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10   UNITED STATES DISTRICT COURT

11   FOR THE NORTHERN DISTRICT OF CALIFORNIA

12   SAN FRANCISCO DIVISION

13 ROBERT JACOBSEN, an individual,   )   No. C-06-1905-JSW
)
14   Plaintiff,   )   **MOTION FOR PRELIMINARY**
)   **INJUNCTION**
15   v.   )
)   Date:
16 MATTHEW KATZER, an individual, and   )   Time: 9:00 a.m.
    KAMIND ASSOCIATES, INC, an Oregon   )   Courtroom: 2, 17th Floor
17 corporation dba KAM Industries,   )   Judge: Hon. Jeffrey S. White
)
18   Defendants.   )   Filed concurrently:
)   Declaration of Robert Jacobsen
19   )   Declaration of Victoria Hall
)   Proposed Preliminary Injunction
20   )
)
21   )
    _____)
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1   SUMMARY OF ARGUMENT

2   Defendants violated Jacobsen's exclusive rights and violated Sec. 1202. Their violations

3   interfere with Jacobsen's exclusive rights and the open source development model which he relies

4   upon. All factors favor an injunction. This Court should enjoin Defendants' violations.

5   Jacobsen is the owner and assignee of JMRI copyrights. JMRI is subject to the Artistic

6   License and the GNU General Public License 2.0. These licenses have restrictions which limit the

7   scope of the license grant. Jacobsen v. Katzer, 535 F.3d 1373, 1381 (Fed. Cir. 2008). Defendants

8   admit accessing Jacobsen's works. They admit unauthorized copying and making derivative

9   works. They admit unauthorized distribution. Thus, they admit infringement. They also admit

10   contributory and vicarious infringement through distribution of their products and distribution of a

11   software tool whose only use is to convert JMRI files to a format to use with Defendants' products.

12   In the course of their infringement, Defendants removed, altered, and falsified copyright

13   management information, as defined by 17 U.S.C. Sec. 1202(c). These actions concealed their

14   infringement, and induced or encouraged others to commit infringement.

15   Although once success on the merits is shown, irreparable harm has been presumed,

16   Jacobsen is entitled to an injunction under a stricter 4-factor test. Jacobsen suffers irreparable

17   injury because of delays, caused by Defendants, in Jacobsen's open source development cycle

18   when downstream users do not contribute their changes back to Jacobsen. Also, given the nature

19   of Jacobsen's exclusive rights, he can prohibit any use not authorized. Denying him the right to

20   bar Defendants' infringement would defeat Jacobsen's right to exclude and make him a

21   compulsory licensor. Damages are not adequate because they do not compensate for the delays or

22   Jacobsen's right to exclude. Defendants contend statutory damages are unavailable, and admit

23   actual damages are speculative, further showing the inadequacy of damages. Jacobsen suffers

24   hardship from the delays, while Defendants' only complaint is that they will not be able to continue

25   infringement—a hardship which equity does not recognize. Finally, the public interest is served by

26   an injunction because it protects authors' rights and makes it more likely that the public will

27   continue to receive high quality open source software for free or lower cost. The factors favor an

28   injunction, which should issue.

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No. C-06-1905-JSW   MOTION FOR PRELIMINARY INJUNCTION

1   <u>NOTICE OF MOTION</u>

2   TO THE PARTIES AND THEIR ATTORNEYS OF RECORD

3   PLEASE TAKE NOTICE that, on Friday, December 19, 2008, at 9:00 a.m. in Courtroom 2,

4   17th floor of the U.S. District Court for the Northern District of California, located at 450 Golden

5   Gate Avenue, San Francisco, California, Robert Jacobsen will seek a preliminary injunction to

6   enjoin Defendants' copyright infringement and 17 U.S.C. § 1202 violations. This Motion is based

7   on the Memorandum of Points and Authorities, and the concurrently filed declarations.

8   **I.   Introduction and Relief Requested**

9   Plaintiff Robert Jacobsen ("Jacobsen") seeks the Court to enjoin Defendants Matthew

10   Katzer and KAMIND Associates, Inc. ("Defendants") from willfully engaging in copyright

11   infringement and violating 17 U.S.C. Sec. 1202. Defendants have, without authorization, copied

12   and made derivative works from more than 100 Decoder Definition files, and distributed infringing

13   versions of Jacobsen's works. Defendants have also induced or encouraged others to make

14   unauthorized copies and derivative works, and have profited from this direct infringement when

15   they could have stopped it.   Defendants have removed copyright management information

16   ("CMI").   Their removal, alteration, and falsification of Jacobsen's CMI concealed their

17   infringement, and encouraged or induced others to commit copyright infringement.

18   **II.   Issues To Be Decided**

19   ▪ Is Jacobsen entitled to a preliminary injunction to stop Defendants' copyright

20   infringement?

21   ▪ Is Jacobsen entitled to a preliminary injunction to stop Defendants from

22   encouraging others to engage in copyright infringement?

23   ▪ Is Jacobsen entitled to a preliminary injunction to stop Defendants from removing,

24   altering, or falsifying CMI which (1) conceals their infringement and (2) causes or

25   encourages others to commit copyright infringement?

26   ▪ Is Jacobsen entitled to a preliminary injunction to stop Defendants from inducing or

27   encouraging others to remove, alter, or falsify CMI which causes or encourages

28   others to commit copyright infringement?

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III.   Factual Background

    A.   The Parties

        1.   Robert Jacobsen

Plaintiff Robert Jacobsen, one of the leaders of the JMRI Project, is owner and assignee of registered copyrights in the JMRI Decoder Definition Files. Declaration of Robert Jacobsen in Support of Preliminary Injunction [hereinafter Jacobsen Decl.] ¶ 2. Modern model trains are embedded with decoders (computer chips) which control the trains based on commands sent from a computer, such as a handheld device or a personal computer. Id. ¶ 4. Beginning in 2001, Jacobsen and others wrote Decoder Definition Files which make it easier to control the trains. Id. ¶ 7. The files identify the authors, title, license and its location, and copyright holder, and are subject to both the Artistic License and the GNU General Public License 2.0. Id. ¶ 9.

        2.   Matthew Katzer and KAMIND Associates, Inc.

Defendant Katzer is the chief executive of Defendant KAMIND Associates, Inc., located in Portland, Oregon. They develop various model train control system software products. As detailed next, they committed copyright infringement by converting the Decoder Definition Files to a format to use with their products, in violation of the license terms. They distributed the files in violation of the license terms. They provided to their customers a tool with instructions on making infringing copies. Defendants concealed their infringement, and induced or encouraged others to commit infringement, by removing, altering, and falsifying CMI. To date, at least several thousand copies of Defendants' infringing products have been distributed.

    B.   Defendants' Various Violations of the Copyright Act and 17 U.S.C. Sec. 1202

Beginning in 2001, JMRI developers created software to control model trains on layouts. Key to model train control is the ability to program decoder chips in the trains. The most popular decoders are the most complex to program. See id. ¶¶ 12-13. JMRI created a user-friendly product, DecoderPro, for programming decoders. See id. ¶ 6. DecoderPro uses Decoder Definition Files, which define the variables available for model railroaders to use, and sets default variables. Id. ¶ 14. JMRI issues updates regularly, including new Decoder Definition Files. Id. ¶8.

JMRI's software has been subject to the Artistic License, and is now subject to the GNU

1   General Public License 2.0 ("GPL"). Id. ¶ 9. The Artistic License permits reproduction,

2   modification, and distribution provided that the user meet the terms of the license. Id. Ex H. GPL

3   has similar requirements, but also requires that software which incorporates GPL-licensed code to

4   be free and distributed under GPL. Id. Ex I. Both licenses use the phrase "provided that". The

5   Federal Circuit held this language indicates a condition restricting the scope of the license.

6   Jacobsen v. Katzer, 535 F.3d 1373, 1381 (Fed. Cir. 2008). The Court implicitly held that these

7   licenses bind a user through a bilateral implied-in-fact contract. See id. Common to both licenses

8   are (1) preserving the copyright notices, (2) requiring prominent notices stating how and when a

9   user changed a file, (3) requiring the user to grant back to the open source group a license to

10   incorporate and distribute any modifications that the user distributes, (4) including the original

11   work when distributing a modified package. Jacobsen Decl. Id. Exs. H & I.

12   In need of decoder definitions in 2004 for a new product called Decoder Commander,

13   Defendants downloaded JMRI's files and converted them to a format, called decoder templates, for

14   their products. While Defendants copied the variable selection, structure, naming conventions, and

15   default settings, they did not copy the author's name, copyright notice, reference to the license, or

16   the license, to the infringing decoder templates. Id. ¶¶ 70-73. They used a KAM, but not a JMRI,

17   copyright notice in their product. Id. ¶¶ 69, 72. They did not place any notice stating how and

18   when they changed the Decoder Definition Files. Id. Ex. AE. They did not grant back a license to

19   Jacobsen to incorporate their changes in later JMRI versions. Id. ¶ 63. They did not include the

20   standard JMRI software package with their distribution. Id. Defendants advertised their new

21   products widely, and began distributing their infringing version in June 2005. Id. ¶¶ 58-61.

22   Defendants and their employee Robert Bouwens then created a software tool whose only

23   use was to convert JMRI Decoder Definition Files to the infringing KAM decoder template format.

24   Id. ¶¶ 54-56, 74-79. Defendants made the tool available for download from their website. Id. ¶¶

25   74-77. They instructed their customers to use the tool when JMRI issued new Decoder Definition

26   Files. The tool copied the variable section selection, structure, naming conventions, and default

27   settings, but it did not copy the author's name, copyright notice, reference to the license, or the

28   license, to the infringing decoder templates. Id. ¶ 80. Defendants' copying was so complete that

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1   they copied JMRI version numbers and dates, and misspellings and grammar quirks.

2   Removal of the CMI concealed Defendants' infringement for a year. Id. ¶¶ 64-65.

3   Suspicious of Defendants' claims that their software could be used with a wide range of decoders,

4   Jacobsen grew concerned that Defendants were misusing JMRI intellectual property. Id. ¶ 64.

5   Jacobsen had reason to be concerned. In Fall 2004, JMRI members caught Defendant Katzer using

6   the DecoderPro domain name. See id. Katzer had registered decoderpro.com, even though he

7   knew JMRI had exclusive rights to the DecoderPro trademark. See id. After Jacobsen learned in

8   mid-2005 of Defendants' Decoder Commander product and its wide range of decoders, he searched

9   their website and downloadable files for the JMRI copyright notice, the Artistic License, and his

10   name. Id. He didn't find them. Id. Jacobsen concluded that Defendants had created their own

11   decoder definitions independently, and let the matter rest. Id.

12   Jacobsen discovered Katzer's infringing activities in late Spring 2006 while investigating

13   Defendants products. Id. ¶¶ 65-67. Jacobsen first searched Defendants' website. He found a

14   manual that had variable names and ordering similar to JMRI. Id. ¶ 67. Jacobsen bought several

15   copies of Defendants' software. Jacobsen first tested version 304, and found all the converted

16   JMRI Decoder Definition Files. Id. ¶¶ 69-70. He recognized the decoder template names, which

17   were the same except for the addition of ".tpl" in the name. See id. ¶ 70. Jacobsen returned to

18   Defendants' website. He found the software tool which, when used, created similar files. Id. ¶¶

19   75-81. He took the output from the tool, and Defendants' decoder templates, and compared them

20   to the JMRI Decoder Definition Files. Id. ¶¶ 72, 80, & Exs. AD, AE, AH. His review showed

21   Defendants had copied the variable names, selection, and structure, and default variable values. Id.

22   However, Defendants specifically left out information they did not want copied. Defendants

23   selectively copied the version number and date while not copying CMI on the same line of code.

24   Id. They also left out JMRI copyright notices, the authors' names, and references to JMRI's

25   license. Id. Jacobsen concluded that all substantive content of Defendants' files had been taken

26   from JMRI, and nothing original had been added. Defendants' files were substantially similar.

27   Jacobsen sought evidence that Defendant Katzer had gained access to, or had knowledge of,

28   the Decoder Definition Files. He found that Katzer and Bouwens admitted reviewing the JMRI

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1   Decoder Definition Files. Id. ¶¶ 43-57. Furthermore, Bouwens admitted intentionally creating the

2   tool to convert the files and strip out JMRI credits and copyright notices. See id. ¶ 56. With proof

3   of Defendants' access and substantial similarity, Jacobsen concluded that Defendants had infringed

4   his copyrights. Defendants have conceded their copying.

5   After Jacobsen ordered Defendants' software, Defendants hurriedly changed their products.

6   They shipped a new version, 305, in September 2005. Id. ¶¶ 85-86. This version removed a

7   number of decoder template files, but not all. Id. ¶ 86. It still directed users to the software tool

8   available on the web. Id. ¶ 88. After Jacobsen filed his Amended Complaint, he sent Defendants a

9   cease-and-desist letter in September 2006.[1] Defendants hurriedly changed their products again,

10   and shipped another version, 306. Jacobsen Decl. ¶ 89. This version removed one file (for the QSI

11   decoder) mentioned in the Amended Complaint, but not another infringing file. Id. ¶ 90. The

12   software tool remained on the web. Id. At no time have Defendants produced any proof they sent

13   recall letters to distributors or their customers.

14   In 2007, Defendants admitted using JMRI materials in 2005-2006, but contended they had

15   stopped. Defendants claimed they re-created, virtually overnight, the exact functionality that JMRI

16   software had, and that had taken JMRI developers more than 5 years to create. They offered no

17   proof of independent creation. Defendants said their decoder templates were contained in a new

18   database, beginning with version 307. They stated, through their counsel Scott Jerger:

19   What my client has done is completely replaced that with new data 100 percent. It
         serves the same functionality as the Decoder Definition Files, the previous alleged
20   Decoder Definition Files that were in my client's software, 100 percent the same
         functionality.
21
     Transcript of Jan. 17, 2007 hearing [Docket #172] at 25.
22
         Jacobsen could not test Defendants' claims because Katzer did not ship a working version
23
     with the new database. Id. ¶ 97. Although a year's worth of updates were guaranteed to Jacobsen,
24
     Katzer and KAMIND halted all later updates to Jacobsen. Id. ¶ 98. Defendants stopped selling
25
     their products in stores, so Jacobsen could not buy Defendants' latest product CDs. See id. ¶ 99.
26
         When Jacobsen finally received a working KAM CD, he found Defendants' "full
27

28   ---
     [1] Declaration of Victoria K. Hall in Support of Motion for Preliminary Injunction [hereinafter Hall Decl.] Ex A.

1   functionality" had been removed. Id. ¶¶ 106-108. Jacobsen obtained version 312 in November

2   2007, after his attorney sent multiple demand letters to defense counsel. Id. ¶ 105.   Hall Decl. Ex.

3   B & C. In version 312, the "full functionality" which Katzer claimed at the Jan. 17, 2007 hearing,

4   was not present. Id. ¶¶ 106-108.   More than 350 decoders had been present. Only six decoder

5   definitions were now available. Id. ¶ 107.   Two of the six were non-functional and the other four

6   were only partially functional. Id. Variable names still have similarities to JMRI's files. Id. ¶ 109.

7   Defendants contend their products have the "same functionality" of JMRI products, but if

8   so, they concealed this functionality from Jacobsen in version 312. Without these decoder files,

9   Katzer and KAMIND's products are not competitive because they have severely limited function,

10   similar to an iPod without music or MP3 files. See id. ¶ 108. Defendants offer no explanation for

11   the discrepancies between the facts, and their representations to this Court.

12   Katzer seeks new ways to distribute his infringing products. He now distributes infringing

13   KAMIND CDs with Link-Vet, a dog DNA test kit. Id. ¶ 111. These test kits are sold by South

14   Carolina-based RAK Associates, owned by Rod and Emily Katzer. Id. & Ex. AS.

15   **IV.   Argument and Authorities**

16   **A.   Preliminary Injunction Standard**

17   In determining whether to issue a preliminary injunction, the Ninth Circuit requires

18   demonstration of (1) a combination of probability of success and the possibility of irreparable

19   harm; or (2) serious questions going to the merits where the balance of hardships tips sharply in the

20   moving party's favor. Sun Microsystems, Inc. v. Microsoft Corp., 188 F.3d 1115, 1119 (9th Cir.

21   1999). The two prongs represent "extremes of a single continuum," rather than two separate tests

22   (i.e., a stronger possibility of irreparable injury would not require as much of a demonstration on

23   the merits). Walczak v. EPL Prolong, Inc., 198 F.3d 725, 731 (9th Cir. 1999).

24   At one end of the continuum, the inquiry has been circumscribed in intellectual property

25   cases. When a plaintiff had shown he is likely to succeed on the merits of an intellectual property

26   claim, irreparable harm has been presumed. Abercrombie & Fitch Co. v. Moose Creek, Inc., 486

27   F.3d 629, 633 (9th Cir. 2007) (post-eBay, irreparable harm presumed in trademark infringement

28   case when trademark holder, seeking preliminary injunction, shows likelihood of success on the

1   merits); <u>ABKCO Music, Inc. v. Stellar Records, Inc.</u>, 96 F.3d 60, 64 (2d Cir. 1996). Under this

2   rule, Plaintiff needed only demonstrate a likelihood of success on the merits of its various

3   copyright infringement claims to be entitled to injunctive relief. However, after <u>eBay Inc. v.</u>

4   <u>MercExchange, L.L.C.</u>, 547 U.S. 388 (2006), some district courts in the Ninth Circuit have ruled

5   that copyright holders are no longer entitled to that presumption. <u>Jacobsen v. Katzer</u>, 535 F.3d

6   1373, 1378 (Fed. Cir. 2008). Although the Ninth Circuit has not addressed the issue, Jacobsen

7   would still be entitled to a preliminary injunction under <u>eBay</u>'s rule.

8   At the other end of the continuum, if there is a clear disparity in the relative hardships and

9   the hardships tip in the movant's favor, the movant need only demonstrate that serious questions

10   are raised by Defendants' actions and their infringement of Jacobsen's copyrights. Under this

11   second test, Jacobsen need only demonstrate a fair chance of success on the merits for an

12   injunction to issue. <u>Benda v. Grand Lodge of Int'l Ass'n of Machinists & Aerospace Workers</u>, 584

13   F.2d 308, 315 (9th Cir. 1978).

14   Jacobsen is entitled to a preliminary injunction under either variation of the test.

15   **B.   <u>Jacobsen is Likely to Succeed on the Merits of Copyright Infringement</u>**

16   At the outset, Jacobsen notes that Defendants have no rights in the Decoder Definition

17   Files. JMRI is subject to the Artistic License and GPL. Defendants have never evinced any

18   compliance with the license terms. Thus, Defendants' use of the Decoder Definition Files is

19   unauthorized. They admit their use was unauthorized.

20   In order to prevail on his copyright claim, Jacobsen must show that he is the owner/assignee

21   of the copyrights to the Decoder Definition Files, and that Defendants engaged in any one of the

22   proscribed activities outlined in 17 U.S.C. § 501(a). <u>S.O.S., Inc. v. Payday, Inc.</u>, 886 F.2d 1081,

23   1085 (9th Cir. 1989). He is the owner and assignee. Jacobsen Decl. ¶ 2. Any violation of the

24   exclusive rights of the copyright owner constitutes copyright infringement. <u>Hotaling v. Church of</u>

25   <u>Jesus Christ of Latter-Day Saints</u>, 118 F.3d 199, 203 (4th Cir. 1997). Here, Defendants infringed

26   Jacobsen's exclusive rights of reproduction, making derivative works, and distribution.

27

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1.   <u>Defendants Violated the Copyright Act by Making Unauthorized Copies of the Decoder Definition Files</u>

Defendants made unauthorized copies of the Decoder Definition Files. Copying is shown by demonstrating Defendants had access to the work and the works are substantially similar. <u>Narell v. Freeman</u>, 872 F.2d 907, 910 (9th Cir. 1989). Defendants and Bouwens admitted they accessed the Decoder Definition Files. They admit they copied the variable selection, structure, and naming, and default values from JMRI to their decoder templates. As further evidence of copying, various misspellings, version numbers and dates and other quirks present in the protected work appear in Defendants' products. These strongly suggest literal copying of the Decoder Definition Files. <u>Eckes v. Card Prices Update</u>, 736 F.2d 859, 861, 863-64 (2d Cir. 1984). Because of the similarities between variable selection, structure, and naming, and default values, and because Defendants added nothing original to the works, Defendants' decoder templates are non-verbatim copies of the Decoder Definition Files. The Artistic License and GPL permit copying, but only verbatim copying of the standard package—the version of software which the copyright holder issues. Jacobsen Decl. Ex. H ¶ 1 & Ex. I ¶ 1. Those verbatim copies must keep copyright notices intact. These terms are restrictions on the license grant. Violations result in copyright infringement. <u>See</u> <u>Jacobsen v. Katzer</u>, 535 F.3d 1373, 1381 (Fed. Cir. 2008). Thus when Defendants engaged in non-verbatim copying, they committed copyright infringement.

2.   <u>Defendants Violated the Copyright Act by Making Derivative Works from the Decoder Definition Files</u>

Defendants made unauthorized derivative works from the JMRI Decoder Definition Files. "A derivative work … incorporate[s] a protected work in some concrete or permanent 'form'." <u>Lewis Galoob Toys, Inc. v. Nintendo of America, Inc.</u>, 964 F.2d 965, 967 (9th Cir. 1992). It must also incorporate protected material from the preexisting work. <u>Micro Star v. Formgen Inc.</u>, 154 F.3d 1107, 1110 (9th Cir. 1998). As described above, Defendants converted the Decoder Definition Files to their decoder template format, and created the template files and, later, the database. However, they did not include a prominent notice stating how and when they changed the files. <u>See</u> Jacobsen Decl. Ex. H ¶ 3 & Ex. I ¶ 2. They also did not follow other terms relating to modifications. Thus, Defendants acted outside the scope of the license, <u>see</u> <u>Jacobsen</u>, 535 F.3d at

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1   1381, and infringed Jacobsen's derivative work right.

2   3.   Defendants Violated the Copyright Act by Distributing the Infringing Files

3   As discussed above, Defendants made unauthorized distributions of Jacobsen's work. The

4   copyright holder has the right to authorize the "distribut[ion of] copies … of the copyrighted work

5   to the public by sale or other transfer of ownership, or by rental, lease, or lending". 17 U.S.C. Sec.

6   106(3).   Jacobsen permitted distribution under the Artistic License and GPL provided that

7   restrictions on distribution was met, typically the distribution of the work with JMRI's standard

8   package. See Jacobsen Decl. Ex. H ¶¶ 1, 3, 4 & Ex. I ¶¶ 1-4. Defendants did not include JMRI's

9   standard package, nor follow the other restrictions.   Thus, they acted outside the scope of the

10   license, see Jacobsen, 535 F.3d at 1381, and infringed Jacobsen's distribution right.

11   4.   Defendants are Liable for Contributory and Vicarious Infringement

12   Defendants   are   also   liable   for   contributory   and   vicarious   infringement   because   they

13   distributed the software tool with their products. "One infringes contributorily by intentionally

14   inducing or encouraging direct infringement, and infringes vicariously by profiting from direct

15   infringement while declining to exercise a right to stop or limit it." Metro-Goldwyn-Mayer

16   Studios, Inc. v. Grokster, Ltd., 545 U.S. 913, 930 (2005) (internal citations omitted). Defendants

17   do both. First, as noted in Sec. III.B, they have created a software tool which, when Defendants'

18   customers use, makes unauthorized copies and/or derivative works. Defendants distribute this

19   software tool, and include instructions on how to use it. Thus, they both intentionally induce and

20   encourage others to commit infringement. This makes them liable for contributory infringement.

21   Second, Defendants profit from the direct infringement and decline to stop or limit it. Defendants

22   advertise and ship infringing products to distributors, who sell these products to consumers.

23   Defendants have provided no proof they recalled infringing products, or otherwise alerted their

24   distributors about the infringement.   Thus, Defendants profit from direct infringement while

25   declining to exercise a right to stop it. This makes them liable for vicarious infringement.

26   Thus, Jacobsen is likely to succeed on the merits of his copyright claim.

27   **C.   Jacobsen is Likely to Succeed on the Merits of his DMCA Claim**

28   Because Defendants removed, altered, and falsified copyright management information in

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1   Jacobsen's files, Defendants are liable under 17 U.S.C. Sec. 1202. Section 1202(a) states: "No

2   person shall knowingly and with intent to induce, enable, facilitate, or conceal infringement -- (1)

3   provide copyright management information that is false, or (2) distribute … copyright management

4   information that is false." Section 1202(b) states:

5   No person shall, without the authority of the copyright owner or the law—

6   (1) intentionally remove or alter any copyright management information,

7   (2) distribute … copyright management information knowing that the copyright
         management information has been removed or altered without authority of the
8   copyright owner or the law, or

9   (3) distribute … works, [or] copies of works, … knowing that copyright
         management information has been removed or altered without authority of the
10   copyright owner or the law,

11   knowing, or, with respect to civil remedies under section 1203, having reasonable
         grounds to know, that it will induce, enable, facilitate, or conceal an infringement of
12   any right under this title.

13   The statute defines copyright management information in Section 1202(c):

14   As used in this section, the term "copyright management information" means any of
         the following information conveyed in connection with copies or phonorecords of a
15   work or performances or displays of a work, including in digital form, except that
         such term does not include any personally identifying information about a user of a
16   work or of a copy, phonorecord, performance, or display of a work:

17   (1) The title and other information identifying the work, including the information
         set forth on a notice of copyright.

18   (2) The name of, and other identifying information about, the author of a work.

19   (3) The name of, and other identifying information about, the copyright owner of
         the work, including the information set forth in a notice of copyright.
20
         […]
21
         (6) Terms and conditions for use of the work.
22
         (7) Identifying numbers or symbols referring to such information or links to such
23   information.

24   1.   Jacobsen's Copyright Management Information is Protected by Statute

25   Plaintiff's copyright notice, copyright ownership and author information, reference to the

26   license, the license, and titles are protected by the statute. "When the statutory 'language is plain,

27   the sole function of the courts—at least where the disposition required by the text is not absurd—is

28   to enforce it according to its terms.'" Arlington Cent. Sch. Dist. Bd. of Educ. v. Murphy, 548 U.S.

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1   291, 296 (2006) (citation omitted). "Where the language is plain and admits of no more than one

2   meaning the duty of interpretation does not arise and the rules which are to aid doubtful meaning

3   need no discussion." Caminetti v. United States, 242 U.S. 470, 485 (1917). The terms "the title",

4   "the name of the author", "the name of the copyright holder," "terms and conditions for use of the

5   work" have no ambiguity. Thus, the information which Defendants removed, altered, and falsified,

6   is CMI per Section 1202.

7   2.   Defendants Concealed Their Infringement and Intended to Induce
                       Infringement By Removing, Altering, and Falsifying Jacobsen's CMI
8
          Defendants concealed their infringement from Jacobsen by removing, altering, and
9
      falsifying CMI. As noted earlier, Jacobsen became suspicious when he learned about Defendants'
10
      Decoder Commander product and its wide range of functionality. JMRI files had a copyright
11
      notice, so Jacobsen searched Defendants' website and available downloads for the notice. He also
12
      searched for his name and "Artistic License". Because Defendants had removed this information
13
      and replaced it with theirs, Jacobsen's search turned up nothing. Thus, Defendants concealed their
14
      infringement by removing, altering, and falsifying the CMI.
15
          In removing, altering, and falsifying Jacobsen's CMI, and encouraging and inducing others
16
      to remove and alter CMI, Defendants intended to make it easier for their distributors and their
17
      customers to infringe Plaintiff's copyrighted works. Jacobsen's CMI dictates the terms of the
18
      Artistic License and GPL 2.0, which require downstream users to make modifications available.
19
      The authors' names, the file titles, and the copyright notices direct downstream users to JMRI and
20
      Jacobsen. See Jacobsen v. Katzer, 535 F.3d 1373, 1382 (Fed. Cir. 2008). Unaware of these terms,
21
      Defendants' distributors and customers have made copies of modified works or distributed
22
      modified works, without making those modifications publicly available. Even if they were aware
23
      of the terms, because the authors' names, title, and copyright notice are not available, downstream
24
      users do not know who they need to give the modifications to.
25
          Thus, Defendants' removal, alteration, and falsification of Jacobsen's CMI concealed,
26
      encouraged, and induced copyright infringement. Jacobsen has shown a likelihood of success.
27

28

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1

D.   Facts Weigh In Favor of Preliminary Injunction

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Because of the unique nature of open source software, the facts weigh in favor of issuing

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the preliminary injunction. While in the past, irreparable harm was presumed once a copyright

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holder showed likelihood of success, Apple Computer, Inc. v. Formula Int'l Inc., 725 F.2d 521,

5

525 (9th Cir. 1984), courts recently have used new rules governing permanent injunctions in

6

determining whether preliminary injunctions should issue. Whether the possibility of irreparable

7

harm is presumed, or requires the 4-factor to be met, Jacobsen can show he is entitled to a

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preliminary injunction. Under the 4-factor test, Jacobsen must demonstrate:

9

10

11

> (1) that [he] has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the [Jacobsen] and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.

12

eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 391 (2006).

13

1.   Jacobsen Has Suffered Irreparable Injury

14

Due to (a) the unique requirements of the open source development model and (b)

15

Defendants' violation of Jacobsen's right to exclude, Jacobsen has suffered irreparable injury from

16

Defendants' copyright infringement and Sec. 1202 violations. "By definition, 'irreparable injury'

17

is that for which compensatory damages are unsuitable…." Wildmon v. Berwick Universal

18

Pictures, 983 F.2d 21, 24 (5th Cir. 1992). Like others in open source, Jacobsen made his works

19

available to encourage collaboration from a worldwide group of developers and, thus, to create

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better software in a shorter amount of time—an important advantage the open source development

21

model has over the proprietary software development model. He also exacts consideration through

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compliance with license terms, which include a grant-back license when a downstream user

23

distributes modifications. See Jacobsen, 535 F.3d at 1382. That grant-back license drives rapid

24

software development. The nature of copyright law's exclusive rights also support a finding of

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irreparable harm because the owner has the right to prevent others from using his works. "In a

26

copyright infringement action, the denial of a request for injunctive relief could otherwise amount

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to a forced license to use the creative work." Bridgeport Music, Inc. v. Justin Combs Pub., 507

28

F.3d 470 (6th Cir. 2007) (internal quotes removed). As for Sec. 1202, for the open source

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1   development model to work, downstream users must be made aware of CMI—the license and its

2   terms, the author and the title of the open source work, and copyright notice—so that downstream

3   users can make their changes publicly available, as required by the license.   Otherwise, delays

4   result and inefficiency in development occurs.   Compensatory damages are unsuitable.

5   Furthermore, the harm is likely to continue without the preliminary injunction.   Defendants

6   say their products have the "same functionality" as JMRI, yet they concealed that functionality so

7   Jacobsen couldn't test it.   Jacobsen is entitled to an adverse inference from Defendants' spoliation.

8   See Glover v. BIC Corp., 6 F.3d 1318, 1329 (9th Cir. 1993).   Katzer and KAMIND face deadlines

9   to provide products with the "same functionality" as JMRI, so their product will compare favorably

10   with JMRI when Model Railroad News reviews both JMRI and KAMIND software in 2009.

11   Katzer also finds new ways to distribute his products—now with a dog product.   Then, there are

12   Defendants' customers.   If Defendants released an expensive, virtually useless product,

13   Defendants' customers will find ways to work around Katzer's restrictions on earlier, fully

14   functional, KAM versions.   Despite Katzer's contentions, Defendants' software tool still works,

15   and could be used if Defendants distributed a converter with later versions to upgrade users'

16   custom templates to the database format.   These threats of future harm are irreparable injury.

17   Damages are unsuitable to remedy the harm.

18   2.   Monetary Remedies Are Inadequate

19   Monetary remedies are inadequate because they do not remedy the harm that Defendants

20   caused.   "[T]he requisite analysis for the second factor of the four-factor test inevitably overlaps

21   with the first."   MercExchange, L.L.C. v. eBay Inc., 500 F. Supp. 2d 556, 582 (E.D. Va. 2007).

22   Unlike patent trolls who use injunctions as leverage to obtain exorbitant patent license fees, eBay

23   Inc. v. MercExchange, L.L.C., 547 U.S. 388, 396 (2006) (Kennedy, J., concurring), Jacobsen

24   exacts consideration through compliance with the license terms.   Time lost in the open source

25   development cycle due to license violations and Sec. 1202 violations cannot be regained through a

26   monetary award.   Thus, compliance with the license terms is inherently difficult to value.   "Indeed,

27   because a calculation of damages is inherently speculative, these types of license restrictions might

28   well be rendered meaningless absent the ability to enforce through injunctive relief."   Jacobsen,

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1   535 F.3d at 1382. See also Broadcom Corp. v. Qualcomm, Inc., __ F.3d __, No. 2008-1199 (Fed.

2   Cir. Sept. 24, 2008) at *34 (citing Jacobsen). Defendants contend that statutory damages are not

3   available, and concede that actual damages are inherently speculative. Thus, they admit damages

4   are inadequate. Thus, this factor weighs in favor of an injunction.

5   3.   Balance of the Hardships Tips Sharply in Jacobsen's Favor

6   The balance of the hardships tips sharply in Jacobsen's favor because Jacobsen seeks a

7   relatively limited injunction and Defendants claim they have stopped their unlawful activities.

8   Jacobsen suffers hardship because his works are being used in a manner that he did not authorize.

9   He also suffers hardship due to Defendant's interference with JMRI's open source development

10 model. Jacobsen seeks to enjoin Defendants' infringement and violations of Sec. 1202, but at this

11 time, he does not seek destruction of Defendants' infringing products nor does he seek enforcement

12 of GPL ¶¶ 2, 3 (requiring free distribution of Defendants' source code). Jacobsen seeks a court

13 order enjoining infringement and Sec. 1202 violations, and requiring Defendants to notify their

14 customers and distributors about JMRI's CMI, including the terms of the Artistic License and GPL

15 2.0, so that the customers and distributors are aware of their obligations. The hardship that Katzer

16 and KAMIND suffer is that they cannot continue to infringe, conceal their infringement, or

17 encourage their infringing activities—a "hardship" that carries no weight in equity. See Triad Sys.

18 Corp. v. Southeastern Express Co., 64 F.3d 1330, 1338 (9th Cir. 1995). Thus, the balance of the

19 hardships tips sharply in Jacobsen's favor.

20   4.   Public Interest Would Benefit From a Preliminary Injunction

21   The public benefits from open source software because it gets free software, of higher

22 quality, and more quickly, than software provided by the proprietary software development model.

23 Inefficiencies added as a result of Defendant's violations interfere with the public's ability to get

24 the most from open source software. If not halted, these inefficiencies tend to make it less likely

25 that open source groups will make their code publicly available. Furthermore, "an injunction will

26 serve the public interest by protecting the 'special reward' of copyright which motivates 'the

27 creative activity of authors[,] inventors' and programmers." Adobe Sys., Inc. v. Brenengen, 928 F.

28 Supp. 2d 616, 618 (E.D.N.C. 1996) (citing Sony Corp. of Am. v. Universal City Studios, Inc., 464

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1   U.S. 417, 429 (1984)). Thus, the preliminary injunction requiring Katzer and KAMIND to comply

2   with license terms does no disservice to the public interest, but benefits it.

3   All four factors favor of a preliminary injunction. This Court should issue the injunction.

4   **E.   Jacobsen Has Shown Fair Chance of Success and Hardship Tips in His Favor**

5   Because Jacobsen has shown likelihood of success on the merits, he has shown a fair

6   chance of success on the merits. As shown in Sec. IV.D.3, Jacobsen has shown the hardships tip

7   sharply in his favor. Thus, under the alternate test, Jacobsen is entitled to a preliminary injunction.

8   **F.   Bond**

9   Rule 65(c) requires the Court, when issuing a preliminary injunction, to set a bond amount,

10 "in such sum as the court deems proper, for payment of such costs and damages as may be

11 incurred, or suffered by any party who is found to have been wrongfully enjoined or restrained."

12 The Ninth Circuit has committed the amount, if any required, to the sound discretion of the trial

13 court. Barahona-Gomez v. Reno, 167 F.3d 1228, 1237 (9th Cir. 1999). Courts often find where a

14 movant has a high likelihood of success that a nominal bond may be sufficient. E.g., In re Wash.

15 State Apple Adver. Comm'n, 257 F. Supp. 2d 1274, 1289 (E.D. Wash. 2003). Given Jacobsen's

16 high likelihood of success and the minimal hardship to Defendants, Plaintiff requests the Court set

17 a one thousand dollars ($1,000) bond.

18 **V.   Conclusion**

19   Jacobsen has shown that Defendants infringed copyrights and violated 17 U.S.C. Sec. 1202.

20 He has shown irreparable harm, or the balance of the hardships tip sharply in his favor.

21 Accordingly, Jacobsen is entitled to a preliminary injunction.

22 Respectfully submitted,

23

24 DATED: October 3, 2008   By _____/s/_____
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