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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,)
14)
Plaintiff,)
15)
v.)
16)
MATTHEW KATZER, an individual, and)
17 KAMIND ASSOCIATES, INC, an Oregon)
corporation dba KAM Industries,)
18)
Defendants.)

No. C-06-1905-JSW
**REPLY MEMORANDUM IN SUPPORT
OF MOTION FOR PRELIMINARY
INJUNCTION**
Date: December 22, 2006
Time: 9:00 a.m.
Courtroom: 2, 17th Floor
Judge: Hon. Jeffrey S. White
Filed concurrently:
Declaration of Paul Bender
Supplemental Declaration of Robert Jacobsen
Declaration of Alexander John Shepherd

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SUMMARY OF ARGUMENT

1
2 Six issues emerge from Defendants' opposition but none can defeat issuance of a
3 preliminary injunction against either Defendant Katzer or Defendant KAMIND Associates, Inc.

4 First, even though Katzer is an officer/employee of KAMIND Associates, Inc., he directly
5 participated in the infringement. RCA/Ariola Int'l, Inc. v. Thomas & Grayton Co., 845 F.2d 773
6 (8th Cir. 1988). He induced, caused or materially contributed to the infringing conduct of another
7 with knowledge the activity was infringing. Katzer enjoys a direct financial benefit from another's
8 infringing acts and has the right and ability to supervise those acts. He is liable for infringement.
9 Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd., 545 U.S. 913, ___, 125 S. Ct. 2764, 2776
10 (2005); Ellison v. Robertson, 357 F.3d 1072 (9th Cir. 2004).

11 Second, to the extent it is relevant, there was no unreasonable delay to rebut irreparable
12 harm. The Ninth Circuit has not used delay to rebut presumption of irreparable harm in copyright.

13 Third, Plaintiff's copyrighted files are deserving of a presumption of irreparable harm.
14 They are not facts or data, as Defendants say, but selection, organization, grouping and expression.
15 This is protected by copyright law. Feist Pubs., Inc. v. Rural Tel Serv. Co., 499 U.S. 340 (1991).

16 Defendants cannot show they obtained a bare license or implied nonexclusive license from
17 Plaintiff, nor they had a contract with him. Federal law requires licenses to be narrowly construed
18 to protect copyright holders' rights. S.O.S., Inc. v. Payday, Inc., 886 F.2d 1081 (9th Cir. 1989).
19 Construction of the license per S.O.S. shows Defendants have no license or contract, or their acts
20 are outside the scope of the license/contract. Plaintiff did not make the files for Defendants; they
21 cannot claim an implied non-exclusive license. Effects Assocs., Inc. v. Cohen, 908 F.2d 555 (9th
22 Cir. 1990); I.A.E., Inc. v. Shaver, 74 F.3d 768 (7th Cir. 1996). No evidence of a contract exists.

23 Defendants supposed voluntary cessation does not preclude injunctive relief unless they
24 make it absolutely clear their unlawful activity will not resume. LGS Architects, Inc. v. Concordia
25 Homes of Nev., 434 F.3d 1150 (9th Cir. 2006). But infringing activity continues. Defendants put
26 no substantial evidence forward showing they independently created the new database they use.

27 Finally, Plaintiff has met his burden. Defendants took advantage of his copyright for their
28 own profit – and continue to do so. Plaintiff needs an injunction so that Defendants will stop.

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1 Plaintiff respectfully submits this Reply memorandum in response to Defendants' Response
2 to Plaintiff's motion for preliminary injunction.

3 **I. ARGUMENT**

4 Defendant's argument can be boiled down to the following points: (1) whether Mr. Katzer
5 may be held liable for copyright infringement, (2) whether Plaintiff's alleged delay, if any, can
6 rebut the presumption of irreparable harm, (3) whether the Decoder Definition Files are deserving
7 of the presumption of irreparable harm, (4) whether Plaintiff's cause of action lies in copyright, (5)
8 whether Defendants' supposed voluntary cessation can defeat the preliminary injunction, and (6)
9 whether damages are sufficient to preclude a preliminary injunction.

10 **A. Defendant Katzer Can Be Held Liable for Copyright Infringement**

11 Despite Defendants' assertions to the contrary, Katzer can be held liable for his role in
12 infringing Plaintiff's copyright. Katzer relies on a general rule, inapplicable to him, in an attempt
13 to escape liability for his infringing actions. The general rule is that "[a]n employee who commits
14 an act of infringement will not be personally liable if that act was required as a part of his
15 employment and if, further, he was not permitted to exercise discretion, judgment, or responsibility
16 in the conduct of his duties." 3 David Nimmer, Nimmer on Copyright § 12.04[A][1], at 12-75
17 (emphasis added). Here, an exception applies: "[H]owever, an employee who in the exercise of his
18 authority commits or determines that his employer (corporate or otherwise) shall commit an act
19 that constitutes an infringement will be held jointly and severally liable with his employer." Id.;
20 RCA/Ariola Int'l, Inc. v. Thomas & Grayton Co., 845 F.2d 773, 781-82 (8th Cir. 1988)
21 (employees' assisting customers in illegal copying can be liable for direct infringement). As a
22 corporation, KAMIND Associates, Inc. cannot take action itself, but must act through its officers,
23 employees and agents. Foreman Roofing Inc. v. United Union of Roofers, Waterproofers & Allied
24 Workers, Local 36, 144 Cal. App. 3d 99, 107-08 (Ct. App. 1983). Mr. Katzer admits that he is the
25 CEO and Chairman of the Board of KAMIND Associates, Inc. Declaration of Matthew Katzer in
26 support of Response to Opposition to Plaintiff's Motion for a Preliminary Injunction, at ¶ 1
27 [Docket #124] [hereinafter "Katzer Decl."]. He admits he knew about DecoderPro®¹ and its

28 ¹ DecoderPro® is the correct trademarked name, not "Decoder Pro" as Defendants erroneously state.

1 Decoder Definition Files were created by JMRI developers. See Katzer Decl. ¶¶ 9-10. He also
2 admits he bought third party software from Mr. Bouwens, id. at ¶ 6, and Mr. Bouwens assisted him
3 in the final development of Decoder Commander, id. at ¶ 12. Despite being told about the license,
4 Jacobsen Decl.² ¶ 35, Ex. M, Mr. Katzer personally participated in the creation and development of
5 a product that infringed Plaintiff’s copyright. He could have asked permission to use the files, but
6 he did not. Other manufacturers had, and received permission. Supp. J. Decl. ¶¶ 60-63. Mr. Katzer
7 exhibited a total failure to respect the JMRI copyright and license. This willful and knowing
8 behavior – with his personal participation in infringement – is what makes Mr. Katzer personally
9 liable as an infringer. Peaceable Planet, Inc. v. TY, Inc., 185 F. Supp. 2d 893, 896 (N.D. Ill. 2002).

10 Furthermore, even if Mr. Katzer would not be liable under this theory, he could still be
11 found liable for copyright infringement. Katzer could be found liable for contributory infringement
12 since he, “with knowledge of the infringing activity, induce[d], cause[d], or materially
13 contribute[d] to the infringing conduct of another....” Ellison v. Robertson, 357 F.3d 1072, 1076
14 (9th Cir. 2004) (emphasis removed); see also Metro-Goldwyn-Mayer Studios, Inc. v. Grokster,
15 Ltd., 545 U.S. 913, ___, 125 S. Ct. 2764, 2776 (2005) Despite his claims to the contrary, Mr.
16 Katzer cannot escape liability by pleading willful blindness – he was directed to the license and
17 copyright by Mr. Jacobsen. Mr. Katzer made the Decoder Definition Files available to others,
18 contracted with another party to create a tool whose sole purpose is to infringe the JMRI copyright,
19 and gave instructions in his documentation on how to download the files and convert them using
20 the tool. These constitute inducing, causing or materially contributing to the infringing conduct of
21 another with knowledge of the activity was infringing. Katzer could also be found vicariously
22 liable if “he enjoys a direct financial benefit from another’s infringing activities and has the right
23 and ability to supervise the infringing activity.” Ellison, 357 F.3d at 1076 (emphasis and quotations
24 removed). Katzer earns a direct benefit as the head of the corporation. He supervises the use of
25 KAMIND Associates, Inc.’s products via key codes he includes with the products. See Katzer
26 Decl. ¶¶ 21, 25, 28. He admits that he controls when a product no longer functions. Katzer Decl.

27 ² Mr. Jacobsen is filing two declarations in connection with this Motion. The original, filed with the Motion, is
28 designated as “Jacobsen Decl.” The declaration filed with this Reply is the Supplemental Jacobsen Declaration
[hereinafter “Supp. J. Decl.”].

1 ¶¶ 21, 25, 28. Thus, Katzer who earns a direct financial benefit from his customers' infringing
2 activities and who has the right and ability to supervise their activities, can be held liable for
3 vicarious copyright infringement. Accord RCA/Ariola Int'l, 845 F.2d at 782 (50 percent
4 shareholder held personally liable).

5 **B. No Unreasonable Delay in Filing Copyright Claim or Preliminary Injunction**

6 Defendants argue that Plaintiff cannot show irreparable harm because of what they call
7 undue delay by Plaintiff to file a motion for preliminary injunction. First, Defendants misstate the
8 facts relating to the delay. Second, delay rebutting irreparable harm is primarily a Second Circuit
9 rule, not one from the Ninth Circuit. No precedent in the Ninth Circuit has permitted delay alone
10 to rebut irreparable harm in a copyright infringement case. Third, any delay that occurred does not
11 warrant rebutting irreparable harm.

12 Defendants misstated the facts about the delay that occurred. As stated in Mr. Jacobsen's
13 declaration, he discovered Defendants' infringement in late May and early June 2006, only three
14 months before filing the Amended Complaint. Supp. J. Decl. at ¶¶ 10-16. Furthermore, Plaintiff
15 was not waiting for assignments, as asserted incorrectly by Defendants in their Opposition, but his
16 registration. Id. at ¶ 13. "Copyright registration is not a prerequisite to a valid copyright, but it is a
17 prerequisite to a suit based on a copyright." Kodadek v. MTV Networks, Inc., 152 F.3d 1209, 1211
18 (9th Cir. 1998). Some courts have ruled that a plaintiff must have the registration in hand when he
19 files a lawsuit for copyright infringement. E.g., Mays & Assocs., Inc. v. Euler, 370 F. Supp. 2d
20 362, 366-69 (D.Md. 2005). Mr. Jacobsen filed a registration on June 13, 2006, within a week of
21 confirming the extent of the infringement and sought expedited registration at significant additional
22 expense, all while working to meet a tight deadline (June 9, 2006) to file three oppositions and
23 their supporting declarations. Supp. J. Decl. ¶ 13. To ensure that his case would not be dismissed
24 for lack of registration, Plaintiff elected to wait until he had received the registration from the
25 Copyright Office, which due to unforeseen circumstances was delayed. He followed up with the
26 Copyright Office, sometimes spending an hour on hold to no avail. He received the copyright
27 registration in mid-August, after the Aug. 11, 2006 hearing. Id. He then filed his Amended
28 Complaint by the Court's Sept. 11, 2006 deadline, and sent a cease-and-desist letter to Defendants

1 shortly thereafter. Defendants did not cease and desist – instead, they filed a motion to dismiss,
2 argued that an open source group has no right to enforce its copyright or license, and demanded
3 attorneys’ fees. Defendants’ Motions to Dismiss [Docket #100]. Just a month later, after seeing
4 that Defendants had not and would not change their ways, Plaintiff resorted to the present motion
5 for preliminary injunction.

6 Defendants assert that delay rebuts irreparable harm. But delay does not rebut irreparable
7 harm in the Ninth Circuit. Courts which have used delay to rebut irreparable harm of copyright
8 infringement are nearly exclusively in the Second Circuit. E.g., Richard Feiner & Co. v. Turner
9 Enter., 98 F.3d 33, 35 (2d Cir. 1996). Courts in the Ninth Circuit have discussed delay, but have
10 not ruled that delay alone rebuts irreparable harm caused by copyright infringement. E.g., Cadence
11 Design Sys., Inc. v. Avant! Corp., 125 F.3d 824, 829 (9th Cir. 1997) (discussing delay in dicta).
12 Miller v. California Pacific Medical Center, which Defendants cite, is irrelevant because there was
13 no presumption of irreparable injury in that case – a labor relations case in which injunctive relief
14 was sought against a defendant employer to preserve the status quo after conditions had changed
15 for the better for plaintiff-employees. Injunctive relief can be granted only if “just and proper” per
16 the statute. 991 F.2d 536, 536 (9th Cir. 1993) (“the district court has ‘jurisdiction to grant to the
17 Board such temporary relief or restraining order as it deems just and proper.’ 29 U.S. § 160(j)”)
18 (emphasis added). Even the district court case which Defendants cite, Programmed Tax Sys., Inc.
19 v. Raytheon Co., 419 F. Supp. 1251 (S.D.N.Y. 1994), is actually a trademark case in a Second
20 Circuit district court, not a patent case as they state. Unlike copyrights, which are governed solely
21 by federal law, trademarks are also protected by common law, and thus there is no need to delay to
22 obtain a trademark registration to bring a trademark infringement case. Thus, the case is irrelevant.

23 Finally, setting aside that the Ninth Circuit has not permitted delay to rebut irreparable
24 harm in a copyright case, any delay that occurred does not rebut the presumption of irreparable
25 harm. Plaintiff has an interest in the copyright. Defendants infringed the copyright, continue to do
26 so, and continue to encourage others to infringe. Defendants misstate the facts regarding delays,
27 and attempt to attribute wrongful conduct to Plaintiff to cover up for their own willful copyright
28 infringement. The facts regarding delay are as stated earlier, and are perfectly explainable and

1 reasonable under the circumstances. Plaintiff needed to obtain a registration for his copyright, and
2 he did not get it for more than 2 months. Plaintiff also had a busy travel schedule with three trips
3 on university business to Europe, and other trips within the United States. Supp. J. Decl. ¶ 19.
4 Furthermore, Mr. Jacobsen was arranging payment of the anti-SLAPP fees, and otherwise moving
5 his case forward. The time period between when he discovered the infringement (May-June),
6 when he filed the registration (June), when he followed up with the Copyright Office and received
7 the registration (June-August) when he filed the Amended Complaint (September), when he sent
8 the cease-and-desist letter (September) and when he filed his motion for preliminary injunction
9 (October) are reasonable, and should not be a reason for the Court to deny the injunction.

10 C. **Harm Arising from the Infringement of the Decoder Definition Files’**
11 **Copyright is Deserving of Presumption of Being Irreparable**

12 Plaintiff’s copyright is in the expression contained in the Decoder Definition Files.
13 Defendants compare the Decoder Definition Files to spreadsheets and data. For the purposes of
14 this motion, Plaintiff sets aside whether the specifications are data or facts that are not
15 copyrightable, and looks to the selection, arrangement and expression of decoder variables and
16 inputs in each file. One look at a Decoder Definition Files, Jacobsen Decl. Ex. E, shows this is
17 what the files consists of, and not raw data as Mr. Katzer asserts. Katzer Decl. ¶¶ at 5,14.

18 A decoder, which controls the model train’s functions (such as lights, sound and speed)
19 uses Configuration Variables (CVs) to allow a user to specify how the train will act. Supp. J. Decl.
20 ¶¶ 34-59. A developer identifies the CVs for a particular decoder. Id. He selects a name for each
21 CV, using the NMRA standard or the manufacturer’s standard, or creating a new name. Id.
22 Sometimes, he discovers a CV not documented by the manufacturer and includes it. Id.
23 Sometimes, he leaves out CVs. Id. For each CV, he lists the available options, occasionally using
24 the manufacturer’s names, other times creating a new name. Id.; Bender Decl. at ¶¶ 4-5. He then
25 selects values for the CV and its options. Supp. J. Decl. ¶ 59. Again, he may select the
26 manufacturer’s default, or he may select a value that he thinks works better. Id. He orders the CVs
27 and their options in a way so that when a user sees them on the DecoderPro® screen, the user will
28 easily understand what the CV does and how to change it to do what he wants. See Bender Decl. at

¶ 5. This expression – the selection, ordering and grouping of CVs, their options and their values – in the XML files is copyrighted, and is copyrightable, Feist Pubs., Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 348 (1991). Thus, the Decoder Definition Files are protected copyright expression. It is this same selection, ordering, and grouping of CVs, their options and values, that Defendants copied exactly – hundreds of pages, including typos, grammar quirks, version numbers and dates and the like – and modified without authorization, thus making them liable for copyright infringement, thus deserving the presumption of irreparable harm. The case which Defendants cite, Nat'l Med. Care, Inc. v. Espiritu, 284 F. Supp. 2d 424 (S.D. W. Va. 2003) is irrelevant (1) because it involves architecture and technical drawings, to which different rules apply, (2) because the statement which Defendants rely upon did not form the basis for that Court's decision, and (3) because the Court made the statement in the context of whether the technical drawings were functional, and so the statement goes to whether the copyright holder can succeed on the merits, not to irreparable harm. See 284 F. Supp. 2d at 432-34. Infringement of Plaintiff's copyright is deserving of a presumption of irreparable harm.

D. Plaintiff's Cause of Action Lies in Copyright and He is Likely to Succeed on the Merits

As noted in Plaintiff's Motion for Preliminary Injunction, Plaintiff has shown he is the owner/assignee of a registered copyright, and Defendants have at a minimum violated Plaintiff's exclusive right to make derivative works. Defendants have raised in their Opposition the same defense raised in their Motion to Dismiss [Docket #100], that is, Plaintiff cannot sue in copyright, but only in contract. A copyright holder generally waives his right to sue for an infringer's activities within the scope of a license or contract, but infringers must show they have a (1) bare license, (2) implied nonexclusive license, or (3) contract. Sun Microsystems, Inc. v. Microsoft Corp., 188 F.3d 1115, 1121 (9th Cir. 1999); see Augustine Medical, Inc. v. Progressive Dynamics, Inc., 194 F.3d 1367, 1370 (Fed. Cir. 1999). Here, Defendants cannot.

1. Defendants Cannot Sustain Any Defense to Remove Their Infringing Activities From Copyright to Contract or License

Defendants cannot successfully raise any defense to remove their infringing activities from copyright to contract or license. Defendants never had permission to do what they did with the

1 Decoder Definition Files. They cannot give permission to their customers. Defendants never
2 negotiated a contract with Mr. Jacobsen for the use of the Decoder Definition Files, thus all the
3 contract-based case law they rely upon is simply irrelevant.

4 Copyright licenses “must be construed in accordance with the purposes underlying federal
5 copyright law.” S.O.S., Inc v. Payday, Inc., 886 F.2d 1081, 1088 (9th Cir. 1989). “Chief among
6 these is the protection of the author’s rights.” Id. See also Apple Computer, Inc. v. Microsoft
7 Corp., 759 F. Supp. 1444, 1451 (N.D. Cal. 1991) (Walker, J.) (“[T]he Ninth Circuit has directed
8 district courts to interpret copyright licenses narrowly, consistent with federal copyright policy of
9 providing incentives in the form of copyright protection to authors.”) The Court may look to a
10 state’s law to provide canons of construction, but only to the extent that they do not conflict with
11 federal copyright law or policy. S.O.S., 886 F.2d at 1088. For these reasons, “the license is
12 assumed to prohibit any use not authorized.” Id. In practice, this has resulted in limiting the scope
13 of copyright licenses.

14 In S.O.S. v. Payday, the court concluded that a software developer's grant of a “right
15 of use” of several software programs to a company which provided financial
16 services to clients did not confer the right to copy and prepare a modified version of
17 the software programs without the licensor's permission. The court concluded that
18 the licensee had only acquired the right to possess copies of the software programs
19 for purposes of producing a product for its clients, and, therefore, had exceeded the
20 scope of its license. Similarly, the Cohen court [Cohen v. Paramount Pictures Corp.,
21 845 F.2d 851 (9th Cir. 1988)] construed a license of a copyrighted work narrowly.
22 Cohen involved a license to record and copy a motion picture and exhibit it “by
23 means of television,” which was construed not to include the distribution of
24 videocassettes for home viewing, VCRs for home use not having been invented at
25 the time the license was executed.

26 Apple Computer, 759 F. Supp. at 1451.

27 Thus, Ninth Circuit precedent supports a narrow interpretation of the Artistic License, as discussed
28 in the next sections.

2. Use of JMRI File is Governed by a Condition Precedent in Artistic License

Users may copy, distribute or modify the JMRI files subject to a condition precedent in the
Artistic License. In the Preamble of the Artistic License, it states: “The intent of this document is
to state the conditions under which a Package may be copied...” Relating to modifications:

1 3. You may otherwise modify your copy of this Package in any way, provided that
2 you insert a prominent notice in each changed file stating how and when you
changed that file, and provided that you do at least ONE of the following...

3 Supp. J. Decl. Ex. A (emphasis added).

4 The Preamble expresses that there are conditions which a user of the files must meet prior
5 to gaining the permissions listed in the Artistic License. If the conditions are not met, then the user
6 does not have permission under either bare license, implied nonexclusive license, or contract.
7 Furthermore, the word “provided” in Sec. 3 expresses that Defendants’ right to make modifications
8 vests only upon performance of the condition precedent – it “is one of the apt words commonly
9 used to create a condition.” See City of Stockton v. Weber, 98 Cal. 433, 440 (1893). As noted in
10 Apple Computer, both the S.O.S. and Cohen decisions support a narrow construction of the license
11 terms to protect the copyright owner’s rights. 759 F. Supp. at 1451. Construing “provided” as a
12 condition precedent is in line with federal copyright policy because it preserves the copyright
13 holder’s rights. Otherwise, a would-be licensee/infringer gets the equivalent of a free “bite of the
14 apple” before the licensor/copyright holder revokes licensee’s permission. Given the nature of
15 open source groups, and the number of one-time “free bites” that would-be licensees/infringers
16 could get, the copyright holder/licensor would find it difficult if not impossible to enforce the
17 license if “provided” were not read as a condition precedent.

18 Because federal copyright policy makes it necessary to read in a condition precedent, and
19 because Defendants have not met the condition precedent, Defendants do not have permission
20 under the license or any rights under any contract.

21 3. Even If License or Contract Exists, Terms Must Limited To Reasonable
22 Modifications, Not Defendants’ Wholesale Theft

23 Should the Court find that a license or contract exists, the terms must be limited to
24 reasonable modifications of the Decoder Definition Files, per the S.O.S. decision discussed above,
25 not the wholesale theft that Defendants engaged in for their own credit and profit.

26 The Preamble of the Artistic License states: “...the Copyright Holder maintains some
27 semblance of artistic control over the development of the package, while giving the users of the
28 package ... the right to make reasonable modifications.” Supp. J. Decl. Ex. A (emphasis added).

1 To put users on notice of the copyright and the terms of the license, each Decoder Definition File
2 has a statement at the beginning of the file regarding the copyright and the license. Jacobsen Decl.
3 at ¶¶ 21, 27. Defendants stripped the copyright and license notice and the authors' names, and
4 provided no indication in the files that they had done so, as required by the license. Jacobsen Decl.
5 at ¶¶ 21, 27. Passing off another's work as one's own is not a reasonable modification. Thus,
6 Defendants exceeded the scope of the license and infringed Jacobsen's copyright. Rano v. Sipa
7 Press, Inc., 987 F.2d 580, 586 (9th Cir. 1993).

8 4. Defendants Cannot Prove Grant of Implied Nonexclusive License to
9 Themselves

10 Generally, a copyright owner who grants a license to use his copyrighted material waives
11 his right to sue the licensee for copyright infringement for conduct within the scope of the license
12 and can only sue for breach of contract, Sun Microsystems, Inc. v. Microsoft Corp., 188 F.3d 1115,
13 1121 (9th Cir. 1999), but the existence of a license is an affirmative defense which Defendants
14 must prove. See Augustine Med., Inc. v. Progressive Dynamics, Inc., 194 F.3d 1367, 1370 (Fed.
15 Cir. 1999). These defendants cannot. A nonexclusive license may be granted orally or by conduct.
16 Effects Assoc., Inc. v. Cohen, 908 F.2d 555, 558 (9th Cir. 1990). "An implied nonexclusive
17 license has been granted when (1) a person (the licensee) requests the creation of a work, (2) the
18 creator (the licensor) makes that particular work and delivers it to the licensee who requested it,
19 and (3) the licensor intends that the licensee-requestor copy and distribute his work." I.A.E., Inc. v.
20 Shaver, 74 F.3d 768, 776 (7th Cir. 1996) (citing Effects Assoc., 908 F.2d at 558-59). This
21 definition is widely accepted. E.g., Kennedy v. Nat'l Juvenile Detention Ass'n, 187 F.3d 690, 694
22 (7th Cir. 1999); Lulirama Ltd. v. Axxess Broadcast Servs., Inc., 128 F.3d 872, 879 (5th Cir. 1997).
23 "An implied license requires more than a general intent of the author regarding the disposition of
24 his work. As with any other license, the terms – including the identity of the licensee – should be
25 reasonably clear." David Nimmer, Nimmer on Copyright § 10.03[A][7] [hereinafter "Nimmer on
26 Copyright"]; Worldwide Church of God v. Philadelphia Church of God, Inc., 227 F.3d 1110, 1114-
27 15 (9th Cir. 2000).

28 Here, there is no evidence that Katzer nor any KAMIND Associates, Inc. employee

1 contacted Jacobsen to request creation of the Decoder Definition Files. Jacobsen Decl. at ¶¶ 9-10.
2 Jacobsen and the JMRI open source group did not make the Decoder Definition Files for
3 Defendants. Id. Mr. Jacobsen did not specifically intend Katzer or KAMIND Associates, Inc. to
4 distribute the Decoder Definition Files. Id. Thus, Mr. Jacobsen did not grant a license to
5 Defendants.

6 The I.A.E. Court also held that consent in the form of mere permission or lack of objection
7 is also equivalent to an implied nonexclusive license. I.A.E., 74 F.3d at 775. Neither Katzer nor
8 any KAMIND Associates, Inc. employee sought or received permission from Jacobsen to make
9 derivative works from the Decoder Definition Files. Jacobsen Decl. at ¶¶ 9-10. Neither Katzer nor
10 any KAMIND Associates, Inc. employee told Jacobsen that they were using the Decoder
11 Definition Files to create decoder templates, so that he could object to that use. Id. In fact,
12 Defendants cannot argue that they had permission because they had to know that using the Decoder
13 Definition Files as they did would be highly objectionable to Jacobsen and others at JMRI.

14 In addition, by their actions, Defendants rejected the terms of the license, so they cannot
15 raise it as a defense. “If a would-be licensee repudiates the only license offered, it’s reasonable for
16 the licensor to believe that someone who holds such a view does not intend to be bound by, agree
17 to, accept, or benefit from such a license.” Brian W. Carver, Share and Share Alike: Understanding
18 and Enforcing Open Source and Free Software Licenses, 20 Berkeley Tech. L. J. 443, 479 (2005).
19 In other words, Katzer refused the only license terms offered, yet he copied, distributed and made
20 derivative works from the code. This makes him an infringer. Id. at 481; see Lawrence Rosen,
21 Open Source Licensing: Software Freedom and Intellectual Property Law 53 (2005).

22 5. Even if Defendants Had a License, They Knew It Had Been Revoked

23 Even if the Court finds that Defendants initially had permission to use the files per the
24 license, that permission was revoked. A license unsupported by consideration may be revoked.
25 Nimmer on Copyright § 10.02[B][5]; Avtec Sys., Inc. v. Peiffer, 21 F.3d 568, 574 n.12 (4th Cir.
26 1994). Here, Katzer learned that Jacobsen was investigating Defendants’ products, and knew he
27 had been caught stealing the copyrighted materials. See Supp. J. Decl. at ¶ 11. Katzer quickly
28 removed nearly all infringing derivative works from his Decoder Commander product, but still

1 made the tool available, and issued a new version of his product. Katzer Decl. at ¶¶ 21-23; Supp J.
2 Decl. at ¶¶ 14-18. Katzer thus knew the permission, if it is ever existed, had been revoked. After
3 Jacobsen filed the Amended Complaint, charging Katzer with copyright infringement, there is no
4 question that Katzer knew permission had been revoked. Once permission has been revoked,
5 continued usage makes the user an infringer. I.A.E., Inc. v. Shaver, 74 F.3d 768, 775 & n.10 (7th
6 Cir. 1996). Katzer continued to infringe.

7 6. No Contract Exists that Defendants Can Rely Upon

8 Defendants argue they had a contract. All cases they rely upon to argue that their theft of
9 the Decoder Definition Files is really a state law breach of contract action – all involve contracts.
10 Sun Microsystems, Inc. v. Microsoft Corp., 188 F.3d 1115 (9th Cir. 1999) (negotiated contract);
11 Polar Bear Prods., Inc. v. Timex Corp., 384 F.3d 700 (9th Cir. 2004) (negotiated contract); ProCD,
12 Inc. v. Zeidenberg, 86 F.3d 1447, 1450-53 (7th Cir. 1996) (shrink-wrap license is a contract);
13 S.O.S., Inc. v. Payday, Inc., 886 F.2d 1081 (9th Cir. 1989) (negotiated contract). However,
14 Defendants don't have any contract. They never negotiated with Jacobsen for use of the Decoder
15 Definition Files. A click-through or shrink-wrap license may form a contract. ProCD, Inc. v.
16 Zeidenberg, 86 F.3d 1447, 1450-53 (7th Cir. 1996); see also Wall Data Inc. v. Los Angeles
17 Sheriff's Dept., 447 F.3d 769, 786 (9th Cir. 2006). But here, there was no shrink-wrap license or
18 click-through license for anyone to see and accept. Supp. J. Decl. at ¶¶ 2-4. Here, Jacobsen puts
19 the Decoder Definition Files for others to download. Supp. J. Decl. at ¶ 2. Users go to "mirror"
20 site for the download, save the download to their hard drives, click on the executable once it
21 downloads, and then the download installs. Supp. J. Decl. at ¶¶ 3-4.

22 Aside from no evidence of Defendants' acceptance, there is no evidence they paid
23 consideration, a necessary element of a contract. Cal. Civ. § 1550. Even if a contract was formed
24 between Mr. Jacobsen and Defendants, it would be voidable because of unilateral mistake on Mr.
25 Jacobsen's part caused by Defendants, Donovan v. RRL Corp., 26 Cal. 4th 261, 280 (2001), or
26 misrepresentation by Defendants, Cal. Civ. § 1689. Any contract that could be formed between
27 consumers downloading the Decoder Definition Files and Mr. Jacobsen would be voidable because
28 of mutual mistake, Guthrie v. Times-Mirror Co., 51 Cal. App. 3d 879, 884 (Ct. App. 1974). It

1 would also fail because there was no meeting of the minds, Beard v. Goodrich, 110 Cal. App. 4th
2 1031, 1049 (Ct. App. 2003); Cal. Civ. § 1580. Consumers would believe the performance which
3 they offered through use of the software tool meets the license requirements, but it does not.

4 Even if Defendants can show that they obtained a nonexclusive license, their license was
5 rescinded due to their own willful, material breach of the license terms. Rano v. Sipo Press, Inc.,
6 987 F.2d 580, 586 (9th Cir. 1993). “A breach of a licensing agreement will justify rescission of a
7 licensing agreement only when it is of so material and substantial a nature that it affects the very
8 essence of the contract and serves to defeat the object of the parties. The breach must constitute a
9 total failure in the performance of the contract.” Id. (quotations and citations removed). The
10 bargain in open source licensing is that the terms of the licensing agreement be followed. Given
11 Katzer’s complete failure to acknowledge the source of “his” files – JMRI – rescission is
12 warranted, and thus Katzer and KAMIND Associates, Inc. are liable for copyright infringement.
13 And Katzer learned of this rescission – he suddenly changed his products to remove nearly all the
14 infringing files. But he continues to infringe and encourages others to infringe. Thus, the
15 copyright claim may stand.

16 7. Plaintiff Did Not Waive His Right to Sue in Copyright

17 Relying primarily on the Sun Microsystems case, Defendants argue that Plaintiff has
18 waived his right to sue anyone because he “gives his software away freely” – that by making the
19 files available on the web, Plaintiff has lost his right to enforce any license, contract or copyright in
20 them. If Defendants prevail in this argument, this would leave open source groups – in particular,
21 fledgling groups like the JMRI Project – naked, without the power to protect their intellectual
22 property from infringers like Defendants. Plaintiff made the software available free of cost, but not
23 free from restrictions. Supp. J. Decl. Ex. A. And Defendants misstated Sun Microsystems. It
24 states that a copyright holder waives his right to sue for copyright for conduct within the scope of
25 the license. 188 F.3d at 1121. Defendants also failed to acknowledge the Ninth Circuit
26 requirement that licenses be narrowly construed to protect the copyright holder, as noted earlier.
27 S.O.S., Inc v. Payday, Inc., 886 F.2d 1081, 1088, (9th Cir. 1989). To strip the author/assignee of
28 copyright rights would fly in the face of the long-accepted federal policy to protect the copyright

1 holder, as acknowledged by the S.O.S. Court. For these reasons, Defendants' argument must fail.

2 Because Defendants cannot show they had a bare license, an implied nonexclusive license
3 or a contract, Plaintiff's cause of action lies in copyright. Since Plaintiff has shown that he is the
4 owner/author of a registered copyright and Defendants engaged in unauthorized use of the Decoder
5 Definition Files in violation of Plaintiff's exclusive rights under the Copyright Act, Plaintiff has
6 shown a likelihood of success on the merits.

7 **E. Voluntary Cessation Does Not Make Motion for Preliminary Injunction Moot**

8 Once Plaintiff shows Defendants have engaged in unlawful activity, Plaintiff may seek an
9 injunction. Plaintiff may still obtain a preliminary injunction to enjoin Defendants' unlawful
10 activities even if, as Defendants claim, Defendants have stopped their infringing activities. Federal
11 Trade Commission v. Affordable Media, LLC, 170 F.3d 1228, 1237-38 (9th Cir. 1999); see also
12 United States v. W.T. Grant Co., 345 U.S. 629, 632 (1953); LGS Architects, Inc. v. Concordia
13 Homes of Nev., 434 F.3d 1150, 1153-54 (9th Cir. 2006), Lucini Italia Co. v. Grappolini, 288 F.3d
14 1035, 1038-39 (7th Cir. 2002). Once shown Plaintiff is entitled to injunctive relief, the only way
15 Defendants can defeat the motion through voluntary cessation is to prove that "there is no
16 reasonable expectation that the wrong will be repeated." W.T. Grant, 345 U.S. at 633. "The
17 burden is a heavy one." Id. First, Defendants cannot show they have voluntarily ceased their
18 unlawful activities, or encouragement of others to commit unlawful activities. Second, even if they
19 had shown their unlawful activities had ceased, a preliminary injunction is still appropriate because
20 Defendants have not met the heavy burden the law requires them to show that there is no
21 reasonable expectation the unlawful activities will be repeated. If they are not enjoined, "[t]he
22 defendant is free to return to his old ways." Id. at 632.

23 Defendants cannot show they have voluntarily ceased their activities, or encouragement of
24 others to commit unlawful activities. In his declaration, Mr. Katzer states he has issued a new
25 version of his product CD, and that it has a database including manufacturer specification "data"
26 not based on JMRI materials.³ Mr. Katzer stated that he has sent copies of new version 307
27 product CD to his registered users, Katzer Decl. at ¶¶ 31, which would include Mr. Jacobsen, as

28 ³ As noted in the Evidentiary Objections, Plaintiff objects to this testimony on the basis of the best evidence rule.

1 Mr. Katzer had sent one such CD – version 306 – directly to Mr. Jacobsen in late September 2006.
2 Supp. J. Dec. at ¶¶ 24. Mr. Jacobsen received his 307 CD two days before the deadline to file this
3 Reply memorandum – and it doesn’t work. *Id.* at ¶ 26. Thus, to the extent that it is relevant, there
4 is no way to confirm whether Defendants have in fact voluntarily ended their unlawful activities.
5 Furthermore, the software tool has been available for a much longer period than Mr. Katzer asserts.
6 Alex Shepard obtained the tool from the website in early June 2006, and Mr. Jacobsen obtained the
7 same tool in late August 2006. Shepherd Decl. at ¶¶ 1-5; Supp. J. Decl. at ¶ 18. Additionally,
8 Defendants encourage others to use the JMRI templates. In their documentation, Defendants direct
9 consumers to go to JMRI’s website to download the JMRI templates and convert them for use with
10 KAM products. Supp. J. Decl. at ¶ 14. This is still available on their website, and on their
11 vendors’ websites. *Id.* at ¶¶ 30-33. Moreover, Defendants’ manuals showing copyrighted JMRI
12 files are on Defendants’ website. *Id.* at ¶¶ 27-29. “It is the duty of the courts to beware of efforts
13 to defeat injunctive relief by protestations of repentance and reform, especially when abandonment
14 seems timed to anticipate suit, and there is probability of resumption.” *W.T. Grant*, 345 U.S. at
15 632 n.5 (citation omitted). Defendants have protested repentance and reform, but they haven’t
16 changed. The new version was clearly timed to avoid the preliminary injunction. Thus, any
17 voluntary cessation should not be a factor in determining whether to grant Plaintiff’s motion.

18 Second, Defendants still have to meet the heavy burden the law requires to show that they
19 would not resume their unlawful activities. In order to overcome that burden, Defendants have to
20 make it “absolutely clear that that the allegedly wrongful behavior could not reasonably be
21 expected to recur.” *LGS Architects*, 434 F.3d at 1153-54 (citation and quotation omitted).
22 However, Defendants have admitted they are continuing to permit unlawful activities and will
23 through at least March 2007.⁴ Furthermore, Defendants have not produced a working copy of their
24 product CD or database or offered any proof – other than Mr. Katzer’s conclusory statement – that
25 the information they are now using did not come from JMRI. In order to raise a defense of
26 independent creation, Defendants have to prove they got the material from another source. All that

27 _____
28 ⁴ Plaintiff is assuming that there are a couple of typographical errors in Mr. Katzer’s declaration, at paragraphs 25 and 28, such that the activity is to cease in 2007, not 2006 as stated.

