

REC'D JUN 9 2003

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLORADO

Civil Action No. 02-M-1662 (MJW)

ROBERT HUNTSMAN and  
CLEAN FLICKS OF COLORADO, L.L.C.

Plaintiffs,

and

FAMILY SHIELD TECHNOLOGIES, LLC,  
CLEARPLAY INC., and  
TRILOGY STUDIOS, INC., et al.

Counterclaim Defendants,

v.

STEVEN SODERBERGH,  
ROBERT ALTMAN, et al.

Defendants and Counterclaimants,

and

THE DIRECTORS GUILD OF AMERICA,

Defendant in Intervention and Counterclaimant in Intervention.

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**THE PLAYER CONTROL PARTIES' CORRECTED<sup>1</sup> OPENING BRIEF IN SUPPORT  
OF THEIR MOTION FOR SUMMARY JUDGMENT**

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<sup>1</sup> Note: This brief corrects typographical errors and makes limited style changes in the originally submitted brief and adds a table of authorities.

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## PRELIMINARY STATEMENT

This case concerns a challenge by Hollywood directors and the Directors Guild of America (collectively referred to as “Directors”) and motion picture studios (“Studios”) to the development of new technologies that allow consumers to watch major motion pictures without having to experience graphic images of blood and gore, nudity and sex, or profane language in the films. The technologies at issue in this motion allow consumers the choice to skip or mute certain portions of DVDs or videotapes that the consumers have bought or rented when replaying those DVDs or videotapes on the consumers’ own equipment in their own homes.<sup>2</sup>

The Directors have sued under the Lanham Act, essentially using the trademark laws to attempt to vindicate “moral rights” that they claim are offended because consumers are given the option to play their DVDs in a way that causes a less graphic viewer experience than the Directors have designed. The Directors rely chiefly upon *Gilliam v. American Broadcasting Company*, 538 F.2d 14 (2d Cir. 1976), asserting that the Player Control Parties are responsible for altering or mutilating their artistic products. The Directors also make garden-variety allegations of trademark infringement and dilution.

The Directors’ second amended counterclaims reflect an entirely different approach from their previous counterclaims: the earlier ones had alleged only *contributory* trademark infringement, not *direct* infringement. The contributory infringement allegation disappeared in the second amended counterclaim.

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<sup>2</sup> The Directors and Studios have sued a number of other parties that are not taking part in this motion. The other parties (called the Edited Video Companies) create or distribute edited versions of DVDs or videotapes. Their activities and products are, both technologically and legally speaking, vastly different from the parties making this motion.

The Directors' change of theory did not reflect some hasty drafting error in the original counterclaim, a stylistic correction, or a discovery of new facts. The original theory best fit the facts of the Player Control Parties' businesses: the Player Control Parties do not themselves traffic in any products branded with the Directors' names, but they supply technologies to be used by consumers in conjunction with commercially distributed DVDs or videotapes of the Directors' motion pictures. The Directors had to jettison their original theory, however, because it rested on an untenable premise: that the consumers who had bought or rented DVDs, obtained the Player Control Parties' technologies, and engaged those technologies while watching the DVDs were themselves direct trademark infringers. From both a legal and a public relations perspective, that premise was a non-starter.

The Directors' replacement theories, however, fare no better. A fatal flaw is that none of the Player Control Parties uses the Directors' alleged "brands" – their names – in a way that can trigger liability under the trademark laws. Nor do the Player Control Parties sell, transport, or otherwise deal in any motion picture products to which the Directors claim to have affixed their names. Under no theory of trademark law can a defendant be liable where it has neither engaged in any trademark use of relevant brands, nor dealt in any goods or services on which a relevant brand deserves to be placed, nor made misrepresentations in the course of its commercial advertising or promotion. The Directors suggest that consumers, who deploy the Player Control Parties' technologies to choose a tamer experience of motion picture DVDs or videos they have purchased or rented, will be confused as to the source, sponsorship, or affiliation of their previously purchased or rented, genuine, DVDs or videos. That suggestion is so far-fetched that a court may say that there is no infringement in this context as a matter of law.



The Studios joined the case as the alleged copyright owners of the movies with which the Player Control Parties' technologies work. The Studios' counterclaims, like the Directors' theories, tread the boundary between allegations of direct infringement and those of contributory infringement. The theory of the Studios' original counterclaim was so obscure that it drew pointed questioning from the Court at the first status conference as to whether the Studios intended a direct copyright infringement or a contributory copyright infringement claim. The Studios' counsel responded clearly, and repeatedly, that they press *only* a direct infringement claim. See Exhibit A-1, *February 14, 2003 Scheduling Conference Transcript of Proceedings* at 12-13. But the Studios' next version of their counterclaims, amended after that initial status conference and the Court's close questioning, states what at best can be considered only a contributory infringement claim. The Studios allege that the Player Control Parties have "created, rented, sold, or otherwise publicly distributed film-specific software files which, when used in conjunction with DVDs containing the Studios' motion pictures, create unlawfully edited or otherwise altered versions of the Studios' motion pictures." *Motion Picture Studios' Answer and Counterclaim*, ¶¶ 115, 122, and 129; *Motion Picture Studio Defendants' First Amended Counterclaims*, ¶¶ 106, 113, and 120. The plain fact is that the alleged misconduct is that of the consumers, and that the technology companies' role is merely to give the consumer the tools to view movies without having to see or hear things the consumer finds offensive.

Like the Directors, the Studios have eschewed a contributory copyright infringement theory because they would have an insurmountable obstacle in showing an underlying direct infringement. A contributory infringement theory would rest upon the premise that the consumers are direct infringers, again an untenable position from both a legal and public

relations perspective. Even the Studios' counsel conceded in court that the consumers' use of the technology products is probably fair use. *See* Ex. A-1 at 13. Thus, with no underlying direct infringement, there can be no contributory copyright liability. The Studios' pleading itself justifies summary judgment for the Player Control Companies by asserting facts incompatible with a claim of direct copyright infringement.

The Studios appear to invoke a possible alternative theory that they have never pleaded, even after amending their counterclaim. In the explanation of their claim, requested by the Court at the initial status conference and furnished by them before their latest amendment, they also alleged that the technology products themselves are derivative works. They allege this even though it is undisputed that the technologies do not incorporate any of the Studios' works and are not substantially similar to the Studios' works. In addition, another undisputable fact justifies summary judgment: the Player Control Parties do not directly engage in any actions that implicate any copyright rights of the Studios. The Player Control Parties do not reproduce any of the Studios' works. They do not create any "derivative works" from the Studios' works. They do not publicly distribute, publicly display, or publicly perform the Studios' works.

There are no facts that can genuinely be disputed about the Player Control Parties' technologies and products. In this case, the Directors and Studios wish to test legal theories, namely whether the holdings of *Gilliam* and *Micro Star*, on the trademark and copyright fronts respectively, can be applied to the facts of this case. These issues are perfectly suited to summary judgment. A ruling now would streamline the case by allowing the Court and the counterclaimants to focus on the issues pertaining to the Edited Video Parties. A ruling now

would spare the parties the expense, and the Court the burden, of other proceedings such as extended discovery of matters that would not alter the issues presented in this motion.

The movants are well aware of the Court's aversion to summary judgment motions in this case. Nevertheless, after due consideration to the Court's admonition, they present this motion confident that the Court will find it to be worthy of success and favorable to the overall management of the case.

### STATEMENT OF UNCONTROVERTED FACTS

#### A. Parties and Litigation Background

1. Plaintiffs Robert Huntsman and Clean Flicks of Colorado LLC filed this lawsuit seeking a declaratory judgment that their products do not infringe the intellectual property rights of the Directors or Studios.

2. The Studios and Directors, (including the Directors Guild of America), counterclaimed and added claims against other parties who make and distribute products that allow persons to view the counterclaimants' motion pictures without scenes or language the viewer might find offensive. The Studios claim that they own federally registered copyrights in certain motion pictures and that the counterclaim defendants are directly infringing the Studios' rights under the Copyright Act, 17 U.S.C. § 101 et seq. The Directors claim that counterclaim defendants are causing a likelihood of confusion as to whether the Directors originate, sponsor or approve what the counterclaim defendants' products enable their users to see, in violation of § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and California law and have diluted the Directors' marks in violation of § 43(c) of the Lanham Act, 15 U.S.C. § 1125(c).

3. There are three counterclaim defendants generally referred to as the “Player Control Parties.” They are Family Shield Technologies, LLC, ClearPlay Inc., and Trilogy Studios, Inc.

**B. Family Shield Technologies, LLC**

4. Family Shield is a Colorado limited liability company formed in April 2002. Exhibit A-2, *Declaration of Kevin Martin*, ¶ 1. Its product is called “Movie Shield.”

5. Movie Shield allows a user to view DVDs or videotapes in a manner that mutes the audio or skips the video feed on certain portions of the films, based on categories pre-selected by the user. Ex. A-2, ¶ 4.

6. Family Shield does not make or sell edited DVDs or videotapes. Movie Shield only works with authentic commercially available DVDs or videotapes the user owns or has rented. Ex. A-2, ¶ 5. The Movie Shield technology cannot operate except in combination with a user’s DVD or videocassette player and DVD or videotape. Ex. A-2, ¶ 9.

7. At present, Movie Shield consists of three hardware devices and sets of software files downloaded via the Internet. Ex. A-2, ¶ 27. To use Movie Shield, a consumer first downloads software files from the Family Shield website to his personal computer. Ex. A-2, ¶ 6. The software files are transferred to a second portable hardware device, which in turn is used to transfer the software files to a device connected between the user’s television set and VCR or DVD player. Ex. A-2, ¶ 7. This device gives the Movie Shield instructions to the VCR or DVD player. However, Movie Shield does not affect a DVD’s menu structure. Ex. A-2, ¶ 29.

8. Movie Shield does not alter or copy the customer’s DVD or videotape in any way. Ex. A-2, ¶ 6.

9. The Movie Shield software files are in the nature of time templates that correspond to an authentic videotape or DVD of a specific motion picture and instruct the VCR or DVD player to automatically skip over scenes containing any or all of eight categories of content in the movie. Ex. A-2, ¶ 11.<sup>3</sup> The software files do not make or contain copies of the motion pictures or displays from the motion pictures. Ex. A-2, ¶ 8. Instead, it is as if the viewer has preprogrammed his or her remote control to mute the audio or skip the video of portions of a motion picture during a particular viewing. Ex. A-2, ¶ 10. For example, if profanity is heard from 0:12:59:00 to 00:12:59:20 on a DVD, the Movie Shield software will instruct the player to mute that two-thirds of a second. If a sex scene appears from 00:48:49:00 to 00:48:58:00 on a DVD, the software will instruct the player to skip that nine-second segment.

10. To use Movie Shield, the user may choose all, any one, or none of the noted categories to apply to a specific viewing. For example, a user may only want Movie Shield to skip over scenes covered by the "Violence" category; at another viewing he may choose additional or different categories. Ex. A-2, ¶ 20. As it is the user who decides to order the software and choose the categories, the user is aware that the motion picture, as viewed in his or her home, will skip scenes or audio in accordance with his or her choices. Ex. A-2, ¶ 21.

11. The user can also choose to watch the DVD or videotape without using the Movie Shield, in which case what he sees will be exactly what he brought home from the video store. Ex. A-2, ¶ 22. For example, parents may choose to utilize Movie Shield when viewing a movie

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<sup>3</sup> The categories are "Disturbing Visuals"; "Immodesty"; "Minor Language"; "Major Language"; "Nudity"; "Religious References"; "Sexual Situations"; and "Violence." Ex. A-2, ¶¶ 12-19.

with children, and then choose to watch the same motion picture without the Movie Shield when viewing the same film alone. Ex. A-2, ¶ 22.

12. Family Shield does not program time templates for all motion pictures. Ex. A-2, ¶ 25.

13. If, in Family Shield's opinion, the programming will compromise the integrity of the motion picture, it will not be programmed. Ex. A-2, ¶ 25.

14. Movie Shield users must purchase the Movie Shield hardware and agree to abide by the terms of a license for using the Movie Shield software. The license is restricted for home use only. Ex. A-2, ¶ 28.

15. There is a Family Shield website (<[www.movieshield.com](http://www.movieshield.com)>) that has been in operation for most of the time since April 2002. Ex. A-2, ¶ 30. As of this date, Family Shield has not otherwise promoted or advertised its product. *Id.* Family Shield does not mention the name of any of the Directors of the movies on its website. *Id.* To date, Family Shield has sold four Movie Shield systems, none of which were to entities that Family Shield believed would resell the products. *Id.*

**C. ClearPlay Inc.**

16. ClearPlay is a Delaware corporation headquartered in Salt Lake City, Utah. Exhibit A-3, *Declaration of Lee Jarman*, ¶ 2.

17. ClearPlay develops and distributes computer software that allows consumers to skip or mute certain portions of the playback of genuine and lawfully distributed DVDs containing motion pictures in order to avoid obscenities, drug use, graphic violence, or sex or nudity during the playing of the motion picture DVD. Ex. A-3, ¶ 3.

18. ClearPlay licenses its software products for private, noncommercial use only. Ex. A-3, ¶ 5.

19. To use ClearPlay's software products, a consumer must purchase a subscription to ClearPlay at <[www.clearplay.com](http://www.clearplay.com)>. The subscription fee entitles the consumer to download ClearPlay's proprietary filtering software. ClearPlay also offers free limited trials of its software from time to time. Ex. A-3, ¶ 6.

20. ClearPlay's software product includes two levels of software: (1) a proprietary filtering application ("Filtering Application"), and (2) a filter file developed for specific motion picture DVD products ("Filter File"). Ex. A-3, ¶ 7.

21. In order to use ClearPlay's software products, a consumer must rent or purchase a genuine DVD containing a motion picture for which ClearPlay offers a Filter File. ClearPlay does not itself rent or sell motion picture DVDs. Because ClearPlay's software is designed to work in conjunction with genuine motion picture DVD products distributed lawfully under the trademark and copyright laws, the ClearPlay software filter products will not work properly with certain types of "bootleg" motion picture recordings. Ex. A-3, ¶ 8.

22. Having obtained (a) the ClearPlay Filtering Application, (b) a Filter File designed for the playing of specific DVD products, and (c) the genuine motion picture DVD, the customer may then activate the ClearPlay software while playing the DVD in order to cause the muting or skipping of certain segments of the DVD replay. Ex. A-3, ¶ 9.

23. ClearPlay distributes its software to consumers solely from its website at [www.clearplay.com](http://www.clearplay.com); it has occasionally furnished demonstration software to others on electronic media. Ex. A-3, ¶ 11.

24. ClearPlay does not use the name of any of the Directors on its products. Ex. A-3, ¶ 12.

25. ClearPlay does not use the name of any director in any advertising or commercial promotion. Ex. A-4, *May 29, 2003 Declaration of Lee Jarman*, ¶ 2.

26. Earlier versions of ClearPlay's website contained references to a director's name solely to identify the motion picture he or she directed as part of a broader description of the motion picture that may include the title, the MPAA rating, the date of release, synopsis, the genre, the stars, and an assessment of potentially offensive content before and after the corresponding ClearPlay Filter File is activated during DVD replay. Several weeks ago ClearPlay removed references to Directors' names from its website. While it was ClearPlay's intention to remove all references to Directors' names from its website, ClearPlay recently discovered that one section of its website still contained references to Directors' names solely for the identifying purpose described above. ClearPlay has now removed all appearances of Directors' names from its website and has no intention of restoring them. Ex. A-4, ¶¶ 3-4.

27. Currently, ClearPlay's software must be used in conjunction with standard DVD decoder software that resides on a consumer's computer hard drive. (ClearPlay plans to offer its technology embedded in consumer DVD players in the future.) ClearPlay does not develop or distribute the underlying DVD decoder software. When a motion picture DVD is loaded in a computer's DVD drive and the ClearPlay software is activated, the ClearPlay Application references the ClearPlay Filter File containing timing references created for that particular motion picture DVD product and instructs the DVD decoder software when to skip or mute offensive content. ClearPlay's software products communicate directly with a consumer's DVD



decoder software and do not create any changes to the motion picture DVDs used by consumers in conjunction with ClearPlay's software products. ClearPlay's software does not enable consumers to create any copies or any altered versions of motion picture recordings. Ex. A-3, ¶ 13.

28. ClearPlay's Filter Files contain timing and instruction references designed by ClearPlay employees to be compatible with specific consumer DVD products. ClearPlay employees review movies that have been released on DVD and create timing data for offensive segments that occur on the different DVDs. ClearPlay's employees then assign navigation instructions to the timing data identifying when to skip or mute portions of a DVD containing offensive content. If profanity is heard from 0:12:59:00 to 00:12:59:20 on a DVD, the Filter File will identify that period of two-thirds of a second to be muted. If a decapitation and bullets tearing through flesh are shown from 00:48:49:00 to 00:48:58:00 on a DVD, the Filter File will identify that nine-second segment to be skipped. Ex. A-3, ¶ 14.

29. ClearPlay's Filter Files do not contain any content from the motion picture DVD. They do not use the underlying motion picture as a reference; instead, they use timing data that refer to a particular DVD *product*. ClearPlay does not make any copies of the motion pictures for which it creates Filter Files. Ex. A-3, ¶ 15.

30. ClearPlay employees use the following criteria in identifying objectionable content:

- a) Blood and gore;
- b) Violence, drug use, and other crude behavior;
- c) Profanity (including (a) swearing, (b) profane references to a deity, and (c) obscenity or vulgarity); and
- d) Sex and nudity.

Ex. A-3, ¶ 16.

**D. Trilogy Studios, Inc.**

30. Nova Group Inc., d/b/a Trilogy Studios, Inc. (“Trilogy”) is a Utah corporation headquartered in Sandy, Utah. Exhibit A-5, *Declaration of David Clayton*, ¶ 2.

31. Trilogy develops and markets Trilogy “Movie Mask” software, which provides consumers, within the privacy of their own homes, the ability to pre-program and skip and mute functions of the DVD drives operating within the users’ personal computers. Ex. A-5, ¶ 3.

32. Trilogy software does not provide consumers the ability to copy motion picture DVDs. Ex. A-5, ¶ 4. Trilogy software cannot be used to edit or modify a motion picture DVD. *Id.*

33. Trilogy provides consumers the ability to pre-program and playback of their computers’ DVD drives. Ex. A-5, ¶ 5. Using Trilogy software, consumers may review entire motion picture DVDs in advance and pre-designate those specific scenes or soundtrack segments that they wish their DVD players to skip or mute during playback. *Id.* The number of possible skip or mute choices available to consumers using Trilogy software is infinite. *Id.*

34. Trilogy software also provides a pre-programming facility that permits consumers to request the skipping or muting of adult scenes, adult language and/or adult themes, based on ratings of “MS, M23, M16” and “M19,” with regards to specific motion picture DVDs. Consumers using this Trilogy software facility are provided with a total of 72 separate pre-programming options. *Id.*

35. Trilogy software products are currently marketed via the Internet. Ex. A-5, ¶ 7. Trilogy's website, software products and promotional or marketing materials do not display the names of any Directors.<sup>4</sup> *Id.*

## ARGUMENT

### I. Summary Judgment Standard

Summary judgment is appropriate where, as here, there is “no genuine issue as to any material fact” and “the moving party is entitled to judgment as a matter of law.” Fed.R.Civ.P. 56(e). The moving party bears the initial burden of demonstrating the absence of a genuine issue of material fact. *Celotex Group v. Catrett*, 477 U.S. 317, 323 (1986); *Adler v. Wal-Mart Stores, Inc.*, 144 F.3d 664, 670-71 (10th Cir. 1998). Once the movant has met this initial burden, the burden shifts to the nonmoving party to “set forth specific facts showing that there is a genuine issue for trial.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). In doing so, the nonmoving party “must do more than simply show that there is some metaphysical doubt as to the material facts.” *Matsushita Elec. Indust. Co., Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 586 (1986). Summary judgment is not viewed as a “disfavored procedural shortcut.” Rather, it is “an integral part of the Federal Rules as a whole.” *Celotex*, 477 U.S. at 327.

The moving party need not disprove the nonmovant's claims; it need only establish that the factual allegations have no legal significance. *Dayton Hudson Corp. v. Macerich Real Estate Co.*, 812 F.2d 1319, 1323 (10th Cir. 1987). And the nonmoving party may not simply rest upon its pleadings to satisfy its burden. *Anderson*, 477 U.S. at 256; *Dillon v. Fibreboard Corp.*, 919

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<sup>4</sup> While it is true that Trilogy's websites use small pictures of videocassette or DVD boxes as marginal illustrations on the sites, the Directors' names are not visible and certainly are not used in any way to promote the movies.

F.2d 1488, 1490 (10th Cir. 1990). Instead, the nonmovant must go beyond the pleadings “and identify specific facts which establish the existence of each element essential to [its] case.” *Winton v. Bd. of Comm’rs of Tulsa County, Oklahoma*, 88 F. Supp 2d 1247, 1253-54 (N.D. Okla. 2000). If the movant points to an absence of evidence to support a single element of a nonmovant’s claim, summary judgment is warranted.

**II. There is No Genuine Issue of Material Fact To Support Liability of The Player Control Parties Under the Lanham Act, or Unfair Competition Law**

The Player Control Parties are entitled to summary judgment on the Directors’ Lanham Act and related trademark claims because the Directors cannot raise a genuine issue of material fact regarding fundamental elements of the claims. Critically, none of the Player Control Parties uses the Directors’ alleged trademarks in a way that can trigger liability under the trademark laws. The Player Control Parties do not sell, transport, or otherwise deal in any motion picture products to which the Directors claim to have affixed their names. Nor do the Player Control Parties use *any* brand of the Directors on goods or services or in commercial advertising or promotion.

Moreover, even if the Directors were able to show some fact suggesting the Player Control Parties use the Directors’ brands, the Directors are simply unable to show any genuine issue of fact regarding a likelihood of confusion arising from the Player Control Parties’ commercial activities. Simply put, a consumer who uses one of the Player Control Parties’ products to skip scenes or mute audio while watching a movie is not likely to be confused as to whether the movie he is watching – with the skips and mutes – differs from the original movie he

bought or rented. Because these fundamental elements are lacking, summary judgment in favor of the Player Control Parties is proper.<sup>5</sup>

**A. The Player Control Parties Do Not Engage in Any Trademark Use or Deal in Products Branded by The Directors.**

The Directors have brought the following claims against the Player Control Parties: (i) violation of § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (alleging false designation of origin), (ii) violation of § 43(a) of the Lanham Act (alleging mutilation/distortion), (iii) violation of § 43(c) of the Lanham Act, 15 U.S.C. § 1125(c) (dilution), and (iv) unfair competition under Cal. Bus. & Prof. Code § 17200 et seq. and the common law. *See Director Parties' Second Amended Counterclaim*, ¶¶ 83-105, 129-174. All of the Directors' claims against the Player Control Parties fail as a threshold matter because they have not used any of the Directors' names in commerce in a way that can trigger liability under the Lanham Act.<sup>6</sup>

**1. The Directors' § 43(a) Claims: False Designation of Origin**

The Directors have brought two claims against the Player Control Parties under § 43(a) of the Lanham Act, the first for "False Designation of Origin" and the second for "Mutilation/Distortion." *See Director Parties' Second Amended Counterclaim*, ¶¶ 83-96, 129-

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<sup>5</sup> Although this discussion focuses on the Lanham Act, it applies equally to the Directors' state law claims. *Cleary v. News Corp.*, 30 F.3d 1255, 1262-1263 (9th Cir. 1994) ("This Circuit has consistently held that state common law claims of unfair competition and actions pursuant to California Business and Professions Code § 17200 are "substantially congruent" to claims made under the Lanham Act."); *Denbicare U.S.A. Inc. v. Toys "R" Us, Inc.*, 84 F.3d 1143, 1152 (9th Cir. 1996) ("Thus, since dismissal of Denbicare's Lanham Act claim was proper, dismissal of its § 17200 claim was proper as well.").

<sup>6</sup> The Player Control Parties do not concede that the Directors' names serve as brands, that they have acquired secondary meaning, that they are famous, or that they are associated with the products at issue. Those issues are not relevant to this motion, however, and the Player Control Parties reserve them for later proceedings if needed.

142, and 152-165. Section 43(a) is a vehicle for two distinct types of unfair competition claims: (1) trademark infringement of even unregistered marks, names and trade dress, and (2) false advertising. *See McCarthy on Trademarks and Unfair Competition*, §27:9 (2003). These two prongs are codified under § 43(a) as subsections 43(a)(1)(A) and 43(a)(1)(B), respectively. *See id.* The two types of claims have distinct elements of proof. The two prongs of § 43(a) are set forth as follows:

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which –

- (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
- (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities

shall be liable in a civil action by any person who believes that he or she is likely to be damaged by such act.

15 U.S.C. § 1125(a) (2003).

Both of the Directors' § 43(a) claims fall under the first prong of § 43(a), namely § 43(a)(1)(A). Under this prong plaintiff must plead and prove that defendant:

- (1) Uses a
  - (a) Designation or
  - (b) False designation of origin;
- (2) In interstate commerce;
- (3) And in connection with goods or services;
- (4) When the designation is likely to cause confusion, mistake, or deception as to
  - (a) The affiliation, connection, or association of defendant with another person, or

- (b) As to the origin, sponsorship, or approval of defendant's goods, services, or commercial activities by another person;
- (5) And plaintiff has been or is likely to be damaged by these acts.

*See id.*; *McCarthy on Trademarks and Unfair Competition*, § 27:13.

The Directors' § 43(a)(1)(A) claims, therefore, are dependent upon a showing that the Player Control Parties have used the Directors' designations of origin in commerce, and in connection with goods and/or services. *See id.* *See also Playboy Enterprises v. Netscape Communications*, 55 F. Supp 3d 1070, 1073 (C.D. Cal. 1999), *aff'd*, 202 F.3d 278 (9th Cir. 1999) (stating that "[i]ntegral to plaintiff's success on the merits of its case, on either the infringement or dilution theory, is a showing that defendants use plaintiff's trademarks in commerce").

The Lanham Act has defined "use in commerce" as the "bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark." 15 U.S.C. § 1127 (2003). In turn, the statute specifies that

[A] mark shall be deemed to be in use in commerce (1) on goods when

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce. . . .

*Id.*

Because the Player Control Parties do *not* use any designations of origin of the Directors in commerce and do not otherwise deal in any motion picture products to which the Directors claim to have affixed their names, as a threshold matter, the Directors cannot raise a genuine issue of fact supporting their Lanham Act and unfair competition claims. *E.g., U.S. Surgical*

*Corp. v. Orris, Inc.*, 5 F. Supp 2d 1201, 1208 (D. Kan. 1998), *aff'd*, 185 F.3d 885 (Fed. Cir. 1999) (Lanham Act was not invoked because the defendant neither resold nor advertised using the plaintiff's trademark and thus, did not use the trademark "in commerce").

**2. The Directors' § 43(a) Claims: Mutilation/Alteration**

The Directors also rely upon *Gilliam v. American Broadcasting Cos.*, 538 F.2d 14 (2d Cir. 1976), as authority for "false designation of origin" under § 43(a) of the Lanham Act by the Player Control Parties. In *Gilliam*, ABC obtained a license to publicly broadcast certain episodes of a British television series created by the comedy group Monty Python. ABC felt that much of the humor contained in the British show would not be suitable for an American television audience, and heavily edited the shows to the point where the viewing public could not understand the shows' humor. *See id.* at 24. The *Gilliam* court found that broadcasting a program that is "designated as having been written and performed by a group....but [which] has been edited, without the writer's consent, into a form that departs substantially from the original work," *id.*, and which "presented to the public a 'garbled,' distorted version of plaintiff's work," *id.* at 24-25, provided the basis for a claim under the Lanham Act for false designation of origin.

The *Gilliam* case has been the high-water mark for attempted use of the Lanham Act to enforce what are commonly referred to as "moral rights": rights of an author to control works after the author has parted with them. In this case the Directors seek to invoke a "moral rights"-type of trademark claim to prevent consumers from having technologies that allow the consumers control over their own experiences of motion picture DVDs that the consumers have bought or rented. Statement of Facts ("SOF"), ¶¶ 15, 24-26, and 35.



Although the *Gilliam* case dealt with altered experiences of television programs, the facts of *Gilliam* are a world apart from those of this case. First, the network defendant in *Gilliam* itself had physical alterations made to the programs it broadcast. By contrast, the Player Control Parties in this case do not make physical alterations to any motion pictures; they merely create technologies that control the playback of genuine, unaltered DVDs and videos.

Second, in *Gilliam* the network defendant dealt in the programs by broadcasting them to the public. Here the Player Control Parties do not distribute any motion pictures, do not display or perform them, and certainly do not broadcast them. Instead, their customers must obtain the genuine DVDs or videos on their own by purchasing or renting them. The broadcast to a passive viewing public was a critical underpinning for the decision in *Gilliam*. See, e.g., *King v. Innovation Books*, 976 F.2d 824, 831 (2d Cir. 1992) (in *Gilliam*, the court “specifically noted that Monty Python was being ‘presented to the public as the creator of a work not [its] own’”); *Choe v. Fordham Univ. School of Law*, 920 F. Supp. 44, 48 (S.D.N.Y. 1995), *aff’d*, 81 F.3d 319 (2d Cir. 1996).

Third, in *Gilliam* the broadcasts went to a passive audience that had no involvement in choosing to have an altered experience of the movies. In this case, by contrast, consumers must purchase and obtain the Player Control Parties’ technologies, obtain the DVDs or videos, and activate the player control technologies while viewing the DVDs in order to choose a family-friendly experience. No family-friendly experience is forced onto the consumers.

Fourth, in *Gilliam* the audience had no effective means of comparing the “original” version of the programs with the versions it saw on television, because in 1976, there was no consumer marketplace for recorded programs. In the present case, the consumers may easily

compare their family-friendly and standard experiences of motion pictures simply by activating and deactivating the player control technologies when they watch their DVDs or videos. *See, e.g., Considine v. Penguin Books USA*, 24 U.S.P.Q.2d 1947, 1992 WL 183762 at \*5 (S.D.N.Y. 1992) (rejecting a “distortion” claim based on a magazine’s publication of excerpts from a book because, in part, readers “could read the book after it came out and decide whether the article captured its spirit”).

Indeed, on every important aspect of the *Gilliam* case, the facts were vastly different from the facts of this case, and the Directors cannot show threshold facts to justify the application of *Gilliam*. Moreover, even if the threshold for a *Gilliam* claim were established, the Player Control Parties license their software only for use by consumers at home. There is no viewing public to be confused or misled, because the person viewing the screen is the same person who has chosen to omit portions of the film. Without a public display or broadcast, there can be no likelihood of confusion based on mutilation or distortion under *Gilliam*, and therefore no Lanham Act claim. Thus, there is no genuine issue of a material fact calling for Lanham Act liability of the Player Control Parties under *Gilliam*.<sup>7</sup>

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<sup>7</sup> The Player Control Parties have other arguments to demonstrate why they are not liable under *Gilliam* that they will raise later in the case if summary judgment is not granted now. For example, even if the Player Control Parties were thought to have engaged in “alteration” of the products, any alleged alteration falls short of the degree necessary to establish liability. Several cases after *Gilliam* have been decided for defendants on the ground that their alleged “alteration” of works was not severe. *See, e.g., Playboy Enterprises v. Dumas*, 831 F. Supp. 295 (S.D.N.Y. 1993) (minor alterations--covering of breasts in four of collection of ten photographs--insufficient to establish liability under *Gilliam*); *Lish v. Harper’s Magazine Foundation*, 807 F. Supp. 1090 (S.D.N.Y. 1992); *Choe v. Fordham University School of Law*, 920 F. Supp. 44, 48 (S.D.N.Y. 1995) (editing of author’s law review comment not substantial enough to trigger the “Monty Python” rule). Moreover, the Player Control Parties do not concede that *Gilliam* should have persuasive value in this Court, but they need not argue that point here.

3. **The Directors' § 43(c) Dilution Claim**

The Directors have also brought a claim of dilution under § 43(c) of the Lanham Act, 15 U.S.C. §1125(c) against the Player Control Parties. Section 43(c), also known as the Federal Trademark Dilution Act ("FTDA"), provides a cause of action "against another person's *commercial use in commerce of a mark or trade name*, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark . . ." 15 U.S.C. § 1125(c) (emphasis added). Because the Player Control Parties make no commercial use of the Directors' marks or trade names in commerce, there can be no violation of the FTDA and this cause of action must fail. *See Playboy Enterprises*, 55 F. Supp 3d at 1074.

In sum, because the Player Control Parties make no use of the Director's names as trademarks or any other false designation of origin, and do not deal in products branded by the Directors, the Directors' claims under the Lanham Act, the California unfair competition statute and common law must fail. SOF, ¶¶ 15, 24-26 and 35.

B. **There Is No Genuine Issue of Material Fact as to Whether The Player Control Parties' Commercial Activities Create a Likelihood of Confusion in The Marketplace.**

Even if the Directors could show that the Player Control Parties use the Directors' marks in commerce under § 43(a) and § 43(c) of the Lanham Act, the Player Control Parties should still prevail because a reasonable jury could not conclude that their commercial activities create a likelihood of confusion in the marketplace.

Indeed, the key to proving trademark infringement is proving a likelihood of confusion. *King of the Mountain Sports, Inc. v. Chrysler Corp.*, 185 F.3d 1084, 1090 (10th Cir. 1999) (referencing 15 U.S.C. §§ 1114(1) and 1125(a)). "Although 'likelihood of confusion is

frequently a fairly disputed issue of fact on which reasonable minds may differ, the issue is amenable to summary judgment in appropriate cases'. . . . [C]ourts retain an important authority to monitor the outer limits of substantial similarity within which a jury is permitted to make the factual determination whether there is a likelihood of confusion." *Id.* at 1089 (quoting *Universal Money Ctrs., Inc. v. American Tel. & Tel. Co.*, 22 F.3d 1527, 1530 n. 2 (10th Cir. 1994)), *cert. denied*, 513 U.S. 1052 (1994).

Although in most trademark infringement cases the courts in this Circuit apply the six factors set forth in *Sally Beauty Co., Inc. v. Beautyco, Inc.*, 304 F.3d 964, 972 (10th Cir. 2002), that analysis is not necessary in this action, because the Directors do not allege that the Player Control Parties are using a mark confusingly similar to the Directors' marks. It is enough here to ask a straightforward question: where a consumer (1) buys or rents an authentic videotape or DVD; (2) decides to watch it (or have his family watch it) without some of the sex, violence or language he finds offensive; (3) downloads the Player Control Parties' software templates from the Internet; (4) chooses (in the case of Movie Shield and Movie Mask) what types of visual and audio material he wants skipped or omitted; then (5) watches the movie using the Player Control Parties' software to skip or mute what he chose not to see, is that consumer likely to be confused into believing that what he saw on his TV or computer screen is different from the original, authentic videotape or DVD? To pose that question is, of course, to answer it, in the negative. Given that the consumers obtain and deploy the Player Control Parties' technologies specifically to control and alter their experience of the DVDs they have purchased or rented, it is nonsensical to suggest that the consumers are misled into believing they are having an unaltered experience of the motion pictures.

Because there is no genuine issue of material fact that confusion is likely, the Court should grant the Player Control Parties' motion for summary judgment and dismiss Counterclaims 5-8 and 13-20 of the Directors' Second Amended Counterclaims.

**III. There Is No Genuine Issue of Material Fact To Support Liability of the Player Control Parties for Copyright Infringement.**

The Player Control Parties' software and hardware products, like a pre-programmed remote control, allow users to alter the playback of DVDs or videotapes by skipping and muting selected portions of the movie DVDs or videotapes in order to have a more family-friendly experience. They are a technological equivalent to a parent's hand over the eyes or ears of a child during a movie in a theater. The technology products do not make edited copies, or create any permanent form of, any movie, and the software is licensed only for private home use. The Studios cannot raise any genuine issue of material fact to support their claim that the Player Control Parties' creation and distribution of technology products constitutes direct copyright infringement.

**A. Elements of Copyright Infringement**

To establish copyright infringement, the Studios must prove (1) ownership of a valid copyright and (2) copying of constituent elements of the work that are original. *See Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340 (1991). Courts have held that "copying" in this context is shorthand for the infringing of any of the copyright owner's exclusive rights. *See Country Kids 'N City Slicks, Inc. v. Sheen*, 77 F.3d 1280, 1284 n.2 (10th Cir. 1996).

The owner of a copyright in a work other than a sound recording has the following exclusive rights:

- (1) to reproduce the copyrighted work in copies or phonorecords;

- (2) to **prepare derivative works** based upon the copyrighted work;
- (3) to **distribute copies** or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
- (4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to **perform the copyrighted work publicly**; and
- (5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to **display the copyrighted work publicly**.

17 U.S.C. § 106 (2003) (emphasis added).

While direct copyright infringement involves liability of the actual infringer, contributory infringement involves secondary liability of defendants for contributing to or enabling the actual infringer's conduct. *See Sony Corp. v. Universal City Studios*, 464 U.S. 417 (1984). Contributory copyright infringement occurs when an individual (1) has knowledge of the infringing activity and (2) induces, causes or materially contributes to the infringing conduct of another. *See A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1019 (9th Cir. 2001).

**B. There Is No Genuine Issue of Material Fact to Support Liability of The Player Control Parties For Direct Copyright Infringement.**

**1. The Studios' Pleadings and Their Concession in Open Court Create a Fatal Inconsistency in Their Claims.**

The Studios' pleadings allege facts that are incompatible with their claimed direct copyright infringement theories. In both their original and amended counterclaims against the Player Control Parties, the Studios pleaded that the latter have "created, rented, sold, or otherwise publicly distributed film-specific software files which, when used in conjunction with DVDs containing the Studios' motion pictures, create unlawfully edited or otherwise altered

versions of the Studios' motion pictures." *Motion Picture Studios' Answer and Counterclaim*, ¶¶ 115, 122, and 129; *Motion Picture Studios' First Amended Counterclaim*, ¶¶ 106, 113, and 120.

The Studios do not allege that the Player Control Parties themselves engage in the infringing conduct, but merely that their products *cause* infringements. This amounts, in the context of the overall pleadings, to an allegation that the Player Control Parties provide the technology tools to enable consumers to alter the playback of motion picture DVDs and videotapes on their equipment at home, a classic allegation of *contributory* liability.

When pressed by this Court to explain whether the Studios asserted contributory or direct infringement, however, the Studios have steadfastly maintained that their only copyright claims are for *direct* infringement. They have conceded that, at a minimum, the consumers' use of the Player Control Parties' technologies to view DVDs in their own homes is a probable fair use of the Studios' works. *See* Ex. A-1 at 13. That concession eliminates any underlying direct infringement by consumers as a basis for contributory infringement liability.

This fatal inconsistency between the Studios' pleadings, which can be read only as asserting contributory infringement, and the Studios' repeated insistence that their claims are solely for direct infringement, is sufficient basis to enter summary judgment in favor of the Player Control Parties with respect to direct copyright infringement.

2. **There Is No Genuine Issue of Material Fact That The Player Control Parties Engage in Any Conduct That Implicates The Studios' Exclusive Copyright Rights.**

a. **The Player Control Parties Do Not Reproduce Any Copyrighted Works.**

The reproduction right consists of the exclusive right "to reproduce the copyrighted work in copies or phonorecords." 17 U.S.C. § 106(1) (2003). "Copies" are material objects on or in

which the work is fixed. See *Alcatel USA, Inc. v. DGI Tech., Inc.*, 166 F.3d 772, 787 n.54 (5th Cir. 1999) (citing Melville B. Nimmer & David Nimmer, 2 *Nimmer on Copyright* § 8.02[B][2], at 8-29, 8-30 (1998)) (“Nimmer”). The Player Control Parties’ technologies do not reproduce any of the Studios’ films – nor do the Studios allege that they do. SOF, ¶¶ 8, 9, 27, 29, and 32; see *Motion Picture Studio Defendants’ Statement Clarifying Claims* at 3. It is an incontrovertible fact that none of the moving parties reproduces any copyrighted works owned by the Studios. SOF, ¶¶ 8, 9, 27, 29, and 32. Therefore, there is no genuine issue of fact with respect to violation of the Studios’ reproduction right under § 106(1).

**b. The Player Control Parties Do Not Make Derivative Works.**

“A ‘derivative work’ is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a ‘derivative work.’” 17 U.S.C. § 101 (2003).

The Studios display an aggressive theory of copyright infringement by pleading that the Player Control Parties are responsible for “derivative works” consisting of the images that appear on a consumer’s television screen when consumers use the Player Control Parties’ technology products with legally obtained motion picture DVDs or videotapes purchased by the consumers.

Under copyright law a “derivative work” must be *fixed*, i.e., put into a permanent or concrete form, to be infringing. See *Micro Star v. FormGen*, 154 F.3d 1107, 1110 (9th Cir. 1998); *Lewis Galoob Toys v. Nintendo of America*, 964 F.2d 965, 968 (9th Cir. 1992); *Sega*



*Enterprises v. Accolade*, 977 F.2d 1510, 1518 (9th Cir. 1992); 2 *Nimmer* § 8.09, at 8-139, 8-142.<sup>8</sup> This accords with the Copyright Act's definition of "to create a work" (a "work" is not created until "it is fixed in a copy or phonorecord"), which would apply to the creation of a derivative work. See 17 U.S.C. §101; 2 *Nimmer*, § 8.09, at 8-139, 8-141. If a derivative work is not fixed in copies, *i.e.*, it is not put into a permanent or concrete form, it will not infringe the reproduction right in a pre-existing work. See *Micro Star*, 154 F.3d at 1110 (9th Cir. 1998); *Sega Enterprises v. Accolade*, 977 F.2d 1510, 1518 (9th Cir. 1992); 2 *Nimmer* § 8.09, at 8-139, 8-142 (citing *Lewis Galoob Toys v. Nintendo of America*, 964 F.2d 965 (9th Cir. 1992)).<sup>9</sup>

(1) **The Audiovisual Display Viewed by The Consumer is Not a Derivative Work.**

There is no genuine issue of material fact suggesting that the images that appear on consumers' television screens when using the Player Control Parties' technology constitute a "fixed" derivative work.

In the case most closely on point, the Ninth Circuit found that a software product that allowed video game users to alter features of video games did not create derivative works and

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<sup>8</sup> The statutory language of the Copyright Act clearly requires that in order for a work to be eligible for copyright protection, it must be fixed. *Nimmer* notes that it logically follows that an infringing derivative work must be fixed. He offers the example that copying a poem in the sand before the tide would not infringe on the reproduction right because there is no fixation, so it does not make sense to say that condensing the poem and reproducing only 60% of the poem in the sand as a derivative work infringes the derivative works right despite the absence of fixation. 2 *Nimmer* § 8.09[A], at 8-139.

<sup>9</sup> A work is "fixed" in a tangible medium of expression when its embodiment in a copy, by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration. A work consisting of sounds, images, or both, that are being transmitted, is "fixed" for purposes of this title if a fixation of the work is being made simultaneously with its transmission. 17 U.S.C. § 101 (2003).

therefore did not violate the derivative works right under § 106(2). In *Lewis Galoob Toys, Inc. v. Nintendo of America, Inc.*, 780 F. Supp. 1283 (N.D. Cal. 1991), *affirmed*, 964 F.2d 965 (9th Cir. 1992), Galoob created a device called a Game Genie that allowed a game player to alter some of the features of a Nintendo game. The Game Genie contained codes that gave different data to the game system than it would receive without the Game Genie. The Game Genie did not create any copy of the game and had to be used with an authentic copy of a Nintendo video game and game system. As the Ninth Circuit described it:

The Game Genie functions by blocking the value for a single data byte sent by the game cartridge to the central processing unit in the Nintendo Entertainment System and replacing it with a new value. If that value controls the character's strength, for example, then the character can be made invincible by increasing the value sufficiently. The Game Genie is inserted between a game cartridge and the Nintendo Entertainment System. The Game Genie does not alter the data that is stored in the game cartridge. Its effects are temporary.

*Lewis Galoob Toys*, 964 F. 2d at 967.

Nintendo claimed that the Game Genie contributed to copyright infringement by enabling consumers to create audiovisual displays that were derivative works and thus infringed Nintendo's rights under § 106(2). Both the district court and the Ninth Circuit held, however, that the Game Genie did not create any permanent or concrete – and hence no derivative – work.

The district court held:

The Game Genie is a tool by which the consumer may temporarily modify the way in which to play a video game, legally obtained at market price. Any modification is for the consumer's own enjoyment in the privacy of his own home. Such a process is analogous in purpose, if not in technology, to skipping portions of a book, learning to speed read, fast-forwarding a video tape one has purchased in order to skip portions one chooses not to see, or using slow motion for the opposite reasons. None of those practices permanently modifies or alters the original work, none produces a separate work which can then be transferred in any way, none replaces the original work, and none deprives the copyright holder of current or expected revenue.

. . . Having paid Nintendo a fair return, the consumer may experiment with the product and create new variations of play, for personal enjoyment, without creating a derivative work. . . . For these reasons, the Court finds that the Game Genie does not create a derivative work protected by the copyright laws.

*Lewis Galoob Toys*, 780 F. Supp. at 1291. In affirming, the Ninth Circuit echoed the district court's finding that the Game Genie did not create any permanent or concrete form of the original Nintendo game: "The Game Genie merely enhances the audiovisual displays (or underlying data bytes) that originate in Nintendo game cartridges. The altered displays do not incorporate a portion of a copyrighted work in some concrete or permanent *form*." 964 F.2d at 968. In other words, because the Game Genie merely altered the instructions given to the Nintendo game, and did not actually create a new version of such game in a concrete or permanent form, it did not create a derivative work and did not infringe Nintendo's copyrights.

Similarly, the Player Control Parties' software products do not alter the original copyrighted work, and are merely technological tools that consumers may choose to use to change their experience of the playback of motion picture DVD or videotapes they have bought or rented. There is no fixation of the altered playback the consumer views in his home, and thus, no derivative work is created.

(2) **The Player Control Parties' Software Filter Files Are Not Derivative Works.**

Evidently aware of the weakness of their argument that the images on consumer television screens are derivative works, the Studios argue in their clarification of claims an alternative claim that the Player Control Parties' technology products themselves are derivative works. The Studios allege that the Player Control Parties are:

creating, marketing, distributing, selling and/or offering for sale (1) unauthorized edited versions of the Studios' films, and (2) products (e.g., software) based upon and derived from the Studios' copyrighted films and containing film-specific codes for video display devices (such as DVD players or computer DVD drives) for the playback of unauthorized edited versions of the Studios' films.

*See Motion Picture Studio Defendants' Statement Clarifying Claims* at 3. The uncontroverted facts show that the Player Control Parties infringe none of the Studios' claimed copyright rights and that their technology products are not derivative works.

The Studios appear to rely on *Micro Star v. FormGen, Inc.*, 154 F.3d 1107 (9th Cir. 1998) to support their argument that the technology products are themselves derivative works. In that action, FormGen made and distributed a computer game called Duke Nukem 3D. The Duke Nukem game allowed game users to create their own "levels" of play to share with other players on the Internet. Micro Star collected 300 user-created levels of the Duke Nukem game and copied them onto a CD-ROM, which it sold commercially as "Nuke It." FormGen claimed that Micro Star's conduct constituted direct copyright infringement of FormGen's copyright in the Duke Nukem 3D game.

After a district court decision in favor of Micro Star,<sup>10</sup> the Ninth Circuit reversed. The Ninth Circuit held that the "exact, down to the last detail, description of an audiovisual display" in Micro Star's MAP files constituted a "permanent or concrete form" necessary for a derivative work. *Id.* at 1111-12. So, the court reasoned, in the same way that sheet music that describes exactly how a copyrighted song sounds can therefore be a derivative work of the song itself, Micro Star's "Nuke It" MAP computer game files contained such detailed descriptions of what

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<sup>10</sup> *Micro Star v. FormGen, Inc.*, 942 F.Supp. 1312 (S.D. Cal. 1996), *aff'd in part, reversed in part*, *Micro Star v. FormGen, Inc.*, 154 F.3d 1107 (9th Cir. 1998).

would appear on the computer monitor when the Nuke It levels were played that they constituted infringing derivative works.

The facts in *Micro Star* are distinguishable from the case at hand. While the MAP files in *Micro Star* described the audiovisual displays in exact detail, the Player Control Parties' software filter files neither describe the displays of the Studios' films in exact detail nor incorporate any copyrightable subject matter from the films at all. Instead, the filter files are a set of timing code instructions which instruct the DVD player to mute and skip selected portions of the playback. The filter files do not describe the Studios' films in any way, much less in an "exact, down to the detail, description of an audiovisual display" as the MAP files did in *Micro Star*. Further, as the Ninth Circuit noted, MAP files by definition are supposed to include detailed descriptions. *Id.* at 1111. The filter files only contain timing instructions and do not come anywhere near the level of detail of sheet music. Put simply, the timing files do not describe the Studios' films in any way and do not conjure the storylines or expressions of the films.

In fact, the Player Control products are much like the "low tech example" of non-infringement the *Micro Star* court described, *id.* at 1111, n. 4:

Imagine a product called the Pink Screener, which consists of a big piece of pink cellophane stretched over a frame. When put in front of a television, it makes everything on the screen look pinker. Someone who manages to record the programs with this pink case (maybe by filming the screen) would have created an infringing derivative work. But the audiovisual display observed by a person watching television through the Pink Screener is not a derivative work because it does not incorporate the modified image in any permanent or concrete form.

The *Micro Star* court characterized the *Galoob* Game Genie as "a fancy Pink Screener for video games, changing a value of the game as perceived by the current player, but never incorporating

the new audiovisual display into a permanent or concrete form.” *Id.* The Player Control Parties’ products could be characterized as a form of a “black screener” that causes the DVD player to “go black” at or skip scenes the viewer does not want to see, or to mute words the viewer does not want to hear. The underlying DVD is not directly affected, and there is nothing permanent or concrete. Even more so than the *Galoob* Game Genie, the Player Control Parties’ products do not create derivative works.

Finally, the fact that the filter files correspond and refer to a specific film does not transform the filter file into an infringing derivative work. Mere reference to a copyrighted work does not transform a work into a derivative work. To be actionable, the alleged derivative work must both incorporate copyrightable expression from the original copyrighted work and must be substantially similar to the original copyrighted work. *See Alcatel USA, Inc. v. DGI Tech.*, 166 F.3d 772, 788 n.54 (5th Cir. 1999) (citing 2 *Nimmer* § 8.09[A], at 8-128); *Litchfield v. Spielberg*, 736 F.2d 1352, 1357 (9th Cir. 1984), *cert. denied*, 470 U.S. 1052 (1985).

The Player Control Parties’ filter files neither incorporate nor describe any portion of the Studios’ films. While Micro Star’s MAP files described the game levels in “painstaking detail” to constitute derivative works, the Player Control Parties’ filter files are mere timing codes and skip/mute instructions to a DVD player or VCR. *See Micro Star*, 154 F.3d at 1110. Courts have granted summary judgment in copyright infringement actions where no reasonable jury could find substantial similarity. *See Feder v. The VideoTrip Corp.*, 697 F. Supp. 1165 (D. Colo. 1988); *Litchfield v. Spielberg*, 736 F.2d 1352 (9th Cir. 1984). Here, as a threshold matter, the Studios cannot raise any genuine issue of material fact to support substantial similarity because of the nature of the filter files, which are merely timing code instructions.

Because the filter files do not describe the Studios' works down to the last detail, do not incorporate portions of the movies, and could in no way be considered substantially similar to the movies, the Studios cannot raise any genuine issue of material fact supporting their claim that the filter files are actionable derivative works of their movies.

c. **The Player Control Parties Do Not Distribute the Studios' Works.**

The Player Control Parties do not distribute copies of the movies to the public by sale or other transfer of ownership, or by rental, lease, or lending. SOF, ¶¶ 6, 11, and 21. In fact, none of the Player Control Parties' products include copies of movies – the users have to buy or rent authentic copies of the movies before using the Player Control Parties' products. SOF, ¶¶ 6, 8, 9, 11, 21, 27, 29 and 32. The Player Control Parties only distribute software and hardware products that enable consumers to alter the playback of films. SOF, ¶¶ 5, 17, 32 and 33. As discussed above, these technology products do not constitute derivative works of the Studios' copyright rights. Accordingly, there is no genuine issue of fact with respect to infringement of the Studios' distribution rights under § 106(3).

d. **The Player Control Parties Do Not Publicly Display or Publicly Perform the Studios' Works.**

The Studios cannot raise a genuine issue of material fact supporting a claim of public display or public performance of their works in this case. The Player Control Parties do not display or perform the movies – publicly or otherwise. To display a work means to “show a copy of it, either directly or by means of a . . . television image, or any other device or process . . . .” 17 U.S.C. § 101 (2003). The Player Control Parties' sales of their products do not involve displaying any movies. Likewise, the Player Control Parties do not perform any of the

copyrighted works because they do not “show the [motion pictures] images in any sequence or to make the sounds accompanying it audible.” 17 U.S.C. § 101 (2003).

Even if one could argue that the Player Control Parties display or perform any movies, they do not do so *publicly*. Only *public* performances are within the exclusive rights. See 17 U.S.C. §106 (2003). To perform or display a work “publicly” means “[t]o perform or display it at a place open to the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered.” *Id.* The Player Control Parties license their software only for non-commercial use in the privacy of users’ homes. It is an uncontroverted fact that the Player Control Parties do not engage in any public display or public performance of the movies, and therefore do not infringe any of the Studios’ rights under § 106(4) or § 106(5). SOF, ¶¶ 14, 18, and 31.

#### CONCLUSION

Because the Directors and Studios have asserted legal theories against the Player Control Parties in this case that cannot stand in light of undisputed facts and established law, this Court should grant summary judgment to the Player Control Parties.



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**CERTIFICATE OF SERVICE**

I certify that, on this 6th day of June, 2003, a true and correct copy of **THE PLAYER CONTROL PARTIES' CORRECTED OPENING BRIEF IN SUPPORT OF THEIR MOTION FOR SUMMARY JUDGMENT** was served via U.S. mail, postage prepaid, upon the following:

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