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DISTRICT OF UTAH

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**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH**

THE SCO GROUP, INC.,
Plaintiff/Counterclaim-Defendant,

v.

INTERNATIONAL BUSINESS
MACHINES CORPORATION,
Defendant/Counterclaim-Plaintiff.

**DEFENDANT/COUNTERCLAIM-
PLAINTIFF IBM'S MEMORANDUM IN
SUPPORT OF ITS CROSS-MOTION FOR
PARTIAL SUMMARY JUDGMENT ON ITS
CLAIM FOR DECLARATORY
JUDGMENT OF NON-INFRINGEMENT**

Civil No. 2:03CV-0294 DAK

Honorable Dale A. Kimball

Magistrate Judge Brooke C. Wells

Defendant/Counterclaim-Plaintiff International Business Machines Corporation (“IBM”) respectfully submits this memorandum in support of its cross-motion for partial summary judgment pursuant to DUCiv 56-1(a) and Rules 56 and 37(b)(2) of the Federal Rules of Civil Procedure on its claim against Plaintiff/Counterclaim-Defendant The SCO Group, Inc. (“SCO”) for a declaration of non-infringement with respect to IBM’s Linux activities (the “Tenth Counterclaim”) on the grounds that SCO has consistently failed to substantiate its allegations of infringement despite two orders of the Court requiring it to do so.

Preliminary Statement

This case concerns the publicly-developed computer operating system commonly known as Linux.¹ SCO claims to hold copyrights giving it the right to control IBM’s use of and contributions to Linux, which was pioneered in 1991 by an undergraduate student named Linus Torvalds and has since been continuously developed over the Internet by thousands of programmers worldwide. SCO refuses, however, to disclose its purported evidence that IBM’s Linux activities (including IBM’s participation in the development of Linux, IBM’s internal copying and use of Linux, and IBM’s provision of Linux to customers as part of its hardware and service offerings) infringe SCO’s alleged copyrights, despite two court orders requiring it to do so. Accordingly, summary judgment should be entered against SCO and in favor of IBM with respect to IBM’s claim for a declaration of non-infringement concerning its Linux activities.

¹ An operating system is a group of programs that allows a computer to operate by performing basic tasks such as recognizing input from the keyboard, keeping track of files, and controlling disk drives. The human-readable version of the Linux operating system, for example, is comprised of thousands of files, consisting of millions of lines of source code, which is the text of a program’s instructions, written in a standard programming language.

SCO commenced this lawsuit more than a year ago, alleging that IBM had misused source code purportedly copied or derived from certain UNIX operating systems (the “UNIX software”)—including specifically a version known as UNIX System V—that were originally developed by AT&T’s Bell Laboratories, and which SCO now claims to own. Specifically, SCO asserted among other things that IBM had (1) misappropriated trade secrets contained in certain unidentified versions of the UNIX software and (2) had breached the license agreements that IBM entered into with AT&T for UNIX System V by “dumping” source code allegedly copied or derived from UNIX System V into Linux.

Although SCO’s original complaint (unlike its present complaint) did not include a claim for copyright infringement,² SCO from the beginning asserted publicly that IBM and others had infringed SCO’s purported copyrights to the UNIX software and threatened litigation.³ Indeed, SCO sent letters in May 2003 to the world’s largest corporations claiming that “Linux infringes on our UNIX intellectual property rights” and making clear its intention to “aggressively protect and enforce these rights”. SCO later sent follow-up letters in December 2003 asserting that “the use of the Linux operating system in a commercial setting violates our rights under the United States Copyright Act”.

² SCO formally amended its complaint in February 2004 to add a copyright infringement claim against IBM.

³ SCO claims to be the owner of the copyrights for certain versions of the UNIX software. Novell, Inc. has publicly disputed SCO’s claims, however, and asserts that it remains the rightful owner of such copyrights. Ownership of these copyrights is a central issue in SCO’s lawsuit against Novell (which is also pending before this Court), but the Court need not decide that question on this motion. IBM is entitled to partial summary judgment for the reasons stated herein.

As is explained in IBM's Counterclaims, both SCO's claims in this litigation and its public accusations are part of a broader campaign (which has resulted in four other lawsuits so far) to create fear, uncertainty and doubt in the marketplace about the Linux operating system and IBM's products and services. SCO's scheme is to make sweeping claims of ownership to Linux and to tout the strength of its case against IBM publicly, while at the same time seeking to obfuscate its claims and avoid producing its alleged evidence, so as to defer judicial resolution of the matter for as long as possible. SCO trumpets its campaign, including in particular this lawsuit, as "the biggest issue in the computer industry in decades" and insists that the "software industry"—indeed, "the future of the global economy"—hangs in the balance.

IBM has therefore asked SCO, from the beginning of this lawsuit, to advise IBM as to what specifically IBM has done in violation of any of SCO's purported rights to the UNIX software, including of course its copyrights. Rather than respond to IBM's discovery requests seeking the details of its allegations, however, SCO has consistently refused to provide this information. Indeed, SCO's counsel indicated, in an interview with Maureen O'Gara of LinuxGram in March 2003, that SCO "doesn't want IBM to know what they [SCO's substantive claims] are". As recently as several weeks ago, a SCO Vice President echoed that theme in describing SCO's strategy not to be forthcoming with its alleged evidence. With regard to SCO's supposed evidence, SCO Vice President Gregory Blepp stated in a published interview that "you don't put everything on the table at the start, but instead you bring out arguments and evidence piece by piece".

Consistent with its strategy, SCO has yet to identify a single line of code from the UNIX software that IBM is alleged to have misused in violation of any of SCO's "UNIX

intellectual property rights", despite two orders by Magistrate Judge Wells requiring SCO to do so. When pressed to identify specific code in the UNIX software that contained the trade secrets IBM allegedly misappropriated, SCO delayed for months in coming forward with the information, and ultimately withdrew its claim altogether. Similarly, with respect to SCO's contract claims, despite months of delay SCO still has not identified the specific code contained in UNIX System V that IBM allegedly misused in violation of its licenses to that software.⁴

Of particular relevance to this motion, SCO has also failed to adduce any evidence of any copyright infringement by IBM. IBM asked SCO (more than seven months ago) to identify the precise lines of Linux code in which it claims rights, and the precise lines of code in the UNIX software from which SCO alleges such Linux code is copied or derives. Without such essential facts, SCO cannot establish any infringement of its purported copyrights in the UNIX software. Unless SCO can match up the lines of code in Linux, to which it claims rights, to the precise lines of code in the UNIX software over which SCO claims copyright protection, SCO cannot show copyright infringement.

Nevertheless, despite the fact that SCO has been claiming for months that IBM's Linux activities infringe SCO's copyrights, despite the fact that SCO has sued IBM for copyright infringement with respect to IBM's Linux activities, and despite the fact that SCO has twice certified that it has produced the evidence it was ordered by the Court to provide regarding its claims, SCO still fails to adduce the basic evidence necessary to support its copyright assertions.

⁴ SCO's contract claims are not at issue in the present motion for partial summary judgment. IBM believes, however, that SCO's contract claims are also susceptible to summary adjudication and intends to move for summary judgment on those claims at an appropriate time.

Most significantly, SCO refuses to substantiate its accusations and detail exactly what code in Linux it claims rights to, and how such code matches up to the code in the UNIX software to which SCO claims to possess copyrights.⁵

Thus, although SCO insists that it has evidence supporting its claims, SCO refuses to disclose all of that evidence to IBM. In fact, SCO seeks to dismiss or stay IBM's claim for a declaration of non-infringement on the theory that, while the future of the global economy may hang in the balance, the issue of IBM's copyright infringement should be decided not in this case involving IBM, but in the case SCO just filed against AutoZone, Inc., an auto parts company that has had little, if anything, to do with the development of Linux.

Based upon SCO's failure to come forth with evidence to demonstrate infringement, summary judgment should be entered in favor of IBM on its claim that IBM's Linux activities do not infringe SCO's alleged copyrights relating to the UNIX software. After more than a year of litigation, two orders to compel and two affidavits from SCO certifying that it has provided complete and detailed responses to IBM's interrogatories, SCO admits—by its silence and failure to provide evidence—that IBM's Linux activities do not infringe SCO's alleged copyrights. Although SCO has identified certain materials in Linux to which it claims rights (albeit without the required specificity), SCO fails altogether to show how IBM's Linux activities infringe SCO's alleged copyrights concerning the UNIX software. Again, SCO has not ever linked (and cannot link) the material in Linux to which it claims rights to specific lines of

⁵ In one instance, SCO has attempted to match approximately 160 lines of code in Linux to approximately 160 lines of code in UNIX System V from which the Linux code is allegedly derived. This Linux code was allegedly contributed by Silicon Graphics, Inc. and has since been removed from Linux. SCO has never specified whether and how IBM (or any others) have infringed any of its purported rights, including its alleged copyrights, with respect to this code.

the UNIX software over which SCO claims copyright protection and that IBM can be shown to infringe. (See Argument Section B below.)

Moreover, there is no reason for the Court not to decide the question of IBM's alleged infringement. Prompt adjudication is appropriate—indeed, required in the interests of justice—where, as here, a litigant publicly trumpets the strength of its case and its alleged evidence, but refuses repeatedly to clarify its claims or disclose its alleged evidence in the face of court orders to provide such information.

No additional discovery is necessary on this counterclaim. SCO has had at its ready access since the beginning of the case all the information necessary to determine whether and how Linux infringes its purported copyrights—the source code to which SCO purports to hold copyrights and the source code for Linux—and has been unable to proffer the evidence of copyright infringement sought by IBM's interrogatories. Indeed, given SCO's repeated failure to comply with the Court's orders, the fact of IBM's non-infringement should simply be established against SCO, and SCO should not even be allowed to adduce evidence on this issue under Rule 37(b)(2). (See Argument Section C below.)

Statement of Undisputed Facts⁶

A. Linux.

1. Linux is an operating system that stems from a rich history of collaborative development. (Ex. 1, at 1-4.)

⁶ The undisputed (and indisputable) facts supporting this motion are set out in the accompanying Declaration of Daniel Frye and the documents appended to the Declaration of Todd M. Shaughnessy, which are cited herein as "Ex. ___".

2. The development of Linux began when an undergraduate student at the University of Helsinki, by the name of Linus Torvalds, set out to create a new, free operating system. (Ex. 1 at 1-5.) In 1991, Torvalds began developing the Linux "kernel", the core of the operating system, and posting news of his project to Internet newsgroups, along with a call for volunteers to assist in his efforts. (Id.)

3. With the Internet providing for a distributed collaboration, other programmers joined to create code making up the kernel. (Ex. 1 at 1-5.) Torvalds directed the collaboration to a version 1.0 release of the Linux kernel in 1994. (Id.)

4. In the years that followed, thousands of developers, including developers at SCO and IBM, contributed to the further development of Linux. (See Ex. 2 ¶ 45; Ex. 3 (identifying SCO's contributions to Linux); Ex. 4 at 15, 22, 26; Declaration of Daniel Frye ("Frye Decl."), dated May 18, 2004, ¶ 5.) Version 2.4 of the Linux kernel was released in 2001, and version 2.6 of the Linux kernel was released in 2003. (Frye Decl. ¶ 5.)

5. Thereafter, a number of companies began to distribute Linux, including SCO. (Frye Decl. ¶ 6; Ex. 4 at 5-8, 26.) These Linux distributors offer a variety of commercial Linux products, which typically comprise the Linux kernel, the applications that the kernel runs (which, with the kernel, comprise a complete operating system) and whatever else the distributor chooses to combine into an easily installable product. (Frye Decl. ¶ 6; Ex. 4 at 5-8.)

B. IBM and Linux

6. Like many others, IBM has participated in the development of Linux. (Frye Decl. ¶ 5; see Ex. 2 ¶ 45.) According to SCO, "IBM contributed key technology to Linux for enterprise use". (Ex. 5 ¶ 99.)
7. As stated, IBM (like SCO) has contributed source code to the development of Linux. (Frye Decl. ¶ 5; see Ex. 2 ¶ 45.)
8. In addition to contributing source code to Linux, IBM offers Linux training and support, applications testing, technical advice and a hands-on environment in which to evaluate Linux and Linux-based applications. (Frye Decl. ¶ 5.)
9. Many IBM employees use Linux as their platform for day-to-day business computing, running office productivity applications, developing software (including Linux itself), and exchanging e-mail. (Frye Decl. ¶ 9.)
10. IBM has many Linux-related offerings: mainframes and servers that run Linux; memory solutions for Linux environments; a broad range of software offerings; services that include deployment of Linux-based e-business environments, migration of database applications and data to Linux systems, support for Linux-based cluster computing, server consolidation, and a 24-hour technical engineering support line. (Frye Decl. ¶ 7; see Ex. 2. ¶ 44.)
11. In connection with such Linux activities, IBM reproduces Linux and makes Linux available to others, both in developing and providing hardware, software and services to customers, and for other, internal business purposes. (Frye Decl. ¶ 8.)

C. SCO and Linux.

12. SCO was founded as Caldera, Inc. in 1994, three years after Linus Torvalds began the development of Linux, to develop and market Linux software. (Ex. 4 at 30.) In 1998, Caldera, Inc. sold its assets relating to its business of developing and marketing Linux software to Caldera Systems, Inc. ("Caldera"), a newly formed corporation. (Id. at 30-31.)

13. Caldera developed and marketed software based on the Linux operating system and provided related services enabling the development, deployment and management of Linux-specialized servers. (Ex. 4 at 5-6.) In addition, it joined with other Linux vendors in UnitedLinux, an initiative to streamline Linux development and certification around a global, uniform distribution of Linux for business. (Ex. 6 at 4; Ex. 7.)

14. On May 7, 2001, Caldera acquired the Server Software and Professional Services divisions of The Santa Cruz Operation, Inc. ("Santa Cruz") and their UNIX-related assets. (Ex. 6 at 16.) (In conjunction with this acquisition, Caldera Systems, Inc. became known as Caldera International, Inc. ("Caldera International").)

15. Caldera International changed its name to The SCO Group, Inc. in May 2003. (Ex. 8.)

D. SCO's Litigation and Threats of Litigation.

16. On March 6, 2003, SCO sued IBM for allegedly "dumping" into Linux certain unspecified code from the UNIX software it allegedly acquired from Santa Cruz. (Ex. 9 ¶ 102.)

17. Although its initial complaints against IBM did not include a claim for copyright infringement, SCO repeatedly accused IBM and others publicly of infringing SCO's copyrights, and threatened imminent litigation concerning IBM's Linux activities. For example:

(a) In May 2003, SCO sent letters to 1,500 of the world's largest corporations, including IBM, threatening litigation. (See, e.g., Ex. 10.) In its letters, SCO stated, "We believe that Linux infringes on our UNIX intellectual property and other rights". (Id. at 2.) SCO further stated, "[w]e intend to aggressively protect and enforce these rights" against not only the companies involved with "the Linux development process" but also "the end user" companies using any Linux technology. (Id.)

(b) In a press conference on July 21, 2003, SCO stated that taking out a license with SCO was the "alternative to legal enforcement against Linux end-users". (Ex. 11 at 3.)

(c) On November 18, 2003, during a teleconference sponsored by SCO, SCO counsel said that it "will be looking to identify a defendant" in "the near term" and such defendant will be "a significant user that has not paid license fees and is in fact using the proprietary and copyrighted material". (SCO Teleconference, Nov. 18, 2003, audio available at www.sco.com/company/confcalls/stowell_11-18_105887.mp3.) During the same call, SCO Chief Executive Darl McBride was asked if the 1,500 companies threatened earlier were the same class of companies that SCO would pursue. (Id.) McBride responded: "We will start there. That's not going to be the ending point, but clearly large customers that have, that are using a lot of Linux machines inside of their environment would be the starting point for us." (Id.)

(d) At a December 5, 2003 hearing in this case concerning discovery issues, SCO represented to the Court that SCO would be filing a copyright infringement action against IBM "within the coming few days or no less than a week". (Ex. 12 at 23:19-22.)

(e) In connection with a December 22, 2003 press release, SCO released a template of a letter, dated December 19, 2003, that it sent to "Linux Users". (Ex. 13.) In that letter, SCO wrote that "the use of the Linux operating system in a commercial setting violates our rights under the United States Copyright Act". (Id. at 1.)

18. SCO subsequently amended its complaint against IBM in February 2004 to add a claim for copyright infringement. (See Ex. 5 ¶¶ 173-80.) By that claim, SCO alleges that IBM has infringed, induced the infringement of, and contributed to the infringement of the following UNIX copyrights allegedly owned by SCO.

| Registration No. | Date of Registration | Title of Work |
|------------------|----------------------|--|
| TXU-510-028 | March 25, 1992 | UNIX Operating System Edition 5 and Instruction Manual |
| TXu-511-236 | April 7, 1992 | UNIX Operating System Edition 6 and Instruction Manual |
| TXu-516-704 | May 15, 1992 | UNIX Operating System Edition 32V and Instruction Manual |
| TXu-516-705 | May 15, 1992 | UNIX Operating System Edition 7 and Instruction Manual |
| TXu-301-868 | November 25, 1987 | Operating System Utility Programs |
| TX 5-787-679 | June 11, 2003 | UNIXWARE 7.1.3 |
| TX 5-750-270 | July 7, 2003 | UNIX SYSTEM V RELEASE 3.0 |
| TX 5-750-269 | July 7, 2003 | UNIX SYSTEM V RELEASE 3.1 |
| TX 5-750-271 | July 7, 2003 | UNIX SYSTEM V RELEASE 3.2 |
| TX 5-776-217 | July 16, 2003 | UNIX SYSTEM V RELEASE 4.0 |

| Registration No. | Date of Registration | Title of Work |
|------------------|----------------------|-----------------------------|
| TX 5-705-356 | June 30, 2003 | UNIX SYSTEM V RELEASE 4.1ES |
| TX 5-762-235 | July 3, 2003 | UNIX SYSTEM V RELEASE 4.2 |
| TX 5-762-234 | July 3, 2003 | UNIX SYSTEM V RELEASE 4.1 |
| TX 5-750-268 | July 9, 2003 | UNIX SYSTEM V RELEASE 3.2 |

(See id. ¶¶ 176, 179.)

19. SCO alleges both direct and contributory infringement of its copyrights, stating that IBM has “infringed, [has] induced infringement of, and [has] contributed to the infringement of, copyright registrations of SCO and its predecessors”. (Ex. 5 ¶ 179.) According to SCO, “a significant amount of UNIX protected code and materials are currently found in Linux 2.4.x, 2.5.x and Linux 2.6.x releases in violation of SCO’s contractual rights and copyrights”. (Id. ¶ 79.) IBM is responsible, says SCO, for “incorporating (and inducing, encouraging, and enabling others to incorporate) SCO’s proprietary software into Linux open source software offerings”. (Id. ¶ 6(c).)

20. With respect to contributory infringement, SCO further asserts, for example, that “IBM has knowingly induced, encouraged, and enabled others to distribute [SCO’s] proprietary information” (Ex. 5 ¶ 109 (SCO’s first)), through the “coordination of the development of enterprise Linux, and the misappropriation of UNIX to accomplish that objective” (Id. ¶ 109 (SCO’s second)).

21. Moreover, SCO recently filed suit against AutoZone, Inc., alleging that the use of Linux infringes copyrights SCO purports to hold to the UNIX software. (See Ex. 14 ¶¶ 14-22.) SCO asserts that “Linux has been transformed from a non-commercial operating system

into a powerful general enterprise operating system". (Id. ¶ 12.) SCO further claims that "parts or all of [SCO's] Copyrighted Material has been copied or otherwise improperly used as the basis for creation of derivative work software code, included [in] one or more Linux implementations, including Linux versions 2.4 and 2.6, without the permission of SCO". (See id. ¶ 20.) According to SCO, IBM is at least partially responsible for AutoZone's allegedly infringing conduct. (See Ex. 5 ¶ 109 (SCO's first).)

22. In response to SCO's threats of copyright infringement, IBM asserted counterclaims against SCO on August 6, 2003, alleging, among other things, that SCO has "devised and executed a plan to create the false perception that SCO holds rights to UNIX that permit it to control not only all UNIX technology, but also Linux" by "conducting a far-reaching publicity campaign to create the false and/or unsubstantiated impression that SCO has rights to UNIX and Linux that it does not have". (Ex. 42 ¶¶ 22-24.) Following the assertion by SCO of a cause of action for copyright infringement, IBM amended its counterclaims to assert a claim against SCO seeking a declaration of non-infringement with respect to IBM's Linux activities. (See Ex. 15 ¶¶ 168-73.)

23. There is an actual controversy with respect to this claim, as evidenced, for example, by the fact that SCO moved to dismiss IBM's claim for a declaration of non-infringement regarding IBM's Linux activities, but did not challenge the Court's subject matter jurisdiction over this claim. (See Ex. 16.) After all, SCO has charged IBM with copyright infringement, including with respect to IBM's Linux activities. (See Ex. 5 ¶¶ 173-79.)

24. Further, there is also an actual controversy here based on SCO's campaign against Linux, including its threats against Linux users, such as IBM (illustrated above). Notably, Red Hat, Inc. sued SCO in the United States District Court for the District of Delaware seeking a declaration of non-infringement concerning Red Hat's Linux activities. (See Ex. 17.) Following SCO's attempt to dismiss the Red Hat case, which SCO represented to the Delaware court included the same issues as in this case (see Ex. 18), the court ruled there was an actual controversy as to Red Hat's claim for a declaration of non-infringement, but stayed the case pending resolution of the claims in this case. (See Ex. 19.)

E. SCO's Touting and Obfuscation.

25. From the beginning of this litigation, SCO has touted its claims and the strength of its alleged evidence. (See, e.g., Exs. 20, 21, 22.)

26. According to SCO, the issues presented here are the most important issues faced by the software industry in ten years and the future of the industry—indeed, the future of the global economy—hangs in the balance:

(a) In an article for Salon.com, Sam Williams quotes SCO's CEO Darl McBride as saying, in reference to this case: "There really is no middle ground... The future of the global economy hangs in the balance." (See Ex. 23.)

(b) In an article from KSL.com, Jed Boal quotes McBride as saying, in reference to this case: "It has become the biggest issue in the computer industry in decades... The stakes are extremely high. The balance of the software industry is hanging on this." (See Ex. 24.)

27. SCO's public statements concerning its alleged evidence are no less grandiose:

(a) In an interview with CNet News.com in August 2003, McBride claimed that SCO had found a "mountain of code" improperly contributed to Linux. (See Ex. 20.)

(b) In a teleconference with analysts and reporters on May 30, 2003, McBride stated: "Everybody's been clamoring for the code—show us two lines of code. We're not going to show two lines of code, we're going to show hundreds of lines of code. And that's just the tip of the iceberg of what's in this." (See Ex. 21.)

(c) In an interview in LinuxWorld.com, McBride claimed that a "truckload of code" was improperly contributed to Linux. (See Ex. 25.)

(d) In August 2003, SCO's Senior Vice President and General Manager of SCOSource, Chris Sontag, publicly claimed that "SCO knows exactly which version of UNIX System V the code came from and which licensee was responsible for illegally contributing it to Linux". (See Ex. 22.)

28. At the same time, SCO has consistently refused to disclose the particulars of its claims and alleged evidence. (See Exs. 26, 27, 28, 34.) For instance, SCO commenced this case claiming that it was about IBM's dumping source code from the UNIX software into Linux. (Ex. 9 ¶ 102 ("IBM is . . . improperly extracting and using the confidential and proprietary information it acquired from UNIX and dumping that information into the open source community").) To date, SCO has not identified a single line of UNIX source code that IBM is alleged to have dumped into Linux. (See Exs. 26, 27, 28, 34.) In fact, SCO now claims that its case against IBM is not about IBM's alleged misuse of code from the UNIX software, but

rather about IBM's use of code written entirely by IBM or other third parties. (See Ex. 29 at 2-3; Ex. 30 at 8-9.)

29. As SCO representatives have stated, it has been the company's strategy to obfuscate its alleged evidence. (See Ex. 31; Ex. 32.) For example, SCO's counsel indicated in an interview with Maureen O'Gara of LinuxGram in March 2003, at the beginning of the case, that SCO "doesn't want IBM to know what they [SCO's substantive claims] are". (Ex. 31.) Further, SCO Vice-President Gregory Blepp stated in a published interview in April 2004 that "you don't put everything on the table at the start, but instead you bring out arguments and evidence piece by piece". (Ex. 32.)

F. The Truth About SCO's Claims.

30. Following SCO's refusal to disclose the nature of its claims or its alleged evidence, IBM served interrogatories on SCO asking it to: (1) identify with specificity all the material in Linux to which it claims rights; (2) detail the nature of its alleged rights, such as whether and how the material in which SCO claims rights derives from UNIX; and (3) state whether IBM has infringed SCO's rights and, if so, detail how IBM infringes SCO's alleged rights. (See Ex. 33.)

31. Specifically, IBM's Interrogatory No. 12 states: "Please identify, with specificity (by file and line of code), (a) all source code and other material in Linux (including but not limited to the Linux kernel, any Linux operating system and any Linux distribution) to which plaintiff has rights; and (b) the nature of plaintiff's rights, including but not limited to whether and how the code or other material derives from UNIX." (Ex. 33.)

32. Further, IBM's Interrogatory No. 13 states: "For each line of code and other material identified in response to Interrogatory No. 12, please state whether (a) IBM has infringed plaintiff's rights, and for any rights IBM is alleged to have infringed, describe in detail how IBM is alleged to have infringed plaintiff's rights. . . ." (Ex. 33.)

33. Instead of providing the information requested, SCO merely offered a single sentence explanation and incorporated by reference SCO's response to IBM's Interrogatory Nos. 1, 2 and 4. (See Ex. 34.) Neither SCO's response to Interrogatory Nos. 1, 2 and 4, which precipitated IBM's first motion to compel (which was granted by Magistrate Judge Wells), nor its single sentence explanation, provided IBM with the information requested. (See Exs. 26, 34.) SCO refused to identify with any degree of specificity the material in Linux in which it supposedly has rights or the nature of those rights, and to detail SCO's claims of copyright infringement. (See *id.*)

34. IBM filed a second motion to compel, seeking a meaningful response to Interrogatory Nos. 12 and 13, on November 6, 2003. (See Ex. 35.) Specifically, IBM asked the Court to require SCO to specify (1) all the material in Linux to which SCO claims rights (*i.e.*, by kernel version *X*, file *Y*, and lines *1-2-3*); (2) the nature of SCO's alleged rights, including whether and, if so, how the material derives from the UNIX software (*i.e.*, if SCO asserts contract, copyright or some other right to the identified code, and how the Linux code identified derives from UNIX version *A*, file *B*, lines *4-5-6*); and (3) whether IBM has infringed material to which SCO claims rights, and if so, the details of the alleged infringement (*i.e.*, by copying Linux kernel version *X*, file *Y*, lines *1-2-3*, which are copied or derived from UNIX version *A*, file *B*, lines *4-5-6*; or by distributing Linux kernel version *X*, file *Y*, lines *1-2-3*, the structure and

sequence of which was copied from UNIX version *A*, file *B*, lines 7-8-9; or by inducing others to copy (or distribute) Linux kernel version *X*, file *Y*, lines 1-2-3, which are copied or derived from UNIX version *A*, file *B*, lines 4-5-6). (See id.)

35. Despite its prior refusal to provide this information, counsel for SCO stated at the oral argument on IBM's motions that SCO would provide the information requested. (See Ex. 12 at 19: 17-25.) More importantly, the Court ordered SCO to provide this information on or before January 12, 2004. (See Ex. 36.) The Court ordered SCO to "respond fully and in detail to Interrogatory Nos. 12 and 13 as stated in IBM's Second Set of Interrogatories [which require SCO to specify (1) all the material in Linux to which SCO claims rights; (2) the nature of SCO's alleged rights, including whether and, if so, how the material derives from UNIX; and (3) whether IBM has infringed material to which SCO claims rights and, if so, the details of the alleged infringement]." (Id. ¶ 2.)

36. In a submission dated January 12, 2004, SCO certified to the Court that "SCO has responded fully and in detail to Interrogatories 1-9, 12 and 13". (See Ex. 37.)

37. Notwithstanding SCO's certification and the Court's order, however, SCO did not provide meaningful responses to the interrogatories. (See Ex. 27.) In response to the Court's order, SCO listed certain materials in Linux to which SCO claims to have rights, but SCO failed to identify all of the materials with the requisite particularity. (See id. (SCO failed, for example, to identify most of the lines of code in Linux allegedly contributed by Silicon Graphics, Inc. ("SGI") to which SCO claims rights; it merely identified files).) More importantly, SCO failed to show how, if at all, the listed materials derive from the UNIX

software and made no attempt to describe (let alone detail) how IBM's Linux activities infringe SCO's alleged copyrights related to the UNIX software. (See id.)

38. After again trying unsuccessfully to persuade SCO to provide the information requested, IBM advised the Court that SCO had failed to comply with IBM's requests and the Court's order. (See Exs. 38, 39.)

39. The Court again ordered SCO to provide meaningful responses to IBM's interrogatories, this time on or before April 19, 2004. (See Ex. 40.) Specifically, the Court required SCO to "fully comply within 45 days of the entry of this order with the Court's previous order dated December 12, 2003". (Id.) As stated, that previous order required SCO to "respond fully and in detail to Interrogatory Nos. 12 and 13 as stated in IBM's Second Set of Interrogatories [which require SCO to specify (1) the material in Linux to which SCO claims rights; (2) the nature of SCO's alleged rights including whether and, if so, how the material derives from UNIX; and (3) whether IBM has infringed material to which SCO claims rights and, if so, the details of the alleged infringement]." (Ex. 36.)

40. In response to the second order, SCO again certified that it fully complied with the Court's order. (See Ex. 41.) SCO stated that "the answers given and materials produced in response to the Order are given to the best of SCO's knowledge and are complete, detailed and thorough". (Id. at 5.)

41. However, notwithstanding its certification, SCO again failed to comply with the Court's order. (See Ex. 28.) While SCO has identified more materials in Linux to which it claims rights (albeit without the particularity ordered by the Court and without an

adequate explanation as to why it did not provide all of these materials in response to the Court's first order), SCO has still not detailed the nature of its alleged rights or described in detail how IBM is alleged to have infringed SCO's rights. (See Ex. 28.)

G. SCO's Lack of Evidence.

42. While SCO has widely claimed that IBM's Linux activities infringe SCO's alleged copyrights relating to the UNIX software (see Ex. 10; Ex. 13; Ex. 5 ¶¶ 173-79), SCO cannot substantiate its claims (see Exs. 26, 27, 28, 34).

43. With respect to the material to which SCO claims rights, it fails to identify all of it with the particularity ordered by the Court. SCO identifies four general categories of code in Linux to which it claims rights: (1) material allegedly contributed to Linux by IBM from its AIX and Dynix operating systems programs; (2) certain so-called Application Binary Interface ("ABI") files; (3) code allegedly contributed to Linux by SGI; and (4) an assortment of code identified for the first time in an April 19, 2004 supplement to SCO's discovery responses. (See Exs. 26, 27, 28, 34.) SCO declines to identify the lines of code to which it claims rights with respect to some part of the code in the first category and virtually all of the code in the third category. (See Ex. 26, 27, 28, 34.)

44. Moreover, SCO does not particularize the nature of its alleged rights to this code. (See Ex. 26; Ex. 27; Ex. 28.) For example, SCO makes no meaningful attempt to detail how, if at all, the materials derive from the UNIX software, despite the fact that the oral argument on IBM's motions to compel focused specifically on this issue. (See Ex. 12; Ex. 39.) SCO was ordered to match up the lines of Linux code to which it claims rights to the specific lines of the UNIX software code from which the Linux code is alleged to derive. (See Ex. 36 ¶

4.) Yet, in plain derogation of the Court's order, SCO states merely that "the entirety of UNIX System V licensed to IBM and Sequent are the lines from which IBM's contributions [to Linux] of AIX and Dynix/ptx are derived".⁷ (See Ex. 28 ¶ 3.)

45. In only one instance does SCO identify code in Linux to which it claims rights, and the corresponding code in the UNIX software from which the Linux code was allegedly derived. (See Ex. 27 at 59 & Exhibit A.) This Linux code, which comprises about 160 lines of code altogether, was allegedly contributed by SGI (not IBM), and is no longer present in Linux. SCO does not specify, however, whether and how IBM (or any others) infringe any of its purported rights, including its alleged copyrights, with respect to this code. (See Ex. 27.)

46. As a consequence, SCO does not show (and cannot show) that IBM's Linux activities infringe SCO's alleged copyrights. To show copyright infringement, SCO must prove that it owns a valid copyright infringed by Linux and that IBM has exercised one or more of the exclusive rights of that copyright, including the right to reproduce, distribute or prepare derivative works. (See Section A below.) SCO may prove infringement directly or by showing that IBM induced or contributed to infringement by others. (See Section A below.) SCO does neither.

⁷ SCO also lists in its April 19 letter "the lines of UNIX System V from which AIX and Dynix/ptx are derived". (Ex. 28 ¶ 3.) IBM did not ask SCO to provide this information, however, and the Court did not order SCO to provide it. This information is irrelevant here, as it fails to explain whether and how the particular code that IBM actually contributed to Linux is derived from any particular code in UNIX System V. Nor does it show how the other material in Linux to which SCO claims rights links or matches up to the specific lines of the UNIX software over which SCO claims copyright protection.

47. In its responses to IBM's discovery requests and the Court's orders, SCO fails to identify with specificity a single copyright IBM is alleged to have infringed, let alone show that the copyrights are valid. (See, e.g., Exs. 26, 27, 28, 34.) Similarly, although it is undisputed that IBM copies and makes Linux available to customers, SCO fails to demonstrate (or even undertake to demonstrate) how IBM's Linux activities (indeed, any of IBM's activities) exercise one or more of the exclusive rights of SCO's alleged copyrights relating to the UNIX software. (See, e.g., Exs. 26, 27, 28, 34.)

48. To establish that IBM's Linux activities infringe SCO's alleged copyrights, SCO is required to establish that the material in Linux to which SCO claims rights—which all Linux users copy and distribute (at least in part)—is covered by SCO's alleged copyrights. (See Section A below.) That SCO has not done and cannot do. (See, e.g., Exs. 26, 27, 28, 34.)

Argument

SUMMARY JUDGMENT SHOULD BE ENTERED IN FAVOR OF IBM ON ITS CLAIM FOR A DECLARATION OF NON-INFRINGEMENT WITH RESPECT TO ITS LINUX ACTIVITIES

For more than a year, SCO has made far-reaching claims about its right to preclude IBM's (and everyone else's) Linux activities. Despite SCO's grandiose descriptions of its alleged evidence of IBM's infringement, SCO now effectively concedes that it has none. SCO has twice certified to the Court that it has provided complete, detailed and thorough responses to IBM's discovery requests and the Court's orders. In response to those orders, however, SCO adduces no evidence—let alone the detailed accounting ordered by the Court—

that IBM's Linux activities infringe SCO's alleged copyrights. As a result, the Court should enter partial summary judgment against SCO.

A. A Summary Declaration Of Non-Infringement Is Appropriate Where There Is No Genuine Issue Of Material Fact.

Summary judgment is proper "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Fed. R. Civ. P. 56(c); see Celotex Corp. v. Catrett, 477 U.S. 317, 322-24 (1986); In re Grandote Country Club Co., 252 F.3d 1146, 1149 (10th Cir. 2001).

To prevail on a claim of copyright infringement, a claimant must show: (1) ownership of a valid copyright, and (2) copying by the defendant of the copyrighted material without authorization. See Jacobsen v. Deseret Book Co., 287 F.3d 936, 942 (10th Cir. 2002); Gates Rubber Co. v. Bando Chem. Indus., Ltd., 9 F.3d 823, 831 (10th Cir. 1993). Thus, IBM is entitled to summary judgment of non-infringement if "at least one element of the alleged [copyright] infringement cannot be proven", in that either there is no "ownership of a valid copyright," or there is no "copying of constituent elements of the work that are original". Jean v. Bug Music Inc., No. 00 CIV 4022, 2002 WL 287786, at *4 (S.D.N.Y. Feb. 27, 2002) (Ex. A hereto); see also I.A.E., Inc. v. Shaver, 74 F.3d 768, 778 (7th Cir. 1996) (affirming grant of summary judgment on declaration of non-infringement of copyright); Scholastic, Inc. v. Stouffer, 221 F. Supp. 2d 425, 433, 438-39 (S.D.N.Y. 2002) (granting summary judgment on declaration of noninfringement of copyright and dismissing defendant copyright holder's counterclaims of infringement), aff'd, Scholastic Inc. v. Stouffer, 81 Fed. Appx. 396, 2003 WL 22850111, 2003 Copr.L.Dec. P 28,707 (2nd Cir. 2003) (Ex. B hereto).

While IBM bears the burden to point out the absence of evidence supporting a finding of infringement, SCO bears the burden to establish a genuine issue as to each element of infringement, as these are matters as to which it would bear the burden of persuasion at trial. See, e.g., Lefler v. United Healthcare of Utah, Inc., 162 F. Supp. 2d 1310, 1314-15 and n.6 (D. Utah 2001) (party moving on issue on which it does not bear burden of persuasion at trial must show absence of evidence, which shifts burden onto nonmovant to produce evidence to establish genuine issue of fact); Interactive Network, Inc. v. NTN Communications, 875 F. Supp. 1398, 1403 (N.D. Ca. 1995) (“[S]ummary judgment of noninfringement for the alleged infringer . . . must be granted unless [the alleged copyright holder] can demonstrate a genuine issue of material fact as to whether a reasonable jury could conclude that the two works are substantially similar in both ideas and expression.”); Larami Corp. v. Amron, No. Civ. A. 91-6145, 1993 WL 69581, at *3 (E.D. Pa. Mar. 11, 1993) (Ex. C hereto) (in declaratory judgment action, patent holder retains burden of proof of infringement at trial, and therefore must establish genuine issue of fact in response to motion for summary judgment).

B. SCO Cannot Prove The Elements Of Copyright Infringement.

To prevail on a claim of copyright infringement, SCO must prove “(1) ownership of a valid copyright and (2) copying by the defendant of protected components of the copyrighted material”. Gates, 9 F.3d at 831, 832.⁸ If SCO cannot adduce evidence sufficient to

⁸ To establish contributory infringement, a party must show: (1) knowledge, or actual or constructive knowledge of the infringing activity, and (2) material contribution, or substantial participation in or contribution to the primary infringement. See Motorvations, Inc. v. M & M, Inc., 59 U.S.P.Q.2D 1847, 1850 (D. Utah 2001).

show both ownership of a valid copyright and copying of protected components of the work that are original, then IBM is entitled to a summary declaration of non-infringement.⁹

As stated, SCO has twice failed to comply with Court orders requiring it provide discovery concerning how IBM's Linux activities infringe SCO's alleged UNIX copyrights.

After SCO asserted that IBM's Linux activities infringe SCO's alleged copyrights (see, e.g., Ex. 10), IBM propounded the following interrogatories on SCO:

INTERROGATORY NO. 12:

Please identify, with specificity (by file and line of code), (a) all source code and other material in Linux (including but not limited to the Linux kernel, any Linux operating system and any Linux distribution) to which plaintiff has rights; and (b) the nature of plaintiff's rights, including but not limited to whether and how the code or other material derives from UNIX.

INTERROGATORY NO. 13:

For each line of code and other material identified in response to Interrogatory No. 12, please state whether (a) IBM has infringed plaintiff's rights, and for any rights IBM is alleged to have infringed, describe in detail how IBM is alleged to have infringed plaintiff's rights

(Ex. 33.)

In its initial response to these interrogatories, SCO merely "incorporate[d] it[s] revised and supplemental answers to [Interrogatory Nos. 1, 2 and 4]". (See Ex. 34.) Nowhere did SCO: (1) identify with specificity all the material in Linux to which it claims rights; (2) detail the nature of its alleged rights, such as whether and how the material in which SCO claims

⁹ Courts commonly use the term "copying" (as we do herein) as a "shorthand reference to any infringement of the copyright holder's exclusive rights set forth at 17 U.S.C. § 106". Gates, 9 F.3d at 832 n.6. A person may "copy" a work, and thereby infringe it, if she reproduces, distributes, performs, or prepares derivative works without the copyright owner's permission. See 17 U.S.C. § 106.

rights derives from UNIX; or (3) detail how IBM infringes SCO's alleged rights. (See Exs. 26, 34.)

As a result of SCO's failure to respond properly to these and other IBM interrogatories, IBM moved to compel a meaningful response. Granting IBM's motion, Magistrate Judge Wells ordered SCO to "respond fully and in detail to Interrogatory Nos. 12 and 13 as stated in IBM's Second Set of Interrogatories" on or before January 12, 2004. (See Ex. 36.) Despite the Court's order, SCO failed fully to respond. SCO identified a number of files in Linux in which SCO claims rights (in partial response to Interrogatory No. 12(a)). SCO did not, however, identify all the material in Linux to which it claims rights (as evidenced by its April 19, 2004 response to Court's March 4, 2004 order); it did not properly identify (i.e., by version, file, and line of code) all of the material in Linux that it did list; it did not detail the nature of its alleged rights, including whether and, if so, how it derives from UNIX code (i.e., by listing—line by line—the versions, files and lines of UNIX code from which the listed Linux code allegedly derives); and it did not describe in detail how, if at all, IBM's Linux activities (or any of its activities, for that matter) are supposed to have infringed SCO's alleged copyrights. (See Ex. 27.) Despite these shortcomings, SCO certified to the Court that its submission "fully respond[s] to [IBM's] interrogatories based on the information in SCO's possession". (Ex. 37.)

At the Court's direction, IBM reported to the Court that SCO had failed to comply with the Court's order. Following a hearing on SCO's compliance, the Court ordered SCO to "fully comply within 45 days of the entry of this order with the Court's previous order dated December 12, 2003". (Ex. 40 at 2 ¶ 1), which directed SCO to "respond fully and in detail to Interrogatory Nos. 12 and 13 as stated in IBM's Second Set of Interrogatories" (Ex. 36 ¶ 2). The

Court further ordered SCO in particular to “identify all specific lines of code from UNIX System V from which IBM’s contributions from AIX or Dynix are alleged to be derived”. (Ex. 40 at 2 ¶ 3.)

On April 19, 2004, SCO purported to provide “complete, detailed, and thorough” answers to IBM’s Interrogatories and the Court’s orders. (See Ex. 41 ¶ 9.) SCO identified additional material in Linux to which it supposedly has rights (without any real explanation as to why it failed to provide that information in response to the Court’s first order). (See Ex. 28.) However, SCO again: (1) declined to identify the precise location of all of the material in Linux to which it claims rights (e.g., with respect to the so-called “IRIX/XFS” files contributed by SGI in which SCO claims rights, SCO still declines to identify the lines of code, as opposed to just the files, to which it claims rights); (2) failed properly to identify the nature of its alleged rights, including in particular whether and, if so, how the material derives from UNIX; and (3) declined to state how IBM infringes SCO’s alleged rights. (See Ex. 28.)

To establish that IBM “copied” protected elements of SCO’s alleged copyrights, one critical element SCO must show is that Linux is “substantially similar” to the allegedly copyrighted work (here, the UNIX software), so that the “copying” of Linux could be said to constitute “copying” of UNIX.¹⁰ See Gates, 9 F.3d at 831. This necessarily requires SCO to

¹⁰ The mere fact that there is “substantial similarity” between two works does not necessarily lead to the conclusion that the one infringes the other. For example, two works may be “substantially similar” in respects that are not subject to the protections of copyright law, such as because the similarity concerns material that is not copyrightable under the merger doctrine or scenes a faire doctrine. See Jacobsen, 287 F.3d at 942. Moreover, the works may have been independently created, notwithstanding their similarities. See Gates, 9 F.3d at 833. Substantial similarity is, however, a necessary precondition to a finding of infringement. Jacobson, 287 F.3d at 942-43.

identify the precise lines of Linux code in which it claims rights and the precise lines of code in the UNIX software from which SCO alleges the Linux code is copied or derives. It is for precisely this reason that IBM asked SCO (so long ago) to provide this information and, we believe, that the Court required SCO to provide it.

Rather than match the precise lines of code in Linux to which SCO claims rights to the precise lines of code in the UNIX software over which SCO claims copyright protection, SCO simply states that all of the material in Linux to which SCO claims rights matches all of the UNIX software over which SCO claims copyright protection. SCO states: "the entirety of UNIX System V licensed to IBM and Sequent are the lines from which IBM's contributions [to Linux] of AIX and Dynix/ptx are derived". (See Ex. 28.) Not only does SCO's response not comply with the Court's order, but also it provides no more information than was included in SCO's original complaint. (See Ex. 9 ¶ 96 (alleging that "IBM's contributions' consisted of the improper extraction, use, and dissemination of SCO's UNIX source code and libraries, and unauthorized misuse of UNIX methods, concepts, and know-how".))

As a result of SCO's failure to adduce any proper evidence to support a claim of copyright infringement, IBM is entitled to a summary declaration that its Linux activities do not infringe SCO's alleged copyrights relating to the UNIX software. There is ample authority for granting summary judgment on copyright infringement claims in similar circumstances. See, e.g., Scholastic, 221 F. Supp. 2d at 438-39 (granting summary judgment on declaration of non-infringement of copyright and dismissing defendant copyright holder's counterclaims of infringement); Shaver, 74 F.3d at 778 (affirming grant of summary judgment on declaration of non-infringement of copyright); Bug Music, 2002 WL 287786, at *3-*8 (granting summary

judgment on declaration of non-infringement of copyright); CACI Intern., Inc. v. Pentagen Tech. Intern., Ltd., Nos. 94-2058, 94-2220, 1995 WL 679952 at *5-*6 (4th Cir. Nov. 16, 1995) (Ex. D hereto) (affirming grant of summary judgment on declaration of non-infringement of copyright). Like the courts in these cases, the Court here should enter summary judgment.

C. There is No Cause to Delay Resolution Of This Issue.

SCO contends that the balance of the software industry—not to mention the global economy—hangs upon the resolution of this case. While obviously SCO overstates the point, there is no question that this case involves issues that are important not only to the parties but also to the public interest. SCO's campaign against Linux has visited unnecessary fear, uncertainty and doubt on the part of the millions of persons and entities that rely on Linux, as evidenced by the fact that Fortune Magazine recently named SCO "Corporate Enemy No. 1".

SCO has advised the Court that it has provided complete and detailed responses to the Court's orders. If that is true, then summary judgment is appropriate because SCO has no evidence of IBM's alleged infringement (as SCO has adduced none). If it is not true, then summary judgment is appropriate because SCO has not only defied two orders of the Court, but it has also falsely certified that it has provided complete, detailed and thorough answers to IBM's interrogatories and the Court's orders. Either way, the Court should forthwith enter summary judgment in favor of IBM.

While fact discovery does not close until August 5, 2004, no more discovery is required for the Court to decide this motion. SCO is the purported owner of the copyrights at issue. IBM's Linux activities, which SCO describes in its pleadings, are public knowledge, and IBM concedes that it copies and makes Linux available to its customers, contributes to the

development of Linux, and encourages the copying and use of Linux by others. The source code for Linux is freely available via the Internet, and has been available to SCO from the beginning of the lawsuit. No amount of additional discovery (and SCO has had plenty—the equivalent of millions of pages of paper) would put SCO in a better position to substantiate its claims.

Courts have entered summary judgment on similar claims where, as here, further discovery was not essential to the motion. See Madrid v. Chronicle Books, 209 F. Supp. 2d 1227, 1233 (D. Wyo. 2002) (denying Rule 56(f) relief and granting summary judgment on copyright infringement claim where opposing party sought further discovery to “prove substantial similarity between [her] poem and [the defendant’s] movie” because such “discovery is also unnecessary on this point . . . as the Court may perform the abstraction-filtration-comparison test merely by looking to the works themselves.”); Gemisys Corp. v. Phoenix American, Inc., 186 F.R.D. 551, 566 (N.D. Cal. 1999) (denying Rule 56(f) relief and granting summary judgment on software copyright infringement claim, where the information sought to be discovered, namely “disclosure of [computer program] design and development documents” would not provide “evidence essential to the motion for summary judgment, namely, proof of substantial similarity”).

Moreover, in view of SCO’s repeated refusal to provide the information that IBM requested and the Court ordered SCO to produce—which is critical to the issues presented by SCO’s claims and IBM’s counterclaims—the Court should establish against SCO the fact that IBM’s Linux activities do not infringe SCO’s alleged copyrights and preclude SCO from conducting further discovery as to this issue.

Where, as here, a party fails to obey an order to provide discovery, the Court may enter an appropriate sanction under Fed. R. Civ. P. 37(b)(2). Rule 37(b)(2) provides in relevant part:

(b) Failure to Comply with Order.

* * *

(2) Sanctions by Court in Which Action is Pending. If a party . . . fails to obey an order to provide or permit discovery, including an order made under subdivision (a) of this rule . . . the court in which the action is pending may make such orders in regard to the failure as are just, and among others the following:

(A) An order that the matters regarding which the order was made or any other designated facts shall be taken to be established for the purposes of the action in accordance with the claim of the party obtaining the order;

(B) An order refusing to allow the disobedient party to support or oppose designated claims or defenses, or prohibiting that party from introducing designated matters in evidence;

(C) An order striking out pleadings or parts thereof, or staying further proceedings until the order is obeyed, or dismissing the action or proceeding or any part thereof, or rendering a judgment by default against the disobedient party

.....

The Court has twice ordered SCO to provide IBM with its alleged evidence, if any, that IBM's activities (including, of course, its Linux activities) infringe SCO's alleged copyrights. Despite certifying twice that it has complied with the Court's orders, SCO has in fact failed to comply with the orders. The Court should therefore enter sanctions against SCO to prevent unfairness to IBM, to protect the interests of justice, and to promote the public interest—as other courts have done in like circumstances. See, e.g., Burns v. Imagine Films Entm't, Inc., 164 F.R.D. 594, 600-01 (W.D.N.Y. 1996) (affirming order imposed under 37(b)(2)(A), resolving issue of prior access in favor of copyright owners, because defendant did not adequately respond

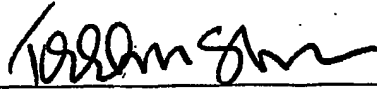
to two court orders requiring defendant to provide full and complete answers to 'access' related interrogatories); Knowlton v. Teletrust Phones, Inc., 189 F.3d 1177, 1183-84 (10th Cir. 1999) (affirming order imposed under 37(b)(2)(A), resolving question of single-employer status, because defendant failed to respond to interrogatories after the court ordered defendant to do so); Volkart Bros., Inc. v. M/V "Palm Trader", 130 F.R.D. 285, 289-90 (S.D.N.Y. 1990) ("deem[ing] paragraphs 14 and 17 of Trikora's Amended Complaint to be admitted by PNT and established for the purposes of this case" where defendant provided single implausible explanation for refusing to produce documents and refused to produce a witness for examination).

Conclusion

For the foregoing reasons, the Court should enter an order entering summary judgment against SCO on IBM's claim for a declaration of non-infringement with respect to IBM's Linux activities.

DATED this 18th day of May, 2004.

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CERTIFICATE OF SERVICE

I hereby certify that on the 18th day of May, 2004, a true and correct copy of the foregoing
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 (Cite as: 2002 WL 287786 (S.D.N.Y.))

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United States District Court, S.D. New York.

Nel Wyclef JEAN, Jerry Duplessis, Huss-Zwingli
 Publishing, Inc., and Te-Bass
 Music, Inc., Plaintiffs and Counterclaim Defendants,

v.
 BUG MUSIC, INC. and R & B Music LLC,
 Defendants and Counterclaim Plaintiffs.

No. 00 CIV 4022(DC).

Feb. 27, 2002.

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 Defendants and Counterclaim Plaintiffs.

MEMORANDUM DECISION

CHIN, D.J.

*1 In this copyright case, plaintiffs seek a declaratory judgment that their song "My Love Is Your Love" ("My Love") does not infringe defendants' copyright of the song "The Hand Clapping Song" ("HCS"). Plaintiffs move for summary judgment pursuant to Fed.R.Civ.P. 56 on their claim for a declaratory judgment holding that plaintiffs have not violated the copyright laws. Alternatively, plaintiffs request an order pursuant to Fed.R.Civ.P. 42(b) for separate trials on liability and damages. Defendants cross-move for partial summary judgment on the issues of the originality of HCS and access.

Defendants allege that the lyrical and musical excerpt at issue in My Love-- "Clap your hands, y'all, it's all right" (the "My Love Phrase")--infringes the HCS copyright because HCS contains the lyrical

and musical excerpt "Clap your hands now, people clap now" (the "HCS Phrase"). (Def. Resp. to Pl. 56.1 Stmt. ¶¶ 19, 20).

The HCS Phrase is unprotectible because it uses common musical and lyrical phrases that have been used in other recordings. In other words, the HCS Phrase lacks the requisite originality. Moreover, the phrases constitute only a *de minimis* portion of the songs. Only three words and notes in the HCS and My Love Phrases are identical. Overall the songs are different in sound and they convey different moods.

Accordingly, plaintiffs' motion for summary judgment is granted; no reasonable fact finder could conclude that My Love was copied, even in part, from HCS. I do not reach plaintiffs' motion to bifurcate or defendants' cross-motion.

BACKGROUND

I. Facts

The following facts are drawn from the record before the Court. The record includes declarations, recordings of HCS and My Love, expert reports, and deposition transcripts. All conflicts in the evidence have been resolved in defendants' favor.

A. HCS

Defendants and counterclaim plaintiffs Bug Music, Inc. ("Bug Music") and R & B Music LLC [FN1] ("R & B Music") license and market musical compositions. (Def. 56.1 Stmt. ¶¶ 1, 2). The HCS copyright was first registered in 1970 to Rhinelander Music, Inc. (Compl. ¶ 20; Countercl. [FN2] ¶ 13). In 1996, Rhinelander Music, Inc. assigned all of its interests in HCS to R & B Music, and Bug Music became administrator of R & B Music. (Countercl. ¶¶ 14, 15). Defendants own a valid copyright in HCS.

FN1. Although R & B Music LLC is the party named in the caption, various documents refer to R & B Music, Inc.

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rather than R & B Music LLC. For the purposes of this Memorandum Decision, R & B Music LLC and R & B Music, Inc. are used synonymously.

FN2. References to "Countercl." are to the counterclaim portion of the Answer, Counterclaim and Jury Demand of Defendants Bug Music, Inc. and R & B Music LLC. Because the document includes two sets of sequential paragraphs beginning with paragraph 1, references are made specifically to the answer or counterclaim portion of the document.

HCS was authored by four non-party individuals--Leo Nocentelli, George Porter, Arthur Neville, and Joseph Modeliste--who were members of the music group "the Meters." (Compl. ¶ 21; Ans. ¶ 16). The Meters, a rhythm and blues ("R & B") band formed in the 1960's, was popular in the 1960's and 1970's. Some considered it "the best new R & B group and the best R & B instrumental group" in 1967 and 1968. (Nocentelli Decl. ¶ 3). The Meters are especially known for their strong influence on funk music in the 1970's. (Nocentelli Decl. ¶ 3; Art Neville Decl. ¶ 3). The Meters have recorded with many artists, including Robert Palmer and Paul McCartney, and the group performed with the Rolling Stones in 1975 and 1976. (Nocentelli Decl. ¶ 6). The group has released numerous albums since 1969. (*Id.* at ¶ 7). Fifteen musical compositions of the Meters have been sampled or interpolated by 45 different artists or groups. (Hirshland Decl. ¶ 9).

*2 The playing time of HCS is 2 minutes, 55 seconds. (Lepera Decl., Ex. O). The song begins and ends with the HCS Phrase. At the outset, the HCS Phrase repeats four times and the excerpt "clap your hands" repeats eight times for a total of about 23 seconds. At the end of the song, the HCS Phrase repeats five times and the excerpt "clap your hands" repeats nine times for a total of about 20 seconds. (Eskelin Rep. ¶¶ 6, 10, Lepera Decl., Ex. O).

The HCS Phrase contains the following nine pitches: C, B-flat, C, B-flat, G, F-sharp, G, B-flat, C. The accompanying scale steps are 1, flat-7, 1,

flat-7, 5, sharp-4, 5, flat-7, and 1. (Lepera Decl. ¶ 30; Eskelin Tr. at 122, 123). HCS is a funk song laced with percussion and strong guitar sounds. It is energetic and invites the listener to participate. The HCS Phrase has a staccato rhythm with short hand clapping accompanying the lyrics.

HCS was released as a single in 1970 and was recorded on five albums between 1970 and 2001. (Nocentelli Decl. ¶ 8). The song enjoyed great fame. For example, it was listed as a top 50 R & B single for several weeks in 1970. (Nocentelli Decl. ¶ 10; Art Neville Decl. ¶ 8).

B. *My Love*

My Love is a recent hit song performed by Whitney Houston and is included on an album by Houston that bears the same name. *My Love* is authored by plaintiffs Nel Wyclef Jean and Jerry Duplessis--both of whom are musicians, performers, and composers. (Compl. ¶ 1, Ex. A; Def. Resp. to Pl. 56.1 Stmt. ¶¶ 1, 3). Plaintiffs Huss-Zwingli Publishing, Inc. ("Zwingli") and Te-Bass Music, Inc. ("Te-Bass") are music publishing entities respectively through which Jean and Duplessis own and control their music compositions. (Def. Resp. to Pl. 56.1 Stmt. ¶¶ 2, 4). The copyright for the words and music of *My Love* was registered in 1998. (Compl. ¶ 14).

The playing time of *My Love* is 4 minutes, 15 seconds. (Lepera Decl., Ex. N). The *My Love* Phrase contains the following six pitches: C, B-flat, C, B-flat, G, B-flat. The accompanying scale steps are 1, flat-7, 1, flat-7, 5, and flat-7. (Lepera Decl. ¶ 30; Eskelin Tr. at 133). As with HCS, *My Love* begins and ends with the phrase at issue. The song opens with a 13-second, four-time repetition of the *My Love* Phrase. The song ends with an eight-time repetition of the *My Love* Phrase that runs for 20 seconds. The *My Love* Phrase appears alone or as part of a repetition an additional 15 times. In total, the *My Love* Phrase covers 59 seconds of the playing time.

My Love was intended to be a "spiritual sounding ballad" with "an R & B vibe." (Jean Tr. at 19). The song has a reggae sound with a slow, smooth base line accompanied by soft percussion. In comparison to HCS, *My Love* does not invite the listener to clap hands along with the lyrics. Instead, it is an easy

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listening song. During the song, the My Love Phrase is sometimes sung in the background with overlapping lyrics.

Plaintiffs never sought permission to use any portion of HCS.

C. The Songs' Similarities

*3 The first three words in the HCS and My Love Phrases are identical--both start with "clap your hands." (Eskelin Rep. ¶ 6). The first three notes, including pitch and rhythm, in the phrases are identical as well. (*Id.*). These three notes and lyrics comprise the only portions identical in both songs. (Eskelin Tr. at 198, 279; Eskelin Decl. ¶ 11).

D. Prior Art

The lyrics identical in both songs, "clap your hands," can be found in the biblical phrase "O clap your hands all ye people." (Ferrara Rep. at 5; Beavers Rep. at 2 (quoting Psalm 47:1, King James Version)). The lyrics can also be found in many songs, including "church anthems," "secular music," and "general entertainment related to applause." (Eskelin Tr. at 272-73, 316). For example, the following nine recorded gospel songs contain the lyrics "clap your hands": He is the Reason; I've Got Jesus; He'll Welcome Me; Benny Cummings Medley; Lift Him Up; The Kingdom Medley; Higher, Higher; Love Lifted Me; Working On a Building; Lift Your Head Up, Rejoice in the Lord; and The Only Way. (Ferrara Rep., Ex. B; *see also* Beavers Rep. at 3-4, 8 & Listening Exs. 1.2, 2.2, 2.3 & 4.1). The website for Broadcast Music, Inc. ("BMI") identifies 120 songs that include "clap your hands" in the title. (Ferrara Rep. at 5, Ex. C). A hymn written by Baroque English composer Henry Purcell (1659-1695) is entitled "clap your hands." (*Id.* at 5).

The melodic sequence that is identical in both songs and accompanies the lyrics "clap your hands"--C, B-flat, C--appears in "thousands" of "songs." (Eskelin Tr. 276-77). Those pitches matched with the rhythms in the HCS Phrase also create a common musical arrangement. (Eskelin Tr. 277).

II. Procedural History

At the end of 1999 and in January 2000, defendants sent letters to plaintiffs alleging that My Love infringed on the copyright of HCS. (Ans.¶¶ 16, 18). In January 2000, defendants sent plaintiffs a letter demanding that plaintiffs cease and desist from continuing to violate copyright laws and compensate defendants for damages allegedly incurred. Defendants also threatened to file suit should plaintiffs continue their activities. (Ans.¶ 19). This suit followed.

Plaintiffs initiated this action on May 26, 2000 by filing a complaint seeking a declaratory judgment holding that My Love does not infringe defendants' copyright and, accordingly, that plaintiffs are entitled to reproduce, distribute, adapt, exploit, market, and sell My Love. Plaintiffs also seek attorneys' fees and costs.

On June 22, 2000, defendants filed an answer and counterclaim alleging copyright infringement. In the counterclaim defendants seek damages, profits resulting from any infringement, costs, attorneys' fees, and an injunction enjoining plaintiffs from violating copyright laws.

These motions followed. [FN3]

FN3. By letters to the Court in early July 2001, plaintiffs requested that the declaration and accompanying exhibits of defendants' expert Eskelin be stricken from the record on the grounds that this material was submitted in violation of the Court's orders. By Order dated July 9, 2001, I denied plaintiffs' request and stated that I would consider plaintiffs' objections when I decide these motions. Plaintiffs' objections are overruled, and I have considered Eskelin's declaration.

DISCUSSION

I. Summary Judgment Standard

Summary judgment will be granted when "there is no genuine issue as to any material fact and ... the moving party is entitled to a judgment as a matter of law." Fed.R.Civ.P. 56(c); *see Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 585-87 (1986). Accordingly, the court's task is not

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to "weigh the evidence and determine the truth of the matter but to determine whether there is a genuine issue for trial." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 249 (1986). Summary judgment is inappropriate if, resolving all ambiguities and drawing all inferences against the moving party, there exists a dispute about a material fact "such that a reasonable jury could return a verdict for the nonmoving party." *Id.* at 248-49 (citing *Adickes v. S.H. Kress & Co.*, 398 U.S. 144, 159 (1970)); *accord Bay v. Times Mirror Magazines, Inc.*, 936 F.2d 112, 116 (2d Cir.1991).

*4 To defeat a motion for summary judgment, however, the nonmoving party "must do more than simply show that there is some metaphysical doubt as to the material facts." *Matsushita Elec. Indus.*, 475 U.S. at 586. There is no issue for trial unless there exists sufficient evidence in the record favoring the party opposing summary judgment to support a jury verdict in that party's favor. *Anderson*, 477 U.S. at 249-50. As the Court held in *Anderson*, "if the evidence is merely colorable, or is not significantly probative, summary judgment may be granted." *Id.* (citations omitted).

II. Copyright Infringement

A. Applicable Law

A party seeking summary judgment on a claim of non-infringement of copyright must establish that at least one element of the alleged infringement cannot be proven. *Cantor v. NYP Holdings, Inc.*, 51 F.Supp.2d 309, 311 (S.D.N.Y.1999).

To prevail on a claim of copyright infringement, a copyright owner must prove two elements: "(1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original." *Arden v. Columbia Pictures Indus., Inc.*, 908 F.Supp. 1248, 1257 (S.D.N.Y.1995) (quoting *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991)) (other citations omitted).

As to the first element, for the purposes of this motion, it is undisputed that defendants can establish valid copyright ownership to HCS.

The second element, copying, is comprised of two requirements: actual copying and improper appropriation. Actual copying may be established

either by direct evidence or circumstantial proof that the alleged infringer had access to the protected work and that the allegedly infringing work bears a "probative similarity" to the copyrighted work. See *Ringgold v. Black Entm't Television, Inc.*, 126 F.3d 70, 75 (2d Cir.1997).

Once actual copying has been established, the copyright owner must then satisfy the "improper appropriation" requirement by demonstrating that "substantial similarities" as to the protected elements of the work would cause an average lay observer to "recognize the alleged copy as having been appropriated from the copyrighted work." *Durham Indus., Inc. v. Tomy Corp.*, 630 F.2d 905, 912 (2d Cir.1980) (internal quotation and citation omitted). Careful scrutiny is necessary when the protected work contains unprotectible elements. See *Knitwaves, Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1002 (2d Cir.1995) ("[W]here we compare [works] that contain both protectible and unprotectible elements, our inspection must be 'more discerning'; we must attempt to extract the unprotectible elements from our consideration and ask whether the *protectible elements, standing alone*, are substantially similar." (emphasis in original, citations omitted)). While "probative similarity" goes only to whether copying factually occurred and is largely a qualitative inquiry, "substantial similarity" is a more quantitative and qualitative assessment as to whether the copying is legally actionable. See *Ringgold*, 126 F.3d at 75. An analysis into the "substantial similarity" between the protected work and the allegedly infringing work "must be made on a case-by-case basis, as there are no bright line rules for what constitutes substantial similarity." *Sandoval v. New Line Cinema Corp.*, 147 F.3d 215, 217-18 (2d Cir.1998) (citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577 (1994)).

*5 The copied elements of the work must be original and nontrivial to constitute improper appropriation. See *Feist*, 499 U.S. at 345 ("The *sine qua non* of copyright is originality."). For purposes of copyright law, "original" means that "the work was independently created by the author (as opposed to copied from other works), and that it possesses at least some minimal degree of creativity." *Id.* Common phrases are generally not protected by copyright. *Strachborneo v. ARC Music Corp.*, 357 F.Supp. 1393, 1405 (S.D.N.Y.1973); see also *Acuff-Rose Music, Inc. v.*

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Jostens, Inc., 155 F.3d 140, 144 (2d Cir.1998) ("[T]he prior usage of the saying was sufficiently widespread as to make it exceedingly unlikely ... that [the song's author] had ... independently created the phrase.").

Notwithstanding proof that copying occurred, copying that is so trivial as to fall below the quantitative and qualitative threshold of substantial similarity will be considered *de minimis* and thus not actionable. *Sandoval*, 147 F.3d at 217 (quoting *Ringgold*, 126 F.3d at 74); see also *Nihon Keizai Shimbun, Inc. v. Comline Bus. Data, Inc.*, 166 F.3d 65, 71 (2d Cir.1999) ("*de minimis* infringement of a copyrighted work is not actionable"). In making this determination, courts should consider "the amount of the copyrighted work that was copied." *Sandoval*, 147 F.3d at 217.

In the context of a copyright infringement claim, summary judgment may be granted when any similarities between the works relate only to non-copyrightable elements or when no reasonable jury could find the two works substantially similar. See *Cantor*, 51 F.Supp.2d at 311 (citing *Arica Inst. v. Palmer*, 970 F.2d 1067, 1072 (2d Cir.1992)); *Arden*, 908 F.Supp. at 1259.

B. Application

In this case, the main issue is whether there was improper appropriation. [FN4] As an initial matter, although defendants have identified the allegedly infringing excerpt in the My Love song to include the lyrics "Clap your hands, y'all, 't's'all right" and the accompanying music, it is undisputed that "clap your hands" and the accompanying note sequence C, B-flat, C comprise the only portions of the two songs that are identical. (Eskelin Tr. at 198, 279; Eskelin Decl. ¶ 11). Moreover, a reasonable jury could only find that the other lyrics and music in the HCS and My Love Phrases are significantly different such that an average lay listener would not "recognize the alleged copy as having been appropriated from the [allegedly] copyrighted work." *Durham Indus.*, 630 F.2d at 912. (See Eskelin Tr. at 278-79, 294). Accordingly, the infringement analysis that follows is applied only to the lyrics "clap your hands" and the three accompanying notes.

FN4. For the purposes of plaintiffs' motion only, plaintiffs concede that defendants can establish valid ownership of a copyright as well as a prima facie showing of actual copying. (Pl. Br. at 2 n. 1). Defendants, in their cross-motion, move for summary judgment on the grounds that the HCS Phrase is original and protectible and that plaintiffs had access to defendants' work. Because I am granting plaintiffs' motion for summary judgment, I do not reach defendants' arguments as to access.

1. Protectibility

Although HCS is protected as a complete work, not every element of the song is *per se* protected. *Rogers v. Koons*, 960 F.2d 301, 307 (2d Cir.1992) ("copyright protection extends only to those components of the work that are original"). Here, a reasonable jury could only conclude that the relevant excerpt of the HCS Phrase is not protectible because the sequence of the three notes and the lyrics lack the requisite originality.

*6 As to the musical notes, the sequence C, B-flat, C commonly appears in music. (Eskelin Tr. at 276-77). Many songs contain a "mordent," which is a sequence of notes alternating from one note to a second note down one step and then returning to the first note. (*Id.*). Here, defendants' expert conceded at his deposition that "thousands" of "songs exist in the literature containing the melodic pitches C, B-flat and C." (*Id.*). In fact, the specific sequence C, B-flat, C is used as an example of a mordent in the *Harvard Dictionary of Music*. *Harvard Dictionary of Music* 540 (Willi Apel, The Belknap Press of Harvard University Press, 2d ed.1997) (1944). Moreover, according to Eskelin, the pitches C, B-flat, C accompanied by the same rhythmic values found in the HCS Phrase commonly appear in music. (Eskelin Tr. 277). Because C, B-flat, C is a common musical sequence, a reasonable jury could only find that the authors of HCS did not create the musical excerpt, and, therefore, this musical phrase is not susceptible to copyright protection. *Acuff-Rose*, 155 F.3d at 144; *Strachborneo*, 357 F.Supp. at 1405.

Similarly, a reasonable jury could only conclude that the lyrical excerpt "clap your hands" is not

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afforded copyright protection because the excerpt is a common phrase. The lyrics appear often in church anthems and secular music. (Eskelin Tr. at 272-73, 316; see Beavers Rep. at 3-8 & Listening Exs. 1.1, 2.1, 3.1-3.5). There are, for example, recordings of other songs with the same lyrics and theme. (Ferrara Rep., Ex. B; see also Beavers Rep. at 3-4, 8 & Listening Exs. 1.2, 2.2, 2.3 & 4.1). "Clap your hands" is even part of a biblical phrase. (Ferrara Rep. at 5; Beavers Rep. at 2 (quoting Psalm 47:1, King James Version)). Because the lyrical phrase appears frequently, a reasonable jury could only conclude that it is an element of HCS that is not protectible. *Acuff-Rose*, 155 F.3d at 144; *Stratchborneo*, 357 F.Supp. at 1405.

Defendants argue that the lyrics and accompanying music must be analyzed together and that because plaintiffs have failed to show prior art using the same lyrics and notes together, originality can be properly credited to defendants. The argument is rejected. First, the lyrical phrase and the three notes are so common and unoriginal that even when they are combined they are not protectible.

Second, the cases cited by defendants are distinguishable. Where, for example, the Second Circuit in *Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 161 F.2d 406 (2d Cir.1946), held that "[t]he words and music of a song ... are as little separable for purposes of the copyright as are the individual musical notes which constitute the melody[.]" *id.* at 409, the Second Circuit was assessing copyright validity and ownership rather than substantial similarity in an infringement context.

In *Acuff-Rose Music, Inc. v. Jostens, Inc.*, 988 F.Supp. 289, 295 (S.D.N.Y.1997), *aff'd*, 155 F.3d 140, this Court found that the scope of the creator's copyright extended to his vocal rendition of unprotected lyrics. Such a finding, however, does not prove defendants' proposition here, that the combination of unprotected lyrics and unprotected notes creates one protected element.

*7 Defendants also cite to *M.H. Segal Ltd. P'ship v. Hasbro, Inc.*, 924 F.Supp. 512 (S.D.N.Y.1996), *abrogated on other grounds by Nadel v. Play-By-Play Toys & Novelties, Inc.*, 208 F.3d 368 (2d Cir.2000), in which the Court relied on the Second Circuit's holding in *Knitwaves*, 71 F.3d 996. In its

infringement analysis in *Knitwaves*, the Second Circuit considered the unprotected elements of the sweaters at issue, namely stripes and common colors, along with the original elements, such as the placement of leaves and squirrels. *Knitwaves*, 71 F.3d at 1003 (examining the "total concept and feel"). The Court concluded that "[a]n observer viewing the sweaters side by side cannot help but perceive them as coming from one creative source." *Id.* at 1004. Here, however, a listener hearing the two phrases one after the other would not conclude that they came from the same source. Similarly, the finding in *Stratchborneo*, 357 F.Supp. 1393, that "initial focus should be placed on music and lyrics taken together" does not establish that unprotectible elements combined are *per se* protectible. *Id.* at 1405 (emphasis in original).

Because a reasonable jury could only find that "clap your hands" is a common lyrical phrase and the music accompanying is a common musical sequence, neither the lyrics nor the music could be found to be a protectible element of HCS. Likewise, no reasonable jury could find that the combination of the unprotectible lyrics and unprotectible music would create one protectible element. Accordingly, a reasonable jury could only find that there is no substantial similarity as to the protected elements under the average lay listener test and that there is no copyright infringement. *Knitwaves*, 71 F.3d at 1002; *Durham Indus.*, 630 F.2d at 912.

2. De Minimis Copying

Even assuming that the HCS and My Love Phrases are protectible and that there was copying, a reasonable jury could only conclude that there was no infringement because the excerpts at issue are *de minimis* and trivial compared to the entire works. A jury could only find that copying the HCS Phrase alone is not actionable. See *Stratchborneo*, 357 F.Supp. at 1404-05 (No "substantial similarity [will] be found if only a small, common phrase appears in both the accused and complaining songs ... unless the reappearing phrase is especially unique or qualitatively important.").

Although the excerpts repeat throughout the songs, a jury could only find that the similarity of the songs is of "small import quantitatively and qualitatively." *Williams v. Crichton*, 84 F.3d 581, 588 (2d Cir.1996); see *Duffy v. Penguin Books USA*

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Inc., 4 F.Supp.2d 268, 273 (S.D.N.Y.1998). First, the songs, taken as a whole, are substantially different. (Eskelin Decl. ¶ 11). Second, the only identical portions of the two songs are the first three words and notes of the HCS and My Love. Phrases--common musical and lyrical phrases. (*Id.*).

*8 An average lay listener would not "recognize [My Love] as having been appropriated from [HCS]." *Durham*, 630 F.2d at 912. Accordingly, a reasonable jury could not conclude that the plaintiffs copied defendants' work in violation of defendants' copyright.

CONCLUSION

For the reasons set forth above, plaintiffs' motion for summary judgment is granted. Plaintiffs' motion to bifurcate the case pursuant to Fed.R.Civ.P. 42(b) and defendants' motion are denied as moot. Plaintiffs' request for attorneys' fees and costs is denied. Plaintiffs shall submit a proposed judgment on notice on or before March 4, 2002.

SO ORDERED.

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H

This case was not selected for publication in the Federal Reporter.

THIS SUMMARY ORDER WILL NOT BE PUBLISHED IN THE FEDERAL REPORTER AND MAY NOT BE CITED AS PRECEDENTIAL AUTHORITY TO THIS OR ANY OTHER COURT, BUT MAY BE CALLED TO THE ATTENTION OF THIS OR ANY OTHER COURT IN A SUBSEQUENT STAGE OF THIS CASE, IN A RELATED CASE, OR IN ANY CASE FOR PURPOSES OF COLLATERAL ESTOPPEL OR RES JUDICATA.

Please use FIND to look at the applicable circuit court rule before citing this opinion. Second Circuit Rules § 0.23. (FIND CTA2 s 0.23.)

United States Court of Appeals,
 Second Circuit.

SCHOLASTIC INC., J.K. Rowling and Time
 Warner Entertainment Company, L.P.,
 Plaintiffs-Counter-Defendants-Appellees,
 v.

Nancy STOUFFER,
 Defendant-Counter-Claimant-Appellant.

No. 02-9405.

Dec. 2, 2003.

Author of children's fantasy book and her publisher sued trademark and copyright infringement claimant, seeking declaration of non-infringement. On plaintiffs' motion for summary judgment, the United States District Court for the Southern District of New York, Allen G. Schwartz, J., 221 F.Supp.2d 425, granted motion. Defendant appealed. The Court of Appeals held that: (1) plaintiff's books were not sufficiently similar to defendant's preexisting works to cause consumer confusion as to source; (2) cover illustrations on

plaintiff's books did not infringe upon defendant's copyrights; and (3) defendant's submission of falsified evidence was sanctionable.

Affirmed.

West Headnotes

[1] Trade Regulation ◀359
 382k359 Most Cited Cases

Fantasy author's "Harry Potter" books were not sufficiently similar to trademark claimant's preexisting works to cause consumer confusion as to source, and thus were not infringing; similar terminology in works had different meanings, similarly named characters had dissimilar characteristics, and target market and length of books were dissimilar.

[2] Copyrights and Intellectual Property ◀64
 99k64 Most Cited Cases

Cover illustrations on "Harry Potter" fantasy books were not substantially similar to illustrations found in another author's book, and thus did not infringe upon other author's copyrights; aside from fact that both illustrations depicted a boy wearing glasses, there was no similarity between two works.

[3] Federal Civil Procedure ◀2812
 170Ak2812 Most Cited Cases

Appropriate sanction for copyright infringement claimant's submission of falsified evidence was award of attorney fees and costs incurred by opponents in defending claim and fees and costs incurred on appeal, plus \$50,000 monetary sanction. Lanham Trade-Mark Act, § 35(a), 15 U.S.C.A. § 1117(a).

*396 ON CONSIDERATION WHEREOF, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that the District Court's order be AFFIRMED.

*397 Dale M. Cendali, O'Melveny & Myers, LLP,

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New York, N.Y. Edward H. Rosenthal, Frankfurt
 Kurnit Klein & Selz, PC New York, N.Y., for
 Appellees.

Thomas S. McNamara, Indik & McNamara, P.C.,
 New York, N.Y., for Appellant.

Present: POOLER, B.D. PARKER, and
 WESLEY, Circuit Judges.

SUMMARY ORDER

**1 Defendant-Counter-Claimant-Appellant Nancy Stouffer ("Stouffer") appeals from the September 17, 2002 judgment of the United States District Court for the Southern District of New York (Allen G. Schwartz, *District Judge*) granting Plaintiffs-Appellees' Scholastic Inc., J.K. Rowling and Time Warner Entertainment Company, L.P. (collectively "Plaintiffs") motion for summary judgment, dismissing the counterclaims brought against Plaintiffs by Stouffer, awarding Plaintiffs' certain attorneys fees, and imposing \$50,000 in sanctions upon finding that Stouffer committed a fraud on the court.

Familiarity is assumed as to the facts, the procedural context, and the specification of appellate issues. The District Court properly dismissed Stouffer's trademark and copyright counterclaims, imposed \$50,000 sanctions, and awarded Plaintiffs certain attorneys fees.

[1] The District Court's dismissal of Stouffer's trademark claims was proper because no reasonable juror could find a likelihood of confusion as to the source of the two parties' works. "The district court's ultimate balancing of the *Polaroid* factors is always subject to *de novo* review, and such review is *a fortiori* applicable on review of a grant of summary judgment." *Patsy's Brand, Inc. v. I.O.B. Realty, Inc.*, 317 F.3d 209, 215 (2d Cir.2003) (internal citations and quotations omitted). To prevail on summary judgment in a trademark infringement action, the owner of the trademark must establish that there is no genuine issue as to any material fact regarding whether "numerous ordinary prudent purchasers are likely to be misled or confused as to the source of the product in question because of the entrance in the marketplace

of defendant's mark." *Id.* at 217. In assessing the likelihood of confusion, eight factors set forth by Judge Friendly in *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492, 495 (2d Cir.1961) should be considered. *See Nabisco, Inc. v. Warner-Lambert Co.*, 220 F.3d 43, 46 (2d Cir.2000). Here, although the District Court did not individually assess each *Polaroid* factor, it acknowledged the governing law and thoroughly compared the *Harry Potter* books with Stouffer's works. In so doing, it correctly found that there was little similarity between the two works at issue. Stouffer's two publishing businesses were not successful, notwithstanding the questionable evidence submitted by Stouffer to the contrary. Further, Stouffer's and Plaintiffs' marks are used in two very different ways. Rowling's use of the term "Muggles" describes ordinary humans with no magical powers while Stouffer's "Muggles" are tiny, hairless creatures with elongated heads. Further, the *Harry Potter* books are novel-length works and whose primary customers are older children and adults whereas Stouffer's booklets appeal to young children. Accordingly, the District Court correctly dismissed Stouffer's trademark claims.

**2 [2] The District Court's dismissal of Stouffer's copyright claims was proper because no reasonable juror could find a substantial similarity between Stouffer's illustration of Larry Potter and Plaintiffs' illustration of Harry Potter. The District Court's conclusion that there is no substantial similarity between the copyright *398 protected elements of the parties' works is reviewed *de novo*. *Boisson v. Banian, Ltd.*, 273 F.3d 262, 272 (2d Cir.2001). Here, aside from the fact that both illustrations depict a boy wearing glasses, there is no similarity between the two works. Accordingly, the District Court correctly dismissed Stouffer's copyright claims.

[3] The District Court's sanctions and award of attorneys' fees was warranted. Such an award is reviewed under an abuse of discretion standard. *Schlaifer Nance & Co., Inc. v. Estate of Warhol*, 194 F.3d 323, 333 (2d Cir.1999). Beyond the powers expressly conferred by statute, federal courts have the inherent power to sanction a party for conduct which abuses the judicial process. *See Chambers v. NASCO, Inc.*, 501 U.S. 32, 46, 111 S.Ct. 2123, 115 L.Ed.2d 27 (1991). Here, the District Court found clear and convincing evidence

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that Stouffer had submitted falsified evidence in this litigation, and we adopt its findings and affirm its sanction against Stouffer in the amount of \$50,000. We likewise affirm the statutory award of attorneys' fees and costs to Plaintiffs with respect to their defense of Stouffer's trademark claims. *See* 15 U.S.C. § 1117(a). Further, we find it is appropriate in this case to award Plaintiffs all attorneys fees and costs that they incurred on appeal.

For these reasons, the Court hereby AFFIRMS the District Court's order dismissing Stouffer's counterclaims, sanctioning Stouffer \$50,000 and awarding Plaintiffs certain attorneys fees, and ORDERS Stouffer to pay all Plaintiffs' attorneys fees and costs incurred on appeal.

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H
United States District Court, E.D. Pennsylvania.

LARAMI CORPORATION, Plaintiff,
v.
Alan AMRON and Talk to Me Products, Inc.,
Defendants.

No. CIV. A. 91-6145.

March 11, 1993.

MEMORANDUM

REED.

*1 This is a patent case concerning toy water guns manufactured by plaintiff Larami Corporation ("Larami"). Currently before me is Larami's motion for partial summary judgment of noninfringement of United States Patent No. 4,239,129 ("the '129 patent") (Document No. 23). [FN1]

This Court has jurisdiction pursuant to 28 U.S.C. §§ 1331 & 1338. For the reasons discussed below, the motion will be granted.

I. BACKGROUND

Larami manufactures a line of toy water guns called "SUPER SOAKERS." This line includes five models: SUPER SOAKER 20, SUPER SOAKER 30, SUPER SOAKER 50, SUPER SOAKER 100, and SUPER SOAKER 200. All use a hand-operated air pump to pressurize water and a "pinch trigger" valve mechanism for controlling the ejection of the pressurized water. All feature detachable water reservoirs prominently situated outside and above the barrel of the gun. The United States Patent and Trademark Office has issued patents covering four of these models. Larami does not claim to have a patent which covers SUPER SOAKER 20.

Defendants Alan Amron and Talk To Me Products,

Inc. (hereinafter referred to collectively as "TTMP") claim that the SUPER SOAKER guns infringe on the '129 patent which TTMP obtained by assignment from Gary Esposito ("Esposito"), the inventor. [FN2] The '129 patent covers a water gun which, like the SUPER SOAKERS, operates by pressurizing water housed in a tank with an air pump. In the '129 patent, the pressure enables the water to travel out of the tank through a trigger-operated valve into an outlet tube and to squirt through a nozzle. Unlike the SUPER SOAKERS, the '129 patent also contains various electrical features to illuminate the water stream and create noises. Also, the water tank in the '129 patent is not detachable, but is contained within a housing in the body of the water gun.

The "Background of the Invention" contained in the '129 patent reads as follows:

Children of all ages, especially boys, through the years have exhibited a fascination for water, lights and noise and the subject invention deals with these factors embodied in a toy simulating a pistol.

An appreciable number of U.S. patents have been issued which are directed to water pistols but none appear to disclose a unique assemble of components which can be utilized to simultaneously produce a jet or stream of water, means for illuminating the stream and a noise, or if so desired, one which can be operated without employing the noise and stream illuminating means. A reciprocal pump is employed to obtain sufficient pressure whereby the pistol can eject a stream an appreciable distance in the neighborhood of thirty feet and this stream can be illuminated to more or less simulate a lazer [sic] beam.

A diagram adapted from the '129 patent illustrating its design is attached hereto as Diagram A. Also, diagrams illustrating four of the SUPER SOAKERS are attached hereto: Diagram B illustrates the design of SUPER SOAKERS 30 and 50, and Diagram C illustrates the design of SUPER SOAKERS 100 and 200.

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*2 Larami brought this action seeking a declaration that the "SUPER SOAKER" does not infringe the '129 patent (Count I), that the '129 patent is invalid (Count II), and that the assignment of the '129 patent from Esposito is invalid (Count III). Larami's amended complaint also includes claims under section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and common law for damages arising from defendants' alleged false accusations of patent and trademark infringement (Counts IV-VII). TTMP counterclaimed for infringement of the '129 patent.

Larami has moved for partial summary judgment of noninfringement of the '129 patent (Count I) and for partial summary judgment on TTMP's counterclaim for infringement of the '129 patent.

II. DISCUSSION

A. Summary Judgment Standard

Summary judgment is as appropriate in a patent case as it is in any other. *C.R. Bard, Inc. v. Advanced Cardiovascular Systems, Inc.*, 911 F.2d 670, 672 (Fed. Cir. 1990). The examination to be undertaken of a summary judgment motion in federal court is set forth in Fed.R.Civ.P. 56. Rule 56(c) states that:

[t]he judgment sought shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law.

Fed.R.Civ.P. 56(c). A fact is material if it might affect the outcome of the suit under the governing substantive law. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255 (1986). "Factual disputes that are irrelevant or unnecessary will not be counted." *Id.* (citing 10A C. Wright, A. Miller & M. Kane, *Federal Practice & Procedure* § 2725, at 93-95 (1983)). In addition, a dispute over a material fact must be "genuine," i.e., the evidence must be such "that a reasonable jury could return a verdict in favor of the non-moving party." *Id.*

When a motion for summary judgment is made and supported as provided in ... [Rule 56], an adverse party may not rest upon the mere allegations or denials of the adverse party's pleadings, but the adverse party's response, by affidavits or as otherwise provided in this rule;

must set forth specific facts showing that there is a genuine issue for trial. If the adverse party does not so respond, summary judgment, if appropriate, shall be entered against the adverse party.

Fed.R.Civ.P. 56(e). The evidence proffered does not have to be in a form which would be admissible at trial. *Celotex Corp. v. Catrett*, 477 U.S. 317, 324 (1986). "Rule 56(e) permits a proper summary judgment motion to be opposed by any of the kinds of evidentiary materials listed in Rule 56(c), except the mere pleadings themselves, and it is from this list that one would normally expect the nonmoving party to make the showing ... [required by Rule 56(e)]." *Id.*

The evidence of the nonmoving party is to be considered as true, and justifiable inferences arising from the evidence are to be drawn in his or her favor. *Anderson*, 477 U.S. at 255. If the evidence of the nonmoving party is "merely colorable," or is "not significantly probative," summary judgment may be granted. *Id.* at 249-50. For example, a nonmoving party may not successfully oppose a summary judgment motion by simply replacing "conclusory allegations of the complaint or answer with conclusory allegations of an affidavit." *Lujan v. Nat'l Wildlife Federation*, 110 S.Ct. 3177, 3188 (1990). Rather, the nonmoving party must offer specific facts contradicting the facts averred by the movant which indicate that there is a genuine issue for trial. *Id.* at 3188.

*3 In this case, Larami seeks a declaratory judgment that the SUPER SOAKER water guns do not infringe the '129 patent. At trial, the patent holder would have the burden of proving infringement by a preponderance of the evidence. *Intellicall, Inc. v. Phonometrics, Inc.*, 952 F.2d 1384, 1389 (Fed. Cir.1992). Accordingly, on this motion for partial summary judgment, Larami need only point out the absence of evidence supporting a finding of infringement. *Id.* To resist this motion, TTMP must then come forward with specific evidence showing that there is a genuine issue of material fact for trial as to whether the '129 patent is infringed. *Id.*

B. Infringement and Claim Interpretation

A patent owner's right to exclude others from making, using or selling the patented invention is

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defined and limited by the language in that patent's claims. *Corning Glass Works v. Sumitomo Electric U.S.A., Inc.*, 868 F.2d 1251, 1257 (Fed. Cir.1989). Thus, establishing infringement requires the interpretation of the "elements" or "limitations" of the claim and a comparison of the accused product with those elements as so interpreted. *Key Mfg. Group, Inc. v. Microdot, Inc.*, 925 F.2d 1444, 1448 (Fed. Cir.1991). Because claim interpretation is a question of law, it is amenable to summary judgment. *Johnston v. IVAC Corp.*, 885 F.2d 1574, 1579-80 (Fed. Cir.1989).

The words in a claim should be given their "ordinary or accustomed" meaning. *Senmed, Inc. v. Richard-Allan Medical Industries, Inc.*, 888 F.2d 815, 819 & n.8 (Fed. Cir.1989). An inventor's interpretations of words in a claim that are proffered after the patent has issued for purposes of litigation are given no weight. *Id.*; *Lear Siegler, Inc. v. Aeroquip Corp.*, 733 F.2d 881, 889 (Fed. Cir.1984) ("The litigation-induced pronouncements of [the inventor] ... have no effect on what the words of [the patent] in fact do convey and have conveyed during its term to the public."), *quoted in Intellicall*, 952 F.2d at 1388.

A patent holder can seek to establish patent infringement in either of two ways: by demonstrating that every element of a claim (1) is literally infringed or (2) is infringed under the doctrine of equivalents. To put it a different way, because every element of a claim is essential and material to that claim, a patent owner must, to meet the burden of establishing infringement, "show the presence of every element or its substantial equivalent in the accused device." *Key Mfg. Group, Inc.*, 925 F.2d at 1447 (emphasis added). If even one element of a patent's claim is missing from the accused product, then "[t]here can be no infringement as a matter of law ... " *London v. Carson Pirie Scott & Co.*, 946 F.2d 1534, 1538-39 (Fed. Cir.1991).

Larami contends, and TTMP does not dispute, that twenty-eight (28) of the thirty-five (35) claims in the '129 patent are directed to the electrical components that create the light and noise. Larami's SUPER SOAKER water guns have no light or noise components. Larami also contends, again with no rebuttal from TTMP, that claim 28 relates to a "poppet valve" mechanism for

controlling the flow of water that is entirely different from Larami's "pinch trigger" mechanism. Thus, according to Larami, the six remaining claims (claims 1, 5, 10, 11, 12 and 16) are the only ones in dispute. Larami admits that these six claims address the one thing that the SUPER SOAKERS and the '129 patent have in common—the use of air pressure created by a hand pump to dispense liquid. Larami argues, however, that the SUPER SOAKERS and the '129 patent go about this task in such fundamentally different ways that no claim of patent infringement is sustainable as a matter of law.

*4 In its memorandum of law in opposition to Larami's motion for partial summary judgment, TTMP points to evidence to support its assertion that only SUPER SOAKER 20 literally infringes claim 1 and that SUPER SOAKERS 20, 30, 50, 100 and 200 infringe claim 10 under the doctrine of equivalents. TTMP's Memorandum of Law in Opposition to Larami's Motion for Partial Summary Judgment, at 2 & 6-9 ("TTMP's Memorandum of Law"). TTMP has neither produced nor referred to evidence contradicting facts averred by Larami on all other claims of the '129 patent. I conclude, therefore, that TTMP has not met its burden of coming forward with specific evidence showing that there is a genuine issue of material fact as to these claims. Accordingly, this memorandum will address only claims 1 and 10.

1. *Literal Infringement of Claim 1*

TTMP claims that SUPER SOAKER 20 literally infringes claim 1 of the '129 patent. Claim 1 describes the water gun as:

[a] toy comprising an elongated housing [case] having a chamber therein for a liquid [tank], a pump including a piston having an exposed rod [piston rod] and extending rearwardly of said toy facilitating manual operation for building up an appreciable amount of pressure in said chamber for ejecting a stream of liquid therefrom an appreciable distance substantially forwardly of said toy, and means for controlling the ejection. U.S. Patent No. 4,239,129 (bracketed words supplied; see Diagram A, the '129 patent, attached hereto).

Claim 1 requires, among other things, that the toy gun have "an elongated housing having a chamber

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therein for a liquid." The SUPER SOAKER 20 water gun, in contrast, has an external water reservoir (chamber) that is detachable from the gun housing, and not contained within the housing. TTMP argues that SUPER SOAKER 20 contains a "chamber therein for a liquid" *as well as* a detachable water reservoir. It is difficult to discern from TTMP's memorandum of law exactly where it contends the "chamber therein" is located in SUPER SOAKER 20. Furthermore, after having examined SUPER SOAKER 20 (Exhibit L to Declaration of Robert S. Bramson, Document No. 24), I find that it is plain that there is no "chamber" for liquid contained within the housing of the water gun. The only element of SUPER SOAKER 20 which could be described as a "chamber" for liquid is the external water reservoir located atop the housing. Indeed, liquid is located within the housing only when the trigger causes the liquid to pass from the external water reservoir through the tubing in the housing and out of the nozzle at the front end of the barrel. SUPER SOAKER 20 itself shows that such a transitory avenue for the release of liquid is clearly not a "chamber therein for liquid." Therefore, because the absence of even one element of a patent's claim from the accused product means there can be no finding of literal infringement, *London*, 946 F.2d at 1538-39, I find that SUPER SOAKER 20 does not infringe claim 1 of the '129 patent as a matter of law.

*5 It is also important to note that TTMP expressly admitted in its answers to Larami's requests for admissions that "[c]laim 1 [of the '129 patent] is not literally infringed by any of the 'SUPER SOAKER' water guns." Larami's Reply in Support of its Motion for Partial Summary Judgment, Exhibit 9, at 1. Even in the absence of this admission, however, Larami would be entitled to summary judgment of noninfringement with respect to claim 1 for the reasons discussed above.

Accordingly, I conclude that the SUPER SOAKER 20 water gun does not literally infringe claim 1 of the '129 patent. [FN3]

2. Infringement by Equivalents of Claim 10

TTMP claims that all five of the SUPER SOAKER water guns infringe claim 10 of the '129 patent. Claim 10 describes the arrangement of several components of the water gun as follows:

A toy simulating a pistol comprising wall structure forming an elongated barrel of appreciable cross-section dimensions [case], a tank in the barrel for a liquid [water tank] and a hollow handle, a cylinder disposed axially in said tank and provided with a check valve, a piston mounted in said cylinder for manual reciprocation for pumping air into said tank [air pump], conduit means [discharge tube] connected to said tank and having an outlet located at the front of said barrel [outlet nozzle], valve means interposed in said conduit means, and a trigger operable independently of said piston carried by said handle for operating said valve means [trigger-operated valve] for controlling the forced flow of liquid through said outlet.

U.S. Patent No. 4,239,129 (bracketed words supplied; *see* Diagram A, the '129 patent, attached hereto).

To show infringement under the doctrine of equivalents, the patent owner bears the burden of proving that the accused product has the "substantial equivalent" of every limitation or element of a patent claim. *Intellicall*, 952 F.2d at 1389. Put another way, the patent owner must show that the accused product "performs substantially the same overall function or work, in substantially the same way, to obtain substantially the same overall result as the claimed invention." *Wilson Sporting Goods Co. v. David Geoffrey & Assoc.*, 904 F.2d 677, 683 (Fed. Cir.1990) (quoting *Pennwalt Corp. v. Durand-Wayland, Inc.*, 833 F.2d 931, 934 (Fed. Cir.1987)).

The doctrine of equivalents is used to hinder "the 'unscrupulous copyist' who could otherwise imitate a patented invention as long as [s/he] was careful not to copy every inconsequential detail of the claimed inventions, or to make some 'unimportant and insubstantial' change to the claimed invention." *Lear Siegler, Inc. v. Sealy Mattress Company*, 873 F.2d 1422, 1425 (Fed. Cir.1989). The doctrine is reserved for the exceptional case. As the U.S. Court of Appeals for the Federal Circuit, recently stated:

[I]f the public comes to believe (or fear) that the language of patent claims can never be relied on, and that the doctrine of equivalents is simply the second prong of every infringement charge, regularly available to extend protection beyond the scope of the claims, then claims will cease to

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serve their intended purpose. Competitors will never know whether their actions infringe a granted patent.

*6 *London*, 946 F.2d at 1538. Thus, failure to produce evidence on any one of a claim's elements can result in a grant of summary judgment against the patent owner on the infringement claim. *Intellicall*, 952 F.2d at 1389.

Claim 10 of the '129 patent has been previously litigated in *Talk To Me Products, Inc. v. Lanard Toys, Inc.*, 1992 U.S. Dist. LEXIS 20706 (E.D.N.Y. Dec. 18 1992). In that case, as here, TTMP argued that

[c]laim 10 "defines" a novel relationship among three components to any air pressurized water gun: the tank, air pump and outlet nozzle. TTMP asserts that Claim 10 provides that the tank, air pump and outlet nozzle be situated along the same axis. TTMP alleges that axial arrangement of these three components is novel because the prior art describes water guns with outlet nozzles located higher than their tanks.

Id. at *6. TTMP claims that, although the '129 patent water gun has the ability to illuminate light and create noise, its most significant feature is this axial arrangement of the components which obviates the need to overcome the force of gravity upon the water. According to TTMP, Larami's SUPER SOAKER series has simply taken the construction of the '129 patent and relocated the water tank from inside the housing to the top of the housing which changes the look of the gun but does not affect its unique operating characteristics.

As Judge Bartels of the Eastern District of New York found in *Talk To Me Products, Inc.*, it is clear that claim 10 does not require the positioning of the tank, air pump and outlet nozzle on the same axis. *Id.* at *7. Indeed, the outlet nozzle could be placed higher or lower than the air pump and/or tank and still be consistent with claim 10. And, although the diagram of the '129 patent depicts an outlet nozzle located along the same axis as the air pump and tank, "no invention can be saved by features which appear only in the figures, and are not mentioned in the test." *Id.* at *8 (quoting *Foxboro Co. v. Taylor Instrument Companies*, 157 F.2d 226, 232 (2nd Cir.), cert. denied, 329 U.S. 800 (1946)). Thus, axial placement of the outlet nozzle, water tank and air pump in the SUPER SOAKERS cannot infringe claim 10 of the '129 patent because there is nothing

in the language of claim 10 to which it could be substantially equivalent.

TTMP claims that the axial arrangement of the outlet nozzle, water tank and air pump eliminates the sputtering problem common in earlier water guns. TTMP explains that the older models required that the water be pumped upwardly which allowed water to drain downwardly into the water reservoir during rest periods. As a result, air pockets supposedly would form in the tubing leading to the nozzle causing the water gun to sputter when the user resumes play. According to TTMP, the '129 patent's axial arrangement keeps the water in the tubing from draining back into the reservoir. This results in the tubing not needing to be re-charged with water and eliminates the sputtering of the water gun when the user resumes play.

*7 A thorough reading of the '129 patent reveals no reference at all to solving the sputtering problem of earlier water guns. As Judge Bartels noted, "the 'Background of the Invention' and claims 13-14 indicate that axial placement of the outlet nozzle, if at all, exists 'to impart a glow to the water ejected through said nozzle' which would 'more or less simulate a lazer [sic] beam' when the lamp located 'adjacent' to the outlet nozzle is illuminated." *Talk To Me Products, Inc.*, 1992 U.S. Dist. 20706, at *8 (quoting from the '129 patent). Applying the doctrine of equivalents to find that the SUPER SOAKERS infringe claim 10 of the '129 patent would result in impermissible claim expansion because the language of claim 10 contains nothing about the placement of the outlet nozzle nor the alleged result of avoiding sputtering.

Furthermore, even if claim 10 were to require that the outlet nozzle be placed on the same axis as the water tank and air pump, at least one other element of the '129 patent is absent from the SUPER SOAKER water guns. Claim 10 requires, among other things, "a tank in the barrel for a liquid." As discussed above with regard to claim 1, the SUPER SOAKER water guns have external water reservoirs that are detachable from the gun housing, and not contained within the housing or barrel. No SUPER SOAKER water gun has a "tank in the barrel for a liquid" as described in claim 10 of the '129 patent. To establish that a water tank outside of the housing or barrel is the substantial equivalent of a water tank

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inside the housing or barrel, TTMP must muster evidence which would create a genuine issue of material fact as to whether the outside tank would have a substantially similar function and use substantially similar means to yield a substantially similar result as the inside tank. *Wilson Sporting Goods*, 904 F.2d at 683.

TTMP claims that the "movement of the water reservoir upwardly simply serves as a cosmetic alteration for the aesthetic looks of the water gun, and does not alter the novel operational characteristics of the water gun [covered by the '129 patent]." TTMP's Memorandum of Law, at 9. The evidence, however, is to the contrary. The SUPER SOAKER design improved on the '129 patent and other prior art by locating the tank outside the housing. First, the external and detachable tank makes manufacturing the device simpler because it is not necessary to make the entire housing pressure tight. See *Larami Corp. v. Lanard Toys Ltd.*, 22 U.S.P.Q.2d 1440, 1442, 1992 U.S. Dist. LEXIS 769, at *4 (E.D.Pa.1992). Second, this design makes it easier for the consumer to fill the tank because it is detachable. *Id.* Third, the size and volume of the external water reservoirs are not limited by the size of the housing. Fourth, the external tanks are replaceable if they should become damaged without replacing the entire toy. Finally, users of the SUPER SOAKERS can carry additional, filled tanks on a belt or backpack and replace an empty tank without going back to a source of water. Thus, the external tanks at least function in a very different manner from the '129 patent.

*8 For these reasons, I conclude that there remains no genuine issue of material fact as to whether SUPER SOAKERS 20, 30, 50, 100 and 200 infringe claim 10 of the '129 patent under the doctrine of equivalents.

III. CONCLUSION

In patent cases, summary judgment is appropriate where the accused product does not literally infringe the patent and where the patent owner does not muster evidence that is "sufficient to satisfy the legal standard for infringement under the doctrine of equivalents." *London*, 946 F.2d at 1538. Thus, and for the foregoing reasons, Larami's motion for partial summary judgment of noninfringement of

the '129 patent will be granted.

An appropriate Order follows.

ORDER

AND NOW, this 11th day of March, 1993, upon consideration of the motion of plaintiff Larami Corporation for partial summary judgment of noninfringement of United States Patent No. 4,239,129 (Document No. 23), the responses of the parties thereto, and for the reasons set forth in the attached memorandum, having determined based upon the pleadings, depositions, requests for admissions, and affidavits of record that there remains no genuine issue of material fact and that Larami Corporation is entitled to judgment as a matter of law on the issue of noninfringement of United States Patent No. 4,239,129, it is hereby ORDERED that the motion is GRANTED.

JUDGMENT IS HEREBY ENTERED in favor of plaintiff Larami Corporation and against defendants Alan Amron and Talk To Me Products, Inc. on plaintiff's claim of noninfringement of United States Patent No. 4,239,129 (Count I) and on defendants' counterclaim of infringement of United States Patent No. 4,239,129.

It is FURTHER ORDERED that, because resolution of Count I of plaintiff's complaint renders moot Counts II and III of plaintiff's complaint, Count II and III are hereby DISMISSED without prejudice.

This is not a final adjudication.

FN1. Larami also seeks partial summary judgment on defendants' counterclaim for infringement of the '129 patent.

FN2. In a letter to the Court dated January 16, 1993, Esposito claims that ownership of the '129 patent has reverted back to him from TTMP. However, TTMP filed a complaint against Esposito in New York state court requesting a declaration that TTMP is the rightful owner of the '129 patent. Esposito has removed that action to the United States District Court for the

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Eastern District of New York. This memorandum does not address the question of ownership of the '129 patent.

FN3. As stated above, TTMP does not argue that SUPER SOAKER 20 infringes claim 1 of the '129 patent under the doctrine of equivalents. Furthermore, TTMP has produced no evidence which would support a finding that there remains a genuine issue of material fact as to whether the SUPER SOAKER 20 infringes claim 1 under the doctrine of equivalents.

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END OF DOCUMENT

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Unpublished Disposition

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▸
Briefs and Other Related Documents

NOTICE: THIS IS AN UNPUBLISHED
OPINION.

(The Court's decision is referenced in a "Table of
Decisions Without Reported Opinions" appearing in
the Federal Reporter. Use FI CTA4 Rule 36 for
rules regarding the citation of unpublished
opinions.)

United States Court of Appeals, Fourth Circuit.

CACI INTERNATIONAL, INCORPORATED;
CACI Incorporated-Federal, Plaintiffs-
Appellees,

v.

PENTAGEN TECHNOLOGIES
INTERNATIONAL, LTD.; John C. Baird;
Mitchell R. Leiser,
Defendants-Appellants,
and

BAIRD TECHNOLOGIES, INCORPORATED,
Defendant.

CACI INTERNATIONAL, INCORPORATED;
CACI Incorporated-Federal, Plaintiffs-
Appellants,

v.

PENTAGEN TECHNOLOGIES
INTERNATIONAL, LTD.; John C. Baird;
Mitchell R. Leiser,
Defendants-Appellees,
and

BAIRD TECHNOLOGIES, INCORPORATED,
Defendant.

Nos. 94-2058, 94-2220.

Nov. 16, 1995.

Appeals from the United States District Court for
the Eastern District of Virginia, at Alexandria.
Leonie M. Brinkema, District Judge.
(CA-93-1631-A)

E.D.Va.

AFFIRMED.

ARGUED: Joel Zulman Robinson, JOEL Z.
ROBINSON & CO., New York, New York, for
Appellants. Joseph William Koegel, Jr.,
STEPTOE & JOHNSON, Washington, D.C., for
Appellees.

Before WILKINS, LUTTIG, and WILLIAMS,
Circuit Judges.

OPINION

PER CURIAM:

**1 Appellee, CACI International, Inc. ("CACI"),
brought the instant action seeking a declaratory
judgment that it did not infringe on appellant
Pentagen Technologies International, Ltd.'s
("Pentagen"), copyright and trademark in the
MENTIX computer software. CACI also filed a
number of pendent state law claims against
Pentagen. Pentagen appeals the district court's
declaratory judgment in favor of CACI as well as
the court's granting of summary judgment in favor
of CACI on CACI's state law claim of defamation
per se. CACI cross-appeals the judgment in favor
of Pentagen on CACI's state law claims of
indemnification and tortious interference. We have
considered the claims raised by both parties and
find them to be without merit. We therefore affirm
the judgment of the district court in all respects.

I.

Pentagen, a British corporation with a wholly

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owned United States subsidiary, Baird Technologies, Inc. ("BTI"), developed MENTIX, the computer software which is at issue in this case. MENTIX is a "computer software CASEtool" which "permit[s] the translation of a computer application language into a form from which it can thereafter be migrated and reconstructed into another computer language." Appellant's Br. at 7. In other words, MENTIX assists in the translation of one computer language into another.

In 1989, Robert O'Brien invested in Pentagen, and, as part of the financing of this arrangement, Pentagen issued to O'Brien common stock convertible into secured promissory notes. In the spring of 1990, O'Brien exercised his option and received notes secured by the MENTIX software. At the time that Pentagen issued the secured notes, BTI was attempting to market MENTIX to the Army Material Command ("AMC"), an office within the Department of Defense. Although AMC was impressed with MENTIX and expressed some interest in procuring the software, it had two reservations: that BTI had not previously dealt with the government and that BTI's products would be difficult to procure given the Buy America Act. In order to overcome these two difficulties, BTI sought to enter a teaming agreement with CACI under which CACI, an American company with experience in dealing with the government, would market MENTIX to AMC. During the negotiations between BTI and CACI, BTI assured CACI that it had a Master Licensing Agreement with Pentagen allowing it to license MENTIX.

At some point during these negotiations, Pentagen allegedly defaulted on its loan to O'Brien, and O'Brien asserted ownership of MENTIX through his companies Runaway Development Group ("RDG") and Expert Objective Systems Development ("EOSD"). RDG notified CACI that RDG was a successor in interest to Pentagen's MENTIX copyright and provided CACI with a copy of the assignment. On August 15, 1990, CACI signed the Teaming Agreement with BTI, EOSD, [FN1] and O'Brien. In the agreement, all three parties warranted that they had good title or adequate rights to MENTIX. Later that same day, John Baird, an officer of both Pentagen and BTI, informed CACI that RDG had no title to MENTIX

and thus could not provide MENTIX under the Teaming Agreement.

FN1. RDG licensed EOSD to provide MENTIX for the Teaming Agreement.

**2 Concerned by Baird's claims, CACI asked O'Brien for confirmation of ownership of MENTIX and that O'Brien, BTI and EOSD had adequate rights to MENTIX to provide the software under the Teaming Agreement. After giving CACI the confirmation, O'Brien provided CACI with a copy of MENTIX in September 1990. Pursuant to the Teaming Agreement, CACI immediately made one copy of MENTIX and returned the original. CACI then proceeded to market MENTIX by sending various proposals to and holding meetings with AMC.

Unbeknownst to CACI, O'Brien filed suit against Pentagen and BTI in August 1991, alleging securities fraud. In September 1991, Pentagen counterclaimed, asserting that RDG had converted MENTIX because RDG's underlying security interest in MENTIX was void under English law. [FN2] Following assertion of this counterclaim, Baird again contacted CACI and disputed O'Brien's rights to MENTIX, sending CACI a copy of Pentagen's counterclaim against RDG. Soon after learning of the ongoing litigation and specifically of the counterclaim of conversion, CACI stopped all activity relating to MENTIX and conducted an eight-week review. Upon the conclusion of its review in January 1992, CACI terminated the Teaming Agreement and returned its only copy of MENTIX to O'Brien. CACI was never awarded a government contract by AMC with respect to its efforts to market MENTIX.

FN2. Apparently, English law does not permit equity interests to be converted into secured loans. In August 1993, this case settled, and on the counterclaim of conversion RDG and EOSD agreed to confess judgment in favor of Pentagen.

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The following month, the United States Army Information Systems Selection and Acquisition Agency issued a request for proposals for the Army's Sustaining Base Information Services Program ("SBIS"). SBIS was designed "to allow the Army to acquire and implement a government-owned and government-operated open system environment infrastructure, and [to] transition all the active Army Component Sustaining Base Automated Information Systems to this environment by the year 2002." J.A. at 643-44. CACI teamed with IBM as a subcontractor to submit a proposal to the Army. This proposal was accepted in July 1993.

That same month, Pentagen filed suit against CACI in the Supreme Court of New York alleging conversion of MENTIX based on CACI's marketing to the AMC. CACI moved to dismiss, and then the action was removed to federal court where the motion to dismiss is currently pending. In December 1993, in the United States District Court for the Southern District of New York, Pentagen filed a second suit against CACI alleging, *inter alia*, copyright and trademark infringement based on CACI's marketing of MENTIX to AMC, CACI's use of its RENovate methodology, [FN3] and CACI's development of software for the SBIS contract. CACI filed a motion to dismiss or in the alternative to transfer the action to the Eastern District of Virginia. This motion is still pending. On May 27, 1994, the New York district court stayed both actions pending resolution of the instant case.

FN3. RENovate is a "REengineering methodology that identifies the 'good' parts of an organization's old software and REengineers them to work more efficiently in a new, technical environment." Supplemental J.A. at 8.

Believing that the New York district court lacked jurisdiction over it and that the claims would ultimately be litigated in the Eastern District of Virginia, CACI filed the instant declaratory judgment action regarding copyright and trademark infringement. The district court disposed of most

of the issues on summary judgment, granting CACI's motion for summary judgment on the copyright and trademark infringement claims, as well as on CACI's state law claim of defamation *per se*. The district court granted summary judgment for Pentagen on CACI's claim of indemnification and granted judgment for Pentagen on CACI's claim of tortious interference. This appeal followed.

II.

**3 Pentagen appeals the district court's rejection of its claims that CACI infringed on Pentagen's MENTIX copyright by making a copy of MENTIX in September 1990, by marketing MENTIX to the AMC, and through CACI's work on the SBIS contract. The district court held that the claim regarding the September 1990 copy was barred by the Copyright Act's three-year statute of limitations as Pentagen did not file an infringement suit until December 1993. *See* 17 U.S.C. § 507(b) ("No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued."). The district court rejected Pentagen's creative arguments to avoid the limitations bar because Pentagen failed to register its copyright, a statutory requirement for bringing a copyright infringement suit, [FN4] until December 7, 1993, over three years after the alleged copying took place. *See id.* at § 411(a) ("[N]o action for infringement of the copyright in any work shall be instituted until registration of the copyright claim has been made in accordance with this title."). With respect to CACI's marketing of MENTIX to the AMC, the district court explained that marketing without actual distribution of a software package does not constitute copyright infringement. As the district court put it, Pentagen had "overlook[ed] an essential element of an infringement claim: that the work was copied." J.A. at 1555. Finally, with respect to CACI's work on the SBIS contract, the district court held that Pentagen had failed to present evidence of indirect copying. To prove indirect copying, the copyright holder must show that the infringer had access to the copyrighted work and that there is a substantial similarity between the copyrighted work and the allegedly infringing work. *See, e.g., Keeler Brass Co. v. Continental Brass Co.*, 862 F.2d 1063, 1065 (4th Cir.1988). The district court held that CACI did not have access to MENTIX at the time it was

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working on the SBIS proposal, that Pentagen failed to produce evidence of a substantial similarity between MENTIX and a CACI product being used on the SBIS contract, and that un rebutted evidence reflected that MENTIX (or a derivative thereof) could not perform the work offered by CACI on the SBIS project. Accordingly, the district court granted a declaratory judgment in favor of CACI on the copyright infringement claims. [FN5]

FN4. The statutory exceptions to this requirement are inapplicable here. *See* 17 U.S.C. § 411(a).

FN5. Pentagen also challenges an award of attorney's fees and costs to CACI. The district court awarded CACI \$172,050 pursuant to 17 U.S.C. § 505, which provides for costs to be awarded to the prevailing party in Copyright Act litigation. The district court explained that CACI was entitled to such an award because of the "protracted history of unnecessary discovery problems" and because "Pentagen asserted legal and factual positions at the time of summary judgment that were not objectively reasonable." J.A. at 1729-30 (citing *Rosciszewski v. Arete Assoc., Inc.*, 1 F.3d 225, 234 (4th Cir.1993) (delineating the standard for the district court to apply in exercising its discretion in awarding fees and costs under § 505)). Pentagen does not challenge the amount of the award, but only the propriety of an award in the first instance.

Pentagen also appeals the district court's entry of a declaratory judgment in favor of CACI on Pentagen's allegations of trademark infringement. The district court granted CACI summary judgment because trademark infringement claims have a two-year statute of limitations and all of the alleged infringing activities took place over two years before Pentagen filed suit for trademark infringement. *See Unlimited Screw Products, Inc. v. Malm*, 781 F.Supp. 1121, 1125 (E.D.Va.1991)

(analogizing to Virginia's statute of limitations for fraud in holding that there is a two-year statute of limitations for trademark infringement claims brought under § 43(a) of the Lanham Act).

**4 Pentagen next appeals the district court's grant of summary judgment in favor of CACI on CACI's state law claim of defamation *per se*. As the district court explained, "under Virginia law it is defamation *per se* to prejudice a person in his trade" by making statements which " 'cast aspersion on its honesty; credit, efficiency or its prestige or standing in its field of business.' " J.A. at 1561 (quoting *Swengler v. ITT Corp.*, 993 F.2d 1063, 1071 (4th Cir.1993) (internal quotation marks omitted)); *see also Great Coastal Exp., Inc. v. Ellington*, 334 S.E.2d 846, 849 (Va.1985). The district court determined that a series of press releases issued by Pentagen which accused CACI, among other things, of "converting the MENTIX software, committing fraud against the United States, and infringing Pentagen's copyright for MENTIX," were made without "reasonable grounds for the charges" and that Pentagen "negligently failed to ascertain the truth." J.A. at 1726-27. Furthermore, the district court determined that CACI was entitled to recover punitive damages because the statements were made with a "reckless disregard for their truth" "given that Pentagen refused CACI's offer to examine documents "which CACI claimed would show that Pentagen's allegations were false" and that the evidence in the record reflects that Pentagen made "public statements with knowledge that they were false." J.A. at 1561, 1728 (quoting *Ingles v. Dively*, 435 S.E.2d 641, 646 (Va.1993)). The district court awarded CACI \$1,000 in nominal damages and, because Pentagen acted with malice, \$10,000 in punitive damages.

CACI cross-appeals the district court's grant of summary judgment in favor of Pentagen on CACI's claim of breach of contract. CACI sought to enforce an indemnification clause in the Teaming Agreement against Pentagen, who was not a party to the Teaming Agreement, on the theory that BTI is Pentagen's alter ego and should be held responsible for BTI's obligations. Under Virginia law, in order to pierce a corporate veil the plaintiff must show that the corporation is " 'the alter ego, alias, stooge, or dummy of the individuals sought to be [held

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personally accountable] and that the corporation was a device or sham used to disguise wrongs, obscure fraud, or conceal crime.' " *R F & P Corp. v. Little*, 440 S.E.2d 908, 913 (Va.1994) (quoting *Cheatle v. Rudd's Swimming Pool Supply Co.*, 360 S.E.2d 828, 831 (Va.1987)). In rejecting the attempt to hold Pentagen liable for BTI's obligations, the district court explained that "the two companies have held themselves out as separate entities, separate records are kept, and the formalities associated with corporate entities are observed." J.A. at 1559.

CACI also cross-appeals a judgment in favor of Pentagen on CACI's claim that Pentagen tortiously interfered with CACI's SBIS contract with IBM. To establish a claim for tortious interference under Virginia law a plaintiff must show the following:

**5 (1) the existence of a valid contractual relationship or business expectancy; (2) knowledge of the relationship or expectancy on the part of the interferer; (3) intentional interference inducing or causing a breach or termination of the relationship or expectancy; and (4) resultant damage to the party whose relationship or expectancy has been disrupted.

Duggin v. Adams, 360 S.E.2d 832, 835 (Va.1987) (internal quotation marks omitted). The uncontroverted evidence demonstrates that Pentagen contacted the Army, IBM, and others to alert them to its dispute with CACI over "software technology arguably involved in RENovate," J.A. at 1724, and that soon thereafter, IBM sent a letter to CACI stating that RENovate could not be used for any purpose under the SBIS contract without the express permission of IBM. Initially, the district court held that CACI was entitled to summary judgment on the first three elements of tortious interference because Pentagen, with knowledge of the contract between IBM and CACI, communicated with IBM and others in order to "interfere with CACI's contractual relationship with IBM." [FN6] J.A. at 1560. The court scheduled a trial to determine the amount of damages, and, after receiving testimony from two witnesses, determined that "there is insufficient evidence of actual damage resulting from [Pentagen's] conduct to sustain the Court's previous decision." J.A. at 1723. The district court thus entered judgment in favor of Pentagen.

FN6. Because of sanctions imposed for discovery abuses, Pentagen was precluded from submitting evidence on the issue of tortious interference.

At the damages hearing, CACI estimated that IBM's prohibition on the use of RENovate would cost CACI \$186,375 in lost profits since it had planned to use RENovate to "reengineer" portions of existing software, rather than using the more expensive process of forward engineering. [FN7] See J.A. at 1723-24. The district court, however, concluded otherwise:

FN7. CACI's self-supporting assertions to the district court concerning the potential use of RENovate on the SBIS contract directly contradict arguments CACI advanced to support summary judgment in its favor on the copyright issue. In its brief, CACI stated:

CACI introduced un rebutted evidence that it is not performing, and is not scheduled to perform, any software reengineering or to use its RENovate reengineering methodology on the SBIS Contract. J.A. at 645-46. Since CACI is not using RENovate on the SBIS Contract, it cannot, by definition, be engaged in any infringement.

Appellee's Br. at 39. CACI also argued that "the undisputed facts show that CACI is not performing reengineering work, and thus not using its RENovate methodology on the SBIS Contract." *Id.* at 41.

The evidence, however, does not support Ferguson's conclusion that CACI has actually been foreclosed from using RENovate. First of all, there is no evidence in the record to establish that the Army was interested in having any reengineering performed under Phase II of the SBIS contract at all, let alone that RENovate would be used. Therefore, CACI's evidence is insufficient to establish the first element of the tort: a contractual relationship or reasonable business expectancy. Moreover, the IBM letter is equivocal. It does not bar the use of

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RENovate, rather it merely requires that CACI seek and obtain written authorization from IBM before using the methodology. Requiring authorization is not substantive interference with, and deprivation of, what are, at best, speculative contractual expectations.

J.A. at 1725. [FN8]

FN8. CACI challenges the district court's action on the grounds that a court cannot *sua sponte* enter summary judgment without giving the losing party notice. While this claim may have merit, we decline to consider it because the district court's finding that there is "insufficient evidence of actual damage," J.A. at 1723, which was properly before the court, is not clearly erroneous in light of the fact that CACI is not foreclosed from using RENovate on the SBIS contract and that reengineering may not even be needed on the SBIS contract.

In addition to appealing the rulings on the merits, Pentagen takes issue with a number of other rulings made by the district court. First, Pentagen appeals an order imposing discovery sanctions against it for "repeated[], continuous [], andwilful[] violat[ions] [of] the applicable Federal Rules of Civil Procedure, and [for] also disobey[ing] th[e] Court's orders." J.A. at 1460. As a result of Pentagen's failure to produce telephone and corporate records despite an order compelling production, the district court, pursuant to Fed. R. of Civ. P. 37(b), issued an order barring Pentagen from introducing evidence relating to the designated allegations in CACI's amended complaint that the requested records bore on.

**6 Second, Pentagen argues that the district court abused its discretion and erred in deciding to entertain the instant declaratory judgment action given the previously-filed New York actions. The district court decided to hear this case because this Circuit has no unyielding "first-to-file" rule, [FN9] *see, e.g., Carbide & Carbon Chem. Corp. v. U.S. Industr. Chem., Inc.*, 140 F.2d 47, 49 (4th Cir.1944) ("[T]he pendency of a prior suit involving

the same issues does not require the dismissal of a suit for declaratory judgment." (citations omitted)), and because of the nexus of the forum to the issues and witnesses, the pendent state-law claims which made this action broader than the New York action, and the fact that while jurisdiction and venue were proper in Virginia, the New York courts had yet to rule on the jurisdictional questions.

FN9. Additionally, the Supreme Court in *Moses H. Cone Memorial Hosp. v. Mercury Const. Corp.*, 460 U.S. 1, 21 (1983), stated that the "priority should not be measured exclusively by which complaint was filed first, but rather in terms of how much progress has been made in the two actions." At the time the district court below rejected Pentagen's motion to dismiss, March 4, 1994, the district court in New York had not yet ruled on the motions to dismiss and/or transfer. On May 27, 1994, the New York district court stayed the actions before it pending resolution of this case.

Finally, Pentagen claims that the district judge abused her discretion in denying Pentagen's motion to recuse herself. Pentagen filed a motion to recuse Judge Brinkema on the grounds that Judge Brinkema's husband works in the Administrative Office of the United States Courts and had, at some earlier time, "authorized" a \$25,000 contract to a CACI corporation to procure software having nothing to do with the software and methodologies at issue in this case. [FN10] Pentagen also argues that recusal was warranted because of Judge Brinkema's husband's general interest in computer software that could convert code between computer languages. Pentagen's claims are frivolous on their face. Mr. Brinkema's authorization, in his capacity as a government official, of a contract to a CACI corporation on matters wholly unrelated to the litigation before Judge Brinkema in no way suggests that Judge Brinkema would be biased in this action. Nor does the fact that Mr. Brinkema authorized a contract with CACI on behalf of the government even remotely give rise to a financial or other interest on the part of the Brinkemas which could be

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affected, much less "substantially affected," by this proceeding, [FN11] *see* 28 U.S.C. § 455(b)(4). There is no reason whatsoever for Judge Brinkema to have recused herself from the case based upon the actions of her husband. [FN12]

FN10. Despite Pentagen's unsupported allegations to the contrary, counsel for CACI stated at oral argument that the outcome of this case would have no impact on the ability of the courts or the AO to use this unrelated software.

FN11. In fact, Pentagen seemed to acknowledge that its argument concerning Mr. Brinkema's financial interest, *see* 28 U.S.C. § 455(b)(4) & (d)(4), was frivolous. In its mandamus petition, Pentagen noted that it did "not believe that current case law supports this part of [its] theory of recusal." Mandamus Petition at 37.

FN12. This court views as reprehensible Pentagen's claims that the district court "adopted a Lord Nelson one-eyed view of the facts," that factual coincidences between Judge Brinkema, her spouse and CACI "have created a 'banana republic' perception of the court," and that there was a "fix" between CACI and Judge Brinkema's husband. Appellant's Br. at 8, 11, 17-18.

CONCLUSION

We have carefully considered the arguments raised by both parties in their briefs, in their supplemental filings, and at oral argument. The judgment of the district court is affirmed on the reasoning of the district court.

AFFIRMED.

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Briefs and Other Related Documents (Back to top)

- 1995 WL 17056638 (Appellate Brief) Reply Brief of Appellees-Cross Appellant (Apr. 06, 1995)
- 1995 WL 17056640 (Appellate Brief) Reply and Answer of Appellants (Mar. 20, 1995)
- 1995 WL 17056639 (Appellate Brief) Brief of Appellees (Jan. 19, 1995)
- 1994 WL 16048492 (Appellate Brief) Brief of Appellants (Dec. 07, 1994)

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