United States Court of Appeals

for the

Federal Circuit

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

BRIEF OF *AMICI CURIAE* CREATIVE COMMONS CORPORATION, THE LINUX FOUNDATION, THE OPEN SOURCE INITIATIVE, SOFTWARE FREEDOM LAW CENTER, YET ANOTHER SOCIETY, DBA THE PERL FOUNDATION, AND WIKIMEDIA FOUNDATION, INC. IN SUPPORT OF PLAINTIFF-APPELLANT AND URGING REVERSAL

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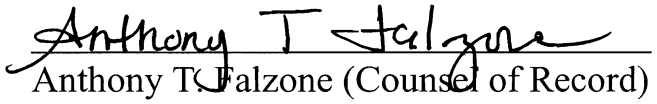
December 28, 2007

CERTIFICATE OF INTEREST

Pursuant to Federal Rule of Appellate Procedure 26.1 and Federal Circuit Rule 47.4, counsel for *amici curiae* certifies the following:

1. The full names of every amicus party represented by me are: Creative Commons Corporation, The Linux Foundation, The Open Source Initiative, Software Freedom Law Center, Yet Another Society, dba The Perl Foundation, and Wikimedia Foundation, Inc.
2. There are no real parties in interest associated with the amicus parties listed.
3. There are no parent corporations or any publicly held companies that own 10 percent or more of the stock of any amicus party listed above.
4. The amicus parties did not appear in the trial Court. The names of all attorneys who will be appearing before this Court on behalf of the amicus parties are Anthony T. Falzone and Christopher K. Ridder, both of whom are employed by the Stanford Law School Center for Internet and Society.



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I. STATEMENT OF INTEREST

The District Court's decision that the asserted violations of the Artistic License at issue in this case sound in contract, not copyright, was erroneous. If the decision were applied broadly, it could disrupt the settled expectations of literally millions of copyright holders who have depended upon the copyright system to secure the right to enforce public licenses. Amici are organizations that support and rely on public licensing; each has a strong interest in ensuring not only the stability of public licensing, but also the preservation of copyright remedies for the violation of public licenses.

Creative Commons is a non-profit corporation that provides free copyright licenses to artists, authors, educators and scientists. These licenses enable creators and innovators to mark their creative work with the freedoms they intend that creative work to carry. Thus, while the default terms of copyright secure the full range of "exclusive rights" granted by the Copyright Act ("All Rights Reserved"), Creative Commons licenses give copyright holders the easy ability to dedicate some exclusive rights to the public (i.e., "Some Rights Reserved.") Creative Commons licenses are now available in more than forty jurisdictions around the world. By some estimates, close to 100,000,000 works have been licensed under Creative Commons licenses by artists such as David Byrne, Gilberto Gil and the Beastie Boys, filmmakers including Academy Award Winner, Davis Guggenheim,

and educators such as MIT's OpenCourseWare project, which has now licensed all 1,800 MIT courses under a Creative Commons license.

The Linux Foundation is a nonprofit consortium dedicated to fostering the development and adoption of the GNU/Linux operating system and to sustaining the transparency, freedom of choice and technical superiority made possible by open, collaborative development environments. Founded in 2007 by the merger of the Open Source Development Labs and the Free Standards Group, the Linux Foundation sponsors the work of Linux creator Linus Torvalds and is supported by leading Linux, free software and open source companies and developers from around the world. Linux is distributed under version 2.0 of the Free Software Foundation's "GNU General Public License" ("GPL"). Thus the Linux Foundation has a strong interest in the proper development of the law relating to public licenses such as the GPL and joins this brief to urge reversal of the District Court's ruling below.

The Open Source Initiative ("OSI") is a California public benefit corporation dedicated to ensuring a consistent application of the term "Open Source" for software licenses. OSI is the developer and the steward of the Open Source Definition ("OSD"), and is the recognized body for reviewing and approving licenses that conform to the OSD and can be considered "Open Source." OSI was founded in 1998 as an educational and advocacy organization focused on

protecting the use of the term “Open Source.” OSI established principles for defining which type of licenses can be considered to be “Open Source” as well as advocating the use of Open Source software. OSI maintains a registry of software licenses that meet the OSD criteria and can be considered “Open Source” and supports international initiatives related to Open Source. All of the major open source programs are licensed under OSI approved licenses including the Linux kernel (version 2 of the GNU General Public License), the FireFox browser (Mozilla Public License) and the OpenSolaris operating system (Common Development and Distribution License). OSI has approved approximately 50 licenses as consistent with the OSD, including the version of the Artistic License that was used in connection with the software at issue in this case. OSI has a vested interest in ensuring that judicial interpretation of Open Source licenses is consistent with the purpose and intent of such licenses. OSI joins in this Amicus Brief to the extent that Amici argue that the conditions set forth in the Artistic License give rise to a claim of Copyright infringement and the remedy of injunctive relief.

The Software Freedom Law Center is a not-for-profit legal services organization that provides legal representation and other law-related services to protect and advance Free and Open Source Software distributed under public licenses whose terms give recipients freedom to copy, modify and redistribute the software. SFLC provides pro bono legal services to non-profit Free and Open

Source Software developers and projects and also helps the general public better understand the legal aspects of Free and Open Source Software. SFLC, along with the Free Software Foundation, was the primary drafter of version 3 of the GNU General Public License. The GPL is the most widely used "free software" license as well as the most widely used public license in any medium. It is the license used by most major components of the GNU and GNU/Linux operating systems and tens of thousands of other computer programs used on tens of millions of computers around the world.

Yet Another Society, dba The Perl Foundation, is a Michigan non-profit corporation dedicated to the advancement of the Perl programming language through open discussion, collaboration, and development projects. The Perl Foundation coordinates the efforts of numerous grassroots Perl-based groups, and makes grants to developers involved in Perl-related projects. The Perl Foundation has an interest in the current appeal as the custodian of the Artistic License. Since 1987, numerous versions of Perl software packages and Perl-related projects have been, and continue to be, released under the Artistic License version 1.0;[1] the

[1] Version 1.0 of the Artistic License is one of the earliest examples of a public (or open source) license. Version 1.0 was superseded by version 2.0 in 2006, which differs in several significant ways from version 1.0.

license used by Appellant Robert Jacobsen in connection with the DecoderPro software that is the basis of many of the controversies in this case.

Wikimedia Foundation, Inc. (WMF) is a non-profit organization founded in 2003. Its mission is to develop and maintain open content projects and to provide the full contents of those projects to the public free of charge. One project published by WMF is the general encyclopedia Wikipedia. Wikipedia is written collaboratively by volunteers from around the world. Since its creation in 2001, Wikipedia has grown into one of the largest reference Web sites. There are more than 75,000 active contributors working on some 9,000,000 articles in more than 250 languages. Every day, visitors from around the world make tens of thousands of edits and create thousands of new articles to enhance the knowledge held by Wikipedia. All of the text in Wikipedia, as well as most of the images and other content, is licensed pursuant to the GNU Free Documentation License (GFDL), a public license. Contributions remain the property of their creators, while the GFDL license ensures the content is freely distributable and reproducible. Wikipedia articles are licensed on terms favorable to the public, and WMF depends on the conditions and limitations of the GFDL to ensure that copyright remedies are available to authors who insist that these favorable terms be enforced.

II. INTRODUCTION

The District Court's holding that the violations of the Artistic License alleged by Professor Jacobsen sound in contract, not copyright (A9-11), was erroneous. Although the Artistic License uses language not common to other public licenses, if the District Court's decision were applied broadly, it could disrupt settled expectations on which literally millions of individuals, including award winning producers, firms such as IBM, educational institutions such as MIT and Harvard, and even governments have built businesses, educational initiatives, artistic collaborations and public service projects. It appears the District Court may not have understood the potential reach of its decision; nor was it fully briefed as to the possible consequences for the millions of software products and creative works that have been licensed on terms favorable to the public and to innovation.

All public licenses are offered on the assumption that the restrictions they contain limit the scope of the permission granted and that failure to comply with these restrictions subjects the licensee to copyright liability, at least if the licensee's actions require the benefit of any of the permissions provided by the license. The conditions thus impose affirmative obligations only upon someone who seeks to use the licensed work in a way that triggers the underlying copyright. Appellees Katzer and KAMIND did not abide by the conditions and limitations of the Artistic License; they are therefore liable for copyright infringement.

III. BACKGROUND

Appellant Robert Jacobsen is a physicist and professor at the University of California at Berkeley. (A36). He is also the leader of the Java Model Railroad Interface ("JMRI") software project. (*Id*.) That group created software called DecoderPro, which is used by model railroad enthusiasts to program decoder chips in model trains; the decoder chips can be programmed to control the trains' lights, sounds and speed. (A45-46; A118). In order to program these chips, a decoder definition file is used. (A114). DecoderPro is made available free of charge under the Artistic License. (A36; A355-356).

The Artistic License permits the unpaid copying, modification and distribution of the DecoderPro software files, but only on specified conditions. (A370). The first paragraph of the Artistic License states the "intent of this document is to state the conditions under which a Package may be copied." (*Id.*) Among other conditions, the Artistic License permits users to modify the DecoderPro Package "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 (in pertinent part) either (a) make such modifications freely available, (b) use the modified software Package only within [the user's] organization, (c) include copies of all standard executable files, or (d) make other arrangements with the copyright holder. (A370) (Artistic License ¶ 3).

The Artistic License likewise permits users to distribute the DecoderPro software Package "provided that" the user (in pertinent part) either (a) distribute a Standard Version of the executables and library files, (b) "accompany the distribution with the machine-readable source of the Package with your modifications," (c) include copies of certain original executable files, along with instructions on where to get the Standard Version, or (d) make other arrangements with the copyright holder. (A370) (Artistic License ¶ 4).

Accordingly, insofar as a user who has not made other, specific arrangements with the copyright owner wishes to create or distribute a modified version of the standard DecoderPro software package outside his or her corporation or organization, the user must either make the modifications freely available or include copies of all executable files in the licensor's "standard" original form. (*Id*.) (Artistic License ¶ 3). Each original file contains a copyright notice and author information. (A118). The standard executable files provide prominent access to the Artistic License through a "Help" menu. The Artistic License also requires for those files that have been modified a description of how they were changed (including whether a copyright notice was removed), see Id. (Artistic License ¶ 3), and that when distributed instructions be provided regarding where to obtain the Standard Version. (*Id*.) (Artistic License ¶ 4).

Appellee Matthew Katzer is the CEO of KAMIND Associates, Inc., a company that produces competing model railroad software, including a product called Decoder Commander. (A115-16). Jacobsen alleges that Katzer and KAMIND modified the JMRI files in violation of the Artistic License, (A56-58), specifically, by copying the Decoder Definition Files from JMRI's DecoderPro software and stripping out the copyright notice and license information, thereby modifying the Package pursuant to Paragraph 3 of the License. (A47).

All of the Decoder Definition Files distributed with DecoderPro contain a copyright notice and author information. (A119). By way of example, the decoder definition file QSI_Electric.xml contains the following header information:

```
<?xml version="1.0"?>
<!DOCTYPE decoder-config SYSTEM "decoder-config.dtd">
<!-- Copyright (C) JMRI 2005 All rights reserved -->
<!-- See the COPYING file for more information on licensing and appropriate
      use -->
<!-- $Id: QSI_Electric.xml,v 1.1 2005/06/17 03:03:33 innkeeper Exp $ -->
<decoder-config>
  <version author="Howard G. Penny" version="1" lastUpdated="20050616"/>

<!-- version 1 - modified for QSI CV.PI.SI format - Howard -->

<decoder>
  <family name="QSI Electric" mfg="QSIndustries" lowVersionID="3"
    highVersionID="6">
     <model model="BLI GG-1" lowVersionID="3" highVersionID="6"
       productID="200"/>
  </family>
```

(A188). The "COPYING" file referenced in the notice and disclaimer is in the same directory as the decoder files; it contains the Artistic License.

Katzer and KAMIND admitted that they copied the Decoder Definition Files from the DecoderPro software. (A328). They also admitted that they stripped out the “JMRI credit information” and “comment fields.” (A330). The information removed from each copied file includes references to the copyright owner, author, copyright date and information about the Artistic License. (A188; A205). Therefore, Katzer and KAMIND violated the Artistic License, by not including standard versions of the executable files, not explaining where to get the Standard Version, and not indicating how the decoder definition files were changed.

Based on these alleged violations of the Artistic License, Jacobsen sued Katzer and KAMIND for copyright infringement, and sought a preliminary injunction on that claim. The District Court denied Jacobsen’s preliminary injunction motion on the ground that “Defendants’ alleged violation of the conditions of the license may have constituted a breach of the [Artistic License], but does not create liability for copyright infringement.” (A9-A11). Thus, the Court did not address the question of whether Katzer and KAMIND violated the terms of the Artistic License. (*Id*.) Rather, the Court held that even if Katzer and KAMIND had done so, that would amount only to a breach of contract, not copyright infringement.

On appeal, Jacobsen contends the District Court erred as a matter of law in denying his motion for preliminary injunction. Amici agree, and submit this brief to clarify the details of the Artistic License, and to explain how the District Court's opinion might affect public licensing, a critical engine of innovation.

IV. ARGUMENT

A. Public Licenses Leverage Copyright Law To Promote Innovation

The ultimate goal of copyright law is to stimulate the creation of new works. *See, e.g.*, *Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994); *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984). In order to create incentives for the creation of new works, copyright law grants authors certain exclusive rights over their creations. *See id.* For example, the Copyright Act provides that reproduction, distribution and the preparation of derivative works are the exclusive rights of the copyright owner. *See* 17 U.S.C. § 106. Accordingly, a copyright permits the owner to exclude others from exercising these rights. *See eBay Inc. v. MercExchange, L.L.C.*, 126 S. Ct. 1837, 1840 (U.S. 2006) ("[l]ike a patent owner, a copyright holder possesses 'the right to exclude others from using his property.'") (quoting *Fox Film Corp.* v. *Doyal*, 286 U.S. 123, 127 (1932)). The Copyright Act provides that anyone who violates any of the copyright owner's exclusive rights infringes the copyright (*see* 17 U.S.C. § 501) and subjects infringers to an array of penalties. *See* 17 U.S.C. §§ 501-13.

A copyright owner is not required to grant permission to exercise all exclusive rights, or even the full extent of one exclusive right. Rather, the Copyright Act leaves it to the copyright owner to decide whether to permit others to exercise any exclusive rights and what limitations will apply to the exercise of those rights. *See, e.g., LGS Architects, Inc. v. Concordia Homes*, 434 F.3d 1150, 1156 (9th Cir. 2006).

Limiting the scope of permission is critical to making beneficial use of property. For example, a landowner who could not exclude others from entering his or her property would not be able to fully use and enjoy it – trespassers could overrun the land. Thus, the landowner may choose to permit entry at certain times or upon the satisfaction of certain conditions. If an entrant disregards these conditions, and acts outside the scope of the landowner's permission, the entrant remains a trespasser. So too in copyright law. When a copyright owner grants permission for others to exercise exclusive rights, but only on certain conditions, one who disregards these conditions remains liable for infringement. *See* Nimmer on Copyright, § 10.15(A). Accordingly, the right to exclude is about much more than the ability to exchange a copyrighted work for money; it includes the ability to prevent the work being used at all, or to place limits for a variety of purposes on permissions granted. In short, the right to exclude secures to the copyright owner the essential character of the property right that copyright law grants.

Traditional copyright licenses grant exclusive rights in exchange for money or other remuneration. Public licensors leverage the exclusive rights that copyright confers for public good, for example to secure freedom to derivative authors and users, or to enhance innovation. The conditions and limitations in public licenses are designed to increase the freedom of downstream authors and users without imposing the typical copyright clearance burdens. One common condition of public licenses is a requirement that prior to any distribution of the work (or a derivative version of the work), copyright notices and license provisions included in the original version must be copied and included in the distribution.

The Artistic License requires, as a condition that must be fulfilled for the license to be effective, that original executable code (which contains copyright notices), together with instructions on where to obtain the complete original version of the code (which contains copyright notices), must be included in all distributions, and that each modified file must include a "prominent notice" stating how and when it was changed. (A370) (Artistic License ¶¶ 3-4). Copyright notice and license preservation provisions of this type are critical to ensuring that downstream recipients of redistributed code (or other content) know who the owner is and the scope of the license granted by the owner of the original work.

Public licenses have enabled an abundance of innovation and the free and widespread availability of high quality software. They have also enabled great

numbers of geographically separated authors to create complex software, unencumbered by the intricate copyright consent issues (and related expenses) that exist under traditional licensing schemes.

Examples of popular software licensed under public licenses include the GNU/Linux operating system licensed under the GNU General Public License, that by some accounts represents nearly 13% of the overall server market,[2] Apache, a web server software package licensed under the Apache License with a nearly 50% share of the web server market,[3] and Perl, "the most popular web programming language due to its text manipulation capabilities and rapid development cycle"[4] which is licensed under the version of the Artistic License at issue in this case, and under other public licenses. It has been estimated that open source software products accounted for a 13% share of the $92.7 billion software market in 2006, and that they will account for a 27% share in 2011.[5]

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[2] *See* Linux-Watch, May 29, 2007, available at http://www.linux-watch.com/news/NS5369154346.html

[3] *See* Netcraft, November 2007 Web Server Survey, available at http://news.netcraft.com/archives/web_server_survey.html

[4] *See* The Perl Directory: About Perl, available at http://www.perl.org/about.html.

[5] *See* Peter Galli, "Open Source Is the Big Disruptor," available at http://www.eweek.com/article2/0,1895,2186932,00.asp.

Enabling many authors to make creative modifications to software without the encumbrances inherent in traditional copyright licensing schemes is fundamental to free software and open source software and has provided tremendous value to society. But this benefit is not limited to software. Millions of creative works, including websites, photographs and audiovisual works are licensed under public licenses, which allow downstream users the right to use the copyrighted work in pre-specified ways.

B. Infringement Remedies Are An Essential Component Of Public Licensing

While public licenses are generous in their permissions, the rights and remedies of copyright law remain critically important to their enforcement. By retaining the right to sue for copyright infringement (and the right to invoke the accompanying presumptions and statutory remedies), the public licensor enjoys an effective enforcement mechanism against those who would take the benefits of the creative work, while seeking to evade the obligations the public license demands.

Public licensors draft licenses that ensure the availability of copyright remedies, in order to minimize the risks posed by potentially inadequate contract enforcement mechanisms. The rules for the formation and interpretation of contracts differ from state to state and even more significantly from country to country. Copyrights, by contrast, exist independent of any contractual framework,

and are less susceptible to jurisdictional variation, especially given widespread adoption of the Berne Convention. *See, e.g.* Berne Convention Implementation Act, Pub. L. No. 100-568, 102 Stat. 2853-2861 (1988). Copyright law interprets licenses to protect the rights of authors, and assumes that authors retain any rights not expressly transferred. *See id.*

Copyright remedies are often more appropriate in the context of public licensing. The typical remedy for a contractual breach is a damages award, *see* Farnsworth on Contracts § 12.8 at 189. A damages award may fail to address harm suffered by the many public license authors who do not receive any compensation for their software other than the benefit of the public license restrictions. For them, the copyright system offers damages without proof of actual financial loss, *see* 35 U.S.C. § 504(c). Copyright remedies are designed to support the right to exclude; money damages alone do not and cannot support or enforce that right. While injunctive relief may be available on a contract claim, *see* Farnsworth on Contracts § 12.5, it is significantly easier to obtain on a copyright claim, especially on a preliminary basis, because a copyright holder enjoys a presumption of irreparable harm upon showing a likelihood of success on the merits. *See Sun Microsystems, Inc. v. Microsoft Corp.*, 188 F.3d 1115, 1119 (9th Cir. 1999). In addition to injunctive relief, the Copyright Act provides a carefully calibrated array of rights

and remedies that are designed to work together to provide incentives to create new works. *See* 17 U.S.C. §§ 502-513.

Copyright law does not discriminate in favor of some business models and against others. Those who choose to license their work under conditions designed to increase innovation should not be penalized with inadequate protection and diminished enforcement rights. Rather, they should retain the full array of remedies that other licensors retain.

C. The District Court Erred In Concluding That Katzer's And KAMIND's Breaches Of The Artistic License Do Not Create Copyright Infringement Liability

Appellant Jacobsen alleges that he has a valid copyright in the DecoderPro computer program, and that Katzer and KAMIND copied, modified and distributed portions of that software. (A56-58). Jacobsen's copyright registration creates the presumption of a valid copyright. *See, e.g. Triad Systems Corp. v. Southeastern Exp. Co*., 64 F.3d 1330, 1335 (9th Cir. 1995). Katzer and KAMIND concede they copied, modified and distributed portions of the DecoderPro software. (A328-A331). Accordingly, Jacobsen has made out a prima facie case of infringement sufficient to support a preliminary injunction. *See Triad Systems*, 64 F.3d at 1335.

Although Katzer and KAMIND argue they cannot be liable for infringement because they were licensed to use the DecoderPro software under the Artistic License, the license does not necessarily immunize them from infringement

liability. As the District Court recognized, a licensee who acts outside the scope of permission granted by the copyright holder remains liable for copyright infringement. *See LGS Architects, Inc. v. Concordia Homes*, 434 F.3d 1150, 1156 (9th Cir. 2006); *Sun*, 188 F.3d at 1121.

The Artistic License permits the copying, modification and distribution of the DecoderPro software "provided that" the original executables (containing copyright notices and license information) are included, a prominent notice of changes is given, and instructions are provided regarding how to obtain the original "Standard Version." (A370) (Artistic License ¶¶ 3-4). It leaves no doubt these restrictions are conditions of the license. It says so explicitly. *See id.* ("[t]he intent of this document is to state the conditions under which a Package may be copied").

In denying Jacobsen's motion for preliminary injunction, the District Court did not reach the question of whether Katzer and KAMIND complied with these conditions. Instead, the Court concluded that even if Katzer and KAMIND had violated them, that would give rise to liability only for breach of contract, not copyright infringement. It reasoned that "the scope of the [Artistic License] is . . . intentionally broad" and from this concluded that "[t]he condition that the user insert a prominent notice of attribution does not limit the scope of the license." (A11). The District Court reached this conclusion by misreading both the applicable case law and the Artistic License.

1. The District Court Misapprehended The Case Law It Applied

In reaching its conclusion that Katzer and KAMIND did not exceed the scope of the Artistic License, the District Court appeared to rely on both *S.O.S. v. Payday*, 886 F.2d 1081 (9th Cir. 1989), and *Gilliam v. American Broadcasting Companies, Inc.*, 538 F.2d 14 (2d Cir. 1976). (A10). Neither case supports the Court's decision that the Artistic License precludes Jacobsen's infringement claim.

In *S.O.S.*, the copyright holder did not convey *any* exclusive rights to the defendant. *See S.O.S.*, 886 F.2d at 1088. Rather, the copyright holder authorized the defendant only to "use" the computer program at issue. *See id.* In addition to using the program, the defendant copied it. *See id.* The Court held that in doing so, the defendant exceeded the scope of the license because that license permitted the defendant to use, but not copy, the program. *See id.* at 1088-89. Accordingly, *S.O.S.* holds that a licensee not authorized to make any copies exceeds the scope of a license by making copies. That case does not suggest, much less hold, that a license authorizing copying only on certain conditions cannot be limited in scope.[6]

[6] In *Storage Technology Corp. v. Custom Hardware Eng'g & Consulting, Inc.*, 421 F.3d 1307 (Fed. Cir. 2005), this Court encountered the flip side of the *S.O.S.* license. The license at issue in *Storage Technology* permitted the licensee to copy the software at issue, but restricted use of that software once copied. The Court concluded that using the software in a manner prohibited by the license did not give rise to infringement liability because mere "use" of a copyrighted item is "not forbidden by copyright law." *Id.* at 1316. Here, Katzer and KAMIND are

Gilliam highlights this distinction and further undermines the District Court's conclusion. In that case, the copyright owners did convey exclusive rights to the defendant. Specifically, ABC was licensed to air episodes of the Monty Python Show. *See Gilliam*, 538 F.2d at 17-18. But that permission was expressly limited in that it required ABC to air the episodes in their entirety, except insofar as they had to be cut for commercials or to comply with FCC regulations. *See id*. Also, the copyright owners retained the right to approve editorial changes by virtue of their original agreement with the BBC, from which ABC had obtained rights through Time-Warner films. *See id.* at 17-18, 21. Upon learning that ABC planned to air a version of the show that excluded significant portions of the show, the copyright holder sued ABC for copyright infringement and sought to enjoin the broadcast of the truncated version. *See id.* at 18.

The District Court denied the copyright holder's motion for a preliminary injunction. The Second Circuit reversed, observing that "the ability of the copyright holder to control his work remains paramount in our copyright law." *Gilliam*, 538 F.3d at 21; *accord Abend v. MCA, Inc.*, 863 F.2d 1465 (9th Cir. 1988) (citing *Gilliam*). The court held that the "unauthorized editing of the underlying

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accused of duplicating, modifying and distributing the DecoderPro software, all of which are forbidden by copyright law. *See id.* (recognizing that violations of license agreement are actionable as copyright infringement when the violations would constitute infringement absent a license).

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." *Gilliam*, 538 F.3d at 21. Thus, *Gilliam* holds that a licensee who edits a copyrighted work in a manner contrary to the terms of the license acts outside the scope of the license and infringes the copyright.

That is precisely the issue here. The Artistic License required Katzer and KAMIND, as conditions of modifying and distributing their edited version of the JMRI Package, to retain the original executable files in their distribution, to provide instructions on where to obtain the complete original Package, and to provide a prominent notice in each modified file stating how and when it was changed. (A370) (Artistic License ¶¶ 3-4). Katzer and KAMIND did none of these things. They simply modified the decoder definition files to remove copyright notice and author information, then distributed the software with no indications of its origins. As in *Gilliam,* they lacked permission to copy, modify or distribute JMRI's copyrighted work in this fashion, because the license expressly prohibited it.

The fact that a copyright notice and author information were deleted does not undermine Jacobsen's right to sue for infringement. In *County of Ventura v. Blackburn*, 362 F.2d 515, 520 (9th Cir. 1966), the Ninth Circuit upheld a finding of copyright infringement where the County omitted copyright notices from maps

licensed to it by Blackburn. The license at issue granted the county "the right to obtain duplicate tracings" from photographic negatives that contained copyright notices. Thus, even where there was no license provision explicitly requiring the inclusion of the copyright notices, the court held that removing them was beyond the scope of the license and therefore constituted copyright infringement. *See also WGN Continental Broadcasting Co. v. United Video, Inc*., 693 F.2d 622, 625 (7th Cir. 1982) (citing *Gilliam*; unauthorized deletion of teletext from broadcast signal rendered rebroadcaster liable for copyright infringement "under familiar principles").

Here, although the Artistic License permitted modification of the files, the scope of that permission was limited. Defendants acted outside the scope of the permission granted by the license, so cannot rely on it to protect them from Jacobsen's claim for copyright infringement.

2. The District Court Misapprehended The Artistic License

The District Court interpreted the Artistic License to permit a user to "modify the [program] in any way," without restriction. (A10). On the contrary, Katzer and KAMIND only had a limited right to copy, modify or distribute the program. The trial court's blanket dismissal of the Artistic License's limitations as

mere "notice of attribution" misses both the significance of these conditions, and the purpose of the Artistic License.

Under the Artistic License, the JMRI Project demands no monetary compensation for the subsequent use of its work – even if that subsequent use is commercial. The JMRI Project also permits any user to copy, modify or distribute the files in its package in the interest of encouraging innovation and improvement. The limitations placed on this permission are seemingly modest, but they are critically important to the licensor's ability to identify the source of its files, and how they may have been modified, to downstream users.

Although the District Court did not say so, the apparent assumption underlying its holding is that these limitations are merely independent covenants of the Artistic License that do not restrict its scope. *See Graham v. James*, 144 F.3d 229, 236-237 (2d Cir. 1998) (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*, 188 F.3d at 1121 (following *Graham*; independent covenant does not limit scope of copyright license); (A10-A11) (citing *Sun*). That assumption contradicts both the clear terms of the Artistic License, and the Court's own interpretation of it.

The Artistic License says that the restrictions it imposes are "conditions" and the District Court acknowledged these requirements are, in fact, conditions. (A10)

(Artistic License is "subject to various conditions"); (A11) (Jacobsen alleged "violation of the conditions of the license") This in itself demonstrates that these requirements limit the scope of the Artistic License, and make violation actionable as copyright infringement. *See Graham*, 144 F.3d at 237 ("failure to satisfy a condition of the license" creates infringement liability); *Costello Publ. Co. v. Rotelle*, 670 F.2d 1035, 1044 (D.C. Cir. 1981); *accord LGS*, 434 F.3d at 1157.

The specific conditions imposed by the Artistic License clearly and expressly limit the grant of exclusive rights. Under the Artistic License, the user is permitted to duplicate, modify and distribute the DecoderPro software "provided that" the specified "conditions" of the Artistic License are followed. This makes it clear that the exclusive rights of duplication, modification and distribution are granted only insofar as the conditions are fulfilled. *See Sun*, 188 F.3d at 1122 (copyright owner retains infringement claim against licensee where owner establishes rights violated are copyrights, not mere contract rights); *SCO Group, Inc. v. Novell, Inc*., 2007 U.S. Dist. LEXIS 58854 (D. Utah, August 10, 2007) (license providing right to distribute software "provided, however, that" the software was bundled properly and not directly competitive to licensor's software created condition the breach of which was actionable as infringement); *see also McRoberts Software, Inc. v. Media 100, Inc.*, 329 F.3d 557, 562 (7th Cir. 2003) (license permitting McRoberts to distribute software "when integrated with Media

100 hardware" created a limitation on license scope such that distribution for Windows-compatible hardware was copyright infringement).

Indeed, the language at issue here is readily distinguishable from that in cases concerned with breaches of mere covenants, not conditions. In *Sun*, the requirements at issue were not identified as "conditions" and they appeared separately from the license provisions granting exclusive rights. *See Sun Microsystems, Inc. v. Microsoft Corp.*, 81 F.Supp.2d 1026, 1032 (N.D. Cal. 2000) (on remand). Here, the notice and disclaimer requirements are identified expressly as "conditions" and they are included as part of the grant of exclusive rights. *Graham v. James* involved an oral agreement to pay royalties, but the parties "did not clearly delineate [the] conditions and covenants" of their agreement. *See Graham*, 144 F.3d at 237. The Artistic License expressly states that it is imposing certain "conditions" that define the scope of the license and when introducing each condition uses the unambiguous language "provided that." *Effects Associates v. Cohen*, 908 F.2d 555, 556, 559 n.7 (9th Cir. 1990), likewise involved an oral promise to pay royalties, but the language used did not specify that the royalty obligation was a condition to the license. *See id.* In sharp contrast, in this case the conditions are stated in unambiguous language. In *Fantastic Fakes, Inc. v. Pickwick Int'l, Inc.*, 661 F.2d 479 (5th Cir. 1981), the license permitted the licensor to duplicate and distribute the sound recordings at issue "subject to and in

accordance with" four provisions that imposed obligations on both the licensor and licensee, one of which required the licensor to affix a copyright notice to the sound recording he distributed. *See id.* at 481-82. In applying Georgia state law to interpret the contract, the Court held that the provisions were covenants because they imposed obligations on both the licensor and licensee, and did not use language that unambiguously created conditions. *See id.* at 484. Here, the restrictions at issue impose obligations only on the licensor and are "conditions" by their clear and express terms.[7] Finally, none of these cases finding breaches of mere covenants involve public licenses. All concern royalty-bearing commercial

[7] In *Sun*, *Graham* and *Fantastic Fakes* the court looked to state law to interpret the contracts at issue insofar as they were ambiguous. *See Sun*, 188 F.3d at 1122-23; *Graham*, 144 F.3d at 237 (looking to New York law where parties "did not clearly delineate" the conditions of the license); *Fantastic Fakes*, 661 F.2d at 484 (applying Georgia law where license term did "not contain any express words of condition"). Here, there is no ambiguity and no need to resort to state law to interpret the Artistic License. *See LGS*, 434 F.3d at 1156-57 (concluding license restriction at issue limited scope of license on its face without resort to state law); *S.O.S.*, 886 F.2d at 1088-89 (same); *Gilliam*, 538 F.2d at 21 (same). In any event, a copyright license must always "be construed in accordance with the purposes underlying federal copyright law." *S.O.S.*, 886 F.2d. at 1088 (holding state law canon of contract construction requiring contracts to be construed against drafter inapplicable in copyright context). "Chief among these purposes is the protection of the author's rights." *Id.* Where, as here, license terms impose clear and unambiguous conditions that limit the scope of the license, federal policy demands these terms be given their full force and effect.

licenses negotiated at arm's length. *See Sun*, 188 F.3d at 1118; *Graham*, 144 F.3d at 233-34; *Effects Assoc.*, 908 F.2d at 556; *Fantastic Fakes*, 661 F.2d at 481-82.

D. The Unique Nature Of Public Licenses Should Inform Their Interpretation

The Copyright Act creates exclusive rights for the copyright holder in order to create economic incentives to create new works. *See Goldstein v. California*, 412 U.S. 546, 555 (1973); *Mazer v. Stein*, 347 U.S. 201, 219 (1954). The choice of how best to exploit those rights, and maximize the incentive created, is left up to the copyright holder. *See, e.g.*, *Gilliam*, 538 F.2d at 21 ("the ability of the copyright holder to control his work remains paramount in our copyright law"). In granting permission, a copyright owner may place any number of limits on the scope of the permission extended. *See, e.g.*, *LGS Architects*, 434 F.3d at 1156; *cf. Mallinckrodt, Inc. v. Medipart, Inc.*, 976 F.2d 700, 703 (Fed. Cir. 1992) (right to exclude based on patent grant "may be waived in whole or in part"). Thus, it is for the copyright holder to decide if any exclusive rights will be licensed, and if so, to what extent.

Protecting the copyright owner's licensing decision is essential. *See Gilliam*, 538 F.2d at 23; *S.O.S.*, 886 F.2d at 1088. If license terms are interpreted so that copyright owners lose rights and remedies they intended to keep, then licensing becomes riskier, and copyright owners may grant fewer licenses, or simply refrain

from licensing. It is for this reason that a copyright license "must be construed in accordance with the purposes underlying federal copyright law." *S.O.S.*, 886 F.2d. at 1088 (*citing Cohen v. Paramount Pictures Corp*., 845 F.2d 851, 854 (9th Cir. 1988)). This concern is significantly more acute in the public licensing context; many public licensors forego likely private gain in exchange for a public good – further innovation around the work being licensed. The unique concerns that public licensing presents should inform the interpretation of public licenses. The conditions imposed by the Artistic License are not burdensome, but they are critical. Where conditions are carefully drawn to restrict the scope of the license, they should be given full effect.

It would be enormously beneficial to public licensing for this Court to state clearly a rule regarding the importance of interpreting public licenses in a manner consistent with their unique nature and federal copyright policy. *See, e.g.*, *S.O.S.*, 886 F.2d. at 1088. Amici suggest that any public license be presumptively interpreted as a copyright license with limitations on its scope. Complying with the license would guarantee that the licensee would not be subject to a copyright infringement action. Stepping outside that permission would subject the putative licensee to the full range of copyright remedies.

Although amici believe that a statement from this Court regarding the proper interpretation of public licenses would be helpful, they do not suggest that any

particular interpretation based on the unique facts of this case should apply broadly to other cases involving public licenses. In cases that involve unique or unusual facts, courts appropriately narrow and limit their holdings to apply only to those cases that present the same unique factual situation. *See, e.g., United States v. Van Leeuwen*, 397 U.S. 249, 253 (1970) (decision limited based on unique facts presented, expressly declining to state a broad legal rule); *Nicon, Inc. v. United States*, 331 F.3d 878, 888 (Fed. Cir. 2003) (narrowing application of finding that a formula for calculation of contract damages could apply to the unique factual situation); *S.M. Wilson & Co. v. Smith Intern, Inc.*, 587 F.2d 1363, 1375-76 (9th Cir. 1978) (decision denying statutory damages was based on the particular provisions of the contract at issue, and should not be broadly construed to suggest that such statutory damages were never available). Amici submit that because of the unique aspects of the case, this Appeal does not offer a sufficient basis for a broadly applicable ruling on which particular restrictions contained in public licenses operate to limit their scope or create conditions rather than covenants. They request that any decision issued by the Court be expressly limited to the facts of this case, and that the decision specify that it is not applicable to public licenses generally.

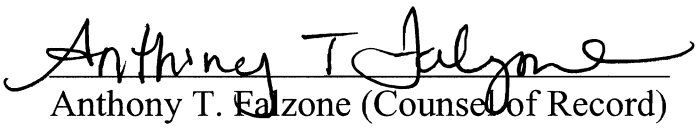
The success of public licensing is testimony to the flexible benefits of the copyright system. Though the framers of copyright law may not have had public

licenses as we know them in mind, the copyright system has enabled an extraordinary degree of cultural and commercial freedom and innovation. By recognizing the freedom of copyright owners to set the terms upon which access to their property is granted, this Court would support that innovation.

V. CONCLUSION

Amici respectfully request that the Court reverse the District Court's denial of a preliminary injunction and remand the case for further proceedings.

Respectfully submitted,



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December 28, 2007

Counsel for Amici Curiae

CERTIFICATE OF SERVICE

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT
2008-1001

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ROBERT JACOBSEN,
Plaintiff-Appellant,

v.

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

----------)

I, Jessica Mitra, being duly sworn according to law and being over the age of 18, upon my oath depose and say that:

I am retained by STANFORD LAW SCHOOL, CENTER FOR INTERNET AND SOCIETY, Attorneys for Amici Curiae.

That on the **28th day of December 2007**, I served the within **Brief of Amici Curiae** in the above captioned matter upon:

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December 28, 2007

Jessica Mitra

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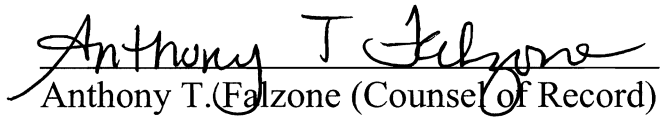
December 28, 2007



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