

1 ANDREW M. WHITE (Bar No. 060181)  
2 WHITE O'CONNOR CURRY GATTI & AVANZADO LLP  
3 10100 Santa Monica Boulevard  
4 Los Angeles, CA 90067  
5 Telephone: (310) 712-6100  
6 Facsimile: (310) 712-6199  
7 *Attorneys for Viacom, Disney & NBC Defendants*

8 ROBERT M. SCHWARTZ (Bar No. 117166)  
9 O'MELVENY & MYERS LLP  
10 1999 Avenue of the Stars, Seventh Floor  
11 Los Angeles, California 90067-6035  
12 Telephone: (310) 553-6700  
13 Facsimile: (310) 246-6779  
14 *Attorneys for Time Warner Defendants*

15 SCOTT P. COOPER (Bar No. 96905)  
16 PROSKAUER ROSE LLP  
17 2049 Century Park East, Suite 3200  
18 Los Angeles, CA 90067  
19 Telephone: (310) 557-2900  
20 Facsimile: (310) 557-2193  
21 *Attorneys for MGM, Fox & Universal Defendants*

22 ROBERT H. ROTSTEIN (Bar No. 72452)  
23 McDERMOTT, WILL & EMERY  
24 2049 Century Park East, 34<sup>th</sup> Floor  
25 Los Angeles, CA 90067  
26 Telephone: (310) 284-6101  
27 Facsimile: (310) 277-4730  
28 *Attorneys for Columbia Defendants*

[Full counsel appearances on signature page]

**UNITED STATES DISTRICT COURT**

**CENTRAL DISTRICT OF CALIFORNIA**

CRAIG NEWMARK, SHAWN  
HUGHES, KEITH OGDEN, GLENN  
FLEISHMAN and PHIL WRIGHT,

Plaintiffs,

v.

TURNER BROADCASTING  
SYSTEM, INC.; DISNEY  
ENTERPRISES, INC.; PARAMOUNT  
PICTURES CORPORATION;  
NATIONAL BROADCASTING  
COMPANY, INC.; NBC STUDIOS,  
INC.; SHOWTIME NETWORKS  
INC.; THE UNITED PARAMOUNT  
NETWORK; ABC, INC.; VIACOM

CASE NO. 02-04445 FMC (Ex)

**NOTICE OF MOTION AND  
MOTION TO DISMISS  
COMPLAINT OR,  
ALTERNATIVELY, TO STAY  
PROCEEDINGS; MEMORANDUM  
OF POINTS AND AUTHORITIES  
AND DECLARATION OF KIM  
WOROBEC IN SUPPORT  
THEREOF**

[Fed. R. Civ. P. 12(b)(1) and 12(b)(6);  
28 U.S.C. § 2201]

1 INTERNATIONAL INC.; CBS  
2 WORLDWIDE INC.; CBS  
3 BROADCASTING INC.; TIME  
4 WARNER ENTERTAINMENT  
5 COMPANY, L.P.; HOME BOX  
6 OFFICE; WARNER BROS.;  
7 WARNER BROS. TELEVISION;  
8 TIME WARNER INC.; NEW LINE  
9 CINEMA CORPORATION; CASTLE  
10 ROCK ENTERTAINMENT; THE WB  
11 TELEVISION NETWORK  
12 PARTNERS, L.P.; METRO-  
13 GOLDWYN-MAYER STUDIOS  
14 INC.; ORION PICTURES  
15 CORPORATION; TWENTIETH  
16 CENTURY FOX FILM  
17 CORPORATION; UNIVERSAL CITY  
18 STUDIOS PRODUCTIONS, INC.;  
19 FOX BROADCASTING COMPANY;  
20 COLUMBIA PICTURES  
21 INDUSTRIES, INC.; COLUMBIA  
22 PICTURES TELEVISION, INC.;  
23 COLUMBIA TRISTAR  
24 TELEVISION, INC.; TRISTAR  
25 TELEVISION, INC.; REPLAYTV,  
26 INC.; and SONICBLUE, INC.,

Defendants.

DATE: August 12, 2002  
TIME: 10:00 a.m.  
PLACE: 750  
JUDGE: Hon. Florence-Marie Cooper

15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

1 TO ALL PARTIES AND TO THEIR ATTORNEYS OF RECORD:

2 PLEASE TAKE NOTICE that on August 12, 2002 at 10:00 a.m., or as soon  
3 thereafter as the matter may be heard, in the Courtroom of the Honorable Florence-  
4 Marie Cooper, United States District Court Judge, located at 255 East Temple  
5 Street, Los Angeles, California 90012, defendants Turner Broadcasting System,  
6 Inc., Disney Enterprises, Inc., Paramount Pictures Corporation, National  
7 Broadcasting Company, Inc., NBC Studios, Inc., Showtime Networks Inc., The  
8 United Paramount Network, ABC, Inc., Viacom International Inc., CBS Worldwide  
9 Inc., CBS Broadcasting Inc., Time Warner Entertainment Company, L.P., Home  
10 Box Office, Warner Bros., Warner Bros. Television, Time Warner Inc., New Line  
11 Cinema Corporation, Castle Rock Entertainment, The WB Television Network  
12 Partners, L.P., Metro-Goldwyn-Mayer Studios Inc., Orion Pictures Corporation,  
13 Twentieth Century Fox Film Corporation, Universal City Studios Productions, Inc.,  
14 Fox Broadcasting Company, Columbia Pictures Industries, Inc., Columbia Pictures  
15 Television, Inc., Columbia Tristar Television, Inc., and Tristar Television, Inc. (the  
16 "Copyright Owner Defendants") will, and do hereby, move, pursuant to Federal  
17 Rules of Civil Procedure 12(b)(1) and 12(b)(6) and 28 U.S.C. § 2201 for an order  
18 dismissing Plaintiffs' Complaint. In the alternative, the Copyright Owner  
19 Defendants move this Court for an Order staying the Complaint pending resolution  
20 or termination of the ongoing, previously filed litigation between the Copyright  
21 Owner Defendants and ReplayTV, Inc. and SONICblue Inc. in the action entitled  
22 *Paramount Pictures, et al. v. ReplayTV, Inc.*, CV 01-9358 FMC (Ex) ("ReplayTV  
23 Litigation").

24 This Notice of Motion and Motion is, and will be, based on the following  
25 grounds:

26 (1) Plaintiffs' Complaint is non-justiciable for lack of an "actual  
27 controversy" under Article III of the Constitution of the United States because  
28 Plaintiffs fail to plead facts sufficient to establish a real and objectively reasonable

1 apprehension of imminent legal action by Defendants against Plaintiffs; and

2 (2) The Court in the exercise of its discretion under the Declaratory  
3 Judgement Act should dismiss or, in the alternative, stay Plaintiffs' Complaint  
4 pending resolution of the ReplayTV Litigation because the ReplayTV Litigation  
5 will resolve the issues presented by the present action and Plaintiffs' "interests" in  
6 that action are more than adequately represented by ReplayTV and SONICblue; the  
7 addition of this action and the individual Plaintiffs will serve only to add to the cost,  
8 effort and complexity of litigating the claims; the filing of this suit as a separate  
9 action, coupled with a notice of related cases and request for consolidation, appears  
10 to be an attempt to circumvent the requirements for intervention, which the claims  
11 and circumstances present here would not satisfy; and Plaintiffs will suffer no harm  
12 in awaiting the outcome of the ReplayTV Litigation.

13 This Motion is, and will be, based upon this Notice of Motion and Motion,  
14 the Memorandum of Points and Authorities and Declaration of Kim Worobec,  
15 attached hereto, the concurrently filed Request for Judicial Notice, all of the papers,  
16 pleadings and records on file in the above-captioned proceeding, and such oral  
17 argument as may be presented at the hearing on this Motion.

18 This Motion is made following the conference of counsel pursuant to Local  
19 Rule 7-3 which took place on July 10, 2002.

20 Dated: July 17, 2002

**McDERMOTT, WILL & EMERY**  
ROBERT H. ROTSTEIN  
LISA E. STONE  
ELIZABETH L. HISSERICH  
KIM WOROBEK

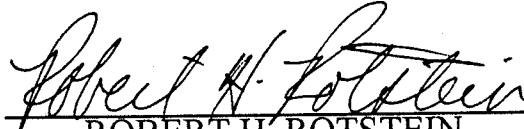
21  
22  
23  
24 By:   
ROBERT H. ROTSTEIN  
25 Attorneys for Defendants COLUMBIA  
26 PICTURES INDUSTRIES, INC.,  
COLUMBIA PICTURES TELEVISION,  
27 INC., COLUMBIA TRISTAR  
TELEVISION, INC. and TRISTAR  
28 TELEVISION, INC.

TABLE OF CONTENTS

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Page

I. INTRODUCTION ..... 1

II. FACTUAL AND PROCEDURAL BACKGROUND ..... 3

III. PLAINTIFFS FAIL TO SATISFY THE “ACTUAL CONTROVERSY” REQUIREMENT NECESSARY TO ESTABLISH SUBJECT MATTER JURISDICTION AND TO STATE A CLAIM FOR RELIEF ..... 4

    A. The Law Bars A Declaratory Judgment Action Against A Copyright Holder Absent A Showing Of An “Actual Controversy” ..... 4

    B. Plaintiffs Bear The Burden Of Establishing That The Copyright Owner Defendants’ Actions Create A Real And Objectively Reasonable Apprehension Of Imminent Legal Action ..... 6

    C. Plaintiffs Have Not Pled, And Cannot Demonstrate, The Existence Of An Actual Controversy ..... 7

IV. IN THE ALTERNATIVE, THE COURT SHOULD DECLINE TO EXERCISE JURISDICTION UNDER THE DECLARATORY JUDGMENT ACT, OR STAY THE PROCEEDINGS ..... 14

V. CONCLUSION ..... 17

TABLE OF AUTHORITIES

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Page(s)

FEDERAL CASES

A&M Records v. Napster, Inc.,  
114 F. Supp. 2d 896 (N.D. Cal. 2001), *aff'd*, 284 F.3d 1091 (9th Cir. 2002).....8

Brillhart v. Excess Ins. Co.,  
316 U.S. 491, 62 S. Ct. 1173, 86 L. Ed. 1620 (1942)..... 15

Chesebrough-Pond's, Inc. v. Faberge, Inc.,  
666 F.2d 393 (9th Cir. 1982)..... 1, 6

Columbia Pictures Indus., Inc. v. Aveco, Inc.,  
800 F.2d 59 (3d Cir. 1986).....8

Crown Drug Co., Inc. v. Pharmaceutical Corp.,  
703 F.2d 240 (7th Cir. 1983)..... 6, 9, 12, 14

Daniaq SA v. MGM/UA Communs. Co.,  
773 F. Supp. 194 (C.D. Cal. 1991) .....8

Fonovisa, Inc. v. Cherry Auction, Inc.,  
76 F.3d 259 (9th Cir. 1996).....8

Hal Roach Studios v. Richard Feiner and Co., Inc.,  
896 F.2d 1542 (9th Cir. 1989)..... 5, 6, 10

International Harvester Co. v. Deere & Co.,  
623 F.2d 1207 (7th Cir. 1980).....5-7, 12, 14-16, 18

K-Lath, Division of Tree Island Wire (ISA), Inc. v. Davis Wire Corp.,  
15 F. Supp. 2d 952 (C.D. Cal. 1998) ..... 3, 5, 6, 14

Kobre v. Photoral Corp.,  
100 F. Supp. 56 (S.D.N.Y. 1951).....5

Paine, Webber, Jackson & Curtis, Inc. v. Merrill Lynch, Pierce, Fenner &  
Smith, Inc.,  
564 F. Supp. 1358 (D. Del. 1983)..... 13

Premo Pharmaceutical Laboratories v. Pfizer Pharmaceuticals, Inc.,  
465 F. Supp. 1281 (S.D.N.Y. 1979)..... 7, 12, 14

Owest Communs. Int'l v. Thomas,  
52 F. Supp. 2d 1200 (D. Colo. 1999)..... 15, 17

Securities Exchange Commission v. Medical Committee for Human Rights,  
404 U.S. 403, 92 S. Ct. 577, 30 L. Ed. 2d 560 (1972).....4

Shell Oil Co. v. Amoco Corp.,  
970 F.2d 885 (Fed. Cir. 1993).....5

**TABLE OF AUTHORITIES**  
(continued)

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**Page(s)**

<u>Societe de Conditionnement en Aluminum v. Hunter Engineering Co.</u> , 655 F.2d 938 (9th Cir. 1981).....	2, 4, 5, 6
<u>State of Texas v. West Pub. Co.</u> , 882 F.2d 171 (5th Cir. 1989), <i>cert. denied</i> , 493 U.S. 1058 (1990) .....	6, 14
<u>Thomas v. Anchorage Equal Rights Commission</u> , 220 F.3d 1134 (9th Cir. 2000).....	4
<u>Western Mining Council v. Watt</u> , 643 F.2d 618 (9th Cir. 1981).....	4
<u>Wilton v. Seven Falls Co.</u> , 515 U.S. 277, 115 S. Ct. 2137, 132 L. Ed. 2d 214 (1995).....	15
<u>Xerox Corp. v. Apple Computer, Inc.</u> , 734 F. Supp. 1542 (N.D. Cal. 1990) .....	13
<u>Yellow Cab Co. v. City of Chicago</u> , 186 F.2d 946 (7th Cir. 1951).....	15

**FEDERAL STATUTES**

28 U.S.C. § 2201 .....	4, 14, 15
Fed. R. Civ. P. 12(b)(1).....	2, 14, 18
Fed. R. Civ. P. 12(b)(6).....	2, 14, 18
Fed. R. Civ. P. 24 .....	17

**TREATISES**

Schwarzer, <i>Fed. Proc. Before Trial, Cal. Prac. Guide</i> , 7:177 .....	17
---	----

1 MEMORANDUM OF POINTS AND AUTHORITIES

2 I. INTRODUCTION

3 Plaintiff owners of the ReplayTV 4000 and their counsel at the Electronic  
4 Frontier Foundation (“EFF”) have brought this action not to pursue a legitimate  
5 claim, but to exploit the judicial system for their public relations and political  
6 objectives. This Court need not tolerate these tactics, because Plaintiffs have failed  
7 to plead the essential prerequisite for Declaratory Relief: the existence of a “case or  
8 controversy.”

9 Plaintiffs allege that they belong in this Court because they are in “realistic  
10 danger” (Complaint, 63) of being sued for copyright infringement by the Copyright  
11 Owner Defendants<sup>1</sup> for using their ReplayTV devices. Nothing could be further  
12 from the truth: until the five Plaintiffs filed this suit, the Copyright Owner  
13 Defendants did not even know that they existed, let alone that they owned  
14 ReplayTV 4000s and used the functions of those devices as set forth in their  
15 Complaint. And, the Copyright Owner Defendants had no interest in learning --  
16 and no realistic way ever to learn -- the identities of these five people, especially  
17 after this Court’s discovery rulings. Moreover, even now after learning Plaintiffs’  
18 identities, the Copyright Owner Defendants have not expressed any intention of  
19 pursuing a claim against them or other ReplayTV 4000 users. Plaintiffs therefore  
20 cannot come close to establishing that they have a real and objectively reasonable  
21 apprehension of imminent legal action.<sup>2</sup>

22 <sup>1</sup> The “Copyright Owner Defendants” are defendants Turner Broadcasting  
23 System, Inc., Disney Enterprises, Inc., Paramount Pictures Corporation, National  
24 Broadcasting Company, Inc., NBC Studios, Inc., Showtime Networks Inc., The  
25 United Paramount Network, ABC, Inc., Viacom International Inc., CBS Worldwide  
26 Inc., CBS Broadcasting Inc., Time Warner Entertainment Company, L.P., Home  
27 Box Office, Warner Bros., Warner Bros. Television, Time Warner Inc., New Line  
28 Cinema Corporation, Castle Rock Entertainment, The WB Television Network  
Partners, L.P., Metro-Goldwyn-Mayer Studios Inc., Orion Pictures Corporation,  
Twentieth Century Fox Film Corporation, Universal City Studios Productions, Inc.,  
Fox Broadcasting Company, Columbia Pictures Industries, Inc., Columbia Pictures  
Television, Inc., Columbia Tristar Television, Inc., and Tristar Television, Inc.  
<sup>2</sup> See *Chesebrough-Pond’s, Inc. v. Faberge, Inc.*, 666 F.2d 393, 396 (9th Cir.  
1982); *Societe de Conditionnement en Aluminium v. Hunter Engineering Co.*, 655



1 Article III of the United States Constitution prohibits federal courts from  
2 deciding disputes absent an "actual controversy" between the parties. Plaintiffs  
3 cannot satisfy this standard by proclaiming that the Copyright Owner Defendants'  
4 public statements of concern about the ReplayTV 4000 are really coded threats of  
5 suit against these five individuals -- particularly since, until these people identified  
6 themselves by filing this case, they were completely unknown to the Copyright  
7 Owner Defendants. Put bluntly, this case is no "case" at all, because the only  
8 "controversy" between the parties has been concocted by Plaintiffs so that they can  
9 intrude into *Paramount Pictures, et al. v. ReplayTV, Inc., et al.* (the "ReplayTV  
10 Litigation"). Under the circumstances, this Court lacks subject matter jurisdiction,  
11 and the Complaint should be dismissed under Federal Rules of Civil Procedure  
12 12(b)(1) and 12(b)(6).

13 In the alternative, the Court should exercise its discretion under the  
14 Declaratory Judgment Act either to dismiss this case or to stay it pending resolution  
15 of the ReplayTV Litigation. Allowing Plaintiffs to proceed would bring substantial  
16 additional costs, effort, and complexity without providing the Court any assistance  
17 in resolving the issues surrounding the ReplayTV 4000. Plaintiffs' "interests" are  
18 being vigorously defended by ReplayTV and SONICblue in the ReplayTV  
19 Litigation. That lawsuit will resolve any legitimate issue regarding their ReplayTV  
20 4000s that Plaintiffs could raise in this separate action. Allowing these Plaintiffs  
21 and their counsel to participate in the ReplayTV Litigation will wreak havoc on the  
22 orderly progress of that lawsuit, and thereby satisfy the hidden agenda of these  
23 Plaintiffs and the EFF.

24  
25  
26  
27  
28

---

F.2d 938, 945 (9th Cir. 1981).

LAS99 1241117-3.051240.0038

1     **II.    FACTUAL AND PROCEDURAL BACKGROUND**

2           The first of the Copyright Owner Defendants' complaints in the ReplayTV  
3     Litigation was filed on October 31, 2001, several weeks before ReplayTV and  
4     SONICblue began distributing the ReplayTV 4000 to the public. The ReplayTV  
5     Litigation immediately received a substantial amount of press coverage, including  
6     articles in newspapers and magazines such as the *Los Angeles Times*, *The San*  
7     *Francisco Chronicle*, *San Jose Mercury News*, *The Hollywood Reporter*, and *Daily*  
8     *Variety*. Declaration of Kim Worobec ("Worobec Decl."), Exs. 1-5.<sup>3</sup>

9           In addition, ReplayTV included in its advertisements for the purchase of the  
10    ReplayTV 4000 a specific disclaimer notifying prospective purchasers that some of  
11    the existing features might later be modified or eliminated. *See, e.g.*, Worobec  
12    Decl., Exs. 6-8. Plaintiffs purchased their ReplayTV 4000s despite the existence of  
13    the ReplayTV Litigation -- and attendant press coverage -- challenging certain of  
14    the ReplayTV 4000 features and with express knowledge that those features might  
15    change. Moreover, Plaintiffs waited over seven months -- until June 6, 2002 -- to  
16    file their action. Even then, though Plaintiffs' attorneys held a multimedia press  
17    conference within moments of filing the complaint, they did not bother to serve the  
18    complaint until fully three weeks later (on June 27, 2002) -- eight months after the  
19    ReplayTV Litigation had commenced. Worobec Decl., ¶¶ 5 and 6.

20           Plaintiffs contend that they filed their complaint because certain press reports  
21    and allegations in the ReplayTV Litigation have caused them "fear and  
22    apprehension" that the Copyright Owner Defendants will sue them for copyright  
23    infringement. Newmark Complaint, pp. 4-5, ¶¶ 6-7. They also allege that the  
24    outcome of the ReplayTV Litigation might result in a decrease in the economic

25           <sup>3</sup>     In considering motions to dismiss that challenge the subject matter  
26    jurisdiction of the Court pursuant to Federal Rule of Civil Procedure 12(b)(1), the  
27    Court is not restricted to the face of the pleadings, but may review any evidence,  
28    such as declarations and testimony, to resolve any factual disputes concerning the  
   existence of jurisdiction. *K-Lath, Division of Tree Island Wire (ISA), Inc. v. Davis*  
   *Wire Corp.*, 15 F. Supp. 2d 952, 958 (C.D. Cal. 1998).

1 value of their ReplayTV units. *Id.*, p. 20, ¶ 66. Plaintiffs seek a judgment declaring  
2 that, “consistent with the Copyright Act of the United States of America, . . . the  
3 Communications Act, laws protecting fair use and the First Amendment to the  
4 United States Constitution,” each Plaintiff’s ownership and use of the ReplayTV  
5 4000 is lawful. *Id.*, p. 21, ¶ 69.

6 **III. PLAINTIFFS FAIL TO SATISFY THE “ACTUAL CONTROVERSY”**  
7 **REQUIREMENT NECESSARY TO ESTABLISH SUBJECT MATTER**  
8 **JURISDICTION AND TO STATE A CLAIM FOR RELIEF**

9 **A. *The Law Bars A Declaratory Judgment Action Against A Copyright***  
10 ***Holder Absent A Showing Of An “Actual Controversy”***

11 Federal Courts may not adjudicate issues on an advisory basis. As the Ninth  
12 Circuit has recognized, “[o]ur role is neither to issue advisory opinions nor to  
13 declare rights in hypothetical cases, but to adjudicate live cases or controversies  
14 consistent with the powers granted the judiciary in Article III of the Constitution.”  
15 *Thomas v. Anchorage Equal Rights Commission*, 220 F.3d 1134, 1138 (9th Cir.  
16 2000); *see also Securities Exchange Commission v. Medical Committee for Human*  
17 *Rights*, 404 U.S. 403, 407, 92 S. Ct. 577, 30 L. Ed. 2d 560 (1972). In addition, the  
18 Declaratory Judgment Act specifically provides that a federal court may grant  
19 declaratory relief only where there is an “actual controversy.” 28 U.S.C.S. §  
20 2201(a) (2002); *see also Societe de Conditionnement*, 655 F.2d at 942; *Western*  
21 *Mining Council v. Watt*, 643 F.2d 618, 623-624 (9th Cir. 1981). The “actual  
22 controversy” requirement is the same as the “case and controversy” requirement  
23 under Article III of the Constitution. *See Societe de Conditionnement*, 655 F.2d at  
24 942 (citing *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 277, 239-40 (1937)).

25 To establish that a particular declaratory action presents  
26 an actual case or controversy, a party is required to show  
27 that, under all the circumstances of the case, there is a  
28 substantial controversy between the parties having

1 adverse legal interests, and the controversy is of sufficient  
2 immediacy and reality to warrant declaratory relief.

3 *Hal Roach Studios v. Richard Feiner and Co., Inc.*, 896 F.2d 1542, 1555 (9th Cir.  
4 1989) (citing *Societe de Conditionnement*, 655 F.2d at 942).

5 Courts often apply that doctrine in intellectual property cases, to protect  
6 rights holders from purposeless claims by those with whom they have no real  
7 dispute. “[T]he Declaratory Judgment Act was intended to protect threatened  
8 parties, not to drag a non-threatening [intellectual property owner] into court.”  
9 *Shell Oil Co. v. Amoco Corp.*, 970 F.2d 885, 889 n. 10 (Fed. Cir. 1993); *see also*  
10 *Kobre v. Photoral Corp.*, 100 F. Supp. 56, 58 (S.D.N.Y. 1951) (“Certainly no  
11 [intellectual property owner] should be exposed to a sort of reverse-harassment, i.e.  
12 -- be forced to defend against a spurious suit where there is no likelihood of damage  
13 to the plaintiff by affirmative acts of the patent-holder.”). The purpose of the  
14 “actual controversy” requirement of the Declaratory Judgment Act “is to avoid  
15 harassment and vexatious lawsuits by infringers or colorable infringers against  
16 [intellectual property owners].” *Societe de Conditionnement*, 655 F.2d at 944.

17 The “actual controversy” requirement must therefore be met for the Court to  
18 have subject matter jurisdiction over Plaintiffs’ claims and for Plaintiffs to state a  
19 claim for relief under the Declaratory Judgment Act. *K-Lath*, 15 F. Supp. 2d at  
20 958; *International Harvester Co. v. Deere & Co.*, 623 F.2d 1207, 1210 (7th Cir.  
21 1980); *Hal-Roach Studios*, 896 F.2d at 1444-45. Neither of Plaintiffs’ claimed  
22 excuses for their action -- fear of suit by the Copyright Owner Defendants, or the  
23 claimed decrease in the economic value of their ReplayTV devices -- comes close  
24 to meeting this jurisdictional prerequisite.

1           **B.     *Plaintiffs Bear The Burden Of Establishing That The Copyright***  
2                           ***Owner Defendants' Actions Create A Real And Objectively***  
3                           ***Reasonable Apprehension Of Imminent Legal Action***

4           In a declaratory relief action, the plaintiff bears the burden of proving, by  
5 competent evidence, facts sufficient to support the jurisdictional allegations of the  
6 complaint. *K-Lath*, 15 F. Supp. 2d at 958; *International Harvester*, 623 F.2d at  
7 1210 (citation omitted). In an action for a declaration of non-infringement of  
8 copyright, a plaintiff can satisfy the “actual controversy” requirement only by  
9 showing that the defendant either has made an explicit threat of suit or has taken  
10 other action that creates in the plaintiff a real and objectively reasonable  
11 apprehension of imminent legal action. *Chesebrough-Pond's*, 666 F.2d at 396;  
12 *Societe de Conditionnement*, 655 F.2d at 945; *K-Lath*, 15 F. Supp. 2d at 958; *State*  
13 *of Texas v. West Pub. Co.*, 882 F.2d 171, 176 (5th Cir. 1989), *cert. denied*, 493 U.S.  
14 1058 (1990).<sup>4</sup> This test is applied to the facts as they existed at the time the  
15 declaratory relief complaint was filed, and the threat must continue throughout all  
16 stages of the litigation. *Hal Roach Studios*, 896 F.2d at 1556, n. 22.

17           Courts examine the totality of circumstances from the plaintiff's perspective  
18 to determine whether the defendant's actions were sufficient to support a finding of  
19 a real and objectively reasonable apprehension. *Chesebrough-Pond's*, 666 F.2d at  
20 396; *Societe de Conditionnement*, 655 F.2d at 944. More specifically, a court will  
21 consider: (i) the defendant's lack of direct communication of legal threats against  
22 the plaintiff; (ii) any history of litigation between the parties; (iii) the defendant's  
23 lack of immediate plans to initiate legal action against the plaintiff; and (iv) the  
24 plaintiff's initiation of contact with the defendant in filing suit. *K-Lath*, 15 F. Supp.  
25 2d at 961; *State of Texas*, 882 F.2d at 175-177; *Crown Drug Co., Inc. v.*  
26 *Pharmaceutical Corp.*, 703 F.2d 240, 244 (7th Cir. 1983); *International Harvester*,

27           <sup>4</sup>     The law governing declaratory relief for patent and trademark infringement  
28 actions applies equally to cases involving copyright infringement. *Hal Roach*  
*Studios*, 896 F.2d at 1556.

1 623 F.2d at 1211-1215; *Premo Pharmaceutical Laboratories v. Pfizer*  
2 *Pharmaceuticals, Inc.*, 465 F. Supp. 1281, 1283 (S.D.N.Y. 1979). All four of these  
3 factors require dismissal in this case.

4 **C. *Plaintiffs Have Not Pled, And Cannot Demonstrate, The Existence***  
5 ***Of An Actual Controversy***

6 As best we know, Ninth Circuit has never found an actual controversy absent  
7 a direct threat of suit. Plaintiffs' complaint does not and cannot allege that the  
8 Copyright Owner Defendants communicated any direct threat of legal action  
9 against the Plaintiffs. In fact, Plaintiffs do not cite *any* direct communication by  
10 any Copyright Owner Defendant to any Plaintiff. *See* Newmark Complaint, *en*  
11 *passim*. Moreover, Plaintiffs do not, and cannot, allege that the Copyright Owner  
12 Defendants even knew the Plaintiffs' identities until after Plaintiffs filed suit in the  
13 present case. Plaintiffs therefore cannot show an objectively reasonable  
14 apprehension of suit on the basis of any direct communication to them.

15 Rather, Plaintiffs try to establish a threat of imminent litigation by relying on  
16 statements in the ReplayTV Litigation and in the news media. None of these  
17 allegations -- taken either separately or together -- satisfies the "actual claim or  
18 controversy" requirement.

19 Plaintiffs argue that language in the complaints in the ReplayTV Litigation  
20 stating that owners of the ReplayTV 4000 infringe the Copyright Owner  
21 Defendants' copyrights gives rise to a reasonable apprehension of litigation. *See*  
22 Newmark Complaint, ¶ 49.a. Plaintiffs are wrong. First, the allegations do *not*  
23 imply an intention to sue ReplayTV users generally, much less specifically threaten  
24 these Plaintiffs or any other individual. *See* Request for Judicial Notice ("RJN"),  
25 Exs. A-E (ReplayTV Litigation Complaints). Second, as the record reflects, the  
26 Copyright Owner Defendants have never attempted to name, by Doe designation or  
27 any other means, Plaintiffs or other consumers. *Id.* Third, the allegations in the  
28 complaints in the ReplayTV Litigation about consumer use exist to satisfy the

1 requirements for pleading vicarious liability and contributory infringement against  
2 Replay TV and SONICblue, and not to “threaten” third parties:

3           Contributory infringement . . . plainly does not lie without  
4 primary infringement. This, of course, does not mean that  
5 the primary infringer must be a co-defendant in the case;  
6 there may be many reasons why a party may not be held  
7 accountable for its conduct in court. What is important is  
8 that contributory infringement be hinged upon an act of  
9 primary infringement, even if the primary infringer for  
10 [some] reason escapes judicial scrutiny.

11 *Danjaq SA v. MGM/UA Communications Co.*, 773 F. Supp. 194, 201 (C.D. Cal.  
12 1991). Copyright plaintiffs often sue vicarious infringers without ever suing others.  
13 *See, e.g., A&M Records v. Napster, Inc.*, 114 F. Supp. 2d 896 (N.D. Cal. 2001),  
14 *aff'd*, 284 F.3d 1091 (9th Cir. 2002); *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d  
15 259 (9th Cir. 1996); *Columbia Pictures Indus., Inc. v. Aveco, Inc.*, 800 F.2d 59 (3d  
16 Cir. 1986); *Danjaq*, 773 F. Supp. 194 (C.D. Cal. 1991). Indeed, had Plaintiffs  
17 concluded from the complaints that they were being threatened with suit, their delay  
18 until now in taking action on that threat would be both inexplicable and  
19 inexcusable. The fact is that Plaintiffs can have no reasonable apprehension of suit  
20 by virtue of the allegations of the complaints in the ReplayTV Litigation.

21           The complete lack of basis for Plaintiffs’ suit is nowhere more obvious than  
22 in their inaccurate allegations regarding purported attempts to discover consumers’  
23 identities. Plaintiffs allege that they have a reasonable apprehension that the  
24 Copyright Owner Defendants intend to sue Plaintiffs because the Copyright Owner  
25 Defendants have obtained an order requiring ReplayTV to collect and divulge  
26 consumers’ names and contact information. Newmark Complaint, pp. 6-7, ¶ 61.  
27 Plaintiffs further allege that the Copyright Owner Defendants have attempted to  
28 track consumers’ use of the ReplayTV 4000 to gather evidence of copyright

1 infringement and damages. *Id.* Both allegations are patently, and very publicly,  
2 false. In connection with the discovery motions, the Copyright Owner Defendants  
3 specifically disclaimed any interest in obtaining the names and contact information  
4 for individual ReplayTV 4000 users, seeking only anonymous user information and  
5 only for the purposes of the case against ReplayTV and SONICblue. *See* RJN, Ex.  
6 F (Plaintiffs' Supplemental Memorandum of Law in Support of their Motion to  
7 Compel, p. 5) ("As Plaintiffs painstakingly explained, they do not want to contact  
8 or interview Defendants' customers; anonymous electronic data-gathering will be  
9 far more complete and accurate and much less intrusive."). The Magistrate Judge  
10 merely ordered ReplayTV and SONICblue to produce *anonymous* user data, and  
11 this Court reversed that order before Plaintiffs ever filed this action. *Id.*, Exs. G  
12 (Magistrate Judge's Order re: Plaintiffs' Motion to Compel, April 26, 2002) and H  
13 (Order on Parties' Motions for Review of Magistrate Judge's Order of April 26,  
14 2002). The Copyright Owner Defendants never had information identifying the  
15 ReplayTV users.<sup>5</sup> Even if that fact somehow escaped the attention of Plaintiffs

16  
17 <sup>5</sup> Plaintiffs also contend that, based on a statement in the Copyright Owner  
18 Defendants' Supplemental Memorandum, the Copyright Owner Defendants have  
19 "admitted and acknowledged the apprehension and fear that they have injected into  
20 the hearts and minds of ReplayTV 4000 owners." Newmark Complaint, p. 14, ¶  
21 50. The statement to which Plaintiffs refer does no such thing. Specifically, the  
22 Copyright Owners stated:

23 [ReplayTV and SONICblue's] suggestion . . . that a  
24 telephone survey would provide *better* data is  
25 nonsensical. *First*, electronically gathering *complete* and  
26 *objective* data about what users do . . . is far superior to  
27 collecting incomplete and subjective recollections from  
28 harried users over the telephone. *Second*, since there are  
currently only 5,000 ReplayTV 4000 owners, there is a  
grave risk of bias if users in this small community contact  
each other about the survey and urge others to give the  
"right answers" to "help" [ReplayTV and SONICblue]  
. . . . *Third*, given the widespread publicity about this  
lawsuit, customers might fear that candid answers might  
lead to personal liability for them – and thus decline to  
give such answers. *Fourth*, it is almost impossible for  
adversaries to agree on a joint survey (as [ReplayTV and  
SONICblue] insist be done) and expensive to conduct *any*  
survey.



1 despite the wide publicity it received, their counsel, the EFF, represented *amici*  
2 *curiae* in connection with the appeal of the Magistrate Judge's Order and obviously  
3 knew of the ruling. Furthermore, because this Court's order in the Replay  
4 Litigation reversed the Magistrate Judge's Order, the alleged threat did not continue  
5 throughout all stages of the litigation, and therefore eliminates Plaintiffs' claim for  
6 this additional reason. *See Hal Roach Studios*, 896 F.2d at 1556, n.22 (stating that  
7 the "actual controversy" test is applied to the facts as they existed at the time the  
8 complaint was filed, and the threat must continue throughout all stages of the  
9 litigation).

10 Finally -- and frivolously -- Plaintiffs contend that a *Cableworld* magazine  
11 report of a statement by Jamie Kellner, CEO of Defendant TBS, and a *Time*  
12 magazine article headline, "Pirates of Primetime," support a "real and reasonable"  
13 apprehension of imminent legal action. *Newmark* Complaint, pp. 18-19, ¶¶ 58 and  
14 60. No one could possibly interpret those media reports as an indication that a  
15 process server will soon be at the door.

16 Plaintiffs note that Mr. Kellner is quoted in *Cableworld* as having stated that  
17 commercial skipping is "theft," and ask this Court to conclude that, as a result, they  
18 were in imminent danger of being sued for copyright infringement. Plaintiffs'  
19 position could not possibly be offered in good faith. The *Cableworld* article had  
20 nothing to do with legal actions against individual consumers; it concerned how

---

21  
22 RJN, Ex. F at 4:18-5:7 (citations omitted) (emphasis in original). This statement to  
23 the Court (not to Plaintiffs or any other ReplayTV 4000 owner) addresses the  
24 potential evidentiary value of a hypothetical telephone survey of Replay consumers  
25 suggested by ReplayTV and SONICblue as compared with collecting data  
26 reflecting consumers' actual use of the device. Most significantly, the statement  
27 makes clear that the Copyright Owner Defendants did *not* want consumers to feel  
28 threatened by the ReplayTV Litigation. Thus, this statement cannot support a claim  
of reasonable apprehension of litigation by Plaintiffs. *See cf., Crown Drug*, 703  
F.2d at 243 (finding that statements of defendant's lawyer regarding whether  
plaintiff's product infringed defendant's patent did not constitute a direct or indirect  
threat of imminent legal action because the language used was "a carefully hedged,  
abstract discussion of a legal issue in a purely hypothetical fashion.").

1 DVRs might change the entertainment industry. The full text of the remarks  
2 attributed to Mr. Kellner is footnoted below.<sup>6</sup> Nothing in those reported remarks  
3 even hints at any plan to file a lawsuit against anyone, much less any of the  
4 Plaintiffs here. Worobec Decl., Ex. 9. Hyperbolic use of the term "theft" to make a  
5 point about the impact of commercial avoidance technology on the entire television  
6 industry is miles away from the type of statement that might conceivably give an  
7 individual owner of a particular home entertainment system a reasonable  
8 apprehension that he was about to be sued for copyright infringement. The

9  
10 <sup>6</sup> The full text of the remarks attributed to Mr. Kellner is as follows:  
11 Question ("Q"): [What are your plans for providing content through digital  
12 technology?] Offering alternative product for the digital tier? Making it possible to  
13 move material to digital from analog?

14 Kellner ("JK"): I don't think you want to move your product from analog to digital  
15 unless you have very narrow networks that are supportable on a digital tier. Most of  
16 ours are much broader networks than that. What is the programming model going to  
17 be in digital? What can you afford to produce and do with a high enough quality  
18 level to satisfy viewers on digital? There's probably going to be a lot of  
19 multiplexing and time shifting and things like that that provide a lot of convenience  
20 like HBO provides to its subscribers.... Taking our networks TBS and TNT,  
21 multiplexing them, taking the sports out, putting the movies in prime time--there's  
22 ways you can repackage our networks that would add a lot of convenience for  
23 people as well.

24 Q: How do you do that without destabilizing the current model?

25 JK: How would that destabilize it? We'd be running the exact same spots. It would  
26 all be incremental viewership. That's just one idea. I'm a big believer we have to  
27 make television more convenient or we will drive the penetration of PVRs and  
28 things like that, which I'm not sure is good for the cable industry or the broadcast  
industry or the networks.

Q: Why not?

JK: Because of the ad skips.... It's theft. Your contract with the network when you  
get the show is you're going to watch the spots. Otherwise you couldn't get the  
show on an ad-supported basis. Any time you skip a commercial or watch the  
button you're actually stealing the programming.

Q: What if you have to go to the bathroom or get up to get a Coke?

JK: I guess there's a certain amount of tolerance for going to the bathroom. But if  
you formalize it and you create a device that skips certain second increments,  
you've got that only for one reason, unless you go to the bathroom for 30 seconds.  
They've done that just to make it easy for someone to skip a commercial.

Q: What if I'm using my PVR to rewind a story on CNN or pause during  
Moneyline With Lou Dobbs? That's good for you, isn't it, if I can keep watching  
the network when I might otherwise miss the shows?

JK: Is it good for me? It's good to make it easier for consumers to watch the  
programs they want to watch. I'm not opposed to consumers getting a program  
without commercials in it. But they have to create a new model that charges them  
for that programming the way HBO charges them.

Worobec Decl., Ex. 9.

1 statement cannot possibly supply the “actual controversy” necessary to justify  
2 Plaintiffs’ declaratory relief action. *See Crown Drug*, 703 F.2d at 245 (finding that  
3 the statements made by the defendant’s attorney in an “armchair discussion” about  
4 the declaratory plaintiff’s potentially infringing product did not constitute an  
5 explicit or implied threat of litigation, and thus did not create a reasonable  
6 apprehension).

7         Neither could *Time* magazine's decision to title an article the “Pirates of  
8 Primetime” (*see* Worobec Decl., Ex. 10) create in Plaintiffs a real and reasonable  
9 apprehension of imminent legal action. The article was written by a reporter, and  
10 the headline cannot be attributed to the Copyright Owner Defendants; the article is  
11 not specific to users of the ReplayTV 4000, but rather discusses video-file-sharing  
12 services generally, including Morpheus, Grokster and Kazaa; and the article does  
13 not “threaten” anyone, much less Plaintiffs.

14         Furthermore, Plaintiffs’ allegations of potential economic loss cannot satisfy  
15 the “actual controversy” requirement of the Declaratory Judgment Act. Plaintiffs  
16 claim that they face “the direct risk of loss of beneficial use of [their] personal  
17 property, the ReplayTV 4000, if the injunctive relief prayed for [in the ReplayTV  
18 Litigation] is granted.” Newmark Complaint, p. 8, ¶ 16. However, actual or  
19 potential economic harm by itself does not establish the existence of an actual  
20 controversy under the Declaratory Judgment Act. *See International Harvester*, 623  
21 F.2d at 1215-16 (finding no “actual controversy” even though the declaratory relief

1 (same). *Cf. Paine, Webber, Jackson & Curtis, Inc. v. Merrill Lynch, Pierce, Fenner*  
2 *& Smith, Inc.*, 564 F. Supp. 1358, 1372-73 (D. Del. 1983) (finding no “actual  
3 controversy” in a patent infringement action where there was no threat of an  
4 infringement action, even though the potential intervenor suing for declaratory  
5 relief alleged loss of customers if the third party patents were found to be valid).

6 In any event, any claim that Plaintiffs might have based on the purported  
7 diminution of the value of their ReplayTV 4000s if the Copyright Owner  
8 Defendants prevail in the ReplayTV Litigation -- if such a claim exists at all --  
9 would only be against ReplayTV and SONICblue for breach of warranty or breach  
10 of contract for distributing a device with infringing features. In fact, however,  
11 Plaintiffs could not establish any cognizable loss. The Copyright Owner  
12 Defendants initiated the ReplayTV Litigation *before* the ReplayTV 4000 was  
13 available for sale to the general public. By the time Plaintiffs purchased the  
14 ReplayTV 4000, they had, as a result of the substantial press surrounding the  
15 lawsuit from its inception, actual or constructive knowledge of the ReplayTV  
16 Litigation and the likelihood of subsequent injunctive relief. Moreover, ReplayTV  
17 and SONICblue’s advertisements and website specifically disclaim that  
18 “SONICblue reserves the right to automatically add, modify, or disable any features  
19 in the operating software when your ReplayTV 4000 connects to our server.”<sup>7</sup> *See*  
20 *Worobec Decl.*, Exs. 6 and 7; *see also* *ReplayTV4500, Technical Specifications*, at  
21 [http://www.replay.com/video/replaytv/replaytv\\_4000\\_tech.asp](http://www.replay.com/video/replaytv/replaytv_4000_tech.asp) (last visited July  
22 16, 2002) (containing same disclaimer for the ReplayTV 4500 model). Thus,  
23 Plaintiffs’ contention of economic harm is a red herring. Plaintiffs cannot establish  
24 a real and objectively reasonable apprehension of imminent legal action for  
25 copyright infringement, and no “actual controversy” exists.

26  
27 <sup>7</sup> Similarly, the owner’s manual that accompanies each ReplayTV device states  
28 that, “You acknowledge and agree that SONICblue may periodically update,  
modify or enhance the Software remotely through the [ReplayTV Service]. . . .”  
*Worobec Decl.*, Ex. 8.

1 Finally, Plaintiffs cannot establish that the “totality of the circumstances”  
2 gives rise to a reasonable apprehension of liability. As noted above, none of the  
3 purported grounds for apprehension has any merit whatsoever. The Copyright  
4 Owner Defendants never made direct legal threats against Plaintiffs; there is no  
5 history of litigation between Plaintiffs and the Copyright Owner Defendants; the  
6 Copyright Owner Defendants have never expressed any intention of suing  
7 Plaintiffs; and Plaintiffs first initiated contact with the Copyright Owner  
8 Defendants, and not *vice versa*. Under these circumstances, the totality of the  
9 circumstances shows, as a matter of law, that Plaintiffs cannot establish a real or  
10 objectively reasonable apprehension of imminent legal action. *See State of Texas*,  
11 882 F.2d at 176; *K-Lath*, 15 F. Supp. 2d at 961; *Crown Drug*, 703 F.2d at 244;  
12 *International Harvester*, 623 F.2d 1207; *Premo Pharmaceutical Laboratories*, 465  
13 F. Supp. at 1282-1284.

14 It follows that the Court has no jurisdiction over this claim, and Plaintiffs  
15 have failed to state a claim upon which relief can be granted. The Copyright  
16 Owners’ motion to dismiss should be granted under Rules 12(b)(1) and 12(b)(6).

17 **IV. IN THE ALTERNATIVE, THE COURT SHOULD DECLINE TO**  
18 **EXERCISE JURISDICTION UNDER THE DECLARATORY**  
19 **JUDGMENT ACT, OR STAY THE PROCEEDINGS**

20 The Declaratory Judgment Act provides that: “In a case of actual  
21 controversy within its jurisdiction . . . any court of the United States . . . *may*  
22 declare the rights and other legal relations of any interested party seeking such  
23 declaration.” 28 U.S.C.S. §2201(a) (emphasis added). Thus, even if the “actual  
24 controversy” requirement is met, a court is not required to exercise jurisdiction.  
25 *Id.*; *see Brillhart v. Excess Ins. Co.*, 316 U.S. 491, 494, 62 S. Ct. 1173, 86 L. Ed.  
26 1620 (1942).

27 The Court has the discretion to dismiss -- or to stay -- a declaratory action  
28 where another pending action makes resolution of the issues presented by the

1 declaratory action unnecessary. *Brillhart*, 316 U.S. at 495; *Wilton v. Seven Falls*  
2 *Co.*, 515 U.S. 277, 288, n.2, 115 S. Ct. 2137, 132 L. Ed. 2d 214 (1995);  
3 *International Harvester*, 623 F.2d at 1218. As the court stated in *Yellow Cab Co. v.*  
4 *City of Chicago*, 186 F.2d 946, 950-951 (7th Cir. 1951):

5           It is well settled . . . that a declaratory judgment may be  
6           refused where it would serve no useful purpose . . . or  
7           would not finally determine the rights of the parties . . . or  
8           where it is being sought merely to determine issues which  
9           are involved in a case already pending and can properly  
10          be disposed of therein. . . . Nor should declaratory relief  
11          be granted where it would result in piecemeal trials of the  
12          various controversies presented or in the trial of a  
13          particular issue without resolving the entire controversy.

14 Furthermore, the Court may consider “whether the declaratory remedy is being  
15 used merely for the purpose of ‘procedural fencing’ or ‘to provide an arena for a  
16 race to res judicata.’” *Qwest Communs. Int’l v. Thomas*, 52 F. Supp. 2d 1200, 1207  
17 (D. Colo. 1999) (quoting *St. Paul Fire and Marine Ins. Co. v. Runyon*, 53 F.3d  
18 1167, 1169 (10th Cir. 1995). Factors courts consider in deciding whether to  
19 exercise its discretionary jurisdiction include: the lack of actual harm to the  
20 declaratory plaintiff; the public interest in resolution of the claim; and the plaintiff’s  
21 need for the requested relief. *International Harvester*, 623 F.2d at 1218.

22           Even assuming *arguendo* (and contrary to fact) that the Court were to  
23 determine that the Plaintiffs could satisfy the “actual controversy” requirement for  
24 subject matter jurisdiction to exist, the Court should exercise its discretion and  
25 decline jurisdiction over, or at least stay, this action pending final resolution of the  
26 ReplayTV Litigation. Plaintiffs’ declaratory action is entirely unnecessary, will  
27 greatly complicate and delay the ReplayTV Litigation, and is obviously intended to  
28 create mischief rather than to achieve any legitimate purpose. In *International*

1 *Harvester*, 623 F.2 at 1218, the Seventh Circuit held that the district court could  
2 decline to exercise its discretionary jurisdiction over the plaintiff's patent-based  
3 declaratory action where other litigation over the same patent might make the  
4 action unnecessary. Even though the plaintiff there needed to resolve the issue  
5 before it could develop and market its potentially infringing product, the court  
6 found that the "[plaintiff's] need for declaratory relief does not outweigh the  
7 interests in judicial expediency and in avoiding unnecessary federal court  
8 decisions." *Id.*

9 Here, the ReplayTV Litigation will resolve efficiently all issues regarding the  
10 Copyright Owner Defendants' copyrights and the ReplayTV 4000. ReplayTV and  
11 SONICblue, the defendants in that action, have every incentive to argue what  
12 Plaintiffs here argue, that they do not infringe anyone's copyright when they use the  
13 ReplayTV 4000. To permit this action to proceed, therefore, would only add to the  
14 cost, effort, and time necessary to resolve the issues raised in the ReplayTV  
15 Litigation without adding to the substance of the debate. Thus, in the interest of  
16 judicial efficiency, the Court should refuse to exercise its discretionary jurisdiction  
17 over Plaintiffs' declaratory action, or at the very least, stay the proceedings pending  
18 a result in the ReplayTV Litigation.

19 Moreover the Court should dismiss or stay Plaintiffs' declaratory action  
20 because it constitutes "procedural fencing." *See Qwest*, 52 F. Supp. 2d at 1207.  
21 Plaintiffs' real goal is to intervene in the ReplayTV Litigation, through the two step  
22 process of filing this case and seeking consolidation. They should not be allowed  
23 to do so. Under Federal Rule of Civil Procedure 24(a), a party may intervene as a  
24 matter of right where it has an interest that might be impaired by disposition of the  
25 pending action, and that interest is not adequately represented by existing parties.  
26 *Schwarzer, Fed. Proc. Before Trial, Cal. Prac. Guide*, 7:177. Here, the interests of  
27 ReplayTV 4000 users are adequately represented by ReplayTV and SONICblue,  
28 and thus, Plaintiffs could not intervene as a matter of right. Under Federal Rule of

1 Civil Procedure 24(b), intervention may be allowed in the court's discretion when  
2 "[a]llowing intervention 'will not unduly delay or prejudice the adjudication of the  
3 rights of the original parties.'" *Id.*, 7:178 (quoting Fed. R. Civ. Proc. 24(b)). Here,  
4 allowing participation by Plaintiffs in the ReplayTV Litigation would greatly  
5 complicate and slow down that action by adding numerous additional parties;  
6 would result in needless discovery disputes regarding Plaintiffs' right to highly  
7 proprietary documents to which they are not, in fact, entitled; and would be  
8 unnecessary, since ReplayTV and SONICblue are already motivated and fully  
9 qualified to pursue every defense Plaintiffs could assert.

10 Significantly, moreover, as discussed in Section III, *supra*, Plaintiffs here can  
11 suffer no harm in awaiting the outcome of the ReplayTV Litigation. In contrast, in  
12 *International Harvester*, the Court declined to exercise jurisdiction even though the  
13 plaintiff's significant business plans -- including \$900,000 of expenditures for  
14 product development -- awaited the resolution of the case. *International Harvester*,  
15 623 F.2d at 1215-16, 1218.

16 **V. CONCLUSION**

17 For the foregoing reasons, the Court should dismiss Plaintiffs' complaint  
18 under Federal Rules of Civil Procedure 12(b)(1) and (b)(6), or alternatively,  
19 exercise its discretion to dismiss or stay the action.

20 Dated: July 17, 2002

**McDERMOTT, WILL & EMERY**  
ROBERT H. ROTSTEIN  
LISA E. STONE  
ELIZABETH L. HISSERICH  
KIM WOROBEK

21  
22  
23  
24 By: 

ROBERT H. ROTSTEIN  
Attorneys for Defendants COLUMBIA  
PICTURES INDUSTRIES, INC.,  
COLUMBIA PICTURES TELEVISION,  
INC., COLUMBIA TRISTAR  
TELEVISION, INC. and TRISTAR  
TELEVISION, INC.

25  
26  
27  
28 [Full counsel appearances on next page]



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

THOMAS P. OLSON  
RANDOLPH D. MOSS  
PETER B. RUTLEDGE  
WILMER, CUTLER & PICKERING

ROBERT M. SCHWARTZ  
ALAN RADER  
MARK A. SNYDER  
KENYON WOOLLEY

- and -

- and -

ANDREW M. WHITE  
JONATHAN H. ANSHELL  
WHITE O'CONNOR CURRY GATTI &  
AVANZADO LLP

RONALD L. KLAIN  
O'MELVENY & MYERS LLP

Attorneys for Defendants Paramount  
Pictures Corporation, Disney Enterprises,  
Inc., National Broadcasting Company,  
Inc., NBC Studios, Inc., Showtime  
Networks Inc., the United Paramount  
Network, ABC, Inc., Viacom  
International Inc., CBS Worldwide Inc.,  
and CBS Broadcasting, Inc.

Attorneys for Defendants Time Warner  
Entertainment Company, L.P., Home  
Box Office, Warner Bros., Warner  
Bros. Television, Time Warner Inc.,  
Turner Broadcasting System, Inc., New  
Line Cinema Corporation, Castle Rock  
Entertainment, and The WB Television  
Network Partners L.P.

JON A. BAUMGARTEN  
SCOTT P. COOPER  
FRANK P. SCIBILIA  
SIMON BLOCK  
TANYA L. FORSHEIT  
PROSKAUER ROSE LLP

ROBERT H. ROTSTEIN  
LISA E. STONE  
ELIZABETH L. HISSERICH  
KIM WOROBEK  
McDERMOTT, WILL & EMERY

Attorneys for Defendants Metro-  
Goldwyn-Mayer Studios Inc., Orion  
Pictures Corporation, Twentieth Century  
Fox Film Corporation, Universal City  
Studios Productions, Inc., and Fox  
Broadcasting Company

Attorneys for Defendants Columbia  
Pictures Industries, Inc., Columbia  
Pictures Television, Inc., Columbia  
TriStar Television, Inc., and TriStar  
Television, Inc.

1 DECLARATION OF KIM WOROBEK

2 I, Kim Worobec, declare:

3 1. I am associated with the law firm of McDermott, Will & Emery,  
4 counsel of record for defendants Columbia Pictures Industries, Inc., Columbia  
5 Pictures Television, Inc., Columbia Tristar Television, Inc. and Tristar Television,  
6 Inc. ("Columbia"). I have personal knowledge of the facts set forth in this  
7 declaration, and if called and sworn as a witness, I could and would competently  
8 testify thereto under oath.

9 2. On November 28, 2001, Columbia filed a lawsuit against ReplayTV,  
10 Inc. and SONICblue Inc. The action filed by Columbia is one of four separate  
11 lawsuits against ReplayTV and SONICblue asserting claims for, *inter alia*,  
12 copyright infringement, Communications Act violations and unfair business  
13 practices arising from ReplayTV and SONICblue's sale and manufacture of the  
14 ReplayTV 4000 digital video recorder. All four actions have been consolidated  
15 under the low-numbered action, filed on October 31, 2001, entitled *Paramount*  
16 *Pictures Corp., et al. v. ReplayTV, Inc., et al.*, Case No. CV 01-9358 FMC (Ex)  
17 (hereinafter, the "ReplayTV Litigation").

18 3. Since the filing of the first lawsuit, the ReplayTV Litigation has  
19 received a substantial amount of press coverage, including articles in newspapers  
20 and magazines. Attached hereto as Exhibit 1 is a true and correct copy of the  
21 Lexis-Nexis print-out of an article entitled "Company Town; Networks, Studios  
22 File Suit Against ReplayTV, Sonicblue," from the *Los Angeles Times*, dated  
23 November 1, 2001. Attached hereto as Exhibit 2 is a true and correct copy of the  
24 Lexis-Nexis print-out of an article entitled "Networks Sue Maker of ReplayTV  
25 4000," from the *San Jose Mercury News*, dated November 1, 2001. Attached  
26 hereto as Exhibit 3 is a true and correct copy of the Lexis-Nexis print-out of an  
27 article entitled "Suit Hits Sonicblue Recorder," from the *Hollywood Reporter*, dated  
28 November 1, 2001. Attached hereto as Exhibit 4 is a true and correct copy of the

1 Lexis-Nexis print-out of an article entitled "Industry Heavyweights Sue Blurb-  
2 Buster Replay," from *Daily Variety*, dated November 1, 2001. Attached hereto as  
3 Exhibit 5 is a true and correct copy of the Lexis-Nexis print-out of an article  
4 entitled "Sonicblue Defying Media Firms; Digital Recorder On Sale Despite Suits,"  
5 from *The San Francisco Chronicle*, dated November 28, 2001.

6 4. ReplayTV included on its website and in its advertisements for the  
7 purchase of the ReplayTV 4000 a specific disclaimer notifying prospective  
8 purchasers that certain of the existing features might later be modified or  
9 eliminated. Attached hereto as Exhibit 6 are true and correct copies of printouts of  
10 articles from the website *www.replaytv.com*, dated December 6, 2001, which  
11 documents were produced by Columbia as part of discovery in the ReplayTV  
12 Litigation. Attached hereto as Exhibit 7 is a copy of an advertisement for the  
13 ReplayTV 4000, which document was produced by Columbia as part of discovery  
14 in the ReplayTV Litigation. Attached hereto as Exhibit 8 are true and correct  
15 excerpts from ReplayTV's *Guide To ReplayTV*.

16 5. On about June 6, 2002, plaintiffs Craig Newmark, Shawn Hughes,  
17 Keith Ogden, Glenn Fleishman and Phil Wright ("Plaintiffs") filed the complaint in  
18 the instant action seeking a declaratory judgment against the parties to the  
19 ReplayTV Litigation, including Columbia (the "*Newmark Action*"). Also on June  
20 6, 2002, the Electronic Frontier Foundation, Plaintiffs' attorneys, held a multimedia  
21 press conference regarding the lawsuit. *See also* Electronic Frontier Foundations'  
22 website, *www.eff.org/IP/Video/Newmark\_v\_Turner/*, regarding the filing of the  
23 *Newmark Action*.

24 6. Plaintiffs did not serve the Complaint in the *Newmark Action* on  
25 Columbia until June 27, 2002, eight months after the initiation of the ReplayTV  
26 Litigation.

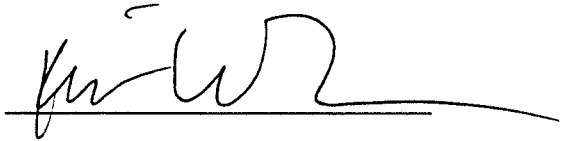
27 7. Attached hereto as Exhibit 9 is a true and correct copy of a printout of  
28 article obtained from the website *www.inside.com*, entitled "Content's King," from

1 *Cableworld*, dated April 29, 2002.

2 8. Attached hereto as Exhibit 10 is a true and correct copy of a printout of  
3 article obtained from the website *www.time.com*, entitled "The Pirates of Prime  
4 Time," from *Time Magazine*, dated February 16, 2002.

5 I declare under penalty of perjury that the foregoing is true and correct.

6 Executed this 17<sup>th</sup> day of July 2002 at Los Angeles, California.

7  
8 

9 Kim Worobec

10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

73 of 118 DOCUMENTS

Copyright 2001 / Los Angeles Times

Los Angeles Times

November 1, 2001 Thursday Home Edition

SECTION: Business; Part 3; Page 4; Financial Desk

LENGTH: 541 words

HEADLINE: Company Town;

; Networks, Studios File Suit Against ReplayTV, Sonicblue;  
Technology: The firms accuse the digital video recorder maker of copyright infringement.

BYLINE: JON HEALEY, TIMES STAFF WRITER

BODY:

Launching a preemptive strike in federal court, a high-powered group of television networks and Hollywood studios Wednesday sued the makers of an as-yet unreleased digital video recorder that can send copies of movies and TV shows over the Internet.

The copyright-infringement lawsuit against ReplayTV Inc. and its owner, Sonicblue Inc., carries the battle over Internet "file-sharing" to a new front: consumer electronics companies. That's because the new ReplayTV 4000 models, which are scheduled to begin delivery this month, are the first living-room devices built to transmit through the Net the programs they record.

The lawsuit also seeks to bar ReplayTV and Sonicblue from making video recorders that can automatically skip commercials.

The suit was brought in U.S. District Court in Los Angeles by Viacom International Inc., NBC Inc., Disney Enterprises Inc. and seven affiliated companies, including Disney's ABC Inc. and Viacom's CBS Broadcasting Inc., the United Paramount Network and Showtime Networks Inc. Showtime, Disney and NBC all were investors in ReplayTV before it was acquired this year by Sonicblue.

"We have demonstrated and will continue to demonstrate a desire to protect copyrights," said Ken Potashner, chief executive of Sonicblue.

Sonicblue also owns the Rio digital music players, which the major record labels tried unsuccessfully to stop with a federal lawsuit in 1998. The movie studios launched a similar, failed legal assault on Sony's VCRs two decades ago, resulting in a landmark Supreme Court decision in Sony's favor in 1984.

The TV networks and movie studios have made rumblings for several years about digital video recorders, objecting to the ease with which users can skip commercials. But they also have invested in several of the companies making the devices.

In their new lawsuit, the networks and movie studios focus on two novel features of the ReplayTV 4000 models. Priced from \$700 to \$2,000, the devices can be set to skip commercials automatically whenever a recorded program is played back, and they have a high-speed Internet port that can download programs

from the Net or send them to other ReplayTV 4000s. The networks and studios asked the court for an injunction blocking the AutoSkip and Send Show features.

The AutoSkip feature circumvents the advertiser-supported networks' means of paying for their programming, the lawsuit argues. That separation of programs from their funding source violates copyright law, it alleges.

The Send Show feature, meanwhile, enables someone who pays for a pay-per-view or premium channel to copy and send those shows to people who don't. That also violates copyright law, the lawsuit argues.

Andy Wolfe, chief technical officer of Sonicblue, said that consumers already have the ability to skip commercials in recorded programs and share TV programs over the Net. "We're not enabling people to do either of those things," he said.

Several copyright experts said the networks and studios may have a tough time fighting the commercial-skipping functions, given that they don't own the copyrights to the commercials. The argument against transmitting shows over the Internet, however, is much stronger, they said.

LOAD-DATE: November 1, 2001

1 of 1 DOCUMENT

Copyright 2001 San Jose Mercury News

All Rights Reserved

San Jose Mercury News

November 1, 2001 Thursday MORNING FINAL EDITION

SECTION: BUSINESS; Pg. 3C

LENGTH: 518 words

HEADLINE: NETWORKS SUE MAKER OF REPLAYTV 4000;  
NBC, ABC AND CBS SAY SONICBLUE WOULD VIOLATE THEIR COPYRIGHTS

BYLINE: SETH SUTEL, Associated Press

BODY:

The three major television networks are suing the makers of the first Internet-ready personal digital video recorder, saying the ReplayTV 4000 allows people to make and distribute illegal copies of television programs.

NBC, ABC and CBS filed suit Wednesday in federal court in Los Angeles against SonicBlue, claiming the ReplayTV 4000 would violate their copyrights by allowing users to distribute copies of programs over the Internet.

The networks also complained that technology in the personal video recorder can automatically strip out commercials.

In a joint statement, the networks said the device "violates the rights of copyright owners in unprecedented ways" and "deprives the copyright owners of the means by which they are paid for their creative content and thus reduces the incentive to create programming and make it available to the public."

The ReplayTV 4000 has not yet been released for sale to the public, and the networks are asking the court to prevent the device from coming to market. SonicBlue, based in Santa Clara, was planning to begin sales later this month.

SonicBlue officials said they had not seen the suit, but stressed that they took precautions against a Napster-like unfettered distribution of television programming.

The company limited the number of times -- to 15 -- in which a user could send a particular show to another ReplayTV 4000 owner, or so-called "TV buddy." A recorded show could only be sent -- or resent to another user -- a maximum of 15 times.

"I think we've treaded softly," SonicBlue's Chief Executive Ken Potashner said.

The product also supports a digital rights copy protection technology made by Macrovision, giving broadcast networks the option to use that technology to restrict consumers from sending copies of a show over the Internet.

"The idea is not mass distribution of TV programming," Steve Shannon, ReplayTV's vice president of marketing, said in September during the product

announcement. "We want to be cooperative with the (television) industry as we explore these different business models."

Potashner was optimistic the copyright issues would eventually sort out, much in the same way record labels years ago sued Rio, the first maker of portable MP3 music players, and then later became business partners of Rio, which is now owned by SonicBlue.

The networks did not object to earlier versions of the ReplayTV recorder or a rival recording device called TiVo. Both allow users to fast-forward through commercials but have not included technology to automatically delete them or to share the files of the recorded shows.

The networks make two arguments in their complaint. First, that the automatic stripping of commercials "harms the potential market for and value of" their programming. They said they were not challenging the widespread consumer practice of recording shows on VCRs or other devices.

Second, the networks said the ability of ReplayTV 4000 users to share copies of recorded shows through high-speed Internet connections would also undermine the value of media company copyrights.

LOAD-DATE: December 2, 2001



72 of 118 DOCUMENTS

Copyright 2001 BPI Communications, Inc.

The Hollywood Reporter

November 01, 2001

LENGTH: 545 words

HEADLINE: Suit hits Sonicblue recorder

BYLINE: Jesse Hiestand

BODY:

The Walt Disney Co., Viacom and NBC sued Sonicblue Inc. on Wednesday to block the Santa Clara, Calif.-based company from bringing to market a personal video recorder that can automatically skip commercials and let consumers trade digital copies of programs and movies over the Internet.

Taking aim at an "unprecedented new tool" for copyright violation, the suit filed in U.S. District Court in Los Angeles says the ReplayTV 4000 recorder made by Sonicblue's subsidiary ReplayTV Inc. undermines the fundamental economics of both advertiser- and subscription-based television.

"The Replay 4000 deprives copyright owners of the means by which they are paid for their creative content and thus reduces their incentive to create programming and make it available to the public," said a joint statement by the companies, all of whom have invested in ReplayTV.

"For all intents and purposes, these guys developed this technology," Sonicblue chief technology officer Andy Wolfe said. "The reason we put (Internet-based) network technology into this product is to enable these networks to sell new services to their customers over broadband. They're being a little shortsighted here."

The suit was filed on behalf of Disney, parent of the ABC network; Viacom's CBS and UPN networks, Paramount Pictures and Showtime Network; and the General Electric Co.'s NBC.

"We never consented to the misuse of copyrighted work," Disney spokeswoman Michelle Bergman said.

ReplayTV Inc. was acquired by Sonicblue for a \$120 million stock swap in February after quitting the consumer marketplace.

The 4000 model marked ReplayTV's return to the market and featured an industry-leading 320 hours of digital video recording and innovations like an ethernet port so that consumers could forward shows to other 4000 owners.

The "Send Show" and "Auto Skip" commercial-cutting features are what the suit targets, claiming that they amount to contributory copyright infringement under federal and California law. The suit also seeks to keep an "AutoSkip"-like feature out of a new VCR from Sonicblue.

With the release of ReplayTV 4000 just weeks away, pre-orders are being taken, and "until we hear otherwise from the court, we plan to ship the product," Wolfe said.

The underlying PVR technology has been licensed to set-top TV makers, beginning with Panasonic. Sony Corp. said it would build TiVo technology into several consumer electronics products.

TiVo has its own legal problems, having been sued last month by Pause Technology for allegedly infringing on a patent covering technology to pause, fast-forward and replay live TV while a show is being recorded.

In the ReplayTV suit, the plaintiffs are not challenging means of video recording deemed "permissible" by the U.S. Supreme Court's 1984 Sony decision, like VCRs. Nor do they take issue with "ordinary" PVRs.

The ReplayTV 4000 is said to "differ radically" from other recorders and threaten programming in which the networks have invested billions of dollars.

"Plaintiffs are willing to incur the enormous costs of creating and disseminating television programming because copyright provides the economic incentive to do so," the suit says.

Shares of Sonicblue fell 5% on Wednesday, closing down 0.06 at 1.06.

LOAD-DATE: November 01, 2001

Copyright 2001 Reed Elsevier Inc.

Daily Variety

November 1, 2001

SECTION: NEWS; Pg. 1

LENGTH: 743 words

HEADLINE: Industry heavyweights sue blurb-buster Replay

BYLINE: SCOTT HETTRICK and MARC GRASER

BODY:

Multiple entities in the Disney, Viacom and NBC companies filed a joint lawsuit Wednesday against digital recording service ReplayTV and its parent company, SonicBlue, over new Replay features that allow the emailing of TV programs and the automatic deletion of commercials during playback (Variety, Aug. 26) .

The companies --- including ABC, Showtime, Paramount, UPN and CBS, all part of media conglomerates, some of whom have invested in Replay --- seek to prevent Replay and SonicBlue from selling two new devices, the ReplayTV 4000 and SonicBlue's DDV 2120 dual-deck VCR. Other companies, which could include Fox and the WB, may be added to the suit. TiVo investor Sony is not part of the action .

The suit comes on the eve of SonicBlue's announcement today of its quarterly earnings. Filed in federal court in Los Angeles, the suit claims the devices violate the Copyright Act, the Communications Act and California law. The dual-deck VCR is available at retail stores now. The Replay 4000 will ship next month.

The lawsuit also claims the devices "enable, assist and induce" users to make unauthorized digital copies of copyrighted TV programs for the purpose of viewing shows without commercials at the touch of a button. That, the suit says, harms the potential market and value of TV programming since commercials are a "crucial (and often sole)" source of revenue.

The suit also says the devices make it too easy to make perfect digital copies of copyrighted programming, including movies, for distribution by high-speed Internet, which deprives producers and distributors of payment for the programming.

According to the suit, these issues are radically different from those associated with VCR recordings of over-the-air programming, which the Supreme Court ruled permissible in 1984, since they deprive copyright holders of the fundamental means of generating revenue.

A spokeswoman for NBC said that the company does not dispute the 1984 ruling allowing "fair use" of recorded programs for playback in the home at a more convenient time.

But she said that the new machines go above and beyond fair use in allowing consumers to distribute programs by email, which the litigants say will undercut subscription services like Showtime, HBO and pay-per-view programs.

Although consumers may fast-forward through and skip commercials during playback with current VCRs and digital video recorders, the new devices do not allow viewers an opportunity to view them at all, she said.

Andy Wolfe, chief technology officer for Replay/SonicBlue, said the devices simply use technology to "make it easier for people to do things they are already doing anyway."

Customers must still choose whether to skip commercials or not, he said, noting that the skipping of commercials can only be done when a show is being watched on a delayed basis.

Wolfe said Replay/Sonic intends to work with studios and TV distributors as partners in using the technology to offer subscription services for programming that is not readily available on TV. It's unlikely that many consumers will have the necessary high-speed Internet connections or patience to send shows to their friends via email anytime soon, he added.

Given today's Internet connections, a half-hourlong show will take roughly three hours to download, once received on a ReplayTV device. Most Internet service providers wouldn't allow shows to be emailed to its subscribers due to the size of the files.

However, ReplayTV is anticipating some consumers to adopt the gimmick and will limit them to only distrib an episode of a show to another ReplayTV owner 15 times.

The product also supports digital rights copy protection technology made by Macrovision, giving broadcasters the option to restrict consumers from sending copies of a show Webwide.

It is more likely that the technology will sooner be adaptable for program distributors to deliver content to select customers on a subscription basis for playback at their convenience, the way rival TiVo instantly records certain programs for its customers.

A spokeswoman for Viacom said the company made what is now a very small investment in Replay through Showtime at a time when Replay was working within traditional copyright parameters. NBC said the company's investment was made "at a time when this technology didn't exist."

Disney could not be reached for comment beyond the joint statement reiterating points in the lawsuit.

LOAD-DATE: November 1, 2001

Copyright 2001 The Chronicle Publishing Co.

The San Francisco Chronicle

NOVEMBER 28, 2001, WEDNESDAY, FINAL EDITION

SECTION: BUSINESS; Pg. B1

LENGTH: 772 words

HEADLINE: Sonicblue defying media firms;

Digital recorder on sale despite suits

SOURCE: Chronicle Staff Writer

BYLINE: Benny Evangelista

BODY:

Every TV network and media company from AOL Time Warner to UPN has hauled Sonicblue Inc. into court trying to block the firm's newest creation, an Internet-connected digital recorder that zaps commercials and lets users swap shows.

But Santa Clara's Sonicblue still plans to start selling its new ReplayTV 4000 starting today. And Chief Executive Officer Ken Potashner said the company has logged thousands of pre-sale orders, thanks in large part to the publicity generated by the lawsuits.

"For us, it's been a bonanza because it gives us tremendous visibility," Potashner said yesterday. "When you hear that the networks don't want the device to come out, you have consumers saying, 'Gee, there must be something there.' "

The ReplayTV 4000 is the next step in devices that record TV programs digitally on a hard drive rather than videotape. The company will use the ReplayTV Web site to sell four models ranging in price from \$700 for 40 hours of recording time to \$2,000 for a model that can store 320 hours. The recorders may be in stores sometime early next year.

The new model is the first digital recorder designed for broadband Internet access, enabling users to transmit copies of videos to as many as 15 other ReplayTV 4000 owners. And it can seamlessly skip, but not delete, all commercials.

Those two features have made the device the latest test of U.S. copyright law in the digital age. Since Oct. 31, Sonicblue has been hit with a flurry of copyright lawsuits from the biggest media companies, including Disney, Viacom, Vivendi Universal, Fox and AOL Time Warner. Their holdings include TV networks ABC, CBS, NBC and movie studios MGM and Paramount.

Legal experts say the case may prove as important as the U.S. Supreme Court's Sony Betamax decision in 1984 that cleared the way for video cassette recorders.

"The reality is Sonicblue is just the first crest of the wave," said Whitney Broussard, a copyright law expert with Selverne, Mandelbaum & Mintz of New York.

"This will be the convergence technology that ultimately unites the living room with the den."

The suits, filed in U.S. District Court in Los Angeles, seek a permanent injunction against Sonicblue. No court dates have been set.

Sonicblue claimed a partial victory yesterday when CBS, NBC, Viacom and Disney have dropped claims that another product, the Go Video Dual-Deck VCR, also promoted copyright infringement by skipping commercials.

The media companies said they amended their complaints to focus their efforts against the ReplayTV 4000, which they say allows consumers, for example, to copy an episode of HBO's popular series "The Sopranos" and distribute it free to non-HBO subscribers.

"It facilitates and encourages people to steal our copyrights," said Susan Duffy, a spokeswoman for Viacom.

And the ability to skip commercials "robs advertisers of the value of their purchase of advertising time and undermines the economic models that provide consumers with television programs," said Kathy McKiernan, a spokeswoman for AOL-Time Warner.

Potashner, however, noted Sonicblue copped a 2001 Technological and Engineering Emmy Award from the TV industry's own National Academy of Television Arts and Sciences. The ReplayTV 4000 was also named one of the year's top 100 new technologies by "Popular Science," a magazine published by AOL Time Warner.

Sonicblue has a history of beating legal challenges to new technology. In 1998, Diamond Multimedia Systems Inc., now a Sonicblue subsidiary, successfully blocked a recording industry lawsuit that sought to stop sales of the Diamond Rio MP3 player, clearing the way for what is now a competitive digital audio player market.

Potashner said he is confident the courts will clear the ReplayTV 4000, which has software that protects against a Napster-style free-for-all, he said.

"We've got a very strong legal position," Potashner said. "We're not going to back down by any means."

But consumers will likely back off because of the steep price and may not see any advantage in swapping programs over a limited network of ReplayTV owners, said Eric Scheirer, senior analyst with Forrester Research Inc.

"It's awfully expensive for a consumer product," Scheirer said. "You have to ask what kind of audience is it that has the means to pay for a ReplayTV 4000 but is not willing to pay for HBO."

Sonicblue is also risking its future in what could be a long drawn-out fight with the powerful entertainment industry, Scheirer said.

"They're making a lot of enemies," Scheirer said.

E-mail Benny Evangelista at [bevangelista@sfchronicle.com](mailto:bevangelista@sfchronicle.com).

LOAD-DATE: November 28, 2001

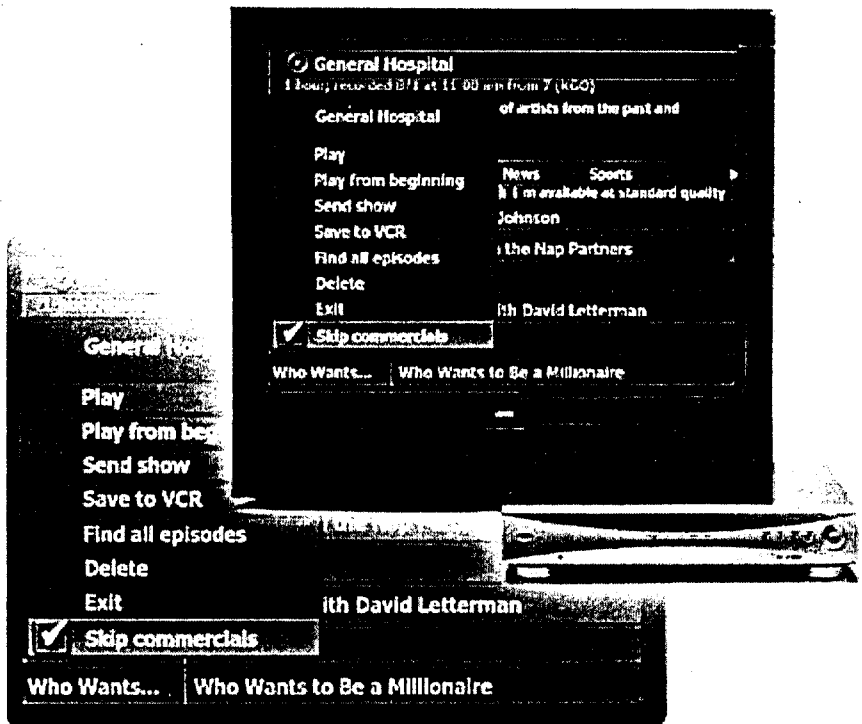


- **ReplayTV**
- Features
- FAQ
- Interactive Demo
- Technical Specs
- MyReplayTV
- Competitive Matrix
- Product Reviews
- Order Now
- Mail List
- Download ReplayTV Photo Software
- Register Your ReplayTV 4000

## ReplayTV 4000

With ReplayTV 4000, the only networked Digital Video Recorder (DVR) with broadband connectivity, you can share your recorded shows between different ReplayTVs in your home, send recorded programs to your friends via the Internet, use Commercial Advance® to playback your favorite shows without commercials, organize your shows in show folders, and record up to 320 hours of programming! See the newest advances in personal television from ReplayTV with our online demo.

Have questions? Call us at 1-877-ReplayTV (1-877-737-5298)



ReplayTV 4000 requires a broadband Internet connection and a home network. A PC connected to a home network is required to store and view digital photos with ReplayTV. 320 hours of storage is only available on the ReplayTV 4320 model. If your ISP limits outbound data transfer speeds, it may take a day or more to completely send an hour of recorded material over the Internet. When in use, the Commercial Advance™ feature may not skip all commercials. SONICblue reserves the right to automatically add, modify, or disable any features in the operating software when your ReplayTV 4000 connects to our server.

COL 00257

EXHIBIT 6  
33



● ● ● [Top](#) | [Home](#)

Copyright © 2001 ReplayTV, Inc. All Rights Reserved. [Copyright Policy](#) / [Privacy Policy](#) / [Contact Us](#)

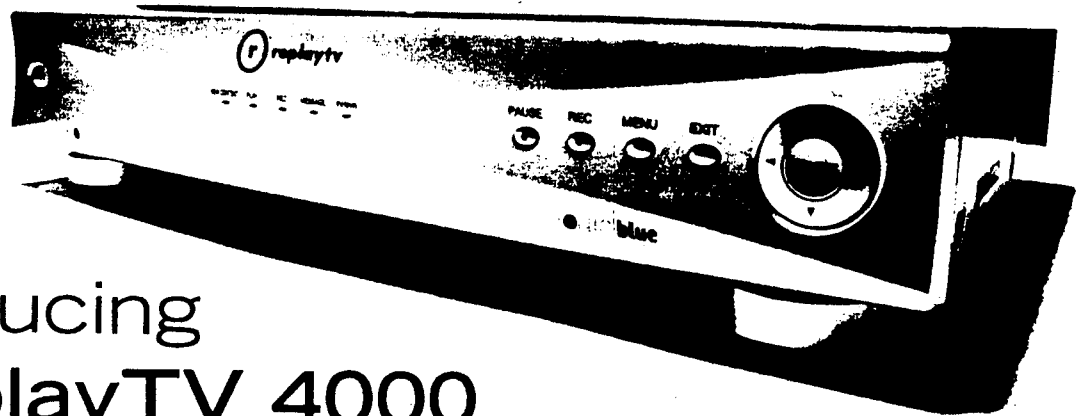
COL 00258

**EXHIBIT 6**  
34





**THE ONLY NETWORKED  
DIGITAL VIDEO RECORDER WITH  
BROADBAND INTERNET CONNECTIVITY**



## Introducing ReplayTV 4000

The ReplayTV 4000 series networked digital video recorder (DVR) takes advantage of broadband connectivity and home networks to deliver a home entertainment experience unlike any other. After all, any digital video recorder will allow you to pause and instant replay live TV and record your favorite shows onto a hard disk. But only ReplayTV 4000 lets you send your recorded videos over the Internet and stream video from room-to-room. The ReplayTV 4000 series also offers the highest recording capacity of any DVR on the market today, with up to 320 hours of storage space, and a new feature called Commercial Advance\* that allows users to playback their recorded shows.

### ADVANTAGES

- The only networked DVR with broadband connectivity
- Video streaming inside the home
- Send your recorded videos over the Internet
- Highest recording capacity available, with up to 320 hours
- Commercial Advance\* lets you choose whether to watch commercials in your recorded shows



EXHIBIT 7  
35

COL 00149

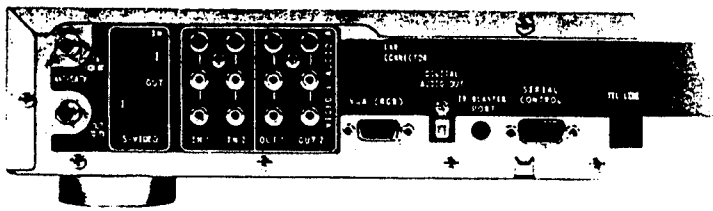




## ReplayTV 4000 Digital Video Recorder Series

With its high-speed, broadband Internet connectivity, and Ethernet port for home networking, ReplayTV 4000 opens a new world of possibilities. You can send your favorite programs over the Internet to friends and family who have a ReplayTV 4000 unit. Plus, you

can watch recorded shows from any room where you have a ReplayTV 4000 hooked up to your home network. And, if you forget to record a show, no worries. Access your ReplayTV over the Web and program it from anywhere!



### SPECIFICATIONS

#### Back panel

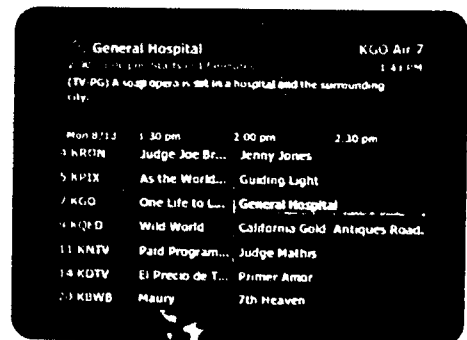
- Infrared emitter
- Serial port
- RJ-11 telephone jack (not enabled)
- A/C power cord
- Ethernet port
- Inputs
  - RF / ANT for cable (F-type)
  - Line one (2 audio RCA; 1 composite video RCA)
  - Line two (2 audio RCA; 1 composite video RCA; 1 S-Video)
- Outputs
  - Line one (2 audio RCA; 1 composite video RCA)
  - Line two (2 audio RCA; 1 composite video RCA; 1 S-Video)
  - ANT / CATV out
  - Progressive output (VGA connector)
  - Digital audio output (optical connector)

#### Audio/Video

- Video vertical resolution: 450 lines minimum
- Video signal to noise ratio: 70dB minimum
- Audio frequency response: 20Hz-20KHz +/-1dB
- Differential gain: less than 1% maximum
- Differential phase: less than 1 degree maximum

### REPLAYTV 4000 SERIES

- ReplayTV 4040 – 40 hour capacity
- ReplayTV 4080 – 80 hour capacity
- ReplayTV 4160 – 160 hour capacity
- ReplayTV 4320 – 320 hour capacity



Our channel guide and "One-Touch" recording options are critically acclaimed for being the most user-friendly.

### KEY FEATURES

#### Networking and multimedia features

- Video streaming between multiple ReplayTV 4000 units in your home
- Send your recorded videos over the Internet to friends and family owning ReplayTV 4000 units
- Ethernet port for connection to home networks
- PC connectivity for transferring digital photos to and from ReplayTV 4000 units
- Broadband connected nightly downloads from ReplayTV service

#### Hardware features

- Highest storage capacity available – up to 320 hours
- Compatible with cable, satellite and antenna programming feeds
- Progressive output provides higher quality image resolution and is compatible with HDTV monitors
- Front panel controls to operate your unit without the remote control
- Backlit remote control

#### Digital Video Recording features

- One-touch recording from a grid-based channel guide
- Easy find shows with keyword search
- ReplayZones – to browse for shows by category
- MyReplayTV.com for remote programming of your ReplayTV from the Web
- Improved Replay Guide with Show Organizer to easily manage shows and photos all in one location
- Immediate and simple resolution of recording conflicts

#### Live TV and playback controls

- Pause, Instant Replay, Slow Motion, Frame Advance, Multi-speed Rewind and Fast Forward
- QuickSkip – ahead 30 seconds
- Commercial Advance – lets you choose whether to watch commercials in your recorded shows
- Slide show playback of personal digital photos
- Screen saver option using digital photos

#### ReplayTV service

- No monthly fees
- Automatic nightly channel guide download and clock set using broadband connection
- Free software upgrades



sonicblue.com

EXHIBIT 7  
36

COL 00150

ReplayTV 4000 requires a broadband Internet connection and a home network. A PC connected to a home network is required to store and view digital photos with ReplayTV. 320 hours of storage is only available on the ReplayTV 4320 model. If your ISP limits outbound data transfer speeds, it may take a day or more to completely send an hour of recorded material over the Internet. When in use, the Commercial Advance™ feature may not skip all commercials. SONICblue reserves the right to automatically add, modify, or disable any features in the operating software when your ReplayTV 4000 connects to our server. Front side product image is courtesy of John B. Carnett for Popular Science Magazine. ©2001 SONICblue Incorporated. All rights reserved.

**There's always something good on**



*Guide to ReplayTV*



**replaytv®**

© 2001 SONICblue Incorporated. All rights reserved.

ReplayTV, ReplayTV Service, ReplayZones, QuickSkip, AutoSkip, Show Organizer and ReplayTV. Some televisions have all the fun. are trademarks of ReplayTV, Inc., a subsidiary of SONICblue Incorporated. SONICblue is a trademark of SONICblue Incorporated. All other product or brand names as they appear are trademarks or registered trademarks of their respective holders.

This document contains proprietary information of SONICblue Incorporated (the "Company"). No part of this document may be copied, reproduced, transmitted, distributed, transcribed, stored in a retrieval system, modified or translated into any other language or computer language, or sublicensed, in any form or by any means—electronic, mechanical, magnetic, optical, chemical, manual or otherwise—without the prior written consent of the Technical Support Manager at the Company, 2841 Mission College Blvd., Santa Clara, CA 95054. Further, this document may not be disseminated (or otherwise made available) using telecommunications lines or frequencies except in a Limited Access Environment and only to persons authorized by the Company to receive and use this document and the information contained therein. For purposes of this copyright, the term "Limited Access Environment" shall mean a computer network (including, without limitation, a local area network, a wide area network or an intranet) that restricts access to personnel in a reliable fashion (which, at a minimum, shall require each user to enter a unique password in order to access the network) that can reasonably be expected to prevent access to the document by persons other than authorized users. In addition the training and instructional procedures described in this document are confidential and proprietary intelligence of the Company and may not be copied or used except as permitted by the Company. Any unauthorized or otherwise improper use of this document or any of its material by any person will subject that person to liability for damages.

The Company shall not be liable for any errors contained herein or for any damages arising out of or related to this document or the information contained therein, even if the Company has been advised of the possibility of such damages.

This document is intended for informational and instructional purposes only. The Company reserves the right to make changes in the specifications and other information contained in this document without prior notification.

It is the intent of SONICblue that this product be used in full compliance with the copyright laws of the United States. It is your responsibility to comply with such laws. Unauthorized recording of copyrighted television programs or providing copies of such programs to others may, in certain circumstances, violate copyright law and prior permission from copyright owners may be required for certain public performances and certain commercial uses.

3. **Scope of and Limitation on Warranty.** This warranty does not cover customer instruction, installation, set up adjustments or signal reception problems. This warranty does not cover cosmetic damage due to acts of God, accident, misuse, abuse, negligence, commercial use, or modification of, or to any part of your ReplayTV. This warranty does not cover damage due to improper operation or maintenance, connection to improper voltage supply, or attempted repair by any one other than a facility authorized by SONICblue to service your ReplayTV. This warranty does not cover consumables (such as fuses and batteries). This warranty is valid only in the United States and is non-transferable. This warranty is invalid if the factory-applied serial number has been altered or removed from the ReplayTV.

REPAIR OR REPLACEMENT AS PROVIDED UNDER THIS WARRANTY IS THE EXCLUSIVE REMEDY OF THE CONSUMER. SONICblue SHALL NOT BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES FOR BREACH OF ANY EXPRESS OR IMPLIED WARRANTY ON THIS PRODUCT. EXCEPT TO THE EXTENT PROHIBITED BY APPLICABLE LAW, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ON THIS PRODUCT IS LIMITED IN DURATION TO THE DURATION OF THIS WARRANTY.

Some states do not allow the exclusion or limitation of incidental or consequential damages, or allow limitations on how long an implied warranty lasts, so the above limitations or exclusions may not apply to you. This warranty gives you specific legal rights, and you may have other rights which vary from state to state.

4. **Software License. IMPORTANT -- READ CAREFULLY:** By pressing "PLAY" and accepting to continue with the setup process to begin using the software in your ReplayTV, you agree to be bound by this agreement, including the terms that apply to the software license. If you do not agree to the terms of this agreement, you may promptly return your ReplayTV to the point of purchase for a refund of your purchase price, or you may contact SONICblue for instructions on where to ship the ReplayTV, at SONICblue's cost, for a full refund of the purchase price after inspection.

5. **Software License Grant: Restrictions.** Subject to the terms of this agreement, SONICblue grants you a non-exclusive license, without the right to sublicense, to use all software included with the ReplayTV or subsequently provided to you, and related documentation (together, "Software") solely for your internal, non-commercial use and solely in connection with your use of the ReplayTV and access to the ReplayTV Service ("RTVS"). The license may only be transferred with the transfer of the ReplayTV on which SONICblue has installed the software and any transferee will be subject to the terms and conditions of this license. You acknowledge and agree that SONICblue may periodically update, modify or enhance the Software remotely through the RTVS, and that any registration or other information provided by you may be used or disclosed by SONICblue pursuant to the terms of SONICblue's ReplayTV Privacy Policy, as that policy may be modified by SONICblue from time to time. You further agree that: (a) if you use of the Software or the ReplayTV with any third party service that is competitive with the RTVS, your product warranty under this agreement will terminate; (b) you will not attempt to modify, enhance, disassemble, decompile, reverse engineer or otherwise attempt to gain access to the source code to the Software; and (c) you will not attempt to remove or unbundle the Software from the ReplayTV.

## **cableworld**

### **Content's King**

**Jamie Kellner controls Turner's programming riches. What he does with them could speed up-- or slow down--the transformation of television.**

by Staci D. Kramer

**Cableworld**  
Monday, April 29, 2002

A big piece of the future of television is in the hands of Jamie Kellner. Kellner, a launcher of broadcast networks, sits atop the empire built by Ted Turner, who acquired programming libraries and turned them into cable leaders. Now Kellner must steer Turner's networks through a media recession and find the best way to exploit the company's vast resources in a new era of television, filled with digital promises and opportunities.

This time last spring Jamie Kellner was at the center of intrigue. The new chairman and CEO of Turner Broadcasting System was brought in just as the company was reeling from the wave of layoffs and cost-cutting that came along with the AOL Time Warner merger. Kellner, who launched and was running the WB, was handpicked by AOL TW co-COO Bob Pittman to run the company's ad-supported television properties. Pittman told Cable World that, in Kellner, he had someone with "terrific vision for where the network industry is headed," someone who could push Turner forward.

Kellner helped make Fox the fourth broadcast network and created the fifth network, the WB. He was responsible for putting the risqué Married With Children on Fox. Kellner also had the sense to put the Aaron Spelling family show 7th Heaven on the WB. His new Turner reports wondered how he would apply those skills and sensibilities. How many more heads would roll? And just where would the WB fit in?

A year later many of the faces on the air at CNN and the revamped Headline News have changed, but most of the people running the show, including Turner Entertainment's Brad Siegel, are the same. Kellner brought with him Garth Ancier and Brad Turell, but Cartoon Network powerhouse Betty Cohen, who left for a mysterious in-house project, was replaced from within. The biggest change came at CNN when News Group chairman Tom Johnson suddenly resigned--totally his idea, says Kellner--and was replaced with Time Inc.'s Walter Isaacson, who brought along heavyweight journalism credentials combined with his rep for energizing Time magazine. The rebranding of CNN was already underway when the terrorist attacks of Sept. 11 and the subsequent war in Afghanistan changed the dynamic of cable news. As AOL Time Warner touted in its mixed first-quarter earnings report, CNN was up 55% in total viewers and 50% in ratings year to year, while Headline News jumped 29% in total viewers. Fox News Channel may be winning the battles for ratings and publicity, but CNN's improvements are considerable.

On the entertainment side, Kellner was given the chance to experiment with spreading the same content across multiple channels. The WB started to feed shows like Charmed to TNT, and the results have encouraged more of the same. He also set up a second in-house studio to create content for TNT, TBS and the WB.

While Pittman focuses on underperforming AOL, at least he doesn't have to worry about Turner. "In just over a year on the job, Jamie has worked with the teams at CNN, TNT, TBS, Cartoon Network and the WB and our other programming channels to further extend these powerhouse brands and foster even closer collaboration within our expanded Networks Group," said Pittman.

In an interview at his CNN office in Atlanta, Kellner discussed the last 14 months and his plans for the future. The following is an edited transcript.

**CW:** How is Turner doing now?

**JK:** I think the entertainment networks are in great shape. The growth of Cartoon and hooking Cartoon and WB with the Warner animation studio and Cartoon studio--I think our kids business is going to be strong. I like the kids business a lot, so that's a fun one. We've put a lot of new programming on CNN, and we have Connie Chung's show still to go on and a lot of upgrades in our facilities and other little changes we're making, so I think we're going to keep working really hard on CNN, and with what's going on in this world right now, it's going to be a pretty iffy place for a while. CNN International is an

**EXHIBIT 9**

40

on in this world right now, it's going to be a pretty big place for a while. CNN International is an important part of that. We've been trying to get into native tongue, and I think that's a place where we can do it with partners, where we bring in our global newsgathering, our expertise, marry it with their expertise, and I think that's a good strategy.

**CW:** When you got here did you feel the lines for each network were clearly defined?

**JK:** From a content standpoint, yeah.... The great thing about the Turner Entertainment networks is by having Ted be the visionary--who in many ways helped lead the cable industry into the cable programming business in a bunch of different categories--we're 'first in' in a bunch of different categories. Ted loved programming, so he was always willing to have the company invest so we were able to get out in front of everybody else. By adding funds, bringing TNT in as well, all of a sudden we had more shelf space, more capacity for programming than any other networks. What's going to happen in the next couple of years at TBS as we add all the sitcoms is there's not going to be anyplace anywhere over the air or cable where you can get as high a concentration of the very best sitcoms as TBS.

**CW:** Is this like a modern TV Land?

**JK:** This is different because TV Land took programming from the shelf and said that there's still value in it.... The fact that we continue to step up in the outside marketplace and buy packages is an example of what we have done in the past and what we plan to do: We want to have the best.

On the original programming front we've restructured ourselves into a model we think will be far more efficient and lead to better programming. We have a lot of experience between all of us in making original programming.... The cable industry has a disadvantage because the way you get to the hit shows is by developing a lot of product, and out of that gigantic development process of 100 scripts you'll end up making 20 to 25 pilots and out of the 20 to 25 pilots you may make five to six series and out of the five to six series you may get one or two shows.... The broadcast networks--that's been their model. The cable model has been to start out with a limited number of made-for-television movies, go to 13 episodes from a script, bypassing the pilot process because they haven't had the resources available to heavily invest in program development. There has been less original programming that has succeeded, that has become a hit. Certainly South Park became a hit in many ways and propelled [Comedy Central] forward. I'm not suggesting that there hasn't been a quality effort, but I'm suggesting that the odds are against you that you'll have that big hit.

**CW:** What are you seeing come out of the studios?

**JK:** There's a couple of pieces I think are very interesting. We've done a pilot of The Lone Ranger, which is a WB development, but we're doing a two-hour movie. And since the two-hour movie easily fits onto TNT because of the success with the Western genre over the years, that one becomes a natural project where we could help finance the project by selling a couple of runs to TNT. It would have been much harder to do a two-hour movie without TNT there. When we see it my biggest fear about the Western is: Will it play young enough for the WB? If it doesn't and it's still a good show, it could easily play more broadly on TNT.

**CW:** Can cable networks afford to be more committed?

**JK:** Wait longer for something to develop? Definitely. The ability to play it multiple times is greater in cable.... In cable you can give it a couple of airings and try to get more exposure for it and the multiple airings will come up a larger audience.

The industry has now experimented with multiplexing, and the results so far say that you can play programs on two different networks and get more new viewers to watch them.... Most industries that don't pay attention to satisfying the demands of their customers fail. You have to realize that television has changed dramatically as much as any other industry I can think of in the past ten to 15 years. American lifestyle has changed dramatically. People are on the Internet a lot, out of the home a lot, having families at a different age than they did ten to 15 years ago. The idea that you can put programs on once a week and expect them to reach their full potential of popularity and their full audience is a joke. If you're interested in satisfying the needs and desires of our customers, we have to offer them multiple times in the week, and that means probably across multiple networks, because the broadcast

EXHIBIT 9

41

networks do not have the shelf space to play their program many times during the week.

**CW:** When you started in your current job, Headline News was on the verge of being remade.

**JK:** They hadn't really started yet. It was the allocation of resources where they could really make it over versus trying to tinker around with it. The company really hadn't really separated Headline News from CNN, hadn't tried to differentiate the mission of Headline News from CNN, so the two networks had similar demographics, and the resources that would enable them to do what's on the air today weren't available.... The good news is that [CNN/U.S. EVP and general manager] Teya Ryan was someone who was well worth making the investment in, a very imaginative thinker, a very passionate hardworking person, someone who's willing to take chances--and a quality journalist.

**CW:** Have you had to have conversations with the folks at AOL TW--with Bob Pittman or anybody else--and explain why CNN doesn't have Fox News Channel's numbers?

**JK:** They wouldn't want CNN to go there. There's nobody who's a better believer in the power of brands than Bob Pittman. I've done a lot of different kinds of television shows over the years--some of them very responsible and respectful [like] 7th Heaven [and] shows like Married With Children and Cops. I think you can put all different kinds of shows on the air.... That's the beauty of television...advertisers are willing to pay much higher premiums to reach certain groups of viewers than other groups of viewers. There's a reason. In the news business, people pay for credibility. They always have and they always will.... CNN is the credible source in this country, and advertisers support it because of that.

**CW:** Have you had any pressure from advertisers?

**JK:** Our business is so much better this year than it was last year--it's remarkable. Rates are higher. Our CPM is up above scatter last year. Business is starting to get healthy. Scatter is well above the pacing of last year.... The CPM dropped significantly the previous year. So when you look at the end of the year, scatter is not going to go up enough to mitigate the lower prices for the upfront, so you're not going to end up with a top season. But if you compare scatter this year to scatter last year, the market has definitely firmed. There's more money in the market, and the prices are going up.

**CW:** The broadcasters--especially when it comes to sports programming rights--say the cable networks have it easier because of their dual revenue streams. Do you feel like you have a certain cushion there?

**JK:** I don't think so at all. I think just the opposite.... I think our company believes that it has to act responsibly to the cable industry maybe more than other network providers that don't own a big piece of the cable industry. With the basketball contract, I was ready to walk away from the NBA deal. Not that I would want to; it's a valuable franchise. If we couldn't have created a deal that had enough value in it for us and the operators, I would have walked away. The enhancements in our contract--I watch a lot of basketball, but for me when we get to postseason play is when I get really interested--and the enhancements to the package on postseason play are extraordinary. I think by having a multiyear package--the All-Star Game and All-Star package is an event that we will be able to make a really important event on cable, one of the most important events of the year that's exclusively on cable. The fact that there will be no games played against us on Thursday night--we want to focus and promote Thursday night into a basketball event much like Monday Night Football is a football event.

**CW:** How does the proposed AOL-NBA network fit in?

**JK:** If the cable operators are interested in supporting another sports network, that with David Stern and ourselves we could over the next three to four years become a formidable competitor in the category. If that's in the interest of cable operators, they'll support the plan; if it's not in their interest, they won't support it. David is out there discussing that with them today--meaning right now.

**CW:** There's a feeling among cable operators that if the guys who own the teams and own cable systems aren't going to get behind this, it's just not going to work.

**JK:** This is something David's been talking about a long time. It requires the support of the major cable operators, and if they think the business is worthy of being entered into, I'm sure they'll give David every

EXHIBIT 9

42



opportunity to understand the strategy, understand where it's going. And my guess is they would like to be supportive of something the league is involved in if they are in business with them already. If they don't think it makes sense for them, for their other businesses, then they'll say no.

**CW:** How did you get Time Warner Cable on board?

**JK:** I think there's recognition in the company of an opportunity. We have a lot of assets and we can afford to invest if we want to in that space. We know we can't do it without Comcast, Cablevision, Charter and others that have to be interested as well. David Stern has a unique relationship with a bunch of his owners. If he can't get them to sit down and say, here's what the opportunity is and it's a good opportunity, if he can't get them to agree to it then who could?

**CW:** What are the dynamics like now with you and the other pieces of AOL Time Warner?

**JK:** We're all running our own businesses, certainly, but where something makes sense for one part of the company it's a lot easier to go in with the good relationships that exist throughout the company at this point, because we all sit together every two weeks. I know [Time Warner Cable chairman and CEO] Glenn Britt very well through that. I didn't know [former Time Warner Cable CEO, current CEO of AOL TW's Interactive video division] Joe Collins. Joe was in here for lunch last week, but we didn't spend a lot of time together. Everybody was off running their own businesses. Now every two weeks we sit down together. We have breakfast together, we work together. We share each other's good news and bad news, usually in New York. I think in many ways that has broken the ice...between the divisions. Instead of festering, problems are put on the table, and we find resolutions. I think everybody is certainly rooting for each other. At the end of the day we're responsible for our bottom lines, which means we have to operate our businesses wisely.

#### **VOD's Ad-Skipping Irks Kellner**

Jamie Kellner would be the first to tell you he is no VOD visionary. What he is, though, is the chairman and CEO of Turner Broadcasting, which puts him in charge of what could be one of the most potent collections of VOD content anywhere.

The eclectic catalogue spans CNN's multiple networks, Turner South's cooking show from Commander's Palace, the TNT library of original movies including its successful Westerns, The Powerpuff Girls, WB hits and sports along with series being developed at two Turner studios. It's a VOD library few, if any, cable or broadcast entity could match.

And yet, ask Jamie Kellner about the opportunities (or challenges) for his company and VOD won't crack the top of his list. He's still too busy making the most out of today's reality: opting for multiplay and multiplex, which he describes as the low-tech way to offer multiple viewing options, creating more network-owned content, pumping up the networks Turner already has (particularly CNN).

If and when Turner gets into VOD in a serious way, it will be pushed there by MSO demand. Think reactive, not proactive.

That doesn't mean Kellner is ignoring the potential of VOD. Far from it. Along with creating and owning content comes control. Outside contracts increasingly include VOD clauses--TNT, for instance, has VOD rights during the windows of some of its exclusive movies.

It's just that he has little patience or time for something that after more than a decade of buzz has finally graduated to trial status.

While Kellner was building two successful broadcast networks--Fox and the WB--and amassing Acme Communications, his own chain of television stations, VOD was on the industry list of next big things (think PPV, ITV, HDTV) that never quite happened. (One network executive recalls graduating from business school 13 years ago when "pay-per-view was just about to explode as a business.") Like the Eiffel Tower, which looks like it's just around the corner even when it's miles away, VOD was an optical illusion of sorts.

Now VOD is part of the alphabet soup that makes up the jargon of cable these days. Kellner talked to Cable World contributing editor Staci D. Kramer about VOD and his concerns about PVRs.

**EXHIBIT 9**

43

**CW:** You said earlier that you're getting to know the cable operators better.

**JK:** This is my second year on the NCTA board, and I've gotten to know some of the guys by going to board meetings and listening carefully, trying to hear more about what their needs are.

**CW:** What do you hear?

**JK:** I would say that everybody's focused on costs.

**CW:** They're looking for alternative revenue streams.

**JK:** We sell that hard. One thing about our networks is they sell well. They're well branded, so it's easier for the local sales people to sell our networks. And delivering marketing plans and promotions and things that help the operators sell their inventory is important to us.... I think what's going to be on the digital tier is important to them.

**CW:** Where do you fit into that? Offering alternative product for the digital tier? Making it possible to move material to digital from analog?

**JK:** I don't think you want to move your product from analog to digital unless you have very narrow networks that are supportable on a digital tier. Most of ours are much broader networks than that. What is the programming model going to be in digital? What can you afford to produce and do with a high enough quality level to satisfy viewers on digital? There's probably going to be a lot of multiplexing and time shifting and things like that that provide a lot of convenience like HBO provides to its subscribers.... Taking our networks TBS and TNT, multiplexing them, taking the sports out, putting the movies in prime time--there's ways you can repackage our networks that would add a lot of convenience for people as well.

**CW:** How do you do that without destabilizing the current model?

**JK:** How would that destabilize it? We'd be running the exact same spots. It would all be incremental viewership. That's just one idea. I'm a big believer we have to make television more convenient or we will drive the penetration of PVRs and things like that, which I'm not sure is good for the cable industry or the broadcast industry or the networks.

**CW:** Why not?

**JK:** Because of the ad skips.... It's theft. Your contract with the network when you get the show is you're going to watch the spots. Otherwise you couldn't get the show on an ad-supported basis. Any time you skip a commercial or watch the button you're actually stealing the programming.

**CW:** What if you have to go to the bathroom or get up to get a Coke?

**JK:** I guess there's a certain amount of tolerance for going to the bathroom. But if you formalize it and you create a device that skips certain second increments, you've got that only for one reason, unless you go to the bathroom for 30 seconds. They've done that just to make it easy for someone to skip a commercial.

**CW:** What if I'm using my PVR to rewind a story on CNN or pause during Moneyline With Lou Dobbs? That's good for you, isn't it, if I can keep watching the network when I might otherwise miss the shows?

**JK:** Is it good for me? It's good to make it easier for consumers to watch the programs they want to watch. I'm not opposed to consumers getting a program without commercials in it. But they have to create a new model that charges them for that programming the way HBO charges them.

**CW:** Operators are putting PVRs in their boxes. A lot of people are getting into this concept and

EXHIBIT 9

44

operators are saying, hey, if people are willing to pay for SVOD give us something we can sell. How do VOD and SVOD fit in with Turner?

**JK:** Our company is working on a number of different VOD models. The question's whether these are going to be head-end-based models or in-home models and whether ultimately there's going to be a license required for use of the copyrighted material, or whether people make a bet the Betamax case can cover this usage. My bet would be the Betamax case is not going to cover this usage. What was a highly questionable decision with the new technology will not stand up to the potential of the digital world. Whether there's going to be a challenge or whether it's going to be legislation, there's going to be some way in the digital world that we can protect copywritten material. I think that that's inevitable.

**CW:** The New York Times has an electronic edition that disappears a certain time after it's downloaded. Do you see a possibility that I download that show and you give me a license to watch it three times and then it disappears?

**JK:** Again, I think that whether it's legislation, whether it's new technology, whether it's challenging Betamax, whatever it is in the video marketplace, we're going to have to find a way to protect copywritten material or there will be less of it made or it will not be made available in windows where it's not protectable and that's not good for consumers, so there's got to be some way it's protected. The audio marketplace--Napster and other companies had a great game going. They figured out how to use the Internet to give music away that they didn't own and make it into a business. Everyone was planning on getting rich there at one point. The companies that are financing and own copyrights stepped in and challenged it, and it's not a very rosy picture for them right now. I think the idea of copyright is very important--and it's respected by the courts and our government--and as people realize the potential of what the Internet with digital can do in terms of distribution, I think there's a good decision to be made that will protect the copyright.... Someone's going to have to recognize that once we've entered the digital world people can send out perfect copies without any costs to large numbers of people in many different territories of the world [and] can dramatically disrupt the system that we've built that allows us to produce and distribute content and pay for it and make...a profit in the investment, and that has to be addressed.

**CW:** Assuming this is dealt with satisfactorily and you feel comfortable with the way content is being distributed digitally, what are some of the models that might work for a Turner?

**JK:** We have classic films. We have Western films. We have a lot of different things. We have original films every year that could go into VOD. There's a lot of stuff that could go into VOD. We also have exclusive windows for pictures that can go into VOD while we have them. I think there's a lot of product in our networks that could go into VOD.

**CW:** Would it be a revenue-sharing model that would work best where every time I download something you get money and the operator gets money?

**JK:** I think that these are new rights that have not yet been exploited, and viewers are going to be moved eventually to the new service. So I've paid money to exploit that picture on my service, so I'm not going to let anybody else do it unless I've recouped whatever loss I would have and make some money. The studio that has the copyright that's licensed it to me is going to say that they need something or they don't want you to do the deal, or they're going to tell you "you don't have a right to exploit this new area," and I would say they'd be right as well. The cable operator is going to say that this is a new service that they're making available and they will be entitled to make a profit. It's going to require a lot of cooperation from a lot of different people to do it. At the end of the day, though, it'll provide customer satisfaction for cable, more use of the cable service and that's good for all of us. It's somewhat inevitable. Hopefully the ad-supported network will be protected...there was one button I heard of that could eliminate the entire commercial pod. That would just remove all the network's promotion, all the sponsors that paid for the film and obviously that's not acceptable to anybody.

**CW:** If cable operators are putting PVRs in their boxes would you like to see them make a decision that they're not going to put ad-skipping PVRs in?

**JK:** Yes. Yes.

**CW:** Is this something you've talked to any of them about?

**JK:** I've spoken out about this a number of times. Again, it doesn't handle the deal that exists. The only payment for a lot [of content] is the willingness of the viewer to watch the spot, the commercial. That's part of the contract between the network and the viewer. For anybody to step in between that content and encourage the viewer to disregard the payment in time that he's making--I think everybody should fight those people...or let the viewer have a subscription model where they pay for that, in which case the monies can be taken in and distributed back to cover the loss of the ad revenue. This is the time to honestly address it; also, for people to deal with it. If you think it's something that's good for consumers, give them the choice of either watching the commercials or paying incremental money for the service and make sure that people in the business understand the economic damage they can do by licensing this product.

**CW:** If VOD were delivered with all the commercials intact would that make you more comfortable with the concept?

**JK:** Yeah. The skipping of commercials is part of it. The second part of it is whether anybody has the right to take product and deliver it in a different way on a subscription basis by getting between the consumer and the network that owns the product with the service.

**CW:** What if you're cooperating with the delivery?

**JK:** That's fine. If I've made a decision to do it, I'm licensing them the product.

**CW:** Have you started to write in VOD rights in?

**JK:** Right now between networks and studios nobody wants to deal with it because there's no real money there yet, and so it's not worth fighting over quite yet. At sometime down the road when it starts to grow, they'll start fighting over it.

**CW:** In doing research for this interview one of the few mentions I found of Jamie Kellner and VOD was in a roundup that featured an NCTA session about the future of VOD and a story about Fox adding a third night of programming. Ten years later I'm sitting down to do an interview and we're still talking about the future of VOD.

**JK:** I can only give you the network side of it. The network side of it is to protect our business, protect our rights. We believe in the value of copyrights and the licenses that we've got. The other side of it is more of the Glenn Britt [chairman and CEO of Time Warner Cable] side, which is probably where you should go for the other side of this because mine is really not trying to get into the VOD business as much as making sure it doesn't adversely affect the businesses I've got.

**CW:** If operators say to you "we want it," then you're going to find a way to work with them.

**JK:** I encourage innovation, and I believe that we should try to satisfy the marketplace, make it as easy and convenient for people to get what they want out of their cable subscriptions, so I'm all for that. I'm for multiplex and multiplay because in many ways it does a similar thing, and it doesn't add in the cost of VOD. It's sort of half a step in the same direction for those who don't want to take the full step, and it's something that can be done relatively quickly and easily. But I'm certainly not opposed, and I encourage the idea of exploring new models with new technology that make it better for people. At the same time, we have to make sure we don't damage the existing businesses, whether it's pay-per-view business--what does it do to that on the cable side--and that we don't damage the advertising-supported networks, cable and broadcast.

**CW:** You were part of the fragmenting, in a sense, of the viewing audience by creating new broadcast networks. PVRs, VOD, even PPV, all of these things, are almost the ultimate fragmentation of an audience. If we're all watching at different times, we can't have that next-day "did you see what happened last night?" Does that change the way you have to deal with things as a programmer?

**JK:** I don't think it changes the way you make programming. I think it may change the way you market

EXHIBIT 9

46

**JK:** I don't think it changes the way you make programming. I think it may change the way you market programming. If you have something you really, really believe in and you have a large installed base of PVRs out there, you may be willing to invest a lot more money on the launching and the marketing just to get the PVR/VOD viewer to go home and log in to receive the show because you can probably get a lot of additional viewership. If you're against tough competition, you could put a program against Friends and if there's a large PVR base you could try to pick up people who are still going to watch Friends, but will you watch the next half-hour, the next hour? You pick up People magazine and see this ad for a new show and you see a lot of promotion on the air and if it's a good enough idea maybe you go home and log in on your PVR. You may get very aggressive at promotion because you have two shots at getting people there versus one.

**CW:** Is there a problem right now because you don't know who's watching on a PVR? Does that hurt you when it comes to advertising?

**JK:** No. You're not getting any Nielsen credit for it so it doesn't help you. I think they'll eventually figure how to get around that, how to measure them if there's enough of them out there. They'll make sure they have a representative sample of PVR households.

**CW:** Operators are seeing an uptick in the amount of money consumers are willing to pay for extra services.

**JK:** You test it and you see if the consumers embrace it. If the consumers embrace it-- as long as everybody can get fully paid for their rights--I'm certainly not going to fight something that's good for consumers as long as there's distribution of the results.

Welcome! Netscape Mail Maps IM Search Shopping

**BUSINESS**  
*Live!*

**LIFE**  
BOOKSTORE  
click here

What do a Fern  
and a sensual ar  
Stewart have in

**TIME.com**

SEARCH THE TIME ARCHIVE:

Magazine All of TIME.com



- Top of business of
- Gift: Subscrip
- Magazine Qu

Sunday, June 23, 2002

Topical Searches  Sept. 11  Catholic Church  Covers

HOME

- > NATION
- > WORLD
- > BUSINESS
  - Economy
  - Markets
  - The Fed
  - Inside Business
  - Global Business
  - Columnists
- > ARTS
- > HEALTH
- > EDUCATION
- > PHOTOS
- > MAGAZINE
- > ARCHIVE
- > COLUMNISTS
- > SPECIALS
- > HELP
- > SUBSCRIBE
- > LIFE Magazine
- > PERSON OF THE YEAR

**BUSINESS INSIDE BUSINESS**

PROMOTIO

**The Pirates of Prime Time**

Anyone want to trade some episodes of The Simpsons online?  
TV Land is getting Napsterized

BY ANITA HAMILTON



- ▶ Movie 88: [Beyond Hollywood's Reach](#)
- ▶ Interview: [S.E. Tan of Movie88](#)

Saturday, Feb. 16, 2002

Michelle Chaplin can't get enough Sex and the City. She has seen virtually all 66 episodes of the series--some of them, like the one in which Samantha tries to seduce a priest, repeatedly. But unlike most people, who pay an extra \$13 a month on their cable bills to get HBO, which carries the show (and is owned by TIME's parent company AOL Time Warner), Chaplin gets her Sex and the City free. Using a program called Morpheus, she goes online and downloads any episode she wants in as little as 10 minutes. Then she watches her haul on the computer. "I know it's not legal," the college sophomore says, "but it's easier for me to download than it is to get HBO or cable."

People like Chaplin pose an increasingly worrisome problem for the \$80 billion television industry. Just ask anyone who works in the music business, which in 1999 was upended by a free music service called Napster that made music swapping easy online. While Napster was subsequently hobbled by lawsuits, it pried open a Pandora's jewel box: Last year CD sales declined for the first time in a decade. Now, with the proliferation of a new generation of "file sharing" programs such as Morpheus, people are swapping TV shows and movies along with their music--more than 11 million Americans do it. And since the current programs, unlike Napster, are decentralized, it's much harder to shut them



Wh  
lunc  
facelifts  
have in

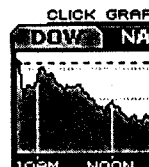
MARKET TO

Stock Fu

Enter name

Quotes are

Marke



Brought to you b

BUSINESS

EXHIBIT 10

48

down.

In TV Land, the swapping comes on top of another, potentially bigger threat. While college kids and geeks are swapping comedies and cartoons online via PCs, a controversial new device called ReplayTV 4000--think of a supersmart VCR--lets regular nontechie folks save television shows in pristine digital format directly from their TV, then watch them commercial free and send them over the Net to other Replay users. Hackers have even figured out ways to copy Replay files to their personal computers, where the files can be uploaded by users of Morpheus and similar programs for wider dissemination.

Hollywood is not amused, and has filed two lawsuits: one against the makers of Replay, the other against the creators of Morpheus and two similar file-sharing services called Grokster and Kazaa. While it may be O.K. to copy a show for yourself on the VCR, "it's not O.K. to start sending it around and file sharing," warns Jack Valenti, CEO of the Motion Picture Association of America. The first legal face-off begins March 4 with a hearing on the Morpheus case in federal district court in Los Angeles. The Replay trial is scheduled for August.

While the legal battles drag out in court, pirates are enjoying a virtual free-for-all. Necratog (who asked to be identified by his screen name only) is the first link in a chain that supplies digitized copies of Buffy the Vampire Slayer to an online chat room and a website that get as many as 1,500 downloads a week. Not to be confused with the many "leechers" (people who only download shows), he's a "capper" (someone who captures a TV show, digitizes it and sends it out to others).

His PC is connected to a TV cable; an inexpensive video card allows him to watch TV on his monitor. Using a free application called VirtualDub, he digitizes any show he wants and saves it to his hard drive. He then spends about five minutes editing out the commercials and an hour compressing the file until it is small enough to swap online. Then he uploads it to a friend who makes it available for others to download.

Like many other TV freaks, Necratog, 21, also downloads favorite programs and burns them onto CDs. His archives include 400 CDs that hold more than a thousand Buffy, Babylon 5, South Park and Star Trek

**This Week in TIME**

**LATEST COVER STORY**

[Being Tom Cruise](#)

June 24, 2002

[Past Issues](#)



**TIME IN-DEPTH**

[World Cup 2002](#)

[Cell Phones: A Survivor's Guide](#)

[Summer Movies Preview](#)

**PHOTO ESSAYS**

[Afghanistan Today](#)

[Pictures of the Week](#)

[More Photos >>>](#)

**GRAPHICS**

[War On Terror: More Wins Than Losses](#)

[Israel: The Planned Barrier](#)

**MORE STORIES**

Nation: [The Next Wave](#)

World: [An Al-Qaeda Bust](#)

Movies: [Minority Report](#)

[More Stories >>>](#)

CNN.com: [Top Headlines](#)

[Dennis The M](#)  
Dennis Kozlov  
into a global c  
buying everytl  
Now he's the  
resign in disgr

[Spitzer's Spee](#)  
After waking u  
what's next fo  
crusader?

[Young & Jobl](#)  
With youth un  
12%, this year  
have to be fle:  
futures

**▶ TIME IN PR**

Get  
**4 FREE**  
Trial  
Issues  
CLICK HERE

Subscribe  
TIME  
TIME for I  
Non-U.S.

Gift Subs:  
Customer  
Pay Bill C  
Renew St

shows. But Buffy is his favorite. "I'll watch the same episode three or four times in a row," he says. "I've watched some over 20 times altogether."

In Napster's heyday, pirated TV shows were a rarity on the Net. But that changed with the advent of broadband home connections, \$40 TV tuner cards that snap into your PC and cheap ways to store data. Looking for episodes of Friends? The MPAA counted more than 5,000 locations on the Internet last year where people could download episodes for free. Using custom software to track copyright violations, it also found 4,000 sites for The Simpsons and 2,000 for The Sopranos. Big Pussy is not going to like that!

The biggest threat to Hollywood may not come from the geeks but from so-called personal video recorders. Like its competitor TiVo, which has sold some 400,000 units to date, the newer Replay which has sold only 5,000, gives owners an easy, menu-driven way to search for shows to record onto its hard drive. The reason Sonicblue got sued is that the new Replay 4000, which hit the market in late November and sold out before Christmas, automatically fast-forwards shows past commercials and lets broadband users send them to friends over the Internet. (TiVos do not offer these features.) An independent site called Planet Replay even helps match up people who want to trade shows.

For now, though, Replay-to-Replay show swapping is painfully slow. Software engineer Thomas Wagner, 32, who has three Replay boxes at home, says it took him eight hours to get a half-hour episode of the now defunct show The Tick from another user, even though he has a high-speed cable modem. But he figures all that will change as the technology improves.

[MORE>>](#)



**Get the Magazine  
Try 4 Issues Free!**

[Click here to try.](#)

#### SEARCH THE ARCHIVE


 

Magazine  All of TIME.com



Search all back-issues of TIME since 1985 for TIME's unique perspective on history, people, and the most important events of the day.  
[GO TO THE ARCHIVE](#)

#### TIME Book Selections

[LIFE Year in Pictures](#)   
[LIFE: One Nation](#)  
[LIFE: The U.S.](#)  
[Military](#)  
[TIME: Great Images of the 20th Century](#)  
[TIME 2002 Annual](#)

#### Opportunities

[Join TIME's Affiliate Program](#)  
[Free Product Info](#)  
[Media Kit](#)

#### Free Internet

[Try AOL for 1000 Hours FREE!](#)



[See our most-popular articles](#)

---

Copyright © 2002 Time Inc. All rights reserved.  
Reproduction in whole or in part without permission is prohibited.

[Subscribe](#) | [Customer Service](#) | [FAQ](#) | [Site Map](#) | [Contact Us](#)  
[Privacy Policy](#) | [Terms of Use](#) | [Reprints & Permissions](#) | [Press Releases](#)

1 **PROOF OF SERVICE**

2 I, Christi Gilbert, declare:

3 I am a resident of the State of California and over the age of eighteen years, and  
4 not a party to the within action; my business address is 2049 Century Park East, 34th Floor, Los Angeles, CA 90067. On July 17, 2002, I served the within document:

5 **NOTICE OF MOTION AND MOTION TO DISMISS COMPLAINT OR,  
6 ALTERNATIVELY, TO STAY PROCEEDINGS; MEMORANDUM OF POINTS  
7 AND AUTHORITIES AND DECLARATION OF KIM WOROBEC IN SUPPORT  
8 THEREOF**


- 8  by placing the document(s) listed above in a sealed envelope with postage thereon  
9 fully prepaid, in the United States mail at Los Angeles, California addressed as set  
10 forth below.
- 10  by transmitting via facsimile a COURTESY COPY the document(s) listed above  
11 to the fax number(s) set forth below on this date before 5:00 p.m.
- 11  by placing the document(s) listed above in a sealed \_\_\_\_\_ envelope  
12 and affixing a pre-paid air bill, and causing the envelope to be delivered to a  
13 \_\_\_\_\_ agent for delivery
- 13  by personally delivering the document(s) listed above to the person(s) at the  
14 address(es) set forth below.

15 **SEE ATTACHED DISTRIBUTION  
16 LIST**

17 I am readily familiar with the firm's practice of collection and processing  
18 correspondence for mailing. Under that practice it would be deposited with the U.S. Postal  
19 Service on that same day with postage thereon fully prepaid in the ordinary course of business. I  
20 am aware that on motion of the party served, service is presumed invalid if postal cancellation  
21 date or postage meter date is more than one day after date of deposit for mailing in affidavit.

22 I declare that I am employed in the office of a member of the bar of this court at  
23 whose direction the service was made.

24 Executed on July 17, 2002, at Los Angeles, California.

25   
26 \_\_\_\_\_  
27 Christi Gilbert  
28

1 Craig Newmark, et al. v. Turner Broadcasting System, Inc., et al.  
2 Distribution List

3 Ira P. Rothken, Esq.  
4 ROTHKEN LAW FIRM  
5 1050 Northgate Drive, Suite 520  
6 San Rafael, California 94903

Cindy A. Cohn, Esq.  
Fred von Lohmann, Esq.  
Robin D. Gross, Esq.  
ELECTRONIC FRONTIER FOUNDATION  
454 Shotwell Street  
San Francisco, California 94110

7 Andrew M. White  
8 Jonathan H. Anschell  
9 Lee S. Brenner  
10 White O'Connor Curry Gatti & Avanzado LLP  
11 10100 Santa Monica Boulevard  
12 Los Angeles, CA 90067

Thomas P. Olson  
Randolph D. Moss  
Peter B. Rutledge  
Wilmer, Cutler & Pickering  
2445 M Street, NW  
Washington, DC 20037

11 Robert M. Schwartz  
12 Mark A. Snyder  
13 O'Melveny & Myers LLP  
14 1999 Avenue of the Stars, 7th Floor  
15 Los Angeles, CA 90067-6035

Ronald L. Klain  
Goodwin Liu  
O'Melveny & Myers LLP  
555 13th Street, N.W., Suite 500 West  
Washington, DC 20004-1109

14 Scott P. Cooper  
15 Proskauer Rose LLP  
16 2049 Century Park East, Suite 3200  
17 Los Angeles, CA 90067-3206

Jon A Baumgarten  
Proskauer Rose LLP  
1233 20 Street, N.W., Suite 800  
Washington, DC 20036-2396

17 Frank P. Scibilia  
18 Proskauer Rose LLP  
19 1585 Broadway  
20 New York, NY 10036-8299

Laurence F. Pulgram  
Fenwick & West LLP  
275 Battery Street, Suite 1500  
San Francisco, CA 94111

20 Emmett C. Stanton  
21 Fenwick & West LLP  
22 Two Palo Alto Square  
23 Palo Alto, CA 94306