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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

ROBERT JACOBSEN, an individual,

Plaintiff,

vs.

MATTHEW KATZER, an individual, and
KAMIND ASSOCIATES, INC., an Oregon
corporation dba KAM Industries,

Defendants.

Case Number C06-1905-JSW

Hearing Date: March 14, 2008
Hearing Time: 9:00am
Place: Ct. 2, Floor 17

Hon. Jeffrey S. White

**DEFENDANTS MATTHEW
KATZER AND KAMIND
ASSOCIATES, INC.'S REPLY TO
PLAINTIFF'S OPPOSITION TO
DEFENDANTS' MOTION TO
DISMISS AND MOTION TO
STRIKE**

I. Plaintiff is not entitled to statutory damages and attorney fees under 17 U.S.C. §§504,505

Contrary to Plaintiff's assertion, Defendants have never "admitted" they commenced copyright infringement in 2005. This is not relevant to the issue in any event. For purposes of the motion to strike, the issue is the date of the alleged infringement and whether the allegedly infringing act commenced prior to registration. Plaintiff has always maintained, and continues to maintain, that the allegedly "infringing act" (copying of the Decoder Definition Files) occurred in 2004 and that Defendants began distributing their software with the allegedly copyrighted information sometime in June 2005. *See* Plaintiff's Opposition to Defendants' Motion to Dismiss and Motion to Strike (Opposition) at 2; Amended Complaint, ¶¶ 271, 292-306, 310, 317. Defendants do not dispute these dates, rather Defendants dispute that the acts that occurred on these dates constitute copyright infringement. "Minute parsing" is thus not required to determine when the alleged infringement commenced, it is a stipulated fact.

Plaintiff's only argument in his Opposition is that the last 2 registrations (registered well over a year into this litigation) include "separate works" distinct from the original Decoder Definition Files since they allegedly contain "never before published Decoder Definition files." Opposition at 15. Plaintiff's Amended Complaint, however, fails to make this distinction and seeks statutory damages for all versions of the Decoder Definition files. *See* Amended Complaint, ¶ 473.

Be that as it may, Plaintiff is not entitled to seek statutory damages or attorney fees under 17 U.S.C. §§ 504, 505 for any version of the Decoder Definition files. The latest 2 registrations do not give rise to "new" and "separate" copyright liability. Numerous courts have held that it is the first act of infringement in a series of ongoing separate infringements that "commences infringement" under Section 412(b) of the Copyright Act. *See Mason v. Montgomery Data, Inc.*, 741 F. Supp. 1282, 1286 (S.D. Tex. 1990), *rev'd on other grounds*, 967 F.2d 135 (5th Cir. Tex. 1992); *Parfums Givenchy v. C&C B Beauty Sales*, 832 F. Supp 1378, 1393 (C.D. Cal 1993); *Singh v. Famous Overseas, Inc.*, 680 F. Supp. 533, 535-36 (E.D.N.Y. 1988); *Whelan Assocs.*,

1 *Inc. v. Jaslow Dental Lab., Inc.*, 609 F. Supp. 1325, 1331 (E.D. Pa.), *aff'd on other grounds*, 797
2 F.2d 1222 (3d Cir. 1986), *cert. denied*, 479 U.S. 1031, 93 L. Ed. 2d 831, 107 S. Ct. 877 (1987);
3 *Johnson v. University of Virginia*, 606 F. Supp. 321, 324-25 (D. Va. 1985). “A ‘new’ or
4 ‘separate’ basis for an award of statutory damages is created...only where there is a difference
5 between pre- and post-registration infringing activities.” *Mason*, 741 F.Supp. at 1285. Here, the
6 activity Plaintiff complains of has remained the same before and after registration of the latest 2
7 versions-the activity of allegedly illegally copying the Decoder Definition files using the
8 “infringing tool” and distributing those files with Defendants’ software package. See Amended
9 Complaint, ¶¶339-354.

10 Thus, Defendants continued sales of their Decoder Commander software today (even if
11 they included the last versions of the Decoder Definition files which they do not) are not discrete
12 acts of new infringement. Rather, should Defendant be liable for copyright infringement, the
13 sale of this software merely multiplies damages attributable to the original allegedly infringing
14 act. See *Robert R. Jones Assoc., Inc. v. Nino Homes*, 858 F.2d 274, 281 (6th Cir. 1988) (holding
15 that the copying of copyrighted architectural plans was the “infringing act” and the subsequent
16 construction of the houses according to these infringing copies “merely multiplied the damages
17 attributable to the infringing act”).

18 Alternatively, as discussed below, Plaintiff has waived his rights in copyright and is not
19 entitled to seek any recovery under the Copyright Act. Therefore, for both of these reasons,
20 Plaintiff is not entitled to statutory damages and attorney fees under the Copyright Act.

21 **II. Plaintiff’s DMCA Count fails to state a claim**

22 **A. Plaintiff’s information is not copyright management information**

23 As a housekeeping matter, it is important to correct some of Plaintiff’s
24 misrepresentations. Contrary to Plaintiff’s assertion, Defendants do cite the *McClatchey* case in
25 their Motion and address this case below. Defendants’ Motion to Dismiss and Motion to Strike
26 (Motion) at 4, n.1. As for *Photo Resources Hawai’i*, as Plaintiff points out, this case was

1 resolved by way of default judgment and contains no analysis of the Copyright Management
2 Information (CMI) issue. More importantly, however, Plaintiff's citation is to a non-final
3 Findings and Recommendation by a magistrate judge. An article three judge has not yet adopted
4 this Findings and Recommendation at this time.

5 The *McClatchey* case does support Plaintiff's contention that CMI should be interpreted
6 more broadly than the holding in *IQ Group*. However, the Court's order resolves a motion for
7 summary judgment and does not contain an in-depth analysis of CMI. The issue in *McClatchey*
8 was whether a non-digital copyright notice on a picture could be CMI when viewed in the light
9 most favorable to the Plaintiff. The Court acknowledged the holding in *IQ Group* and concluded
10 that using a software program to insert the notice on the picture constituted an "automated
11 copyright protection or management system." *McClatchey v. The Associated Press*, 2007 U.S.
12 Dist. LEXIS 17768 at *15 (W.D. Pa 2007). Notwithstanding *McClatchey* and Plaintiff's
13 contention that the road leading to the adoption of Section 1202 is paved with interested parties
14 who argued for broad interpretation of CMI, this Court should adopt the *IQ Group*'s well-
15 reasoned holding that protected CMI is limited to copyright material that is protected by a
16 technological device or process as the Central District of California has done.

17 Finally, contrary to Plaintiff's assertion, if this Court adopts the *IQ Group* reasoning,
18 Plaintiff's CMI is not protected. Whether Defendant's software has anti-circumvention
19 technology is irrelevant, the issue is whether Plaintiff's copyright information is protected by a
20 technological device and as Plaintiff appears to concede, it is not. Opposition at 5. Therefore,
21 Plaintiff's DMCA claim should be dismissed without leave to amend.

22 **B. Plaintiff has waived his Copyright Rights**

23 Plaintiff asks this Court not to rule on the issue of copyright infringement for numerous
24 irrelevant and nonsensical reasons. First, Plaintiff alleges that Defendants "appear to admit they
25 commenced" copyright infringement. Opposition at 3, 12. Defendants are at a loss why this
26 "appears" to be the case in Plaintiff's eyes. Defendants do not admit to any copyright

1 infringement. Second, Plaintiff opines, without support, that this Court “may lack jurisdiction”
2 to decide whether Plaintiff’s claim correctly sounds in copyright. Defendants can think of no
3 reason why this Court would lack jurisdiction to hear Plaintiff’s claim. And, in fact, this Court
4 has already found, the failure to credit the JMRI project with the copyright on the decoder
5 definition files, does not give rise to copyright infringement. Order Granting Defendants’
6 Motion to Dismiss, Etc. [Dkt.# 158] at 9-11. Finally, Plaintiff argues that extrinsic evidence is
7 needed to resolve this issue (however, Plaintiff has attached both the Artistic License and the
8 GPL License to his Opposition). Defendants assert that Plaintiff has waived his copyright rights
9 as a matter of law. This Court’s previous finding that Plaintiff has waived his copyright rights
10 serves to bar Plaintiff’s Digital Millennium Copyright Act Claim. While decisions on
11 preliminary injunctions are not binding and do not constitute the “law of the case,” this Court’s
12 findings and conclusions are sound and should be reaffirmed here. *Golden State Transit Corp. v.*
13 *City of Los Angeles*, 754 F.2d 830, 832 n.3 (9th Cir. 1985), *rev'd on other grounds*, 475 U.S. 608,
14 89 L. Ed. 2d 616, 106 S. Ct. 1395 (1986).

15 This Court has previously found that (1) the license governing the Decoder Definition
16 files is unlimited in scope and (2) that a breach of any term of the license, while possibly creating
17 a breach of contract cause of action, does not create liability for copyright where it otherwise
18 would not exist. Order Granting Defendants’ Motion to Dismiss, Etc. [Dkt.# 158] at 11. This
19 finding is sound.

20 As an initial matter, copyright law, as it is presently written, does not recognize a cause
21 of action for non-economic attribution rights. *Gilliam v. American Broadcasting Cos.*, 538 F.2d
22 14, 24 (2nd Cir. 1976) (“American copyright law, as presently written, does not recognize moral
23 rights or provide a cause of action for their violation, since the law seeks to vindicate the
24 economic, rather than the personal rights of authors.”). Failure to credit the JMRI project with
25 the copyright on the Decoder Definition files, does not give rise to copyright infringement.
26 *Graham v. James*, 144 F.3d 229, 236 (2nd Cir. 1998). (“According to Nimmer, ‘the general

1 prevailing view in this country under copyright law has been that an author who seeks or licenses
2 her work does not have an inherent right to be credited as author of the work. In line with that
3 general rule, it has been held not to infringe an author's copyright for one who is licensed to
4 reproduce the work to omit the author's name.' 3 Nimmer on Copyright, § 8D.03[A][1], at 8D-
5 32."). Copyright law does not contain the relief Plaintiff seeks.

6 It is important to note that Plaintiff has mischaracterized the burden of persuasion in this
7 matter by characterizing Defendants' position as a "defense." See Opposition at 1, 13.
8 Possession of a license by an accused infringer has traditionally been characterized as a matter of
9 affirmative defense. See, e.g. Nimmer on Copyright § 13.01. However, in cases involving this
10 "defense of license," the issue is always whether a license exists to protect the accused infringer.
11 See, e.g. *CMS Software Design Sys., Inc. v. Info Designs, Inc.*, 785 F.2d 1246, 1247 (5th Cir.
12 1986). Since in such cases the evidence of a license is readily available to the alleged licensee, it
13 makes sense to put the burden of coming forward with the license on the licensee. See *Bourne v.*
14 *Walt Disney Co.*, 68 F.3d 621, 631 (2nd Cir. 1995) (citing *United States v. Larracuenta*, 952 F.2d
15 672, 674 (2nd Cir. 1992)). Here, however, there is no dispute as to the existence of the Artistic
16 License. This Court has found that the Decoder Definition Files are subject to the Artistic
17 License. Order Granting Defendants' Motion to Dismiss Etc. [Dkt.# 158] at 9-10. Plaintiff
18 attempts to complicate matters by asserting that the Decoder Definition files are now covered by
19 a different license, the GPL. Opposition at 12. As discussed above, however, the Artistic
20 License is the only relevant license because that was the license in effect when the allegedly
21 infringing activity occurred. In any event, the existence of a license is not contested by either
22 party.

23 Where the *existence* of the license is not questioned, the issue becomes the *scope* of the
24 license. In cases where only the scope of the license is at issue, Plaintiff, as the copyright owner,
25 bears the burden of proving that Defendants' allegedly infringing acts were not authorized under
26

1 the license. *Bourne* 68 F.3d at 631; *S.O.S. Inc. v. Payday, Inc.*, 886 F.2d 1081, 1085 (9th Cir.
2 1989); *Netbula, LLC, v. Bindview Dev. Corp.*, 516 F.Supp.2d 1137, 1151 (N.D. Cal. 2007).

3 Notwithstanding Plaintiff's confused, rambling and not particularly lucid discussion of
4 unilateral contracts, bilateral contracts, implied licenses and "bare" licenses in his Opposition
5 papers, the issue at hand is fairly simple. The issue is whether Defendants took pursuant to a
6 license. A copyright owner who grants a nonexclusive license to use his copyrighted material
7 waives his right to sue the licensee for copyright infringement and can only sue for breach of
8 contract. *Sun Microsystems, Inc. v. Microsoft Corp.*, 188 F.3d 1115, 1121-1122 (9th Cir. 1999)
9 (*citing Graham v. James*, 144 F.3d 229, 236 (2nd Cir. 1998)). However, if a license is limited in
10 scope, and the licensee acts outside the scope of the license, the licensor can bring an action for
11 copyright infringement. *Id.*

12 This Court has previously found that the license is unambiguously unlimited in scope.
13 Order Granting Defendants' Motion to Dismiss, Etc. [Dkt.# 158] at 11. A court may interpret a
14 copyright license as a matter of law when the language of the license is unambiguous. *Allman v.*
15 *Capricorn Records*, 42 Fed. Appx. 82, 84 (9th Cir. 2002). A person exceeds the scope of a license
16 if that person exceeds the *specific purpose* for which the permission was granted. *Gilliam v.*
17 *American Broadcasting Cos.*, 538 F.2d 14, 20-21 (2nd Cir. 1976) (emphasis added). Courts have
18 recognized scope limitations in licenses involving materials subject to time and media-based
19 constraints. *See, e.g. id.*; *Jarvis v. K2 Inc.*, 486 F.3d 526, 539 (9th Cir. 2007) (photographic
20 images could not be used after a certain time period pursuant to the contract language); *Bartsch*
21 *v. Metro-Goldwyn-Mayer, Inc.*, 391 F.2d 150 (2nd Cir. 1968) *cert. denied*, 393 U.S. 826, 21 L.
22 Ed. 2d 96, 89 S. Ct. 86 (1968) (motion picture rights to a musical play also entitled telecasting of
23 the play); *G. Ricordi & Co. v. Paramount Pictures Inc.*, 189 F.2d 469 (2d Cir.), *cert. denied*, 342
24 U.S. 849, 96 L. Ed. 641, 72 S. Ct. 77 (1951) (rights to make a movie expired when the term of
25 the copyright exclusive right in the play expired); *Greenfield v. Twin Vision Graphics, Inc.*, 268

1 F.Supp.2d 358, 382-384 (D. N.J. 2003) (use of copyrighted photographs after expiration of
2 license constituted infringement).

3 Here, however, Plaintiff has not retained any underlying copyright to the Decoder
4 Definition files and at no time or under any circumstance do the exclusive copyright rights revert
5 back to Plaintiff. See Exhibit A to Opposition; Amended Complaint at ¶¶ 2, 249-254.
6 Therefore, this Court correctly found that the license is unlimited in scope. Where, as here, a
7 copyright holder does not retain any copyright rights to the work, Courts have held that:

8 It is elementary that a lawful owner of a copyright is incapable of infringing a copyright
9 interest that is owned by him. Hence, an exclusive licensee of any of the rights
10 comprised in the copyright, though it is capable of breaching the contractual obligations
11 imposed on it by the license, cannot be liable for infringing the copyright rights
conveyed to it.

12 *United States Naval Institute v. Charter Communications, Inc.*, 936 F.2d 692, 695 (2nd Cir.
13 1991). In *United States Naval Institute*, the Naval Institute alleged that the defendant had issued
14 paperback editions of the Hunt for Red October before the agreed upon date. *Id.* The contract
15 between the Naval Institute and defendant was executed on September 14, 1984 and one of the
16 terms prohibited the defendant from publishing the paperback edition prior to October 1985. *Id.*
17 at 692. The Court held that the exclusive license began on September 14, 1984 and that any
18 premature publishing by the defendant took place after that date and was, consequently, a breach
19 of a covenant but not copyright infringement. *Id.* at 695. Similarly, here, Plaintiff conveyed all
20 of his copyright rights into the public domain. Then, subsequent to the transfer of all rights,
21 Plaintiff's Artistic License attempts to put restrictions on the distribution of derivative works of
22 the Decoder Definition files. While these restrictions are contractual obligations imposed by the
23 license, they do not limit or affect the unconditional conveyance of Plaintiff's copyright rights.
24 See *id.*; see also *Considine v. Penguin, U.S.A.*, 24 U.S.P.Q.2D (BNA) U.S. Dist. LEXIS 10570
25 (S.D. N.Y. 1992) (holding that a phrase limiting a publisher's use of first serial rights is a
26 covenant and not a condition on the granting of an exclusive license since the license was

1 previously granted unconditionally). Since Plaintiff did not retain any underlying copyright,
2 Plaintiff has waived his right to sue in copyright and can therefore not make out a claim for a
3 DMCA violation. Plaintiff's DMCA claim should be dismissed without leave to amend.

4 **III. Plaintiff's breach of contract action fails to state a claim**

5 In his breach of contract claim, the plaintiff seeks "rescission, and disgorgement of the
6 value he conferred on Defendants, plus interest and cost." While it is conceivable that plaintiff
7 has the right to nominal damages under Cal Civ Code § 3360, the plaintiff has not pleaded such a
8 claim and seeks disgorgement damages not permissible under California law for breach of
9 contract. Under California law, the proper measure of damages for breach of contract is one that
10 will compensate the party not in breach "for all the detriment proximately caused thereby, or
11 which, in the ordinary course of things, would be likely to result therefrom." Cal Civ Code §
12 3300. Accordingly, it is essential that a causal connection between the breach and the damages
13 sought exists. 1 Witkin, Summary 10th (2005) Contracts, § 870, p. 956. Here, the plaintiff has
14 failed to plead the requisite casual connection between the breach and his claim for disgorgement
15 and has not pleaded any detriment for which compensation is due. Although the plaintiff has
16 plead a general unspecified "harm," the plaintiff has not linked, and cannot link, that harm to the
17 value, if any, conferred to the defendants. Because the plaintiff has not pleaded nominal
18 damages, or damages recoverable under California law, the plaintiff's breach of contract claim
19 should be dismissed.

20 **IV. Conclusion**

21 Based on the above, Defendants respectfully request that Counts Five and Six of the
22 Amended Complaint be dismissed without leave to amend. Defendants also request that
23 Plaintiff's request for statutory damages and attorney fees pursuant to 17 U.S.C. §§ 504, 505 be
24 stricken from the Amended Complaint.

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3 Dated January 25, 2008.

4 Respectfully submitted,

5 _____ /s/ Scott Jerger

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CERTIFICATE OF SERVICE

I certify that on January 25, 2008, I served Matthew Katzer's and KAM's Reply to Plaintiff's Opposition to Defendants Motion to Dismiss, Motion to Strike and Supporting Memorandum on the following parties through their attorneys via the Court's ECF filing system:

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