

** E-Filed 04/08/2008 **

NOT FOR CITATION
IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

STEPHANIE LENZ,
Plaintiff,
v.
UNIVERSAL MUSIC CORP., UNIVERSAL
MUSIC PUBLISHING, INC.,
and
UNIVERSAL MUSIC PUBLISHING GROUP,
Defendants.

Case Number C 07-03783 JF

ORDER¹ GRANTING DEFENDANTS’
MOTION TO DISMISS WITH LEAVE
TO AMEND AS TO CLAIMS 1 AND 2
AND WITHOUT LEAVE TO AMEND
AS TO CLAIM 3; DENYING
SPECIAL MOTION TO STRIKE
WITHOUT PREJUDICE

[re: docket no. 16]

Defendants Universal Music Corp., Universal Music Publishing, Inc., and Universal Music Publishing Group (collectively, “Universal”) move to dismiss the instant case and to strike Plaintiff’s state law claim. For the reasons set forth below, the motion to dismiss will be granted with leave to amend as to claims one and two and without leave to amend as to claim three. In light of the fact that Plaintiff will be granted leave to file an amended complaint, the special

¹ This disposition is not designated for publication and may not be cited.

1 motion to strike claim two will be denied without prejudice.

2 I. BACKGROUND

3 On February 7, 2007, Plaintiff Stephanie Lenz (“Lenz”), using the screen name, “edenza”,
4 videotaped her toddler son dancing in the family’s kitchen to a song entitled “Let’s Go Crazy” by
5 an artist known at the time the song was recorded as Prince. On February 8, 2007, Lenz
6 uploaded the video from her computer to an Internet video hosting site, YouTube.com
7 (“YouTube”). YouTube is a web site that provides “video sharing” or “user generated content.”
8 She titled the video “Let’s Go Crazy”. The video was available to the public at:
9 <http://www.youtube.com/watch?v=N1KfJHFW1hQ>. Lenz alleges that she posted the video for
10 her friends and family to enjoy.

11 Universal owns the copyright to “Let’s Go Crazy”. On or about June 4, 2007, Universal
12 allegedly sent a takedown notice pursuant to the Digital Millennium Copyright Act (“DMCA”),
13 17 U.S.C. § 512(c), demanding that YouTube remove the “Let’s Go Crazy” video because of an
14 alleged copyright violation. YouTube removed the video and sent Lenz an email notifying her
15 that it had done so in response to Universal’s accusation of copyright infringement and warning
16 her that repeated incidents of copyright infringement could lead to the deletion of her account
17 and all of her videos. Lenz sent YouTube a DMCA counter-notification pursuant to 17 U.S.C. §
18 512(g) on June 27, 2007, demanding that her video be re-posted because it did not infringe
19 Universal’s copyrights. The “Let’s Go Crazy” video was re-posted by YouTube on the YouTube
20 website about six weeks later.

21 On July 24, 2007, Lenz filed the instant action seeking redress for Universal’s alleged
22 misuse of the DMCA takedown process, its accusation of copyright infringement, and its alleged
23 intentional interference with her contractual use of YouTube’s hosting services. On August 15,
24 2007, Lenz amended her complaint to revise the names of the Defendants.² On September 21,

25
26 ² Universal asserts that Universal Music Publishing Group does not exist as a legal entity
27 and Universal Music Publishing, Inc. does not own or administer the copyright at issue in this
28 case. However, Universal notes that while Lenz amended her complaint to add Universal Music
Corp., she did not remove the allegedly improperly named Defendants.

1 2007, Universal moved to dismiss the complaint and to strike the interference claim as a strategic
2 lawsuit against public participation (“SLAPP”) within the meaning of Cal.Code Civ. P. § 415.16.
3 The Court heard oral argument on December 19, 2007.

4 II. LEGAL STANDARD

5 For purposes of a motion to dismiss, the plaintiff’s allegations are taken as true, and the
6 Court must construe the complaint in the light most favorable to the plaintiff. *Jenkins v.*
7 *McKeithen*, 395 U.S. 411, 421 (1969). Leave to amend must be granted unless it is clear that the
8 complaint’s deficiencies cannot be cured by amendment. *Lucas v. Department of Corrections*,
9 66 F.3d 245, 248 (9th Cir. 1995). When amendment would be futile, however, dismissal may be
10 ordered with prejudice. *Dumas v. Kipp*, 90 F.3d 386, 393 (9th Cir. 1996).

11 III. DISCUSSION

12 1. Claim One: Misrepresentation under 17 U.S.C. § 512(f)

13 Lenz claims that the DMCA notice Universal sent to YouTube concerning her “Let’s Go
14 Crazy” video violated 17 U.S.C. § 512(f).³ Section 512(f) provides:

15 Any person who *knowingly* materially misrepresents under this section that
16 material or activity is infringing . . . shall be liable for any damages, including
17 costs and attorney’s fees, incurred by the alleged infringer . . . as the result of the
service provider relying upon such misrepresentations in removing or disabling
access to the material or active claims to be infringing[.]

18 17 U.S.C. § 512(f)(emphasis added).

19 Lenz’s complaint states that: “On information and belief, [Universal] knew or should
20 have known that the [video] did not infringe any Universal copyrights on the date” it sent the
21 notice to YouTube. Comp. ¶ 19. Lenz also asserts that her posting was “a self-evident non-
22 infringing fair use under 17 U.S.C. § 107.” *Id.* ¶ 18. Universal argues that Lenz does not
23 properly plead the mental state required by § 512(f) as interpreted by the Ninth Circuit. Relying
24 on *Rossi v. MPAA*, 391 F.3d 1000 (9th Cir. 2004), Universal contends that § 512(f) applies only
25

26 ³ Universal also argues that its notice was not given pursuant to § 512 but rather was
27 given pursuant to the specifications of YouTube’s Terms of Use. However, because Lenz alleges
28 in her Complaint that the notice was made pursuant to §512, her allegations must be taken as true
for purposes of the instant motion.

1 where the party sending a notice has the subjective mental state of “actual knowledge” that it is
2 making a material misrepresentation.

3 In *Rossi*, the plaintiff operated a website that advertised “Full Length Downloadable
4 Movies” and posted graphics for movies whose copyrights were owned by MPAA members. *Id.*
5 at 1001-02. Following the procedures specified in the DMCA, the MPAA sent notices of
6 infringing conduct to Rossi and his internet service provider. *Id.* at 1002. Rossi then sued the
7 MPAA for tortious interference with contract and other related torts. *Id.* The MPAA argued that
8 its compliance with the DMCA was a complete defense to Rossi’s claims. *Id.* Rossi claimed
9 that the MPAA could not have formed a “good faith belief” that his site was making infringing
10 material available, because “a reasonable investigation into” the website would have revealed
11 that users could not actually download movies there. *Id.* at 1003. The Ninth Circuit rejected
12 Rossi’s reading of the statute and affirmed summary judgment for the MPAA. The court held
13 that the “interpretive case law and the statutory structure [of the DMCA] support the conclusion
14 that the “good faith belief” requirement . . . encompasses a subjective, rather than objective,
15 standard.” *Id.* at 1004. Discussing 516(f), the court noted that:

16 Congress included an expressly limited cause of action for improper infringement
17 notifications, imposing liability only if the copyright owner’s notification is a
18 knowing misrepresentation. A copyright owner cannot be liable simply because
19 an unknowing mistake is made, even if the copyright owner acted unreasonably in
20 making the mistake. Rather, there must be a demonstration of some actual
21 knowledge of misrepresentation of the party of the copyright owner. Juxtaposing
22 the “good faith” provision of the DMCA with the ‘knowing misrepresentation’
23 provision of that same statute reveals an apparent statutory structure that
24 predicated the imposition of liability upon copyright owners only for knowing
25 misrepresentations regarding allegedly infringing websites. Measuring
26 compliance with a lesser “objective reasonableness standard” would be
27 inconsistent with Congress’s apparent intent that the statute protect potential
28 violators from subjectively improper actions of copyright owners.

23 *Id.* at 1004-05.

24 Universal argues that Lenz’s complaint alleges an objective reasonableness standard that
25 the Ninth Circuit has rejected and that accordingly Lenz’s section 512(f) claim must be
26 dismissed. Lenz contends that *Rossi* merely examined whether and to what extent a copyright
27 holder must conduct a factual investigation before sending a DMCA notice in order to meet the
28 “good faith” standard required by the statute, and did not interpret the term “knowingly.” Lenz

1 asserts that this Court's decision in *Online Policy Group v. Diebold*, 337 F. Supp.2d 1195 (N.D.
2 Cal. 2004) sets forth the proper definition of "knowingly." In *Diebold*, this Court held that
3 "[k]nowingly means that a party actually knew, should have known if it acted with reasonable
4 care or diligence, or would have had no substantial doubt had it been acting in good faith, that it
5 was making misrepresentations." *Id.* at 1204.

6 While *Diebold* was decided prior to *Rossi*, the cases are not necessarily in conflict.
7 *Diebold* is distinguishable based on its facts; although it included a takedown of hundreds of
8 emails, the defendant failed to identify any specific emails containing copyrighted content, and it
9 appeared to acknowledge that at least some of the emails were subject to the fair use doctrine.
10 Here, it is undisputed that the song "Let's Go Crazy" is copyrighted, and Universal does not
11 concede that the posting is a fair use. Under *Rossi*, there must be a showing of a knowing
12 misrepresentation on the part of the copyright owner. Lenz fails to allege facts from which such
13 a misrepresentation may be inferred. Lenz also fails to allege why her use of "Lets Go Crazy"
14 was a "self-evident" fair use. Accordingly, Lenz's first claim will be dismissed, with leave to
15 amend.

16 **2. Claim Two: Tortious Interference with Contract**

17 A. Anti-SLAPP Statute

18 Universal moves to strike claim two pursuant to Cal. Code Civ. P. § 425.16. That statute
19 provides for the early dismissal of meritless suits aimed at chilling the valid exercise of the rights
20 of free speech and to petition for the redress of grievances. Cal.Code Civ. P. § 415.16(a); *Braun*
21 *v. Chronicle Publishing Co.*, 52 Cal.App.4th 1036, 1042 (1997). These meritless suits often are
22 referred to as "Strategic Lawsuits Against Public Participation" or "SLAPP" suits, with the result
23 that § 425.16 has come to be known as "anti-SLAPP statute."

24 A defendant filing an anti-SLAPP motion must make an initial *prima facie* showing that
25 the plaintiff's suit arises from an act in furtherance of the defendant's rights of free speech or
26 petition. *Braun*, 52 Cal.App.4th at 1042-43. If the defendant makes this showing, the burden
27 shifts to the plaintiff to demonstrate a probability of prevailing on the challenged claims. *Conroy*
28 *v. Spitzer*, 70 Cal.App.4th 1446, 1450 (1999).

1 Universal asserts that its conduct is protected under § 425.16 because its notice to
2 YouTube was plainly speech, and Lenz's actions following the filing of the instant suit including
3 appearances on television news shows and commenting about the suit in her personal blog show
4 that the suit has the potential to impact a broad segment of society and thus involves a matter of
5 public concern. In addition, Universal argues that claim two is not subject to either of the
6 exceptions set forth in Cal. Code Civ. P. §§ 425.17 (b) and (c).

7 However, Universal's speech does not fall within the protections of the anti- SLAPP
8 statute simply because Lenz appeared on television to discuss her case and wrote about her case
9 on her blog. Because it is not clear that Universal's free speech rights were violated, and because
10 in any event this Order requires Lenz to amend her complaint, the Court will deny the special
11 motion to strike without prejudice. *See Verizon Delaware, Inc. v. Covad Commc'n Co.*, 337 F.3d
12 1081, 1091 (9th Cir. 2004).

13 B. Preemption

14 Universal also argues that Lenz's state law claim is preempted by federal law. In
15 *Diebold*, 337 F. Supp. 2d at 1205-06, this Court held that:

16 Preemption occurs 'when compliance with both state and federal [laws] is a
17 physical impossibility or when state law stands as an obstacle to the
18 accomplishment and execution of the full purposes and objectives of Congress.'
19 *Hillsborough County Fla. v. Automated Med. Labs. Inc.*, 471 U.S. 707, 713
20 (1985) (internal citations omitted); *see also In re Cybernetics Servs., Inc.*, 252
21 F.3d 1039, 1045 (9th Cir. 2001) (internal citation omitted). Even if a copyright
22 holder does not intend to cause anything other than the removal of allegedly
23 infringing material, compliance with the DMCA's procedures nonetheless may
24 result in disruption of a contractual relationship: by sending a letter, the copyright
25 holder can effectuate the disruption of ISP service to clients. If adherence to the
26 DMCA's provisions simultaneously subjects the copyright holder to state tort law
27 liability, there is an irreconcilable conflict between state and federal law. To the
28 extent that Plaintiffs argue that there is no conflict because *Diebold's* use of the
DMCA in this case was based on misrepresentation of *Diebold's* rights, their
argument is undercut by the provisions of the statute itself. In section 512(f),
Congress provides an express remedy for misuse of the DMCA's safe harbor
provisions.

25 Lenz urges the Court to reconsider its prior holding. She asserts that the holding in
26 *Diebold* is erroneous because it does not base its preemption analysis on 17 U.S.C. § 301, which
27 Lenz asserts provides the exclusive framework for analyzing whether a provision of the Copyright
28 Act preempts state law.

1 The Ninth Circuit has applied conflict and field preemption analysis to a recording and
2 priority provision of the state uniform commercial code even though those state law provisions
3 did not deal with rights equivalent to those found in 17 U.S.C. § 106. *See In re World Auxiliary*
4 *Power Co.*, 303 F.3d 1120 (9th Cir. 2002). Professor Nimmer also has observed that “even apart
5 from Section 301, the general proposition pertains in copyright law, as elsewhere, that a state law
6 is invalid that stands as an obstacle to the accomplishment of the full purposes and objectives of
7 Congress.” 1 Nimmer on Copyright 1.01[B]{3}[a] at 1-77. Citing *Diebold*, Professor Nimmer
8 notes specifically that “[g]iven that a special provision of the Copyright Act itself regulates
9 misrepresentation in such notifications, that provision constitutes the sole remedy for a customer
10 who objects to its contents and their effects.” Accordingly the Court will dismiss Lenz’s second
11 claim based on state law because it is preempted by federal law. However, because it is possible
12 that Lenz may be able to allege that the take down notice was based on YouTube’s Terms of Use
13 policy rather than the DMCA leave to amend will be granted.

14 3. Claim Three: Judgment of Non-Infringement

15 Lenz’s third claim seeks a judicial declaration that the “Let’s Go Crazy” video does not
16 infringe any copyright owned or administered by Universal. Universal argues the Court lacks
17 subject matter jurisdiction because there is no case or controversy between Universal and Lenz to
18 support such a claim.

19 Under the Declaratory Judgment Act, a declaratory relief action may be brought to resolve
20 an “actual controversy.” 28 U.S.C. § 2201. “The purpose of the Act is to enable a person who is
21 reasonably at legal risk because of an unresolved dispute, to obtain judicial resolution of that
22 dispute without having to await the commencement of legal action by the other side.” *BP*
23 *Chemicals Ltd. v. Union Carbide Corp.*, 4 F.3d 975, 977 (Fed. Cir. 1993). The Supreme Court
24 recently has reaffirmed that the “actual controversy” requirement is satisfied if the dispute is
25 “definite and concrete, touching the legal relations of parties having adverse interests” and “real
26 and substantial” such that it will permit “specific relief through a decree of conclusive character.”
27 *MedImmune Inc. v. Genetech, Inc.* 127 S.Ct. 764, 771 (2007).

28 Lenz relies on *Sandisk Copr. v. ST Microelecs., Inc.*, 480 F.3d 1372 (Fed. Cir. 2007) and

1 *Hulteen v. AT&T Corp.*, 498 F.3d 1001 (9th Cir. 2007). In *Sandisk*, the Federal Circuit found that
2 a case and controversy existed even though a patentee stated that it did not intend to sue. *Id.* at
3 1383. The court determined that the patentee's actual conduct was inconsistent with patentee's
4 statements to the contrary. *Id.* at 1382-83. In *Hulteen*, the Ninth Circuit found that a case or
5 controversy existed between an employee and an employer even though the employee still was
6 employed by the company because the employee would be exposed to an adverse calculation of
7 benefits in the event that she left the company or was terminated. *Id.* at 1004 n.1.

8 In the instant case, Universal sent a notice to YouTube under YouTube's Terms of Use,
9 and Lenz sent a counter-notice. Universal did not file an infringement action, and YouTube
10 restored Lenz's video to its site, where it remains as of the date of this Order. Universal's conduct
11 thus is significantly different from the conduct of the patentee in *SanDisk*, who engaged in a five-
12 month campaign to convince the plaintiff that the patentee had strong infringement claims against
13 it. *Hulteen* also is distinguishable, because Universal has indicated it had and presently has no
14 intention of ever asserting an infringement action directly against Lenz based on the "Let's Go
15 Crazy" video. Unlike the employee in *Hulteen*, who risked negative employment decisions, Lenz
16 faces no threat as a result of the "Let's Go Crazy" video being posted on YouTube. Accordingly,
17 this claim will be dismissed for lack of subject matter jurisdiction.

18 19 IV. ORDER

20 Good cause therefor appearing, Defendants' motion to dismiss is GRANTED with leave to
21 amend as to claims one and two and without leave to amend as to claim three. The special
22 motion to strike claim two is DENIED without prejudice.

23
24 IT IS SO ORDERED.

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26 DATED: April 8, 2008

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28 
JEREMY FOGEL
United States District Judge

1 This Order has been served upon the following persons:

2 corynne@eff.org

3 kelly.klaus@mto.com

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