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12
13 **UNITED STATES DISTRICT COURT**
14 **NORTHERN DISTRICT OF CALIFORNIA**
(San Jose Division)

15 ERIK ANDERSON,

16 Plaintiff,

17 v.

18 STEVEN HIRSCH and MARK SELIGER,

19 Defendants.

Case No. 19-cv-05630-EJD

**PLAINTIFF'S OPPOSITION TO
MOTION TO DISMISS**

Hearing Date: March 12, 2020
Hearing Time: 9:00 a.m.
Courtroom: 4 – 5th Floor
Judge: Honorable Edward J. Davila

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2 INTRODUCTION

3 Plaintiff Erik Anderson, a California resident, filed this action for a declaratory judgment of
4 noninfringement of copyright to protect his personal legal interests in response to a series of
5 threatening letters, which became increasingly strident over the period from early April through the
6 end of July 2019. In those letters, two New York photographers, represented by a law firm that
7 frequently threatens and sometimes brings infringement lawsuits, told Anderson that copyright
8 infringement had occurred on a community forum he hosted. The letters demanded payment of
9 \$23,500 in damages because members of the forum posted three separate “deeplinks” to three
10 copyrighted photos in the course of their comments; the letters threatened Anderson with
11 garnishment of his wages, liens on his personal property, and quadrupling of his monetary exposure
12 unless he gave in promptly. Upping the ante, Defendants’ counsel sent Anderson a series of emails
13 threatening to “escalate” the situation, finally sending him two draft complaints said to be ready for
14 filing in federal court in California and New York along with a warning that Defendants “have
15 instructed us to file” the complaints by a certain date unless Anderson paid. Anderson, believing he
16 had done no wrong, filed this action for a declaratory judgment, seeking to establish through
17 application of longstanding Ninth Circuit precedent that deeplinking is not infringement and that, in
18 any event, he could not be held liable for any infringement that might be committed by members of
19 his forum without his “volitional” involvement.

20 But after Anderson found counsel and began to pursue this matter in court – just what
21 defendants had said that they would do if Anderson did not pay their price – defendants began to
22 backpedal. They told Anderson that they still considered deeplinks on his forum to constitute a basis
23 for holding him liable, but that they no longer wanted to litigate the question pertaining to the three
24 photographs that had occasioned their original threats to sue. Defendants offered narrow licenses
25 confined to just the three photographs mentioned in their original threats, but in the very same email
26 as that offer, they told Anderson that they could hold him liable whenever deeplinks to their other
27 photographs appeared on his forum.

1 Anderson was worried such a limited license would not protect him from future lawsuits by
 2 these two defendants if other deeplinks were posted to any of their photographs by users of his
 3 forum. In fact, one of these same photographers, Seliger, has threatened to sue other alleged
 4 infringers for long-past deeplinking. Therefore, citing *Already, LLC v. Nike, Inc.*, 568 U.S. 85
 5 (2013), Anderson told Defendants that he would drop his claim for declaratory relief if they
 6 extended their license to past deeplinking to *any* of these two photographers' images.

7 The narrow issue presented on Defendants' pending motion to dismiss ("the Motion"),
 8 therefore, is whether, having created an actual controversy through repeated and concrete threats of
 9 imminent litigation, Defendants have now established that the present controversy cannot recur in
 10 light of the proffered licenses.¹ The governing precedent on this point is the Supreme Court's
 11 decision in *Already, LLC v. Nike*—a case not cited in the motion to dismiss—which holds that
 12 voluntary cessation in response to litigation does not moot the litigation, unless the party claiming
 13 mootness satisfies its "formidable burden of showing that it is absolutely clear the allegedly
 14 wrongful behavior could not reasonably be expected to recur." 568 U.S. at 91 (quoting *Friends of*
 15 *the Earth, Inc. v. Laidlaw Environmental Services, Inc.* 528 U.S. 167, 190 (2000)). As explained
 16 below, Defendants have not met that strict standard in this case.

17 **I. STATEMENT OF FACTS²**

18 **A. Pre-Complaint Facts**

19 Erik Anderson, the plaintiff in this case, is the founder and owner of the web site
 20

21 ¹Defendants also style their motion as one pursuant to Fed.R.Civ.P 12(b)(6), and acknowledge that
 22 all factual allegations in the complaint must be taken as true and all reasonable inferences drawn in
 23 favor of the nonmoving party. Motion at 4. But they do not appear to make any actual arguments
 24 that the complaint does not state a claim on which relief can be granted. Thus, this Opposition
 25 focuses on Defendants' Rule 12(b)(1) case or controversy arguments.

26 ² The facts in this section are taken from the First Amended Complaint and its exhibits, and from the
 27 affidavits of plaintiff Erik Anderson and counsel Paul Alan Levy that accompany this memorandum.
 28 Defendants' Motion recites a number of facts without any citation to the record; many of those facts
 are neither alleged in the complaint nor supported by any affidavit or any other evidence in the
 record. Because the Motion is not based on disputing the veracity of the allegations in the complaint,
 but rather on developments after the complaint was filed, Defendant's contentions must be supported

1 AwardsWatch.com, which carries original journalism authored by Anderson and several others
2 about movie, television, music and theater news, reviews and awards predictions. First Amended
3 Complaint (“FAC”) ¶¶ 14-15; Anderson Affidavit (“Anderson Aff.”) ¶ 2. Readers of the web site
4 can post comments on individual articles; in addition, until October 2019, the site also included a
5 forum in which people could discuss these topics. *Id.* The forum was located at
6 <https://awardswatch.com/forums/>. *Id.* On October 13, however, Anderson transferred ownership of
7 the forum to one of his volunteers. FAC ¶ 15; Anderson Aff. ¶ 7.

8 The discussion forum was organized into many separate threads, each of which contained
9 many posts by users of the forum. Anderson did not monitor the forum, which was operated by
10 volunteers. Anderson Aff. ¶ 2. At the close of August 2019, there were nearly 16,000 separate
11 discussion threads on the forum, comprised of nearly two million individual posts, some of which
12 were accompanied by images, from more than 8000 users. Between 500 and 700 posts are added
13 daily. *Id.*; FAC ¶ 15.

14 During the period that Anderson owned the forum, some users posted “deeplinks” on the
15 forum to three photographs taken by Mark Seliger and Steven Hirsch. FAC ¶¶ 16-19. A deeplink is a
16 hyperlink to another web site, not affiliated with the site where the link is posted, where images are
17 stored and displayed. FAC ¶ 16. The link allows viewers of the forum to see the image within the
18 forum by “pulling” the image directly from the remote server where it is hosted so that it is
19 displayed to the viewers’ personal devices. *Id.* No copy of the Defendants’ photographs in question
20 was ever posted or maintained on the server for AwardsWatch or the AwardsWatch Forums. FAC
21 ¶ 19. Anderson did not post or encourage the posting of any of these links; indeed, he was unaware
22 of the links on the forum posts until Defendants’ counsel wrote to him earlier this year. FAC ¶¶ 21-
23 21.

24 Beginning in April and May of 2019, Anderson received a series of threatening
25 communications on behalf of Defendants from attorney Mathew Higbee. *See generally* FAC ¶¶ 22-

26 _____
27 by affidavits, which can be considered without transforming the motion into one of summary
28 judgment. *Safe Air for Everyone v. Meyer*, 373 F.3d 1035, 1039 (9th Cir. 2004).

1 31; Anderson Aff. ¶ 3(a)-(j). The letters warned Anderson that he was liable for copyright
2 infringement based on the links posted to the Seliger and Hirsch photographs, and the letters
3 demanded payment of \$17,000 and \$6750, respectively, FAC ¶¶ 22, 25; Anderson Aff. ¶ 3(a), (c)
4 and Exs. 1, 3. They warned Anderson that if he did not promptly pay as demanded, Defendants
5 could seek wage garnishments, liens on his property, and the quadrupling of his monetary exposure.
6 FAC ¶¶ 23, 26; Anderson Aff. ¶ 3(a) and Ex. 1. Anderson responded by asking his volunteers to take
7 down the links, and by explaining to Defendants' counsel that he had made no money from the
8 appearance of the photos. FAC ¶ 29; Anderson Aff. ¶ 3(b) and Ex. 2.

9 Defendants, however, continued to insist that they had a claim and would take action against
10 Anderson. Defendants' counsel sent a series of threatening emails, warning Anderson that failing to
11 pay promptly "will likely result in a dramatic increase in costs and stress." Anderson Aff. ¶ 3(e) and
12 Ex. 5. Defendants' counsel sent another letter to Anderson threatening him with "statutory damages
13 of up to \$150,000 for each infringement" as well as costs and attorney fees. Anderson Aff. ¶ 3(g)
14 and Ex. 7. The pressure was further ramped up on May 30 and June 11 when Defendants' counsel
15 sent letters and emails that said his client had instructed him to file suit unless Anderson paid \$6750
16 to Defendant Hirsch and \$17,000 to Defendant Seliger within fifteen days. Defendant's attached
17 draft complaints, prepared for filing in federal court in New York and California, on behalf of each
18 of the two photographers. FAC ¶ 31; Anderson Aff. ¶ 3(g)-(h) and Exs. 7-8. Although the demand
19 letters had only cited three specific photographs, the draft complaints sought relief against alleged
20 infringement of "all copyrighted works" of Defendants. FAC ¶ 31; Anderson Aff. Exs. 7-8, Prayer
21 for Relief.

22 Then on July 25 and July 30, an attorney in the Higbee firm wrote to Anderson warning that
23 he needed to pay by July 31 to avoid being sued. Anderson Aff. ¶ 3(i)-(j) and Exs. 9-10.

24 Not only did Anderson believe that he had done nothing wrong,³ but he also understood that

25 _____
26 ³ The Ninth Circuit has held that deeplinking to a photograph does not constitute an infringing
27 "display" of the photograph, *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1161 (9th Cir.
28 2007), and that the host of a user forum cannot be held liable for infringement by users of his forum

1 Defendants' claims could represent only the tip of the iceberg. FAC ¶ 35; Anderson Aff. ¶¶ 6,9.
 2 With millions of posts on the forum, he had no way to tell whether these were the only Seliger and
 3 Hirsch photographs that had been linked or whether there were others. Therefore, he filed this action
 4 for a declaratory judgment asking the Court to declare both that deeplinking on his forum does not
 5 constitute infringement, and that postings in which he had no volitional involvement could not be the
 6 basis for claims that he was personally liable for infringement. FAC Prayer for Relief.

7 At the same time, Anderson took other steps to protect himself against liability. First, he
 8 registered an agent for the service of DMCA takedown notices, *see* 17 U.S.C. §512(c), thus
 9 perfecting his immunity from copyright suit for future postings to the forum.⁴ Anderson Aff. ¶ 8.
 10 And second, he decided to divest himself of the forum entirely. *See* Anderson Aff. ¶ 7. He
 11 transferred the forum to one of his volunteers on October 13. *See id.*; FAC ¶ 15. At that point,
 12 Anderson faced only the prospect of liability for posts on the forum that had already occurred.

13 B. Developments After the Complaint Was Filed

14 Anderson filed his initial complaint for a declaratory judgment on September 6, 2019.
 15 Defendants' initial response to the complaint was to propose to simplify the litigation and yet, at the
 16 same time, ensure that the legal issues in the case would be decided in this Court and on appeal.
 17 Levy Aff. ¶ 5. Defendants offered to cooperate with Anderson to stipulate the facts, leaving only
 18 legal issues to be decided, but on the condition that Anderson would drop his claim for attorney fees.
 19 *Id.* Having been terrified by Defendants' repeated demands and insistent threats of suit, and forced
 20 to file a complaint in this Court, Anderson rejected the condition that he surrender *his* monetary
 21 claims against the photographers whose threats were severely disruptive and disturbing.
 22

23 _____
 24 so long as he did not engage in any "volitional act" to cause the infringement to occur. *VHT, Inc. v.*
Zillow Group, 918 F.3d 723, 732, 745-47 (9th Cir. 2019).

25 ⁴ Although it is true that Anderson would better have protected himself against claims of
 26 infringement liability for posts of his users if he had acted earlier to register a DMCA agent, his lack
 27 of registration does not undermine his lack of liability under pre-DMCA law that nevertheless
 28 required "volition" for infringement liability. *BWP Media USA v. T & S Software Assocs.*, 852 F.3d
 436, 443-444 (5th Cir. 2017).

1 Defendants' counsel responded by email on November 1: He insisted that the deeplinking on
2 Anderson's forum was infringement, claiming that the Ninth Circuit was wrong and that its
3 decisions on deeplinking and volition were distinguishable. But he claimed that his clients had lost
4 interest in pursuing the case because, he said, his firm had decided months earlier that Anderson was
5 currently judgment proof and hence his clients lacked the financial incentive to pursue litigation
6 against Anderson in which they could not recover any money. Therefore, counsel stated that his
7 clients were issuing licenses to allow the uses that had been made of the photographs on the
8 AwardsWatch forum, and he demanded that suit be dismissed. Levy Aff. Ex. B.

9 This offer, however, did not sufficiently protect Anderson's legal interests. Until October 13,
10 he had been the host of a forum on which millions of posts had appeared, quite possibly including
11 deeplinks to other photographs taken by Hirsch or Seliger. In addition, in a number of past cases,
12 Higbee – on behalf of multiple clients, including Seliger – had warned alleged infringers of his
13 clients' copyrights that they could be sued for alleged infringement that had occurred several years
14 before. Levy Aff. ¶ 12. In fact, implicit in Mr. Higbee's November 1 email was a broader threat for
15 posting of any of Seliger's and Hirsch's other photographs. Levy Aff. ¶ 6 and Ex. B; Anderson Aff.
16 ¶ 6. The proffered licenses from Defendants would allow them to walk away from this case while
17 preserving their ability to return, perhaps again and again, to threaten and sue Anderson down the
18 road. *See* FAC ¶¶ 31-35; Anderson Aff. ¶¶ 4-6, 9.

19 Accordingly, Plaintiff's counsel sent Mr. Higbee a letter dated November 6, citing the
20 Supreme Court's ruling in *Already, Inc. v. Nike* and explaining that the offered licenses did not meet
21 the standard for mootness based on voluntary cessation of wrongful conduct: The defendant bears
22 the "formidable burden" of showing that is is "absolutely clear" the controversy between the parties
23 cannot recur. 568 U.S. at 91; Levy Aff. ¶ 7 and Ex. C. Given that Defendants' counsel had insisted
24 that deeplinking on a forum constitutes infringement for which the host is liable notwithstanding
25 lack of knowledge or volition, Anderson could reasonably expect that the threats would recur and
26 Seliger and/or Hirsch would sue him in the future. Thus, in order to ensure that threats and litigation
27 over deeplinking of Defendants' photographs would not recur, Anderson needed licenses that
28

1 covered deeplinks to any of Defendants’ photographs, not just the three that were the basis for the
2 initial threats. Anderson Aff. ¶¶ 5-6. At no time did Anderson suggest that he needed a license for
3 photographs from any photographers other than Defendants.

4 By email dated November 7, Mr. Higbee slightly expanded the license his clients were
5 granting to Anderson, allowing the specific three photographs to be used on any subdomain
6 associated with AwardsWatch.com, not just the forum pages on which they originally appeared.
7 Levy Aff, ¶ 9 and Ex. D. By letter dated November 8, Anderson declined to dismiss his lawsuit.
8 Instead, he asked again that Defendants issue a license or a covenant not to sue that extended to any
9 deeplinking of Defendants’ photographs that had already occurred on the AwardsWatch forum.
10 Plaintiff amended his complaint to specifically delineate the case or controversy that remains in the
11 case — whether Anderson can be liable for copyright infringement for the posting of any deeplinks
12 to any of Seliger’s or Hirsch’s photographs before October 13, 2019, when he gave up ownership of
13 the forum.

14 ARGUMENT

15 The principle, reiterated in Defendants’ Motion, that a live case or controversy must exist
16 throughout a litigation, is uncontested. When, however, defendants rely on action they took to moot
17 an ongoing case in which there was a concrete dispute at the outset of the litigation, defendants must
18 meet the far more rigorous standard of showing that their voluntary cessation was effective to moot
19 the case. Under the governing Supreme Court precedent, *Already, LLC v. Nike, Inc.*, 568 U.S. 85
20 (2013), for voluntary cessation of wrongful conduct to render a case moot, the defendant bears the
21 “formidable burden” of showing that it is “absolutely clear” the controversy between the parties is
22 over. *Id.* at 91. Not only does Defendants’ Motion not meet that standard, but their brief does not
23 mention *Already v. Nike* or attempt to explain how they can meet the standard.
24

25 Defendants should not be permitted to address that case for the first time in their reply brief.
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II. THERE WAS A CASE OR CONTROVERSY BETWEEN THE PARTIES WHEN PLAINTIFF FILED THIS LAWSUIT

Defendants' repeated threats to sue Anderson undoubtedly created a concrete controversy between the parties. The Declaratory Judgment Act provides that, "[i]n a case of actual controversy within its jurisdiction... any court of the United States... may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought." 28 U.S.C. § 2201(a). The dispute must be "real and substantial" and "definite and concrete, touching the legal relations of parties having adverse legal interests[.]" *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (2007). As this Court has explained, a plaintiff seeking declaratory judgment must show (1) a "real and reasonable" apprehension that he will be subject to liability; and (2) that the apprehension was "caused by the defendant's actions." *Cabell v. Zorro Prods. Inc.*, No. 5:15-CV-00771-EJD, 2018 WL 2183236, at *14 (N.D. Cal. May 11, 2018) (Davila, J.) (citing *Hal Roach Studios, Inc. v. Richard Feiner & Co.*, 896 F.2d 1542, 1556 (9th Cir. 1989)). Courts must apply these principles "with a flexibility that is oriented to the reasonable perceptions of the plaintiff." *Id.* (citing *Chesebrough-Pond's, Inc. v. Faberge, Inc.*, 666 F.2d 393, 396 (9th Cir. 1982)).

The Ninth Circuit has held that a wide variety of conduct by the defendant in a declaratory judgment action, even if well short of threatening litigation, is sufficient to sustain a legal case or controversy. Of course, "[i]f a party has threatened another with suit, there is generally a substantial and immediate controversy." *Wong v. Hard Drive Prods., Inc.*, No. 12-CV-469-YGR, 2012 WL 1252710, at *3 (N.D. Cal. Apr. 13, 2012) (citing *Massa v. Jiffy Products Co.*, 240 F.2d 702, 705 (9th Cir. 1957)). But "even where a party has stated that it has no plans to sue for infringement, if its course of conduct demonstrates a preparedness and willingness to enforce its rights otherwise, a case or controversy exists." *Id.* (citing *SanDisk Corp. v. STMicroelectronics, Inc.*, 480 F.3d 1372, 1382-83 (Fed. Cir. 2007)); *see also Societe de Conditionnement v. Hunter Engineering Co.*, 655 F.2d 938 (9th Cir. 1981) (holding that the standard for a case or controversy to exist for declaratory relief is "less strict than an actual threat of litigation"); *Chesebrough-Pond's*, 666 F.2d at 397 (holding that a threat of filing an opposition proceeding in the Patent and Trademark Office, although not

1 threatening litigation, was enough to create a “real and reasonable apprehension” of infringement
2 litigation). Even something “less than a cease and desist letter threatening a lawsuit can create a
3 reasonable apprehension of liability.” *Freecycle sunnyvale v. Freecycle Network, Inc.*, No. C 06-
4 00324CW, 2006 WL 870688, at *3 (N.D. Cal. Apr. 4, 2006); see *Hal Roach Studios*, 896 F.2d at
5 1556 (applying “to declaratory relief actions which involve... infringement of a copyright” the
6 principle that if a declaratory judgment plaintiff is engaged in the questioned conduct, “the showing
7 of apprehension need not be substantial”) (internal citations omitted).

8 Here, the threat of litigation is express, repeated, clear, and unmistakable. Defendants created
9 a “real and reasonable apprehension” of liability by sending multiple letters to Anderson explicitly
10 threatening suit over a period of months, and further enhancing the imminence of those threats
11 through draft settlement agreements and draft complaints. Five instances of Defendants’ conduct
12 make clear that the instant dispute presents a clear-cut case or controversy:

13 First, Defendants stated in their first demand letter to Anderson, and reiterated in every
14 subsequent letter, the Defendants’ belief that Anderson has infringed Defendants’ copyright. See
15 FAC Ex. A (“If AwardsWatch does not have a license, we believe the use of the work is a violation
16 of the Copyright Act, Title 17 of the United States Code.”); FAC Ex. C (same); FAC Ex. D (“If
17 (infringer_company_name) [sic] does not have a license, we believe the use of the work is a
18 violation of the Copyright Act, Title 17 of the United States Code.”).

19 Second, each time Defendants asserted their belief that Anderson had infringed Defendants’
20 copyright, Defendants also made an unequivocal threat to litigate against Anderson. See FAC Ex. A
21 (“[W]ithout your cooperation, our only option is to litigate the matter, which we frequently do, so
22 please do not make the mistake of ignoring this.”); FAC Ex. C (same).

23 Third, Defendants stressed the imminence of their threats by giving Anderson a concrete and
24 extremely short timeframe to comply – 10 days, with the clear implication that Defendants afterward
25 would initiate infringement litigation. FAC Ex. A (“*If we do not hear from you within 10 days, we*
26 *will assume that you do not have a license and that you do not want to resolve this matter outside of*
27 *court*”) (emphasis in original); FAC Ex. C (same).

1 Fourth, Defendants further confirmed that they would respond with litigation to Anderson’s
2 failure to accept their demands by sending to Anderson two concrete and specific documents –
3 settlement and release-from-liability agreements – which would only have been necessary if the
4 Defendants intended to bring suit to enforce their copyright if Anderson did not agree to Defendants’
5 license terms. *See* FAC Exs. B, E.

6 Fifth, in the most unmistakable signal that litigation was imminent, Defendants sent draft
7 complaints to Anderson, after months of back and forth over their initial demand letters, which
8 accused Anderson of copyright infringement and sought up to \$150,000 in damages as well as
9 attorney fees. Despite the fact that Anderson had already removed from the forum the deeplinks to
10 Defendants’ photographs, the draft complaints sought broad injunctive relief against infringement of
11 the copyright not just in the specific works named in the threats but in “*all* copyrighted works of the
12 Plaintiff.” FAC ¶ 31; Anderson Aff. Exs. 7-8, Prayers for Relief. Thus, although the demand letters
13 began by citing only three photographs, the lawsuits that Defendants threatened to file sought
14 protection against alleged infringement of the entire body of Defendants’ work. Even more
15 unmistakable was the threat in the cover letter and email sent with the draft complaints: that
16 Defendants had instructed their counsel to file suit unless Anderson paid \$6750 to Hirsch and
17 \$17,000 to Seliger within fifteen days. Anderson Aff. ¶ 3(g)-(h) and Exs. 7-8.

18 None of the above threats of litigation had in any way been withdrawn by the time Anderson
19 filed this action. Moreover, Anderson and his counsel knew Defendants’ counsel was well-known
20 for often sending these sorts of demand letters alleging copyright infringement, and that he does file
21 suit in such cases. “The fact that defendants contacted plaintiff through counsel with such a
22 reputation further supports finding that plaintiff acted out of a real and reasonable apprehension of
23 facing suit by defendants.” *Expensify, Inc. v. White*, No. 19-cv-018921-PJH, 2019 WL 5295064, at
24 *4 (N.D. Cal. Oct. 18, 2019) (finding business threatened with an ADA suit had a reasonable fear of
25 suit because opposing counsel’s firm “is a leading filer of ADA claims”). Because “defense
26 counsel’s prelitigation communications, *reputation*, and *specialized practice*” all contribute to the
27 circumstances surrounding prelitigation events that determine whether there is a reasonable
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1 apprehension of suit, *id.* at *3 (emphasis added), Anderson surely had a reasonable apprehension
2 that he would be sued – and thus a sound justification to request a declaratory judgment – when he
3 received these threats from defense counsel’s law firm.

4 This set of extensive and highly specific threats more than satisfies the requirements of any
5 of the cases set forth above for finding the existence of a “substantial and immediate controversy.”
6 One would be hard pressed to imagine a course of conduct that would more clearly and concretely
7 provide a declaratory judgment plaintiff with a “real and reasonable” apprehension that he will be
8 subject to liability. In contrast, in *Chesebrough-Pond’s*, 666 F.2d at 396, the Ninth Circuit found a
9 case or controversy on the basis of a single letter from the defendant to the plaintiff stating a prima
10 facie case for trademark infringement and threatening an opposition proceeding before the Patent
11 and Trademark Office. Here, the Defendants sent three such letters that threatened actual litigation
12 instead of an opposition proceeding, plus draft complaints. Defendants’ direct and repeated threats
13 more closely resemble those of the declaratory judgment defendant in *Shloss v. Sweeney*, whose
14 “reiterat[ion]” of “clear, if implicit, threats of litigation... easily left Plaintiff with a reasonable
15 apprehension of copyright liability,” 515 F. Supp. 2d 1068, 1077 (N.D. Cal. 2007), though in the
16 instant case, Defendants’ threats were even more explicit.⁵

17 Defendants’ Motion does not address any of these facts or dispute that this conduct easily
18 vaults over the bar for creating a “real and reasonable apprehension” of liability at the time the initial
19 complaint was filed and until at least October 13, 2019, when Anderson transferred ownership of the
20 forum.⁶

22 ⁵ In *Shloss vs. Sweeney*, the court also held that the defective covenant not to sue contributed to the
23 creation of a real and reasonable apprehension of copyright liability. 515 F. Supp. 2d at 1078. This
24 Opposition addresses why Defendants’ proposed licenses do not moot the controversy in the next
25 section.

26 ⁶ Defendants’ failure to contest the existence of a clear case or controversy is further demonstrated
27 by defense counsel’s November 1, 2019, email that first offered limited licenses, which said in part,
28 “[s]eeing as [the license offer] removes any controversy, we ask that your clients withdraw their
complaints or provide a legal basis to maintain the action.” Levy Aff. ¶ 6 and Ex. B (emphasis
added).

1 **III. DEFENDANTS' BELATED OFFER OF A LIMITED LICENSE AFTER LITIGATION**
2 **HAD COMMENCED DOES NOT CONSTITUTE THE "VOLUNTARY CESSATION"**
3 **REQUIRED TO ELIMINATE THIS CASE OR CONTROVERSY**

4 Defendants have failed to meet their "formidable burden" of demonstrating that the licenses
5 they offered meet the standard required to moot this case by voluntary cessation. *Friends of the*
6 *Earth*, 528 U.S. at 189. "[A] defendant cannot automatically moot a case simply by ending its
7 unlawful conduct once sued." *Already*, 568 U.S. at 91 (citing *City of Mesquite v. Aladdin's Castle,*
8 *Inc.*, 455 U.S. 283, 289 (1982)). As this Court has held, "[a] defendant's voluntary cessation of
9 allegedly wrongful conduct is *unlikely* to moot a case." *Johnson v. Tom*, No. 5:18-cv-01297-EJD,
2019 WL 4751930, at *1 (N.D. Cal. Sept. 30, 2019) (Davila, J.) (emphasis added).

10 The voluntary cessation doctrine is built on "the fact that [courts] do not find cases moot
11 when the challenged conduct is capable of repetition, yet evading review." *See Friends of the Earth*,
12 528 U.S. at 213. If such conduct were allowed, defendants would be able to engage in illegal
13 conduct, stop when sued, then resume their unlawful actions as soon as the case were dropped.
14 *Already*, 568 U.S. at 91. Given this concern, "a defendant claiming that its voluntary compliance
15 moots a case bears the formidable burden of showing that it is absolutely clear the allegedly
16 wrongful behavior could not reasonably be expected to recur." *Id.* at 91 (quoting *Friends of the*
17 *Earth*, 528 U.S. at 190). Defendants have made no such showing.

18 Plaintiff gave Defendants every opportunity to issue a sufficient license, including sending
19 two letters outlining why the licenses offered were not broad enough under *Already* – namely, that
20 they do not cover the photographers' other photos that may exist in the millions of posts on the
21 AwardsWatch forum, leaving Anderson at risk of future threats from Defendants. Levy Aff. Exs. C,
22 E; FAC ¶ 15. Defendants never responded to the November 8 letter. *See* Motion at 3 (failing to
23 mention this letter when describing settlement negotiations). If this case is dismissed, Defendants
24 can immediately resume threats against Anderson for any of their other photos to which forum users
25 may have posted deeplinks on the forum while he owned it. Given the Motion's description of both
26 defendants as "well-known and highly accomplished photographers" who create and own many
27 "photographs of famous Hollywood personalities/celebrities," Motion at 1-2, it is likely additional
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1 photographs by Defendants may well exist on the millions of posts on Anderson’s entertainment-
2 focused forum.

3 Thus, given the narrowness of the licenses, Defendants’ behavior could reasonably be
4 expected to recur. *See Already*, 568 U.S. at 94-95, 101. The case is therefore not moot.

5 A. The Licenses Offered by Defendants Are Much Narrower Than the Covenant Not to Sue
6 in *Already* v. Nike

7 The licenses offered by Defendants are too narrow to moot this case. To determine whether
8 voluntary cessation renders a case moot, district courts in this Circuit consider whether the covenant
9 not to sue or license in question is as broad as that in *Already*. *See, e.g., Expensify*, 2019 WL
10 5295064, at *6 (mooting case because “there is no cognizable distinction between the covenants
11 provided by defendants to plaintiff and those considered in *Already*”); *Humu, Inc. v. Hulu, LLC*, No.
12 19-CV-00327-HSG, 2019 WL 3220271, *2 (N.D. Cal. Jul. 17 2019) (refusing to moot case because
13 “the disputed covenant not to sue differs in material ways from the covenant at issue in *Nike*”);
14 *Kindred Studio Illustration & Design, LLC v. Elec. Commun. Tech., LLC*, No. CV 18-7661-
15 GW(GJSx), 2018 WL 6985317, at *5 (C.D. Cal. Dec. 3, 2018) (mooting case because the covenant
16 not to sue “appears to have substantially the same components as the covenant[] not to sue in
17 *Already*”); *Spicy Beer Mix, Inc. v. New Castle Beverage*, No. CV 14-00720 SJO (JEMx), 2014 WL
18 7672167, at *5 (C.D. Cal. 2014) (mooting case because “[t]he Covenant not to sue is essentially the
19 same as the one at issue in *Already*”). In cases claiming mootness by voluntary cessation, the
20 “parties dispute turns on whether Defendant’s covenant not to sue [in the case at issue] sufficiently
21 tracks the covenant not to sue provided in *Nike*.” *Humu*, 2019 WL 3220271 at *1.

22 The covenant not to sue in *Already* met the formidable burden necessary to moot the case
23 because it was exceptionally broad. Nike claimed *Already*, a shoe company, was infringing on its
24 trademark. But after *Already* counterclaimed that Nike’s trademark was invalid, Nike issued a
25 covenant not to sue *Already* for *any* shoe designs:

26 [Nike] unconditionally and irrevocably covenants to refrain from making any claim(s) or
27 demand(s) against *Already* or any of its related business entities...[including] distributors...

1 and employees of such entities and all customers... on account of any possible cause of
2 action based on or involving trademark infringement, unfair competition, or dilution, under
3 state or federal law... relating to the NIKE Mark based on the appearance of any of Already's
4 current and/or previous footwear product designs, and any colorable imitations thereof,
5 regardless of whether that footwear is produced... or otherwise used in commerce before or
6 after the Effective Date of this Covenant.”

7 *Already*, 568 U.S. at 93. The Court found that the “breadth of this covenant suffices to meet
8 the burden imposed by the voluntary cessation test,” thus mooting *Already*’s action to have the
9 trademark declared invalid. *Id.* This covenant covered past and future sales of existing products, as
10 well as *future products not yet designed or imagined by Already*. *Id.* 89-90, 93. The case was moot
11 because the “scope of the covenant,” *id.* at 101, made it “hard to imagine a scenario that would
12 potentially infringe Nike’s trademark and yet not fall under the Covenant.” *Id.* at 94 (internal
13 punctuation omitted). Thus, it was highly unlikely that Nike could resume enforcing its allegedly
14 invalid trademarks against *Already*.

15 A license or covenant not to sue must be broad to meet the “formidable burden” standard.
16 Covenants not to sue do not meet this standard when they are “too narrow ‘to extinguish any current
17 or future case or controversy between the parties’” even if “the covenants do not contain any
18 exceptions or caveats.” *Intellisoft, Ltd. V. Acer. Am. Corp.*, No. 17-cv-06272-PJH , 2018 WL
19 2412179 at *5 (N.D. Cal. May 29, 2018) (quoting *Dow Jones & Co. v. Ablaise Ltd.*, 606 F.3d 1338,
20 1348 (Fed. Cir. 2010)). In *Humu v. Hulu*, for example, the court refused to find the case moot
21 despite Hulu’s offer of a covenant not to sue. The facts of that case are similar to those here: *Humu*
22 sought declaratory judgment after Hulu accused it of trademark infringement. *Humu*, 2019 WL
23 3220271 at *1. Hulu subsequently provided *Humu* a covenant not to sue, then filed a motion to
24 dismiss. *Id.* But the court found the covenant not to sue too narrow to moot the case because the
25 covenant contained a “critical proviso” that limited the terms of the covenant, namely that the
26 covenant only applied to *Humu*’s communications with its customers, rather than offering a blanket
27 agreement not to sue over the underlying trademark infringement issue. *Id.* at *1-2. The covenant at
28 issue in *Hulu* read:

Hulu ... hereby unconditionally and irrevocably covenants to refrain from making any
claim(s) or demand(s)... on account of any possible cause of action based on or involving

1 trademark infringement, unfair competition, or dilution, under state or federal law in the
 2 United States relating to the Hulu Marks based on Humu’s use of the HUMU mark in the
 3 manner described in the Complaint in connection with the Humu Services offered to the
 Humu Customers, or in connection with any other goods or services similar to the Humu
 Services marketed directly to the Humu Customers.

4 *Id.* at *2. Because the “disputed covenant not to sue differs in material ways from the
 5 covenant at issue in Nike,” the case was not moot. *Id.* at *3.

6 The licenses offered in this case fall far short of the broad, multi-product, future-looking
 7 covenant not to sue, which included future products not yet designed, that was found sufficient to
 8 moot the controversy in *Already*. Defendants’ narrow licenses applied only to the specific three
 9 images in question:

10 Steven Hirsch grants the owners and operators of AwardsWatch.com an irrevocable
 11 retroactive and future license to display his image of 5_25_2018_Weinstein_Hirsch.jpg via
 an inline link site on Awardswatch.com, including any of its subdomains.⁷

12 Levy Aff. Ex. D. This limited license contrasts starkly with the comprehensive covenant not
 13 to sue in *Already*.⁸ Unlike that covenant – or even the covenant in *Humu*, which was found
 14 insufficient to moot the case – this license does not stop Defendants “from making any claim(s) or
 15 demand(s) against [Plaintiff]... on account of any possible cause of action based on or involving”
 16 the underlying issue that caused the controversy in the first place. *Already*, 568 U.S. at 93; *Humu*,
 17 2019 WL 3220271 at *2. Critically, the proffered licenses do not stop Defendants from simply
 18 finding another image deeplinked on the forum and sending Anderson the exact same threat letter
 19 the day after this case is dismissed. For the licenses to moot this case, they must prevent Defendants
 20 from bringing claims against Anderson containing identical factual and legal issues as those in this

21 _____
 22 ⁷ The licenses offered for the other two photographs are textually the same besides the names of the
 photographer and image.

23 ⁸ To assess whether a covenant or license meets the formidable burden of mooting a case, “courts
 24 consider, ‘in addition to other factors: (1) the language of the covenant, (2) whether the covenant
 25 covers future, as well as past, activity and products, and (3) evidence of intention or lack of
 26 intention, on the part of the party asserting jurisdiction, to engage in new activity or to develop new
 27 potentially infringing products that arguably are not covered by the covenant.’” *Humu*, 2019 WL
 3220271 at *1 (citing *Chromadex, Inc. v. Elysium Health, Inc.*, No. SACV 16-02277-CJC(DFMx),
 2017 WL 7080237 (C.D. Cal. Nov. 28, 2017); see also *Already*, 568 U.S. at 90 (noting that the
 Second Circuit assessed these factors).

1 case. The licenses do not approach the scope of “any possible cause of action” and “in connection
2 with any other goods or services” that was still found to be insufficient in *Humu* to constitute
3 voluntary cessation.

4 B. Defendants Have Not Met Their “Formidable Burden” to Show That It Is “Absolutely
5 Clear” Their Wrongful Conduct Cannot Be Expected to Recur

6 A case is not moot when “the disputed covenant not to sue [or license] differs in material
7 ways from the covenant at issue in *Nike*... [because] the Court thus cannot conclude that it is
8 ‘absolutely clear’ that Defendant’s covenant eliminated all potential... disputes.” *Humu*, 2019 WL
9 3220271 at *2. Here, the components of the case include any of Defendants’ photographs which
10 may have appeared on Anderson’s forum while he owned it, not just the three images in question.
11 Significantly, Defendants themselves put the broader set of all their photographs into the scope of
12 this controversy. The draft complaints that Defendants threatened to file in two separate courts
13 across the country from each other demanded injunctive relief protecting not just the three
14 specifically identified works but “*all copyrighted works*” of Defendants. FAC ¶ 31; Anderson Aff.
15 Exs. 7-8, Prayers for Relief (emphasis added). And throughout their threats to Anderson and their
16 discussions with his counsel, Defendants have explicitly maintained their rights to sue over any
17 other of their photographs that have been posted in identical ways as the three identified photographs
18 (deeplinks posted by forum users) and that raise identical legal issues of deeplinking and volitional
19 conduct.

20 The limited nature of the licenses – and Defendants’ refusal to grant the appropriate licenses
21 – make it clear the proffered licenses do nothing to stop Defendants from bringing claims regarding
22 the same issue in the future. The problem with the narrowness of the license, and the nature of the
23 license that would have eliminated the case or controversy, was identified to Defendants’ counsel,
24 Levy Aff. Ex. E, who chose to file a motion to dismiss instead of responding to the problem. If this
25 case is dismissed, Anderson will run the risk of an ongoing game of legal whack-a-mole: Defendants
26 can locate one of their images shared via deeplink among the 2 million posts on the forum during the
27 time he owned it and commence a new round of costly and disruptive legal threats and possible
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1 lawsuits, even though Anderson believes his actions have been fully legal. And then repeat the
2 process. Without a declaratory judgment, Anderson will continue to have a reasonable expectation
3 that Defendants’ abusive conduct will recur. FAC ¶ 35; *see also* Anderson Aff. ¶¶ 4-6, 9.

4 If Defendants truly have no intention of suing Anderson, it is hard to fathom why they will
5 not grant the broader license required by *Already* and *Humu*. Most importantly, however, nothing in
6 Defendants’ Motion even attempts to satisfy their “formidable burden” of demonstrating that it is
7 “absolutely clear” their unfounded threats will not recur. *Already*, 568 U.S. at 91.

8 **IV. PLAINTIFF’S TRANSFER OF OWNERSHIP OF THE FORUM DID NOT MOOT THE** 9 **EXISTING CASE OR CONTROVERSY**

10 Anderson owned and operated the discussion forum on the AwardsWatch site until October
11 13, 2019, when he transferred the ownership and operation of the forum to a third party. FAC ¶ 35;
12 Anderson Aff. ¶ 7. The transfer was done informally and did not include any agreement about any
13 transfer of liability for potential copyright infringement that may have occurred while Anderson
14 owned the forum. Anderson Aff. ¶ 7.

15 Defendants’ Motion asserts that the transfer moots Plaintiff’s case, but it cites no legal
16 authority, and offers no reason beyond mere conclusions, to support the claim that the transfer had
17 such an effect. Although the Motion cites generic caselaw about standing and the need to assert
18 one’s own legal interests, Motion at 7-8, it cites not a single case that holds a mere transfer of
19 ownership, without more, eliminates such standing for past liability. And for good reason: that is not
20 the law. If liability for past posts disappeared when Anderson transferred the forum to a new owner,
21 any business owner facing litigation could simply transfer their business to avoid legal liability.
22 Indeed, if Defendants were so confident that Anderson’s having given up ownership of the forum
23 canceled any liability he might have had for deep-linking any of their other copyrighted works, one
24 might wonder why they continue to resist issuing the full license that Anderson has told them would
25 be sufficient to allow him to dismiss the lawsuit.

26 Anderson and this case seek only to vindicate Anderson’s **own** continuing legal rights and
27 interests, not anyone else’s. The law of successor liability in the Ninth Circuit and in California is
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1 clear that a mere transfer of ownership like the one here is not sufficient, without more, to remove
 2 any pre-transfer liability from Anderson and place it upon the forum’s new owner/operator – and
 3 thus to eliminate Anderson’s potential liability (and standing) for existing infringement.⁹ In *Ray v.*
 4 *Alad Corp.*, 19 Cal.3d 22 (1977), in the analogous context of corporate asset transfers, the California
 5 Supreme Court determined that a corporation purchasing the assets of another corporation assumes
 6 the latter’s liabilities *only if*“(1) there is an express or implied agreement of assumption, (2) the
 7 transaction amounts to a merger or consolidation of the two corporations, (3) the purchasing
 8 corporation is a mere continuation of the seller, or (4) the transfer of assets to the purchaser is for the
 9 fraudulent purpose of escaping liability for the seller's debts.” *Id.* at 28. *See also Cygnus Telecomms.*
 10 *Tech., LLC v. Worldport Comms, Inc.*, 543 F.Supp.2d 1113, 1122 & n.5 (N.D. Cal. 2008) (“A
 11 corporation cannot free itself from liability for its acts by distributing its assets.”).

12 Defendants’ Motion does not mention successor liability or any of the relevant caselaw, nor
 13 does it make any attempt to demonstrate that Anderson’s transfer of the forum to a successor
 14 satisfies any of the criteria that are necessary to find transfer of pre-existing liability. And none of
 15 the four are satisfied here.¹⁰ *See Anderson Aff.* ¶ 7 (“There was no discussion or agreement about

16
 17 ⁹ The Motion also briefly but mistakenly suggests that Anderson is seeking a declaration that “any
 18 future posting of deeplinks” would not constitute infringement. In fact, the FAC limits the relief
 19 sought to past or existing posts to the forum, not to posts that may be made going forward. *See* FAC
 20 ¶ 37 and Prayer for Relief A and B. Anderson’s counsel expressly informed defense counsel of that
 21 limitation. *See Levy Aff.* ¶ 10, Ex. E (Levy November 8, 2019 letter to Higbee informing him that
 22 “it will be sufficient if the . . . licenses are limited to posting of photos or linking of photos that has
 23 already occurred. . . . It just means that, for anything that has already happened on his forum during
 24 the limitations period, there will be no suit.”). Similarly, the Motion wrongly suggests (Opp. at 6)
 25 that Anderson’s closing of the forum to new users, barring non-users forum from viewing the forum,
 26 and disabling the posting of deeplinks to the forum going moots this case. Roughly two million posts
 27 were created during the time Anderson ran the forum and remain there, even if new posts have been
 28 disabled. *Anderson Aff.* ¶ 2. Defendants can still issue legal threats and pursue litigation for any of
 those posts that might contain an existing deeplink to one of their photographs.

¹⁰ The third criterion, that the successor is “a mere continuation of the seller,” is limited to situations
 where “only one corporation remained after the transfer of assets and... there is an identity of stock,
 stockholders, and directors between the two corporations,” is clearly not the case here. *See*
Craigslis, Inc. v. Mesiab, No. C 08–05064 CW (MEJ), 2010 WL 5300883, at *7-8 (N.D. Cal.
 Nov. 15, 2010) (quoting *Ferguson v. Arcata Redwood Co., LLC*, No. C 03–05632 (SI), 2004 WL
 2600471, at *5 (N.D. Cal. Nov. 12, 2004)).

1 who would be liable for allegations of copyright infringement occurring while I owned the forum.”).
 2 Defendants’ conclusory allegations of assumption of liability are insufficient. *See Gerritsen v.*
 3 *Warner Bros. Entm’t Inc.*, 116 F. Supp. 3d 1104, 1127 (C.D. Cal. 2015) (plaintiff must plead “either
 4 the terms of that assumption of liability (if express) or the factual circumstances giving rise to an
 5 assumption of liability (if implied)”).

6 Thus, there is no factual or legal basis for defendants’ claim that the transfer of the forum
 7 moots this case. Anderson remains at potential personal risk of suit for any photographs of the
 8 defendants that were posted by forum users before the transfer on October 13. Because of that risk,
 9 and that personal legal interest of Anderson’s, the transfer does not impact his standing or the
 10 existence of a continuing case or controversy.¹¹

11 **V. THE QUESTION OF ATTORNEYS FEES IS PREMATURE**

12 Defendants argue that, assuming that the Court grants their motion to dismiss, it should at the
 13 same time hold Plaintiff liable for attorney fees for failing to dismiss voluntarily in response to the
 14 issuance of licenses. That request is both wrong and premature.

15 Under 17 U.S.C. § 412, the court can consider Defendants’ claims for attorney fees only if
 16 Defendants show that they registered their copyright before the photographs were deeplinked from
 17 Plaintiff’s forum or, at least, within three months of first publication, and under section 505 only if
 18 Defendants can show that they prevailed. Defendants have not alleged that each of the copyrights
 19 were registered timely. *Adlife Mktg. & Comm. Co. v. Best Yet Mkt.*, 2017 WL 4564763, at *5

20 ¹¹ Finally, Defendants’ Motion recites—in a single sentence—the generic principle that declaratory
 21 relief is discretionary. Motion at 6. But it does not argue that the court should exercise its discretion
 22 to decline jurisdiction here, nor does it provide any legal authority or reasoning for such a result.
 23 Defendant applies neither the *Brillhart* factors, *see Gov’t Employees Ins. Co. v. Dizol*, 133 F.3d
 24 1220, 1222-27 (9th Cir. 1998), nor any other factors that courts normally apply to determine whether
 25 to exercise their discretion to hear a declaratory judgment action, *see, e.g., Noll v. eBay, Inc.*, 282
 26 F.R.D. 462, 469 (N.D. Cal. 2012) (Davila, J.). When an argument is put forward in only cursory
 fashion in the opening brief, without any articulation of its basis, it is waived. *Jimenez v. Allstate Ins.*
Co., 765 F.3d 1161, 1164 n.4 (9th Cir. 2014); *Ent. Research Group v. Genesis Creative Group*, 122
 F.3d 1211, 1217 (9th Cir. 1997); *In re Capacitors Antitrust Litig.*, 14-CV-03264-JD, 2017 WL
 897340, at *1 (N.D. Cal. Mar. 7, 2017).

1 (E.D.N.Y. Oct. 11, 2017). Moreover, if Defendants were to secure dismissal of this action for lack of
2 subject matter jurisdiction, that dismissal would be without prejudice. *Kelly v. Fleetwood*
3 *Enterprises*, 377 F.3d 1034, 1036 (9th Cir. 2004). A dismissal without prejudice would not entitle
4 Defendants to attorney fees, *Branson v. Nott*, 62 F.3d 287, 293 (9th Cir. 1995), particularly when the
5 dismissal was based on Defendant's cessation of conduct after suit was filed. *See also Avery v. First*
6 *ADR Mgt. Corp.*, 568 F.3d 1018, 1024 (9th Cir. 2009); *Oscar v. Alaska Dept. of Educ. and Early*
7 *Dev.*, 541 F.3d 978, 981 (9th Cir. 2008).

8 Attorney fees under the Copyright Act may be awarded after considering all of
9 the *Kirtsaeng* factors. *Kirtsaeng v. John Wiley & Sons*, 136 S. Ct. 1979, 1982 (2016). Defendants'
10 discussion of those factors is superficial at best. The time to address the issue of attorney fees is once
11 either side in this case has prevailed on the merits.

12 CONCLUSION

13 The motion to dismiss for lack of subject matter jurisdiction should be denied.

14
15 Dated: December 13, 2019

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