Who Changed My Backend?

Issues raised by the continued adoption of cloud computing and open source

David S. Teske
March 31, 2009

Jacobsen v. Katzer

- *Jacobsen v. Katzer*, *87 USPQ2d 1836* (Fed. Cir. 2008)
- Facts: The defendants copied portions of plaintiff's open source JMRI software. Defendants incorporated these portions into their commercial software without following the terms of the plaintiff's open source license.
- Claim: Plaintiff brought suit for *copyright infringement* in federal district court in California and moved for a preliminary injunction.

Jacobsen v. Katzer

Issue:

- **Note: Generally a "copyright owner who grants a nonexlusive license to use his copyrighted material waives his right to sue the licensee for copyright infringement" unless the license is "limited in scope" and "the licensee acts outside the scope."**
- High level: Whether the defendant was outside the scope of the license (copyright infringement) or within the scope of the license (breach of contract).
- Lower level: Whether the terms of the open source Artistic License were **conditions** on the scope of the license (allowing a theory of copyright infringement), or whether the terms of the Artistic License were merely **covenants** that impose obligations without affecting the scope of the license, (allowing only a suit under a breach of contract theory).

Jacobsen v. Katzer

Plaintiff Argument:

- The defendant modified the software without following the conditions and thus exceeded the scope of the license.

Defendant Argument:

- Failure to insert a prominent notice of attribution is not an act that exceeds the scope of the license; rather the violation was merely a violation of a *covenant*, allowing a cause of action under contract, but not copyright infringement.
- Defendants admit copyright infringement; but argue a defense to such a claim based on their license to use the material.
- Neither economic damages nor injunctive relief are appropriate

Jacobsen v. Katzer

Lower Court Ruling (for defendants):

- The district court denied the plaintiff's request for injunction saying that the "defendants' alleged violation of the conditions of the license may have constituted a breach of the nonexclusive license, but does not create liability for copyright infringement."

Jacobsen v. Katzer

CAFC Ruling (for plaintiff):

- The appellate court vacated the lower court's ruling and remanded holding the attribution requirements **created conditions on the scope of the copyright license.**
- "Under California contract law, 'provided that' typically denotes a condition."
- The introduction of the Artistic License states "The intent of this document is to state the **conditions** under which a Package may be copied"

Jacobsen v. Katzer

- GPL –
  - All rights granted under this License are granted for the term of copyright on the Program, and are irrevocable provided the stated conditions are met.
  - You may convey verbatim copies of the Program's source code as you receive it, in any medium, provided that you…
  - You may convey a work based on the Program, or the modifications to produce it from the Program, in the form of source code under the terms of section 4, provided that you also meet all of these conditions
- Apache 2.0 -
  - You may reproduce and distribute copies of the Work or Derivative Works thereof in any medium, with or without modifications, and in Source or Object form, provided that You meet the following conditions

Jacobsen v. Katzer

- CAFC:

  Traditionally, copyright owners sold their copyrighted material in exchange for money. The lack of money changing hands in open source licensing should not be presumed to mean that there is no economic consideration, however. There are substantial benefits, including economic benefits, to the creation and distribution of copyrighted works under public licenses that range far beyond traditional license royalties. For example, program creators may generate market share for their programs by providing certain components free of charge. Similarly, a programmer or company may increase its national or international reputation by incubating open source projects.

Jacobsen v. Katzer

- CAFC:

  Copyright licenses are designed to support the right to exclude; money damages alone do not support or enforce that right. The choice to exact consideration in the form of compliance with the open source requirements of disclosure and explanation of changes, rather than as a dollar-denominated fee, is entitled to no less legal recognition. Indeed, because a calculation of damages is inherently speculative, these types of license restrictions might well be rendered meaningless absent the ability to enforce through injunctive relief.

Jacobsen v. Katzer Part II

Jacobsen v. Katzer, 89 USPQ2d 1441 (N.D. Cal. 2009)

- District Court accepts that
  - copyright infringement may occur
  - preliminary injunction is an available remedy
- But requires proof to meet a heightened burden of demonstrated harm

Jacobsen v. Katzer Part II

- A plaintiff is not granted the presumption of irreparable harm upon a showing of likelihood of success on the merits. Instead, a plaintiff seeking a preliminary injunction must establish that he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the public interest.

Jacobsen v. Katzer Part II

- Court acknowledges various *possible* harms listed by the CAFC.
- Does not find any proof of harm presented by the plaintiff
- But:
  - Even if Jacobsen's heavy burden to warrant injunctive relief had been met, it is unclear how the Court would fashion an injunction which would be narrowly tailored to enjoin only those allegedly infringing uses of Jacobsen's copyrighted content.

Jacobsen v. Katzer

Take Away:

- Technical violations of open source licenses may give rise to copyright infringement and can support monetary damages and preliminary injunction.
- Preliminary injunction must be supported by harm that is real, imminent and significant, not just speculative or potential
  - What would the injunction look like?
- Permissive License (e.g. BSD, MIT and Artistic)
  - Without copyright registration, limited (if any) monetary damages
  - Scope of injunction limited to future compliance?
- Restrictive License (e.g. GPL and LGPL)
  - Without copyright registration, limited (if any) monetary damages
  - Scope of injunction to force disclosure of combined works

Microsoft v. TomTom N.V.

- Microsoft alleges eight patents infringed by TomTom navigation devices
  - 5 related to car navigation
  - 3 related to file management
- 5,579,517 – Common Name Space for Long and Short Filenames

Microsoft v. TomTom N.V.

- Is this the beginning of an offensive against Linux?
- Horacio Gutierrez of Microsoft
  - "(It's the) TomTom implementation of the Linux kernel that infringes these claims. There are many flavors of Linux (and) many implementations of the Linux kernel. Cases such as these are very fact-specific. . . . This is just a normal course-of-business dispute between two companies. (Linux) is not the focal point of the action. "

Microsoft v. TomTom N.V.

- TomTom joined the Open Invention Network (OIN)
- OIN goal is to promote Linux
- Linux Defenders
  - Software Freedom Law Center
  - Linux Foundation

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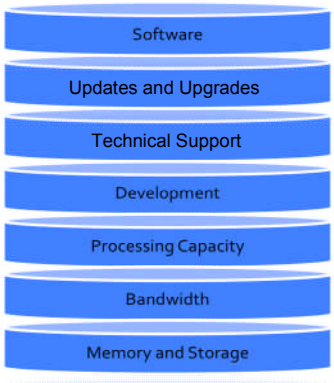
Issues raised by the continued adoption of cloud computing and open source

Todd McClelland
March 31, 2009
Los Angeles, CA

ALSTON+BIRD LLP

Your Data Center



Security

Power & Cooling

ALSTON+BIRD LLP

Data Center Hassles

- Constantly negotiating software contracts with always changing price structures
- Updating one applications affects multiple applications. Vista!
- 55% of capacity goes unused most of the time
- Increasingly complex systems makes security a nightmare
- Big up-front costs, a substantial investment
- New technology requires new subject matter experts
- Technology rapidly goes out of date
- Difficult to scale up

The New Paradigm: Cloud Computing

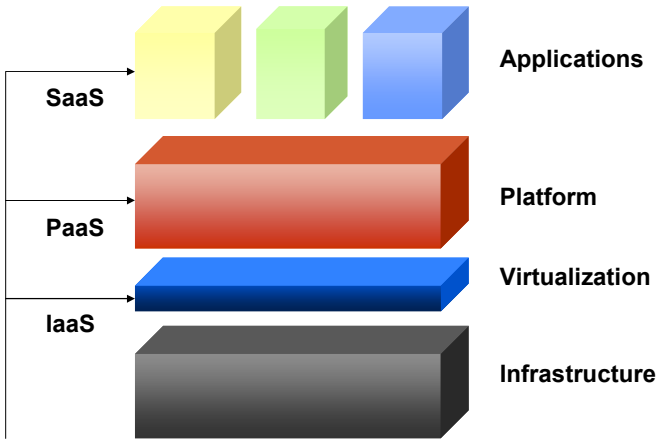
"Cloud computing represents a new way to deploy computing technology to give users the ability to access, work on, share, and store information using the Internet. The cloud itself is a network of data centers – each composed of many thousands of computers working together – that can perform the functions of software on a personal or business computer by providing users access to powerful applications, platforms, and services delivered over the Internet."

Jeffrey F. Rayport and Andrew Heyward: "Envisioning the Cloud: The Next Computing Paradigm," March 20, 2009.

Three Typical Structures

- Software as a Service
- Platform as a Service
- Infrastructure as a Service

Variations of Cloud Services



Selling Points

- Scalable to your needs
- Pay as you go utility pricing (bandwidth, server usage, storage)
- Cost predictability
- Access to expertise
- Redundancy, Reliability, Flexibility
- Access to a platform to develop, test, deploy, host and maintain applications
- Lower capital cost and less time to get up and running
- Focus on development and core business

Examples

- Google Maps; Google Docs; Flickr; YouTube
- salesforce.com
- Facebook; MySpace
- Second Life
- WorldofWarcraft
- LexisNexis; Westlaw
- Amazon EC2 (Elastic Compute Cloud)
- Amazon S3 (Simple Storage Service)
- Yahoo! Reasearch
- Microsoft Azure
- Wikipedia

Cloud Computing Concerns

- Security
- Privacy
- Reliability
- Exposure
- Exit Strategy
- Contract Terms

Security

- Single biggest concern of everyone using cloud computing
- Might be safer (e.g., Patches)
- Data is typically NOT physically segregated
- Look at the Vendor's policy
- Audit rights? Verification?
- Standards?
- PCI? HIPAA? EU Data Directive?

Privacy

- Where is your data now? Where will it be?
- Government Access
- Use by the Vendor (e.g., Targeted ads in emails)
- Reconciling legal requirements
- Patriot Act

Reliability

- Vendor suspension rights
- SLAs
- Bankruptcy
- Governmental actions
- Disasters
- Software/Hardware failures

Exposure

- New Government/legal regime exposure
- Breach (Trade Secret, notification issues, etc.)
- Data location
- Import/Export control
- IP
- Compliance with laws (Can I do this?)
- Pricing (Bursting)
- Contractual
- Disaster Recovery/ Business Continuity

Exit Strategy

- Separation “prenup”
- Return of data, no matter what
  - Include desired format and right to data maps
- Rights to terminate
- Vendor’s right to terminate?
- How long will it take to transition?
- Termination fees? What is the total cost to terminate?
- Termination assistance?
- Transition assistance?

Common Contract Terms

- "Outsourcing Light"
- Acceptable Use Policy
- Pricing
- SLAs
- Verification/Audit rights?
- Suspension rights
- IP
- Privacy/Security
- Breaches
- Limitations on liability/ Indemnification
- Disaster Recovery

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Supporting Materials

United States Court of Appeals for the Federal Circuit

2008-1001

ROBERT JACOBSEN,

Plaintiff-Appellant,

v.

MATTHEW KATZER and
KAMIND ASSOCIATES, INC. (doing business as KAM Industries),

Defendants-Appellees.

Victoria K. Hall, Law Office of Victoria K. Hall, of Bethesda, Maryland, argued for plaintiff-appellant.

R. Scott Jerger, Field Jerger LLP, of Portland, Oregon, argued for defendants-appellees.

Anthony T. Falzone, Stanford Law School, Center for Internet and Society, of Stanford, California, for amici curiae Creative Commons Corporation, et al. With him on the brief was Christopher K. Ridder.

Appealed from: United States District Court for the Northern District of California

Judge Jeffrey S. White

United States Court of Appeals for the Federal Circuit

2008-1001

ROBERT JACOBSEN,

Plaintiff-Appellant,

v.

MATTHEW KATZER and
KAMIND ASSOCIATES, INC. (doing business as KAM Industries),

Defendants-Appellees.

Appeal from the United States District Court for the Northern District of California in case no. 06-CV-1905, Judge Jeffrey S. White.

DECIDED: August 13, 2008

Before MICHEL, Chief Judge, PROST, Circuit Judge, and HOCHBERG,[*] District Judge.

HOCHBERG, District Judge.

We consider here the ability of a copyright holder to dedicate certain work to free public use and yet enforce an "open source" copyright license to control the future distribution and modification of that work. Appellant Robert Jacobsen ("Jacobsen") appeals from an order denying a motion for preliminary injunction. Jacobsen v. Katzer, No. 06-CV-01905 JSW, 2007 WL 2358628 (N.D. Cal. Aug. 17, 2007). Jacobsen holds a copyright to computer programming code. He makes that code available for public download from a

[*] The Honorable Faith S. Hochberg, District Judge, United States District Court for the District of New Jersey, sitting by designation.

website without a financial fee pursuant to the Artistic License, an "open source" or public license. Appellees Matthew Katzer and Kamind Associates, Inc. (collectively "Katzer/Kamind") develop commercial software products for the model train industry and hobbyists. Jacobsen accused Katzer/Kamind of copying certain materials from Jacobsen's website and incorporating them into one of Katzer/Kamind's software packages without following the terms of the Artistic License. Jacobsen brought an action for copyright infringement and moved for a preliminary injunction.

The District Court held that the open source Artistic License created an "intentionally broad" nonexclusive license which was unlimited in scope and thus did not create liability for copyright infringement. The District Court reasoned:

> The plaintiff claimed that by modifying the software the defendant had exceeded the scope of the license and therefore infringed the copyright. Here, however, the JMRI Project license provides that a user may copy the files verbatim or may otherwise modify the material in any way, including as part of a larger, possibly commercial software distribution. 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." The scope of the nonexclusive license is, therefore, intentionally broad. The condition that the user insert a prominent notice of attribution does not limit the scope of the license. Rather, Defendants' alleged violation of the conditions of the license may have constituted a breach of the nonexclusive license, but does not create liability for copyright infringement where it would not otherwise exist.

Jacobsen, 2007 WL 2358628 at *7 (internal citations omitted).

On this basis, the District Court denied the motion for a preliminary injunction. We vacate and remand.

I.

Jacobsen manages an open source software group called Java Model Railroad Interface ("JMRI"). Through the collective work of many participants, JMRI created a

computer programming application called DecoderPro, which allows model railroad enthusiasts to use their computers to program the decoder chips that control model trains. DecoderPro files are available for download and use by the public free of charge from an open source incubator website called SourceForge; Jacobsen maintains the JMRI site on SourceForge. The downloadable files contain copyright notices and refer the user to a "COPYING" file, which clearly sets forth the terms of the Artistic License.

Katzer/Kamind offers a competing software product, Decoder Commander, which is also used to program decoder chips. During development of Decoder Commander, one of Katzer/Kamind's predecessors or employees is alleged to have downloaded the decoder definition files from DecoderPro and used portions of these files as part of the Decoder Commander software. The Decoder Commander software files that used DecoderPro definition files did not comply with the terms of the Artistic License. Specifically, the Decoder Commander software did not include (1) the authors' names, (2) JMRI copyright notices, (3) references to the COPYING file, (4) an identification of SourceForge or JMRI as the original source of the definition files, and (5) a description of how the files or computer code had been changed from the original source code. The Decoder Commander software also changed various computer file names of DecoderPro files without providing a reference to the original JMRI files or information on where to get the Standard Version.[1]

[1] Katzer/Kamind represents that all potentially infringing activities using any of the disputed material have been voluntarily ceased. The district court held that it could not find as a matter of law that Katzer/Kamind's voluntary termination of allegedly wrongful activity renders the motion for preliminary injunction moot because it could not find as a matter of law that it is absolutely clear that the alleged behavior could not recur. Jacobsen, 2007 WL 2358628 at *5. We agree that this matter is not moot. See also Adarand Constructors, Inc. v. Slater, 528 U.S. 216, 222 (2000) ("Voluntary cessation of challenged conduct moots a case . . . only if it is absolutely clear that the allegedly wrongful behavior could not reasonably be expected to recur." (emphasis in original)).

Jacobsen moved for a preliminary injunction, arguing that the violation of the terms of the Artistic License constituted copyright infringement and that, under Ninth Circuit law, irreparable harm could be presumed in a copyright infringement case. The District Court reviewed the Artistic License and determined that "Defendants' alleged violation of the conditions of the license may have constituted a breach of the nonexclusive license, but does not create liability for copyright infringement where it would not otherwise exist." Id. at *7. The District Court found that Jacobsen had a cause of action only for breach of contract, rather than an action for copyright infringement based on a breach of the conditions of the Artistic License. Because a breach of contract creates no presumption of irreparable harm, the District Court denied the motion for a preliminary injunction.

Jacobsen appeals the finding that he does not have a cause of action for copyright infringement. Although an appeal concerning copyright law and not patent law is rare in our Circuit, here we indeed possess appellate jurisdiction. In the district court, Jacobsen's operative complaint against Katzer/Kamind included not only his claim for copyright infringement, but also claims seeking a declaratory judgment that a patent issued to Katzer is not infringed by Jacobsen and is invalid. Therefore the complaint arose in part under the patent laws. See 28 U.S.C. § 2201(a); Golan v. Pingel Enter., 310 F.3d 1360, 1367 (Fed. Cir. 2002) (explaining that "[i]n the context of a complaint seeking a declaration of noninfringement, the action threatened by the declaratory defendant . . . would be an action for patent infringement," and "[s]uch an action clearly arises under the patent laws"). Thus the district court's jurisdiction was based, at least in part, on 28 U.S.C. § 1338(a) as it relates to the patent laws, and we have appellate jurisdiction under 28 U.S.C. § 1292(c)(1). See 28 U.S.C. § 1338(a) ("The district courts shall have original jurisdiction of any civil

action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trademarks."); id. at § 1295(a)(1) (The Federal Circuit shall have exclusive jurisdiction "of an appeal from a final decision of a district court of the United States" if (1) "the jurisdiction of that court was based, in whole or in part, on section 1338 of this title" and (2) the case is not "a case involving a claim arising under any Act of Congress relating to copyrights, exclusive rights in mask works, or trademarks and no other claims under section 1338(a)."); id. at § 1292(c)(1) (Federal Circuit shall have jurisdiction over appeals from interlocutory orders of the district courts refusing injunctions "in any case over which the court would have jurisdiction of an appeal under section 1295").

II.

This Court looks to the interpretive law of the regional circuit for issues not exclusively assigned to the Federal Circuit. Hutchins v. Zoll Med. Corp., 492 F.3d 1377, 1383 (Fed. Cir. 2007). Under Ninth Circuit law, an order granting or denying a preliminary injunction will be reversed only if the district court relied on an erroneous legal premise or abused its discretion. Wright v. Rushen, 642 F.2d 1129, 1132 (9th Cir. 1981). A district court's order denying a preliminary injunction is reversible for factual error only when the district court rests its conclusions on clearly erroneous findings of fact. Sports Form, Inc. v. United Press Int'l, Inc., 686 F.2d 750, 753 (9th Cir. 1982).

In determining whether to issue a preliminary injunction, the Ninth Circuit requires demonstration of (1) a combination of probability of success on the merits 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. Perfect 10, Inc. v. Amazon.com, Inc., 487 F.3d 701, 713-14 (9th Cir. 2007); Dep't of Parks & Recreation v.

Bazaar Del Mundo, Inc., 448 F.3d 1118, 1123 (9th Cir. 2006). In cases involving copyright claims, where a copyright holder has shown likelihood of success on the merits of a copyright infringement claim, the Ninth Circuit has held that irreparable harm is presumed. LGS Architects, Inc. v. Concordia Homes of Nev., 434 F.3d 1150, 1155-56 (9th Cir. 2006). But see MGM Studios, Inc. v. Grokster, Ltd., 518 F. Supp. 2d 1197, 1212 (C.D. Cal. 2007) (noting that "the longstanding rule that irreparable harm can be a presumed after a showing of likelihood of success for purposes of a copyright preliminary injunction motion may itself have to be reevaluated in light of eBay [Inc. v. MercExchange, L.L.C., 547 U.S. 388 (2006)]"). Thus, for a preliminary injunction to issue, Jacobsen must either show (1) a likelihood of success on the merits of his copyright infringement claim from which irreparable harm is presumed; or (2) a fair chance of success on the merits and a clear disparity in the relative hardships that tips sharply in his favor.

A.

Public licenses, often referred to as "open source" licenses, are used by artists, authors, educators, software developers, and scientists who wish to create collaborative projects and to dedicate certain works to the public. Several types of public licenses have been designed to provide creators of copyrighted materials a means to protect and control their copyrights. Creative Commons, one of the amici curiae, provides free copyright licenses to allow parties to dedicate their works to the public or to license certain uses of their works while keeping some rights reserved.

Open source licensing has become a widely used method of creative collaboration that serves to advance the arts and sciences in a manner and at a pace that few could have imagined just a few decades ago. For example, the Massachusetts Institute of

Technology ("MIT") uses a Creative Commons public license for an OpenCourseWare project that licenses all 1800 MIT courses. Other public licenses support the GNU/Linux operating system, the Perl programming language, the Apache web server programs, the Firefox web browser, and a collaborative web-based encyclopedia called Wikipedia. Creative Commons notes that, by some estimates, there are close to 100,000,000 works licensed under various Creative Commons licenses. The Wikimedia Foundation, another of the amici curiae, estimates that the Wikipedia website has more than 75,000 active contributors working on some 9,000,000 articles in more than 250 languages.

Open Source software projects invite computer programmers from around the world to view software code and make changes and improvements to it. Through such collaboration, software programs can often be written and debugged faster and at lower cost than if the copyright holder were required to do all of the work independently. In exchange and in consideration for this collaborative work, the copyright holder permits users to copy, modify and distribute the software code subject to conditions that serve to protect downstream users and to keep the code accessible.[2] By requiring that users copy and restate the license and attribution information, a copyright holder can ensure that recipients of the redistributed computer code know the identity of the owner as well as the scope of the license granted by the original owner. The Artistic License in this case also requires that changes to the computer code be tracked so that downstream users know what part of the computer code is the original code created by the copyright holder and what part has been newly added or altered by another collaborator.

[2] For example, the GNU General Public License, which is used for the Linux operating system, prohibits downstream users from charging for a license to the software. See Wallace v. IBM Corp., 467 F.3d 1104, 1105-06 (7th Cir. 2006).

Traditionally, copyright owners sold their copyrighted material in exchange for money. The lack of money changing hands in open source licensing should not be presumed to mean that there is no economic consideration, however. There are substantial benefits, including economic benefits, to the creation and distribution of copyrighted works under public licenses that range far beyond traditional license royalties. For example, program creators may generate market share for their programs by providing certain components free of charge. Similarly, a programmer or company may increase its national or international reputation by incubating open source projects. Improvement to a product can come rapidly and free of charge from an expert not even known to the copyright holder. The Eleventh Circuit has recognized the economic motives inherent in public licenses, even where profit is not immediate. See Planetary Motion, Inc. v. Techsplosion, Inc., 261 F.3d 1188, 1200 (11th Cir. 2001) (Program creator "derived value from the distribution [under a public license] because he was able to improve his Software based on suggestions sent by end-users. . . . It is logical that as the Software improved, more end-users used his Software, thereby increasing [the programmer's] recognition in his profession and the likelihood that the Software would be improved even further.").

B.

The parties do not dispute that Jacobsen is the holder of a copyright for certain materials distributed through his website.[3] Katzer/Kamind also admits that portions of the DecoderPro software were copied, modified, and distributed as part of the Decoder Commander software. Accordingly, Jacobsen has made out a prima facie case of copyright infringement. Katzer/Kamind argues that they cannot be liable for copyright

[3] Jacobsen's copyright registration creates the presumption of a valid copyright.

infringement because they had a license to use the material. Thus, the Court must evaluate whether the use by Katzer/Kamind was outside the scope of the license. See LGS Architects, 434 F.3d at 1156. The copyrighted materials in this case are downloadable by any user and are labeled to include a copyright notification and a COPYING file that includes the text of the Artistic License. The Artistic License grants users the right to copy, modify, and distribute the software:

> provided that [the user] insert a prominent notice in each changed file stating how and when [the user] changed that file, and provided that [the user] do at least ONE of the following:
> a) place [the user's] 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 [the user's] modifications in the Standard Version of the Package.
> b) use the modified Package only within [the user's] corporation or organization.
> c) rename any non-standard executables so the names do not conflict with the standard executables, which must also be provided, and provide a separate manual page for each nonstandard executable that clearly documents how it differs from the Standard Version, or
> d) make other distribution arrangements with the Copyright Holder.

The heart of the argument on appeal concerns whether the terms of the Artistic License are conditions of, or merely covenants to, the copyright license. Generally, a "copyright owner who grants a nonexclusive license to use his copyrighted material waives his right to sue the licensee for copyright infringement" and can sue only for breach of contract. Sun Microsystems, Inc., v. Microsoft Corp., 188 F.3d 1115, 1121 (9th Cir. 1999); Graham v. James, 144 F.3d 229, 236 (2d Cir. 1998). If, however, a license is limited in scope and the licensee acts outside the scope, the licensor can bring an action for

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See, e.g., Triad Sys. Corp. V. Se. Exp. Co., 64 F.3d 1330, 1335 (9th Cir. 1995).

copyright infringement. See S.O.S., Inc. v. Payday, Inc., 886 F.2d 1081, 1087 (9th Cir.1989); Nimmer on Copyright, § 1015[A] (1999).

Thus, if the terms of the Artistic License allegedly violated are both covenants and conditions, they may serve to limit the scope of the license and are governed by copyright law. If they are merely covenants, by contrast, they are governed by contract law. See Graham, 144 F.3d at 236-37 (whether breach of license is actionable as copyright infringement or breach of contract turns on whether provision breached is condition of the license, or mere covenant); Sun Microsystems, 188 F.3d at 1121 (following Graham; independent covenant does not limit scope of copyright license). The District Court did not expressly state whether the limitations in the Artistic License are independent covenants or, rather, conditions to the scope; its analysis, however, clearly treated the license limitations as contractual covenants rather than conditions of the copyright license.[4]

Jacobsen argues that the terms of the Artistic License define the scope of the license and that any use outside of these restrictions is copyright infringement. Katzer/Kamind argues that these terms do not limit the scope of the license and are merely covenants providing contractual terms for the use of the materials, and that his violation of them is neither compensable in damages nor subject to injunctive relief. Katzer/Kamind's argument is premised upon the assumption that Jacobsen's copyright gave him no economic rights because he made his computer code available to the public at no charge. From this assumption, Katzer/Kamind argues that copyright law does not recognize a

[4] The District Court held that "Defendants' alleged violation of the conditions of the license may have constituted a breach of the nonexclusive license . . . [and] the Court finds that Plaintiff's claim properly sounds in contract." Jacobsen, 2007 WL 2358628 at *7. Thus, despite the use of the word "conditions," the District Court treated the terms of the Artistic License as contractual covenants which did not limit the scope of the license.

cause of action for non-economic rights, relying on Gilliam v. ABC, 538 F.2d 14, 20-21 (2d Cir. 1976) ("American copyright law, as presently written, does not recognize moral rights or provide a cause of action for their violation, since the law seeks to vindicate the economic, rather than the personal rights of authors."). The District Court based its opinion on the breadth of the Artistic License terms, to which we now turn.

III.

The Artistic License states on its face that the document creates conditions: "The intent of this document is to state the conditions under which a Package may be copied." (Emphasis added.) The Artistic License also uses the traditional language of conditions by noting that the rights to copy, modify, and distribute are granted "provided that" the conditions are met. Under California contract law, "provided that" typically denotes a condition. See, e.g., Diepenbrock v. Luiz, 159 Cal. 716 (1911) (interpreting a real property lease reciting that when the property was sold, "this lease shall cease and be at an end, provided that the party of the first part shall then pay [certain compensation] to the party of the second part"; considering the appellant's "interesting and ingenious" argument for interpreting this language as creating a mere covenant rather than a condition; and holding that this argument "cannot change the fact that, attributing the usual and ordinary signification to the language of the parties, a condition is found in the provision in question") (emphases added).

The conditions set forth in the Artistic License are vital to enable the copyright holder to retain the ability to benefit from the work of downstream users. By requiring that users who modify or distribute the copyrighted material retain the reference to the original source files, downstream users are directed to Jacobsen's website. Thus, downstream users

know about the collaborative effort to improve and expand the SourceForge project once they learn of the "upstream" project from a "downstream" distribution, and they may join in that effort.

The District Court interpreted the Artistic License to permit a user to "modify the material in any way" and did not find that any of the "provided that" limitations in the Artistic License served to limit this grant. The District Court's interpretation of the conditions of the Artistic License does not credit the explicit restrictions in the license that govern a downloader's right to modify and distribute the copyrighted work. The copyright holder here expressly stated the terms upon which the right to modify and distribute the material depended and invited direct contact if a downloader wished to negotiate other terms. These restrictions were both clear and necessary to accomplish the objectives of the open source licensing collaboration, including economic benefit. Moreover, the District Court did not address the other restrictions of the license, such as the requirement that all modification from the original be clearly shown with a new name and a separate page for any such modification that shows how it differs from the original.

Copyright holders who engage in open source licensing have the right to control the modification and distribution of copyrighted material. As the Second Circuit explained in Gilliam v. ABC, 538 F.2d 14, 21 (2d Cir. 1976), the "unauthorized editing of the underlying work, if proven, would constitute an infringement of the copyright in that work similar to any other use of a work that exceeded the license granted by the proprietor of the copyright." Copyright licenses are designed to support the right to exclude; money damages alone do not support or enforce that right. The choice to exact consideration in the form of compliance with the open source requirements of disclosure and explanation of changes,

rather than as a dollar-denominated fee, is entitled to no less legal recognition. Indeed, because a calculation of damages is inherently speculative, these types of license restrictions might well be rendered meaningless absent the ability to enforce through injunctive relief.

In this case, a user who downloads the JMRI copyrighted materials is authorized to make modifications and to distribute the materials "provided that" the user follows the restrictive terms of the Artistic License. A copyright holder can grant the right to make certain modifications, yet retain his right to prevent other modifications. Indeed, such a goal is exactly the purpose of adding conditions to a license grant.[5] The Artistic License, like many other common copyright licenses, requires that any copies that are distributed contain the copyright notices and the COPYING file. See, e.g., 3-10 Nimmer on Copyright § 10.15 ("An express (or possibly an implied) condition that a licensee must affix a proper copyright notice to all copies of the work that he causes to be published will render a publication devoid of such notice without authority from the licensor and therefore, an infringing act.").

It is outside the scope of the Artistic License to modify and distribute the copyrighted materials without copyright notices and a tracking of modifications from the original computer files. If a downloader does not assent to these conditions stated in the COPYING

[5] Open source licensing restrictions are easily distinguished from mere "author attribution" cases. Copyright law does not automatically protect the rights of authors to credit for copyrighted materials. See Gilliam, 538 F.2d at 20-21 ("American copyright law, as presently written, does not recognize moral rights or provide a cause of action for their violation, since the law seeks to vindicate the economic, rather than the personal rights of authors."); Graham, 144 F.3d at 236. Whether such rights are protected by a specific license grant depends on the language of the license. See County of Ventura v. Blackburn, 362 F.2d 515, 520 (9th Cir. 1966) (copyright infringement found where the county removed copyright notices from maps licensed to it where the license granted the county "the right to

file, he is instructed to "make other arrangements with the Copyright Holder." Katzer/Kamind did not make any such "other arrangements." The clear language of the Artistic License creates conditions to protect the economic rights at issue in the granting of a public license. These conditions govern the rights to modify and distribute the computer programs and files included in the downloadable software package. The attribution and modification transparency requirements directly serve to drive traffic to the open source incubation page and to inform downstream users of the project, which is a significant economic goal of the copyright holder that the law will enforce. Through this controlled spread of information, the copyright holder gains creative collaborators to the open source project; by requiring that changes made by downstream users be visible to the copyright holder and others, the copyright holder learns about the uses for his software and gains others' knowledge that can be used to advance future software releases.

IV.

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obtain duplicate tracings" from photographic negatives that contained copyright notices).

For the aforementioned reasons, we vacate and remand. While Katzer/Kamind appears to have conceded that they did not comply with the aforedescribed conditions of the Artistic License, the District Court did not make factual findings on the likelihood of success on the merits in proving that Katzer/Kamind violated the conditions of the Artistic License. Having determined that the terms of the Artistic License are enforceable copyright conditions, we remand to enable the District Court to determine whether Jacobsen has demonstrated (1) a likelihood of success on the merits and either a presumption of irreparable harm or a demonstration of irreparable harm; or (2) a fair chance of success on the merits and a clear disparity in the relative hardships and tipping in his favor.[6]

The judgment of the District Court is vacated and the case is remanded for further proceedings consistent with this opinion.

VACATED and REMANDED

[6] At oral argument, the parties admitted that there might be no way to calculate any monetary damages under a contract theory.

NOT FOR PUBLICATION

IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

ROBERT JACOBSEN,

Plaintiff,

v.

MATTHEW KATZER and KAMIND ASSOCIATES, INC.,

Defendants.

_____/

No. C 06-01905 JSW

ORDER GRANTING MOTION TO DISMISS FOR MOOTNESS; DENYING IN PART AND GRANTING IN PART MOTION TO DISMISS FOR FAILURE TO STATE A CLAIM; DENYING MOTION TO STRIKE; AND DENYING MOTION FOR PRELIMINARY INJUNCTION

Now before the Court are the motions filed by Matthew Katzer and Kamind Associates, Inc. ("KAM") to dismiss counts one, two and three for mootness and the motion to dismiss counts five and six for failure to state a claim pursuant to Federal Rule of Civil Procedure 12(b)(6) and to strike portions of the second amended complaint pursuant to Federal Rule of Civil Procedure 12(f). Also before the Court is Jacobsen's second 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 for mootness; GRANTS IN PART AND DENIES IN PART Defendants' motion to dismiss for failure to state a claim; DENIES the motion to strike; and DENIES Jacobsen'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 community that also develops model train software. Plaintiff, Robert Jacobsen, works for the Lawrence Berkeley National Laboratory and is a professor of physics at the university, as well as a model train hobbyist and a leading member of the JMRI Project.

According to the second amended complaint, Jacobsen contends that Defendants fraudulently secured patents for their software and, despite knowing the patents were invalid and unenforceable, sought to enforce the patents and collect patent royalties, and threatened litigation. Jacobsen makes claims for declaratory judgment of the unenforceability and invalidity of KAM's patent, non-infringement of Jacobsen's work, violation of copyright laws, violation of the Digital Millenium Copyright Act ("DMCA"), breach of contract under California law, and cybersquatting in violation of 15 U.S.C. § 1125(d).

Now before the Court is Defendants' motion to dismiss the first, second and third claims for relief for declaratory judgment on unenforceability and invalidity of KAM's patent and non-infringement of Jacobsen's work on the basis that withdrawal of the patent in dispute renders the claims moot and the Court without jurisdiction to hear those claims. Defendants further move to dismiss claims five and six for violations of the DMCA and for breach of contract for failure to state a claim upon which relief can be granted. In this same motion, Defendants move to strike Jacobsen's prayer for relief for attorneys' fees under 17 U.S.C. §§ 504 and 505 pursuant to Federal Rule of Civil Procedure 12(f). Lastly, Jacobseon moves for preliminary injunction, seeking to have the Court enjoin Defendants from willfully infringing his copyrighted material.

The Court shall refer to additional facts as necessary in the remainder of this Order.

ANALYSIS

A. Matthew Katzer and Kamind Associates, Inc.'s Motion to Dismiss for Mootness.

1. Legal Standard on Motion to Dismiss Pursuant to Federal Rule of Civil Procedure 12(b)(1).

When a defendant moves to dismiss a complaint or claim for lack of subject matter jurisdiction, the plaintiff bears the burden of proving that the court has jurisdiction to decide the claim. *Thornhill Publ'n Co. v. Gen. Tel. & Elecs. Corp.*, 594 F.2d 730, 733 (9th Cir. 1979).

Federal courts can only adjudicate cases which the Constitution or Congress authorize them to adjudicate: those cases which involve diversity of citizenship, or those cases which involve a federal question, or those cases which involve the United States as a party. *See e.g., Kokkonen v. Guardian Life Ins. Co. of Am.*, 511 U.S. 375, 377 (1994).

A motion to dismiss for lack of subject matter jurisdiction under Rule 12(b)(1) may be "facial or factual." *Safe Air for Everyone v. Meyer*, 373 F.3d 1035, 1039 (9th Cir. 2004). Where an attack on jurisdiction is a "facial" attack on the allegations of the complaint, the factual allegations of the complaint are taken as true and the non-moving party is entitled to have those facts construed in the light most favorable to him or her. *Fed'n of African Am. Contractors v. City of Oakland*, 96 F.3d 1204, 1207 (9th Cir. 1996). If the jurisdictional attack is "factual," a defendant may rely on affidavits or other evidence properly before the Court, and the non-moving party is not entitled to any presumptions of truthfulness with respect to the allegations in the complaint. Rather, he or she must come forward with evidence establishing jurisdiction. *Thornhill*, 594 F.2d at 733.

Lack of subject matter jurisdiction may be raised at any stage in the litigation. *Morongo Band of Mission Indians v. Cal. State Board of Equalization*, 858 F.2d 1376, 1380 (9th Cir. 1988). In assessing the scope of its jurisdiction, the Court may consider evidence extrinsic to the allegations in the complaint. *Augustine v. United States*, 704 F.2d 1074, 1077 (9th Cir. 1983).

2. Patent Declaratory Claims Are Mooted by Disclaimer.

Counts one, two and three of the second amended complaint must be dismissed as moot because of Defendants' disclaimer of the patent sued upon. The Defendants filed a Disclaimer in Patent under 37 C.F.R. § 1.321(a) with the Patent and Trademark Office on February 1, 2008, disclaiming all claims in the '329 patent. (*See* Declaration of Matthew Katzer, ¶ 3, Ex. A.) There is no dispute that the patent at issue in this case has been disclaimed and there is therefore no further substantial controversy between the parties of "sufficient immediacy and reality to warrant the issuance of a declaratory judgment." *See MedImmune, Inc. v. Genentech, Inc.*, 127

S. Ct. 764, 771 (2007). The Supreme Court set forth the correct standard for jurisdiction over a declaratory relief action:

> [T]hat the dispute be definite and concrete, touching the legal relations having adverse legal interests and that it be real and substantial and admit of specific relief through a decree of a conclusive character, as distinguished from an opinion advising what the law would be upon a hypothetical state of facts.

Id. at 774 n.11 (citing *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 240 (1937)).

"A patentee defending an action for a declaratory judgment of invalidity can divest the trial court of jurisdiction over the case by filing a covenant not to assert the patent at issue against the putative infringer with respect to any of its past, present of future acts...." *Super Sack Mfg. Corp. v. Chase Packaging Corp.*, 57 F.3d 1054, 1058 (Fed. Cir. 1995). Despite the more recent ruling in *MedImmune*, this fundamental concept remains the same. *See Benitec Australia, Ltd. v. Nucleonics, Inc.*, 495 F.3d 1340, 1343-44 (9th Cir. 2007); *Crossbow Tech., Inc. v. YH Tech.*, 531 F. Supp. 2d 1117, 1124 (N.D. Cal. 2007). A declaratory judgment action relating to the enforceability of a disclaimed patent is moot.

In opposition to the motion to dismiss for mootness, Jacobsen argues that he has suffered damages in the amount of the award of attorneys' fees granted in connection with Defendants' California anti-SLAPP ("Strategic Lawsuit Against Public Participation") motion.[1] The anti-SLAPP motion damages were awarded in connection with the filing of a claim for libel because the claim was based on the filing of a FOIA request to the Department of Energy, which is a protected communication under California's anti-SLAPP statute as it was made in anticipation of bringing legal action against Jacobsen. *See* Cal. Code Civil Proc. § 425.16(b)(1). The damages in the form of attorneys' fees paid to compensate for the filing of a libel claim simply does not constitute a recognizable injury for the purposes of continuing to litigate a patent claim for a patent that has been disclaimed. The damages incurred in the litigation of the libel claim do not give Jacobsen standing to create a substantial controversy

[1] The opposition to the motion to dismiss for mootness reads like a motion for reconsideration of the Court's decision on the anti-SLAPP motion. To the degree it can be construed as a motion to reconsider, it is DENIED.

between the parties of "sufficient immediacy and reality to warrant the issuance of a declaratory judgment." *See MedImmune*, 127 S. Ct. at 771.

Jacobsen also alludes to the possibility that Defendants own other patents which may be relevant to this litigation. However, there is nothing in the record to support the position that there is a substantial controversy between the parties to merit retaining jurisdiction over the declaratory claim. Defendants maintain they have no intent to sue Jacobsen over alternate patents and any determination regarding patents not yet in suit would render the Court's opinion merely, and impermissibly, advisory. *See Micron Technology, Inc. v. Mosaid Technologies, Inc.*, 518 F.3d 897, 901-02 (Fed. Cir. 2008).

Lastly, Jacobsen also argues that he has standing to litigate a disclaimed patent because, under 35 U.S.C. § 285, he has incurred attorneys' fees in the litigation over the past two years and has standing to allege injury as a result. However, section 285 provides only that the court may, in exceptional cases, award reasonable attorney fees to the prevailing party. To be eligible for an award of attorneys' fees under section 285, Jacobsen must first demonstrate that he is the prevailing party on the patent claims. Here, Defendants voluntarily disclaimed the patent at issue. Although Jacobsen argues that the disclaimer was the result of the settlement conference magistrate judge's order requiring the parties to proffer their positions on the patent, as well as the other claims, Defendants were never ordered to disclaim the patent and did so voluntarily. "A defendant's voluntary change in conduct, although perhaps accomplishing what the plaintiff sought to achieve by the lawsuit, lacks the necessary judicial *imprimatur* on the change. Our precedents thus counsel against holding that the term 'prevailing party' authorizes an award of attorney's fees *without* a corresponding alteration in the legal relationship of the parties." *Buckhannon Bd. and Care Home, Inc. v. West Virginia Dept. of Health and Human Resources*, 532 U.S. 598, 605 (2001) (emphasis in original).

Because, as the patent at issue was voluntarily disclaimed, the Court cannot find that Jacobsen is the prevailing party in this matter. Therefore, attorneys' fees under section 285 could not become available to Jacobsen and does not, in any case, form an independent basis for jurisdiction over the now-disclaimed patent. Accordingly, the Court finds no basis for retaining

jurisdiction over the patent dispute in this case, and therefore dismisses counts one, two and three without leave to amend.[2]

B. Matthew Katzer and Kamind Associates, Inc.'s Motion to Dismiss for Failure to State a Claim Upon Which Relief Can Be Granted.

1. Legal Standard on Motion to Dismiss Pursuant to Federal Rule of Civil Procedure 12(b)(6).

A motion to dismiss is proper under Federal Rule of Civil Procedure 12(b)(6) where the pleadings fail to state a claim upon which relief can be granted. The complaint is construed in the light most favorable to the non-moving party and all material allegations in the complaint are taken to be true. *Sanders v. Kennedy,* 794 F.2d 478, 481 (9th Cir. 1986). The court, however, is not required to accept legal conclusions cast in the form of factual allegations, if those conclusions cannot reasonably be drawn from the facts alleged. *Clegg v. Cult Awareness Network*, 18 F.3d 752, 754-55 (9th Cir. 1994) (citing *Papasan v. Allain*, 478 U.S. 265, 286 (1986)). Conclusory allegations without more are insufficient to defeat a motion to dismiss for failure to state a claim upon which relief may be granted. *McGlinchy v. Shell Chemical Co.*, 845 F.2d 802, 810 (9th Cir. 1988). Even under the liberal pleading standard of Federal Rule of Civil Procedure 8(a)(2), a plaintiff must do more than recite the elements of the claim and must "provide the grounds of [its] entitlement to relief." *Bell Atlantic v. Twombly*, 127 S. Ct. 1955, 1959 (2007) (citations omitted). In addition, the pleading must not merely allege conduct that is conceivable, but it must also be plausible. *Id.* at 1974.

2. Claim for Breach of Contract.

In order to state a claim for breach of contract, Jacobsen must allege (1) the existence of a contract; (2) plaintiff's performance or excuse for non-performance; (3) defendants' breach and damage to plaintiff proximately caused from defendants' breach. *See Acoustics, Inc. v. Trepte Construction Co.*, 14 Cal. App. 3d 887, 913 (1971) (citing 2 Witkin, Cal. Proc., Pleading, § 251). Jacobsen has failed to allege a specific harm that was proximately caused by

[2] Although addressed by the Court at oral argument, for the sake of clarity, Jacobsen's motion for leave to file a sur-reply to Defendants' motion to dismiss for mootness is DENIED. The sur-reply and all attached declarations and exhibits are HEREBY STRICKEN from the record. In addition, Jacobsen's motion to strike portions of the declarations of Matthew Katzer and Kevin Russell is DENIED.

the alleged breach of the terms of the Artistic License. The Second Amended Complaint merely states that "[b]y reason of the breach, Plaintiff has been harmed" and seeks "rescission, and disgorgement of the value he conferred on Defendants, plus interest and costs." (Second Amended Complaint, ¶¶ 491, 492.) The complaint does not state the proximate cause of the alleged damage, nor does it state what the actual damage was incurred by Jacobsen. The Federal Circuit, in its decision on the appeal of this Court's order denying Jacobsen's motion for a preliminary injunction, opines that damage to the "creation and distribution of copyrighted works under public licenses" could include injury to reputation and the programmers' recognition in his profession as well as impact on the likelihood that the product will be further improved. *Jacobsen v. Katzer*, 535 F.3d 1373, 1379 (Fed. Cir. 2008) (finding that the lack of money changing hands in open source licensing should not be presumed to mean that there is no economic consideration). The appellate decision enumerates these potential damages which could have been caused by Defendants' activity in interfering with open source licensing. However, as the claim for breach of contract is currently drafted, there is no indication what, if any, damages Jacobsen claims to have incurred that were the proximate cause of a breach of the Artistic License. For this reason, the allegations for breach of contract fail to state a claim upon which relief can be granted and the claim is dismissed with leave to amend.

Although the claim for breach of contract fails to state a claim upon which relief can be granted for failure to state damages proximately caused by the alleged breach, the Court also finds that the state law claim, as drafted, is also preempted by federal copyright law.

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

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

17 U.S.C. § 301. The federal copyright preemption of overlapping state law claims is "explicit and broad." *G.S. Rasmussen & Assoc. V. Kalitta Flying Serv.*, 958 F.2d 896, 904 (9th Cir. 1992). Section 301 of the Copyright Act establishes a two-part test for preemption. First, the claims must come within the subject matter of copyright, and (2) the rights granted under state law must be equivalent to any of the exclusive rights within the general scope of copyright as

set forth in the Act. *Del Madera Props. v. Rhodes & Gardner*, 820 F.2d 973, 976 (9th Cir. 1987). The claim for breach of contract addresses the subject matter that is within the subject matter of the Copyright Act as the claim deals exclusively with the misappropriation of the JMRI Project decoder definition files. (*See* Second Amended Complaint, ¶¶ 486-492 (alleging that Defendants accepted Plaintiff's offer to permit the use of the Decoder Definition files, subject to the Artistic License, but failed to perform the agreement to honor any of the terms or conditions of the Artistic License).)

To satisfy the "equivalent rights" part of the preemption test, Jacobsen's contract claim. which is predicated upon the alleged use of the copyrighted work without abiding by the terms of the Artistic License, must be equivalent to rights within the general scope of copyright. *See Del Madera*, 820 F.2d at 977. In other words, to survive preemption, the state cause of action must protect rights which are qualitatively different from the copyright rights. *Id.* (citing *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 501 F. Supp. 848, 852 (S.D.N.Y. 1980)). The state claim must have an "extra element" which changes the nature of the action. *Id.* (citing *Mayer v. Josiah Wedgwood & Sons, Ltd.*, 601 F. Supp. 1523, 1535 (S.D.N.Y. 1985)).

The breach of contract claim does not add an "extra element" which changes the nature of the action or the rights secured under federal copyright protection. The breach of contract claim alleges violations of the exact same exclusive federal rights protected by Section 106 of the Copyright Act, the exclusive right to reproduce, distribute and make derivative copies.

Accordingly, the breach of contract claim is preempted by federal copyright law, and is thereby dismissed on this alternate basis with leave to amend. Should Jacobsen wish to amend his complaint, he will not only have to make an allegation of damages proximately caused by the alleged breach of the Artistic License, but will, in addition, have to state a claim that is not preempted by federal copyright law by demonstrating that there are rights or remedies available under the contract claims that are not otherwise available under the copyright claim.

3. Claim Under DMCA.

Jacobsen alleges that the information contained in the JMRI Project Decoder Definition Files constituted "copyright management information" within the meaning of the Digital

Millennium Copyright Act and that by removing the information and making copies of the files, Defendants violated 17 U.S.C. § 1201(b), which protects the integrity of copyright management information.

Under the statute, the term copyright management information ("CMI") means "any of the following information conveyed in connection with copies ... of a work ..., including digital form," including "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). The information Jacobsen contends consists of copyright management information in his complaint 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." (Second Amended Complaint, ¶ 479.) Jacobsen also alleges that he used a software script to automate adding copyright notices and information regarding the license and uploaded the files on the internet through SourceForge.net, an open source incubator website. (*Id.*, ¶¶ 267, 480.) Jacobsen contends that Defendants downloaded the files and removed the names of the authors and copyright holder, title, reference to license, where to find the license and the copyright notices, and instead, renamed the files and referred to their own copyright notice and named themselves as author and copyright owner. (*Id.*, ¶¶ 271-76; 289-291.)

Although the law on the definition and application in practice of the term CMI is scant, the Court finds that it would be premature to dismiss the claim on the facts as alleged. *See Electrical Construction & Maintenance Co. v. Maeda Pacific Corp.*, 764 F.2d 619, 623 (9th Cir. 1985) ("The court should be especially reluctant to dismiss on the basis of the pleadings when the asserted theory of liability is novel ..., since it is important that new legal theories be explored and assayed in the light of actual facts."). In *IQ Group v. Wiesner Publishing, Inc.*, the court, at the summary judgment stage, determined after a lengthy review of the legislative history of the DMCA that the statute should be construed to protect CMI performed by the technological measures of automated systems. 400 F. Supp. 2d 587, 597 (D. N.J. 2006). In *McClatchey v. The Associated Press*, because the plaintiff had used a computer software program to print her title, name and copyright notice on copies of her photograph, the district

court determined that this technological process came within the term CMI as defined in section 1202(c). 2007 WL 776103, *5 (W.D. Pa. March 9, 2007).

Based on the allegations in the complaint, the Court finds that there has been some technological process engaged to protect the author's name, a title, a reference to the license and where to find the license, a copyright notice, and the copyright owner of Jacobsen's work. Therefore, without further discovery, the Court finds that it would be inappropriate to dismiss the cause of action for violation of the DMCA.

4. Motion to Strike Attorneys' Fees Prayer for Relief.

Federal Rule of Civil Procedure 12(f) provides that a court may "order stricken from any pleading any insufficient defense or any redundant, immaterial, impertinent, or scandalous matter." Immaterial matter "is that which has no essential or important relationship to the claim for relief or the defenses being pleaded." *California Dept. of Toxic Substance Control v. ALCO Pacific, Inc.*, 217 F. Supp. 2d 1028, 1032 (C.D. Cal. 2002) (internal citations and quotations omitted). Impertinent material "consists of statements that do not pertain, or are not necessary to the issues in question." *Id*. Motions to strike are regarded with disfavor because they are often used as delaying tactics and because of the limited importance of pleadings in federal practice. *Colaprico v. Sun Microsystems Inc.*, 758 F. Supp 1335, 1339 (N.D. Cal. 1991). The possibility that issues will be unnecessarily complicated or that superfluous pleadings will cause the trier of fact to draw unwarranted inferences at trial is the type of prejudice that is sufficient to support the granting of a motion to strike. *Cal. Dept. of Toxic Substances Control*, 217 F. Supp. at 1028. Under Rule 12(f), courts have authority to strike a prayer for relief seeking damages that are not recoverable as a matter of law. *Wells v. Board of Trustees of the Cal. State Univ.*, 393 F. Supp. 2d 990, 994-95 (N.D. Cal. 2005); *Arcilla v. Adidas Promotional Retail Operations, Inc.*, 488 F. Supp. 2d 965, 968 (C.D. Cal. 2007) (citing *Tapley v. Lockwood Green Engineers, Inc.*, 502 F.2d 559, 560 (8th Cir. 1974)).

Defendants contend that Jacobsen is not entitled to seek damages under 17 U.S.C. §§ 504 and 505 because Jacobsen registered the copyright on June 13, 2006 after the alleged infringement occurred. However, because there are allegations that the alleged infringement

occurred earlier and because the allegations of infringement may not be complete, the Court finds it would be premature to dismiss the claims for damages at this time. (*See, e.g.*, Second Amended Complaint, ¶ 266.) Although the allegations in the complaint as to the timing of the alleged instances of infringement constitute a compelling statement of the dates of alleged infringement, the Court finds that, by virtue of discovery, Jacobsen may find additional instances of infringement and therefore, Defendants' motion to strike is premature.

C. Jacobsen's Motion for Preliminary Injunction on Copyright Claim.

1. Legal Standard.

Plaintiff moves for preliminary injunction, seeking a court order enjoining Defendants from willfully infringing Plaintiff's copyrighted material. A plaintiff is entitled to a preliminary injunction when it can demonstrate either: (1) a combination of probable success on the merits and the possibility of irreparable injury, or (2) the existence of serious questions going to the merits, where the balance of hardships tips sharply in plaintiff's favor. *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1204-05 (9th Cir. 2000). To establish copyright infringement, a plaintiff must show (1) ownership of the copyrights, and (2) copying of the protected expression by Defendants. *Sun Microsystems, Inc. v. Microsoft Corp.*, 188 F.3d 1115, 1109 (9th Cir. 1999).

Initially, when this matter was before the Court on a motion for preliminary injunction, federal copyright law provided that a plaintiff who demonstrates a likelihood of success on the merits of a copyright claim was automatically entitled to a presumption of irreparable harm. *Id.* at 1119 (citing *Cadence Design Systems v. Avant! Corp.*, 125 F.3d 824, 826-27 (9th Cir. 1997)). "That presumption means that the balance of hardships issue cannot be accorded significant – if any – weight in determining whether a court should enter a preliminary injunction to prevent the use of infringing material in cases where ... the plaintiff has made a strong showing of likely success on the merits." *Sun*, 188 F.3d at 1119 (citing *Cadence*, 125 F.3d at 830 (internal quotations omitted)).

However, because of the passage of time, the governing law has changed. Now, a plaintiff is not granted the presumption of irreparable harm upon a showing of likelihood of

success on the merits. Instead, a plaintiff seeking a preliminary injunction must establish that he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the public interest. *Winter v. Natural Resources Defense Council*, 129 S. Ct. 365, 374 (2008) (citations omitted). In this recent case, the Supreme Court found that the Ninth Circuit's standard of the likelihood of irreparable injury was too lenient and held that a plaintiff must demonstrate that irreparable injury is "*likely* in the absence of an injunction." *Id*. at 375. "Issuing a preliminary injunction based only a possibility of irreparable harm is inconsistent with our characterization of injunctive relief as an extraordinary remedy that may only be awarded upon a clear showing that the plaintiff is entitled to such relief." *Id.* at 375-76 (citing *Mazurek v. Armstrong*, 520 U.S. 968, 972 (1997) (*per curiam*)). Because a preliminary injunction is an extraordinary remedy, "[i]n each case, courts 'must balance the competing claims of injury and must consider the effect on each party of the granting or withholding of the requested relief.' *Id*. at 376 (citing *Amoco Production Co. v. Gambell*, 480 U.S. 531, 542 (1987)). "'In exercising their sound discretion, courts of equity should pay particular regard for the public consequences in employing the extraordinary remedy of injunction.'" *Id.* at 376-77 (citing *Weinberger v. Romero-Barcelo*, 456 U.S. 305, 312 (1982)).

2. Procedural History.

Plaintiff appealed this Court's denial of his original motion for preliminary injunction on the issue of copyright infringement. The Federal Circuit court found that this Court had erred in its legal finding that a copyright holder of work open and available to the public free of charge under an "open source" nonexclusive copyright license may not control future distribution and modification of such work under federal copyright law, but may only pursue remedies under a breach of contract theory. The Federal Circuit court found that Jacobsen may maintain a cause of action for trademark infringement based on the facts alleged in the complaint. In its decision, the appellate court found that copyright holders who engage in open source licensing have the right to control the modification and distribution of copyrighted material and that the Artistic License present on the JMRI Project website governed Jacobsen's copyrighted material and

required that any downstream user follow the restrictive terms of the license. Because the Federal Circuit found that this Court had erred in its legal finding, and, having found that the terms of the Artistic License are enforceable copyright conditions, the court vacated the denial of a preliminary injunction and remanded "to enable the District Court to determine whether Jacobsen has demonstrated (1) a likelihood of success on the merits and either a presumption of irreparable harm or a demonstration of irreparable harm; or (2) a fair chance of success on the merits and a clear disparity in the relative hardships and tipping in his favor." *Jacobsen v. Katzer*, 535 F.3d at 1382-83.

The Federal Circuit was faced with an incomplete record and only the allegations in the complaint, and made its determination as a matter of legal interpretation. The appellate court did not make a finding that Jacobsen is entitled to a preliminary injunction on the allegations of his complaint. It only found that this Court erred in finding that a cause of action for trademark infringement could not lie. This Court is again faced with a perfunctory record and is bound by the legal finding of the appellate decision. However, in the intervening time, the Supreme Court precedent governing the standard to be applied in deciding whether the extraordinary remedy of a preliminary injunction is appropriate has changed. This Court is bound by such intervening authority. In order to grant Jacobsen a preliminary injunction, the Court must find, based on the entire record, that Jacobsen is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the public interest. *Winter*, 129 S. Ct. at 374.

3. Jacobsen Fails to Meet Heightened Burden of Demonstrating Harm.

In its opinion, the Federal Circuit found that in the open source field, there are potential harms to copyright holders, although they may not be exclusively monetary. The court found that the

> lack of money changing hands in open source licensing should not be presumed to mean that there is no economic consideration, however. There are substantial benefits, including economic benefits, to the creation and distribution of copyrighted works under public licenses that range far beyond traditional license royalties. For example, program creators may generate market share for their programs by providing certain components free of charge. Similarly, a programmer or company may increase its international reputation by incubating

> open source projects. Improvement to a product can come rapidly and free of charge from an expert not even known to the copyright holder.

Jacobsen v. Katzer, 535 F.3d at 1379. On this basis, the court found that there could indeed be harm based exclusively on a copyright infringement theory.

However, the Federal Circuit did not find, based on the record of this case, that there was indeed either actual, current infringement or that there was a likelihood of irreparable harm that tipped the balance of equities in Jacobsen's favor. The Federal Circuit court's list of potential harms that a copyright holder may face in the open source field are just that – *potential* harms. There is no showing on the record before this Court that Jacobsen has actually suffered *any* of these potential harms. The standard under *Winter* requires that Jacobsen demonstrate, by the introduction of admissible evidence and with a clear likelihood of success that the harm is real, imminent and significant, not just speculative or potential. 129 S. Ct. at 374. Jacobsen has failed to proffer any evidence of any specific and actual harm suffered as a result of the alleged copyright infringement and he has failed to demonstrate that there is any continuing or ongoing conduct that indicates future harm is imminent.[3] Because Jacobsen fails to meet the burden of presenting evidence of actual injury to support his claims of irreparable injury and speculative losses, the Court cannot, on this record, grant a preliminary injunction. *See Goldie's Bookstore, Inc. v. Superior Court*, 739 F.2d 466, 472 (9th Cir. 1984) (holding that speculative harm is insufficient to establish irreparable harm).

[3] Although Jacobsen makes legal arguments regarding the alleged harm he may suffer, for instance delays and inefficiency in development and time lost in the open source development cycle, he has failed to put forward any *evidence* of such harms. Jacobsen has failed to proffer evidence of harm suffered or any evidence of a real or immediate threat of imminent harm in the future. The Court also finds that Jacobsen has failed to identify with the requisite particularity the extent of his copyright ownership over the disputed underlying material. The JMRI Project Decoder Definition Files incorporate many manufacturers' specifications data as well as rights to specific terms whose copyright is owned by Defendants. Even if Jacobsen's heavy burden to warrant injunctive relief had been met, it is unclear how the Court would fashion an injunction which would be narrowly tailored to enjoin only those allegedly infringing uses of Jacobsen's copyrighted content.

CONCLUSION

For the foregoing reasons, the Court GRANTS Defendants' motion to dismiss for mootness; GRANTS IN PART AND DENIES IN PART Defendants' motion to dismiss for failure to state a claim; DENIES the motion to strike; and DENIES Jacobsen's motion for preliminary injunction. Jacobsen may file an amended complaint within twenty days of the date of this Order. If Jacobsen does not file a third amended complaint, Defendants shall file an answer within twenty days of the deadline to file the amended complaint. If Jacobsen elects to file a third amended complaint in accordance with this Order, Defendants shall either file an answer or move to dismiss within twenty days of service of the third amended complaint.

IT IS SO ORDERED.

Dated: January 5, 2009

JEFFREY S. WHITE
UNITED STATES DISTRICT JUDGE

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

MICROSOFT CORPORATION, a Washington Corporation, Plaintiff, v. TOMTOM N.V., a Netherlands Corporation, and TOMTOM, INC., a Massachusetts Corporation, Defendants.	Case No: _____ **COMPLAINT FOR PATENT INFRINGEMENT** **JURY DEMAND**

Plaintiff Microsoft Corporation ("Microsoft") for its Complaint For Patent Infringement against Defendants TomTom N.V. and TomTom, Inc. (collectively, the "Defendants"), alleges as follows:

PARTIES

1. Plaintiff Microsoft Corporation is a Washington corporation having its principal place of business at One Microsoft Way, Redmond, Washington 98052.

2. Founded in 1975, Microsoft is a worldwide leader in computer software, services and solutions for businesses and consumers. Since 1979, Microsoft has been headquartered in the Seattle, Washington metropolitan area, currently employs more than 20,000 people in the Seattle area, and occupies nearly 8 million square feet of facilities at its Redmond campus.

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3. Microsoft has a long history of technical innovation in the software and hardware products it develops and distributes. These software products include operating systems for servers, personal computers, embedded devices, smartphones, PDAs, and other intelligent devices; server applications for distributed computing environments; information worker productivity applications; business solution applications; high-performance computing applications; software development tools; operating systems for automotive applications; and various navigation-related software products and services.

4. Upon information and belief, Defendant TomTom N.V. is a Dutch corporation organized and existing under the laws of the Netherlands having a principal place of business at Rembrandtplein 35, Amsterdam 1017 CT, Netherlands.

5. Upon information and belief, Defendant TomTom, Inc. is a corporation organized and existing under the laws of Massachusetts and is a wholly-owned subsidiary of TomTom N.V. TomTom, Inc.'s principal place of business is located at 150 Baker Ave Ext., Concord, Massachusetts 01742.

6. Upon information and belief, Defendants are in the business of developing, manufacturing, and selling portable navigation computing devices and software for use on those devices, personal computers, PDAs, and smartphones (hereinafter known collectively as "Portable Navigation Devices and Software"). Upon information and belief, Defendants market and distribute their products worldwide, including in the United States, through their channel business partners and various retail companies, at retail stores, through the websites of retail companies, and on their own websites. Upon information and belief, Defendants do business within the Western District of Washington.

JURISDICTION AND VENUE

7. This is an action for patent infringement arising under the patent laws of the United States, Title 35, United States Code.

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8. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338(a).

9. Venue is proper in this district pursuant to 28 U.S.C. §§ 1391(b), 1391(c) and 1400(b). On information and belief, Defendants are subject to this Court's personal jurisdiction, consistent with the principles of due process and the Washington Long Arm Statute, because each Defendant offers for sale and sells Portable Navigation Devices and Software in the Western District of Washington, has transacted business in this District, and/or has committed and/or induced acts of patent infringement in this District. For example, Defendants' own website (e.g., http://www.tomtom.com/page/giftguide?Lid=4&selector=true) allows users to purchase Defendants' products for delivery within this District. The website at http://www.tomtom.com/stores/type.php?ID=2&Country=223 directs users of the Defendants' website to retail outlets selling Defendants' products within this District. Additionally, the website at http://www.tomtom.com/stores/type.php?ID=1&Country=223 directs users of the Defendants' website to online merchants selling Defendants' products for delivery within this District.

PATENT INFRINGEMENT COUNTS

10. Microsoft is the owner of all right, title, and interest in U.S. Patent Nos. 6,175,789; 7,054,745; 6,704,032; 7,117,286; 6,202,008; 5,579,517; 5,758,352; and 6,256,642 (collectively, "the Microsoft patents-in-suit"), which the Defendants are directly infringing and/or inducing others to infringe by making, using, offering to sell or selling in the United States, or importing into the United States, products or processes that practice inventions claimed in the Microsoft patents-in-suit.

11. The Defendants have profited through infringement of the Microsoft patents-in-suit. As a result of the Defendants' unlawful infringement of the Microsoft patents-in-suit patent, Microsoft has suffered and will continue to suffer damage. Microsoft is entitled to

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recover from the Defendants the damages suffered by Microsoft as a result of the Defendants' unlawful acts.

12. Defendants' infringement of the Microsoft patents-in-suit constitutes willful and deliberate infringement, entitling Microsoft to enhanced damages and reasonable attorney fees and costs. Microsoft provided defendant TomTom N.V. notice of its infringement allegations in a June 13, 2008 letter to Peter-Frans Pauwels, Chief Technical Officer of Defendant TomTom N.V. Upon information and belief, Defendant TomTom, Inc. received notice of Microsoft's infringement allegations from its parent, TomTom N.V.

13. Upon information and belief, the Defendants intend to continue their unlawful infringing activity, and Microsoft continues to and will continue to suffer irreparable harm—for which there is no adequate remedy at law—from such unlawful infringing activity unless Defendants are enjoined by this Court.

COUNT I

INFRINGEMENT OF U.S. PATENT NO. 6,175,789

14. Microsoft realleges and incorporates by reference the allegations set forth in paragraphs 1-13.

15. Microsoft is the owner of all right, title, and interest in U.S. Patent No. 6,175,789 ("the '789 patent"), entitled "Vehicle Computer System with Open Platform Architecture" duly and properly issued by the U.S. Patent and Trademark Office on January 16, 2001. A copy of the '789 patent is attached as Exhibit A.

16. The Defendants have been and/or are directly infringing and/or inducing others to infringe the '789 patent by, among other things, making, using, offering to sell or selling in the United States, or importing into the United States, products, including various Portable Navigation Devices and Software that embody or incorporate, or the operation of which otherwise practices, one or more claims of the '789 patent.

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COUNT II

INFRINGEMENT OF U.S. PATENT NO. 7,054,745

17. Microsoft realleges and incorporates by reference the allegations set forth in paragraphs 1-13.

18. Microsoft is the owner of all right, title, and interest in U.S. Patent No. 7,054,745 ("the '745 patent"), entitled "Method and System For Generating Driving Directions," duly and properly issued by the U.S. Patent and Trademark Office on May 30, 2006. A copy of the '745 patent is attached as Exhibit B.

19. The Defendants have been and/or are directly infringing and/or inducing others to infringe the '745 patent by, among other things, making, using, offering to sell or selling in the United States, or importing into the United States, products, including various Portable Navigation Devices and Software that embody or incorporate, or the operation of which otherwise practices, one or more claims of the '745 patent.

COUNT III

INFRINGEMENT OF U.S. PATENT NO. 6,704,032

20. Microsoft realleges and incorporates by reference the allegations set forth in paragraphs 1-13.

21. Microsoft is the owner of all right, title, and interest in U.S. Patent No. 6,704,032 ("the '032 patent"), entitled "Methods and Arrangements for Interacting with Controllable Objects within a Graphical User Interface Environment Using Various Input Mechanisms," duly and properly issued by the U.S. Patent and Trademark Office on March 9, 2004. A copy of the '032 patent is attached as Exhibit C.

22. The Defendants have been and/or are directly infringing and/or inducing others to infringe the '032 patent by, among other things, making, using, offering to sell or selling in the United States, or importing into the United States, products, including various Portable

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Navigation Devices and Software that embody or incorporate, or the operation of which otherwise practices, one or more claims of the '032 patent.

COUNT IV

INFRINGEMENT OF U.S. PATENT NO. 7,117,286

23. Microsoft realleges and incorporates by reference the allegations set forth in paragraphs 1-13.

24. Microsoft is the owner of all right, title, and interest in U.S. Patent No. 7,117,286 ("the '286 patent"), entitled "Portable Computing Device-integrated Appliance," duly and properly issued by the U.S. Patent and Trademark Office on October 3, 2006. A copy of the '286 patent is attached as Exhibit D.

25. The Defendants have been and/or are directly infringing and/or inducing others to infringe the '286 patent by, among other things, making, using, offering to sell or selling in the United States, or importing into the United States, products, including various Portable Navigation Devices and Software that embody or incorporate, or the operation of which otherwise practices, one or more claims of the '286 patent.

COUNT V

INFRINGEMENT OF U.S. PATENT NO. 6,202,008

26. Microsoft realleges and incorporates by reference the allegations set forth in paragraphs 1-13.

27. Microsoft is the owner of all right, title, and interest in U.S. Patent No. 6,202,008 ("the '008 patent"), entitled "Vehicle Computer System with Wireless Internet Connectivity," duly and properly issued by the U.S. Patent and Trademark Office on March 13, 2001. A copy of the '008 patent is attached as Exhibit E.

28. The Defendants have been and/or are directly infringing and/or inducing others to infringe the '008 patent by, among other things, making, using, offering to sell or selling in the United States, or importing into the United States, products, including various Portable

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Navigation Devices and Software that embody or incorporate, or the operation of which otherwise practices, one or more claims of the '008 patent.

COUNT VI

INFRINGEMENT OF U.S. PATENT NO. 5,579,517

29. Microsoft realleges and incorporates by reference the allegations set forth in paragraphs 1-13.

30. Microsoft is the owner of all right, title, and interest in U.S. Patent No. 5,579,517 ("the '517 patent"), entitled "Common Name Space for Long and Short Filenames," duly and properly issued by the U.S. Patent and Trademark Office on November 26, 1996. A reexamination certificate was issued by the U.S. Patent and Trademark Office for the '517 patent on November 28, 2006. A copy of the '517 patent, including reexamination certificate, is attached as Exhibit F.

31. The Defendants have been and/or are directly infringing and/or inducing others to infringe the '517 patent by, among other things, making, using, offering to sell or selling in the United States, or importing into the United States, products, including various Portable Navigation Devices and Software that embody or incorporate, or the operation of which otherwise practices, one or more claims of the '517 patent.

COUNT VII

INFRINGEMENT OF U.S. PATENT NO. 5,758,352

32. Microsoft realleges and incorporates by reference the allegations set forth in paragraphs 1-13.

33. Microsoft is the owner of all right, title, and interest in U.S. Patent No. 5,758,352 ("the '352 patent"), entitled "Common Name Space for Long and Short Filenames," duly and properly issued by the U.S. Patent and Trademark Office on May 26, 1998. A reexamination certificate was issued by the U.S. Patent and Trademark Office for the '352 patent on October

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10, 2006. A copy of the '352 patent, including reexamination certificate, is attached as Exhibit G.

34. The Defendants have been and/or are directly infringing and/or inducing others to infringe the '352 patent by, among other things, making, using, offering to sell or selling in the United States, or importing into the United States, products, including various Portable Navigation Devices and Software that embody or incorporate, or the operation of which otherwise practices, one or more claims of the '352 patent.

COUNT VIII

INFRINGEMENT OF U.S. PATENT NO. 6,256,642

35. Microsoft realleges and incorporates by reference the allegations set forth in paragraphs 1-13.

36. Microsoft is the owner of all right, title, and interest in U.S. Patent No. 6,256,642 ("the '642 patent"), entitled "Method and System for File System Management Using a Flash-Erasable, Programmable, Read-only Memory" duly and properly issued by the U.S. Patent and Trademark Office on July 3, 2001. A copy of the '642 patent is attached as Exhibit H.

37. The Defendants have been and/or are directly infringing and/or inducing others to infringe the '642 patent by, among other things, making, using, offering to sell or selling in the United States, or importing into the United States, products, including various Portable Navigation Devices and Software that embody or incorporate, or the operation of which otherwise practices, one or more claims of the '642 patent.

DEMAND FOR JURY TRIAL

38. Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Microsoft respectfully requests a trial by jury on all issues properly triable by jury.

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PRAYER FOR RELIEF

WHEREFORE, Microsoft prays for relief as follows:

A. For a judgment declaring that each Defendant has infringed at least one claim of each of the Microsoft patents-in-suit;

B. For a judgment awarding Microsoft compensatory damages as a result of each Defendant's infringement of the Microsoft patents-in-suit, together with interest and costs, and in no event less than a reasonable royalty;

C. For a judgment declaring that each Defendant's infringement of the Microsoft patents-in-suit, has been willful and deliberate;

D. For a judgment awarding Microsoft treble damages and pre-judgment interest under 35 U.S.C. § 284 as a result of each Defendant's willful and deliberate infringement of the Microsoft patents-in-suit;

E. For a judgment declaring that this case is exceptional as to each Defendant and awarding Microsoft its expenses, costs, and attorneys fees in accordance with 35 U.S.C. §§ 284 and 285 and Rule 54(d) of the Federal Rules of Civil Procedure;

F. For a grant of permanent injunction pursuant to 35 U.S.C. § 283, enjoining each Defendant from further acts of infringement; and

G. For such other and further relief as the Court deems just and proper.

Respectfully submitted,

KLARQUIST SPARKMAN, LLP

Dated: February 25, 2009

By: s/ Adam R. Wichman

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