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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

ROBERT JACOBSEN, an individual,) Plaintiff,) vs.) MATTHEW KATZER, an individual, and) KAMIND ASSOCIATES, INC., an Oregon) corporation dba KAM Industries,) Defendants.)	Case Number C06-1905-JSW Hearing Date: December 22, 2006 Hearing Time: 9:00am Place: Ct. 2, Floor 17 Hon. Jeffrey S. White DEFENDANTS MATTHEW KATZER AND KAMIND ASSOCIATES, INC.'S RESPONSE TO PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION

STATEMENT OF ISSUED TO BE DECIDED

1. Is plaintiff entitled to a presumption of "irreparable" harm?

2. Has plaintiff demonstrated that he will likely suffer "irreparable" harm unless an injunction issues?

3. Has plaintiff demonstrated that he will prevail on the merits of his copyright claim?

STATEMENT OF RELEVANT FACTS

Plaintiff is seeking a preliminary injunction to enjoin defendants from continuing to willfully infringe plaintiff's copyrighted material by, *inter alia*, copying and distributing plaintiff's decoder definition files.   Plaintiff's decoder definition files contain manufacturer specification data. Declaration of Matthew Katzer, ("Katzer Decl.") ¶ 5. This manufacturer specification data (similar to a spreadsheet of information) is one way to allow a personal computer to program a computer microchip (decoder) in a model train engine. Katzer Decl. ¶ 14. The manufacturer specification data facilitates the programming of decoders produced by a variety of manufacturers by allowing a particular software program to "see" the internal data of a particular decoder. Katzer Decl. ¶ 14. The raw data on manufacturer specifications in the decoder definition files was incorporated into to the manufacturer specification data contained in KAM's decoder template data files. Katzer Decl. ¶ 13. In response to plaintiff's assertions in his amended complaint and his "cease and desist" letter of September 21, 2006 KAM has voluntarily recalled all allegedly infringing product from the market and no longer offers a product for sale that contains any allegedly infringing product. Katzer Decl. ¶¶ 19-31.

ARGUMENT

1. The Parties

As a threshold matter, plaintiff has presented no evidence indicating that Matthew Katzer, as an individual, has ever engaged in any of the alleged infringing activities. In fact, plaintiff seems to concede that Matthew Katzer has always acted through Kamind Associates, Inc ("KAM"). Plaintiff's Memorandum in Support of Preliminary Injunction ("Pl.'s Memo") at 3.

1   Plaintiff has not presented any evidence indicating KAM is inadequately capitalized or has any

2   other indicia of a sham corporation. KAM is, in fact, an active, registered, adequately capitalized

3   corporation and Matthew Katzer has always followed all corporate formalities. Katzer Decl. ¶¶

4   1-4. Therefore, plaintiff's motion is properly only against defendant KAM and not defendant

5   Katzer.

6   **2. Legal Standard**

7   Defendants agree with plaintiff that the standard for granting a preliminary injunction

8   requires the plaintiff to demonstrate either (1) a likelihood of success on the merits and the

9   possibility of irreparable injury, or (2) that serious questions going to the merits are raised and

10 the balance of hardships tips sharply in plaintiff's favor. *See* Pl.'s Memo at 5. Defendants also

11 agree with plaintiff that, as a general rule, a plaintiff who demonstrates a likelihood of success on

12 the merits of a copyright infringement claim is entitled to a rebuttable presumption of irreparable

13 harm. *Id.* Defendants disagree, however, that plaintiff Jacobsen is entitled to this presumption

14 given the circumstances surrounding this case. At least one court has suggested that the

15 presumption makes sense in the context of literary, musical and other artistic works where the

16 commercial value is fleeting, but not in the context of technical drawings for buildings as the

17 value of the technical drawings is not fleeting. *National Med. Care, Inc. v. Espiritu*, 284

18 F.Supp.2d 424 (S.D.W. Va. 2003) ("The value of the drawings exists in [plaintiff's] ability to use

19 them in building dialysis centers; comparatively, the value of a song or a book is heavily

20 dependent on retail sales"). The manufacturer specifications data at issue are directly analogous

21 to technical blueprints and are not properly considered "artistic works." *See* Katzer Decl. ¶ 14

22 (comparing the manufacturer specification data to a "spreadsheet" of information). The value of

23 the files, therefore, is not fleeting like that of a recently published book. Similar to the blueprints

24 at issue in *Espiritu*, any value in the manufacturer specification data exists in the user's ability to

25 use the data to program a decoder from a particular manufacturer. Additionally, the

26 manufacturer specification data is contained in the decoder definition files (as open source

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software) are distributed for free and therefore lack any commercial value, whatsoever, to the plaintiff. Pl.'s Amended Complaint, ¶ 2, 41. Therefore, Jacobsen is not entitled to a presumption of irreparable harm.

3. Irreparable Harm

Even assuming a presumption of irreparable harm applies, plaintiff's conduct in this case is sufficient to rebut the presumption. When asked whether plaintiff would be filing an amended complaint at the August 11, 2006 hearing on defendants' motions to dismiss, plaintiff's counsel stated:

> THE COURT: DOES THE PLAINTIFF STILL WISH TO FILE AN AMENDED
> COMPLAINT?
> MS. HALL: YES.
> THE COURT: AND BY WHAT DATE?
> MS. HALL: I'M WAITING ON A GOVERNMENT AGENCY TO
> PRODUCE SOMETHING.

Tr. at 55-56. Plaintiff's conduct evidences the lack of harm plaintiff has suffered in regard to the copyright infringement claim. In retrospect, it is clear, that plaintiff was waiting for assignments of copyrights from individual JMRI developers and for his copyright registration of the decoder definition files to issue. The copyright registration of the decoder definition files was filed by plaintiff on June 13, 2006, approximately two months after the initiation of this lawsuit. Ex. C to Plaintiff's Amended Complaint. Were plaintiff's desire to stop KAM and Katzer from allegedly distributing copyrighted product, plaintiff and the JMRI project would have immediately notified KAM and Katzer of this intention since Decoder Pro and the decoder definition files have been copyrighted by the JMRI project (not plaintiff) "from the beginning." Amended Complaint, ¶ 39, 41. Instead, plaintiff sought assignment of the copyright rights from JMRI in order to pursue the issue in this litigation. Even when prompted, plaintiff refused to disclose his copyright infringement allegations, treating the issue as privileged and confidential litigation information to be disclosed to defendants only when they were served with the amended complaint on September 11, 2006. Somewhat mysteriously, plaintiff delivered his "cease and desist notice" of

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his copyright infringement allegations on September 21, 2006, 10 days *after* serving defendants with the amended complaint. Exhibit A to Declaration of Victoria Hall in Support of Plaintiff's Motion for a Preliminary Injunction. This conduct belies plaintiff's motive. Instead of reflecting a genuine concern for the allegedly infringing use by defendants of the manufacturer specification data, plaintiff's copyright infringement claim is a *post-hoc* attempt to create additional litigation in this dispute. Plaintiff's conduct effectively rebuts any presumption of hardship on plaintiff, and plaintiff has failed to allege any concrete damages in his motion, relying instead on the presumption. Pl.'s Memo at 5.

 Plaintiff's delay in seeking a preliminary injunction in this case contradicts his claim of irreparable harm. Plaintiff initiated this litigation on March 13, 2006, and filed his amended complaint on September 11, 2006. Plaintiff did not seek a preliminary injunction until October 25, 2006, approximately one year and two months after learning of the allegedly infringing activity (Pl.'s Declaration in Support of Motion for Preliminary Injunction at ¶¶ 42-44), approximately 7 ½ months after the initiation of this lawsuit, approximately 4 ½ months after the copyright registration issued, and approximately 6 weeks after filing his amended complaint. Unexplained delay undercuts plaintiff's claim of irreparable injury. *Miller v. California Pac. Med. Ctr.*, 991 F.2d 536, 544 (9th Cir. 1993) *vacated on other grounds by* 19 F.3d 449 (9th Cir. 1994); *Programmed Tax Systems, Inc. v. Raytheon Co.*, 419 F. Supp. 1251, 1255 (S.D. N.Y. 1976) (seeking preliminary injunction four months after learning of patent infringement and 10 weeks after commencement of suit contradicts claim of irreparable injury). Additionally, the fact that plaintiff can seek adequate compensatory damages in the ordinary course of this litigation weighs heavily against a claim of irreparable harm. *Sampson v. Murray*, 415 U.S. 61, 90 (1974).

 Most importantly, however, there is also no need for an injunction in this case at this time as defendants have voluntarily complied with plaintiff's demands. Defendants, in an abundance of caution, immediately removed and recalled all allegedly infringing product from the market in response to, and in compliance with, plaintiff's cease and desist letter of September 21, 2006,

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and plaintiff's amended complaint. *See* Katzer Decl. ¶¶ 19-31. Defendants have voluntarily

removed and recalled all allegedly infringing product. At this time, the most recent version of

Decoder Commander available (and mailed as a replacement to all registered customers and

dealers) does not contain any of the decoder definition file data (i.e. manufacturer specification

data) complained of in the amended complaint and the cease and desist letter. Katzer Decl. ¶ 31.

This version does not read, write or run previous versions of Decoder Commander, including

KAM's previous decoder template files containing the manufacturer specifications data. Katzer

Decl. ¶ 31. Finally, KAM's template verifier tool, the tool that plaintiff alleges allows others to

make unauthorized copies of plaintiff's copyrighted work (Pl.'s Memo at 2) is not contained in

and does not function with the most recent versions of Decoder Commander. Katzer Decl. ¶ 23.

Additionally, this tool is not available on the KAM website at this time. Katzer Decl. ¶ 21.

4. Plaintiff's ability to succeed on the merits

As discussed in defendants' motion to dismiss the copyright claim, plaintiff has waived

his right to sue for copyright infringement by granting the public a nonexclusive license to use,

distribute and copy the decoder definition files. *See e.g. Sun Microsystems v. Microsoft* 188 F.3d

1115 (9th Cir. 1999). The license is nonexclusive by definition under the Copyright Act since

there is no written agreement between the parties signed by the owner of the copyright to create

an exclusive license. 17 U.S.C. § 204(a). A nonexclusive license may be granted orally or

implied from the parties' conduct. *Effects Associates, Inc. v. Cohen*, 908 F.2d 555, 558 (9th Cir.

1990) In this case, plaintiff impliedly granted the public a nonexclusive license to use, copy and

distribute the decoder definition files when he made the files available to the public to download

for free.   Implicit in this nonexclusive license is the promise not to sue for copyright

infringement and this promise is the essence of the nonexclusive license. *In re CFLC, Inc.*, 89

F.3d 673, 677 (9th Cir. 1996). Therefore, plaintiff will not succeed on the merits of his copyright

infringement claim.

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Plaintiff's allegations of nefarious activities by defendants are unfounded. Plaintiff's decoder definition files consist of manufacturer specifications data and program configuration information. Katzer Decl. ¶ 5. In June 2004, KAM bought prototype software which would become Decoder Commander from Robert Bouwens. Katzer Decl. ¶ 6. Bouwens assisted KAM for approximately one year, on an independent contractor basis, in the development of the final product. Katzer Decl. ¶12. In the software development phase, Bouwens downloaded the JMRI open source decoder definition files in early 2005. Katzer Decl. ¶ 13. Bouwens then created a tool, called the template verifier, to extract the manufacturer specifications data from the decoder definition files. Katzer Decl. ¶ 13. Manufacturer specifications data allow a personal computer running a software program to program a computer microchip (decoder) in a model train engine. Katzer Decl. ¶ 14. This data is comparable to a spreadsheet of data of manufacturer information which is used by the different computer programs to aid in programming decoders which are produced by a variety of different manufacturers. Katzer Decl. ¶ 14.

Plaintiff's decoder definition files are not themselves foundational works, but rather build on an effort to construct a master, uniform spreadsheet of manufacturer specifications data to aid in programming decoders from different manufacturers. Katzer Decl. ¶ 17. For example, the manufacturer specifications in plaintiff's decoder definition files include data initially created by different manufacturers, including QSI, and data created by the National Model Railroad Association. Katzer Decl. ¶ 17.

KAM incorporated the manufacturer specification data from the decoder definition files, along with other manufacturer specifications data (such as NMRA specifications data) into the decoder data template files offered in the Decoder Commander software suite. The remaining software in the suite consists of the application files which are separate and apart from the decoder template files. Katzer Decl. ¶ 15. Decoder Commander incorporated the manufacturer specification data from the JMRI decoder definition files in its product in an effort promote the idea of a national standard for manufacturer specifications data. Katzer Decl. ¶17. The fact that

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1 JMRI was not "given credit" in the decoder template files results from the fact that the JMRI

2 credit information was contained in the comment fields of the decoder definition file code.

3 Katzer Decl. ¶ 18. The template verifier, which extracted the manufacturer specifications data,

4 was not designed to extract any information other than data fields. Katzer Decl. ¶ 18.

CONCLUSION

6   Defendants have voluntarily complied with plaintiff's demands and are not presently

7 copying, selling, marketing, making available, distributing, or making derivative works of any of

8 plaintiff's alleged copyrighted material. Since plaintiff cannot demonstrate that he will prevail

9 on the merits of copyright infringement claim and since plaintiff has not suffered and is not

10 presently suffering any harm, defendants respectfully request that this Court deny plaintiff's

11 motion for a preliminary injunction.

12   Dated November 9, 2006.

13   Respectfully submitted,

14   _____/s/_____

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19

                          CERTIFICATE OF SERVICE
20
21   I certify that on November 9, 2006, I served Matthew Katzer's and KAM's Motion to
   Dismiss, etc., Supporting Memorandum, and Declaration of R. Scott Jerger in Support on the
22 following parties through their attorneys via the Court's ECF filing system:

   Victoria K. Hall   David M. Zeff
23 Law Office of Victoria K. Hall   Law Office of David M. Zeff
   401 N. Washington Street, Suite 550   1388 Sutter Street, Suite 820
24 Rockville, MD 20850   San Francisco, CA 94109

25   _____/s/_____

26   R. Scott Jerger (*pro hac vice*)

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