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6 Attorneys for Defendant and Counterclaim Plaintiff  
7 PADMAPPER, INC.

8 UNITED STATES DISTRICT COURT  
9 NORTHERN DISTRICT OF CALIFORNIA  
10 SAN FRANCISCO DIVISION

11 CRAIGSLIST, INC., a Delaware corporation,

12 Plaintiff

13 v.

14 3TAPS, INC., a Delaware corporation;  
15 PADMAPPER, INC., a Delaware  
16 corporation; DISCOVERY HOME  
17 NETWORK, INC., a Delaware corporation  
18 d/b/a LOVELY, BRIAN R. NIESSEN, an  
individual, and DOES 1 THROUGH 25,  
inclusive,

19 Defendants.  
20

21 PADMAPPER, INC., a Delaware  
22 corporation,

23 Counterclaim Plaintiff,

24 v.  
25

26 CRAIGSLIST, INC., a Delaware corporation,

27 Counterclaim Defendant.  
28

Case No. CV-12-03816 CRB

**PADMAPPER’S REPLY MEMORANDUM  
IN SUPPORT OF ITS LIMITED MOTION  
TO DISMISS**

Judge: Hon. Charles R. Breyer

Date: March 29, 2013

Time: 10:00 a.m.

Courtroom: 6, 17th Floor

1 **INTRODUCTION**

2 craigslist relies on a “formulaic recitation of the elements” of the causes of action in  
3 support of its allegation of a conspiracy and its claim for trespass. Additionally, a portion of its  
4 breach of contract/terms of use claim is clearly preempted by the Copyright Act, and its Lanham  
5 Act claims improperly overlap with copyright claims.

6 PadMapper respectfully requests that the Court grant its Limited Motion to Dismiss and  
7 dismiss these claims.

8 **DISCUSSION**

9 **A. craigslist’s Conspiracy Allegations Lack the Foundational Elements of Knowledge**  
10 **and Intent to Aid**

11 craigslist accurately summarizes the elements of a conspiracy claim (Opposition  
12 (“Opp.”) at 13-14), but glosses over application of two foundational elements of a civil  
13 conspiracy under California law: (1) knowledge and (2) an intent to aid.

14 As the California Court of Appeal stated in the often-cited case of Kidron v. Movie  
15 Acquisition Corp., the defendants in a conspiracy must “have actual knowledge that a tort is  
16 planned and concur in the tortious scheme *with knowledge of its unlawful purpose.*” Kidron v.  
17 Movie Acquisition Corp., 40 Cal. App. 4th 1571, 1582 (Cal. App. 2d Dist. 1995) (emphasis  
18 added). As to the knowledge requirement, craigslist says on the one hand that PadMapper  
19 “clearly had knowledge of the planned torts,” while on the other hand offering that it is  
20 “reasonable to infer that PadMapper must have known” of the tortious nature of 3Taps’  
21 conduct. (Opp. at 14.) Thus, craigslist’s own briefing acknowledges the speculative nature of  
22 its conspiracy claim. The claim falls short of the standard articulated in Kidron, as well as the  
23 pleading requirements of Twombly, which involved conspiracy claims.

24 craigslist’s conspiracy argument also fails to allege the key element that PadMapper  
25 aided or intended to aid 3Taps in the commission of any allegedly tortious conduct. See Kidron,  
26 40 Cal. App. 4th at 1582 (“Mere association does not make a conspiracy.”). In order to satisfy  
27 this element, craigslist relies on the allegation that “the interests [of PadMapper and 3Taps] are  
28 aligned—their business models are built upon one another and their ability to misappropriate

1 craigslist content.” (Opp. at 15.) However, courts have refused to rely on the mere alignment  
2 of business interests in order to find a civil conspiracy. For example, in Benson v. JPMorgan  
3 Chase Bank, N.A., No. C-09-5272 EMC, 2010 U.S. Dist. LEXIS 37465, at \*3-5 (N.D. Cal. Apr.  
4 15, 2010), plaintiffs tried to allege a conspiracy between the operators of an alleged ponzi  
5 scheme and the banks where funds were deposited. In granting the banks’ motion to dismiss the  
6 conspiracy claim, the court found that while there was “financial incentive” for the banks to  
7 work with the proprietors, this was not sufficient to form a conspiracy. Id. at \*18-19; *see also*  
8 Hobaica v. First American Title Ins. Co., No. CV -11-702-CAS (JCGx), 2012 U.S. Dist. LEXIS  
9 14753, at \*16 (N.D. Cal. Feb. 6, 2012) (ordinary business practice of providing title insurance  
10 without covering claims of subsequent purchasers not indicative of conspiracy to defraud  
11 purchasers).

12 craigslist principally relies on the allegation that PadMapper made available or displayed  
13 craigslist data obtained via 3Taps in satisfying the aid or intent to aid element of its conspiracy  
14 claim. (Opp. at 14-15 (citing First Amended Complaint (“FAC”) ¶¶ 2, 99, 101, 104, 144).) But  
15 there is nothing inherently tortious or improper about displaying data, even data obtained from a  
16 third party. There is no allegation that PadMapper aided 3Taps in allegedly extracting the data.  
17 Moreover, seeking to hold PadMapper liable under a conspiracy theory, based on the display of  
18 craigslist data, amounts to an end run around the preemption of craigslist’s state law claims  
19 under the Copyright Act.

#### 20 **B. craigslist’s Failure to Allege Impairment Undermines its Trespass Claims**

21 craigslist argues that a recent federal court decision (Hernandez v. Path, Inc., No. 12-  
22 CV-01515YGR, 2012 U.S. Dist. LEXIS 151035 (N.D. Cal. Oct. 17, 2012)) dismissing trespass  
23 claims due to the absence of significant impairment “misinterprets and misapplies” the  
24 California Supreme Court’s decision in Intel Corp. v. Hamidi, 30 Cal. 4th 1342, 1347 (Cal.  
25 2003). (Opp. at 8.) craigslist also cites with approval to eBay v. Bidder’s Edge, Inc., 100 F.  
26 Supp. 2d 1058, 1069-72 (N.D. Cal. 2000), a federal district court case decided prior to Hamidi,  
27 for the proposition that even use of a “small amount of [plaintiff’s] computer system capacity”  
28 is actionable in trespass. (See Opp. at 8 (“The law recognizes no such right to use another’s

1 personal property.”.)

2 This is an incorrect reading of Hamidi. The court in Hamidi expressly rejected the  
3 language from Bidder’s Edge relied on by craigslist, noting that even if this statement were the  
4 Bidder’s Edge court’s complete view of the issue, it “would not be a correct statement of  
5 California or general American law on this point.” Hamidi, 30 Cal. 4th 1342 at 1356-57. The  
6 Hamidi court went on to say that while there is no right to temporarily use another’s personal  
7 property, “such use is actionable as a trespass only if it ‘has proximately caused injury.’” Id.  
8 (citing Thrifty-Tel, Inc. v. Bezenek, 46 Cal.App.4th 1559, 1566 (1996) (“[I]n the absence of any  
9 actual damage the action will not lie.”).) Recent federal court decisions have thus correctly  
10 cited Hamidi for the proposition that electronic communications or applications that cause  
11 neither damage nor impairment are not actionable under a theory of trespass. See LaCourt v.  
12 Specific Media, Inc., 2011 U.S. Dist. LEXIS 50543, at \*20 (C.D. Cal. Apr. 28, 2011)  
13 (“[trespass] ‘does not encompass . . . an electronic communication that neither damages the  
14 recipient computer system nor impairs its functioning’”); In re iPhone Application Litig., 844 F.  
15 Supp. 2d 1040, 1069 (N.D. Cal. 2012) (“trespass without harm, ‘by reason of the impairment of  
16 the property or the loss of use,’ is not actionable”); Hernandez v. Path, Inc., 2012 U.S. Dist.  
17 LEXIS 151035, at \*22 (“[trespass] ‘does not encompass . . . an electronic communication that  
18 neither damages the recipient computer system nor impairs its functioning’”).

19 craigslist’s allegations in its FAC that PadMapper’s actions caused a reduction of server  
20 capacity are nearly identical to the plaintiffs’ deficient allegations regarding diminished battery  
21 life and memory in In re iPhone and Hernandez. craigslist tries to distinguish these cases,  
22 arguing that plaintiffs’ allegations in these cases failed because they did not point to harm from  
23 the trespass separate from the intended function of the app. This is incorrect. In both cases,  
24 plaintiffs alleged that they did not authorize particular functions at issue and the *unauthorized*  
25 *functions* of the apps depleted battery life or memory on their phones. In both cases the court  
26 held that absent impairment or damage, plaintiffs could not maintain a claim for trespass. See  
27 *also* Hamidi, 30 Cal. 4th at 1353 (noting the absence of evidence of damage to Intel’s hardware  
28 or software or “interference with is ordinary and intended operation”).

1 **C. craigslist’s Contract Claim is Preempted to the Extent it Seeks to Vindicate Rights**  
 2 **Protected Under the Copyright Act**

3 While craigslist goes to great lengths discussing provisions of its Terms of Use  
 4 agreement that are not preempted by the Copyright Act, the majority of those provisions have  
 5 not been challenged by PadMapper in its Motion to Dismiss.<sup>1</sup> PadMapper only seeks to  
 6 winnow from craigslist’s breach of contract claim those specific provisions that protect the  
 7 identical rights addressed by the Copyright Act. “The Copyright Act specifically preempts ‘all  
 8 legal or equitable rights that are equivalent to any of the exclusive rights within the general  
 9 scope of copyright.’ 17 U.S.C. § 301(a). The rights protected under the Copyright Act include  
 10 the rights of reproduction, preparation of derivative works, distribution, and display. 17 U.S.C.  
 11 § 106.” Altera Corp. v. Clear Logic, Inc., 424 F.3d 1079, 1089 (9th Cir. 2005).

12 craigslist implicitly takes the position that state law breach of contract claims can *never*  
 13 be preempted by the Copyright Act because they necessarily involve an “extra element” that  
 14 makes them qualitatively different from rights protected under the Copyright Act. But even the  
 15 court in ProCD, Inc. v. Zeidenberg, 86 F.3d 1447, 1455 (7th Cir. 1996), repeatedly cited by  
 16 craigslist in its Opposition, recognized this as incorrect: “[W]e think it prudent to refrain from  
 17 adopting a rule that anything with the label ‘contract’ is necessarily outside the preemption  
 18 clause: the variations and possibilities are too numerous to foresee.” Furthermore, such a  
 19 proposition has been criticized by courts. *See, e.g., Wrench LLC v. Taco Bell Corp.*, 256 F.3d  
 20 446, 457 (6th Cir. 2001) (“Under that rationale, a contract which consisted only of a promise  
 21 not to reproduce the copyrighted work would survive preemption even though it was limited to  
 22 one of the exclusive rights enumerated in 17 U.S.C. § 106.”); Kabehie v. Zoland, Inc., 102 Cal.  
 23 App. 4th 513, 526 (2002) (“If the promise was simply to refrain from copying the material or  
 24 infringe the rights protected by copyright, then the promisor has promised nothing more than  
 25 that which was already required under federal copyright law.”); *see also* 1 NIMMER ON  
 26 COPYRIGHT § 1.01[B][1][a] at 1-22 (“[P]reemption should continue to strike down claims that,  
 27

28 <sup>1</sup> PadMapper does not concede that the terms of service are sufficient to form a valid and binding agreement, but will raise these arguments at a later stage in the proceedings.

1 though denominated ‘contract,’ nonetheless complain directly about the reproduction of  
2 expressive materials.”).

3 craigslist’s First Amended Complaint alleges that “[d]espite their knowledge of the TOU  
4 and their prohibitions, Defendants regularly accessed . . . the craigslist website to . . . copy . . .  
5 display, distribute, and or make/derivative use of the craigslist website and the content posted  
6 therein.” (FAC ¶ 135.) A breach of contract claim arising out of a promise to not copy,  
7 display, distribute, and/or make derivative use of copyrighted works cannot be said to  
8 be *qualitatively different* from a copyright infringement action for the violation of the exclusive  
9 rights of reproduction, preparation of derivative works, distribution, and display granted to the  
10 copyright holder by 17 U.S.C. § 106. Therefore, craigslist cannot pursue breach of contract  
11 claims against PadMapper based on PadMapper’s violation of those prohibitions of the TOU.  
12 While craigslist may have other bases upon which to pursue breach of contract claims, the  
13 Court should make clear that these avenues are closed, thereby preventing the expenditure of  
14 needless time and costs of discovery on these issues.

15 **D. craigslist’s Lanham Act Claims are Precluded by Dastar**

16 It is true, as craigslist states in its Opposition, that “[b]ecause trademark and copyright  
17 law protect against different wrongs, courts commonly recognize that such claims are not  
18 mutually exclusive and can be maintained in the same action.” (Opp. at 3.) However, it does  
19 not follow that the display of a copyrighted work which includes a trademark within the  
20 displayed content necessarily gives rise to a Lanham Act claim for false designation of origin.  
21 As craigslist implicitly admits, craigslist’s trademark is focused on the alleged reproduction of  
22 the craigslist mark as contained in, and as a part of, materials that craigslist alleges are  
23 copyrighted (*i.e.*, the postings):

24 [E]very time PadMapper displays a posting from craigslist on its website,  
25 the CRAIGSLIST mark is displayed at the top of the page. (This is not  
26 surprising as craigslist places this mark on all the postings on its website  
to designate the origin of each of the postings.)

27 (Opp. at 4-5, citing Fig. 13 in the FAC.) Yet none of the cases cited by craigslist involved a  
28 situation where the mark at issue was contained *within* the reproduced or displayed content.

1 Those cases are readily distinguishable.

2 In Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc., 109 F.3d 1394 (9th Cir. 1997),  
3 the defendant did not display or reproduce plaintiff's copyrighted work, *The Cat in the Hat*.  
4 Rather, the defendant created an entirely new book, *The Cat NOT in the Hat!*, and used  
5 plaintiff's various trademarks in connection with the new book without plaintiff's permission.  
6 Id. at 1396-97. Naturally, this gave rise to concerns "regarding the likelihood of confusion in  
7 the market place as to the source of [defendant's] *The Cat NOT in the Hat!*." Id. at 1403.

8 In Nintendo of Am., Inc. v. Dragon Pacific Int'l, 40 F.3d 1007 (9th Cir. 1994), the  
9 defendant copied videogames that plaintiff Nintendo held copyrights in, then compiled  
10 multiple videogames onto single cartridges and sold them. Id. at 1009. However, plaintiff's  
11 Lanham Act claims were not premised on the display of trademarks that appeared *within* the  
12 games, but rather on the fact that defendant "represented that the cartridges were Nintendo  
13 products and marketed them as such, in violation of Nintendo's trademark rights," an entirely  
14 independent use of plaintiff's trademarks. Id.

15 The facts in Toho Co., Ltd. v. William Morrow & Co., 33 F. Supp. 2d 1206 (C.D. Cal.  
16 1998), are similar to those in Dr. Seuss Enters., L.P. There, plaintiff owned various copyrights  
17 related to Godzilla and also held trademark rights in the mark GODZILLA. Id. at 1209.  
18 Defendant publisher was in the process of creating a Godzilla compendium book entitled  
19 "Godzilla." Id. Plaintiff's copyright claims were premised on defendants' copying and use of  
20 plaintiff's copyrighted Godzilla character, and still photographs from plaintiff's copyrighted  
21 Godzilla films. Id. However, plaintiff's Lanham Act claims were premised on the separate use  
22 of the GODZILLA mark in defendants' book title, not the reproduction or display of any of  
23 plaintiff's copyrighted content containing the GODZILLA mark. Id. at 1210-1216.

24 In Morgan Creek Productions, Inc. v. Capital Cities/ABC, Inc., No. CV-89-5463-  
25 RSWL(JRX), 1991 U.S. Dist. LEXIS 20564, at \*2 (C.D. Cal. Oct. 28, 1991) (C.D. Cal. Oct.  
26 28, 1991), plaintiff owned copyrights in several "Young Guns" movies, and trademark rights in  
27 the mark YOUNG GUNS. Defendants created an entirely new television series entitled "The  
28 Young Riders" which arguably contained elements similar to the "Young Guns" movies. Id. at

1 \*2-4. Plaintiff's Lanham Act claim was based on the allegation that defendants' "The Young  
2 Riders" title was confusingly similar to plaintiff's YOUNG GUNS mark. Id. at \*4. Thus,  
3 again, the Lanham Act claim was not premised on the display or reproduction of any of  
4 plaintiff's copyrighted content (the "Young Guns" movies) containing plaintiff's YOUNG  
5 GUNS trademark.

6 In contrast to the case above, here, craigslist alleges that PadMapper merely reproduced  
7 and/or displayed craigslist's copyrighted content (postings) which contained craigslist's  
8 trademark *within* those postings. Even if taken as true, PadMapper's actions amount to nothing  
9 more than an allegation of copyright infringement. There are no allegations that PadMapper  
10 took any separate and independent action *vis a vis* craigslist's trademark or products aimed at  
11 deceiving consumers. For example, there are no allegations that PadMapper branded any of  
12 its goods or services with the CRAIGSLIT mark (which would constitute passing off), or that  
13 PadMapper is offering craigslist's goods or services under PadMapper's mark (which would  
14 constitute reverse passing off). Nor is there any allegation that PadMapper used craigslist's  
15 trademark on PadMapper's website independently from the mark's appearance within craigslist  
16 postings.

17 The argument proffered by craigslist is the very argument rejected by the court in  
18 Fractional Villas, Inc. v. Tahoe Clubhouse, No. 08-CV-1396, 2009 U.S. Dist. LEXIS 4191,  
19 (S.D. Cal. Jan. 22, 2009), a case cited in PadMapper's Motion to Dismiss but wholly ignored in  
20 craigslist's Opposition. In granting defendants' motion to dismiss based on Dastar the  
21 Fractional Villas, Inc. court stated:

22 Dastar involved a "reverse passing off" claim based on the defendant's alleged  
23 redaction and modification of tapes of the plaintiff's television series to compile  
24 a videotape product that did not attribute the work to the plaintiff. . . . The Court  
25 found the phrase "origin of goods," as used in the Lanham Act, referred to the  
26 producer of tangible goods offered for sale, and not the author of any idea,  
27 concept, or communication embodied in those goods. Id. To extend the Lanham  
28 Act to protect any "idea, concept, or communication . . . would be akin to finding  
[the Lanham Act] created a species of perpetual patent and copyright, which  
Congress may not do." . . .

1 In the present case, plaintiff accuses defendants of unfair competition and falsely  
 2 designating the origin of original work. The original work is apparently  
 3 information contained on plaintiff's website, not a tangible good or service.  
 4 Plaintiff has not accused defendants of taking tangible objects or services,  
 5 repackaging them, and selling them under defendants' name. Rather, plaintiff has  
 6 accused defendants of incorporating copyrighted materials into defendants'  
 7 website. Therefore, the Court finds plaintiff has failed to plead a cause of action  
 8 under the Lanham Act.

9 Id. at \*10-11.

10 There is good reason for rejecting craigslist's arguments – where a trademark is entirely  
 11 within the copyrighted work allegedly being displayed or reproduced, there is no likelihood of  
 12 consumer confusion. Additionally, as the court recognized in Dastar, allowing a trademark  
 13 claim based on the reproduction of copyrighted material would result in the creation of a  
 14 “mutant species of copyright law” that circumvents the limitations of copyright. See  
 15 Sybersound Records, Inc. v. UAV Corp., 517 F.3d 1137, 1143 (9th Cir. 2008) (dismissing  
 16 claims under § 43(a)(1)(B) of the Lanham Act based on Dastar) (“[c]onstruing the Lanham  
 17 Act to cover misrepresentations about copyright licensing status as [plaintiff] urges would  
 18 allow competitors engaged in the distribution of copyrightable materials to litigate the  
 19 underlying copyright infringement when they have no standing to do so”).<sup>2</sup>

## 20 CONCLUSION

21 For the reasons set forth above, PadMapper respectfully requests that the Court grant its  
 22 Motion to Dismiss and strike craigslist's conspiracy allegations, and dismiss craigslist's  
 23 trespass and trademark claims, as well as its breach of contract claim, to the extent the contract  
 24 claim is based upon PadMapper's alleged exploitation of rights that are reserved exclusively  
 25 for the copyright owner under the Copyright Act.

26 //

27 <sup>2</sup> To the extent the copyrights in the postings are owned by craigslist—a proposition that  
 28 defendants contest—removal of the craigslist mark from the postings would risk a claim from  
 craigslist under the DMCA (17 U.S.C. § 1202), based on the removal of “content management  
 information”. See, e.g., Agence Fr. Presse v. Morel, 769 F. Supp. 2d 295, 306 (S.D.N.Y. 2011)  
 (definition of copyright management information includes “[t]he name of, and other identifying  
 information about, the author of a work” or “the copyright owner of the work”).

1 Dated: February 13, 2013

Respectfully submitted,

2 **Focal PLLC**

3 By: /s/Venkat Balasubramani

4 Venkat Balasubramani (SBN 189192)

5 Attorneys for Defendant and

6 Counterclaim Plaintiff

7 PADMAPPER, INC.

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