

2009-1221

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

ROBERT JACOBSEN,

Plaintiff-Appellant,

vs.

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 NUMBER C06-1905-JSW,
JUDGE JEFFREY S. WHITE

**MATTHEW KATZER AND KAMIND ASSOCIATES INC.'S MOTION TO
TRANSFER VENUE TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT**

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Robert Jacobsen _____ v. Matthew Katzer _____

No. 2009-1221

CERTIFICATE OF INTEREST

Counsel for the (petitioner) (appellant) (respondent) (appellee) (amicus) (name of party)

Appellee _____ certifies the following (use "None" if applicable; use extra sheets if necessary):

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

Matthew A. Katzer, Kamind Associates, Inc.

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

N/A

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or amicus curiae represented by me are:

N/A

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court are:

Field Jerger LLP; Gorman & Miller, PC; R. Scott Jerger

3/9/09
Date


Signature of counsel

R. Scott Jerger
Printed name of counsel

Please Note: All questions must be answered

cc: Victoria Hall

MOTION TO TRANSFER VENUE

Defendants-Appellees Matthew Katzer and Kamind Associates Inc. (hereinafter collectively KAM) respectfully move this Court, pursuant to Federal Rule of Appellate Procedure 27(a) and 28 U.S.C. § 1631, to transfer this appeal to the United States Court of Appeals for the Ninth Circuit. KAM has contacted Plaintiff-Appellant Robert Jacobsen who opposes this motion and has indicated that he will file a response to this motion.

FACTUAL AND LEGAL BACKGROUND

Plaintiff-Appellant Robert Jacobsen (Jacobsen) has appealed the district court's denial of his motion for a preliminary injunction on his copyright claim. This present appeal is the second appeal to this Court of the district court's denial of a preliminary injunction on the issue of copyright infringement. On August 13, 2008, this Court reversed the denial of the first motion for a preliminary injunction finding that the district court had erred in its legal conclusion that a copyright holder of work open to the public and free of charge under an "open source" nonexclusive copyright license may not control future distribution under federal copyright law, but rather may only pursue remedies under a breach of contract action. This Court found that Jacobsen may maintain a cause of action for copyright infringement, vacated the denial of the preliminary injunction and remanded the case to the District Court 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) the 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 1373, 1382-1383 (Fed. Cir. 2008).

On January 5, 2009, the district court, again, denied Jacobsen’s request for a preliminary injunction finding that Jacobsen had failed to put forward any evidence of harm. *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* at 14 (hereinafter Order). This Order is attached to this Motion as Exhibit A. Jacobsen timely appealed this Order to this Court.

In addition to denying Jacobsen’s motion for a preliminary injunction, the Order, *inter alia*, granted KAM’s motion to dismiss all of Jacobsen’s claims for declaratory relief on the KAM patent-in-suit, the ‘329 patent, for lack of subject matter jurisdiction under Fed. R. Civ. P. 12(b)(1). The district court found that the statutory Disclaimer of Patent under 37 C.F.R. § 1.321(a) filed by KAM with the U.S. Patent and Trademark Office on February 1, 2008, disclaiming all claims in the ‘329

patent (Disclaimer), divested the district court of jurisdiction over all of the patent claims in the case. Order at 3, 5-6.

The district court found that there was “no dispute that the patent at issue 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.’” Order at 3 citing *MedImmune v. Genentech, Inc.*, 127 S.Ct. 764, 771 (2007). The district court went on to state that statutory disclaimer effectively divests the trial court of jurisdiction and renders all of the patent claims moot. Order at 3 citing this Court’s ruling in *Super Sack Mfg. Corp. v. Chase Packaging Corp.*, 57 F.3d 1054, 1058 (Fed. Cir. 1995) and *Benitec Australia Ltd. v. Nucleonics, Inc.*, 495 F.3d 1340, 1343-1344 (9th Cir. 2007).

The issue before this Court is whether the district court’s dismissal divests this Court of jurisdiction over the appeal of the district court’s Order on Jacobsen’s preliminary injunction motion for copyright infringement so that any appeal of this interlocutory Order is only properly filed in the United States Court of Appeals for the Ninth Circuit.

GROUND FOR MOTION AND LEGAL ARGUMENT

This Court is obligated to determine whether it has appellate jurisdiction before proceeding to the merits of the case. *PIN/NIP, Inc. v. Platte Chem. Co.*, 304 F.3d 1235, 1241 (Fed. Cir. 2002) (“court must satisfy itself that it has jurisdiction to hear and decide a case before proceeding to the merits” (citing *View Eng’g, Inc. v. Robotic Vision Sys., Inc.* 115 F.3d 962, 963 (Fed. Cir. 1997))). KAM brought the jurisdictional issue to the attention of the district court via a motion to dismiss for lack of subject matter jurisdiction under Fed. R. Civ. P. 12(b)(1). Absent a true case or controversy, a complaint for declaratory relief will fail for lack of jurisdiction under rule 12(b)(1). *Rhoades v. Avon Products, Inc.*, 504 F.3d 1151, 1157 (9th Cir. 2007). Dismissals for lack of standing are dismissals for lack of subject matter jurisdiction. *Kougasian v. TMSL, Inc.*, 359 F.3d 1136, 1139 (9th Cir. 2004). The district court granted KAM’s motion to dismiss the declaratory patent claims in its January 5, 2009 Order.

This Court approaches the jurisdictional issue *de novo*. *Enzo APA & Son v. Geapag A.G.*, 134 F.3d 1090, 1092 (Fed. Cir. 1998). If this Court determines that the district court no longer has jurisdiction under 28 U.S.C. § 1338(a), then the Federal Circuit lacks jurisdiction under 28 U.S.C. § 1295(a)(1) and this case must be transferred to the United States Court of Appeals for the Ninth Circuit pursuant to 28

U.S.C. § 1631. *See Fieldturf, Inc. v. Southwest Recreational Industries, Inc.*, 357 F.3d 1266, 1268 (Fed. Cir. 2004).

Under 28 U.S.C. §§ 1292(c)(1) and 1295, this Court has exclusive jurisdiction over appeals from interlocutory orders of district courts refusing injunction requests as long as the district court's jurisdiction was based in whole or in part upon 28 U.S.C. § 1338. *See Apotex v. Thompson*, 347 F.3d 1335, 1342 (Fed. Cir. 2003), *Jacobsen v. Katzer*, 535 F.3d at 1377. Section 1338(a) grants federal district courts jurisdiction over cases arising under an Act of Congress related to patents. A claim "arises under" patent law if the plaintiff's "well-pleaded complaint" establishes that either federal patent law creates the cause of action or that the plaintiff's right to relief necessarily depends on resolution of a substantial question of federal patent law.

Holmes Group, Inc. v. Vornado Air Circulation Systems, Inc., 535 U.S. 826, 830, 122 S.Ct. 1889, 153 L.Ed.2d 12 (2002). The focus of the jurisdictional inquiry, thus, is whether Jacobsen's complaint arises under an Act of Congress relating to patents.

See Chamberlain Group v. Skylink Tech., Inc., 381 F.3d 1178, 1189 (Fed. Cir. 2004). After the district court dismissed all of the patent claims for lack of subject matter jurisdiction in its Order, Jacobsen's complaint no longer arises under patent law.

This Court's precedent and Ninth Circuit precedent mandate this conclusion.

Since all patent claims in the amended complaint have been dismissed prior to this appeal, the dispositive question is whether the dismissal of the patent claims was with or without prejudice. *See Chamberlain Group*, 381 F.3d at 1190. A dismissal with prejudice is an adjudication on the merits and is thus a final, appealable decision over which this Court has jurisdiction under 28 U.S.C. 1295(a)(1). *Id.* at 1189-1190. Dismissals without prejudice, however, are “de facto amendments” or “constructive amendments” to the complaint. *See Nilssen v. Motorola Inc.*, 203 F.3d 784-785 (Fed. Cir. 2000) (noting that a dismissal without prejudice effectively treats the dismissed patent claims as if they had never been filed); *Gronholz v. Sears, Roebuck & Co.*, 836 F.2d 515, 519 (Fed. Cir. 1987). This Court has held that both actual and constructive amendments to the complaint “divest us of jurisdiction if they eliminate all issues of patent law.” *Chamberlain Group*, 381 F.3d at 1189. In other words, if all of the patent claims raised in the amended complaint were dismissed without prejudice, the dismissal would divest this Court of jurisdiction; whereas dismissals with prejudice would not. *Nilssen*, 203 F.3d at 785.

Here, the district court dismissed the patent claims “without leave to amend” per Fed. R. Civ. P. 15, but did not state whether the dismissal was “with prejudice” or “without prejudice.” Order at 6. However, the district court’s silence on the issue is irrelevant, as the issue is one of function and not semantics. *See Textile Prods., Inc.*

v. *Mead Corp.*, 134 F.3d 1481, 1486 (Fed. Cir. 1998); *Chamberlain Group*, 381 F.3d at 1190. In determining whether a dismissal should have been with or without prejudice, this Court applies the law of the pertinent regional circuit, here the Ninth Circuit. *H.R. Technologies, Inc. v. Astechnologies, Inc.*, 275 F.3d 1378, 1384 (Fed. Cir. 2002). In both the Ninth Circuit and the Federal Circuit a dismissal for lack of subject matter jurisdiction is necessarily without prejudice because the dismissing court has no power to render a judgment on the merits of the dismissed claim. *Fleck and Associates, Inc. v. City of Phoenix*, 471 F.3d 1100, 1106-07 (9th Cir. 2006); *Kelly v. Fleetwood Enterprises, Inc.*, 377 F.3d 1034, 1036 (9th Cir. 2004); *Textile Prods. Inc.*, 134 F.3d at 1486; *MedImmune, Inc. v. Genentech, Inc.*, 427 F.3d 958, 970 (Fed. Cir. 2005) (Clevenger, Circuit Judge dissenting in part), *rev'd* 549 U.S. 118 (2007).

This conclusion is supported and clarified by Fed. R. Civ. P. 41(b) which states that a dismissal for lack of jurisdiction does not operate as an adjudication on the merits. “The primary meaning of a ‘dismissal without prejudice’...is dismissal without barring the defendant from returning later, to the same court, with the same underlying claim.” *Semtek Int'l Inc. v. Lockheed Martin Corp.*, 531 U.S. 497, 505-06, 121 S. Ct. 1021, 149 L.Ed.2d 32 (2001). That is the case here as nothing in the Order precludes Jacobsen from re-filing his complaint assuming he could establish subject matter jurisdiction.

The fact that the dismissal was granted “without leave to amend” does not bear on this issue of prejudice. *N. Assurance Co. of Am. v. Square D. Co.*, 201 F.3d 84, 88 (2nd Cir. 2000) (noting that where denial of leave to amend does not reach the underlying merits of the claim, “the actual decision denying leave to amend is irrelevant to the claim preclusion analysis.”). Denial of leave to amend and dismissal with prejudice are two separate concepts which “do not overlap.” *Brereton v. Bountiful City Corp.*, 434 F.3d 1213, 1219 (10th Cir. 2006). A denial of leave to amend to repair a jurisdictional defect (as here) does not call for a dismissal with prejudice, but rather even though amendment would be futile, the jurisdictional defect requires a dismissal without prejudice. *Id.* (citing *Hutchinson v. Pfeil*, 211 F.3d 515, 519, 523 (10th Cir. 2000) (affirming district court’s denial of leave to amend while also affirming district court’s dismissal, apparently *without* prejudice, of entire action based on lack of standing)); *see also Bauchman ex rel. Bauchman v. West High School*, 132 F.3d 542, 549-5-, 561-62 (10th Cir. 1997) (upholding district court’s denial of leave to amend complaint under futility analysis, but reversing merits disposition and remanding for dismissal without prejudice for lack of jurisdiction). This conclusion is consistent with Ninth Circuit and Federal Circuit law.

Therefore, because the district court’s dismissal of Jacobsen’s declaratory judgment claims is without prejudice and is the equivalent for jurisdictional purposes

to an amendment removing the declaratory claims from the complaint, and because there are no other claims in the complaint “arising under” patent law, the district court’s dismissal eliminates all issues of patent law from Jacobsen’s well-pleaded complaint and divests this Court of jurisdiction over the copyright infringement preliminary injunction appeal. *See Fieldturf*, 357 F.3d at 1267. Accordingly this case must be transferred to the Court of Appeals for the Ninth Circuit pursuant to 28 U.S.C. § 1631.

CONCLUSION AND RELIEF SOUGHT

Based on the above, KAM respectfully requests that this Court transfer this case to the Court of Appeals for the Ninth Circuit pursuant to 28 U.S.C. § 1631.

Dated: March 10, 2009

Respectfully submitted,



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Inc.

2009-1221

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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JUDGE JEFFREY S. WHITE

ON MOTION

[PROPOSED] ORDER

Upon consideration of the Motion filed by Defendant-Appellees Matthew Katzer and KAMIND Associates, Inc., this Court finds that it lacks jurisdiction to hear Plaintiff-Appellant Robert Jacobsen's interlocutory appeal of the district court's denial of Plaintiff Appellant's motion for a preliminary injunction for copyright infringement. Accordingly, IT IS ORDERED that Defendant-Appellees' Motion is

GRANTED and this case is hereby TRANSFERRED to the Court of Appeals for the Ninth Circuit pursuant to 28 U.S.C. § 1631.

FOR THE COURT:

Date: _____

United States Court of the Appeals for
the Federal Circuit

cc: *[Redacted]*

cc: *[Redacted]*

cc: *[Redacted]*

The undersigned hereby certifies that the foregoing document is being transmitted by e-mail to the Clerk of Court and to the parties listed above, and that a copy of the same has been placed in the United States Postal Service envelope and deposited in the U.S. Mail at the post office in [Redacted] on [Redacted].

cc: *[Redacted]*

cc: *[Redacted]*

cc: *[Redacted]*

cc: *[Redacted]*

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PROOF OF SERVICE

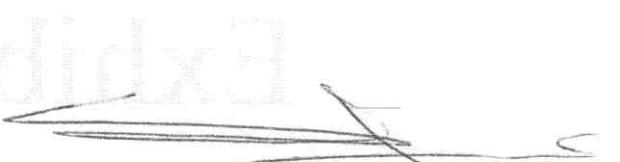
I hereby certify that on March 10, 2009 I filed the original and three copies of Defendants-Appellees' **Motion to Transfer Venue** on the Clerk of the US Court of Appeals for the Federal Circuit at the following address via UPS overnight mail:

Clerk of Court
United States Court of Appeals for the Federal Circuit
717 Madison Place, NW
Washington, DC 20439

I further certify that on March 10, 2009, I served two true copies of Defendants-Appellees' **Motion to Transfer Venue** following parties, through their attorneys, at the following address via UPS overnight mail:

Victoria K. Hall
Law Office of Victoria K. Hall
3 Bethesda Metro Suite 700
Bethesda MD 20814
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Dated: March 10, 2009


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Attorneys for Defendants-Appellees
Matthew Katzer and Kamind Associates,
Inc.

Exhibit A

ROBERT JACOBSEN

Plaintiff,

No. C 06-01905 JSW

WILLIAM H. KELLY and KELVIN M. N.
ASSOCIATES, INC.,

Defendants.

**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

1 enthusiasts. The Java Model Railroad Interface (“JMRI”) Project is an on-line, open source
2 community that also develops model train software. Plaintiff, Robert Jacobsen, works for the
3 Lawrence Berkeley National Laboratory and is a professor of physics at the university, as well
4 as a model train hobbyist and a leading member of the JMRI Project.

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

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

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

23 ANALYSIS

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

25 1. Legal Standard on Motion to Dismiss Pursuant to Federal Rule of Civil 26 Procedure 12(b)(1).

27 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
28 claim. *Thornhill Publ'n Co. v. Gen. Tel. & Elecs. Corp.*, 594 F.2d 730, 733 (9th Cir. 1979).

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

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

15 Lack of subject matter jurisdiction may be raised at any stage in the litigation. *Morongo*
16 *Band of Mission Indians v. Cal. State Board of Equalization*, 858 F.2d 1376, 1380 (9th Cir.
17 1988). In assessing the scope of its jurisdiction, the Court may consider evidence extrinsic to
18 the allegations in the complaint. *Augustine v. United States*, 704 F.2d 1074, 1077 (9th Cir.
19 1983).

20 2. Patent Declaratory Claims Are Mooted by Disclaimer.

21 Counts one, two and three of the second amended complaint must be dismissed as moot
22 because of Defendants’ disclaimer of the patent sued upon. The Defendants filed a Disclaimer
23 in Patent under 37 C.F.R. § 1.321(a) with the Patent and Trademark Office on February 1, 2008,
24 disclaiming all claims in the ’329 patent. (See Declaration of Matthew Katzer, ¶ 3, Ex. A.)
25 There is no dispute that the patent at issue in this case has been disclaimed and there is therefore
26 no further substantial controversy between the parties of “sufficient immediacy and reality to
27 warrant the issuance of a declaratory judgment.” *See MedImmune, Inc. v. Genentech, Inc.*, 127
28

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

3 [T]hat the dispute be definite and concrete, touching the legal relations having
4 adverse legal interests and that it be real and substantial and admit of specific
5 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.

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

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

15 In opposition to the motion to dismiss for mootness, Jacobsen argues that he has
16 suffered damages in the amount of the award of attorneys’ fees granted in connection with
17 Defendants’ California anti-SLAPP (“Strategic Lawsuit Against Public Participation”) motion.¹
18 The anti-SLAPP motion damages were awarded in connection with the filing of a claim for libel
19 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
20 anticipation of bringing legal action against Jacobsen. *See Cal. Code Civil Proc. §*
21 425.16(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
22 litigate a patent claim for a patent that has been disclaimed. The damages incurred in the
23 litigation of the libel claim do not give Jacobsen standing to create a substantial controversy
24

25
26
27
28 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.

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

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

9
10 Lastly, Jacobsen also argues that he has standing to litigate a disclaimed patent because,
11 under 35 U.S.C. § 285, he has incurred attorneys' fees in the litigation over the past two years
12 and has standing to allege injury as a result. However, section 285 provides only that the court
13 may, in exceptional cases, award reasonable attorney fees to the prevailing party. To be eligible
14 for an award of attorneys' fees under section 285, Jacobsen must first demonstrate that he is the
15 prevailing party on the patent claims. Here, Defendants voluntarily disclaimed the patent at
16 issue. Although Jacobsen argues that the disclaimer was the result of the settlement conference
17 magistrate judge's order requiring the parties to proffer their positions on the patent, as well as
18 the other claims, Defendants were never ordered to disclaim the patent and did so voluntarily.
19 "A defendant's voluntary change in conduct, although perhaps accomplishing what the plaintiff
20 sought to achieve by the lawsuit, lacks the necessary judicial *imprimatur* on the change. Our
21 precedents thus counsel against holding that the term 'prevailing party' authorizes an award of
22 attorney's fees *without* a corresponding alteration in the legal relationship of the parties."
23 *Buckhannon Bd. and Care Home, Inc. v. West Virginia Dept. of Health and Human Resources*,
24 532 U.S. 598, 605 (2001) (emphasis in original).

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

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

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

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

6 A motion to dismiss is proper under Federal Rule of Civil Procedure 12(b)(6) where the
7 pleadings fail to state a claim upon which relief can be granted. The complaint is construed in
8 the light most favorable to the non-moving party and all material allegations in the complaint
9 are taken to be true. *Sanders v. Kennedy*, 794 F.2d 478, 481 (9th Cir. 1986). The court,
10 however, is not required to accept legal conclusions cast in the form of factual allegations, if
11 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
13 (1986)). Conclusory allegations without more are insufficient to defeat a motion to dismiss for
14 failure to state a claim upon which relief may be granted. *McGlinchy v. Shell Chemical Co.*,
15 845 F.2d 802, 810 (9th Cir. 1988). Even under the liberal pleading standard of Federal Rule of
16 Civil Procedure 8(a)(2), a plaintiff must do more than recite the elements of the claim and must
17 "provide the grounds of [its] entitlement to relief." *Bell Atlantic v. Twombly*, 127 S. Ct. 1955,
18 1959 (2007) (citations omitted). In addition, the pleading must not merely allege conduct that is
19 conceivable, but it must also be plausible. *Id.* at 1974.

20 **2. Claim for Breach of Contract.**

21 In order to state a claim for breach of contract, Jacobsen must allege (1) the existence of
22 a contract; (2) plaintiff's performance or excuse for non-performance; (3) defendants' breach
23 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.,
24 Pleading, § 251). Jacobsen has failed to allege a specific harm that was proximately caused by

27 ² Although addressed by the Court at oral argument, for the sake of clarity, Jacobsen's
28 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.

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

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

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

22 all legal or equitable rights that are equivalent to any of the exclusive rights
23 within the general scope of copyright ... are governed exclusively by this title.
24 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.

25 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.
26 1992). Section 301 of the Copyright Act establishes a two-part test for preemption. First, the
27 claims must come within the subject matter of copyright, and (2) the rights granted under state
28 law must be equivalent to any of the exclusive rights within the general scope of copyright as

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

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

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

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

26 **3. Claim Under DMCA.**

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

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

4 Under the statute, the term copyright management information (“CMI”) means “any of
5 the following information conveyed in connection with copies ... of a work ..., including digital
6 form,” including “the name of, and other identifying information about the author of the work,
7 ... the copyright owner of the work, ... [and other] information identifying the work.” 17 U.S.C.
8 § 1202(c). The information Jacobsen contends consists of copyright management information
9 in his complaint is the “author’s name, a title, a reference to the license and where to find the
10 license, a copyright notice, and the copyright owner.” (Second Amended Complaint, ¶ 479.)
11 Jacobsen also alleges that he used a software script to automate adding copyright notices and
12 information regarding the license and uploaded the files on the internet through
13 SourceForge.net, an open source incubator website. (*Id.*, ¶¶ 267, 480.) Jacobsen contends that
14 Defendants downloaded the files and removed the names of the authors and copyright holder,
15 title, reference to license, where to find the license and the copyright notices, and instead,
16 renamed the files and referred to their own copyright notice and named themselves as author
17 and copyright owner. (*Id.*, ¶¶ 271-76; 289-291.)

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

1 court determined that this technological process came within the term CMI as defined in section
2 1202(c). 2007 WL 776103, *5 (W.D. Pa. March 9, 2007).

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

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

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

26 Defendants contend that Jacobsen is not entitled to seek damages under 17 U.S.C. §§
27 504 and 505 because Jacobsen registered the copyright on June 13, 2006 after the alleged
28 infringement occurred. However, because there are allegations that the alleged infringement

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

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

8 **1. Legal Standard.**

9 Plaintiff moves for preliminary injunction, seeking a court order enjoining Defendants
10 from willfully infringing Plaintiff's copyrighted material. A plaintiff is entitled to a preliminary
11 injunction when it can demonstrate either: (1) a combination of probable success on the merits
12 and the possibility of irreparable injury, or (2) the existence of serious questions going to the
13 merits, where the balance of hardships tips sharply in plaintiff's favor. *GoTo.com, Inc. v. Walt*
14 *Disney Co.*, 202 F.3d 1199, 1204-05 (9th Cir. 2000). To establish copyright infringement, a
15 plaintiff must show (1) ownership of the copyrights, and (2) copying of the protected expression
16 by Defendants. *Sun Microsystems, Inc. v. Microsoft Corp.*, 188 F.3d 1115, 1109 (9th Cir.
17 1999).

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

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

1 success on the merits. Instead, a plaintiff seeking a preliminary injunction must establish that
2 he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of
3 preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the
4 public interest. *Winter v. Natural Resources Defense Council*, 129 S. Ct. 365, 374 (2008)
5 (citations omitted). In this recent case, the Supreme Court found that the Ninth Circuit's
6 standard of the likelihood of irreparable injury was too lenient and held that a plaintiff must
7 demonstrate that irreparable injury is "likely in the absence of an injunction." *Id.* at 375.
8 "Issuing a preliminary injunction based only a possibility of irreparable harm is inconsistent
9 with our characterization of injunctive relief as an extraordinary remedy that may only be
10 awarded upon a clear showing that the plaintiff is entitled to such relief." *Id.* at 375-76 (citing
11 *Mazurek v. Armstrong*, 520 U.S. 968, 972 (1997) (*per curiam*)). Because a preliminary
12 injunction is an extraordinary remedy, "[i]n each case, courts 'must balance the competing
13 claims of injury and must consider the effect on each party of the granting or withholding of the
14 requested relief.' *Id.* at 376 (citing *Amoco Production Co. v. Gambell*, 480 U.S. 531, 542
15 (1987)). "In exercising their sound discretion, courts of equity should pay particular regard for
16 the public consequences in employing the extraordinary remedy of injunction.'" *Id.* at 376-77
17 (citing *Weinberger v. Romero-Barcelo*, 456 U.S. 305, 312 (1982)).

18 2. Procedural History.

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

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

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

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

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

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

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

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

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

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24 ³ Although Jacobsen makes legal arguments regarding the alleged harm he may
25 suffer, for instance delays and inefficiency in development and time lost in the open source
26 development cycle, he has failed to put forward any *evidence* of such harms. Jacobsen has
27 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

JEFFREY S. WHITE
UNITED STATES DISTRICT JUDGE