

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

PLANNED PARENTHOOD FEDERATION  
OF AMERICA, INC., et al.,

Plaintiffs,

v.

CENTER FOR MEDICAL PROGRESS, et  
al.,

Defendants.

Case No. [16-cv-00236-WHO](#)

**ORDER ON MOTIONS TO DISMISS  
AND STRIKE**

Re: Dkt. Nos. 78, 79, 81, 86, 87

Plaintiffs’ First Amended Complaint alleges that defendants created a complex criminal enterprise involving fake companies, fake identifications, and large-scale illegal taping of reproductive health care conferences and private meetings in order to advance their goal of interfering with women’s access to legal abortion. FAC (Dkt. No. 59) ¶ 1.<sup>1</sup> Defendants move to dismiss the FAC, arguing that plaintiffs failed to adequately allege facts supporting their fifteen claims for relief as well as facts supporting their standing.<sup>2</sup> Defendants separately move to strike the claims in the FAC under California’s anti-SLAPP statute arguing, similarly, that plaintiffs fail to allege facts to support their state law claims and their standing. For the reasons discussed below, while defendants have raised serious arguments with respect to some of the claims in the FAC, as a matter of pleading plaintiffs have alleged sufficient plausible facts to state their claims.

<sup>1</sup> Plaintiffs are Planned Parenthood Federation Of America, Inc. (PPFA), Planned Parenthood: Shasta-Diablo, Inc., Dba Planned Parenthood Northern California (Planned Parenthood Northern California or PPNC), Planned Parenthood Mar Monte, Inc. (PPMM), Planned Parenthood of the Pacific Southwest (PPPSW), Planned Parenthood Los Angeles (PPLA), Planned Parenthood/Orange and San Bernardino Counties, Inc. (PPOSBC), Planned Parenthood Of Santa Barbara, Ventura & San Luis Obispo Counties, Inc. (PPSBVSLO), Planned Parenthood Pasadena and San Gabriel Valley, Inc. (PPPSGV), Planned Parenthood of the Rocky Mountains (PPRM), Planned Parenthood Gulf Coast (PPGC) and Planned Parenthood Center For Choice (PPCFC). Defendants are the Center for Medical Progress (CMP), BioMax Procurement Services LLC (BioMax), David Daleiden (aka “Robert Sarkis”) (Daleiden), Troy Newman (Newman), Albin Rhomberg (Rhomberg), Phillip S. Cronin (Cronin), Sandra Susan Merritt (aka “Susan Tennenbaum”) (Merritt), and Gerardo Adrian Lopez (Lopez).

<sup>2</sup> Defendant Sandra Merritt moved separately and filed her own motion to dismiss and motion to strike. Dkt. Nos. 78, 81. The other defendants joined in filing one motion to dismiss and one motion to strike. Dkt. Nos. 79, 87.

United States District Court  
Northern District of California

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1 The motions to dismiss and strike are DENIED.

2 **BACKGROUND**

3 Plaintiffs allege that defendants formed a conspiracy in 2012 to secretly embed defendant  
 4 David Daleiden and others within the reproductive health community in order to “expose” what  
 5 defendants believed were violations of law but what Planned Parenthood contends were legal  
 6 facilitations of fetal tissue donation. FAC ¶¶ 5, 56. As part of the alleged conspiracy, defendants  
 7 set up a fake company called BioMax Procurement Services, LLC (“BioMax”), which  
 8 “dishonestly” held itself out as a legitimate fetal tissue procurement company. *Id.* ¶¶ 5, 57-58,  
 9 61.<sup>3</sup> The individual defendants pretended to be officers and employees of BioMax, creating  
 10 pseudonyms, manufacturing fake identification, and using a credit card with a fake name. *Id.* ¶¶  
 11 5, 61-62, 85-86. Defendants allegedly used these fake corporate and personal identities to gain  
 12 access to private conferences held by Planned Parenthood and the National Abortion Federation  
 13 (“NAF”). *Id.* ¶¶ 5, 64-65, 68-69, 80-89, 98-104, 105-108, 118-123.<sup>4</sup> Plaintiffs allege that  
 14 defendants signed binding confidentiality agreements in order to gain admission into these  
 15 conferences, making promises that they had no intention of keeping; defendants planned to wear  
 16 and did wear hidden video cameras, secretly taping hundreds of hours of conversations with  
 17 plaintiffs’ staff. *Id.* ¶¶ 5, 67-68, 70-71, 82-83, 99-101, 105-107, 114, 120-121.

18 Plaintiffs allege that defendants then leveraged the “professional” relationships they made  
 19 at the conferences to seek access to individual Planned Parenthood doctors and affiliates in private  
 20 meetings, some of them in secure Planned Parenthood offices and clinical spaces in Colorado and  
 21 Texas. *Id.* ¶¶ 6, 69-70, 75-76, 109-110, 111, 115. Defendants then repeatedly requested  
 22 additional meetings with Planned Parenthood staff, “lying at every step about who they were and  
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24 <sup>3</sup> Plaintiffs also allege that defendants set up and incorporated CMP as a non-profit under  
 25 California law, and falsely represented that CMP would be nonpartisan and not engage in any  
 legislative advocacy. *Id.* ¶ 59.

26 <sup>4</sup> The meetings allegedly accessed by defendants are: the 2014 NAF Conference in San Francisco,  
 27 California (FAC ¶¶ 64-74); the PPFA North American Forum on Family Planning in Miami, FL in  
 28 October 2014 (*id.* ¶¶ 81-89); the PPFA Medical Directors’ Council Conference in Orlando, Florida  
 in February-March 2015 (*id.* ¶¶ 98-103); the PPFA National Conference in Washington, DC in  
 March 2015 (*id.* ¶¶ 105- 108); and the NAF 2015 Conference in Baltimore, Maryland (*id.* ¶¶ 118-  
 123).

1 what they were doing.” *Id.* ¶ 5. As a result, Planned Parenthood senior medical staff and other  
2 staff members made time to meet with defendants -- the staff were completely unaware that they  
3 were being secretly taped and that they would later be featured in “malicious videos.” *Id.* ¶¶ 5, 75-  
4 76, 95-97.<sup>5</sup>

5 Plaintiffs contend that defendants went public with an online video campaign as part of  
6 their “Human Capital Project” by releasing a series of YouTube videos purporting to show that  
7 Planned Parenthood violated federal law related to fetal tissue. *Id.* ¶¶ 7, 124-127. According to  
8 plaintiffs, the videos were heavily manipulated, with critical content deliberately deleted and  
9 disconnected portions sewn together to create a misleading impression. *Id.* ¶¶ 5, 126-127, 128-  
10 128, 133-134, 137, 139, 141. Those misleading videos led people to believe that Planned  
11 Parenthood had violated the law and acted improperly. As a result, after the release of defendants’  
12 videos there was a dramatic increase in threats, harassment, and criminal activities targeting  
13 abortion providers and their supporters and, in particular, Planned Parenthood health centers. *Id.*  
14 ¶¶ 8, 130. The doctors and staff targeted in the videos have been the subject of online attacks,  
15 harassment at their homes and in their neighborhoods, and death threats. *Id.* ¶¶ 5, 135, 138, 140.

16 As a result of defendants’ “false statements, breaches of contractual agreements, illegal  
17 recordings and the video smear campaign,” plaintiffs have incurred millions of dollars in costs and  
18 put the safety and security of Planned Parenthood’s personnel and patients at serious risk, as  
19 “witnessed most horrifically” in the shootings at a Planned Parenthood health center in Colorado  
20 Springs on November 27, 2015. *Id.* ¶¶ 9, 142-147.

21 Based on these allegations, plaintiffs assert fifteen claims for relief: (1) Violation Of  
22 Racketeer Influenced And Corrupt Organizations (RICO) Act, 18 U.S.C. §§ 1962(c) and 1962(d))  
23 by all plaintiffs against all defendants; (2) Violation of 18 U.S.C. § 2511 by all plaintiffs against  
24 Daleiden, Merritt, Lopez, CMP, BioMax, and Unknown Co-Conspirators; (3) Civil Conspiracy by  
25 all plaintiffs against all defendants; (4) Breach Of Contract by PPGA Against Daleiden, Merritt,  
26 Lopez, CMP, BioMax, and Unknown Co-Conspirators; (5) Breach Of Contract by PPGA, PPNC,

27 \_\_\_\_\_  
28 <sup>5</sup> The senior medical staff who met with defendants include Dr. Deborah Nucatola in California  
(FAC ¶¶ 75-76) and Dr. Mary Gatter in California (*id.* ¶¶ 95-97).

1 PPSW, PPMM, PPOSB, PPGC, and PPCFC against Daleiden, Merritt, Lopez, CMP, BioMax,  
2 and Unknown Co-Conspirators; (6) Trespass by PPFA, PPGC, PPCFC, and PPRM against  
3 Daleiden, Merritt, Lopez, CMP, BioMax, and Unknown Co-Conspirators; (7) Violations of Calif.  
4 Bus. & Profs. Code § 17200, *et seq.* for Unlawful, Unfair, and Fraudulent Acts by all plaintiffs  
5 against all defendants; (8) Fraudulent Misrepresentation by PPFA, PPGC, PPCFC, and PPRM  
6 Against Daleiden, Merritt, Lopez, CMP, BioMax, and Unknown Co-Conspirators; (9) Violation  
7 Of California Penal Code § 632 by PPFA, PPNC, PPSW, PPMM, PPOSB, PPGC, PPCFC and  
8 PPRM against Daleiden, Merritt, Lopez, CMP, BioMax, and Unknown Coconspirators; (10)  
9 Violation Of California Penal Code § 634 by PPFA, PPNC, PPSW, PPMM, PPOSB, PPGC,  
10 PPCFC, and PPRM against Daleiden, Merritt, Lopez, CMP, BioMax, and Unknown  
11 Coconspirators; (11) Violation of Section 934 Title XLVII of the Florida Criminal Procedure Law  
12 by all plaintiffs against Daleiden, Merritt, Lopez, CMP, BioMax, and Unknown Co-Conspirators;  
13 (12) Violation of § 10-402 of the Courts And Judicial Proceedings Article of the Maryland  
14 Annotated Code by PPFA, PPNC, PPSW, PPMM, PPOSB, PPGC, PPCFC, and PPRM against  
15 Daleiden, Merritt, Lopez, CMP, BioMax, And Unknown Coconspirators (13) Invasion of Privacy:  
16 Intrusion Upon A Private Place by All Plaintiffs Against Daleiden, Merritt, Lopez, CMP, BioMax,  
17 and Unknown Co-Conspirators; (14) Invasion of Privacy: California Constitution Art. I § I by  
18 PPFA, PPNC, PPSW, PPMM, and PPOSB against Daleiden, Merritt, Lopez, CMP, BioMax, and  
19 Unknown Co-Conspirators; and (15) Breach of Non-Disclosure and Confidentiality Agreement by  
20 PPGC and PPCFC against BioMax, Daleiden, and Merritt.

## 21 DISCUSSION

### 22 I. MOTIONS TO DISMISS

23 Defendants, and separately Merritt, move to dismiss the claims asserted by plaintiffs for  
24 failure to plead adequate and plausible facts to support their claims, as well as facts to establish  
25 standing. Defendants also move to strike the state law claims in the FAC under California's anti-  
26 SLAPP statute arguing (similar to their motions to dismiss) that plaintiffs have failed to allege  
27 sufficient facts to support their claims and their standing to assert them. Each argument is  
28 addressed below.

1                   **A. Legal Standard**

2                   Under Federal Rule of Civil Procedure 12(b)(6), a district court must dismiss a complaint  
3 if it fails to state a claim upon which relief can be granted. To survive a Rule 12(b)(6) motion to  
4 dismiss, the plaintiff must allege “enough facts to state a claim to relief that is plausible on its  
5 face.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 556 (2007). A claim is facially plausible when  
6 the plaintiff pleads facts that “allow the court to draw the reasonable inference that the defendant  
7 is liable for the misconduct alleged.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (citation  
8 omitted). There must be “more than a sheer possibility that a defendant has acted unlawfully.” *Id.*  
9 While courts do not require “heightened fact pleading of specifics,” a plaintiff must allege facts  
10 sufficient to “raise a right to relief above the speculative level.” *Twombly*, 550 U.S. at 555, 570.

11                   In deciding whether the plaintiff has stated a claim upon which relief can be granted, the  
12 court accepts the plaintiff’s allegations as true and draws all reasonable inferences in favor of the  
13 plaintiff. *Usher v. City of Los Angeles*, 828 F.2d 556, 561 (9th Cir. 1987). However, the court is  
14 not required to accept as true “allegations that are merely conclusory, unwarranted deductions of  
15 fact, or unreasonable inferences.” *In re Gilead Scis. Sec. Litig.*, 536 F.3d 1049, 1055 (9th Cir.  
16 2008).

17                   If the court dismisses the complaint, it “should grant leave to amend even if no request to  
18 amend the pleading was made, unless it determines that the pleading could not possibly be cured  
19 by the allegation of other facts.” *Lopez v. Smith*, 203 F.3d 1122, 1127 (9th Cir. 2000).

20                   **B. Violation of RICO Act, 18 U.S.C. §§ 1962(c) and 1962(d), by all plaintiffs against all  
21 defendants**

22                   The elements of a RICO claim are: (i) the conduct of (ii) an enterprise that affects interstate  
23 commerce (iii) through a pattern (iv) of racketeering activity or collection of unlawful debt. 18  
24 U.S.C. § 1962(c); *Eclectic Props. E., LLC v. Marcus & Millichap Co.*, 751 F.3d 990, 997 (9th Cir.  
25 2014). In addition, the conduct must be the proximate cause of harm to the victim. Under §  
26 1964(c), plaintiffs must also allege that they have been injured in their “property or business” by  
27 reason of the alleged racketeering activities.

28                   **1. Injury to “property or business”**

                  Defendants argue that plaintiffs’ RICO claim fails because plaintiffs have not alleged

1 injury in “business or property” to satisfy RICO, and point out that reputational harm does not  
2 constitute an injury to a business or property interest sufficient to support RICO standing. *See,*  
3 *e.g., Hamm v. Rhone-Poulenc Rorer Pharms.*, 187 F.3d 941, 954 (8th Cir. 1999) (“Damage to  
4 reputation is generally considered personal injury and thus is not an injury to ‘business or  
5 property’ within the meaning of 18 U.S.C. § 1964(c).”); *see also Chaset v. Fleer/Skybox Int’l*, 300  
6 F.3d 1083, 1086-87 (9th Cir. 2002) (“To demonstrate injury for RICO purposes, plaintiffs must  
7 show proof of concrete financial loss, and not mere injury to a valuable intangible property  
8 interest.”); *cf. Doe v. Roe*, 958 F.2d 763, 770 (7th Cir. 1992) (where plaintiff had to invest in a  
9 home security system and missed several days of work due to hostile conduct of former lover,  
10 alleged injuries were personal and not injuries to a business or property interest).

11 Plaintiffs respond that they have alleged injury to their business and property interests as a  
12 result of defendants’ enterprise because: (i) their ability to serve their clients has been impaired,  
13 FAC ¶¶ 142, 151, 161; (ii) they incurred increased operational costs to ensure safety of patients  
14 and staff, *id.* ¶¶ 142-43; (iii) PPFAs’ website was hacked by individuals who referenced  
15 defendants’ videos and campaigns, resulting in additional costs to PPFAs, *id.* ¶¶ 144; and (iv)  
16 business relations with vendors have been interrupted or terminated as a result of defendants’  
17 video and press campaign. *Id.* ¶ 145. Plaintiffs rely on *Nat’l Org. for Women v. Scheidler*, 510  
18 U.S. 249, 256 (1994) and *Planned Parenthood v. Am. Coal. of Life Activists*, 945 F. Supp. 1355,  
19 1382 (D. Or. 1996) as recognizing that disruption of services confers RICO standing on plaintiffs.  
20 *See, e.g., Nat’l Org. for Women v. Scheidler*, 510 U.S. 249, 256 (1994) (allegations that defendants  
21 conspired to use force to induce clinic staff to quit and patients to seek care elsewhere sufficient at  
22 pleading stage to support standing); *Planned Parenthood v. Am. Coal. of Life Activists*, 945 F.  
23 Supp. 1355, 1382 (D. Or. 1996) (allegations that defendants’ racketeering activities decreased the  
24 volume of business of plaintiffs or increased their cost of doing business and were calculated to  
25 induce clinic personnel to give up their jobs and doctors to forego their economic right to practice  
26 medicine sufficient to confer standing at pleading stage). Plaintiffs also rely on *Diaz v. Gates*, 420  
27 F.3d 897, 900 (9th Cir. 2005), where the Ninth Circuit concluded that interference with business  
28 relations was sufficient to allege injury to a business or property interest.

1 Defendants reply that *Scheidler* has been limited by a subsequent Ninth Circuit case –  
 2 *Ass'n of Wash. Pub. Hosp. Dists. v. Philip Morris, Inc.*, 241 F.3d 696, 700 (9th Cir. 2001) – such  
 3 that the portion of *Scheidler* relied on by plaintiffs here is only relevant to Article III standing and  
 4 can no longer be relied on to establish RICO statutory standing. Defs. MTD Reply at 1-2.<sup>6</sup>  
 5 However, the *Philip Morris* case and the other authorities defendants rely on in their attempt to  
 6 limit *Scheidler* addressed a different question; proximate cause and the “directness” of plaintiffs’  
 7 injuries. Those cases do not address whether the type of injuries alleged in *Scheidler* and the  
 8 similar allegations here are sufficient to establish statutory standing under RICO’s “business or  
 9 property” prong.

10 *In Ass'n of Wash. Pub. Hosp. Dists. v. Philip Morris, Inc.*, 241 F.3d 696, 700 (9th Cir.  
 11 2001), hospital districts sued tobacco companies under RICO alleging that the tobacco companies  
 12 “conspired to misrepresent and to conceal the addictive nature of nicotine and the health risks  
 13 associated with tobacco use” and damaged the health care districts who sought to recover their  
 14 increased costs for treating their patients’ tobacco-related illnesses. *Id.* at 700. The Ninth Circuit,  
 15 consistent with the decisions of other circuits and decisions regarding union trust funds that had  
 16 attempted to sue under similar theories, concluded that the hospital districts lacked standing  
 17 because their injuries lacked proximate cause and were entirely derivative of the injuries to the  
 18 smokers themselves. *Id.* at 702-704. The court did not address what direct injuries satisfied the  
 19 “business or property” prong.<sup>7</sup> *See also Perry v. Am. Tobacco Co.*, 324 F.3d 845, 850 (6th Cir.  
 20 2003) (“*Scheidler* is inapposite, however, since the Supreme Court did not address the direct  
 21 injury requirement that is at issue in the present case.”).

22 Defendants also argue that because the harms at issue here resulted from defendants’  
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24 <sup>6</sup> Defendants’ *Scheidler* argument, if accepted, would likewise limit the reach of *Planned*  
 25 *Parenthood v. Am. Coal. of Life Activists*, 945 F. Supp. 1355, 1382 (D. Or. 1996) (following  
 26 *Scheidler*).

27 <sup>7</sup> I recognize that the Ninth Circuit rejected plaintiffs’ arguments that standing requirements  
 28 should be relaxed for health care providers, and in doing so described *Scheidler* in a footnote as a  
 case concerning “constitutional standing, not RICO or antitrust standing.” *Id.* at 704 n.4. But the  
 Ninth Circuit did not address or otherwise limit the Supreme Court’s determination that plaintiffs  
 in *Scheidler* had adequately alleged injury to “business or property” under the RICO statute.

1 speech – the publishing of the videos and related Human Capital Project press – the injuries  
 2 caused to defendants must be reputational, and any financial injuries flowing therefrom cannot  
 3 confer standing. Defs. MTD at 2-3; Defs. MTD Reply at 2. There is no support for defendants’  
 4 leap in logic, and their reliance on *Doe v. Roe*, 958 F.2d 763, does not help them. There the  
 5 plaintiff’s injuries (costs for installing a security system and lost wages from plaintiff’s missed  
 6 work) were derivative of her *personal* injuries and not injuries to her business or property. Here  
 7 plaintiffs are not attempting to recover damages that arise out of a personal injury. *But see*  
 8 *Jackson v. Sedgwick Claims Mgmt. Servs.*, 731 F.3d 556, 564-565 (6th Cir. 2013) (distinguishing  
 9 cases holding that individuals personally harmed by actions of RICO enterprise could not state a  
 10 RICO claim). The injuries plaintiffs plead here are directly tied to their business interests. They  
 11 confer standing under RICO.<sup>8</sup>

## 12 **2. Predicate Acts**

13 Defendants argue that plaintiffs have not sufficiently alleged predicate acts supporting their  
 14 RICO claim. In opposition, plaintiffs rely on their wire and mail fraud allegations, FAC ¶¶ 157-  
 15 158 (September 15, 2013, wire transmission of registration; September 16, 2014, wire  
 16 transmission of registration; October 17, 2014, email from BioMax; and March 6, 2015,  
 17 introductory letter) and their allegations under the federal Identity Theft Statute, 18 U.S.C. § 1028.

### 18 **a. Wire/Mail Fraud**

19 Claims of wire fraud and mail fraud under 18 U.S.C. §§ 1341 and 1343 require three  
 20 elements: (i) the formation of a scheme to defraud, (ii) the use of the mails or wires in furtherance  
 21 of that scheme, and (iii) the specific intent to defraud. *Eclectic Props. E., LLC v. Marcus &*  
 22 *Millichap Co.*, 751 F.3d 990, 997 (9th Cir. 2014).

23 The parties’ initial dispute is whether there must be allegations that property or money was  
 24 intended to be acquired or actually acquired through the fraud to state a claim for wire or mail

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 27 <sup>8</sup> Defendants’ reliance on *Rylewicz v. Beaton Services, Ltd.*, 698 F. Supp. 1391, 1395 (N.D. Ill.  
 28 1988) does not help them either. There, the court concluded that “effort and time” the plaintiffs  
 spent on an investigation into defendants’ alleged campaign to intimidate them were “personal  
 injuries or political damages” not damages to “business or property” as required by § 1964(c).  
 Here the damages are to PFFA and its affiliates *as businesses*.



1 fraud. Defs. MTD at 5; Defs. MTD Oppo. at 6. Plaintiffs contend that all that is required is that  
2 “a plaintiff was wronged in his or her property rights.” Defs. MTD Oppo. at 6. However,  
3 defendants’ reliance on more recent cases is persuasive; allegations regarding an attempt to  
4 *acquire* money or property through fraud are required. *See, e.g., United States v. Ali*, 620 F.3d  
5 1062, 1070 (9th Cir. 2010) (“*Cleveland* requires that the property taken be property ‘in the hands  
6 of the victim,’ . . . suggesting that at least some level of convergence between the fraud and the  
7 loss is required. Second, we held in *United States v. Lew*, 875 F.2d 219 (9th Cir. 1989), that, for  
8 mail fraud, ‘the intent must be to obtain money or property from the one who is deceived.’”);  
9 *United States v. Lew*, 875 F.2d 219, 221 (9th Cir. 1989) (“While it is true that after *McNally* the  
10 elements of mail fraud remain unchanged except that the intent of the scheme must be to obtain  
11 money or property, the Court made it clear that the intent must be to obtain money or property  
12 from the one who is deceived”).

13 To meet this element, plaintiffs rely first on their allegations about defendants’ attempts to  
14 interfere with their operations, arguing that the right to carry on one’s business is a property right.  
15 Oppo. at 6. As support, plaintiffs rely on two RICO cases where the predicate act was a violation  
16 of extortion under the Hobbs Act. *See Ne. Women's Ctr., Inc. v. McMonagle*, 868 F.2d 1342, 1350  
17 (3d Cir. 1989); *United States v. Zemek*, 634 F.2d 1159, 1174 (9th Cir. 1980). As defendants point  
18 out, the Supreme Court in *Scheidler v. NOW, Inc.*, 537 U.S. 393 (2003), *rejected* an attempt to  
19 satisfy the Hobbs Act’s requirement of “obtaining of property from” based on an argument that  
20 “the right to control the use and disposition of an asset is property [and] petitioners, who interfered  
21 with, and in some instances completely disrupted, the ability of the clinics to function, obtained or  
22 attempted to obtain respondents’ property.” *Id.* at 401.

23 Plaintiffs also rely on defendants’ attempted and actual acquisition of plaintiffs’  
24 confidential information to satisfy this element. Defs. MTD Oppo. at 7. Plaintiffs rely exclusively  
25 on *Carpenter v. United States*, 484 U.S. 19 (1987), where the Supreme Court held that  
26 “confidential business information” – there the Wall Street Journal’s publication schedule and  
27 content of a column – was property protected by the mail and wire fraud statutes. *Id.* at 25. While  
28 *Carpenter* concluded that “confidential business information” could be property fraudulently

1 acquired under those statutes, recent cases explain that whether information actually constitutes  
2 “property” must be determined by reference to applicable state laws. *See, e.g., United States v.*  
3 *Shotts*, 145 F.3d 1289, 1294 (11th Cir. 1998) (“state law appears to control the definition of  
4 property under Section 1341”); *Borre v. United States*, 940 F.2d 215, 220 (7th Cir. 1991) (“It is  
5 logical, therefore, for this court to look to state law in determining whether a cable television  
6 franchise constitutes ‘property’ for purposes of the mail fraud statute.”).

7 Defendants argue that confidential information can only constitute “property” under the  
8 state laws at issue<sup>9</sup> if the information meets the definition of a trade secret under the Uniform  
9 Trade Secrets Act, as adopted by those states. They rely heavily on *SunPower Corp. v. SolarCity*  
10 *Corp.*, No. 12-CV-00694-LHK, 2012 WL 6160472, at \*5 (N.D. Cal. Dec. 11, 2012), where the  
11 court concluded that the only cause of action that could be stated for misappropriation of  
12 confidential business information under California law was a claim under CUTSA for  
13 misappropriation of trade secret information. In essence, if confidential information did not  
14 qualify as trade secret under CUTSA, then there was no common law claim protecting against its  
15 misappropriation. The court recognized that absent status as trade secret, plaintiff needed to (but  
16 could not) identify a separate “property interest” in its confidential business information. *Id.* at  
17 \*9-12; *see also Silvaco Data Sys. v. Intel Corp.*, 184 Cal. App. 4th 210, 239 (2010), *as modified*  
18 *on denial of reh’g* (May 27, 2010) disapproved of on other grounds by *Kwikset Corp. v. Superior*  
19 *Court*, 51 Cal. 4th 310 (2011) (“Information that does not fit this definition, and is not otherwise  
20 made property by some provision of positive law, belongs to no one, and cannot be converted or  
21 stolen.”).<sup>10</sup>

22 According to defendants, because plaintiffs have failed to allege facts identifying trade  
23 secrets that were allegedly acquired through wire or mail fraud, plaintiffs have failed to plead  
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25 <sup>9</sup> California, Colorado, Maryland, and Texas.

26 <sup>10</sup> Plaintiffs rely also on *United States v. Mahaffy*, 693 F.3d 113, 135 (2d Cir. 2012) a securities  
27 fraud case which held, without analysis, that “[i]nformation may qualify as confidential under  
28 *Carpenter* even if it does not constitute a trade secret.” That may be correct as a matter of  
securities law or in a state that has not adopted UTSA, but that position was explicitly rejected  
under California law in *SunPower*.

1 these predicate acts. I agree. Plaintiffs have not pleaded that the information defendants’  
 2 attempted to or did acquire qualifies as trade secret under the USTA-adopting states at issue. At  
 3 oral argument, plaintiffs did not make any argument that they could plead (or should be given  
 4 leave to plead) that the information at issue constitutes a trade secret.

5 Plaintiffs, therefore, cannot rest their RICO claim on their mail or wire fraud allegations.

6 **b. Federal Identity Theft**

7 Plaintiffs also allege as a predicate act that defendants violated the federal identity theft  
 8 statute by producing or transferring false identification documents and by possessing and using,  
 9 without authority, the name of a real person. FAC ¶ 160.<sup>11</sup> The FAC contains references to  
 10 defendants’ use of two specific fake identifications to gain access to plaintiffs’ conferences and  
 11 meetings. FAC ¶¶ 85-86. While defendants point out that mere possession of false identification  
 12 is not covered by the statute, the plaintiffs allege not just possession but use. *See, e.g., United*  
 13 *States v. Rohn*, 964 F.2d 310, 313 (4th Cir. 1992) (mere possession not criminalized, instead  
 14 “government is required to establish two things: first, the uses to which appellant intended to put  
 15 the false identifications; and, second, that those intended uses would violate one or more federal,  
 16 state, or local laws.”). However, to the extent plaintiffs are attempting to state a claim under §  
 17 1028(a)(3) for possession and intended use, they fail to do so because that provision requires  
 18 knowing possession with intent to use unlawfully or transfer unlawfully five or more identification  
 19 documents. Plaintiffs have not alleged that any defendant possessed five or more identification  
 20 documents.<sup>12</sup>

21 However, plaintiffs also rely on §§ 1028(a)(1) and (a)(2) – knowing production or transfer  
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23 <sup>11</sup> 18 U.S.C. § 1028(a)(1)-(2) makes it unlawful to “(1) knowingly and without lawful authority  
 24 produces an identification document, authentication feature, or a false identification document”  
 25 and “(2) knowingly transfers an identification document, authentication feature, or a false  
 26 identification document knowing that such document or feature was stolen or produced without  
 27 lawful authority.” § 1028(a)(7) makes it unlawful to “knowingly transfers, possesses, or uses,  
 28 without lawful authority, a means of identification of another person with the intent to commit, or  
 to aid or abet, or in connection with, any unlawful activity that constitutes a violation of Federal  
 law, or that constitutes a felony under any applicable State or local law.”

<sup>12</sup> Plaintiffs disclaim any reliance on (a)(3) in their Opposition at 10 n.7.

1 of fake identification – and argue that their allegations “are sufficient at the pleading stage for the  
2 court to infer that Defendants played an active role in obtaining the fake IDs they used.” Defs.  
3 MTD Oppo. at 8.<sup>13</sup> I recognize that the allegations regarding production and transfer are bare:  
4 “[o]n information and belief, Defendants produced these false photo identifications.” FAC ¶ 160.  
5 However, we are at the pleading stage and any more detailed information regarding the fake IDs is  
6 within the sole possession of defendants. Plaintiffs’ allegations are plausible and sufficient with  
7 respect to production or transfer.

8 Defendants also argue that plaintiffs have failed to plead facts that any of the alleged fake  
9 ID conduct was “in or affecting” interstate commerce as required by § 1028(c)(3)(A).<sup>14</sup> Plaintiffs  
10 respond that this is not an issue of pleading, but simply one of proof at trial. I agree.<sup>15</sup>

11 With respect to the alleged violation of § 1028(a)(7), plaintiffs base that claim on  
12 defendants’ use of the name of an unnamed co-conspirator, Brianna Allen, to pose as a  
13 representative of BioMax, and allege that Brianna Allen was a former classmate of Daleiden.  
14 FAC ¶¶ 38, 68, 178. These allegations, according to plaintiffs, “plausibly allege Defendants used  
15 the name of a specific person without her authorization.” Defs. MTD Oppo. at 9. Defendants  
16 respond that the FAC does not allege a specific use of “identification” but only the use of the name  
17 “Allen” and the absence of any additional facts make this claim implausible. More persuasively,  
18 defendants also argue that under (a)(7), the “means of identification” must be used in connection

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<sup>13</sup> “Production” includes “alter, authenticate, or assemble.” 18 U.S.C. § 1028(a)(9); *see also* *United States v. Jaensch*, 665 F.3d 83, 95 (4th Cir. 2011) (“Because Jaensch’s ID contained Jaensch’s signature, jurors could reasonably infer that Jaensch both signed and laminated his ID after it was shipped to his home address—acts of “production” under the statutory definition.”); *but see* *United States v. Rashwan*, 328 F.3d 160, 165 (4th Cir. 2003) (conviction upheld under § 1028(a)(1) where defendant did not produce but simply procured false identification *in significant part* under an aiding and abetting theory).

<sup>14</sup> *See, e.g., United States v. Villarreal*, 253 F.3d 831, 835 (5th Cir. 2001) (“with respect to [the] jurisdictional element, we do not focus on whether the identification document actually traveled in interstate or foreign commerce or whether the transfer actually affected interstate or foreign commerce. Rather, we focus on whether the identification document would have traveled in interstate or foreign commerce or whether the transfer would have affected interstate or foreign commerce if Villarreal had successfully accomplished his intended goals.”).

<sup>15</sup> The cases defendants rely on regarding use in commerce are post-trial cases reviewing the sufficiency of the evidence supporting those claims. *See* Defs. MTD at 9.

United States District Court  
Northern District of California

1 with unlawful activity that constitutes a violation of Federal law, or that constitutes a felony under  
2 any applicable State or local law. Because plaintiffs do not allege any other violation of federal  
3 law (except wire and mail fraud which as discussed above are insufficiently pleaded), and  
4 plaintiffs have failed to allege any *felony* conduct under state law, plaintiffs cannot rest their RICO  
5 claim on a predicate act under § 1028(a)(7).

6 Finally, while defendants argue plaintiffs have failed to allege that the predicate acts create  
7 a “pattern” of RICO activity, I disagree. Plaintiffs have adequately alleged that defendants  
8 repeatedly (and continuously) used their fake IDs (produced or procured in violation of federal  
9 law) as key steps in defendants’ ongoing RICO enterprise.

10 **3. Proximate Cause**

11 Finally, defendants argue that the FAC fails to allege facts showing that the RICO  
12 predicate acts, as opposed to other actions and the actions of others who may have been influenced  
13 by the Human Capital Project videos and press, proximately caused plaintiffs’ injuries. *See Anza*  
14 *v. Ideal Steel Supply Corp.*, 547 U.S. 451, 458 (2006) (“The proper referent of the proximate-  
15 cause analysis is” is predicate acts alleged). “When a court evaluates a RICO claim for proximate  
16 causation, the central question it must ask is whether the alleged violation led directly to the  
17 plaintiff’s injuries.” *Id.* at 461. Defendants contend that because the acts complained of (the  
18 mail/wire fraud and false identification) did not directly cause the harms plaintiffs complain of  
19 (disrupted and delayed services, expending additional resources on physical and cyber security,  
20 increase in threats, harassment, and vandalism, loss of vendors, and time and expense in  
21 responding to legislative inquiries, FAC ¶¶ 142- 147), proximate cause has not been alleged.  
22 Instead, defendants contend that the harms suffered by plaintiffs were caused by a complex causal  
23 chain of events resulting in the acts of third-parties and legislative bodies beyond the control of  
24 defendants.

25 Defendants describe plaintiffs’ causal chain as follows: “(1) Defendants allegedly used  
26 fake identifications and communicated by email (the only alleged predicate acts); (2) which  
27 induced Plaintiffs and others to admit Defendants to conferences; (3) which led to site visits and  
28 business meetings; (4) at which Defendants recorded various conversations; (5) Defendants later

1 published those recordings; (6) thereby harming Plaintiffs’ reputation; (7) causing unrelated third  
 2 parties to harass or physically attack Plaintiffs, governmental entities to investigate Plaintiffs, and  
 3 third parties to fear associating with Plaintiffs; (8) which in turn caused economic harms to  
 4 Plaintiffs.” Defs. MTD Reply at 8-9. Plaintiffs, at oral argument, countered that the chain  
 5 consists of only two elements: (1) defendants used the fake identifications and communications to  
 6 access the meetings and record plaintiffs’ staff, and (2) plaintiffs were harmed by that breach of  
 7 their security protocols.

8 Defendants rely on a series of cases where the Supreme Court and other courts have  
 9 concluded that plaintiffs who were only *indirectly* injured by the alleged RICO enterprise could  
 10 not sue where others were more directly injured. For example in *Holmes v. Sec. Inv’r Prot. Corp.*,  
 11 503 U.S. 258 (1992), the Court concluded that indirectly injured plaintiffs (non-purchasing  
 12 customers) could not sue because there were too many intervening causation and damage  
 13 apportionment questions. *Id* at 272-273; *id.* at 268 (there is a “demand for some direct relation  
 14 between the injury asserted and the injurious conduct alleged. Thus, a plaintiff who complained of  
 15 harm flowing merely from the misfortunes visited upon a third person by the defendant’s acts was  
 16 generally said to stand at too remote a distance to recover.”); *see also Imagineering, Inc. v. Kiewit*  
 17 *Pac. Co.*, 976 F.2d 1303, 1312 (9th Cir. 1992) (“The direct harm in this case runs to the prime  
 18 contractors. It was the intervening inability of the prime contractors to secure the contracts that  
 19 was the direct cause of plaintiffs’ injuries. Under *Holmes*, the MWBE plaintiffs are missing the  
 20 direct relationship needed to show Kiewit proximately caused their injuries.”). Here, however, the  
 21 issue is not damage to third-parties for which plaintiffs are trying to recover (and the related  
 22 difficulties apportioning damages), but damage to plaintiffs directly. This line of cases is  
 23 inapposite.

24 Defendants also argue that because the injuries here were the results of the publication of  
 25 the Human Capital Project videos and press, and not the predicate acts of wire/mail fraud and use  
 26 of fake IDs, plaintiffs cannot allege a RICO claim. *See, e.g., Anza v. Ideal Steel Supply Corp.*, 547  
 27 U.S. 451, 458 (2006) (“The cause of Ideal’s asserted harms, however, is a set of actions (offering  
 28 lower prices) entirely distinct from the alleged RICO violation (defrauding the State.”); *see also*

1 *Hemi Grp., LLC v. City of New York, N.Y.*, 559 U.S. 1, 11 (2010) (“the conduct directly  
2 responsible for the City’s harm was the customers’ failure to pay their taxes. And the conduct  
3 constituting the alleged fraud was Hemi’s failure to file [cigarette sales report with the state].  
4 Thus, as in *Anza*, the conduct directly causing the harm was distinct from the conduct giving rise  
5 to the fraud.”).

6 Relatedly, defendants rely on cases concluding that RICO claims cannot be pursued where  
7 the causal nexus between the defendants’ conduct and the harm alleged to plaintiff is too distant.  
8 In *Canyon Cty. v. Syngenta Seeds, Inc.*, 519 F.3d 969 (9th Cir. 2008), the Ninth Circuit concluded  
9 that the county plaintiff “cannot, as a matter of law, show an adequate causal nexus between the  
10 four defendant companies’ employment of undocumented workers and the financial harm the  
11 County claims to have suffered” in providing health care and criminal justice services to the  
12 undocumented immigrants. *Id.* at 980; *see also Reddy v. Litton Indus., Inc.*, 912 F.2d 291, 294  
13 (9th Cir. 1990) (employee who was fired after reporting racketeering activities to employer lacked  
14 RICO standing because he was not harmed by the racketeering activity itself). Defendants also  
15 rely on cases refusing to extend the causal nexus to situations where the complained of harms were  
16 most-directly caused by third parties. *See, e.g., Hemi Grp., LLC v. City of New York, N.Y.*, 559  
17 U.S. 1, 2-3 (2010) (“the City’s theory of liability rests not just on separate actions, but separate  
18 actions carried out by separate parties.”); *Mattel, Inc. v. MGA Entm’t, Inc.*, 782 F. Supp. 2d 911,  
19 1027 (C.D. Cal. 2011) (“Mattel cannot rest its theory of liability on ‘the independent actions of  
20 third and even fourth parties’ to its counter-claim”); *see also Wodka v. Causeway Capital Mgmt.*  
21 *LLC*, 433 F. App’x 563, 564 (9th Cir. 2011) (rejecting as “too attenuated” allegations of harms  
22 that were directly caused by a series of intervening third-party actions).

23 The only case relied on by plaintiffs is *Bridge v. Phoenix Bond & Indem. Co.*, 553 U.S.  
24 639, 658 (2008). There, the Court addressed a scheme where property lien auction bidders made  
25 fraudulent representations to the county, thereby securing a disproportionate amount of liens at  
26 auction and reducing the pool of liens available for plaintiffs. The Court concluded that plaintiffs  
27 were injured as “the direct result of petitioners’ fraud,” because there were fewer liens available to  
28 them to bid on. *Id.* at 658. The Court characterized plaintiffs’ harm as “a foreseeable and natural

1 consequence of petitioners’ scheme to obtain more liens for themselves that other bidders would  
 2 obtain fewer liens.” *Id.* But whether foreseeability can still be considered is questionable in light  
 3 of *Hemi Grp., LLC v. City of New York, N.Y.*, 559 U.S. 1 (2010), which rejected the idea that  
 4 proximate cause under RICO could “turn on foreseeability, rather than on the existence of a  
 5 sufficiently ‘direct relationship’ between the fraud and the harm.” *Id.* at 12. In the specific  
 6 context of RICO, “[o]ur precedents make clear that [] the focus is on the directness of the  
 7 relationship between the conduct and the harm. Indeed, *Anza* and *Holmes* never even mention the  
 8 concept of foreseeability.” *Id.*

9 Having thoroughly reviewed the cases cited by both sides and the extensive allegations in  
 10 the FAC, I conclude that at this juncture plaintiffs have adequately alleged proximate cause for  
 11 damages caused directly by defendants’ actions. I agree that plaintiffs may not be able to recover  
 12 for damages that were not *directly* caused by the actions of defendants, but caused instead by  
 13 intervening actions of *third parties* who were motivated by the videos and press released by the  
 14 Human Capital Project. For example, the damages plaintiffs incurred because their website was  
 15 hacked by a third-party<sup>16</sup> would appear to be too distant, too far down the causal chain, for  
 16 plaintiffs to seek them under RICO. But other damages alleged – including the increase in  
 17 security costs at conferences, meetings, and clinics that plaintiff incurred when *they learned* about  
 18 defendants’ infiltration of their conferences, meetings, and clinics – are much more directly tied to  
 19 defendants’ conduct and do not raise the problem of intervening actions of third-parties.<sup>17</sup>

20 How far the actual causal link stretches for each category of damages plaintiffs’ allege is

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 22 <sup>16</sup> There are no allegations that defendants were directly responsible for hacking plaintiffs’  
 website.

23 <sup>17</sup> Defendant Merritt raises a slightly different proximate cause argument, saying that the damages  
 24 identified by plaintiffs are simply costs of engaging in their chosen business and were not incurred  
 as the result of Merritt’s attending the conferences and meetings alleged. Merritt MTD at 3-4.  
 25 Those arguments are without merit as (i) plaintiffs pleaded they incurred *additional* security costs  
 as a result of defendants’ fraud; and (ii) plaintiffs need not tie Merritt’s specific actions to specific  
 26 damages, but rather tie the predicate acts committed as part of the RICO enterprise to proximately  
 caused damages. Relatedly, defendants’ characterization of plaintiffs’ decision to incur additional  
 27 security costs as a “voluntary” act in light of defendants’ infiltrations is not dispositive at this  
 juncture. Whether plaintiffs’ costs were necessarily incurred is a matter to be explored in  
 28 discovery.



1 something that will need to be developed in discovery and tested on summary judgment. But for  
2 purposes of the motions to dismiss, they are sufficiently alleged.

3 For the foregoing reasons, plaintiffs have adequately alleged their RICO claim based on  
4 the predicate acts of using false identification under Federal law.

5 **C. Violation of the Federal Wiretap Act by all plaintiffs against Daleiden, Merritt,  
6 Lopez, CMP, BioMax, and Unknown Co-Conspirators**

7 Plaintiffs allege that defendants violated the federal Wiretap Act by intercepting plaintiffs'  
8 and their staffs' communications without their consent in order to further their RICO conspiracy  
9 and to invade the privacy of plaintiffs' staff. 18 U.S.C. § 2511(1), (2)(d); FAC ¶¶ 164-165,  
10 169(a)(b). Because defendants were participants in those conversations, the recordings can only  
11 violate the Act if they were intercepted for the purpose of committing criminal or tortious acts. 18  
12 U.S.C. § 2511(2)(d); *see Sussman v. American Broadcasting Cos.*, 186 F.3d 1200, 1202 (9th  
13 Cir.1999) ("the focus is not upon whether the interception itself violated another law; it is upon  
14 whether the purpose for the interception – its intended use – was criminal or tortious." (internal  
15 quotations and citation omitted)). Defendants contend that because they have shown that plaintiffs  
16 cannot state a RICO claim (*supra*) nor invasion of privacy claims (*infra*), these crimes and torts  
17 cannot support this claim. However, as discussed above, the RICO claim is plausibly alleged at  
18 this juncture.

19 Defendants also challenge whether plaintiffs can plead that the intercepted  
20 communications were made for the purpose of committing the RICO act, given the fact that all of  
21 the RICO predicate acts predated the interception of the communications at issue. However, the  
22 RICO enterprise allegations, by their nature and as expressly pled in the FAC, encompass actions  
23 that occurred after the interceptions at issue. Defendants also argue that plaintiffs cannot rely on  
24 invasion of privacy to support this claim because plaintiffs fail to allege facts showing that at the  
25 time defendants intercepted the communications, defendants intended to commit a *further*  
26 invasion of privacy tort against plaintiffs or their staff. However, defendants' subsequent  
27 disclosure of the contents of the intercepted conversations for the alleged purpose of *further*  
28 invading the privacy of plaintiffs' staff satisfies that element. *See, e.g., In re Google Inc.*, 806

1 F.3d 125, 145 (3d Cir. 2015) (plaintiffs must plead “sufficient facts to support an inference that  
2 the offender intercepted the communication for the purpose of a tortious or criminal act that is  
3 *independent* of the intentional act of recording.” (quoting *Caro v. Weintraub*, 618 F.3d 94, 100  
4 (2d Cir. 2010)). Whereas the court in *In re Google Inc.*, 806 F.3d at 145, dismissed the § 2511  
5 claim because plaintiff pled “no tortious or criminal use” of the intercepted information, here the  
6 public release of the videos (the fruits of the interception), including allegedly misleading  
7 summary videos, could constitute the further tortious act.

8 Finally, in their Motion and Reply, defendants attempt to draw a distinction between the  
9 privacy interest the plaintiff organizations have in the intercepted conversations and the privacy  
10 interests of their staff in the same. Defs. MTD at 16; Defs. MTD Reply at 10 (relying on *Smoot v.*  
11 *United Transp. Union*, 246 F.3d 633 (6th Cir. 2001)). But for purposes of the federal Wiretap Act  
12 claim, plaintiffs have sufficiently alleged that the intercepted conversations concerned their  
13 organizational activity (even if the conversations may also implicate the privacy interests of the  
14 staff) and, therefore, the plaintiff organizations have a cognizable interest in the privacy of those  
15 conversations under the Act. *See id.* at 639.

#### 16 **D. Civil Conspiracy by all plaintiffs against all defendants**

17 Both sides agree that conspiracy is not “is not a cause of action, but a legal doctrine that  
18 imposes liability on persons who, although not actually committing a tort themselves, share with  
19 the immediate tortfeasors a common plan or design in its perpetration.” *Applied Equip. Corp. v.*  
20 *Litton Saudi Arabia Ltd.*, 7 Cal. 4th 503, 510-11 (1994). Defendants challenge plaintiffs’  
21 conspiracy claim on two grounds: (1) plaintiffs fail to tie specific actions of each defendant to each  
22 of the underlying tort claims; and (2) because plaintiffs allege that all defendants are agents of  
23 corporate entities BioMax or CMP (and allege that BioMax and CMP are not distinct legal  
24 entities), the conspiracy claim fails because a corporate entity cannot conspire with itself nor can  
25 corporate employees acting within the scope of their employment, conspire with the corporate  
26 entity. *See, e.g., Black v. Bank of Am.*, 30 Cal. App. 4th 1, 6 (1994) (discussing “single-entity”  
27 rule).

28 Reviewing the FAC, I find that the allegations adequately identify and link each defendant,

1 including Merritt, to the underlying tort they are alleged to either have committed directly or  
 2 conspired to commit. FAC ¶¶ 56-58, 62, 173(a) – (f); *but see* Merritt MTD at 7. With respect to  
 3 the impact of plaintiffs’ alter ego allegations – that BioMax and CMP are alter egos of the  
 4 individual defendants and each other, FAC ¶ 41 – at this stage of the litigation, those allegations  
 5 will not preclude the assertion of a conspiracy claim. *See, e.g., AccuImage Diagnostics Corp v.*  
 6 *Terarecon, Inc.*, 260 F. Supp. 2d 941, 947 (N.D. Cal. 2003) (recognizing the single-entity rule  
 7 does not apply in cases where directors and officers of a corporation directly order, authorize, or  
 8 participate in the tortious conduct).<sup>18</sup> As discovery progresses, the roles of the individual  
 9 defendants in connection with BioMax or CMP may be explored, as well as whether BioMax or  
 10 CMP adhered to the corporate form.

11 Defendants’ motion to dismiss the conspiracy claim is DENIED.

12 **E. Breach of Contract by PFFA, PPNC, PPPSW, PPMM, PPOSB, PPGC, and PPCFC**  
 13 **against Daleiden, Merritt, Lopez, CMP, BioMax, and Unknown Co-Conspirators**

14 **1. Breach of PFFA Agreements**

15 Plaintiffs’ fourth claim alleges breach of contract by PFFA against Daleiden, Merritt,  
 16 Lopez, CMP, and BioMax with respect to defendants’ conduct on September 16, 2014, February  
 17 6, 2015, and on February 17, 2015, when defendants allegedly entered into Exhibitor Agreements  
 18 and registrations for the PFFA conferences in Miami, Orlando, and Washington, DC. FAC ¶¶  
 19 177-181. Plaintiffs contend that the defendants falsely represented BioMax as a legitimate  
 20 specimen procurement organization and “defendants agreed that their contribution to the  
 21 conferences would be useful to attendees and beneficial to the interests of their clients and patients  
 22 and that they would comply with all applicable laws related to fraud, abuse, privacy, and  
 23 confidentiality.” *Id.* ¶ 178.

24 \_\_\_\_\_  
 25 <sup>18</sup> Merritt argues in Reply that the alter ego allegations are facially deficient as well. Merritt MTD  
 26 Reply at 6-7. Plaintiffs have adequately alleged that BioMax was set up as a fake company  
 27 through the *direct participation* of Merritt and that Merritt consistently held herself out as the  
 28 CEO of BioMax and distributed BioMax advertising materials. *See, e.g.,* FAC ¶¶ 5, 35, 41, 61,  
 87. The alter ego cases discussed by Merritt (addressing the more common ownership, beneficial  
 interest, and co-mingled fund allegations typically presented in alter ego cases) are inapposite  
 considering the factual allegations in this case. Plaintiffs’ very specific factual allegations are  
 sufficient at this juncture to support plaintiffs’ alter ego assertions.

1 Defendants argue that the FAC fails to allege facts supporting the alleged breaches or that  
2 any breach proximately caused damage to PFFA. With respect to the PFFA agreements, plaintiffs  
3 allege that defendants breached two sections: (i) a requirement that exhibits be “educational and  
4 informative,” and (ii) a provision requiring exhibits to be “beneficial to attendees” and requiring  
5 exhibits to “comply with all applicable laws, particularly those related to fraud, privacy and  
6 confidentiality.” FAC ¶¶ 82, 99, 105, 178; FAC Exs. B & D, “Sponsor, Exhibitor/Advertisement  
7 Package Terms and Conditions” at ¶ 1 “PURPOSE AND USE OF SPONSORSHIP SUPPORT”  
8 (“The exhibits and sponsored meetings must be educational and informative, emphasizing  
9 information about products and services useful to the registrants’ practice and beneficial to the  
10 interests of their clients and patients.”); LEGAL AND COMPLIANCE MATTERS ¶ 3 (“Exhibitor  
11 and PFFA each agree that they shall comply with all applicable federal, state and local laws and  
12 regulations in performance of its respective obligations pursuant to this Agreement, including,  
13 without limitation, laws related to fraud, abuse, privacy, discrimination, disabilities, samples,  
14 confidentiality, false claims and prohibition of kickbacks.”).

15 With respect to the first provision, while defendants argue that it binds only sponsors, the  
16 language at issue specifically applies to “[t]he exhibits and sponsored meetings.” While the  
17 paragraph heading is “PURPOSE AND USE OF SPONSORSHIP SUPPORT,” the language of  
18 that portion of the agreements appears to apply by its terms to *both* exhibitors and sponsors.

19 Defendants also argue that the requirements of this provision (requiring exhibits to be  
20 “educational,” “useful,” and “beneficial” to participants) are too vague to support a claim of  
21 breach. *See, e.g., Tauber v. Quan*, 938 A.2d 724, 730 (D.C. 2007) (applying concept of  
22 “reasonable definiteness in the essential terms of a purported contract” so that a court may  
23 determine “whether a breach has occurred”); *Soderlun v. Pub. Serv. Co. of Colorado*, 944 P.2d  
24 616, 620 (Colo. App. 1997) (collecting cases recognizing that contract must have “such certainty  
25 and definiteness as to be capable of enforcement”); *see also Moncada v. W. Coast Quartz Corp.*,  
26 221 Cal. App. 4th 768, 793 (2013) (recognizing the unenforceability of contracts that are so  
27 uncertain and indefinite that the intent of the parties cannot be ascertained, but requiring courts  
28 nonetheless interpret contracts to “carry into effect the reasonable intentions of the parties” if

1 possible).<sup>19</sup> But given the structure and overall content of the agreements at issue, I conclude that  
 2 the specific portion alleged to have been breached – “The exhibits and sponsored meetings must  
 3 be educational and informative, emphasizing information about products and services useful to the  
 4 registrants’ practice and beneficial to the interests of their clients and patients” – is sufficiently  
 5 definite to be enforceable.

6 With respect to the second provision, defendants argue that a contractual provision  
 7 requiring parties to follow the law has no legal effect. *See, e.g.*, Rest., Contracts, § 578 (“A  
 8 bargain, the sole consideration of which is refraining or promising to refrain from committing a  
 9 crime or tort, or from deceiving or wrongfully injuring the promisee or a third person, is illegal.”);  
 10 *see also Landucci v. State Farm Ins. Co.*, 65 F. Supp. 3d 694, 715 (N.D. Cal. 2014) (“In  
 11 California, a promise to refrain from unlawful conduct is unlawful consideration.”). However, as  
 12 plaintiffs point out, the agreement to refrain from breaking the law was not the sole consideration  
 13 for the contracts at issue. *See also* Rest., Contracts, § 578, comment (“but a bargain with  
 14 sufficient legal consideration is not rendered illegal by the addition of a promise to refrain from  
 15 misconduct, unless that promise was used as a means of exacting greater compensation.”).

16 Defendants also contend that plaintiffs’ allegations as to which laws defendants violated –  
 17 allegedly breaching this provision – are likewise vague and conclusory. Not so. Reading the FAC  
 18 as a whole, plaintiffs have adequately identified which laws they believe defendants violated. *See,*  
 19 *e.g.*, FAC ¶¶ 148-62 (RICO), ¶¶ 163-71 (Federal Wiretap Act), ¶¶ 179, 211-17 (Cal. Penal Code §  
 20 632), ¶¶ 218-25 (Cal. Penal Code § 634), ¶¶ 226-31 (Florida Wiretap Act), ¶¶ 232-37 (Maryland  
 21 Wiretap Act).

22 Finally, defendants argue that plaintiffs have not alleged sufficient facts to show that their  
 23 damages were “reasonably foreseeable damages proximately caused” by defendants’ conduct.  
 24 The damages identified by plaintiffs as a result of defendants’ alleged breach of contract include:  
 25 being forced to expend additional extensive resources on security and IT services; property

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26  
 27 <sup>19</sup> I recognize that the laws of the states of Colorado, Florida, District of Columbia, Maryland and  
 28 Texas apply to the contacts at issue. *See* *Oppo*, at 15 n.11. Neither side contends that the specific  
 law of any of these jurisdictions differs in any significant respect with respect to the analysis of the  
 breach of contract claims. The California cases cited in this Order were relied on by the parties.

1 damage; and responding to multiple state and federal investigations and inquiries. FAC ¶¶  
2 181,188, 253.

3 Damages as a result of a breach of contract are recoverable only to the extent those  
4 damages were “foreseeable as the probable result of the breach.” *Core-Mark Midcontinent Inc. v.*  
5 *Sonitrol Corp.*, 370 P.3d 353, 360 (Colo. App. 2016); *see also id.* at 360-361 (foreseeable  
6 damages include those: “that have usually existed in similar cases within that person’s  
7 experience”; the “injury actually suffered must be one of a kind that the defendant had reason to  
8 foresee”; the “loss must have been a foreseeable, though not a necessary or certain, result of the  
9 breach”; and “[f]oreseeability is judged by what was foreseeable when the contract was entered  
10 into.”) (internal citations omitted); *Mnemonics, Inc. v. Max Davis Associates, Inc.*, 808 So. 2d  
11 1278, 1281 (Fla. Dist. Ct. App. 2002) (“It is not necessary to prove that the parties contemplated  
12 the precise injuries that occurred so long as the actual consequences could have reasonably been  
13 expected to flow from the breach.”); *see also Civic Ctr. Drive Apartments Ltd. P’ship v. Sw. Bell*  
14 *Video Servs.*, 295 F. Supp. 2d 1091, 1107 (N.D. Cal. 2003) (under California law, “[w]hether  
15 damages arising from a breach of contract were reasonably foreseeable is a question of fact.”).  
16 Given the allegations here – including defendants’ past history and alleged intentions for the  
17 Human Capital Project – the facts alleged support an inference that the damages pleaded by  
18 plaintiffs were foreseeable and exactly the ones intended by defendants. *See, e.g.*, FAC ¶¶ 53-55,  
19 56, 125, 132, 141.

20 Defendant Merritt raises an additional argument; that because none of the PPFA  
21 agreements attached to the FAC show that Merritt/Tennenbaum was a signatory to those  
22 agreements or was registered for the Washington, DC or Florida meetings, these breach claims  
23 cannot be asserted against her. Merritt MTD at 7-8. In response, plaintiffs rest on their alter ego  
24 theory, asserting that Merritt is liable because she is an alter ego of BioMax and BioMax entered  
25 the agreement at issue. FAC ¶ 41; *see also id.* ¶ 35. The alter ego allegations, as well as the  
26 allegation regarding BioMax’s representations and contractual agreement with respect to the  
27 PPFA meetings, are sufficiently pleaded and Merritt’s motion to dismiss is DENIED on this  
28 ground. Merritt can challenge the merit of those allegations on summary judgment and trial.



1 defendants agreed in February 2014, April 2014, March 2015, and April 2015 to NAF’s Exhibitor  
2 Agreements and non-disclosure agreements in connection with exhibiting and attending NAF’s  
3 2014 and 2015 annual conference. FAC ¶¶ 182-188.

4 Defendants argue first that because the NAF policy was that all “people” attending its  
5 meeting sign the NDA agreement, corporate entities like plaintiffs are not “people” and therefore  
6 are not intended third-party beneficiaries of the confidentiality agreements. *See* FAC ¶ 66 (NAF  
7 Conference attendees “include clinicians, facility administrators, counselors, researchers,  
8 educators, and thought leaders in the pro-choice field, who have longstanding commitments to  
9 health care, women’s rights, and reproductive choice. Staff from PPFA and Planned Parenthood  
10 affiliates regularly attend the NAF annual conferences.”).

11 Given the language of the agreements at issue, their alleged purpose, and the alleged  
12 circumstances under which they were entered, plaintiffs have alleged plausible facts showing the  
13 *intent* to consider plaintiffs as third-party beneficiaries of the NAF confidentiality agreements. As  
14 alleged, the explicit purpose of the NAF confidentiality agreements was to provide confidentiality  
15 and ensure security for the attendees, and the language of the agreements considered in full bears  
16 out that intent. FAC ¶ 185. Even though plaintiffs were not specifically identified in the  
17 agreements, they are included within the class of “people” who were required to sign and abide by,  
18 and as a result receive protection from, the NAF confidentiality agreements. *See, e.g., Spinks v.*  
19 *Equity Residential Briarwood Apartments*, 171 Cal. App. 4th 1004, 1023 (2009) (“Ultimately, the  
20 determination turns on the manifestation of intent to confer a benefit on the third party.”); *see also*  
21 *Northstar Fin. Advisors, Inc. v. Schwab Investments*, 781 F. Supp. 2d 926, 942 (N.D. Cal. 2011)  
22 (“Under California law, a contract must be clear in its *intention* to benefit a third party in order for  
23 that party to establish beneficiary status.” (emphasis in original)); *Jones v. Aetna Cas. & Sur. Co.*,  
24 26 Cal. App. 4th 1717, 1725 (1994) (“Whether a third party is an intended beneficiary or merely  
25 an incidental beneficiary to the contract involves construction of the parties’ intent, gleaned from  
26 reading the contract as a whole in light of the circumstances under which it was entered.”). The  
27 intent of NAF to benefit plaintiffs is plausibly pleaded and supported facially by the agreements at  
28 issue.



1 Defendants also argue that plaintiffs fail to adequately allege breach of the NAF  
2 agreements. I disagree. The allegations in the FAC are sufficient. FAC ¶¶ 67, 185, 186.<sup>21</sup>

3 For the foregoing reasons, plaintiffs have adequately alleged their breach of contract  
4 claims and defendants' motion to dismiss these claims is DENIED.

5 **F. Trespass by PPFA, PPGC, PPCFC, and PPRM against Daleiden, Merritt, Lopez,  
6 CMP, BioMax, and Unknown Co-Conspirators**

7 Defendants challenge the adequacy of plaintiffs' allegations of trespass under Florida,  
8 District of Columbia, Colorado and Texas law.

9 **1. Possessory Interest Under Florida and District of Columbia Law**

10 Defendants argue that the claims of trespass under Florida and District of Columbia law  
11 fail as a matter of law because plaintiffs did not and cannot plead a "possessory interest" in the  
12 property onto which defendants allegedly trespassed. *Greenpeace, Inc. v. Dow Chem. Co.*, 97  
13 A.3d 1053, 1060 (D.C. 2014) (tort of trespass requires an "unauthorized" entry onto property that  
14 "results in interference with the property owner's possessory interest therein," and "possessory  
15 interest" is the ability "to control and exclude others from using those areas"); *Winselmann v.*  
16 *Reynolds*, 690 So. 2d 1325, 1327 (Fla. Dist. Ct. App. 1997) ("To obtain a recovery for a trespass  
17 to real property then, it is clear that the aggrieved party must have had an ownership or possessory  
18 interest in the property at the time of the trespass.").

19 Defendants assert the FAC is devoid of any facts establishing that plaintiffs have a  
20 possessory interest in the hotel conference rooms where the meetings took place in Florida and the  
21 District of Columbia. However, PPFA *has* alleged that "PPFA possesses a right to exclusive use  
22 of the real property it leases for Planned Parenthood meetings." FAC ¶ 190; *see also* ¶¶ 81, 98,  
23 100, 107 & Exs. B, D, F (requiring registration, identification, and badges for access and reserving  
24 right to exclude exhibitors). At this juncture, the clear allegation that PPFA leased the property at  
25 issue (as opposed to simply being a guest) and that PPFA had the right to exclusive use are  
26 sufficient. The facts alleged here distinguish this case from those relied on by defendants, where

27 \_\_\_\_\_  
28 <sup>21</sup> For the reasons discussed above, plaintiffs have adequately alleged damages proximately caused  
by the breach of the NAF agreements.

1 the plaintiff did not have exclusive control or the right to exclude, or where the plaintiff simply  
 2 rented a hotel room for one night. *But see Greenpeace, Inc. v. Dow Chem. Co.*, 97 A.3d 1053,  
 3 1060 (D.C. 2014) (“Greenpeace cannot demonstrate “exclusive” control of the trash and recycling  
 4 areas because it concedes that those areas were for all tenants' common use.”); *Young v. Harrison*,  
 5 284 F.3d 863, 868 (8th Cir. 2002) (distinguishing between a right afforded under unlawful  
 6 detainer statute between a tenant and a hotel guest, in part because “the guest acquires no estate  
 7 and has mere use without the actual or exclusive possession.”); *Winselmann v. Reynolds*, 690 So.  
 8 2d 1325, 1327 (Fla. Dist. Ct. App. 1997) (“where it is clear from the allegations of the amended  
 9 complaint that Winselmann allegedly had only an easement or a right to the use of the subject  
 10 property, the trial court properly determined that a trespass action could not lie.”).

11 The evidence may or may not support PPFA’s lease and exclusive use allegations, but at  
 12 this juncture the express factual assertions are sufficient.<sup>22</sup>

## 13 2. Authorized Access under Colorado, District of Columbia, Florida, and Texas 14 Law

15 Defendants also argue that because they had consent to access the meetings – by signing  
 16 the Exhibitor and NDA agreements and by paying the necessary fees – the claims for trespass fail  
 17 under Colorado, District of Columbia, Florida and Texas law. *See, e.g., Daniel v. Morris*, 181 So.  
 18 3d 1195, 1199 (Fla. Dist. Ct. App. 2015), *reh’g denied* (Jan. 19, 2016) (“Trespass to real property  
 19 is the unauthorized entry onto another’s real property.”); *Greenpeace, Inc. v. Dow Chem. Co.*, 97  
 20 A.3d 1053, 1060 (D.C. 2014) (“The tort of trespass is defined as ‘an unauthorized entry onto  
 21 property’”); *Pub. Serv. Co. of Colorado v. Van Wyk*, 27 P.3d 377, 389 (Colo. 2001) (“physical  
 22 intrusion upon the property of another without the proper permission from the person legally  
 23 entitled to possession of that real estate.”). Plaintiffs claim, however, that defendants either  
 24 vitiated the consent by obtaining it by misrepresentation or exceeded the scope of the consent  
 25 when they secretly filmed the proceedings. FAC ¶¶ 192, 193.

26 Defendants cite a number of cases that have rejected trespass claims where defendants

27 <sup>22</sup> Defendants complain that plaintiffs should be required to state more facts – as to the location of  
 28 the conferences and the terms of the lease agreements – but those facts will come out in discovery  
 and are not necessary at this juncture for defendants to be able to defend against the trespass claim.

1 misrepresented their identities in order to conduct surreptitious filming on business properties.  
2 Defs. MTD at 25. In each of those cases, however, the trespass claim failed because the  
3 defendants recorded in *publicly* accessible places. *See, e.g., Desnick v. Am. Broad. Companies,*  
4 *Inc.*, 44 F.3d 1345, 1352 (7th Cir. 1995) (“The test patients entered offices that were open to  
5 *anyone*” (emphasis in original); *Am. Transmission, Inc. v. Channel 7 of Detroit, Inc.*, 239 Mich.  
6 App. 695, 708-09 (2000) (“Stern entered only those areas of plaintiffs’ shop that were open to  
7 anyone seeking transmission repair services and videotaped plaintiffs’ employee engaging in a  
8 professional discussion with her.”). Other cases conclude that a claim for trespass can be made  
9 where defendants fraudulently gained access to places not open to the public. *See, e.g., Pitts*  
10 *Sales, Inc. v. King World Prods., Inc.*, 383 F. Supp. 2d 1354, 1367 (S.D. Fla. 2005) (denying  
11 summary judgment where defendant “was able to access areas of plaintiff’s business not open to  
12 the public”); *Food Lion, Inc. v. Capital Cities/ABC, Inc.*, 951 F. Supp. 1217, 1222 (M.D.N.C.  
13 1996) (“the misrepresentations which allowed Litt and Barnett to enter the restricted parts of Food  
14 Lion’s stores could negate the consent which they were given.”).

15 Defendants also rely on *Baugh v. CBS, Inc.*, 828 F. Supp. 745, 756-57 (N.D. Cal. 1993).  
16 But in that case, the court dismissed the trespass claim because plaintiff had expressly allowed the  
17 film crew onto her property and consented to the filming. *Id.* 767. The defendants exceeded the  
18 scope of consent *later* by, contrary to plaintiff’s direction, broadcasting the footage. That the  
19 subsequent broadcast might have exceeded the scope of consent could not support the trespass  
20 claim. *Id.* at 756-757.

21 The alleged facts of this case are starkly different: plaintiffs were never aware of the intent  
22 of or actual recording by defendants. That recording, on its own, is alleged to have exceeded the  
23 explicit scope of consent from the start. *See also Berger v. Cable News Network Inc.*, No. CV 94-  
24 46-BLG-JDS, 1996 WL 390528, at \*5 (D. Mont. Feb. 26, 1996) (film crew accompanying FBI  
25 executing a search warrant had consent of government which had “temporary control and  
26 possession of the property” and although plaintiff acknowledged film crew was present, did not  
27  
28

1 ask them to leave).<sup>23</sup>

2 **3. Damages Barred by the First Amendment**

3 Finally, defendants argue that the trespass claims fail because the damages plaintiffs seek  
4 from the alleged trespasses are barred by the First Amendment as they flow exclusively from the  
5 publication of the Human Capital Project recordings, and plaintiffs do not seek nominal damages  
6 or any other damages that do not stem from the publication of the recordings. Although not  
7 *expressly* pleaded, plaintiffs confirmed at oral argument that nominal damages are sought and are  
8 at issue in this case.

9 Numerous courts acknowledge that nominal damages support a trespass claim, even where  
10 other damages are not sought or not available. *See, e.g., Daniel v. Morris*, 181 So. 3d 1195, 1199  
11 (Fla. Dist. Ct. App. 2015), *reh'g denied* (Jan. 19, 2016) (“Even if no actual damages are proven,  
12 the plaintiff is still entitled to nominal damages and costs.” (internal citations omitted)); *Pitts*  
13 *Sales, Inc. v. King World Prods., Inc.*, 383 F. Supp. 2d 1354, 1365 (S.D. Fla. 2005) (“Florida  
14 courts have allowed the recovery of nominal damages in civil trespass actions. The courts have  
15 found that when trespass occurs and no actual damages are proven, the plaintiff is entitled to a  
16 judgment for nominal damages and costs.”); *see also Med. Lab. Mgmt. Consultants v. Am. Broad.*  
17 *Companies, Inc.*, 306 F.3d 806, 820 (9th Cir. 2002) (upholding summary judgment on trespass  
18 claim under Arizona law where plaintiff did not request nominal damages and failed to show it  
19 suffered any damage from broadcast of 52 seconds of tape secured by trespass, as opposed to  
20 damages flowing from other segments of broadcast). It is not necessary to plead them separately.

21 Defendants’ motion to dismiss plaintiffs’ trespass claims, therefore, is DENIED.<sup>24</sup> I

22 \_\_\_\_\_  
23 <sup>23</sup> Defendants also argue – specifically with respect to Colorado and Texas – that the FAC itself  
24 establishes that consent was given to defendants to access the clinics in those states. Defs. MTD  
25 at 26. However, plaintiffs have adequately alleged plausible facts supporting their contentions that  
26 consent was impermissibly obtained by misrepresentation or exceeded by defendants. What  
27 plaintiffs can prove as to these arguments under the requirements of Colorado and Texas law is  
28 more appropriately addressed on summary judgment.

<sup>24</sup> Merritt argues that she cannot be liable for trespass at the PPFA meetings in Florida or the  
District of Columbia because she did not attend those meetings. The PPFA trespass claim,  
however, is also based on Merritt’s alleged trespass at the PPFA Texas and Colorado clinics.  
Therefore the claim for trespass against Merritt will not be dismissed at this juncture.

United States District Court  
Northern District of California

1 address the question of whether all or some of plaintiffs’ compensatory damages claims are barred  
2 by the First Amendment later in connection with the fraudulent misrepresentation claim.

3 **G. Violations of Calif. Bus. & Profs. Code § 17200, et seq. for Unlawful, Unfair, and**  
4 **Fraudulent Acts by all plaintiffs against all defendants**

5 California’s Unfair Competition Law prohibits “any unlawful, unfair or fraudulent  
6 business act or practice and unfair, deceptive, untrue or misleading advertising.” Cal. Bus. & Prof.  
7 Code § 17200. Each prong of the UCL – unlawful, unfair, or fraudulent – creates a separate and  
8 distinct basis for liability. *Levitt v. Yelp! Inc.*, 765 F.3d 1123, 1129-30 (9th Cir. 2014).<sup>25</sup>

9 **1. Unlawful**

10 In prohibiting “any unlawful” practice, section 17200 “borrows” violations of other laws  
11 and “treats them as unlawful practices that the unfair competition law makes independently  
12 actionable.” *Cel-Tech Commc'ns, Inc. v. Los Angeles Cellular Tel. Co.*, 20 Cal. 4th 163, 180  
13 (1999) (internal quotations omitted). Plaintiffs identify each of their other claims as supporting  
14 their unlawful prong claim. As discussed above and below, because I conclude that plaintiffs have  
15 adequately alleged violations of other federal and state laws, plaintiffs have adequately pleaded the  
16 basis for an unlawful UCL claim.

17 **2. Unfair**

18 There are two standards for determining what “unfair competition” is under the UCL. The  
19 first standard, advocated by defendants and applicable to claims between competitors, is whether  
20 the conduct complained of threatens “an incipient violation of an antitrust law, or violates the  
21 policy or spirit of one of those laws because its effects are comparable to or the same as a violation  
22 of the law, or otherwise significantly threatens or harms competition.” *Cel-Tech*, 20 Cal.4th at  
23 187. The second standard, advocated by plaintiffs and applicable to claims brought by a  
24 consumer, “involves balancing the harm to the consumer against the utility of the defendant’s

25 \_\_\_\_\_  
26 <sup>25</sup> Merritt contends that because her conversations at the conferences, clinics, and restaurants  
27 cannot be considered “business practices,” the UCL claim must fail. Merritt MTD at 12-13.  
28 However, the FAC adequately alleges that Merritt’s conduct was necessarily part of her efforts on  
behalf of BioMax (albeit a fake business) and intended to injure the business of plaintiffs and  
injure consumers. FAC ¶¶ 35, 61, 64, 68, 69, 80, 87, 88, 95, 109, 115. These allegations are  
sufficient to state a claim under the UCL at this juncture.

1 practice.” *Lozano v. AT & T Wireless Servs., Inc.*, 504 F.3d 718, 735 (9th Cir. 2007).<sup>26</sup> While  
 2 plaintiffs have alleged economic harm to their business interests, that does not mean the consumer  
 3 protection balancing test would not apply. *Cf. Levitt v. Yelp! Inc.*, 765 F.3d 1123, 1136 (9th Cir.  
 4 2014) (where “crux of the business owners’ complaint is that Yelp’s conduct unfairly injures their  
 5 economic interests to the benefit” of their competitors, first standard applied). Plaintiffs  
 6 persuasively argue that they are in no way “competitors” with defendants and do not allege that  
 7 defendants’ action benefitted plaintiffs’ competitors. Instead, plaintiffs posit that they were  
 8 potential “consumers” of the fake services defendants purported to offer. Applying the balancing  
 9 test, plaintiffs have alleged sufficient facts to state an unfairness claim; defendants’ practices were  
 10 aimed at reducing the availability of plaintiffs’ services and injured plaintiffs’ as potential  
 11 customers of fetal tissue procurement companies as well as plaintiffs’ ultimate customers.

12 However, even if I apply the first standard, plaintiffs still adequately allege an unfair claim  
 13 at this juncture. The FAC alleges that defendants’ goal was to put plaintiffs – one of the largest  
 14 provider of reproductive health services in the country – out of business. FAC ¶¶ 1,2. That goal  
 15 threatens the type of harm the antitrust and federal consumer protection laws aim to prevent.

### 16 3. Fraudulent

17 The “fraudulent” prong of the UCL “requires a showing [that] members of the public are  
 18 likely to be deceived.” *Wang v. Massey Chevrolet*, 97 Cal. App. 4th 856, 871 (2002). “[W]hether  
 19 a business practice is deceptive will usually be a question of fact not appropriate for decision on  
 20 demurrer.” *Williams v. Gerber Products Co.*, 552 F.3d 934, 938 (9th Cir. 2008). Plaintiffs allege  
 21 that defendants defrauded the plaintiffs and the public when defendants held themselves out to be  
 22 representatives of a legitimate tissue procurement company. FAC ¶¶ 30, 31, 35-36, 61-62.

23 Defendants argue that the fraud prong claim fails because plaintiffs are not entitled to any  
 24 form of restitution or injunctive relief available under the statute. Plaintiffs admit that they do not  
 25 and cannot seek restitution from defendants, and instead seek only injunctive relief. Defs. MTD  
 26 Oppo. at 26 n.18. As to injunctive relief, plaintiffs have adequately alleged facts plausibly

27  
 28 <sup>26</sup> As the *Lorzano* Court noted, whether or not the *Cel-Tech* test is also applicable to consumer  
 claims is an open issue in the California courts. *Id.* at 736.

1 showing that defendants will engage in similar conduct in the future if they are not enjoined. FAC  
2 ¶ 54 (“Planned Parenthood has been the main target of DALEIDEN’s covert video-taping  
3 operations over the years”), ¶ 132 (defendant Newman disclosing to the media the techniques used  
4 to infiltrate and that “this is just the beginning, we have moles and spies deep inside the abortion  
5 cartel”), ¶ 202 (“Defendants’ unlawful, unfair, and fraudulent conduct is ongoing. They have  
6 publicly stated that they ‘have moles and spies deep inside the abortion cartel,’ an explicit threat  
7 that they intend to continue to engage in unlawful and fraudulent acts meant to harm Plaintiffs  
8 through further wrongful invasions and malicious lies.”).

9 These allegations suffice to support injunctive relief under the UCL because they establish  
10 the specific threat of ongoing conduct and are not simply based on past wrongs. *But see Bates v.*  
11 *United Parcel Serv., Inc.*, 511 F.3d 974, 985 (9th Cir. 2007) (recognizing that past wrongs are  
12 evidence of wrongs are “evidence bearing on whether there is a real and immediate threat of  
13 repeated injury” but not sufficient by themselves to make out a case for a “real and immediate  
14 threat of repeated injury”) (internal quotations omitted).<sup>27</sup>

15 Defendants’ motion to dismiss plaintiffs’ UCL claim is DENIED.

16 **H. Fraudulent Misrepresentation by PPFA, PPGC, PPCFC, and PPRM Against**  
17 **Daleiden, Merritt, Lopez, CMP, BioMax, and Unknown Co-Conspirators**

18 Defendants challenge plaintiffs’ claim for fraudulent misrepresentation because plaintiffs  
19 fail to plead that their damages were proximately caused by defendants’ conduct and because any  
20 damages are barred by the First Amendment.<sup>28</sup> Plaintiffs’ alleged damages are:

21 <sup>27</sup> Defendants reliance on *Frenzel v. AliphCom*, 76 F. Supp. 3d 999, 1015 (N.D. Cal. 2014) is  
22 misplaced. There, the court concluded a claim for injunctive relief under the UCL based on  
23 misrepresentations about the functionalities and battery life of a fitness tracker could not be  
24 alleged because the plaintiff already knew the falsity of those claims and could not plausibly  
25 allege he would be deceived by them in the future. Here, while plaintiffs may reasonably expect  
26 defendants to continue their attempts to infiltrate meetings and clinics, the individuals who might  
27 attempt to do so at defendants’ direction or the exact methods to be used are not so obviously  
28 known as to render injunctive relief unnecessary.

26 <sup>28</sup> Merritt also argues that plaintiffs fail to adequately allege detrimental reliance by plaintiffs on  
27 any of Merritt’s specific misrepresentations. Merritt MTD at 16-18. However, plaintiffs  
28 specifically identify the misrepresentations by Merritt and BioMax in their applications,  
agreements, advertising materials, and verbal statements and that plaintiffs relied on in giving  
Merritt and BioMax access. FAC ¶¶ 81, 84, 87-89, 98, 102, 105-106, 108, 109-110, 113-115. The  
fact that plaintiffs have not identified *the employees* of plaintiffs who received these

United States District Court  
Northern District of California

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As a result of Defendants’ wrongful acts, PPFA, PPGC, PPCFC, and PPRM have suffered and/or will suffer economic harm and irreparable harm caused by the improper acquisition, use, and disclosure of Plaintiffs’ confidential information, including harm to the safety, security, and privacy of Plaintiffs and their staff, and harm caused by being forced to expend additional, extensive resources on security and IT services, property damage, and responding to multiple state and federal investigations and inquiries. If Defendants are allowed to continue their wrongful acts, PPFA, PPGC, PPCFC, and PPRM will suffer further irreparable injury and loss

FAC ¶ 209.

**1. Proximate Cause**

“Under California law, ‘[a] complete causal relationship between the fraud or deceit and the plaintiff’s damages is required.’” *See, e.g., City Sols., Inc. v. Clear Channel Commc’ns*, 365 F.3d 835, 840 (9th Cir. 2004) (quoting *Small v. Fritz Cos.*, 30 Cal.4th 167, 202 (2003)). Defendants argue that the “complete causal” nexus for proximate cause cannot be satisfied here because each of the harms complained of stems not from the fraud but from the subsequent publication of the recordings that were surreptitiously made.

Defendants rely on *Food Lion, Inc. v. Capital Cities/ABC, Inc.*, 964 F. Supp. 956 (M.D.N.C. 1997), *aff’d on other grounds*, 194 F.3d 505 (4th Cir. 1999). In that case, employees of ABC went undercover to secure footage of improper food handling at plaintiff’s store and ABC’s *Prime Time Live* broadcast it. Plaintiff sought to recover damages for lost profits resulting from that broadcast. Reviewing the jury’s verdict post-trial, the court recognized that the doctrine of “independent cause” applied under South Carolina law and “provides that an event occurring after the tortious conduct of the plaintiff may intervene to break the causal chain and cut off plaintiff’s liability for the ultimate harm.” *Id.* at 961. As applied to the facts of that case, the court concluded that while:

tortious activities may have enabled access to store areas in which the public was not allowed and the consequent opportunity to film people, equipment and events from a perspective not available to the ordinary shopper, but it was the food handling practices themselves—not the method by which they were recorded or

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misrepresentations, given the context of this case and the specificity as to the content and timing of the representations, does make the allegations deficient.



1 published—which caused the loss of consumer confidence. Those  
 2 practices were not the probable consequence of Defendants’ fraud  
 3 and trespass and it cannot be argued under the evidence in this case  
 4 that the filming of those practices by the Prime Time Live producers  
 5 set any of those activities in motion.

6 *Id.* at 963.

7 Defendants contend that, similar to *Food Lion*, all of the alleged damages here arise from  
 8 the publication of the recordings, not from any purported misrepresentations that occurred prior to  
 9 the recordings. *See also Med. Lab. Mgmt. Consultants v. Am. Broad. Companies, Inc.*, 30 F.  
 10 Supp. 2d 1182, 1199 (D. Ariz. 1998), *aff’d*, 306 F.3d 806 (9th Cir. 2002) (where undercover  
 11 reporters misrepresented their identification in gathering information about a lab that conducted  
 12 faulty test, court conclude that “[b]ecause any negative portrayal of Plaintiffs during the broadcast  
 13 was not proximately caused by Defendants’ misrepresentation of their identities at the March 18,  
 14 1994 meeting, Defendants are entitled to summary judgment on this portion of the fraud claim.”);  
 15 *Frome v. Renner*, No. 97 CIV 5641, 1997 WL 33308718, at \*2 (C.D. Cal. Oct. 1, 1997) (“‘48  
 16 Hours’” merely served as a forum through which the public could learn about Plaintiff’s medical  
 17 practices. Profits lost subsequent to the broadcast could not have been proximately caused by  
 18 Renner's misrepresentation.”).

19 Plaintiffs distinguish their damages from the ones precluded in defendants’ cases, arguing  
 20 that they have alleged that they suffered damage as the “direct” result of defendants’ fraud in  
 21 securing access to plaintiffs’ private conferences and clinics, including incurring increased  
 22 security costs for the protection of their staff, their clinics, their conferences, and their websites  
 23 and IT systems. MTD Oppo. at 27 (relying on FAC ¶ 143).<sup>29</sup> I agree with defendants in part. The  
 24 allegations of damages currently included in plaintiffs’ FAC do not clearly differentiate between  
 25 damages that were *directly* caused by the breaches of plaintiffs’ security measures themselves as  
 26 opposed to damages that were caused by the *publication* of the videos and related Human Capital

27 <sup>29</sup> In addition to attempting to distinguish *Med. Lab. Mgmt. Consultants v. Am. Broad. Companies,*  
 28 *Inc.*, 30 F. Supp. 2d 1182 (D. Ariz. 1998), *aff’d*, 306 F.3d 806 (9th Cir. 2002), plaintiffs also rely  
 on it, noting that the court denied summary judgment on the aspect of the fraud claim where  
 plaintiff claimed emotional distress damages for the deception – the fraudulent access by plaintiffs  
 to a meeting with defendant – separate from any emotional distress damages stemming from the  
 publication. *Id.* at 1200-1201.

1 Project press which resulted – through the acts of third-parties – in increased security threats,  
 2 harassment, and acts of violence. However, as noted above, plaintiffs may have implemented  
 3 security measures simply upon discovering defendants’ breaches before the full extent of the  
 4 publications was known and the backlash from them occurred. While the proximate cause  
 5 standard may at summary judgment or trial prevent plaintiffs from recovering on some categories  
 6 of damages, for purposes of pleading I conclude that plaintiffs have adequately alleged  
 7 proximately-caused damages.

## 8 2. First Amendment

9 Relatedly, defendants argue that because plaintiffs seek damages resulting from the  
 10 publication of the recordings, plaintiffs must satisfy the First Amendment requirements for  
 11 defamation claims. Defendants rely on a line of Supreme Court cases and other precedent  
 12 applying First Amendment defamation standards to tort and statutory claims where the damages  
 13 sought from publishers stemmed from the act of publication. *See, e.g., Hustler Magazine, Inc. v.*  
 14 *Falwell*, 485 U.S. 46, 50, 55-56 (1988) (requiring public figure to satisfy First Amendment  
 15 requirements under defamation law for claim of intentional infliction of emotional distress); *Time,*  
 16 *Inc. v. Hill*, 385 U.S. 374, 387-88 (1967) (“We hold that the constitutional protections for speech  
 17 and press preclude the application of the New York statute to redress false reports of matters of  
 18 public interest in the absence of proof that the defendant published the report with knowledge of  
 19 its falsity or in reckless disregard of the truth.”); *see also Blatty v. New York Times Co.*, 42 Cal. 3d  
 20 1033, 1042 (1986) (recognizing in context of intentional interference with economic advantage  
 21 claim “[a]lthough the limitations that define the First Amendment’s zone of protection for the  
 22 press were established in defamation actions, they are not peculiar to such actions but apply to all  
 23 claims whose gravamen is the alleged injurious falsehood of a statement.”).<sup>30</sup>

24 As the Fourth Circuit Court of Appeals explained in *Food Lion, Inc. v. Capital Cities/ABC,*

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25  
 26 <sup>30</sup> *See also Hornberger v. Am. Broad. Companies, Inc.*, 351 N.J. Super. 577, 630 (App. Div. 2002)  
 27 (plaintiff police officers filmed conducting traffic stops of African-American males sued for the  
 28 broadcast on Prime Time Live and sought emotional distress and reputational damages, the court  
 concluded that “plaintiffs are not entitled to these reputational and emotional distress damages,  
 resulting from a publication, without showing that the publication contained a false statement of  
 fact that was made with actual malice.”).

1 *Inc.*, 194 F.3d 505, 522 (4th Cir. 1999), plaintiff could not “avoid the First Amendment limitations  
2 on defamation claims by seeking publication damages under non-reputational tort claims, while  
3 holding to the normal state law proof standards for these torts. This is precluded by *Hustler*  
4 *Magazine v. Falwell*, 485 U.S. 46, 108 S.Ct. 876, 99 L.Ed.2d 41 (1988).” Under the First  
5 Amendment standard, defendants contend that plaintiffs fail to specifically identify any false  
6 statements of fact made with the requisite level of malice in order to plausibly plead a claim for  
7 the damages they seek.

8 In response, plaintiffs argue that defendants’ line of cases is limited to precluding recovery  
9 of reputational or state of mind damages that flow from an expressive act and note that *Hustler*,  
10 *Blatty*, and *Hornberger* dealt with emotional distress claims or claims whose gravamen is an  
11 injurious falsehood. Plaintiffs *also* rely on *Food Lion, Inc.*

12 Helpful to defendants, in *Food Lion* the Fourth Circuit affirmed the district court’s refusal  
13 to allow plaintiff to use its non-reputational tort claims (breach of duty of loyalty, trespass, etc.) to  
14 recover compensatory damages for ABC’s broadcast of the *PrimeTime Live* program that targeted  
15 Food Lion. The court concluded that because the loss of good will and lost sales were related to  
16 Food Lion’s reputation, they were “publication damages” that resulted from diminished consumer  
17 confidence related to the disclosed food-handling practices (as opposed to damages stemming  
18 from the *method* by which the recordings were made or published). *Id.*, 194 F.3d at 522. To  
19 allow Food Lion to seek those publication damages without meeting the heightened First  
20 Amendment standard would be the prohibited run-around prohibited by *Hustler. Id.*

21 However, helpful to plaintiffs, the court rejected the application of heightened First  
22 Amendment scrutiny to the breach of duty of loyalty and trespass claims, where the jury found in  
23 favor of plaintiffs but only awarded nominal damages, because those laws did not “single out the  
24 press or have more than an incidental effect upon its work.” *Id.* at 522. Similarly, in *Cohen v.*  
25 *Cowles Media Co.*, 501 U.S. 663, 669 (1991) a source was allowed to sue a publication after the  
26 newspaper identified Cohen (contrary to the paper’s express promise) as its source and Cohen was  
27 fired from his job. The Supreme Court refused to apply heightened scrutiny, concluding that  
28 application of the doctrine of promissory estoppel had “no more than [an] incidental” effect on the

1 press's ability to gather or report news. *Id.* at 671–72.

2 Whether First Amendment scrutiny applies, therefore, does not turn on the label of the  
3 cause of action but on whether the “challenged conduct” is to some form of expression and  
4 relatedly whether the damages sought stemmed from that form of expression. *See, e.g., Food*  
5 *Lion, Inc. v. Capital Cities/ABC, Inc.*, 194 F.3d 505, 522 (4th Cir. 1999) (viewing “the challenged  
6 conduct in *Cowles* to be the breach of promise and not some form of expression.”). Here, the First  
7 Amendment does not impose heightened standards on plaintiffs’ tort claims as long as plaintiffs  
8 *do not seek* reputational damages (lost profits, lost vendors) stemming from the publication  
9 conduct of defendants. As with proximate cause, discovery will shed light on the nature of the  
10 damages for which plaintiffs seek recovery. Resolution of this issue is more appropriately  
11 addressed at summary judgment or trial.

12 **I. Violations of California Penal Code §§ 632 & 634 by PPFA, PPNC, PPSW, PPMM,**  
13 **PPOSB, PPGC, PPCFC and PPRM against Daleiden, Merritt, Lopez, CMP, BioMax,**  
14 **and Unknown Coconspirators**

15 **1. Recordings under Section 632**

16 Defendants argue that plaintiffs fail to allege claims for unlawful recording under  
17 California Penal Code section 632 because the FAC does not include facts plausibly suggesting  
18 that the conversations at issue – unspecified conversations at conferences and clinics and the lunch  
19 meetings with Drs. Nucatola and Gatter – were made with a reasonable expectation of privacy.  
20 Defendants also argue that the plaintiff organizations do not have standing to assert this claim.

21 Under Section 632, “a conversation is confidential if a party to that conversation has an  
22 objectively reasonable expectation that the conversation is not being overheard or recorded.”  
23 *Flanagan v. Flanagan*, 27 Cal. 4th 766 (2002). The term “confidential communication” includes  
24 “any communication carried on in circumstances as may reasonably indicate that any party to the  
25 communication desires it to be confined to the parties thereto, but excludes a communication made  
26 in a public gathering or in any legislative, judicial, executive or administrative proceeding open to  
27 the public, or in any other circumstance in which the parties to the communication may reasonably  
28 expect that the communication may be overheard or recorded.” Cal. Penal Code § 632(c).

A “communication is not confidential when the parties may reasonably expect other

1 persons to overhear it.” *Lieberman v. KCOP Television, Inc.*, 110 Cal. App. 4th 156, 168 (2003).  
 2 As the California Court of Appeal explained in *Lieberman*, “[t]he concept of privacy is relative.  
 3 Whether a person’s expectation of privacy is reasonable may depend on the identity of the person  
 4 who has been able to observe or hear the subject interaction.” *Id.* Importantly for determination  
 5 of this motion, the “presence of others does not necessarily make an expectation of privacy  
 6 objectively unreasonable, but presents a question of fact for the jury to resolve.” *Id.*

7 Here, plaintiffs allege that Daleiden and his co-conspirators “intentionally recorded  
 8 confidential communications made during the NAF 2014 annual meeting in San Francisco,” which  
 9 staff representatives from PPFA, PPSW, PPM, PPOSBC, PPNC, PPGC, PPCFC and PPRM  
 10 attended. FAC ¶ 212. Daleiden and his co-conspirators also “intentionally recorded confidential  
 11 communications made during private meetings with PPFA and Planned Parenthood affiliate staff  
 12 members in which PPFA and Planned Parenthood affiliate staff members had a reasonable  
 13 expectation of privacy.” *Id.* ¶ 213. Plaintiffs assert that the staff who were recorded at NAF 2014  
 14 meeting had a reasonable expectation of privacy on the recorded conversations because “(1) all  
 15 attendees at the meeting, including Defendants, were required to sign nondisclosure agreements  
 16 with confidentiality provisions prior to entering the meeting and all attendees received and were  
 17 required to wear badges demonstrating that they had signed such agreements; (2) NAF had in  
 18 place a Security Program to ensure that communications concerning and made during the annual  
 19 meeting would be confidential and restricted to NAF members and trusted others; and (3) the  
 20 nature and subject matter of the conferences were highly sensitive.” *Id.* ¶ 214.

21 **a. Staff Conversations at NAF 2014 Annual Meeting**

22 Defendants argue that these allegations do not plausibly suggest a reasonable expectation  
 23 of privacy because no specific conversations at the NAF Annual 2014 meeting have been  
 24 identified, much less facts about where and when those alleged conversations occurred, that could  
 25 overcome the admission that the conversations were recorded at a conferences attended by  
 26 hundreds of individuals. Defs. MTD at 34; Defs. MTD Reply. at 18. However, given the  
 27 particular circumstances of this case – where defendants have publicly acknowledged that they  
 28 recorded hours and hours of conversations at the NAF Conference, but the actual contents of those

1 recordings only came into the possession of plaintiffs after the inception of this lawsuit – I  
 2 conclude that the allegations regarding conversations at the 2014 NAF Annual meeting are  
 3 sufficient for present purposes.<sup>31</sup> At summary judgment, plaintiffs will be required to prove  
 4 through admissible evidence which members of their staff were recorded and what circumstances  
 5 surrounding those particular recordings support their Section 632 claim.<sup>32</sup>

6 **b. Lunch Meetings with Drs. Nucatola and Gatter and Laurel Felczer**

7 Defendants argue first that the FAC does not allege facts to plausibly support that Dr.  
 8 Nucatola was acting in her capacity as an employee of PPFA. They rely on allegations in the FAC  
 9 that Nucatola was an employee of PPFA but then point to allegations they contend are “contrary,”  
 10 namely that Daleiden sought a meeting with Nucatola to discuss the operations of PPSGV (not  
 11 PPFA). FAC ¶¶ 69, 95. I conclude that plaintiffs have stated sufficient facts, in particular that  
 12 defendants sought a meeting with Dr. Nucatola in her capacity as an employee of PPFA *or*  
 13 PPSGV to discuss tissue procurement. *See also* FAC ¶¶ 75-76. The allegations are not inherently  
 14 contradictory and nothing further is required at this juncture.

15 Defendants also argue that there are no allegations that Dr. Gatter and Laurel Felczer were  
 16 acting in their capacities as employees of specific plaintiff organizations when they were recorded  
 17 and that plaintiffs fail to identify which plaintiff organizations those individuals were employees  
 18 of at the time of the recording. However, plaintiffs have plausibly pleaded that defendants sought  
 19 out private meetings and recorded those meetings with PPFA and affiliate staff members. FAC ¶¶

20 \_\_\_\_\_  
 21 <sup>31</sup> Defendants’ reliance on *Turnbull v. Am. Broad. Companies*, No. CV 03-3554 SJO(FMOX),  
 22 2005 WL 6054964, at \*6 (C.D. Cal. Mar. 7, 2005), does not help them on this motion to dismiss.  
 23 There, the court affirmed the jury verdict where plaintiffs conceded they “were talking openly”  
 and were aware that others were in the room. Those circumstances supported the jury’s  
 conclusion that a reasonable person would have expected that the conversations may be overheard.

24 <sup>32</sup> Defendants argue that the NAF NDA agreements are irrelevant to the question of a reasonable  
 25 expectation of privacy in light of the *Flanagan* court’s clarification that a violation of Section 632  
 26 turns more on expectations regarding “simultaneous dissemination” of conversations rather than  
 27 “secondhand repetition,” which would be prohibited by the NDA. 27 Cal. 4th at 775. However,  
 28 the NDAs are not irrelevant concerning whether there has been an “intentional eavesdropping or  
 recording” prohibited by Section 632. *Id.* at 776. In *Flanagan*, the California Supreme Court  
 adopted a standard that gave *greater* protection to privacy interests in private conversations. *Id.*  
 Similarly, defendants’ arguments that NAF’s efforts to limit and screen participants at the meeting  
 and that plaintiffs’ characterizations of the contents of the recorded conversations as “sensitive”  
 are irrelevant under *Flanagan* are also without merit.

1 69-70, 75-76, 95-97, 213. That is sufficient at this juncture.

2 With respect to the meeting with Dr. Nucatola, defendants challenge the adequacy of the  
 3 allegations regarding the “confidentiality” of the communications as that meeting was held in a  
 4 restaurant. FAC ¶ 76. However, the facts as alleged – that Dr. Nucatola believed the  
 5 communications were confidential, she arranged for the meeting to be held in a private booth, she  
 6 “sat with her back to the corner wall of the restaurant, a position that enabled her to be able to  
 7 observe the presence of others,” and the “music and ambient noise in the restaurant were very  
 8 loud,” FAC ¶ 76 – are sufficient for pleading purposes. FAC ¶ 76; *see also Lieberman v. KCOP*  
 9 *Television, Inc.*, 110 Cal. App. 4th 156, 168 (2003) (presence of others creates at most a question  
 10 of fact for jury as to objective reasonableness).

11 **c. Standing**

12 Finally, with respect to standing, defendants argue that any claim under Section 632  
 13 brought by plaintiffs may only cover the confidential communications of *those entities* and not the  
 14 confidential conversations of staff or meeting attendees. Defendants complain that there are no  
 15 allegations in the FAC to support the inference that *all* of plaintiffs’ staff were attending on behalf  
 16 of their employer, so as to confer standing on the employer to bring the Section 632 claim. Defs.  
 17 MTD at 36. The only case they rely on is *Ion Equip. Corp. v. Nelson*, 110 Cal. App. 3d 868, 880  
 18 (Cal. Ct. App. 1980), where the court simply held that a corporation is a person who may not only  
 19 be liable under Section 632, but also may also prosecute an action under that section.

20 Plaintiffs point to allegations that defendants intended to and did engage plaintiffs’ staff at  
 21 the 2014 NAF meeting about developing business relationships to demonstrate that those  
 22 employees, and the subsequent recordings, related to the staff members’ employment with  
 23 plaintiffs. FAC ¶¶ 69-71, 75-76, 95-97. I agree. The facts alleged are sufficient to establish  
 24 plaintiffs’ standing under Section 632.<sup>33</sup>

25  
 26  
 27 <sup>33</sup> Defendants challenge the adequacy of the allegations regarding defendant Lopez, who is not  
 28 named as attending the 2014 NAF meeting or participating in the Nucatola or Gatter meetings. In  
 Opposition, plaintiffs argue that Lopez is included with the “DALEIDEN and his co-conspirators”  
 allegations in paragraph 212 with respect to the 2014 NAF meeting. I conclude that at this  
 juncture, prior to discovery, it is not appropriate to dismiss Lopez from the Section 632 claim.

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28**2. Trespass under Section 634**

Defendants argue that plaintiffs fail to allege a claim for criminal trespass under California Penal Code section 634 at NAF's 2014 Annual Meeting because the trespass (if any) was against NAF, not plaintiffs. California Penal Code section 634 makes it illegal to trespass for purpose of committing a violation of Section 632. Plaintiffs clarify that they are not seeking to assert a claim for trespass to the NAF conference under Section 634 itself, but instead bring their claim under Section 637.2, which provides a cause of action for anyone injured under Section 634 to bring an action against the person who committed the violation. FAC ¶ 225.

Defendants also argue that plaintiffs fail to allege the necessary facts to state this claim, because plaintiffs fail to plead "aggravating factors" to establish "criminal trespass" under Section 634 and that plaintiffs fail to allege that NAF had possessory interest in the conference rooms used during the 2014 NAF meeting. I have already concluded that plaintiffs adequately pleaded their possessory interest to state a claim for trespass at the 2014 NAF meeting. In the absence of any case law to support defendants' argument, I find no need for plaintiffs to plead aggravating factors that would be required for criminal trespass when plaintiffs seek to use Section 634 as a basis for a civil action under Section 637.2.

The motions to dismiss the California Penal Code sections 632 and 634 claims are DENIED.

**J. Violation of Florida and Maryland Wiretapping**

Defendants challenge the adequacy of the allegations regarding defendants' violation of Florida's Wiretapping Statute, Section 934 of Title XLVII of the Florida Criminal Procedure Law based on recording made at the 2015 PPFA Medical Directors Council Conference in Orlando, Florida, and the 2014 PPFA North American Forum on Family Planning Conference in Miami, Florida. "[F]or an oral conversation to be protected under section 934.03 the speaker must have an actual subjective expectation of privacy, along with a societal recognition that the expectation is reasonable." *State v. Smith*, 641 So. 2d 849, 852 (Fla. 1994). Florida case law "establishes that the following factors are considered in determining whether, under the totality of the



1 circumstances, the expectation of privacy is one which society recognizes as reasonable” including  
 2 “(1) the location where the communication took place; (2) the manner in which the  
 3 communication was made; (3) the nature of the communication; (4) the intent of the speaker  
 4 asserting Chapter 934 protection at the time the communication was made; (5) the purpose of the  
 5 communication; (6) the conduct of the speaker; (7) the number of people present; and (8) the  
 6 contents of the communication.” *Brevard Extraditions, Inc. v. Fleetmatics, USA, LLC*, No. 8:12-  
 7 CV-2079-T-17MAP, 2013 WL 5437117, at \*5 (M.D. Fla. Sept. 27, 2013). Given the highly fact-  
 8 intensive “totality of the circumstances” test under Florida law, absent factually similar case law to  
 9 the contrary, I cannot conclude at this juncture that plaintiffs’ current allegations preclude a claim  
 10 under Florida’s statute.<sup>34</sup>

11 Defendants also challenge the adequacy of the allegations under Maryland’s Wiretapping  
 12 Statute, § 10-402 of the Courts and Judicial Proceedings Article of the Maryland Annotated Code.  
 13 Under Maryland law, a plaintiff must have both a “subjectively and objectively reasonable  
 14 expectancy of privacy” in the conversation. *Hawes v. Carberry*, 103 Md. App. 214, 220 (1995),  
 15 abrogated on other grounds by *Deibler v. State*, 365 Md. 185 (2001); *see also Benford v. Am.*  
 16 *Broad. Companies, Inc.*, 554 F. Supp. 145, 154 (D. Md. 1982) (“A person’s ‘reasonable  
 17 expectation of privacy’ is a matter to be considered on a case-by-case basis, taking into  
 18 consideration its unique facts and circumstances.”). Defendants argue that given the facts alleged  
 19 – conversations during a conference with hundreds of participants – individuals recorded could not  
 20 have had a subjectively and objectively reasonable expectation of privacy. Given the highly fact-  
 21 intensive question at issue, and in absence of any case from Maryland on similar facts, I cannot  
 22 conclude at this juncture that plaintiffs’ current allegations preclude a claim under Maryland’s

23 \_\_\_\_\_  
 24 <sup>34</sup> While defendants point to case law rejecting the idea that there can be a privacy interest  
 25 in a conference call held to conduct the business of a company by participants acting on behalf of  
 26 the company, *Cohen Bros., LLC v. ME Corp., S.A.*, 872 So. 2d 321, 325 (Fla. Dist. Ct. App. 2004),  
 27 that case does not support defendants’ argument that there can be no privacy interest in “closed  
 28 business meetings,” even if the Florida conferences could be analogized to closed business  
 meetings. *See also Morningstar v. State*, 428 So. 2d 220, 221 (Fla. 1982) (rejecting constitutional  
 challenge to wiretapping statute as applied to “expectation of privacy in” a “private office”); *Jatar*  
*v. Lamaletto*, 758 So. 2d 1167, 1169 (Fla. Dist. Ct. App. 2000), cause dismissed, 786 So. 2d 1186  
 (Fla. 2001) (rejecting right to privacy because “[s]ociety is not prepared to recognize as reasonable  
 an expectation of privacy” in a conversation in someone else’s business office seeking extortion).

1 statute.<sup>35</sup>

2 Finally, as to both the Florida and Maryland claims – and as with the claim under  
3 California law – defendants complain that the FAC lacks necessary facts to support the  
4 reasonableness of the expectation of privacy, including which exact conversations were recorded,  
5 the specific circumstances for each of those conversations, and why the expectation of  
6 confidentiality was reasonable given that there were hundreds of employees attending a multi-day  
7 conference. Defs. MTD at 42. However, given the allegations in this case – the surreptitious  
8 recording of many hours at the conference of conversations with dozens of individuals that were  
9 only turned over to plaintiffs after the inception of this lawsuit – plaintiffs are not in a position to  
10 provide more specifics at this juncture. Those specifics will be tested at summary judgment.<sup>36</sup>

11 Defendants’ motions to dismiss the wiretapping claims under Florida and Maryland law  
12 are DENIED.

13 **K. Invasion of Privacy: Intrusion Upon A Private Place by All Plaintiffs Against**  
14 **Daleiden, Merritt, Lopez, CMP, and BioMax and Invasion of Privacy: California**  
15 **Constitution Art. I § I by PPFA, PPNC, PPSW, PPMM, and PPOSB against**  
16 **Daleiden, Merritt, Lopez, CMP, and BioMax**

17 Plaintiffs’ thirteenth and fourteen claims allege invasions of privacy; specifically that  
18 Daleiden, Merritt, Lopez, CMP, BioMax intruded on a private place and violated the rights of all  
19 plaintiffs; and that Daleiden, Merritt, Lopez, CMP, BioMax invaded the rights of privacy of  
20 PPFA, PPNC, PPSW, PPMM, and PPOSB under the California Constitution.

21 <sup>35</sup> The cases defendants contend are factually analogous are not. *Matter of John Doe Trader No.*  
22 *One*, 894 F.2d 240, 245 (7th Cir. 1990) (“The environment of the trading floor, the presence of the  
23 [government] agent and other traders all indicate that a reasonable expectation of privacy did not  
24 exist.”); *Med. Lab. Mgmt. Consultants v. Am. Broad. Companies, Inc.*, 306 F.3d 806, 818 (9th Cir.  
25 2002) (defendants covert videotaping of “external” semi-public workplace communications by  
26 “strangers” who could have been potential partners or competitors could not support objectively  
27 reasonable expectation of privacy); *Kemp v. Block*, 607 F. Supp. 1262, 1264 (D. Nev. 1985) (no  
28 reasonable expectation of privacy where argument conducted in “loud voices,” defendant and the  
other coworkers who overheard the argument were in a place they had a right to be (therefore  
plaintiff may be deemed to have knowingly exposed the discussion to them), relatively small size  
of the instrument shop and its lack of interior walls further indicated that an expectation of privacy  
within it would not be objectively reasonable, and plaintiff had no right to exclude other persons  
from entering the shop while the argument ensued).

<sup>36</sup> Merritt argues the wiretapping claim under Florida law should be dismissed as to her because  
she did not attend the Florida meetings. Merritt MTD at 20. Plaintiffs, again, rely on their alter  
ego allegations. That claim will not be dismissed as to Merritt at this juncture.

1 Defendants argue that plaintiffs lack “associational” standing to bring these claims on  
2 behalf of their employees because: (i) the claims at issue require the participation of the individual  
3 members in the lawsuit; and (ii) associational standing does not allow corporations to assert the  
4 interests of their employees. Defendants also challenge the adequacy of the facts alleged to  
5 support the substantive privacy claims.

### 6 **1. Individual Participation**

7 Defendants assert that if plaintiffs are attempting to plead “associational standing,” the  
8 Ninth Circuit has held that an association lacks standing where “the relief requested requires the  
9 participation of individual members in the lawsuit.” *Associated Gen. Contractors of Am. v. Metro.*  
10 *Water Dist. of S. Cal.*, 159 F.3d 1178, 1181 (9th Cir.1998).<sup>37</sup> Defendants note that “the right of  
11 privacy is purely a personal one; it cannot be asserted by anyone other than the person whose  
12 privacy has been invaded, that is, plaintiff must plead and prove that *his* privacy has been  
13 invaded.” *Ass’n for Los Angeles Deputy Sheriffs v. Los Angeles Times Comm’ns LLC*, 239 Cal.  
14 App. 4th 808, 821 (2015), *review denied* (Nov. 18, 2015) (emphasis in original) (quoting  
15 *Hendrickson v. California Newspapers, Inc.*, 48 Cal.App.3d 59, 62 (1975)).

16 “A privacy violation based on the common law tort of intrusion has two elements. First,  
17 the defendant must intentionally intrude into a place, conversation, or matter as to which the  
18 plaintiff has a reasonable expectation of privacy. Second, the intrusion must occur in a manner  
19 highly offensive to a reasonable person.” *Hernandez v. Hillsides, Inc.*, 47 Cal. 4th 272, 286  
20 (2009). Similarly, the elements of the California constitutional claim for invasion of privacy are:  
21 (i) the identification of a specific, legally protected privacy interest; (ii) a “reasonable expectation  
22 of privacy on plaintiff’s part”; and (iii) a sufficiently serious invasion. *Hill v. Nat’l Collegiate*  
23 *Athletic Assn.*, 7 Cal. 4th 1, 35-37. (1994).

24 Defendants contend that whether any particular employee actually possessed a statutory or  
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26 <sup>37</sup> To establish associational standing, a plaintiff must demonstrate: “(a) its members would  
27 otherwise have standing to sue in their own right; (b) the interests it seeks to protect are germane  
28 to the organization’s purpose; and (c) neither the claim asserted nor the relief requested requires  
the participation of individual members in the lawsuit.” *Associated Gen. Contractors of Am. v.*  
*Metro. Water Dist. of S. Cal.*, 159 F.3d 1178, 1181 (9th Cir.1998) (citation omitted).

1 constitutional expectation of privacy in a particular conversation with defendants – when those  
2 employees were recorded at different times, in different settings, and disclosed different  
3 information – would differ from employee to employee and, therefore, require the participation of  
4 each employee/member whose privacy was allegedly violated. *See also Spinedex Physical*  
5 *Therapy USA Inc. v. United Healthcare of Arizona, Inc.*, 770 F.3d 1282, 1293 (9th Cir. 2014),  
6 *cert. denied sub nom. United Healthcare of Arizona v. Spinedex Physical Therapy USA, Inc.*, 136  
7 S. Ct. 317 (2015) (distinguishing between claims that depend on whether payments for services  
8 were withheld from association members and the individual situations of its members versus cases  
9 alleging “systematic policy violations” that make extensive individual participation unnecessary).  
10 This need for individual participation, defendants argue, runs to plaintiffs’ request for injunctive  
11 relief and is also heightened by the plaintiffs’ request for money damages because “[t]he courts  
12 that have addressed this issue have consistently held that claims for monetary relief necessarily  
13 involve individualized proof and thus the individual participation of association members, thereby  
14 running afoul of the third prong of the *Hunt* test.” *United Union of Roofers, Waterproofers, &*  
15 *Allied Trades No. 40 v. Ins. Corp. of Am.*, 919 F.2d 1398, 1400 (9th Cir. 1990).

16 In their Opposition, plaintiffs clarify that they only seek injunctive and declaratory relief  
17 for the invasion of privacy claims, not damages. FAC Prayer for Relief ¶ 2. As to individual  
18 participation, plaintiffs rely on cases challenging “systematic policy violations” that would make  
19 individual participation unnecessary. For example, in *Pennsylvania Psychiatric Soc. v. Green*  
20 *Spring Health Servs., Inc.*, 280 F.3d 278 (3d Cir. 2002), plaintiffs challenged “systemic policy  
21 violations,” namely the methods defendants employ for authorizing or denying mental health  
22 services, credentialing physicians, and reimbursement that plaintiff contended could be  
23 “established with sample testimony, which may not involve specific, factually intensive,  
24 individual medical care determinations.” *Id.* at 286. While the appellate court questioned whether  
25 plaintiffs could, in fact, make that showing utilizing only limited individual participation, it  
26 allowed the claim to proceed past the motion to dismiss stage. *Id.* Plaintiffs assert that this case is  
27 more akin to *Pennsylvania Psychiatric Soc* than *United Healthcare of Arizona* because plaintiffs  
28 allege a consistent course of defendants’ conduct (surreptitious recording) and the same injury to

1 its employees (invasion of privacy) and will be able to establish that defendants’ conduct was  
2 highly offensive to all employees by representative testimony given defendants’ history of  
3 violence, harassment, and targeting abortion providers. Similarly, the intrusion alleged here – all  
4 recordings – may be shown to be offensive to a “reasonable person” that would cover all staff  
5 given defendants’ past history.

6 As in *Pennsylvania Psychiatric Soc.*, as this case continues and discovery progresses, the  
7 evidence may support defendants’ argument that individual participation is necessary. Given the  
8 broad but plausible allegations in the FAC, I should not make that determination at this juncture.

## 9 2. Standing to Assert Claims on Behalf of Employees

10 As to the second standing challenge, defendants rely on *Region 8 Forest Serv. Timber*  
11 *Purchasers Council v. Alcock*, 993 F.2d 800 (11th Cir. 1993), which concluded that the  
12 “associational standing test articulated in [*Hunt v. Washington Apple Advertising Comm’n*, 432  
13 U.S. 333, 343 (1977)] is properly reserved for voluntary membership organizations—like trade  
14 associations or environmental groups—and has no application to a corporation’s standing to assert  
15 the interests of its employees.” *Id.* at 810, n.15.

16 Plaintiffs argue that the footnote comment in *Region 8* is not binding nor persuasive in the  
17 Ninth Circuit, and instead rely on cases finding associational standing appropriate in similar  
18 circumstances. For example, in *Planned Parenthood Arizona, Inc. v. Brnovich*, No. CV-15-  
19 01022-PHX-SPL, 2016 WL 1158890 (D. Ariz. Mar. 23, 2016), the court concluded that the  
20 Planned Parenthood affiliate could represent its employees in challenging a statute that allegedly  
21 infringed on its doctors’ First Amendment rights. *Id.* \*8. The court noted that Planned  
22 Parenthood’s interest in challenging the statute was “in every practical sense identical” to the  
23 physicians it employs, that its physicians would otherwise have standing to sue in their own right,  
24 the interests they sought to protect were germane to their purpose of providing reproductive health  
25 care services, and because the parties were seeking injunctive and declaratory relief, individual  
26 participation of the physicians was unnecessary. *Id.*; see also *Presidio Golf Club v. Nat’l Park*  
27 *Serv.*, 155 F.3d 1153, 1159 (9th Cir. 1998) (concluding that an association could represent its  
28 members challenging the demolition of a historic club house where “the individual members’

1 interests are largely identical to the organization's goals of maintaining the Clubhouse for the  
2 members' use in a manner suitable for the social and athletic activities surrounding the game of  
3 golf."); *but see Fleck & Associates, Inc. v. Phoenix, City of, an Arizona Mun. Corp.*, 471 F.3d  
4 1100, 1106 (9th Cir. 2006) (rejecting associational standing to challenge ordinance prohibiting  
5 live sex acts by an association who ran that type of business because plaintiff had customers and  
6 not members and suit to allegedly vindicate "putative privacy interests of its customers" was not  
7 germane to plaintiff's purpose).

8 As above, given the breadth of plaintiffs' plausible allegations, standing by plaintiffs has  
9 been sufficiently alleged. It may be challenged upon a fuller evidentiary record at summary  
10 judgment or trial.

### 11 **3. Adequacy of Allegations**

12 Defendants challenge the factual allegations regarding the plaintiffs' employees'  
13 reasonable expectations of privacy and whether the intrusions suffered would be highly  
14 objectionable to all staff. These arguments largely track the ones raised against plaintiffs' claims  
15 under the wiretapping statutes discussed above. In short, as to the privacy claims under California  
16 law and for purposes of ruling on these motions to dismiss, I conclude that plaintiffs have alleged  
17 facts plausibly supporting their employees' reasonable expectations of privacy and the  
18 objectionable nature of defendants' intrusions.

19 The unique question here is whether the newsworthiness of defendants' disclosures – a  
20 position asserted by defendants – turns what might otherwise be considered an "offensive"  
21 intrusion into a justified intrusion. Defs. MTD at 50. Whether defendants' disclosures were  
22 newsworthy and whether public interest can diminish the offensiveness of the intrusions are not  
23 appropriately determined on a motion to dismiss. *See, e.g., Shulman v. Grp. W Prods., Inc.*, 18  
24 Cal. 4th 200, 236 (1998), *as modified on denial of reh'g* (July 29, 1998) (recognizing, in reviewing  
25 lower court's summary judgment opinion, that "the constitutional protection of the press does  
26 reflect the strong societal interest in effective and complete reporting of events, an interest that  
27 may-as a matter of tort law-justify an intrusion that would otherwise be considered offensive.").

28 For the foregoing reasons, defendants' motions to dismiss are DENIED. At this early

1 stage of the case and given the plausibly alleged allegations, the claims may proceed.

2 **II. ANTI-SLAPP MOTIONS TO STRIKE**

3 As relevant to this set of motions, the parties submit evidence through declarations and  
 4 requests for judicial notice.<sup>38</sup> Defendants rely on the declaration of David Daleiden. Dkt. No. 87-  
 5 1. He declares that he is an investigative journalist and founder of CMP. *Id.* ¶ 2. He explains that  
 6 CMP is a California not-for-profit, 501(c)(3) corporation founded for the purpose of monitoring  
 7 and reporting on medical ethics, with a focus on abortion and the use and disposal of aborted fetal  
 8 tissue. *Id.* ¶¶ 203. He asserts that CMP carries out its mission through investigatory journalism  
 9 that complies with all applicable laws. *Id.* His aim has been to gather information about illegal  
 10 activities, including for-profit sale of fetal tissue, altering of abortion procedures to obtain fetal  
 11 tissue for research, and the commission of partial-birth abortions, and in that process also gather  
 12 information about the difficulties of disposing of fetal tissue, the practical difficulties of fetal  
 13 tissue procurement, the stigma abortion providers feel is attached to their work, and the toll their  
 14 work takes on them. *Id.* ¶ 4. As part of his research, Daleiden gathered information from medical  
 15 journals, legislative hearing and websites, spoke with researchers, scientists, abortion providers,  
 16 current and former tissue procurement specialists, and attended seven scientific and industry  
 17 conferences under the assumed name of Robert Sarkis. *Id.* ¶ 5.

18 On July 14, 2015, CMP released two videos of Daleiden’s lunch meeting with Dr.  
 19 Nucatola, one a summary version and the other showing the full meeting. *Id.* ¶ 6. A week later,  
 20 CMP released two videos of his lunch meeting with Dr. Gatter, one a summary version and the  
 21 other showing the full meeting. *Id.* ¶ 7. Nine days after that, CMP released two additional videos  
 22 of recorded conversations with Dr. Ginde of PPRM, one a summary and the other the full version.  
 23 *Id.* ¶ 8. After four more days, CMP released a short highlight video of Daleiden’s meeting with  
 24 Melissa Farrell of PPGC (because of technical difficulties the fuller video was not released until  
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26 <sup>38</sup> This evidence is relevant only to the determination of the anti-SLAPP motions and irrelevant to  
 27 the determination of the motions to dismiss. In ruling on an anti-SLAPP motion, the court  
 28 considers, “the pleadings, and supporting and opposing affidavits stating the facts upon which the  
 liability or defense is based.” *Mindys Cosmetics, Inc. v. Dakar*, 611 F.3d 590, 598 (9th Cir. 2010)  
 (quoting Cal. Civ. Proc. Code § 425.16(b)(2)).

1 August 6, 2015). *Id.* ¶ 9.

2 Defendant Merritt also submits a declaration in support of her separate anti-SLAPP  
3 motion. Dkt. No. 78-1. Merritt declares that that she is an “investigative journalist” of the  
4 abortion industry, but does not provide any explanation of her educational background,  
5 credentials, work experience, or names of outlets that have published any of her work other than  
6 CMP. Merritt Decl. ¶ 3.<sup>39</sup> She explains that she performed investigative work for CMP’s Human  
7 Capital Campaign from 2013 through 2015, using the name Susan Tennenbaum to portray herself  
8 as CEO of BioMax. *Id.* ¶ 4-5. She admits that she used that alias to attend the 2014 and 2015  
9 NAF Annual meetings in San Francisco and Baltimore, but did not attend any other PPFA  
10 conferences or meetings identified in the FAC. *Id.* ¶ 6. She admits that she met with Planned  
11 Parenthood representatives (along with Daleiden who was using the name Sarkis) at clinics in  
12 Colorado and Texas to discuss fetal tissue transactions between BioMax and those clinics in order  
13 to further “her research.” *Id.* ¶ 7. She also admits she and Daleiden met with Dr. Nucatola in  
14 Southern California to discuss BioMax purchasing fetal tissue specimens from Planned  
15 Parenthood to further “her research.” *Id.* ¶ 8. She admits that she and an unnamed colleague met  
16 with Dr. Gatter in Southern California to discuss BioMax purchasing fetal tissue specimens from  
17 Planned Parenthood to further “her research.” *Id.* ¶ 9. She declares that she participated in and  
18 recorded during those meetings in order to gain evidence of illegal conduct in the abortion  
19 industry. *Id.* ¶¶ 10-11.

20 Both sets of defendants rely on the Declaration of Charles S. Limandri (Dkt. No. 85-2).  
21 That declaration attaches various documents to show that CMP’s Human Capital Project videos  
22 generated a tremendous amount of public and media interest and spurred several state and federal  
23 investigations into the conduct of Planned Parenthood and its affiliates. Limandri Decl. ¶¶ 2-3.  
24 Finally, both sets of defendants also request Judicial Notice of: (i) a ruling by a judge of the  
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26 <sup>39</sup> Plaintiffs rely on Merritt’s deposition testimony in *StemExpress, LLC, et al v. The Center For*  
27 *Medical Progress, et al*, Case No. BC 589145, pending in Los Angeles County Superior Court, in  
28 which Merritt admits she has never published any articles. Declaration of Amy L. Bomse (Dkt.  
No. 94), Ex. A, Depo. Trans. of Sandra Susan Merritt at 27:20-21. A full copy of that deposition  
transcript is filed in support of Merritt’s reply on her motion to strike. Dkt. No. 102.



1 Superior Court of the State of California, County of Los Angeles in *StemExpress, LLC, et al v. The*  
 2 *Center For Medical Progress, et al*, Case No. BC 589145 (Los Angeles County Superior Court)  
 3 finding that defendants’ secret videotaping of representatives of StemExpress LLC and subsequent  
 4 publication of videos containing that footage met the first prong of California’s anti-SLAPP  
 5 statute (that defendants’ complained-of actions were taken in furtherance of their rights to petition  
 6 and speech) and (ii) an amicus brief submitted to the Ninth Circuit in support of the appeal of the  
 7 granting of a preliminary injunction in related case *Center for Medical Progress, et al. v. National*  
 8 *Abortion Federation et al.*, Case No. 16-15360.<sup>40</sup>

9 In response to Merritt’s motion, plaintiffs submit declarations from Dr. Nucatola and Dr.  
 10 Gatter describing their initial communications and interactions with Daleiden and BioMax, their  
 11 lunch meetings with Daleiden and Merritt, their expectations that the information they shared with  
 12 Daleiden and Merritt would be treated confidentially, and their expectations of privacy in the  
 13 conversations at those lunch meetings. Dkts. Nos. 95, 96.

#### 14 **A. Legal Standard**

15 California Code of Civil Procedure section 425.16 is California’s response to “strategic  
 16 lawsuits against public participation,” or SLAPP lawsuits. It was enacted “to provide a procedure  
 17 for expeditiously resolving nonmeritorious litigation meant to chill the valid exercise of the  
 18 constitutional rights of freedom of speech and petition in connection with a public issue.” *Hansen*  
 19 *v. California Dep’t of Corr. & Rehab.*, 171 Cal. App. 4th 1537, 1542-43 (2008). It provides that a  
 20 cause of action against a person “arising from any act of that person in furtherance of the person’s  
 21 right of petition or free speech under the United States Constitution or the California Constitution  
 22 in connection with a public issue shall be subject to a special motion to strike, unless the court  
 23 determines that the plaintiff has established that there is a probability that the plaintiff will prevail  
 24 on the claim.” Cal. Civ. Proc. Code § 425.16(b)(1). An “act in furtherance of the person’s right of  
 25 petition or free speech under the United States Constitution or the California Constitution in  
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27 \_\_\_\_\_  
 28 <sup>40</sup> I grant the request for Judicial Notice, but only as to the existence of this opinion and pleadings,  
 and not for purposes of noticing the truth of the facts or arguments made therein. *See, e.g., Lee v.*  
*City of Los Angeles*, 250 F.3d 668, 689-90 (9th Cir. 2001).

1 connection with a public issue” includes

- 2 (1) any written or oral statement or writing made before a legislative, executive, or
- 3 judicial proceeding, or any other official proceeding authorized by law,
- 4 (2) any written or oral statement or writing made in connection with an issue under
- 5 consideration or review by a legislative, executive, or judicial body, or any other
- 6 official proceeding authorized by law,
- 7 (3) any written or oral statement or writing made in a place open to the public or a
- 8 public forum in connection with an issue of public interest, or
- 9 (4) any other conduct in furtherance of the exercise of the constitutional right of
- petition or the constitutional right of free speech in connection with a public issue
- or an issue of public interest.

10 Cal. Civ. Proc. Code § 425.16(e).

11 “When served with a SLAPP suit, the defendant may immediately move to strike the

12 complaint under Section 425.16.” *Id.* at 1543. That motion is known as an anti-SLAPP motion.

13 To determine whether an anti-SLAPP motion should be granted, the trial court must engage in a

14 two-step process. “First, the defendant must make a prima facie showing that the plaintiff’s suit

15 arises from an act in furtherance of the defendant’s rights of petition or free speech.” *Mindys*

16 *Cosmetics, Inc. v. Dakar*, 611 F.3d 590, 595 (9th Cir. 2010) (citation and internal quotation marks

17 omitted). “Second, once the defendant has made a prima facie showing, the burden shifts to the

18 plaintiff to demonstrate a probability of prevailing on the challenged claims.” *Id.*

19 “At [the] second step of the anti-SLAPP inquiry, the required probability that [a party] will

20 prevail need not be high.” *Hilton v. Hallmark Cards*, 599 F.3d 894, 908 (9th Cir. 2009). A

21 plaintiff must show “only a ‘minimum level of legal sufficiency and triability.’” *Mindys*, 611 F.3d

22 at 598 (quoting *Linder v. Thrifty Oil Co.*, 23 Cal. 4th 429, 438 n.5 (2000)). The plaintiff need only

23 “state and substantiate a legally sufficient claim.” *Id.* at 598-99 (citation and internal quotation

24 marks omitted). In conducting its analysis, the “court ‘does not weigh the credibility or

25 comparative probative strength of competing evidence,’ but ‘should grant the motion if, as a

26 matter of law, the defendant’s evidence supporting the motion defeats the plaintiff’s attempt to

27 establish evidentiary support for the claim.” *Id.* at 599 (quoting *Wilson v. Parker, Covert &*

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1 *Chidester*, 28 Cal. 4th 811, 821 (2002). At this stage, the court considers “the pleadings, and  
 2 supporting and opposing affidavits stating the facts upon which the liability or defense is based.”  
 3 *Id.* at 598 (quoting Cal. Civ. Proc. Code § 425.16(b)(2)).

4 “[T]he anti-SLAPP statute cannot be used to strike federal causes of action.” *Hilton v.*  
 5 *Hallmark Cards*, 599 F.3d 894, 901 (9th Cir. 2010).

## 6 **B. Protected Activity**

7 Defendants assert that they were acting in furtherance of their rights of petition or free  
 8 speech as shown in part by their publication of the fruits of their surreptitious recordings and also  
 9 by the significant public reaction to those videos. Plaintiffs counter that defendants’ acts do not  
 10 fall within the protection of California’s anti-SLAPP statute because defendants waived any First  
 11 Amendment rights by signing the NAF confidentiality agreements discussed above and because  
 12 defendants engaged in illegal conduct in order to secure their recordings.

13 I need not reach this issue in order to resolve the motions to strike. Instead, I assume for  
 14 the purpose of deciding these motions that defendants have made a prima facie showing that the  
 15 plaintiffs’ suit arises from acts in furtherance of defendants’ rights of petition or free speech.  
 16 However, as discussed below, plaintiffs have shown a probability of prevailing on the merits  
 17 sufficient to defeat the motions to strike.

## 18 **C. Probability of Success**

### 19 **1. Defendants’ Joint Motion to Strike**

20 As to plaintiffs’ probability of success on the merits, defendants repeat the *identical*  
 21 arguments they made on their motions to dismiss. Other than the declaration from Daleiden –  
 22 asserting that he was acting as an investigative journalist in his work for CMP and on the Human  
 23 Capital Project, which goes solely to the first prong of the anti-SLAPP statute – defendants present  
 24 no evidentiary-based argument to undermine plaintiffs’ probability of success on the state causes  
 25 of action discussed above.

26 Defendants correctly argue that once a defendant meets the burden on the first prong, the  
 27 burden shifts to plaintiff to substantiate a legally sufficient claim. *See, e.g., Mindys Cosmetics,*  
 28 *Inc. v. Dakar*, 611 F.3d 590, 598 (9th Cir. 2010). However, this does not mean that plaintiffs

1 were required to come forward with evidence to prove up the merits of their claims when  
 2 defendants’ *attacks* on those claims were based solely on *pleading* deficiencies. Defendants’  
 3 initial motion set out the parameters of defendants’ anti-SLAPP motion to strike. Defendants  
 4 argued that they were entitled to “judgment as a matter of law” on the state law claims in the FAC.  
 5 Defendants’ challenges were not *evidentiary* (or even allegations that plaintiffs would be unable to  
 6 produce adequate evidence in support of their claims), but targeted to the allegedly deficient  
 7 pleadings. *See, e.g.*, Defs. MTS (Dkt. No. 87) at 5 (“As Defendants described in detail in their  
 8 Motion to Dismiss, the Complaint fails to plausibly allege any state-law claims against  
 9 Defendants. *See* Doc. 79. Defendants incorporate by reference the arguments in their Motion to  
 10 Dismiss, as summarized and expanded upon below.”).

11 Defendants, therefore, expressly limited their challenge in the MTS to the sufficiency  
 12 arguments made in their MTD as “summarized and expanded.” They did not expressly challenge  
 13 plaintiffs’ ability to prove with evidence the substance of any of plaintiffs’ state law claims. In  
 14 their Reply in support of their motion to strike, defendants fail to identify any instances of  
 15 “expanded” arguments (as opposed to arguments repeated from their motion to dismiss) or  
 16 instances where defendants expressly argued that defendants would be unable to come forth with  
 17 *evidence* to support a specific claim.

18 The limitation of defendants’ motion to strike is confirmed, in part, by the evidence they  
 19 offer in support. That evidence consists, as noted above, of the declarations of Daleiden and  
 20 Limandri (and the exhibits to Limandri’s declaration). Daleiden’s declaration discusses only  
 21 Daleiden’s purported work as an investigative journalist, the work of CMP, and the release of the  
 22 Human Capital Project videos in July and August 2015. Dkt. No. 87-1. Limandri’s declaration  
 23 basically authenticates documents regarding government investigations into the operations of  
 24 Planned Parenthood following the release of the Human Capital Project videos to substantiate  
 25 defendants’ claim that the disclosures created significant public and government interest. Dkt. No.  
 26 85-2.<sup>41</sup> There is no evidentiary-based challenge to plaintiffs’ probability of success.

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28 <sup>41</sup> In their Reply, defendants refer to “evidence” regarding the PPCG meeting and cite to a specific  
 portion of a video. Defs. MTS Reply at 9. Daleiden’s declaration provided a link to the whole

1 While defendants are correct that they did not need to present evidence in support of their  
2 opening motion to strike, that does not mean they were *not required* to raise explicit arguments  
3 that plaintiffs would not be able to prove (as opposed to plead) specific claims. Defendants  
4 cannot make those evidentiary-based arguments for the first time in their reply.

5 Confining my analysis to the arguments actually raised in defendants' motion to strike, and  
6 for the reasons discussed with respect to their motion to dismiss, the motion to strike is DENIED.

## 7 **2. Merritt's Motion to Strike**

8 Merritt's motion to strike (Dkt. No. 78) similarly argues that plaintiffs failed to "allege  
9 sufficient facts" and, like the other defendants' motion, largely copies the arguments made in her  
10 motion to dismiss. *See, e.g.*, Merritt MTS at 9 ("Since Plaintiffs are unable to allege sufficient  
11 facts"), 15 ("Since Plaintiffs cannot allege sufficient facts or meet the standing requirements"); 19  
12 ("Plaintiffs have not alleged sufficient facts to state claims for fraud, invasion of privacy or  
13 trespass against Ms. Merritt"). Merritt, however, asserts two discrete evidentiary-based arguments  
14 that require separate analysis.

15 First, Merritt appears to argue that the circumstances surrounding the lunch meetings with  
16 Drs. Nucatola and Gatter preclude a finding that any of the communications during those meetings  
17 were "confidential." Merritt MTS at 3. In her declaration, Merritt does not provide *any facts*  
18 regarding the circumstances of or occurrences in those meetings except that they occurred in  
19 restaurants. Merritt Decl. ¶¶ 8, 9. In their opposition, plaintiffs submit declarations from Drs.  
20 Nucatola and Gatter, explaining further why they believed those conversations were confidential.  
21 Dkt. Nos. 95-96. In reply, Merritt does not counter that evidence. Reviewing the allegations and  
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23 video, but the specific contents of that video were *not discussed* in it or in defendants' moving  
24 papers. If I were to consider this "evidence" and the argument improperly raised for the first time  
25 in Reply, it would not result in my granting the motion to strike the breach of contract claim with  
26 respect to the PPCG meeting. It would only support an argument that *some portion* of the taping  
27 or subsequent disclosure may not have breached the PPCG contract, an issue appropriate for  
28 resolution on summary judgment or trial. The second piece of evidence discussed, again for the  
first time in Reply, is the video of the Dr. Nucatola lunch that defendants contend shows that Dr.  
Nucatola "clearly viewed" the lunch as an opportunity to provide information to defendants and  
not a business meeting on behalf of PFFA. Defs. MTS Reply at 13 & n2. Again, if I were to  
consider that evidence, it at most raises a question of fact that cannot be resolved on a motion to  
strike under the anti-SLAPP statute.

1 evidence submitted, I conclude that, at most, a question of fact has been raised regarding the  
2 reasonable expectation of privacy in the conversations that occurred during those lunch meetings.

3 Second, Merritt argues that she cannot be liable for violations of California Penal Code  
4 section 632 and trespass to effect an illegal recording under Section 634 because she is exempt  
5 from liability under Section 633.5. California Penal Code section 633.5 provides that nothing in  
6 Section 632 “prohibits one party to a confidential communication from recording the  
7 communication for the purpose of obtaining evidence reasonably believed to relate to the  
8 commission by another party to the communication of the crime of extortion, kidnapping, bribery,  
9 any felony involving violence against the person.” Merritt argues that because she attended the  
10 meetings and conference in her capacity as an investigative journalist gathering evidence of what  
11 she “reasonably believed” were plaintiffs’ commissions of crimes of violence against unborn  
12 children, she is exempt as a matter of law under Section 633.5 Merritt MTS at 14-15; Merritt  
13 Decl. (Dkt. No. 78-1) ¶ 11.

14 Section 633.5 is an affirmative defense to liability under Section 632, and “[a]lthough the  
15 anti-SLAPP statute ‘places on the plaintiff the burden of substantiating its claims, a defendant that  
16 advances an affirmative defense to such claims properly bears the burden of proof on the  
17 defense.’” *Davis v. Elec. Arts Inc.*, 775 F.3d 1172, 1177 (9th Cir. 2015), *cert. denied*, 136 S. Ct.  
18 1448 (2016) (*quoting Peregrine Funding, Inc. v. Sheppard Mullin Richter & Hampton LLP*, 133  
19 Cal.App.4th 658 (2005)). Moreover, whether a belief is “reasonable” is typically resolved by the  
20 finder of fact. *Kuschner v. Nationwide Credit, Inc.*, 256 F.R.D. 684, 689 (E.D. Cal. 2009)  
21 (“Although plaintiff has submitted a declaration stating his actual belief [under § 633.5],  
22 resolution of this issue plainly cannot be done on the pleadings. It requires the types of credibility  
23 determinations and weighing of evidence quintessentially performed by a fact-finder.”).

24 In her declaration submitted in support of her motion to strike, Merritt declares that her

25 research revealed that abortion providers were doing business with  
26 fetal tissue procurement companies, and as part of those business  
27 dealings abortion providers such as Planned Parenthood would alter  
28 abortion procedures so as to obtain an intact baby from which  
organs could be harvested for sale to procurement companies. My  
research further revealed that in order to obtain intact fetuses,  
abortion providers would perform what is known as “partial birth

1 abortions” or would use techniques that would result in a live fetus  
being removed from the mother and then killed and dissected.

2 Merritt Decl. ¶ 3. She also states that she “recorded these meetings because I believed that the  
3 communications would reveal evidence related to Planned Parenthood’s commission of violent  
4 felonies against unborn, partially born, and born children whose bodies were dissected and sold  
5 piecemeal.” *Id.* ¶ 11.

6 In support of their positions on Merritt’s motion to strike, both plaintiffs and Merritt rely  
7 on portions of Merritt’s deposition in the *StemExpress* case pending in Los Angeles County  
8 Superior Court. Plaintiffs contend that this deposition testimony undermines Merritt’s current  
9 assertion that her belief was reasonable (Merritt MTS Oppo. at 15 & n.9) and Merritt (supplying  
10 the full deposition transcript in Reply) relies on it to demonstrate that her belief had a reasonable  
11 basis. Merritt MTS Reply at 14-15. These portions of the Merritt deposition transcript  
12 *demonstrate* that that this issue cannot be decided on this motion to strike, but instead, presents a  
13 question of fact as to the reasonableness of Merritt’s belief.<sup>42</sup>

14 Merritt does not raise any other evidentiary or new arguments in her motion to strike. For  
15 the reasons discussed above and with respect to her motion to dismiss, the motion to strike is  
16 DENIED.

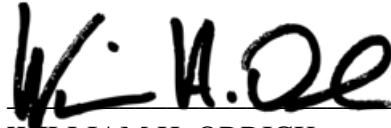
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42 This is not an “uncontroverted” record, unlike in the case relied on by Merritt. *People v. Parra*,  
25 165 Cal. App. 3d 874, 879 (Cal. Ct. App. 1985) (affirming admission of evidence because  
26 recording fell within § 633.5, where “recording was clearly for the purpose of obtaining evidence  
27 of appellant’s intent to carry out her prior written threats of physical violence”). Where there is  
28 controverted evidence, the issue is for the jury. *See Moore v. Telfon Commc’ns Corp.*, 589 F.2d  
959, 965 (9th Cir. 1978) (the “jury alternatively found either that Moore impliedly consented, the  
communication was not confidential, or Anderson recorded the conversation for the purpose of  
obtaining evidence reasonably believed to relate to the crime of extortion.”).

**CONCLUSION**

Defendants have raised a number of arguments that may cause the claims in this case to be narrowed after discovery on summary judgment. However, plaintiffs have alleged sufficient facts to plausibly state their claims at this juncture. For the foregoing reasons, the motions to dismiss and motions to strike are DENIED.

**IT IS SO ORDERED.**

Dated: September 30, 2016



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WILLIAM H. ORRICK  
United States District Judge

United States District Court  
Northern District of California

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