UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

THE MOCKINGBIRD FOUNDATION, INC.,

Plaintiff,

v.

QUANG-TUAN LUONG,

Defendant.

Case No. 19-cv-05671-RS

ORDER DENYING MOTION TO DISMISS FIRST AMENDED COMPLAINT

I. INTRODUCTION

Plaintiff The Mockingbird Foundation ("Mockingbird") is a non-profit corporation founded by fans of the band Phish to raise money for and improve access to youth music education. Defendant Quang-Tuan Luong is an award-winning professional photographer. In 2017, a third party posted a link to one of Luong's photographs on Mockingbird's website. Luong, via his attorneys, sent Mockingbird an increasingly threatening series of letters demanding that Mockingbird pay Luong $2,500 or risk being sued for copyright infringement. In September 2019, Mockingbird instead sued Luong, seeking a declaratory judgment that it had not infringed on Luong's copyright. Luong has now filed a motion to dismiss, arguing the case is moot. A notice was issued that the motion would be decided without oral argument, pursuant to Civil Local Rule 7-1(b). For the reasons set forth below, the motion is denied.

II. BACKGROUND[1]

[1] These facts come from the complaint as well as the extrinsic evidence permitted on a factual

Mockingbird is a non-profit organization, staffed by volunteers. Among its activities is the operation of an online forum for Phish fans to discuss music and other topics. As of August 2019, the forum had approximately 180,000 discussion threads with 4.3 million posts from 16,000 users. Luong is an award-winning professional photographer, particularly known for his photographs of national parks. As of 2019, he had photographed all sixty-one designated national parks, becoming only the fifth individual to do so. He sells and licenses his work, which has been featured in documentaries and on a United States postal stamp. In 2017, a Mockingbird forum user posted a link to one of Luong's photographs on a discussion thread. The link allowed other users to view the photograph as it appears on Luong's website and server, but it did not make or store a copy on Mockingbird's server. Mockingbird was unaware that the link had been posted until March 2019, when it began receiving a series of letters from Luong's attorney on his behalf.

The letters warned Mockingbird that the linked photograph rendered it liable for copyright infringement and demanded $2,500 to settle potential claims which Luong might have against it. If Mockingbird did not pay, said the letters, and Luong took the matter to court, Mockingbird's CEO—a volunteer—could be subject to wage garnishment, liens on his property, and quadrupled monetary exposure, including attorney fees and costs. The letters warned that "without [Mockingbird's] cooperation, our only option is to litigate the matter, which we frequenlty [sic] do, so please do not make the mistake of ignoring this." *See* First Amended Complaint, ECF No. 12, Exhibit A ("FAC"). The letters threatened to take the matter to court if Mockingbird did not pay within ten days.

The first letter, dated March 21, 2019, was never received by Mockingbird as it was mailed to an incorrect address. Luong's counsel sent Mockingbird's CEO Ellis Godard a follow-up email on April 8, containing a link to a portal on his firm's website at which the settlement fee could be paid. Godard responded, copying Mockingbird's counsel, stating that he did not believe he or Mockingbird bore any liability for copyright infringement, and threatening to report Luong's

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Rule 12(b)(1) motion. *See Safe Air for Everyone v. Meyer*, 373 F.3d 1035, 1039 (9th Cir. 2004).

"more than mildly moronic" behavior to the bar association. *See* Affidavit of Elias Godard, ECF No. 20-1, at 26. Luong's counsel sent Godard another letter on May 7, almost identical to the March 21 letter, again threatening to sue if Mockingbird or Godard did not pay within ten days. On May 13, Mockingbird's counsel responded to the second letter, explaining why it believed neither Godard nor Mockingbird were liable for copyright infringement and stating that the offending link had in any case been taken down. Notwithstanding these communications between counsel, Godard personally continued to receive emails from a "Claims Resolution Specialist" who worked for Luong's counsel. The emails acknowledged the responses from Mockingbird's counsel but nevertheless reasserted the demands for payment.

On July 9, 2019, Luong's counsel sent Godard a third letter demanding that $2,500 be paid within fifteen days, or a draft complaint against Mockingbird, which was appended to the letter, would be filed in federal court. The demand letters only referred to the single aforementioned linked photograph, but the draft complaint sought damages for "each and every" instance of copyright infringement by Mockingbird, as well as attorney fees and costs. *See* FAC, Exhibit C. On July 24, Mockingbird's counsel responded, reasserting its belief that neither Godard nor Mockingbird bore any liability for the purported infringement, stating that Luong's counsel continuing to communicate directly with Godard, a represented party, was against the California Rules of Professional Conduct, and linking to "numerous reports of meritless litigation and harassment" by Luong's counsel. *See* Affidavit of Ellis Godard, at 58.

On September 9, 2019, two months after the most recent demand letter, Mockingbird filed this lawsuit seeking declaratory judgment that it had not, in fact, infringed upon Luong's copyrights. On November 1, 2019, Luong's counsel restated to Mockingbird's counsel via email that Luong still believed Mockingbird had infringed upon his copyright, but he had decided Mockingbird was judgment proof[2] and therefore lost interest in pursuing the litigation. Luong

[2] Mockingbird insists it is not judgment proof, which Luong would have known had he viewed the organization's publicly available Form 990.

issued a license allowing the use of the aforementioned linked photograph and demanded this case be dismissed. Mockingbird's counsel responded a few days later that it believed, under *Already, LLC v. Nike, Inc.*, 568 U.S. 85 (2013), that for Mockingbird's claims to be moot would require either a covenant not to sue or a license encompassing links to *any* of Luong's photographs which users happened to post on its forum—not just the one that was the basis of the initial dispute. In response, Luong's counsel slightly expanded the license granted to Mockingbird to include links anywhere on the forum to the initial photograph and "make it clear that [Luong] 'could not reasonably be expected' to resume enforcement." *See* Affidavit of Paul Alan Levy, ECF No. 20-2, at 25. The new license did not, however, cover Luong's other works. Mockingbird responded that, under *Already*, its claims still were not moot. It then filed the FAC, now the operative complaint, clarifying that it is seeking declaratory judgments "that the posting (or restoration thereof) to plaintiff's discussion forum of a deeplink to other web sites where *any* of defendants' photographs are displayed" would not be copyright infringement for which Mockingbird itself is liable, as well as attorney fees and costs. *See* FAC at 7 (emphasis added).

While Mockingbird may be new to such disputes, Luong and both parties' counsel are not. Mockingbird's counsel is currently representing another plaintiff in a case presenting similar facts: the defendants, represented by Luong's counsel, sent the plaintiff, who runs a forum on which links to defendants' works were posted by third-party users, several demand letters, and the plaintiff sought declaratory judgment in response. *See Anderson v. Seliger*, No. 19-cv-05630 (N.D. Cal. filed Sept. 6, 2019).[3] Mockingbird's counsel has written a blog post about Luong's counsel's alleged practice of scraping websites for links to its clients' work, demanding prompt settlement payments—often of individuals or non-profits—and dropping cases when the subjects of the cases turn out to be represented by counsel. Mockingbird's counsel has personally been involved in

[3] While *Anderson* and the present case present some overlapping issues, neither party has filed an Administrative Motion to Consider Whether Cases Should Be Related. *See* Civil Local Rule 3-12(b). Such a motion shall also not be filed sua sponte, as, while counsel may overlap, the parties, property, transactions, and events in the present case are not the same as those in *Anderson*. *See* Civil Local Rule 3-12(a)(1).

other cases, besides *Anderson*, in which this alleged practice has been deployed, including another case in which Luong himself was the defendant. *See Scholossberg v. Luong*, No. 19-cv-02497 (N.D. Cal. filed May 8, 2019).

III. LEGAL STANDARD

Federal courts are courts of limited jurisdiction; they only have power to hear disputes when authorized by Article III and by Congress pursuant thereto. *Bender v. Williamsport Area Sch. Dist.*, 475 U.S. 534, 541 (1986). When a federal court lacks jurisdiction, it *must* dismiss the case. *Spencer Enterprises, Inc. v. United States*, 345 F.3d 683, 687 (9th Cir. 2003). Motions to dismiss for lack of subject matter jurisdiction are governed by Rule 12(b)(1).[4] Such motions may be brought at any time. Fed. R. Civ. P. 12(h)(3). They can be facial, challenging the court's jurisdiction on the face of the complaint, or factual, presenting extrinsic evidence that demonstrates a lack of jurisdiction on the facts of the case. *Safe Air for Everyone v. Meyer*, 373 F.3d 1035, 1039 (9th Cir. 2004). Courts may review evidence beyond the complaint, without converting the motion into one for summary judgment, in resolving a factual attack on jurisdiction. *Id.* (internal citation omitted). The truthfulness of the plaintiff's allegations need not be presumed. *Id.* "Once the moving party has converted the motion to dismiss into a factual motion by presenting affidavits or other evidence properly brought before the court, the party opposing the motion must furnish affidavits or other evidence necessary to satisfy its burden of establishing subject matter jurisdiction." *Savage v. Glendale Union High Sch., Dist. No. 205, Maricopa Cty.*, 343 F.3d 1036, 1039 n.2 (9th Cir. 2003) (internal citation omitted).

IV. DISCUSSION

Luong's present motion to dismiss is premised on his allegation that the dispute is moot. As mootness goes to a federal court's subject matter jurisdiction, it is properly raised in a Rule 12(b)(1) motion. "A case becomes moot—and therefore no longer a 'Case' or 'Controversy' for

[4] While the present motion to dismiss is styled as a motion under both Rule 12(b)(1) and Rule 12(b)(6), it only raises arguments about subject matter jurisdiction—not failure to state a claim.

purposes of Article III—when the issues presented are no longer live or the parties lack a legally cognizable interest in the outcome." *Already*, 568 U.S. at 91 (internal citation and quotations omitted). "[A] defendant cannot automatically moot a case simply by ending its unlawful conduct once sued." *Id.* (internal citation omitted). "Otherwise, a defendant could engage in unlawful conduct, stop when sued to have the case declared moot, then pick up where he left off, repeating this cycle until he achieves all his unlawful ends." *Id.* Thus, a defendant claiming that their voluntary cessation moots a case "bears the formidable burden of showing that it is absolutely clear the allegedly wrongful behavior could not reasonably be expected to recur." *Friends of the Earth, Inc. v. Laidlaw Environmental Services (TOC), Inc.*, 528 U.S. 167, 190 (2000).

When this case was initiated, in September 2019, a live case or controversy existed. Luong, via his counsel, had sent Mockingbird three letters, plus several emails, threatening to take imminent legal action if Mockingbird did not pay a settlement. The letters mentioned wage garnishment, property liens, quadrupled monetary exposure, and personal liability for a volunteer CEO. The final letter included a draft complaint. Even when Mockingbird responded that the offending link had been taken down, and that it did not believe it bore any liability for a third-party's actions, Luong's counsel continued to pursue its threats. The letters came every few months, and the emails from both Luong's counsel and the "Claims Resolution Specialist" were constant—leading Mockingbird to believe reasonably that "the allegedly wrongful behavior could…be expected to recur." *Id.* Luong did not communicate to Mockingbird that he did not intend to follow through on the letters until after the complaint had been filed.

Whether the licenses Luong issued after the case had been filed mooted the case is a different issue. *Cf. Arizonans for Official English v. Arizona*, 520 U.S. 43, 67 (1997) ("An actual controversy must be extant at all stages of review, not merely at the time the complaint is filed."). In *Already*, the defendants took action purportedly to moot a case in which the plaintiff sought declaratory judgment that it was not violating the defendants' trademark months after the complaint had been filed. *Already*, 568 U.S. at 88–89. The Court found the language of the defendant's covenant not to sue, alongside the plaintiff's anticipated future activities, rendered it

"'absolutely clear' that the allegedly unlawful activity cannot reasonably be expected to recur." *Id.* at 95 (internal citation omitted).

In reaching this conclusion, the Court focused on the "breadth of the covenant" issued by defendants. *Id.* at 100. The covenant read, in relevant part:

> [Nike] unconditionally and irrevocably covenants to refrain from making *any* claim(s) or demand(s)…against Already or *any* of its…related business entities…[including] distributors…and employees of such entities and *all* customers…on account of any *possible* cause of action based on or involving trademark infringement, unfair competition, or dilution, under state or federal law…relating to the NIKE Mark based on the appearance of *any* of Already's current and/or previous footwear product designs, and *any* colorable imitations thereof, regardless of whether that footwear is produced…or otherwise used in commerce before or after the Effective Date of this Covenant.

Id. at 93 (alterations and emphases in original).

Because the covenant was unconditional and irrevocable, prohibited the defendant from making any claim or demand, protected plaintiff's distributors and consumers, and applied to past, present, and future infringement, the Court found it "hard to imagine a scenario that would potentially infringe [Nike's trademark] and yet not fall under the Covenant." *Id.* at 94 (alteration in original) (internal citation omitted). If such a scenario exists, "[i]t sits," the Court found, "on a shelf between Dorothy's ruby slippers and Perseus's winged sandals." *Id.* Therefore, the defendant's voluntary cessation mooted the case.

The license in the present case reads: "Quan-Tuan Luong grants the owners and operators of Phish.net an irrevocable retroactive and future license to display the image grte25409.jpeg via an inline on Phish.net, including any of its subdomains." *See* Declaration of Matthew K. Higbee in Support of Defendant's Motion to Dismiss, ECF No. 16-1, Exhibit A. It is distinguishable from the covenant in *Already* in at least three material ways. First, the present case involves a license, while *Already* involved a covenant not to sue. Second, while the covenant in *Already* protected all the plaintiff's consumers and distributors, the license here does not necessarily protect Mockingbird forum users. Third, and most critically, the license in the present case encompasses only one of Luong's many photographs. *Compare Expensify, Inc. v. White*, No. 19-cv-01892, 2019 WL

5295064, at *6 (N.D. Cal. Oct. 18, 2019) (finding that the defendant had voluntarily ceased its conduct because there existed "no cognizable distinction" between the covenant in *Already* and that in the case), *with Humu, Inc. v. Hulu, LLC*, No. 19-cv-00327, 2019 WL 3220271, at *1–*2 (N.D. Cal. July 17, 2019) (finding that the defendant had not voluntarily ceased its conduct because the covenant in the case did not contain a "critical proviso," such that unlike the covenant in *Already*, the covenant did not encompass all of plaintiff's activities).

The distinctions between the covenant in *Already* and the license here are not without a difference. Mockingbird has pled that its forum is wide-ranging; thousands of users have made millions of posts. Mockingbird has no way of preventing the forum users from posting links on its forum—other than disallowing the use of links altogether. Luong has similarly pled that his vast collection of work—he is, as one will remember, only the fifth person to have photographed every national park—is widely used, for example in documentaries and on postage stamps. It is not "hard to imagine a scenario," *Already*, 568 U.S. at 94, wherein somewhere in the millions of posts on Mockingbird's forums, another one of the many thousands of users has posted a link to another piece of Luong's work that would not be encompassed by the granted license.[5] Luong has explicitly refused to grant Mockingbird a broader license—even though Mockingbird would have dismissed its claims had Luong done so, *see* Affidavit of Paul Alan Levy, at 3—which would seem to suggest that he has not abandoned every intention of pursuing legal action against them. The breadth of the covenant in *Already* was instrumental to the decision in that case. No such breadth exists here.

Finally, that this matter is replete with repeat players increases the possibility that the relevant facts can and will repeat themselves. *Cf. Expensify*, 2019 WL 5295064, at *4. Luong's

[5] Mockingbird discovered that it could receive protection against infringement claims by registering an agent to receive takedown notices under the Digital Millennium Copyright Act and did so on September 29, 2019. *See* Affidavit of Ellis Godard, at 5. However, that registration does not relieve Mockingbird of liability for links posted before that date, and it lacks the resources to search every post on its forum for offending links. *Id.* at 5–6. It therefore remains concerned about claims that could be brought alleging violations before September 29, 2019. *Id.*

counsel is a "leading filer" of copyright infringement demand letters. *Id.* Mockingbird's counsel has cited numerous examples of cases in which Luong's counsel sent various parties, many of them individuals or nonprofits, letters demanding two- and three-figure settlements for alleged copyright infringement. *See* Affidavit of Paul Alan Levy, Exhibits F, G, H. Those demands were only dropped once Luong's counsel determined that the subjects of the letters were "judgment proof"—a determination that curiously coincided with the revelation that each recipient was represented by counsel, in some cases Mockingbird's counsel. That Luong communicated with Mockingbird via "counsel with such a reputation further supports a finding that [Mockingbird] acted out of a real and reasonable apprehension of facing suit by [Luong]." *Expensify*, 2019 WL 5295064, at *4. Furthermore, this body of prior cases includes at least one in which Luong himself was sued by another plaintiff who sought declaratory judgment in response to his demand letters. *See Scholossberg v. Luong*, No. 19-cv-02497 (N.D. Cal. filed May 8, 2019). It is not "absolutely clear" that Luong and his counsel will not dig up another purported instance of copyright infringement and repeat a similar series of demands. *Already*, 568 U.S. at 95.

Thus, Luong has not met the "formidable burden" of demonstrating that this case is moot. *Friends of the Earth*, 528 U.S. at 190. A live case or controversy exists, and the Rule 12(b)(1) motion to dismiss is therefore denied. Furthermore, as Mockingbird correctly notes, Luong's demand for attorney fees is premature.

V. CONCLUSION

For the reasons above, the motion to dismiss must be denied. This action shall proceed accordingly.

IT IS SO ORDERED.

Dated: February 20, 2020

RICHARD SEEBORG
United States District Judge