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1 2 3 4 5 6	JEFFREY G. KNOWLES (State Bar No. 129754 JULIA D. GREER (State Bar No. 200479) SCOTT C. HALL (State Bar No. 232492) COBLENTZ, PATCH, DUFFY & BASS LLP One Montgomery Street, Suite 3000 San Francisco, California 94104 Telephone: 415.391.4800 Facsimile: 415.989.1663 Email: ef-jgk@cpdb.com ef-jdg@cpdb.com, ef-sch@cpdb.com)						
7	Attorneys for Plaintiffs							
8 9	UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION							
10								
11	ARISTA MUSIC, ARISTA RECORDS, LLC,	Case No.						
12	LAFACE RECORDS LLC, SONY MUSIC ENTERTAINMENT, SONY MUSIC	COMPLAINT FOR COPYRIGHT						
13	ENTERTAINMENT US LATIN LLC, AND ZOMBA RECORDING LLC,	INFRINGEMENT AND UNFAIR COMPETITION						
14	Plaintiffs,	DEMAND FOR JURY TRIAL						
15	v.							
16 17	RADIONOMY, INC., RADIONOMY SA, RADIONOMY GROUP, B.V., and ALEXANDRE SABOUNDJIAN, an							
18	individual,							
19	Defendants.							
20								
21	Plaintiffs Arista Music, Arista Records LLC, LaFace Records LLC, Sony Music							
22	Entertainment, Sony Music Entertainment US Latin LLC, and Zomba Recording LLC							
23	(collectively referred to as "Sony Music" or "Plaintiffs"), by and through their undersigned							
24	attorneys, allege as follows:							
25	NATURE OF THE ACTION							
26	1. Plaintiffs bring this action seeking to put an immediate stop to, and to obtain							
27 28	redress for, Defendants' ongoing and willful infringement of Plaintiffs' copyrighted sound							
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recordings and album cover art ("cover art") (collectively, the "copyrighted works") via an online
 service through which Defendants unlawfully reproduce, publicly perform, and/or display
 Plaintiffs' copyrighted works, and/or facilitate and encourage their users to do so.

2. 4 Defendants' online music service, available at <u>www.radionomy.com</u>, and through 5 other online services such as TuneIn.com, allows their users to listen to music, classified by 6 theme, genre, or, in some cases, by artist, and/or to create and customize online stations for 7 streaming music. Defendants' users also can program stations by using copies of sound recordings 8 that the users upload from their own possession, or by accessing sound recordings from 9 Defendants' online music "library" – which are then streamed over the Internet throughout the 10 world. This "library" contains hundreds, if not thousands, of Plaintiffs' copyrighted sound recordings. Defendants also supply Plaintiffs' copyrighted cover art and cause, knowingly assist, 11 12 encourage, and/or facilitate the public display of such cover art. Through this online service, 13 Defendants and its users are unlawfully reproducing, publicly performing, and/or displaying Plaintiffs' copyrighted works, without authorization from or compensation to Plaintiffs. Unlike 14 15 other legitimate, directly licensed online music services, such as Spotify, Rhapsody and Apple Music, or other services that report and pay pursuant to applicable statutory licensing 16 17 requirements, such as Pandora and iHeart Radio, Defendants' service unlawfully seeks to provide a mainstream webcasting service for music without such compliance. 18

3. 19 Although a limited statutory license to publicly perform certain of Plaintiffs' sound 20 recordings by means of a digital audio transmission is available for certain qualified users, and 21 certain qualified uses, under Sections 114 and 112(e) of the Copyright Act, Defendants have not sought to avail themselves of such a license since late 2014. Moreover, it is clear that at least 22 23 some, and perhaps most, of the stations Defendants provide on their service do not qualify for 24 such a license. For example, some stations – such as "single artist" stations – fail to comply with the "performance complement" under Section 114(d)(2)(C)(i) and (j)(13), which limits the 25 26 frequency with which a certain artist's works may be performed. Moreover, Defendants' users 27 have the ability to use the music "library" as an interactive music service because they can stream 28 any track in the library on-demand, which also renders Radionomy ineligible for the statutory 10571.002 3377246v8 Case No.

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license pursuant to Section 114(d)(2)(A)(i) and (j)(7). Lastly, none of Plaintiffs' sound recordings
 that were fixed prior to February 15, 1972 are eligible for the statutory license.

3 4. In any event, Defendants are neither paying the statutory royalty (or any royalty) 4 nor are they complying with the statutory reporting requirements. Defendants are fully aware of 5 licensing requirements, including the U.S. statutory regime, as they claim to have current licenses 6 to operate their service in foreign countries, and purportedly complied with the U.S. statutory 7 licensing requirements until late 2014. Since at least January 2015, however, Defendants have 8 disregarded the U.S. statutory regime for the sound recordings to which it potentially applies, and 9 have therefore knowingly and unlawfully engaged in, and assisted and encouraged others to 10 engage in, massive reproduction, public performance, and/or display of hundreds, if not thousands, of Plaintiffs' copyrighted sound recordings and cover art images in the U.S., in violation of the 11 12 U.S. Copyright Act and California state law.

13 5. Defendants' awareness of the obligation to comply with statutory requirements to avoid infringement, including payment of royalties for the streaming of copyrighted works, is 14 15 further established by Defendants' explicit representation to their users, on the Radionomy website, that Defendants have complied and will comply with all applicable licensing 16 17 requirements for the streaming of music through stations on its service. In fact, however, 18 Defendants do not – and have admitted to Plaintiffs that they do not – comply with any such 19 requirements: they have no license or authorization to reproduce, publicly perform, and/or display 20 Plaintiffs' copyrighted works in the U.S. Moreover, Defendants have refused to comply with 21 Plaintiffs' requests and demands to remove the infringing works from Defendants' service and/or to cease streaming or allowing their users to stream, reproduce, publicly perform, or display 22 23 Plaintiffs' copyrighted works on Defendants' service.

6. As a result of the foregoing, Defendants are liable for the past and ongoing
infringement of Plaintiffs' copyrighted works because they have engaged in direct infringement,
and/or because they are secondarily liable for infringing activities undertaken by others, including
Defendants' users.

28
 7. Defendants' conduct is causing, and will continue to cause, Plaintiffs grave and
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irreparable harm. Plaintiffs thus seek a declaration that Defendants' conduct willfully infringes on
 Plaintiffs' copyrights, directly and/or secondarily, and that Defendants' conduct constitutes
 misappropriation and unfair competition under California law. Plaintiffs also seek a permanent
 injunction prohibiting Defendants from further infringing Plaintiffs' copyrights. Plaintiffs also
 seek statutory or actual damages for willful copyright infringement in the maximum amount
 allowed under Section 504 of the Copyright Act, as well as restitution and/or compensatory and
 punitive damages for violations of California state law.

8

THE PARTIES

9 8. Plaintiff Arista Music is a New York partnership with its principal place of
10 business in New York, New York.

9. Plaintiff Arista Records LLC is a Delaware limited liability company with its
principal place of business in New York, New York.

13 10. Plaintiff LaFace Records LLC is a Delaware limited liability company with its
14 principal place of business in New York, New York.

15 11. Plaintiff Sony Music Entertainment is a Delaware General Partnership with its
16 principal place of business in New York, New York.

17 12. Plaintiff Sony Music Entertainment US Latin LLC is a Delaware limited liability
18 company with its principal place of business in Coconut Grove, Florida

19 13. Plaintiff Zomba Recording LLC is a Delaware limited liability company with its
20 principal place of business in New York, New York.

14. Defendant Radionomy, Inc. is a Delaware Corporation that is registered to do
business in California and, upon information and belief, maintains its principal place of business
and headquarters in San Francisco, California. Upon information and belief, Radionomy, Inc. is
the U.S. subsidiary of Defendant Radionomy SA and/or Radionomy Group B.V.

25 15. Defendant Radionomy SA is a corporation organized and existing under the laws of
26 Belgium and, upon information and belief, maintains its principal place of business and
27 headquarters in Brussels, Belgium. Upon information and belief, Radionomy SA is a subsidiary
28 of Defendant Radionomy Group B.V.

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1 16. Defendant Radionomy Group B.V. is a corporation organized and existing under
 2 the laws of the Netherlands with its principal place of business and headquarters in Amsterdam,
 3 Netherlands. Upon information and belief, Radionomy Group B.V. maintains offices in various
 4 U.S. States, including California, New York, and Texas.

5 17. Defendant Alexandre Saboundjian is the Chief Executive Officer and registered
6 agent for service of process in California, of Defendant Radionomy, Inc., and, upon information
7 and belief, is a founder, shareholder, and current officer and/or director of Defendants Radionomy,
8 Inc., Radionomy SA, and Radionomy Group B.V. Upon information and belief, Mr. Saboundjian
9 has exercised, and continues to exercise, control over, and has actively and directly participated in
10 the wrongful conduct by Defendants Radionomy Inc., Radionomy SA, and Radionomy Group
11 B.V., alleged herein.

JURISDICTION

18.This is a civil action seeking damages and injunctive relief for copyrightinfringement under the Copyright Act of the United States, 17 U.S.C. § 101 *et seq*.

15 19. This Court has subject matter jurisdiction over this copyright infringement action
16 pursuant to 28 U.S.C. §§ 1331 and 1338(a). The Court has supplemental jurisdiction over
17 Plaintiffs' state law claims under 28 U.S.C. § 1367.

18 20. This Court has personal jurisdiction over Defendants because, among other things, 19 Defendant Radionomy Group B.V. maintains an office in this District and because Defendant 20 Radionomy Inc. is registered to do business in California, and maintains its principal place of 21 business and headquarters in this District. Defendant Alexandre Saboundjian is the registered agent for service of process in California for Defendant Radionomy, Inc., and upon information 22 23 and belief, resides in California and in this District. Additionally, upon information and belief, 24 Defendants' online service transmits audio recordings and artwork over the Internet throughout the 25 world, including in California and in this District. Thus, upon information and belief, a substantial 26 part of the acts of infringement complained of herein have occurred in the State of California and 27 in this District, and/or Defendants have caused injury to Plaintiffs and their intellectual property in 28 the State of California and in this District.

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1 21. Venue is proper in this District pursuant to 28 U.S.C. §§ 1391(c) and 1400(a), in that Defendant Radionomy Group B.V. maintains an office in this District, in San Francisco, 2 3 California, and because Defendant Radionomy, Inc.'s principal place of business and headquarters 4 are in this District. Moreover, Defendant Alexandre Saboundjian is the registered agent for 5 service of process in California for Defendant Radionomy, Inc., and upon information and belief, 6 resides in California and in this District. Additionally, upon information and belief, Defendants' 7 online service transmits audio recordings and artwork over the Internet throughout the world, 8 including in California and in this District. Thus, upon information and belief, a substantial part of 9 the acts of infringement complained of herein have occurred in this District, and/or Defendants 10 have caused injury to Plaintiffs and their intellectual property in this District, making venue here 11 proper.

GENERAL ALLEGATIONS

13 22. Plaintiffs repeat and reallege every allegation contained in paragraphs 1 through 21
14 as if fully set forth herein.

15 23. Plaintiffs are some of the most well-known and respected record labels in the
16 world. Plaintiffs are in the business of producing, manufacturing, distributing, selling, and
17 licensing the distribution and performance of sound recordings and artwork throughout the world,
18 including in the United States.

19 24. Plaintiffs are the copyright owners or exclusive United States licensees of sound
20 recordings containing the performances of some of the most popular and successful recording
21 artists of all-time, including Michael Jackson, Beyonce, Justin Timberlake, One Direction, Billy
22 Joel, Adele, and Elvis Presley, to name just a few. Plaintiffs' copyrighted works include certain
23 sound recordings that were initially "fixed" prior to February 15, 1972 (the "Pre-1972 Works") and
24 are subject to protection under California state law.

25 25. Plaintiffs are also the copyright owners or exclusive United States licensees of the
26 album cover art associated with their sound recordings. By way of explanation, physical media,
27 such as records, cassettes, and CDs have historically been sold in packing with photographs,
28 paintings, or other artistic works on the cover. The tradition of using this "cover art" has carried
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over into the digital age so that digital transmissions of music are commonly accompanied by
 cover art for the relevant album. This cover art is subject to copyright protection.

3 26. Accordingly, Plaintiffs own the copyrights and/or exclusive rights under the U.S.
4 Copyright Act and California state law to exploit an extensive catalogue of popular sound
5 recordings and cover art, including but not limited to those works listed in Exhibits A-C, attached
6 hereto.

7 27. Plaintiffs have the exclusive rights, among other things, to "reproduce the
8 copyrighted work," to "display the copyrighted work publicly" (in the case of cover art), to
9 perform publicly the copyrighted work by means of digital transmission (in the case of sound
10 recordings), and to authorize or license any such activities. 17 U.S.C. §§ 106(1), (5), (6) (U.S.
11 Copyright Act); *see also* Cal. Civ. Code § 980(a)(2) (California law).

12 28. Plaintiffs sell, distribute and/or license their sound recordings in various formats,
13 including, as relevant here, in the form of digital audio files. Plaintiffs sell, distribute and/or
14 license digital audio files of their copyrighted works through authorized Internet services,
15 including Apple Music, Rhapsody, and Spotify, as well as directly to consumers.

16 29. Plaintiffs have invested and continue to invest substantial sums of money, as well as time, effort, and creative talent, to discover and develop recording artists, and to create, 17 18 manufacture, advertise, promote, sell, and license sound recordings embodying the performances 19 of their exclusive recording artists. Plaintiffs, their recording artists, and others in the music 20 industry are compensated for their creative efforts and monetary investments from the sale and distribution of their sound recordings to the public, and from other exploitation of such sound 21 recordings, including authorized online sale and distribution and licensed public performances by 22 23 means of digital audio transmissions along with the accompanying artwork.

24

DEFENDANTS' INFRINGING CONDUCT

25 30. Plaintiffs repeat and reallege every allegation contained in paragraphs 1 through 29
26 as if fully set forth herein.

27 31. Defendants operate an online music service through which users can listen to music
 28 stations, or create stations, that Defendants stream to listeners worldwide. To program music
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1 stations on Defendants' service, users can upload music from their own collection or use music 2 from Defendants' "library of popular music and podcasts." (See Exhibit D, attached hereto 3 (description of Defendants' service available at www.radionomy.com/en/static/produce).) Defendants' "library" contains hundreds, if not thousands, of copies of Plaintiffs' copyrighted 4 5 works. Defendants represent to their users and potential users that "[w]e cover all the music licensing necessary to stream online." (Id.) Additionally, Defendants make their stations 6 7 available through various other Internet music services. (Id.) Defendants encourage users to 8 include popular copyrighted recordings in programmed stations by offering to "reward" users with 9 cash payments if they create a station that reaches a large audience and threatening to deactivate 10 users that fail to reach "minimum audience" requirements. (Id.; see also Exhibit E, attached hereto (Radionomy "Producer Pact").) Upon information and belief, Defendants collect data 11 12 concerning the stations on their service, including data concerning the recordings being played on 13 such stations and the usage of such stations. (See Exhibit D (discussion of user statistics "dashboard" that shows daily information about audience, geographic location of listeners, and 14 15 what content is most popular with users' listeners).) Defendants are therefore encouraging and able to detect infringement committed using their online service. Upon information and belief, 16 17 Defendants earn substantial revenue from, among other things, the sale of advertising space on 18 station webpages.

32. 19 As the architects, owners, content suppliers, hosts and/or operators of their service, Defendants possess control over the content that their users listen to or stream via Defendants' 20 21 service, regardless of whether that content is uploaded from their users' own files or from Defendants' music library. Indeed, pursuant to Defendants' "Producer Pact" with creators of 22 23 stations streamed on Defendants' service, Defendants exercise complete control over the setup and 24 operation of stations on Defendants' service, including, among other things, dictating the information necessary to create stations, requiring compliance with the technical constraints of the 25 26 stations, publishing station streams via the Internet from their servers, mandating creation of 27 station schedules, reserving exclusive rights for advertisements on the stations, including stations 28 in third party music services, monitoring station audiences and deactivating stations not reaching 10571.002 3377246v8 Case No. 8

minimum audience requirements, and tightly regulating the behavior of users of its service. (See
 Exhibit E.)

3 33. Pursuant to Section 114 of the Copyright Act, a limited statutory license to publicly perform Plaintiffs' sound recordings fixed after February 1, 1972 by means of a digital audio 4 5 transmission is available to certain qualified users, and for certain qualified uses. 17 U.S.C. § 114. 6 Additionally, Section 112(e) of the Copyright Act creates a statutory license for the making of limited "ephemeral recordings" of a sound recording, subject to certain conditions, for those who 7 8 have a license under Section 114. 17 U.S.C. § 112(e). Defendants, however, have not complied 9 with any statutory reporting or royalty requirements, since the end of 2014. Moreover, even if 10 Defendants had attempted to comply with those statutory license requirements, it is far from clear that Defendants and/or certain or all of the stations on Defendants' service would be eligible for a 11 12 statutory license. For example, Defendants' users are able to, and do, program stations on 13 Defendants' service by theme, genre, and in some cases, by artist. But "single artist" stations, as well as certain other stations, fail to comply with the "performance complement" under Section 14 15 114(d)(2)(C)(i) and (j)(13), which strictly limits the frequency with which a certain artist's work may be performed. Moreover, in the case of user-sourced content, Radionomy does not make its 16 17 transmissions from lawful copies, rendering the statutory license unavailable. See Sections 18 112(e)(1)(D), 114(d)(2)(C)(vii). In addition, Radionomy has no direct license with Plaintiffs' for 19 the use of cover art or pre-1972 sound recordings. Accordingly, Defendants do not currently 20 possess any license or authority, nor do they pay any royalties, for their ongoing reproduction, 21 public performance, and/or display of Plaintiffs' copyrighted sound recordings and cover art in the U.S. 22

34. The stations streamed on Defendants' service employ, and have employed,
unauthorized reproductions, public performances, and/or displays of Plaintiffs' copyrighted sound
recordings and cover art, which are streamed throughout the world, including in the United States.
A non-exhaustive list of Plaintiffs' sound recordings that have been infringed on Defendants'
service is attached hereto as Exhibit A (for post-1972 sound recordings), and Exhibit B (for pre1972 sound recordings). A non-exhaustive list of Plaintiffs' cover art that has been infringed on
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Defendants' service is attached hereto as Exhibit C. Plaintiffs will provide updates to Exhibits A C, with additional lists of their copyrighted works that have been infringed on Defendants' service,
 once Plaintiffs have obtained discovery from Defendants.

- 4 35. By way of example, Plaintiffs have identified the following specific instances of
 5 infringement of Plaintiffs' copyrighted works on Defendants' service:
- 6

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a. On November 12, 2015, a station on Defendants' service, named "Lonestar Radio," played the recordings "Waiting for Tonight" by Jennifer Lopez, "Off the Wall" by Michael Jackson, and "Good Luck Charm" by Elvis Presley, all of which are Plaintiffs' owned or exclusively licensed copyrighted works.

b. On January 12, 2016 a station on Defendants' service, named "One
Direction The Radio," played the recordings "Nobody Compares" and "Something Great" by One
Direction, both of which are Plaintiffs' owned or exclusively licensed copyrighted works.

13 c. On January 13, 2016, a station on Defendants' service, named "ABCD
14 Michael Jackson," played the recordings "Blood On The Dance Floor" and "Scream" by Michael
15 Jackson, both of which are Plaintiffs' exclusively licensed copyrighted works.

16 d. On January 13, 2016, a station on Defendants' service, named "MJTunes
17 Michael Jackson Radio," played the recordings "Remember the Time" and "Do You Know Where
18 Your Children Are" by Michael Jackson, both of which are Plaintiffs' exclusively licensed
19 copyrighted works.

e. On February 9, 2016, a station on Defendants' service, named
"Entertainment Mayhem," played the recording "Toxic" by Britney Spears and displayed cover art
for the Britney Spears' album "In The Zone" (shown below), which are Plaintiffs' exclusively
licensed copyrighted works. A screenshot from Defendants' service displaying this cover art is
attached hereto as Exhibit F.

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 Britney Spears Toxic
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 COMPLAINT FOR COPYRIGHT INFRINGEMENT AND UNFAIR COMPETITION 36. Upon information and belief, Defendants' service currently includes between
 30,000 and 50,000 unique stations.

3 37. Plaintiffs first became aware of Defendants' infringement in late 2015 in response 4 to take down letters sent in connection with the unauthorized reproduction, public performance, 5 and/or display of Plaintiffs' copyrighted works on stations available via another online music 6 service called TuneIn. In response to take down requests sent to TuneIn, certain users who had 7 programmed stations on Defendants' service asserted that Defendants had paid, on their behalf, all 8 applicable royalties for performance of Plaintiffs' recordings on the relevant stations. When 9 Plaintiffs first raised the issue of infringing conduct with Defendants, Defendants represented to 10 Plaintiffs that "[s]ince its inception, Radionomy has paid all the performance rights to 11 SoundExchange [the independent collective management organization that administers the 12 statutory license for streaming sound recordings] in compliance with the requirements of the 13 statutory license."

14 38. In subsequent discussions between Plaintiffs and Defendants in late 2015 and early 15 2016, however, Defendants acknowledged that they are not currently in compliance with U.S. 16 copyright law, including the payment of the statutory license royalty payments for reproduction or 17 public performance of sound recordings in the U.S., and admitted that they had not paid royalties 18 to SoundExchange since 2014. They further admitted that they do not require their users to 19 comply with the performance complement set forth in Section 114. Notwithstanding these 20 admissions as to their unlawful reproduction, public performance, and display of Plaintiffs' 21 copyrighted works – and despite Plaintiffs' demands to cease their infringing conduct pending 22 negotiations and a valid licensing agreement – Defendants have refused to terminate or cease 23 transmission of stations on their service that unlawfully reproduce, publicly perform, or display 24 Plaintiffs' copyrighted works, or to take any other actions to stop or prevent the infringing activity from occurring via Defendants' service. 25

26 39. Defendants have not at any time disputed that Plaintiffs own the copyrighted works
27 identified herein, nor have Defendants disputed that they are required to obtain a license and pay
28 applicable royalties to reproduce, publicly perform, and/or display those works through their
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service. On the contrary, Defendants have requested to enter into discussions with Plaintiffs to
 obtain a direct license for such reproduction, public performance and display rights.

3 40. Accordingly, Defendants have, and continue to, unlawfully reproduce, publicly 4 perform, and/or display – or facilitate their users' unlawful reproduction, public performance, 5 and/or display – of Plaintiffs' copyrighted sound recordings and cover art without a license or any 6 other form of authorization from Plaintiffs. As the music industry continues to shift from an 7 "ownership" model where people own permanent copies of music content in the form of CDs and 8 downloads to a "consumption" model where people primarily stream music content online, the 9 unlawful reproduction, public performance, and/or display of Plaintiffs' copyrighted works 10 through Defendants' service – and Defendants' utter disregard for the performance complement 11 and other statutory requirements – has damaged, and is certain to increasingly damage, Plaintiffs 12 and the legitimate businesses on which Plaintiffs and their exclusive recording artists rely to 13 generate revenue, including interactive streaming services such Spotify, Rhapsody and Apple Music, and services that report and pay based on the statutory scheme, such as Pandora, iHeart 14 Radio and others. 15

16 41. Upon information and belief, Defendants' primary source of revenue from
17 operation of their service is advertising revenue received in connection with the stations operated
18 on Defendants' service.

19 42. Defendants' use of Plaintiffs' copyrighted sound recordings and cover art is a
20 blatant violation of Plaintiffs' rights under federal copyright law and/or California law.

(Direct Infringement of Plaintiffs' Rights Under The U.S. Copyright Act)

23 43. Plaintiffs repeat and reallege every allegation contained in paragraphs 1 through 42
24 as if fully set forth herein.

44. Without authorization or compensation, Defendants are unlawfully reproducing,
displaying and/or publicly performing, Plaintiffs' copyrighted sound recordings and cover art in
violation of 17 U.S.C. §§ 106(1), (5), (6), and 501.

 28
 45. These unauthorized reproductions, public performances and/or displays involve

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sound recordings and artwork that are hosted, stored on, and/or transmitted from Defendants'
 servers, which Defendants' control, via the Internet and throughout the world, including in the U.S.
 In the case of recordings in Defendants' music library, and in the case of cover art, Defendants
 reproduced such works and made them available for public performance and/or display without
 any user involvement whatsoever. Defendants also determine whether cover art should
 accompany a stream of a sound recording, and select the cover art to be displayed.

7 46. Defendants exercise complete control over the setup and operation of stations on 8 Defendants' service, including, among other things, dictating the information necessary to create 9 stations, requiring compliance with the technical constraints of the stations, publishing station 10 streams via the Internet from their servers, reserving exclusive rights for advertising on the 11 stations, mandating creation of station schedules, including stations in third party music services, 12 monitoring station audiences and deactivating stations not reaching minimum audience 13 requirements, and tightly regulating the behavior of users of its service, and are therefore directly 14 liable for the infringing conduct occurring on their service. (See Exhibit E.)

47. Defendants' infringement of Plaintiffs' sound recordings includes but is not limited
to the representative list of copyrighted sound recordings listed in Exhibits A and B. Defendants'
infringement of Plaintiffs' album cover art includes but is not limited to some or all of the
representative list of copyrighted images listed in Exhibit C.

19 48. Defendants' infringement of Plaintiffs' rights in each of their copyrighted works
20 constitutes a separate and distinct act of infringement.

21 49. Defendants' acts of infringement are knowing, willful and intentional, in disregard
22 of and indifference to Plaintiffs' rights.

As a direct and proximate result of Defendants' infringement of Plaintiffs' 23 50. 24 copyrights and exclusive rights under copyright, Plaintiffs are entitled to maximum statutory 25 damages, pursuant to 17 U.S.C. § 504(c), in the amount of \$150,000 with respect to each work 26 infringed, or such other amounts as may be proper under 17 U.S.C. § 504(c). Alternatively, at 27 Plaintiffs' election, pursuant to 17 U.S.C. § 504(b), Plaintiffs are entitled to their actual damages, 28 including Defendants' profits from the infringement, as will be proven at trial. 10571.002 3377246v8 13 Case No.

1 51. Defendants' conduct is causing and, unless enjoined by this Court, will continue to 2 cause, Plaintiffs great and irreparable injury that cannot be fully compensated or measured in 3 money damages. Plaintiffs have no adequate remedy at law. Accordingly, Plaintiffs are entitled 4 to a permanent injunction prohibiting infringement of Plaintiffs' copyrights and exclusive rights 5 under copyright pursuant to 17 U.S.C. § 502. 6 52. Plaintiffs are entitled to their costs and reasonable attorneys' fees pursuant to 17 7 U.S.C. § 505. 53. 8 Plaintiffs are further entitled to the impoundment and destruction or other 9 reasonable disposition of infringing copies of Plaintiffs' copyrighted sound recordings and cover 10 art pursuant to 17 U.S.C. § 503. 11 SECOND CLAIM FOR RELIEF (Violation of California Civil Code 980(a)(2) 12 For Copyright Infringement of Pre-1972 Works) 13 54. Plaintiffs repeat and reallege every allegation contained in paragraphs 1 through 53 14 as if fully set forth herein. 15 55. Plaintiffs possess an "exclusive ownership" interest in and to their Pre-1972 Works, 16 pursuant to California Civil Code Section 980(a)(2), which provides: "The author of an original 17 work of authorship consisting of a sound recording initially fixed prior to February 15, 1972, has 18 an exclusive ownership therein until February 15, 2047...." Therefore, as owners of their Pre-1972 19 Works, Plaintiffs have all the exclusive rights to exploit those recordings, including, but not 20 limited to, the rights to manufacture, copy, sell, distribute, broadcast, and publicly perform their 21 Pre-1972 Works, including by digital transmission. 22 56. Plaintiffs have not authorized Defendants to publicly perform, reproduce, or 23 otherwise exploit their Pre-1972 Works. Defendants do not have the right to reproduce or publicly 24 perform Plaintiffs' Pre-1972 Works and have never compensated Plaintiffs for Defendants' 25 exploitation of their Pre-1972 Works. 26 57. Without authorization, Defendants are reproducing and publicly performing, and/or 27 benefitting financially from, aiding, encouraging, enabling, inducing, causing, materially 28 10571.002 3377246v8 14 Case No. COMPLAINT FOR COPYRIGHT INFRINGEMENT AND UNFAIR COMPETITION

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contributing to, or otherwise facilitating the reproduction and public performance of Plaintiffs'
 copyrighted sound recordings, in violation of Plaintiffs' exclusive rights in and to their Pre-1972
 Works, including those identified on Exhibit B.

4 58. Plaintiffs are harmed, and a new violation of Civil Code Section 980(a)(2) occurs,
5 giving rise to a new liability, each time Defendants reproduce or publicly perform one of
6 Plaintiffs' Pre-1972 Works without the right to do so. As a direct and proximate result of
7 Defendants' conduct in violation of Plaintiffs' exclusive rights under Section 980(a)(2) in and to
8 their Pre-1972 Works, Defendants have received proceeds and Plaintiffs have been damaged in an
9 amount to be proven at trial.

10 59. Defendants are guilty of oppression, fraud or malice, and Plaintiffs, in addition to
11 their actual damages, are, by reason thereof, entitled to recover exemplary and punitive damages
12 against Defendants.

13 60. Defendants' conduct is causing and, unless enjoined by this Court, will continue to
14 cause Plaintiffs great and irreparable injury that cannot fully be compensated or measured in
15 money damages. Plaintiffs have no adequate remedy at law. Accordingly, Plaintiffs are entitled
16 to permanent injunctive relief prohibiting Defendants from further violating their rights in and to
17 their Pre-1972 Works under Section 980(a)(2).

18

THIRD CLAIM FOR RELIEF (Common Law Misappropriation As To Pre-1972 Works)

19 61. Plaintiffs repeat and reallege every allegation contained in paragraphs 1 through 60 as if fully set forth herein.

62. Without authorization, Defendants are reproducing and publicly performing, and/or
benefitting financially from, aiding, encouraging, enabling, inducing, causing, materially
contributing to, or otherwise facilitating the reproduction and public performance of Plaintiffs'
copyrighted sound recordings in violation of the laws of the State of California, including but not
limited to the representative list of sound recordings listed in Exhibit B.
63. Through their conduct alleged herein, Defendants have misappropriated Plaintiffs'

27 intangible rights, property, skill, and labor embodied in their Pre-1972 Works, in violation of
28 intangible rights, property, skill, and labor embodied in their Pre-1972 Works, in violation of

1 Plaintiffs' rights in such recordings, including those identified in Exhibit B, to Plaintiffs' harm and 2 detriment.

64. 3 Plaintiffs are harmed, and a new act of misappropriation occurs, giving rise to a new liability, each time Defendants reproduce or publicly perform one of Plaintiffs' Pre-1972 4 5 Works without the right to do so. As a direct and proximate result of Defendants' conduct in 6 violation of Plaintiffs' exclusive rights in and to their Pre-1972 Works, Defendants have received 7 proceeds and Plaintiffs have been damaged in an amount to be proven at trial.

8 65. Defendants are guilty of oppression, fraud or malice, and Plaintiffs, in addition to 9 their actual damages, are, by reason thereof, entitled to recover exemplary and punitive damages against Defendants. 10

66. Defendants' conduct is causing and, unless enjoined by this Court, will continue to 11 cause Plaintiffs great and irreparable injury that cannot fully be compensated or measured in 12 13 money damages. Plaintiffs have no adequate remedy at law. Accordingly, Plaintiffs are entitled to permanent injunctive relief prohibiting Defendants from further violating their rights in their 14 Pre-1972 Works. 15

FOURTH CLAIM FOR RELIEF (Contributory Copyright Infringement)

67. Plaintiffs repeat and reallege every allegation contained in paragraphs 1 through 66 18 as if fully set forth herein. 19

68. Defendants are aiding, encouraging, enabling, inducing, causing, materially 20 contributing to, and/or otherwise facilitating the making of unauthorized reproductions, display, 21 and/or public performance of Plaintiffs' copyrighted sound recordings and cover art in violation of 22 17 U.S.C. §§ 106(1), (5), (6), and 501. 23

69. Specifically, Defendants' users are unlawfully reproducing, displaying, and/or 24 publicly performing Plaintiffs' copyrighted sound recordings and cover art, including but not 25 limited to the works listed in **Exhibits A-C**, and are therefore liable for direct copyright 26 infringement of Plaintiffs' exclusive rights of reproduction, display and public performance under 27 17 U.S.C. § 106(1), (5), and (6). Defendants are liable as contributory infringers for the infringing

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acts of their users. The infringement of Plaintiffs' copyrighted works could not occur without
 Defendants' facilitation via the provision, hosting and streaming of infringing content from its
 servers. Moreover, Defendants facilitate and encourage infringement by inviting users to upload
 their own music, or to use music supplied by Defendants' music library – including Plaintiffs'
 copyrighted works – for streaming on their stations, all while falsely representing to their users
 that they have complied with all applicable licensing fees or royalty payments for the music. (See
 Exhibit D.)

70. 8 Defendants have actual and constructive knowledge that their users are using Defendants' service to infringe Plaintiffs' copyrights by creating stations that include Plaintiffs' 9 10 sound recordings and displaying Plaintiffs' cover art because Defendants have conceded that they possess no license or other authorization from Plaintiffs to reproduce, publicly perform or display 11 12 Plaintiffs' copyrighted works in the U.S., despite being aware of (in fact, having claimed to have 13 complied in the past with) U.S. statutory license requirements, and despite Defendants' purported current compliance with licensing requirement in foreign jurisdictions. Defendants have also 14 15 failed to pay any royalties to SoundExchange in connection with the use of the those works in the U.S. since late 2014, despite their awareness and knowledge of licensing requirements. 16 17 Defendants have specific knowledge of infringements in the form of data collected concerning 18 recordings included in stations on Defendants' service and the usage of such stations. 19 71. The infringement of Plaintiffs' rights in each of their copyrighted works constitutes

20 || a separate and distinct act of infringement.

21 72. Defendants' acts of infringement are willful, intentional and purposeful, in
22 disregard of and indifferent to the rights of Plaintiffs.

23 73. Through the conduct described above, Defendants are contributing to the
24 infringement of Plaintiffs' copyrights and exclusive rights under copyright, in violation of Sections
25 106 and 501 of the Copyright Act, 17 U.S.C. §§ 106, 501.

74. As a direct and proximate result of Defendants' contributory infringement of
 Plaintiffs' copyrights and exclusive rights under copyright, Plaintiffs are entitled to the maximum
 statutory damages, pursuant to 17 U.S.C. § 504(c), in the amount of \$150,000 with respect to each
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1 infringing copy made by each subscriber, or such other amounts as may be proper under 17 U.S.C. 2 § 504(c). Alternatively, at Plaintiffs' election, pursuant to 17 U.S.C. § 504(b), Plaintiffs shall be 3 entitled to their actual damages, including Defendants' profits from infringement, as will be proven 4 at trial.

5 75. Defendants' conduct is causing and, unless enjoined by this Court, will continue to 6 cause Plaintiffs great and irreparable injury that cannot be fully compensated or measured in 7 money. Plaintiffs have no adequate remedy at law. Pursuant to 17 U.S.C. § 502, Plaintiffs are 8 entitled to a permanent injunction prohibiting further infringement of their copyrights and 9 exclusive rights under copyright.

76. 10 Plaintiffs are entitled to their costs, including reasonable attorneys' fees, pursuant to 17 U.S.C. § 505. 11

77. 12 Plaintiffs are further entitled to the impoundment and destruction or other 13 reasonable disposition of infringing copies of Plaintiffs' copyrighted sound recordings and cover 14 art pursuant to 17 U.S.C. § 503.

FIFTH CLAIM FOR RELIEF (Vicarious Copyright Infringement)

78. Plaintiffs repeat and reallege every allegation contained in paragraphs 1 through 77 as if fully set forth herein.

79. Defendants are aiding, encouraging, enabling, inducing, causing, materially 19 contributing to, benefitting financially from (with the right and ability to control), and/or otherwise 20 facilitating the making of unauthorized reproductions, display, and/or public performance of 21 Plaintiffs' copyrighted sound recordings and cover art in violation of 17 U.S.C. §§ 106(1), (5), (6), 22 and 501. 23

80. Specifically, Defendants' users are unlawfully reproducing, displaying, and/or 24 publicly performing Plaintiffs' copyrighted sound recordings and cover art, including but not 25 limited to the works listed in **Exhibits A-C**, and are therefore liable for direct copyright 26 infringement of Plaintiffs' exclusive right of reproduction, display, and/or public performance 27 under 17 U.S.C. § 106(1), (5), and (6). Defendants have both the right and the ability to supervise

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their users' infringing conduct, and to prevent their users from infringing Plaintiffs' copyrighted
 sound recordings and cover art, and are therefore vicariously liable for their users' copyright
 infringement.

4 81. Upon information and belief, Defendants collect data concerning the stations on
5 their service, including data concerning the recordings being played on such stations and the usage
6 of such stations. (See Exhibit D (discussion of user statistics "dashboard" that shows daily
7 information about audience, geographic location of listeners, and what content is most popular
8 with users' listeners).) Defendants are therefore able to detect infringement committed using their
9 service.

82. 10 Moreover, pursuant to Defendants' "Producer Pact" with creators of stations streamed on Defendants' service, Defendants exercise complete control over the setup and 11 12 operation of stations on Defendants' service, including, among other things, dictating the 13 information necessary to create stations, requiring compliance with the technical constraints of the stations, publishing station streams via the Internet from their servers, reserving exclusive rights 14 15 for advertising on the stations, mandating creation of station schedules, including stations in third party music services, monitoring station audiences and deactivating stations not reaching 16 17 minimum audience requirements, and tightly regulating the behavior of users of its service. (See 18 Exhibit E.)

83. 19 Defendants could, at any time, terminate infringing users or their station streams. 20 Defendants, however, have refused to take any action to prevent the widespread infringement of 21 Plaintiffs' copyrighted works by Defendants' users because Defendants receive a significant 22 financial benefit directly attributable to the infringement by their users. (See Exhibit D 23 (discussion of revenues and cash rewards to users who reach a large audience); Exhibit E 24 (discussion of the financing of Defendants' service through advertising on the stations).) Upon information and belief, the ability to stream and display copies of Plaintiffs' copyrighted works 25 26 acts a substantial draw for Defendants' users, and the advertisers that advertise on Defendants' 27 service, and Defendants therefore derive substantial and direct financial benefit from 28 infringements of Plaintiffs' copyrights by their users.

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84. The infringement of Plaintiffs' rights in each of its copyrighted works constitutes a
 separate and distinct act of infringement.

3 85. Defendants' acts of infringement are willful, intentional and purposeful, in
4 disregard of and indifferent to the rights of Plaintiffs.

5 86. Through the conduct described above, Defendants are vicariously infringing
6 Plaintiffs' copyrights and exclusive rights under copyright, in violation of Sections 106 and 501 of
7 the Copyright Act, 17 U.S.C. §§ 106, 501.

8 87. As a direct and proximate result of Defendants' vicarious infringement of Plaintiffs'
9 copyrights and exclusive rights under copyright, Plaintiffs are entitled to the maximum statutory
10 damages, pursuant to 17 U.S.C. § 504(c), in the amount of \$150,000 with respect to each
11 infringing copy made by each subscriber, or such other amounts as may be proper under 17 U.S.C.
12 § 504(c). Alternatively, at Plaintiffs' election, pursuant to 17 U.S.C. § 504(b), Plaintiffs shall be
13 entitled to their actual damages, including Defendants' profits from infringement, as will be proven
14 at trial.

15 88. Defendants' conduct is causing and, unless enjoined by this Court, will continue to
16 cause Plaintiffs great and irreparable injury that cannot be fully compensated or measured in
17 money. Plaintiffs have no adequate remedy at law. Pursuant to 17 U.S.C. § 502, Plaintiffs are
18 entitled to a permanent injunction prohibiting further infringement of their copyrights and
19 exclusive rights under copyright.

20 89. Plaintiffs are entitled to their costs, including reasonable attorneys' fees, pursuant to
21 17 U.S.C. § 505.

90. Plaintiffs are further entitled to the impoundment and destruction or other
reasonable disposition of infringing copies of Plaintiffs' copyrighted sound recordings and cover
art pursuant to 17 U.S.C. § 503.

<u>SIXTH CLAIM FOR RELIEF</u> (Inducement Of Copyright Infringement)

26 91. Plaintiffs repeat and reallege every allegation contained in paragraphs 1 through 90 as if fully set forth herein.

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^{46v8} 20 COMPLAINT FOR COPYRIGHT INFRINGEMENT AND UNFAIR COMPETITION 92. Defendants are aiding, encouraging, enabling, inducing, causing, materially
 contributing to, benefitting financially from (with the right and ability to control), and/or otherwise
 facilitating the making of unauthorized reproductions, display, and/or public performance of
 Plaintiffs' copyrighted sound recordings and cover art in violation of 17 U.S.C. §§ 106(1), (5), (6),
 and 501.

6 93. Specifically, Defendants' users are unlawfully reproducing, displaying, and/or 7 publicly performing Plaintiffs' copyrighted sound recordings and cover art, including but not 8 limited to the works listed in Exhibits A-C, and are therefore liable for direct copyright 9 infringement of Plaintiffs' exclusive rights of reproduction, display and public performance under 10 17 U.S.C. § 106(1), (5), and (6). Defendants are liable under the Copyright Act for the infringing acts of their users because Defendants facilitate and promote the use of their online service to 11 12 infringe Plaintiffs' copyrights. By their clear expressions and affirmative steps, Defendants are 13 unlawfully fostering and inducing copyright infringement by their users.

14 94. Defendants offer Plaintiffs' copyrighted sound recordings to their users via their online music library and/or otherwise allow and encourage the unauthorized reproduction, display 15 and/or public performance of Plaintiffs' copyrighted works. Indeed, Defendants' website invites 16 17 users to upload their own music or to use music from Defendants' music library for streaming on 18 their stations, and represents to their users that Defendants have complied with all applicable 19 licensing fees or royalty payments for the music. (See Exhibit D.) Yet, Defendants have 20 conceded that they are not complying with applicable licensing requirements, nor are they paying 21 royalties for the use of Plaintiffs' copyrighted works.

95. Defendants' intent to induce infringement is additionally demonstrated by, among
other things, Defendants' refusal to take readily available steps to prevent infringers of Plaintiffs'
copyrighted works, including by removing Plaintiffs' copyrighted works from their online music
library or users' station streams, and/or by marking Plaintiffs' copyrighted works as "restricted" or
"not available for unauthorized reproduction." Additionally, Defendants offer cash rewards to
users to reach a large audience and deactivate users who fail to reach minimum audience numbers,
thus encouraging their users to program popular, copyrighted music on their stations.

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96. The infringement of Plaintiffs' rights in each of their copyrighted works constitutes
 a separate and distinct act of infringement.

3 97. Defendants' acts of infringement are willful, intentional and purposeful, in
4 disregard of and indifferent to, the rights of Plaintiffs.

5 98. Through the conduct described above, Defendants are inducing the infringement of
6 Plaintiffs' copyrights and exclusive rights under copyright, in violation of Sections 106 and 501 of
7 the Copyright Act, 17 U.S.C. §§ 106, 501.

8 99. As a direct and proximate result of Defendants' inducement of infringement of
9 Plaintiffs' copyrights and exclusive rights under copyright, Plaintiffs are entitled to the maximum
10 statutory damages, pursuant to 17 U.S.C. § 504(c), in the amount of \$150,000 with respect to each
11 infringing copy made by each subscriber, or such other amounts as may be proper under 17 U.S.C.
12 § 504(c). Alternatively, at Plaintiffs' election, pursuant to 17 U.S.C. § 504(b), Plaintiffs shall be
13 entitled to their actual damages, including Defendants' profits from infringement, as will be proven
14 at trial.

15 100. Defendants' conduct is causing and, unless enjoined by this Court, will continue to
16 cause Plaintiffs great and irreparable injury that cannot be fully compensated or measured in
17 money. Plaintiffs have no adequate remedy at law. Pursuant to 17 U.S.C. § 502, Plaintiffs are
18 entitled to a permanent injunction prohibiting further infringement of their copyrights and
19 exclusive rights under copyright.

20 101. Plaintiffs are entitled to their costs, including reasonable attorneys' fees, pursuant to
21 17 U.S.C. § 505.

22 102. Plaintiffs are further entitled to the impoundment and destruction or other
23 reasonable disposition of infringing copies of Plaintiffs' copyrighted sound recordings and cover
24 art pursuant to 17 U.S.C. § 503.

 art pursuant to 17 0.3.C. § 303.
 SEVENTH CLAIM FOR RELIEF (Unfair Competition Under California Business and Professions Code § 17200 As To Pre-1972 Recordings)
 103. Plaintiffs repeat and reallege every allegation contained in paragraphs 1 through
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 COMPLAINT FOR COPYRIGHT INFRINGEMENT AND UNFAIR COMPETITION $1 \parallel 102$ as if fully set forth herein.

104. Without authorization, Defendants are reproducing and performing, or benefitting
financially from, aiding, encouraging, enabling, inducing, causing, materially contributing to, or
otherwise facilitating the reproduction and performance of Plaintiffs' statutory and common law
rights in their Pre-1972 Works, including but not limited to the representative list of sound
recordings listed in Exhibit B, in violation of the laws of the State of California, including Civ.
Code § 980(a)(2) and common law misappropriation.

8 105. Defendants' conduct as alleged herein constitutes an unfair method of competition
9 and/or an unfair, unlawful, or deceptive practice within the meaning of Section 17200 of the
10 California Business and Professions Code that has caused, and continues to cause, irreparable
11 injury to Plaintiffs' business, goodwill and reputation.

12 106. Defendants' actions, if not enjoined, will continue. Plaintiffs have no adequate
13 remedy at law and are entitled to permanent injunctive relief.

14 107. As a result of Defendants' unfair, unlawful or deceptive practices as set forth
15 herein, Plaintiffs have suffered damages, including a diminution in the value of their business
16 reputation and goodwill, and are entitled to restitution in such amounts as will be proven at trial.

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PRAYER FOR RELIEF

18 WHEREFORE, Plaintiffs demand a jury trial and pray for judgment against Defendants as19 follows:

1. For permanent injunctive relief enjoining Defendants and Defendants' agents,
 servants, employees, officers, attorneys, successors, licensees, partners, and assigns, and all
 persons acting in concert or participation with each or any of them, including all users of
 Defendants' service, from directly infringing, and/or benefitting financially from, aiding,
 encouraging, enabling, inducing, causing, materially contributing to, or otherwise facilitating the
 infringement of, any of Plaintiffs' copyrights or exclusive rights protected by the Copyright Act or
 California statutory or common law, whether now in existence or hereafter created;

27 2. For the impoundment and destruction or other reasonable disposition of infringing
28 copies of Plaintiffs' copyrighted sound recordings and cover art;

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1	3.	. For an accounting of any and all revenues and profits that Defendants have derived				
2	from their wrongful actions;					
3	4.	For all damages to which Plaintiffs may be entitled, including Plaintiffs' actual				
4	damages and/	d/or Defendants' profits, in such amounts as may be found, or, in the alternative and at				
5	Plaintiffs' election, for statutory damages in the maximum amount allowed by law;					
6	5.	For compensatory damages in such amounts as will be proven at trial, as well as				
7	punitive damages;					
8	6.	For the costs of this a	ction and r	easonable attorneys' fees; and		
9	7.	For such other and further relief the Court deems just.				
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11	DATED: Feb	ruary 26, 2016	COB	LENTZ PATCH DUFFY & BASS LLP		
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13			By:	/s/ Jeffrey G. Knowles Jeffrey G. Knowles		
14				Attorneys for Plaintiffs		
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