IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MISSOURI
EASTERN DISTRICT

DAVIDSON & ASSOCIATES, INC., D.B.A. BLIZZARD ENTERTAINMENT, and VIVENDI UNIVERSAL GAMES, INC., Plaintiffs v. INTERNET GATEWAY, INC., TIM JUNG, ROSS COMBS and ROB CRITTENDEN, Defendants.	Case No. 4:02CV498CAS

MEMORANDUM IN SUPPORT OF DEFENDANTS' MOTION FOR SUMMARY JUDGMENT

MATERIALS REDACTED

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I.   INTRODUCTION

> "From the infancy of copyright protection, some opportunity for fair use
> of copyrighted materials has been thought necessary to fulfill copyright's
> very purpose, '[t]o promote the Progress of Science and useful Arts.'"[1]

This case is about a corporation's attempt to deny the public precisely that

"necessary" opportunity for fair use – through unfounded assertions of copyright,

circumvention, contract and trademark claims. Fair use permits a wide variety of

activities using copyrighted material without the copyright holder's authorization and

often against the copyright holder's wishes, such as harshly critical reviews, scathing

parodies, news reporting, teaching, and scholarship. At issue in this case is another fair

use long recognized by the courts: fair use by reverse engineering.

This case is not about software piracy. Defendants own legal copies of Blizzard's

games. Rather, this case is about Blizzard's attempt to prevent Defendant's from reverse

engineering the "protocols" that allow their copies of Blizzard's games to "talk" to

Blizzard's free BATTLE.NET service that allows those games to be played over the

Internet.

As part of its assault on the right to fair use, Blizzard has asserted its flurry of

claims against three individual hobbyists who, without the aid of pro bono counsel,

would not have had the means to stand in its way. But despite being buried under an

avalanche of litigation launched by Blizzard, the individual Defendants – Ross Combs,

Rob Crittenden, and Tim Jung – have not yielded. They believe that unless the rights of

fair use are as zealously protected as a corporation's intellectual property rights, the law's

precarious balance between public and private interest will be lost forever.

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[1] *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 575 (1994) (*citing* U.S. Const., art. I, § 8, cl. 8) (emphasis added).

To put an end to this case, Defendants have moved for summary judgment on all of Blizzard's claims because they are fatally flawed as a matter of law. Based on a series of undisputed material facts, summary judgment is proper because:

- Fair use by reverse engineering is a complete defense to Plaintiffs' claims for copyright infringement (Count I);

- The basis for Plaintiffs' claims for circumvention (Count II) – the Digital Millennium Copyright Act – explicitly preserves the defense of fair use by reverse engineering;

- Plaintiffs' state law claims for breach of contract (Count VII) assert terms that were never part of any contract between the parties, are preempted by federal law under the doctrine of conflict preemption, and are unenforceable under the doctrine of copyright misuse;

- Plaintiffs offer no evidence of likelihood of confusion or dilution sufficient to support their claims for trademark infringement (Count III, IV, V and VI).

In order to ensure that Blizzard does not improperly exploit its intellectual property rights beyond the carefully circumscribed boundaries set forth by Congress, the Court should grant summary judgment in favor of Defendants on all claims.

II. BACKGROUND AND TECHNOLOGICAL OVERVIEW

Like many Americans, Defendants Ross Combs, Rob Crittenden, and Tim Jung pursue their hobby with a passion. But rather than football, stamps, or square dancing, Defendants' passion focuses on a more recent American pastime: computer videogames, and especially those made by Plaintiff Blizzard Entertainment ("Blizzard").[2]

In 1996, Blizzard first enabled its customers to play their videogames over the Internet with a new service called "BATTLE.NET."[3] BATTLE.NET is free service for those who purchased Blizzard's games. Although the service was an early hit, customers

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[2] Blizzard is a "d.b.a" (doing business as) name for a division of Plaintiff Davidson & Associates, Inc. Plaintiff Vivendi Universal Games is the parent of Davidson & Associates, Inc. Grewal Decl. Ex. F (Second Amended Complaint ¶ 4).

soon experienced many difficulties. For instance, so many players wanted to play on BATTLE.NET at the same time that the system would often slow down and occasionally disconnect users, even in the middle of a game. User profanity was also a problem, particularly for families with children. Others were harassed or fell victim to users who cheated to win games by "hacking" Blizzard's site or software.[4]

Unfortunately for its loyal customers, Blizzard was slow to respond to these problems and seemed unable to solve many of them. Like many others who had spent $50 or more on each Blizzard game, Defendants grew increasingly frustrated by Blizzard's failure to improve the free BATTLE.NET service. Yet Defendants turned their frustration to action, looking for ways to fix these problems and improve the overall customer experience. To pursue these insights, they joined a non-profit, volunteer group of computer game hobbyists called the "bnetd project."

Founded in 1998 by a student named Mark Baysinger, the bnetd project acts much like a local Ford car club bent on improving their Mustangs. Just as those Mustang lovers take their engines apart and rebuild them so they run faster, members of the bnetd project relied on a classic technique of tinkering – "reverse engineering" – to improve the way their games played over the Internet and avoid the problems they had experienced on BATTLE.NET.[5] Specifically, the bnetd project reverse engineered Blizzard's

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[3] Grewal Decl. Ex. L (9/3/03 Sams 30(b)(6) Dep. Tr. 22:5-6).

[4] Grewal Decl. Ex. L (9/3/03 Sams 30(b)(6) Dep. Tr. 76:15-77:8, 94:21-95:7, 96:8-101:24); Grewal Decl. Ex. O (10/1/03 Morhaime Dep. Tr. 96:14-97:3, 98:11-23).

[5] Reverse engineering is nothing more than the process of taking things apart, understanding how they work, and making them work better. From Benjamin Franklin to George Washington Carver to Steve Jobs, Americans have long practiced reverse engineering to satisfy their curiosity about how things work and their desire to make them work better. *See generally* Pamela Samuelson and Suzanne Scotchmer, *The Law and Economics of Reverse Engineering*, 111 Yale L.J. 1575 (2002); Felten Decl. Ex. A (10/1/03 Expert Report of Edward W. Felten ("Felten Report") ¶¶ 9-23); *see also*

"protocol"[6] – the language used by the Blizzard games to communicate with the BATTLE.NET server – in order to understand its methods and rules. The project then used this knowledge to write a home-grown alternative to BATTLE.NET – the bnetd server.[7] By teaching the bnetd server to speak Blizzard's protocol language, it was able to interact, or "interoperate", with Blizzard's store-bought videogames much in the same way that Blizzard's BATTLE.NET service did – offering an alternative place to play. In the spirit of sharing what they had made with other game enthusiasts, the bnetd project offered copies of its server to the public, at no charge, so that others could set up their own alternatives to BATTLE.NET.

Blizzard, however, was not willing to give up control of its customers' online

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Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470, 476 (1974) (To reverse engineer means "starting with a known product and working backwards to divine the process which aided in its development or manufacture."). Reverse engineering is widely accepted and practiced in many technological fields. *See* Institute of Electrical and Electronics Engineers, Position Paper on Reverse Engineering, *available at* http://www.ieeeusa.org/forum/POSITIONS/reverse.html ("We further believe that lawful reverse engineering of computer programs is fundamental to the development of programs and software-related technology."); Andrew Johnson-Laird, *Reverse Engineering of Software: Separating Legal Mythology From Actual Technology*, 5 Software L.J. 331, 354 (1992) ("Reverse engineering is practiced by all programmers . . ..").

[6] Interactions between store-bought Blizzard videogames (often called "game clients") and Internet game servers like BATTLE.NET are governed by a "protocol" – a language that two computer programs use to speak with each other. Like humans speaking French or Russian, computers need to make sure that they are speaking the same language or they will fail to interact or "interoperate" successfully. Felten Decl. Ex. A. (Felten Report ¶¶ 44-51).

[7] The bnetd server, like BATTLE.NET, is what is called a "matchmaking" server. On its own, a Blizzard videogame client allows the user to play entire games against either a computer opponent, a single local human opponent via a modem, or a group of local human opponents via a Local Area Network ("LAN"). A matchmaking server provides one more option to Blizzard game owners: playing the game against other humans over the Internet. To do this, the game owner instructs his game to access the Internet and log into a matchmaking server, such as either a bnetd server or a BATTLE.NET server. Once enough users have logged in to a particular server, the users can chat with each other and pick whom they want to play against. Once players are matched up by the

experience to the customers themselves. Ignoring the clear protections granted by Congress and the courts to fair use by reverse engineering, Blizzard filed this lawsuit against Defendants.[8]

III. DEFENDANTS ARE ENTITLED TO SUMMARY JUDGMENT ON ALL CLAIMS

Blizzard's claims all fall within one of four broad categories: copyright infringement, circumvention of a copyright protection scheme; breach of contract, and trademark infringement. None of the claims, however, survives the scrutiny required under Rule 56.

A. BLIZZARD'S COPYRIGHT CLAIMS (COUNT I) IGNORE FUNDAMENTAL DOCTRINES OF COPYRIGHT LAW, ESPECIALLY THE DOCTRINE OF FAIR USE BY REVERSE ENGINEERING

1. Defendants Engaged In Classic Reverse Engineering Explicitly Protected Under The *Sega* Doctrine

Blizzard's main allegation in Count I is that Defendants copied the computer code when they reverse engineered the "language" protocols use by Blizzard's game clients and the BATTLE.NET service.[9] Yet just as Ford Mustang owners have the right to look under their own hoods and tinker with their engines to make them run the way they want, videogame players like Defendants have a right under the doctrine of fair use to reverse engineer their store-bought Blizzard games

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server, game play begins. Felten Decl. ¶¶ 8-9.

[8] Messrs. Combs, Crittenden, and Jung currently lead the bnetd project. Additional defendant Internet Gateway, Inc. is a "mom and pop" Internet Service Provider ("ISP") owned by Tim Jung and his wife Glorianne. IGI's only connection to this litigation comes from donating free space on its computers for Defendants' activities and briefly hosting a copy of one of Defendants' programs on its website. Jung Decl. ¶¶ 5-6.

[9] *See* Grewal Decl. Ex. A (Plaintiffs' Responses to Defendants' First Set of Interrogatories (Nos. 3, 6, and 14), at 2-3).

and learn their language in order to play them where they want. This has been the law in the federal courts for over ten years.[10]

The facts material to Count I are undisputed. First, there is no dispute that Defendants used reverse engineering methods to study the protocols between the Blizzard games and BATTLE.NET   .[11] In fact, all parties agree that this was the *only way* that Defendants could learn Blizzard's BATTLE.NET language and teach it to their own bnetd server program.[12]

Second, there is no dispute that it was necessary for Defendants to do so in order to make the bnetd server work with Blizzard's videogame clients, including

. Blizzard's own expert puts it succinctly in his report when he wrote: "*It would not have been possible to create a workable bnetd server without reverse engineering Blizzard's software and protocols.*"[13]

Thus, the only question that remains disputed in this case is whether, as a matter of law, such conduct is legal. The answer to that question is unambiguously *yes*.

Every federal appeals court to examine this question has held that copyrighted software programs are not infringed when they are reverse engineered, because reverse engineering for the purpose of making one computer program compatible (or "interoperable") with another is a form of fair use.[14] Like the Supreme Court, these

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[10] *See Sega Enterprises Ltd. v. Accolade, Inc.*, 977 F.2d 1510 (9th Cir. 1992).

[11] Grewal Decl. Ex. B (10/1/03 Expert Report by Rance J. DeLong ("DeLong Report") at 4:20-22), Ex. C (DeLong Dep. Tr. 40:16-21); Felten Decl. Ex. A (Felten Report ¶¶ 75-77, 98-100).

[12] Grewal Decl. Ex. B (DeLong Report at 4:28-29; 9:10-16); Grewal Decl. Ex. C (DeLong Dep. Tr. 67:12-24); Felten Decl. Ex. A (Felten Report ¶¶ 75-77, 98-100).

[13] Grewal Decl. Ex. B (DeLong Report at 4:28-29).

[14] *See Sony Computer Entertainment v. Connectix Corp.*, 203 F.3d 596, 602 (9th Cir. 2000); *Micro Data Base Sys., Inc. v. Dharma Sys., Inc.*, 148 F.3d 649, 652 (7th Cir.

courts have recognized that reverse engineering serves an essential role in spurring

innovation and healthy competition in our country's economy.[15] Likewise, the vast

majority of legal commentators support a right to reverse engineer software under

copyright law.[16]

Defendants' actions here fall squarely within these rulings. In fact, they are on all

fours with both the *Sega* and *Connectix* cases. In *Sega*, Defendant Accolade wanted to

write computer games for Sega's GENESIS console. Because Sega had not published the

communications protocol that GENESIS used to communicate with its videogames,

Accolade engineers went about "listening" to the communications between the GENESIS

1998); *Bateman v. Mnemonics, Inc.*, 79 F.3d 1532 (11th Cir. 1996); *Sega*, 977 F.2d at 1527-28; *Atari Games Corp. v. Nintendo of Am. Inc.*, 975 F.2d 832, 843 (Fed. Cir. 1992); *Vault Corp. v. Quaid Software Ltd.*, 847 F.2d 255 (5th Cir. 1988); *see also Lotus Dev. Corp. v. Borland Int'l*, 49 F.3d 807 (1st Cir. 1995) (Boudin, J., concurring), *aff'd by equally divided Court* 516 U.S. 233 (1996). *See also Mitel, Inc. v. Iqtel, Inc.*, 896 F.Supp. 1050, 1056-57 (D. Colo. 1995), *aff'd on other grounds*, 124 F.3d 1366 (10th Cir. 1997); *Secure Services Techn., Inc. v. Time & Space Processing, Inc.*, 722 F.Supp. 1354 (E.D. Va. 1989).

[15] *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 160 (1989) (holding reverse engineering legal because it is "an essential part of innovation" that "could lead to significant advances in technology."); *Id.* at 160 (finding reverse engineering lawful because it provides the public with a mechanism for understanding and utilizing know-how from publicly-available products); *see also* Samuelson and Scotchmer, 111 Yale L.J. at 1582 (noting reverse engineering lawful because it may promote consumer welfare by providing consumers with a competing product at a lower price).

[16] J. Band and M. Katoh, *Interfaces on Trial: Intellectual Property and Interoperability in the Global Software Industry*, at 167-225 (1995); *Brief Amicus Curiae of Eleven Copyright Professors, Sega Enter. Ltd. v. Accolade, Inc.*, 977 F.2d 1510 (9th Cir. 1992), published in 33 Jurimetrics J. 147 (1992); Julie E. Cohen, *Reverse Engineering and the Rise of Electronic Vigilantism: Intellectual Property Implications of 'Lock-out' Programs*, 68 S. Cal. L. Rev. 1091 (1995); Mark A. Lemley & David McGowan, *The Law and Economics of Network Effects*, 86 Calif. L. Rev. 479 (1998); Charles R. McManis, *Intellectual Property Protection and Reverse Engineering of Computer Programs in the United States and the European Community*, 8 High Tech. L. J. 25 (1993); J.H. Reichman, *Computer Programs As Applied Scientific Know-How: Implications of Copyright Protection for Commercialized University Research*, 42 Vand. L. Rev. 639 (1989); Timothy Teter, Note, *Merger and the Machines: An Analysis of the Pro-Compatibility Trend in Computer Software Copyright Cases*, 45 Stan. L. Rev. 1061

console and Sega games in order to reverse engineer the GENESIS "language." They then took the information they learned and taught their own videogames to interoperate with the GENESIS machine by speaking this same language.

Sega sued Accolade for copyright infringement. The Ninth Circuit sided with Accolade, holding that even though copying had occurred without authorization from Sega, such copying was authorized by the fair use doctrine because it was necessary to create Acolade's interoperable programs.[17] The Court based its holding, in part, on the fact that creation of new interoperable programs supported the Copyright Act's goals of competition and innovation.[18]

Connectix followed a similar fact pattern. That case involved Sony's Playstation video game console and Connectix's creation of an "emulator" that would allow owners of Playstation games to play them on Macintosh personal computers instead of Playstation consoles. To create the emulator, Connectix programmers reverse engineered the Playstation in order to learn the rules of the language it used to talk to its games and then wrote a program to teach those rules to the Macintosh so that it could speak to Sony games as well. Sony, much like Sega, was upset at the idea of a competitor reverse engineering its product and using that information to write an interoperable program that allowed its customers to play its games on something other than their Playstation console, so they sued Connectix for copyright infringement and violations of the DMCA, claiming that Connectix's unauthorized reverse engineering was illegal. The Ninth Circuit, following *Sega* and siding with Connectix, held that whenever reverse engineering is

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(1993).
[17] *Sega*, 977 F.2d at 1520.
[18] *Id.* at 1523-4.

necessary to write an interoperable computer program, it is protected fair use.[19]

That is exactly the situation here. There is no dispute that the bnetd server is a computer program that interoperates with Blizzard's game clients.[20] Nor is there any dispute that reverse engineering Blizzard's communications protocol,

, was necessary in order to learn Blizzard's protocol language and to ensure that the bnetd server worked with Blizzard videogames.[21] Therefore, under the *Sega* and *Connectix* line of cases, Defendants cannot be liable for copyright infringement for those actions.

2. **Blizzard Cannot Protect** _ **Under the** ~~REDACTED~~
    "Idea/Expression" Doctrine

Beyond the issue of fair use by reverse engineering, Blizzard's allegation

fails for another reason. The Copyright Act refuses to protect "any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work."[22] Courts and the leading copyright commentator have consistently supported this principle, often called the "idea-expression" dichotomy, holding that algorithms and formulas are not entitled to copyright protection under United States law.[23] Such ideas remain always in the public domain.[24]

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[19] *Sony*, 203 F.3d at 609-10.

[20] Felten Decl. Ex. A (Felten Report ¶¶ 72-75); Grewal Decl. Ex. B (DeLong Report at 9).

[21] Grewal Decl. Ex. B (DeLong Report at 4, 9); Felten Decl. Ex. A (Felten Report at ¶¶ 75-77, 98-100).

[22] 17 U.S.C. § 102(b) (2002); *see also* 37 C.F.R. § 202(i)(a)-(b)(2002) (providing examples of works not subject to copyright protection).

[23] *See* 4 *Nimmer on Copyright*, § 1303[F][1], at 13-121 n.289. ("When viewed from the highest level, algorithms represent the very essence of abstract ideas, as such, algorithms are ineligible for copyright or patent protection (*citing Baker v. Selden*, 101 U.S. 99

There is no dispute that

[25] Thus, much like $E=mc^2$, it is unprotectable

under U.S. copyright law. [26]

Blizzard attempts to claim ownership of its algorithm by calling it "proprietary"

[27] But

it remains an algorithm and thus unprotectable under copyright law.[28]

3. Blizzard Has Failed To Prove Any Other Copyright Infringement.

Blizzard makes several other vague allegations in Count I about derivative works,

public performances, and copied protocols, "patches," and files, all of which fail. First,

Blizzard has not shown that it has copyright registrations on its additional protocols,

patches, or files. Such registrations are a statutory pre-requisite for filing suit.[29] The only

registrations Blizzard has identified in this case concern its BATTLE.NET server

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(1879)).

[24] *See* 1 *Bernacchi on Computer Law*, § 3.6.2, at 3-24.

[25] Grewal Decl Ex. B (DeLong Report at 15); Grewal Decl. Ex. D

1); Felten Decl. Ex. A (Felten

[26] Felten Decl., Ex. A (Felten Report ¶ 83).

[27] *See* Grewal Decl. Ex. D

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[29] 17 U.S.C. § 441(a); *Morris v. Business Concepts, Inc.*, 259 F.3d 65 (2nd Cir. 2001) (without copyright registration, court has no jurisdiction to hear infringement case).

program and its individual game client software.[30] Yet none of these registrations

indicate that the protocols, "patches", or other minor files at issue were included as part

of these programs.[31] Nor has Blizzard sufficiently identified the exact files it believes

were copied or where they were copied to – vitiating its infringement case.[32] Moreover,

notwithstanding these defects, the use of such protocols or files was legal, either because

Blizzard gave the public permission to use them,[33] or because such uses were de

minimis[34] or fair.

Blizzard's remaining allegations in Count I fail for lack of evidence. Blizzard has

no evidence showing that Defendants created any derivative works of its software or

performed any of its videogames publicly. Blizzard also has no evidence of secondary

copyright liability, in particular on the elements of ability to supervise and control,

financial benefit, knowledge of specific direct infringement or even evidence of direct

infringement.[35]

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[30] Grewal Decl. Ex. E (Blizzard copyright registrations); *see* Grewal Decl. Ex. F (Second Amended Complaint ¶ 28 (listing Blizzard copyrights in suit)).

[31] *See id.*

[32] *Bridgmon v. Array Systems Corp.*, 325 F.3d 572, 577 (5th Cir. 2003) (holding that failure to provide evidence to allow side-by-side comparison between copyrighted work and allegedly infringing work vitiates plaintiff's claim); *Folio Impressions, Inc. v. Byer California*, 937 F.2d 759, 766 (2nd Cir.1991) (noting copying is an issue to be determined by visual comparison of works).

[33] Grewal Decl. Ex. G (BATTLE.NET "Legal Frequently Asked Questions" page explicitly states that Blizzard "allow[s] non-commercial mirroring of our patches and demos[.]").

[34] *Newton v. Diamond*, 349 F.3d 591, 597 (9th Cir. 2003) (copying three notes, or 2%, from a song is de minimis); *Vault Corp. v. Quaid Software, Ltd.*, 847 F.2d 255, 267-8 (5th Cir. 1998) (30 characters from 50 pages of source code held de minimis and not actionable);

[35] *Cf. A&M Records v. Napster, Inc.*, 239 F.3d 1004 (9th Cir. 2001); *Metro-Goldwin-Mayer Studios, Inc. v. Grokster, Ltd.*, 259 F.Supp.2d 1029 (C.D. Cal. 2003). Moreover, Blizzard cannot cite to a single case supporting an independent cause of action for actively inducing infringement.

B. BLIZZARD'S CIRCUMVENTION CLAIMS UNDER THE DIGITAL MILLENNIUM COPYRIGHT ACT (COUNT II) ALSO FAIL ENTIRELY UNDER THE *SEGA* REVERSE ENGINEERING RULE

In Count II, Blizzard alleges that Defendants' development and distribution of the bnetd server violates the proscriptions against circumvention of trafficking of copy protection technology set forth in Section 1201(a)(1) and 1201(a)(2) of the Digital Millennium Copyright Act ("DMCA"). Blizzard's claim, however, fails to recognize that the DMCA explicitly incorporates the *Sega* doctrine of fair use by reverse engineering. In particular, Section 1201(f) of the DMCA explicitly preserves reverse engineering activities that are "necessary to achieve interoperability."[36]

This explicit protection for reverse engineering under Section 1201(f) resolves any doubt about the merits of Blizzard's claim. The Senate Judiciary Committee report on the DMCA states that this exception was "intended to allow legitimate software developers to continue to engage in certain activities for the purpose of achieving interoperability *to the extent permitted by law prior to enactment of this chapter.*"[37] Citing *Sega v. Accolade*, the Committee stated that "the objective is to ensure that the effect of current case law interpreting the Copyright Act is not changed by enactment of this legislation for certain acts of identification and analysis done in respect to computer programs."[38] Thus, anything that was legal under *Sega* cannot be made illegal under the DMCA.

Beyond Defendants' Section 1201(f) defense, Blizzard's two DMCA theories in Count II fail for three additional reasons. First, in order to violate the DMCA under Section 1201(a)(1) – Blizzard's first theory – a defendant must "circumvent a

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[36] 17 U.S.C. § 1201(f)(1), (2).

[37] S. Rep. No. 105-190 at 32 (1998) (emphasis added).

technological measure that effectively controls access to a [copyrighted] work."[39] Having

legitimately purchased their Blizzard games, Defendants obviously had legal authority to

access the Blizzard games.[40] Therefore, Blizzard's theory of circumvention must depend

on Defendants somehow illegally circumventing access to the BATTLE.NET server.[41]

Yet it is undisputed that Defendants' bnetd server only interacts with Blizzard's game

clients and not Blizzard's "protected" BATTLE.NET server.[42]

Second, in order to be liable under Blizzard's second DMCA theory – Section

1201(a)(2) – a defendant must manufacture, import, offer to the public, provide or

otherwise traffic in a technology that: (a) is primarily designed or produced for the

purpose of circumventing a protected copyrighted work; (b) has only limited commercial

significant purpose or use other than such circumvention; or (c) is marketed by that

person or another acting in concert with them for use in such circumvention.[43] Blizzard

has failed to put forth any evidence that it satisfies any of these three tests. As noted

above, the bnetd server does not circumvent any protection. As a volunteer project, bnetd

does not have any commercial purpose. Nor have Defendants marketed it for any illegal

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[38] *Id.*

[39] 17 U.S.C. § 1201(a)(1).

[40] *See Chamberlain Group, Inc. v. Skylink Techs., Inc.*, No. 02 C6376, 2003 WL 22697217, at *5 (N.D. Ill. Nov. 13, 2003).

[41]

[42]Moreover,   of the   mechanisms Blizzard claims are protected by the DMCA do not actually control access, even to BATTLE.NET. Felten Decl. Ex. A (Felten Report ¶¶ 55-65); Grewal Decl. Ex. I (Plaintiffs' Response to Defendants' Requests for Admission ("Plaintiffs' RFA Response") ¶¶ 74, 75).

[43] 17 U.S.C. ¶ 1201(a)(2).

use.[44]

Finally, Defendants are protected by the "no mandate" clause in Section 1201(c)(3) of the DMCA. This clause, simply stated, says that no creator of a computer product is required to modify their product in order to *respond to or accommodate* any "access control" that a copyright owner may implement under Section 1201(a).[45] Both Blizzard's DMCA theories complain that the bnetd server violates the statute by ignoring or failing to respond to Blizzard's anti-piracy mechanisms.[46] However, under Section 1201(c)(3), the authors of the bnetd server program were not required to re-design their program to "provide for a response" to any of these technological measures; therefore, they cannot have violated the DMCA.[47]

C. BLIZZARD'S CONTRACT CLAIMS (COUNT VII) IGNORE THE PREEMPTION, AND MISUSE OF ITS END USER LICENSE AGREEMENTS AND TERMS OF USE.

In Count VII, Blizzard claims that the Defendants breached the End User License Agreements ("EULAs") for its games and its Terms of Use ("TOU") for BATTLE.NET by (1) reverse engineering Blizzard's game software; (2) hosting and providing matchmaking services for Blizzard games; (3) using utility program to enable network play of Blizzard games over the Internet and (4) commercially exploiting the bnetd server program. Blizzard ignores, however, more than just the fact that it presented these terms

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[44] Jung Decl., ¶¶ 13-14; Combs Decl., ¶¶ 13-14.

[45] 17 U.S.C. § 1201(c)(3).

[46] Grewal Decl. Ex. F (Second Amended Complaint ¶¶ 44, 105, 106).

[47] Blizzard also makes vague allegations against Defendants for secondary liability under the DMCA. However, the neither the DMCA statute or legislative history makes any mention of such liability. In this absence, courts are bound to conclude that none exists. *See Central Bank of Denver v. First Interstate Bank of Denver*, 511 U.S. 164, 184 (1994) ("The fact that Congress chose to impose some forms of secondary liability, but not others, indicates a deliberate congressional choice with which the courts should not interfere.").

long *after* the contracts were formed when Defendants purchased their Blizzard games at their local retail stores. Blizzard also ignores two critical doctrines, each grounded in the Constitution, that preclude any claim for breach of contract on these terms: the doctrine of preemption and the doctrine of copyright misuse. Blizzard's breach of contract claims must therefore fail.

1. Blizzard's EULAs and TOU were never part of any contract.

As an initial matter, Blizzard's contract claims are based on a faulty assumption – that its EULAs and TOU are somehow part of the purchase agreement for its games. However, this is simply not true. "In typical consumer transactions, the purchaser is the offeror, and the vendor is the offeree."[48] Accordingly, in this case, the agreements between the parties were formed at the moment Defendants offered to purchase the Blizzard game software by presenting them at the cash register of their local retailer and Blizzard (through its retail partners) accepted those offers by taking the Defendants' money.[49] At that time, none of the EULA or TOU terms at issue were presented to Defendants. It was only later, after each Defendant took his game home, unwrapped the packaging, installed the CD in the tray, and loaded the game on to his computer that the terms were even disclosed.[50] As a result, under the UCC, the EULAs and TOU were not part of any contract between the parties.[51]

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[48] *Brown Mach. Div. of John Brown, Inc. v. Hercules, Inc.*, 770 S.W.2d 416, 419 (Mo. App. 1989). *See also Klocek v. Gateway, Inc.*, 104 F. Supp.2d 1332, 1341 (D. Kan. 2000); *Rich Prods. Corp. v. Kemutec Inc.*, 66 F. Supp.2d 937, 956 (E.D. Wisc. 1999).

[49] *Accord Klocek*, 104 F. Supp.2d at 1341; *Arizona Retail Sys., Inc. v. Software Link, Inc.*, 831 F. Supp. 759, 765 (D. Ariz. 1993).

[50] Jung Decl. ¶¶ 10-12; Crittenden Decl. ¶¶ 7-9; Combs Decl. ¶¶ 9-11.

[51] *See* UCC 2-207(2) (providing that "additional terms are to be construed as proposals for addition to those contracts"). The Official Comment to UCC 2-207 further supports this conclusion that the contract was formed long before the additional terms in the EULAs and TOU were presented to the Defendants: "[2-207 applies] where an

2. **Blizzard's EULAs and Terms of Use impermissibly conflict with the federal copyright laws.**

   a. **The standard for conflict preemption: Do Blizzard's contracts restrain what Congress intended to be free?**

Even if the EULAs and TOU are enforceable, they are nonetheless preempted because they conflict with federal copyright law. This Constitutional preemption, based on the Constitution's Supremacy Clause, Article VI, and its Intellectual Property Clause, Article I, Section 8, can occur either when the federal and state laws directly conflict, so that it is physically impossible to comply with both, or when a state law "stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress."[52]

The leading case addressing Constitutional preemption under the copyright laws is *Goldstein v. California.*[53] In that case, the Supreme Court held that state laws are invalid to the extent they attempt "to protect that which Congress intended to be free from restraint ...."[54] Thus, any state law, include contract, that attempts to constrain what is otherwise freely available under copyright conflicts with copyright and must give way to its authority.

   b. **Blizzard's contracts restrain exactly the fair use that Congress has exempted from copyright infringement.**

By expressly barring the fair use of its software by reverse engineering, Blizzard's EULAs and TOU clearly restrain "that which the copyright laws intended to be free from restraint." Section 107 of the Copyright Act is explicit that "fair use of a copyrighted

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agreement has been reached orally . . . and is followed by one or both of the parties sending formal memoranda embodying the terms so far agreed and adding terms not discussed."

[52] *Cal. Fed. Sav. & Loan Ass'n v. Guerra*, 479 U.S. 272, 281 (1987).

[53] *Goldstein v. California*, 412 U.S. 546 (1973).

work . . . is not an infringement of copyright." Recently, the Supreme Court has noted

that "copyright law contains built-in accommodations," including "the 'fair use'

defense."[55] Without fair use, "rigid application of the copyright statute . . . would stifle

the very creativity which that law is designed to foster."[56]

As noted earlier, every federal court of appeals to consider the issue has held that

software reverse engineering qualifies as fair use because reverse engineering provides

the fundamental and often necessary pathway to the ideas and understanding contained

within software code.[57] Blizzard's restrictions on reverse engineering therefore stifle the

very access to content that Congress and the courts have deemed essential, regardless of

the consent of the content's author.[58]

> 3. **Blizzard's Efforts To Stifle Reverse Engineering, Hosting And Commercialization Constitute Copyright Misuse.**

Blizzard's EULAs and Terms of Use fail for still another reason: by asserting the

contracts' restrictions on reverse engineering, hosting, matchmaking and

commercialization, Blizzard is guilty of copyright misuse.

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[54] *Id.* at 559.

[55] *Eldred v. Ashcroft*, __ U.S. __, 123 S. Ct. 769, 790 (2003) (noting that laws that alter the "traditional contours" of copyright – including fair use – may be unconstitutional).

[56] *Campbell*, 510 U.S. at 577.

[57] *See Sony Computer Entertainment v. Connectix Corp.*, 203 F.3d 596, 602 (9th Cir. 2000); *Micro Data Base Sys., Inc. v. Dharma Sys., Inc.*, 148 F.3d 649, 652 (7th Cir. 1998); *Bateman v. Mnemonics, Inc.*, 79 F.3d 1532 (11th Cir. 1996); *Sega*, 977 F.2d 1510 at 1527-28; *Atari Games Corp. v. Nintendo of Am. Inc.*, 975 F.2d 832, 843 (Fed. Cir. 1992); *Vault Corp. v. Quaid Software Ltd.*, 847 F.2d 255 (5th Cir. 1988); *see also Lotus Dev. Corp. v. Borland Int'l*, 49 F.3d 807 (1st Cir. 1995) (Boudin, J., concurring), *aff'd by equally divided Court* 516 U.S. 233 (1996). *See also Mitel, Inc. v. Iqtel, Inc.*, 896 F.Supp. 1050, 1056-57 (D. Colo. 1995), *aff'd on other grounds*, 124 F.3d 1366 (10th Cir. 1997); *Secure Services Techn., Inc. v. Time & Space Processing, Inc.*, 722 F.Supp. 1354 (E.D. Va. 1989).

[58] *Cf. Vault Corp. v. Quaid Software Ltd.*, 847 F.2d 255, 269 (5th Cir. 1988) (holding that Louisiana statute authorizing contract prohibitions on reverse engineering was preempted

a. **The doctrine of copyright misuse prohibits anticompetitive leveraging of a copyright monopoly**

The doctrine of copyright misuse "prevents copyright holders from leveraging their limited monopoly to allow them control of areas outside their monopoly."[59] Copyright misuse is an equitable defense that shifts the analysis away from the acts of the alleged infringer and towards the actions of the copyright holder. "The misuse doctrine extends from the principle that courts 'may appropriately withhold their aid where the plaintiff is using the right asserted contrary to the public interest." [60]

b. **Blizzard's EULAs and Terms of Use are facially anticompetitive and deny licensees fair use protections required under the Constitution**

Blizzard's restrictions in its EULAs and TOU here are no less "contrary to the public interest" and no less offensive than those misused in other cases[61]. Like the restrictions in those cases, Blizzard's EULAS and TOU attempt "to control competition in an area outside the copyright,"[62] by prohibiting Blizzard's customers from "hosting or

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because it "touche[d] upon an area" of federal copyright law).

[59] *Assessment Techs. of WI, LLC v. WIREdata, Inc.*, (7th Cir. 2003); *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1026-27 (9th Cir. 2001); *see Alcatel USA, Inc. v. DGI Techs., Inc.*, 166 F.3d 772, 792-95 (5th Cir. 1999); *Practice Mgmt. Information Corp. v. Am. Med. Ass'n*, 121 F.3d 516, 520-21 (1997), *amended*, 133 F.3d 1140 (9th Cir. 1998); *DSC Communs. Corp. v. DGI Techs., Inc.*, 81 F.3d 597, 601-02 (5th Cir. 1996); *Lasercomb Am., Inc. v. Reynolds*, 911 F.2d 970, 976-79 (4th Cir. 1990). The Eighth Circuit has also recognized the copyright misuse doctrine, even as it declined to apply it in a particular case. *See United Tel. Phone Co. of Mo. v. Johnson Pub. Co., Inc.*, 855 F.2d 604, 612 (8th Cir. 1988) (assuming "that judicial authority teaches that the patent misuse doctrine may be applied or asserted as a defense to copyright infringement").

[60] *Video Pipeline, Inc. v. Buena Vista Home Entertainment, Inc.*, 342 F.3d 191, 204 (3rd Cir. 2003).

[61] *See Lasercomb Am, Inc. v. Reynolds*, 911 F. 2d 970, 979 (4th Cir. 1990) (finding copyright misuse based on license provision restricting licensee from competing with licensor); *Practice Mgmt. Information Corp. v. Am. Med. Ass'n*, 121 F.3d 516, 520-21 (9th Cir. 1997) (finding copyright misuse based on license provision prohibiting licensee from using products in competition with those of licensor).

[62] *Lasercomb*, 911 F. 2d at 979.

providing matchmaking services for the game," an activity identical to the one it performs through it BATTLE.NET service. The EULAs and TOU also prohibit any attempt to "reverse engineer" Blizzard's service, which, as discussed earlier, is not only essential to creating an alternative to that service but consistently recognized as a protected form of fair use. Blizzard has thus forced its customers to abandon any effort to create their own alternative to BATTLE.NET, even where, as here, the customer's home-grown hosting or matchmaking services do not infringe any of Blizzard's intellectual property rights. [63]

Blizzard's restrictions on "commercialization" are even more blunt. The restrictions prohibit a licensee from "commercially exploiting the game" in any manner whatsoever. This too is nothing less than a blatant attempt to use "the copyright to secure an exclusive right or limited monopoly not granted by the Copyright Office." [64]

If Blizzard were able to use its contracts to eliminate fair use by reverse engineering, what fair use could not be eliminated? Blizzard could presumably use its EULAs and TOU to ban "criticism," "news reporting," "teaching," "scholarship," or "research," despite the explicit protections afforded these fair use activities under Section 107. [65] No newspaper or magazine, for example, could include any reference to any of Blizzard's products in a review if its employees had agreed to the EULA. Blizzard could also eliminate other public access protections beyond fair use such as the first sale

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[63] *Lasercomb*, 911 F. 2d at 979; *see also DSC Communs. Corp. v. DGI Techs., Inc.*, 81 F.3d 597, 601 (5th Cir. 1996).

[64] *Lasercomb*, 911 F. 2d at 979. In precisely the same circumstances as here, the Fifth Circuit found "substantial doubt" as to the enforceability of a plaintiff's copyrights. *See DSC Communs.*, 81 F.3d 597 (affirming denial of plaintiff's preliminary injunction motion based on defense of copyright misuse where plaintiff sought to prohibit any copying of copyrighted operating system, including copying by reverse engineering for the purpose of establishing compatibility).

defense under Section 109(a), which give purchasers of copyrighted material the right "sell or otherwise dispose of the possession of" the material.[66] This would leave Blizzard's customers at risk of an infringement suit for selling a legitimate copy at a garage sale long after the game had proved entertaining. Further still, Blizzard could use its EULAs to gain perpetual protection for its works beyond their 95 year term and in direct contradiction to the Constitution's restriction of "Limited Times" for copyright terms. In short, a corporation like Blizzard could eliminate *any* protection against excessively restricted public access to the material, leaving little or nothing of the Copyright Act's protections of the "public's need for access to creative works."[67]

D. BLIZZARD HAS FAILED TO PROVE ANY OF ITS TRADEMARK CLAIMS (COUNTS III, IV, V, AND VI).

In Counts III, IV, V and VI, Blizzard offers a grab-bag of claims aimed at Defendants use of the name "bnetd project." Betraying their role as a last-ditch attempt by Blizzard to constrain their own customers, these claims all fail for lack of sufficient evidence.

1. Blizzard's Federal Trademark Claims Fail Because Blizzard Has Failed To Establish That There Is A Likelihood Of Confusion Between Its "BATTLE.NET" Mark and Defendants' "bnetd" Mark.

In Count III, Blizzard claims that Defendants have infringed Blizzard's registered "BATTLE.NET" mark by using the "bnetd project" name.[68] To establish this claim, Blizzard must show that there is a "likelihood of confusion" among an "appreciable

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[65] 17 U.S.C. § 101.
[66] 17 U.S.C. § 109(a).
[67] *Stewart v. Abend*, 495 U.S. 207, 225 (1990).
[68] *See* 15 U.S.C § 1114(1).

number of ordinary buyers"[69] as to the source of or association between BATTLE.NET

and bnetd, based on a six-factor test.[70] But considering the lack of similarity between the

two marks, the fact that they have co-existed without any confusion for *over five years*,

and Blizzard's utter failure to establish supporting evidence for three of the remaining

four factors, no reasonable jury could find "a substantial likelihood that the public will be

confused."[71]

First, if two marks are highly dissimilar, there can be no likelihood of confusion

between them.[72] Similarity between two marks is evaluated based on the entirety of the

marks,[73] taking into account: sight, sound, and meaning.[74] Here, comparing the

"BATTLE.NET" and "bnetd project" marks in their entirety, the marks are highly

dissimilar in all three respects. After all, the marks look completely distinct:[75]

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[69] *Duluth News-Tribune v. Mesabi Publishing Co.*, 84 F.3d 1093, 1096 (8th Cir. 1996).

[70] The six factors are: "1) the strength of the trademark; 2) the similarity between the parties' marks; 3) the competitive proximity of the parties' products; 4) the alleged infringer's intent to confuse; 5) evidence of actual confusion; and 6) the degree of care reasonably expected of potential customers." *Duluth*, 84 F.3d at 1096.

[71] *See Vitek Systems, Inc. v. Abbott Labs.*, 675 F.2d 190, 192 (8th Cir. 1982) (*quoting Fisher Stoves, Inc. v. All Nighter Stove Works, Inc.*, 626 F.2d 193, 194 (1st Cir. 1980)); *Luigino's, Inc. v. Stouffer Corp.*, 170 F.3d 827, 832 (8th Cir. 1999); *Duluth*, 84 F.3d at 1096.

[72] *See Nabisco, Inc. v. Warner-Lambert Co.*, 220 F.3d 43, 46 (2d Cir. 2000) ("the 'similarity of the marks' factor can be dispositive and will warrant summary judgment for an infringement defendant if the court is satisfied that the ... marks are so dissimilar that no question of fact is presented.") (internal quotation omitted).

[73] *Duluth*, 84 F.3d at 1097 (court "must evaluate the impression that each mark in its entirety is likely to have on a purchaser exercising the attention usually given by purchasers of such products."); *see also SquirtCo. v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980) ("Similarity is based on an examination of the marks as a whole, including visual impression and sound.").

[74] *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 351 (9th Cir. 1979).

[75] Copies of the marks as they are depicted on Blizzard's and Defendants' respective websites are also provided as Grewal Decl. Ex. J (BATTLE.NET web page) and Combs Decl. Ex. A (bnetd web page).
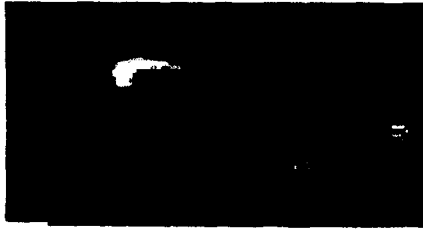
Even the sound of the two marks are dissimilar: "BATTLE.NET" is pronounced "battle-dot-net"; "bnetd project" is pronounced "bee-net-dee project." And even the meanings of the two marks are entirely different: "BATTLE.NET" stands for a computer network where one can battle against other users; "bnetd project" refers to a group of volunteer computer hobbyists. Such dissimilarities alone warrant summary judgment in Defendants' favor.[76]

Second, BATTLE.NET and bnetd have co-existed for over *five years*.[77] Yet Blizzard has failed to present *any* admissible evidence that there have *ever* been any actual instances of customer confusion between BATTLE.NET and bnetd during that time.[78] For example, even Blizzard's Rule 30(b)(6) witnesses on this topic could not

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[76] *See Nabisco, Inc. v. Warner-Lambert Co.*, 220 F.3d 43, 46 (2d Cir. 2000) ("in an appropriate case, the 'similarity of the marks' factor can be dispositive and will warrant summary judgment for an infringement defendant 'if the court is satisfied that the ... marks are so dissimilar that no question of fact is presented.'") (citation omitted).

[77] *See* Grewal Decl. Ex. B (DeLong Report at 19) (bnetd released in July 1998); Grewal Decl. Ex. F (Second Amended Complaint ¶ 31) (Blizzard has used "BATTLE.NET" mark since 1996).

[78] The only "evidence" Blizzard can point to are three customer communications Blizzard claims shows confusion between BATTLE.NET and bnetd. *See* Grewal Decl. Ex. K (Plaintiffs' Responses to Defendants' Third Set of Interrogatories, at 2-4). These communications, however, constitute unreliable and inadmissible hearsay evidence. *Duluth News Tribune*, 84 F.3d at 1098; *see also Vitek*, 675 F.2d at 193 (criticizing testimony of plaintiff's employees that customers told them they were confused by similarity between plaintiff and defendant's marks as "hearsay in nature," "one of the most unsatisfactory kinds [of evidence] because it is capable of such varying interpretations," and de minimis, tending "to show inattentiveness on the part of the caller or sender rather than actual confusion."); *see also Therma-Scan, Inc. v. Thermoscan, Inc.*, 295 F.3d 623, 635-36 (6th Cir. 2002) ("Six confused customers is legally insignificant in

think of a single specific instance of actual confusion.[79] Thus, beyond showing that there

is no likelihood of confusion between the marks, this shows that there is, in fact, no

confusion at all.[80]

Finally, Blizzard has failed to put forth any supporting evidence for three other

factors of the likelihood of confusion test. Specifically, Blizzard has failed to come

forward with any evidence showing: 1) the degree, if any, to which its BATTLE.NET

service and Defendants' bnetd product are in competitive proximity to each other, 2) that

Defendants intended to confuse anyone by using the "bnetd" name, and 3) that potential

"customers" of bnetd exercise a low degree of care when choosing products.

Given the absence of any evidence on these critical factors, Defendants are

entitled to summary judgment on Count III.[81]

> **2.** **Blizzard's False Designation Claims Fail Because Blizzard Has Not Proven Any Protected Right In The "bnet" Mark Or The Trade Dress Of BATTLE.NET.**

Blizzard's Count IV first alleges that Defendants' use of the bnetd name infringes

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light of the scale of Thermoscan's operations").

[79] Grewal Decl. Ex. L (9/3/03 Sams 30(b)(6) Dep. Tr. 227:19-229:18); Grewal Decl. Ex. M (9/4/03 Fitzgerald 30(b)(6) Dep. Tr. 219:15-24; 220:11-22); *see also* Grewal Decl. Ex. N (9/30/03 Biafore Dep. Tr. 60:19-61:22 (Blizzard's Tech Support Manager could not recall any instance of customer confusion between Blizzard and bnetd)); Grewal Decl. Ex. O (10/1/03 Mike Morhaime Dep. Tr. 115:3-19 (Blizzard's President and co-founder was not aware of any instance of customer confusion between Blizzard and bnetd)).

[80] *Pignons S.A. v. Polaroid Corp.*, 657 F.2d 482, 490 (1st Cir.1981) (no infringement where marks have coexisted for four years).

[81] No matter what evidence Blizzard may present on the remaining confusion factor (strength of the mark), summary judgment is appropriate. *See Duluth*, 84 F.3d 1093 (affirming summary judgment of no trademark infringement based on dissimilarity of marks, lack of evidence of intent to confuse, lack of evidence of actual confusion, and high degree of care expected from purchasers); *Luigino's*, 170 F.3d at 830-32 (affirming summary judgment of no trademark infringement based on dissimilarity between the marks, lack of evidence of intent to confuse, lack of evidence of actual confusion, and high degree of care expected from purchasers).

Blizzard's purported unregistered "bnet" mark.[82] However, Blizzard does not have a

registered trademark in the name "bnet,"[83] and admits that it has never attempted to

obtain one.[84] Also, even Blizzard's employees admit that "bnet" is not the correct name

for BATTLE.NET; nor does Blizzard advertise BATTLE.NET using such shortened

names.[85] Meanwhile, Blizzard's expert agrees that the bnetd project has used the "bnetd"

name since at least 1998,[86] while there is no evidence that Blizzard ever used the "bnet"

name before then. Given these undisputed circumstances, no reasonable jury could find

any infringement of a Blizzard mark in "bnet."[87]

3. **Blizzard Cannot Prove Trademark Dilution Because It Has No Evidence Of Actual Dilution.**

Blizzard's trademark dilution claim (Count V)[88] cannot survive summary

judgment because trademark dilution requires *actual evidence* of the lessening of the

capacity of a mark to identify and distinguish goods or services sold by the plaintiff.[89]

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[82] *See* 15 U.S.C. § 1125(a)(1)(A).

[83] Grewal Decl. Ex. I (Plaintiffs' RFA Response ¶¶ 96-97).

[84] Grewal Decl. Ex. I (Plaintiffs' RFA Response ¶¶ 98-100).

[85] Grewal Decl. Ex. O (10/1/03 Morhaime Dep. Tr. 109:10-110:9); Grewal Decl. Ex. K (11/13/03 Fitzgerald 30(b)(6) Dep. Tr. 222:3-224:4 (Blizzard references to BATTLE.NET as "bnet" are infrequent)).

[86] Grewal Decl. Ex. B (DeLong Report at 19) (bnetd released in July 1998).

87 Blizzard's Count IV also alleges that bnetd infringes the "look and feel," or trade dress, of the BATTLE.NET service; this too is meritless. Since Blizzard has no registered trade dress for BATTLE.NET, *see* Grewal Decl Ex. I (Plaintiffs' RFA Response ¶¶ 101-104), Blizzard must show that: 1) the design of BATTLE.NET has acquired distinctiveness through "secondary meaning", 2) the design is primarily nonfunctional, and 3) the Defendants' imitation of the design would create a likelihood of confusion. *See Children's Factory, Inc. v. Benee's Toys Inc.*, 160 F.3d 489 (8th Cir. 1998), as modified by *Wal-Mart Stores, Inc. v. Samara Bros. Inc.*, 529 U.S. 205 (2000). Blizzard has provided no evidence of the secondary meaning or nonfunctionality of the design of BATTLE.NET. Nor, as noted above, has it demonstrated any actual confusion, let alone a likelihood of one.

[88] *See* 15 U.S.C. § 1125(c).

[89] *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 432-34 (2003); *see also Nitro*

Blizzard has failed to come forward with any such actual evidence. Instead, Blizzard's only proffered "evidence" is a few allegedly misdirected customer communications to Blizzard, which under the law constitute unreliable and inadmissible hearsay.[90]

4. Blizzard's Common Law Trademark Claims Fail For All These Same Reasons.

Finally, in Count VI of its complaint, Blizzard alleges common law trademark infringement and unfair competition, based on the same underlying facts as its federal claims.[91] Because Missouri courts look to federal trademark law for guidance in determining such claims, they too fail to survive summary judgment.[92]

IV. CONCLUSION

By unlawfully expanding Blizzard's statutory monopoly, Blizzard's claims in this case upset the balance carefully struck by Congress and the Constitution by denying its customers' rights of fair use. For the reasons set forth above, Defendants respectfully request that the Court enter judgment on all of Plaintiffs' claims as a matter of law.

Dated: December 22, 2003   Respectfully submitted,

By: /s/Paul S. Grewal
                                                  Paul S. Grewal

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Leisure Products, L.L.C. v. Acushnet Co., 341 F.3d 1356, 1366 (Fed. Cir. 2003) ("conclusory statements ... with little more" are insufficient to show actual dilution).

[90] *See* Grewal Decl. Ex. K (Plaintiffs' Response to Defendants' Third Set of Interrogatories at 4); *Duluth News Tribune*, 84 F.3d at 1098 (evidence of misdirected phone calls and mail constitutes unreliable and inadmissible hearsay).

[91] *See* Grewal Decl. Ex. F (Second Amended Complaint ¶ 119).

[92] *Contour Chair Lounge Co., Inc. v. True-Fit Chair, Inc.*, 648 F.Supp. 704, 714 (E.D. Mo. 1986).

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<u>CERTIFICATE OF SERVICE</u>

I hereby certify that on this 22nd day of December, 2003 a true and correct copy of Memorandum in support of Defendants' Motion for Summary Judgment was served via facsimile and first-class mail, postage prepaid upon:

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**DEFENDANTS' STATEMENT OF UNCONTROVERTED
MATERIAL FACTS IN SUPPORT OF DEFENDANTS'
MOTION FOR SUMMARY JUDGMENT**

Defendants Internet Gateway, Inc., Tim Jung, Ross Combs, and Rob Crittenden

submit the following Statement of Uncontroverted Material Facts in support of their

Motion for Summary Judgment, pursuant to Local Rule 4.01(E).

The following facts are beyond genuine dispute:[93]

Battle.net

1.   Plaintiff Davidson & Associates, Inc., d.b.a. Blizzard Entertainment

("Blizzard") launched the Battle.net service in 1996. (Grewal Decl. Ex. L (Sams 30(b)(6)

.:p. Tr. 22:5-6)).

2.

3.

4.

5.   The only copyright registrations Blizzard has identified in this case

concern its Battle.net server program and its individual game client software. (Grewal

Decl. Ex. E (Blizzard copyright registrations); Grewal Decl. Ex. F (Plaintiffs' Second

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[93] The evidence establishing each uncontroverted fact is cited immediately after the
statement of that fact. References to "Grewal Decl.", "Jung Decl.", "Combs Decl.",
"Crittenden Decl.", and "Felten Decl." all refer to the supporting declarations submitted
with Defendants' Motion for Summary Judgment.

Amended Complaint ¶ 28)).

6.   None of these registrations indicate that protocols, "patches", or other minor files are included as part of these programs. (Grewal Decl. Ex. E (Blizzard copyright registrations); Grewal Decl. Ex. F (Second Amended Complaint ¶ 28)).

7.   Blizzard allows the non-commercial distribution of its patches and demos. (Grewal Decl. Ex. G (Battle.net "Legal Frequently Asked Questions" page)).

Bnetd

8.   The bnetd server program ("bnetd") was in existence by 1998. (Grewal Decl. Ex. P (Defendants' Second Supplemental Responses to Plaintiffs' First Set of Interrogatories at 3-4); Grewal Decl. Ex. C (DeLong Report at 19)).

9.   Bnetd is a computer program that interoperates with Blizzard game clients. (Felten Decl. Ex. A (Felten Report, ¶¶ 72-75); Grewal Decl. Ex. C (DeLong Report at 24:3-6)).

10.   Defendants Tim Jung, Ross Combs, and Rob Crittenden have all participated as volunteers in the bnetd project. They have never been paid for any of their work on the bnetd project. (Jung Decl. ¶¶ 3-4; Combs Decl. ¶¶ 3-4; Crittenden Decl. ¶¶ 3-4).

11.   The bnetd program has always been offered as a free download to anyone who wishes to obtain a copy. (Jung Decl. ¶ 13; Combs Decl. ¶ 13; Grewal Decl. Ex. Q (Defendants Amended Answer and Counterclaims to Plaintiffs' Second Amended Complaint, ¶ 59)).

12.   Bnetd was created through reverse engineering of Blizzard's communications protocols. (Grewal Decl. Ex. C (DeLong Report at 4:28-29); Felten Decl. Ex. A (Felten Report, ¶¶ 75-77, 98-100)).

13.   Reverse engineering was necessary in order to learn Blizzard's protocol language and to ensure that bnetd worked with Blizzard videogames. (Grewal Decl. Ex. C (DeLong Report at 4:28-29); Felten Decl. Ex. A

Blizzard license agreements

14.   Blizzard's videogame products include an End User License Agreement ("EULA"), a set of terms that Blizzard shows to users during the installation process for the product. (Jung Decl. ¶ 9; Crittenden Decl. ¶ 6; Combs Decl. ¶ 8; Grewal Decl. Ex. F (Second Amended Complaint ¶ 36)).

15.   At the end of the EULA, Blizzard includes a button with the text "I Agree" in it, which the user must click before the product can be used. (Jung Decl. ¶ 11; Crittenden Decl. ¶ 6; Combs Decl. ¶ 8; Grewal Decl. Ex. F (Second Amended Complaint ¶ 36)).

16.   In addition, Blizzard's Battle.net service has a Terms of Use ("TOU"), a set of additional terms that Blizzard shows to users when they first log on to the Battle.net service. (Jung Decl. ¶ 9; Crittenden Decl. ¶ 6; Combs Decl. ¶ 8; Grewal Decl. Ex. F (Second Amended Complaint ¶ 40)).

17.   At the end of the TOU, Blizzard includes a button with the text "Agree" in it, which the user must click before the Battle.net service can be used. (Jung Decl. ¶ 12; Crittenden Decl. ¶ 9; Grewal Decl. Ex. F (Second Amended Complaint ¶ 40)).

18.   There is no description on the product packaging of any Blizzard videogame products of the terms of the products' EULAs or the Battle.net service TOU. (Jung Decl. ¶ 10; Crittenden Decl. ¶ 7; Combs Decl. ¶ 9; Grewal Decl. Ex. I (Plaintiffs' Response to Defendants' Requests for Admission, ¶¶ 92-93)).

19.   The first time that a purchaser of a Blizzard videogame product is shown the terms of the EULA for the product is after the product is purchased, during the installation procedure for loading the product onto a computer. (Jung Decl. ¶¶ 9-11; Crittenden Decl. ¶¶ 6-8; Combs Decl. ¶¶ 8-10; Grewal Decl. Ex. F (Second Amended Complaint ¶ 36)).

20.   At that point, a display comes up on the computer screen showing the user the terms of the EULA. At the end of the EULA, there is a button with the text "I Agree" in it. In order to complete the installation process so that the product can be used, the user must click on the "I Agree" button. The product will not work if the "I Agree" button is not selected. (Jung Decl. ¶¶ 9-11; Crittenden Decl. ¶¶ 6-8; Combs Decl. ¶¶ 8-10; Grewal Decl. Ex. F (Second Amended Complaint ¶ 36)).

21.   The first time users of the Battle.net service are shown the terms of the Battle.net service TOU is when the user first logs onto the Battle.net service to play with a purchased Blizzard game product. (Jung Decl. ¶ 12; Crittenden Decl. ¶ 9; Grewal Decl. Ex. F (Second Amended Complaint ¶ 40)).

22.   At that point, a display comes up on the user's computer screen showing the terms of the TOU for the Battle.net service. At the end of the TOU, there is a button with the text "Agree" in it. In order to continue with the log-on process so that the game can be played using Battle.net, the user must click on the "Agree" button. The product will not work with the Battle.net service if the "Agree" button is not selected. (Jung Decl. ¶ 12; Crittenden Decl. ¶ 9; Grewal Decl. Ex. F (Second Amended Complaint ¶ 40)).

Trademarks

23.   The following is an accurate representation of Blizzard's BATTLE.NET mark:

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(Grewal Decl. Ex. J).

24. The following is an accurate representation of the bnetd mark, as it was used on the website http://www.bnetd.org in early 2002:

(Combs Decl. ¶ 5 and Ex. A).

25. Blizzard began using the BATTLE.NET mark in 1996. (Grewal Decl. Ex. F (Second Amended Complaint ¶ 31)).

26. Blizzard does not have a registered trademark in the name "bnet." (Grewal Decl. Ex. I (Plaintiffs' Response to Defendants' Requests for Admission, ¶¶ 96-97)).

27. Blizzard has never attempted to obtain a trademark registration for the name "bnet." (Grewal Decl. Ex. I (Plaintiffs' Response to Defendants' Requests for Admission, ¶¶ 98-100)).

28. "Bnet" is not the correct name for Battle.net. (Grewal Decl. Exs. O (10/1/03 Morhaime Dep. Tr. 109:10-110:9) and M (11/13/03 Fitzgerald 30(b)(6) Dep. Tr. 222:3-224:4)).

29. Blizzard does not advertise Battle.net using shortened names such as

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"bnet." (Grewal Decl. Exs. O (10/1/03 Morhaime Dep. Tr. 109:10-110:9) and M (11/13/03 Fitzgerald 30(b)(6) Dep. Tr. 222:3-224:4)).

30. Blizzard does not own any registered trademark for the design of the Battle.net service. (Grewal Decl Ex. I (Plaintiffs' Response to Defendants' Requests for Admission ¶¶ 101-104)).

31. The bnetd project has used the "bnetd" name since at least 1998. (Grewal Decl. Ex. P (Defendants' Second Supplemental Responses to Plaintiffs' First Set of Interrogatories at 3-4); Grewal Decl. Ex. C (DeLong Report at 19)).