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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

PERFECT 10,)	CASE NO. CV 04-9484 AHM (SHx)
Plaintiff,)	
v.)	ORDER GRANTING IN PART AND DENYING IN PART PERFECT 10’S MOTION FOR PRELIMINARY INJUNCTION AGAINST GOOGLE
GOOGLE, INC., <i>et al.</i>)	
Defendants.)	
_____)	

I. INTRODUCTION

The principal two-part issue in this case arises out of the increasingly recurring conflict between intellectual property rights on the one hand and the dazzling capacity of internet technology to assemble, organize, store, access, and display intellectual property “content” on the other hand. That issue, in a nutshell, is: does a search engine infringe copyrighted images when it displays them on an “image search” function in the form of “thumbnails” but not infringe when, through in-line linking, it displays copyrighted images served by another website?

Plaintiff Perfect 10, Inc. (“P10”) filed separate suits against Google, Inc. and

1 against Amazon.com, Inc. and its subsidiary, A9.com, Inc.¹ (collectively, “Amazon”),
2 alleging copyright and trademark infringement and various related claims. The suits
3 were consolidated. P10 moves now for a preliminary injunction against both
4 Defendants, solely on the basis of its copyright claims. P10 seeks to prevent
5 Defendants’ image search engines from displaying “thumbnail” copies of P10’s
6 copyrighted images and also from linking to third-party websites which host and
7 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
22

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 appeared
4 in its magazine, along with an additional approximately 3,300 images that have
5 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 of
17 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 Zada
22 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 text
11 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,

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. For
19 example, users of Google Image Search are presented with a set of thumbnails that are
20 *potentially* responsive to their search queries. Because thumbnails are smaller in size,
21 more of them can be displayed at the same time on a single page or screen. Users can
22 quickly scan the entire set of thumbnails to locate the particular full-size image for
23 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
24

25
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. Google
28 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 is
4 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 P10
14 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
23 algorithmically select relevant advertisements” based on the content of that site. *Id.*⁷

25 ⁶Since URLs may often be extremely long, Google displays the domain name
26 of the third-party website and the file name of the image, but the middle portion of the
27 URL frequently contains an ellipsis indicating that the full URL has been truncated.

28 ⁷To illustrate how AdSense works, an individual who maintains a website
dedicated to soccer—“SoccerMANIA.com,” say—might post his personal

1 **B. Procedural History**

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

11 **C. Proposed Injunctive Relief**

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

- 14 (a) Copying, reproducing, distributing, publicly displaying, adapting or
15 otherwise infringing, or contributing to the infringement of any
16 copyrighted image owned by Perfect 10 which has been or will be
17 identified in notices to Google, as described below (“PERFECT 10
18 COPYRIGHTED IMAGES”). Perfect 10 will provide to Google notice
19 of PERFECT 10 COPYRIGHTED IMAGES within ten (10) business
20 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.

21
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 who
25 are willing to pay to place advertisements on his site. This is where Google AdSense
26 comes in. After registering to become an AdSense partner, the soccer aficionado can
27 demarcate an area on his website that acts as a “placeholder” for an advertisement.
28 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.

1 (b) Linking to websites which display or make available PERFECT 10
2 COPYRIGHTED IMAGES for which Google has received notice as
3 described below (“Infringing Websites”). Infringing Websites are (i)
4 websites which were linked to by Google as identified in any notice of
5 infringement from Perfect 10 to Google prior to June 20, 2005 (exs. 40-
6 73 of the Declaration of Norman Zada filed herein) and which as of July
7 11, 2005, continued to display or make available PERFECT 10
8 COPYRIGHTED IMAGES on any of their web pages, or (ii) websites
9 that in the future continue to display or make available PERFECT 10
10 COPYRIGHTED IMAGES on any of their web pages three (3) weeks
11 after notice of such infringement to Google. Within ten (10) business
12 days of the receipt of each notice of Infringing Websites, Google shall
13 delete and disable all links to such Infringing Websites from any
14 website owned or controlled by Google and shall not link to such
15 Infringing Websites in the future.

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

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

19 Pl.’s Proposed Prelim. Inj. ¶ 1.

20 **III. DISCUSSION**

21 **A. Legal Standard for Preliminary Injunction**

22 **1. General Principles**

23 “A preliminary injunction should be granted if a plaintiff can show either: (1)
24 a combination of probable success on the merits and the possibility of irreparable
25 harm; or (2) that serious questions are raised and the balance of hardships tilt in the
26 plaintiff’s favor.” *Elvis Presley Enters., Inc. v. Passport Video*, 349 F.3d 622, 627
27 (9th Cir. 2003). In any preliminary injunction analysis, courts also look to “whether
28 the public interest will be advanced by granting preliminary relief.” *Preminger v.*

1 *Principi*, 422 F.3d 815, 823 (9th Cir. 2005).

2 **2. Affirmative Defenses**

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

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

22 P10 points out that the Ninth Circuit, in affirming the district court's ruling in
23 *Dr. Seuss*, stated that because "fair use is an affirmative defense, [defendant] must
24 bring forward favorable evidence" relevant to the fourth fair use factor. *Dr. Seuss*,
25 109 F.3d at 1403.⁸ However, the defendant had presented no evidence whatsoever
26 on that factor. The Ninth Circuit stated that the absence of *any* evidence made it

27
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 “impossible to deal with the fourth factor except by recognizing that a silent record
2 on an important factor bearing on fair use disentitle[s] the proponent of the defense
3 . . . to relief from the preliminary injunction.” *Id.* (internal quotations omitted)
4 (alteration in original). The Ninth Circuit did *not* state or indicate that the district
5 court erred in interpreting Plaintiff’s burden of proving “likelihood of success on the
6 merits” to include the “likelihood that [plaintiffs] would prevail against any
7 affirmative defenses raised by the defendant.” That the Ninth Circuit required the
8 defendants to submit some quantum of evidence does not mean it had placed the
9 burden on defendant to show that it was entitled to the affirmative defense of fair use.

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

25 Accordingly, the Court will follow *Dr. Seuss*’s conclusion that P10, on its
26 motion for preliminary injunction against Google, carries the burden of overcoming
27 Google’s fair use defense.

28 3. Prohibitory v. Mandatory Injunction

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

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

17 **B. Likelihood of Success**

18 P10 asserts that Google is both directly and secondarily liable for copyright
19 infringement. P10 alleges that Google’s image search engine directly infringes by
20 copying, distributing, and displaying thumbnails and full-size images of P10’s
21 copyrighted photographs. P10 alleges that Google is secondarily liable for the
22 actions of third-party websites that host infringing images and unauthorized
23 perfect10.com username/password combinations to which Google’s search engine
24 links, as well for the actions of individuals who are led by Google Image Search to
25 infringing images and subsequently download infringing copies themselves.

26 Google raises several defenses. First, in response to P10’s direct infringement
27 claims, it argues that (1) many of its actions do not infringe upon any of the exclusive
28 rights granted to the owner of a copyright, and (2) to the extent that its actions do

1 implicate those rights, such use is fair under 17 U.S.C. § 107. Second, in response
2 to P10’s secondary liability claims, Google contends that (1) it has not contributorily
3 or vicariously infringed; (2) it is immune from contributory liability under *Sony*
4 *Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984) [hereinafter
5 “*Sony*”]; and (3) it qualifies for protection under the various safe harbor provisions
6 of the DMCA, 17 U.S.C. § 512(a)-(d).

7 **1. Direct Infringement**

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

12 **a. What Actions by Google Allegedly Constitute Direct**
13 **Infringement?**

14 Although 17 U.S.C. § 106 sets forth six exclusive rights of a copyright holder,
15 the rights in question here are the right to display publicly, the distribution right, and
16 the reproduction right. P10 alleges that Google directly infringes in that it both (1)
17 displays and distributes full-size images hosted by third-party websites, and (2)
18 creates, displays, and distributes thumbnails of P10’s copyrighted full-size images.⁹
19 P10 contends that these displays and distributions of copyrighted material extend to
20 cell phones as well as computers. Google concedes that it creates and displays
21 thumbnails; it denies that it “displays,” creates, or distributes what is depicted in the

22
23 ⁹P10 also argues that Google’s web (text-based) search function directly
24 infringes P10’s intellectual property by linking to websites that display the
25 username/password combinations that subscribers to perfect10.com have obtained in
26 order to gain access to the “members’ only” area of the site. The Court rejects this
27 argument. P10 has not demonstrated that it has any copyright interest in the two
28 strings of characters that *other* individuals select when registering as members on
perfect10.com. Furthermore, as explained more fully below, Google does not risk
liability for direct infringement merely by linking to content hosted on and served by
third-party websites.

1 lower frame; and it challenges P10's argument that any of its activities can be the
2 basis for direct infringement.

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

4 **b. As to "In-Line Linking," What Constitutes a**
5 **"Display"?**

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

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

18 There are at least two approaches to defining "display" in the context of in-line
19 linking: what the Court will call (1) a "server" test and (2) an "incorporation" test.
20 The differences in the "server" and "incorporation" tests can be illustrated if we
21 return to the example of SoccerMANIA.com. *See supra* note 7. That fictitious
22 website might contain a single webpage with the text, "We proudly show this photo,"
23 below which appears a photo of the legendary soccer great Pelé that he (Pelé)
24 copyrighted. The mere fact that the Pelé photo appears on SoccerMANIA's webpage
25 *does not* necessarily mean that the photo (or even a copy of it) is stored on or
26 transferred via SoccerMANIA.com. Using standard HTML, SoccerMANIA.com's
27 webpage might, in fact, be in-line linking to the Pelé photo stored on, say,
28 "SoccerPASSION.com." If that is the case, when the person seeking to visit
SoccerMANIA.com's webpage uses his browser, the browser would (1) download

1 SoccerMANIA.com’s webpage, (2) parse through the various HTML commands of
2 that webpage, (3) per HTML code, display the text “We proudly show this photo,”
3 (4) also per HTML code, follow an in-line link to the image stored on
4 SoccerPASSION.com, (5) download the photo to the user’s computer directly from
5 SoccerPASSION.com, and (6) display the image in the browser below the text.
6 Because the visitor cannot see any of these actions take place, he probably—but
7 mistakenly—will assume that the copyrighted photo of Pelé is stored on and served
8 by SoccerMANIA.com. Indeed, even though the image was actually transferred
9 directly from SoccerPASSION.com, the address shown on the user’s browser will
10 still indicate something akin to “http://www.SoccerMANIA.com/webpage.html”.
11 This is because browsers display the address of the file (here, a webpage) that they
12 are currently rendering; they do not in any way indicate the location from which each
13 component element of a webpage (such as an image) originates.

14 The question, then, is whether SoccerMANIA.com, SoccerPASSION.com, or
15 both have “displayed” the copyrighted Pelé photo.

16 **i. The Server Test Embraced by Google**

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

23 **ii. The Incorporation Test Embraced by P10**

24 From a purely visual perspective, one could define “display” as the mere act
25 of *incorporating* content into a webpage that is then pulled up by the browser—*e.g.*,
26 the act by SoccerMANIA.com of using an in-line link in its webpage to direct the
27 user’s browser to retrieve the Pelé image from SoccerPASSION.com’s server each
28 time he navigates to SoccerMANIA.com. P10 urges the Court to adopt this

1 definition. Under it, SoccerMANIA.com, as the host of its own webpage which
2 incorporates the Pelé photo from SoccerPASSION.com, would be the entity that
3 “displays” that image.

4 As opposite ends of a spectrum, the server and incorporation tests both are
5 susceptible to extreme or dubious results. Under the server test, someone could
6 create a website entitled “Infringing Content For All!” with thousands of in-line links
7 to images on other websites that serve infringing content. That website, however,
8 would be immune from claims of *direct* infringement because it does not actually
9 *serve* the images.¹⁰ On the other hand, under the incorporation test, any website that
10 in-line links to or frames third-party content would risk liability for direct
11 infringement (putting aside the availability of an affirmative defense) even if that
12 website discloses the identity of the actual server of the image. Thus,
13 SoccerMANIA.com would expose itself to suit for direct infringement even if the text
14 of its webpage had stated:

15 ATTENTION FBI: We did not take the picture, and it is not served by
16 SoccerMANIA.com. It is probably subject to copyright. We maintain this site
17 to help authorities identify potentially infringing images on the web. The
image of Pelé is stored on and served by SoccerPASSION.com. Please
investigate.

18 To adopt the incorporation test would cause a tremendous chilling effect on the core
19 functionality of the web—its capacity to link, a vital feature of the internet that makes
20 it accessible, creative, and valuable.

21 **iii. Existing Precedents**

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

25 P10 cites *Playboy Enters., Inc. v. Webbworld, Inc.*, 991 F.Supp. 543 (N.D. Tex.
26 1997). There, Defendant Webbworld, an adult website, received a “news feed” of

27
28 ¹⁰That website, however, might still be held liable for secondary infringement.
See below.

1 nude photos from adult internet newsgroups, downloaded them to its computers, and
2 then uploaded them to its own publicly accessible web servers. *Id.* at 549-50. The
3 photos included Playboy’s copyrighted images. Webbworld then charged internet
4 users a monthly subscription fee to view the images on its website. *Id.* at 550. The
5 district court concluded that Webbworld “displayed” Playboy’s photos because it
6 caused them to be shown on users’ computers and because “[t]he image existed in
7 digital form *on Webbworld’s servers.*” *Id.* at 551-52 (emphasis added). Here, it is
8 undisputed that Google does not store or serve any full-size images.

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

21 In *Perfect 10, Inc. v. Cybernet Ventures, Inc.*, 167 F.Supp.2d 1114 (C.D. Cal.
22 2001), Defendant Cybernet Ventures, Inc. (“Cybernet”) ran a website called
23 “adultcheck.com” which functioned as a gateway to other adult web sites. Paying
24 subscribers would receive access to “the content on any of the related sites within the
25 Adult Check ‘family.’” *Id.* at 1118. As it does here, Perfect 10 argued that Cybernet
26 directly infringed its copyrighted images. The court denied summary judgment for
27 Cybernet because it lacked sufficient information regarding how Cybernet’s systems
28 interacted with those of its partners, noting “Cybernet *may* have [had] a direct role

1 in the infringement.” *Id.* at 1122. The court did not discuss whether Cybernet had
2 stored or served any of the infringing content. But in a later decision on a motion for
3 preliminary injunction, the same court expressed doubt that liability for direct
4 infringement could be found because Cybernet did not store or serve the infringing
5 content:

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

13 *Perfect 10, Inc. v. Cybernet Ventures, Inc.*, 213 F.Supp.2d 1146, 1168-69 (C.D. Cal.
14 2002) (emphasis added).

15 In its now-withdrawn opinion in *Kelly v. Arriba Soft Corp.*, 280 F.3d 934 (9th
16 Cir. 2002) [hereinafter, “*Kelly I*”], *amended by Kelly II*, 336 F.3d 811 (9th Cir. 2003),
17 the Ninth Circuit discussed liability for direct infringement resulting from in-line
18 linking, without addressing how the technology functioned—*i.e.*, who stored and
19 served the infringing content. Defendant Arriba operated an image search engine
20 much like Google’s—it in-line linked to and framed, but did not store or serve, full-
21 size copies of Kelly’s photographs. Stating that “[n]o cases have addressed the issue
22 of whether inline linking or framing violates a copyright owner’s public display
23 rights,” *id.* at 945, the Ninth Circuit nevertheless analogized to *Webbworld* and
24 *Hardenburgh*, ignored the fact that the defendants in those two cases actually hosted
25 and served the infringing content, and concluded that Arriba had directly infringed
26 Kelly’s exclusive right to display. *Kelly I*, 280 F.3d at 945-47.

27 Like the defendants in *Webbworld* and *Hardenburgh*, Arriba is directly liable
28 for infringement. Arriba actively participated in displaying Kelly’s images by
29 . . . having its program inline link and frame those images within its own web
30 site. Without this program, users would not have been able to view Kelly’s
31 images within the context of Arriba’s site. Arriba acted as more than a passive
32 conduit of the images by establishing a direct link to the copyrighted images.
33 Therefore, Arriba is liable for publicly displaying Kelly’s copyrighted images
34 without his permission.

35 *Id.* at 947.

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

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

8 4 Nimmer on Copyright [hereinafter “Nimmer”] § 12B.01[A][2] (2005).

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

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

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

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

34 Certain other decisions, some unpublished, do deal with traditional

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

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

23 *Hard Rock Cafe Int’l (USA) Inc. v. Morton*, No. 97 Civ. 9483, 1999 WL
24 717995 (S.D.N.Y. Sept. 9, 1999) (unreported), involved trademark, not copyright
25 claims, but is factually analogous. Plaintiff Hard Rock Cafe (“HRCI”) sought to
26 enforce a license agreement with the defendant that precluded the defendant from
27 using the Hard Rock Hotel mark to sell merchandise outside certain permitted means.
28 Granting in part the plaintiff’s request, the court ordered the defendant to “cease

1 framing” a website that used the trademark to promote the sale of CDs by a company
2 referred to as “Tunes.” The court suggested that in cases involving framed web
3 content, direct *trademark* infringement may turn on how “smoothly integrated” the
4 two frames are:

5 Defendants emphasize that the CDs are sold by Tunes, not Hard Rock Hotel,
6 and argue that hyperlinks on Hard Rock Hotel’s web site “do not involve
7 further ‘uses’ of the Hard Rock Hotel Marks” because hyperlinks “are merely
8 technical connections between two independent sources of content.” Whether
9 or not this is true with respect to hyperlinks, it is not true with respect to
10 framing. Framing is far more than a “technical connection between two
11 independent sources of material.” Through framing, the Hard Rock Hotel
12 Mark and the Tunes site are combined together into a single visual
13 presentation Because the Tunes material appears as a window within the
14 original linking page, *it is not clear to the computer user that she or he has left*
15 *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.

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

20 Trademark infringement typically concerns issues not applicable to copyright
21 infringement, such as market confusion and passing off. Thus, it does not necessarily
22 follow from *Hard Rock* that in assessing whether, for purposes of direct *copyright*
23 infringement, a work has been “displayed” in a webpage, courts must look to how
24 seamless the transition is between the two frames.

25 iv. “Display” for Purposes of Full Size Images

26 The Court concludes that in determining whether Google’s lower frames are
27 a “display” of infringing material, the most appropriate test is also the most
28 straightforward: the website on which content is stored and by which it is served

1 directly to a user, not the website that in-line links to it, is the website that “displays”
2 the content. Thus, the Court adopts the server test, for several reasons.

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

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

19 Third, website operators can readily understand the server test and courts can
20 apply it relatively easily. To be sure, the incorporation test, which would have courts
21 look at the URL displayed in the browser’s address bar, also can be applied relatively
22 easily. But that test fails to acknowledge the interconnected nature of the web, both
23 in its physical and logical connections and in its ability to aggregate and present
24 content from multiple sources simultaneously.

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

28 Finally, the server test maintains, however uneasily, the delicate balance for

1 which copyright law strives—*i.e.*, between encouraging the creation of creative
2 works and encouraging the dissemination of information. Merely to index the web
3 so that users can more readily find the information they seek should not constitute
4 direct infringement, but to *host* and *serve* infringing content may directly violate the
5 rights of copyright holders.

6 Applying the server test, the Court concludes that for the purposes of direct
7 copyright infringement, Google’s use of frames and in-line links does not constitute
8 a “display” of the full-size images stored on and served by infringing third-party
9 websites. Thus, P10’s claim of direct infringement with respect to these actions will
10 likely fail.

11 **c. “Display” for Purposes of Thumbnails**

12 Applying the server test to Google’s use of thumbnails the Court finds that
13 Google does “display” thumbnails of P10’s copyrighted images. Google
14 acknowledges that it creates and stores those thumbnails on its own servers—and that
15 upon receiving search queries, it responds by displaying a grid of those thumbnails.

16 **d. What Constitutes a “Public Distribution”?**

17 The foregoing considerations also inform whether Google directly infringes
18 P10’s distribution right. With respect to P10’s full-size images, Google does not. A
19 distribution of a copyrighted work requires an “actual dissemination” of copies. *See*
20 *In re Napster, Inc. Copyright Litigation*, 377 F.Supp.2d 796, 802-804 (N.D. Cal.
21 2005); *accord* Nimmer § 8.11[A]. In the internet context, an actual dissemination
22 means the transfer of a file from one computer to another. Although Google frames
23 and in-line links to third-party infringing websites, it is *those* websites, not Google,
24 that transfer the full-size images to users’ computers. Because Google is not
25 involved in the transfer, Google has not actually disseminated—and hence, and has
26 not distributed—the infringing content. *See In re Napster*, 377 F.Supp.2d at 802-804
27 (N.D. Cal. 2005) (finding that Napster had not “distributed” songs in light of the fact
28 that the “infringing works never resided on the Napster system,” and therefore,

1 Napster could not have transferred copyrighted content to its users).

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

5 2. Fair Use

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

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

- 16 (1) the purpose and character of the use, including whether such use is of
17 a commercial nature or is for nonprofit educational purposes;
- 17 (2) the nature of the copyrighted work;
- 17 (3) the amount and substantiality of the portion used in relation to the
18 copyrighted work as a whole; and
- 18 (4) the effect of the use upon the potential market for or value of the
19 copyrighted work.

19 Although often discussed within the context of the first factor, “the public interest is
20 also a factor that continually informs the fair use analysis.” Nimmer § 13.05[B][4];
21 *see also Sony Computer Entm’t America, Inc. v. Bleem, LLC*, 214 F.3d 1022, 1027
22 (9th Cir. 2000); *Sega Enters. Ltd. v. Accolade, Inc.*, 977 F.2d 1510, 1523 (9th Cir.

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 1992) (“[W]e are free to consider the public benefit resulting from a particular use
2”). Courts are to consider “these factors in light of the objectives of copyright
3 law, rather than view them as definitive or determinative tests.” *Kelly II*, 336 F.3d
4 at 818.

5 **a. Purpose and Character of Use**

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

20 **i. Commercial Versus Noncommercial Use**

21 In assessing whether a use is commercial, the focus here is not on the
22 individuals who use Google Image Search to locate P10’s adult images. Nor is it on
23 whether their subsequent use of the images is noncommercial (*e.g.*, titillation) or
24 commercial (*e.g.*, to print and sell). Rather, it is *Google’s* use that the Court is to
25 consider. That use, P10 contends, is commercial in nature. The Court agrees.

26 Courts have defined “commercial uses” extremely broadly. *See* Nimmer
27 § 13.05[A][1][c] (providing examples). Google unquestionably derives significant
28 commercial benefit from Google Image Search in the form of increased user

1 traffic—and, in turn, increased advertising revenue. The more people who view its
2 pages and rely on its search capabilities, the more influence Google wields in the
3 search engine market and (more broadly) in the web portal market. In turn, Google
4 can attract more advertisers to its AdSense and AdWords programs.

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

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

22 But unlike Arriba, Google offers and derives commercial benefit from its
23 AdSense program. AdSense allows third party websites “to carry Google-sponsored
24 advertising and share revenue that flows from the advertising displays and click-
25 throughs.” Def.’s MacGillivray Decl. ¶ 10. If third-party websites that contain
26 infringing copies of P10 photographs are also AdSense partners, Google will serve
27 advertisements on those sites and split the revenue generated from users who click
28 on the Google-served advertisements. Google counters that its AdSense Program

1 Policies prohibit a website from registering as an AdSense partner if the site’s
2 webpages contain images that appear in Google Image Search results: “In order to
3 avoid associations with copyright claims, website publishers may not display Google
4 ads on web pages with . . . Image Results.” *Id.* ¶ 11. However, Google has not
5 presented any information regarding the extent to which this purported policy is
6 enforced. Nor has it provided examples of AdSense partners who were terminated
7 because of violations of this policy. In contrast, P10 has submitted numerous
8 screenshots of third-party websites that serve infringing content and also appear to
9 be receiving and displaying AdSense ads from Google. Pl.’s Zada Decl., Exs. 28-29.

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

17 **ii. Transformative Versus Consumptive Use**

18 That a use is commercial does not preclude a defendant from tipping the
19 balance back to a finding of fair use by showing that its use is “transformative,” as
20 opposed to “consumptive.” A consumptive use is one in which defendant’s “use of
21 the images merely supersede[s] the object of the originals . . . instead [of] add[ing]
22 a further purpose or different character.” *Kelly II*, 336 F.3d at 818. Whether a use
23 is transformative depends in part on whether it serves the public interest. *See*
24 *Religious Tech. Ctr. v. Netcom On-Line Communication Servs.*, 907 F.Supp. 1361,

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

1 1379 (N.D. Cal. 1995) (“Netcom’s use, though commercial, also benefits the public
2 in allowing for the functioning of the Internet and the dissemination of other creative
3 works, a goal of the Copyright Act.”); *Sega Enters.*, 977 F.2d at 1522-23
4 (intermediate copying to reverse engineer software is fair use despite commercial
5 nature of activity in light of public benefit).

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

21 Google’s use of thumbnails does not supersede P10’s use of full-size images.
22 In the final analysis, P10’s use is to provide “entertainment,” both in magazines and
23 on the internet. For some viewers, P10’s use of the photos creates or allows for an
24 aesthetic experience. Google, in contrast, does not profit from providing adult
25

26 ¹³For example, a typical full-size image might be 1024 pixels wide by 768
27 pixels high, for a total of 786,432 pixels worth of data. A typical thumbnail might be
28 150 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 content, but from locating, managing, and making information generally more
2 accessible, and therefore more attractive to advertisers. Google is focused almost
3 exclusively on the web and is involved in a wide variety of internet-related projects
4 (e.g., web search, desktop search, newsgroup search, map and directory services,
5 academic research, and language translation services). In this respect, Google's
6 wide-ranging use of thumbnails is highly transformative: their creation and display
7 is designed to, and does, display visual search results quickly and efficiently to users
8 of Google Image Search.

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

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

22 Kelly asserts that because Arriba[']s thumbnails] reproduced his exact images
23 and added nothing to them, Arriba's use cannot be transformative. Courts have
24 been reluctant to find fair use when an original work is merely retransmitted
25 in a different medium. Those cases are inapposite, however, because the
26 resulting use of the copyrighted work in those cases was the same as the
27 original use. For instance, reproducing music CDs in computer MP3 format
28 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.

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

28 Arriba's use of Kelly's images [to create and display thumbnails] promotes the
goals of the Copyright Act and the fair use exception. The thumbnails do not

1 stifle artistic creativity because they are not used for illustrative or artistic
2 purposes and therefore do not supplant the need for the originals. In addition,
3 they benefit the public by enhancing information-gathering techniques on the
4 internet.

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

6 It is by now a truism that search engines such as Google Image Search provide
7 great value to the public. Indeed, given the exponentially increasing amounts of data
8 on the web, search engines have become essential sources of vital information for
9 individuals, governments, non-profits, and businesses who seek to locate information.
10 As such, Google’s use of thumbnails to simplify and expedite access to information
11 is transformative of P10’s use of reduced-size images to entertain. But that does not
12 end the analysis, because Google’s use is simultaneously consumptive as well. In
13 early 2005, after it filed suit against Google, P10 entered into a licensing agreement
14 with Fonestarz Media Limited for the sale and distribution of P10 reduced-size
15 images for download to and use on cell phones. Google’s use of thumbnails does
16 supersede this use of P10’s images, because mobile users can download and save the
17 thumbnails displayed by Google Image Search onto their phones. Google’s
18 thumbnail images are essentially the same size and of the same quality as the
19 reduced-size images that P10 licenses to Fonestarz. Hence, to the extent that users
20 may choose to download free images to their phone rather than purchase P10’s
21 reduced-size images, Google’s use supersedes P10’s.¹⁴

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

28 ¹⁴This inquiry is closely related to the fourth fair use factor, *i.e.*, the impact on
plaintiff’s potential market.

1 **b. Nature of Copyrighted Work**

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

8 “The fact that a work is published or unpublished also is a critical element of
9 its nature” given a copyright holder’s right of first publication. *Kelly II*, 336 F.3d at
10 820 (citing *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 564
11 (1985)). “Published works are more likely to qualify as fair use because the first
12 appearance of the artist’s expression has already occurred.” *Id.*

13 In *Kelly II*, however, the Ninth Circuit found that Kelly’s photographs,
14 although creative, had “appeared on the internet before Arriba used them in its search
15 image.” *Kelly II*, 336 F.3d at 820. Partly for that reason, the Ninth Circuit
16 concluded that although the second statutory fair use factor weighed in favor of
17 Kelly, its weight was slight. *Id.* Similarly, here, although P10’s images are
18 “creative,” they, too, have previously been published, both in print and on the web.
19 Thus, as in *Kelly II*, the Court concludes that this factor weighs only slightly in favor
20 of P10.

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

22 “While wholesale copying does not preclude fair use per se, copying an entire

23
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 this
28 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 work militates against a finding of fair use.” *Kelly II*, 336 F.3d at 820 (citing
2 *Worldwide Church of God v. Philadelphia Church of God, Inc.*, 227 F.3d 1110, 1118
3 (9th Cir. 2000). “However, the extent of permissible copying varies with the purpose
4 and character of the use.” *Id.* (citing *Campbell*, 510 U.S. at 586-87). “If the
5 secondary user only copies as much as is necessary for his or her intended use, then
6 this factor will not weigh against him or her.” *Id.* at 820-821.

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

8 This factor neither weighs for nor against either party because, although Arriba
9 did copy each of Kelly’s images as a whole [to make thumbnails], it was
10 reasonable to do so in light of Arriba’s use of the [thumbnails]. It was
11 necessary for Arriba to copy the entire image to allow users to recognize the
12 image and decide whether to pursue more information about the image or the
13 originating web site. If Arriba only copied part of the image, it would be more
14 difficult to identify it, thereby reducing the usefulness of the visual search
15 engine.

16 *Id.* at 821.

17 The Court finds that Google’s use of the infringing copies of P10’s images also
18 is no greater than necessary to achieve the objective of providing effective image
19 search capabilities. In doing so, the Court rejects P10’s contention that Google could
20 have provided such assistance through the use of text, claiming that P10’s images are
21 more readily describable in words than Kelly’s images. First, contrary to P10’s
22 contention, photographs of nude women can, like photographs of the American West,
23 vary greatly. Second, *both* kinds of pictures can be described verbally, yet no matter
24 how susceptible any image is to textual description, words cannot adequately
25 substitute for thumbnails in quickly and accurately conveying the content of indexed
26 full-size images.

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

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

“This last [fair use] factor requires courts to consider not only the extent of
market harm caused by the particular actions of the alleged infringer, but also
whether unrestricted and widespread conduct of the sort engaged in by the defendant

1 . . . would result in a substantially adverse impact on the potential market for the
2 original.” *Kelly II*, 336 F.3d at 821 (internal quotations omitted). “A transformative
3 work is less likely to have an adverse impact on the market of the original than a
4 work that merely supersedes the copyrighted work.” *Id.*

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

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

15 *Id.*

16 On the other hand, Google’s use of thumbnails likely *does* harm the potential
17 market for the downloading of P10’s reduced-size images onto cell phones. Google
18 argues that because “P10 admits [that] this market is growing,” its “delivery of
19 thumbnail search results” must not be having a negative impact. Apart from being
20 more relevant to the quantification of damages, this weak argument overlooks the fact
21 that the cell phone image-download market may have grown even faster but for the
22 fact that mobile users of Google Image Search can download the Google thumbnails
23 at no cost. Commonsense dictates that such users will be less likely to purchase the
24 downloadable P10 content licensed to Fonestarz.

25 **e. Conclusion Regarding Fair Use and Direct**
26 **Infringement**

27 The first, second, and fourth fair use factors weigh slightly in favor of P10.
28 The third weighs in neither party’s favor. Accordingly, the Court concludes that
Google’s creation of thumbnails of P10’s copyrighted full-size images, and the
subsequent display of those thumbnails as Google Image Search results, likely do not
fall within the fair use exception. The Court reaches this conclusion despite the

1 enormous public benefit that search engines such as Google provide. Although the
2 Court is reluctant to issue a ruling that might impede the advance of internet
3 technology, and although it is appropriate for courts to consider the immense value
4 to the public of such technologies, existing judicial precedents do not allow such
5 considerations to trump a reasoned analysis of the four fair use factors.

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

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

17 **3. Secondary Copyright Liability—Contributory and Vicarious** 18 **Infringement**

19 P10 contends that Google is likely to be held secondarily liable under the
20 doctrines of contributory and vicarious infringement. “One infringes contributorily
21 by intentionally inducing or encouraging direct infringement . . . and infringes
22 vicariously by profiting from direct infringement while declining to exercise a right
23 to stop or limit it” *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, --- U.S.
24 ---, 125 S.Ct. 2764, 2776 (2005) [hereinafter “*Grokster*”] (citations omitted).

25
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
contributorily.

1 P10 argues that parties other than Google directly infringe its copyrights in two
2 ways: (1) third-party websites directly infringe by reproducing, displaying, and
3 distributing unauthorized copies of P10's copyrighted photographs and (2) users of
4 Google directly infringe by downloading such images, thereby making infringing
5 reproductions. Google does not contest that numerous third-party websites directly
6 infringe by serving P10's copyrighted images. However, Google does argue that P10
7 has presented no evidence indicating that individual users of Google engage in direct
8 infringement upon finding copyrighted P10 photos on the web. Google contends that
9 "[t]here are countless ways Google searchers can 'use' Google's search results,
10 including fair uses, and Perfect 10's evidence is missing on this point." On this point,
11 the Court agrees with Google. P10 has not submitted evidence showing that
12 individual users of Google themselves infringe P10's copyrights. P10 has
13 demonstrated only that users of Google search are *capable* of directly infringing by
14 downloading the underlying webpage or image. It is not unlikely that many users do
15 just that, but on this preliminary injunction motion there is no evidence in the record
16 proving so. In contrast, in the *Napster* and *Grokster* cases, there was overwhelming
17 evidence that on a massive scale file-sharers were using those defendants' software
18 (essentially, peer-to-peer music search engines) to download, and thereby directly
19 infringe, copyrighted works. *See, e.g., A&M Records, Inc. v. Napster, Inc.*, 239 F.3d
20 1004, 1013-14 (9th Cir. 2001) [hereinafter "*Napster II*"]; *Grokster*, 125 S.Ct. at 2772.
21 Furthermore, in those cases the file-sharers actually had to download songs in order
22 to enjoy the music, thereby making infringing reproductions. In contrast, to view
23 P10's photos, users of Google's search engine need only visit the third-party website
24 that hosts and serves the infringing adult content.¹⁷

25
26
27 ¹⁷P10 argues that merely by viewing such websites, individual users of Google
28 search make local "cache" copies of its photos and thereby directly infringe through
reproduction. The Court rejects this argument. Local browser caching basically
consists of a viewer's computer storing automatically the most recently viewed

1 P10's arguments that Google is secondarily liable therefore must be assessed
2 in light of the only direct infringement (other than as to thumbnails) for which there
3 is evidence: that of third-party websites that reproduce and display unauthorized
4 copies of P10's photographs. As to these websites' actions, P10 argues that Google
5 is aware of, materially contributes to, profits from, and declines to supervise such
6 direct infringement by (1) providing infringing websites an "audience" (by helping
7 users locate them) and (2) providing a revenue stream to infringing websites via
8 AdSense.

9 **a. Contributory Infringement**

10 To substantiate its claim of contributory infringement, P10 must show (1) that
11 Google had knowledge of the infringing activity and (2) that Google induced, caused,
12 or materially contributed to that activity. *Ellison v. Robertson*, 357 F.3d 1072, 1076
13 (9th Cir. 2004).

14 Google argues that it cannot be held contributorily liable under the Supreme
15 Court's holding in *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S.

16
17 content of the websites the viewer has visited. It is an automatic process of which
18 most users are unaware, and its use likely is "fair" under 17 U.S.C. § 107. *But cf.*
19 *Intellectual Reserve, Inc. v. Utah Lighthouse Ministry, Inc.*, 75 F.Supp.2d 1290 (D.
20 Utah 1999). Local caching by the browsers of individual users is noncommercial,
21 transformative, and no more than necessary to achieve the objectives of decreasing
22 network latency and minimizing unnecessary bandwidth usage (essential to the
23 internet). It has a minimal impact on the potential market for the original work,
24 especially given that most users would not be able to find their own local browser
25 cache, let alone locate a specific cached copy of a particular image. That local
26 browser caching is fair use is supported by a recent decision holding that Google's
27 own cache constitutes fair use. *Field v. Google, Inc.*, --- F.Supp.2d ---, NO.
28 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.

1 417 (1984).¹⁸ That seminal 1984 Supreme Court decision “barred secondary liability
2 based on presuming or imputing intent to cause infringement solely from the design
3 or distribution of a product capable of substantial lawful use, which the distributor
4 knows is in fact used for infringement.” *Grokster*, 125 S.Ct. at 2778 (paraphrasing
5 *Sony*’s holding). Under *Sony*, Google cannot be deemed to have constructive
6 knowledge of infringing activity since its search engine clearly is capable of
7 commercially significant noninfringing uses. However, “where evidence goes
8 beyond a product’s characteristics or the knowledge that it may be put to infringing
9 uses, and shows statements or actions directed to promoting infringement, *Sony*’s . . .
10 rule will not preclude liability.” *Id.* at 2779. As the Ninth Circuit presciently stated
11 in *Napster II*: “[A]ctual, specific knowledge of direct infringement renders *Sony*’s
12 holding of limited assistance” to a defendant seeking to avoid contributory liability.
13 *Napster II*, 239 F.3d at 1020.

14 **i. Knowledge**

15 Whether an alleged secondary infringer has “knowledge” of an infringing
16 activity includes both actual knowledge and constructive knowledge: “Contributory
17 liability requires that the secondary infringer ‘know or have reason to know’ of direct
18 infringement.” *Id.*

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

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

14 Thus, the question here is whether P10 provided Google with adequate actual
15 knowledge of specific infringing activities. Dr. Zada began to send “notices of
16 infringement” in May 2001 and continued to do so through 2005. Pl.’s Zada Decl.
17 ¶¶ 76-89. Google acknowledges that it received P10’s notices. Def.’s MacGillivray
18 Decl. ¶ 19. It argues, however, that those notices frequently did not describe in
19 sufficient detail the specific location (URL) of an infringing image and frequently did
20 not identify the underlying copyrighted work. *Id.* ¶ 20. For example, some notices

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 included invalid, truncated URLs with an ellipsis between the domain name of the
2 website and the file name of the particular webpage on which that image appeared.²¹
3 *See, e.g., id.*, Ex. E at 131. Other notices listed entire websites as infringing, or entire
4 directories within a website. Google claims that despite these shortcomings, it
5 promptly processed all of the notices it received, suppressing links to specific
6 webpages that it could confirm displayed infringing P10 photos. *Id.* ¶¶ 21-25.

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

12 ii. Material Contribution

13 To materially contribute to directly infringing activity, the defendant must
14 “engage[] in ‘personal conduct that encourages or assists the infringement.’” *Napster*
15 *II*, 239 F.3d at 1019. P10 contends that Google does so by (1) giving infringing
16 websites an audience (*i.e.*, allowing users to locate infringing sites) and (2) providing
17 infringing websites with a revenue stream via AdSense or increasing their existing
18 revenue stream by increasing user traffic.

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

<u>Napster II</u>	<u>This Case</u>
--------------------------	-------------------------

23
24
25
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 2 3	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.
4 5 6	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.
7 8 9	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.
10 11 12	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.
13 14 15	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.
16 17	Napster required users to register.	Google does not require users or websites to register prior to searching or being indexed by its web crawler.
18 19	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.
20 21 22	Napster provided a “hotlist” function that allowed a user “to create a list of other users’ names from whom he has obtained [music] in the past.”	Google Image Search does not contain any functionality that would allow users to keep “hotlists” of sites that serve infringing content.
23 24 25	Napster “track[ed] users who are connected in real time.”	There is no evidence that Google tracks users or third-party websites in real time.
26 27 28	Napster facilitated the transfer of files stored on users’ otherwise private computers.	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.

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

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

8 In short, Google does not materially contribute to direct infringement in the
9 ways or to the extent that Napster did. Nevertheless, P10 argues, Google contributes
10 differently: it provides an “audience” and brand recognition for infringing third-party
11 websites and it advertises for the sites. P10 overstates Google’s actual conduct and
12 confuses search technology with active encouragement and promotion of infringing
13 activity. P10 likens this case to *Gershwin Publ’g. Corp. v. Columbia Artists Mgmt.,*
14 *Inc.*, 443 F.2d 1159 (2d Cir. 1971). There, the Second Circuit found material
15 contribution in defendant’s “pervasive participation in the formation and direction
16 of [an] association” which put on concerts at which copyrighted musical
17 compositions were performed. *Id.* at 1163. The defendant organized the concerts,
18 helped select and book artists, prepared budgets and artist contracts, created publicity
19 kits, held one-week membership campaigns and compiled a report of the proceeds of
20 the concerts. *Id.* at 1160-61. Nothing Google does is comparable.

21 P10’s citation to *Columbia Pictures Indus., Inc. v. Redd Horne, Inc.*, 749 F.2d
22 154 (3d Cir. 1984) is similarly inapposite. In *Columbia Pictures*, the defendant,
23 unlike Google, “conducted all of the advertising and promotional work for [the
24 alleged direct infringer, and also] provided financial, accounting, and administrative
25 services All of these services, and the advertising services in particular,
26 contributed and, indeed, were essential to the copyright infringement.” *Id.* at 161.
27 Here, in contrast, Google has *not* actively encouraged users to visit infringing third-
28 party websites, and it has not induced or encouraged such websites to serve infringing

1 content in the first place. Moreover, it would be a “gross generalization that cannot
2 withstand scrutiny” to argue that “supplying the ‘means’ to accomplish an infringing
3 activity and [even] *encouraging that activity through advertisement* are sufficient to
4 establish liability for copyright infringement.” *Sony*, 464 U.S. at 436 (emphasis
5 added).

6 P10 cites *Grokster* in support of its claim that Google materially contributes
7 by “provid[ing] a revenue stream to infringing websites, including placing [AdSense]
8 advertisements next to infringing P10 images on these third party websites.” In the
9 language that P10 cites, the Supreme Court noted that StreamCast and Grokster made
10 money

11 by directing ads to the screens of computers employing their software. As the
12 record shows, the more the software is used, the more ads are sent out and the
13 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.

14 *Grokster*, 125 S.Ct. at 2781-82. This language, however, pertained to the Supreme
15 Court’s “inducement theory” of contributory infringement, not to the analysis of
16 “material contribution.” Although the two inquiries overlap to some extent, *id.* at
17 2782 n.13, *Grokster* does not support P10’s argument that AdSense materially
18 contributes to direct infringement occurring on third-party websites. Although
19 AdSense may provide some level of additional revenue to these websites, P10 has not
20 presented *any* evidence establishing what that revenue is, much less that it is material,
21 (either in its own right or relative to those websites’ total income). There is no
22 evidence that these sites rely on Google AdSense for their continued existence or that
23 they were created with the purpose of profiting from the display of AdSense
24 advertisements.

25 In short, P10 has failed to meet its burden of establishing that it is likely that
26 Google’s AdSense program will be found to materially contribute to the direct
27 infringement taking place on infringing third-party websites. Such websites existed
28 long before Google Image Search was developed and would continue to exist were

1 Google Image Search shut down. Accordingly, it is unlikely that Google will be
2 found contributorily liable.

3 **b. Vicarious Infringement**

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

9 Neither party has submitted any evidence, such as economic data or expert
10 reports, showing the extent (if any) to which Google benefits financially from
11 copyright infringement by third-party websites.²³ It is likely that at least some users
12 are drawn to Google Image Search because they know that copies of P10's photos
13 can be viewed for free, and it is indisputable that Google does stand to benefit the
14 more users visit and use Google Image Search. In principle, any increase in Google's
15 web traffic leads to increased advertising revenue, brand awareness, and market clout
16 for Google. Does that constitute a "direct" financial benefit?

17 In *Napster II*, the Ninth Circuit found that Napster had a direct financial
18 interest in the infringing activity, and, citing to *Fonovisa, Inc. v. Cherry Auction, Inc.*,
19 76 F.3d 259 (9th Cir. 1996), the Court of Appeals stated,

20 Financial benefit exists where the availability of infringing material "acts as
21 a 'draw' for customers." *Fonovisa*, 76 F.3d at 263-64 (stating that financial
22 benefit may be shown "where infringing performances enhance the
attractiveness of a venue"). Ample evidence supports the district court's

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
. . . ." 17 U.S.C. § 512(d)(2).

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

1 finding that Napster’s future revenue is directly dependent upon “increases in
2 user-base.” More users register with the Napster system as the “quality and
quantity of available music increases.”

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

10 As to the second prong of vicarious liability, P10 again invokes *Napster II* in
11 support of its contention that Google has the right and ability to control the infringing
12 activity taking place on the web. In *Napster II*, the Ninth Circuit stated that “the
13 ability to block infringers’ access to a particular environment for any reason
14 whatsoever is evidence of the right and ability to supervise.” *Napster II*, 239 F.3d at
15 1023 (emphasis added). Napster did control the “particular environment” in which
16 its file-sharing service operated; its architecture was based on a proprietary, closed-
17 universe system, not an open, web-based service. If Napster removed a link to
18 infringing content, the content was no longer available on Napster’s entire file-
19 sharing network. That is not the case here. Google does not exercise control over the
20 environment in which it operates—*i.e.*, the web. Google’s ability to remove a link
21 from its search index does not render the linked-to site inaccessible. The site remains
22 accessible both directly and indirectly (*i.e.*, via other search engines, as well as via
23 the mesh of websites that link to it). If the phrase “right and ability to control” means
24 having substantial input into or authority over the decision to serve or continue
25 serving infringing content, Google lacks such right or ability.²⁴

26
27 ²⁴P10’s reliance on *Netcom* is similarly misplaced. The ability to delete
28 infringing postings to an electronic bulletin board system was held to constitute the
ability to control infringing activity on that system, but the “environment” at issue was

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

10 P10 points out that Google’s AdSense policies reserve the right to monitor and
11 terminate partnerships with entities that violate others’ copyright. This, P10
12 contends, is evidence of Google’s right and ability to control AdSense partners’
13 infringing conduct. In *Hendrickson v. eBay, Inc.*, 165 F.Supp.2d 1082 (C.D. Cal.
14 2001), the court considered the issue in the context of the DMCA § 512(c) safe
15 harbor (*i.e.*, for information residing on systems or networks at the direction of
16 users), held that “the ‘right and ability to control’ . . . infringing activity . . . cannot
17 simply mean the ability of a service provider to remove or block access to materials

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19 a *closed* system.

20 ²⁵P10 nevertheless claims that Google can prevent its web crawler from
21 indexing websites with a “history” of infringement and that it can block access to
22 images based on their “verbal” context (*i.e.*, blocking all images that would be
23 responsive to a particular search query). Both measures suffer from the same flaws:
24 imprecision and overbreadth. P10 has not explained how Google could evaluate
25 whether a certain site has a “history” of infringement. For Google to block certain
26 images altogether would suppress many search results that do not infringe. Thus, to
27 filter all images responsive to the search query “Vibe Sorenson” (*see* attached Exhibit
28 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 posted on its website or stored in its system.” *Id.* at 1093-94. The court rejected
2 plaintiff’s argument that eBay’s “ability to control” arose from its ability to remove
3 infringing auction listings. *Id. Accord, Perfect 10 v. CCBill, LLC*, 340 F.Supp.2d
4 1077, 1098 (C.D. Cal. 2004) (right and ability to “disconnect[] access . . . is not
5 sufficient . . . to demonstrate a ‘right and ability to control’ the infringing activity”).

6 The “right and ability to control” infringing activity of others requires more
7 than what is embodied in Google’s AdSense revenue-sharing agreement; there must
8 be some form of control over or authority to stop or limit the infringing conduct
9 itself. P10 has not established a likelihood of proving the second prong necessary for
10 vicarious liability.

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

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

15 **C. Irreparable Harm**

16 In copyright cases, irreparable harm is presumed once a sufficient likelihood
17 of success is raised. *Elvis Presley*, 349 F.3d at 627. Google argues that P10 first
18 sent notices of infringement in May 2001 and then “waited three and a half years
19 before filing this lawsuit [and] another nine months to seek a preliminary injunction.”
20 Google contends that this constitutes “unreasonable delay” and rebuts any
21 presumption of immediate or irreparable harm. Although P10 did begin sending
22 notices of infringement as early as May 2001, those notices concerned solely Google
23 Web Search. *See* Pl.’s Zada Decl. ¶ 76. P10 was not aware until May 2004 that
24 Google displayed thumbnails of P10’s copyrighted images on Google *Image* Search.
25 *Id.* ¶ 79. Shortly thereafter, P10 began sending notices of infringement. Although
26 P10 did wait six months to file suit and another nine months to seek a preliminary
27 injunction, P10 did so justifiably; it was engaged in settlement discussions with
28 Google and was evaluating whether Google would remove the infringing thumbnail

1 images from its index. P10 has satisfied the “irreparable harm” element.

2 **D. Public Interest**

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

12 **IV. CONCLUSION**

13 For the reasons discussed above, the Court GRANTS IN PART and
14 DENIES IN PART P10’s motion for a preliminary injunction against Google.²⁶

15
16 IT IS SO ORDERED.

18 DATE: February _____, 2006

A. Howard Matz
United States District Judge

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²⁶Docket No. 22.

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Google
Images



[See full-size image.](#)

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

485 x 730 pixels - 152k

Image may be scaled down and subject to copyright.

[Remove Frame](#)

[Image Results](#) »

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

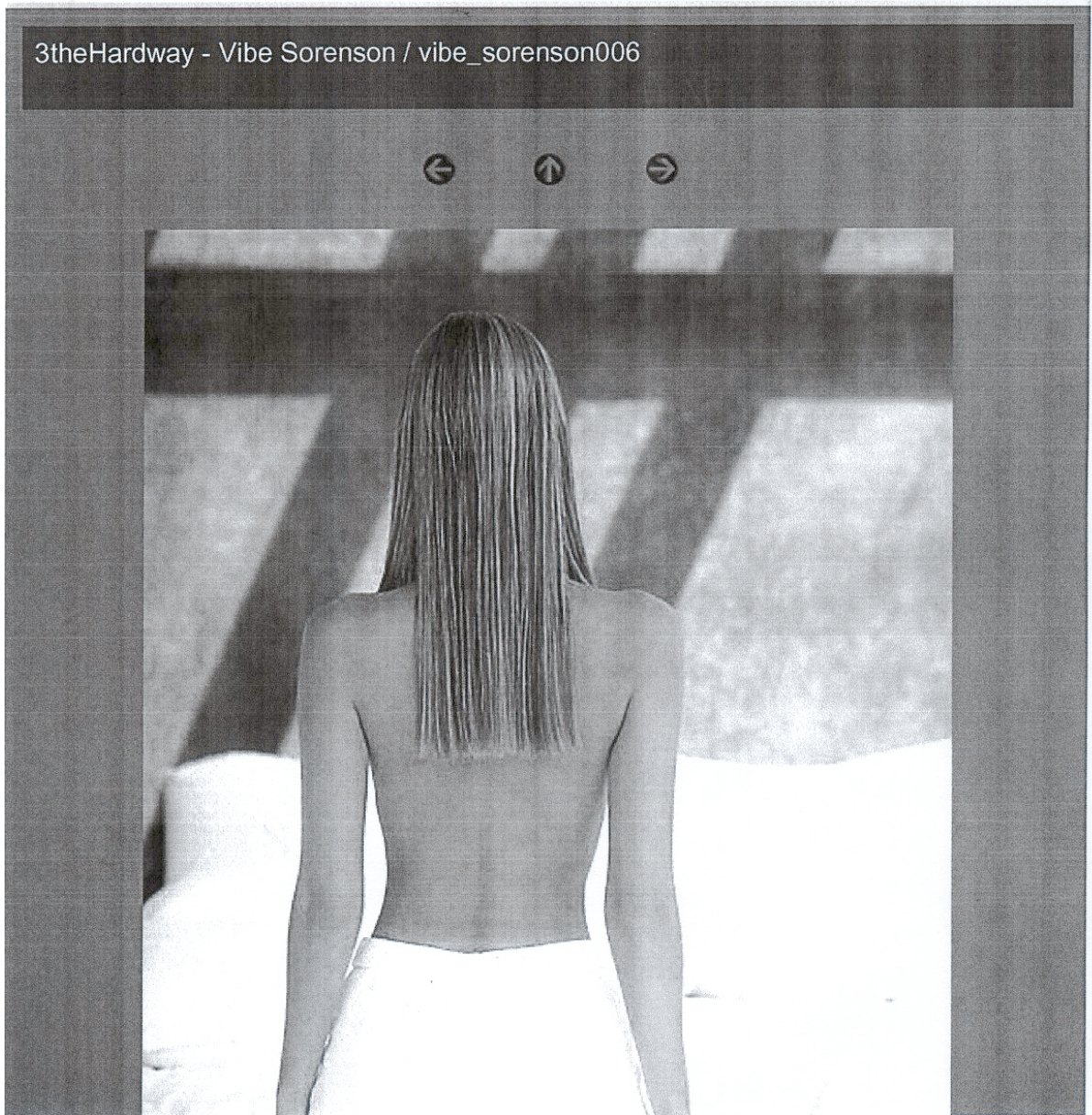


Exhibit A