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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: December 19, 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

Defendants' motion to strike is located at Docket # 192. Plaintiff's Second Amended Complaint seeks statutory damages and attorney fees pursuant to 17 U.S.C. §§ 504, 505 despite the fact that this Court has already granted Defendants' previous motion to strike these same damages in Plaintiff's previous complaint. [Dkt.# 158]. Second Amended Complaint [Dkt.# 191] at ¶¶ 473, 475, Prayer at T.

Contrary to Plaintiff's assertion, Defendants have never "admitted" they commenced copyright infringement in 2005. Opposition to Defendants' Motion to Dismiss and Motion to Strike ("Opposition") at 2 [Dkt.# 240]. 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 infringing act commenced prior to registration. Pursuant to 17 U.S.C. § 412, Plaintiff is not entitled to statutory damages or attorney fees for alleged acts of infringement that occurred prior to copyright 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 or July 2005. *See* Second Amended Complaint, ¶¶ 271, 292-306, 309, 310, 317 (*e.g.* ¶ 309: "Defendant Katzer distributed 10 copies of Decoder Commander on July 6, 2005;" ¶ 310: "Between July 2005 and June 2006, Defendants copied and distributed at least 300 copies of their infringing products."). Plaintiff alleges that he registered the first copyright on the Decoder Definition Files on June 13, 2006. Second Amended Complaint ¶ 317. Defendants do not dispute these dates, rather Defendants dispute that the acts that occurred on these dates constitute copyright infringement. "Minute parsing" (Opposition at 14) is thus not required to determine when the alleged infringement commenced, it is a stipulated fact.

Plaintiff's attempt to create confusion as to the date of the alleged infringement by back-pedaling on the numerous admissions in the complaint is unhelpful and unavailing. Opposition at 14. Plaintiff's allegations are certified to the best information available after reasonable

1 inquiry under the circumstances. Fed. R. Civ. P. 11(b). Defendants are not contesting the dates
2 of these factual allegations; and these factual allegations relating to the alleged commencement
3 of copyright infringement are judicial admissions by Plaintiff. As judicial admissions, these
4 factual allegations *conclusively establish* the date of the first alleged copyright infringement as
5 June or July 2005 for purposes of the motion to strike. *United States v. Adams*, 343 F.3d 1024,
6 1030, fn. 3 (9th Cir. 2003).

7 Plaintiff's citation to *Nurse v. United States*, 226 F.3d 996 (9th Cir. 2000) is inapposite.
8 In *Nurse*, the Ninth Circuit found a motion to strike a plaintiff's attorney fee demand premature
9 since, although not apparent on the present record, it was conceivable that plaintiff could be
10 eligible for fees at the conclusion of the litigation. *Nurse*, 226 F.3d at 1004. Here, Plaintiff is
11 bound by the admissions in his pleading. Under these facts, it is clear that Defendants alleged
12 infringement began approximately one year prior to Plaintiff's first registration. Therefore,
13 Plaintiff is not entitled to statutory damages or attorney fees under 17 U.S.C. §§ 504, 505.

14 Plaintiff's final argument is that Plaintiff filed some of the registrations within "three
15 months of publication" and therefore statutory damages and attorney fees are available for these
16 works. Opposition at 14. Plaintiff's Amended Complaint fails to make this distinction and seeks
17 statutory damages for all versions of the Decoder Definition files. *See* Second Amended
18 Complaint, ¶ 473.

19 Plaintiff is not entitled to seek statutory damages or attorney fees under 17 U.S.C. §§ 504,
20 505 for any version of the Decoder Definition files. Some explanation is needed here. Plaintiff
21 is arguing, implicitly and without explanation, that he is entitled to statutory damages and
22 attorney fees, pursuant to 17 U.S.C. § 412(2) since "registration [was] made within three months
23 after the *first publication of the work.*" (emphasis added).

24 However, the latest registrations do not give rise to "new" and "separate" copyright
25 liability. The issue is whether each new version of the Decoder Definition Files is a "separate
26

1 work” and therefore each new version is a new “publication” or whether all version of the
2 Decoder Definition files constitute one “work” that was published only once in 2002.

3 The Copyright Act does not define “work” but explains that “all the parts of a
4 compilation or derivative work constitute one work.” 17 U.S.C. § 504(c)(1). However, courts
5 and scholars have defined “work” for the purposes of determining damages. The Second Circuit
6 has explained that separate copyrights are not distinct works unless they can “live their own
7 copyright life.” *Robert Stigwood Group, Ltd. v. O’Reilly*, 530 F.2d 1096, 1105 (2nd Cir. 1976).
8 A district court determined that where separate copyrights has no separate economic value, they
9 must be considered part of the same work. *RSO Records, Inc. v. Peri*, 596 F.Supp. 849, 862
10 (S.D.N.Y. 1984). Nimmer has similarly stated that “in order to qualify for a separate minimum
11 award, the work which is the subject of a separate copyright would have to be in itself...viable.”
12 M&D. Nimmer, 3 Nimmer on Copyright, § 14-04[E] at 14-40.13 (1989). After reviewing these
13 sources, the District of Columbia Circuit Court of Appeals held that six Disney copyrights of
14 Minnie and Mickey mouse in various poses are not “separate works.” *Walt Disney Co. v.*
15 *Powell*, 897 F.2d 565, 569 (D.C. Cir. 1990). Rather, while Mickey and Minnie are themselves
16 are certainly distinct, “Mickey is still Mickey whether he is smiling or frowning, running or
17 walking” and therefore the various poses of Mickey are not each “viable works with separate
18 economic value and copyright lives of their own.” *Id.*

19 The same is true for each version of the Decoder Definition Files. Each version of the
20 Decoder Definition Files ostensibly improves on the last with bug fixes, new features, etc., but
21 each version cannot be considered a new “work” since the changes from version to version do
22 not have an independent life, with separate economic value, independent and apart from the
23 original Decoder Definition Files. Therefore, they are all one work, published in 2002, and
24 Plaintiff’s registration of a copyright for each new version of the Decoder Definition Files does
25 not give rise to liability for statutory damages and attorney fees.

1 Lastly, Plaintiff's allegation that Katzer is now using RAK Associates to distribute
2 allegedly infringing CDs does not give rise to liability under Section 504 or 505. Opposition at
3 14. Numerous courts have held that it is the first act of infringement in a series of ongoing
4 separate infringements that "commences infringement" under Section 412(b) of the Copyright
5 Act. See *Mason v. Montgomery Data, Inc.*, 741 F. Supp. 1282, 1286 (S.D. Tex. 1990), *rev'd on*
6 *other grounds*, 967 F.2d 135 (5th Cir. Tex. 1992); *Parfums Givenchy v. C&C B Beauty Sales*,
7 832 F. Supp 1378, 1393 (C.D. Cal 1993); *Singh v. Famous Overseas, Inc.*, 680 F. Supp. 533,
8 535-36 (E.D.N.Y. 1988); *Whelan Assocs., Inc. v. Jaslow Dental Lab., Inc.*, 609 F. Supp. 1325,
9 1331 (E.D. Pa.), *aff'd on other grounds*, 797 F.2d 1222 (3d Cir. 1986), *cert. denied*, 479 U.S.
10 1031, 93 L. Ed. 2d 831, 107 S. Ct. 877 (1987); *Johnson v. University of Virginia*, 606 F. Supp.
11 321, 324-25 (D. Va. 1985). "A 'new' or 'separate' basis for an award of statutory damages is
12 created...only where there is a difference between pre- and post-registration infringing
13 activities." *Mason*, 741 F.Supp. at 1285. Here, the activity Plaintiff complains of has remained
14 the same -the activity of allegedly distributing infringing CDs. See Second Amended Complaint,
15 ¶ 310.

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

24 Therefore, Plaintiff is not entitled to statutory damages and attorney fees under the
25 Copyright Act.

1 II. Plaintiff's information is not "copyright management information" under the DMCA

2 As discussed in Defendant's motion, this Court should follow the well-reasoned and
3 carefully researched opinion of the New Jersey District Court in *IQ Group v. Wiesner*
4 *Publishing, Inc.*, 409 F.Supp.2d 587 (D. N.J. 2006) as the District Court for the Central District
5 of California-Western Division has done in *Textile Secrets, Int'l, Inc. v. Ya-Ya Brand, Inc.*, 524
6 F.Supp. 2d. 1184 (C.D. Ca. 2007).

7 The cases cited by Plaintiff are not persuasive as they fail to contain the in-depth analysis
8 of the *IQ Group* holding. The *Photo Resources Hawai'i* case resolved by way of default
9 judgment and contains no analysis of the Copyright Management Information (CMI) issue. The
10 unreported *McClatchey* case does interpret the definition of CMI more broadly than the holding
11 in *IQ Group*. However, the Court's order resolves a motion for summary judgment and does not
12 contain the in-depth analysis of CMI that the *IQ Group* Court performed. The issue in
13 *McClatchey* was whether a non-digital copyright notice on a picture could be CMI when viewed
14 in the light most favorable to the Plaintiff (the copyright holder). The Court acknowledged the
15 holding in *IQ Group* and concluded that using a software program to insert the notice on the
16 picture constituted an "automated copyright protection or management system." *McClatchey v.*
17 *The Associated Press*, 2007 U.S. Dist. LEXIS 17768 at *15 (W.D. Pa 2007).

18 Notwithstanding *McClatchey* and Plaintiff's contention that the road leading to the
19 adoption of Section 1202 is paved with interested parties who argued for broad interpretation of
20 CMI, this Court should adopt the *IQ Group's* well-reasoned holding that protected CMI is
21 limited to copyright material that is protected by a technological device or process.

22 After a lengthy review of the legislative history of the DMCA, the *IQ Group* court
23 concluded that the DMCA "should not be construed to cover copyright management performed
24 by people, which is covered by the Copyright Act, as it preceded the DMCA; it should be
25 construed to protect copyright management information performed by the technological
26 measures of automated systems." *IQ Group*, 409 F. Supp. 2d. at 597. Based on this, the court

1 reasoned that, to be covered by the DMCA, the information must function as a component of an
2 automated copyright protection or management system. *Id.* The Court concluded that the
3 plaintiff's logo and hyperlink (1) were not intended to function as a component of an automated
4 copyright protection or management system, and (2) did not, in fact, perform such a function.
5 Nor did the defendant's removal of the information impede or circumvent the effective function
6 of an automated copyright protection system. *Id.* Based on this, the court concluded that the
7 logo and hyperlink information was not CMI. *Id.* at 598.

8 Plaintiff's copyright information is directly analogous to the logo and hyperlink in the *IQ*
9 *Group* case. Plaintiff's Decoder Definition files include a "copyright notice, copyright
10 ownership and author information, reference to the license and titles protected by the statute."
11 Opposition at 3. Plaintiff does not allege that this information functions as a component of an
12 automated copyright protection system. And, this information is in no way intended to function
13 as a component of an automated copyright protection system, nor does it function as such.
14 Plaintiff's information is no different than the copyright information contained in a paperback
15 book, except that Plaintiff's Decoder Definition files are provided in electronic format.
16 Plaintiff's Decoder Definition files are published in standard text format on the internet without
17 any encryption or management techniques to impede use by third parties. Plaintiff could have
18 encrypted his Decoder Definition files in any number of ways (for example by encrypting the
19 Decoder Definition Files so that only JMRI software could read them), but he did not. Since
20 Plaintiff's copyright management was performed by a human and was not part of an automated
21 management or encryption system, plaintiff's claim is more properly under the Copyright Act
22 which controls copyright management performed without the help of technological measures or
23 automated systems.

24 Finally, contrary to Plaintiff's assertion (Opposition at 12), if this Court adopts the *IQ*
25 *Group* reasoning, Plaintiff's CMI is not protected. Whether Defendant's software has anti-
26 circumvention technology is irrelevant, the issue is whether *Plaintiff's* copyright information is

1 protected by a technological device and as Plaintiff appears to concede, it is not. Opposition at
2 12. Therefore, Plaintiff's DMCA claim should be dismissed without leave to amend.

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

4 The fundamental flaw in the Plaintiff's evolving argument is that Plaintiff has failed to
5 plead a casual connection between the alleged harm and the alleged breach of contract.
6 *Acoustics, Inc. v Trepte Constr. Co.*, 14 Cal. App.3d 887, 913, 92 Cal. Rptr. 723 (1971) (citing 2
7 Witkin, Calif. Proc., Pleading, § 251, p. 1226) (damage to Plaintiff must be proximately caused
8 from defendant's breach). Causation of damages, or harm, in contract cases requires that "the
9 damages be proximately caused by the defendant's breach, and that their causal occurrence be at
10 least reasonably certain." *US Ecology, Inc. v. State of California*, 129 Cal.App.4th 887, 909, 28
11 Cal. Rptr. 3d 894 (2005). In turn, a proximate cause of harm is something that is a substantial
12 factor in bringing about the harm. *Id.*

13 The Plaintiff's 70-page Second Amended Complaint merely alleges an unspecific,
14 generalized allegation that the Plaintiff has been harmed and seeks "recission, and disgorgement
15 of the value he conferred on Defendants, plus interest and costs." Plaintiff's Second Amended
16 Complaint, ¶ 491, 492. However, nowhere in the Second Amended Complaint does the Plaintiff
17 identify the harm and nowhere does the Plaintiff identify the casual connection between the harm
18 and the alleged breach. Additionally, Plaintiff has admitted that he has not suffered any
19 monetary damages as a result of the alleged breach and has failed to identify any actual or
20 concrete harm in his response papers. Opposition at 13.

21 While it is conceivable that plaintiff has the right to nominal damages under Cal Civ
22 Code § 3360, Plaintiff has not pleaded such a claim and seeks disgorgement damages not
23 permissible under California law for breach of contract. Under California law, the proper
24 measure of damages for breach of contract is one that will compensate the party not in breach
25 "for all the detriment proximately caused thereby, or which, in the ordinary course of things,
26 would be likely to result therefrom." Cal Civ Code § 3300. Accordingly, it is essential that a

1 causal connection between the breach and the damages sought exists. 1 Witkin, Summary 10th
2 (2005) Contracts, § 870, p. 956.

3 Here, the plaintiff has failed to plead the requisite casual connection between the breach
4 and his claim for disgorgement. And there is no causal connection. The alleged breach of
5 license is the failure to follow the terms and conditions of the license, which consists of
6 conditions requiring attribution of the work to Plaintiff. *See e.g.* Second Amended Complaint at
7 ¶¶ 279-283, 490. The “harm” to Plaintiff that flows from this is not “disgorgement of the value
8 [Plaintiff] conferred on Defendant” since the product is available for free on the internet. Rather,
9 the only harm that could flow from this breach is some sort of damage related to “loss of
10 recognition” which Plaintiff has failed to plead.

11 Plaintiff’s response in his Opposition papers that “specific performance” cures this defect
12 is unavailing. Specific performance is a remedy available in breach of contract actions where
13 damages are inadequate, it is not a substitute for pleading an essential element of a breach of
14 contract action, namely the harm and the casual connection between the harm and the alleged
15 breach.

16 Finally, the Plaintiff claims in his Opposition to Defendant’s Motion to Dismiss and
17 Motion to Strike that the fact that the Plaintiff may have an unrelated contract with the
18 defendants by purchasing the defendant’s software somehow remedies the deficiencies of his
19 breach of contract claim for the defendant’s alleged breach of the Artistic License. Whatever
20 claim that the Plaintiff may have with regard to his purchase of the defendant’s software,
21 however, does not cure the Plaintiff’s failure to plead the harm and the casual connection
22 between the harm and the alleged breach of the Artistic License. Accordingly, the Plaintiff’s
23 breach of contract claim fails to state a claim upon which relief can be granted.

24 **IV. Conclusion**

25 Based on the above, Defendants respectfully request that Counts Five and Six of the
26 Second Amended Complaint be dismissed without leave to amend. Defendants further request

1 that Plaintiff's request for statutory damages and attorney fees per 17 U.S.C. §§ 504, 505 be
2 stricken from the Second Amended Complaint. Finally, Defendants respectfully request that
3 Plaintiff should not be granted leave to file a Third Amended Complaint.

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5 Dated: November 7, 2008.

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10 Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that on November 7, 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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