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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: February 8, 2008 Hearing Time: 9:00am Place: Ct. 2, Floor 17 Hon. Jeffrey S. White **DEFENDANTS MATTHEW KATZER AND KAMIND ASSOCIATES, INC.'S MOTION TO DISMISS FOR FAILURE TO STATE A CLAIM ON WHICH RELIEF CAN BE GRANTED [Fed. R. Civ. P. 12(b)(6)], AND MOTION TO STRIKE [Fed. R. Civ. P. 12(f)]; MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT THEREOF**

NOTICE

To the court and all interested parties, please take notice that a hearing on Defendants Matthew Katzer and Kamind Associates, Inc.'s Motions to Dismiss, and Motion to Strike will be held on February 8, 2008 at 9:00 a.m. in Courtroom 2, Floor 17, of the above-entitled court located at 450 Golden Gate Avenue, San Francisco, California.

MOTION

Defendants Matthew Katzer ("Katzer") and Kamind Associates, Inc. ("KAM") move the court for an order dismissing Counts 5 and 6 of Plaintiff's amended complaint without leave to amend; and striking certain portions of the amended complaint.

STATEMENT OF ISSUES TO BE DECIDED

1. Whether Counts 5 and 6 of the amended complaint state a claim on which relief can be granted? Fed. R. Civ. P. 12(b)(6).
2. Whether certain paragraphs in the amended complaint relating to statutory damages and attorney fees pursuant to 17 U.S.C. §§ 504, 505 should be stricken? Fed. R. Civ. P. 12(f).

STATEMENT OF RELEVANT FACTS

The amended complaint contains 7 counts against KAM and/or Katzer. The amended complaint seeks a declaratory judgment of unenforceability, invalidity and non-infringement of the '329 patent. The amended complaint also contains claims for (1) cybersquatting, (2) copyright infringement, (3) violations of the Digital Millennium Copyright Act (DMCA), and (4) breach of contract. This motion seeks to dismiss Plaintiff's DMCA claim and Plaintiff's breach of contract claim (counts 5 and 6 respectively). This motion also requests that this Court strike all portions of the amended complaint seeking attorney fees and statutory damages pursuant to 17 U.S.C. §§ 504, 505.

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ARGUMENT

1. Standard of Review

A motion to dismiss is proper under Fed. R. Civ. P. 12(b) were the pleadings fail to state a claim upon which relief can be granted. Dismissal is proper if "it is clear that no relief could be granted under any set of facts that could be proved consistent with the allegations" in the amended complaint. *Hishon v. King & Spaulding*, 467 U.S. 69, 73 (1984).

2. Plaintiff's Breach of Contract Count fails to state a claim

To state a cause of action for breach of contract, Plaintiff must plead (1) the contract, (2) plaintiff's performance or excuse of non-performance, (3) defendant's breach, and (4) damage to plaintiff proximately caused from defendant's breach. *Acoustics, Inc. v Trepte Constr. Co.*, 14 Cal. App.3d 887, 913, 92 Cal. Rptr. 723 (1971) (citing 2 Witkin, Calif. Proc., Pleading, § 251, p. 1226). Damages are compensatory and measured in money. Cal. Civ. Code § 3281.

Jacobsen has failed to allege any damages related to Defendants' alleged breach of the Artistic License. This is because Jacobsen suffered no uncompensated detriment caused by Defendants' alleged breach of the Artistic License. Pursuant to the license, Jacobsen's software is distributed for free to the general public. Amended Complaint, ¶ 2, 250-253. A breach of contract without damage is not actionable. *E.g. Hawkins v. Oakland Title Ins. & Guarantee Co.*, 165 Cal.App.2d 116, 122, 331 P.2d 742 (1958). Therefore, Count Six of the Plaintiff's Amended Complaint should be dismissed without leave to amend.

3. Plaintiff's Digital Millennium Copyright Act Count fails to state a claim

Plaintiff's amended complaint alleges that the information contained in the Decoder Definition Files constituted "copyright management information" within the meaning of the Digital Millennium Copyright Act (DMCA) and that by removing this information and making copies of the Decoder Definition Files, defendants violated 17 U.S.C. § 1202(b), the statute that protects the integrity of copyright management information.

As a threshold matter, the information Plaintiff alleges constitutes "copyright management information" under Section 1202 is not "copyright management information" as a matter of law. The information alleged to be "copyright management information" in the Decoder Definition files is the "author's name, a title, a reference to the license and where to find the license, a copyright notice, and the copyright owner." Amended Complaint, ¶ 479. Despite being in existence for nine years, there are only three reported cases dealing with Section 1202(b) of the DMCA.[1] At first blush, Plaintiff's information appears to be covered by the DMCA as "copyright management information." Under the DMCA, the term "copyright management information" is defined, *inter alia*, as "the name of, and other identifying information about the author of the work, […]the copyright owner of the work, […] [and other] information identifying the work." 17 U.S.C. § 1202(c). However, the District Court for the District of New Jersey has held that a company's logos and hyperlinks (directly analogous to the "copyright management information" cited in Plaintiff's amended complaint such as the author's name, etc.) do not fall within the definition of "copyright management information" because this information "does not function as a component of an automated copyright protection or management system." *IQ Group v. Wiesner Publ'g, Inc*., 409 F.Supp.2d. 587, 597 (D. N.J. 2006) ("IQ Group"). The Court held that:

> To come within § 1202, the information removed must function as a component of an automated copyright protection or management system. IQ has not alleged that the logo or the hyperlink were intended to serve such a function. Rather, to the extent that they functioned to protect copyright at all, they functioned to inform people who would make copyright management decisions. There is no evidence that IQ intended that an automated system would use the logo or hyperlink to manage copyrights, nor that the logo or hyperlink performed such a function, nor that Weisner's actions otherwise impeded or circumvented the effective functioning of an automated copyright protection system.

[1] *IQ Group v. Wiesner Publ'g, Inc*., 409 F.Supp.2d. 587 (D. N.J. 2006), *Textile Secrets Int'l, Inc. v. Ya-Ya Brand, Inc*., 2007 U.S. Dist. LEXIS 83339 (C.D. Cal. 2007), and *McClatchey v. The Associated Press*, 2007 U.S. Dist. LEXIS 17768 (W.D. Pa 2007).

Id. The Court reached this conclusion by reviewing the legislative history and purpose of the DMCA and concluded that the statute is intended only to protect "technological measures" which either "effectively control access to a work or effectively protects the right of a copyright owner." *Id.* An example of such technological measures would be the encryption on digital music or video to prevent copying. Mere information that does not control access or reproduction of work is covered by the Copyright Act, not the DMCA. *Id.* Plaintiff's information contained in the Decoder Definition Files, i.e. the author's name, a title, a reference to the license, a copyright notice and the copyright owner, is mere information similar to the logo at issue in *IQ Group*. This information does not encrypt or control access to the work, but rather "functions to inform people who make copyright decisions." *See id.* As mere information that is not a technological measure, the information contained in the Decoder Definition Files is not "copyright management information."

After reviewing the legislative history and scholarly articles on the matter, the District Court for the Central District of California Western Division expressly adopted this "narrowing interpretation" of copyright management information under the DMCA in *IQ Group*. *Textile Secrets Int'l, Inc. v. Ya-Ya Brand, Inc.*, 2007 U.S. Dist. LEXIS 83339 *45 (C.D. Cal. 2007). Since the information contained in Plaintiff's Decoder Definition Files is not copyright management information as a matter of law, Court Five of Plaintiff's Amended Complaint should be dismissed without leave to amend.

Plaintiff's DMCA claim, however, suffers from a more fundamental defect. A *sine qua non* to liability under Section 1202 is that Defendants must have "knowingly (or having reasonable grounds to know) induced, enabled, facilitated or concealed a copyright infringement." 17 U.S.C. §§ 1202(a), (b). Despite the stated mental element, the requirement as to infringement is based on an objective standard, since, as the leading commentator puts it, any other construction leads to results that are "bizarre and pointless." *Nimmer on Copyright*, 3-12A, Section 12A.10[2], page 137 (2007).

In this case, Defendants have not and could not infringe Plaintiff's exclusive copyright rights, as Plaintiff has waived his copyright rights by granting the public a nonexclusive license to use, distribute and copy the Decoder Definition Files. *See* Defendant's Response to Plaintiff's Motion for Preliminary Injunction, page 5 [Dkt.#]. This nonexclusive license is unlimited in scope and allows the user to distribute the software with very limited restrictions. *Id.* As this Court has already found, Plaintiff's nonexclusive license acts as a waiver of Plaintiff's copyright rights and Plaintiff does not have a claim against Defendants for copyright infringement. 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 at 9-11 [Dkt.158]. Since Plaintiff's have waived all copyright rights they had to the Decoder Definition Files, Defendants, cannot as a matter of law, "induce, enable, facilitate, or conceal" an infringement of Plaintiff's exclusive copyright rights under the DMCA. Therefore, Count Five of Plaintiff's Amended Complaint should be dismissed on both bases without leave to amend.

4. Statutory Damages and Attorney Fees for Copyright Infringement under 17 U.S.C. §§ 504, 505

A rule 12(f) motion to strike may be used to strike the prayer for relief where the damages sought are not recoverable as a matter of law. *Wells v. Board of Trustees of the Cal. State Univ.*, 393 F.Supp.2d 990, 994-995 (N.D. Cal. 2005); *Tapley v. Lockwood Green Engineers, Inc.*, 502 F.2d 559 (8th Cir. 1974). This Court has already held that Plaintiff is not entitled to seek damages under 17 U.S.C. § 504 since Plaintiff registered the copyright after the alleged infringement occurred. 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 at 7 [Dkt.158]. Nevertheless, Plaintiff has chosen to ignore this Order

and has repleaded his request for damages under Section 504 and 505. *See* Amended Complaint, ¶¶ 473, 475, Prayer for Relief T. [2]

17 U.S.C. §412 prohibits an award of statutory damages or attorney fees for (1) any infringement of copyright in an unpublished work *commenced* before the effective date of its registration; or (2) any infringement of copyright *commenced* after first publication of the work and before the effective date of its registration, unless such registration is made within three months after the first publication of the work (emphasis added). Since the filing of the Second Amended Complaint, Plaintiff has busily registered copyrights for all versions of the Decoder Definition Files. *See e.g.* Amended Complaint ¶¶ 248, 254, 255, 259, 262, 268, 270, 312 and Appendices C-J. This, however, does not change the operative fact that the alleged infringement commenced, at the very latest, at least one year prior to the first registration of the Decoder Definition Files by Plaintiff. *See* Amended Complaint, ¶¶ 271, 310, 317. Jacobsen cannot recover an award of statutory damages or attorney fees for infringements that commenced after registration if Defendants *commenced an infringement of the same work* prior to registration. *Mason v. Montgomery Data, Inc.*, 967 F.2d 135, 144 (5th Cir. 1992)(holding that "a plaintiff may not recover an award of statutory damages and attorney's fees for infringements that commenced after registration if the same defendant commenced an infringement of the same work prior to registration" and allowing plaintiff to recover statutory damages and attorney fees on one of the 233 maps he registered since the alleged acts of infringement commenced prior to the registration of 232 of the works); *see also Knitwaves, Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1012 (2nd Cir. 1995); *Robert R. Jones Associates, Inc. v. Nino Homes*, 858 F.2d 274, 281 (6th Cir. 1988).

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[2] This Court has already warned Plaintiff and his counsel that failure to follow the rules of this Court will result in substantial sanctions.

Here, it is undisputed that the alleged acts of infringement commenced prior to the first registration on June 13, 2006. Amended Complaint, ¶¶ 271, 310, 317. Therefore, Plaintiffs claim for statutory damages and attorney fees pursuant to 17 U.S.C. §§ 504, 505 should be stricken.

CONCLUSION

Based on the above, Defendants respectfully request that Counts Five and Six of the Amended Complaint be dismissed without leave to amend. Defendants also request that Plaintiff's request for statutory damages and attorney fees per 17 U.S.C. §§ 504, 505 be stricken from the Amended Complaint. Plaintiff should not be allowed to amend his Complaint for a third time. Defendants are eager to file an Answer in this case. Plaintiff and his counsel have pled every remotely plausible claim (and a number of implausible ones) against Defendants over the course of the past two iterations of the Complaint. The last time Plaintiff was granted leave to amend, Plaintiff (instead of filing an amended complaint) filed an incomprehensibly muddled, stream-of-consciousness motion for reconsideration that Defendants were forced to answer. These time consuming activities prejudice Defendants. Leave to amend may be denied for reasons of undue delay, bad faith, repeated failure to cure deficiencies by previous amendments allowed, futility of the amendment, and prejudice to the opposing party. *Foman v. Davis*, 371 US 178, 182 (1962); *Allen v. Beverly Hills*, 911 F.2d 367, 373 (9th Cir. 1990). Therefore, leave to file an amended complaint should not be granted.

Dated December 21, 2007.

Respectfully submitted,

/s/ Scott Jerger

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CERTIFICATE OF SERVICE

I certify that on December 21, 2007, I served Matthew Katzer's and KAM's Motion to Dismiss, Motion to Strike and Supporting Memorandum on the following parties through their attorneys via the Court's ECF filing system:

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/s/
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