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MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF PLAINTIFF'S MOTION FOR

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### I. <u>INTRODUCTION</u>

Plaintiff Applications of Psychology to Law, Inc. ("Plaintiff" or "APL") brings this motion to enjoin Defendants Hubert Reed *aka* Hugh Reed ("Reed") and Reed Law Group, Ltd. d/b/a Reed Bar Review ("RLG") (collectively, "Defendants") and their agents from continuing to infringe upon APL's copyrighted works, and to prevent them from otherwise changing the *status quo*, including with regard to Defendants' electronically-stored information, pending resolution at trial. In summary, Reed and his company RLG, along with their various agents, have willfully infringed upon and plagiarized from APL the culmination of decades of copyrighted materials created by its principals, Dr. Dennis P. Saccuzzo and Dr. Nancy E. Johnson. In fact, the word "infringed" unfortunately does not do justice to what has transpired. Put into common language, Reed, RLG, and their agents have, in stunning fashion, outright stolen APL's copyrighted materials; they systematically removed the copyright notices from every page repackaged them, added their own logo, and sold or distributed them widely, as if they were their own, at enormous profit.

Given that Reed claims to be a retired U.S. Army colonel, a former Army Airborne Ranger, the former Commander of two Army Aviation Brigades, claims to have passed almost 30 multistate bar examinations (including the legal ethics portions), is licensed to practice law before the United States Supreme Court, is licensed to practice law in at least 11 jurisdictions and he also claims to be "law professor," his conduct is shocking. Given his purported credentials and asserted knowledge of the law Reed cannot possibly claim ignorance of the applicable copyright laws and he clearly recognized what he was doing was wrong – if not illegal. Reed goes so far to threaten his students with the loss of their law license if they copy the materials he has stolen from APL.

APL and Defendants are competitors in the commercial bar examination preparation market. Drs. Saccuzzo and Johnson are both psychologists and

ABA-accredited law schools as well as psychology professors or adjunct professors at various universities and professional schools. Informed and inspired by their work as psychologists and as licensed attorneys, they developed a unique and comprehensive method to study for California and national (i.e., "multistate") bar examinations in the late 1990s. The method centers on their *magnum opus*: a series of concise statements of the law for each area of law they named the "Schema." The Schema compile the relevant laws into a unique format intended to best facilitate learning and memory in the human brain, and was created based on Drs. Saccuzzo and Johnson's extensive knowledge of the human brain.

As set forth more fully in the history of the case below, APL has now learned that all of its Schema, covering every subject tested on the California bar exam, have been unceremoniously stripped of their respective copyright notices by way of obliteration. The copying occurred in two phases. First, Defendants stripped off the copyright notice on every page and reproduced each page in electronic form without any copyright notice at all, and simply distributed them along with other materials. In the second phase, Defendants added a new (and thoroughly ironic) copyright notice to each, affixed Defendants' logo to them, and repackaged and resold them as Defendants' own (albeit plagiarized) work. Defendants continue to distribute both the unmarked and newly labelled files as their "Flowcharts," which are actually APL's Schema.

It is sometimes said that it is a rare case where a defendant simply steals the plaintiff's copyrighted material outright; even a cursory examination of the exhibits submitted with this motion will no doubt convince the Court that this is that rare and shocking case. These exhibits are summarized by the chart attached as **Exhibit "A"** to the Declarations of APL's principals.

Absent a preliminary injunction from this Court pending trial, which APL will unquestionably win on the merits, Defendants will continue distributing APL's

copyrighted works as their own to APL's detriment and, worse still, by doing so Defendants will cause irreparable harm to APL's Schema approach to teaching California and national bar examinations because Defendants lack the expertise to teach from the Schema. APL's reputation will in turn be irreparably harmed given it is known as the developer of the Schema approach for studying the law. Additionally, absent issuance of a preliminary injunction Defendants will continue harming the bar-taking public by failing to properly teach the Schema approach.

## II. HISTORY OF THE CASE

#### A. The Unique Foundations of the Schema.

Dr. Saccuzzo earned his Ph.D. in clinical psychology from Kent State University in 1973. His focus, even then, was on the processing and storage of information in human brains, and he is world renowned in the field of psychological testing. He has been a licensed clinical psychologist in good standing in California since 1976. He was a tenured professor of psychology at San Diego State University from 1975 through May of 2011, where he published hundreds of books, articles, professional presentations, and other works in the area of human information processing and storage. Upon retirement from SDSU in 2013, Dr. Saccuzzo was awarded the title Emeritus Professor of Psychology for his significant contributions to the growth in excellence and stature of SDSU. (See Declaration of Dennis P. Saccuzzo ("DPS Decl."), at ¶ 2, filed herewith.)

Dr. Saccuzzo, however, was not content to limit his studies to psychology, and after serving as the Director of the UCSD-SDSU Psychology Joint Doctoral Program he decided to attend law school. He obtained his juris doctor in 1997 magna cum laude and passed the California bar exam on his first attempt in February of 1998. (DPS Decl., at ¶ 3.) By this time, he and his long-time colleague, Dr. Johnson, had co-developed rudimentary versions of what would become the copyrighted, and infringed upon, Schema. (DPS Decl., at ¶¶ 5-7; Declaration of Nancy E. Johnson ("NEJ Decl."), at ¶ 3.)

Dr. Johnson earned her Ph.D. in clinical psychology from the University of California, San Diego, and San Diego State University in 1992, where her studies focused on neuropsychology. She has been a California-licensed psychologist in good standing since 1994. Dr. Johnson earned her juris doctor magna cum laude, served as the Editor in Chief of two law review journals, and passed the California bar exam on her first attempt in February of 1998. She too used the early versions of the Schema to aid her in passing the bar examination. (NEJ Decl., at ¶ 3.)

By late 2001 Drs. Saccuzzo and Johnson had copyrighted and published two books covering the basic subject matter of the California bar exam. These books, "Bar Secrets – The Multistate Subjects" and "Bar Secrets – The California-Specific Subjects" centered around the Schema. (DPS Decl., at ¶¶ 5-7; see also Exhibit Nos. 1-4 to Appendix of Exhibits in Support of Plaintiff's Motion for Preliminary Injunction "Appendix") These books presented a substantial expansion and refinement of the Schema originally developed by Drs. Saccuzzo and Johnson in law school and provided students with easy to study and recall compilations of the laws tested on the California bar exam. Of all the myriad ways to present these laws and methods by which to remember and teach them, whether in text or in diagrammatic format, Drs. Saccuzzo and Johnson developed the Schema specifically based on their extensive research as psychologists, years of teaching and their success on the exam. (DPS Decl. at ¶¶ 5-7 and NEJ Decl., at ¶ 4.)

#### B. APL Is Formed with the Schema as the Core.

On October 24, 2002, Drs. Saccuzzo and Johnson formally incorporated as APL, a California corporation with its principal place of business in San Diego. Drs. Saccuzzo and Johnson assigned to APL all their rights to the foregoing copyrighted works. (DPS Decl., at ¶ 8; NEJ Decl., at ¶ 5.) APL's goal since its formation by Drs. Saccuzzo and Johnson was to prepare students for the California bar exam through the Schema approach to teaching and studying. APL did so by contracting with law schools and individual law students for the sale and

distribution of APL's written materials, collectively known by their registered trademark and trade name, "Bar Secrets." The "BAR SECRETS" mark is protected by U.S. trademark registrations, Nos. 2,908,122 and 2,910,195. (DPS Decl. ¶ 8; NEJ Decl., at ¶ 5.)

Since then, APL has enjoyed success in the San Diego market in particular. It has published and advertised the Schema as the centerpiece and heart of its curriculum. The "schematic approach" is defined and explained at great detail on APL's website, <a href="www.barsecrets.com">www.barsecrets.com</a>. The Schema has set APL apart from all other bar preparation programs. By 2007, APL had registered 25 text or book copyrights and 15 audiovisual copyrights, all having the Schema at their core. (DPS Decl. ¶ 9; NEJ Decl., at ¶ 6.)

APL has never distributed the Schema in downloadable electronic format in order to prevent electronic transmission and copying. APL has licensed law schools under contract its audiovisual materials at a price of \$100,000 and later \$110,000 per year, but only under strict provisions aimed at protecting APL's intellectual property rights. Other than these limited licenses to law schools, APL has never licensed the Schema to any commercial competitor. APL holds the exclusive right to reproduce, distribute and teach the schema approach, and APL holds the rights to all of the copyrighted works at issue in this action. (DPS Decl. ¶ 10; NEJ Decl., at ¶ 7.)

## C. Contacts APL; APL's Suspicions Aroused.

became familiar with the Schema through Drs. Saccuzzo and Johnson's instruction and by her receipt of APL materials in connection with APL's 3L programs at Thomas Jefferson School of Law. (Declaration of at ¶ 2.) After failing to pass the California bar due to poor performance on the MBE (i.e., Multistate bar exam), requested a referral for a California bar review program that provided an emphasis on the MBE.

at ¶ 3.) then undertook to review Defendants' website to confirm that Defendants provided instruction for the California bar takers and the MBE. (Id. at ¶ 2 subsequently contacted Reed via email on March 16, 2015, asking for 3 information on his courses to prepare her for the July 2015 California bar exam. They communicated via email exchange on or about March 25, 2015, and via 5 telephone the next day. Reed sold on his course, and she paid \$3,990 to Decl., at  $\P$  5.) enroll. 7 Reed gave access to all of Defendants' (claimed) bar review materials 8 in electronic format online after enrolled. These materials consisted primarily of mini-outlines, long outlines, and "Flowcharts." 10 Upon cursory inspection of these "Flowcharts," was immediately struck by how much 11 they reminded her of APL's Schema she saw while in law school. 12 ¶ 6.) Indeed, upon closer inspection, she discovered that they were identical, 13 except that Defendants had removed APL's copyright warnings and imposed their 14 own copyright warning. (Id. at ¶¶ 7-8.) 15 On November 27, 2015, notified Dr. Saccuzzo that she had taken the 16 July 2015 California bar exam after taking Defendants' bar review course, but that 17 she had still not passed. She sought Dr. Saccuzzo's advice, and in that context she 18 commented to Dr. Saccuzzo that she found it "strange" that Defendants' 19 "Flowcharts" were identical copies of APL's Schema. (Decl., at ¶ 9.) 20 Surprised by this revelation, Dr. Saccuzzo requested forward him an 21 example of Defendants' "Flowcharts." then forwarded to Dr. Saccuzzo 22 Defendants' "Contracts Flow Chart," a PDF file easily transmitted via email. It 23 was immediately obvious to that Defendants had reproduced (in electronic 24 PDF format) APL's contracts schema and obliterated APL's copyright notices, 25 logos, and so forth, and simply interlineated all of their own versions of those 26 instead. Decl., at ¶ 9; DPS Decl., at ¶ 16.) 27 //// 28

### D. Reed, RLG, and the Copyright Heist.

From what APL has thus far gathered, RLG is the corporate name Reed currently uses, and has used on at least two prior occasions. He has done business through RLG using multiple fictitious business names, including passyourbar.com, reedlawgroup.com, pre-lawreview.com, maxyoursat.com, lawschooltutoring.com, and multistatetesting.com. Currently, RLG and Reed do business under his latest fictitious business name, Reed Bar Review, which can be found at www.reedbarreview.com. (Declaration of Michael A. Vanags Decl., at ¶ 4.)

APL's investigation further revealed that on June 20, 2011, Reed's long-time assistant, Kelly Drew, bought the entire set of APL's materials through APL's website using a credit card and the email address kellydrew483@yahoo.com. (NEJ Decl., at ¶ 9; see also Vanags Decl., at ¶ 5.) APL shipped the books on the evening of June 20, 2011 by USPS 3-day Priority Mail to Ms. Drew's home located at 7304 N. Olcott Avenue, Chicago, IL 60631. (NEJ Decl., at ¶ 9.)

On December 20, 2012, Reed's wife, Carolyn Lammersfeld, purchased APL's California-specific book using a credit card and the email address veggiegolfer@aol.com. (NEJ Decl., at ¶ 9; Vanags Decl., at ¶ 3.) APL shipped the book to her on the evening of December 20, 2012, by USPS Priority Mail to 333 North Canal Street, #2403, Chicago, IL 60606, which is believed to have been RLG's corporate headquarters at that time. (NEJ Decl., at ¶ 9.)

Based on the metadata of the PDFs received from Reed and produced to Dr. Saccuzzo, which metadata was easily accessed via right clicking the files, then selecting "Properties," Dr. Johnson discovered that on December 26, 2012 through December 28, 2012, as to the California-specific subjects, and June 24 through July 6, 2011, as to the Multistate Subjects, Defendants obliterated APL's copyright notices, address, and other identifiers; scanned the altered documents into a word processor; and added Reed Bar Review's logo, address, and other information. The metadata additionally showed "Hugh Reed" in the "Author"

field in some documents. (NEJ Decl., at ¶ 11.) Additionally, Reed added the following bolded text to some of the copyrighted materials stolen from APL:

WARNING: Remember these notes are for your use only. Photocopying, transmitting, or otherwise sharing these notes with anyone is a violation of copyright laws. Do not jeopardize your license to practice law by infringing on protected intellectual property. (NEJ Decl., at ¶ 11.)

#### E. The Status Quo.

APL has learned that, at present, Defendants and their agents lure and entice potential California students through the distribution – *free of charge* – of APL's copyrighted works. (Decl. Vanags, at ¶¶ 8-9.) They also solicit student representatives in California to further distribute copies of the copyrighted material they brazenly stole from APL. From what APL has discovered so far, it is clear that APL has only begun to scratch the surface on Defendants' routine, sustained, and criminal copyright theft. Defendants continue to solicit students specifically from California and have student representatives and agents here in the State, unwittingly participating in his scam. (Vanags Decl., at ¶ 10.) In addition, Reed and/or RLG follow APL's Twitter account, and have done so since at least 2013. (NEJ Decl., at ¶ 12.)

It is also important to note that *after* APL filed its Complaint in this action, but before APL was able to secure service of its Complaint on Defendants, APL received, directly from "Hugh Reed," a purchase order for copies of APL's most recent copyrighted versions of its Schema. (NEJ Decl., at ¶ 22.) The purchase order was dated January 12, 2016, and was placed through Reed's personal PayPal account to APL. (<u>Ibid.</u>) APL's San Diego address was plainly stated on the invoice immediately sent to Reed, and Reed sought delivery of APL's most recent copyrighted Schema to his corporate address located at 360 W. Illinois, Suite 509, Chicago, Illinois 60654. (<u>Ibid.</u>; see also Declaration of Jason P. Saccuzzo, at ¶ 4 regarding APL's efforts to serve Defendants.) Reed's purchase order is clear

evidence that if he is not enjoined by this Court, he will continue to infringe upon APL's copyrighted Schema. APL has further learned that Defendants are signing up additional California students for the July 2016 California bar exam, which is why Reed most likely sought copies of APL's most recent copyrighted Schema. (NEJ, at ¶ 22.)

## III. THIS COURT HAS PERSONAL JURISDICTION OVER DEFENDANTS

As a preliminary matter, the Court has personal jurisdiction over Defendants in this case. Personal jurisdiction exists if, among other things:

(1) The non-resident defendant must purposefully direct his activities or consummate some transaction with the forum or resident thereof; or perform some act by which he purposefully avails himself of the privilege of conducting activities in the forum, thereby invoking the benefits and protections of its laws; (2) the claim must be one which arises out of or relates to the defendant's forum-related activities; and (3) the exercise of jurisdiction must comport with fair play and substantial justice, i.e. it must be reasonable.

See *Brayton Purcell LLP v. Recordon & Recordon*, 606 F.3d 1124, 1128 (9th Cir. 2010); see also *CollegeSource, Inc. v. AcademyOne, Inc.*, 653 F.3d 1066, 1077 (9th Cir. 2011); *Washington Shoe Co. v. A-Z Sporting Goods Inc.*, 704 F.3d 668, 672 (9th Cir. 2012). All of those requirements are satisfied here.

## A. Defendants Purposefully Directed Their Activities at California.

The first prong of the forgoing test is satisfied by demonstrating that the defendant either purposefully availed itself of the privilege of conducting activities in the forum, or purposefully directed its activities at the forum. *Washington Shoe Co.*, *supra*, at pg. 672. In the context of copyright infringement cases, courts typically apply the "purposeful direction" or "effects" test. *Ibid*. This test requires that the defendant: "(1) committed an intentional act, (2) expressly aimed at the forum state, (3) causing harm that the defendant knows is likely to be suffered in

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the forum state." *Ibid.*, quoting *Mavrix Photo, Inc. v. Brand Technologies, Inc.*, 647 F.3d 1218, 1228 (9th Cir. 2011). The "purposeful direction" or "effects" test is easily established here, as plead in great detail in the Complaint at paragraphs 12 through 28.

First, Defendants committed an intentional act by engaging in copyright infringement. See *Brayton Purcell LLP*, *supra*, *at pg*. 1129 [holding that the "intentional act" element is easily satisfied by allegations of copyright infringement].

Second, Defendants expressly aimed their intentional acts at APL by engaging in willful copyright infringement targeted at APL, which Defendants knew to be a resident of California. See Washington Shoe Co., supra, 704 F.3d at pg. 678 [holding that where the defendant knew or should have known that the plaintiff was a Washington company, the defendant's intentional acts were expressly aimed at the state of Washington so as to confer jurisdiction in the state Here, Defendants ordered APL's books containing APL's of Washington]. copyrighted schemas on at least two separate occasions. When Defendants purchased APL's books from APL's website, APL's website prominently displayed "Bar Secrets California bar prep and MBE books," listed a San Diego telephone number and contained numerous products geared toward the California bar exam. On each of the books Defendants and their agents received, the bottom right corner of the title page says "Applications of Psychology to Law, Inc. San Diego, California." On the back of that page, APL's complete San Diego address, telephone number, and fax number were listed. In several of the books, following there is an "About Us" page that explicitly states that "we are located in San Diego, California." Additionally, the bar preparation industry is a relatively small and specialized field, such that it can be inferred that Defendants knew of APL's existence, targeted APL's business, and entered into direct competition with APL in California. (NEJ, at ¶ 12.) Nonetheless, Defendants plagiarized APL's

copyrighted California material and republished the materials to Defendants' students.

Third, Defendants' conduct caused harm that they knew was likely to be suffered in California. There is no question Defendants' conduct would have "foreseeable effects" in California given Defendants specifically solicit California bar takers (including ); thus, they are engaged in direct competition with APL in California, the holder of the subject copyrights. For example, in Washington Shoe Co., supra, 704 F.3d at pg. 679 the court had no problem finding this element because the defendant knew that its intentional acts would have an impact on the plaintiff and it knew that the plaintiff had its headquarters in the state of Washington. The defendant thus knew or should have known that the impact of its willful infringement of the plaintiff's copyright would cause harm likely to be suffered in the forum. As a consequence, the Washington Shoe Co. concluded that the defendant there "can 'reasonably anticipate being haled into court' in Washington." Id. at 679. The Defendants here are in no different position, and they should have reasonably anticipated being haled into a California court after specifically targeting a California corporation's copyrighted materials.

## B. Plaintiff's Copyright Infringement Claim Arises Out Of, or Relates to Forum Activities.

APL's claims arise directly out of Defendants' forum-related activities; i.e. their infringement of APL's intellectual property rights.

# C. Exercise of Jurisdiction Over Defendants Comports with Fair Play and Substantial Justice.

APL easily establishes a prima facie case for the assertion of specific (if not general) jurisdiction over Defendants. Accordingly, in the event Defendants attempt to contest jurisdiction the burden shifts to defendants "to 'present a compelling case' that the exercise of jurisdiction would be unreasonable and therefore violate due process." *CollegeSource, Inc., supra*, 653 F.3d at pg. 1080.

Whether the exercise of jurisdiction comports with "fair play and substantial justice" is determined by application of the following seven factors:

(1) the extent of the defendants' purposeful injection into the forum state's affairs; (2) the burden on the defendant of defending in the forum; (3) the extent of the conflict with the sovereignty of the defendant's state; (4) the forum state's interest in adjudicating the dispute; (5) the most efficient judicial resolution of the controversy; (6) the importance of the forum to the plaintiff's interest in convenient and effective relief; and (7) the existence of an alternative forum.

Application of the foregoing factors confirms that jurisdiction is proper in California. First, Defendants interjected themselves into the forum by virtue of profiting from the sale of APL's copyrighted works, including in the state of California. Defendants solicited California law students and bar takers by phone, e-mail, the internet and social media marketing. Defendants' websites included information on California law schools and the California bar exam, and served registered users who identified themselves as California residents.

Second, while Reed resides in Illinois, he travels extensively and has visited locations in California. Reed advertises that he takes the bar every six months and travels as far as Guam to do so. Travelling to Guam from Illinois is much more burdensome than travelling from Illinois to San Diego. Indeed, Reed boasts on Facebook that his "satellite phone works from anywhere in the world." Therefore, travelling to San Diego to defend this action would not be onerous to Defendants' business or him personally, which is based in large part upon the theft of APL's copyrighted schemas.

Third, state sovereignty is generally not an issue between states, but rather becomes an issue when the international community is involved. Illinois' sovereignty is not at play: these claims arise out of the federal Copyright Act, and no member of the international community is a party.

Fourth, the injuries arise in the Southern District of California, where APL resides; therefore, California has a strong interest in adjudicating this dispute.

Fifth, APL, all of APL's employees, key witnesses, including documents are located in California. There is no real benefit in terms of judicial effectiveness to have the case heard anywhere else.

Sixth, APL provides direct services in California, including teaching under contract in classrooms in San Diego continuously with few interruptions or breaks in the calendar year. Specifically, these services include regular semester-long courses, including a for-credit 3-unit third year law student course and another for-credit 2-unit course. In between semesters, APL's principals conduct a live full bar review course twice a year, under contract to a law school, for the California bar exam. APL's principals do not often travel outside California.

Seventh, because California is a reasonable forum, there is no need to consider whether another reasonable forum exists.

In conclusion, Defendants engaged in intentional acts that willfully infringed upon APL's copyrighted materials, knowing that their activities would adversely impact APL in the state of California, and knew or should have known both about the existence of the copyright and the forum. Thus, Defendants' intentional acts were expressly aimed at APL in California and the harm was felt in California, and Defendants continue to target APL in California as evidence by their recent purchase order. Therefore, this Court clearly has jurisdiction to issue an order enjoining Defendants from continuing to violate APL's copyrights.

## IV. <u>LEGAL STANDARD FOR PRELIMINARY INJUNCTION</u>

The grant of a preliminary injunction is governed by Rule 65 of the Federal Rules of Civil Procedure. It is an equitable remedy, the basis of which being irreparable injury and the inadequacy of legal remedies. *Weinberger v. Romero-Barcelo*, 456 U.S. 305, 312 (1982); *Stanley v. University of Southern Calif.*, 13 F.3d 1313, 1320 (9th Cir. 1994). In the context of the Copyright Act, 17 U.S.C. section 502 governs the issuance of injunctions. This Court may grant a preliminary injunction "on such terms as it may deem reasonable to prevent or

restrain infringement of a copyright." 17 U.S.C., § 502, subd. (a). In considering the issuance of the injunction, the Court must balance: (1) the likelihood that the moving party will prevail on the merits at the final hearing; (2) the extent to which the moving party will suffer irreparable injury in the absence of relief; (3) that the balance of equities tips in the moving party's favor; and (4) that an injunction is in the public interest. *Winter v. Natural Resources Defense Council, Inc.*, 555 U.S. 7, 20 (2008).

Because of the urgency of obtaining a preliminary injunction at a point when there is limited factual development, "the rules of evidence do not apply strictly to preliminary injunction proceedings." *Herb Reed Enterprises, LLC v. Florida Entertainment Management, Inc.*, 736 F.3d 1239, 1250, fn. 5 (9th Cir. 2013). For preliminary injunctive relief, the Court need only find a probability that necessary facts will be established, not that such facts actually exist. *Sierra On-Line, Inc. v. Phoenix Software, Inc.*, 739 F.2d 1415, 1423 (9th Cir. 1984). The normal method to carry the burden of proof is by way of declarations. *Sierra Club, Lone Star Chapter v. FDIC*, 992 F.2d 545, 551 (5th Cir. 1993).

#### A. APL Will Win at Trial.

A claim for copyright infringement is comprised of two elements: (1) the plaintiff owns a valid copyright interest; and (2) the defendant copied protected material. Feist Publications, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 361 (1991); see also A&M Records, Inc. v. Napster, Inc., 239 F.3d 1004 (9th Cir. 2001) ["Plaintiffs must satisfy two requirements to present a prima facie case of direct infringement: (1) they must show ownership of the allegedly infringed material and (2) they must demonstrate that the alleged infringers violate at least one exclusive right granted to copyright holders under 17 U.S.C. § 106."]. A copyright registration certificate, dated within five years of the initial publication of the work, provides prima facie evidence of the validity of the copyright, such that the holder of the certificate need not put on evidence of ownership or originality in the

work. See 17 U.S.C. § 410(c); *Lamps Plus, Inc. v. Seattle Lighting Fixture Co.*, 345 F.3d 1140, 1144-45 (9th Cir. 2003). Rather, the burden is on the defendant to overcome the presumption of validity. *Bibbero Systems, Inc. v. Colwell Systems, Inc.*, 893 F.2d 1104, 1106 (9th Cir. 1990).

### i. APL Owns the Copyrights.

APL's books – "Bar Secrets – The Multistate Subjects" and "Bar Secrets – The California-Specific Subjects" contain the core copyrighted Schema that Defendants stole. They were both registered on November 5, 2001 by Dr. Saccuzzo (registration numbers TX0005519699 and TX0005784087) and have been assigned to APL. (DPS Decl., at ¶ 11; NEJ Decl., at ¶ 13; see also Exhibits Nos. 1-4 to the Appendix) APL's "Bar Secrets – The Multistate Subjects" book contains the copyrighted Schema for contracts, torts, property, evidence, constitutional law, criminal law, and criminal procedure. APL's "Bar Secrets – The California-Specific Subjects" book contains the copyrighted Schema for professional responsibility, community property, wills, trusts, civil procedure, corporations, and remedies. DPS Decl., at ¶ 11; NEJ Decl., at ¶ 13.)

APL subsequently published single subject books containing the new subjects added to the California bar exam. These books include:

- "Bar Secrets Agency & Partnership," registered on 09/13/2007, registration number TX0006839809 (Exhibit Nos. 5-6 to the Appendix);
- "Bar Secrets California Civil Procedure," registered on 09/13/2007, registration number TX0006839439 (Exhibit Nos. 7-8 to the Appendix);
- "Bar Secrets California Evidence," registered on 09/13/2007, registration number TX0006855289 (Exhibit Nos. 9-10 to the Appendix).

(DPS Decl., at ¶ 12; NEJ Decl., at ¶ 14.) APL holds the exclusive right to reproduce each of these books. (<u>Ibid.</u>)

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APL's "Bar Secrets – The Multistate Subjects" and "Bar Secrets – The California-Specific Subjects" were later updated and re-published with additional materials as single stand-alone books as follows:

- "Bar Secrets Constitutional Law," registered on 05/02/2006, registration number TX0006376759 (Exhibit Nos. 11-12 to the Appendix);
- "Bar Secrets Bar Secrets Contracts & UCC Sales," registered on 05/10/2006, registration number TX0006370947 (Exhibit Nos. 13-14 to the Appendix);
- "Bar Secrets Criminal Procedure," registered on 05/08/2006, registration number TX0006375887 (Exhibit Nos. 15-16 to the Appendix);
- "Bar Secrets Criminal Law," registered on 05/10/2006, registration number TX0006374395 (Exhibit Nos. 17-18 to the Appendix);
- "Bar Secrets Evidence," registered on 05/02/2006, registration number TX0006370922 (Exhibit Nos. 19-20 to the Appendix);
- "Bar Secrets Professional Responsibility ABA Rules plus California Distinctions," registered on 05/08/2006, registration number TX0006375889 (Exhibit Nos. 21-22 to the Appendix);
- "Bar Secrets Property," registered on 05/08/2007, registration number TX0006370898 (Exhibit Nos. 23-24 to the Appendix);
- "Bar Secrets Torts," registered on 05/08/2006, registration number TX0006375888 (Exhibit Nos. 25-26 to the Appendix);
- "Bar Secrets Wills and Trusts," registered on 05/08/2006, registration number TX0006373673 (Exhibit Nos. 27-28 to the Appendix);
- "Bar Secrets California Community Property," registered on 05/08/2006, registration number TX0006373473 (Exhibit Nos. 29-30 to the Appendix).
- "Bar Secrets Corporations," registered on 05/08/2006, registration number TX0006375290 (Exhibit Nos. 31-32 to the Appendix);

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TX0006375890 (Exhibit Nos. 33-34 to the Appendix).

reproduce each of these books. (Ibid.)

37-38 to the Appendix).

reproduce each of these books. (Ibid.)

ii.

contained in these schemas:

Appendix);

"Bar Secrets – Remedies," registered on 05/08/2006, registration number

In addition, APL published two essay books that incorporated the law

• "Bar Secrets: An Essay Approach for the Multistate Subjects," registered on

05/15/2006, registration number TX0006371093 (Exhibit Nos. 35-36 to the

"Bar Secrets: An Essay Approach for the California-Specific Subjects,"

registered on 05/08/2006, registration number TX0006375886 (Exhibit Nos.

As established above, APL holds the exclusive right to reproduce each of

As the owner of the copyrighted works, the Copyright Act confers upon

(DPS Decl., at ¶ 14; NEJ Decl., at ¶ 16.) APL holds the exclusive right to

these books, each of which has been properly registered with the U.S. Copyright

Office. (DPS Decl., at ¶ 14; NEJ Decl., at ¶ 17.) Accordingly, APL has established

**Defendants Copied Protected Materials.** 

(DPS Decl., at ¶ 13; NEJ Decl., at ¶ 15.) APL holds the exclusive right to

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APL the exclusive right to reproduce the works, prepare derivative works, distribute copies of the work, and display the work publicly. 17 U.S.C. § 106; Feist

prima facie proof that its Schema are protected by copyright law.

Publications, Inc. v. Rural Telephone Service Co., Inc., supra, 499 U.S. at pg. 361.

Copying can be proven by direct or circumstantial evidence. Because direct evidence of copying is generally not available, copying can be established by

showing that a defendant had access to the copyrighted work before the creation of

the infringing work, and that the parties' works are substantially similar. Cavalier

v. Random House, Inc., 297 F.3d 815, 822 (9th Cir. 2002). Access is established if

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a plaintiff shows that the defendant had "an opportunity to view or to copy the plaintiff's work." See *Sid and Marty Krofft Television Productions, Inc. v. McDonald's Corp.*, 562 F.2d 1157, 1172 (9th Cir. 1977).

Here, APL's investigation has revealed irrefutable direct evidence of Defendants purchase and copying of the foregoing copyrighted materials in 2011 and 2012, which APL only discovered in late November 2015 when informed Dr. Saccuzzo of the similarity between Defendant and APL's materials. (DPS Decl., at ¶¶ 16-17; NEJ Decl., at ¶¶ 8-12.) Since learning of Defendants' willful infringement, APL has acted diligently to protect its rights by hiring an investigator to gather evidence, preparing and filing a complaint, and seeking a preliminary injunction as sought by this motion.

In short, however, APL's entitlement to the relief it seeks is as simple as examining APL's copyrighted schemas with Defendants' plagiarized PDF photocopies of APL's copyrighted schemas. A comparison with APL's copyrighted schemas with Defendants' "Flowcharts" clearly establish the second element of copyright infringement; i.e., copying of a copyrighted work. Defendants' "Flowcharts" are attached to the Appendix as Exhibits Nos. 39 through 61, and are cross-referenced with APL's copyrighted schema in Exhibit "A" to the Declarations of Drs. Saccuzzo and Johnson. However, by way of just one example, Exhibit No. 1, pages 1 through 13 to the Appendix depicts APL's copyrighted Schema for Contracts. Exhibit Nos. 39 and 40 to the Appendix depict Reed Bar Review's stolen "Flowcharts" for Contracts, which Defendants actually provide to prospective students for free. (Vanags Decl., at ¶ 9; see also Exhibit No. 65 to the Appendix.) This is but *one example*; Reed's perfidy, however, is not yet bounded. APL must still conduct discovery to discern the full extent of its damages and Reed's thefts. Liability, however, will be a very simple matter to establish. Decl., at ¶¶ 6-11; (DPS Decl., at ¶¶ 18-19; NEJ Decl., at ¶ 8-12; see also Chart attached as Exhibit "A" to DPS and NEJ Declarations.)

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## B. Irreparable Injury Has Already Occurred and Will Only Continue.

It is worth noting that up until the *Winter* case, *supra* and *infra*, the Ninth Circuit and other courts held irreparable injury could be presumed from the simple infringement of intellectual property rights. See *GoTo.com*, *Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1205 (9th Cir. 2000). Since 2011, however, the Ninth Circuit requires at least a basic factual showing of irreparable harm. *Flexible Lifeline Systems, Inc. v. Precision Lift, Inc.*, 654 F.3d 989, 1000 (9th Cir. 2011).

Plaintiffs seeking preliminary relief must demonstrate that irreparable injury is likely in the absence of an injunction. Winter, supra, 555 U.S. at p. 22. "Harm may be irreparable where the loss is difficult to replace or measure, or where plaintiffs should not be expected to suffer the loss[.]" American Broadcasting Companies, Inc. v. Aereo, Inc., 2013 WL 1508894 at \*4, fn. 54 (N.D. Cal. 2013), citing to WPIX, Inc. v. ivi, Inc., 691 F.3d 275, 285 (2nd Cir. 2012). Injury to reputation or goodwill can provide the basis for injunctive relief. Herb Reed Enterprises, LLC, supra, 736 F.3d at p. 1250. Loss of prospective goodwill is similarly a basis for injunctive relief, e.g., by deprivation of the opportunity to expand business. Stuhlbarg Intern. Sales Co., Inc. v. John D. Brush and Co., Inc., 240 F.3d 832, 841 (9th Cir. 2001). Under limited circumstances, a claim of irreparable harm in a private action may be based on harm to the general public. California Independent System Operator Corp. v. Reliant Energy Services, Inc., 181 F.Supp.2d 1111, 1129 (E.D. Cal. 2001). The loss of opportunity to pursue one's chosen profession may also constitute irreparable harm. Arizona Dream Act Coalition v. Brewer, 757 F.3d 1053, 1068 (9th Cir. 2014).

Defendants have blatantly violated the Copyright Act such as to subject its principals to potential criminal liability. Beyond this, APL's copyrighted materials are based on decades of psychological research and knowledge; the correct manner in which to teach these materials is known to Drs. Saccuzzo and Johnson *uniquely*.

Those who are not licensed psychologists knowledgeable in this particular field, or at the very least laypersons trained by Drs. Saccuzzo and Johnson, could not reasonably teach them to others. Defendants are thus causing irreparable injury to the bar exam-taking public by failing to properly teach the Schema method, as they did to who risk failing their respective bar exams (not to mention jeopardizing their nascent careers). Moreover, by distributing APL's copyrighted work with the copyrights obliterated, defendants created a situation in which bartaking recipients might unwittingly infringe by further distributing the files, not knowing the work is protected. (DPS Decl., at ¶ 20; NEJ Decl., at ¶ 20.) APL submits this is a sufficiently heinous con to pull on the general public as to warrant relief.

Additionally, Defendants are direct competitors of APL, and the California and national bar review market is a relatively narrow market. APL has spent years building the reputation of the Schema as a superior way of studying the California bar and national bars, as well as the law generally. The uniqueness of APL's study approach is summed up by its trade name – "Bar Secrets." APL has undertaken significant effort to protect its unique intellectual property rights, including prohibiting the electronic copying and transmission of its copyrighted Schema. (DPS Decl., at ¶ 21; NEJ Decl., at ¶ 21.) Defendants, however, have undermined all of these efforts by copying in PDF format APL's copyrighted Schema and making them available to Defendants' students bar review – for fees ranging from \$1,595 to \$14,495 – in direct competition with APL. Defendants have gone so far as to distribute samples of APL's copyrighted materials as their own, but to do so *free of charge* to lure students to purchase Defendants' bar review courses. (DPS Decl., at ¶ 21; NEJ Decl., at ¶ 21; Vanags Decl., at ¶ 9.)

Again, APL does not distribute its materials electronically. It has only ever granted strictly limited licenses to reputable law schools. It sells its materials in hard copy format to students all over the country. (DPS Decl., at ¶ 22.) Defendants

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have thus already evinced a malignant heart toward imperiling both the present and prospective goodwill of APL, and have undoubtedly attracted customers using the enticing prospect of more Schema such as the free one they hand out; indeed, Defendants did so just several days before this lawsuit was filed. (Vanags Decl., at ¶ 9.) The threat of continued violations is thus self-evident and egregious.

It must also be observed that Drs. Saccuzzo and Johnson are both highly respected professors and researchers. They could have both easily remained in the field of psychology and could have continued their studies of psychological testing and research. Both, however, choose to take a different path after establishing successful careers in the field of psychology to study law. After passing the bar exam Drs. Saccuzzo and Johnson could have entered the lucrative field of expert witness work or administration in higher education. Dr. Saccuzzo, for his part, left his position as the Director of the UCSD-SDSU Psychology Joint Doctoral Program, a position that would have certainly led to a higher dean position, to study the law. Rather than attempt to cash-in on any of the multiple opportunities open to them, Drs. Saccuzzo and Johnson instead choose to develop a unique system for studying the law and for the bar exam so as to help countless law students achieve their professional goals. The Schema represents twenty years of collaborative work by APL's principals, Drs. Saccuzzo and Johnson, which Defendants stole with the click of a button on a scanner. (DPS at ¶ 22; NEJ at ¶ APL and its principals, both of whom are unquestionably hard-working entrepreneurs and teachers, whose mission has always and ever been to help people achieve their professional goals, should not be expected to have the last twenty years of their hard work surreptitiously and ignominiously stolen from them by Defendants.

While considerable damage has already undoubtedly been done by Defendants' electronic transmission of APL's copyrighted Schema (both to APL and the public), the damage will only continue if Defendants are not immediately

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enjoined. Each day that passes while Defendants engage in the willful infringement of APL's copyrighted Schema renders the Schema vulnerable to further copying and transmission by Defendants and their students and prospective students. Even though Defendants threaten their students with the potential loss of their law license in some of the files, it is only a matter of time before APL's copyrighted Schema become widely available on the internet – likely free of charge – to anyone willing to hit "download" on their computer, particularly because many of the files defendant distributes contain no copyright notice at all. Once APL's copyrighted Schema are awash on the internet they will no longer be unique and subject to any reasonable protection. APL's copyrighted Schema will also likely be misused by the unwitting copyright infringers such that APL's reputation and bar review program will be irreparably damaged – to the extent it hasn't already been. A simple decree for monetary damages here, no matter the amount, can never fully compensate APL and the public for the harm caused by Defendants.

## C. Balance of Equities Tip Sharply in Favor of Plaintiff.

Before a preliminary injunction may issue, the Court must identify the harm that it may cause the defendant and weigh it against the plaintiff's threatened injury. Earth Island Institute v. Carlton, 626 F.3d 462, 475 (9th Cir. 2010). The balance of hardships will overwhelmingly tip in plaintiff's favor if the harm plaintiff faces without an injunction is of a greater duration than the harm defendant faces if an injunction is granted. League of Wilderness Defenders/Blue Mountains Biodiversity Project v. Connaughton, 752 F.3d 755, 765 (9th Cir. 2014). The injury a defendant might suffer if an injunction were imposed should be discounted if the defendant brought the injury upon itself by the conduct sought to be enjoined; the defendant "cannot complain of the harm that will befall [it] when properly forced to desist from [its] infringing activities." Triad Systems Corp. v. Southeastern Exp. Co., 64 F.3d 1330, 1338 (9th Cir. 1995); see also

Novartis Consumer Health, Inc. v. Johnson & Johnson-Merck Consumer Pharmaceuticals Co., 290 F.3d 578, 596 (3rd Cir. 2002).

The harm to Defendants here is only that harm they have *intentionally* brought on themselves, *i.e.*, they can no longer operate their business by out-and-out theft of the hard work of others. This is not even a case of reckless disregard; it is instead outright and knowing theft of APL's copyrighted materials and open flouting of the law by a person (Reed) who trades on his former alleged military service. Plaintiff does not ask this Court to enjoin Defendants from conducting their business in its entirety, only that it stop them from infringing upon Plaintiff's copyrighted works. In addition, Plaintiff asks the Court to enjoin them from in any manner destroying or eliminating electronically-stored information so that the full scope of their thefts may be uncovered through formal discovery.

In short, Defendants would suffer no discernible "harm" in that they will only be enjoined from illegal and criminal acts, and from covering their tracks. Any argument to the contrary by Defendants would be akin to car thief complaining that he can no longer get to work because the car he stole was returned to the rightful owner. It is legal maxim that "[n]o one can take advantage of his own wrong." Cal. Civ. Code 3517.

It must also be observed that APL's investigation has revealed that Reed has few assets to satisfy a judgment, and that Reed routinely creates shell companies to do his bidding. (Vanags Decl. at ¶ 10.) APL anticipates that Reed will claim poverty when hit for the full compensatory and statutory damages he is liable for as a result of his willful infringement. APL further expects that discovery will reveal Reed infringed upon other bar review companies, which will undoubtedly expose him to additional lawsuits and will reduce any ability he might have to pay a judgment in favor of APL if he is sued by other companies. Thus, a damage award is clearly an inadequate remedy.

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#### D. The Public Would Be Served, Not Harmed.

"Since Congress has elected to grant certain exclusive rights to the owner of a copyright in a protected work, it is virtually axiomatic that the public interest can only be served by upholding copyright protections and, correspondingly, preventing the misappropriation of the skills, creative energies, and resources which are invested in the protected work." *City of Carlsbad v. Shah*, 850 F.Supp.2d 1087, 1113-1114 (S.D. Cal. 2012), quoting from *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240, 1255 (3rd Cir. 1983).

As a starting point, then, this is a textbook case where the public is far better served by enjoining these Defendants from further misappropriating the decades of hard work from Plaintiff. In this sense, this case is very similar to a case from the Eastern District of Pennsylvania, *Grant Heilman Photography, Inc. v. John Wiley & Sons, Inc.*, 864 F.Supp.2d 316 (E.D. Pa. 2012). In that case, a photographer found that his copyrighted photographs were being used without his authorization and without compensation in the defendant's textbooks. The defendant sold these textbooks to various universities and lower schools. *Grant Heilman Photography, Inc. v. John Wiley & Sons, Inc.*, 864 F.Supp.2d 316, 319-320 (E.D. Pa. 2012). When the plaintiff brought a motion for a preliminary injunction, the defendant argued that the public interest would be harmed insofar as the universities and schools that were making use of his textbooks would have to stop doing so, and all of their students and teachers would be unable to continue with their lessons. *Grant Heilman, supra,* 864 F.Supp.2d at p. 334-335.

The court rejected this argument. In doing so, it primarily focused on the fact that the plaintiff requested a narrow scope of relief in the injunction, and that the plaintiff had a very strong case on the merits. *Heilman, supra*. Here, as with that plaintiff, APL requests only that the Court order Defendants to immediately cease any further use of the Schema, and to immediately preserve all potential electronically stored information so that APL can fully determine the extent of

Defendants' criminal infringements. Similarly, APL is virtually guaranteed success on the merits.

Finally, it should also be noted that no innocent third parties would be harmed by the requested preliminary injunction because APL is not seeking to require innocent students of Reed, who were bona fide purchasers, to return their illegal copies of APL's Schema. These students will still be free to use their illegal copies for the upcoming February bar exam, although APL will seek a customer list from Defendants so that these third parties can be notified at some point that they bought purloined bar review materials. The preliminary injunction would simply prevent Defendants from continuing to distribute APL's materials to Defendants' new students following the issuance of the preliminary injunction.

#### V. **CONCLUSION**

APL submits that a mere glance at the Exhibits to this motion (Cross-Referenced in Exhibit "A" to Drs. Saccuzzo and Johnson's Declarations) demonstrates APL's entitlement to injunctive relief. Therefore, Plaintiff respectfully submits the Court should immediately enjoin Defendants from any further use of Plaintiff's copyrighted works, and prevent Defendants from destroying any evidence of the full extent of their thefts.

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Dated: January 20, 2016 VIVOLI SACCUZZO, LLP

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By: /s/ Jason P. Saccuzzo 23 MICHAEL W. VIVOLI 24 JASON P. SACCUZZO MICHAEL L. FEDERICI 25 Attorneys for Plaintiff, 26 APPLICATIONS OF PSYCHOLOGY TO LAW, INC.

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