

No. 2008-1001

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United States Court of Appeals  
*for the*  
Federal Circuit

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ROBERT G. JACOBSEN

*Plaintiff-Appellant,*

v.

MATTHEW KATZER AND KAMIND ASSOCIATES, INC.

*Defendant-Appellee*

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*On appeal from the United States District Court for the  
Northern District of California in Case No. 06-1905,  
Judge Jeffrey S. White*

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**BRIEF OF ROBERT G. JACOBSEN, PLAINTIFF-APPELLANT**

VICTORIA K. HALL  
LAW OFFICE OF VICTORIA K. HALL  
3 Bethesda Metro  
Suite 700  
Bethesda, MD 20814  
(301) 280-5925

December 17, 2007

*Attorney for Plaintiff-Appellant*

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**UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT**

\_\_\_\_\_ v. \_\_\_\_\_

No. \_\_\_\_\_

**CERTIFICATE OF INTEREST**

Counsel for the (petitioner) (appellant) (respondent) (appellee) (amicus) (name of party) \_\_\_\_\_ certifies the following (use "None" if applicable; use extra sheets if necessary):

1. The full name of every party or amicus represented by me is:

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2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is:

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For the record, I was an intern, serving with Judge Richard Linn from June-August 2002.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of counsel

\_\_\_\_\_  
Printed name of counsel

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## **I. Statement of Related Cases**

One appellate case, Jacobsen v. Katzer et al., Case No. 07-16651, was erroneously opened by the Ninth Circuit, which has since closed the docket. The Notice of Appeal, filed Sept. 13, 2007, A504, states the appeal is to the Federal Circuit. The district court clerk erroneously sent the Notice of Appeal to the Ninth Circuit, which docketed the case. Upon recognizing the error, the district court clerk transmitted the Notice of Appeal to the Federal Circuit. The Ninth Circuit then closed the docket for Case No. 07-16651.

## **II. Jurisdictional Statement**

This case involves a declaratory judgment of non-infringement, invalidity and unenforceability of claim 1 of U.S. Patent No. 6,530,329 (issued Mar. 11, 2003), and a copyright infringement cause of action, among other causes of action. The district court has jurisdiction under 28 U.S.C. §§ 1331, 1338, 2201, and 2202.

The district court issued its order Aug. 17, 2007, and denied a motion for leave to file a motion for reconsideration Sept. 5, 2007. Jacobsen filed this Notice of Appeal Sept. 13, 2007. A504.

This appeal is from an order denying a motion for preliminary injunction, which is appealable. 28 U.S.C. § 1292(a)(1). The Federal Circuit

has jurisdiction in the appeal under 28 U.S.C. § 1295(a)(1) and 28 U.S.C. § 1292(c)(1).

### **III. Statement of the Issues**

- Did the district court err in finding Katzer and KAMIND had a license to copy, modify, and distribute Jacobsen's copyrighted material when Katzer and KAMIND never entered into a bilateral contract with Jacobsen, never tendered performance for a unilateral contract, nor ever obtained permission to use Jacobsen's copyrighted material?
- Did the district court err in finding a license when Katzer and KAMIND copied, modified, and distributed Jacobsen's copyrighted material outside the scope of Jacobsen's license, the Artistic License?
- Did the district court misconstrue the law by broadly interpreting the Artistic License when mandatory Ninth Circuit precedent requires narrow interpretation of copyright licenses?
- Did the district court fail to give proper weight to Plaintiff's other arguments – that a condition precedent existed, that Jacobsen had revoked any license Katzer and KAMIND had, or that Jacobsen could rescind any contract that Katzer and KAMIND had?



#### **IV. Statement of the Case**

Robert Jacobsen, a high energy research physicist at Lawrence Berkeley National Laboratory, and a professor and associate dean at UC Berkeley, is a leader of an open source group called Java Model Railroad Interface (JMRI). A36. JMRI programmers created model train control systems software, which hobbyists install on their computers to control trains on their layouts. See A114-A115. Matthew Katzer is the chief officer of KAMIND Associates, Inc. (“KAMIND”), which sells model train control systems software products. See A36-37. Jacobsen and Katzer became acquainted in 2000, and have for several years been members of the National Model Railroad Association’s Digital Command Control Working Group, a standards-setting body within the NMRA. A43; A45. Beginning in March 2005, Katzer and KAMIND began accusing Jacobsen of infringing claim 1 of U.S. Patent 6,530,329 (“the ‘329 patent”). A51. On a roughly monthly basis, they sent cease and desist letters styled as bills for in excess of \$200,000 to Jacobsen’s home address. A51-A52. Later bills included interest. See id. In October 2005, Katzer and KAMIND sent a FOIA request, including one bill, directed to Jacobsen’s employer, Lawrence Berkeley National Lab, and the U.S. Department of Energy. A52. The FOIA request sought emails on

Lawrence Berkeley Lab's email servers that Jacobsen wrote and received that were related to model train control systems software development. Id. These actions formed the basis for Jacobsen's original Complaint, filed Mar. 13, 2006, for declaratory judgment of non-infringement, invalidity, and unenforceability of claim 1 of the '329 patent. A15. While researching Katzer and KAMIND's software in connection with an unrelated motion, Jacobsen discovered that Katzer and KAMIND were using JMRI materials in a manner that was outside the scope of JMRI's license, the Artistic License.<sup>1</sup> A115; A357. Jacobsen obtained assignments from other JMRI developers, and filed a copyright registration on the relevant JMRI version and files. A357. On Sept. 11, 2006, he filed an Amended Complaint, which included a cause of action for copyright infringement. A33. He sent Katzer and KAMIND a cease and desist letter Sept. 21, 2006. A315. Katzer and KAMIND did not respond. Jacobsen filed a motion for preliminary injunction to enjoin Katzer and KAMIND's copyright infringement. A26; A104. Katzer and KAMIND countered that they had stopped all use of the files, and existing versions would no longer work after March 2007. A332

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<sup>1</sup> The Artistic License is Addendum 3 to this brief, and A370 in the Joint Appendix.

(Katzer's stating that all nonregistered versions – but making no mention of registered versions – “will become nonfunctional on March 21, 2006” [sic]). Failing to cite the mandatory Ninth Circuit authority in the S.O.S. decision, they also claimed they had a broad license and thus any cause of action could only lay in contract, not in copyright. A323; A505-A506. Jacobsen replied that Katzer and KAMIND had no agreement or implied license. A346-A349. Jacobsen said Katzer had rejected the license through his performance. A347. He said any of Katzer and KAMIND's use was outside the scope of the Artistic License's grant. A345-A346. Jacobsen also raised issues of condition precedent, revocation, rescission, and problems with contract formation. A347-A349.

The district court heard the motion Jan. 19, 2007, and issued its order Aug. 17, 2007, denying the motion. A8-A11; A458. While incorrectly stating the parties agreed the disputed material was “no longer of any commercial use”, the district court correctly rejected Katzer and KAMIND's arguments that voluntary cessation mooted the preliminary injunction. A9. The district court then discussed the license and its scope.

Citing a bankruptcy case involving a patent license, among other authority<sup>2</sup>, the district court found Jacobsen had waived his right to sue because the Artistic License granted broad rights to the public to use JMRI software. A10-A11. “[I]mplicit in a nonexclusive license is the promise not to sue for copyright infringement. See In re CFLC, Inc., 89 F.3d 673, 677 (9th Cir. 1996), citing De Forest Radio Telephone Co. v. United States, 273 U.S. 236, 242 (1927)....” A10. The district court briefly discussed S.O.S., Inc v. Payday, Inc., 886 F.2d 1081 (9th Cir. 1989) and the scope of the license grant, but did not address an important aspect of the S.O.S. decision – that a court must construe a license narrowly to protect the rights of the copyright holder. A10. Instead, the district court interpreted the license broadly. A11. The district court also did not address Jacobsen’s arguments relating to conditions, revocation, rescission, or problems with contract formation. Jacobsen sought leave to file a motion for reconsideration Sept. 4, 2007. A498-A503. In denying the motion for leave, the district court stated

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<sup>2</sup> The district court also cited Effects Associates, Inc. v. Cohen, 908 F.2d 555 (9th Cir. 1990), a copyright infringement case in which the parties litigated the issue of waiver.

it had considered the other arguments and found them unpersuasive. A12-13. Jacobsen timely appealed. See A504.

## **V. Statement of the Facts**

Robert Jacobsen is a leader of an open source software group called Java Model Railroad Interface, or JMRI. A36. Open source projects are typically a diverse group of software developers, often in various locations worldwide, who collaborate to create and improve software. JMRI's members are in the United States, New Zealand, and Europe. A94-A102; A353-A354 (U.S., U.K., and Switzerland authors); see A444-A445 (New Zealand author). JMRI created an application called DecoderPro, which allows model railroaders to use their computers to control model trains more easily. A45-A46; A114.

Modern model trains often have decoder chips, which allow model railroaders to control the trains' lights, sounds and speed. A46; A118. A wide range of decoder chips exists. A46. Some are simple to program. See A114. Some are very complex. See id. JMRI's DecoderPro programs decoder chips in the trains. A46; A114. DecoderPro uses Decoder Definition files as a basis for programming the chips. A114. These files contain authors' names, dates of creation and modification, and version

numbers. A188 (author's name at line 7; dates of creation and modification at lines 5 and 7; version number at lines 5, 7, and 9). They also state "see the COPYING file for more information on licensing and appropriate use." Id. line 4. All files have copyright notices. E.g., A188 line 3. More than 100 Decoder Definition files exist, due to the work of JMRI developers. A39; see A120. The files are available for download through an open source incubator site, SourceForge. A355-A356. When users download the software, they are not presented with a click-through agreement, a type of contract in which a user must scroll through the terms and click "Accept" before proceeding. A356; A372-A375; A378. E.g., Wall Data Inc. v. L.A. Co. Sheriff's Dep't, 447 F.3d 769, 775 n.5 (9th Cir. 2006) (describing click-through agreements).

DecoderPro and its Decoder Definition files are subject to an open source license called the Artistic License, whose terms are listed in the COPYING file. A355-A356; A370; see A188 line 4. The Artistic License grants users the right to copy, modify, and distribute, provided that they copy, modify, and distribute the software in a certain manner. A370. They may modify JMRI software

provided that [they] insert a prominent notice in each changed file stating how and when [they] changed that file, and provided that [they] do at least ONE of the following:

- a) place [their] modifications in the Public Domain or otherwise make them Freely Available, such as by posting said modifications to Usenet or an equivalent medium, or placing the modifications on a major archive site such as ftp.uu.net, or by allowing the Copyright Holder to include [their] modifications in the Standard Version of the Package.
- b) use the modified Package only within [their] corporation or organization.
- c) rename any non-standard executables so the names do not conflict with standard executables, which must also be provided, and provide a separate manual page for each non-standard executable that clearly documents how it differs from the Standard Version.
- d) make other distribution arrangements with the Copyright Holder.

Id. Much like duration or geographic restrictions, these restrictions define the scope of the license grant because the restrictions relate to the copyright holder's exclusive rights under copyright law, so that any use that is outside these restrictions is copyright infringement. In other words, a user does not have permission to modify JMRI files unless he modifies the files in a certain way – inserting a prominent notice in each changed file stating how and when he changed that file – and unless he does one of four things relating to modification or distribution.

Several companies, including KAMIND, offer competing software products which are used to program decoder chips in model trains. See A367. KAMIND offers a product called Decoder Commander. A115-A116.

Decoder Commander has functionality similar to JMRI's DecoderPro. Id.

As noted earlier, Matthew Katzer is the chief officer of KAMIND. A36-A37.

Beginning in late 2004, and unbeknownst to Jacobsen, Katzer and KAMIND began downloading JMRI Decoder Definition files and converting them to a format for use in their products, including Decoder Commander. A122-A123; A303; A306-A309. They do not deny they copied, modified, and distributed JMRI materials contrary to the terms of the Artistic License. A328; A10. Katzer knew about the license, because Jacobsen told him about it. A120-A121; A284; A286; A292-A293 (Jacobsen's telling Katzer the terms, per the Artistic License, for modifying JMRI software; Jacobsen's re-printing the section above relating to modifications from the Artistic License). Katzer chose not to follow any of the terms. In converting the files, Katzer and KAMIND stripped out authors' names, JMRI copyright notices, and all references to the COPYING file which stated the license terms, and changed the file names. A116; A118. Numerous examples of copying remained, including modification dates, typos, variable names and settings, and the arrangement of variables and data. A117-A118; compare A188 line 7 (Jacobsen's DecoderPro) with A205 line 5 (Katzer's Decoder Commander) (same modification date); compare A195, 8th line from bottom



(Jacobsen's DecoderPro) with A233 line 16 (Katzer's Decoder Commander) (both misspelling "output" as "outout"); compare A195, last 5 lines and A196 lines 1-18 (Jacobsen's DecoderPro) with A233 lines 31-53 (Katzer's Decoder Commander) (same order, naming, and misspelling of variables). Katzer also put out a software tool whose only use was to convert JMRI Decoder Definition files into a format to be used with Katzer and KAMIND's products. A118-A120; compare A195, 8th line from bottom (Jacobsen's DecoderPro) with A267 line 4 (output from Katzer's software tool) (both misspelling "output" as "outout"); compare A195, last 5 lines and A196 lines 1-18 (Jacobsen's DecoderPro) with A267 lines 8-42 (output from Katzer's software tool) (same order of data, and order, naming, and misspelling of variables). See also A445, A450 (declaration of Alexander John Shepherd describing how he found Katzer and KAMIND's software tool, with screenshot of software tool's interface, showing JMRI input tab and KAM output tab). Although required by JMRI's license, Katzer and KAMIND did not insert prominent notices in the files, stating how the files had been changed. A370; A118; compare A188 (Jacobsen's DecoderPro) with A205 (Katzer's Decoder Commander); compare A188 (Jacobsen's DecoderPro) with A244 (output from Katzer's software tool). They also did not comply

with other license requirements. See A370. Katzer and KAMIND then distributed the infringing files with Decoder Commander and the software tool. A115-A116. Katzer and KAMIND never told their customers that the files Katzer and KAMIND gave them were restricted by a license. Katzer and KAMIND also never told their customers that converting the JMRI Decoder Definitions was contrary to the terms of the license. See A180 (reference to using software tool with “third party templates”). See generally A151-A186 (Decoder Commander manual with no reference to JMRI license or restrictions).

When Jacobsen discovered the copyright infringement, he sought to enforce the copyright. Jacobsen obtained copyright assignments from JMRI programmers and filed a copyright registration. A56. After obtaining the copyright registration, Jacobsen amended his complaint and sued Katzer and KAMIND for copyright infringement. Id.; A106; A357. In the district court, Katzer and KAMIND claimed all older infringing versions of their software have been disabled. A331-A332. They also maintained they quit using JMRI Decoder Definitions with their products, and argued that they cannot infringe because they are now using a database, which contains the same decoder information. A332. However, Jacobsen showed the district court

that Katzer and KAMIND's customers still can use previous versions of their software. A359-A360. No later version of Katzer and KAMIND's product works so that Jacobsen could check whether all infringing files had been removed. A360-A361. Furthermore, Katzer never explained how he could re-create, nearly overnight, the work in his database that took about a dozen JMRI programmers nearly 5 years to create. Other than conclusory statements from Katzer, there is no proof that Katzer and KAMIND did not use, and are not continuing to use, JMRI Decoder Definitions as a basis for the information in their new database.

## **VI. Summary of Argument**

The district court found a contract where none existed, broadly interpreted the license contrary to Ninth Circuit precedent, and erroneously denied Jacobsen's motion for a preliminary injunction. On the likelihood of success on the merits, the district court correctly found Jacobsen made a prima facie case, but misconstrued the law, resulting in an incorrect determination that Katzer and KAMIND's activities were a breach of contract instead of copyright infringement. In its ruling, the district court found an agreement existed, although no evidence supports contract formation with Katzer and KAMIND. The district court construed broadly

the license governing Jacobsen's software, in contradiction to Ninth Circuit precedent. The court failed to consider that the terms of the license were conditions precedent to the grant of a license, or limited the scope of the license. It also failed to consider that Katzer and KAMIND's actions had committed a material breach so significant that rescission was warranted. The court incorrectly determined that Katzer and KAMIND had a license, because Katzer and KAMIND never proved they had permission to use the software in the manner that they did, and because Katzer and KAMIND acted outside the scope of any implied license. Katzer and KAMIND, by their actions, rejected the only license offered and thus, cannot rely on a unilateral contract, or state they acted in the scope of a bare license. In the alternative, the court failed to consider that any license Katzer and KAMIND had, had been revoked. For these reasons, Jacobsen is likely to succeed on the merits. Although irreparable harm is presumed, it is present because, as Katzer and KAMIND have admitted elsewhere, damages may not be available to Jacobsen. Thus, damages are inadequate. In the alternative, Jacobsen has raised serious questions going to the merits, and has shown that the hardships tip sharply in his favor. Jacobsen is not seeking destruction of Katzer and KAMIND's infringing software, but asks that the Court order them to comply

with the terms of the Artistic License if they copy, modify, or distribute JMRI materials. Thus, this Court should reverse the district court's decision and order the preliminary injunction to issue.

## **VII. Standard of Review**

While this case involves a patent, this appeal relates to copyright infringement. When reviewing copyright matters, the Federal Circuit applies the law of the regional circuit – here, the Ninth Circuit. Hutchins v. Zoll Med. Corp., 492 F.3d 1377, 1383 (Fed. Cir. 2007). The Ninth Circuit reviews the district court's denial of preliminary injunction for abuse of discretion. Perfect 10, Inc. v. Amazon.com, Inc., 487 F.3d 701, 713 (9th Cir. 2007); Taylor v. Westly, 488 F.3d 1197, 1199 (9th Cir. 2007). A district court abuses its discretion if it bases its decision on an erroneous legal standard or clearly erroneous findings of fact. Earth Island Inst. v. U.S. Forest Serv., 442 F.3d 1147, 1156 (9th Cir. 2006). The Ninth Circuit reviews district court's findings of fact for clear error, and conclusions of law de novo. Earth Island, 442 F.3d at 1156; Perfect 10, 487 F.3d at 713.

## **VIII. Argument**

Open source software is taking an increasingly important role in business and society. Unlike traditional businesses, open source groups tend

to be a diffuse collection of programmers who may be located around the world. Because of their informal and diffuse nature, open source groups are vulnerable to theft of their intellectual property. That theft, in the form of copyright infringement, happened in this case, and Jacobsen sought a preliminary injunction to enjoin Katzer and KAMIND's infringement.

In determining whether to issue a preliminary injunction, the Ninth Circuit requires demonstration of (1) a combination of probability of success and the possibility of irreparable harm; or (2) serious questions going to the merits where the balance of hardships tips sharply in the moving party's favor. Dep't of Parks & Recreation for the State of California v. Bazaar Del Mundo Inc., 448 F.3d 1118, 1123 (9th Cir. 2006); Perfect 10, Inc. v. Amazon.com, Inc., 487 F.3d 701, 713-14 (9th Cir. 2007) (applying test in copyright case); Sun Microsystems, Inc. v. Microsoft Corp., 188 F.3d 1115, 1119 (9th Cir. 1999) (same). The two prongs represent two points on a sliding scale rather than two separate tests, such that the required degree of irreparable harm increases as the probability of success decreases. See Perfect 10, 487 F.3d at 714.

In cases involving copyright infringement claims, the inquiry is circumscribed. In these cases, when a copyright holder has shown he is

likely to succeed on the merits of a copyright infringement claim, irreparable harm is presumed. LGS Architects, Inc. v. Concordia Homes of Nev., 434 F.3d 1150, 1155-56 (9th Cir. 2006); see also Abercrombie & Fitch Co. v. Moose Creek, Inc., 486 F.3d 629, 633 (9th Cir. 2007) (irreparable harm presumed in trademark infringement case when trademark holder, seeking preliminary injunction, shows likelihood of success on the merits). Here, Jacobsen need only demonstrate a likelihood of success on the merits of his copyright infringement claim to be entitled to injunctive relief. Similarly, if there is a clear disparity in the relative hardships and they tip in Jacobsen's favor, Jacobsen need only demonstrate that serious questions are raised by Katzer and KAMIND's actions and its infringement of Jacobsen's protected copyright. Under this second test, Jacobsen need only demonstrate a fair chance of success on the merits for an injunction to issue. Benda v. Grand Lodge of Int'l Ass'n of Machinists & Aerospace Workers, 584 F.2d 308, 315 (9th Cir. 1978). Jacobsen is entitled to a preliminary injunction under either variation of the test. Because the district court misconstrued the law, Jacobsen can show a likelihood of success on the merits. Jacobsen can also show the relative hardships tip in his favor. Thus, under either test, Jacobsen is entitled to a preliminary injunction.

## **1. Jacobsen is Likely to Succeed on the Merits**

### **a. Jacobsen Has Shown Copyright Infringement**

Contrary to the district court's finding, Jacobsen will likely succeed on the merits of his copyright infringement claim. To make a prima facie case, Jacobsen must show he is the owner or assignee of a copyright and that Katzer and/or KAMIND have infringed one of the exclusive rights Jacobsen has in his copyright. S.O.S., Inc. v. Payday, Inc., 886 F.2d 1081, 1085 (9th Cir. 1989). Although not addressing the matter directly, the district court implicitly found that Jacobsen was the owner and assignee of the JMRI Decoder Definitions 1.7.1. See A8 (district court refers to copyrighted material as belonging to Jacobsen). The copyright registration shows Jacobsen as owner and assignee. A94-A95. Katzer and KAMIND admit, and the district court found, they downloaded the copyrighted files, stripped out authors' names and JMRI copyright notices, and converted the files to a format they used with their competing product, Decoder Commander. A328; see A9-A10. Thus Katzer and KAMIND admit copying, modifying and distributing the copyrighted files. See id. Jacobsen has made a prima facie case of copyright infringement. This left Katzer and KAMIND to raise a defense that would defeat Jacobsen's chances of success on the merits. They



raised the license defense, and the district court, in error, agreed that Katzer and KAMIND's license defense would succeed.

**b. District Court Misconstrued the Law in Finding Katzer and KAMIND had a License**

In finding Katzer and KAMIND had a license, the district court misconstrued the law and found that Katzer and KAMIND had a contract where one did not exist. Contrary to Ninth Circuit precedent, the district court also broadly interpreted the license and found that Katzer and KAMIND's activities were within the scope of the license.

The district court acknowledged that Jacobsen's software was subject to a license, the Artistic License. A10. "[I]mplicit in a nonexclusive license is the promise not to use for copyright infringement. See In re CFLC, Inc., 89 F.3d 673, 677 (9th Cir. 1996), citing De Forest Radio Telephone Co. v. United States, 273 U.S. 236, 242 (1927)...." However, In re CFLC – cited to the district court by Katzer and KAMIND – mentioned license and waiver only briefly, and did not discuss that the waiver is only for activities within the scope of the license. 89 F.3d at 677. In In re CFLC, a bankruptcy case involving the disputed transfer of a patent license, the debtor sought to transfer the license to an entity which bought substantially all the debtor's

assets. Id. at 674-75. The patent licensor objected. Id. at 675. The Ninth Circuit analyzed whether the license was an executory contract that would be subject to the trustee's power to transfer. Id. at 676-77. Because the licensee had promised to pay, and the licensor had promised to waive the right to sue, an executory contract existed and thus could be transferred. Id. at 677. Invoking a narrow exception in the bankruptcy code, the Ninth Circuit ultimately ruled that the license could not be transferred due to restrictions in the license agreement. Id. at 676, 680. Nowhere in CFLC does the Ninth Circuit discuss the scope of the waiver.

The district court then discussed the scope of the waiver, and incorrectly found that Katzer and KAMIND's copying, modification, and distribution were in the scope of the Artistic License. "Based on ... the amended complaint and the explicit language of the JMRI Project's artistic license, the Court finds that [Jacobsen] has chosen to distribute his decoder definition files by granting the public a nonexclusive license to use, distribute and copy the files." A10. In reaching its conclusion, the district court briefly discussed S.O.S., Inc. v. Payday, Inc., 886 F.2d 1081 (9th Cir. 1989).

In S.O.S., the plaintiff held a copyright in a computer program and had granted defendant a licence<sup>3</sup> to “use” the software and had explicitly reserved all other rights. The plaintiff claimed that by modifying the software the defendant had exceeded the scope of the license and therefore infringed the copyright.

A10. The district court did not discuss S.O.S. further, which is where the district court made an error.

In its license agreement, S.O.S. had granted Payday a “right to use” a series of programs that S.O.S. had created. 886 F.2d at 1083. S.O.S. had retained all rights of ownership. Id. Two ex-S.O.S. employees colluded with Payday to provide Payday with a copy of S.O.S.’s source code and convert it to a new format for use on Payday’s machines. Id. at 1083-84. S.O.S. brought suit for copyright infringement. Id. at 1084. The district court in S.O.S. had interpreted the license agreement under the California rule that a contract is construed against the drafter – S.O.S. Id. at 1088. The Ninth Circuit held that interpretation was incorrect because the license was to be interpreted narrowly. Id. at 1088. “[C]opyright licenses are assumed to prohibit any use not authorized.” Id. Decisions in Ninth Circuit courts use this rule. E.g., Cohen v. Paramount Pictures Corp., 845 F.2d 851 (9th Cir. 1988) (license to copy and distribute movies for showing on television did

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<sup>3</sup> As in district court opinion.

not include license to make and distribute VHS tapes of the movies, since VCRs had not been created at the time the license was granted); Apple Computer, Inc. v. Microsoft Corp., 759 F. Supp. 1444, 1451 (N.D. Cal. 1991) (Walker, J.) (“[T]he Ninth Circuit has directed district courts to interpret copyright licenses narrowly, consistent with federal copyright policy of providing incentives in the form of copyright protection to authors.”)

Like the district court in S.O.S., the district court in Jacobsen interpreted the license broadly, in contradiction to federal copyright policy and the Ninth Circuit’s decision in S.O.S. and Cohen. Here, the district court ruled, “The license explicitly gives the users of the material, any member of the public, ‘the right to use and distribute the [material] in a more-or-less customary fashion, plus the right to make reasonable accommodations<sup>4</sup>.’ [...] The scope of the nonexclusive license is, therefore, intentionally broad.”

A11. However, the Artistic License permits use only within the bounds of the license grant. The district court analyzed one phrase, “You may otherwise modify your copy of this Package in any way” – and stopped. A9-A11. The Artistic License continues further: “provided that you insert a

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<sup>4</sup> As in district court opinion. The correct word is “modifications”.

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:...” A370. The district court did not consider that the license grant relating to making derivative works, may be narrowed by conditions directly related to the license grant, or interpretation.

The district court also implied, incorrectly, that Jacobsen, and Katzer and KAMIND, had a contract. “...[Jacobsen] may have a claim against [Katzer and KAMIND] for breach [of]<sup>5</sup> the nonexclusive license agreement, but perhaps not a claim sounding in copyright.” A10 (emphasis added). Katzer and KAMIND never produced any signed agreement between themselves and Jacobsen. Katzer and KAMIND never showed that Jacobsen specifically created JMRI software for them, nor they had Jacobsen’s consent to use the software in the manner that they did. Katzer and KAMIND never showed acceptance through performance, as required by a unilateral contract. Thus, the district court had no basis for finding an agreement existed.

The district court also did not properly consider other problems with Katzer and KAMIND’s license defense – specifically, Katzer and KAMIND

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<sup>5</sup> “of” is not present in the opinion.

had not met conditions precedent, Jacobsen had revoked Katzer and KAMIND's license, and Jacobsen was entitled to rescission of any contract Katzer and KAMIND had. In denying Jacobsen's motion for leave to file a motion for reconsideration, the district court stated it had considered these arguments and found them unpersuasive. A13.

Had the district court properly construed the law, it would have found Katzer and KAMIND's license defense fails, as shown next.

**c. Katzer and KAMIND's License Defense Fails**

Katzer and KAMIND can raise no defense to defeat their copyright infringement liability. An accused infringer escapes liability if he acted within the scope of a license, and that license revocation is not available and rescission is unwarranted. Sun Microsystems, Inc. v. Microsoft Corp., 188 F.3d 1115, 1121 (9th Cir. 1999); Rano v. Sipa Press, Inc., 987 F.2d 580, 586 (9th Cir. 1993). The accused infringer has the burden of proving the existence of a license. See Augustine Med., Inc. v. Progressive Dynamics, Inc., 194 F.3d 1367, 1370 (Fed. Cir. 1999). A license can be either an implied non-exclusive license, typically through a contract or other transaction with the copyright holder, or a bare license, a permission describing what a user can do with copyrighted material. Sun Microsystems,

188 F.3d at 1121; Effects Assoc., Inc. v. Cohen, 908 F.2d 555, 558 (9th Cir. 1990); I.A.E., Inc. v. Shaver, 74 F.3d 768, 775 (7th Cir. 1996); Lowe v. Loud Records, No. Civ.A. 01-1797, 2003 WL 22799698, at \*4 (E.D. Pa. Nov. 20, 2003). There is no such thing as an implied nonexclusive license to the world. “An implied license requires more than a general intent of the author regarding the disposition of his work. As with any other license, the terms – including the identity of the licensee – should be reasonably clear.” David Nimmer, Nimmer on Copyright § 10.03[A][7] [hereinafter “Nimmer on Copyright”]; Worldwide Church of God v. Philadelphia Church of God, Inc., 227 F.3d 1110, 1114-15 (9th Cir. 2000) (while author intended his work to have the widest audience possible, no evidence suggested that he created it specifically for dissemination by third parties, and thus no implied license existed)<sup>6</sup>. Thus, any “license to the world” must be a bare license.

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<sup>6</sup> In Worldwide Church of God, an author had created a work that the church distributed for free in its magazine. 227 F.3d at 1113. The author, who intended the work to reach large audiences, bequeathed his work to Worldwide Church of God. See id. After he died, Worldwide Church of God withdrew the work from circulation. Id. Philadelphia Church of God taught from the work and required its parishioners to read the work prior to baptism into the church. Id. When

Katzer and KAMIND cannot show either an implied license or a bare license. Katzer and KAMIND cannot show an implied license arising from a bilateral contract. No evidence exists that shows a transaction between

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Worldwide Church of God withdrew the work, Philadelphia Church of God made copies. Id. Worldwide Church of God sued, and Philadelphia Church of God raised a license defense, but after it filed its answer. Id. at 1113-14. The Ninth Circuit dismissed Philadelphia Church of God’s arguments that it had a license because the church had not raised the defense in its answer. Id. at 1114. In dicta, the Ninth Circuit stated that the Philadelphia Church of God’s arguments nonetheless had no merit because “[i]t has offered no evidence that Armstrong created [the work] for dissemination by third parties, much less that he intended to license [Philadelphia Church of God] to reprint the entire book and use it for its own church.” Id. at 1114-15.

While this isolated dicta can be read to suggest an open source license is an implied license, Jacobsen believes that the better view is to consider the license a bare license. As Nimmer states, in an implied license, the terms including the identity of the licensee should be reasonably clear. A bare license can be a permission given to the general public. Either way, the result would be the same because, among other reasons, Katzer and KAMIND did not act within the scope of the license grant.



Jacobsen, and Katzer and KAMIND. In the unlikely event a bilateral contract is found, a contract governing the use of JMRI Decoder Definitions 1.7.1 has several conditions. These conditions, directed at how a user may copy, modify, and distribute the copyrighted files, must be met prior to any license grant. Furthermore, any modifications must be within the license grant – and thus, reasonable, per the license preamble – and Katzer and KAMIND’s modifications were not. Even if a contract is found, it will fail because of failure of consideration, or no meeting of the minds. If a contract was formed, the contract should be rescinded because of Katzer and KAMIND’s total and bad faith failure to perform. Katzer and KAMIND do not have a unilateral contract because, by their own actions, they cannot show acceptance by performance when they never performed. Through their actions, they rejected the only license offered and thus rejected the obligations, rights and benefits of that license. No other grounds for an implied nonexclusive license – consent or lack of objection – exist. A bare license defines the scope of the license grant. Katzer and KAMIND’s actions were outside the scope of a bare license. If Katzer and KAMIND had a license, Jacobsen has revoked it and thus the cause of action lies in copyright. Although the Artistic License is either a unilateral contract or a bare license,

Jacobsen begins by discussing an implied license arising from a bilateral contract since Katzer and KAMIND cited case law involving bilateral contracts to suggest they had an implied license.

i. Katzer and KAMIND Cannot Show They Had an Implied Nonexclusive License from Jacobsen

As a preliminary matter, Katzer and KAMIND cannot prove they had an implied nonexclusive license from Jacobsen. The existence of a license is an affirmative defense which Katzer and KAMIND must prove. See Augustine Med., Inc. v. Progressive Dynamics, Inc., 194 F.3d 1367, 1370 (Fed. Cir. 1999). A nonexclusive license may be granted orally or by conduct. Effects Assoc., Inc. v. Cohen, 908 F.2d 555, 558 (9th Cir. 1990) . A nonexclusive license is often implied when parties enter into a contract. See, e.g., I.A.E., Inc. v. Shaver, 74 F.3d 768, 776-77 (7th Cir. 1996) (architect who created drawings for a joint venture for a fee, also granted implied nonexclusive license to joint venture).

ii. No Bilateral Contract Exists Between the Parties

Although Katzer and KAMIND argued in the district court they had an implied license arising from a bilateral contract, they did not. A bilateral contract forms when two parties exchange promises to do something they

otherwise are not obliged to do. Cal. Civ. §§ 1549, 1550, 1605; Schaeffer v. Williams, 15 Cal. App. 4th 1243, 1246 (Cal. Ct. App. 1993). The parties then perform their promises to carry out the contract. See Cal Civ. § 1657. All cases Katzer and KAMIND relied upon in the district court to argue that their infringement was a state law breach of contract action – all involve bilateral contracts. Sun Microsystems, Inc. v. Microsoft Corp., 188 F.3d 1115 (9th Cir. 1999) (negotiated contract); Polar Bear Prods., Inc. v. Timex Corp., 384 F.3d 700 (9th Cir. 2004) (negotiated contract); ProCD, Inc. v. Zeidenberg, 86 F.3d 1447, 1450-53 (7th Cir. 1996) (shrink-wrap license is a contract); S.O.S., Inc. v. Payday, Inc., 886 F.2d 1081 (9th Cir. 1989) (negotiated contract). However, Katzer and KAMIND didn't have a bilateral contract. They never negotiated with Jacobsen for use of the Decoder Definition Files. A115. A click-through or shrink-wrap license may form a contract. ProCD, Inc. v. Zeidenberg, 86 F.3d 1447, 1450-53 (7th Cir. 1996) (shrink-wrap license is a contract under Wisconsin law); see also Wall Data Inc. v. Los Angeles Sheriff's Dept., 447 F.3d 769, 775 n.5 (9th Cir. 2006) (describing click-through agreements). But here, there was no shrink-wrap license or click-through license for anyone to see and accept. A356. Here, Jacobsen places the Decoder Definition Files for others to download. Id.

Users go to “mirror” site for the download, save the download to their hard drives, click on the executable once it downloads, and then the download installs. Id. Thus, no bilateral contract ever formed.

Aside from no evidence of Katzer and KAMIND’s acceptance, numerous other problems with contract formation exist. Because they appear to believe their performance was optional, there is no evidence they paid consideration, a necessary element of a contract. Cal. Civ. § 1550. A contract would also fail because there was no meeting of the minds as to the subject matter of the contract. Beard v. Goodrich, 110 Cal. App. 4th 1031, 1039-40 (Cal. Ct. App. 2003); Cal. Civ. § 1580. Consumers would believe the performance which they offered through use of the software tool meets the license requirements, but it does not.

Assuming for the sake of argument that the parties formed a bilateral contract, still no implied license protects Katzer and KAMIND and their actions nonetheless were infringement. If a party has not met a condition precedent to the grant of the license, yet he exercises one of the exclusive rights, he infringes the copyright. Rano v. Sipa Press, Inc., 987 F.2d 580, 586 (9th Cir. 1993). Also, if a party’s actions lie outside the scope of the license grant, he infringes the copyright. Id. Finally, if a party’s actions breached

the contract in a material and substantial manner, the copyright holder is entitled to rescind the contract. Id. Cf. Storage Tech. Corp. v. Custom Hardware Eng'g & Consulting, 421 F.3d 1307, 1316 (Fed. Cir. 2005) (discussing infringement in the context of actions exercising an exclusive right but which are outside the license grant, and not discussing conditions precedent or rescission). As noted earlier, in accordance with federal policy, copyright licenses must be construed narrowly such that “copyright licenses are assumed to prohibit any use not authorized.” S.O.S., Inc v. Payday, Inc., 886 F.2d 1081, 1088 (9th Cir. 1989). E.g., S.O.S., 886 F.2d at 1088-1089 (reversing district court which applied California rule to interpret license against drafter); Cohen v. Paramount Pictures Corp., 845 F.2d 851, 853-854 (9th Cir. 1988) (interpreting license permitting exhibition on television to exclude exhibition by means of a video cassette recorder); Allegro Corp. v. Only New Age Music, Inc., No. Civ-01-790-HU, 2003 WL 23571745, at \*9 (D. Or. Jan. 23, 2003) (interpreting modifications of master recordings not described in license agreement as outside scope of license); Apple Computer, Inc. v. Microsoft Corp., 759 F. Supp. 1444, 1451 (N.D. Cal. 1991) (construing license permitting visual displays of Microsoft applications to

exclude visual displays created by calls from those applications to Macintosh operating system).

Katzer and KAMIND's use of JMRI files did not meet the conditions of the license grant. Users may copy, distribute or modify the JMRI files subject to conditions 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:

3. You may otherwise modify your copy of this Package in any way, provided that 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...

A370 (emphasis added). The Preamble expresses that there are conditions which a user of the files must meet when gaining the permissions listed in the Artistic License. If the conditions are not met, then the user does not have permission to use JMRI's Decoder Definitions. Furthermore, the word "provided" in Sec. 3 expresses that Katzer and KAMIND's right to make modifications vests only upon performance of the condition – it "is one of the apt words commonly used to create a condition." See City of Stockton v. Weber, 98 Cal. 433, 440 (1893). See also 11 Williston on Contracts § 30.10 (4th ed. 1999) (Richard A. Long, ed.) ("provided" interpreted as "upon

condition”). As noted in Apple Computer, both the S.O.S. and Cohen decisions support a narrow construction of the license terms to require performance of the condition, to limit the scope of the license grant to activities which it permits, and to protect the copyright owner’s rights. 759 F. Supp. at 1451. The copyright holder/licensor would find it difficult if not impossible to enforce the license if “provided” were not read as a condition. Furthermore, in some instances, only one or two terms stand between the copyright holder and a would-be licensee. One frequent term is preservation of the copyright notice. Construing “provided that” as a condition is in line with federal copyright policy because it gives notice of the copyright holder’s rights, and makes it easier for the copyright holder to enforce his copyright.

In the alternative, Katzer and KAMIND’s copying, modification, and distribution were outside the scope of the license grant.<sup>7</sup> Here, conditions discussed previously act as restrictions. Because the restrictions on the license relate to the exclusive rights under copyright law, these restrictions

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<sup>7</sup> In copyright disputes involving bilateral contracts, courts distinguish between independent contractual covenants, and conditions, to determine whether a violation of a contract term is a breach of contract, or copyright infringement. Sun Microsystems, Inc. v. Microsoft Corp., 188 F.3d 1115, 1122 (9th Cir. 1999).

narrow the scope of the license grant. See Sun Microsystems, Inc. v. Microsoft Corp., 81 F. Supp. 2d 1026, 1031 (N.D. Cal. 2000). The district court characterized Jacobsen’s claim as seeking an attribution right, but properly viewed, Jacobsen’s claim is for infringement of his exclusive right to make derivative works. The district court analyzed one phrase, “You may otherwise modify your copy of this Package in any way” – and stopped. A9-A11. As noted earlier, the district court did not consider that this license grant may be narrowed by conditions directly related to the license grant, or interpretation. Furthermore, the Preamble of the Artistic License states: “...the Copyright Holder maintains some semblance of artistic control over the development of the package, while giving the users of the package ... the right to make reasonable modifications.” A370. Proper interpretation of the phrase “You may otherwise modify your copy of this Package in any way” results in an interpretation that any modifications of JMRI software must be reasonable – that is, within the scope defined by the restrictions on the exclusive rights. Katzer and KAMIND’s modifications – the conversion of the files without regard to the restrictions in the Artistic License – were not reasonable. Katzer and KAMIND exceeded the scope of any license grant



they can prove they had, and infringed Jacobsen’s copyright. Rano v. Sipa Press, Inc., 987 F.2d 580, 586 (9th Cir. 1993).

Finally, the contract should be rescinded because of Katzer and KAMIND’s own willful, material breach of the license terms. “A breach of a licensing agreement will justify rescission of a licensing agreement only when it is of so material and substantial a nature that it affects the very essence of the contract and serves to defeat the object of the parties. The breach must constitute a total failure in the performance of the contract.” Rano v. Sipo Press, Inc., 987 F.2d 580, 586 (9th Cir. 1993) (quotations and citations removed). The bargain in open source licensing is that the terms of the licensing agreement be followed. Given Katzer’s complete failure to follow any license terms, rescission is warranted, and thus Katzer and KAMIND are liable for copyright infringement. Katzer learned of this rescission – he suddenly changed his products to remove nearly all the infringing files. But he continued to infringe and encouraged others to infringe. Thus, the copyright claim may stand.

iii. No Other Implied License Exists

Katzer and KAMIND also do not have an implied nonexclusive license from Jacobsen under any other theory. “An implied nonexclusive license has

been granted when (1) a person (the licensee) requests the creation of a work, (2) the creator (the licensor) makes that particular work and delivers it to the licensee who requested it, and (3) the licensor intends that the licensee-requestor copy and distribute his work.” I.A.E., Inc. v. Shaver, 74 F.3d 768, 776 (7th Cir. 1996) (citing Effects Assoc., 908 F.2d at 558-59). This definition is widely accepted. E.g., Kennedy v. Nat’l Juvenile Detention Ass’n, 187 F.3d 690, 694 (7th Cir. 1999) (citing rule from I.A.E.); Lulirama Ltd. v. Axxess Broadcast Servs., Inc., 128 F.3d 872, 879 (5th Cir. 1997) (same).

Here, there is no evidence that Katzer nor any KAMIND employee contacted Jacobsen to request creation of the Decoder Definition Files.

A115. Jacobsen and the JMRI open source group did not make the Decoder Definition files for Defendants. Id. Jacobsen did not specifically intend Katzer or KAMIND to distribute the Decoder Definition files. Id. Thus, Jacobsen did not grant a license to Defendants.

The I.A.E. Court also held that consent in the form of mere permission or lack of objection is also equivalent to an implied nonexclusive license. I.A.E., 74 F.3d at 775. Neither Katzer nor any KAMIND employee sought or received permission from Jacobsen to make derivative works from the

Decoder Definition Files. A115. Neither Katzer nor any KAMIND employee told Jacobsen that they were using the Decoder Definition Files to create decoder templates, so that he could object to that use. Id. In fact, Katzer and KAMIND cannot argue that they had permission. Katzer and Jacobsen discussed the terms of the Artistic License related to modifications. A292-A293. Jacobsen corrected a misconception Katzer had about the license and produced in his email response the terms related to modifications. Id. Thus, Katzer knew about the license and its terms. Furthermore, the purpose of open source is make software freely available – but with restrictions. These restrictions often are preservation of a copyright notice and a requirement that changes made to the software are also made freely available. E.g., Lawrence Rosen, Open Source Licensing: Software Freedom and Intellectual Property Law 316 (BSD license), 319 (MIT license), 320 (Apache license), 322-23 (Apache contributor license agreement), 330-33 (GNU General Public License) (2005). Katzer knew generally about open source. A292-A293. Katzer and KAMIND had to know that using the Decoder Definition Files as they did would be highly objectionable to Jacobsen and others at JMRI, as it would be generally to those in open source. So Katzer and KAMIND knew they did not have permission.

If the Court finds an implied license, Katzer and KAMIND acted outside the scope of the license for the reasons stated above.

Should the Court find that Defendants initially had permission to use the files per the license, Jacobsen later revoked permission to use JMRI files. A license unsupported by consideration may be revoked. *Nimmer on Copyright* § 10.02[B][5]; *Avtec Sys., Inc. v. Peiffer*, 21 F.3d 568, 574 n.12 (4th Cir. 1994). Here, Katzer learned that Jacobsen was investigating Defendants' products, and knew he had been caught infringing the copyrighted materials. See A357. Katzer quickly removed nearly all infringing derivative works from his Decoder Commander product, but still made the tool available, and distributed a new version of his product. A331, A357-A358. Katzer thus knew the permission, if it is ever existed, had been revoked, or would soon be revoked. After Jacobsen filed the Amended Complaint, charging Katzer with copyright infringement, there is no question that Jacobsen had revoked any permissions Katzer and KAMIND had, and Katzer and KAMIND knew it. See Rest. 2d Contracts § 43 ("An offeree's power of acceptance is terminated when the offeror takes definite action inconsistent with an intention to enter into the proposed contract and the offeree acquires reliable information to that effect."). See also *Palmer v.*

Schindler Elevator Corp., 108 Cal. App. 4th 154, 159 (Cal. Ct. App. 2003).

Finally, Jacobsen sent a cease and desist letter to Katzer and KAMIND that indicated they were engaging in infringing conduct. A315-A317. Katzer and KAMIND never responded to the letter. Once permission has been revoked, continued usage makes the user an infringer. I.A.E., Inc. v. Shaver, 74 F.3d 768, 775 & n.10 (7th Cir. 1996). Katzer and KAMIND continued to infringe. Thus, they are liable for copyright infringement. The district court erred in rejecting this argument.

iv. No Unilateral Contract Exists

Assuming for the sake of argument that the district court interpreted the Artistic License as a unilateral contract, a contract never formed because Katzer and KAMIND never accepted the offer in the Artistic License. A unilateral contract can be accepted only through performance. See Neisendorf v. Levi Strauss & Co., 143 Cal. App. 4th 509, 523-24 (Cal. Ct. App. 2006) (discussing employment benefit that never became due because employee did not accept through performance). Because of this, the condition/covenant distinction, important in bilateral contracts, does not exist. Anyone seeking to accept the contract through performance, must tender all the required performance. Rest. 2d Contracts § 59; see Neisendorf, 143 Cal.

App. 4th at 524. “Where an offer invites an offeree to accept by rendering a performance [only]..., an option contract is created when the offeree tenders or begins the invited performance or tenders the beginning of it.” Rest. 2d Contracts § 45(1). Prior to any license granting permission to make derivative works, the Artistic License requires (1) a prominent notice be inserted, and (2) one of four actions be taken. A370; Rest. 2d Contracts § 45(2) (offeror’s duty of performance – here, the license grant – is conditioned on offeree’s performance in accordance with the terms of the offer). See also Neisendorf, 143 Cal. App. 4th at 524; Rest. 2d Contracts § 32 cmt b. Katzer and KAMIND claim they have a contract with Jacobsen. Katzer and KAMIND never tendered or began performance, thus no unilateral contract ever came into existence. See Neisendorf, 143 Cal. App. 4th at 524. Furthermore, “[a] reply to an offer which purports to accept it but is conditional on the offeror’s assent to terms ... different from those offered is not an acceptance but is a counter-offer.” Rest. 2d Contracts § 59; Guzman v. Visalia Cmty. Bank, 71 Cal. App. 4th 1370, 1376 (Cal. Ct. App. 1999). See also id. § 53(3). By performing as they did, Katzer and KAMIND offered a performance that was radically different that what Jacobsen required under the Artistic License, and thus was, at best, an counter-offer,

not an acceptance. But in truth, by their own actions, they rejected the only terms offered to them. Having rejected the terms of the license, they cannot now enjoy the benefits and protections that license offers. “If a would-be licensee repudiates the only license offered, it’s reasonable for the licensor to believe that someone who holds such a view does not intend to be bound by, agree to, accept, or benefit from such a license.” Brian W. Carver, *Share and Share Alike: Understanding and Enforcing Open Source and Free Software Licenses*, 20 *Berkeley Tech. L. J.* 443, 479 (2005). In other words, Katzer refused the only license terms offered, yet he copied, distributed and made derivative works from the code. This makes him an infringer. *Id.* at 481; *see* Lawrence Rosen, *Open Source Licensing: Software Freedom and Intellectual Property Law* 53 (2005). Thus, Katzer and KAMIND have no rights under a unilateral contract theory.

v. Thus, Katzer and KAMIND Have No Implied License

As shown, Katzer and KAMIND cannot show they had a contract or an implied nonexclusive license. Katzer and KAMIND never entered into a bilateral contract with Jacobsen. If a bilateral contract formed, Jacobsen’s performance never came due or Jacobsen could rescind. They also never obtained consent or permission from Jacobsen to use the files as they did. If

an implied license exists, Katzer and KAMIND acted outside its scope. Even if the Artistic license is a unilateral contract, Katzer and KAMIND never tendered performance necessary for acceptance. By their own actions, they rejected the only license offered and thus rejected the obligations, rights and benefits of that license. Jacobsen has revoked any license Katzer and KAMIND can claim they had. Thus, Katzer and KAMIND cannot successfully raise the defense of license under contract or other implied nonexclusive license. The district court erred in finding Katzer and KAMIND had an agreement with Jacobsen.

## **2. Katzer and KAMIND Have No Rights Under a Bare License**

Katzer and KAMIND have no rights to use JMRI software under a bare license. A bare license is “[a] license in which no property interest passes to the licensee, who is merely not ...” an infringer. See Black’s Law Dictionary 931 (7th ed. 1999). See also, Lawrence Rosen, Open Source Licensing: Software Freedom and Intellectual Property Law 53 (2004) (comparing a bare license to a permission slip to use the software). Katzer and KAMIND acted outside the scope of the bare license. In the alternative, Jacobsen revoked Katzer and KAMIND’s bare license.



a. Katzer and KAMIND Acted Outside the Scope of the Bare License

Katzer and KAMIND used JMRI software in a manner that was outside the scope of the bare license. A bare license defines the scope of the license grant. See Black's Law Dictionary 931 (7th ed. 1999). Thus, the condition/covenant distinction is irrelevant. Jacobsen makes JMRI software available for anyone to download on the Internet. As noted, the software is subject to the Artistic License. A355-A356. As a bare license, this license acts similar to a signpost at a public park which says, "Open to the public from 8 a.m. to dusk." The license defines the scope of permitted use – how it may be copied, how it may be modified, and how it may be distributed. A370. Although the district court described these as conditions – which they are – it treated them as covenants whose breach results in a breach of contract action, not in a copyright infringement action. A9-A11. Properly interpreted, the original Artistic License defines the scope of the bare license grant. Thus, only those who copy, modify, and distribute the software in the manner described in the license, have permission to use the software. Anyone else does not have permission and thus is an infringer. This interpretation is in line with copyright policy, in which assumes to prohibit any use which is not authorized. S.O.S., Inc. v. Payday, Inc., 886 F.2d 1081, 1088 (9th Cir. 1989).

As noted earlier, the district court erred when it interpreted the Artistic License broadly instead of in light of its restrictions. Thus, Katzer and KAMIND are infringers.

For the reasons stated earlier, should the Court find Katzer and KAMIND had a license, Jacobsen has revoked the license. Thus, Katzer and KAMIND are infringers.

### **3. Balance of Hardships Tip in Jacobsen's Favor**

As shown in this brief, Jacobsen is likely to succeed on the merits. In the alternative, Jacobsen has raised serious questions going to the merits, and the balance of the hardships weigh in his favor. In determining whether the balance of hardships weigh in a party's favor, the Court considers the burdens an injunction, or lack of one, will impose on the parties. E.g., Native Village of Quinhagak v. United States, 35 F.3d 388, 393-94 (9th Cir. 1994) (hardships tipped in favor of native Americans when they showed impact of regulations on subsistence fishing and federal and state government produced no evidence of hardship); Duke v. Langdon, 695 F.2d 1136, 1137 (9th Cir. 1983) (hardships tipped in federal government's favor when it showed that public interest would be adversely affected if IRS were forced to keep attorney on staff to try complex tax cases that were beyond her competence,

and the attorney could get her job and backpay if she prevailed later).

Jacobsen seeks to protect his copyrighted software. Katzer and KAMIND have argued that Jacobsen is not entitled to monetary damages, see A352, thus Katzer and KAMIND implicitly admit that damages are inadequate. The injunction may be the only effective remedy Jacobsen has. Jacobsen is asking this Court to prevent Katzer and KAMIND from selling, distributing, copying, making derivative works, distributing its software tool, or otherwise exploiting the JMRI Decoder Definition files, contrary to the license terms. He is not asking the Court to order destruction of Katzer and KAMIND's infringing CDs, although he is entitled to that remedy under federal copyright law. He is merely asking that if Katzer and KAMIND copy, modify, or distribute Jacobsen's copyrighted materials, that Katzer and KAMIND be required to copy, modify, or distribute JMRI materials within the scope of the Artistic License. Katzer and KAMIND produced no evidence that an injunction requiring them to comply with the Artistic License will injure them during the pendency of this litigation. Jacobsen's valuable copyright and intellectual property – which took hundreds of hours to create – is at stake. Absent an injunction, Katzer and KAMIND continue to exploit Jacobsen's intellectual property, and to encourage others to exploit

Jacobsen's intellectual property, in a manner contrary to the Artistic License. Jacobsen asks this Court to reverse the district court and order the district court to issue a preliminary injunction to prevent Katzer and KAMIND from further exploiting the Decoder Definition files in violation of federal copyright law. Given the hardships tip in his favor, Jacobsen is entitled to the injunction.

### **IX. Conclusion**

Jacobsen has shown he is likely to succeed on the merits. He has made a prima facie case of copyright infringement. He had shown that any license defense fails. Even if Jacobsen has only a fair chance of success on the merits, the hardships tip in his favor. For the foregoing reasons, Jacobsen respectfully requests this Court to reverse the judgment of the district court and grant the preliminary injunction.

Respectfully submitted,

DATED: December 17, 2007

By Victoria K. Hall, Esq. (SBN 240702)  
LAW OFFICE OF VICTORIA K. HALL  
3 Bethesda Metro Suite 700  
Bethesda MD 20814

Telephone: 301-280-5925  
Facsimile: 240-536-9142

ATTORNEY FOR PLAINTIFF

# Addendum 1

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IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA

ROBERT JACOBSEN,  
Plaintiff,

No. C 06-01905 JSW

v.

MATTHEW KATZER, and KAMIND  
ASSOCIATES, INC.,  
Defendants.

**ORDER GRANTING  
DEFENDANTS’ MOTION TO  
DISMISS; GRANTING IN PART  
AND DENYING IN PART  
DEFENDANTS’ MOTION TO  
STRIKE; AND DENYING  
PLAINTIFF’S MOTION FOR  
PRELIMINARY INJUNCTION**

Now before the Court are the motions filed by Matthew Katzer and Kamind Associates, Inc. (“KAM”) to dismiss counts five, six and ten for failure to state a claim upon which relief can be granted pursuant to Federal Rule of Civil Procedure 12(b)(6) and to strike portions of the first amended complaint pursuant to Federal Rule of Civil Procedure 12(f). Also before the Court is Plaintiff’s motion for preliminary injunction on his copyright claim. Having carefully reviewed the parties’ papers, considered their arguments and the relevant legal authority, the Court hereby GRANTS Defendants’ motion to dismiss; GRANTS IN PART AND DENIED IN PART Defendants’ motion to strike; and DENIES Plaintiff’s motion for preliminary injunction.

**BACKGROUND**

Matthew Katzer is the chief executive officer and chairman of the board of directors of KAM, a software company based in Portland, Oregon that develops software for model railroad enthusiasts. The Java Model Railroad Interface (“JMRI”) Project is an on-line, open source

United States District Court  
For the Northern District of California

1 community that also develops model train software. Plaintiff, Robert Jacobsen, works for the  
2 Lawrence Berkeley National Laboratory and is a professor of physics at the university, as well  
3 as a model train hobbyist and a leading member of the JMRI Project.

4 According to the first amended complaint, Jacobsen contends that Defendants  
5 fraudulently secured patents for their software and, despite knowing the patents were invalid  
6 and unenforceable, sought to enforce the patents and collect patent royalties, and threatened  
7 litigation. Jacobsen makes claims for declaratory judgment of the unenforceability and  
8 invalidity of KAM’s patent, non-infringement of Jacobsen’s work, violation of the California  
9 Business and Professions Code § 17200, cybersquatting in violation of 15 U.S.C. § 1125(d),  
10 violation of the Lanham Act, and unjust enrichment.

11 Now before the Court is Defendants’ motion to dismiss the fifth count for unfair  
12 competition under California Business and Professions Code § 17200 and the tenth count for  
13 unjust enrichment arguing both that the state claims are preempted by copyright law and  
14 because they independently fail to state a cause of action. Defendants move to dismiss the sixth  
15 cause of action for cybersquatting for failure to join an indispensable party. Defendants also  
16 move to strike certain portions of the amended complaint as irrelevant and immaterial. Lastly,  
17 Plaintiff moves for preliminary injunction, seeking to have the Court enjoin Defendants from  
18 willfully infringing Plaintiff’s copyrighted material.

19 **ANALYSIS**

20 **A. Matthew Katzer and Kamind Associates, Inc.’s Motion to Dismiss.**

21 **1. Legal Standard on Motion to Dismiss.**

22 A motion to dismiss is proper under Federal Rule of Civil Procedure 12(b)(6) where the  
23 pleadings fail to state a claim upon which relief can be granted. A motion to dismiss should not  
24 be granted unless it appears beyond a doubt that a plaintiff can show no set of facts supporting  
25 his or her claim. *Conley v. Gibson*, 355 U.S. 41, 45-46 (1957). Thus, dismissal is proper “only  
26 if it is clear that no relief could be granted under any set of facts that could be proved consistent  
27 with the allegations.” *Hishon v. King & Spaulding*, 467 U.S. 69, 73 (1984). The complaint is  
28 construed in the light most favorable to the non-moving party and all material allegations in the

1 complaint are taken to be true. *Sanders v. Kennedy*, 794 F.2d 478, 481 (9th Cir. 1986). The  
2 court, however, is not required to accept legal conclusions cast in the form of factual  
3 allegations, if those conclusions cannot reasonably be drawn from the facts alleged. *Cleggy v.*  
4 *Cult Awareness Network*, 18 F.3d 752, 754-55 (9th Cir. 1994) (citing *Papasan v. Allain*, 478  
5 U.S. 265, 286 (1986)).

6 **2. Count Five for Unfair Competition Under § 17200.**

7 In order to make out an unfair competition claim under California law, Plaintiff must  
8 have suffered an injury in fact and have lost money or property. Cal. Bus. & Prof. Code §  
9 17204; *see also Californians for Disability Rights v. Mervyn's, LLC*, 39 Cal. 4th 223, 227  
10 (2006) (After Proposition 64, a private person has standing to sue only if he or she “has suffered  
11 injury in fact and has lost money or property as a result of such unfair competition.”). Because  
12 Plaintiff alleges that he never had an expectation of compensation by making the decoder files  
13 available for free on the internet, Count Five for unfair competition in violation of California  
14 Business and Professions Code § 17200 is dismissed without leave to amend for lack of  
15 standing.

16 **3. Count Ten for Unjust Enrichment.**

17 Under California law, a plaintiff is only entitled to recover for unjust enrichment “if the  
18 circumstances are such as to warrant the inference that it was the expectation of *both parties*  
19 during the time the services were rendered that the compensation should be made.” *Del Del*  
20 *Madera Props. v. Rhodes & Gardner*, 820 F.2d 973, 978 (9th Cir. 1987) (citations omitted)  
21 (emphasis in original). Because open source software benefits all potential licensees, this  
22 benefit is not unjust as a matter of law where the software is distributed freely to anyone. *See*  
23 *First Nationwide Savings v. Perry*, 11 Cal. App. 4th, 1657, 1662 (1992). In addition, unjust  
24 enrichment is a theory of recovery, not an independent legal claim. *IB Melchoir v. New Line*  
25 *Productions, Inc.*, 106 Cal. App. 4th 779, 793 (2003) (“[T]here is no cause of action in  
26 California for unjust enrichment.”). Accordingly, Count Ten for unjust enrichment is dismissed  
27 without leave to amend for failure to state a claim upon which relief can be granted.  
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1           **4. State Claims, Counts Five and Ten, Are Also Preempted by Copyright Law.**

2           Although the state claims are subject to dismissal on the merits for lack of standing and  
3 for failure to state a claim upon which relief can be granted, the Court also finds that the two  
4 counts are preempted by federal copyright law, to the extent Plaintiff makes out a claim for  
5 copyright infringement.

6           Section 301 of the Federal Copyright Act provides in pertinent part:

7           all legal or equitable rights that are equivalent to any of the exclusive rights  
8           within the general scope of copyright ... are governed exclusively by this title.  
9           Thereafter, no person is entitled to any such right or equivalent right in any  
10          such work under the common law or statutes of any State.

11          17 U.S.C. § 301. The federal copyright preemption of overlapping state law claims is “explicit  
12 and broad.” *G.S. Rasmussen & Assoc. V. Kalitta Flying Serv.*, 958 F.2d 896, 904 (9th Cir.  
13 1992). Section 301 of the Copyright Act establishes a two-part test for preemption. First, the  
14 claims must come within the subject matter of copyright, and (2) the rights granted under state  
15 law must be equivalent to any of the exclusive rights within the general scope of copyright as  
16 set forth in the Act. *Del Madera*, 820 F.2d at 976. Counts Five and Ten address the subject  
17 matter that is within the subject matter of the Copyright Act as both claims deal exclusively  
18 with the misappropriation of the JMRI Project decoder definition files. (*See Amended*  
19 *Complaint*, ¶ 83(a) (“Katzer infringed copyrights on JMRI Project decoder definition files, in  
20 violation of federal copyright laws. In doing so, Katzer took away from Jacobsen, owner and  
21 assignee of the copyright, a property right – the exclusive right to reproduce, distribute, and  
22 make derivative copies.”); ¶ 119 (“Katzer took JMRI Project decoder definition filed subject to  
a copyright, took credit for the work and used it for his own commercial gain. Thus, he  
received a benefit from Jacobsen’s copyrighted work.”).)

23          To satisfy the “equivalent rights” part of the preemption test, Plaintiff’s unfair  
24 competition and unjust enrichment claims, which are predicated upon the alleged  
25 misappropriation of the copyrighted work, must be equivalent to rights within the general scope  
26 of copyright. *Del Madera*, 820 F.2d at 977. In other words, to survive preemption, the state  
27 causes of action must protect rights which are qualitatively different from the copyright rights.  
28 *Id.*, citing *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 501 F. Supp. 848, 852

1 (S.D.N.Y. 1980). The state claim must have an “extra element” which changes the nature of the  
2 action. *Id.*, citing *Mayer v. Josiah Wedgwood & Sons, Ltd.*, 601 F. Supp. 1523, 1535 (S.D.N.Y.  
3 1985).

4 The alleged misappropriation of the decoder definition files are the basis for the state  
5 claims for violation of the California Business and Professions Code and for unjust enrichment.  
6 The claims do not add an “extra element” which changes the nature of the action or the rights  
7 secured under federal copyright protection. The unfair competition claims alleges violations of  
8 the exact same exclusive federal rights protected by Section 106 of the Copyright Act, the  
9 exclusive right to reproduce, distribute and make derivative copies. The unjust enrichment  
10 claim is equivalent to the copyright infringement claims because the claim fails to allege the  
11 bilateral expectation of compensation during the pertinent time period. *Del Madera*, 820 F.2d  
12 at 978, citing 1 B. Witkin, *Summary of California Law, Contracts* § 50, at 60-61 (8th ed. 1973  
13 & Supp. 1984). Because Plaintiff alleges that the JMRI Project intentionally made the decoder  
14 files available for free, there was not an expectation of compensation to Jacobsen.

15 Accordingly, to the extent Plaintiff makes out a claim for copyright infringement,  
16 Counts Five and Ten are preempted by federal copyright law, and are thereby dismissed on this  
17 alternate basis without leave to amend.

18 **5. Count Six, Cybersquatting, is Dismissed As Moot.**

19 Defendants move to dismiss Count Six for cybersquatting from the amended complaint  
20 for failure to join Jerry Britton as an indispensable party. Count Six alleges that Katzer  
21 transferred the domain name to a third party, Jerry Britton, and limited his rights to transfer it to  
22 anyone else, including Jacobsen. (*See Amended Complaint* ¶ 90.) In response to the Court’s  
23 questions regarding the addition of Mr. Britton as an indispensable party, counsel for Plaintiff  
24 contended that the cybersquatting claim is filed as an in rem action. On August 6, 2007,  
25 Plaintiff submitted additional materials indicating that, pursuant to an administrative ruling by  
26 the World Intellectual Property Organization arbitration panel, the domain name at issue has  
27  
28

1 been transferred to Jacobsen.<sup>1</sup> In an in rem action under 15 U.S.C. § 1125(d), the power of the  
2 court is limited to the res or property of the accused domain name and the Anti-cybersquatting  
3 Act expressly limits the remedies to a court order for the forfeiture or cancellation of the  
4 domain name or transfer of the domain name to the owner of the mark. *See* 15 U.S.C. §  
5 1125(d)(D)(I); 4 McCarthy on Trademarks and Unfair Competition § 25:79 (4th ed. 2007). As  
6 the transfer has already been adjudicated by another forum, Plaintiff’s claim for cybersquatting  
7 is rendered moot and is therefore dismissed on that basis without leave to amend.<sup>2</sup>

8 **B. Motion to Strike.**

9 Federal Rule of Civil Procedure 12(f) provides that a court may “order stricken from any  
10 pleading any insufficient defense or any redundant, immaterial, impertinent, or scandalous  
11 matter.” Immaterial matter “is that which has no essential or important relationship to the claim  
12 for relief or the defenses being pleaded.” *California Dept. of Toxic Substance Control v. ALCO*  
13 *Pacific, Inc.*, 217 F. Supp. 2d 1028, 1032 (C.D. Cal. 2002) (internal citations and quotations  
14 omitted). Impertinent material “consists of statements that do not pertain, or are not necessary  
15 to the issues in question.” *Id.* Motions to strike are regarded with disfavor because they are  
16 often used as delaying tactics and because of the limited importance of pleadings in federal  
17 practice. *Colaprico v. Sun Microsystems Inc.*, 758 F. Supp 1335, 1339 (N.D. Cal. 1991). The  
18 possibility that issues will be unnecessarily complicated or that superfluous pleadings will cause  
19 the trier of fact to draw unwarranted inferences at trial is the type of prejudice that is sufficient  
20 to support the granting of a motion to strike. *Cal. Dept. of Toxic Substances Control*, 217 F.  
21 Supp. at 1028. Under Rule 12(f), courts have authority to strike a prayer for relief seeking  
22 damages that are not recoverable as a matter of law. *Wells v. Board of Trustees of the Cal. State*  
23 *Univ.*, 393 F. Supp. 2d 990, 994-95 (N.D. Cal. 2005); *Arcilla v. Adidas Promotional Retail*

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26 <sup>1</sup> Plaintiff’s two motions for leave to file supplementary material pursuant to Civil  
27 Local Rule 7-3(d) and motion for leave to file a sur-reply are HEREBY GRANTED.

28 <sup>2</sup> Although Defendants originally moved additionally to dismiss Counts Eight and  
Nine, they have withdrawn the motion as to those claims in their reply brief. Therefore, the  
Court does not address the motion to dismiss as to Counts Eight and Nine.

1 *Operations, Inc.*, 488 F. Supp. 2d 965, 968 (C.D. Cal. 2007), citing *Tapley v. Lockwood Green*  
2 *Engineers, Inc.*, 502 F.2d 559, 560 (8th Cir. 1974).

3 Defendants move to strike numerous portions of the amended complaint as immaterial.  
4 The Court addresses each in turn.

5 1. Paragraphs 1-6: the Court DENIES Defendants’ motion to strike these  
6 paragraphs of the amended complaint. These paragraphs are somewhat potentially relevant as  
7 background information.

8 2. Footnote 14, Count 4, footnote 19, Count 7, footnote 21: the Court  
9 GRANTS Defendants’ motion to strike those portions of the amended complaint in which  
10 Plaintiff seeks to reserve “the right to seek the reinstatement of his antitrust claim upon review  
11 of the Court’s pending written ruling.” (*See Amended Complaint, n.19.*) The Court dismissed  
12 Plaintiff’s antitrust claim without leave to amend. These portions of the amended complaint are  
13 stricken.

14 3. Footnote 20: the Court has granted Defendants’ motion to dismiss Count Five  
15 and therefore this footnote is automatically stricken.

16 4. Paragraph 66: the Court DENIES Defendants’ motion to strike this paragraph as  
17 the alleged facts, although irrelevant as the predicate for Plaintiff’s dismissed libel claim, are  
18 somewhat relevant to Plaintiff’s reasonable apprehension of suit.

19 5. Footnote 17: although it is unclear how the arguments made before this Court are  
20 relevant to the facts giving rise to Plaintiff’s claim, the Court DENIES Defendants’ motion to  
21 strike this footnote because there are facts alleged within it that are potentially relevant.

22 6. Paragraph 105, first clause referencing 17 U.S.C. § 504 and Paragraph R of  
23 prayer for relief: the Court GRANTS Defendants’ motion to strike as Plaintiff is not entitled to  
24 seek damages under 17 U.S.C. § 504 considering Plaintiff registered the copyright after the  
25 alleged infringement occurred. *See Polar Bear Prods. v. Timex Corp.*, 384 F.3d 700, 708 n.5  
26 (9th Cir. 2004) (holding that where Plaintiff did not register its copyright before infringement, it  
27 can recover only actual damages and profits under § 504(b), not statutory damages under  
28

1 § 504(c)); *Wells v. Board of Trustees*, 393 F. Supp. 2d at 994-95, citing *Tapley*, 502 F.2d at 560  
2 (holding that court may strike damages sought that are not recoverable as a matter of law).

3 7. Paragraphs H and T in prayer for relief: there is no authority for the relief  
4 requested in these portions of the prayer and the Court declines the exercise its inherent  
5 discretion to award such remedies. Therefore, the Court GRANTS Defendants’ motion to strike  
6 paragraphs H and T in the prayer for relief.

7 8. References in paragraph 50 to Kevin Russell: paragraph 50 refers to Kevin  
8 Russell as a defendant. Because the Court has dismissed Russell from this lawsuit, the Court  
9 GRANTS Defendants’ motion to strike references to him as a defendant in paragraph 50 of the  
10 amended complaint.

11 **C. Motion for Preliminary Injunction.**

12 Plaintiff moves for preliminary injunction, seeking a court order enjoining Defendants  
13 from willfully infringing Plaintiff’s copyrighted material. A plaintiff is entitled to a preliminary  
14 injunction when it can demonstrate either: (1) a combination of probable success on the merits  
15 and the possibility of irreparable injury, or (2) the existence of serious questions going to the  
16 merits, where the balance of hardships tips sharply in plaintiff’s favor. *GoTo.com, Inc. v. Walt*  
17 *Disney Co.*, 202 F.3d 1199, 1204-05 (9th Cir. 2000). Under federal copyright law, however, a  
18 plaintiff who demonstrates a likelihood of success on the merits of a copyright claim is entitled  
19 to a presumption of irreparable harm. *Sun Microsystems, Inc. v. Microsoft Corp.*, 188 F.3d  
20 1115, 1119 (9th Cir. 1999), citing *Cadence Design Systems v. Avant! Corp.*, 125 F.3d 824, 826-  
21 27 (9th Cir. 1997). “That presumption means that the balance of hardships issue cannot be  
22 accorded significant – if any – weight in determining whether a court should enter a preliminary  
23 injunction to prevent the use of infringing material in cases where ... the plaintiff has made a  
24 strong showing of likely success on the merits.” *Sun*, 188 F.3d at 1119, citing *Cadence*, 125  
25 F.3d at 830 (internal quotations omitted). To establish copyright infringement, a plaintiff must  
26 show (1) ownership of the copyrights, and (2) copying of the protected expression by  
27 Defendants. *Id.* at 1109.

28

1           **1. Defendants’ Voluntary Cessation of Challenged Conduct.**

2           Although Defendants represent that they have voluntarily ceased all potentially  
3           infringing activities utilizing any of the disputed material and although both parties conceded  
4           that the disputed material is no longer of value (as of March 2007), the Court cannot find as a  
5           matter of law that Defendants’ voluntary termination of allegedly wrongful activity renders the  
6           motion for preliminary injunction moot. “Voluntary cessation of challenged conduct moots a  
7           case ... only if it is *absolutely* clear that the alleged wrongful behavior would not reasonable be  
8           expected to recur.” *LGS Architects, Inc. v. Concordia Homes of Nevada*, 434 F.3d 1150, 1153  
9           (9th Cir. 2006), quoting *Adarand Constructors, Inc. v. Slater*, 528 U.S. 216, 222 (2000)  
10          (emphasis in original). Although the Court is aware that it is altogether extremely unlikely that  
11          Defendants would again utilize the disputed material, considering the data contained within it is  
12          admittedly no longer of any commercial use, the Court cannot find as a matter of law that is  
13          absolutely clear that the alleged behavior could not recur.

14           **2. Plaintiff’s Claim Sounds in Contract, Not Copyright.**

15          Plaintiff contends that he has a claim for copyright infringement, and has demonstrated  
16          Defendants’ copying of the protected expression, and is therefore, entitled to a presumption of  
17          irreparable harm. Plaintiff’s claim for copyright infringement states that Defendants, “without  
18          permission or consent, has [sic] made copies, distributed copies to the public, or created  
19          derivative works in violation of the exclusive rights. Defendants’ actions constitute  
20          infringement of plaintiff’s copyright and exclusive rights under the Copyright Act.” (*See*  
21          Amended Complaint at ¶ 100.) However, Plaintiff’s copyrighted decoder definition files are  
22          subject to an open source software license that permits potential licensees, members of the  
23          public who have access to the files on the internet, to make copies, distribute and create  
24          derivative works from the software, provided the licensees give proper credit to the JMRI  
25          Project original creators. (*See id.* at ¶¶ 2, 41; *see also* Supplemental Declaration of Robert  
26          Jacobsen (“Suppl. Jacobsen Del.”), ¶ 2, Ex. A.) The license provides that potential licensees  
27          “may make or give away verbatim copies of the source form ... without restriction provided that  
28          [the licensee] duplicate all of the original copyright notices and associated disclaimers.” (*See*

1 Suppl. Jacobsen Decl., Ex. A.) The license further provides that the user or licensee may  
2 distribute the copyrighted work “in a more-or-less customary fashion, plus [have] the right to  
3 make reasonable modifications.” (*Id.*) Lastly, the license provides that the licensee “may  
4 distribute [the material] in aggregate with other (possibly commercial) programs as part of a  
5 larger (possibly commercial) software distribution provided that [the licensee] not advertise [the  
6 material] as a product of [the licensee’s] own.” (*Id.*)

7 Based on the both the allegations in the amended complaint and the explicit language of  
8 the JMRI Project’s artistic license, the Court finds that Plaintiff has chosen to distribute his  
9 decoder definition files by granting the public a nonexclusive license to use, distribute and copy  
10 the files. The nonexclusive license is subject to various conditions, including the licensee’s  
11 proper attribution of the source of the subject files. However, implicit in a nonexclusive license  
12 is the promise not to sue for copyright infringement. *See In re CFLC, Inc.*, 89 F.3d 673, 677  
13 (9th Cir. 1996), citing *De Forest Radio Telephone Co. v. United States*, 273 U.S. 236, 242  
14 (1927) (finding that a nonexclusive license is, in essence, a mere waiver of the right to sue the  
15 licensee for infringement); *see also Effects Associates, Inc. v. Cohen*, 908 F.2d 555, 558 (9th  
16 Cir. 1990) (holding that the granting of a nonexclusive license may be oral or by conduct and a  
17 such a license creates a waiver of the right to sue in copyright, but not the right to sue for breach  
18 of contract). Therefore, under this reasoning, Plaintiff may have a claim against Defendants for  
19 breach the nonexclusive license agreement, but perhaps not a claim sounding in copyright.

20 However, merely finding that there was a license to use does not automatically preclude  
21 a claim for copyright infringement. A licensee infringes the owner’s copyright where its use  
22 exceeds the scope of the license. *See S.O.S., Inc. v. Payday, Inc.*, 886 F.2d 1081, 1088 (9th Cir.  
23 1989), citing *Gilliam v. American Broadcasting Cos.*, 538 F.2d 14, 20 (2d Cir. 1976). In *S.O.S.*,  
24 the plaintiff held a copyright in a computer program and had granted defendant a licence to  
25 “use” the software and had explicitly reserved all other rights. The plaintiff claimed that by  
26 modifying the software the defendant had exceeded the scope of the license and therefore  
27 infringed the copyright. *Id.* Here, however, the JMRI Project license provides that a user may  
28 copy the files verbatim or may otherwise modify the material in any way, including as part of a

1 larger, possibly commercial software distribution. The license explicitly gives the users of the  
2 material, any member of the public, “the right to use and distribute the [material] in a more-or-  
3 less customary fashion, plus the right to make reasonable accommodations.” (*See* Suppl.  
4 Jacobsen Decl., Ex. A.) The scope of the nonexclusive license is, therefore, intentionally broad.  
5 The condition that the user insert a prominent notice of attribution does not limit the scope of  
6 the license. Rather, Defendants’ alleged violation of the conditions of the license may have  
7 constituted a breach of the nonexclusive license, but does not create liability for copyright  
8 infringement where it would not otherwise exist. Therefore, based on the current record before  
9 the Court, the Court finds that Plaintiff’s claim properly sounds in contract and therefore  
10 Plaintiff has not met his burden of demonstrating likelihood of success on the merit of his  
11 copyright claim and is therefore not entitled to a presumption of irreparable harm. *See Sun*  
12 *Microsystems*, 188 F.3d at 1119. Plaintiff has not met his burden of demonstrating either a  
13 combination of probable success on the merits of his copyright claim nor the existence of  
14 serious questions going to the merits. *See GoTo.com*, 202 F.3d at 1204-05.

15 Accordingly, the Court DENIES Plaintiff’s motion for preliminary injunction.

16 **CONCLUSION**

17 For the foregoing reasons, the Court GRANTS Defendants’ motion to dismiss Counts  
18 five, six and ten without leave to amend and GRANTS IN PART AND DENIES IN PART  
19 Defendants’ motion to strike. The Court DENIES Plaintiff’s motion for preliminary injunction.

20 In order to proceed with this matter, the Court HEREBY SETS a further case  
21 management conference for September 14, 2007 at 1:30 p.m. The parties shall submit a joint  
22 case management conference statement by no later than September 7, 2007.

23  
24 **IT IS SO ORDERED.**

25  
26 Dated: August 17, 2007

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28 \_\_\_\_\_  
JEFFREY S. WHITE  
UNITED STATES DISTRICT JUDGE



# Addendum 2

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IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA

ROBERT JACOBSEN,

Plaintiff,

No. C 06-01905 JSW

v.

MATTHEW KATZER and KAMIND  
ASSOCIATES, INC.,

Defendants.

**ORDER DENYING MOTION FOR  
LEAVE TO FILE MOTION FOR  
RECONSIDERATION**

Now before the Court is the motion for leave to file a motion for reconsideration filed by Plaintiff Robert Jacobsen. Plaintiff requests reconsideration of the Court order issued on August 17, 2007 granting Defendants' motion to dismiss and denying Plaintiff's motion for preliminary injunction. Having carefully reviewed Plaintiff's papers and considered the relevant legal authority, and good cause appearing, the Court hereby DENIES Plaintiff's motion for leave to file a motion for reconsideration.

A motion for reconsideration may be made on one of three grounds: (1) a material difference in fact or law exists from that which was presented to the Court, which, in the exercise of reasonable diligence, the party applying for reconsideration did not know at the time of the order; (2) the emergence of new material facts or a change of law; or (3) a manifest failure by the Court to consider material facts or dispositive legal arguments presented before entry of the order. Civ. L.R. 7-9(b)(1)-(3). In addition, the moving party may not reargue any written or oral argument previously asserted to the Court. Civ. L.R. 7-9(c).

1 Plaintiff moves for reconsideration for the Court to consider dispositive legal arguments  
2 that it failed to consider initially with regard to the motion for preliminary injunction and a  
3 material change in fact with regard to the cybersquatting claim. The Court considered the  
4 arguments now raised when considering Plaintiff's motion for preliminary injunction and found  
5 them unpersuasive. It finds them similarly unpersuasive in the context of the motion to  
6 reconsider. Plaintiff may not move for reconsideration on the basis of any written or oral  
7 argument previously asserted to the Court. Civ. L.R. 7-9(c). In addition, Plaintiff's contention  
8 that the Court misunderstood his argument at the hearing does not constitute a changed material  
9 fact and does not alter the Court's ruling on Defendants' motion to dismiss.

10 Accordingly, Plaintiff's motion for leave to file a motion for reconsideration is  
11 DENIED.

12  
13 **IT IS SO ORDERED.**

14  
15 Dated: September 5, 2007

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18 JEFFREY S. WHITE  
19 UNITED STATES DISTRICT JUDGE  
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# Addendum 3

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  - b) accompany the distribution with the machine-readable source of the Package with your modifications.
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JACOBSEN v KATZER, 2008-1001

PROOF OF SERVICE

I hereby certify that on December 17, 2007, I sent two (2) copies of Appellants' opening brief, by first class mail postage prepaid, to:

R. Scott Jerger  
Field Jerger LLP  
610 SW Alder St. Suite 910  
Portland OR 97205

Attorney for Defendants-Appellees

DATED: December 17, 2007

By \_\_\_\_\_  
Victoria K. Hall, Esq. (SBN 240702)  
LAW OFFICE OF VICTORIA K. HALL  
3 Bethesda Metro Suite 700  
Bethesda MD 20814

Telephone: 301-280-5925  
Facsimile: 240-536-9142

ATTORNEY FOR PLAINTIFF

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1. This brief complies with the type-volume limitation of Federal Rule of Appellate Procedure 32(a)(7)(B).

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(s) \_\_\_\_\_

\_\_\_\_\_  
(Name of Attorney)

\_\_\_\_\_  
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\_\_\_\_\_  
(Date)