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 7 CYBERSitter, LLC d/b/a Solid Oak Software

8 UNITED STATES DISTRICT COURT
 9 CENTRAL DISTRICT OF CALIFORNIA - WESTERN DIVISION

10
 11 CYBERSitter, LLC, a California limited
 12 liability company, d/b/a Solid Oak Software,

13 Plaintiff,

14 v.

15 The People's Republic of China, a foreign
 16 state; Zhengzhou Jinhui Computer System
 Engineering Ltd., a Chinese corporation;
 17 Beijing Dazheng Human Language
 Technology Academy Ltd., a Chinese
 18 corporation; Sony Corporation, a Japanese
 corporation; Lenovo Group Limited, a
 19 Chinese corporation; Toshiba Corporation, a
 Japanese corporation; ACER Incorporated, a
 20 Taiwanese corporation; ASUSTeK
 Computer Inc., a Taiwanese corporation;
 21 BenQ Corporation, a Taiwanese
 corporation; Haier Group Corporation, a
 22 Chinese corporation; DOES 1-10, inclusive,

23 Defendants.

CASE NO.

CY10-0038 CAF (SHX)

**COMPLAINT FOR
 MISAPPROPRIATION OF TRADE
 SECRETS; UNFAIR
 COMPETITION; COPYRIGHT
 INFRINGEMENT; AND CIVIL
 CONSPIRACY**

DEMAND FOR JURY TRIAL

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COMPLAINT

1 Plaintiff CYBERSitter, LLC d/b/a Solid Oak Software ("Solid Oak" or
2 "Plaintiff") alleges, on information and belief, as follows:

3 **NATURE OF THE ACTION**

4 1. This action arises from one of the largest cases of software piracy in
5 history, wherein two Chinese companies, backed by the Chinese government, stole
6 approximately 3,000 lines of code from a small American company's software
7 program, and disseminated it to tens of millions of end users in China with the willing
8 participation of computer manufacturers who chose to turn a blind eye to the illegal
9 and otherwise surreptitious nature of the pirated program in order to gain increased
10 access to the vast Chinese market by participating in the Chinese government-led
11 initiative to proliferate the illegal program throughout China (the "Green Dam
12 Initiative").

13 2. Solid Oak is a small family-owned software company based in Santa
14 Barbara, California. Solid Oak developed and marketed an award-winning Internet
15 content filtering program called CYBERSitter, which was designed to help parents
16 protect their children from viewing inappropriate pornographic and violent content on
17 the Web. CYBERSitter was the first commercially available Internet content filter,
18 and it has been continuously published by Solid Oak for over 14 years. Solid Oak
19 now boasts over 2.4 million active CYBERSitter users worldwide, including
20 thousands of businesses, individuals, and schools in China, and thousands more in
21 other Chinese-speaking countries.

22 3. The Defendants in this action include the People's Republic of China
23 ("PRC"), two Chinese software development companies, and several of the largest
24 computer manufacturers in the world. As relevant here, the Chinese software
25 developers, in collaboration with the Chinese government, purported to design an
26 Internet content filtering program known as Green Dam Youth Escort ("Green Dam").
27 Like CYBERSitter, the Green Dam program was allegedly designed to block
28 pornographic and violent Internet content from children. Unlike CYBERSitter,

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1 however, the Green Dam program was found to contain filters to block political and
2 religious content expressing views that differed from those of the Chinese
3 government. The program was also found to have serious security vulnerabilities that
4 would allow third parties to monitor or take control of the computers on which it was
5 installed. As a result, the Green Dam program and the Chinese government's efforts
6 to proliferate the program throughout China were met with stiff opposition from
7 human rights groups in China and around the world. The central component of the
8 Green Dam Initiative was for the PRC to convince and incentivize computer
9 manufacturers to participate in the Initiative by including the Green Dam software
10 with their computers sold in China. The Defendant computer manufacturers named
11 herein willingly participated in this plan.

12 4. In June 2009, a group of independent researchers at the University of
13 Michigan confirmed that the Green Dam developers had copied verbatim nearly 3,000
14 lines of code from the CYBERSitter program and incorporated it into the Green Dam
15 program. The stolen materials include the heart of the CYBERSitter software: its
16 proprietary content filters. The Chinese government has issued Green Dam usage
17 figures reporting – as of early June 2009 – that over 53 million computers marketed
18 for home use had been sold with the Green Dam program, that the Green Dam
19 program had been installed on more than half a million computers in Chinese schools,
20 and that Green Dam had been downloaded by users from the Internet an additional
21 3.27 million times.

22 5. The Defendants in this action have conspired together to steal Solid Oak's
23 proprietary software, and to disseminate the illegal product to tens of millions of end
24 users in China and elsewhere. The Defendants met together at a PRC-sponsored
25 Green Dam Symposium at the Beijing offices of the PRC's Ministry of Industry and
26 Information Technology ("MIIT") in March 2009 to develop their common plan. The
27 Defendants' common scheme – the Green Dam Initiative – involved two overlapping
28 components which eventually became indistinguishable from each other: participation

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1 in the Chinese government's seemingly legal (albeit surreptitious) plan to proliferate
2 the Green Dam program throughout China, and the illegal theft, infringement,
3 exploitation and distribution of Plaintiff's intellectual property. Each of the
4 Defendants herein willingly participated in this common scheme both before and after
5 the illegal aspects of the scheme became apparent.

6 6. Defendant computer manufacturers derive significant financial benefits
7 from their unauthorized distribution of Plaintiff's intellectual property to the vast
8 Chinese market, and have willingly participated in the scheme of the Defendant
9 developers and the Chinese government to proliferate the illegal Green Dam product
10 throughout China and elsewhere. The Defendant computer manufacturers had the right,
11 ability, legal obligation and knowledge to prevent unauthorized copies of Plaintiff's
12 works from being distributed on their computers. But although the Defendant computer
13 manufacturers vigorously defend their own intellectual property in the courts and in the
14 press, they chose to turn a blind eye to the theft and infringement at issue here in order to
15 continue to reap the financial rewards of exploiting the vast Chinese computer market.

16 7. By their actions alleged herein, Defendants have conspired together to
17 misappropriate Plaintiff's trade secrets under California law, have violated federal
18 prohibitions on theft of trade secrets and economic espionage (constituting unlawful
19 practices under California's Unfair Competition Law), and have violated Plaintiff's
20 copyrights in the CYBERSitter program, both directly and indirectly, under applicable
21 copyright laws of the United States, China, Japan and Taiwan. Because each Defendant
22 named herein willingly participated in the illegal elements of their common scheme, each
23 Defendant is liable for the illegal acts of the others.

24 8. As a result of Defendants' acts alleged herein, Plaintiff has been damaged in
25 an amount to be determined at trial. Plaintiff estimates its damages to be
26 \$2,257,175,000, representing the Chinese government's stated figures of more than
27 56.5 million unauthorized copies distributed in China alone as of early June 2009,
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1 multiplied by \$39.95 per copy (the price of purchasing a legal copy of the
2 CYBERSitter program from Solid Oak).

3 **JURISDICTION AND VENUE**

4 9. This Court has subject matter jurisdiction over this action pursuant to 28
5 U.S.C. §§ 1330, 1331, 1332(a), 1338 and 1367. This action seeks relief, *inter alia*,
6 for violations of the United States Copyright Act, 17 U.S.C. §§ 101, *et seq.*, and for
7 unfair competition predicated on violations of the Economic Espionage Act, 18 U.S.C.
8 §§ 1831-32 (theft of trade secrets and economic espionage). As stated in paragraphs
9 12 through 26 below, for purposes of diversity jurisdiction, Solid Oak is a citizen of
10 the State of California, and Defendants are citizens of the People's Republic of China,
11 Japan, and the Republic of China (Taiwan). The amount in controversy exceeds the
12 sum of \$75,000 exclusive of interest and costs.

13 10. This Court has personal jurisdiction over Defendant PRC, Defendant
14 Jinhui, and Defendant Dazheng because they have purposefully availed themselves of
15 the benefits of this forum by doing business in this District, by committing wrongful
16 acts in whole or in part within this District, and/or by committing wrongful acts which
17 have had direct effects in this District. Because Defendant PRC's wrongful acts
18 alleged herein arise in connection with a commercial activity that causes a direct
19 effect in the United States, Defendant PRC comes within an express exception to the
20 Foreign Sovereign Immunities Act, *viz.*, 28 U.S.C. § 1605(a)(2). This Court has
21 personal jurisdiction over the remaining Defendants because they conduct significant
22 business in this District, and sell their computers throughout the United States in their
23 own capacity and through their wholly-owned subsidiaries.

24 11. Venue is proper in the Central District of California pursuant to 28
25 U.S.C. § 1391(b)(2).

26 **THE PARTIES**

27 12. Plaintiff Solid Oak is a limited liability company organized and existing
28 under the laws of the State of California, with its principal place of business in Santa

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1 Barbara, California. Solid Oak is engaged in the business of software development
2 and sales. As relevant here, Solid Oak developed and sells an Internet content
3 filtering program known as "CYBERSitter."

4 13. Defendant People's Republic of China ("PRC") is a foreign state. As
5 relevant here, PRC has engaged in the purely economic conduct of licensing,
6 sublicensing, distributing and promoting the software program known as Green Dam
7 at issue in this litigation. PRC may not claim jurisdictional immunity from this suit as
8 its conduct arises from commercial activity that "causes a direct effect in the United
9 States" as described in 28 U.S.C. § 1605(a)(2) in the form of damaging Solid Oak, a
10 California company, by PRC's unauthorized taking and use of Solid Oak's intellectual
11 property. The PRC's actions alleged herein are purely economic because PRC
12 purchased a one-year license to exploit the software program at issue for
13 approximately 6.9 million U.S. dollars, and then promoted the program and
14 sublicensed the program to computer manufacturers, for which it received substantial
15 sums.

16 14. Defendant Zhengzhou Jinhui Computer System Engineering Ltd.
17 ("Jinhui") is a corporation organized and existing under the laws of the People's
18 Republic of China, with its principal place of business in Zhengzhou, China. As
19 relevant here, Jinhui is in the business of developing and distributing software
20 products – in particular, the Green Dam program at issue in this litigation.

21 15. Defendant Beijing Dazheng Human Language Technology Academy Ltd.
22 ("Dazheng") is a corporation organized and existing under the laws of the People's
23 Republic of China, with its principal place of business in Beijing, China. As relevant
24 here, Dazheng is in the business of developing and distributing software products – in
25 particular, the Green Dam program at issue in this litigation.

26 16. Defendant Sony Corporation ("Sony") is a corporation organized and
27 existing under the laws of Japan, with its principal place of business in Tokyo, Japan.
28 As relevant here, Sony is engaged in the business of manufacturing and distributing

1 personal computers and related products, in the United States, China, and elsewhere
2 around the world. Sony operates and does business throughout the United States
3 through its wholly-owned subsidiary, Sony Corporation of America. Sony has taken a
4 strong public stance on the importance of the protection and vigorous enforcement of
5 its own intellectual property rights.

6 17. Defendant Lenovo Group Limited ("Lenovo") is a corporation organized
7 and existing under the laws of the People's Republic of China, with its principal place
8 of business in Beijing, China. As relevant here, Lenovo is engaged in the business of
9 manufacturing and distributing personal computers and related products, in the United
10 States, China, and elsewhere around the world. Lenovo operates and does business
11 throughout the United States. In May 2005, Lenovo purchased IBM's Personal
12 Computing Division. As part of this purchase, Lenovo agreed to relocate its PC
13 business headquarters from Beijing to the United States. Lenovo's principal office is
14 currently located in Morrisville, North Carolina.

15 18. Defendant Toshiba Corporation ("Toshiba") is a corporation organized
16 and existing under the laws of Japan, with its principal place of business in Tokyo,
17 Japan. As relevant here, Toshiba is engaged in the business of manufacturing and
18 distributing personal computers and related products, in the United States, China, and
19 elsewhere around the world. Toshiba operates and does business throughout the
20 United States through its wholly-owned subsidiary, Toshiba America, Inc.

21 19. Defendant ACER Incorporated ("Acer") is a corporation organized and
22 existing under the laws of the Republic of China, commonly known as Taiwan
23 ("Taiwan"), with its principal place of business in Taipei, Taiwan. As relevant here,
24 Acer is engaged in the business of manufacturing and distributing personal computers
25 and related products, in the United States, China, and elsewhere around the world.
26 Acer operates and does business throughout the United States through its wholly-
27 owned subsidiaries, Acer America Corporation and Gateway, Inc.

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1 20. Defendant ASUSTeK Computer Inc. ("Asus") is a corporation organized
2 and existing under the laws of Taiwan, with its principal place of business in Taipei,
3 Taiwan. As relevant here, Asus is engaged in the business of manufacturing and
4 distributing personal computers and related products, in the United States, China, and
5 elsewhere around the world. Asus operates and does business throughout the United
6 States through its wholly-owned subsidiary, Asus Computer International.

7 21. Defendant BenQ Corporation ("BenQ") is a corporation organized and
8 existing under the laws of Taiwan, with its principal place of business in Taipei,
9 Taiwan. As relevant here, BenQ is engaged in the business of manufacturing and
10 distributing personal computers and related products, in the United States, China, and
11 elsewhere around the world. BenQ operates and does business throughout the United
12 States, including under the marks "BenQ," "Joybook," and "Joybee."

13 22. Defendant Haier Group Corporation ("Haier") is a corporation organized
14 and existing under the laws of the People's Republic of China, with its principal place
15 of business in Quingdao, China. As relevant here, Haier is engaged in the business of
16 manufacturing and distributing personal computers and related products, in the United
17 States, China, and elsewhere around the world. Haier operates and does business
18 throughout the United States through its wholly-owned subsidiary, Haier America.

19 23. The true names and capacities, whether individual, corporate, associate or
20 otherwise, of Defendants sued herein as Does 1 through 10, inclusive, are unknown at
21 the present time and Plaintiff therefore sues said Does and each of them by such
22 fictitious names. If necessary, Plaintiff will seek leave of Court to amend this
23 complaint to allege their true names and capacities when they are ascertained.

24 24. Unless otherwise indicated herein, on information and belief, each of
25 Does 1 through 10, inclusive, participated in the activities described herein and
26 rendered material assistance to the other Defendants in the actions alleged herein,
27 conspired and agreed with and aided and abetted one or more of the other Defendants,
28 and at all relevant times each of the Defendants was the principal or agent, alter ego,

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1 partner, joint venturer, co-venturer, co-conspirator, independent contractor, servant
2 and/or employee of at least one other of the other Defendants, and all of the acts
3 performed by them or omissions alleged herein were made in the course and scope of
4 their employment, agency, partnership, joint venture, conspiracy or other such
5 relationship and with knowledge, consent, approval and/or ratification of the
6 principals, and each of them. Unless otherwise indicated herein, each of the parties
7 herein named as Does 1 through 10 are responsible in some manner or fashion, and
8 are by contract or otherwise, the successor, assign, joint venturer, co-venturer, co-
9 conspirator, partner or alter ego of one or more of the Defendants, or was otherwise
10 involved with the other Defendants in the wrongdoing alleged herein, and by virtue of
11 such capacity, assumed the obligations herein owed by Defendants, and is liable and
12 responsible for the damages on the facts alleged herein and for all the relief sought.

13 25. Unless otherwise indicated herein, on information and belief, there has
14 existed at all relevant times, a unity of interest and ownership between each of the
15 Does 1 through 10 named herein, and at least one or more of the Defendants, such that
16 any individuality and separateness between them has ceased and each is the "alter
17 ego" of the other, and that adherence to the fiction of the separate existence of each
18 Doe Defendant as an entity or individual distinct from one or more of the Defendants
19 would therefore permit an abuse of the corporate privilege and would sanction fraud
20 and promote injustice.

21 26. Unless otherwise indicated herein, on information and belief, there has
22 existed at all relevant times a joint venture between each of the Does 1 through 10
23 named herein, and at least one or more of the Defendants, such that each of the Does 1
24 through 10 and at least one or more of the Defendants shared a common business
25 interest, shared control, profits and losses arising from such common business
26 interests, and therefore are liable and responsible for the damages on the facts alleged
27 herein and for all relief sought.

28

GENERAL ALLEGATIONS

Solid Oak's CYBERSitter

27. Solid Oak is a family-owned software company based in Santa Barbara, California, that manufactures an Internet filtering software program known as "CYBERSitter." This product was designed to help parents protect their children from viewing inappropriate pornographic and violent content on the Web. CYBERSitter was the first commercially available Internet filter. It has been continuously published by Solid Oak for over 14 years. CYBERSitter has won numerous awards, including winning *PC Magazine's* prestigious Editor's Choice Award five times. Solid Oak now boasts over 2.4 million active CYBERSitter users worldwide, including thousands of businesses, individuals, and schools in China, and thousands more in other Chinese-speaking countries. CYBERSitter is sold on Solid Oak's website, www.CYBERSitter.com, for \$39.95 per copy.

28. CYBERSitter operates by using a complex and unique series of Internet content filters. These content filters (also referred to herein as "Trade Secrets") are proprietary code, which is encrypted in order to prevent its disclosure to third parties and competitors. They have been developed and refined by Solid Oak over many years, and are the key to the Internet filtering aspect of the program. Solid Oak's filters are constantly updated, and updates are made available at no cost to those who have purchased the CYBERSitter program. This Internet filtering component is the centerpiece of the program.

29. Designing a content filter is an art and involves significant creativity. There are many distinctive ways for different programmers to construct these filters in order to achieve the same function. CYBERSitter's content filters are Solid Oak's unique expression, and any copying of these filters goes to the heart of the program and takes the central expressive feature that distinguishes CYBERSitter from its competitors.

1 Green Dam and Its Developers

2 30. Green Dam Youth Escort, like CYBERSitter, is an Internet content
3 management program that uses content filters to block undesired content. Green Dam
4 was developed by two Chinese companies: Zhengzhou Jinhui Computer System
5 Engineering Ltd. and Beijing Dazheng Human Language Technology Academy Ltd.
6 Green Dam was developed with the backing and support of the Chinese government.
7 In 2004, the Green Dam project received 3 million Yuan in government investment
8 funds.

9 31. Jinhui was founded in 1997. Jinhui is officially listed as a private
10 company, but its principal shareholders include government-backed corporations and
11 its researchers have close ties with the military research division of the Information
12 Engineering University ("IEU"), one of a handful of military academies run by the
13 People's Liberation Army.

14 32. Dazheng was founded in 2000. Dazheng (which also operates under the
15 name "HNC Institute") is officially listed as a private company, but works closely
16 with several Chinese government Ministries and Commissions. In 2003, Dazheng
17 developed its first publicly-announced software program called the "Falun Gong
18 Concept Censorship System." As the name suggests, the program was designed to
19 censor Internet content related to the Falun Gong, a religious group banned by the
20 Chinese government. The program was found to have serious flaws that caused
21 constant crashing on the computers on which it was installed.

22 The Green Dam Initiative

23 33. On January 21, 2008, the PRC announced an "open bidding" process for
24 companies purportedly to compete for a one-year contract for content-filtering
25 software to be used by the PRC. On January 25 – just four days after the bidding
26 began – the bidding process was abruptly closed. The PRC then allowed Jinhui and
27 Dazheng, the makers of Green Dam, to set the standards for evaluating the software
28

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20 installed on them, or must be accompanied by a disk containing the Green Dam

1 group of computer manufacturers that applied and were accepted as designated
2 suppliers for the Program.

3 36. On May 19, 2009, the PRC's MIIT issued a directive mandating that by
4 July 1, 2009 every computer shipped to or sold in China must have the Green Dam
5 software pre-installed on or packaged with the computer. The stated purpose of the
6 directive was to "build a healthy and harmonious online environment that does not
7 poison young people's minds." The directive also required computer suppliers to
8 report sales information to the MIIT, including the number of computers sold or
9 shipped with the Green Dam software. Also in May 2009, MIIT ordered Green Dam
10 to be installed on every computer in every primary and secondary school in China.

11 37. The Green Dam Initiative was met with condemnation from international
12 human rights groups and activists within China. These groups, while agreeing with
13 the stated goal of keeping pornography away from minors (as the CYBERSitter filters
14 were designed to do), viewed the Green Dam Initiative as a thinly-veiled attempt to
15 expand political and religious censorship. Researchers in China reported that Green
16 Dam contains over 6,500 political keyword filters, including keywords related to the
17 Chinese occupation of Tibet, the 1989 Tiananmen Square massacre, and the
18 government-banned Falun Gong religious group. This is more than double the
19 number of pornography-related keyword filters in the program.

20 38. On June 30, 2009 – the day before the mandate was to take effect – the
21 MIIT announced that it was delaying implementation of the mandatory pre-installation
22 of Green Dam on computers. On August 12, 2009, China issued a statement saying
23 that it did not intend to reinstate the mandate. Nevertheless, Green Dam continues to
24 be distributed throughout China and to Chinese speakers throughout the world, and
25 the PRC continues to promote proliferation of the Green Dam program by both formal
26 and informal means.

1 Unauthorized Copying and Exploitation of CYBERSitter Content Filters

2 39. On June 11, 2009, an independent team of researchers in the computer
3 science department at the University of Michigan issued a report analyzing the Green
4 Dam program ("Michigan Report"). In less than 12 hours of testing, the Michigan
5 team found "serious security vulnerabilities" in the Green Dam program, including
6 "remotely-exploitable vulnerabilities" whereby "[a]ny website a Green Dam user
7 visits can take control of the PC." Researchers also found that the program makes
8 possible remote monitoring of a computer user's activities, not limited to activities on
9 the Internet.

10 40. The Michigan Report also concluded that Green Dam had copied
11 verbatim portions of Solid Oak's CYBERSitter program. The most significant and
12 troubling aspect of this copying was the copying of CYBERSitter's proprietary content
13 filters.

14 41. In addition to the verbatim copying of the CYBERSitter content filters,
15 researchers also discovered a "smoking gun" file. The smoking gun file is a file
16 containing two CYBERSitter announcements, dated May 4 and May 10, 2004,
17 respectively. The first is a simple announcement to CYBERSitter customers:
18 "CYBERSitter Version 9 released. This is a free upgrade and is available at:
19 <http://www.getcybersitter.com>." The second warns CYBERSitter users of the dangers
20 of Spyware. It urges users to install a Spyware checker, and directs users to the
21 CYBERSitter website for further information on this issue. This smoking gun file was
22 apparently copied because it has a file extension similar to that of the content filters.
23 Despite the fact that this file obviously has no functional role in the Green Dam
24 program, it was directly copied from the CYBERSitter program and incorporated into
25 the Green Dam program along with the CYBERSitter content filters.

26 42. In total, the version of Green Dam tested by researchers at the University
27 of Michigan contains 2,972 lines of code identical to CYBERSitter code.
28

1 43. Numerous subsequent versions of and updates to Green Dam have been
2 released since the Michigan Report. Testing of subsequent versions and updates to
3 Green Dam show that the CYBERSitter filters remain active, and the most current
4 version of Green Dam makes active use of CYBERSitter's content filters. Subsequent
5 testing also indicates that the removal of the CYBERSitter content filters from the
6 program (as opposed to merely deactivating them) causes Green Dam to lose content-
7 filtering capability altogether, rendering it possible for users to access even the most
8 well-known pornographic websites. This suggests that CYBERSitter files are integral
9 to the basic functioning of the Green Dam program and its ability to filter content.

10 Green Dam Facts and Figures

11 44. Green Dam continues to be aggressively marketed and disseminated
12 throughout China by the PRC and the Chinese software developers, both by formal
13 and informal means. As of June 8, 2009, the PRC reported that from the end of
14 March 2009 through early June 2009 over 53 million computers marketed for home
15 use had been sold in China with the Green Dam program. The government also
16 reported that more than 2,000 schools in China had installed Green Dam on more than
17 half a million computers during that period. By some estimates, the number of
18 computers equipped with Green Dam in Chinese schools was expected to top 4
19 million by the end of June 2009. In addition, as of early June 2009, Green Dam had
20 been downloaded from Internet sites over 3 million times.

21 45. The PRC paid the developers of Green Dam the equivalent of 6.9 million
22 U.S. dollars for a one-year license to distribute the software. Using the PRC's figures
23 for less than three months of distribution on home computers alone, this would
24 amount to a mere 13 cents per copy. This figure does not represent a fair market price
25 for a commercial software license arrived at through an arms-length bargaining
26 process. Moreover, the license price does not account for the substantial additional
27 financial benefits that Jinhui and Dazheng expected to reap from the PRC-promoted
28

1 proliferation of the program. Indeed, due to update fees and other fees that the makers
2 expected to collect for the continued use of Green Dam after expiration of the one-
3 year governmental license period, Jinhui stated publicly that it expected its revenues
4 from the program to top 3 billion Yuan (nearly half a billion U.S. dollars) in 2010. In
5 addition, the PRC has collected substantial sums, in an amount to be determined at
6 trial, in sublicensing fees from computer manufacturers and others.

7 46. The proliferation of Green Dam is not limited to China. It is available for
8 free download to Chinese speakers through the world. On information and belief,
9 many thousands of downloads of Green Dam have occurred in the United States,
10 including thousands of downloads in the state of California. Defendants PRC, Jinhui,
11 and Dazheng have made the Green Dam program available for download on their
12 official websites, and have authorized numerous other Internet sites to offer the
13 program for download. Chinese speakers outside of China, including in the United
14 States, have been encouraged to download the program through propaganda, including
15 in promotional materials on the PRC's website. As stated above, the PRC's official
16 Green Dam site contains or contained links specifically targeting users in San
17 Francisco and New York.

18 Unlawful Attempts to Gain Access to Solid Oak Servers and Computers

19 47. In addition to the illegal copying and distribution of Solid Oak's
20 intellectual property, there have been numerous unlawful attempts to gain access to
21 Solid Oak's computers and servers originating from within China. Solid Oak has
22 discovered several thousand individual attempts to gain administrative access to Solid
23 Oak's servers originating from China. Each of these intrusions involved between 20
24 and 3,000 attempts at access per session. If successful, gaining administrative access
25 would allow a perpetrator to access all of Solid Oak's information stored on its servers
26 (including its content filters), and to appropriate and alter or delete this information.
27 At least one such intrusion, on May 31, 2009, originated from within the PRC
28

1 Ministry of Health in China, and involved more than 2,500 attempts over the course of
2 27 minutes.

3 48. On or about June 20, 2009, Solid Oak employees received a series of
4 individually customized Trojan emails originating from sources in China posing as
5 Solid Oak employees. These emails were designed to retrieve information stored on
6 Solid Oak's computers and send it back to their source, and to install foreign items on
7 Solid Oak's computers. Solid Oak is still investigating whether any of these attempts
8 was successful, and what information may have been compromised.

9 The Common Scheme

10 49. As stated above, Defendants Jinhui and Dazheng (collectively,
11 "Defendant Developers") entered into an agreement with Defendant PRC providing
12 PRC with a one-year license to distribute the Green Dam software. Defendant PRC
13 then entered into agreements with Defendants Sony, Lenovo, Toshiba, Acer, Asus,
14 BenQ, Haier and Does 1 through 10 (collectively, "Defendant Manufacturers")
15 providing for the distribution of Green Dam by Defendant Manufacturers in China
16 (including as part of the Rural Subsidy Program). On information and belief,
17 Defendant PRC has charged substantial fees to the Defendant Manufacturers for use
18 of the Green Dam program.

19 50. In addition, Defendant Manufacturers entered into contracts with
20 Defendant Developers, pursuant to which said Defendant Manufacturers have been
21 designated as official distributors of the Green Dam product and Defendant
22 Developers are their designated suppliers of content-filtering software. Defendant
23 Manufacturers have requested and obtained indemnity for violations of law relating to
24 the Green Dam program from Defendant Developers. Such indemnity, however, has
25 no bearing on Defendant Manufacturers' liability for violations of law relating to the
26 Green Dam program.

27 51. On or about March 11, 2009, Defendant PRC held a symposium on the
28 Green Dam program at MIIT headquarters in Beijing ("Green Dam Symposium"). In

1 addition to the MIIT, participants included the Defendant Developers and
 2 representatives of each of the major computer manufacturers (including Defendant
 3 Manufacturers). The meeting agenda was to finalize a working plan for the
 4 proliferation of the Green Dam program and to discuss plans for installing Green Dam
 5 on computers throughout China.

6 52. Each of the Defendant Manufacturers has willingly participated in the
 7 PRC and Defendant Developers' scheme to proliferate the illegal software throughout
 8 China.

9 53. Each of the Defendant Manufacturers commenced distribution of the
 10 Green Dam software no later than on or about March 1, 2009.

11 54. Each of the Defendants has had actual knowledge of the violations at
 12 issue herein since early-June 2009 at the latest, when the highly publicized
 13 infringement of Plaintiff's software by the Green Dam program was reported
 14 extensively in the press.

15 55. On June 15, 2009, Plaintiff sent cease and desist letters giving express
 16 notice of the ongoing infringements to the following Defendants: Sony, Lenovo,
 17 Toshiba, Acer, Asus and BenQ.

18 56. On information and belief, each of the Defendant Manufacturers
 19 continued to distribute the Green Dam program even after the widespread press
 20 reports of infringement in early June and (where applicable) even after being sent the
 21 June 15, 2009 cease and desist letter. According to press reports, most or all of the
 22 Defendant Manufacturers had ceased distributing the Green Dam program by mid to
 23 late September 2009.

24 **FIRST CLAIM FOR RELIEF**

25 **MISAPPROPRIATION OF TRADE SECRETS**

26 **(violation of Cal. Civ. Code § 3426.1)**

27 **[Against All Defendants]**

28 57. Plaintiff repeats and realleges the allegations made in paragraphs 1

1 through 56 as if fully set forth herein.

2 58. Each and every Defendant, and Does 1 through 10, inclusive, have acted
3 in concert, conspired together, and engaged in conduct constituting misappropriation
4 of trade secrets pursuant to California's Uniform Trade Secrets Act, Cal. Civ. Code §
5 3426, *et seq.*

6 59. Plaintiff's Trade Secrets embedded in the CYBERSitter computer
7 program constitute valuable information from which Plaintiff derives independent
8 economic value because such Trade Secrets are not generally known to the public, and
9 are not readily ascertainable through proper means by the public. The Trade Secrets
10 include CYBERSitter's proprietary content filters, which are encrypted so as to prevent
11 their disclosure to third parties and competitors.

12 60. Defendants Jinhui and Dazheng obtained Plaintiff's Trade Secrets
13 through improper means. Defendant PRC knew of and gave support to Defendants
14 Jinhui and Dazheng in their unauthorized misappropriation and exploitation of
15 Plaintiff's Trade Secrets.

16 61. Each of the Defendant Manufacturers acquired Plaintiff's Trade Secrets
17 through Defendants Jinhui, Dazheng and/or PRC. Defendant Manufacturers had
18 actual or constructive knowledge no later than early-June 2009 that Jinhui and
19 Dazheng had acquired the Trade Secrets through improper means and without
20 Plaintiff's authorization. Each and every Defendant Manufacturer used the Trade
21 Secrets by distributing the Green Dam software. At the time that each Defendant
22 Manufacturer distributed the Green Dam software, it knew or had reason to know that
23 the Trade Secrets were obtained through the unauthorized decryption of the
24 CYBERSitter program.

25 62. Defendants each possessed knowledge that Plaintiff is and was a United
26 States company and that their illegal acts would therefore cause injury within the
27 United States and within California. Plaintiff's Trade Secrets were misappropriated
28

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1 from within the United States and/or downloaded from servers within the United
2 States.

3 63. As a direct and proximate result of Defendants' unlawful
4 misappropriation of Plaintiff's Trade Secrets, Plaintiff has been deprived of money,
5 such as licensing fees for the use of Plaintiff's Trade Secrets that would otherwise
6 have been due to Plaintiff, and Defendants have been unjustly enriched by their
7 misappropriation of Plaintiff's Trade Secrets. Plaintiff is thus entitled to damages for
8 its losses and restitution of Defendants' profits attributable to the misappropriation of
9 Plaintiff's Trade Secrets, in amounts to be proven at trial which are not currently
10 ascertainable. Cal. Civ. Code. § 3426.3(a). In the alternative, Plaintiff is entitled to a
11 "reasonable royalty" for Defendant's use of Plaintiff's Trade Secrets, in an amount to
12 be proven at trial which is not currently ascertainable. *Id.* If necessary, Plaintiff will
13 seek leave to amend this complaint to state the full amount of such sums when such
14 amounts have been ascertained.

15 64. As a direct and proximate result of the foregoing acts and conduct,
16 Plaintiff has sustained and will continue to sustain substantial, immediate, and
17 irreparable injury, for which there is no adequate remedy at law. Plaintiff is informed
18 and believes and on that basis avers that unless enjoined and restrained by this Court,
19 Defendants will continue to engage in conduct violative of the Uniform Trade Secrets
20 Act. Plaintiff is entitled to preliminary and permanent injunctive relief.

21 **SECOND CLAIM FOR RELIEF**

22 **UNFAIR COMPETITION**

23 **(In Violation of California Business and Professions Code §§ 17200 et seq.**

24 **and 18 U.S.C. §§ 1831, 1832)**

25 **[Against All Defendants]**

26 65. Plaintiff repeats and realleges the allegations made in paragraphs 1
27 through 64 as if fully set forth herein.
28

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1 66. Each and every Defendant and Does 1 through 10, inclusive, have acted
 2 in concert, conspired together, and engaged in conduct constituting an illegal business
 3 practice prohibited by the California Unfair Competition Law, California Business
 4 and Professions Code §§ 17200, *et seq.* (the "UCL"), by and through their violations
 5 of Section 1832 of the federal Economic Espionage Act, entitled "Theft of Trade
 6 Secrets" (18 U.S.C. § 1832). Section 1832 of the Act makes certain types of trade
 7 secret theft a federal crime. While the Act does not, by itself, create a private cause of
 8 action, violations of the Economic Espionage Act may serve as predicate acts giving
 9 rise to a private right of action for unlawful business practices under the UCL. *See*
 10 Cal. Bus. & Prof. Code §§ 17200, *et seq.*

11 67. In addition, each and every Defendant and Does 1 through 10, inclusive,
 12 have acted in concert, conspired together, and engaged in conduct constituting an
 13 illegal business practice prohibited by the UCL by and through their violations of
 14 Section 1831 of the federal Economic Espionage Act, entitled "Economic Espionage"
 15 (18 U.S.C. § 1831). Section 1831 of the Act makes certain types of trade secret theft
 16 benefitting a foreign government, instrumentality, agent or power a federal crime.
 17 While the Act does not, by itself, create a private cause of action, violations of the
 18 Economic Espionage Act may serve as predicate acts giving rise to a private right of
 19 action for unlawful business practices under the UCL. *See* Cal. Bus. & Prof. Code §§
 20 17200, *et seq.*

21 68. Plaintiff's computer program, CYBERSitter, is produced for and placed in
 22 interstate commerce and foreign commerce.

23 69. Plaintiff's Trade Secrets embedded in the CYBERSitter computer
 24 program constitute valuable information from which Plaintiff derives independent
 25 economic value because such Trade Secrets are not generally known to the public, and
 26 are not readily ascertainable through proper means by the public. The Trade Secrets
 27 include CYBERSitter's content filters, which are encrypted to prevent their disclosure
 28 to third parties and competitors.

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1 70. All Defendants obtained Plaintiff's Trade Secrets through wrongful
2 means without Plaintiff's authorization. All Defendants knew or became aware that
3 the Trade Secrets were obtained through wrongful means without Plaintiff's
4 authorization, and that the use of the Trade Secrets by all Defendants was without
5 Plaintiff's authorization.

6 71. Defendants knew that the Trade Secrets were proprietary and belonged to
7 Plaintiff. Defendants nevertheless intended to convert the Trade Secrets for their own
8 economic benefit. Defendants knew that such conversion of Plaintiff's Trade Secrets
9 would injure Plaintiff. Defendants nevertheless used and exploited Plaintiff's Trade
10 Secrets for their own economic benefit.

11 72. All Defendants knew that their unauthorized possession, exploitation,
12 copying and dissemination of Plaintiff's Trade Secrets would benefit a foreign
13 government, namely Defendant PRC. Defendant Manufacturers, Jinhui, Dazheng and
14 Does 1 through 10 conspired together with Defendant PRC to misappropriate and
15 exploit Plaintiff's Trade Secrets without Plaintiff's authorization. Indeed, Plaintiff is
16 informed and believes that Defendant Manufacturers paid substantial sums to
17 Defendant PRC to exploit Plaintiff's Trade Secrets.

18 73. The aforementioned illegal acts occurred in part within the territorial
19 boundaries of the United States and/or its territories. Plaintiff's Trade Secrets were
20 taken from within the United States and/or downloaded from servers within the
21 United States. In addition, Defendants each possessed knowledge that Plaintiff is and
22 was a United States company and that their illegal acts would therefore cause injury
23 within the United States and within California.

24 74. Defendants' unlawful, unfair, and/or deceptive acts were willful, in
25 disregard of and with indifference to Plaintiff's rights.

26 75. As a direct and proximate result of Defendants' unlawful acts and
27 practices, Plaintiff has been deprived of money, such as licensing fees for the use of
28 Plaintiff's Trade Secrets that would otherwise have been due to Plaintiff. Plaintiff is

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1 thus entitled to restitution of such sums as would otherwise have been owed or paid to
2 Plaintiff, in amounts to be proven at trial which are not currently ascertainable. If
3 necessary, Plaintiff will seek leave to amend this complaint to state the full amount of
4 such sums when such amounts have been ascertained.

5 76. As a direct and proximate result of the foregoing acts and conduct,
6 Plaintiff has sustained and will continue to sustain substantial, immediate, and
7 irreparable injury, for which there is no adequate remedy at law. Plaintiff is informed
8 and believes and on that basis avers that unless enjoined and restrained by this Court,
9 Defendants will continue to engage in conduct violative of California Business and
10 Professions Code, Section 17200. Plaintiff is entitled to preliminary and permanent
11 injunctive relief.

12 **THIRD CLAIM FOR RELIEF**
13 **COPYRIGHT INFRINGEMENT**

14 **(In Violation of the Copyright Act of the United States)**
15 **[Against Defendants PRC, Jinhui, Dazheng, and Does 1-10]**

16 77. Plaintiff repeats and realleges the allegations made in paragraphs 1
17 through 76 as if fully set forth herein.

18 78. Plaintiff's CYBERSitter program and the various versions thereof are
19 copyrighted works ("Copyrighted Works"). Plaintiff has applied for and obtained
20 Certificates of Copyright Registration duly issued by the Register of Copyright for the
21 Copyrighted Works. Under the U.S. Copyright Act, Plaintiff has the exclusive rights,
22 *inter alia*, to reproduce the Copyrighted Works, to prepare derivative works based
23 upon the Copyrighted Works, and to distribute copies of the Copyrighted Works to the
24 public. *See* 17 U.S.C. §§ 106(1), (2), (3).

25 79. Through their conduct averred herein, Defendants PRC, Jinhui, Dazheng,
26 and Does 1 through 10 have directly infringed Plaintiff's copyrights in the
27 Copyrighted Works by reproducing, adapting, and/or distributing works embodying
28 the Copyrighted Works without authorization in violation of the Copyright Act. *See*

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1 17 U.S.C. §§ 106, 501. Defendants PRC, Jinhui, Dazheng, and Does 1 through 10
2 have caused copies Plaintiff's Copyrighted Works to be distributed within the United
3 States, including via the Internet.

4 80. Defendants PRC, Jinhui, Dazheng, and Does 1 through 10 have the right
5 and ability to supervise and control ongoing infringements by third parties, including
6 infringements by those who – with the authorization, approval, and consent of said
7 Defendants – distribute and cause copies to be made of Plaintiff's Copyrighted Works
8 via the Internet in the United States and elsewhere. Said Defendants have refused and
9 failed to exercise supervision and control over said third parties, and said Defendants
10 also reap a direct pecuniary benefit from the infringement. As a direct and proximate
11 result of said Defendants' actions, third parties have infringed Plaintiff's copyrights in
12 the Copyrighted Works, including by reproducing, adapting, distributing, and publicly
13 displaying the Copyrighted Works.

14 81. In addition, Defendants PRC, Jinhui, Dazheng, and Does 1 through 10
15 have knowingly facilitated the unauthorized copying and dissemination of Plaintiff's
16 Copyrighted Works. Said Defendants have materially contributed to the infringing
17 conduct of third parties, *inter alia*, because said Defendants have knowingly
18 authorized, approved of, and consented to third party distribution and copying of
19 Plaintiff's Copyrighted Works via the Internet in the United States and elsewhere, and
20 said Defendants each possessed actual or constructive knowledge of the violations at
21 issue.

22 82. The aforementioned infringing acts occurred in whole or in part within
23 the territorial boundaries of the United States and/or its territories.

24 83. Each infringement by Defendants in and to the Copyrighted Works
25 constitutes a separate and distinct act of infringement.

26 84. Defendants' acts of infringement were knowing, willful, negligent, in
27 disregard of and with indifference to the rights of Plaintiff.

28

1 85. As a direct and proximate result of the infringements by Defendants,
2 Plaintiff is entitled to its damages and Defendants' profits, each in amounts to be
3 proven at trial.

4 86. Alternatively, Plaintiff is entitled to the maximum statutory damages in
5 the amount of \$150,000 with respect to each work infringed, or for such other
6 amounts as may be proper. *See* 17 U.S.C. § 504(c).

7 87. Plaintiff is further entitled to its attorneys' fees and costs pursuant to 17
8 U.S.C. § 505.

9 88. As a direct and proximate result of the foregoing acts and conduct,
10 Plaintiff has sustained and will continue to sustain substantial, immediate, and
11 irreparable injury, for which there is no adequate remedy at law. Plaintiff is informed
12 and believes and on that basis avers that unless enjoined and restrained by this Court,
13 Defendants will continue to infringe Plaintiff's rights in the Copyrighted Works.
14 Plaintiff is entitled to preliminary and permanent injunctive relief.

15 **FOURTH CLAIM FOR RELIEF**

16 **COPYRIGHT INFRINGEMENT**

17 **(In Violation of the Copyright Laws of the People's Republic of China)**

18 **[Against All Defendants]**

19 89. Plaintiff repeats and realleges the allegations made in paragraphs 1
20 through 88 as if fully set forth herein.

21 90. Plaintiff's Copyrighted Works are protected under the Copyright Law of
22 the People's Republic of China ("PRC Copyright Law") and the Regulations for the
23 Protection of Computer Software of the People's Republic of China ("PRC Software
24 Regulations"). Plaintiff is the owner of the Copyrighted Works under Chinese law.
25 *See* PRC Copyright Law, Arts. 9, 11; PRC Software Regulations, Art. 13. The
26 People's Republic of China is a signatory to the Berne Convention and has adopted
27 laws that comply with the minimum standards set by the Berne Convention.
28 Accordingly, because Plaintiff's Copyrighted Works are foreign works under Chinese

1 copyright law, those works are entitled to full protection of the Chinese copyright laws
2 from the moment they are created without any need for registration in China (or
3 elsewhere). *See* PRC Copyright Law, Art. 2; PRC Software Regulations, Arts. 5, 7,
4 14.

5 91. Chinese copyright law protects both the economic rights and moral rights
6 of the owner of copyrighted works, including computer software and written works.
7 *See* PRC Copyright Law, Art. 3; PRC Software Regulations, Art. 1. Under Chinese
8 copyright law (including both the PRC Copyright Law and the PRC Software
9 Regulations), Plaintiff has the exclusive rights, *inter alia*, to reproduce, publish,
10 distribute, disseminate on information networks, lease, and make available to the
11 public the Copyrighted Works, as well as the moral right to attribution of authorship
12 of the Copyrighted Works. *See* PRC Software Regulations, Art. 8; PRC Copyright
13 Law, Art. 10 (rights), Arts. 46-47 (infringing acts).

14 92. Through their conduct averred herein, Defendants have infringed
15 Plaintiff's copyrights in the Copyrighted Works by reproducing, publishing,
16 distributing, disseminating on information networks, leasing, and making available to
17 the public works embodying the Copyrighted Works without authorization, and have
18 not attributed authorship of the Copyrighted Works to Plaintiff, all in violation of
19 Plaintiff's rights under Chinese copyright law. *See* PRC Copyright Law, Arts. 46-47;
20 PRC Software Regulations, Arts. 23-24.

21 93. Through their conduct averred herein, Defendants are jointly liable under
22 Chinese law for the infringing acts of third parties to which they have materially
23 contributed and/or caused, including the infringement of Plaintiff's copyrights in the
24 Copyrighted Works by reproducing, publishing, distributing, disseminating on
25 information networks, leasing, and making available to the public works embodying
26 the Copyrighted Works without authorization, and by failing to attribute authorship of
27 the Copyrighted Works to Plaintiff, all in violation of Plaintiff's rights under Chinese
28 copyright law. *See* PRC Copyright Law, Arts. 46-47; PRC Software Regulations,

1 Arts. 23-24; *see also Shanghai Push Sound Music & Entertainment Co., Ltd. v.*
2 *Beijing Kuro Music Software Development Co., Ltd., et al.*, Case No. 13739 (Beijing
3 Second Intern. Ct., Dec. 19, 2006) (holding a Napster-like peer-to-peer file sharing
4 service liable under traditional joint liability principles) available at
5 <http://bjgy.chinacourt.org/public/detail.php?id=43572&k w>. As a direct and
6 proximate result of Defendants' actions, third parties have infringed Plaintiff's
7 copyrights in the Copyrighted Works, and Defendants have caused third parties to
8 infringe Plaintiff's copyrights in the Copyrighted Works in the manner stated above in
9 violation of Chinese copyright law. *See* PRC Copyright Law, Arts. 46-47; PRC
10 Software Regulations, Arts. 23-24.

11 94. Defendants have acted in concert with third parties to violate Plaintiff's
12 rights. Defendants have the right and ability to supervise and control ongoing
13 infringements by third parties, including: (a) infringements by those who – with the
14 authorization, approval, direction and consent of Defendants PRC, Jinhui, Dazheng,
15 and Does 1-10 – distribute and cause copies to be made of Plaintiff's Copyrighted
16 Works via the Internet in China and elsewhere, and (b) infringements by those who –
17 with the authorization, approval, direction and consent of Defendants – make,
18 package, install, or otherwise distribute unauthorized copies of Plaintiff's Copyrighted
19 Works with Defendant Manufacturers' computers (*viz.*, Sony, Lenovo, Toshiba, Acer,
20 Asus, BenQ, Haier and Does 1-10). Defendants have refused and failed to exercise
21 supervision and control over said third parties, and Defendants reap a direct pecuniary
22 benefit from the infringement of said third parties. Defendant Manufacturers have a
23 duty to ensure that the programs that are sold and distributed with their computers are
24 not stolen in violation of the copyrights of others. Defendants failed to meet this
25 obligation here and instead turned a blind eye to third party violations that they could
26 reasonably anticipate would occur. In addition, while knowledge is not required for a
27 violation of Chinese copyright law, each of the Defendants has had knowledge of the
28 violations at issue since early-June 2009 at the latest.

1 95. Through their conduct averred herein, Defendants PRC, Jinhui, Dazheng
 2 and Does 1 through 10 have infringed Plaintiff's rights in its Copyrighted Works by
 3 "intentionally circumventing or destroying technological measures [*viz.*, Plaintiff's
 4 encryption methods] taken by a right holder for protecting the copyright or copyright-
 5 related rights in his work ... without the permission of the copyright owner, or the
 6 owner of the copyright-related rights" in violation of Chinese Copyright Law. *See*
 7 PRC Copyright Law, Art. 47(6).

8 96. The aforementioned infringing acts occurred in whole or in part within
 9 the territorial boundaries of the People's Republic of China and/or its territories.

10 97. Each infringement by Defendants in and to the Copyrighted Works
 11 constitutes a separate and distinct act of infringement.

12 98. Defendants' acts of infringement were knowing, willful, negligent, in
 13 disregard of and with indifference to the rights of Plaintiff.

14 99. As a direct and proximate result of the infringements by Defendants,
 15 Plaintiff is entitled to its damages or to Defendants' profits, each in amounts to be
 16 proven at trial. *See* PRC Copyright Law, Art. 48; PRC Software Regulations, Art. 25.

17 100. Alternatively, Plaintiff is entitled to the maximum statutory damages in
 18 the amount of 500,000 Yuan (approximately 73,000 U.S. dollars) per infringement, or
 19 for such other amounts as may be proper under the PRC Copyright Law and PRC
 20 Software Regulations. *See* PRC Copyright Law, Art. 48; PRC Software Regulations,
 21 Art. 25.

22 101. Plaintiff is further entitled to its attorneys' fees and costs.

23 102. As a direct and proximate result of the foregoing acts and conduct,
 24 Plaintiff has sustained and will continue to sustain substantial, immediate, and
 25 irreparable injury, for which there is no adequate remedy at law. Plaintiff is informed
 26 and believes and on that basis avers that unless enjoined and restrained by this Court,
 27 Defendants will continue to infringe Plaintiff's rights in the Copyrighted Works.
 28

1 Plaintiff is entitled to preliminary and permanent injunctive relief. *See* PRC
2 Copyright Law, Art. 49; PRC Software Regulations, Art. 26.

3 **FIFTH CLAIM FOR RELIEF**

4 **COPYRIGHT INFRINGEMENT**

5 **(In Violation of the Copyright Laws of Japan)**

6 **[Against Defendants PRC, Jinhui, Dazheng, Sony, Toshiba, and Does 1-10]**

7 103. Plaintiff repeats and realleges the allegations made in paragraphs 1
8 through 102 as if fully set forth herein.

9 104. Plaintiff's Copyrighted Works are protected under Japan's Copyright Act
10 ("JCA"). Plaintiff is the owner of the Copyrighted Works, which constitute "works of
11 authorship" – in particular, "computer program works" – protected under Japanese
12 law. JCA, Arts. 10(1), 6(3), 14-15; *see also* Art. 2(1) (defining "computer program"
13 as "an expression of a combination of instructions to cause a computer to function in
14 order to be able to obtain a certain result"). Japan is a signatory to the Berne
15 Convention and has adopted laws that comply with the minimum standards set by the
16 Berne Convention. Accordingly, because Plaintiff's Copyrighted Works are foreign
17 works under Japanese copyright law, those works are entitled to full protection of the
18 Japanese copyright laws from the moment they are created without any need for
19 registration in Japan (or elsewhere). *See* JCA, Arts. 17(2), 51(1).

20 105. Japanese copyright law protects both the economic rights and moral
21 rights of the author of copyrighted works, including "computer program works" and
22 "literary works." *See* JCA, Arts. 10, 18-28. Under Japanese copyright law, Plaintiff
23 has the exclusive rights, *inter alia*, to reproduce, distribute, transfer ownership, rent,
24 adapt, offer and make available to the public the Copyrighted Works, as well as the
25 moral right to attribution of authorship and to maintain the integrity of the
26 Copyrighted Works. *See* JCA, Arts. 18-28.

27 106. Through their conduct averred herein, Defendants PRC, Jinhui, Dazheng,
28 Sony, Toshiba and Does 1 through 10 have infringed Plaintiff's copyrights in the

1 Copyrighted Works by reproducing, distributing, transferring ownership, renting,
2 adapting, and offering and making available to the public works embodying the
3 Copyrighted Works without authorization, and have not attributed authorship or
4 maintained the integrity of the Copyrighted Works to Plaintiff, all in violation of
5 Plaintiff's rights under Japanese copyright law. *See* JCA, Arts. 18-28.

6 107. Through their conduct averred herein, said Defendants are jointly liable
7 under Japanese law for the infringing acts of third parties to which they have
8 materially contributed and/or caused, including the infringement of Plaintiff's
9 copyrights in the Copyrighted Works by reproducing, distributing, transferring
10 ownership, renting, adapting, and offering and making available to the public works
11 embodying the Copyrighted Works without authorization, and by failing to attribute
12 authorship of the Copyrighted Works to Plaintiff and to maintain their integrity, all in
13 violation of Plaintiff's rights under Japanese copyright law. *See* JCA, Arts. 18-28. As
14 a direct and proximate result of said Defendants' actions, third parties have infringed
15 Plaintiff's copyrights in the Copyrighted Works, and said Defendants have caused
16 third parties to infringe Plaintiff's copyrights in the Copyrighted Works in the manner
17 stated above in violation of Japanese copyright law. *See* JCA, Arts. 18-28.

18 108. The aforementioned infringing acts occurred in whole or in part within
19 the territorial boundaries of Japan.

20 109. Each infringement by said Defendants in and to the Copyrighted Works
21 constitutes a separate and distinct act of infringement.

22 110. Said Defendants' acts of infringement were knowing, willful, negligent,
23 in disregard of and with indifference to the rights of Plaintiff.

24 111. As a direct and proximate result of the infringements by said Defendants,
25 Plaintiff is entitled to its damages and/or to said Defendants' profits and/or to a
26 reasonable royalty, each in amounts to be proven at trial. *See* JCA, Arts. 114(1)-(3),
27 114-5.

28 112. Plaintiff is further entitled to its attorneys' fees and costs.

1 113. As a direct and proximate result of the foregoing acts and conduct,
 2 Plaintiff has sustained and will continue to sustain substantial, immediate, and
 3 irreparable injury, for which there is no adequate remedy at law. Plaintiff is informed
 4 and believes and on that basis avers that unless enjoined and restrained by this Court,
 5 said Defendants will continue to infringe Plaintiff's rights in the Copyrighted Works.
 6 Plaintiff is entitled to preliminary and permanent injunctive relief. *See* JCA, Arts.
 7 112, 115.

8 **SIXTH CLAIM FOR RELIEF**
 9 **COPYRIGHT INFRINGEMENT**

10 **(In Violation of the Copyright Laws of Taiwan)**

11 **[Against Defendants PRC, Jinhui, Dazheng, Acer, Asus, BenQ, and Does 1-10]**

12 114. Plaintiff repeats and realleges the allegations made in paragraphs 1
 13 through 113 as if fully set forth herein.

14 115. Plaintiff's Copyrighted Works are protected under the Taiwan Copyright
 15 Act ("TCA"). Plaintiff is the author of the Copyrighted Works under Taiwanese law.
 16 *See* TCA, Arts. 3, 11-12. While Taiwan is not a formal signatory to the Berne
 17 Convention, it has adopted laws that comply with the minimum standards set by the
 18 Berne Convention. Plaintiff's Copyrighted Works are foreign works under Taiwanese
 19 copyright law, entitled to full protection of the Taiwanese copyright laws from the
 20 moment they are created without any need for registration in Taiwan (or elsewhere).
 21 *See* TCA, Arts. 4, 10.

22 116. Taiwanese copyright law protects both the economic rights and moral
 23 rights of the owner of copyrighted works, including "computer programs" and
 24 "literary works." *See* TCA, Art. 5. Under Taiwanese copyright law, Plaintiff has the
 25 exclusive rights, *inter alia*, to reproduce, distribute, publicly transmit, adapt, and lease
 26 the Copyrighted Works, as well as the moral rights to attribution of authorship, public
 27 release, and prevention of alteration of the Copyrighted Works. *See* TCA, Arts. 15-17
 28 (moral rights), Arts. 22-29 (economic rights).

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1 117. Through their conduct averred herein, Defendants PRC, Jinhui, Dazheng,
 2 Acer, Asus, BenQ, and Does 1 through 10 have infringed Plaintiff's copyrights in the
 3 Copyrighted Works by reproducing, distributing, publicly transmitting, adapting and
 4 leasing works embodying the Copyrighted Works without authorization, and have
 5 publicly released, have not attributed authorship and have altered without
 6 authorization the Copyrighted Works to Plaintiff, all in violation of Plaintiff's rights
 7 under Taiwanese copyright law. *See* TCA, Arts. 15-17 (moral rights), Arts. 22-29
 8 (economic rights).

9 118. Through their conduct averred herein, said Defendants are jointly liable
 10 under Taiwanese law for the infringing acts of third parties to which they have
 11 materially contributed and/or caused, including the infringement of Plaintiff's
 12 copyrights in the Copyrighted Works by reproducing, distributing, publicly
 13 transmitting, adapting and leasing works embodying the Copyrighted Works without
 14 authorization, and by publicly releasing, failing to attribute authorship, and altering
 15 without authorization the Copyrighted Works to Plaintiff, all in violation of Plaintiff's
 16 rights under Taiwanese copyright law. *See* TCA, Arts. 15-17 (moral rights), Arts. 22-
 17 29 (economic rights). As a direct and proximate result of said Defendants' actions,
 18 third parties have infringed Plaintiff's copyrights in the Copyrighted Works, and said
 19 Defendants have caused third parties to infringe Plaintiff's copyrights in the
 20 Copyrighted Works in the manner stated above in violation of Chinese copyright law.
 21 *See id.*

22 119. The aforementioned infringing acts occurred in whole or in part within
 23 the territorial boundaries of Taiwan.

24 120. Each infringement by said Defendants in and to the Copyrighted Works
 25 constitutes a separate and distinct act of infringement.

26 121. Said Defendants' acts of infringement were knowing, willful, negligent,
 27 in disregard of and with indifference to the rights of Plaintiff.
 28

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1 122. As a direct and proximate result of the infringements by said Defendants,
2 Plaintiff is entitled to its damages and to said Defendants' profits, each in amounts to
3 be proven at trial.

4 123. Plaintiff is further entitled to its attorneys' fees and costs.

5 124. As a direct and proximate result of the foregoing acts and conduct,
6 Plaintiff has sustained and will continue to sustain substantial, immediate, and
7 irreparable injury, for which there is no adequate remedy at law. Plaintiff is informed
8 and believes and on that basis avers that unless enjoined and restrained by this Court,
9 said Defendants will continue to infringe Plaintiff's rights in the Copyrighted Works.
10 Plaintiff is entitled to preliminary and permanent injunctive relief.

11 **SEVENTH CLAIM FOR RELIEF**

12 **CIVIL CONSPIRACY**

13 **[Against All Defendants]**

14 125. Plaintiff repeats and realleges the allegations made in paragraphs 1
15 through 124 as if fully set forth herein.

16 126. Defendant Manufacturers and Does 1 through 10, inclusive, conspired,
17 colluded, agreed with, and aided and abetted Defendants PRC, Jinhui, and Dazheng at
18 all relevant times. Through their actions and participation in furtherance of the Green
19 Dam Initiative, Defendant Manufacturers, Defendant Jinhui, Defendant Dazheng, and
20 Defendant PRC implicitly and/or explicitly agreed to participate and did participate in
21 an unlawful plan which included misappropriation and theft of trade secrets, violation
22 of unfair competition laws, and copyright infringement.

23 127. Defendants' common scheme – viz., the Green Dam Initiative – involved
24 two overlapping components which eventually became indistinguishable from each
25 other: participation in the PRC's seemingly legal (albeit surreptitious) plan to have
26 Green Dam installed on every computer in China, and the illegal infringement, theft
27 and distribution of Plaintiff's intellectual property and trade secrets. Defendant
28 Manufacturers, Defendant Suppliers, and Defendant PRC all willingly participated in

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1 this common scheme both before and after the illegal aspects of the scheme became
2 apparent.

3 128. In March 2009, Defendant PRC sponsored a Green Dam Symposium at
4 MIIT offices in Beijing. The express purpose of the Symposium was to develop a
5 plan to proliferate the Green Dam program on computers throughout China.
6 Representatives of Defendant Manufacturers, Defendant Developers and Defendant
7 PRC all attended and participated in the Green Dam Symposium.

8 129. Defendant PRC, Defendant Jinhui, Defendant Dazheng and Defendant
9 Manufacturers also entered into contractual agreements with each other in furtherance
10 of the common scheme, providing for the distribution of the Green Dam program
11 throughout China and elsewhere.

12 130. During their initial participation in the Green Dam Initiative, the
13 Defendant Manufacturers may have been unaware that the Green Dam Initiative had
14 an illegal component: the illegal theft, misappropriation and proliferation of Plaintiff's
15 intellectual property and trade secrets. But while at first the illegal theft and
16 infringement of Plaintiff's CYBERSitter software may have been limited to the
17 Defendant Developers and the PRC, no later than early June 2009, Defendant
18 Manufacturers had knowledge of the illegal components of the common scheme and,
19 despite this knowledge, thereafter continued to copy and distribute Green Dam and
20 otherwise promote and participate in the Green Dam Initiative. At this point, the legal
21 and illegal aspects of the common scheme merged and became indistinguishable.

22 131. As a result of the foregoing, each of the Defendants is liable for the
23 illegal acts (as alleged herein) of each of the other Defendants in furtherance of their
24 common plan and scheme to proliferate the illegal Green Dam program throughout
25 China.

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PRAYER FOR RELIEF

WHEREFORE, Solid Oak respectfully requests that the Court enter judgment against Defendants as follows:

A. For an award of Plaintiff's damages and unjust enrichment for Defendant's misappropriation of trade secrets in an amount to be ascertained at trial pursuant to Cal. Civ. Code § 3426.3(a), or in the alternative for a reasonable royalty in an amount to be ascertained at trial, but in no event less than \$2,257,175,000, representing the Chinese government's stated figures of more than 56.5 million unlicensed copies distributed on computers, in schools, and on the Internet (as of early June 2009) multiplied by \$39.95 per copy, pursuant to Cal. Civ. Code § 3426.3(b).

B. For an award of Plaintiff's damages under the copyright laws of the United States, China, Japan and Taiwan, in an amount to be ascertained at trial, but in no event less than \$2,257,175,000, and in addition or in the alternative for the following:

- a. For an award of Plaintiff's damages and Defendants' profits, each in amounts to be ascertained at trial, or, alternatively, for maximum statutory damages in the amount of \$150,000 with respect to each copyrighted work infringed either directly or indirectly, and/or for such other amounts as may be proper under the Copyright Act of the United States;
- b. For an award of Plaintiff's damages or Defendants' profits, each in amounts to be ascertained at trial, or, alternatively, for maximum statutory damages in the amount of 500,000 Yuan (or approximately 73,000 U.S. dollars) per direct or indirect infringement, and/or for such other amounts as may be proper under the Copyright Law and Software Regulations of the People's Republic of China.
- c. For an award of Plaintiff's damages and/or Defendants' profits and/or a reasonable royalty, each in amounts to be ascertained at trial, and/or for


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- such other amounts as may be proper under the Copyright Act of Japan.
- d. For an award of Plaintiff's damages and/or for Defendants' profits, each in amounts to be ascertained at trial, and/or for such other amounts as may be proper under the Copyright Act of the Republic of China, commonly known as Taiwan.
- C. For restitution of such sums as would otherwise have been owed or paid to Plaintiff absent Defendants' violations of law, in an amount to be ascertained at trial;
- D. For exemplary damages against Defendant PRC and Defendant Developers and in favor of Plaintiff pursuant to Cal. Civ. Code § 3426.3(c) in the sum of twice the amount awarded for restitution or a reasonable royalty by reason of Defendants' willful and malicious improper appropriation of Plaintiff's Trade Secrets;
- E. For preliminary and permanent injunctive relief;
- F. For prejudgment interest;
- G. For Plaintiff's attorneys fees and costs of suit incurred in this action; and
- H. For such other and further relief as the Court may deem just and proper.

DATED: January 5, 2010

GIPSON HOFFMAN & PANCIONE
A Professional Corporation
GREGORY A. FAYER
ELLIOT B. GIPSON

By 
GREGORY A. FAYER
Attorneys for Plaintiff CYBERsitter, LLC
d/b/a Solid Oak Software

DEMAND FOR JURY TRIAL

Plaintiff hereby requests a trial by jury.

DATED: January 5, 2010

GIPSON HOFFMAN & PANCIONE
A Professional Corporation
GREGORY A. FAYER
ELLIOT B. GIPSON

By


GREGORY A. FAYER

Attorneys for Plaintiff CYBERsitter, LLC
d/b/a Solid Oak Software

GIPSON HOFFMAN & PANCIONE
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UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA CIVIL COVER SHEET

I (a) PLAINTIFFS (Check box if you are representing yourself) CYBERSitter, LLC, a California limited liability company, d/b/a Solid Oak Software

DEFENDANTS The People's Republic of China, a foreign state; et al.

(b) Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.) GREGORY A. FAYER (S.B. 232303) ELLIOT B. GIPSON (S.B. 234020) GIPSON HOFFMAN & PANCIONE, APC 1901 Avenue of the Stars, Suite 1100 Los Angeles, CA 90067-6002 TEL: (310) 556-4660

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an X in one box only.) 1 U.S. Government Plaintiff 2 U.S. Government Defendant 3 Federal Question (U.S. Government Not a Party) 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES - For Diversity Cases Only (Place an X in one box for plaintiff and one for defendant.) Citizen of This State Citizen of Another State Citizen or Subject of a Foreign Country PTF DEF PTF DEF PTF DEF

IV. ORIGIN (Place an X in one box only.) 1 Original Proceeding 2 Removed from State Court 3 Remanded from Appellate Court 4 Reinstated or Reopened 5 Transferred from another district (specify): 6 Multi-District Litigation 7 Appeal to District Judge from Magistrate Judge

V. REQUESTED IN COMPLAINT: JURY DEMAND: [X] Yes [] No (Check 'Yes' only if demanded in complaint.) MONEY DEMANDED IN COMPLAINT: \$ 2,257,175,000

CLASS ACTION under F.R.C.P. 23: [] Yes [X] No

VI. CAUSE OF ACTION (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.) Misappropriation of Trade Secrets; Unfair Competition; Copyright Infringement; and Civil Conspiracy. This action seeks relief, inter alia, for violations of the United States Copyright Act, 17 U.S.C. §§ 101 et seq., and for unfair competition predicated on violations of the Economic Espionage Act, 18 U.S.C. §§ 1831-32. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1330, 1331, 1332(a), 1338 and 1367.

VII. NATURE OF SUIT (Place an X in one box only.)

Table with 6 columns: OTHER STATUTES, CONTRACT, REAL PROPERTY, TORTS PERSONAL INJURY, TORTS PERSONAL PROPERTY, CIVIL RIGHTS, PRISONER PETITIONS, LABOR, PROPERTY RIGHTS, SOCIAL SECURITY, FEDERAL TAX SUITS. Includes various legal categories and checkboxes.

CV10-0038

FOR OFFICE USE ONLY: Case Number: AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.

UNITED STATES DISTRICT COURT, CENTRAL DISTRICT CALIFORNIA CIVIL COVER SHEET

VIII(a). IDENTICAL CASES: Has this action been previously filed in this court and dismissed, remanded or closed? [X] No [] Yes

If yes, list case number(s):

VIII(b). RELATED CASES: Have any cases been previously filed in this court that are related to the present case? [X] No [] Yes

If yes, list case number(s):

Civil cases are deemed related if a previously filed case and the present case:

- (Check all boxes that apply) [] A. Arise from the same or closely related transactions, happenings, or events; or [] B. Call for determination of the same or substantially related or similar questions of law and fact; or [] C. For other reasons would entail substantial duplication of labor if heard by different judges; or [] D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

IX. VENUE: (When completing the following information, use an additional sheet if necessary.)

(a) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH named plaintiff resides.

[] Check here if the government, its agencies or employees is a named plaintiff. If this box is checked, go to item (b).

Table with 2 columns: County in this District, California County outside of this District, State, if other than California; or Foreign Country. Row 1: SANTA BARBARA COUNTY: CYBERSitter, LLC

(b) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH named defendant resides.

[] Check here if the government, its agencies or employees is a named defendant. If this box is checked, go to item (c).

Table with 2 columns: County in this District, California County outside of this District, State, if other than California; or Foreign Country. Row 1: CHINA: People's Republic of China, Zhengzhou Jinhui, Beijing Dazheng, Haier, Lenovo; TAIWAN: ACER, ASUSTeK; JAPAN: Sony and Toshiba

(c) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH claim arose.

Note: In land condemnation cases, use the location of the tract of land involved.

Table with 2 columns: County in this District, California County outside of this District, State, if other than California; or Foreign Country. Row 1: Santa Barbara County, China, Japan, Taiwan

* Los Angeles, Orange, San Bernardino, Riverside, Ventura, Santa Barbara, or San Luis Obispo Counties

Note: In land condemnation cases, use the location of the tract of land involved

X. SIGNATURE OF ATTORNEY (OR PRO PER): Gregory A. Fayer Date January 5, 2010

Notice to Counsel/Parties: The CV-71 (JS-44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law.

Key to Statistical codes relating to Social Security Cases:

Table with 3 columns: Nature of Suit Code, Abbreviation, Substantive Statement of Cause of Action. Rows include codes 861 (HIA), 862 (BL), 863 (DIWC), 863 (DIWW), 864 (SSID), 865 (RSI).