

1 JOSEPH M. BURTON (SB No. 142105)
STEPHEN H. SUTRO (SB No. 172168)
2 GREGORY G. ISKANDER (SB No. 200215)
DUANE MORRIS LLP
3 100 Spear Street, Suite 1500
San Francisco, CA 94105
4 Telephone: (415) 371-2200
Facsimile: (415)371-2201
5
6 Attorneys for Defendant
ELCOMSOFT COMPANY, LTD.

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9 **UNITED STATES DISTRICT COURT**
10 **FOR THE NORTHERN DISTRICT OF CALIFORNIA**
11 **SAN JOSE DIVISION**

12 UNITED STATES OF AMERICA

13 Plaintiff,

14 v.

15 ELCOM LTD.,
a/k/a ELCOMSOFT CO., LTD.,

16 Defendant.

Case No.: CR 01-20138 RMW

**TRIAL BRIEF RE: DEFENDANT'S
OBJECTION TO GOVERNMENT'S
PROPOSED INSTRUCTION ON
WILLFULNESS AND OPPOSITION
TO GOVERNMENT'S MOTION IN
LIMINE**

Trial: October 21, 2002

Time: 9:00 a.m.

Judge: The Honorable Ronald M. Whyte

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21 **I. OBJECTION TO GOVERNMENT'S PROPOSED INSTRUCTION ON WILLFULNESS**

22 _____ Defendant Elcomsoft, through counsel, objects to the government's proposed instruction on
23 the element of willfulness, and respectfully requests the Court to instruct the jury in accordance with
24 its proposed instruction on willfulness. Unlike the government's proposed instruction, the
25 Elcomsoft's proposed instruction is supported by the case law, legal commentators, and model
26 instructions.

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1 A. The Government Has No Support for its Proposed Instruction.

2 The government cites the Manual of Model Criminal Instructions for the Ninth Circuit, 2000
3 Edition, for the language that “an act is done willfully, if it is done voluntarily and intentionally, and
4 not through ignorance, mistake or accident.” Conveniently, the government changed one word from
5 the instruction cited.¹ The citation in fact states that willfully is an act done *knowingly* and
6 intentionally, not *voluntarily* and intentionally, as the government would have the Court believe.

7 The Ninth Circuit Model Criminal Jury Instructions § 5.5 Committee Notes state that an
8 instruction defining willfully may be given when the word is in the statute defining the offense being
9 tried. While the Ninth Circuit’s model instructions do not lay out specific recommended language,
10 the Modern Federal Jury Instructions do recommend the following language:

11 You have been instructed that in order to sustain its burden of proof the government
12 must prove that the defendant acted willfully. “Willfully” means to act with
13 knowledge that one’s conduct is unlawful and with the intent to do something the law
14 forbids, that is to say with the bad purpose to disobey or to disregard the law.
15 Sand, et al., Modern Federal Jury Instructions, § 3A-3, (1984-).

16 In fact, as drafted, the government’s proposed instruction requires nothing more than a
17 volitional act to satisfy the government’s burden on the key element of willfulness. The
18 government’s instruction is an attempt to make a felony violation of the statute nothing more than a
19 strict liability offense.

20 B. Case Law on Willfulness in Criminal Statutes.

21 The United States Supreme Court noted, long ago, that “willful” is a word of many meanings.
22 *Spies v. United States*, 317 U.S. 492 (1943). In the general criminal context, “willful” means acting
23 with knowledge that one’s conduct is unlawful, and is undertaken with a bad purpose. *See Bryan v.*
24 *United States*, 524 U.S. 184 (1998). *See also United States v. Murdock*, 290 U.S. 389, 394 (1933)
25 (finding that willful when used in a criminal statute generally means an act done with a bad purpose).
26 However, for certain statutory offenses the burden on the prosecution is heightened, and the
27 government must prove, that the defendant knew his conduct was prohibited by the law and he
28 engaged in that conduct with specific intent to disobey the law.

¹ Note that the Model Instructions do not actually recommend any particular language, but rather cite several cases in the Comment to the section. Nor did the government note that it had modified the language cited in that section.

1 In *Ratzlaf v. United States*, 510 U.S. 135, 137 (1994), the Court held that the element of
2 willfulness under the anti-structuring law required the government to prove that the defendant acted
3 with knowledge that his conduct was unlawful. In reversing the Ninth Circuit, the Court stated that
4 judges should give heightened meaning to the term willfulness when described as an element of a
5 criminal offense. *Id.* at 141. Further, any ambiguity in the requirement should be resolved in favor of
6 the defendant. *Id.* at 148 (citing *Hughey v. United States*, 495, U.S. 411 (1990); *Crandon v. United*
7 *States*, 494 U.S. 152 (1990); *United States v. Bass*, 404 U.S. 336 (1971).) While acknowledging the
8 general principle that ignorance of the law is not a defense, the Court recognized that in certain
9 statutory criminal contexts, particularly those with complex provisions, willfulness requires “both
10 knowledge of [the law] and a specific intent to commit the crime, i.e., a purpose to disobey the law.”
11 *Id.* at 141 (citations and internal quotes omitted).

12 The courts have found the same heightened requirement for willfulness in other statutory
13 criminal provisions. See *Cheek v. Supreme Court*, 498 U.S. 192 (1991) (affirming instruction that to
14 prove willfulness under the criminal provisions of the tax code, the government must prove “the
15 voluntary and intentional violation of a known legal duty, a burden that could not be proved by
16 showing mistake, ignorance, or negligence”); *Hanlester v. Shalala*, 51 F.3d 1390 (9th Cir. 1995)
17 (holding that willful in the anti-kickback statute required the government to show that defendant
18 knew the statute prohibited his conduct and that he acted with the specific intent to disobey it);
19 *United States v. Lizarraga-Lizarraga*, 541 F.2d 826, 828 (9th Cir. 1976) (holding that willful in a
20 statute criminalizing exportation of ammunition meant a voluntary intentional violation of a known
21 legal duty).

22 Like the criminal tax provisions and the criminal structuring provisions of the banking laws,
23 the copyright statute is a technical and complicated regulation. Therefore, “a majority of the courts
24 have interpreted the term willfully to mean that the government must show that the defendant
25 specifically intended to violate the copyright law.” 38 Am. Crim. L. Rev. 971, 994 (2001). Thus,
26 courts have also held that to prove willfulness under the criminal provisions of the copyright code,²

27 _____
28 ² As this is the first criminal prosecution under the DMCA, the Court should look to interpretation of
(continued...)

1 the government must prove “a voluntary, intentional violation of a known legal duty,” meaning “an
2 act voluntarily and purposefully done with specific intent to do that which the law forbids, that is to
3 say, with bad purpose either to disobey or disregard the law.” *United States v. Moran*, 757 F.Supp.
4 1046, 1048 (D. Neb. 1991).

5 In *United States v. Rose*, 149 U.S.P.Q. (BNA) 820 (S.D.N.Y. 1966) the court instructed the
6 jury that “an act is done willfully if done voluntarily and purposely and with specific intent to do that
7 which the law forbids - that is to say, with bad purpose either to disobey or disregard the law,” and
8 “specific intent to violate the copyright laws means knowingly doing that which the law forbids with
9 a bad purpose to disobey the law”). See also *United States v. Heilman*, 614 F.2d 1133 (7th Cir.
10 1980) (finding that the defendant acted willfully because he knew his conduct had been ruled
11 illegal); *United States v. Cross*, 816 F.2d 297, 300 (7th Cir. 1987) (upholding an instruction that
12 willfully as used in the copyright act meant the act was committed voluntarily, with knowledge that it
13 was prohibited by the law, and with purpose of violating the law, and not by mistake, accident or in
14 good faith).

15 In *United States v. Wise*, 550 F.2d 1180, 1194-1195 (9th Cir. 1977), the court found that the
16 trial judge properly found willfulness under the copyright act as the defendant “knew what he was
17 doing and did it with bad purpose to disobey the law” The Ninth Circuit commented that the
18 government had to prove “an act intentionally done in violation of the law.” *Id.*

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20 C. _____The Instructions on Willfulness in Other Statutory Crimes Applies to
Equally to the DMCA.

21 Those courts which have required a heightened definition of willfulness in statutory crimes,
22 have done so recognizing the difference between common law crimes and new and complicated
23 statutory regulations. At early common law, most crimes were those that were morally wrong and
24 were not difficult to determine. 77 Wash. U. L. Q 835, 880 (1999). “But today, our criminal law is
25 largely made up by a vast network of regulatory offenses which do not stem from the mores of the
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27 ²(...continued)

28 the criminal provisions of the Copyright Act to determine the meaning of willfully as used in the DMCA.
In fact, the language of the criminal provisions of the Copyright Act and the DMCA are almost identical.
Further, the Legislative history of the DMCA states that “the standard applicable under [section 1204(a)]
is identical to the standard used in section 506 of the Copyright Act to establish criminal violations.”

1 community, and moral education is no longer a sufficient guide as to what is prohibited.” 28 Colum.
2 J.L. & Soc. Probs. 397, 407 (1995). The DMCA, as part of the ever expanding Copyright Act, is
3 clearly the type of criminal statute that requires a heightened definition of willfulness as requested by
4 the defense. Scholars have noted, “the Copyright Act is complex. Not only is the statute relatively
5 long, but it is counterintuitive and filled with exceptions. . . . Additionally, many have begun
6 referring to the recent changes made to the Copyright Act pursuant to the Digital Millennium
7 Copyright Act as the ‘tax-codification’ of the copyright law.” 77 Wash. U. L. Q. 835, 885. *See also*
8 *id.* at n.328 (quoting Justice Story describing copyrights as approaching “nearer than any other class
9 of cases belonging to forensic discussion, to what may be called the metaphysics of the law, where
10 the distinctions are, or at least may, be very subtle and refined, and sometimes, almost evanescent.”)
11 This highly technical statute is exactly the type of statute in which the Supreme Court has found that
12 a heightened mental state is appropriate.

13 The government’s proposed instruction does no more than require a volitional act and is
14 unsupported by the law. Even the *civil* copyright definition of willfulness for enhanced statutory
15 penalties requires more than the government asks for in this criminal prosecution. Thus, for the
16 augmentation of statutory *civil* copyright damages, the term “willful” refers to conduct that occurs
17 “with knowledge that the defendant’s conduct constitutes copyright infringement.” *Danjaq v. Sony*
18 *Corp.*, 263 F.3d 942, 958 (9th Cir. 2001), citing *Columbia Pictures Television v. Krypton Broad.*,
19 106 F.3d 284, 293 (9th Cir. 1997). *See also United States v. Moran*, *supra*, where the court noted
20 that in the civil context, willful required that the defendant knew that his acts constituted copyright
21 infringement, and that there was “no compelling reason to adopt a less stringent requirement in the
22 criminal copyright context.” 757 F.Supp at 1051.

23 In this case, the instruction sought by the defense is supported by recent Supreme Court
24 holdings, a majority of the circuits, including the Ninth Circuit’s articulation of the willfulness
25 requirement in statutes similar to the DMCA, and the articulation of that standard in criminal
26 copyright cases such as *Moran* and *Rose*.

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1 **II. GOOD FAITH IS A DEFENSE TO THE ELEMENT OF WILLFULNESS**

2 Based on the preceding discussion of the government’s burden on willfulness, it is clear that
3 Elcomsoft’s good faith is a defense to the charged offenses. The defendant’s proposed instruction on
4 good faith is proper and should be given to the jury. *See, e.g., United States v. Taxe*, 540 F.2d 961,
5 969, n.3 (9th Cir. 1976) (court upheld good faith instruction in criminal copyright prosecution where
6 trial court instructed jury that advise of counsel should be considered in determining whether
7 defendant was acting in good faith); *Peer Int’l Corp. v. Pausa Records, Inc.*, 909 F.2d 1332, 1336
8 (9th Cir. 1990) (civil copyright case where court held that defendant may refute evidence of
9 willfulness by establishing its good faith belief); *Frank Music Corp. v. MGM, Inc.*, 772 F.2d 505,
10 515 (9th Cir. 1985) (finding that defendant may refute evidence of willful infringement in civil
11 copyright case by establishing good faith belief in the innocence of its conduct); *United States v.*
12 *Cross*, 816 F.2d 297, 300 (7th Cir. 1987) (willfully in criminal copyright means an act committed not
13 in good faith).

14 Moreover, because the government must prove that defendant knew what the law prohibited,
15 and purposefully intended his acts to violate that known legal duty, the good faith of the defendant is
16 judged by a subjective standard.

17 As one commentator stated, “a defendant should be guilty of infringing copyright only if the
18 government can prove an intentional violation of a known legal duty. To carry this burden, the
19 government should be required to negate a defendant’s claim of ignorance of the law or a claim that
20 because of a misunderstanding of the law the defendant had a good faith belief that he was not
21 violating any provisions of the Copyright Act. This good faith belief must only be judged
22 subjectively, with no requirement that the belief be objectively reasonable.” 77 Wash. U. L. Q. 835,
23 887. *See also Cheek v. United States*, 498 U.S. 192, 202 (1998) (reversing instruction that good faith
24 defense must be objective and articulating standard for subjective determination of good faith belief);
25 *Moran, supra*, 757 F.Supp. at 1051 (good faith misunderstanding need not be objectively
26 reasonable).

27 Thus, defendant’s good faith may be considered by the jury whether it was reasonable or not.
28 In *Cheek v. United States*, 498 U.S. 192, 202-203 (1991), the Court held that in a criminal (tax)

1 prosecution, it was improper to instruct the jury that a defendant’s good faith belief must be
2 objectively reasonable. “Knowledge and belief are characteristically questions for the factfinder
3 Characterizing a particular belief as not objectively reasonable transforms the inquiry into a legal one
4 and would prevent the jury from considering it.” Further, “forbidding the jury to consider evidence
5 that might negate willfulness would raise a serious question under the Sixth Amendment [.]” *Id.* at
6 203. *See also United State v. Moran*, 757 F.Supp. 1046 (D. Neb. 1991) (“it is important to recognize
7 that the rule does not require that a defendant’s belief that his conduct is lawful be judged by an
8 objective standard. Rather, the test is whether [the defendant] truly believed that the copyright laws
9 did not prohibit [his conduct].”

10 **III. THE GOVERNMENT’S MOTION IN LIMINE TO EXCLUDE EVIDENCE**
11 **REGARDING PURCHASER’S INTENTIONS OR STATE OF MIND IN USING**
12 **THE AEBPR SOFTWARE SHOULD BE DENIED**

13 The evidence that the government seeks to exclude goes directly to the issue of willfulness
14 and good faith. Purchaser’s intentions or state of mind in purchasing the AEBPR software are
15 relevant to show Elcomsoft’s good faith and lack of willfulness in that they frame Elcomsoft’s state
16 of mind. If there was evidence that a purchaser of the software knew or communicated with
17 Elcomsoft regarding the software’s illegality, surely the government would be seeking to admit such
18 evidence on the issue of Elcomsoft’s knowledge and willfulness. Conversely, evidence that
19 purchasers of the software, like Elcomsoft, thought that the product was legal goes to Elcomsoft’s
20 good faith belief that the product was legal.

21 In *United States v. Wise*, 550 F2d 1180, 1185 (9th Cir. 1977) the defendants were allowed to
22 present evidence that others participated in the same conduct and that “*like any average person,*
23 *[defendant] did not know what he was doing was illegal.*” Similarly, potential evidence that U.S.
24 purchasers, including those with an arguably better knowledge of U.S. law on the subject at hand,
25 were unaware of the illegality of the product is relevant to whether Elcomsoft, a foreign defendant,
26 may have also been unaware of the illegality. While a defendant’s good faith need not be objectively
27 reasonable, the unreasonableness of such belief may lead the jury to find that the defendant did not in
28 fact have a good faith belief or misunderstanding of the law. *Cheek* 498 U.S. at 203-204. This is
however a question for the jury’s determination based on the facts presented. Evidence that other

1 believed as Elcomsoft believed weighs against the unreasonableness of its belief. See also, *United*
2 *States v. Drebin*, 557 F.2d 1316, 1323 (9th Cir. 1977) (allowing evidence of defendant’s familiarity
3 with copyright law to show willfulness); *United States v. Cross*, 816 F.2d 297, 300 (7th Cir. 1997),
4 (the court on the issue of willfulness in a criminal copyright action, allowed evidence of both the
5 defendant’s efforts to remove and stop selling the illegal product and contradictory evidence that
6 even after learning of the illegality of the products, defendant continued to sell them); *United States*
7 *v. Taxe*, 540 F.2d 961, 969, n.3 (9th Cir. 1976) (the court allowed evidence on the defendants
8 communications with attorneys on the issue of willfulness); *United States v. Heilman*, 614 F.2d
9 1133, 1138 (7th Cir. 1980) (found relevant that the defendant knew that his conduct had been ruled
10 illegal by several courts).

11 A purchaser’s state of mind is also just as relevant as the government’s likely evidence that
12 Elcomsoft has knowledge that its product was illegal based on the “notice” it received from Adobe.
13 Interaction with others, including purchaser’s is circumstantial evidence from which one might infer
14 Elcomsoft’s state of mind. In fact, it has been noted that “one who has been notified that his conduct
15 constitutes copyright infringement, but who reasonably and in good faith believes the contrary, is not
16 ‘willful’ for these purposes.” *Danjaq v. Sony Corp.*, 263 F.3d 942, 959 (9th Cir. 2001) (civil
17 copyright) (citations omitted). Most importantly, however, is the fact that purchaser’s intent to use
18 the product for a “non-infringing” use would be relevant to the elements of “willful” and “for
19 purposes of commercial advantage and private financial gain.” See, e.g., *Amsted Indus. v. Nantional*
20 *Castings*, 16 U.S.P.Q.2d (BNA) 1737 (N.D. Ill. 1990) (where the court in a patent infringement case
21 held that evidence of substantial non-infringing use was an issue of fact for the jury and the defense
22 was free to present evidence of other uses). Such evidence should be given to the jury to weigh in its
23 determination of defendant’s good faith.

24 **IV. CONCLUSION**

25 The evidence that the government seeks to exclude is relevant and its probative value is not
26 substantially outweighed by the danger of unfair prejudice, confusion of the issues, or misleading the

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1 jury. The evidence is relevant to the issue of the defendant's willfulness or good faith.³ The
2 defendant's good faith, evaluated subjectively is a defense to the element of willfulness. The law is
3 clear that "willful" as used in criminal statutes such as the DMCA requires more than a mere
4 volitional act. It requires an intentional violation of known legal duty.

5 Dated: October ___, 2002

DUANE MORRIS LLP

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JOSEPH M. BURTON

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Attorneys for Defendant
ELCOMSOFT COMPANY LTD.

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³ To the extent that the court may give a lesser standard of willfulness than that requested by the defendant (such as "bad purpose language"), the defendant's arguments as to the good faith defense and the relevance of evidence of purchaser's state of mind apply equally as well.

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3 **PROOF OF SERVICE**

4 I am a resident of the state of California, I am over the age of 18 years, and I am not a party to
5 this lawsuit. My business address is Duane Morris LLP, One Market Plaza, Spear Tower, Suite
2000, San Francisco, California 94105. On the date listed below, I served the following
document(s):

6 **TRIAL BRIEF RE: DEFENDANT'S OBJECTION TO GOVERNMENT'S
7 PROPOSED INSTRUCTION ON WILLFULNESS AND OPPOSITION TO
GOVERNMENT'S MOTION IN LIMINE**

8 by transmitting via facsimile the document(s) listed above to the fax number(s) set forth
9 below on this date during normal business hours. Our facsimile machine reported the "send"
as successful.

10 by placing the document(s) listed above in a sealed envelope with postage thereon fully
11 prepaid, in the United States mail at San Francisco, California, addressed as set forth below.

12 I am readily familiar with the firm's practice of collecting and processing correspondence for
13 mailing. According to that practice, items are deposited with the United States mail on that
same day with postage thereon fully prepaid. I am aware that, on motion of the party served,
service is presumed invalid if postal cancellation date or postage meter date is more than one
day after the date of deposit for mailing stated in the affidavit.

14 by placing the document(s) listed above in a sealed envelope with postage thereon fully
15 prepaid, deposited with Federal Express Corporation on the same date set out below in the
ordinary course of business; to the person at the address set forth below, I caused to be served
16 a true copy of the attached document(s).

17 by causing personal delivery of the document(s) listed above to the person at the address set
18 forth below.

19 Scott H. Frewing
Assistant United States Attorney
20 United States District Court
Northern District of California
21 280 South First Street
San Jose, CA 95113

22 by personally delivering the document(s) listed above to the person at the address set forth
23 below.

24 I declare under penalty of perjury under the laws of the State of California that the above is
true and correct.

25 Dated: October ____, 2002

26 _____
Lea A. Chase

27 SF-32983