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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
**OPPOSITION TO DEFENDANTS’
MOTION TO DISMISS AND MOTION
TO STRIKE**
Date: Friday, December 19, 2008
Time: 9:00 a.m.
Courtroom: 2, 17th Floor
Judge: Hon. Jeffrey S. White
Filed Concurrently:
Appendix A
Request for Judicial Notice
Proposed Order

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1 SUMMARY OF ARGUMENT

2 Jacobsen states a claim for his DMCA cause of action. The plain, unambiguous language
3 of the statute shows the information that Defendants removed, altered, and falsified constitutes
4 copyright management information, or CMI. A careful review of the legislative history of Sec.
5 1202 reveals that CMI, including CMI in royalty-free software and shareware similar to open
6 source, is separately protected. While Defendants rely on one lone district court decision, later
7 courts—including one that Defendants claimed “expressly adopted” the ruling—have stepped away
8 from this ruling. However, even under the narrow construction which Defendants propose this
9 Court adopt, Jacobsen still states a claim for relief because his CMI which Defendants falsified, is
10 conveyed through an effective technological protection device as defined by Sec. 1201, as required
11 by Defendants’ narrow construction. Defendants concealed infringement, and knew they induced
12 their dealers and customers to infringe. See Jacobsen v. Katzer, 535 F.3d 1373 (Fed. Cir. 2008).
13 Thus, the Sec. 1202 claim stands.

14 Jacobsen states a claim for breach of contract. To the extent that Defendants’ activities are
15 breach of the contract, Jacobsen suffered the loss of Defendants’ promise to act within the license
16 grant. Even if this breach of this promise is a non-monetary loss, it is still damage just like a
17 breach of a non-compete agreement or arbitration agreement. Thus, the contract claim stands.

18 Because there are questions as to when copyright infringement commenced, it is premature
19 to strike statutory damages or attorneys fees. See Greenfield v. Twin Vision Graphics, Inc., 268 F.
20 Supp. 2d 358, 386 (D.N.J. 2003). The decisions Defendants cite are irrelevant because the courts
21 ruled based on established facts related to the date infringement began, not allegations as here.
22 Also, because the some registrations—which constitute previously unpublished files and
23 modifications—were registered within 3 months of publication, statutory damages and attorneys
24 fees should remain.

25 If the Court dismisses any cause of action, Jacobsen should be permitted to amend his
26 complaint. Very few open source cases have been litigated. Defendants offer no proof of
27 prejudice and can answer at any time, but choose not to. Because of the cutting edge nature of this
28 case, Jacobsen should be given another chance to amend his complaint.

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1 Jacobsen respectfully submits this Opposition in response to Defendants’ Motion to
2 Dismiss and Motion to Strike.

3 **I. STATEMENT OF ISSUES**

- 4 1. Jacobsen included a copyright notice, author name, copyright holder name, and reference to the
5 license terms and conditions in each file. Defendants removed this information and included their
6 own. Is this information “copyright management information”, or CMI, per the statute?
7 2. Does Defendants’ construction of CMI make portions of Sec. 1202 superfluous?
8 3. By violating terms of Jacobsen’s license, did Defendants breach a contract? Did they also breach
9 their contract to provide a year’s worth of updates to Jacobsen when he bought their software?
10 4. Can Jacobsen receive statutory damages and attorneys fees when he registered a work within 3
11 months of publication?
12 5. Can Jacobsen amend his complaint to include facts that would make viable the challenged
13 causes of action?

14 **II. RELEVANT FACTS**

15 **A. DMCA**

16 Jacobsen is the owner and/or assignee of copyrights in JMRI software, including the
17 Decoder Definition files. ¶¶ 248, 254, 255, 259, 262, 268, 269, 312, 320, 336, and 337. Each file
18 included the name of the author and the copyright holder, title, reference to license and where to
19 find the license, and a copyright notice. ¶ 479. Jacobsen uses a software script to automate adding
20 copyright notices and information regarding the license. ¶¶ 267, 480. Jacobsen uploaded the files
21 via the Internet to SourceForge.net, an open source incubator website. Id. Users downloaded the
22 files via the Internet from SourceForge.net. Id.

23 Defendants knew about the license terms. ¶¶ 260-263. Defendants downloaded the files,
24 and removed from the files the names of authors and the copyright holder, title, reference to license
25 and where to find the license, and copyright notice. ¶¶ 271-276. They put their own copyright
26 notice and named themselves as author and copyright owner. ¶¶ 289-291. They re-named the files
27 and referred to their own license. Id. Defendants did not have permission from Jacobsen to make
28 these modifications. ¶ 287. Defendants incorporated these files in their own product, which they

1 sell for \$49-\$249, but do not make freely available. ¶¶ 9, 281. Their product requires a registration
 2 code. See ¶ 9; Request for Judicial Notice at 2. In distributing the files, they intended their re-
 3 sellers to distribute the files, and their customers to copy and modify the files. See ¶¶ 288-289,
 4 319.

5 **B. Motion to Strike**

6 Jacobsen has sought statutory damages for newly added JMRI copyrights, listed in
 7 Appendix A to this motion. Jacobsen states that infringement commenced for v. 0.9 to 1.7.1 by
 8 2005. Defendants had earlier argued that because they had a license, infringement never
 9 commenced. See Defs.’ Mot. to Dismiss & Mot. to Strike at 6. Now, for purposes of the motion to
 10 strike, Defendants appear to admit they commenced infringement prior to registration.

11 **C. Breach of Contract**

12 Jacobsen made an offer to use the Decoder Definition files, with conditions on the use of
 13 those files. ¶ 488. Defendants accepted the offer. ¶ 488. Jacobsen performed his side of the
 14 bargain—he permitted use of the files. ¶ 489. Defendants did not perform their side of the
 15 bargain. They used the files in a manner that was not permitted. ¶ 490. Jacobsen has not received
 16 the benefit of the bargain. See ¶ 490. Because Jacobsen did not receive the benefit of his bargain,
 17 he suffered harm through Defendants’ uses outside the license. ¶ 491.

18 **III. ARGUMENT**

19 **A. DMCA Cause of Action States a Claim on Which Relief Can Be Granted**

20 Because Defendants intentionally removed Jacobsen’s CMI, and because they did so
 21 knowing it would conceal infringement and induce others to infringe Jacobsen’s copyrights,
 22 Jacobsen’s DMCA cause of action states a claim on which relief can be granted. “All allegations
 23 of material fact are taken as true and construed in the light most favorable to plaintiff”. Epstein v.
 24 Wash. Energy Co., 83 F.3d 1136, 1140 (9th Cir. 1996). A court may dismiss a cause of action only
 25 if it is clear that no relief could be granted. Swierkiewicz v. Sorema N.A., 534 U.S. 506, 514
 26 (2002). “The court should be especially reluctant to dismiss on the basis of the pleadings when the
 27 asserted theory of liability is novel ..., since it is important that new legal theories be explored and
 28 assayed in the light of actual facts” Elec. Const. Maint. Co. v. Maeda Pac. Corp., 764 F.2d 619,

1 623 (9th Cir. 1985) (citation omitted). The plain language of the statute, the legislative history, and
2 case law all support that Jacobsen has stated a claim.

3 1. Jacobsen’s Information is Copyright Management Information Protected by Statute

4 As CMI, Jacobsen’s copyright notice, copyright ownership and author information,
5 reference to the license, and titles are protected by the statute. “Where the language is plain and
6 admits of no more than one meaning the duty of interpretation does not arise and the rules which
7 are to aid doubtful meaning need no discussion.” Caminetti v. United States, 242 U.S. 470, 485
8 (1917). “When the statutory ‘language is plain, the sole function of the courts—at least where the
9 disposition required by the text is not absurd—is to enforce it according to its terms.’” Arlington
10 Cent. Sch. Dist. Bd. of Educ. v. Murphy, 548 U.S. 291, 296 (2006) (citation omitted).

11 Section 1202(a) states: “No person shall knowingly and with intent to induce, enable,
12 facilitate, or conceal infringement -- (1) provide copyright management information that is false, or
13 (2) distribute ... copyright management information that is false.” Section 1202(b) states:

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

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

16 (2) distribute ... copyright management information knowing that the copyright
17 management information has been removed or altered without authority of the
18 copyright owner or the law, or

19 (3) distribute ... works, [or] copies of works, ... knowing that copyright
20 management information has been removed or altered without authority of the
21 copyright owner or the law,

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

25 The statute defines copyright management information:

26 As used in this section, the term “copyright management information” means any of
27 the following information conveyed in connection with copies [...], including in
28 digital form, [...]:

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

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

(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.

1 [...] 2

(6) Terms and conditions for use of the work.

3 (7) Identifying numbers or symbols referring to such information or links to such information. 4

17 U.S.C. Sec. 1202(c) (emphasis added)

5 The terms—“the title”, “the name of the author”, “the name of the copyright holder,” 6 “terms and conditions for use of the work”—are unambiguous. Defendants admit, as they must, 7 that these terms come within the plain meaning of the statute, see Defs.’ Mot. to Dismiss & Mot. to 8 Strike at 4, yet they offer a construction that makes parts of the statute superfluous and would lead 9 to absurd results. Legislative history and recent case law favor a broad construction for CMI and 10 show why courts consider the information which Defendants removed, altered, and falsified to be 11 CMI under Section 1202.

12 (a) Legislative History and Treaty History Shows Jacobsen’s CMI is Protected 13 by Statute

14 From the initial federal task force in 1993 to Congress itself in 1998, all understood that 15 CMI conveyed with a copyrighted work like Jacobsen’s deserves protection. The task force 16 charged with updating the nation’s laws and communications infrastructure considered CMI 17 protection to be important for all works made available on the Internet.

18 Copyright management information will serve as a kind of license plate for a work 19 on the information superhighway, from which a user may obtain important 20 information about the work. The accuracy of such information will be crucial to the 21 ability of consumers to find and make authorized uses of copyrighted works on the 22 [National Information Infrastructure [NII]]. Reliable information will also facilitate 23 efficient licensing and reduce transaction costs for licensable uses of copyrighted 24 works (both fee-based and royalty-free).

25 Information Infrastructure Task Force, Intellectual Property and the National Information 26 Infrastructure, The Report of the Working Group on Intellectual Property Rights 235 (1995), 27 available at <http://www.uspto.gov/web/offices/com/doc/ipnii> (last visited Jan. 18, 2008) 28 [hereinafter White Paper] (emphasis added). To protect the public from committing infringement, the task force sought to prohibit false CMI. “The public should be protected from false information about who created the work, who owns rights in it, and what uses may be authorized by the copyright owner.” Id. The task force proposed a bill, which Congress introduced.

1 After Congress held hearings on the task force’s recommendations, work on the proposed
2 statutes came to a halt while the task force’s chairman, PTO Director Bruce Lehman, and others
3 went to Geneva to negotiate the World Intellectual Property Organization (WIPO) Copyright
4 Treaty. At the meeting of the Committee of Experts on a Possible Protocol to the Berne
5 Convention, in Geneva from February 1 to 9, 1996, the United States advocated language taken
6 from the task force’s White Paper. Request for Judicial Notice Ex. A¹ at 2-3. The United States
7 argued that CMI would serve as a license plate for a work as it traveled the Internet. See id. 5, 11.
8 As stated in its earlier White Paper, the United States saw a need to protect CMI, because of the
9 need to protect authors, and to protect the public from unknowingly committing copyright
10 infringement. Id. at 6, 12. “The U.S. proposal prohibits the falsification, alteration or removal of
11 any copyright management information—not just that which is included in or digitally linked to the
12 copyrighted work.” Id. (emphasis added). Jacobsen’s CMI, which is in and digitally linked to
13 JMRI software files, would clearly fall within the definition proposed by the United States during
14 WIPO Treaty negotiations. Thus, a proper interpretation of CMI includes the information that
15 Defendants removed, altered, and falsified.

16 The resulting WIPO treaty and its materials support a broad interpretation for CMI. The
17 treaty “require[d] countries to provide ... two types of technological adjuncts.... These are
18 intended to ensure that rightholders can effectively use technology to protect their rights and to
19 license their works online.” Int’l Bureau of WIPO, The Advantages of Adherence to the WIPO
20 Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT) 3 (2003).
21 The first adjunct was anti-circumvention to protect technological measures that rightholders use to
22 enforce limits on the rights they grant. Id. This became Section 1201.

23 The second type of technological adjuncts safeguards the reliability and integrity of
24 the online marketplace by requiring countries to prohibit the deliberate alteration or
25 deletion of electronic “rights management information”: that is, information which
26 accompanies any protected material, and which identifies the work, its creators,
27 performer, or owner, and the terms and conditions for its use.

28 ¹ Exhibit A contains selected pages from the Committee of Experts meeting. Jacobsen can make
the full set (approx. 100 pages) available to the Court and Defendants, upon request.

1 Id. (emphasis added). Per the treaty,² the “technological adjunct” was that information—copyright
2 management information—in electronic form.

3 At hearings following the White Paper’s publication and during treaty negotiations,
4 witnesses’ testimony reflected that they understood CMI to have broad protection. After the
5 Working Group issued its White Paper in 1995, its chairman, Director Lehman, reiterated the
6 importance of CMI for works available on the Internet. “In the future, the copyright management
7 information associated with a work—such as the name of the copyright holder and the terms and
8 conditions for uses of the work—may be critical to the efficient operation and success of the NII”
9 because it indicates ownership and licensing information. NII Copyright Protection Act of 1995,
10 Joint Hearing before the Subcommittee on Courts and Intellectual Property of the House
11 Committee on the Judiciary and the Senate Committee on the Judiciary, 104th Cong. 38 (1995)
12 (prepared statement of Bruce A. Lehman, Ass’t Sec’y of Commerce and Comm’r of Patents and
13 Trademarks, Patent & Trademark Office). See also id. at 52 (prepared statement of Marybeth
14 Peters, Register of Copyrights) (“We agree with the Working Group that legal protection for ...
15 information [about the author, owner and licensing terms of works] is necessary in order to ensure
16 its accuracy”).

17 Hearings before House and Senate subcommittees the next year show that industry
18 witnesses believed that the proposed statute would provide separate, broad protection for CMI.

19 Copyright management information associated with a work—such as the name of
20 the author or copyright holder and the terms and conditions for use of the work—
21 will serve to promote licensing and reduce liability concerns. The integrity of this
22 information will be important in the NII and [the bill proposing the new statute] is a
23 positive step forward in promoting the development and use of reliable rights
24 management information.

25 NII Copyright Protection Act of 1995 (Part 2), Hearings Before the Subcommittee on Courts and
26 Intellectual Property of the Committee on the Judiciary, House of Representatives, 104th Cong. 30
27 (1996) (prepared statement of Frances W. Preston, president and CEO of Broadcast Music, Inc.)
28 See also id. at 36-37 (statement of Edward M. Murphy, president & CEO, National Music
Publishers Ass’n, Inc.) (CMI must be protected to assist users in identifying public domain

² The relevant section of the treaty is in Exhibit B of the Request for Judicial Notice.

1 materials, facilitating licensing, and fostering compliance with copyright law). Witnesses before a
2 Senate committee also expressed views that the bill gave broad protection for CMI. National
3 Information Infrastructure Copyright Protection Act of 1995, Hearing before the Committee on the
4 Judiciary, United States Senate, 104th Cong. 112-13 (1996) (prepared statement of Garry L.
5 McDaniels, president, Skills Bank Corp on behalf of the Software Publishers Ass’n) (shareware
6 developers use CMI to identify and protect their free software); *id.* at 117 (prepared statement of
7 Frances W. Preston, president & CEO, Broadcast Music, Inc.) (protecting CMI promotes licensing
8 and reduces liability concerns).

9 In 1997 and 1998, Congress held hearings focusing on anticircumvention and liability of
10 online service providers, but witnesses occasionally addressed CMI. Register of Copyrights
11 Marybeth Peters stated:

12 Information must be easily available that identifies the works, their owners, and
13 their licensing terms—and the information must be reliable. If authorization can turn
14 out to be defective because someone changed the name of the copyright owner or
15 misrepresented the material as available for free, consumers will not be willing to
16 rely on the system. It is therefore critical to protect the integrity of the electronic
17 marketplace.

18 WIPO Copyright Treaties Implementation Acts; And Online Copyright Liability Limitation Act,
19 Hearing before the Subcommittee on Courts and Intellectual Property of the Committee on the
20 Judiciary, House of Representatives, 105th Cong. 50 (1997) (prepared statement of Marybeth
21 Peters, Register of Copyrights). Furthermore, Peters stated that the Copyright Office’s analysis
22 found Section 1202 “goes beyond the bare minimum [WIPO Copyright treaty] obligation in several
23 respects, mainly in covering the provision of false information and information not in electronic
24 form. In our view, these extensions are useful and appropriate.” *Id.* at 50-51. Peters recognized
25 that the proposed Section 1202 overlapped and “render[ed] redundant at least some of the
26 provisions of section 506(c)-(d). These sections require careful analysis to determine whether they
27 should be deleted or amended to accommodate the new prohibitions.” *Id.* at 52. However, Peters
28 said, the proposed Section 1202 was needed to meet treaty requirements because it provided
coverage that other existing statutes did not. *Id.* at 50. Bearing in mind the broad interpretation for

1 CMI, and limiting liability for broadcasters³, Congress passed the bill, which became 17 U.S.C.
2 Sec. 1202.

3 (b) Recent Case Law Favors Jacobsen

4 Two recent rulings—McClatchey v. Associated Press, No. 3:05-cv-145, 2007 WL 776103
5 (W.D. Pa. Mar. 9, 2007) and Photo Resource Hawai'i, Inc. v. American Hawai'i Travel Inc., No.
6 07-00134 DAE-LEK, 2007 WL 4373549 (D. Haw. Dec. 12, 2007)—favor a broad interpretation
7 for CMI.

8 In McClatchey, which Defendants cited in a footnote, an AP photographer took a picture of
9 a photo that caught on film the crash of United Flight 93 in a Pennsylvania field on Sept. 11, 2001.
10 Id. at *1. Plaintiff had titled and put a copyright notice on the crash photo. See id. at *2. The
11 photographer cropped this information from his picture, which the AP copied and distributed. Id.
12 The McClatchey Court ruled Plaintiff's title and the copyright notice were CMI as defined by
13 Section 1202. Id. at *5.

14 In Photo Resource, not cited by Defendants, Plaintiff Photo Resource sued American
15 Hawai'i Travel for removing CMI—a copyright notice with the copyright holder's name and the
16 statement "All Rights Reserved"—from its photos and posting the photos on its travel agency
17 website. Id. at *1; see Request for Judicial Notice Ex. C (Exs. B & C, Compl., Photo Res. Haw.,
18 Inc. v. Am. Haw. Travel Inc., No. 07-00134 DAE-LEK (filed D. Haw. Mar. 14, 2007)). After
19 American Hawai'i Travel did not answer, Photo Resource moved for default judgment. Photo
20 Res., 2007 WL 4373549, at *2-*3. Although "any doubts as to the propriety of a default are
21 usually resolved against the party seeking a default judgment", id., the Photo Resource Court found
22 the information which American Hawai'i Travel removed or altered was CMI per the statute,
23

24 ³ The National Association of Broadcasters (NAB) worried that radio and television stations would
25 incur liability under the proposed Section 1202. NII Copyright Protection Act of 1995 (Part 2),
26 Hearings Before the Subcommittee on Courts and Intellectual Property of the Committee on the
27 Judiciary, House of Representatives, 104th Cong. 30 (1996) at 522. The NAB believed that CMI
28 would include information broadcast over the public airwaves that had been removed or altered or
was now incorrect. Id. Agreeing that the bill defined CMI broadly and could cover the situations
that concerned the NAB, Congress specifically exempted radio and television broadcasts in parts of
Section 1202(c), and limited their liability in Section 1202(e).

1 granted default judgment to Photo Resource, and awarded more than \$30,000 in statutory damages
2 and attorneys fees for violating Section 1202. Id. at *3-*5.

3 This Court should adopt the reasoning these Courts used, and find that the information
4 which Defendants removed, altered, and falsified, is CMI per Section 1202.

5 (c) Defendants' Arguments Rely on Case Law that Used Incomplete Analysis

6 Relying mainly on one district court decision, Defendants maintain that CMI can only be
7 that information conveyed when the copyrighted work is protected by a technological device. In
8 that decision, IQ Group, Ltd. v. Wiesner Publishing, LLC, 409 F. Supp. 2d 587 (D.N.J. 2006),
9 Defendants Weisner Publishing had removed a logo and a hyperlink from IQ Group's ads and
10 copied and distributed the ads via email. 409 F. Supp. 2d at 589. The logo was a stylized version
11 of "IQ". Id. Clicking on the hyperlink would direct the user to IQ Group's webpage which IQ
12 Group said contained copyright notices. Id. Defendants moved for summary judgment, which the
13 Court granted on two bases⁴, one of which is relevant here: the Court reasoned Section 1202 was
14 subject to a narrowing interpretation, which required CMI to be conveyed with copyrighted
15 material that was protected by a device or process covered by Section 1201. Id. at 592-93, 596-98.

16 A closer look at the IQ Group ruling reveals its flaws. The IQ Group Court conducted an
17 incomplete review of the legislative history, and relied primarily on scholars' comments⁵ on early
18 drafts of bills that preceded 17 U.S.C. §§ 1201 and 1202. The IQ Group Court did not consider
19 any of the material from the WIPO Committee of Experts meeting. Nowhere does the WIPO
20 Treaty say that electronic rights management information must be conveyed with a technological
21 protection system. The treaty merely described it as a technological adjunct. The IQ Group Court
22

23 ⁴ The other basis—protecting a logo would merge trademark and copyright—was also flawed.
24 Congress intended to protect CMI that identified the copyrighted work, not protect CMI as
25 copyrightable subject matter. Under IQ Group's reasoning, devices could never be protected under
26 Sec. 1201, because they are useful articles whose design cannot be separated from their utilitarian
27 aspects, Brandir Int'l Inc. v Cascade Pac. Lumber Co., 834 F.2d 1142, 1143-44 (2d Cir. 1987), or
28 they could be protected under patent law only, see Baker v. Selden, 101 U.S. 99, 102 (1879).

⁵ The IQ Group Court relied primarily on Prof. Julie Cohen's articles, which were directed toward
one use of CMI—to monitor consumers' reading habits using a device protected under Section
1201. In response to Prof. Cohen's and others' concerns, Congress specifically excluded "any
personally identifying information about a user" in the definition of CMI. See Sec. 1202.

1 did not discuss the WIPO Copyright Treaty in detail, nor did it explain why “electronic rights
2 management information” could not be a technological adjunct by itself. Also in finding a broad
3 reading of the statute would duplicate other statutes’ coverage, the IQ Group Court did not address
4 why Congress, aware of the overlap, did not make changes to the proposed bill, even though
5 Congress knew about duplicate coverage from Register of Copyrights Marybeth Peters. Finally,
6 the IQ Group decision’s statutory construction makes parts of the statute superfluous. The portions
7 specifically added to protect broadcasters become superfluous because CMI transmitted over the
8 public airwaves is not protected by a technological device. Also, statutory language identifying
9 that CMI included information in “digital form” becomes superfluous if, because CMI must be
10 protected by a technological device, the only CMI that falls within the statute must be in digital
11 form. Later courts have recognized these flaws and stepped away from the IQ Group ruling. So
12 should this Court.

13 (d) No Later Courts Have Adopted IQ Group’s Full Interpretation of Statute

14 Three later rulings question the overly narrow statutory construction in the IQ Group
15 decision.

16 In McClatchey v. Associated Press, No. 3:05-cv-145, 2007 WL 776103 (W.D. Pa. Mar. 9,
17 2007), the Court acknowledged the IQ Group ruling, but discounted it. See id. at *5. The
18 McClatchey Court found that its plaintiff’s use of a program to add title and copyright notice
19 constituted a technological measure within IQ Group’s narrow construction. Id. Like the plaintiff
20 in McClatchey, Jacobsen here uses an automated procedure for adding CMI to his works. SAC ¶¶
21 267, 480. Thus, because he uses the same type of automated methods to add CMI, that information
22 falls within the meaning of the statute under the McClatchey Court’s reading of the IQ Group
23 decision. Furthermore, identifying that IQ Group’s construction made terms in the statute
24 superfluous, the McClatchey Court ruled the statute defined CMI broadly. McClatchey, 2007 WL
25 776103, at *5. Under this reading of Sec. 1202, Jacobsen’s information is, without question, CMI.

26 In Photo Resource Hawai’i, Inc. v. American Hawai’i Travel Inc., No. 07-00134 DAE-
27 LEK, 2007 WL 4373549 (D. Haw. Dec. 12, 2007), the Court, although mandated not to enter
28 default judgment unless the copyright holder was so entitled, nevertheless did so without even

1 citing to IQ Group, although IQ Group is the only decision interpreting CMI in the annotated
2 version of the U.S. Code. See 17 U.S.C.A. § 1202 n.1. Thus, Jacobsen’s information qualifies as
3 CMI under Photo Resource.

4 Finally, in Textile Secrets International, Inc. v. Ya-Ya Brand Inc., No. CV 06-6297-PLA,
5 2007 WL 4165437 (C.D. Cal. Oct. 31, 2007), the Court used IQ Group’s reasoning “in general” to
6 enter summary judgment against the copyright holder, but the Court stepped away from completely
7 endorsing the ruling. Textile Secrets involved a dispute over the removal of markings on the
8 selvage—part of fabric that is meant to be cut off—which was on the original, and a tag which
9 contained a copyright notice. See id. at *6 & n.7. Moving for summary judgment, Ya-Ya Brand
10 argued that CMI applied only to information on goods and transactions that take place on the
11 Internet or in the “electronic marketplace”. Id. at *7. In granting summary judgment to Ya-Ya
12 Brand, the Textile Secrets Court stated that it agreed “in general” with IQ Group’s reasoning, id. at
13 *15, but qualified that it was persuaded only to “some extent”, id. at *15 n.18. “Considering the
14 historical context of the DMCA, the Court finds that the Act’s scope was intended to be more
15 limited, in that its purpose was to give an added layer of protection to certain works that were
16 vulnerable to infringement due to advances in modern technology, namely the Internet and
17 electronic commerce.” Id. at *14 n. 17. The Textile Secrets Court stated that it found it
18 unnecessary to define the scope of Section 1202, but that the Court was not persuaded that Section
19 1202 “extends to a copyright notice that is set forth on fabric selvage or a tag, and that can be
20 physically removed.” Id. at 15 n. 18. Thus, in adopting Defendant Ya-Ya Brand’s arguments and
21 stepping away from a complete adoption of IQ Group’s narrow construction, even the Textile
22 Secret decision suggests CMI, like that in Jacobsen’s files here which is uploaded to and
23 downloaded from the Internet, should be protected under Section 1202.

24 (e) Even If the Court Adopts Defendants’ Narrow Construction, Jacobsen’s
25 Claim Stands

26 Assuming that this Court adopts the IQ Group’s narrow construction, Jacobsen’s claim still
27 stands. Defendants provided false CMI in their software—a non-verbatim copy and a derivative
28

1 work of Jacobsen’s work—that was provided via Defendants’ anti-circumvention device.⁶ Thus,
2 Defendants’ false CMI is protected by a technological device, and is CMI as defined by IQ
3 Group’s statutory construction.

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5 The statute’s plain language, its legislative and treaty history, and all later interpretations of
6 the statute—even the IQ Group decision—show that Jacobsen’s CMI is protected by the statute.

7 2. Defendants Concealed Infringement and Intended to Induce and Encourage Infringement

8 In removing the CMI and replacing it with theirs, Defendants concealed their infringement
9 and intended to make it easier for their distributors and their customers to infringe Jacobsen’s
10 copyrighted works.

11 The Artistic License and the GNU General Public License 2.0 (“GPL”) grant restricted
12 licenses to users to copy, modify, and distribute works protected by the licenses. The restrictions
13 limit the scope of the license. Jacobsen v. Katzer, 535 F.3d 1373, 1381 (Fed. Cir. 2008). Despite
14 their defeat in the Federal Circuit, Defendants continue to argue that this Court should construe
15 these license terms as covenants.

16 Whatever arguments that Defendants continue to make relating to their license defense, the
17 terms are conditions which narrow the scope of the license grant. Those terms include keeping the
18 copyright notice, reference to the license, and other identifying information intact. When
19 Defendants removed that information, they concealed their infringement from Jacobsen. They also
20 induced and encouraged others to make non-verbatim copies, which are not permitted by either the
21 Artistic License or GPL.

22 Jacobsen’s DMCA claim stands.

23 **B. Because Defendants Exceeded the Scope of Permitted Use, Contract Claim Stands**

24 Jacobsen’s contract claim stands because an implied-in-fact bilateral agreement exists

25 ⁶ Request for Judicial Notice at 2. Defendants would argue that this CMI does not fall within the
26 meaning of the statute. Their reasoning is that Jacobsen must himself convey false CMI through a
27 Sec. 1201 device. This construction of the statute leads to absurd results. If the copyright holder
28 must provide false CMI for his own work, then he is doing so under his own authority. Under
Defendants’ construction, no one could ever violate Sec. 1202(a). Defendants’ reasoning defeats
the purpose of Sec. 1202(a)—to protect innocent users from committing copyright infringement.

1 between the parties, see Jacobsen, 535 F.3d at 1381, and Defendants breached the agreement.
2 Defendants promised that, if they used the Jacobsen’s material, they would only use it within the
3 license restrictions. Defendants breached that promise. Defendants seek to dismiss Jacobsen’s
4 contract claim because they say Jacobsen did not suffer any monetary damages from their breach.
5 Although it is a non-monetary breach, the breach still results in damages because Jacobsen’s
6 material is being used in a manner that he did not authorize. He suffered detriment. Cal. Civ. §
7 3282. He can seek specific performance as a relief for Defendants’ breach. Id. §§ 3274, 3384
8 (“...specific performance of an obligation may be compelled”). Non-monetary breaches result in
9 breach of contract actions. E.g., Saika v. Gold, 49 Cal. App. 4th 1074, 1081-82 (Cal. App. Ct.
10 1996) (suit to compel arbitration is suit in equity to compel specific performance of a contract);
11 John F. Matull & Assocs., Inc. v. Cloutier, 194 Cal. App. 3d 1049, 1951-52, 1956 (Cal. App. Ct.
12 1987) (breach of non-compete agreement). When monetary damages are difficult to determine,
13 courts will grant equitable remedies such as specific performance, e.g., Matull, 194 Cal. App. 3d at
14 1956, or find injunctions to be appropriate, e.g., Jacobsen v. Katzer, 535 F.3d 1373, 1382 (Fed. Cir.
15 2008). Thus, Jacobsen’s cause of action for breach of contract stands.

16 Furthermore, the case law that Defendants rely upon can be distinguished. In Hawkins v.
17 Oakland Title Insurance and Guaranty Co., 165 Cal. App. 2d 116, 118-23 (Cal. App. Ct. 1958) ,
18 Hawkins sought damages for breach of contract—a title policy to insure against pecuniary loss.
19 The title company did not insure for non-pecuniary loss, and the case turned on this fact. Id. at
20 121. Thus, in Hawkins, monetary damages were central to the outcome of the case. There is no
21 such requirement here. Monetary loss is not required—only breach of contract.

22 In addition, because Jacobsen bought KAMIND software, but Defendants breached their
23 covenant to provide him with a years’ worth of updates, Jacobsen can amend his complaint to
24 include these facts. These facts will also make viable his breach of contract claim.

25 Thus, the Court should deny Defendants’ motion to dismiss the breach of contract claim.

26 **C. Motion to Strike is Premature Because the Time Infringement Began is Unknown**

27 Unless Defendants admit they engaged in copyright infringement on specific dates after
28 publication and before registration, questions exist about when infringement “commenced”. Thus,

1 it is premature to strike relief. The Ninth Circuit has reversed at least one district court which,
2 early in litigation, had stricken relief from the prayer, even though the Ninth Circuit agreed with
3 the district court that the relief appeared to be unavailable to the litigant. Nurse v. United States,
4 226 F.3d 996, 1005 (9th Cir. 2000). This Court should deny Defendants' motion to strike.

5 No case Defendants cited support striking for "alleged infringement". Instead, those courts
6 held that statutory damages were unavailable only when the facts, not allegations, had conclusively
7 shown the date that infringement had commenced, and that infringement began before registration.

8 Section 412 states:

9 no award of statutory damages or of attorney's fees, as provided by sections 504 and
10 505, shall be made for ... any infringement of copyright commenced after first
11 publication of the work and before the effective date of its registration, unless such
12 registration is made within three months after the first publication of the work.

13 17 U.S.C. § 412 (emphasis added). "When the allegation is that defendant exceeded the scope of a
14 license, some exploitation of the copyrighted work might be deemed consensual, whilst other
15 exploitation of the identical work is deemed actionable. Under those circumstances, minute
16 parsing may be required to determine when infringement 'commenced.'" Melville B. Nimmer &
17 David Nimmer, 2 Nimmer on Copyright § 7.16[C][1]; see also Greenfield v. Twin Vision
18 Graphics, Inc., 268 F. Supp. 2d 358, 386 (D.N.J. 2003) (deferring ruling on statutory damages and
19 fees until Court determined when permitted use ended and infringing use began). Thus, it is
20 premature to strike relief.

21 Furthermore, Jacobsen has filed some of the registrations within 3 months of publication.
22 See Appendix A. Statutory damages and attorneys' fees are available for infringement of those
23 works. Also, as discussed in Jacobsen's Motion for Preliminary Injunction [Docket #236], Katzer
24 is using a new entity, RAK Associates, to distribute infringing CDs. This infringement may
25 constitute a new act of infringement, such that infringement has commenced after registration.
26 Again, it is premature to strike relief. Thus, the Court should deny Defendants' motion to strike.

27 **D. If Needed, Leave to Amend Should Be Granted**

28 Open source software lawsuits are cutting edge litigation. Defendants complain of
prejudice, yet offer no proof of it and could answer at any time. As noted earlier, if the Court

1 found the allegations to be deficient, Jacobsen could amend his complaint to include certain facts
2 that would make viable his claims. Leave to amend should be granted, and an Answer should be
3 ordered.

4 **IV. CONCLUSION**

5 For the reasons stated above, Defendants motions should be denied in all respects.

6 Respectfully submitted,

7 DATED: October 10, 2008

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