

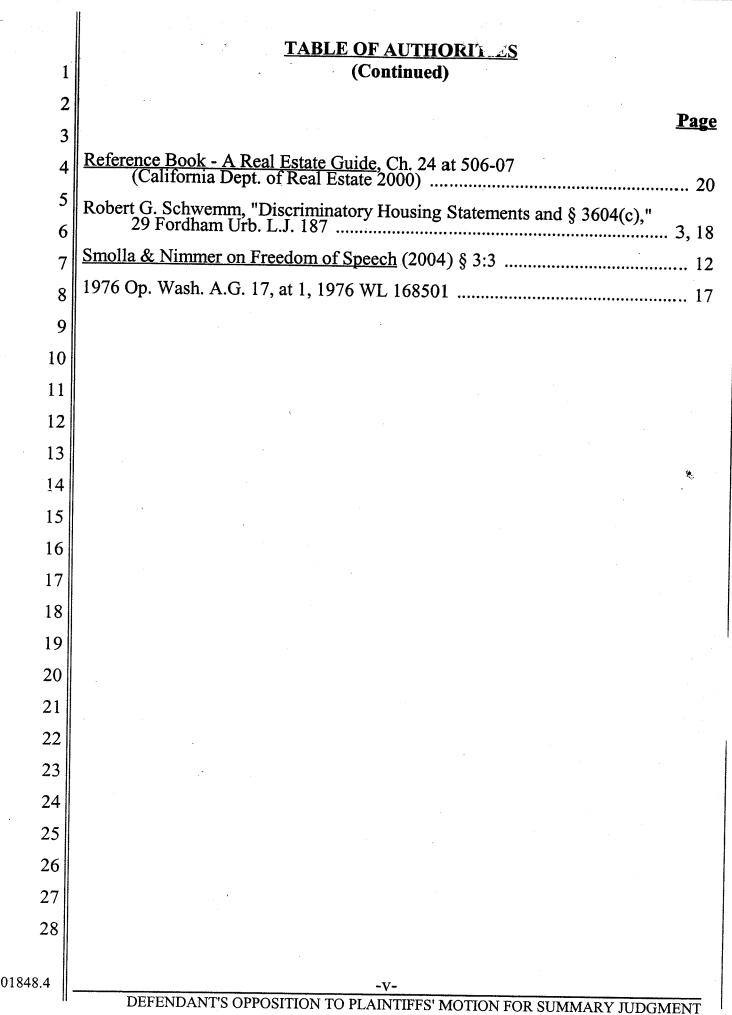
| и<br>                                 |  |
|---------------------------------------|--|
| · · · · · · · · · · · · · · · · · · · | TABLE OF COMPANY   |
| 1                                     | TABLE OF CONTENTS  |
| 3                                     | Page<br>I INTRODUCTION   |
| 4                                     | I.       INTRODUCTION  |
| 5                                     |  |
| 6                                     | III. PLAINTIFFS' MOTION FOR SUMMARY JUDGMENT MUST<br>BE DENIED BECAUSE PLAINTIFFS' CLAIMS ARE BARRED<br>BY THE COMMUNICATIONS DECENCY ACT OF 1996  |
| 7                                     | A. Interactive Computer Services Are Not Subject To Liability For<br>Content Provided By Third Parties   |
| 8<br>9                                | B. Plaintiffs' Claims Fall Within The Scope Of, And Are Barred<br>By, The CDA  |
| - 10                                  | C. Plaintiffs' Mischaracterizations of Roommate's Functions Do<br>Not Take Plaintiffs' Claims Outside the Immunity Provided by   |
| 11                                    | ule CDA  |
| 12                                    | 9 Server and the server of the |
| 13                                    | IV. PLAINTIFFS' MOTION FOR SUMMARY JUDGMENT MUST<br>BE DENIED BECAUSE PLAINTIFFS' CLAIMS ARE BARRED<br>BY THE FIRST AMENDMENT  |
| 15                                    | A. Plaintiffs' Interpretation of FHA and FEHA Is Unconstitutional 11   |
| 16<br>17                              | B. The Roommate.com Postings Are Not Commercial Speech, but<br>Even If They Are, the Restrictions Urged by Plaintiffs Are<br>Unconstitutional  |
| 18                                    | 1. The postings do not involve illegal activity  |
| 19                                    | 2. Government lacks a substantial interest   |
| 20                                    | 3. No substantial interest is advanced or "directly linked." 18  |
| 21                                    | 4. The restriction urged by plaintiffs is more extensive than necessary to serve the governmental interest   |
| 22                                    | V. ROOMMATE IS NOT A PROPERTY MANAGER OR IN THE<br>BUSINESS OF SELLING REAL ESTATE   |
| 24                                    | A. Roommate Is Not A Property Manager  |
| 25                                    | B. Roommate Is Not "In the Business of Selling or Renting<br>Dwellings"  |
| 26                                    |  |
| 27                                    | VI. CONCLUSION   |
| 28                                    |  |
| 0/177/(01040 4                        |  |
| 04177/601848.4                        | -i-<br>DEFENDANT'S OPPOSITION TO PLAINTIFFS' MOTION FOR SUMMARY JUDGMENT   |

. در ا

| a a a a a a a a a a a a a a a a a a a |   |
|---------------------------------------|---|
| 2 · · · ·                             | TABLE OF AUTHORI S  |
| 2                                     | 1 (Continued)   |
|                                       | 2   |
|                                       | Page  |
|                                       |   |
| . 4                                   | Consolidated Edison Co. v. Public Service Committee,4447 U.S. 530 (1980)12  |
|                                       |   |
| Ű.                                    | Fair Housing Congress v. Weber,<br>993 F. Supp. 1286 (C.D. Cal. 1997)   |
| -                                     | Gentry v. eBay, Inc.,   |
|                                       | Gentry v. eBay, Inc.,           99 Cal. App. 4th 816, 121 Cal. Rptr. 2d 703 (2002)  |
|                                       | Housing Opportunities Made Equal v. Cincinnati Enquirer,  |
|                                       | 17, 19  |
| CH                                    | Housing Rights Center v. The Donald Sterling Corporation,<br>274 F. Supp. 2d 1129 (C.D. Cal. 2003)                              |
| 11                                    | I = (0.2, 0.0, 2000)  |
| 12                                    | Lawrence v. Texas,<br>539 U.S. 558, 123 S. Ct. 2472 (2003)  |
| 13                                    | Linmark Associates v. Township of Willingboro   |
|                                       | 431 0.8. 85 (1977)  |
| 14                                    | <u>A21 LLS 404 (1077)</u>   |
| 15                                    |   |
| $1^{16}$                              | <u>Noah v. AOL Time Warner, Inc.</u> ,<br>261 F. Supp. 2d 532 (E.D. Va. 2003),<br><i>aff'd</i> , 2004 WL 602711 (4th Cir. 2004) |
| . 17                                  | aff'd, 2004 WL 602711 (4th Cir. 2004)   |
| 18                                    | Novak v. Overture Services, Inc.,<br>309 F. Supp. 2d 446 (E.D.N.Y. 2004)  |
| 10                                    | 309 F. Supp. 2d 446 (E.D.N.Y. 2004) 7   |
|                                       | Pittsburgh Press Co. v. Pittsburgh Committee on Human Relations,  |
| 20                                    | 413 U.S. 376 (1973)   |
| 21                                    | Police Department of the City of Chicago v. Mosley,<br>408 U.S. 92 (1972)   |
| 22                                    |   |
| 23                                    | <u>R.A.V. v. City of St. Paul,</u><br>505 U.S. 377 (1992) 12, 13, 18  |
| -24                                   | Ragin v. New York Times,  |
|                                       | <u>Ragin v. New York Times,</u><br>923 F.2d 995 (2d Cir. 1991) 3, 18  |
| 25                                    | Reno v. American Civil Liberties Union  |
| 26                                    | 521 U.S. 844 (1997) 12  |
| 27                                    | Riley v. National Federal of the Blind,<br>487 U.S. 781 (1988)  |
| 28                                    | Roberts v. United States Jaycees,   |
|                                       | Roberts v. Office States Jaycees,   |
| 04177/601848.4                        | -iii-   |
|                                       | DEFENDANT'S OPPOSITION TO PLAINTIFFS' MOTION FOR SUMMARY JUDGMENT   |

| 4<br>4<br>1    |   |
|----------------|---|
| ے ا<br>ب       | TABLE OF AUTHORITIES  |
| · 1            | (Continued)   |
| 2              |   |
| 3              | Page  |
| 4              | 468 U.S. 609 (1984) 16  |
| 5              | Schneider v. Amazon.com, Inc.,<br>31 P.3d 37 (Wash. Ct. App. 2001)  |
| 6              | Simon & Schuster Inc. + Manchen Cil. N. + + + +   |
| 7              | <u>Crime Victims Board,</u><br>502 U.S. 105 (1991)  |
| 8              | <u>Stratton Oakmont, Inc. v. Prodigy Servs. Co.,</u><br>1995 WL 323710 (N.Y. Sup. Ct. 1995)   |
| 9              |   |
| 10             | <u>Texas v. Johnson,</u><br>491 U.S. 397 (1989) 14, 18  |
| 11             | Thompson v. Western States Medical Ctr.   |
| 12             | <u>Thompson v. Western States Medical Ctr.,</u><br>535 U.S. 357 (2002)  |
| -13            | Trafficante v. Metropolitan Life Insurance Co.,<br>409 U.S. 205 (1972)  |
| 14             | United States v Hunter  |
| 15             | 459 F.2d 205 (4th Cir. 1972)  |
| 16             | Virginia State Board of Pharmacy v. Virginia Citizens Consumer Council, Inc.,<br>425 U.S. 748 (1976) 15, 18   |
| 17             | Zeran v. America Online, Inc.,<br>129 F.3d 327 (4th Cir. 1997), cert. denied, 524 U.S. 937 (1998) 5, 6  |
| -18            |   |
| 19             | STATUTES  |
| 20             | 42 U.S.C. § 3603(b) 17  |
| 21             | 42 U.S.C. § 3603(c) 22  |
| 22             | 42 U.S.C. § 3604(c) 1, 2, 10, 12, 13  |
| 23             | 47 U.S.C. § 230 1, 4, 5, 9, 10  |
| 24             | Cal. Business & Professions Code § 17200 12   |
| 25             | Cal. Gov't Code § 12955(c) 1, 2, 10, 12, 13   |
| 26             | <b>OTHER AUTHORITIES</b>  |
| 27             | Note, Jennifer C. Chang, In Search of Fair Housing in Cyberspace: The Implications of the Communications Decency Act for Fair Housing on the Internet |
| 28             |   |
|                | 55 Stan. L. Rev. 969, 1001 (2002) 10  |
| 04177/601848.4 | -iv-  |
| 1              | DEFENDANT'S OPPOSITION TO PLAINTIFFS' MOTION FOR SUMMARY JUDGMENT   |

ہ چرا



| · •                | TABLE OF AUTHORITIES  |
|--------------------|---|
|                    |   |
|                    | B CASES   |
| 2                  | Anderson v. Department of Real Estate,  |
|                    | Batzel v. Smith   |
| 6                  | 333 F.3d 1018 (9th Cir. 2003), cert. denied, 124 S. Ct. 2812 (2004) 4, 5  |
| 7                  | 206 F.3d 980 (10th Cir. 2000) cert denied 531 U.S. 824 (2000)   |
| 9                  | Bigelow v. Virginia.  |
| 10                 | Blumenthal v Drudge   |
| 11                 | 992 F. Supp. 44 (D.D.C. 1998) 5   |
| 12                 | Board of Airport Comm'rs v. Jews for Jesus, Inc.,<br>482 U.S. 569 (1987)  |
| 13                 | <u>Boos v. Barry,</u><br>485 U.S. 312 (1988)  |
| 14                 | Boy Scouts of America v. Dale.  |
| 15                 | Boy Scouts of America v. Dale,<br>530 U.S. 640 (2000)   |
| 16<br>17           | Brown v. California Department of Transportation,<br>321 F.3d 1217 (9th Cir. 2003)  |
| L18                | <u>Cárafano v. Metrosplash.com, Inc.,</u><br>207 F. Supp. 2d 1055 (C.D. Cal. 2002),<br><i>aff'd</i> , 339 F.3d 1119 (9th Cir. 2003) |
| 19                 | <i>aff'd</i> , 339 F.3d 1119 (9th Cir. 2003)  |
| 620                | <u>Carafano v. Metrosplash.com, Inc.</u> ,<br>339 F.3d 1119 (9th Cir. 2003)   |
| $\mathcal{L}^{21}$ | Central Hudson Gas & Electric Corp. v. Public Service Committee,<br>447 U.S. 557 (1980) 11, 15, 18                                  |
| 22                 | City of Cincinnati v. Discovery Network Inc   |
| 23                 | <u>City of Cincinnati v. Discovery Network, Inc.</u> ,<br>507 U.S. 410 (1993)   |
| 24<br>25           | <u>City of Santa Barbara v. Adamson,</u><br>27 Cal. 3d 123, 164 Cal. Rptr. 539 (1980)   |
| 23<br>26           | Coalition Advocating Legal Housing Options v. City of Santa Monica,<br>88 Cal. App. 4th 451, 105 Cal. Rptr. 2d 802 (2001)           |
| 27                 | Collin v. Smith   |
| 28                 | 578 F.2d 1197 (7th Cir. 1978) 14  |
|                    |   |
| 1848.4             | -ii-<br>DEFENDANT'S OPPOSITION TO PLAINTIFFS' MOTION 1 OR SUMMARY JUDGMENT  |
|                    |   |

04177/601

#### **INTRODUCTION**

I.

Plaintiff fair housing councils claim that they are entitled to summary 3 judgment in their favor because defendant Roommate.com, LLC ("Roommate"), 4 through its Internet-based roommate search service, Roommates.com 5 ("Roommates.com" or "the Site"), "makes several unlawful inquiries into the 6 personal characteristics of all persons looking for a place to live" and "makes and 7 publishes discriminatory statements that indicate preferences based on race, 8 religion, national origin, gender, familial status, age, sexual orientation, source of 9 income, and disability, all in violation of fair housing laws." Plaintiffs, however, . 10 ignore the law and mischaracterize the facts. 11

First, plaintiffs make their claims against Roommate in total disregard of an
unambiguous federal statute, the Communications Decency Act of 1996, 47
U.S.C. § 230 ("CDA"), which immunizes interactive computer services from
publisher liability for statements made by third parties. If plaintiffs have any
claim here, it must be made against those who authored the preferential
statements, not Roommate.

Second, plaintiffs' attack rests on an unconstitutional interpretation of the 18 federal Fair Housing Act, 42 U.S.C. § 3604(c) ("FHA"), and the state Fair 19 Employment and Housing Act, Cal. Govt. Code § 12955(c) ("FEHA"). Plaintiffs 20seek to impose liability for speech because of disfavored content. Plaintiffs seek 21 to restrict speech about lawful activities -- the preferential selection of roommates --22 even though the government lacks any compelling or substantial interest that 23 might justify such controls. Further, the speech restriction sought by plaintiffs -- a 24 prohibition on all preferential speech -- goes far beyond that which is necessary to 25 achieve any government interest. 26

Third, plaintiffs attempt to saddle defendant with liability by claiming it is a "property manager" or "in the business of selling or renting dwellings." This

04177/601848.4

1

2

contention is made with no legal authority whatsoever, and no basis in fact.
 Roommate is merely a forum for speech among adults seeking compatible living
 partners, and represents no one in the management of rental properties or any
 transaction involving the sale or rental of homes.

Plaintiff's claims all fail under the law. They are barred by CDA and the
First Amendment. Accordingly, plaintiffs' motion for summary judgment must be
denied, and Roommate's motion for summary judgment should be granted.

#### II.

#### **BACKGROUND**

Roommate incorporates by reference Roommate's Memorandum of Points
and Authorities in Support of its Motion for Summary Judgment, including the
factual matters stated there, in Section II. Roommate also offers as evidence in
opposition to plaintiffs' motion the previously filed Declaration of Bryan Peters
filed in support of Roommates' Motion, as well as the Supplemental Declarations
of Timothy L. Alger and Bryan Peters, filed concurrently, along with all of their
supporting exhibits.

17

8

9

- 18
- 19

20

#### III.

# PLAINTIFFS' MOTION FOR SUMMARY JUDGMENT MUST BE DENIED BECAUSE PLAINTIFFS' CLAIMS ARE BARRED BY THE COMMUNICATIONS DECENCY ACT OF 1996

Plaintiffs make the broad statement that "§ 3604(c) and §12955(c) apply to
all housing including rooms for rent and shared living quarters," but plaintiffs fail
to cite a single case supporting the application of these statutes to statements
regarding roommates or a search service for roommates such as Roommates.com.<sup>1</sup>

26

<sup>1</sup> For example, in <u>Fair Housing Congress v. Weber</u>, cited by plaintiffs on page
 10 of their memorandum, former tenants (as well as fair housing associations)
 sued an apartment landlord and manager for discrimination against families with (continued...)

04177/601848.4

Plaintiffs further argue that the decisions in United States v. Hunter and 1 Ragin v. New York Times establish that section 3604(c) applies to publishers of 2 discriminatory statements originally made by third parties. (Memorandum of 3 Points and Authorities in Support of Plaintiffs' Motion for Summary Judgment 4 "Pls. Mem." at 10.) Plaintiffs, however, make this statement in complete disregard 5 of the CDA. Nowhere do plaintiffs acknowledge that there might be a distinction 6 between newspapers and Internet website operators or service providers. Nor do 7 8 9 10  $^{1}$  (...continued) 11 children in the rental of apartments in an apartment complex. See Weber, 993 F. Supp. 1286, 1288 (C.D. Cal. 1997). The plaintiffs in that case alleged that rules 12 for conduct around the swimming pool and common areas unfairly targeted 13 children and thus families with children. See id. at 1290-92. No shared living 14 quarters were at issue in Weber. Similarly, United States v. Hunter and Ragin v. New York Times, involved 15 lawsuits against newspapers for publishing advertisements that expressed racial 16 preferences in the rental or sale of apartments and houses. See Hunter, 459 F.2d

17 205, 209-10 (4th Cir. 1972); <u>Ragin</u>, 923 F.2d 995, 998-1000 (2d Cir. 1991). No
18 shared living quarters were at issue in <u>Hunter</u> or <u>Ragin</u>. Finally, <u>Housing Rights</u>
18 <u>Center v. The Donald Sterling Corporation</u> arose from accusations of
19 discrimination against a landlord/property manager by tenants and prospective
20 tenants in its buildings. *See Donald Sterling*, 274 F. Supp 2d 1129, 1132-35 (C.D.
20 Cal. 2003). Again, no shared living quarters were at issue.

Plaintiffs also cite a journal article authored by Robert Schwemm.
Conveniently, plaintiffs cite to a discrete portion of the Schwemm article that
purportedly supports their position, while failing to admit that elsewhere in the
article Schwemm supports defendant by expressing concern that 3604(c) is
unconstitutional as applied to speech about lawful discriminatory conduct, and the
provision might not survive the <u>R.A.V.</u> case. *See* Robert G. Schwemm,
"Discriminatory Housing Statements and § 3604(c)," 29 Fordham Urb. L.J. 187,
280-82 (acknowledging insufficient "fit" between the FHA's purpose and section

3604(c) where the underlying activity is exempt from other FHA provisions), 287 27 289 (expressing concern that section 3604(c), as a regulation of speech, not

28 conduct, does not survive <u>R.A.V.</u>). Plaintiffs also fail to disclose that Schwemm

does not even discuss roommates or shared living quarters in his article.

04177/601848.4

plaintiffs acknowledge that this distinction was of such importance to Congress 1 that it led to the passage of the CDA.

3

4

5

2

**Interactive Computer Services Are Not Subject To Liability For** А. **Content Provided By Third Parties** 

With the passage of the CDA, Congress immunized all interactive computer 6 services from publisher liability arising from content supplied by third parties. 7 The CDA states: "No provider or user of an interactive computer service shall be 8 treated as the publisher or speaker of any information provided by another 9 information content provider." 47 U.S.C. § 230(c)(1). An "interactive computer 10 service" is "any information service [or] system . . . that provides or enables 11 computer access by multiple users to a computer server." Id. § 230(f)(2). 12

By withdrawing interactive services from republication liability, Congress 13 sought to overrule Stratton Oakmont, Inc. v. Prodigy Servs. Co., 1995 WL 323710 14 (N.Y. Sup. Ct. 1995) (in which Prodigy was found liable as a "publisher" of false 15 information posted by the user of a financial bulletin board), while encouraging 16 open discourse on the Internet. See 47 U.S.C. § 230(b)(1), (2) ("It is the policy of 17 the United States . . . to promote the continued development of the Internet and 18 other interactive computer services and other interactive media [and] to preserve the 19 vibrant and competitive free market that presently exists for the Internet and other 20 interactive computer services, unfettered by Federal or State regulation"). See 21 Batzel v. Smith, 333 F.3d 1018, 1026-29 (9th Cir. 2003), cert. denied, 124 S. Ct. 22 2812 (2004) (discussing the origin and goals of section 230). 23

Section 230 precludes liability wherever the complained-of content is posted 24 by third parties and publication is an element of the plaintiff's claim. The provision 25 "overrides the traditional treatment of publishers, distributors, and speakers under 26 statutory and common law." Batzel, 333 F.3d at 1026; accord Carafano v. 27 Metrosplash.com, Inc., 339 F.3d 1119, 1122-25 (9th Cir. 2003). "Under § 230(c), 28

... so long as a third party willingly provides the essential published content, the
 interactive computer service receives full immunity regardless of the specific
 editing or selection process." <u>Carafano</u>, 339 F.3d at 1124; see also <u>Blumenthal v.</u>
 <u>Drudge</u>, 992 F. Supp. 44, 49 (D.D.C. 1998) ("In view of this statutory language,
 plaintiff's argument that the *Washington Post* would be liable if it had done what
 AOL did here ... has been rendered irrelevant by Congress.").

The courts have consistently interpreted the CDA with Congress' express 7 goals in mind, while recognizing the impossible burden that would be imposed if 8 interactive services were required to screen and control users' postings. See Zeran 9 v. America Online, Inc. 129 F.3d 327, 330-31 (4th Cir. 1997) (quoted by Ninth 10 Circuit with approval in Carafano, 339 F.3d at 1123-24), cert. denied, 524 U.S. 937 11 (1998); accord Batzel, 333 F.3d at 1027-28 ("Making interactive computer services 12 and their users liable for the speech of third parties would severely restrict the 13 information available on the Internet. Section 230 therefore sought to prevent 14 lawsuits from shutting down websites and other services on the Internet."). 15

# 16 B. <u>Plaintiffs' Claims Fall Within The Scope Of, And Are Barred By, The</u> 17 <u>CDA.</u>

The immunity of section 230(c)(1) applies to every type of information
service "that provides or enables computer access by multiple users to a computer
server . . . " 47 U.S.C. § 230(f)(2). This broad sweep includes interactive websites
such as Roommates.com. Through the Internet, many thousands of users are able to
access and use a searchable database on Roommate's computer servers. (Response
to Plaintiffs' Separate Statement ("RPSS") ¶ 53-63.) See Carafano v.

Metrosplash.com, Inc., 207 F. Supp. 2d 1055, 1065-66 (C.D. Cal. 2002), *aff'd*, 339
F.3d 1119 (9th Cir. 2003); Gentry v. eBay, Inc., 99 Cal. App. 4th 816, 831 n.7, 121
Cal. Rptr. 2d 703 (2002); Schneider v. Amazon.com, Inc. 31 P.3d 37, 40 (Wash. Ct.
App. 2001); see also Ben Ezra, Weinstein and Co., Inc. v. America Online, Inc.,
206 F.3d 980, 983, 985 (10th Cir. 2000), cert. denied, 531 U.S. 824 (2000)

04177/601848.4

(§ 230(c) applied to searchable database of third-party stock quotes); <u>Batzel</u>, 333
 F.3d at 1030 & n.15 (rejecting argument that § 230(c) applied only to Internet
 service providers)).

Further, plaintiffs seek to impose liability on Roommate as a publisher. 4 (First Amended Complaint "FAC" ¶¶ 16-32, 43, 52; Pls. Mem. at 14-15.) Section 5 230(c) "precludes courts from entertaining claims that would place a computer 6 service provider in a publisher's role." Zeran, 129 F.3d at 330. The publisher's role 7 includes the decisions "to publish, withdraw, postpone or alter content." Id. 8 Claims of all kinds that seek to impose liability for failure to remove a third-party 9 posting are barred. See Schneider, 31 P.3d at 464 (CDA extends to all civil claims .10 involving publisher liability for third-party content); Carafano, 339 F.3d at 1123, 11 1125 (dismissing defamation, invasion of privacy, and negligence claims); Noah v. 12 AOL Time Warner, Inc., 261 F. Supp. 2d 532 (E.D. Va. 2003) (dismissing civil 13 rights claim under CDA), aff'd, 2004 WL 602711 (4th Cir. 2004). 14

Regardless of how they dress their claims in their Memorandum, plaintiffs 15 are seeking to recover from Roommate for the publication of third-party content. 16 Plaintiffs complain about the preferences expressed by users; no claim is made as to 17 18 || any expression of preference by Roommate. The choices made and the language 19  $\parallel$  used in creating a profile -- indeed, the decision to post *anything* on Roommates.com -- is made by third parties, and does not involve any authorship by 20 Roommate. See Gentry, 99 Cal. App. 4th at 834 (representations on auction 21 website were made by users; categorization and compilation of postings did not  $\overline{22}$ abrogate immunity). 23

Moreover, Roommate is not an "information content provider" in respect to the statements that are the subject of this lawsuit. Plaintiffs seek to impose liability on the notion that Roommate creates content with its questionnaire (FAC ¶ 11-13; Pls. Mem. at 4-5, 11-12), but the Ninth Circuit has already rejected this theory. The collection, formatting, and manipulation of information does not transform

04177/601848.4

Whork V

-6-

statements made by a third party into content created by the service. <u>Carafano</u>, 339
 F.3d at 1124-25. The Ninth Circuit in <u>Carafano</u> approved the use of standardized
 answers that can be readily searched on a database; many services such as
 Roommate would be cumbersome or unusable if they simply provided a "blank
 slate" for users, without consistent data and search terms. *See id.*

The Ninth Circuit also made clear in Carafano that the fact that an interactive 6 computer service provides some content on its site does not abrogate the immunity: 7 "... [T]he statute precludes treatment as a publisher or speaker for "any 8 information provided by another information content provider." Id. at 1125 9 (quoting Gentry, 99 Cal. App. 4th at 833 n.11); accord Novak v. Overture Servs., 10 Inc., 309 F. Supp. 2d 446, 452-53 (E.D.N.Y. 2004). Roommate indicates no 11 preference and excludes no adult from its service. Rather, the preferences (if any) 12 13 are of Roommate's users.

This lawsuit is about the statements of third parties in a forum designed
merely to facilitate the matching of compatible living partners It is the users who
create the profiles and select the information in the profiles. Roommate is not the
"content provider" of the complained-of statements, and is therefore immune from
any liability for those statements.

19 20 **C**.

# <u>Plaintiffs' Mischaracterizations of Roommate's Functions Do Not Take</u> <u>Plaintiffs' Claims Outside the Immunity Provided by the CDA</u>

Plaintiffs contend that defendant is doing three things that violate the fair
housing laws: (1) defendant *is demanding* prohibited screening disclosures from
renters; (2) defendant *is causing* its members who have places available to rent to
make many of these statements; and (3) defendant *is allowing* the publishing of
numerous statements that show blatant preferences. (Pls. Mem. at 11.) Plaintiffs,
however, wholly misstate Roommate's role in formatting and arranging information
provided by its members.

28

By portraying Roommate's actions as "screening the renters" and "forcing the
 renter to answer a lot of questions about themselves before they can become a
 member" (Pls. Mem. at 12), plaintiffs attempt to label Roommate as a property
 manager (which it is not, as discussed below) and the author of the information
 provided by its members so the CDA's immunity for information provided by third
 parties does not apply.

What plaintiffs call screening, however, is really the personal profile process 7 that all members of Roommates.com must complete, whether they are seeking 8 roommates or have a place for a roommate. (Defendant's Memorandum of Points 9 and Authorities in Support of its Motion for Summary Judgment "Defs. Mem." at 2-10 4; RPSS ¶ ¶ 64.) As discussed in Roommate's moving papers, all members 11 complete a personal profile to allow the computer to match roommates with specific 12 search criteria provided by other members. (Defs. Mem. at 2-4; RPSS ¶ ¶ 64.) 13 While members seeking roommates complete questions regarding their gender, 14 sexual orientation, pets, cleanliness etc., members with places available answer 15 16 similar questions regarding their households. (Defs. Mem at 2-4; RPSS ¶ ¶ 65-69.) No one, however, is denied access to Roommates.com on the basis of his or her 17 answers to these questions. Any subsequent culling down or selection based on 18 gender, sexual orientation, pets, cleanliness etc., is done by members of 19 Roommates.com who later may, but do not have to, select roommate preferences 20 before the computer provides matches. (The default on the preference pages is no 21preference.) And this selection process by users seeking roommates is perfectly 22 lawful, as plaintiff must concede. (RPSS ¶ 95) (Deposition of Diana Bruno --23 Rough Transcript) ("Bruno Tr.") at 126:6-128:8) (people who live together may 24 make their choice of roommates based on discriminatory factors). Any person who 25 chooses to make roommate selections based on the information collected in the 26 questionnaire has a right to do so, for such actions are embodied in the substantive 27

04177/601848.4

28

due process right of intimate association, as discussed below and in Roommate's
 Motion at Section V(B)(2)(a).

Plaintiffs also claim that Roommate forces persons who have a place 3 available to rent to select and make discriminatory statements. Here, plaintiffs 4 simply misstate the facts by portraying the selection of criteria for matching 5 roommates as mandatory. In fact, the user completing a member profile is not 6 required to exhibit preferences and the default for all questions on the "My 7 Roommate Preferences" pages of Roommates.com for both those seeking 8 roommates and those providing rooms is no preference. (Defs. Mem. at 2-3; RPSS 9 ¶¶64, 66-69.) 10

Finally, plaintiffs claim that Roommate allows the publishing (or, indeed, 11 publishes itself) statements about race, religion, color, and national origin. As 12 noted in Roommate's Motion, at no point in the personal profile questionnaire or 13 membership process are users prompted for information regarding race, religion, 14 color, or national origin. (Defs. Mem. at 2-4; RPSS ¶¶70.) Some users do use the 15 16 || "Additional Comments" pages to include additional information about themselves or their residence in the "Additional Comments" section of the questionnaire, which 17 may be viewed as part of the user's profile by paying members. As discussed above 18 and in the moving papers, Site users provide such information, not Roommate, and 19 these users are responsible for all content they upload or post. Roommate does not 20 prompt discriminatory statements in the "Additional Comments," and it does not 21 review or edit the text of users' profiles. The comments of users are part of a true 22 "open forum." (Defs. Mem. at 2-4; RPSS ¶ ¶ 71.) 23

24

## D. <u>The CDA's Immunity Precludes Liability Under The FHA.</u>

Section 230(e) provides that "No cause of action may be brought and no
liability may be imposed under any State or local law that is inconsistent with this
section." 47 U.S.C. § 230(e)(3). Exempted are federal criminal statutes,
intellectual property law, state laws that are *consistent* with section 230, and the

04177/601848.4

Electronic Communications Privacy Act of 1986. 47 U.S.C. § 230(e)(1)-(4). The
 FHA is not among this list of exemptions.

Plaintiffs argue that nothing in the CDA or in the cases interpreting the CDA 3 shows that Congress intended for it to trump the fair housing laws. (Pls. Mem at 4 16.) In support of this proposition, plaintiffs rely solely on a note by a law student.<sup>2</sup> 5 Plaintiffs further contend that Congress's silence "suggests Congress did not intend 6 for the fair advertising mandates to be abrogated." (Pls. Mem. at 16.) Plaintiffs' 7 reasoning is erroneous and disregards a fundamental tenet of statutory 8 interpretation: Where Congress explicitly enumerates exceptions in the text of the 9 statute, additional exceptions are not to be implied in the absence of contrary 10 11 legislative intent. See Noah, 261 F. Supp. 2d at 532.

Plaintiffs also assert, with no legal authority whatsoever, that the CDA 12 "immunizes websites for tort liability in obscenity and defamation cases" (Pls. 13 Mem. at 16) and it can thus co-exist with the much broader "Fair Housing Act 14 which creates liability and protection for and from certain civil rights violations." 15 (Pls. Mem. at 16-17.) The many CDA cases cited in the moving papers establish 16 that the immunity reaches all claims other than those expressly exempted. Indeed, 17 it is not even a close call here, where "publication" is an express element of a claim 18 under section 3406(c) and section 12955(c). 19

Finally, plaintiffs conclude that even if there would be immunity under the
CDA from the fair housing laws, such immunity does not apply in this case because
Roommates.com is a "crucial intermediary" in a housing transaction. Plaintiffs base
this conclusion on the fact that a "person looking for a place to live must pay to be a
member and get matched with a landlord." (Pls. Mem. at 17).

25

26

<sup>2</sup> See Note, Jennifer C. Chang, <u>In Search of Fair Housing in Cyberspace: The</u> <u>Implications of the Communications Decency Act for Fair Housing on the</u>

27 <u>Internet</u>, 55 Stan. L. Rev. 969, 1001 (2002). The author posits a narrow view of
 28 "publisher" liability that has been rejected by every federal court, both before and after the publication of the article.

04177/601848.4

| 7. j. 4        |   |
|----------------|---|
|                |   |
| 1              | This is nonsense. Both those who are looking for places to live, and those            |
| 2              |   |
| 3              | Roommates.com is just one of many such websites, and people are free to               |
| 4              | communicate by newspaper, local advertising circular, word of mouth, and notices      |
| 5              | posted on bulletin boards at work, school, place of worship, or the local grocery     |
| 6              | store. Roommate has nothing to do with any transaction; it is not a real estate agent |
| 7              | with an exclusive listing, and it is not an owner or property manager. It merely      |
| 8              | provides a forum for people to communicate about a common interest (shared            |
| 9              | homes), and is no different from countless other interactive websites that enable     |
| :10            | people to find dates, pets, old school chums, distant relatives, or fellow fans of    |
| 11             | Elvis or Beanie Babies.   |
| 12             | Roommate is immune from liability under the CDA, and plaintiffs' summary              |
| 13             | judgment motion must be denied.   |
| 14             |   |
| 15             | IV.   |
| 16             | PLAINTIFFS' MOTION FOR SUMMARY JUDGMENT MUST  |
| 17             | <b>BE DENIED BECAUSE PLAINTIFFS' CLAIMS ARE BARRED</b>                                |
| 18             | BY THE FIRST AMENDMENT  |
| 19             | Plaintiffs' claims also are barred by the First Amendment to the United States        |
| 20             | Constitution because they seek to impose liability under statutes that regulate       |
| 21             | speech on the basis of content and viewpoint. Moreover, even if the postings on       |
| 22             | Roommates.com are considered commercial speech (and they are not), plaintiffs'        |
| 23             | claims do not meet the requirements of Central Hudson Gas & Elec. Corp. v. Public     |
| 24             | Serv. Comm., 447 U.S. 557 (1980), and they are invalid for that reason as well.       |
| 25             | A. <u>Plaintiffs' Interpretation of FHA and FEHA Is Unconstitutional</u>              |
| 26             | The FHA makes it unlawful to publish "any notice, statement, or                       |
| 27             | advertisement, with respect to the sale or rental of a dwelling that indicates any    |
| 28             | preference, limitation, or discrimination based on race, color, religion, sex,        |
| 04177/01040 4  | 11  |
| 04177/601848.4 | -11-<br>DEFENDANT'S OPPOSITION TO PLAINTIFFS' MOTION FOR SUMMARY JUDGMENT             |

handicap, familial status, or national origin, or an intention to make any such
 preference, limitation, or discrimination." 42 U.S.C. § 3604(c) (emphasis added).
 The FEHA has a nearly identical provision, with the additional categories of
 "sexual orientation," "marital status," "ancestry, and "disability." Cal. Govt. Code
 § 12955(c).<sup>3</sup>

During the 36 years since the FHA was enacted, the United States Supreme 6 Court has developed exacting standards by which any regulation of speech must be 7 judged. "[A]bove all else, the First Amendment means that government has no 8 power to restrict expression because of its message, its ideas, its subject matter, or 9 10 || its content." Police Dept. of the City of Chicago v. Mosley, 408 U.S. 92, 95 (1972) (striking down ordinance prohibiting demonstrations near schools except peaceful 11 labor picketing); see also R.A.V. v. City of St. Paul, 505 U.S. 377, 382 (1992); 12 Boos v. Barry, 485 U.S. 312, 319-21 (1988); Smolla & Nimmer on Freedom of 13 Speech (2004) § 3:3 ("When the government's purpose is disagreement with the 14 message, the regulation is obviously content-based."). 15

The Supreme Court applies "strict scrutiny" to content-based speech
regulations, and this analysis inevitably leads to a finding of unconstitutionality. *See* Simon & Schuster, Inc. v. Members of the New York State Crime Victims
Board, 502 U.S. 105, 120-21 (1991); Consolidated Edison Co. v. Public Service
Comm., 447 U.S. 530, 536 (1980). That must be the result here, as well. The

21

22 <sup>3</sup> Plaintiffs' claims alleging violation of the Unruh Civil Rights Act, violation of Business & Professions Code § 17200, and for negligence fail for the same 23 reasons as the FHA and FEHA, because they also seek to impose liability for 24 speech based on content. Plaintiffs offer no factual basis for these claims that is 25 different than their FHA and FEHA claims. The Unruh Act, section 17200, and negligence claims also fail because, if they are somehow interpreted to reach 26 speech relating to housing, they are void for vagueness. It is impossible to know 27 what statements are permitted or not permitted. See Reno v. American Civil Liberties Union, 521 U.S. 844, 874, 884-85 (1997); Board of Airport Comm'rs v. 28 Jews for Jesus, Inc., 482 U.S. 569, 576 (1987).

government does not have a compelling interest in controlling speech relating to the 1 search for and selection of roommates. Individuals have the right to freely select 2 those with whom they choose to live. (See Section IV(B)(1), infra.) The 3 interpretation urged by plaintiffs merely interferes with the exercise of that right. 4 Any assertion by plaintiffs that there is a compelling interest in restricting offensive 5 speech or speech that perpetuates stereotypes (i.e., an interest that justifies 6 restricting speech that is separate from the discriminatory selection of roommates) 7 8 also fails. The Supreme Court has held repeatedly that "in the public debate our citizens must tolerate insulting, even outrageous, speech .... A 'dignity' 9 standard . . . is so inherently subjective that it would be inconsistent with 'our 10 longstanding refusal to punish speech because the speech in question may have an 11 adverse emotional impact on the audience." Boos, 485 U.S. at 322. Moreover, 12 13 even if the government had some interest, such as restricting offensive speech, section 3604(c) and section 12955(c) are not narrowly tailored to achieve that 14 interest; as interpreted by plaintiffs, the provisions prohibit a broad sweep of 15 protected speech, including the private, one-on-one communications of those 16 considering rooming together. 17

18 The Constitution's rejection of content-based regulations extends even to categories of speech that can be forbidden altogether. See R.A.V., 505 U.S. at 380 19 20(striking down hate-speech statute because it was limited to certain subject matter, 21 including race and religion). Sections 3604(c) and 12955(c) undoubtedly evince a "special hostility towards the particular biases . . . singled out." Id. at 395. Neither 22 forbids a statement indicating a preference to rent or sell to Democrats, senior 23 citizens, pet owners, college students, cigarette smokers, or those who are gainfully 24 25 employed. Even if it is assumed for argument's sake that the governmental interest 26 here is diversity in housing, that interest may be advanced by alternatives that do 27 not run afoul of the First Amendment. Here, the FHA and the FEHA silence certain disfavored categories of speech, while leaving all other preferential speech about 28

04177/601848.4

housing unrestricted. This violates the Constitution, even where the government
 has good intentions.<sup>4</sup> See <u>Texas v. Johnson</u>, 491 U.S. 397, 414, 418 (1989).

3 **B**.

4

# <u>The Roommate.com Postings Are Not Commercial Speech, but Even If</u> <u>They Are, the Restrictions Urged by Plaintiffs Are Unconstitutional</u>

The postings on Roommates.com do not merely "propose a commercial 5 transaction," resulting in reduced protection under the First Amendment's 6 commercial speech doctrine. City of Cincinnati v. Discovery Network, Inc., 507 7 U.S. 410, 423 (1993); see also Riley v. National Fed. of the Blind, 487 U.S. 781, 8 795-96 (1988) (speech with commercial aspects is still fully protected where 9 10 || intertwined with informative speech). The right to post on the cite is free. (RPSS  $\P$ ¶ 58, 86.) Although users indicate a desire to share the expenses of a residence, 11 those costs are a small fraction of the information in a Roommates.com posting. 12 Users describe themselves, their interests, their characteristics (messy, clean), their 13 schedules, and the homes they hope to share. (RPSS  $\P$  64-70.) If economic motive 14 was the sole reason for the postings, users would not be interested in disclosing all 15 this personal information to others. Users are looking for people with whom they 16 can comfortably and safely share living quarters. 17

- 18
- 19

20See Brown v. California Dept. of Transportation, 321 F.3d 1217, 1223-25 (9th Cir. 2003) (rejecting policy that allows display of flags along state highways 21 and forbidding all other signs and banners); see also Boy Scouts of Am. v. Dale, 22 530 U.S. 640, 661 (2000) (approving Boy Scouts' exclusion of homosexuals under right of expressive association; the law "is not free to interfere with speech for no 23 better reason than promoting an approved message or discouraging a disfavored 24 one, however enlightened either purpose may strike the government"); Collin v. Smith, 578 F.2d 1197, 1205-06 (7th Cir. 1978) (striking down ordinance 25 restricting march by Nationalist Socialist Party of America in heavily Jewish 26 community; "That the effective exercise of First Amendment rights may undercut a given government's policy on some issue is, indeed, one of the purposes of those 27 rights. No distinction is constitutionally admissible that turns on the intrinsic 28 justice of the particular policy in issue." (emphasis added)).

Indeed, the preferences expressed in the profiles run counter to the users' 1 economic interests, because they *limit* the potential matches. This simply is not a 2 case of "I will sell you X at the Y price." Virginia State Board of Pharmacy v. 3 Virginia Citizens Consumer Council, Inc., 425 U.S. 748, 762 (1976); see also 4 Bigelow v. Virginia, 421 U.S. 809, 818 (1975) ("The existence of 'commercial 5 activity, in itself, is no justification for narrowing the protection of expression 6 secured by the First Amendment.""); compare Pittsburgh Press Co. v. Pittsburgh 7 Comm. on Human Relations, 413 U.S. 376, 385 (1973) (gender-based 8 advertisements were "no more than a proposal of possible employment"). 9

In any event, the restrictions urged by plaintiffs are unconstitutional even 10 under the commercial speech doctrine. In Central Hudson, the Supreme Court 11 formulated a four-part analysis for determining whether a regulation of commercial 12 speech passes constitutional muster. First, the court must determine as a threshold 13 matter whether the commercial speech is protected by the First Amendment -- i.e., 14 whether the commercial speech concerns lawful activity and is not misleading. 15 Second, the court must determine whether the government has a substantial interest 16 in regulating the expression. Third, the court must determine whether the 17 regulation directly advances the governmental interest. Fourth, the court must 18 determine whether the regulation is no more extensive than necessary to serve the 19 governmental interest. See Central Hudson, 447 U.S. at 566. The interpretation of 20 the FHA and the FEHA urged by plaintiffs fails even the intermediate scrutiny of 21 Central Hudson. 22

23  $10^{11} ch^{12} ch^{24}$   $10^{11} ch^{12} ch^{25}$   $10^{11} ch^{26} ch^{26}$   $10^{11} ch^{26} ch^{27}$  $10^{11} ch^{27} ch^{27} ch^{27} ch^{28}$ 

#### 1. <u>The postings do not involve illegal activity</u>.

Selection of roommates is protected by the substantive due process right of intimate association, which permits people to freely choose those with whom they live and socialize. *See* Lawrence v. Texas, 539 U.S. 558, 123 S. Ct. 2472 (2003) (striking down a Texas statute making it a crime for two persons of the same sex to engage in certain sexual conduct); Moore v. City of East Cleveland, 431 U.S. 494

04177/601848.4

(1977) (striking down a city ordinance that restricted which relatives qualified as
 "family" under the housing code).

This right of intimate association includes the right to exclude. Although it 3 rejected the Jaycees' claim that they were exempt from a state nondiscrimination 4 statute, the Supreme Court in Roberts v. United States Jaycees, 468 U.S. 609 5 (1984), recognized that adults may select (or exclude) other adults in highly 6 personal relationships without government interference. "[F]reedom of association 7 receives protection as a fundamental element of personal liberty." Id. at 618-19. 8 Such relationships involve the "distinctively personal aspects of one's life. ... 9 [T]hey are distinguished by such attributes as relative smallness, a high degree of :10 selectivity in decisions to begin and maintain the affiliation, and seclusion from 11 others in critical aspects of the relationship." Id. at 620.5 12

It is beyond dispute that roommate relationships meet these criteria, and
people are entitled to create a household without government interference. These
are relationships of two, three, or four people who choose to share kitchen,
bathroom, and living areas not just for economic reasons, but also because they
have compatible lifestyles. The postings on Roommates.com clearly involve lawful
activity.

Additionally, the FHA and FEHA were never intended to control roommate
selection. First, the plain language of the FHA indicates that Congress intended the
prohibition against discrimination to apply to the typical landlord-tenant
relationship and the sale of real property, and not to the selection of someone who

23

<sup>5</sup> The California Constitution also recognizes a right of privacy that includes the right to share living quarters with any other person without interference by the government. *See* California Const., Art. I, § 1; <u>City of Santa Barbara v. Adamson</u>,
27 Cal.3d 123, 164 Cal. Rptr. 539 (1980) (reversing preliminary injunction against residents who violated zoning statute on the grounds that the statute limiting the number of unrelated persons in a single-family house improperly abridged the right to privacy); *accord* <u>Coalition Advocating Legal Housing Options v. City of</u> <u>Santa Monica</u>, 88 Cal. App. 4th 451, 105 Cal. Rptr. 2d 802 (2001).

will share one's intimate living space. Although they have been on the books for
 decades, Roommate has not found any reported court decision applying section
 3406(c) or section 12955(c) to speech relating to the selection of roommates.<sup>6</sup>

Second, the goal of the FHA is to eliminate discrimination in housing and to 4 promote diverse communities. Trafficante v. Metropolitan Life Ins. Co., 409 U.S. 5 205, 211 (1972); Housing Opportunities Made Equal v. Cincinnati Enquirer, 943 F. 6 2d 644, 652 (6th Cir. 1991). Suppressing the speech of those who wish to share 7 their homes does not further this purpose. Many people become roommates so they 8 can live in a residence or community that they could not afford if they lived alone. 9 Making such cohabitation more difficult burdens the efforts of members of 10 historically repressed groups to associate and perpetuates homogeneity in the more 11 desirable locales. 12

Third, the "Mrs. Murphy exemption" suggests that Congress did not intend to
include roommate selection within the FHA. The "Mrs. Murphy exemption"
provides that if a dwelling has four or fewer units and the owner lives in one of the
units, the owner is exempt from the FHA's non-discrimination provisions. 42
U.S.C. § 3603(b). The policy underlying the exemption is, if anything, *more*applicable to a roommate situation. The selection of a person to share one's own

- 19
- 20

<sup>6</sup> The Washington State Attorney General addressed an anti-discrimination law 21 similar to the FHA and the FEHA, and concluded that it is lawful for "a person to 22 discriminate on the basis of sex, age or religion in selecting a roommate with whom to share living quarters, or for a person to specify in an advertisement for a 23 roommate that the roommate must be of a particular sex, age or religion, or for a 24 newspaper to publish an advertisement for a roommate when the advertisement 25 contains such specification." 1976 Op. Wash. A.G. 17, at 1, 1976 WL 168501. "One of the societal values which is deserving of recognition, in our view, is the 26 basic freedom to control one's life by choosing the sex of persons with whom one lives." Id. at 4-5. The Attorney General went on to conclude that "since the 27 conduct advertised is legal so also, logically, should the advertisement itself be." 28 Id. at 9.

04177/601848.4

-17-

living quarters must be one of the most intimate, personal decisions one can make,
 and is more deserving of protection than the right to select your neighbors.<sup>7</sup>

3

2.

### Government lacks a substantial interest.

Because preferential roommate selection is lawful, the government does not
have a substantial interest in controlling speech about it. See <u>Texas v. Johnson</u>, 491
U.S. 397, 412, 418 (1989); <u>R.A.V.</u>, 505 U.S. at 414 (White, J., concurring); see also
Robert G. Schwemm, "Discriminatory Housing Statements and § 3604(c)," 29
Fordham Urb. L.J. 187, 287-289 (expressing concern that section 3604(c), as a
regulation of speech, not conduct, does not survive <u>R.A.V.</u>).

10

# 3. No substantial interest is advanced or "directly linked."

Punishing publication of preferential roommate postings does not directly 11 advance, and is not "directly linked" to any governmental interest. Even if it 12 assumed that the government's interest in regulating speech about roommate 13 selection is fostering diversity, muzzling speech does not directly advance that 14 interest, because, as stated above, it actually impedes economic upward movement 15 and diversity and there certainly is no evidence that it results, actually, in diverse 16 communities. While it makes sense to conclude that nondiscrimination in housing 17 sales leads to more diverse neighborhoods, it does not follow that restrictions on 18 roommate advertising does, particularly given the fact that people can lawfully 19 make roommate selections based on preferences. The necessary "fit" under Central 20 Hudson is lacking where the regulation impedes the flow of truthful, lawful 21 information because government paternalistically fears the impact on recipients. 22 Virginia State Board of Pharmacy, 425 U.S. at 773; Linmark Assocs. v. Township 23 of Willingboro, 431 U.S. 85, 96-97 (1977); see also Schwemm, supra, 29 Fordham 24 25

----

<sup>7</sup> The right of individuals to exclude when selecting roommates distinguishes
this case from <u>Ragin v. New York Times Co.</u>, 923 F.2d 995 (2d Cir. 1991). There,
the court found that the preferential advertising was unprotected speech because it
related to *illegal* activity in the sale and rental of homes. *Id.* at 1002-03.

04177/601848.4

Urb. L.J. at 280-82 (acknowledging insufficient "fit" between the FHA's purpose
 and section 3604(c) where the underlying activity is exempt from other FHA
 provisions).

4 5 4.

# <u>The restriction urged by plaintiffs is more extensive than necessary</u> to serve the governmental interest.

6 Sections 3604(c) and 12955(c) go far beyond what is necessary to serve any
7 substantial governmental interest. They impede a broad sweep of protected speech:
8 The statutes are not limited to public advertisements; they reach any "notice" or
9 "statement," and this necessarily includes the thousands of "roommail"
10 communications among Roommate.com's users. Indeed, Roommate's servers now
11 hold 1.3 million messages. (RPSS ¶ 60.) What plaintiffs want to do is turn
12 Roommate and other interactive computer services into "the government's
13 policemen in enforcing section 3604(c)." Housing Opportunities, 943 F.2d at 653.

"If the First Amendment means anything, it means that regulating speech 14 must be a last -- not first -- resort." Thompson v. Western States Medical Ctr., 535 15 U.S. 357, 372 (2002). Where the government can "achieve its interests in a manner 16 that . . . restricts less speech, the Government must do so." Id. at 371. Here, the 17 governmental interest in ensuring access to housing for protected classes is 18 adequately achieved by enforcing the provisions of the FHA and the FEHA that 19 prohibit discrimination. Other alternatives include educational advertising, and the 20 government and fair housing organizations certainly may offer their own placement 21 services for those whom they believe are disadvantaged in the housing market. 22

In sum, then, the interpretation of the FHA and FEHA urged by plaintiffs is
unconstitutional as a content-based regulation of speech. Plaintiffs' claims also fail
under even the more relaxed commercial speech doctrine, because they seek to
impose an unjustified, excessive regulation of speech about lawful matters.

27

28

04177/601848.4

**ROOMMATE IS NOT A PROPERTY** 

# MANAGER OR IN THE BUSINESS OF SELLING REAL ESTATE

V.

4 Despite the obvious fact that Roommate merely operates a roommate search
5 website, plaintiffs attempt to circumvent the immunity provided by the CDA by
6 arguing that Roommate is acting as a "property manager who screens persons based
7 on age, sexual orientation, familial status, and gender."<sup>8</sup> (Pls. Mem. at 12.)
8 Plaintiffs even go so far as to claim that Roommate is subject to independent
9 liability because it is "in the business of selling or renting dwellings." (Pls. Mem.
10 at 12-13.) Plaintiffs are incorrect on both accounts.

11

1

2

3

#### A. <u>Roommate Is Not A Property Manager</u>

According to plaintiffs, Roommate is a property manager because it provides 12 its users with a "so-called 'lifestyle' questionnaire [which is] a type of screening, 13 service provided by property managers." (Plaintiffs' Undisputed Fact 10.) 14 Plaintiffs provide no authority for this definition save for the declaration of their 15 own witness, Diana Bruno, who offers no foundation for this claim. Plaintiffs' 16 apparent contention that Roommate is a property manager ignores the common 17 understanding of "property manager" as a person or entity actively involved in the 18 operations of some sort of building or other real property. See Reference Book - A 19 Real Estate Guide, Ch. 24 at 506-07 (California Dept. of Real Estate 2000), 20available at http://www.dre.ca.gov/reftoc.htm (RPSS ¶ 97).9 21

22

28

<sup>8</sup> Plaintiffs likely try to force Roommate's actions under this rubric, in part, in
an attempt to benefit from the holding of <u>Donald Sterling Corp.</u> in which
defendant property manager was preliminarily enjoined from asking tenants their
national origin or place of birth on an application for a garage remote control
device. See <u>Donald Sterling Corp.</u>, 274 F. Supp 2d at 1141-43. It is noteworthy
that <u>Donald Sterling Corp.</u> does not even mention the CDA.

<sup>9</sup> In a section entitled, "Specific Duties of the Property Manager," the reference (continued...)

-20-

Moreover, plaintiffs' own declarant, Ms. Bruno, acknowledged at deposition
 that Roommate is not a property manager. (RPSS ¶ 96 (Bruno Tr. at 135:7-9.) (Q.
 "Is it the contention of the Fair Housing Council that roommates.com is a property
 manager?" A. "No. That is not my contention.").) Plaintiffs have used her
 declaration out of context to support an argument that she does not endorse.

- In any event, no amount of argument by plaintiffs can turn Roommate into
  something it is not. Roommate is a family run business that operates a website
  with computer servers in Mesa, Arizona. (RPSS ¶ 53-61.) No Roommate
- 9 employee visits the rooms, apartments, or homes described in postings by users on
- :10

11

<sup>9</sup> (...continued)

- 12 book lists the following duties a property manager must perform. None of them 13 are performed by Roommate. (RPSS  $\P$  94, 98.)
- 13 1. Establish the rental schedule that will bring the highest yield consistent with 14 good economics.
- 15  $\|$  2. Merchandise the space and collect the rent.
- 3. Create and supervise maintenance schedules and repairs.
- 16 4. If applicable, insure independent contractor status.
- 17 5. Set up payroll system for all employees.
- 6. Develop a tenant/resident relations policy.
- 7. Supervise employees and develop employee policies, including an Injury
   Prevention Plan.
- 20 || 8. Maintain proper records and make regular reports to the owner.
- <sup>20</sup> 9. Qualify and investigate a prospective tenant's credit.
- 21 10. Prepare and execute leases.

22 11. Obtain decorating specifications and secure estimates.

- $\frac{22}{12}$  12. Hire, instruct, and maintain satisfactory personnel to staff the building(s).
- 23 13. Audit and pay bills.
- 24 14. Advertise and publicize vacancies through selected media and broker lists.
- 15. Recommend alterations and modernization as the market dictates.
- 25 16. Inspect vacant space frequently.
- 26 || 17. Keep abreast of the times and competitive market conditions.
- 18. Obtain and pay insurance premiums and taxes.
- 27 19. Be knowledgeable about and comply with applicable Federal, State and local
   28 laws.

<u>Id</u>. at 506-07.

Roommates.com. (RPSS ¶ 87.) No Roommate employee speaks with Site users to 1 discuss the operations of the building where the members live. (RPSS ¶ 88.) 2 Roommate does not have a financial interest in real property owned by users of its 3 Site. (RPSS ¶ 89.) Roommate is not employed by landlords or users of its Site to 4 manage buildings or houses (or screen prospective tenants for that matter). (RPSS 5 ¶ 90.) Roommate does not screen the postings of any user, whether the user is 6 offering to share a home or looking for a home to share. (RPSS ¶ 91.) Roommate 7 is not involved in any decisionmaking by any person regarding postings on the site 8 or regarding the sharing of homes. (RPSS ¶ 92.) Roommate is not involved in the 9 sale or rental of dwellings. (RPSS ¶ 93.) 10

Plaintiffs make much of the fact that Roommate "takes membership money." 11 (Pls. Mem at 11.) But plaintiffs ignore several crucial facts: (1) Roommates.com 12 users may use the Site without paying; (2) some users choose to pay to upgrade 13 their memberships so that they can take advantage of more advanced feature of the 14 Site; (3) users who do pay "membership money" are paying, not for property 15 management services, as plaintiffs allege, but for time on the service. (RPSS ¶ 94.) 16 Paid membership in Roommates.com is similar to having a subscription to a 17 newspaper. Roommate is no more a property manager than is the Los Angeles 18 19 Times.

20 || **B**.

# . <u>Roommate Is Not "In the Business of Selling or Renting Dwellings"</u>

In a last-ditch effort to impose liability on Roommate, plaintiffs argue that
Roommate is "in the business of selling or renting dwellings," but Roommate does
not even fit within plaintiffs' own definition of that phrase. Plaintiff relies on the
Fair Housing Act's definition of "[being] in the business of selling or renting
dwellings," which requires that Roommate "participate[] as an agent" in certain real
estate transactions. 42 U.S.C. § 3603(c) Plaintiffs fail to define a real estate agent
or to provide any reason why Roommate qualifies as an agent. (Pls. Mem. at 13.)

28

| ~ <del>7</del> · |   |
|------------------|---|
| · 2              |   |
| 1                | This omission is revealing. In fact, California law excludes from the                   |
| 2                | definition of real estate agent a person who merely provides listings of housing        |
| 3                | available for rent. See Anderson v. Dept. of Real Estate, 93 Cal. App. 3d 696,          |
| 4                | 701-03, 155 Cal. Rptr. 307 (1979) (requiring real estate agent license to sell circular |
| 5                | of apartment listings was overbroad regulation of commercial speech in violation of     |
| 6                | First Amendment). Anderson held that a real estate agent license cannot be              |
| 7                | required to sell a circular of apartment listings. It follows that a party who merely   |
| 8                | engages in that activity is not a real estate agent. Accordingly, Roommate is not       |
| 9                | acting as a real estate agent and it is not "in the business of selling or renting      |
| 10               | dwellings."   |
| 11               | VI.   |
| 12               | CONCLUSION  |
| 13               | For the forgoing reasons, Roommate respectfully requests that the Court                 |
| 14               | grant summary judgment in its favor, and dismiss the action in its entirety.            |
| 15               |   |
| 16               | DATED: August 27, 2004  |
| · 17             | QUINN EMANUEL URQUHART OLIVER &<br>HEDGES, LLP  |
| 18               |   |
| 19               | By F. Of  |
| 20               | Timothy L. Alger<br>Autorneys for Defendant<br>Roommates.com, LLC                       |
| 21               | Roommates.com, LLC  |
| 22               |   |
| 23               |   |
| 24               |   |
| 25               |   |
| 26               |   |
| 27               |   |
| 28               |   |
| 04177/601848.4   | -23-  |
|                  | DEFENDANT'S OPPOSITION TO PLAINTIFFS' MOTION FOR SUMMARY HUDGMENT                       |

#### **PROOF OF SERVICE** 1013A(3) CCP Revised 5/1/88

#### STATE OF CALIFORNIA, COUNTY OF LOS ANGELES,

I am employed in the county of Los Angeles, State of California. I am over the age of 18 and not a party to the within action; my business address is: 865 S. Figueroa Street, 10th Floor, Los Angeles, California 90017.

On August 27, 2004, I served the foregoing document(s) described as: DEFENDANT'S **OPPOSITION TO PLAINTIFFS' MOTION FOR SUMMARY JUDGMENT** on the interested party(ies) in this action by placing a true copy thereof enclosed in a sealed envelope, addressed as follows:

#### **Gary W. Rhoades** Law Offices of Gary W. Rhoades 834 1/2 S. Mansfield Ave. Los Angeles, CA 90036 Telephone: (323) 937-7095; Fax: (775) 640-2274

#### X BY MAIL

\*I deposited such envelope in the mail at California.

The envelope was mailed with postage thereon fully prepaid.

I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. It is deposited with U.S. postal service on that same day with postage thereon fully prepaid at Los Angeles, California in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

- BY PERSONAL SERVICE I caused to be delivered such envelope by hand to the offices of the \_X\_\_ addressee.
- BY TELECOPIER By transmitting the above listed document(s) to the fax number(s) set forth on this date.

BY FEDERAL EXPRESS by placing the document(s) listed above in such envelope for deposit with FEDERAL EXPRESS to be delivered via priority overnight service to the persons at the addresses set forth above.

Executed on August 27, 2004, at Los Angeles, California.

- (State) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.
- X (Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

DAVID CLARK

Type or Print Name

Signature