed in the lower frame; rather, the underlying third party website stores and serves that content.

Perfect 10, 416 F. Supp. 2d at 833-34 (emphasis added). The Court then distinguished this case from cases in which "defendants ... actually hosted and served the infringing content." *Id.* at 841. Applying the "server test," this Court then concluded that "for the purposes of direct copyright infringement, Google's use of frames and in-line links does not constitute a 'display' of the full-size images stored on and served by infringing third-party websites. Thus, P10's claim

³ Google has made this misrepresentation from the beginning of the case. In Paragraph 19 of its Answer to Amended Complaint and Counterclaims, filed on or about February 2, 2005, Google stated: "Google denies that its image search yields high quality copies of images that reside on Google's own servers." (Exhibit 20 to Mausner Decl.)

of direct infringement with respect to these actions will likely fail." Id. at 844.4

On appeal, Google made the same assertions that it made before this Court. The Ninth Circuit, like this Court, relied at least in part upon Google's assertions that it does not store full-size images on its servers, stating that the "full-sized images [are] *stored on third-party computers*." *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1155 (9th Cir. 2007) (emphasis added). Furthermore, the Ninth Circuit stated that

Google cannot stop *any* of the third-party websites from reproducing, displaying, and distributing unauthorized copies of Perfect 10's images because that infringing conduct takes place on the third-party websites. Google cannot terminate those third-party websites or block their ability to "host and serve infringing full-size images" on the Internet. *Perfect 10*, 416 F. Supp. 2d at 831 (emphasis added).

508 F.3d at 1174.

b. New Information Discovered By Perfect 10 Shows That Google Does, In Fact, Store Full Size Infringing Images On Its Servers.

Google's contention that it does not store full-size images on its servers is false. Specifically, Perfect 10 has discovered that:

- (1) The domain names blogspot.com and blogger.com are both registered to and controlled by Google. Google hosts, via its blogspot.com hosting program, hundreds of websites that offer, in total, tens of thousands of infringing Perfect 10 copyrighted images.
- (2) Google also stores thousands of full-size Perfect 10 copyrighted images on its servers, under the domain name blogger.com, which is owned and controlled by Google. The domain servers for blogger.com are GOOGLE.COM.

⁴ In connection with vicarious liability, this Court stated: "If the phrase 'right and ability to control' means having substantial input into or authority over the decision to serve or continue serving infringing content, Google lacks such right or ability." *Perfect 10*, 416 F. Supp. 2d at 858.

See Declaration of Dr. Norman Zada, submitted concurrently herewith ("Zada

Perfect 10 has discovered many examples of Google Image Search results which in-line link to full-size Perfect 10 copyrighted images hosted by Google. For example, on April 28, 2008, a Google Image Search on Perfect 10 model "Caneel Carswell" returned four Perfect 10 copyrighted "thumbnail" images from the Google hosted websites ostrascomacucar.blogspot.com, jornalmax.blogspot.com, a-rosa.blogspot.com, and mafiadacova.blogspot.com. Clicking on the "See full-size image link" caused the user to see full-size Perfect 10 copyrighted images on Google's servers. (Zada Decl. ¶7 and Exhibit 3). Perfect 10 has also learned that Google is storing on its own servers thousands of full-size images of Perfect 10's best models, including at least 14 distinct full-size images of Victoria Secret and Sports Illustrated swimsuit cover model, Marisa Miller. (Id., ¶9 and Exhibit 5). In addition, Google is storing on its own servers millions of full-sized images of major celebrities, including at least 1000 full-size images of Victoria Secret model Adriana Lima. (Id., ¶14 and Exhibit 9). Google's Image Search results on Paris Hilton suggest that Google may be storing as many

⁵ Incredibly, the same copyrighted image of Perfect 10 model Natalia Sirocka that Perfect 10 submitted approximately three years ago in connection with the preliminary injunction motion is still being stored on Google's servers as of April 30, 2008. *See* Zada Decl., ¶8 and Exhibit 4.

as 591,000 full-size images of Paris Hilton or images related to Paris Hilton on its own servers. (*Id.*, ¶13 and Exhibit 8).

3. GOOGLE WILL NOT BE PREJUDICED BY THE TIMING OF THE AMENDMENT AND IT WILL CAUSE NO DELAY. THIS COURT SHOULD GRANT THE MOTION AND PERMIT PERFECT 10 TO FILE THE PROPOSED COMPLAINT.

Rule 15(a) of the Federal Rules of Civil Procedure provides that leave to amend "shall be freely given when justice so requires." Courts applying Rule 15(a), including the Ninth Circuit, have uniformly recognized that the policy favoring amendment of pleadings is to be applied with "extreme liberality." *Eminence Capital, LLC v. Aspeon, Inc.*, 316 F.3d 1048, 1051 (9th Cir. 2003). *See also DCD Programs, Ltd. v. Leighton*, 833 F.2d 183, 186 (9th Cir. 1987) (when deciding whether to grant leave, "a court must be guided by the underlying purpose of Rule 15 – to facilitate decision on the merits rather than on the pleadings or technicalities"); *Howey v. United States*, 481 F.2d 1187, 1190 (9th Cir. 1973) (the Ninth Circuit has a "strong policy to permit the amending of pleadings"). As the Supreme Court has held:

In the absence of any apparent or declared reason – such as undue delay, bad faith or dilatory motive on the part of the movant, repeated failure to cure deficiencies by amendments previously allowed, undue prejudice to the opposing party by virtue of allowance of the amendment, futility of amendment, etc. – the leave sought should, as the rules require, be "freely given."

Foman v. Davis, 371 U.S. 178, 182, 83 S. Ct. 227, 230 (1962). Applying this liberal standard, the Ninth Circuit has stated that Rule 15(a) creates a presumption in favor of granting leave to amend: "Absent prejudice, or a strong showing of any of the remaining Foman factors, there exists a presumption under Rule 15(a) in favor of granting leave to amend." Eminence Capital, 316 F.3d at 1052.

Here, Google cannot establish either prejudice or a strong showing of any of

the remaining *Foman* factors sufficient to permit this Court to deny the Motion. First, there can be no possible prejudice to Google from the filing of the Proposed Complaint given that there is no discovery cut-off date in this action and no trial date has been set. Mausner Decl., ¶4. It is thus not surprising that counsel for Google did not attempt to claim prejudice during the parties' pre-motion "meet and confer." *Id.*, ¶7.

Second, Perfect 10 has filed this motion in good faith, without undue delay or a dilatory motive. The Ninth Circuit issued its mandate on December 26, 2007 (Pacer Docket No. 243), and the record was returned to this Court on February 11, 2008 (Pacer Docket No. 246). Within weeks, on March 2, 2008, Perfect 10 sent the Proposed Complaint to Google in connection with the conference of counsel. Mausner Decl., ¶5 and Exhibit 12. But as noted above, counsel for Google refused Perfect 10's request to stipulate to the filing of the Proposed Complaint, and would not even *consider* a stipulation unless Perfect 10 first provided Google with the "evidentiary basis" for more than 20 separate allegations in the Proposed Complaint. *Id.*, ¶6 and Exhibit 13.

A plaintiff, however, is not required to "prove" the proposed allegations it seeks to add in an amended complaint before it is able to amend. Rather, as the Ninth Circuit explained in the analogous context of a motion to dismiss for failure to state a claim: "The issue is not whether a plaintiff will ultimately prevail but whether the claimant is entitled to offer evidence to support the claims. Indeed it may appear on the face of the pleadings that a recovery is very remote and unlikely but that is not the test." *Jackson v. Carey*, 353 F.3d 750, 755 (9th Cir. 2003), *quoting Scheuer v. Rhodes*, 416 U.S. 232, 236 (1974). Thus, contrary to Google's demands, Perfect 10 is not required to prove its case before it is allowed to amend.

Moreover, as demonstrated in the accompanying declaration of Perfect 10's president, Dr. Norman Zada, the allegations about which Google complains have an abundance of evidentiary support. These include: (1) the allegation in

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Paragraph 18 of the Proposed Complaint that "Google stores hundreds of thousands of unauthorized copyrighted images on its servers" (Zada Decl., ¶¶9-11, 13-14 and Exhibits 5-6, 8-9); (2) the allegation in Paragraph 26(b) that full-size images reside on Google's servers (*id.*, ¶9 and Exhibit 5); (3) the allegation in Paragraph 28 that Google hosts Stolen Content Websites (*id.*, ¶¶3, 5, 7-12 and Exhibits 1, 3-7); (4) the allegation in Paragraph 19 that "Google offers hundreds of thousands of unauthorized marketable images," from "images of mainstream Hollywood celebrities and supermodels" to "images of humans having sex with animals" (*id.*, ¶¶13-16 and Exhibits 8-9); and (5) the allegation in Paragraph 20 that in response to searches on Perfect 10 model names, Google now "provides hundreds of images, many of which have nothing to do with the model, including extremely explicit images of other people engaged in sex, including sex with animals" (*id.*, ¶16 and Exhibit 9).

During the pre-motion "meet and confer," Google's counsel also asserted that certain allegations in the Proposed Complaint are "salacious, irrelevant to Perfect 10's claims against Google, and included solely to embarrass or disparage Google." *See* Exhibit 13 to Mausner Decl. (letter of April 4, 2008), at page 5. Google is incorrect. In evaluating Google's fair use defense, the Ninth Circuit stated that Google's search engine had a "public benefit." *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d at 1166. The allegations about which Google complains are directly relevant to whether Google's search engine provides a public benefit and whether Google is entitled to a fair use defense.

In short, Google has not demonstrated a single reason why leave to amend should not be freely granted in this case. Google has not shown, or even claimed,

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⁶ In her letter of April 4, 2008, counsel for Google asserted that certain proposed amendments "appear to lack a legal basis." *See* Exhibit 13 to Mausner Decl., at page 5. Accordingly, Perfect 10 removed the allegation that it was entitled to statutory damages under the Lanham Act and clarified its claim for punitive damages under its unfair competition claim in the Proposed Complaint. Mausner Decl., ¶¶8-9 and Exhibits 14, 15.

1	that it would be prejudiced by the Proposed Complaint. There is no discovery cut	
2	off or trial date set, and the amendment would not cause any delay.	
3	4. <u>CONCLUSION</u> .	
4	For all of the foregoing reasons, Perfect 10 respectfully requests that this	
5	Court grant its motion for leave to file its proposed Second Amended Complaint.	
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7	Dated: June 12, 2008 Respectfully submitted,	
8	LAW OFFICES OF JEFFREY N. MAUSNER	
9	By: Jeffrey M. Mausner	
10	JEFFRE YN. MAUSNER	
11	Attorney for Plaintiff Perfect 10, Inc.	
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