

THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

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

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

Plaintiff(s),

and

VIDEO II, et. al.

Counterclaim-Defendants,

vs.

STEVEN SODERBERGH, et. al.

Defendants and Counterclaimants

and

THE DIRECTORS GUILD OF AMERICA,

Defendant in Intervention and Counterclaimant in Intervention.

**BRIEF *AMICUS CURIAE* OF INTEL CORPORATION IN SUPPORT OF THE MOTION
OF CLEARPLAY INC. FOR SUMMARY JUDGMENT**

INTEREST OF *AMICUS CURIAE*

This case presents a fundamental question about the degree to which the holders of copyright in protectable works of authorship can exercise control over how consumers may enjoy those works. It also brings into focus the fact that intellectual property rights and the legal

theories used to enforce those rights both have limits. Both these rights and their associated limitations are fundamental to progress and innovation.

In this case, the Motion Picture Studio defendants (the “Studios”) seek to prohibit consumers, viewing lawfully acquired DVD copies of motion pictures in their own homes, from employing software tools that allow them to skip over or mute passages of films that they wish to avoid, due to violence, indecency and the like. The Studios thereby seek to expand the reach of copyright law and to increase the scope of the copyright holder’s control over consumer use of lawfully acquired copies of protected works. Though copyright law appropriately grants broad protection to copyright holders, it does not grant the Studios the extensive control they seek over how consumers may use their copyright protected material and how product manufacturers can innovate. Limitations on the rights of, and remedies available to, copyright holders keep our intellectual property system in balance.

Amicus Curiae Intel Corporation is the world’s largest semiconductor manufacturer. Since it introduced the world’s first microprocessor in 1968, Intel has consistently developed new technologies that stimulate creativity and empower individuals with greater control over their own personal resources and environment. Today, it supplies the computing and communications industries with the digital building blocks to create computers, servers, and networking and communications products. Itself and innovator, Intel has a significant interest in robust intellectual property protection. Intel also respects the rights of content creators, and has worked closely with them for the past seven years to develop and deploy content protection technologies for use with DVDs, television programming and music that enable the protected digital environments

necessary to meet the challenges of the digital age. But Intel also recognizes the limits under the law on the scope of intellectual property protection and does not believe that existing law permits the Studios to wrest completely from consumers control over the manner in which they may enjoy lawfully acquired copies of the Studios' copyright protected works. Extending the scope of copyright protection as the Studios urge would remain an act of Congress.

Intel develops and produces central processor chips, graphics systems, and wireless networking solutions. These building blocks enable computer manufacturers and consumer electronics companies to produce devices that receive, create, store, and display a wide range of digital entertainment products, including television programming, movies, music, electronic books, and games. These entertainment products contain data, often invisible to consumers, that allow consumers to navigate through the content, much as page numbers allow a reader to conveniently access the contents of a book. The Studios ask this Court to recognize, for the first time, a theory under which device manufacturers could be found liable for violating a copyright holder's exclusive right to create derivative works merely because, to enable consumers to control their own entertainment experiences by skipping or muting passages of films they wish to avoid, device manufacturers employ time codes in their own products based on the time codes embedded in DVDs.¹ The Studios ask the court to recognize this novel theory even though neither the device manufacturers nor their consumer customers ever create any permanent or otherwise fixed

¹ As Intel understands the technology, ClearPlay's filtering software does nothing more than provide playback commands to a user's DVD player or drive based on time codes that are automatically inserted into DVD masters before copies are mass produced ("automated DVD control technology"). See Declaration of Lee Jarman Describing ClearPlay Inc.'s Business and Technology ("Jarman Declaration") at 3-5.

copy of, or physically alter, the works being displayed. Recognizing this novel theory would do more than remove a parent-friendly tool from the market; it would chill innovation and stifle the development of new generations of products, including products designed to empower the individual and enhance the consumer's lawful and reasonable enjoyment of lawfully acquired entertainment content, directly affecting Intel and the consumer products industry it supports. Innovations that empower the individual, respect the parameters of copyright law, and create and expand markets for both the innovator and the rights holder, are encouraged, not prohibited, by the system of balanced incentives and limitations embodied in copyright law.

Accordingly, Intel respectfully suggests that the Court grant ClearPlay's Motion for Summary Judgment as it pertains to the Studios' claims that ClearPlay's use of time codes to automate DVD control violates the Studios' exclusive rights to prepare derivative works based on their protected content.²

I. INTRODUCTION

Courts have generally been reluctant to expand copyright protection where such expansion would discourage legitimate technological innovation. *See, e.g., Sony Corp. of Am. V. Universal City Studios, Inc.*, 464 U.S. 417, 431 (1984) (declining to extend theories of contributory and vicarious copyright infringement to render VCRs unlawful, the Court noted that, in the context of technological innovation, “[t]he judiciary’s reluctance to expand the protections afforded by the copyright without explicit legislative guidance is a recurring theme”); *RIAA v. Diamond*

² To the extent the other Player Control Parties employ automated DVD control technology similar to ClearPlay's, the analysis outlined in this brief would apply to the summary judgment motions of those parties as well.

Multimedia, 180 F.3d 1072 (9th Cir. 1999) (declining to extend the Copyright Act, 17 U.S.C. § 1001 *et seq.* to render portable MP3 players unlawful).

Here the Studios seek to prohibit use of a new technology to enhance user enjoyment of an existing product; this is precisely the sort of innovation that the courts should protect. As the Court of Appeals for the Ninth Circuit explained in *Lewis Galoob Toys, Inc. v. Nintendo of America, Inc.* (discussed below):

In holding that the audiovisual displays created by the Game Genie are not derivative works, we recognize that technology often advances by improvement rather than replacement. Some time ago, for example, computer companies began marketing spell-checkers that operate within existing word processors by signaling the writer when a word is misspelled. These applications, as well as countless others, could not be produced and marketed if courts were to conclude that the word processor and spell-checker combination is a derivative work based on the word processor alone. The Game Genie is useless by itself. It can only enhance, and cannot duplicate or recast, a Nintendo game's output. It does not contain or produce a Nintendo game's output in some concrete or permanent form nor does it supplant demand for Nintendo game cartridges. Such innovations rarely will constitute infringing derivative works under the Copyright Act.

Lewis Galoob Toys, Inc. v. Nintendo of America, Inc., 964 F.2d 965, 969 (9th Cir. 1992) (citations omitted), *cert. denied*, 507 U.S. 985.

As discussed in more detail below, ClearPlay's use of time codes to automate DVD control is a significant technological innovation that, while beneficial to consumers does not undercut the Studios' protectable interests in their pre-existing entertainment products. A holding that the Studios have a protectable interest in the time codes devices must use to display film images to a consumer would chill innovation across a range of technological and artistic fields well beyond those at issue in this case, would unnecessarily extend copyright holder control over lawfully acquired content, and would correspondingly circumscribe the consumer's reasonable use

and enjoyment of that content. Accordingly, the court should grant ClearPlay's Motion for Summary Judgment with respect to these automated DVD control innovations.

II. CLEARPLAY DOES NOT INFRINGE THE STUDIOS EXCLUSIVE RIGHT TO MAKE DERIVATIVE WORKS

The Studios allege that the Player Control Parties infringe the Studios' exclusive right to prepare derivative works based on their films, pursuant to Section 106(2) of the Copyright Act and that distribution of the Player Control Parties' products infringes the Studios' exclusive rights to "distribute copies, specifically copies of derivative works" based on their films pursuant to Section 106(3) of the Copyright Act. *See* Motion Picture Studio Defendant Statement Clarifying Claims at 4. But ClearPlay's automated DVD control technology itself a derivative work, does not contain any derivative works, and does not create derivative works based on the Studios' films. Because this technology is not a derivative work, does not contain or create any derivative works, ClearPlay's distribution of this technology also cannot infringe the Studios' rights to distribute copies of derivative works.

A. ClearPlay's Filtering Software Is Not a Derivative Work

The Studios claim that the "products (*e.g.*, software) based upon and derived from the Studios' copyrighted films and containing film-specific codes...for the playback of unauthorized edited versions of the Studios' films" are infringing derivative works. *See* Motion Picture Studio Defendants' Statement Clarifying Claims at 5. The Studios appear to allege that ClearPlay's

software filters are themselves derivative works because they are "based upon and derived from" the Studios' films.

Copyright law is not so expansive. ClearPlay's filtering software does nothing more than provide playback commands to a user's DVD player or drive based on time codes that are automatically inserted into DVD masters before copies are mass produced. *See Jarman Declaration* at 3 -5. The software does not incorporate any copyrighted expression from the Studios' films; it merely references these time codes to tell the DVD player when to skip ahead or mute to avoid categories of content (such as violence, profanity, nudity, etc.) that the user has specified.³ Referencing the Studios' copyrighted works according to these standard time codes does not create a derivative work any more than referring to a book by its page numbers creates a derivative work.

A parent with a young child might wish to read that child the newest Harry Potter book while avoiding the passages he has heard are too frightening for one so young. That parent might read the book in advance and tab all the scary passages so he can avoid them when reading aloud to his child. Once he has done so, he might jot down his list of scary passages, referring to them by page number and paragraph, and share that list with a friend who's about to read the same book to her child. Surely he has not violated the author's derivative work right by doing so.

The parent, realizing he's created something that might be of value to other parents, produces a "Parent's Guide" – a laminated bookmark that identifies parts of the new Harry Potter book that are likely to be unsuitable for children of specified age ranges. The Parent's Guide might suggest that, when reading to a 6-year old, a parent skip the scene at pages 266-268 (in

³ When creating the final version of the movie to be "burned" into the master disc (from which retail copies will be stamped), the authoring software automatically inserts time codes. They are dictated by the unalterable fact that a movie begins at time 00:00:00, just as a book begins on page one.

which Harry's friend Mrs. Weasley dreams that she sees the dead bodies of members of her family), the scene at pages 273-275 (which Harry's teacher makes him write sentences during detention using his own blood as ink), the scene at paragraphs eight through ten on page 783 (in which evil wizards discuss torturing a little girl), and so on. See J.K. Rowling, *Harry Potter and the Order of the Phoenix* (2003).

Is the Parent's Guide an infringing derivative work because it references page numbers from the Harry Potter book? Of course not. Why? Because copyright law requires that a derivative work incorporate *protectable* elements of a copyrighted work. See *Country Kids 'N City Slicks', Inc. v. Sheen*, 77 F.3d 1280, 1284 (10th Cir. 1996) (plaintiff must show that defendants "copied" protectable elements of the copyrighted work), citing *Gates Rubber Co. v. Bando Chem. Indus., Ltd.*, 9 F.3d 823, 831 (10th Cir. 1993) (there must be "copying by the defendant of protected components of the copyrighted material"). See also H.R. Conf. Rep. No. 94-1476, at 62, reprinted in 1976 U.S.C.C.A.N. 5659,5675 ("the infringing [derivative] work must incorporate a portion of the copyrighted work in some form"); *Madrid v. Chronicle Books*, 209 F. Supp. 2d 1227,1235, n.4 (D, Wyo. 2002), citing with approval *Alcatel USA, Inc. v. DGI Technologies, Inc.*, 166 F.3d 771,787, n.55 ("infringing [derivative] work must incorporate a sufficient portion of the pre-existing work"); *Vault Corp. v. Quaid Software Ltd.*, 847 F.2d 255, 267 (5th Cir. 1988) (infringing derivative work must incorporate portion of copyrighted work); *Litchfield v. Spielberg*, 736 F.2d 1352, 1357 (9th Cir. 1984). Though ClearPlay's software filters do reference discrete points in the chronological sequence of particular films based on the time

codes included in the DVDs of those films, referencing a copyrighted work does not automatically create an infringing derivative work.

As noted in the Player Control Parties' Corrected Opening Brief in Support of Their Motion for Summary Judgment, no case law supports the Studios' claim that the software filters constitute derivative works because they "reference" the Studios' films. *See* Corrected Opening Brief at 29-32. In *Micro Star v. FormGen, Inc.*, 154 F.3d 1107, 1111 (9th Cir, 1998), the United States Court of Appeals for the Ninth Circuit held that a "MAP software" file, which contained an "exact, down to the last detail, description of an audiovisual display," could constitute a derivative work based on the audiovisual work described in detail in the MAP file. But such MAP files are a far cry from the software filters at issue here. The MAP files at issue in *Micro Star* were software files written to add new "levels" of play to a computer game. To function, these MAP files incorporate a complete and detailed description of the audiovisual display of the game so that the new game level will operate under the same visual rules as the levels depicted in the original game.

Micro Star recognized the legal distinction between a work that incorporates copyrightable elements of the underlying work and one that merely references those elements as they exist in the underlying work. In fact, the court distinguished the infringing MAP files at issue in *Micro Star* from the non-infringing "Game Genie" at issue in *Lewis Galoob*:
Micro Star argues that the MAP files on [Micro Star's product ("N/I")] are a more advanced version of the Game Genie, replacing old values (the MAP files in the original game) with new values (N/I's MAP files). But, whereas the audiovisual displays created by Game Genie were never recorded in any permanent form, the audiovisual displays generated by D/N- 3 D from the N/I MAP files are -in the MAP files themselves. In

Galoob, the audiovisual display was defined by the original game cartridge, not by the Game Genie; no one could possibly say that the data values inserted by the Game Genie described the audiovisual display. In the present case the audiovisual display that appears on the computer monitor when a N/I level is played is described -in exact detail -by a N/I MAP file.

154 F.3d at 1111.

Like the Game Genie, ClearPlay's software filters do not contain an "exact, down to the last detail" description of the audiovisual displays of the films to which they refer. Instead, the filter files are simply a set of instructions, based on time codes, that tell the DVD player to mute or skip selected portions of playback based on their offending content. The audiovisual display is defined by the DVD, not by the software filters. Because the software filters at issue here do not incorporate any protectable part of the Studios' copyrighted films, the software filters cannot constitute derivative works and therefore do not infringe the Studios' exclusive right to prepare derivative works.

The only elements of the Studios' films that the Studios seem to claim are incorporated into ClearPlay's software filters are the time codes inserted into the DVDs as part of the manufacturing process. But, like the page numbers in the Parent' s Guide to the new Harry Potter book, described above, these are not subject to copyright protection. Both the United States Supreme Court and the United States Court of Appeals for the Tenth Circuit have clearly held that liability for copyright infringement will *only* attach where the copyright owner can prove that protected elements of the copyrighted material were copied. *See Country Kids 'N City Slicks*, 77 F:3d at 1284, *citing Feist Pubs., Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991) and

IGates Rubber Co., 9 F.3d at 831. Elements that are not protectable include unoriginal material, facts, ideas, procedures, processes, systems and methods of operation, and "scenes a faire," which, in the context of computer programs, means those elements of a program or technology that "necessarily result from external factors inherent in the subject matter of the work." *See Mitel, Inc. v. Iqtel, Inc.*, 124 F.3d 1366, 1375 (10th Cir. 1997).⁴

In this case, the Studios have not alleged that any protected elements of their films have been incorporated into ClearPlay's software filters. Accordingly, the Court may find non-infringement as a matter of law. *See, e.g., Fisher v. United Feature Syndicate, Inc.*, 37 F. Supp. 1213,1218 (D. Colo. 1999), *aff'd*, 203 F.3d 834 (10th Cir. 2000), *cert. denied*, 531 U.S. 992 (2000).

B. The Audiovisual Displays Created by ClearPlay's Technology Are Not Derivative Works

The Studios also claim that "the edited version (or versions) of a Studio's film which is created by the [Player Control Parties' technology] based upon the Studios' copyrighted films" are infringing derivative works. *See Motion Picture Studio Defendants' Statement Clarifying Claims* at 5. The only "edited versions" of the Studios' films that the Studios appear to be referring to are the audiovisual displays that appear on consumers' screens when they use the Player Control

⁴ In *Mitel, Inc. v. Iqtel, Inc.*, the Tenth Circuit affirmed the trial court's denial of a preliminary injunction based on defendant's copying of number values that were used in "command codes" for telecommunications equipment. The court held that, even if the number values expressed in the command codes were non-arbitrary original expression, they were unprotectable under the scenes a faire doctrine because "much of the expression in Mitel's command codes was dictated by the proclivities of technicians and limited by significant hardware, compatibility, and industry requirements." *Mitel, Inc. v. Iqtel, Inc.*, 124 F.3d at 1375. *See also Gates Rubber Co.*, 9 F.3d at 838 ("the scenes a faire doctrine also excludes from protection those elements of a program that have been dictated by external factors"). DVD time code insertion involves even less choice than selection of the command codes at issue in *Mitel*. There, Mitel's employees could at least choose an arbitrary number. Here the DVD authoring software mechanically inserts the

Parties' technology. Thus, the Studios appear to be asking the court to find these audiovisual displays to be infringing derivative works based on the Studios' copyrighted audiovisual works (*i.e.*, their films).

It is settled law that a technology that creates a temporarily altered audiovisual display of a copyrighted work does not infringe the owner's derivative work right where the display is not fixed in any concrete or permanent form. *Lewis Galoob*, 964 F.2d at 968.

In *Lewis Galoob*, game maker Nintendo argued that the altered audiovisual displays created by a player's use of a plug-in device called the "Game Genie" were infringing derivative works based on the original audiovisual displays of Nintendo's game. The Game Genie altered Nintendo's original displays by blocking an instruction sent by the Nintendo game cartridge to the Nintendo Entertainment System and replacing it with a new instruction. The Game Genie did not alter the data stored in the game cartridge; it only changed the game while it was being played. If a player chose not to use the Game Genie, the Nintendo Entertainment System would display Nintendo's original display.

The Ninth Circuit held that the altered audiovisual displays created by the Game Genie could not be infringing because they did not exist in any concrete or permanent form:

The altered displays do not incorporate a portion of a copyrighted work in some concrete or permanent *form*. Nintendo argues fact the Game Genie's displays are as fixed in the hardware and so were used to create them as Nintendo's original displays. Nintendo's argument ignores the fact that the Game Genie cannot produce an audiovisual display; the underlying display must be produced by a Nintendo Entertainment System and game cartridge. Even if we were to rely on the Copyright Act's definition of "fixed," we would

time codes upon which the ClearPlay technology relies. No matter what flights of fantasy are included in a movie, the copyright holder cannot arbitrarily re-designate the opening second as being three minutes into the film.

similarly conclude that the resulting display is not "embodied," *see* 17 U.S.C. § 101, in the Game Genie. It cannot be a derivative work.

Id. at 968 (emphasis in original).⁵ The audiovisual displays generated by combining the Nintendo System with the Game Genie "were not incorporated in any permanent form; when the game was over, they were gone." *Micro Star v. FormGen, Inc.*, 154 F.3d at 1111. Accordingly, the audiovisual displays were not infringing derivative works.

The United States Court of Appeals for the Tenth Circuit has not addressed whether a derivative work must be "fixed" or whether it must have "form" to be infringing. The United States District Court for the Northern District of Illinois has held that *fixation* is required for a derivative work to be infringing. *See Lee v. Deck the Walls*, 925 F. Supp. 516,580 (N.D. Ill. 1996). *See also* Nimmer on Copyright, § 8.09[A] (2000) ("it is difficult to reconcile two different definitions of 'derivative works' [one for fixation and one for infringement] with the plain language of the Act"). Similarly, the United States Court of Appeals for the Second Circuit has stated that "[i]n order for a work to qualify as a derivative work it must be independently copyrightable." *Woods v. Bourne Co.*, 60 F.3d978, 990 (2d Cir. 1995). Though *Woods* did not squarely address whether there must be fixation for there to be a derivative work, if a derivative work must be "independently copyrightable," then it must meet the fixation requirement that is a prerequisite for copyright protection. *See* 17 U.S.C. § 102(a); *Lee*, 925 F. Supp. at 580.

⁵ The Ninth Circuit noted that its test for determining the existence, *vel non*, of a derivative work was not based on the Copyright Act's requirement that a derivative work be "fixed" in a[] tangible medium of expression." *Lewis Galoob*, 964 F .2d at 967. Rather, as the Court pointed out, the Act states that a derivative work "is a work based on one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgement, condensation, *or any other form in which a work may be recast, transformed or adapted.*" *Id.* (emphasis in original), *citing* 17 U.S.C. § 101. Based on this language and on relevant portions of the Act's legislative history', the Ninth Circuit concluded that a derivative work must have "concrete or *permanent form*," even if it isn't "fixed."

Regardless of whether it is viewed under the Ninth Circuit's "concrete or permanent form" test or under the traditional fixation requirement, ClearPlay's technology does not create a derivative work because the audiovisual images that result from a viewer using this technology do not exist in any concrete or permanent form and are not "fixed." The sequence of images exists only as it is being watched; the images do not reside on the DVD or in any other fixed or permanent form. The displays that result from use of ClearPlay's technology therefore cannot be infringing derivative works.

III. CONCLUSION

For the foregoing reasons, *Amicus Curiae* Intel Corporation respectfully suggests that the Court grant ClearPlay's Motion for Summary Judgment with respect to its automated DVD control technology.

DATED: July 11,2003

Respectfully submitted,

Kelly/Haglund/Garnsey & Kahn

By: _____

James W. Hubbell
1441 18th Street
Denver, CO 80202
Telephone: (303) 296-9412
Facsimile: (303) 293-8705
ATTORNEYS FOR INTEL

CORPORATION OF COUNSEL:

Jeffrey T. Lawrence
Legal Counsel
Strategic Content Programs
Intel Corporation
JF3-147
2111 N .E. 25th Avenue
Hillsboro, OR 97124-5961
Telephone: (503) 264-7286
Facsimile: (503) 264-1729

James M. Burger
Jonathan D. Hart
Kathleen E. Fuller
Dow, Lohnes & Albertson, PLLC
1200 New Hampshire Avenue, N.W.
Suite 800
Washington, D.C. 20036
Telephone: (202) 776-2000
Facsimile: (202) 776-2222