

1 THOMAS P. OLSON (*pro hac vice*)
WILMER, CUTLER & PICKERING
2 2445 M Street, NW
Washington, DC 20037
3 Telephone: (202) 663-6000
Facsimile: (202) 663-6363
4 *Attorneys for the Paramount, Disney & NBC*
Plaintiffs

5
6 ROBERT M. SCHWARTZ (Cal. Bar No. 117166)
O'MELVENY & MYERS LLP
1999 Avenue of the Stars, Seventh Floor
7 Los Angeles, California 90067-6035
Telephone: (310) 553-6700
8 Facsimile: (310) 246-6779
Attorneys for the Time Warner Plaintiffs

9
10 SCOTT P. COOPER (Cal. Bar No. 96905)
PROSKAUER ROSE LLP
2049 Century Park East, Suite 3200
11 Los Angeles, CA 90067
Telephone: (310) 557-2900
12 Facsimile: (310) 557-2193
Attorneys for the MGM, Fox & Universal Plaintiffs

13
14 ROBERT H. ROTSTEIN (Cal. Bar No. 72452)
McDERMOTT, WILL & EMERY
2049 Century Park East, 34th Floor
15 Los Angeles, CA 90067
Telephone: (310) 284-6101
16 Facsimile: (310) 277-4730
Attorneys for the Columbia Plaintiffs

17 [Full counsel appearances on signature page]

18 **UNITED STATES DISTRICT COURT**
19 **CENTRAL DISTRICT OF CALIFORNIA**

20 PARAMOUNT PICTURES
21 CORPORATION *et al.*,

22 Plaintiffs,

23 v.

24 REPLAYTV, INC. *et al.*,

25 Defendants.

Case No. CV 01-9358 FMC (Ex)

**JOINT STIPULATION FOR
PLAINTIFFS' MOTION TO
COMPEL**

Discovery Cutoff: May 31, 2002

Pretrial Conference: July 29, 2002

Trial Date: August 20, 2002

26 AND CONSOLIDATED ACTIONS.
27
28

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PLAINTIFFS' INTRODUCTORY STATEMENT

In these actions for copyright infringement and related claims, Plaintiffs served straightforward discovery requests about the device and system at the heart of this case -- a digital video recorder ("DVR") marketed by Defendants called the "ReplayTV 4000." Plaintiffs bring this motion because, despite their best efforts, Defendants still refuse to provide crucial responsive documents and information.

Defendants market the ReplayTV 4000 as a "revolutionary product" with "a huge array of features you won't find anywhere else." See www.replay.com. To understand this "revolutionary" product, Plaintiffs served, on December 3, 2001, a modest number of document requests and interrogatories targeted to obtain the key materials they need to prepare their case. In response to most requests, Defendants offer either nothing at all, or only a carefully hedged production that leaves out crucial documents and data. This Joint Stipulation discusses seven areas in which Defendants have refused to produce critically needed materials:

1. Documents about the actual design of the ReplayTV 4000 and about other designs considered by Defendants. To present their claims for direct, contributory, and vicarious infringement (and other theories of liability), and to rebut Defendant's affirmative defenses, Plaintiffs need a full picture of how the ReplayTV 4000 was designed, why it was designed that way, and how it works. But in response to Plaintiffs' core requests about the design of the ReplayTV 4000, Defendants have elected to withhold most of the relevant documents. On the device's current design and operation, Defendants offer only a counsel-selected *sample* from Defendants' many documents. And although the availability to Defendants of other, non-infringing, designs is directly relevant to Defendants' liability, Defendants again offer only a heavily edited production, which omits most of the documents likely to reflect candid discussions by Defendants' employees about how the ReplayTV 4000 could be designed.

1 **2. Documents about how Defendants and their customers use the**
2 **ReplayTV 4000.** To make their case for contributory and vicarious infringement,
3 Plaintiffs -- like the plaintiffs in *Napster* -- seek information about how Defendants'
4 customers are using the ReplayTV 4000: what works they are copying, to whom
5 they are transmitting them, and so on. *See A&M Records, Inc. v. Napster, Inc.*, 239
6 F.3d 1004, 1013 (9th Cir. 2001). This information is readily available to
7 Defendants, but wholly unavailable to Plaintiffs absent discovery. Defendants
8 have told their customers (and the Court) that they routinely gather this
9 information, in anonymous form, from their customers' hard drives via online
10 connections. But Defendants now say that they have chosen (so far) not to look at
11 how their customers use the ReplayTV 4000. Instead of agreeing to implement the
12 data-gathering system they have told their customers about, Defendants have
13 offered Plaintiffs only a sliver of data about what their customers are doing with the
14 ReplayTV 4000. Plaintiffs need full answers on this core topic.

15 **3. Defendants' insistence that they, but not Plaintiffs, can gather**
16 **evidence from ReplayTV 4000 users.** Defendants propose that they be permitted
17 to withhold from Plaintiffs the names and addresses of their ReplayTV 4000
18 customers, but that Defendants themselves be permitted to contact any or all of
19 these percipient witnesses to gather evidence for use at trial. Defendants' proposed
20 asymmetrical access to witnesses violates basic rules of fairness.

21 **4. Defendants' financial benefits from the ReplayTV 4000 and**
22 **communications with investors and licensees about it.** Although "financial
23 benefit" is one of the two elements of vicarious copyright infringement, Defendants
24 refuse to give Plaintiffs any documents about the benefits they enjoy by delivering
25 advertising via the ReplayTV 4000, or to provide more than a token production
26 about their efforts to exploit the ReplayTV with investors and potential licensees.
27
28

1 **5. Documents relating to submission of the ReplayTV to third party**
2 **reviewers.** Despite their indisputable relevance, Defendants refuse to produce any
3 documents (other than certain generic materials) about submissions to third party
4 reviewers or to provide Plaintiffs with any of the responses by the reviewers.

5 **6. Materials about marketing and promotion of the ReplayTV 4000.**
6 Defendants refuse to produce any drafts of advertising or promotional materials
7 (which may contain candid statements excised in later editing) or to produce any of
8 their internal plans for how to market and advertise the ReplayTV 4000.

9 **7. Efforts to obtain licenses for the conduct at issue in this case.**
10 Defendants have told the press that they wish to seek (and need to obtain)
11 permission to transmit TV programs themselves over the Internet, but they market
12 the ReplayTV 4000 system, through which they enable others to transmit the same
13 works without any permission. Plaintiffs need discovery to explore this paradox,
14 but Defendants refuse to produce any documents about their efforts to obtain such
15 licenses.

16 Plaintiffs seek this Court's assistance only after a diligent, but ultimately
17 frustrating and unsuccessful, effort to resolve these matters through the meet-and-
18 confer process. On February 19, 2002, Plaintiffs started that process with a 22-page
19 letter explaining the deficiencies in Defendants' initial responses. After receiving
20 Defendants' March 1st letter in response, Plaintiffs arranged for more than seven
21 hours of telephonic conferences to discuss these requests. But Defendants'
22 intransigence made that process largely fruitless. Plaintiffs therefore request an
23 Order compelling Defendants to provide full responses (or in one case to correct
24 their proposed asymmetrical access to witnesses) in the areas described above.
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DEFENDANTS’ INTRODUCTORY STATEMENT

Defendants have responded to Plaintiffs’ excessively broad and oftentimes harassing discovery with good faith written assurances that they will produce the relevant, probative, and responsive documents. These documents include:

- Conceptual and technical design, development and testing of the ReplayTV 4000, including Defendants’ ultra-secret source code;
- Marketing and business plans for the ReplayTV 4000;
- Regular communications with Defendants’ investors and analysts;
- Any licensing agreements, discussions and plans to license the allegedly infringing features – Commercial Advance and Send Show;
- Submission materials and third party responses for evaluation, review or competition; and
- Promotional, advertising, sales and marketing materials.

Without seeing these documents, Plaintiffs speculate that Defendants are somehow selectively withholding information. Nothing in Defendants’ communications with Plaintiffs supports this assertion. The reality is Defendants are producing all **responsive documents from all persons principally involved in the development, marketing, and advertising of the ReplayTV 4000 or from senior management**. Defendants have also agreed to produce **all documents reflecting management decisions or instructions**. There is nothing edited about this production. Plaintiffs are receiving the relevant, unexpurgated documents.

Plaintiffs would know this by now if they had not held discovery hostage by refusing *any* exchange of materials until finalization of a protective order. Instead, Plaintiffs have ground discovery to a halt until Defendants agree to give “attorneys’ eyes only” documents to Plaintiffs’ affiliates to review.^{1/}

Plaintiffs’ present motion is merely an attempt to impose cost, undue burden,

^{1/} Plaintiffs demand that “attorneys’ eyes only” documents be provided to an unlimited number of undisclosed employees of affiliates if deemed “reasonably necessary to assist Outside Counsel in evaluati[on].” Of course, counsel would always like to have, and can generally say they would be assisted by, clients’ evaluation of “attorneys’ eyes only” documents. But the very purpose of such a protective order is to protect against such evaluation. Plaintiffs’ purported exception to confidentiality swallows the rule.

1 and distraction on Defendants as Plaintiffs try to cram discovery into a truncated
2 schedule. As discussed below, Defendants are producing documents for all seven
3 areas identified in this Third Joint Stipulation. What Defendants have resisted is
4 Plaintiffs’ scorched-earth insistence on collection, review, and delivery of virtually
5 the entire recorded history of Defendants and their products. Plaintiffs have asked
6 for all documents “related to, regarding or reflecting” virtually every department:
7 marketing, advertising, sales, promotion, design, development, testing, financing,
8 investment, or licensing. Plaintiffs demand everything from the lowest level
9 engineer’s ruminations and e-mails, to drafts of materials that were never used or
10 reviewed by a manager. These materials are not probative. This is just harassment
11 of Defendants, who are miniscule companies by comparison to Plaintiffs, and who
12 Plaintiffs know are already constrained by budget cuts and reductions in force.^{2/}

13 Plaintiffs’ demand that Defendants reformulate their product to extract and
14 produce customer usage information *that has never existed* is stunning in its
15 audacity. In May 2001, Defendants stopped collecting any data about consumer
16 usage in response to resource constraints and consumer uproar about data collection
17 practices by TiVo. *See* Attachment A, Declaration of Philippe Pignon ¶¶ 2, 7-8,
18 and Exs. A – C. Although prior to that time Defendants had collected some
19 anonymous information about use of prior PVRs, Defendants have never collected
20 any data about the ReplayTV 4000 (which was released six months *after* data
21 collection stopped). Moreover, even the data previously collected about usage of
22 prior PVRs did *not* include information about Commercial Advance or Send Show,
23 nor information about the viewing or recording of particular shows – all of which
24 Plaintiffs demand here. Plaintiffs are not asking for existing data; rather in the
25 guise of a discovery request, they demand that Defendants substantially reformulate
26

27 ^{2/} Ironically, at the same time that Plaintiffs ask for every irrelevant e-mail and draft, they
28 have refused to produce their top-level business and marketing plans, or to identify all witnesses
at significant levels in their companies.

1 their product’s capabilities. Plaintiffs seek to enjoin Defendants to create and
2 deploy in users’ home recorders new software that could first collect on consumers’
3 ReplayTV 4000 devices, then transmit to ReplayTV servers, and there store
4 indefinitely, consumer data never previously known, recorded, or transmitted.

5 Federal Rule of Civil Procedure 34 does not authorize such an injunction to
6 reformulate a party’s product to perform surveillance of third parties. Plaintiffs’
7 request would require four months to implement, up to \$128,000 in development
8 costs, and \$37,000 each month thereafter – for no business purpose. Pignon Decl.
9 ¶¶ 20-23. Further, Plaintiffs’ requests that information be linked to particular
10 consumers’ numbers could trample privacy rights and cause a major consumer
11 backlash. As the owners of TiVo and as Defendants’ competitors, Plaintiffs have
12 no qualms about visiting these consequences on Defendants. But nothing in the
13 discovery rules allows it. Rather, consumer usage information may be fully
14 developed by a joint survey of users, as Defendants have proposed.

15 Furthermore, nothing in the rules entitles Plaintiffs to pry into wholly
16 irrelevant areas of Defendants’ business. Plaintiffs demand documents regarding
17 any feature that *may* have been considered but not included in the final product.
18 Yet the question of infringement lies with the capabilities of the device presently
19 before the Court, not some other hypothetical device. Similarly, Plaintiffs’ demand
20 for all documents about *any* “financial benefit” derived from the ReplayTV 4000
21 ignores the fact that only the financial benefit *directly attributable to infringing use*
22 is relevant to vicarious liability. Demand for information about potential revenue
23 from unchallenged and non-infringing uses is, again, merely irrelevant harassment.

24 Defendants raised these issues during meet and confer. They received no
25 meaningful proposals to narrow even one of the patently overbroad requests—a fact
26 that speaks volumes as to Plaintiffs’ approach. For all the reasons set forth below,
27 Defendants respectfully request that this Court deny Plaintiffs’ motion.
28

1 **I. Discovery about the Actual Capabilities of the ReplayTV 4000 and**
2 **Potential Design Alternatives**

3 **A. The Requests At Issue**

4 **DOCUMENT REQUEST NO. 4**

5
6 Any and all Documents relating to, regarding, or referring to the ReplayTV
7 4000, including without limitation any and all Documents relating to, regarding, or
8 referring to any actual or proposed hardware, software, connection, facility, Internet
9 or other service, feature, or function (including but not limited to the Send Show
10 Feature, the AutoSkip Feature, the Search and Record Features, the PC
11 Connectivity Feature, or any Programming Guide or other on screen menu intended
12 for use with the ReplayTV 4000), included in or used with, or considered for
13 inclusion [in] or use with, the ReplayTV 4000.

14 **RESPONSE TO DOCUMENT REQUEST NO. 4**

15
16 Defendants object on the ground that demand for “[a]ny and all Documents
17 relating to, regarding, or referring to the ReplayTV 4000”, including “without
18 limitation” documents regarding the hardware, software and every other aspect of
19 the product is overly broad, burdensome, and harassing. Plaintiffs’ request is also
20 oppressive and not reasonably calculated to lead to the discovery of admissible
21 evidence. Defendants object on the ground that Plaintiffs seek confidential
22 documents. Defendants object to the extent Plaintiffs seek documents protected by
23 attorney-client privilege, work product doctrine or any other applicable privilege.

24 Subject to and without waiving the general or specific objections, Defendants
25 respond as follows: Defendants will produce documents sufficient to show the use,
26 function and content of the ReplayTV 4000, including the features of Send Show,
27 AutoSkip, PC Connectivity, Find Show and the programming guide. Defendants
28

1 will not produce confidential documents until a mutually agreeable protective order
2 has been entered.

3
4 DOCUMENT REQUEST NO. 5

5 Any and all Documents relating to, regarding, referring to, or reflecting any
6 and all efforts by Defendant to detect, assess, monitor, or prevent the copying,
7 sending, receipt, or viewing of copyright protected programming with or via the
8 ReplayTV 4000.

9
10 RESPONSE TO DOCUMENT REQUEST NO. 5

11 Defendants object on the ground that the demand is overly broad,
12 burdensome and not reasonably calculated to lead to the discovery of admissible
13 evidence. Defendants object on the ground that Plaintiffs seek confidential
14 documents. Defendants object to the extent Plaintiffs seek documents protected by
15 attorney-client privilege, work product doctrine or any other applicable privilege.

16 Subject to and without waiving the general or specific objections, Defendant
17 respond as follows: Defendants will produce documents sufficient to show
18 Defendants' efforts to design, format or structure the ReplayTV 4000 to limit or
19 prevent the copying, sending, or receipt of copyright protected programming for the
20 ReplayTV 4000. Defendants will not produce confidential documents until a
21 mutually agreeable protective order has been entered.

22
23 DOCUMENT REQUEST NO. 6

24 Any and all Documents relating to, regarding, referring to, or reflecting the
25 ability, inability, desirability, or lack of desirability, of designing, formatting, or
26 structuring the ReplayTV 4000 so as to limit or prevent the copying, sending, or
27 receipt of copyright protected programming.
28

1 RESPONSE TO DOCUMENT REQUEST NO. 6

2
3 Defendants object on the ground that the demand is overly broad,
4 burdensome and not reasonably calculated to lead to the discovery of admissible
5 evidence. Defendants object on the ground that Plaintiffs seek confidential
6 documents. Defendants object to the extent Plaintiffs seek documents protected by
7 attorney-client privilege, work product doctrine or any other applicable privilege.

8 Subject to and without waiving the general or specific objections, Defendants
9 respond as follows: Defendants will produce documents sufficient to show
10 Defendants' efforts to design, format or structure the ReplayTV 4000 to limit or
11 prevent the copying, sending, or receipt of copyright protected programming for the
12 ReplayTV 4000. Defendants will not produce confidential documents until a
13 mutually agreeable protective order has been entered.

14 DOCUMENT REQUEST NO. 9

15
16 Any and all Documents relating to, regarding, or referring to the
17 development, technical design, conceptual design, testing (including but not limited
18 to beta-testing), use, function, operation, or content of the ReplayTV 4000 or any
19 actual or proposed hardware, software, connection, facility, Internet or other
20 service, feature, or function included in or used with, or considered for inclusion in
21 or use with, the ReplayTV 4000.

22 RESPONSE TO DOCUMENT REQUEST NO. 9

23
24 Defendants object on the ground that demand for “[a]ny and all Documents
25 relating to, regarding, or referring to the development, technical design, conceptual
26 design, testing. . .use, function, operation, or content” of the ReplayTV 4000 and its
27 hardware, software and every other aspect of the product is overly broad,
28 burdensome, and harassing. Plaintiffs' request is also oppressive and not

1 reasonably calculated to lead to the discovery of admissible evidence. Defendants
2 object to the extent Defendants' request is duplicative of Request No. 4.
3 Defendants object on the ground that Plaintiffs seek confidential documents.
4 Defendants object to the extent Plaintiffs seek documents protected by attorney-
5 client privilege, work product doctrine or any other applicable privilege.

6 Subject to and without waiving the general or specific objections, Defendants
7 respond as follows: Defendants will produce documents sufficient to show
8 development, technical design, conceptual design, testing, use, function and content
9 of the ReplayTV 4000 and its Send Show, AutoSkip, PC Connectivity, Find Show
10 and the programming guide features. Defendants will not produce confidential
11 documents until a mutually agreeable protective order has been entered.

12
13 DOCUMENT REQUEST NO. 10

14 Any and all Documents relating to, regarding, or referring to the
15 development, technical design, conceptual design, testing (including but not limited
16 to beta-testing), use, function, operation, or content of the Send Show Feature.

17
18 RESPONSE TO DOCUMENT REQUEST NO. 10

19 Defendants object on the ground that this request is duplicative of Request
20 No. 9. Defendants object on the ground that demand for "[a]ny and all Documents
21 relating to, regarding, or referring to the development, technical design, conceptual
22 design, testing. . .use, function, operation, or content" of the Send Show feature is
23 overly broad, burdensome, and harassing. Plaintiffs' request is also oppressive and
24 not reasonably calculated to lead to the discovery of admissible evidence.
25 Defendants object on the ground that Plaintiffs seek confidential documents.
26 Defendants object to the extent Plaintiffs seek documents protected by attorney-
27 client privilege, work product doctrine or any other applicable privilege.
28

1 Subject to and without waiving the general or specific objections, Defendant
2 respond as follows: See Response to Request No. 9.

3
4 DOCUMENT REQUEST NO. 11

5 Any and all Documents relating to, regarding, or referring to the
6 development, technical design, conceptual design, testing (including but not limited
7 to beta-testing), use, function, operation, or content of the AutoSkip Feature.

8
9 RESPONSE TO DOCUMENT REQUEST NO. 11

10 Defendants object on the ground that this request is duplicative of Request
11 No. 9. Defendants object on the ground that demand for “[a]ny and all Documents
12 relating to, regarding, or referring to the development, technical design, conceptual
13 design, testing. . .use, function, operation, or content” of the AutoSkip feature is
14 overly broad, burdensome, and harassing. Plaintiffs’ request is also oppressive and
15 not reasonably calculated to lead to the discovery of admissible evidence.

16 Defendants object on the ground that Plaintiffs seek confidential documents.
17 Defendants object to the extent Plaintiffs seek documents protected by attorney-
18 client privilege, work product doctrine or any other applicable privilege.

19 Subject to and without waiving the general or specific objections, Defendants
20 respond as follows: See Response to Request No. 9.

21
22 DOCUMENT REQUEST NO. 12

23 Any and all Documents relating to, regarding, or referring to the
24 development, technical design, conceptual design, testing (including but not limited
25 to beta-testing), use, function, operation, or content of the Search and Record
26 Features.

1 RESPONSE TO DOCUMENT REQUEST NO. 12

2
3 Defendants object on the ground that this request is duplicative of Request
4 No. 9. Defendants object on the ground that the term “Search and Record” is vague
5 and ambiguous. Defendants interpret this term to mean the “Find Show” feature
6 and will answer the request accordingly. Defendants also object on the ground that
7 demand for “[a]ny and all Documents relating to, regarding, or referring to the
8 development, technical design, conceptual design, testing ...use, function, operation
9 or content” of the “Search and Record Features” is overly broad, burdensome, and
10 harassing. Plaintiffs’ request is also oppressive and not reasonably calculated to
11 lead to the discovery of admissible evidence. Defendants object on the ground that
12 Plaintiffs seek confidential documents. Defendants object to the extent Plaintiffs
13 seek documents protected by attorney-client privilege, work product doctrine or any
14 other applicable privilege.

15 Subject to and without waiving the general or specific objections, Defendants
16 respond as follows: See Response to Request No. 9.

17 DOCUMENT REQUEST NO. 13

18
19 Any and all Documents relating to, regarding, or referring to the
20 development, technical design, conceptual design, testing (including but not limited
21 to beta-testing), use, function, operation, or content of the PC Connectivity Feature.

22 RESPONSE TO DOCUMENT REQUEST NO. 13

23
24 Defendants object on the ground that this request is duplicative of Request
25 No. 9. Defendants object on the ground that demand for “[a]ny and all Documents
26 relating to, regarding, or referring to the development, technical design, conceptual
27 design, testing. . .use, function, operation, or content” of the PC Connectivity
28 feature is overly broad, burdensome, and harassing: Plaintiffs’ request is also

1 oppressive and not reasonably calculated to lead to the discovery of admissible
2 evidence. Defendants object on the ground that Plaintiffs seek confidential
3 documents. Defendants object to the extent Plaintiffs seek documents protected by
4 attorney-client privilege, work product doctrine or any other applicable privilege.

5 Subject to and without waiving the general or specific objections, Defendant,
6 respond as follows: See Response to Request No. 9.

7
8 DOCUMENT REQUEST NO. 14

9 Any and all Documents relating to, regarding, or referring to the
10 development, technical design, conceptual design, testing (including but not limited
11 to beta-testing), use, function, operation, or content of any Programming Guide or
12 other on-screen menu intended for use with the ReplayTV 4000.

13
14 RESPONSE TO DOCUMENT REQUEST NO. 14

15 Defendants object on the ground that this request is duplicative of Request
16 No. 9. Defendants object on the ground that demand for “[a]ny and all Document,
17 relating to, regarding, or referring to the development, technical design, conceptual
18 design, testing. . .use, function, operation, or content” of the programming guide
19 feature is overly broad, burdensome, and harassing. Plaintiffs’ request is also
20 oppressive and not reasonably calculated to lead to the discovery of admissible
21 evidence. Defendants object that the phrase “other on-screen menu” is vague,
22 ambiguous and unintelligible. Defendants interpret this request as seeking
23 documents regarding the programming guide for the ReplayTV 4000 and limit their
24 response accordingly. Defendants further object on the ground that Plaintiffs seek
25 confidential documents. Defendants object to the extent Plaintiffs seek documents
26 protected by attorney-client privilege, work product doctrine or any other applicable
27 privilege.
28

1 Subject to and without waiving the general or specific objections, Defendants
2 respond as follows: See Response to Request No. 9.

3
4 DOCUMENT REQUEST NO. 15

5 Any and all Documents relating to, regarding, or referring to the
6 development, technical design, conceptual design, testing (including but not limited
7 to beta-testing), use, function, operation, or content of any actual or proposed
8 software included in or used with, or considered for inclusion in or use with, the
9 ReplayTV 4000.

10
11 RESPONSE TO DOCUMENT REQUEST NO. 15

12 Defendants object on the ground that demand for “[a]ny and all Documents
13 relating to, regarding, or referring to the development, technical design, conceptual
14 design, testing. . .use, function, operation, or content of any actual or proposed
15 software” included in the ReplayTV 4000 is overly broad, burdensome, and
16 harassing. Plaintiffs’ request is also oppressive and not reasonably calculated to
17 lead to the discovery of admissible evidence. Defendants object on the ground that
18 this request is duplicative of Request Nos. 4, 9 through 14. Defendants object on
19 the ground that Plaintiffs seek confidential documents. Defendants object to the
20 extent Plaintiffs seek documents protected by attorney-client privilege, work
21 product doctrine or any other applicable privilege.

22 Subject to and without waiving the general or specific objections, Defendants
23 respond as follows: See response to Request Nos. 4 and 9.

24
25 DOCUMENT REQUEST NO. 20

26 Any and all Documents relating to, regarding, referring to, or reflecting the
27 ability of the ReplayTV 4000 to limit or prevent the copying, sending, receipt, or
28

1 viewing of copyright protected programming, including, without limitation,
2 programming containing Macrovision or any other similar protection, whether
3 digital or analog.
4

5 RESPONSE TO DOCUMENT REQUEST NO. 20

6 Defendants object on the ground that the demand is overly broad,
7 burdensome and not reasonably calculated to lead to the discovery of admissible
8 evidence. Defendants object to the extent Plaintiffs seek confidential documents.
9 Defendants object to the extent Plaintiffs seek documents protected by attorney-
10 client privilege, work product doctrine or any other applicable privilege.

11 Subject to and without waiving the general or special objections, Defendant
12 respond as follows: Defendants will produce documents sufficient to show the
13 ability of the ReplayTV 4000 to limit or prevent the copying, sending, or receipt of
14 copyright protected programming. Defendants will not produce confidential
15 documents until a mutually agreeable protective order has been entered.
16

17 **B. Plaintiffs' Contentions Regarding the Requests At Issue**

18 These requests seek documents about the actual or potential capabilities of
19 the ReplayTV 4000 -- the product at the heart of this case. Plaintiffs seek all
20 documents relating to the actual or proposed features or functions of the ReplayTV
21 4000 (Request No. 4); all documents relating to the development, design, and
22 testing of the ReplayTV 4000 as a whole (Request Nos. 9 and 15), and relating to
23 individual features such as Send Show, AutoSkip, and PC Connectivity (Request
24 Nos. 10-14); and all documents relating to the design decisions made by
25 Defendants about whether and how to encourage -- or to prevent -- their customers
26 from copying or distributing copyrighted programming with the ReplayTV 4000
27 (Request Nos. 5-6, 20).
28

1 In response to these requests for critically relevant documents, Defendants
2 have made only a meager proffer: not *all* documents requested, but only a heavily
3 edited selection of documents “sufficient to show” certain narrowly limited facts;^{3/}
4 not all versions of the source code for the ReplayTV 4000, but only the current
5 version, and that only at Defendants’ offices; not all documents that explain how
6 the source code works, but only “embedded comments and documentation”; and
7 not all documents regarding alternative designs for the ReplayTV 4000, but only a
8 narrowly limited and highly incomplete subset of those documents. Defendants
9 have insisted on these narrow limitations even though, by their own admission, only
10 11 people were principally involved in the design and development of the
11 ReplayTV 4000, thus ensuring that a complete search for responsive documents is
12 perfectly manageable. *See* Defendants’ Response to Paramount Interrogatory
13 No. 1.

14 Specifically, during the meet-and-confer process, Defendants offered to
15 produce only documents reflecting “management decisions and instructions”
16 regarding the features of the ReplayTV 4000, certain other communications
17 between technical personnel and Defendants’ management, and a copy of the
18 current source code with only one narrowly defined category of explanatory
19 materials. Defendants’ narrow proffer necessarily excludes many highly relevant
20 categories of documents. For example, Defendants refuse to produce any
21 communications *among Defendants’ technical personnel* (or *among Defendants’*
22 *executives*) about the ReplayTV 4000, to produce any version of the ReplayTV
23 source code (other than the current version), or to produce any flow charts,
24 algorithms, or other documents that explain how the source code works, with the
25 one narrowly defined exception mentioned above. Thus, if a ReplayTV, Inc.

27 ^{3/} As the preceding pages (quoting Defendants’ responses) reflect, Defendants
28 have improperly imposed a “sufficient to show” limitation with respect to every one
of the requests at issue here.

1 engineer wrote a long memo explaining exactly how the operating code for the
2 ReplayTV 4000 works, it will not be produced. If two ReplayTV, Inc.
3 programmers exchanged emails about designing a “Send Show” feature that would
4 be usable *only* for home movies (unlike the actual “Send Show” feature of the
5 ReplayTV 4000), but decided (based on oral conversations with management) to
6 drop the idea, those communications would be highly relevant -- but they are
7 excluded from Defendants’ narrow proffer. If one of the engineers actually wrote
8 software code to implement that idea, Defendants would likewise refuse to produce
9 the code. And if Defendants’ executives discussed the idea among themselves
10 (*e.g.*, by email or in memoranda), those documents likewise will be withheld.

11 The importance of receiving *all* of the documents requested -- and not merely
12 a carefully sifted selection of them -- is straightforward. *First*, Plaintiffs need to
13 know full details concerning how the ReplayTV 4000 -- as it is currently
14 constituted -- is designed and works. (As discussed below, there are many
15 unresolved factual issues on that score, which can be settled only by a review of the
16 full factual record.) *Second*, Plaintiffs need to know what *alternative* designs
17 Defendants have considered — but have elected, at least so far, not to employ.
18 Defendants’ narrowly limited proffer will prevent Plaintiffs from learning the
19 relevant facts about either of these core topics.

- 20
21 1. Documents relating to the development, design, and functioning of the
22 ReplayTV 4000 as it is *currently* constituted.

23 Defendants’ refusal to provide a complete set of documents about the actual,
24 current capabilities of the ReplayTV 4000 is indefensible. Plaintiffs do not *know*
25 all the facts about the ReplayTV 4000, and the only way to find out is to review all
26 relevant documents -- not merely a sample of documents hand-picked by counsel
27 for Defendants.

1 For example, Defendants claim that the “PC Connectivity” feature of the
2 ReplayTV 4000 cannot be used to transfer copies of Plaintiffs’ copyrighted movies
3 and TV programs to a PC hard drive.^{4/} Plaintiffs believe that this claim is untrue,
4 and that the ability to transfer movies and TV shows to PCs is a planned feature of
5 the ReplayTV 4000 that Defendants have elected thus far not to publicly disclose.
6 If Plaintiffs receive only a heavily edited production of documents relating to this
7 feature, however, they may never learn critically relevant facts that would become
8 clear only from review of a complete production.^{5/}

9 Defendants also claim that *they* -- and not their users -- determine the
10 maximum number of times that a particular copy of a show can be distributed to
11 other people using the “Send Show” feature; they also claim that they can and do
12 block their users from using “Send Show” to distribute copies of certain types of
13 programs. Plaintiffs need full and complete documentation to assess the
14 correctness of these claims. To the extent that the claims are *true*, they show that
15 Defendants are in control of how their customers use the ReplayTV 4000 and what
16 works they copy and distribute. That fact is plainly relevant to such core Copyright
17 Act issues as whether Defendants “materially contribute” to infringements by their
18 customers and to whether Defendants have the “right to control” their users’
19
20
21

22 ^{4/} See SONICblue website, FAQ, at [www.sonicblue.com/video/replaytv/
23 replaytv_4000_faq.asp# 25](http://www.sonicblue.com/video/replaytv/replaytv_4000_faq.asp# 25) (visited Mar. 22, 2002).

24 ^{5/} Defendants’ contention that a full production would be unduly burdensome is
25 plainly pretextual. According to Defendants themselves, only 11 people -- most or
26 all of whom are current employees -- were principally involved in the design and
27 development of the ReplayTV 4000. See Defendants’ Response to Paramount
28 Interrogatory No. 1. The effort required to provide a *complete* response to these
centrally relevant requests is thus modest: Defendants could undoubtedly find the
bulk of the responsive documents just by searching the files (including the
electronic files, emails, and so on) of these 11 individuals, and perhaps a handful of
others who were also involved.

1 infringements.^{6/} Plaintiffs are entitled to explore fully the facts and circumstances
2 behind these potent factual admissions by Defendants.

3
4 If, on the other hand, Defendants' claims that they prevent certain types of
5 infringements are *untrue* -- because Defendants know and intend that the purported
6 restrictions can easily be circumvented -- Plaintiffs are entitled to learn about that
7 too. Without a full production of the documents about the design, development,
8 and testing of the ReplayTV 4000, however, Plaintiffs (and the Court) will remain
9 in the dark about these core issues.

10 2. Documents relating to *alternative* designs for the ReplayTV 4000.

11 The ReplayTV 4000 is not like a toaster (or a VCR, for that matter) that is
12 fixed and unchangeable once it is sold to consumers. Just the opposite: the
13 Defendants have the ability to *transform the functionality of the ReplayTV 4000*
14 *simply by delivering new software over the Internet to their customers*. There is no
15 dispute as to this fact: Defendants' web site, for example, advises customers that
16 Defendants "reserve [] the right to automatically add, modify, or disable any
17 features in the operating software when [a] ReplayTV 4000 connects to our
18 server."^{7/}

19
20
21 ^{6/} Defendants' decisions about whether to encourage or discourage certain
22 types of infringements by their customers are relevant both to whether Defendants
23 "materially contribute[]" to those infringements (a key element of contributory
24 infringement, *see A & M Records, Inc. v. Napster*, 239 F.3d 1004, 1022 (9th Cir.
25 2001)), and to whether Defendants have the ability to control or supervise the
26 infringing capabilities of the ReplayTV 4000 (one of the two elements of vicarious
infringement, *see, e.g. Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259, 262 (9th
Cir. 1996). In addition, the extent to which Defendants actively assist their
customers in copying and distributing Plaintiffs' copyrighted works is relevant to
the direct infringement claims brought by several Plaintiffs. *See, e.g., RCA/Ariola
Int'l Inc. v. Thomas & Grayston Co.*, 845 F.2d 773, 781 (8th Cir. 1988).

27 ^{7/} *See* SONICblue website, Technical Specs, at
28 http://www.sonicblue.com/video/replaytv/replaytv_4000_tech.asp (visited Mar. 25,
2002).

1 Defendants' ability to modify the ReplayTV 4000 to prevent particular types
2 of unlawful behavior, while leaving other functions of the ReplayTV 4000 intact, is
3 extraordinarily relevant. For example, Plaintiffs and the Court need to know if
4 Defendants' documents show that they considered -- but elected to discard -- a
5 design that would have prevented some or all of the conduct that Plaintiffs believe
6 is unlawful, while permitting other activities that Defendants contend are benign.^{8/}

7
8 The existence of such alternative designs is not merely a hypothetical
9 possibility. In mid-March 2002, Defendants announced for the first time that they
10 had implemented technology -- presumably through an online software download --
11 to prevent consumers from using the "Send Show" feature to transmit *any* Pay-Per-
12 View programming.^{9/} Plaintiffs are entitled to discover how many other such
13 alternative designs Defendants have considered -- or are considering now. Do
14 Defendants know how to prevent their customers from using "Send Show" to
15 distribute copies of subscription-only premium programming (such as Showtime or
16 HBO programs) or costly over-the-air or basic cable programming (such as
17 programs on ABC, CBS, Fox, NBC, UPN, WB, TNT, FX, SoapNet, or The Movie
18 Channel) to third parties? If Defendants are allowed to continue blocking
19 Plaintiffs' inquiry into these crucially relevant matters, neither Plaintiffs nor the
20 Court will ever know.

21
22 ^{8/} See, e.g., *Napster*, 239 F.3d at 1021-22 (relying partly on Napster's ability to
23 "block access to the system by suppliers of the infringing material" and its
24 "fail[ure] to remove the material" to support a conclusion "that sufficient
25 knowledge exists to impose contributory liability") (citations omitted); see also
26 *Playboy Enters., Inc. v. Webworld, Inc.*, 991 F. Supp. 543, 553 (N.D. Tex. 1997)
27 (finding bulletin board operator liable for direct infringement and noting, in
28 relevant part, that defendant "might simply have refrained from conducting
business *until it had developed software or a manual system of oversight to prevent,
or at least to minimize the possibility of, copyright infringement.*"), *aff'd*, 168 F.3d
486 (5th Cir. 1999) (emphasis added).

^{9/} Joint Stipulation for Plaintiffs' Motion for Protective Order at 32 (filed Mar.
___, 2002) (Defendants' Contentions) (provided to Plaintiffs on Mar. 13, 2002).

1 For all of these reasons, the Court should order Defendants to produce all
2 documents responsive to Plaintiffs' Document Request Nos. 4-6, 9-14, 15 and 20.^{10/}

3
4 **C. Defendants' Contentions Regarding the Requests At Issue:**
5 **Defendants Are Providing All Documents Reasonably Necessary**
6 **To Assessment of the Disputed Issues.**

7 Defendants agreed on January 9 to produce documents "sufficient to show
8 the development, technical design, conceptual design, testing, use, function and
9 content of the ReplayTV 4000 and its Send Show, AutoSkip, PC Connectivity, Find
10 Show and the programming guide features." See Defendants' Response to Request
11 Nos. 4, 9 – 15. They further agreed to produce documents showing "Defendants'
12 efforts to design, format or structure the ReplayTV 4000 to limit or prevent the
13 copying, sending, or receipt of copyrighted programming." See Response to
14 Request Nos. 5 and 6.

15 Without seeing these documents, and seizing on the words "sufficient to
16 show," Plaintiffs speculate that Defendants are somehow selectively withholding
17 relevant information. This is simply false. Defendants have assured Plaintiffs
18 during the meet and confer process that they will produce documents for those
19 persons principally involved in the design and development,^{11/} as well as documents

20 ^{10/} In addition to producing all design and development documents about the
21 actual (and alternative) designs of the ReplayTV 4000, Defendants should be
22 ordered to produce any alternative version of the operating software, and to produce
23 all documents that explain how the software works (including any manuals, flow
24 charts, or algorithms). Finally, Defendants have refused to permit even a third
25 party expert to review the source code *except on Defendants' premises*. This
26 requirement is unnecessary and would significantly interfere with the ability of
27 Plaintiffs' experts to analyze and evaluate the source code, and the Court should
28 order Defendants to produce the source code without that unreasonable restriction.

25 ^{11/} Plaintiffs suggest that Defendants have not conducted a thorough search and
26 argue that a complete search for responsive documents is "perfectly manageable"
27 because Defendants have only identified eleven persons who were principally
28 involved in the design and development. This conveniently ignores the fact that
Plaintiffs have never limited their requests to persons principally involved. Indeed,
the point of their present motion is to seek an order compelling *any and all*
documents (no matter how insignificant) from any and all persons who may be
connected in any way.

1 reflecting any management decision and instruction about the ReplayTV 4000.^{12/}
2 These assurances specifically address Plaintiffs’ stated fear that they might receive
3 some selectively edited subset of documents based on what Defendants desired to
4 disclose. Defendants’ limitations on the scope of production are in no way based
5 on documents that are favorable or unfavorable. Defendants are simply trying to
6 avoid producing every document encompassed by Plaintiffs’ massively overbroad
7 requests, no matter how marginal or insignificant.

8 Paramount Document Request No. 4 epitomizes the unreasonableness,
9 oppressive and harassing nature of these requests. Plaintiffs demanded:

10 ***Any and all Documents relating to, regarding, or***
11 ***referring to the ReplayTV 4000, including without***
12 ***limitation any and all Documents relating to, regarding,***
13 ***or referring to any actual or proposed hardware,***
14 ***software, connection, facility, Internet or other service,***
15 ***feature, or function (including but not limited to the Send***
16 ***Show Feature, the AutoSkip Feature, the Search and***
17 ***Record Features, the PC Connectivity Feature, or any***
18 ***Programming Guide or other on-screen menu intended for***
19 ***use with the ReplayTV 4000), included in or used with,***
20 ***or considered for inclusion with or use with, the***
21 ***ReplayTV 4000.***

22 (Emphasis added.) This request alone asks for every document ever created
23 “relating to” or “referring to” the device—including all technical, sales, marketing,
24 financial, contractual, staffing, shipping, delivery, or any other documents. Another
25 request (Paramount Request No. 14) seeks:

26 ***Any and all Documents relating to, regarding, or***
27 ***referring to the development, technical design,***
28 ***conceptual design, testing (including but not limited to***
beta-testing), use, function, operation, or content of any
Programming Guide or other on-screen menu
intended for use with the ReplayTV 4000.

29 ^{12/} Their claim that Defendants will not produce communications among their
30 executives is also untrue. Defendants are producing documents reflecting and
31 discussing management decisions. Ironically, Plaintiffs make this assertion, even
32 though they refuse to identify the senior executives on their side who have
33 addressed these issues. As a result, Defendants have been forced to incur the time
34 and expense of moving to compel this information.

1 There is no call for production of documents for the Programming Guide or any
2 other feature since these features are not at issue in this suit. Moreover, because
3 many of the “features” and “software”— including the Search and Record feature,
4 Programming Guide or other on-screen menu – are not new to the ReplayTV 4000,
5 but encompassed in prior PVRs, Plaintiffs’ requests would require a search of all
6 files for products developed *prior to* the present device about which Plaintiffs have
7 never complained.

8 Despite the obvious and vast overbreadth of these requests, Plaintiffs have
9 refused to narrow them in any way. The relief they now seek—an order compelling
10 production of all documents encompassed in these requests—is untenable in light
11 of their intransigence in refusing to accept, or even suggest, reasonable limits.
12 Moreover, as shown below, there is no justification for imposing the burden of
13 requiring Defendants to conduct a room-to-room, computer-by-computer search for
14 additional documents that could have little, if any, utility in this suit.

15
16 1. Defendants Agreed Three Months Ago To Produce Documents On
17 The ReplayTV 4000 As Currently Manufactured.

18 Plaintiffs’ representation that Defendants have “refused to provide a
19 complete set of documents about the actual current capabilities of the ReplayTV
20 4000” is incorrect. Defendants agreed to provide documents, including all for
21 principally responsible persons or showing management decisions and instructions,
22 regarding “the development, technical design, conceptual design, testing, use,
23 function and content of the ReplayTV 4000 and its Send Show, AutoSkip,
24 PC Connectivity, Find Show and the programming guide features.” *See*
25 Defendants’ Response to Request Nos. 4, 9 – 15. Defendants agreed in responses
26 to Paramount Request Nos. 5 and 6 to produce “documents sufficient to show
27 Defendants’ efforts to design, format or structure the ReplayTV 4000 to limit or
28 prevent the copying, sending, or receipt of copyrighted programming for the

1 ReplayTV 4000.” If any significant documents were not captured by that
2 commitment, they would be with Paramount Request No. 20, where Defendants
3 agreed to produce documents showing “the ability of the ReplayTV 4000 to limit or
4 prevent the copying, sending, or receipt of copyright protected programming.”^{13/}

5 Defendants have already produced nine ReplayTV 4000 units to Plaintiffs,
6 which allows them freely to test *the features at issue*. Although all of this should
7 be more than sufficient to discover the “actual, current capabilities of the ReplayTV
8 4000,” Defendants also agreed in response to Plaintiffs’ Second Set of Requests for
9 Production (Request No. 33) to allow inspection and review of the ReplayTV
10 4000’s highly confidential and proprietary source code.^{14/}

11 Plaintiffs ignore these concessions. Source code, in particular, is ordinarily a
12 major battleground in technology litigations. In *Adobe v. Macromedia*, for
13 example, the district court held that source code could only be produced in *hard*
14 *copy format* because the electronic exchange of source code proposed by plaintiff
15 Adobe, using key cryptography, did not offer sufficient protections to the code.
16 No. 00-743 JJF, 2001 U.S. Dist. LEXIS 18630 (D. Del. Nov. 5, 2001). The court
17

18 ^{13/} For the record, Defendants disagree with assertions by Plaintiffs that the
19 ReplayTV 4000’s limitation on sending pay-per-view or on the number of
20 recipients of recordings substantiates Defendants’ ability to “supervise or control”
21 users’ deployment of the device. Defendants also disagree that such limitations
22 have anything to do with whether Defendants “materially contribute” to the users’
23 decisions as to how to use the features the device offers. However, Defendants do
24 acknowledge that the effect of the devices’ limitations is potentially relevant to the
25 issue of the extent of fair use by consumers. This information is also relevant to
26 disprove the unfair uses claimed by Plaintiffs.

23 ^{14/} Plaintiffs’ requests for source code and any documentation relating to source
24 code was not requested in Paramount’s First Set of Requests for Production and is
25 therefore not presently before this Court. The request for source code, and for
26 materials such as algorithms and flow charts related to the source code, was served
27 on February 15. No meet and confer about those requests has occurred.
28 Defendants went to the extraordinary lengths of agreeing to make the source code
available—subject to strict protections typically afforded to such extremely
sensitive material—to ensure that Plaintiffs had the right to make any arguments
they wish as to the capability of the system based on their own evaluations. The
protections of the source code are presently subject to discussions. Plaintiffs’
objections as to the inadequacy of the inspection are, again, premature and
unjustified.

1 recognized in limiting the method of inspection that “the source codes of a software
2 company such as Macromedia *are of critical importance to its business and must be*
3 *provided the highest form of protection a court can provide in the context of a*
4 *particular case.*” *Id.* at *3. Defendants’ agreement to make source code available
5 provides Plaintiffs the highest possible access to the device’s functionabilty.

6 There is nothing unbalanced or insufficient about Defendants’ inspection and
7 production offers to date. In addition to production of the ReplayTV 4000 units
8 and source code, Defendants asked those persons principally involved to produce
9 all documents in their possession, custody or control about the features specifically
10 identified in the requests. Since Plaintiffs have not even seen the internal
11 documents or source code, they have no basis for claiming that Defendants might
12 be withholding relevant information.^{15/}

13 Plaintiffs’ premature complaint is particularly unjust in light of their own
14 discovery responses, in which they construe Defendants’ requests “only to require”
15 that Plaintiffs search:

16 [T]heir headquarters of files of their current officers,
17 directors, and employees most likely to have responsive
18 documents or information about the specific matters at
19 issue and based on review of the Paramount Plaintiffs’
files in which such information or documents ordinarily
would be expected to be found.

20 *See* Paramount’s General Objection No. 8, Response to ReplayTV’s First Set of
21 Document Requests. Plaintiffs have also refused to provide documents of their
22 affiliated companies, despite Rule 34’s obligation to produce documents in their
23 “possession, custody or control.” Indeed, Plaintiffs have refused to provide *any*
24 basic, top-level business plans—even while insisting that Defendants scour every
25 computer in their business for irrelevant documents. Plaintiffs’ interpretation of
26

27 ^{15/} Plaintiffs accuse Defendants of stalling when Plaintiffs delayed initiating any
28 meet and confer until late February – six weeks after Defendants served their
discovery responses.

1 their obligations—while objecting to Defendants’ collection of the relevant
2 documents from executives and persons principally involved – exposes the
3 inconsistency of their positions regarding discovery compliance.

4 Accordingly, there is no need for discovery of every e-mail or piece of paper
5 in the multi-year development process of a complex device, including features not
6 at issue, and alternatives not pursued.^{16/}

7
8 2. Documents Relating To Alternative Designs That Were Not Adopted
9 Are Irrelevant To The ReplayTV 4000’s Current Capabilities, Which
10 Are The Only Issue Presented Here.

11 In Part I.B.2. of the Joint Stipulation, Plaintiffs assert that Defendants must
12 dredge their files to find, review, categorize, and produce every document relating
13 not only to the way the ReplayTV 4000 actually works, but also to each and every
14 possible “alternative design” Defendants may have ever considered. Plaintiffs
15 would impose this chore for “any actual or proposed hardware, software,
16 connection, facility, Internet or other service feature or function” of the ReplayTV
17 4000. *See* Request No. 4. This is discovery abuse, plain and simple.

18 Plaintiffs’ assertion that they need this documentation to determine whether
19 Defendants could “modify the ReplayTV 4000 to prevent particular types of

20 ^{16/} Plaintiffs err in asserting that “Defendants’ *decisions* about whether to
21 encourage or discourage certain types of [copying] by their customers” are relevant
22 to “whether Defendants ‘materially contribute[]’ to those infringements.” In fact,
the opposite is true. The determination of whether a product “materially
contributes” is not based on what it does *not* do, but on what it *does* do.

23 Likewise, Plaintiffs’ direct infringement theory claim has been thoroughly
24 rejected. In *RCA/Ariola Inc. v. Thomas & Grayston Co.*, 845 F.2d 773 (8th Cir.
25 1998), the suit was based on allegations that defendant’s agent had directly assisted
26 an individual in making a copying of a work where the agent had actual knowledge
27 that the work was copyrighted. The caselaw has rejected the contention that a
28 provider of a technology, or a party hosting an Internet site that accepts postings
from remote parties, can be held to be a “direct infringer” where its product is used
by consumers to make copies. *E.g.*, *Religious Tech. Center v. NetcomOn-On-Line*
Communication Servs., Inc., 907 F. Supp. 1361 (N.D. Cal. 1995). In any event, to
the extent Plaintiffs seek to claim that the device’s operation involves Defendants in
a way that amounts to direct infringement, they are receiving all probative
documentation about the functioning of the present device.

1 unlawful behavior” is incorrect as a matter of fact and law. As a matter of fact, if
2 Plaintiffs really wanted documents to assess whether Defendants have designed the
3 product to prevent potential infringement, Defendants have already agreed to
4 produce them. Defendants will produce documents showing “Defendants’ efforts
5 to design, format, or structure the ReplayTV 4000 to limit or prevent” alleged
6 infringement (*see* Defendants’ Response to Requests Nos. 5, 6) and have
7 specifically agreed to produce documentation of communication among
8 management and decision making on these issues.

9 More fundamentally, as a matter of law, Plaintiffs are wrong in suggesting
10 that the ability of a manufacturer to develop a different product, that might allow or
11 restrict copying in different ways, affects the analysis. Plaintiffs apparently
12 advocate a regime in which owners of copyrighted works have the right to oversee,
13 and veto, technologies that are not developed to provide all of the features, or
14 calibrate their deterrence of theoretically infringing uses, in the method that those
15 copyright owners desire. No case has ever provided copyright owners the ability to
16 dictate the content of new technologies.^{17/}

17 The *Sony* decision stands for precisely the opposite proposition. *See Sony*
18 *Corp. of Amer. v. Universal City Studios, Inc.*, 464 U.S. 417, 104 S.Ct. 774 (1984).
19 There, the Supreme Court emphasized that copyright law grants only a limited
20 statutory monopoly (*id.* at 429-432); it does not grant the copyright holder the
21 ability to redesign a new technology. Thus, to prevent infringement, Sony could
22

23 ^{17/} *Playboy Enterprises, Inc. v. Webworld, Inc.*, 991 F. Supp. 543 (N.D. Tex.
24 1997) is distinguishable. There, the district court did not address vicarious liability
25 or the consideration of alternative designs for purposes of determining “control.” It
26 found *direct* liability against the provider of an Internet site that sold copyrighted
27 images without authorization. The court predicated liability on defendant’s
28 affirmative conduct of actively copying images with its software to repackage and
sell to users of its services. *Id.* at 552. The court held that where the defendant
itself was actively copying and reselling copyrighted works, it could not defend
based on the inaccuracy of its own software in identifying copyrighted works. That
opinion hardly makes alternative designs relevant to the vicarious liability claim
here.

1 have manufactured a Betamax that merely replayed tapes sold or rented by the
2 copyright holders, rather than allowing home recording. To limit the record feature
3 to time shifting, Sony could have implemented a feature to allow replay of the tape
4 only once (rather than multiple times). Sony also could have implemented a system
5 by which the Betamax would detect a broadcast signal identifying which works
6 were authorized for copying. *See Universal City Studios v. Sony Corp. of Amer.*,
7 480 F. Supp. 429, 462 (C.D. Cal. 1979). The courts required none of those
8 potential changes. They analyzed the device as it was sold at the time.

9 Similarly, in *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004 (9th Cir.
10 2001), the question was not whether Napster could rewrite its peer-to-peer file
11 sharing system to prevent infringement, but whether, under its program as written,
12 Napster had the ability to detect and prevent infringement. *Id.* at 1023-24. Indeed,
13 the Ninth Circuit *reversed* as overbroad that part of the trial court's injunction,
14 which held that Napster was *required* to develop a system that prevented
15 infringement. *Id.* at 1027; *see A&M Records, Inc. v. Napster, Inc.*, 114 F. Supp. 2d
16 896, 927 (N.D. Cal. 2000). Instead, the court ruled that it was incumbent on the
17 plaintiffs to give notice of specific "works available on the Napster system before
18 Napster has a duty to disable access to the offending content." *Id.* In particular, the
19 Court recognized that Napster's duty to police its system was "cabined by the
20 system's current architecture," and that Napster's duty to find and exclude
21 infringing works rested on its ability to exercise the ordinary "search function" of
22 its index. *Id.* at 1024.^{18/}

23
24 ^{18/} The second *Napster* opinion in the Ninth Circuit does not change this result.
25 *A&M, Inc. v. Napster, Inc.*, Nos. 01-15998, 01-16003, 01-16011, 01-16308, 2002
26 U.S. App. LEXIS 4752 (9th Cir. Mar. 26, 2002). There, the Ninth Circuit ruled that
27 the trial court could, as part of its supervisory authority in enforcing its modified
28 preliminary injunction after a finding of likely infringement, and Napster's failure
to comply with the injunction, require Napster to complete implementation of a file
exclusion technology that Napster had undertaken to develop. *Id.* at *10. The
opinion does not, however, provide that liability for secondary infringement can
turn on whether the creator of a neutral technology could have created a different
product.

1 In this case, Defendants obviously *could* have designed a system that did not
2 include Send Show or Commercial Advance. This is what the prior PVRs included.
3 But what is at stake in this action is a given device that *does* allow those functions.
4 What this Court must decide is whether those functions as marketed—like the
5 Betamax, as marketed—creates secondary liability for any alleged infringement.^{19/}

6 To the extent that the *ability* to write different software could ever be
7 relevant, production of Defendants’ source code allows Plaintiffs to assess that
8 issue. Plaintiffs’ experts also have the ReplayTV 4000 devices to explore, and will
9 receive documentation of ReplayTV’s efforts to design the system to prevent
10 infringement. Their request for every design and development document at the
11 company is massively overbroad, oppressive and unnecessary.^{20/}

12 13 **II. Information and Documents about How ReplayTV Owners Use the** 14 **Devices**

15 **A. The Requests At Issue**

16 **DOCUMENT REQUEST NO. 2**

17
18 Any and all Documents relating to, regarding, referring to, or reflecting the
19 identity of any Audiovisual Work or the types of Audiovisual Works that

20 ^{19/} Plaintiffs’ assertion that Defendants suddenly “announced” a change in their
21 product to prevent sending of pay-per-view is false. Since sales began in
22 November, the ReplayTV 4000 has not allowed sending of pay-per-view
programming. If Plaintiffs, having machines to test since January, did not know
this, it is only because they did not test the features they are trying to enjoin.

23 ^{20/} While Plaintiffs are correct that Defendants could transmit new software
24 upgrades to consumers’ home units, that capability does not justify this discovery.
25 This capability does undermine Plaintiffs’ insistence that the discovery schedule
26 should be truncated and trial “expedited” to be held on less than a full record. If the
27 Commercial Advance or Send Show features of the ReplayTV 4000 were held to be
28 infringing (which Defendants believe they will not) they could, in response to any
Court order be deactivated by replacing current software with a new version.
Although this would be a major imposition on ReplayTV, it makes clear that a trial
in due course and on a complete record will not cause “more infringing devices” to
be available, as Plaintiffs contend. Any installed product would be subject to the
Court-ordered injunction to impose new software eliminating any challenged
functionality.

1 Defendant or any other Person has viewed, copied, received, distributed, or stored
2 by or through the ReplayTV 4000, for any purpose (including but not limited to the
3 purposes of testing, reviewing, sampling, advertising; promoting, or evaluating the
4 features or functions of the ReplayTV 4000).

5
6 RESPONSE TO DOCUMENT REQUEST NO. 2

7 Defendants object on the ground that this request is overly broad,
8 burdensome, harassing and oppressive. Rule 26(b)(1) limits discovery to “any
9 matter, not privileged, that is relevant to the claim or defense of any party.” Since
10 Plaintiffs are only seeking injunctive and declaratory relief and not damages for any
11 particular works, the identity and number of every audiovisual work viewed,
12 copied, received, sent, or stored by users of the ReplayTV 4000 is not relevant or
13 necessary to determination of the issues. Plaintiffs’ demand for such documents is
14 therefore not reasonably calculated to lead to the discovery of admissible evidence
15 and exceeds the scope and limits of discovery. Defendants also object to the extent
16 that Plaintiffs seek documents regarding the individual viewing activities of
17 Defendants’ customers. Such documents are protected by the customers’ individual
18 right of privacy. Defendants further object to the extent that the request seeks
19 documents protected by attorney-client privilege or work product doctrine.

20
21 DOCUMENT REQUEST NO. 3

22 Any and all Documents constituting copies of any Audiovisual Work copies
23 by or through the use of the ReplayTV 4000.

24
25 RESPONSE TO DOCUMENT REQUEST NO. 3

26 Defendants object on the ground that this request is overly broad,
27 burdensome, harassing and oppressive. Rule 26(b)(1) limits discovery to “any
28

1 matter, not privileged, that is relevant to the claim or defense of any party.” Since
2 Plaintiffs are only seeking injunctive and declaratory relief and not damages for any
3 particular works, the identity of and number of every audiovisual work viewed,
4 copied, received, sent, or stored by users of the ReplayTV 4000 is not relevant or
5 necessary to determination of the issues. Plaintiffs’ demand for such documents is
6 therefore not reasonably calculated to lead to the discovery of admissible evidence
7 and exceeds the scope and limits of discovery. Defendants also object to the extent
8 that Plaintiffs seek documents regarding the individual viewing activities of
9 Defendants’ customers. Such documents are protected by the customers’ individual
10 right of privacy. Defendants further object to the extent that the request seeks
11 documents protected by attorney-client privilege or work product doctrine.
12

13 DOCUMENT REQUEST NO. 5

14 Any and all Documents relating to, regarding, referring to, or reflecting any
15 and all efforts by Defendant to detect, assess, monitor, or prevent the copying,
16 sending, receipt, or viewing of copyright protected programming with or via the
17 ReplayTV 4000.
18

19 RESPONSE TO DOCUMENT REQUEST NO. 5

20 Defendants object on the ground that the demand is overly broad,
21 burdensome and not reasonably calculated to lead to the discovery of admissible
22 evidence. Defendants object on the ground that Plaintiffs seek confidential
23 documents. Defendants object to the extent Plaintiffs seek documents protected by
24 attorney-client privilege, work product doctrine or any other applicable privilege.
25

26 Subject to and without waiving the general or specific objections, Defendant
27 respond as follows: Defendants will produce documents sufficient to show
28 Defendants’ efforts to design, format or structure the ReplayTV 4000 to limit or

1 prevent the copying, sending, or receipt of copyright protected programming for the
2 ReplayTV 4000. Defendants will not produce confidential documents until a
3 mutually agreeable protective order has been entered.
4

5 DOCUMENT REQUEST NO. 18

6 Any and all Documents relating to, regarding, referring to, or reflecting any
7 information or data that Defendant will be able to, or intends to, collect, by means
8 of broadband connection or otherwise, from or about Persons using the ReplayTV
9 4000.
10

11 RESPONSE TO DOCUMENT REQUEST NO. 18

12 Defendants object that this request is overly broad, burdensome and not
13 reasonably calculated to lead to the discovery of admissible evidence. Defendant
14 objects to the extent Plaintiffs seek confidential information. Defendants further
15 object to the extent the request seeks documents protected by attorney-client
16 privilege or work product doctrine.
17

18 Subject to and without waiving the general or special objections, Defendants
19 respond as follows: Defendants do not currently and do not have plans to collect
20 specific information about individual users or their uses; they do collect some
21 limited technical information on an anonymous basis about the functioning of the
22 ReplayTV devices. Defendants will produce documents sufficient to show the type
23 of technical information collected when a mutually agreeable protective order has
24 been entered.
25
26
27
28

1 DOCUMENT REQUEST NO. 19

2
3 Any and all Documents relating to, regarding, referring to, or reflecting any
4 information or data collected by means of broadband connection or otherwise, from
5 or about Persons using, the ReplayTV 4000.

6 RESPONSE TO DOCUMENT REQUEST NO. 19

7
8 Defendants object that this request is overly broad, burdensome and not
9 reasonably calculated to lead to the discovery of admissible evidence. Defendants
10 object to the extent Plaintiffs seek information that is protected by users' individual
11 right of privacy. Defendant objects to the extent Plaintiffs seek confidential
12 information. Defendants further object to the extent the request seeks documents
13 protected by attorney-client privilege or work product doctrine.

14 Subject to and without waiving the general or special objections, Defendants
15 respond as follows: Defendants do not collect specific information about individual
16 users or uses; they do collect some limited technical information on an anonymous
17 basis about the functioning of the ReplayTV devices. Defendants will produce
18 documents sufficient to show the type of technical information collected when a
19 mutually agreeable protective order has been entered.

20 PARAMOUNT INTERROGATORY NO. 10

21
22 Please identify each Audiovisual Work viewed, copied, received, distributed,
23 or stored, in whole or in part, by or through the use of any ReplayTV 4000 for any
24 purpose (including but not limited to the purposes of testing, reviewing, sampling,
25 advertising, promoting, or evaluating the features of the ReplayTV 4000).

1 RESPONSE TO PARAMOUNT INTERROGATORY NO. 10

2
3 Defendants object on the ground that this interrogatory is overly broad,
4 burdensome, and harassing. Rule 26(b)(1) limits discovery to “any matter, not
5 privileged, that is relevant to the claim or defense of any party.” Plaintiffs are only
6 seeking injunctive and declaratory relief and not damages for any particular works.
7 Information requiring the identity of any audiovisual work viewed, copied,
8 received, sent, or stored by users of the ReplayTV 4000 along with the dates, times,
9 identity of the persons viewing, and whether or not said viewers used certain
10 features of the ReplayTV 4000 is not relevant to the claim or defense of any party
11 or necessary to determination of the issues. Plaintiffs’ demand for this information
12 is oppressive and not reasonably calculated to lead to the discovery of admissible
13 evidence and exceeds the scope and limits of discovery. Defendants also object to
14 the extent that Plaintiffs seek information about the individual viewing activities of
15 Defendants’ customers, which invades the users’ rights of privacy. This
16 information is protected by the customers’ individual right of privacy. Defendants
17 further object to the extent that the interrogatory seeks information protected by
18 attorney-client privilege or work product doctrine.

19 PARAMOUNT INTERROGATORY NO. 11

20
21 For each Audiovisual Work identified in response to Interrogatory No. 10,
22 please state the date(s) and time(s) at which the Audiovisual Work was viewed,
23 copied, received, distributed, or stored, in whole or in part, by or through the use of
24 any ReplayTV 4000.

25 RESPONSE TO PARAMOUNT INTERROGATORY NO. 11

26
27 Defendants incorporate by reference herein each and every objections set
28 forth in response to Interrogatory No. 10.

1 PARAMOUNT INTERROGATORY NO. 12

2
3 For each Audiovisual Work identified in response to Interrogatory No. 10,
4 please identify the name, job title, address, telephone number, and employer of each
5 Person (whether employed by Defendant or otherwise) who viewed, copied,
6 received, distributed, or stored the Audiovisual Work, in whole or in part, by or
7 through the use of any ReplayTV 4000.

8 RESPONSE TO PARAMOUNT INTERROGATORY NO. 12

9
10 Defendants incorporate by reference herein each and every objections set
11 forth in response to Interrogatory No. 10.

12 PARAMOUNT INTERROGATORY NO. 13

13
14 For each Audiovisual Work identified in response to Interrogatory No. 10,
15 please state whether the Audiovisual Work was viewed, in whole or in part, using
16 the AutoSkip Feature.

17 RESPONSE TO PARAMOUNT INTERROGATORY NO. 13

18
19 Defendants incorporate by reference herein each and every objections set
20 forth in response to Interrogatory No. 10.

21 PARAMOUNT INTERROGATORY NO. 14

22
23 For each Audiovisual Work identified in response to Interrogatory No. 10,
24 please state whether the Audiovisual Work was received from or distributed to any
25 other Person using the Send Show Feature.
26
27
28

1 RESPONSE TO PARAMOUNT INTERROGATORY NO. 14

2
3 Defendants incorporate by reference herein each and every objections set
4 forth in response to Interrogatory No. 10.

5 PARAMOUNT INTERROGATORY NO. 15

6
7 For each Audiovisual Work identified in response to Interrogatory No. 10,
8 please identify the name, job title, address, telephone number, and employer of each
9 Person (whether employed by Defendant or otherwise) from whom the Audiovisual
10 Work was received, or to whom the Audiovisual Work was distributed, using the
11 Send Show Feature.

12 RESPONSE TO PARAMOUNT INTERROGATORY NO. 15

13
14 Defendants incorporate by reference herein each and every objections set
15 forth in response to Interrogatory No. 10.

16 **B. Plaintiffs' Contentions Regarding The Requests At Issue**

17
18 The requests at issue here seek data readily available to Defendants about
19 what copyrighted works ReplayTV 4000 users copy, distribute, view with all
20 commercials omitted, or otherwise use with the ReplayTV 4000, and how they use
21 them. Plaintiffs have asked for information concerning which copyrighted works
22 are copied with the ReplayTV 4000 and how those works are used (Request Nos. 2-
23 3 and Paramount Interrogatory Nos. 10-15), and for all documents constituting or
24 relating to any data that Defendants collect about their customers' use of the
25 ReplayTV 4000 (Document Request Nos. 5, 18-19).

1 1. The Information Sought is Plainly Relevant.

2
3 In this case, each of the Plaintiffs alleges that Defendants are engaging in
4 both contributory and vicarious infringement of Plaintiffs' copyrights; in addition,
5 many of the Plaintiffs allege that Defendants are engaged in direct infringement.
6 Without the discovery sought in these requests, however, Plaintiffs will not be able
7 to obtain any significant amount of information about which particular works are
8 being copied and distributed with the ReplayTV 4000, and about what Defendants
9 and their customers are doing with the ReplayTV 4000 system. It is therefore
10 crucial that Defendants -- which have the only access to this information -- make it
11 available to Plaintiffs.

12 As the responses above reflect, Defendants have taken the nonsensical
13 position that information about what copyrighted works have been copied and
14 distributed with the ReplayTV 4000 is either irrelevant or too burdensome to be
15 worth collecting. In fact, as in any copyright infringement case, it is important to
16 know what works are being copied, distributed, or otherwise used in ways normally
17 reserved to the copyright owner under Section 106 of the Copyright Act, 17 U.S.C.
18 § 106. Moreover, because contributory and vicarious infringement are central
19 issues in this case, Plaintiffs wish to learn what Defendants' customers are doing
20 with the copyrighted works in question, what Defendants know (or could easily
21 find out) about that conduct, and what defendants can do to control it.^{21/} In
22 particular, since Defendants take the position that their customers' uses of
23 Plaintiffs' copyrighted works are "fair," Plaintiffs are surely entitled to find out
24 *what those uses are* so that they can rebut Defendants' intended affirmative
25 defense.

26 ^{21/} Indeed, Defendants themselves have repeatedly stated that the key issue for
27 purposes of contributory and vicarious infringement is whether their *customers'* use
28 of the works is "fair." *See, e.g.,* Joint Stipulation for Plaintiffs' Motion for
Protective Order (Defendants' Contentions) at 32 ("[T]he inquiry focuses on
consumers' use of the Commercial Advance and Send Show features—the
allegedly infringing uses at issue in these actions.")

1 Defendants fully appreciate the relevance of this category of information:
2 they have already made many factual assertions to the Court about their customers'
3 behavior, and they are certain to make many more. In their Second Supplemental
4 Status Report, filed on February 21, 2002, for example, Defendants made the
5 factual claim that "in most instances, what [ReplayTV 4000 users send to other
6 users] is merely the same over-the-air programming that has been offered for free to
7 the public." Defendants' Second Status Conference Statement at 4. Similarly, in
8 another Status Report, filed on December 11, 2001, Defendants told the Court that
9 "the vast majority of television aficionados who buy a ReplayTV . . . *also subscribe*
10 *to premium channels.*" Defendants' Separate Status Conference Statement
11 ("Defendants' December 2001 Statement") at 7, ¶ 3 (emphasis added).

12 These are factual assertions that Defendants obviously believe are relevant to
13 this case. Without discovery of information currently available only to Defendants
14 about their customers' behavior, Plaintiffs will be unable to assess the validity of
15 these representations. In addition, there are many other facts about how ReplayTV
16 owners use the system that will unquestionably be relevant here. To take just one
17 example, Plaintiffs believe that the relevant data will show that -- contrary to
18 Defendants' contention -- ReplayTV 4000 owners who use the AutoSkip feature
19 have dramatically less exposure to commercial advertising than do households that
20 watch television live (or occasionally through playback of programs recorded with
21 a VCR). But only Defendants can provide the detailed data that will be most
22 probative at trial or on summary judgment.

23 More generally, Defendants have repeatedly stated that they intend to argue
24 that the features of the ReplayTV 4000 at issue here have commercially significant
25 noninfringing uses. *See, e.g.*, Defendants' December 2001 Statement at 4-5.
26 Plaintiffs believe that the presence or absence of such uses is irrelevant under Ninth
27 Circuit law when a Defendant knows of its users' infringements -- as Defendants
28

1 plainly do here, since they *encourage* the infringements.^{22/} Plaintiffs also believe
2 that Defendants’ “substantial noninfringing use” defense cannot withstand scrutiny
3 for reasons relating to the architecture of the ReplayTV 4000 system. Nevertheless,
4 Plaintiffs are plainly entitled, at the discovery stage, to obtain factual information
5 necessary to rebut Defendants’ proposed “substantial noninfringing use” defense by
6 determining what Defendants know -- or could easily learn -- about how their
7 customers use the ReplayTV 4000 system. Similarly, Plaintiffs are entitled to
8 learn whether Defendants’ executives -- like Napster’s -- themselves personally
9 committed infringements of Plaintiffs’ works. *See A & M Records, Inc. v. Napster*,
10 114 F. Supp. 2d 896, 917 (N.D. Cal. 2000) (“[T]ellingly, discovery related to
11 downloads by Napster executives reveals that Richardson’s own computer contains
12 about five Madonna files obtained using Napster”), *aff’d in relevant part*, 239 F.3d
13 1004, 1014-1019 (9th Cir. 2001).

14
15 2. Defendants’ Claim that They Have No Relevant Data.

16 Although Defendants tell their customers -- and have told the Court -- that
17 they gather extensive data (on an anonymous basis) about how the customers use
18 their ReplayTV 4000s, Defendants have refused to provide Plaintiffs with more
19 than a token quantity of such data. Plaintiffs have therefore been forced to include
20 these requests in their motion to compel.

21 Only Defendants are in a position to gather information (other than anecdotal
22 data) about how they and their customers use their ReplayTV 4000s. Indeed, it is a
23 simple matter for Defendants to gather such information, since Defendants are in
24

25
26 ^{22/} *See Napster*, 239 F.3d at 1020 (“We observe that Napster’s actual, specific
27 knowledge of direct infringement renders *Sony*’s holding of limited assistance to
28 Napster.”); *id.* at 1021 (“Regardless of the number of Napster’s infringing versus
noninfringing uses, the evidentiary record here supported the district court’s finding
that plaintiffs would likely prevail in establishing that Napster knew or had reason
to know of its users’ infringement of plaintiffs’ copyrights.”)

1 continuous contact with their customers’ ReplayTV 4000 systems through
2 broadband connections.

3 Defendants have repeatedly told their ReplayTV 4000 customers that they *do*
4 collect extensive data about how the customers use their systems. On their Web
5 site, for example, Defendants state as follows:

6 Once your ReplayTV digital video recorder is set up and registered, it
7 collects certain Anonymous Viewing Data, such as **which programs**
8 **you record**, which features you use, and other similar data about your
9 use of the ReplayTV Service. If other people in your household use
10 your ReplayTV recorder, Anonymous Viewing Data will also be
11 collected as a result of their use of the unit. The ReplayTV digital
12 video recorder stores this Anonymous Viewing Data on its hard drive
13 under an automatically generated identification number that will not be
14 linked to your name or other Personal Information without your
15 permission. During the daily download of your TV schedule, **the**
16 **collected information is transmitted to SONICblue** and is
17 anonymously stored in a secure server and is not associated with any
18 Personal Information.^{23/}

19 In their court filings in this case, Defendants have specifically endorsed the
20 accuracy of these statements. *See, e.g.*, Defendants’ Answer to Complaint of Time
21 Warner Plaintiffs, ¶ 30 (filed Dec. 19, 2001) (“Defendants aver that . . . *certain*
22 *anonymous data is uploaded* from a ReplayTV 4000 device to Defendants’ servers;
23 *the types of such information and the uses to which it may be put are described in*
24

25
26 _____
27 ^{23/} SONICblue website, Privacy Policy, at
28 <http://www.sonicblue.com/company/privacy.asp> (last visited Mar. 22, 2002)
(emphasis added). The ReplayTV 4000 user manual contains the same statement.
See Guide to ReplayTV, page xii.

1 *Defendants' User Guide and Privacy Policy*, which speak for themselves.”)
2 (emphasis added).

3 Incredibly, however, Defendants now *deny* that they collect any such
4 information. In a letter to Plaintiffs dated March 1, 2002, for example, Defendants
5 state that they “do *not* collect information as to consumers’ use of the ReplayTV
6 4000, even in the aggregate or anonymously.”^{24/} When Plaintiffs asked Defendants
7 during the meet-and-confer process about Defendants’ self-contradiction,
8 Defendants admitted that they *did* collect data about their customers’ uses of prior
9 versions of the ReplayTV (such as the ReplayTV 3000), and that they “probably”
10 could do the same with the ReplayTV 4000, but claimed that thus far they have not
11 built that capability into the software for the ReplayTV 4000.

12 Defendants’ behavior appears to be a classic example of “willful blindness.”
13 *See, e.g., Napster*, 239 F.3d at 1023 (defendant “[t]urn[ed] a blind eye to detectable
14 acts of infringement”).^{25/} And when confronted with their own prior statements and
15 conduct, Defendants have offered to produce only a token amount of information:
16 a small sample of one specific type of data about certain customers’ use of the
17 ReplayTV 4000.^{26/} Although they could (and should) easily electronically gather a
18

19
20 ^{24/} Letter from Patrick Premo to Robert Rotstein at 7 (Mar. 1, 2002) (emphasis
21 added).

22 ^{25/} Defendants have claimed to Plaintiffs that their decision (thus far) not to
23 collect any data about their customers’ use of the ReplayTV 4000 is supposedly the
24 product of a concern about their customers’ privacy -- even though the data can be
reported on a strictly anonymous, not-personally-identifiable basis. And if that
were so, it would be impossible to explain why Defendants told the Court in
December that they *do* gather such data.

25 ^{26/} Specifically, Defendants have offered *only* to provide very limited
26 information, covering only a short period of time, about which works have been
27 copied by ReplayTV 4000 owners who use an Internet service provided by
28 Defendants called MyReplayTV.com. (That service enables users to control their
ReplayTV devices remotely from a website.) And Defendants conditioned even
this wholly inadequate offer on Plaintiffs’ agreement to drop their request for the
much larger and richer quantity of data that Defendants could easily gather.

1 much broader range of data, for a much longer time period, and for virtually all of
2 their customers (instead of only a subset of them), they have refused to do so.^{27/}

3
4 3. What This Court Should Do.

5 Particularly given the centrality of the facts about how Defendants'
6 customers employ the ReplayTV 4000, there is no reason Plaintiffs should be
7 forced to accept Defendants' token offer as a substitute for the complete data that is
8 readily available to Defendants. Defendants have admitted that they previously
9 used third-party software to gather data electronically about uses made by owners
10 of prior versions of the ReplayTV 4000, and that they could "probably" write or
11 acquire similar software for the ReplayTV 4000. Under settled law, even if
12 Defendants had to write entirely new software to gather the relevant information,
13 and even if (unlike here) it would be "expensive" to do so, it would be their
14 obligation to take the steps necessary to gather the relevant data.^{28/}

15 ^{27/} To the extent that Defendants claim that "privacy rights" prevent them from
16 providing the requested information, that claim has no substance. *First*, Plaintiffs
17 do not seek identifying information about particular customers, but only aggregate
18 information and individual information provided only with a unique, but
19 anonymous, identifier (such as "User 12345"). *Second*, Defendants have
20 specifically advised their customers that they may disclose this information if
21 sought through "legal process." See SONICblue website, Privacy Policy, at
22 <http://www.sonicblue.com/company/privacy.asp> (visited Mar. 25, 2002)
23 ("SONICblue may disclose Personal or Anonymous Information ... in the good
24 faith belief that such action is necessary or appropriate to ... comply with legal
25 process served on SONICblue ..."). *Third*, Defendants have gathered such
26 information in the past themselves, so they evidently do not believe that privacy
27 rights prevent them from doing so. *Fourth*, the Federal Rules do not explicitly
28 recognize "privacy" as a grounds for refusing to provide relevant information. And
finally, even if the "privacy" argument had any substance, courts have routinely
recognized that the need for information in litigation can override third-party
privacy interests. See *Walt Disney Co. v. DeFabiis*, 168 F.R.D. 281, 283-84 (C.D.
Cal. 1996) (holding in copyright infringement case against animation school that
plaintiff's need for information about identity of students and parents overrode
defendants' claims of privacy); cf. *Milwaukee Concrete Studios, Ltd. v. Greeley
Ornamental Concrete Prods., Inc.*, 140 F.R.D. 373, 376-77 (E.D. Wis. 1991)
(requiring production of customer survey results where information not otherwise
available and party had substantial need for material)

^{28/} *E.g., Oppenheimer Fund, Inc. v. Sanders*, 437 U.S. 340, 362 (1978)
("[A]lthough it may be expensive to retrieve information stored in computers when
no program yet exists for the particular job, there is no reason to think that the

1 Since Defendants know how to collect information about the customers' uses
2 of the ReplayTV 4000, have collected it in the past, and tell their customers that
3 they collect it, they should be ordered to provide Plaintiffs with a complete set of
4 data -- with third party users identified only by unique identification numbers --
5 about how their users employ the ReplayTV 4000. Specifically, the Court should
6 order Defendants to:

7 (1) take the steps necessary to use their broadband connections with
8 ReplayTV 4000 customers to gather all available information about how users of
9 the ReplayTV employ the devices, including all available information about what
10 works are copied, stored, viewed with commercials omitted, or distributed to third
11 parties with the ReplayTV 4000, when each of those events took place, and the
12 like;^{29/}

13 (2) implement Defendants' offer to collect available data from a second
14 source -- the MyReplayTV.com web site -- about how users of the ReplayTV
15 employ the devices, but for all time periods for which that data can be collected,
16 rather than just for a short period;

17
18
19
20 *same information could be extracted any less expensively if the records were kept in*
21 *less modern forms. Indeed, one might expect the reverse to be true, for otherwise*
22 *computers would not have gained such widespread use in the storing and handling*
23 *of information.”) (emphasis added); 8A Wright, Miller & Marcus, Fed. Prac. &*
24 *Proc. Civ.2d § 2218 (“Rule 34 applies to electronic data compilations from which*
information can be obtained only with the use of detection devices, and [] when the
data can as a practical matter be made usable by the discovering party only through
respondent’s devices, respondent may be required to use his devices to translate the
data into usable form.”)

25 ^{29/} The information need not identify any individuals by name, but data for
26 different users should be provided with a unique, anonymous identifier (such as
27 “ReplayTV 4000 User A98765”). The sole exception is Defendants' own officers
28 and employees, whose copying and distribution of Plaintiffs' works may constitute
direct copyright infringement. To prove that fact, Plaintiffs need to know which
SONICblue or ReplayTV officers and employees have copied and distributed
particular works.

1 (3) provide the foregoing data to Plaintiffs in a readily-understandable
2 electronic format and provide any technical assistance that may be necessary for
3 Plaintiffs to review the data;

4 (4) provide Plaintiffs with all documents about Defendants' consideration of
5 what data to gather or not to gather about their customers' uses of the ReplayTV
6 4000;^{30/} and

7 (5) provide Plaintiffs with any other documents (such as emails or logs)
8 reflecting what works have been copied with the ReplayTV 4000 and how those
9 works have been stored, viewed, or distributed.

10
11 **C. Defendants' Contentions Regarding The Requests At Issue: The**
12 **Discovery Rules Cannot Support An Order Commanding**
13 **Defendants To Develop and Install In Their Customers' Devices A**
14 **Software Program To Create New Data Which Does Not Now And**
15 **Has Never Existed.**

16 Plaintiffs rely on a series of false assumptions to demand an unprecedented
17 and highly intrusive order that Defendants write and install in their customers'
18 devices (as well as in their own servers) new software to spy on their own
19 customers and then deliver the fruits of that espionage to Plaintiffs. They seek this
20 injunction to compel Defendants to collect information Defendants have never had
21 and that does not presently exist. Plaintiffs do not merely seek a court-ordered
22 surveillance campaign against Defendants' consumers. Under the guise of an
23 ordinary discovery motion, Plaintiffs seek to impose a mandatory new obligation
24 upon the manufacturer of a consumer electronics product to design and adopt a
25 capability to monitor future usage for alleged copyright violations. Once that
26 capability exists, Plaintiffs argue there is a further mandatory obligation to conduct

26 ^{30/} Documents reflecting decisions by a Defendant to avoid learning what their
27 customers do with Plaintiffs' copyrighted works are independently relevant. *See,*
28 *e.g., Napster*, 239 F.3d at 1023 ("Turning a blind eye to detectable acts of
infringement for the sake of profit gives rise to liability.").

1 the monitoring.^{31/} This Orwellian position simply confirms the fears of consumer
2 groups who have vehemently objected to the industry's latest special interest
3 legislative proposals.^{32/}

4 Plaintiffs' extraordinary position suffers several fatal defects. First, the
5 ReplayTV 4000 consumer use data that Plaintiffs want do not and never did exist.
6 Second, ReplayTV has never collected these data. Third, Plaintiffs cite no authority
7 for imposing an obligation upon ReplayTV to create a method to collect such
8 information from consumers. Fourth, the cost of creating that method outweighs
9 the benefit of obtaining information that Defendants propose to obtain through less
10 offensive and intrusive means, *i.e.*, a consumer survey, as was conducted in *Sony*.
11 And fifth, the surveillance Plaintiffs propose would substantially violate the
12 legitimate expectations of privacy that consumers have in their home viewing of
13 television.

14
15 1. Defendants Do Not Presently Have The Data Plaintiffs Request To Be
16 Produced.

17 Plaintiffs seek electronic data to show what television programs are recorded,
18 stored, viewed with Commercial Advance, or transmitted via Send Show. They
19 falsely assume that Defendants have present access to such information, or could
20 easily access it, or are consciously ignoring it. Repetition does not make these false
21 statements true. The data does not exist and has never existed.^{33/}

22 ^{31/} Defendants doubt Plaintiffs have thought through all of the consequences of
23 this position. Surely AOL can write software to monitor what copyrighted content
24 is sent via its email service. Surely Sony can write software and insert a chip in its
25 VAIO PC to monitor what television programming is being recorded and then
disseminated via the Internet. Under Plaintiffs' theory, this technical capability
automatically creates liability for their affiliates. It equally implicates equitable
defenses.

26 ^{32/} Reportedly, 10,000 people faxed Congress their opposition to the The
27 Consumer Broadband and Digital Television Act of 2002 within a week of its
introduction. *See D.C. anti-piracy plans fuel culture clash*, March 27, 2002,
<http://news.com.com/2100-1023-869902.html>.

28 ^{33/} Plaintiffs make much of the erroneous statements on Defendants' websites
that consumer data was collected. Plaintiffs are entitled to their sport, but not to a

1 Before March 2001, as to PVRs that preceded the ReplayTV 4000,
2 ReplayTV had been collecting from its customers certain consumer behavior
3 information, including the volume of use of features such as fast forward, rewind or
4 the 30-second skip. Pignon Decl. ¶ 15. Such information was logged on the hard
5 drive of individual consumer's PVRs and periodically uploaded to ReplayTV
6 servers. *Id.* Although ReplayTV had planned to develop a capability to log the
7 identity of the particular program that a consumer had recorded or watched with his
8 PVR, **it never did so** (due to cost constraints and changes in business model). As a
9 result, no such data about particular shows watched were either stored on the unit's
10 hard drive, much less uploaded to ReplayTV's own servers. *Id.* at ¶ 16.

11 In March 2001 there arose a public furor over consumer data collection
12 practices of TiVo—ReplayTV's principal competitor and the leading seller of
13 PVRs—as a result of a critical report issued by a consumer privacy organization,
14 the Privacy Foundation. *Id.* at ¶¶ 4-6, Exs. A-C. The adverse publicity TiVo
15 received even included Congressional demands for an FTC investigation. *Id.* at ¶ 6.
16 As a result, ReplayTV reevaluated its own consumer data collection practices.
17 Effective May 2001, long before it launched the ReplayTV 4000 and in a decision
18 entirely independent from the ReplayTV 4000, ReplayTV ceased collecting any
19 consumer behavior information, even anonymous or aggregated information, from
20 consumers' PVRs. *Id.* at ¶ 8. The behavioral data was still logged to the individual
21 unit's hard drive, although the logs continued to be written over daily. *Id.* at ¶ 15.
22 However, even then, neither the Commercial Advance nor the Send Show features
23 were ever logged, because those features did not even exist in the PVRs on the
24 market in May 2001. Indeed, those features only came to market when the
25 ReplayTV 4000 was released in November 2001, at a time when Replay TV had

27 false version of the facts. The information on the website was not updated when
28 the data collection practices changed in May 2001. Once SONICblue purchased
ReplayTV in August 2001, the erroneous information was mistakenly carried over
to the SONICblue website. Pignon Decl. ¶18. It will now be corrected.

1 already stopped collecting behavioral data from users' PVRs. As a result, *none* of
2 the data Plaintiffs want—Commercial Advance, Send Show and recorded program
3 identity—has ever existed even in the user's own PVR, much less has it been
4 uploaded to Defendants' servers. *Id.* at ¶¶ 13, 21. No discovery order can create
5 that data now.^{34/}

6
7 2. The New Software Plaintiffs Are Requesting Would Require Four
8 Months To Develop And Cost Hundreds Of Thousands Of Dollars.

9 Accordingly, what Plaintiffs seek is an order that Defendants *start* collecting
10 consumer data in the *future*. Defendants could in theory develop, test, and
11 ultimately implement new software that would permit a ReplayTV 4000 unit to log
12 on its hard drive the volume of consumer usage of Commercial Advance and Send
13 Show. With substantial additional effort, new software could also be written to
14 identify specific programs that are recorded or that are associated with the use of
15 those features to log on the ReplayTV 4000's hard drive. But, in addition to
16 consuming hard drive memory, this software development is not the trivial exercise
17 Plaintiffs pretend. Software would have to be developed for both the ReplayTV
18 4000 hardware and for the Defendants' servers. Pignon Decl. ¶ 22. It would have
19 to seamlessly interrelate to existing software, and encompass the proper balancing
20 of tasks among various hardware devices. *Id.* It would take four months for the
21 software development, testing and implementation, costing at least some
22 \$128,000. *Id.*

23 In addition, if Defendants were then required to upload that data from
24 individuals' PVRs to Defendants' servers, this would impose incremental costs of
25 \$37,000 monthly for storage and communications charges for the data at issue—all

26 ^{34/} The consumer's PVR does, of course, contain information about what
27 recordings are presently stored on its hard drive. However, it does not retain this
28 information after the recordings are deleted; it merely retains a list of the presently
recorded programs, and any instructions for recording of future programs. This is
the information uploaded to the my.replaytv.com system described below.

1 to obtain data for which ReplayTV has concluded it has no business need or use,
2 and which consumer advocacy groups have strongly urged should not be collected
3 in the first place. *Id.* at ¶ 20.

4
5 3. Rule 34 Neither Requires Nor Authorizes An Order To Create Records
6 That Do Not Exist.

7 Not surprisingly, Plaintiffs cite no authority for such an order. It is well
8 settled that a party is not required to create, either in paper or electronic form, data
9 that does not currently exist within its possession. *Steil v. Humana Kansas City,*
10 *Inc.*, 197 F.R.D. 445, 448 (D. Kan. 2000) (party “cannot be compelled to produce
11 documents which do not exist”). Rule 34 “only requires a party to produce
12 documents that *are already in existence.*” *Alexander v. Federal Bureau of*
13 *Investigation*, 194 F.R.D. 305, 310 (D.D.C. 2000) (emphasis added). “A party is
14 not required ‘to prepare, or cause to be prepared,’ new documents solely for their
15 production.” *Id.*^{35/}

16 Contrary to Plaintiffs’ assertion, it is *not* “settled law” that “it would be
17 [Defendants’] obligation to take the steps necessary to *gather the relevant data.*”
18 (Joint Stipulation) (emphasis added).^{36/} Plaintiffs misunderstand Rule 34 and the
19 law relating to the discovery of data compilations. It is true that Defendants may be

20
21 ^{35/} See also *Rockwell Int’l Corp. v. H. Wolfe Iron & Metal Co.*, 576 F. Supp.
22 511, 513 (W.D. Pa. 1983) (defendant “cannot be compelled to create, upon the
23 request of the plaintiff, documentary evidence which is not already in existence in
24 some form;” Rule 34 “is limited in its scope to documents ‘which are in the
25 possession, custody, or control of the party upon whom the request is served.’”);
26 *Soetaert v. Kansas City Coca Cola Bottling Co.*, 16 F.R.D. 1, 2 (W.D. Mo. 1954)
27 (“Rule 34 cannot be used to require the adverse party to prepare, or cause to be
28 prepared, a writing to be produced for inspection, but can be used only to require
the production of things in existence.”) (emphasis added).

25 ^{36/} Plaintiffs have failed to cite a single case under Rule 34 in which a party was
26 compelled to gather electronic data from a third party. The only case cited by
27 Plaintiffs, *Oppenheimer Fund, Inc. v. Sanders*, 437 U.S. 340 (1978), is not a Rule
28 34 case, but rather involved defendant’s duty under Rule 23 in a class action to
provide names and addresses of the class members for notice purposes. That court
specifically noted that it was Rule 23, *not the discovery rules*, that authorized a
district court to order a defendant to provide such information. *Id.* at 356.

1 required to produce both hard copy documents, and electronic data, that are stored
2 in Defendants' own files and computers. But, with the sole exception of the limited
3 my.ReplayTV.com information discussed below, the information sought by
4 Plaintiffs is not "electronically stored" on Defendants' computers. It does not exist
5 anywhere yet. It does not even exist on individual consumers' PVR hard drives,
6 much less on Defendants' computers. And if the information is created, and a
7 program written to log it in the future, it would exist on a consumer's personal
8 property, not on ReplayTV's computers.

9
10 Rather, Plaintiffs are asking the Court to order Defendants first to write a
11 program to implant in a consumer's ReplayTV unit in order to create and store the
12 data, and then to write software to collect the data from consumers (without further
13 notice to them) and disclose it to Plaintiffs. Neither Rule 34 nor case law obliges
14 Defendants to take these extraordinary steps.

15
16 Indeed, the only pre-trial authority under which Plaintiffs could obtain an
17 order requiring Defendants to design and implement software to extract non-
18 existent information would be a preliminary injunction under Rule 65. But to
19 obtain a preliminary injunction, Plaintiffs must prove a cause of action (or
20 likelihood to prevail on one), as well as irreparable injury. A mere desire for
21 information in a lawsuit challenging Defendants' product cannot justify an
22 injunction to reformulate Defendants' product.^{37/}

22 ^{37/} The courts have consistently recognized that Rule 34 cannot require a party
23 to modify its product to perform differently and to gather information that it would
24 not otherwise gather. *See, e.g., In re Air Crash Disaster*, 1991 U.S. Dist. LEXIS
25 10372, *4-*5 (N.D. Ill. 1991) ("Rule 34 does not require a party to conduct tests on
26 machinery according to the opposing party's specifications"; denying request for
27 United Airlines to supply a DC10 airplane and an United flight crew to conduct a
28 simulation relating to an airline crash); *Sperberg v. Firestone Tire & Rubber Co.*,
61 F.R.D. 80, 83 (N.D. Ohio 1973) (Fed. R. Civ. P. 34 "clearly does not justify . . .
a procedure" under which defendants are compelled to conduct tests devised by
plaintiffs on defendants' products; denying patent infringement plaintiffs' motion to
compel extensive tests of defendants' products according to plaintiffs'
specifications); *Sladen v. Girtown, Inc.*, 425 F.2d 24, 25 (7th Cir. 1970) (reversing
court order requiring plaintiffs to conduct flammability tests; Fed. R. Civ. P. 34
does not empower court to order plaintiffs to conduct tests).

1 Plaintiffs’ own construction of the law of contributory and vicarious
2 infringement—while wrong—demonstrates how pernicious such an order would
3 be. Plaintiffs assert that the consumer behavior information will show uses they
4 claim to be infringing. Once the court orders Defendants to create and collect that
5 data, Plaintiffs argue Defendants will have actual knowledge and control over such
6 uses. Gotcha! Plaintiffs claim Defendants will have become liable for vicarious or
7 contributory infringement based upon knowledge they gained *only through the*
8 *Court’s injunction*. Defendants submit that courts sit to determine liability, not to
9 manufacture it.^{38/}

10 Once again, Plaintiffs make an inapt analogy to *Napster* in an effort to
11 support their overreaching discovery. But in *Napster*, the court found the copyright
12 holders’ delivery of lists of songs to Napster identified specific infringing material
13 *indexed on Napster’s servers* for unauthorized download and that Napster thereafter
14 refused to disable access to that *specific material on its index*. 239 F.3d at 1021-22.
15 *Napster* did not involve surveillance of users’ hard drives; it involved the
16 information already existing on Napster’s servers. Thus, the Court of Appeals
17 found the trial court “failed to recognize that the boundaries that Napster ‘controls
18 and patrols’ are limited. . . . Put differently, Napster’s reserved ‘right and ability’
19 to police is cabined by the system’s current architecture.” 239 F.3d at 1023-24.
20 Certainly nothing in *Napster* authorizes a discovery order to first record, and then
21 secretly extract information that can be gleaned only from a hard drive on a
22 consumer’s PC or ReplayTV 4000. By analogy, that AOL has the potential *ability*
23

24 ^{38/} Plaintiffs’ argument that Defendants are turning a “blind eye” to customer
25 usage of the Send Show and Commercial Advance features is belied by the clear
26 record that Defendants stopped collecting data for entirely independent reason:
27 TiVo’s publicity disaster, and the costs of data collection. In any event, to the
28 extent Plaintiffs are arguing that Defendants are liable because they could have
formulated their product differently (an argument Defendants debunk at Part I.C.2.
above), that is an argument for liability, and one that at most could require a post-
judgment change in the product; it is not one that can require reformulation of the
product before trial.

1 to route itself a copy of all audiovisual works transmitted between users through
2 AOL Instant Messaging does not mean that it can be ordered, under Rule 34, to
3 retool its software to collect all such data.

4
5 4. Defendants Could Collect Limited Information Reported Through The
6 MyReplayTV Service.

7 Defendants could conceivably collect, and have fully advised Plaintiffs of,
8 the only information they have ever received about usage of the ReplayTV 4000—
9 information provided through the my.replaytv.com service. About 10% of
10 Defendants’ users have signed up for this service, which allows users to
11 program their machines at home from a remote location on the Internet. Pignon
12 Decl. ¶¶ 26, 32. For example, if a user wishes to record a show to watch later but
13 will be out of town for a few days, he can instruct his device to do so through the
14 my.replaytv.com website. *Id.* at ¶ 26.

15 Only users who have opted-in to this service will have their ReplayTV 4000
16 upload each night a “snapshot” of the list of recordings on their hard drive and the
17 list of any recordings they have selected to be made in the future. *Id.* As this is the
18 only information needed for the user to program new recordings (and to make room
19 by deleting existing recordings or instructions to record), no other information is
20 reported. This information is written over daily. It is provided by the user only to
21 allow him to make remote programming requests, not for any other use by
22 ReplayTV. *Id.*

23 The my.replaytv.com data does not contain much of the information
24 Plaintiffs claim to seek. It includes no information about Commercial Advance or
25 Send Show. *Id.* It does not identify programs that are watched or that have been
26 deleted, only those that are presently stored on a hard drive. *Id.* In addition, as this
27
28

1 information is not presently saved by ReplayTV, it would cost approximately \$600
2 a day for Defendants to preserve the data. *Id.* at ¶ 28.^{39/}

3
4 Nonetheless, in an effort to resolve this discovery dispute, Defendants
5 offered to undertake to collect and preserve this data — for a reasonable period of
6 time on an anonymous basis. Plaintiffs flatly rejected this offer. Given the
7 incompleteness of this data and the cost to collect it, Defendants believe that a joint
8 telephone survey of users, as Defendants describe below, would provide more
9 useful information for the Court, while also protecting users’ privacy rights.

10 5. The Information Plaintiffs Have Requested Would Invade Consumer’s
11 Legitimate Rights Of Privacy.

12 Even assuming *arguendo* that the Court could enter an order compelling
13 Defendants to write and issue new software to create new data, the order Plaintiffs
14 request would be infirm as a violation of the privacy rights and expectations of
15 ReplayTV’s customers. Invasion of these rights without notice will not only harm
16 consumers, who are not before the Court, it may also generate a serious backlash
17 and public relations problems for ReplayTV. This could directly affect its goodwill
18 in the marketplace and ability to compete against Plaintiffs’ TiVo affiliate.

19 Customer privacy rights in information delivered over the Internet is a
20 matter of substantial and genuine public concern. In June 1998, the Federal
21 Trade Commission reported to Congress its concerns and recommendations for
22 dealing with privacy of consumer’s information online. The FTC found that
23 studies “have recognized certain core principles of fair information practice” that
24 are “widely accepted as essential to ensuring that collection, use, and
25 dissemination of personal information are conducted fairly and in a manner

26
27 ^{39/} However, to process the data by sorting and cross-correlations of information
28 that Plaintiffs have demanded would cost as much as \$264,000 more for
development. Pignon Decl. ¶27. Accordingly, Defendants have offered only to
save the raw data as it is presently received from the my.replay.com service.

1 consistent with consumer privacy interests.” *See* PRIVACY ONLINE: A REPORT TO
2 CONGRESS, The Federal Trade Commission, June 1998, at ii, *available at*
3 <http://www.ftc.gov/reports/privacy3/priv-23a.pdf>.

4 These core principles, including notice, choice, access, security and
5 enforcement underlie FTC enforcement actions in the recent years, particularly in
6 cases where actions are proposed to be taken with respect to user information not
7 disclosed in its privacy policies. *See e.g., FTC v. Toysmart.com, LLC, and*
8 *Toysmart.com, Inc.* (D. Mass. 2000) (Civil Action No. 00-11341-RGS); *In the*
9 *Matter of GeoCities*, Docket No. C-3849, FTC Lexis 17 (1999).

10 In addition, both federal and California law has recognized consumers’ rights
11 to non-disclosure of their television viewing habits. The Cable Act, 47 U.S.C.
12 Section 551, provides that cable operators may not disclose viewers’ personally
13 identifiable information without prior written or electronic consent of the
14 subscriber,^{40/} except (A) where necessary to provide service;^{41/} (B) pursuant to a
15 court order *if the subscriber is given notice of the order;*^{42/} or (C) for disclosure of
16 the names and addresses of subscribers *if the subscribers have had notice of the*
17 *disclosure*, an opportunity to prohibit or limit the disclosure, ***and the disclosure***
18 ***itself does not reveal, “directly or indirectly” the “extent of any viewing or other***
19 ***use by the subscriber. . . .***^{43/} (Emphases added.)

20 Similarly, California law makes it illegal for cable or satellite companies to
21 “provide any person with any individually identifiable information regarding any of
22 its subscribers, including, but not limited to, the subscriber’s television viewing
23 habits . . . without express written consent.” It further provides that “if requests for
24 information [by legal process] are made, a satellite or cable television corporation
25

26 ^{40/} *See* 47 U.S.C. 551(c)(1).

27 ^{41/} *See* 47 U.S.C. 551(c)(2)(A).

28 ^{42/} *See* 47 U.S.C. 551(c)(2)(B).

^{43/} *See* 47 U.S.C. 551(c)(2)(C)

1 shall promptly notify the subscriber of the nature of the request and what
2 government agency has requested the information prior to responding unless
3 otherwise prohibited from doing so by law.” See Cal. Penal Code § 221.5.
4 Although Defendants are not technically within these statutes—at least until they
5 begin transmitting programming over their own Internet Channels later this
6 year—the statutes evidence recognition of the significance of privacy interests of
7 television consumers. Indeed, in *Sony* itself, a key concern for Justice Stephens
8 was “the privacy interests implicated whenever the law seeks to control conduct
9 within the home.” Paul Goldstein, *Copyright’s Highway* (1st ed. 1994), at 150.

10 Consistent with these principles, Defendants’ privacy policies have
11 repeatedly assured consumers that privacy of their viewing information is “a right,
12 not a privilege.” Pignon Decl. ¶ 9, Ex. D. Defendants’ policy no less than five
13 times assures users that, if any anonymous viewing information is collected about
14 them, it will never, without their express permission, be linked to or associated with
15 personal identifying information. *Id.* at ¶ 11. The policy provides that “when
16 sending a show from one ReplayTV 4000 to another, the ReplayTV Service does
17 not track or receive notification of which show is being sent or which shows you
18 record.” *Id.* at ¶ 32, Ex. D.

19 Plaintiffs now propose this Court should ignore well-established privacy
20 principles to order creation, collection, and use of information in a manner never
21 disclosed to users, contrary to the policy, and without ability for the customer to opt
22 in or out. It is axiomatic that consumers’ privacy interests are shaped by their
23 reasonable expectations at the time they enter into a relationship, transaction or
24 circumstance. See, e.g., *California v. Greenwood*, 486 U.S. 35 (1988); *U.S. v.*
25 *Scott*, 975 F.2d 927 (1st Cir. 1992); *Larson v. Harrington*, 11 F.Supp.2d 1198
26 (E.D.Cal. 1998); *Pittman v. MacIntyre Co.*, 969 F. Supp. 609 (D. Nev. 1997);
27 *Pettus v. Cole*, 48 Cal. App. 4th 402 (1996). The SONICblue Privacy Policy, as
28

1 well as societal norms, shape its customers' expectations. The policy states that
2 "SONICblue will not share your Personal Information with third parties without
3 your consent, except in *the very limited circumstances* outlined in the next question
4 and answer below." (Emphasis added.) In stating that SONICblue may disclose
5 information pursuant to legal process, the Privacy Policy speaks of disclosure
6 (i) to protect the rights and property of SONICblue, (ii) to protect the safety of
7 SONICblue and its users, or (iii) to assist law enforcement in investigating
8 violations of the SONICblue terms of service or the law generally. A reasonable
9 customer would conclude that information would not be disclosed in the context of
10 civil lawsuit against SONICblue, where their data may be scrutinized by television
11 networks or motion picture studios. A reasonable customer would also conclude
12 that personal information about them would not be disclosed to allow television
13 studios and broadcast networks to intimidate them as "witnesses," subject them to
14 legal subpoenas, or sue them directly.

15 Plaintiffs argue that "Defendants have gathered such information in the past
16 themselves, so they evidently do not believe that privacy rights prevent them from
17 doing so." As previously explained, that statement is false. But whether ignorantly
18 or deliberately, Plaintiffs conflate two entirely separate issues: the *collection* of
19 data and the *disclosure* of such data. Plaintiffs are attempting to argue that because
20 SONICblue could theoretically *collect* information from customers, customers have
21 no privacy right to limit the *disclosure* of such information to third parties. Under
22 the very terms of the Privacy Policy, while SONICblue may collect information on
23 a user's identity specifically, and on viewing habits in the aggregate, SONICblue is
24 limited under the Policy itself to use the information only for specific purposes,
25 such as customer service, diagnostics, and to tailor services to general customer
26 preferences. Pignon Decl., Ex. D. It is prohibited from collecting any information
27
28

1 about Send Show. *Id.* The Policy also limits the circumstances under which
2 SONICblue may disclose any viewer’s information.

3 Thus, in the first instance, the disclosure Plaintiffs demand is plainly outside
4 of the scope customers could expect under Defendants’ Privacy Policy, and, as a
5 matter of privacy rights as well as the inherent limitations of Rule 34, should not be
6 ordered at all.

7 Second, if there were any basis to order collection or disclosure, this should
8 only occur after adequate notice to consumers and a right either to opt in (as
9 potentially required by provisions of law and policy requiring “express consent”) or
10 at a minimum to opt out of this new collection of information.^{44/}

11 Third, if there were any information to be collected, it must be strictly
12 aggregate information, completely disassociated from any information identifying
13 users as guaranteed by the policy and statutes. Plaintiffs’ requested order does *not*
14 ensure such anonymity. Rather, it would require that information be collected with
15 third party users identified “by unique identification numbers.” This could prevent
16 the disassociation of use information from user identity that is crucial to user
17 privacy. Such *potential to correlate* individual use with an identity of the user is
18 *exactly* what raised the vociferous objections to TiVo’s policy, leading to the
19 abandonment of Replay TV’s pre-May 2001 policy. Moreover, even under
20 ReplayTV’s prior policy, it provided for only “one way encoding” to prevent
21 linking of identifying information to anonymous information. Pignon Decl. ¶ 14.
22 Only if the consumer expressly chose to disclose that association would Replay
23 have learned of it. Accordingly, only aggregate information not linkable to any

24
25 ^{44/} During meet and confer negotiations, Plaintiffs referred frequently to the data
26 collection practices of ReplayTV’s competitor, TiVo. TiVo apparently does still
27 collect consumer behavior data that ReplayTV ceased to collect a year ago. TiVo
28 allows its customers to “opt out” of any collection of the data with a toll-free call.
Since ReplayTV does not now collect any such behavioral data, it has no need for
such an opt-out right. But if the Court orders ReplayTV to collect such data from
its customers and disclose it to Plaintiffs, its customers should be afforded that opt-
out right.

1 user could conceivably be ordered—and only for the minimum period necessary,
2 not indefinitely.

3 Plaintiffs’ naked assertion that “the Federal Rules do not explicitly recognize
4 ‘privacy’ as a grounds for refusing to provide relevant information” obscures the
5 simple truth: “Federal Courts ordinarily recognize a constitutionally-based right of
6 privacy that can be raised in response to discovery requests.” *Soto v. City of*
7 *Concord*, 162 F.R.D. 603 (N.D.Cal. 1995); *see also Johnson v. Thompson*, 971 F.2d
8 1487 (10th Cir. 1992) (upholding magistrate judge’s decision to deny discovery of
9 third party identifying information on privacy grounds). Plaintiffs’ authorities do
10 not support their hostility to privacy rights.^{45/}

11
12 6. Plaintiffs Have Shown No Need For Discovery Of The Recordings
13 Made By Defendants’ Employees In Product Development.

14 Plaintiffs also offer no valid theory to justify intrusion into the recording
15 behavior of Defendants’ employees. First, they have not confined their inquiry to
16 management personnel, as at least was done in *Napster*.

17 Second, unlike *Napster*, the content recorded on ReplayTV 4000 does
18 not provide any possible evidence of knowledge of specific infringing (as required
19 to satisfy the “knowledge prong” for contributory infringement). In this regard,

20 ^{45/} In *Walt Disney Co. v. DeFabiis*, 168 F.R.D. 281, 283 (C.D. Cal. 1996),
21 Disney sought the identities of students in a class taught by defendants, where the
22 defendants had allegedly told students they were former Disney employees who
23 were “licensed by plaintiff to teach courses in ‘Disney cartooning’ and ‘Disney
24 animation’” In that case, the only way to verify whether such statements were
25 made to students was to seek testimony from students. The focus in *Disney* was not
26 on the students’ actions, but their observations of the defendants’ actions. Here, the
27 focus of the evidence sought is on the third party’s own private conduct, not merely
28 their observations of Defendants’ public actions. A greater privacy interest
necessarily exists in one’s own private behavior and personal information than in
one’s observations of others.

26 Equally misplaced is Plaintiffs’ reliance on *Milwaukee Concrete Studios v.*
27 *Greely Ornamental Concrete Products*, 140 F.R.D. 373 (E.D. Wis. 1991). There,
28 Milwaukee Concrete never asserted privacy as an objection to production, only
attorney-client and work product privileges. Milwaukee Concrete allegedly
submitted partial results of a customer survey as exhibits to an unsuccessful motion
for preliminary injunction, and Greely sought production of the entire survey.

1 Plaintiffs badly misconstrue the knowledge standard. They argue that when a
2 technology provider knows that its users *may* engage in infringement, this
3 constitutes knowledge sufficient for contributory liability. To the contrary, in *Sony*,
4 defendant knew users were using its device to build libraries—it even specifically
5 encouraged users to make libraries of their favorite movies. 480 F. Supp. at 429.
6 But because Sony could not differentiate between infringing uses and the
7 substantial non-infringing uses, Sony was not liable. Likewise, in *Napster*, the
8 court went to great pains to make it clear that “absent any specific information
9 which identifies infringing activity, a computer system operator cannot be liable for
10 contributory infringement merely because the structure of the system allows for the
11 exchange of copyrighted material.” Only because Napster had “*actual* knowledge
12 that *specific* infringing material is available using its system . . . could block access
13 to the system by suppliers of the infringing material, and . . . failed to remove the
14 material” could Napster be liable. *A&M Records*, 239 F.3d at 1022.

15 In this case, however, unlike *Napster*, there is no infringing “material,” only
16 allegedly infringing “uses.” Unlike *Napster*, where songs were infringing if made
17 available to those who were not entitled to download them for free, in this case, the
18 *Sony* Court already established that users are entitled to make home recording of
19 television broadcasts. At most, Plaintiffs can attempt to argue that the *use* of those
20 recordings—skipping commercials, or sending them to persons not entitled to
21 receive them already—is unfair. But where the issue is the consumer’s *use* of the
22 recording, the identity of the particular works recorded by ReplayTV personnel are
23 *not* relevant to that determination.^{46/}

24
25
26 ^{46/} Accordingly, whereas it might be relevant in *Napster* that an executive knew
27 work from a particular artist (Madonna) was available on the Napster system
28 because that executive had downloaded the infringing work, the fact that
Defendants’ executive might have recorded “Friends” proves absolutely nothing.
Recording “Friends” is not any more infringement by recording on a PVR than on a
VCR.

1 Third, Plaintiffs have steadfastly refused to state whether they claim that
2 recordings made for demonstrations or product development constitute direct
3 infringement. Doubtless this is because they steadfastly resist discovery into their
4 *own* internal and unauthorized copying for developmental and competitive
5 purposes. Existing law suggests that copying in product development and
6 demonstrations is fair use, as it does not displace any market for the product.
7 *E.g.*, *Sony*, 480 F. Supp. 429 (retail defendants’ in-store demonstration of VCRs
8 was a fair use, in part because demonstration copying and playback in no way
9 competed with plaintiffs’ works). Unless and until Plaintiffs unequivocally assert
10 and substantiate the contrary, their demand for the date, time, and other details of
11 every recording ever made by Defendants in the development process is oppressive
12 and irrelevant.

13 All the necessary information Plaintiffs need about uses of the
14 ReplayTV 4000 can and should be obtained by survey, as it was in *Sony*. *See infra*
15 Part III.C. Since the data Plaintiffs seek does not exist, and cannot be collected
16 consistent with existing law and consumer privacy expectations, the Court should
17 deny Plaintiffs’ motion and order that Plaintiffs accept Defendants’ offer of a single
18 joint consumer survey to collect behavioral data.

19
20 **III. Discovery Relating to ReplayTV 4000 Customers.**

21 **A. The Requests at Issue**

22
23 **DOCUMENT REQUEST NO. 17**

24 Any and all Documents relating to, regarding, referring to, or reflecting the
25 identity of any Person (whether employed by Defendant or otherwise) who has
26 been provided access to, or use of, the ReplayTV 4000 for any purpose (including
27 but not linked to the purposes of testing, sampling, reviewing, advertising,
28

1 promoting, or evaluating the features or functions of the ReplayTV 4000), or as the
2 result of an ordinary commercial sale.

3
4 RESPONSE TO DOCUMENT REQUEST NO. 17

5 Defendants object that demand for “[a]ny and all Documents” relating to the
6 identity of any person who has been provided access to or use of the ReplayTV
7 4000 “for any purpose” is overly broad, burdensome, and harassing. Plaintiffs’
8 request is also oppressive and not reasonably calculated to lead to the discovery of
9 admissible evidence. Defendants object that Plaintiffs seek documents that are not
10 relevant or necessary to determination of any of the issues underlying Plaintiffs’
11 suit for injunctive and declaratory relief. Defendants object to the extent Plaintiffs
12 seek information protected by a third party’s individual right of privacy.
13 Defendants object to the extent Plaintiffs seek confidential documents. Defendants
14 object to the extent Plaintiffs seek documents protected by attorney-client privilege,
15 work product doctrine or any other applicable privilege.

16
17 DOCUMENT REQUEST NO. 31

18 Any and all Documents relating to, regarding, referring to, or reflecting any
19 order for purchase of a ReplayTV 4000 that You have received, or any sale of a
20 ReplayTV 4000 that You have made.

21
22 RESPONSE TO DOCUMENT REQUEST NO. 31

23 Defendants object to this request on the ground that it seeks documents that
24 are irrelevant to any of the claims or defenses in Plaintiffs’ suit and are not
25 reasonably calculated to lead to the discovery of admissible evidence. Even if these
26 documents were relevant (which they are not), Plaintiffs’ demand for “[a]ny and all
27 Documents relating to, regarding, referring to, or reflecting any order for purchase
28

1 of a ReplayTV 4000. . . or any sale” is overly broad, burdensome and harassing.
2 Defendants object to the extent Plaintiffs seek information protecting by customer
3 individual right of privacy. Defendants will not produce any information that might
4 violate their customers’ privacy rights. Defendants further object that Plaintiffs
5 seek confidential documents.

6 Subject to and without waiving the general or specific objections, Defendants
7 will produce documents sufficient to show purchases of the ReplayTV 4000,
8 including the date and amount of purchase, the version(s) purchases and number of
9 units purchases, but without revealing the private, confidential information of the
10 individual customers. Confidential documents will not be produced until the parties
11 have entered into a mutually agreeable protective order.

12
13 PARAMOUNT INTERROGATORY NO. 16

14 Please identify the name, job title, address, telephone number and employer
15 of each Person (whether employed by Defendant or otherwise) who has been
16 provided access to, or use of, a ReplayTV 4000 for any purpose (including but not
17 limited to the purposes of testing, sampling, reviewing, advertising, promoting, or
18 evaluating features or function of the ReplayTV 4000), except as the result of an
19 ordinary commercial sale.

20
21 RESPONSE TO PARAMOUNT INTERROGATORY NO. 16

22 Defendants object on the ground that demanding identification of each
23 person who has been “provided access to, or use of, a ReplayTV 4000 for any
24 purpose” is overly broad, burdensome and harassing. Plaintiffs’ interrogatory is
25 oppressive and not reasonably calculated to lead to the discovery of admissible
26 evidence. Defendants object that the interrogatory seeks confidential information.
27 Defendants also object to the extent that Plaintiffs seek information about
28 reviewers, testers or former employees, which is protected by the individuals’ right

1 of privacy. Defendants object to the extent that the interrogatory seeks information
2 protected by attorney-client privilege or work product doctrine.

3 Subject to and without waiving the general or specific objections, Defendants
4 respond as follows: ReplayTV/SONICblue employees identified in Defendants'
5 initial disclosures had access to the ReplayTV 4000 as well as people who visited
6 the SONICblue booth at the trade shows and events identified in response to
7 Interrogatory No. 9 of Disney Enterprises Inc.'s First Set of Special Interrogatories.

8
9 **B. Plaintiffs' Contentions Regarding the Requests at Issue**

10 As discussed above, Plaintiffs believe that the sensible and efficient way to
11 gather information about how Defendants' customers use the ReplayTV 4000 is
12 through Defendants' own electronic data-gathering capability, rather than by
13 attempting to obtain testimony from individual ReplayTV 4000 owners. To ensure
14 that they will not be at an unfair disadvantage vis-a-vis Defendants, however,
15 Plaintiffs have sought (through Document Request Nos. 17 and 31 and Paramount
16 Interrogatory No. 16) information about the identities of the individuals
17 (employees, customers, and testers) who actually use Defendants' ReplayTV 4000.

18 In response to these requests, Defendants have taken (during the meet-and-
19 confer process) the following, blatantly unfair, position: *Defendants* can contact
20 their own customers and testers to gather evidence to be presented to the Court --
21 and can provide their customer list to a research firm for purposes of a survey -- but
22 they will refuse to provide information about these witnesses to *Plaintiffs*, who will
23 effectively have no ability whatsoever to contact these witnesses or to conduct a
24 survey of them.

25 Defendants' position is outrageous. It would be grossly unfair for a party to
26 be allowed to develop critically relevant evidence from an important category of
27
28

1 percipient witnesses, while simultaneously concealing the identities of these same
2 witnesses from the other side.

3 Yet that is precisely what Defendants propose to do. Defendants have
4 refused to produce names and contact information for the individuals (customers
5 and testers) who use or have used the ReplayTV 4000, asserting that production of
6 that information would supposedly violate those individuals' "right of privacy" and
7 that the information is supposedly irrelevant.^{47/} Defendants have offered only a
8 sham "compromise" on this issue, which they are fully aware would, at best,
9 provide Plaintiffs with access to the identities of only a small and unrepresentative
10 fraction of ReplayTV 4000 users.^{48/}

11 In light of Defendants' refusal to produce this information, Plaintiffs asked
12 Defendants to assure them that Defendants *themselves* would not use the names and
13 addresses of those witnesses to gather any evidence in the case -- whether directly
14 or through an outside survey firm. To Plaintiffs' amazement, Defendants have
15 refused to provide this assurance. Instead, Defendants have insisted on a grossly
16 one-sided arrangement in which *Defendants* can easily gather evidence from the
17 individuals who use the ReplayTV 4000, but *Plaintiffs* effectively have no ability to
18 do so. Not only is this position utterly unfair, it makes no sense: if the identities of
19 the people who use the ReplayTV are irrelevant, as Defendants claim, they should
20 readily agree that they will not use that "irrelevant" information to gather evidence.

22 ^{47/} Defendants have contended that the production of this information would
23 somehow violate the privacy rights of their testers and customers. As discussed
24 above (at note [15]), that position is mistaken.

25 ^{48/} Defendants' absurd "compromise" proposal is this: Defendants would *ask*
26 their customers and testers if they wished to be contacted by Plaintiffs, and if any
27 customers so agreed, Defendants would forward their names and addresses to
28 Plaintiffs. Defendants obviously appreciate that few, if any, individuals are likely
to volunteer in response to such an inquiry. And even if a few individuals did,
Plaintiffs would be at a tremendous disadvantage because Defendants would have
access to the *complete* group of customers and testers, while Plaintiffs would have
access only to a self-selected (and undoubtedly unrepresentative) fraction of the
group.

1 Defendants' insistence on using crucial information that they refuse to
2 provide to Plaintiffs is indefensible. It is long since settled that it is unfair and
3 impermissible for a party to use in litigation information or documents that it fails
4 to produce to the other side in a timely manner -- much less information that a party
5 refuses to produce *at all*.^{49/}

6 Since Defendants have refused to provide Plaintiffs with contact information
7 for their customers and testers, the Court should preclude Defendants from using
8 that information to gather any evidence in this case, whether by contacting the
9 individuals directly or by using a third party firm to do so. In the interests of
10 avoiding unnecessary discovery litigation, and since (as discussed above) the
11 relevant information can be gathered efficiently and unobtrusively by electronic
12 means, Plaintiffs are prepared to take Defendants at their word that they do not wish
13 their customers to be involved in the discovery process. It would be intolerable,
14 however, for Defendants to be allowed -- as they propose -- to be able to collect
15 evidence from thousands of percipient witnesses while making it impossible for
16 Plaintiffs to contact the same witnesses.

17
18
19 ^{49/} See, e.g., *United States v. Sumitomo Marine & Fire Ins. Co.*, 617 F.2d 1365,
20 1369-71 (9th Cir. 1980) (affirming district court's order precluding government
21 from introducing evidence where government failed to supply evidence in timely
22 manner); *Smith v. Commissioner*, 800 F.2d 930, 934 (9th Cir. 1986) (affirming
23 "sanctions order that prevented taxpayers from presenting any documentary
24 evidence at trial other than that which has been discovered.") (emphasis added)
25 (citation omitted); *North Am. Watch Corp. v. Princess Ermine Jewels*, 786 F.2d
26 1447, 1451 (9th Cir. 1986) ("Last minute tender of documents does not cure the
27 prejudice to opponents nor does it restore to other litigants on a crowded docket the
28 opportunity to use the courts.") (citation omitted); *Schwartz v. Upper Deck Co.*, 183
F.R.D. 672, 682 (S.D. Cal. 1999) ("By suppressing documents, a party takes an
implicit risk that it will not be allowed to use the material at a later date."); cf. *Yeti
by Molly, Ltd. v. Deckers Outdoor Corp.*, 259 F.3d 1101, 1106-07 (9th Cir. 2001)
(affirming trial court's decision to exclude expert testimony where party failed to
supply expert report until one month before trial); *Halaco Eng'g Co. v. Costle*, 843
F.2d 376, 380 (9th Cir. 1988) (recognizing court's "inherent power to impose
sanctions for discovery abuses that may not be a technical violation of the discovery
rules") (quoting district court opinion) (internal quotations omitted).

1 **C. Defendants’ Contentions Regarding the Requests At Issue**

2 Plaintiffs demand the names and addresses of Defendants’ users, whether
3 customers, employees or testers.^{50/} This is a reprise of their discredited evidence-
4 gathering tactics from *Sony*. The definitive history of the *Sony* case described it this
5 way:

6 In search of harder data, the plaintiffs secured a list of
7 Betamax purchasers in the Los Angeles area and began to
8 make a systematic study of their habits. But they had not
9 gone very far with this effort when [Sony counsel Dean]
10 Dunleavy lodged a protest. “They had sent out a private
11 investigator and some paralegals, and they were
12 badgering homeowners,” he said later. “So we went to the
13 judge and said, ‘Make them cut this out, this going from
14 door to door, knocking and scaring people.’ The judge
15 said, ‘Yes that’s no way to behave. If you want to find
16 out what people are doing, I will let each of you conduct a
17 survey, using a proper foundation, and you can then put
18 those surveys in evidence.’” This was an invitation that
19 neither side could resist.

20 J. Lardner, *Fast Forward, Hollywood, The Japanese, and the VCR Wars*, at 107.

21 More than twenty years after Judge Ferguson slapped down Plaintiffs’
22 harassment of VCR owners, they want to try it again with ReplayTV owners. The
23 Court should not permit this harassment either. Defendants have offered a survey
24 solution similar to what Judge Ferguson ordered.

25 Defendants propose that the parties commission a single joint survey,
26 prepared under Court supervision to the extent necessary, to be administered by an
27 independent survey organization that would be provided with the identities of
28 ReplayTV 4000 owners and users. Those names would not be provided to
Plaintiffs directly, but only to the survey professionals. The survey results would
be evidence of consumer behavior for trial. Defendants would agree not to use their
own customer data to conduct a separate survey to be offered in evidence. There

50/ Plaintiffs do not articulate a different rationale for any of their targets,
customers, testers, or employees. Accordingly, Defendants will treat them the
same.

1 are less than 5000 Replay TV 4000 owners at present. A single survey (rather than
2 multiple surveys by both sides) would minimize the intrusion and risk of alienation
3 by multiple inquiries of this user-base.^{51/}

4 Amazingly, unlike their predecessors in *Sony*, these Plaintiffs do resist the
5 invitation. They cavil that surveys are unreliable, and that ReplayTV owners will
6 somehow get wind of it and tailor their responses. Given the indisputable facts
7 regarding the unavailability of electronic data, the impropriety and cost of creating
8 and then collecting it as Plaintiffs wish, Plaintiffs' opposition to a survey must be
9 seen as pretext. It apparently is not enough for Plaintiffs to sneak into every
10 ReplayTV owner's home electronically and create new data, they want to harass
11 them face-to-face. Judge Ferguson was right. That's no way to behave. The Court
12 should order the joint survey as Defendants propose.

13 Conversely, Plaintiffs' request for an order precluding Defendants from
14 contacting Defendants' own customers is utterly unprecedented and
15 unsupportable.^{52/} There are obvious and compelling reasons not to allow Plaintiffs
16 to identify and interrogate all of Defendants' customers, both to protect the
17 customers' privacy and Defendants' goodwill. Defendants' contact with their own
18 customers is in no way a reciprocal proposition. If Defendants find that a particular
19 customer may actually be a likely witness, Defendants have a duty to disclose that
20 person's identity under Rule 26(a)(1)(A), and will do so in a manner to permit
21

22 ^{51/} Alternatively, if Plaintiffs want to conduct their own survey, Defendants have
23 offered to contact their user base, advise users of the request, and disclose to
24 Plaintiffs the identities of those users who are willing to opt-in to disclosure of their
25 identifying information. However, only the techniques of a joint survey or a
volunteer survey can adequately protect Defendants' users from harassment and
intimidation by Plaintiffs.

26 ^{52/} Plaintiffs cite *no* case law to compel turning over the entire list of purchasers
27 of consumer products. Nor have Plaintiffs cited a single case for the proposition
28 that a seller of consumer products can be precluded, in discovery, from contacting
its customers. The cases cited stand for the proposition that failing to turnover
information in sufficient time for it to be rebutted can result in preclusion orders *at*
trial.

1 Plaintiffs the ability to conduct discovery of that person. Unlike Plaintiffs,
2 Defendants have recognized, honored, and will continue to honor their obligation to
3 identify non-employee percipient witnesses.^{53/}
4

5 **IV. Discovery Relating To Financial Benefits From, and Communications**
6 **With Potential Licensees And Investors About, the ReplayTV 4000 and**
7 **Similar Devices**

8 **A. The Requests At Issue**

9 DOCUMENT REQUEST NO. 7

10 Any and all Documents relating to, regarding, referring to, or reflecting any
11 agreement or discussions regarding the licensing or conveyance of any right to
12 develop or market a product, software, or device that would permit users of the
13 product, software or device to view Audiovisual Works with omission or skipping
14 of commercials or to send Audiovisual Works to others by any means, including
15 without limitation by broadband connection.
16

17 RESPONSE TO DOCUMENT REQUEST NO. 7

18 Defendants object that demand for “[a]ny and all Documents relating to,
19 regarding, or referring to, or reflecting any agreement or discussions” regarding the
20 licensing of commercial skipping or send show technology is overly broad,
21 burdensome, and harassing. Plaintiffs’ request is also oppressive and not
22

23 ^{53/} Moreover, as to those persons who are *not* at this point known to be likely
24 witnesses, if the Court were to order Defendants not to contact such persons whose
25 identities were known only to Defendants, the Court would need to likewise order
26 that Plaintiffs may not contact any person whose identity is known to Plaintiffs but
27 has not been identified in discovery. Plaintiffs have thus far failed to identify any
28 non-employee witnesses (other than Defendants’ own employees). Even as to their
own employees, Plaintiffs have not identified their employees involved in the
relevant issues other than one or two described as “principally involved” in a
particular subject. By their own logic, Plaintiffs should be precluded from
contacting anyone whose identity has not been turned over because they have not
identified such persons to Defendants.

1 reasonably calculated to lead to the discovery of admissible evidence. Defendants
2 object to the extent that the request embodies numerous technologies, which
3 Plaintiffs do not challenge in this action, including the mute button, remote channel
4 changer, fast forward, and other techniques for omitting or skipping commercials
5 other than Auto-Skip. Defendants object on the ground that Plaintiffs seek
6 confidential documents. Confidential documents will not be produced until the
7 parties have entered into a mutually agreeable protective order. Defendants object
8 to the extent Plaintiffs seek documents protected by attorney-client privilege, work
9 product doctrine or any other applicable privilege.

10 Subject to and without waiving the general or specific objections, Defendants
11 respond as follows: Defendants will produce documents sufficient to show
12 agreements or discussions regarding the licensing or conveyance of Auto Skip
13 Defendants have not licensed any technology that permits a user to send
14 Audiovisual Works to others by any means and therefore do not have any
15 documents responsive to that portion of the request. Defendants will not produce
16 confidential documents until a mutually agreeable protective order has been
17 entered.

18
19 DOCUMENT REQUEST NO. 8

20 Any and all Documents relating to, regarding, referring to, or reflecting any
21 contract, agreement, offer, invitation, solicitation, proposal, or plan for advertising
22 on the Programming Guide or any other on screen menu designed or intended for
23 use with the ReplayTV 4000.

24
25 RESPONSE TO DOCUMENT REQUEST NO. 8

26 Defendants object that demand for “[a]ny and all Documents relating to,
27 regarding, referring to, or reflecting any contract, agreement, offer, invitation,
28

1 solicitation, proposal, or plan for advertising on the Programming Guide or any
2 other on screen menu” is overly broad, burdensome, and harassing. Plaintiffs’
3 request is also oppressive and not reasonably calculated to lead to the discovery of
4 admissible evidence. Defendants object that Plaintiffs seek documents that are not
5 relevant or necessary to determination of any of the issues underlying Plaintiffs’
6 suit for injunctive and declaratory relief. Defendants object to the extent Plaintiffs
7 seek confidential documents. Defendants object to the extent Plaintiffs seek
8 documents protected by attorney-client privilege, work product doctrine or any
9 other applicable privilege.

10
11 DOCUMENT REQUEST NO. 16

12 Any and all Documents relating to, regarding, referring to, or reflecting any
13 revenue, compensation, or financial benefit that Defendant has received or
14 anticipates receiving in the future in connection with the ReplayTV 4000, including
15 but not limited to sales of advertising space, licensing opportunities, or obtaining
16 public or private financing.

17
18 RESPONSE TO DOCUMENT REQUEST NO. 16

19 Defendants object that the demand for “[a]ny and all documents relating to,
20 regarding, referring to, or reflecting any revenue, compensation, or financial benefit
21 that defendant has received or anticipates receiving in the future in connection with
22 the replaytv 4000” is overly broad, burdensome, and harassing. Plaintiffs’ request
23 is also oppressive and not reasonably calculated to lead to the discovery of
24 admissible evidence, and extends beyond the features challenged in this action.
25 Defendants object that plaintiffs seek documents that are not relevant or necessary
26 to determination of any of the issues underlying plaintiffs’ suit for injunctive and
27 declaratory relief. Defendants object to the extent plaintiffs seek confidential
28

1 documents. Defendants object to the extent plaintiffs seek documents protected by
2 attorney-client privilege, work product doctrine or any other applicable privilege.

3
4 DOCUMENT REQUEST NO. 27

5 Any and all Documents relating to, regarding, referring to, or reflecting any
6 Communications between You and any investor or potential investor in You or
7 defendant SONICblue Inc., including but not limited to any individual investor, any
8 partnership, and any institutional investor such as an investment banking firm, retail
9 brokerage firm, venture capital firm, or mutual fund.

10
11 RESPONSE TO DOCUMENT REQUEST NO. 27

12 Defendants object on the ground that demand for “[a]ny and all Documents
13 relating to, regarding, referring to, or reflecting any Communications between You
14 and any investor or potential investor in You” is overly broad, burdensome and
15 harassing. Defendants object that Plaintiffs seek documents that are not relevant or
16 necessary to determination of any of the issues underlying Plaintiffs’ suit for
17 injunctive and declaratory relief. Therefore, Plaintiffs’ request is not reasonably
18 calculated to lead to the discovery of admissible evidence. Defendants object to the
19 extent Plaintiffs seek confidential documents. Defendants object to the extent
20 Plaintiffs seek documents protected by attorney-client privilege, work product
21 doctrine or any other applicable privilege.

22
23 DOCUMENT REQUEST NO. 28

24 Any and all Documents relating to, regarding, referring to, or reflecting any
25 Communications between You and any investment analyst, research analyst,
26 securities dealer, or securities broker, regarding You or any of Your products or
27 services.
28

1 RESPONSE TO DOCUMENT REQUEST NO. 28

2
3 Defendants object on the ground that demand for “[a]ny and all Documents
4 relating to, regarding, referring to, or reflecting any Communications between You
5 and any investment analyst, research analyst, securities dealer, or securities broker
6 regarding You” or any of Your products or services is overly broad, burdensome
7 and harassing. Defendants further object that Plaintiffs seek documents that are not
8 relevant or necessary to determination of any of the issues underlying Plaintiffs’
9 suit for injunctive and declaratory relief. Therefore, Plaintiffs’ request is not
10 reasonably calculated to lead to the discovery of admissible evidence. Defendants
11 object to the extent Plaintiffs seek confidential documents. Defendants object to the
12 extent Plaintiffs seek documents protected by attorney-client privilege, work
13 product doctrine or any other applicable privilege.

14 DISNEY INTERROGATORY NO. 11

15
16 Please identify each occasion on which You have described or otherwise
17 promoted the ReplayTV 4000 to investment analysts, research analysts, securities
18 dealers, or securities brokers.

19 RESPONSE TO DISNEY INTERROGATORY NO. 11

20
21 Defendants object to this interrogatory on the ground that it seeks
22 information that is irrelevant to any of the claims or defenses in Plaintiffs’ suit and
23 is not reasonably calculated to lead to the discovery of admissible evidence.
24 Plaintiffs request for identification of “*each* occasion” in which anyone at either
25 company “*described*” or “*otherwise promoted*” the ReplayTV 4000 is overly
26 broad, unduly burdensome and oppressive. Defendants also object that the term
27 “described” without further definition is vague and ambiguous. Defendants object
28 that the interrogatory fails to distinguish between incidental mention of the

1 ReplayTV 4000 as opposed to a meeting when the product was the focus of the
2 meeting. Defendants further object that Plaintiffs seek confidential information.
3 Confidential information will not be produced until the parties have entered into a
4 mutually agreeable protective order.
5

6 DISNEY INTERROGATORY NO. 12

7 For each occasion described in response to the preceding interrogatory, state
8 the name(s) of Your representative(s) who participated, the date(s) on which it
9 occurred, and the venue in which it occurred.
10

11 RESPONSE TO DISNEY INTERROGATORY NO. 12

12 Defendants object to this interrogatory on the ground that it seeks
13 information that is irrelevant to any of the claims or defenses in Plaintiffs' suit and
14 is not reasonably calculated to lead to the discovery of admissible evidence.
15 Plaintiffs request for identification of "*each* occasion" in which anyone at either
16 company "*described*" or "*otherwise promoted*" the ReplayTV 4000 is overly
17 broad, unduly burdensome and oppressive. Defendants further object that Plaintiffs
18 seek confidential information. Confidential information will not be produced until
19 the parties have entered into a mutually agreeable protective order.
20

21 **B. Plaintiffs' Contentions Regarding The Requests At Issue**

22 In these requests, Plaintiffs seek documents and information about the
23 financial benefits that Defendants currently enjoy or may in the future enjoy from
24 the ReplayTV 4000 (Document Request No. 16), including documents about the
25 delivery of advertising through the ReplayTV 4000 (Document Request Nos. 8,
26 16). They also seek documents about Defendants' efforts to license the ReplayTV
27 4000 technology to third parties (such as large consumer electronics manufacturers
28 or cable firms) (Document Request Nos. 7, 16) and efforts to obtain funding based

1 in whole or in part on marketing of the ReplayTV 4000 or similar products
2 (Document Request Nos. 16 & 27-28 and Disney Interrogatory Nos.11-12).

3 The relevance of these materials is straightforward. Under settled law,
4 “financial benefit” is one of the two prongs of vicarious liability for copyright
5 infringement,^{54/} a claim made by each of the Plaintiffs in these consolidated cases.
6 A defendant enjoys a financial benefit from infringing conduct if, for example, the
7 conduct “enhance[s] the attractiveness” of the defendant’s product or service,
8 *Fonovisa*, 76 F.3d at 263-64, or if the infringing conduct helps the defendant to
9 raise funds from investors. *See Napster*, 114 F. Supp. 2d at 921 (relying on
10 defendants’ internal documents about its revenue raising plans to show requisite
11 financial benefit for vicarious infringement claim), *aff’d in relevant part*, 239 F.3d
12 at 1023.

13 Similarly, statements by Defendants to actual or potential licensees and
14 investors about the product at the heart of the case -- and communications back
15 from the potential licensees or investors -- are plainly relevant. Indeed,
16 Defendants’ statements to potential investors are particularly probative because the
17 securities laws require Defendants to be truthful and accurate in such
18 communications.

19 Although the materials sought here are unquestionably relevant, Defendants
20 have made only a paltry offer in response. With regard to financial benefit,
21 Defendants have offered to provide only sales figures, while refusing to provide any
22 documents or information about any other source of financial benefit to them from
23 the ReplayTV 4000.^{55/} With regard to licensing opportunities, Defendants have
24

25 _____
26 ^{54/} *See, e.g., Napster*, 239 F.3d at 1022-23; *Fonovisa*, 76 F.3d 263-64.

27 ^{55/} In addition to offering sales figures, Defendants have also made a
28 meaningless “compromise” offer to produce documents that reflect plans to raise
money *specifically tied* to one of the particular features at issue here -- while
acknowledging that this is almost certainly an empty set.

1 offered to produce only *consummated* licenses, while depriving Plaintiffs of any
2 access to documents about *efforts* to license the ReplayTV 4000 technology to third
3 parties. With regard to communications to investors, Defendants have offered to
4 produce only a generic “information kit” given to potential investors (and
5 recordings of certain conference calls), while withholding all other communications
6 with persons or entities considering investing in Defendants’ companies.
7 Defendants’ proffer would exclude, for example, a customized PowerPoint
8 presentation about the ReplayTV 4000 used in a sales pitch to a venture capitalist or
9 a wealthy individual investor, or detailed plans by Defendants’ top executives for
10 seeking funding based in part on the (infringing) new capabilities of the ReplayTV
11 4000. As we explain in detail below, the Court should order Defendants to provide
12 a complete response to the requests at issue here.

13
14 1. Documents and Information About Advertising by Defendants
15 Delivered Through the ReplayTV 4000.

16 Defendants themselves already use the ReplayTV 4000 to deliver advertising
17 for their own products,^{56/} have run third-party advertising on earlier ReplayTV
18 devices,^{57/} and may well have plans to sell third-party advertising delivered with the
19 ReplayTV 4000. This capability is squarely relevant both to Plaintiffs’ copyright
20 claim (since advertising is presumably designed to generate a financial benefit to
21 Defendants) and to their claim under Section 17200 of the California Business &

22
23
24 _____
25 ^{56/} Defendants have recently run advertisements for their “Rio” MP3 player that
26 appear when a viewer pauses programming on the ReplayTV 4000. *See, e.g.*, AVS
27 Forum Website, at [http://www.avsforum.com/avs-
28 vb/showthread.php?s=77c29ef06efc92d90cd4656bcddf1e14&threadid=122236&highlight=Rio](http://www.avsforum.com/avs-vb/showthread.php?s=77c29ef06efc92d90cd4656bcddf1e14&threadid=122236&highlight=Rio) (visited Mar. 25, 2002).

^{57/} *See* Betsy McKay, *Coca-Cola Promotions To Run on ReplayTV*, Wall St. J. Europe, Sept. 29, 2000, at 28.

1 Professions Code for unfair conduct (since Defendants market the ReplayTV based
2 in substantial part on its power to block *Plaintiffs'* advertising).^{58/}

3
4 Nevertheless, Defendants have refused to provide any documents about their
5 actual or potential exploitation of the ReplayTV 4000 as an advertising medium.
6 Defendants' position is indefensible. Their only explanation for refusing to
7 produce these documents is that their ability to use the ReplayTV 4000 as an
8 advertising medium is not *solely* dependent on the features that Plaintiffs contend
9 are infringing. That explanation, however, collapses on inspection. As the Ninth
10 Circuit has emphasized, if infringements "enhance the attractiveness of a venue" --
11 in this case, the ReplayTV 4000 -- they are relevant to proving a financial benefit.
12 *See Fonovisa*, 76 F.3d at 263-64; *Napster*, 239 F.3d at 1023 (following *Fonovisa*).
13 Since Defendants have heavily promoted the features (such as "Send Show,"
14 AutoSkip, massive storage capacity, and the like) that are at issue in this case *as a*
15 *reason to buy the ReplayTV 4000*, they can scarcely argue that these features do not
16 "enhance the attractiveness" of the product. In addition, for purposes of Plaintiffs'
17 California unfair conduct claim, Plaintiffs are certainly entitled to full information
18 about Defendants' own advertising practices to support the argument that it is
19 unfair for Defendants to make *Plaintiffs'* advertisements invisible on the ReplayTV
20 4000, while profiting from delivering their *own* advertising delivered through that
21 device.^{59/}

22
23 _____
24 ^{58/} It is undisputed that the ReplayTV 4000 enables the automatic omission of
25 all commercials on playback of recorded programming. *See* SONICblue website,
26 FAQ, at http://www.sonicblue.com/video/replaytv/replaytv_4000_faq.aspNo. 11
(visited Mar. 22, 2002) ("Q. Can ReplayTV play shows without the commercials*?
A. Yes! We call the new feature Commercial Advance®.") (footnote omitted).

27 ^{59/} *See, e.g., Daisy Outdoor Adver. Co. v. Abbott*, 473 S.E.2d 47, 51-52, 322
28 S.C. 489 (S.C. 1996) (allegation that defendant's own advertisements blocked
access to advertisements supplied by plaintiffs adequately stated unfair trade
practices claim).

1 2. Documents and Information about Licensing by Defendants.

2
3 Another way in which Defendants may enjoy a financial benefit from the
4 infringing conduct at issue here is by licensing the infringing technology at issue to
5 third parties. Defendants have repeatedly said that they do indeed plan to market to
6 other firms, such as large consumer electronics manufacturers or cable or satellite
7 companies, the right to use various technologies they have developed, including the
8 ReplayTV 4000.^{60/} Nevertheless, in response to Plaintiffs' discovery requests,
9 Defendants have offered to produce only *actual, consummated* licenses -- of which
10 they claim there are none at present. But if Defendants are *trying* to license those
11 technologies, or have *plans* to do so, those facts, and the documents related to them,
12 are plainly discoverable. Absent such discovery, even if Defendants are engaging
13 in serious negotiations with a large consumer electronics manufacturer to be paid
14 tens of millions of dollars for the right to license Defendants' "Send Show" feature,
15 Defendants would be permitted to conceal those facts (and the related documents)
16 from Plaintiffs and the Court.^{61/}

17 Defendants' licensing efforts -- even efforts that have not yet come to fruition
18 -- are relevant for at least two other reasons as well. *First*, Defendants' statements
19 to potential licensees about the ReplayTV 4000 may contain important admissions

20
21 ^{60/} See, e.g., Richard Cole, *No Pause in the Battle Between PVR Makers*, Cable
22 World, Feb. 11, 2002, available at 2002 WL 9607048 (quoting ReplayTV
23 executive that defendants are "in discussions with every major cable company"
24 about incorporating defendants' DVR technology in set-top boxes); SONICblue,
25 SONICblue Licenses ReplayTV Software and Hardware To Support Rollout of
26 Dotcast Digital NetworkTM (Sept. 19, 2001), at www.sonicblue.com/company/press.asp?ID=496 ("ReplayTV technologies are available for license to
27 manufacturers of set-top boxes, DVRs, home-media servers and networked-
28 entertainment appliances.").

29
30 ^{61/} As the *Napster* case makes clear, a defendant need not enjoy *current*
31 revenues in order to obtain a financial benefit from infringements, so long as the
32 infringements help the defendants' efforts to obtain future revenues. See *Napster*,
33 239 F.3d at 1023 ("Ample evidence supports the district court's finding that
34 Napster's future revenue is directly dependent upon increases in userbase.")
35 (internal quotations omitted).

1 by Defendants about how the ReplayTV 4000 works and why it has been designed
2 in particular ways. There is no reason whatsoever why Defendants should be
3 permitted to withhold their own statements to third parties -- whether potential
4 licensees or otherwise -- about the product and service that is at the center of this
5 case. *Second*, it is axiomatic that a defendant's plans to expand its infringements --
6 in this case by licensing infringing technology to others -- are relevant to a
7 copyright claim. *Twentieth Century Fox Film Corp. v. Mow Trading Corp.*, 749 F.
8 Supp. 473, 475 (S.D.N.Y. 1990) (noting that discovery of defendant's "future plans
9 to infringe" is relevant to copyright infringement claim). If Defendants are in
10 negotiations with a mass-market consumer electronics firm (such as Matsushita) or
11 a large cable system owner (such as Comcast) to permit that firm to produce
12 millions of DVRs with the features at issue in this case, Plaintiffs and the Court are
13 surely entitled to that information.

14
15 3. Information and Documents about Efforts to Obtain Funding Based on
16 the ReplayTV 4000.

17 Plaintiffs have asked for full production of documents about Defendants'
18 efforts to raise money from investors based in whole or in part on their plans for the
19 ReplayTV 4000. *See* Request Nos. 27-28; Disney Interrogatory Nos. 11-12.^{62/} As
20 discussed below, the requested materials are relevant for many reasons, but
21 Defendants have refused to produce anything other than (a) a generic "kit" provided
22 to investors and (b) recordings (and transcripts) of conference calls with Wall Street
23 analysts.

24 The documents that Defendants refuse to produce -- including internal
25 documents about how to "sell" investors on the prospects for the ReplayTV 4000,
26 as well as communications to and from potential investors -- are discoverable on at

27 _____
28 ^{62/} Plaintiffs have agreed to narrow these requests to cover only documents and
communications that refer in whole or in part to the ReplayTV 4000 or other PVRs.

1 least three different grounds. *First*, these materials are relevant to the “financial
2 benefit” prong of vicarious infringement. *See Napster*, 114 F. Supp.2d at 921
3 (relying on Napster internal documents about its revenue raising plans to show
4 requisite financial benefit for vicarious infringement claim), *aff’d in relevant part*,
5 239 F.3d at 1023. *Second*, the materials are relevant because they contain
6 statements by Defendants about the product at issue in this case (the ReplayTV
7 4000), and may contain statements by potential investors about the economic
8 importance of particular infringing features. Since Defendants’ statements to
9 potential investors about the ReplayTV 4000 must be accurate on pain of potential
10 liability under the securities laws, these statements are of exceptional probative
11 value. *Third*, the materials are relevant because they are likely to reflect
12 Defendants’ future plans to expand or enhance their infringing conduct. *See Mow*
13 *Trading Corp.*, 749 F. Supp. at 475.

14 Therefore, Plaintiffs request that the Court order Defendants to respond
15 completely to Document Request Nos. 7-8, 16, and 27-28 and Disney Interrogatory
16 Nos. 11-12.

17
18 **C. Defendants’ Contentions Regarding the Requests At Issue**

19 Defendants have agreed to produce any actual license agreements, licensing
20 discussions and any plans for licensing Commercial Advance and Send Show.
21 These are the only features at issue in this dispute and therefore the only basis for
22 Plaintiffs to predicate discovery. Defendants have also agreed to produce
23 information reflecting revenues received from the sale of the Replay TV 4000.
24 Defendants have even agreed to provide their top level business and marketing
25 plans for the ReplayTV 4000.

26 What Defendants are resisting is a burdensome and intrusive document
27 production into all documents in any way related to the numerous aspects of the
28 ReplayTV 4000 that are not alleged to be infringing, and by which Plaintiffs

1 attempt to obtain competitively sensitive information. *See* Request Nos. 7-8, 16.
2 Plaintiffs also demand production of individualized communications with investors
3 and analysts (Request Nos. 27-28, Disney Interrogatory Nos. 11-12), even though
4 Defendants have agreed to produce all standardized communications with these
5 people.

6 Plaintiffs’ assertion of relevance for revenues or other financial benefits
7 attributable *in any way* to the ReplayTV 4000, as well as every single
8 communication Defendants have ever had with any actual or potential investor,
9 rests on their fundamental mischaracterization of the type of “financial benefit” that
10 must be present before vicarious liability can be imposed on a defendant. In fact, to
11 support a claim of vicarious liability, financial benefit must be *directly attributable*
12 to the alleged infringement of the plaintiff’s work(s). Plaintiffs ignore this well-
13 established rule and argue that *any* financial benefit realized by Defendants, even if
14 directly attributable to *non-infringing* uses of the ReplayTV 4000, is somehow
15 relevant to the “financial benefit prong” of vicarious liability. Plaintiffs’ position is
16 utterly meritless. The law is clear that neither an indirect financial benefit nor one
17 attributable to a *non-infringing* activity is relevant to this inquiry.

18
19 1. The Legal Standard For Vicarious Liability Makes Irrelevant Any
20 Financial Benefit That Is Not Directly Attributable To The Allegedly
21 Infringing Conduct.

22 Liability for vicarious infringement will only be imposed where: (1) the
23 defendant has the right and ability to control the direct infringer (the “control”
24 prong); and (2) the infringement provides a “direct financial benefit” to the
25 defendant (the “financial benefit” prong). *Adobe Systems Inc. v. Canus*
26 *Productions, Inc.*, 173 F. Supp. 2d 1044, 1048 (C.D. Cal. 2001) (Pregerson, J.);
27 *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259, 262-263 (9th Cir. 1996).

28 The financial benefit prong has generally required a showing that the
defendant received a share of the revenues specifically derived from the

1 infringement. *See Shapiro, Bernstein & Co. v. H.L. Green Co.*, 316 F.2d 304
2 (2d Cir. 1963); *Universal City Studios, Inc. v. Sony Corp. of Am.*, 480 F. Supp.
3 429 (1979). Under this view, the direct infringer’s payment of a fee to the
4 defendant that does not fluctuate based on the level of the allegedly infringing
5 activity generally does not confer the requisite direct financial benefit. *Marobie-*
6 *FL, Inc. v. National Ass’n of Fire Equipment Distributors*, 983 F. Supp. 1167
7 (N.D. Ill. 1997).

8 In *Fonovisa*, the Ninth Circuit held that the requisite “direct financial
9 benefit” may also exist where the allegedly infringing goods or activity are the
10 “draw” for consumers, *i.e.*, that the infringement is so interlinked with consumers’
11 attendance to the defendant’s place of business such that the defendant can be said
12 to be profiting directly from the infringement. *Fonovisa*, 76 F.3d at 262. At issue
13 in *Fonovisa* was a swap meet owner’s potential liability for the routine sale of
14 counterfeit sound recordings by third-party vendors. *Id.* at 261. The Ninth Circuit
15 emphasized that the swap meet owner not only received daily rental fees from *each*
16 *of the vendors who sold infringing goods*, but direct payments from consumers in
17 the form of admission purchases. *Id.* Given the substantial quantity of infringing
18 goods offered for sale by these vendors at “bargain basement prices,” the Ninth
19 Circuit concluded that the infringing goods constituted the “draw” for consumers,
20 such that the defendants’ fees were directly attributable to the infringement. *Id.*

21 Similarly, in *Napster*, the Ninth Circuit concluded that the availability on the
22 Napster system of a massive number of infringing music files was the “draw” for
23 consumers, which – in light of the district court’s finding that Napster’s future
24 revenues were “directly dependent upon ‘increases in [its] user base’” – constituted
25 the requisite direct financial benefit to Napster. 239 F.3d at 1023.

26 As this Court has recently emphasized, neither *Fonovisa* nor *Napster* altered
27 – let alone eliminated – the requirement that the alleged financial benefit must be
28

1 *directly tied* to the infringement. *Ellison v. Robertson*, No. CV 00-04321 FMC
2 (RCx), 2002 U.S. Dist. LEXIS 4166 at *30-31 (C.D. Cal. Mar. 14, 2002) (Cooper,
3 J.); *Adobe*, 173 F. Supp. 2d at 1051 (noting that *Fonovisa* involved a “symbiotic
4 relationship” between the swap meet owner and the infringing vendor which
5 involved “more than a mere financial benefit to the [owner] because the **very**
6 **success of the [owner’s] venture depends on the counterfeiting activity**” and that
7 “[t]his relationship between the activities of the counterfeiter and the overall
8 success of the landlord’s business enterprise is what is meant when the *Fonovisa*
9 court stated that the infringement became the ‘draw’ to the swap meet”) (emphases
10 added).

11 Indeed, in *Ellison*, Judge Cooper rejected the argument that the financial
12 benefit prong was met simply because the allegedly infringing work acted as a draw
13 for consumers, because it “ignore[d] the requirement that any alleged financial
14 benefit must be direct.” *Ellison*, 2002 U.S. Dist. LEXIS at *29. In *Ellison*, the
15 author of several novels that had been scanned, converted into digital files and
16 uploaded onto a USENET newsgroup accessible to AOL’s subscribers asserted a
17 claim for vicarious infringement against AOL, claiming that AOL’s provision of
18 access to USENET newsgroups acted as a “draw” for customers intended “to lure
19 new customers and retain old ones.” *Id.* Judge Cooper disagreed, holding that any
20 financial benefit to AOL was “too indirect and constitute[d] far too small a ‘draw’
21 to fairly support the imposition of vicarious copyright liability” because: (1) AOL
22 did not receive any financial compensation from its participation in USENET; (2)
23 USENET usage constituted a very small percentage of AOL’s total member usage
24 such that any “draw” to one particular newsgroup was “miniscule and remote,” and
25 (3) the relevant subset of activity alleged to create the benefit “[was] not simply
26 USENET newsgroup usage, but *that portion of USENET usage which is related to*
27 *copyright infringement.*” *Id.* at *29-30 (emphasis added). Thus, even if AOL had
28

1 received any kind of financial benefit from any non-infringing uses of USENET by
2 its subscribers – or from any use of AOL’s services generally – such financial
3 benefit could *not* have supported the imposition of vicarious liability, since it would
4 not have been directly attributable to the alleged infringement. *Id.*^{63/}

5 Judge Cooper went on to emphasize that the DMCA also provided “at least
6 persuasive support for interpreting ‘direct financial benefit’ to require something
7 more than the indirect, insignificant financial benefits that may have accrued to
8 AOL as a result of copyright infringement on its USENET servers.” *Id.* at *33.
9 *See also Costar Group, Inc. v. Loopnet, Inc.*, 164 F. Supp. 2d 688, 705 (D. Md.
10 2001) (noting that “safe harbor” of the DMCA, which codified both elements of
11 vicarious liability, requires the alleged financial benefit “to be directly attributable
12 to the infringing activity” such that any indirect financial benefit attributable to the
13 infringement, including any “added value” to the defendant’s website resulting
14 from the infringement, was insufficient).

15 The foregoing cases leave no doubt that the inquiry under the financial
16 benefit prong concerns a *direct* financial benefit. Any financial benefit that is not
17 directly attributable to the alleged infringement, or to an alleged infringement that
18 does not serve as the main “draw” for consumers, cannot satisfy this requirement,
19 and is simply irrelevant to the financial benefit prong.

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21
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24
25 ^{63/} Judge Cooper distinguished *Napster* on the ground that the Napster service
26 was “devoted to the exchange of MP3 music files which usually contained
27 unauthorized copies of copyrighted material” such that the infringing files were
28 “Napster’s main draw.” *Ellison*, 2002 U.S. Dist. LEXIS at *31 (noting that only a
tiny fraction of AOL usage had anything to do with USENET, and “only a
substantially smaller subset of that usage appears to have anything to do with
infringing copyrights”).

1 2. Any Financial Benefit From The Sale Of Pause Ads Or From Licensed
2 I-Channels Is Not Directly Attributable To The Alleged Infringement
3 And Is Irrelevant.

4 Plaintiffs’ requests are vastly overbroad in demanding all documents
5 “relating to, regarding, or reflecting any revenue, compensation or financial benefit
6 that Defendant has received or anticipates receiving in the future in connection with
7 the ReplayTV 4000, including but not limited to sales of advertising space,
8 licensing opportunities, or obtaining public or private financing” (Paramount
9 Request No. 16), *regardless of any direct connection between such benefits and*
10 *alleged infringement.* Plaintiffs have refused Defendants’ invitation to narrow the
11 request to any financial benefit that Defendants have or may receive, which is
12 directly attributable to the allegedly infringing uses of the ReplayTV 4000. This is
13 the *only* type of financial benefit that bear any relevance to the inquiry under the
14 “financial benefit” prong of vicarious liability.^{64/}

15 Plaintiffs continue wrongfully to assert their entitlement to all documentation
16 and information concerning any revenues Defendants have ever received, or may
17 receive, from the sale of Pause Ads. Pause Ads are not presently sold by
18 Defendants. If implemented, they would serve advertising over the Internet to the
19 ReplayTV 4000 during the time that a user had chosen to “pause” while watching a
20 recording. Pausing has been a basic feature of PVRs (and VCRs) for years.
21 Plaintiffs have never alleged that the use of the “pause” feature of the ReplayTV
22 4000 (or of *any* video recorder) infringes their works in any way; nor have they
23 alleged that Pause Ads infringe their works in any way. Thus, any payments to
24 ReplayTV for purchase of Pause Ads would not, and could not, be attributable to
25 the alleged infringement of Plaintiffs’ works. Indeed, such financial benefit would

26 ^{64/} Plaintiffs’ reliance on *Daisy Outdoor Adver. Co. v. Abbott*, 473 S.E.2d 47 (S.C.
27 1996) for the proposition that Defendants’ sale of Pause Ads is also relevant to
28 Plaintiffs’ California “unfair conduct” claim (Cal. Bus. & Prof. Code Section
 17200) is entirely misplaced, since *Daisy* involved a claim brought under *South*
 Carolina’s Unfair Trade Practices Act.

1 be directly attributable to a *non-infringing* use of the ReplayTV 4000. As such, it is
2 not “the relevant subset of activity.” *Ellison*, 2002 U.S. Dist. LEXIS at *30.

3 Likewise, revenues derived from other unchallenged, non-infringing uses of
4 the ReplayTV 4000 cannot fall within the “relevant subset of activity” to constitute
5 a direct financial benefit from the alleged infringing activity. For example,
6 Defendants are considering offering “Internet Channels”—or “I-Channels”—to
7 consumers. I-Channels would deliver licensed content into the home via the
8 Internet rather than broadcast or cable. They could compete with the Plaintiff
9 television networks. They could also provide content licensed from the Plaintiff
10 production companies or from their competitors. There is no conceivable claim that
11 I-Channels would infringe any copyright. Revenues from those channels would be
12 entirely attributable to non-infringing uses, and could not constitute a direct
13 financial benefit from infringing activity. Plaintiffs’ demand for this information is
14 merely an oppressive inquiry into potential non-infringing competition.

15 In all events, to prove any contention that Defendants financially benefit
16 from the alleged “draw” of infringing uses, Plaintiffs will need no financial data
17 other than sales information that Defendants have explicitly agreed to provide. The
18 sales of the ReplayTV 4000 device itself reflect the indisputable fact that
19 Defendants realize a financial benefit from the device as a whole. If Plaintiffs
20 prove that the challenged uses are infringing^{65/} and show them to be sufficiently
21 dominant to constitute the draw for consumers, nothing more than these sales
22 revenues would be required to show financial benefit. The fact that Defendants
23 also could make money from licensing, advertising, I-channels, or endorsements
24 would, in addition to deriving to non-infringing uses, be surplusage and irrelevant.
25 The disputed issue here is not whether Defendants financially benefit from the
26

27
28 ^{65/} Absent a finding of direct infringement, there can be no vicarious liability.
Adobe, 173 F. Supp. 2d at 1049.

1 ReplayTV 4000 device—they clearly do; the question is whether the allegedly
2 infringing uses are the draw in the first place.

3 Thus, any additional discovery of financial plans and potential revenues from
4 non-infringing uses, or from anything other than product sales, is unnecessarily
5 burdensome. As Plaintiffs are themselves potential competitors, and are the major
6 shareholders in Defendants’ principal competitor, TiVo, there is good reason to
7 preclude such discovery.^{66/} Plaintiffs’ refusal to accept anything less than every
8 document “regarding” or “reflecting” any financial benefit connected to the
9 ReplayTV 4000 imposes a massive burden to produce such irrelevant information.

10
11 3. Plaintiffs’ Demand For Each And Every Communication With Actual
12 Or Potential Investors Is Burdensome, Harassing And Without
13 Justification.

14 Plaintiffs also purport to justify their entitlement to virtually every
15 communication Defendants have ever had with any actual or potential investor in
16 either of their businesses on the ground that such documentation is relevant to the
17 “financial benefit” prong of vicarious infringement. This position is baseless. For
18 the reasons explained above, the *only* relevant communications would be those
19 relating to the allegedly infringing uses of the ReplayTV 4000. Communications
20 concerning Defendants’ business in general, or one of the many other products
21 Defendants manufacture, or unchallenged features, are not even conceivably
22 relevant to the financial benefit prong. *See Ellison*, 2002 U.S. Dist. LEXIS at
23 *29-30.^{67/} In an effort to compromise, Defendants nonetheless agreed to produce

24 ^{66/} AOL, the parent of the Time Warner Plaintiffs is the largest owner of TiVo.
25 NBC has recently quadrupled its stake. And Sony, the parent company of the
26 Columbia Plaintiffs, is also an investor.
27 <http://www.variety.com/story.asp?l=story&a=VR1117864363&c=14>

28 ^{67/} That the district court in the Napster case looked beyond payments received
by consumers (*i.e.*, Napster users) to funds received from investors is the exception,
not the rule, and derives from the unique nature of that case. *See A&M Records,*
Inc. v. Napster, Inc., 114 F. Supp. 2d 896 (N.D. Cal. 2000). Napster did not charge
its users for access to its system; thus the district court had to look beyond
payments for Napster’s product to determine whether Napster nonetheless received

1 their standardized communications with investors, potential investors, investment
2 analysts, research analysts and securities brokers relating to the ReplayTV 4000 *in*
3 *general* – rather than limiting production to communications concerning only the
4 challenged features of the device. Such production is more than Plaintiffs would
5 ever need, and far more than that to which they are entitled.

6 To the extent Plaintiffs seek any further documentation reflecting
7 Defendants’ communications with actual or potential investors in their businesses,
8 the burden and expense of the proposed discovery significantly outweighs any
9 marginal relevance. Attending to these individual documents would impose a
10 substantial burden on Defendants – a small company and its subsidiary, whose
11 resources pale in comparison to the resources of the worldwide entertainment
12 companies that have sued them. And, it would unnecessarily reveal to Defendants’
13 competitors (and TiVo’s owners) the specifics of relationships between Defendants
14 and particular potential funders, and allow Plaintiffs to impose their powerful
15 influence.

16 Given the marginal – if any – conceivable relevance of the documentation
17 sought, it appears that Plaintiffs have propounded these document requests for no
18 other reason than to harass Defendants and impose costs. Under Rule 26(b)(2), the
19 Court confine the scope of discovery to information that is truly probative of the
20 claims and defenses asserted in this action.^{68/}

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25 a financial benefit directly attributable to the alleged infringement committed by its
26 users. *Id.* at 921. Here, of course, there is no dispute that Defendants sell the
ReplayTV 4000 for a substantial price.

27 ^{68/} Plaintiffs’ motion to compel a further identification of any licenses entered
28 (Disney Interrogatory 17) or any person involved in licensing (Disney Interrogatory
No. 19) is particularly frivolous in that Defendants have fully answered the
interrogatory. There are no such licenses.

1 **V. Documents and Information Relating to Review or Evaluation of the**
2 **ReplayTV 4000**

3 **A. The Requests At Issue**

4 **DOCUMENT REQUEST NO. 29**

5
6 Any and all Documents relating to, regarding, referring to, or reflecting the
7 submission of the ReplayTV 4000, demonstration materials, or other materials
8 describing the ReplayTV 4000 or its capabilities to a third party for competition,
9 review or evaluation, including without limitation for purposes of any scientific,
10 technological, engineering, or artistic award or recognition.

11 **RESPONSE TO DOCUMENT REQUEST NO. 29**

12
13 Defendants object to this request on the ground that it seeks documents that
14 are irrelevant to any of the claims or defenses in Plaintiffs' suit and are not
15 reasonably calculated to lead to the discovery of admissible evidence. Plaintiffs
16 further object that the request is overly broad, burdensome and harassing.
17 Defendants object that the request, including but not limited to the terms
18 "demonstration materials" or "other materials" without further definition, is vague
19 and ambiguous. Defendants further object that Plaintiffs seek confidential
20 documents. Confidential documents will not be produced until the parties have
21 entered into a mutually agreeable protective order.

22 Subject to and without waiving the general or specific objections, Defendants
23 will produce documents sufficient to show the materials provided to third parties
24 for competition, review or evaluation, including any scientific, technological,
25 engineering, or artistic award or recognition. Defendants will not produce
26 confidential documents until a mutually agreeable protective order has been
27 entered.
28

1 DISNEY INTERROGATORY NO. 15

2
3 Please identify each occasion on which You have submitted the ReplayTV
4 4000, demonstration materials, or other materials describing ReplayTV 4000 or its
5 capabilities to a third party for competition, review, or evaluation, including for
6 purposes of any scientific, technological, engineering, or artistic award or
7 recognition.

8 RESPONSE TO DISNEY INTERROGATORY NO. 15

9
10 Defendants object to this interrogatory on the ground that it seeks
11 information that is irrelevant to any of the claims or defenses in Plaintiffs’ suit and
12 is not reasonably calculated to lead to the discovery of admissible evidence.
13 Plaintiffs request for identification of “*each occasion*” in which anyone at either
14 company has submitted the ReplayTV, “demonstration materials”, or “other
15 materials” for competition, review or evaluation the ReplayTV 4000 is overly broad
16 and unduly burdensome. Defendants further object that the interrogatory, including
17 but not limited to the terms “demonstration materials” or “other materials” without
18 further definition, is vague and ambiguous. Defendants further object that Plaintiffs
19 seek confidential information. Confidential information will not be produced until
20 the parties have entered into a mutually agreeable protective order.

21 **B. Plaintiffs’ Contentions Regarding The Requests At Issue**

22
23 In these requests (Document Request No. 29 and Disney Interrogatory No.
24 15), Plaintiffs seek a full set of documents relating to Defendants’ submissions
25 about the ReplayTV 4000 to various third parties for purposes of technical reviews
26 or awards. The materials covered by these requests include, for example, all
27 communications between Defendants and Macrovision Corporation, and all internal
28 documents in Defendants’ files relating to those communications. (Defendants

1 claim that they “honor” Macrovision, which is an analog copy protection system, in
2 the ReplayTV 4000, which is a digital system.) The requests also cover any
3 submission by Defendants to third parties (such as Popular Science) that have
4 reviewed the ReplayTV 4000.

5 These materials are plainly relevant. In seeking technical awards from
6 consumer product evaluators, for example, Defendants may have provided detailed
7 information about the functioning of the ReplayTV 4000 that they do not provide to
8 the public. Similarly, documents relating to Defendants’ submissions to
9 Macrovision, and Macrovision’s responses, are likely to contain important
10 information about how Defendants claim to block certain transmissions of
11 copyrighted material, and about whether they could (but have chosen not to) do so
12 for all of Plaintiffs’ copyrighted works.

13 As the responses quoted above reflect, Defendants assert, speciously, that
14 these documents about the technical characteristics of the ReplayTV 4000 are
15 irrelevant. Perhaps recognizing that their “irrelevance” position cannot be
16 defended, Defendants have offered a token production: by letter dated March 1,
17 2002, Defendants offered to produce only “the standard materials included with
18 Defendants’ submissions.”^{69/} But Defendants still refuse to produce:

19 (a) any *customized* or other non-standard materials submitted by Defendants
20 to Macrovision or other technical reviewers;

21 (b) any documents reflecting Defendants’ *internal deliberations* about how to
22 deal with Macrovision or other technical reviewers;

23 (c) any *responses* by Macrovision or other reviewers to Defendants’
24 submissions, or any documents reflecting Defendants’ reactions to those responses.
25

26
27
28 ^{69/} Letter from Patrick Premo to Robert Rotstein at 10 (Mar. 1, 2002) .

1 The Court should order Defendants to provide a full response to Document
2 Request No. 29 and Disney Interrogatory No. 15, including each of the three
3 categories of materials ((a) through (c)) just listed.
4

5 **C. Defendants’ Contentions Regarding The Requests At Issue**

6 Plaintiffs’ arguments read new obligations into Paramount Document
7 Request No. 29 and Disney Interrogatory No. 15. These requests *originally* sought
8 information regarding submission of the ReplayTV 4000 for “competition, review
9 or evaluation.” *See* Paramount Request No. 29. Defendants agreed on January 9 to
10 provide these documents, specifically “the materials provided to third parties for
11 competition, review or evaluation, including any scientific, technological,
12 engineering, or artistic award or recognition.” *See* Defendants’ Response to No. 29.
13 The response mirrored the language of the request.^{70/}

14 Without ever seeing the documents, Plaintiffs now speculate that Defendants
15 are omitting two categories of documents, specifically (1) “communications
16 between Defendants and Macrovision,” and (2) “submissions by Defendants to
17 third parties.” Communications with Macrovision was never discussed during the
18 more than seven hours of meet and confer, or in any of the letters exchanged by the
19 parties. The failure to meet and confer on this point is understandable since these
20 documents were never called for by Request No. 29 or Interrogatory No. 15, which
21 are limited to submissions about product reviews, awards, and competitions.
22 Plaintiffs’ post-hoc attempt to cast an even wider request to capture
23 “communications” and “internal deliberations” about Macrovision is overreaching.

24 As for “submissions to third parties,” Defendants agreed nearly three months
25 ago to produce the documents requested. Again without bothering to view the
26

27 ^{70/} These documents would also answer Interrogatory No. 15 as they would
28 reflect each occasion in which Defendants submitted the ReplayTV 4000 for
competition or review.

1 documents, Plaintiffs claim they need more than just submission materials and
2 standardized communications. They want all communications (no matter how
3 insignificant or duplicative). Here the question boils down to whether the limited
4 relevance of these documents overcomes the obvious burden associated with
5 producing them. Plaintiffs argue the documents are relevant because “Defendants
6 may have provided detailed information about the functioning of the ReplayTV
7 4000 that they do not provide to the public.” Since the reviewers are writing
8 articles about the product *for the public*, Plaintiffs’ hypothetical is insupportable.
9 Moreover, as Plaintiffs have access to the product, have experts examining it, and
10 are obtaining the opportunity to review the source code, they will be fully able to
11 describe how it operates.

12 Plaintiffs also demand documents relating to any “response” from the
13 reviewers. Although Request No. 29 failed to request this information, Defendants
14 confirmed on March 29 that they would produce responses from any particular
15 reviewer of the ReplayTV 4000 in their possession, custody or control. Most of
16 these reviews are well known to Plaintiffs and the public – including, for example,
17 the 2001 Technological/Engineering Emmy Award from the National Academy of
18 Arts and Sciences, the November 2001 Best of What’s New Award from *Popular*
19 *Science* (which is owned by an affiliate of the Time Warner Plaintiffs). However,
20 Plaintiffs still insist on receiving all individual communications with every reviewer
21 and demand disclosure of the identity and contact information of reviewers who
22 have not published.

23 As Defendants pointed out during their March 7 meet and confer, releasing
24 this information will expose the third party reviewers to harassment by these
25 powerful Plaintiffs. To ensure that these results are not visited on Defendants’
26 contacts in the press, Defendants have agreed to identify every non-public reviewer
27 who does not object to being so identified. Since Plaintiffs’ discovery never
28

1 requested the contact information in the first place, Defendants' offer to
2 compromise should have been more than sufficient to resolve any remaining
3 dispute. Plaintiffs' continued demand for additional documents and information
4 can only be aimed at driving up costs and imposing unnecessary burden on
5 Defendants.

6
7 **VI. Discovery Relating To Defendants' Marketing, Promotional and**
8 **Advertising Activities**

9 **A. The Requests At Issue**

10 **DOCUMENT REQUEST NO. 26**

11
12 Any and all Documents relating to, regarding, referring to, or reflecting any
13 effort by You to promote, market, advertise, or sell the ReplayTV 4000 (including
14 but not limited to any effort conducted through a trade show, promotional event, or
15 media event, or via radio, television, Internet, cable, or other media), including but
16 not limited to all copies of advertising or Marketing materials and any drafts
17 thereof.

18 **RESPONSE TO DOCUMENT REQUEST NO. 26**

19
20 Defendants object on the ground that the demand is overly broad,
21 burdensome and not reasonably calculated to lead to the discovery of admissible
22 evidence. Defendants object to the extent Plaintiffs seek confidential documents.
23 Defendants object to Plaintiffs' demand for any drafts of any advertising or
24 marketing materials on the ground that such drafts are not relevant or necessary to
25 determination of any issue in dispute. Review and production of any drafts is
26 burdensome, oppressive and not reasonably calculated to lead to the discovery of
27 admissible evidence. Defendants object to the extent Plaintiffs seek documents
28

1 protected by attorney-client privilege, work product doctrine or any other applicable
2 privilege.

3 Subject to and without waiving the general or special objections, Defendant,
4 respond as follows: Defendants will produce Defendants' materials for promotion,
5 marketing, advertising, and sale of the ReplayTV 4000. Defendants will not
6 produce confidential documents until a mutually agreeable protective order has
7 been entered.

8
9 **B. Plaintiffs' Contentions Regarding the Requests At Issue**

10 In this Request (No. 26), Plaintiffs seek all documents relating to the
11 marketing and advertising of the ReplayTV 4000. Advertising, marketing, and
12 promotional claims are, of course, routinely discussed by courts in evaluating
13 claims for contributory and vicarious infringement and in assessing the affirmative
14 defense of fair use.^{71/} And *draft* advertising and promotional materials -- which
15 may contain truthful claims about the functionality of the ReplayTV 4000 that
16 Defendants ultimately elected to excise from the final versions -- are likely to
17 contribute substantially to Plaintiffs' effort to find out the facts about Defendants'
18 product and their knowledge of its uses. See *In re F.T.C.*, 2001-1 Trade Cases P

19
20 ^{71/} See *Cable/Home Communication Corp. v. Network Prods., Inc.*, 902 F.2d
21 829, 846-47 & n. 30 (CA11 1990) (referring to Defendants' advertising and
22 marketing materials in sustaining contributory infringement claim); *Sega Enters.*
23 *Ltd. v. Sabella*, No. C93-04260 CW, 1996 WL 780560, at *3, *8 (N.D. Cal. 1996)
24 (looking to advertising document to establish both defendant's knowledge and
25 substantial participation for purposes of contributory infringement claim); *Sega*
26 *Enters. Ltd. v. MAPHIA*, 948 F. Supp. 923, 928-929, 933 (N.D. Cal. 1996)
27 (describing documents about defendant's advertising campaign strategies and
28 finding from defendant's solicitation and marketing efforts sufficient proof of
defendant's participation to support finding of contributory infringement); *A & M*
Records, Inc. v. Napster, Inc., No. C 99-05183 MHP, 2000 WL 573136, at *6
(N.D. Cal. May 12, 2000) (analyzing Napster's marketing statements to determine
whether it can qualify for DMCA defense), *aff'd in relevant part*, 239 F.3d at 1025;
A & M Records, Inc. v. Napster, Inc., No. C99-5183-MHP *et al.*, 2000 WL
1009483, at *2-3 (N.D. Cal. July 26, 2000) (finding Napster's promotional material
to be relevant to "fair use" and "commercially significant noninfringing uses"
defenses), *aff'd in relevant part*, 239 F.3d at 1014-19.

1 73,288, 50 Fed. R. Serv. 3d 139 (S.D.N.Y. Apr. 19, 2001) (granting motion to
2 compel production of fifteen draft advertisements in connection with FTC false
3 advertising investigation).

4 In response to these reasonable requests, Defendants have offered to produce
5 only the *final* versions of their marketing and advertising materials. Defendants
6 have refused to produce *drafts* of those materials or to provide any *internal*
7 *documents* discussing their marketing and advertising strategy.

8 Defendants' objection appears to be based principally on the supposed
9 "burden" of gathering the requested material. But that objection is a makeweight:
10 Defendants' own interrogatory answers indicate that only two people were
11 principally involved in generating advertising for the ReplayTV 4000. *See*
12 *Response to Paramount Interrogatory No. 7*. It will scarcely be unduly burdensome
13 to conduct a thorough search of the files of these two employees, and perhaps of a
14 handful of others who assisted them.

15 This Court should therefore compel Defendants to respond fully to Document
16 Request No. 26 and to provide not only final copies of their advertising materials,
17 but *all* marketing and advertising materials, including any drafts of advertising and
18 promotional materials and any internal memoranda and communications about
19 advertising claims and strategies.

20
21 **C. Defendants' Contentions Regarding The Requests At Issue:**
22 **Defendants Have Agreed To Provide The Probative Documents,**
23 **But Are Not Required To Respond To Plaintiffs' Overreaching**
24 **Demands For The Irrelevant.**

25 Once again, Defendants have fully responded to Plaintiffs' request by
26 agreeing on January 9 to produce "Defendants' materials for promotion, marketing,
27 advertising, and sales of the ReplayTV 4000." *See Response to Request No. 26*.
28 Defendants also agreed to "produce their marketing plans for the ReplayTV 4000"
in response to Plaintiffs' second set of document requests (Request No. 45). These

1 materials will fully describe how Plaintiffs have marketed and promoted the
2 product, as well as how Defendants have publicly described its functionality, and
3 any management discussions and decision-making regarding the product. Since
4 Plaintiffs have not seen all of these documents, they cannot possibly know them to
5 be insufficient.

6 What Defendants have resisted producing is every draft, every email and
7 every other internal communication about any promotion, marketing, advertising
8 and sale of the product. Frankly, Defendants do not think that the cost of a
9 promotional booth, or the details of logo design, are the last bit relevant here. Yet,
10 Plaintiffs again have refused all efforts to narrow an absurdly overbroad request—
11 for all documents “relating to, regarding, referring to or reflecting any effort” to
12 “promote, market, advertise or sell” the device, throughout the Defendant
13 companies.

14 Plaintiffs neglect to cite a single case in which draft advertising was
15 considered in determining secondary liability or fair use under federal copyright
16 law. The cases cited in Plaintiffs’ footnote of the Joint Stipulation are all about
17 *actual* advertisements, not drafts. It is the final advertisement, approved by the
18 company and viewed by the public, that has any substantial probative value.^{72/}

19 To the extent Plaintiffs truly seek to discover “the facts about Defendants’
20 product and Plaintiffs’ knowledge of its uses,” the technical materials, not draft
21 promotional, sales, and advertising materials are the place to find them. The
22

23 ^{72/} The single case cited relating to draft advertisements is inapposite. *See In re*
24 *F.T.C.*, 2001-1 Trade Cases P 73,288, 50 Fed. R. Serv. 3d 139 (S.D.N.Y. Apr. 19,
25 2001). Plaintiffs misleadingly suggest that the court in that case ordered production
26 of drafts over objections that drafts were not relevant. In fact, the relevance of draft
27 advertisements to proving claims *for false advertising* never was in question. The
28 sole issue was whether the drafts were protected by attorney-client privilege. *See*
id. at *5-14. The decision provides no support whatsoever for Plaintiffs’ contention
that draft advertisements are relevant in *this* action, in which there is no claim
relating to the content of Defendants’ advertisements. There, the advertising itself
was the subject of the investigation and the basis of liability unlike the present case,
in which Plaintiffs are simply searching for cumulative evidence regarding
Defendants’ purported admissions.

1 functionality of the features at issue in this lawsuit are not shrouded in mystery.
2 The notion that Plaintiffs will glean information regarding the challenged features
3 from *draft* marketing materials that cannot easily be gleaned from *actual* marketing
4 materials and the units themselves is senseless.

5 Moreover, as discussed above, the courts in *Napster* and *Sony* make crystal
6 clear that the “knowledge” element for secondary liability turns on whether the
7 defendant has actual knowledge of specific infringing materials and fails to remove
8 them. *See supra*, Sections I.C., II.C. General knowledge that users *may* use the
9 product in question in allegedly infringing ways does nothing to establish this
10 element. *E.g.*, *Sony*, 480 F. Supp. at 436 (Sony held not to have sufficient
11 knowledge of particular infringements, even though its advertisements “exhort[ed]
12 the public to ‘record favorite shows’ or ‘build a library’“ and had “suggested
13 recording ‘novels for television’ and ‘classic movies’“). Certainly draft materials
14 that did not ever appear publicly have nothing to do with any issue in this case.^{73/}

15 Finally, drafts are not likely to be admissible in any event because they are
16 not statements by a party opponent. They are simply discussion pieces, which are
17 not by persons that are necessarily authorized to speak for the company. *See Lloyd*
18 *v. Prof'l Realty Serv. Inc.*, 734 F.2d 1428, 1433 (11th Cir. 1984) (upholding district
19 court’s ruling that draft minutes of a business meeting were not trustworthy; the
20 draft minutes were heavily edited and quite different from the final version).

21 To the extent low level internal communications and draft advertising have
22 any marginal relevance, it is far outweighed by the substantial burden the requests
23 impose on Defendants. Plaintiffs argue the burden would be minimal because
24 Defendants have only identified two people who were principally involved in
25

26 ^{73/} Furthermore, because Plaintiffs seek only injunctive relief not damages, any
27 alleged “willfulness” by Defendants is not at issue. *See* 17 U.S.C. Section
28 504(b)(2) (allegation of willful infringement subjects defendant only to enhanced
statutory damages). Consequently, Defendants’ deliberations regarding the
proposed content of advertising and marketing materials have no relevance to
Plaintiffs’ claims.

1 generating “advertising” for the ReplayTV 4000. This ignores the seven other
2 people principally involved in marketing as well as all other persons who reported
3 directly or indirectly to those identified. Plaintiffs also overlook the fact that they
4 have requested all documents about sales.

5 Moreover, Plaintiffs have not agreed to limit Defendants’ production to
6 merely persons principally involved. Plaintiffs’ request is drafted so broadly that it
7 reaches everything in any file or hard drive of any person in sales, marketing, or
8 public relations. Obtaining all these materials from anyone who assisted in these
9 areas over several years and reviewing and processing the documents, is a real
10 expense and imposition on a resource-constrained company with no corresponding
11 benefit.

12 Defendants respectfully request that this Court deny Plaintiffs’ motion to
13 compel on Request No. 26, or at most, limit Defendants’ obligation to produce to
14 those employees principally involved in marketing activities at SONICblue and/or
15 ReplayTV.

16
17 **VII. Documents Relating to Efforts by Defendants to Obtain Licenses For**
18 **Audiovisual Works**

19 **A. The Requests At Issue**

20 **DOCUMENT REQUEST NO. 25**

21
22 Any and all Documents relating to, regarding, referring to, or reflecting any
23 license agreement that You have entered into, attempted to enter into, or considered
24 entering into, with respect to any Audiovisual Works or content for use in
25 connection with any of Your products or services.

1 RESPONSE TO DOCUMENT REQUEST NO. 25

2
3 Defendants object on the ground that the request is overly broad in that it
4 seeks documents relating to certain license agreements for *any* of ReplayTV or
5 SONICblue’s products or services. Defendants further object that none of the
6 information demanded is relevant to the claims or defenses in Plaintiffs’ suit and is
7 not reasonably calculated to lead to the discovery of admissible evidence.

8 Subject to and without waiving the general or specific objections, Defendants
9 respond as follows: Defendants have not entered into any license agreements for
10 audiovisual works or content for use in connection with the ReplayTV 4000 and
11 therefore do not have documents responsive to this request in their possession,
12 custody or control.

13 DISNEY INTERROGATORY NO. 17

14
15 Please identify any license agreement that You have entered into with respect
16 to any Audiovisual Works or content (including for each such license agreement the
17 name of each party to the agreement, the date of the agreement, the term of the
18 agreement, and the scope of the agreement) for use in connection with any of Your
19 products or services.

20 RESPONSE TO DISNEY INTERROGATORY NO. 17

21
22 Defendants object on the ground that the interrogatory is overly broad in that
23 it seeks information relating to *any* of ReplayTV or SONICblue’s products or
24 services. Defendants further object that none of the information demanded is
25 relevant to the claims or defenses in Plaintiffs’ suit and is not reasonably calculated
26 to lead to the discovery of admissible evidence.

27
28

1 Subject to and without waiving the general or specific objections, Defendants
2 respond as follows: Defendants have not entered into any license agreements for
3 audiovisual works or content for use in connection with the ReplayTV 4000.
4

5 DISNEY INTERROGATORY NO. 19

6 Please identify the name, job title, address, telephone number and employer
7 of each Person (whether employed by Defendant (including Your current and
8 former employees) or otherwise) who at any point in time has been involved in the
9 licensing or negotiation of actual or proposed licenses of any Audiovisual Works
10 for use in connection with any of Your products or services.
11

12 RESPONSE TO DISNEY INTERROGATORY NO. 19

13 Defendants object on the ground that the interrogatory is overly broad in that
14 it seeks information relating to any of ReplayTV or SONICblue's products or
15 services. Defendants further object that none of the information demanded is
16 relevant to any of the claims or defenses in Plaintiffs' suit and is not reasonably
17 calculated to lead to the discovery of admissible evidence.

18 Subject to and without waiving the general or specific objections, Defendants
19 respond as follows: Defendants have not licensed or been involved in negotiation of
20 actual or proposed licenses of audiovisual works for use in connection with the
21 ReplayTV 4000.
22

23 **B. Plaintiffs' Contentions Regarding The Requests At Issue**

24 In these requests (Document Request No. 25 and Disney Interrogatory Nos.
25 17 & 19), Plaintiffs seek documents and information about any efforts by
26 Defendants to obtain licenses for the right to copy, distribute, or otherwise use
27 copyrighted television programs or movies.
28

1 In response, Defendants have offered to provide Plaintiffs *only* with actual,
2 executed license agreements -- of which they say there are none. Defendants have
3 refused to provide Plaintiffs with any information or documents about *negotiations*
4 to obtain such licenses or about Defendants' *plans* to obtain such licenses.
5 Defendants' narrow proffer would leave Plaintiffs without powerful and important
6 evidence.

7 The public record contains abundant indications that Defendants recognize
8 that distribution of TV programs and movies over the Internet is a marketplace
9 *business* in which the distributors must obtain *permission* from copyright owners of
10 the works being distributed. See Christopher Stern, *It May Finally Be Showtime*
11 *For DVRs*, Washington Post, Jan. 18, 2002, at E1 (“[SONICblue CEO Kenneth]
12 Potashner believes that ultimately he will be able to work out a deal that benefits
13 both sides. For example, ReplayTV could e-mail shows to viewers who pay a fee
14 for each episode.”); Phillip Swann, *ReplayTV to Offer Video on Demand*, TV
15 Predictions, Feb. 8, 2002, at <http://www.tvpredictions.com/newsfeature1.html>
16 (describing Defendant's plans to negotiate for permission to transmit TV shows and
17 movies to their customers). Through the requests at issue here, Plaintiffs seek to
18 obtain the internal *documents* that reflect these important facts. If such documents
19 exist, they will help Plaintiffs to demonstrate the following potent self-contradiction
20 by Defendants: on the one hand, Defendants admit that retransmission of TV
21 shows and movies through the Internet for viewing at times chosen by the viewer is
22 a *business* that requires the copyright owners' permission. On the other hand,
23 Defendants seek to sabotage that very business by making it easy for users to
24 exchange precisely the same costly copyrighted works for free over the Internet.
25 Under Ninth Circuit law, building such a system for uncontrolled private exchange
26 of plaintiffs' copyrighted works is inherently harmful to copyright owners.
27 *Napster*, 239 F.3d at 1017 (“*Having digital downloads available for free on the*
28

1 Napster system *necessarily harms* the copyright holders’ attempts to charge for the
2 same downloads.”) (emphasis added).

3 The Court should therefore compel Defendants to provide all documents
4 relating to their efforts to obtain licenses for audiovisual works and to respond fully
5 to Document Request No. 25 and Disney Interrogatory Nos. 17 and 19.

6
7 **C. Defendants’ Contentions Regarding The Requests At Issue**

8 Paramount Request No. 25, and Disney Interrogatories 17 and 19 seek
9 information about licenses for “AudioVisual Works or content.” Defendants have
10 not entered into such licenses for the ReplayTV 4000 and stated as much in the
11 written responses served nearly three months ago. The fact that Defendants have
12 entered no licenses concedes Plaintiffs’ assertion they have not authorized
13 Defendants’ activities or any alleged infringements.

14 Undeterred by this concession, Plaintiffs responded in the March 7 meet and
15 confer by demanding every communication relating to *potential* licensing of
16 audiovisual works for any product or use (other than Defendants’ Rio line of music
17 players). Plaintiffs’ continued insistence on this overly broad discovery is baseless,
18 seeks irrelevant material, and attempts to delve into Defendants’ business activities
19 entirely unrelated to any alleged infringement.

20 Plaintiffs fail to articulate *any* basis – let alone a legitimate basis – for this
21 discovery. The only product at issue in this suit is the ReplayTV 4000. Plaintiffs
22 have not even attempted to articulate a basis for seeking documents about
23 Defendants’ other products and services. With respect to actual and potential
24 licenses not involving the ReplayTV 4000, Plaintiffs’ motion to compel should be
25 denied for this reason alone.

26 With respect to licenses involving the ReplayTV 4000, Defendants claim
27 they must obtain Defendants’ confidential plans and negotiations in order to explore
28 the supposed “contradiction” between Defendants’ licensing of materials for

1 potential direct Internet broadcasts through I-Channel, and Defendants' failure to
2 obtain licenses for consumers' home recordings of works that the consumers
3 receive from sources *other* than Defendants. There is nothing in the least bit
4 contradictory about such a position.

5 *Sony* established that consumers do not need any license for home time
6 shifting purposes under the doctrine of fair use. On the other hand, if Defendants
7 operate I-Channels that directly transmit to consumers, Defendants would
8 obviously need a license to do so because it is *Defendants* who would be
9 transmitting the work, rather than the consumer recording at home. There is
10 nothing in the least bit inconsistent about Defendants' position.^{74/}

11 Any transmissions by Defendants over the Internet could, no doubt, compete
12 with Plaintiffs' broadcast channels or productions. But Defendants' new channels
13 have nothing to do with Plaintiffs' claims of infringement by consumers' home
14 recording.^{75/} Plaintiffs' desire to know about plans and negotiations for these
15 services, with resulting potential for intimidation of potential licensing partners for
16 I-Channels, has absolutely no relevance to Plaintiffs' claims.^{76/} The Court should
17 not assist Plaintiffs in such inappropriate endeavors to use this litigation for
18

19 ^{74/} Although Defendants have, in response to Plaintiffs' demands, directly stated
20 that they have no licenses for home recording (because Defendants' contend
21 consumers do not need them), Plaintiffs themselves have refused to provide even
22 the actual licenses with other PVR manufacturers (*e.g.*, TiVo) in this area. *See*
23 Second Joint Stipulation at 102 regarding ReplayTV Request No. 64. It is
24 remarkable that, while Plaintiffs refuse to provide this core discovery that would
25 test the bona fides of their claim that licenses are required, Plaintiffs seek to compel
26 production of all documents "relating to" Defendants' internal licensing discussions
27 or plans for I-Channels, which are plainly *not* relevant to the home recording
28 Plaintiffs challenge here.

25 ^{75/} When pressed to explain the relevance of this demand, Plaintiffs stated in the
26 March 6 telephonic conference that Plaintiffs needed to know about Defendants'
27 plans for "I Channel" and other "plans" for DVRs. *See* 03/11/02 letter at 2.

27 ^{76/} Plaintiffs' motion to compel a further identification of any licenses entered
28 (Disney Interrogatory 17) or any person involved in licensing (Disney Interrogatory
No. 19) is particularly frivolous in that Defendants have fully answered the
interrogatory. There are no such licenses.

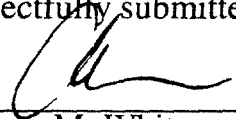
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competitive advantage. For all these reasons, Plaintiffs' motion to compel further responses to these requests should be denied.

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Dated: April 5, 2002.

Respectfully submitted,

By 
Andrew M. White

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. ANSCHELL
WHITE O'CONNOR CURRY
GATTI & AVANZADO LLP

RONALD L. KLAIN
O'MELVENY & MYERS LLP

Attorneys for Plaintiffs 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 Plaintiffs 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
McDERMOTT, WILL & EMERY

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

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

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Dated: April 4, 2002

Respectfully submitted,

By *Laurence F. Pulgram*

LAURENCE F. PULGRAM
EMMETT C. STANTON
FENWICK & WEST LLP

Attorneys for Defendants ReplayTV, Inc.
and
SONICblue Incorporated

ATTACHMENT A

ORIGINAL

FENWICK & WEST LLP
ATTORNEYS AT LAW
PALO ALTO

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LAURENCE F. PULGRAM (CSB No. 115163)
FENWICK & WEST LLP
275 Battery Street, Suite 1500
San Francisco, CA 94111
Telephone: (415) 875-2300
Facsimile: (415) 281-1350

EMMETT C. STANTON (CSB No. 83930)
MITCHELL ZIMMERMAN (CSB No. 88456)
PATRICK E. PREMO (CSB No. 184915)
FENWICK & WEST LLP
Two Palo Alto Square
Palo Alto, CA 94306
Telephone: (650) 494-0600
Facsimile: (650) 494-1417

Attorneys for Defendants
REPLAYTV, INC. and
SONICBLUE INCORPORATED

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

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.,

Plaintiffs,

v.

REPLAYTV, INC., and SONICBLUE
INC.,

Defendants,

AND CONSOLIDATED ACTIONS.

Case No. CV 01-09358 FMC

**ATTACHMENT A TO JOINT
STIPULATION FOR PLAINTIFFS'
MOTION TO COMPEL:
DECLARATION OF PHILIPPE
PIGNON, PH.D.**

Hearing Date: April 23, 2002
Time: 9:00 a.m.
Before: Hon. Charles F. Eick
Courtroom: No. 20

Discovery Cutoff: May 31, 2002
Pretrial Conference: July 29, 2002
Trial Date: August 20, 2002

1 Philippe Pignon, Ph.D., declares as follows:

2 1. I am Vice President, Engineering Operations at defendant SONICblue
3 Incorporated. I have worked at SONICblue ever since it acquired ReplayTV, Inc.
4 in August 2001. I began working at ReplayTV in November 1999. Prior to the
5 acquisition, I was Vice President, Software Engineering at ReplayTV and oversaw
6 the design, development, and testing of the ReplayTV 4000 software. I have
7 personal knowledge of the facts stated in this declaration and if called as a witness
8 would testify thereto.

9 **ReplayTV's Decision To Stop Collecting Customer Data**

10 2. ReplayTV and SONICblue do not presently collect data regarding
11 consumers' use of their ReplayTV Personal Video Recorders ("PVRs"). ReplayTV
12 stopped collecting this data in May 2001. This decision came about as a result of
13 cost constraints associated with collecting and storing the information, and because
14 of a formal report by a privacy group attacking our competitor, TiVo, for its
15 collection of subscriber viewing information.

16 3. In early 2001, we became concerned about the cost of uploading and
17 storing log files that were increasing in size. I was asked by the ReplayTV IT
18 department to decrease the amount of data being collected. This would in turn
19 decrease the costs associated with uploading and storing this data.

20 4. In late March 2001, the Privacy Foundation issued a report accusing
21 TiVo of violating privacy rights of its subscribers based on TiVo's user data
22 collection practices. Attached hereto as Exhibit A is a true and correct copy of the
23 Privacy Foundation report entitled "TiVo's Data Collection and Privacy Practices."
24 The report is also available on the Privacy Foundation's website at
25 <http://www.privacyfoundation.org/privacywatch/report.asp?id=62&action=0>.

26 5. Among other issues, the Privacy Foundation criticized TiVo's
27 collection of purportedly "anonymous information" about customer viewing habits,
28 which was reported to TiVo with the user's identifying serial number. TiVo's

1 reporting allowed linkage of the use data to an individual, even though TiVo did
2 not itself make that linkage. See Exhibit A at 6.

3 6. Within a few days after the report was issued, there were a number of
4 articles in the press about the controversy, as well as a request by members of
5 Congress for an FTC investigation into TiVo's practices. Attached hereto as
6 Exhibit B is a true and correct copy of an article dated March 26, 2001 at
7 newsbytes.com reporting on TiVo's "slam" for its collection of purportedly
8 "anonymous" viewing information. Attached hereto as Exhibit C is an article dated
9 April 2, 2001 from newsbytes.com reporting on Congressional calls for an FTC
10 investigation.

11 7. As a result of the adverse publicity TiVo received and the potential for
12 an FTC investigation, ReplayTV reevaluated its own data collection and customer
13 privacy policies.

14 8. We determined that ReplayTV customer information was less
15 vulnerable than TiVo's because TiVo user information was uploaded "in the clear,"
16 while ReplayTV's was encoded. However, we also decided to make significant
17 changes in the amount of consumer data ReplayTV would collect to comply more
18 closely with the recommendations of the Privacy Foundation and avoid the
19 substantial adverse public reaction TiVo confronted.

20 **SONICblue's Privacy Policy**

21 9. SONICblue has adopted a strong policy aimed at protecting the
22 privacy interests of their users. Attached hereto as Exhibit D is a true and correct
23 copy of SONICblue's existing privacy policy. It is also available at
24 <http://www.sonicblue.com/company/privacy.asp>. The policy repeatedly
25 emphasizes the company's recognition of the vital importance of user privacy:
26 "At SONICblue, we believe privacy is a right, not a privilege. In other words,
27 you should expect us to protect your privacy, and you should never have to worry
28 about it."

1 10. SONICblue’s policy identifies three types of information collected:
2 (1) “Personally Identifiable Information,” which is private data collected about
3 customers if they register their units; (2) “Anonymous Information,” which
4 provides information about customers’ use of SONICblue’s services “without
5 connecting that Information to the identities of those people;” and (3) “Technical
6 Status Data,” which consists of “error events and maintenance status events.”

7 11. The Privacy Policy assures customers in at least five places that the
8 Anonymous Information “will not be linked to you without your express
9 permission.” *See* Ex. D at 4. The Policy also demonstrates the substantial lengths
10 SONICblue has taken to ensure privacy protections: “Access to this information is
11 strictly limited to individuals with a legitimate reason to have access and who have
12 signed agreements that prohibit the unauthorized use or disclosure of such
13 information. In addition, all of SONICblue’s stored information is firewall
14 protected against unauthorized ‘hacks’ into our systems.”

15 12. In identifying special circumstances that may require disclosure of
16 information, the Policy states: “SONICblue may disclose Personal or Anonymous
17 Information if required to do so by law or in the good faith belief that such action is
18 necessary or appropriate to conform to the law or comply with legal process served
19 on SONICblue, to protect and defend the rights or property of SONICblue, the
20 ReplayTV Service or our viewers, whether or not required to do so by law, or to
21 protect the personal safety of our viewers or the public.” Even in this situation, the
22 Policy provides for furnishing Personal *or* Anonymous information – but never a
23 linkage of the two without customer consent.

24 **Customer Data Has Never Been Collected For The ReplayTV 4000**

25 13. Neither ReplayTV nor SONICblue has ever collected data about
26 ReplayTV 4000 users other than the limited technical data. The decision to cease
27 collecting consumer behavior data in May 2001 had nothing to do with the
28 development or planning for the ReplayTV 4000 or its features. In fact, the

1 ReplayTV 4000 did not exist at that time.

2 14. When ReplayTV did, for prior PVRs, collect consumer behavior data,
3 the data was one-way encoded such that if someone had the identifying number of
4 the particular ReplayTV unit, one could associate the data with a particular
5 consumer, but not the other way around. The effect was to preserve the uniqueness
6 of the data source. The user's PVR "knew" the number associated with that user's
7 use, but ReplayTV's server was not told to which user that number was associated.
8 ReplayTV also obscured that source information to make it more difficult to link
9 behavioral data with an individual consumer.

10 15. For these earlier PVRs, certain customer behavioral data was logged
11 by each consumer's ReplayTV and stored on the unit's hard drive. This
12 information included certain recording and viewing data, such as time and duration,
13 and the use of various features such as fast forward, rewind or skip. The individual
14 logs were written over daily, so historical behavioral data was not maintained on
15 the user's device.

16 16. ReplayTV had planned to develop the capability to process
17 information about specific programs that were recorded or watched, but that
18 development effort was abandoned when ReplayTV's business model changed and
19 its finances deteriorated starting in the beginning of 2001. As mentioned, this
20 decision was made long before release of the ReplayTV 4000.

21 17. In May 2001, in response to the TiVo publicity (which criticized even
22 the *potential* ability to associate behavior with an individual user) and due to our
23 desire to reduce data storage and communications costs, ReplayTV issued a
24 software release to the PVRs in place. That release "masked" the log codes
25 associated with consumer behavior so that the consumer behavior data would no
26 longer be uploaded at all. Technical information, such as error messages, continued
27 to be uploaded. However, these messages do not contain information about which
28 features a consumer uses or when such features are used. Since May 2001,

1 ReplayTV has not been collecting any of the consumer behavior information that
2 was logged.

3 18. The statements published in SONICblue's Privacy Policy suggesting
4 that SONICblue and ReplayTV are collecting "Anonymous Information" about
5 customer usage, does not accurately reflect the companies' current capabilities.
6 The statement was included in the October 2000 revision of ReplayTV's privacy
7 policy in anticipation that ReplayTV would develop such capability. It was not
8 deleted from the published privacy policy thereafter, even though that capability
9 was never developed.

10 **It Would Take Several Months and Hundreds of Thousands of**
11 **Dollars To Develop Software to Start Collecting this Data.**

12 19. I understand that Plaintiffs in this action have demanded that we write
13 new software to collect customer behavior data for the ReplayTV 4000. ReplayTV
14 has no current business need for such information. Therefore this information
15 would be solely for purposes of this lawsuit. Moreover, if ReplayTV were to begin
16 collecting this information, we would desire to collect it in the aggregate, rather
17 than with connection to any individual user's identification, to avoid the consumer
18 backlash caused by the TiVo experience.

19 20. There are numerous costs involved in starting up collection of
20 consumer data for the ReplayTV 4000. *First*, there is the cost associated with
21 reconnecting the collection and storage systems in place prior to May 2001. This
22 would mean eliminating the "masking" of log codes to receive the consumer
23 behavior information. We would also have to design and develop new software to
24 collect the data for the ReplayTV 4000 because these units have never reported
25 such data previously to the ReplayTV servers. I estimate it would take
26 approximately one month to perform the setup, testing and deployment necessary to
27 begin collecting the logged data from customers' ReplayTV 4000 units. ReplayTV
28 would then incur additional communication costs of approximately **\$10,000 per**

1 **month** and additional storage costs of approximately **\$27,000 per month** if we
2 were to reinstate collection of the full logs. These estimates are only for the log
3 files that were in place in May 2001, which did not collect data on Commercial
4 Advance or Send Show.

5 21. *Second*, since Commercial Advance and Send Show were not available
6 until December 2001, there is no current capability to log information on the PVR,
7 or to report to ReplayTV's servers about new features in the ReplayTV 4000.¹
8 SONICblue would have to absorb the costs of designing, developing and testing
9 new software to collect information for the Commercial Advance and Send Show
10 features. To create log codes for these features and to implement the logging of
11 such behavioral data, is a more difficult task than simply "unmasking" the existing
12 codes from prior software releases. It would require creating the system to process
13 and extract the information demanded. It would require perfecting such a system,
14 including software to be released into the ReplayTV 4000 device itself, as well as
15 software for the ReplayTV servers. This technology is necessary to fully and
16 seamlessly interoperate with both the existing software and hardware. The effort
17 would require other coordination with ReplayTV process to ensure that loads and
18 tasks were appropriately balanced.

19 22. Even if such consumer behavior were logged and collected, it would
20 not include the name of the particular show that was being watched while using
21 Commercial Advance, or that was being transmitted to another ReplayTV user with
22 Send Show. If Plaintiffs insist on linking the log files to actual viewership of
23 television shows, this will require even more expense. Because ReplayTV has
24 never developed software to match specific show information with consumer
25 behavior, we would have to undertake a major software development effort, which

26 ¹ The ReplayTV 4000 does include some software from prior ReplayTV PVRs, including
27 the same logging of consumer behavior that existed in prior versions. Thus, the ReplayTV 4000
28 can log (but does not presently report) consumer behavior such as the number of times a
consumer uses fast forward, as that feature existed in prior PVRs and its use was logged in prior
PVRs.

1 would ordinarily only be made part of a new major software release. The difficulty
2 is, in part, because we currently log only low level data for testing and diagnostic
3 purposes. We would have to create higher level logs to generate the data requested
4 by Plaintiffs. SONICblue would then have to develop a linking system between the
5 databases that would permit such log information to be associated with use of an
6 individual unit and, more importantly, to be associated with the name of a particular
7 show. This would require links to our customer care database, and programming
8 guide database, both of which reside on other servers. My best estimate of the time
9 necessary to develop, test and implement software to perform these tasks is
10 approximately four months for a total cost of **\$128,000**. My estimate of four
11 months was independently corroborated by another senior engineer at the company,
12 who reached the same estimate prior to ever learning of my estimate.

13 23. In light of the fact that SONICblue just underwent another (highly-
14 publicized) reduction-in-force, there are no resources available for such a project
15 without risk to the current product development schedule. Such a court-ordered
16 expenditure would displace SONICblue's own engineering development for its next
17 generation product. This would jeopardize the revenue associated with a planned
18 release in the fall for the Christmas 2002 season where most of the company's
19 revenues are made.

20 24. I understand Plaintiffs have proposed that ReplayTV permit access to
21 its servers to have a third party write software to create and collect the data.
22 Plaintiffs' demand is extraordinary and unacceptable from a software engineering
23 standpoint. The ReplayTV software architecture, design and implementation are
24 critical to the business and are entirely integrated within it. The software does not
25 "stand alone" in a manner that would permit a third party to safely interact with the
26 software and write code for additional features without risk to the entire system,
27 and hence the entire business of ReplayTV.
28

1 capability to compile and aggregate this data, my best estimate is that it will take
2 165 days to complete such a project. Allowing for 8-hour days at \$200 per hour,
3 this comes to a total expense of **\$264,000**. We also would need additional storage
4 capacity at a cost **\$165,000**. This is over and above the costs identified in
5 reinstating the past logging system.

6 28. To simply collect the existing “my.replaytv.com” data and provide this
7 raw data to Plaintiffs will involve costs. I estimate it would cost about **\$600 per**
8 **day** for someone to collect and archive the daily data in a suitable format.

9 29. Any information collected by the service would not be complete
10 because the MyReplayTV service does not include all ReplayTV customers. It only
11 includes those who affirmatively choose to enroll in the service. Only about 10%
12 of ReplayTV customers have “opted in” to the my.replaytv.com service. The daily
13 “snapshots” of information are therefore not captured for the remaining 90%.
14 Moreover, the group of MyReplayTV users is not a random sample, but a self-
15 selected sample and therefore has questionable statistical significance.

16 **Conclusion**

17 30. As described above, Plaintiffs’ repeated statements that ReplayTV
18 presently collects consumer behavior data (such as the use fast forward, Quick Skip
19 or other features) are false.

20 31. Furthermore, data collection about shows already recorded or
21 scheduled for recording in the context of the MyReplayTV service, is strictly done
22 with the users’ consent and would not be possible without the users’ explicitly
23 giving their serial number for that purpose. Plaintiffs can verify this fact
24 themselves by employing the techniques described in the Privacy Foundation
25 Report on TiVo, Exhibit A hereto, to monitor what data is uploaded from their own
26 ReplayTV 4000 units.

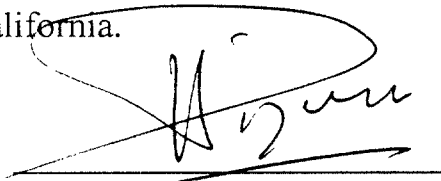
27 32. ReplayTV does not now and never has had data on its servers
28 reflecting customer use of the Commercial Advance. Similarly, ReplayTV does not

1 have any data about which shows were sent, when and to whom using the Send
2 Show feature. Indeed, the SONICblue Privacy Policy states clearly that “when
3 sending a show from one ReplayTV 4000 to another, the ReplayTV Service does
4 not track or receive notification of which show is being sent or which shows you
5 record.” See Ex. D at 5.

6 33. Similarly, ReplayTV does not now and never has had information on
7 its servers about what programs are recorded by its customers, except in instances
8 where the customer has consented to providing the list of shows scheduled to be
9 recorded, and presently stored in the hard drive, for the purpose of benefiting from
10 the MyReplayTV service. To obtain generic information about use of Commercial
11 Advance or Send Show, or about specific programs that are recorded by consumers,
12 ReplayTV would have to develop software first to have such information recorded
13 on the customer’s unit, and extracted from the consumer’s unit to a ReplayTV
14 server. As already explained, this would require ReplayTV and SONICblue to
15 incur hundreds of thousands of dollars in additional costs for data in which they
16 have no current business need.

17
18 I declare under penalty of perjury that the foregoing is true and correct.

19 Dated April 3rd, 2002 at Palo Alto, California.



Philippe Pignon, Ph.D.

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EXHIBIT A

POSTED: 3/26/01

■ TiVo's Data Collection and Privacy Practices



By [David Martin](#)

[Introduction](#)

[Vendor Response](#)

[TiVo Background and Business Model](#)

[Information Gathering by the TiVo Device](#)

[The Diagnostic Log File](#)

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[Viewing Information: Anonymous or Not?](#)

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[TiVo's Privacy Disclosures](#)

[Legal Concerns](#)

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[Recommendations to TiVo Subscribers](#)

[Listening to TiVo's Transmissions](#)

[Acknowledgments](#)

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■ Introduction

The TiVo personal television product gives home viewers the ability to pause live television, record TV shows by name rather than time and channel, and generally allows users to "time-shift" TV broadcasts into their own schedule. In exchange, TiVo collects both a subscription fee and information about the shows that home viewers record and watch. The Privacy Foundation and University of Denver Privacy Center have recently completed a 4-month independent investigation of the TiVo device.

According to our findings, TiVo:

- gathers enough information to track individual users' home viewing habits while apparently promising not to do so;
- could identify the personal viewing habits of subscribers at will;
- has a much more explicit privacy policy disclosure on its Web site than in the printed material that accompanies the purchase of the product.

The TiVo unit we investigated was sold as a Philips HDR312 at a local Circuit City store.

■ Vendor Response

A draft version of this privacy advisory was provided by the Privacy Foundation to TiVo on March 14, 2001. Senior officers of the company responded in a phone call on March 19, 2001 with the following points:

- TiVo turns off all logging at the incoming FTP servers to prevent the correlation of the anonymous viewing files with the diagnostic files that contain customer ID numbers. TiVo takes a number of other steps to prevent anonymous viewing files from being traced back to TiVo subscribers.
- TiVo claims that it is only interested in compiling customer data to assess aggregate viewing behavior, and has no plans to identify the viewing habits of individuals, nor to use such data for direct marketing purposes.
- The server-side practices of TiVo are beyond the scope of the advisory. TiVo also notes that data about customers is kept in secure servers that can only be accessed by authorized TiVo employees.
- Version 2.0 of the TiVo software will encrypt files that contain personal information, as described in the latest Privacy Promise.
- The latest version of the TiVo Privacy Promise, dated September 2000, addresses many of the issues which the Privacy Foundation advisory brings up. This Privacy Promise is available online at http://www.tivo.com/support/service_privacy_pvr.asp.
- TiVo acknowledges that its privacy practices and disclosures may not be up-to-date in manuals sold with TiVo units, but the company notes that it attempts to alert all customers about the availability of the new Privacy Promise via email and messages on the TiVo service.

■ TiVo Background and Business Model

Launched in 1999, the TiVo service allows viewers to easily record favorite TV programs, or types of programs, for later viewing through a set-top box that can record up to 30 hours or more of programming. The TiVo box can cost several hundred dollars at retail, plus a monthly subscription fee of \$9.95; a yearly fee of \$99.95; or a lifetime subscription fee of \$199.

TiVo Inc., the publicly-traded parent company based in San Jose, Calif., has alliances with major media and technology companies, including its equipment vendors, Philips and Sony; General Electric/NBC; DirecTV;

and a \$200 million investment from AOL Time Warner. In August of 2000, Nielsen Media Research and TiVo announced a strategic agreement to enable opt-in audience measurement through the TiVo service.

As of Jan. 31, 2000, TiVo Inc. reported an installed subscriber base of 154,000. The net loss for the calendar year 2000 was \$206.4 million, on revenues of \$3.6 million.

Aggressive estimates by industry analysts claim that the market for "personal video recorders" from TiVo and other vendors could reach five-to-seven million units by year-end 2002. ReplayTV, a primary competitor to TiVo, was acquired in February by Sonicblue in a \$123 million stock deal. In January, Microsoft announced the launch of its UltimateTV service, which integrates DirecTV programming, digital video recording, live TV controls, interactive television and Internet access.

Among the future business opportunities for TiVo is providing targeted advertising to viewers, according to the company's year-end 2000 report: "This is accomplished by a software program utilizing data stored on the personal video recorder. Individual viewing preferences will not be released to advertisers or other third parties."

TiVo is aware of privacy concerns. In the risks section of its 2000 Annual Report, TiVo writes: "Consumers may be concerned about the use of personal information gathered by the TiVo Service and personal video recorder. Under our current policy, we do not access this data or release it to third parties. Privacy concerns, however, could create uncertainty in the marketplace for personal television and our products and services. Changes in the privacy policy could reduce demand for the TiVo Service, increase the cost of doing business as a result of litigation costs or increased service delivery costs, or otherwise harm our reputation and business."

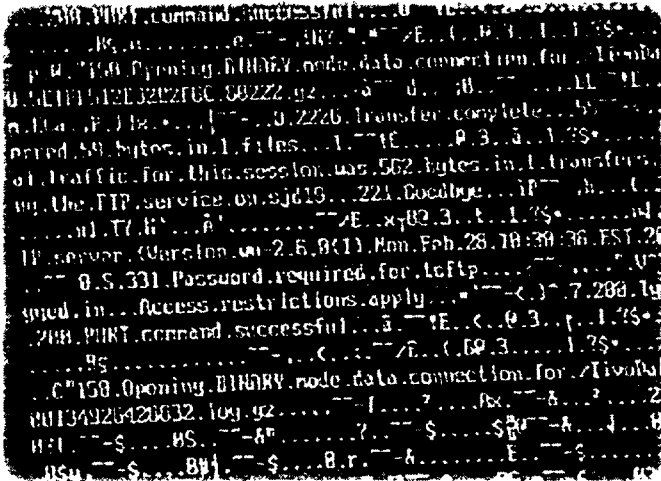
TiVo has received generally favorable press coverage, including a March 18 segment on "60 Minutes." An Aug. 13, 2000, New York Times Magazine story on TiVo made this observation about the promise of its technology: "While the viewer watched the television, the box would watch the viewer. It would record the owner's viewing habits in a way that TV viewing habits had never been recorded."

■ Information Gathering by the TiVo Device

During TiVo installation, the installer connects the TiVo unit to a cable TV feed or other video source, a television, and the home phone line. The home user then controls the television exclusively through the TiVo

remote control.

During an automatic daily phone call, the TiVo device gets a new copy of the most recent TV schedule from computers at TiVo headquarters. But during the same phone call, the TiVo device also transmits information to TiVo headquarters. At least two different types of information are transmitted: a diagnostic log file and a viewing information file.



■ The Diagnostic Log File

The diagnostic log file (a "syslog") contains various debugging and system status reports, such as memory consumption, user interface response time, modem communication records, enclosure temperature, and enclosure fan speed. Here are some sample lines from the diagnostic log:

```
Jan 13 06:29:44 (none) fancontrol[54]: The current board
temperature is 41
Jan 13 06:29:44 (none) fancontrol[54]: Setting the fan speed to 9
Jan 13 06:39:44 (none) fancontrol[54]: The current board
temperature is 37
Jan 13 06:39:44 (none) fancontrol[54]: Setting the fan speed to 0
Jan 13 17:42:10 (none) LogTime[94]: WatchTV: change the
channel: 0.015 sec
Jan 13 17:42:55 (none) LogTime[94]: Lineup: update the OSD:
0.949 sec
Jan 13 17:42:56 (none) LogTime[94]: Lineup: arrow up/down:
0.011 sec
Jan 13 17:42:57 (none) LogTime[94]: Lineup: arrow up/down:
0.009 sec
```

Even though the diagnostic log does not indicate which shows are being watched by the home viewer, entries like the last lines above do indicate that someone was manipulating the TiVo remote control at 5:42 pm on January 13.

The diagnostic log contains an enormous amount of information about the TiVo's device's internal processes. On one day, for instance, we observed almost 100 pages of information being deposited in the diagnostic log. We are not aware of any other consumer device that routinely transmits so much operational information to corporate headquarters.

A sample diagnostic log file is available in the Related Links section of this advisory.

■ The Viewing Information File

The viewing information records transmitted to TiVo headquarters look like this in raw form:

```
980389559|WatchTV|recorded|KDVR|3134603|980127000
```

The two numbers beginning with 980 are timestamps that count the number of seconds that have elapsed since midnight on January 1, 1970, and the number 3134603 identifies a specific television program. This record can be interpreted as:

"On Wednesday, January 24 2001 at 7:26pm, the home viewer began watching an episode of King of the Hill that was originally recorded on Sunday, January 21 2001 at 6:30pm on the KDVR station."

We also observed TiVo transmitting viewing records such as these:

```
980389520|WatchTV|live|IFC|27666|980384400  
980389546|MWEvent|tyTivo  
980389550|MWEvent|tySurfDown  
980389565|MWEvent|tyVolumeUp
```

The first line above reveals the home user tuning in the movie "My Own Private Idaho" on the Independent Film Channel (IFC), and the three lines below it correspond directly to pushing buttons on the TiVo remote control.

■ Viewing Information: Anonymous or Not?

When the viewing information file is transmitted to TiVo headquarters, it is deposited into a common area for gathering subscriber data. The TiVo unit does not explicitly attach the viewer's identification number to the file in this step, and this is partially why TiVo considers the information "anonymous".

TiVo describes this practice as a "very sophisticated mechanism" to ensure that the subscriber information cannot be linked with the "anonymous" viewing information. However, the viewing information file is nonetheless transmitted during a session identified by the home viewer's TiVo serial number. In fact, this serial number is transmitted multiple times during the single phone call. TiVo receives all of the information necessary to attribute the viewing information to a particular subscriber during this phone call but gives no indication of this fact in any of its documentation. Therefore, the home viewing information can only be truly anonymous when TiVo headquarters intentionally treats it as such. TiVo's current "anonymization" procedure does not change that fact.

■ Technical Details: Transferring the Information

TiVo's actual file transfer mechanism works as follows. During the daily phone call, TiVo headquarters chooses a name for the receiver's viewing information file and a name for the diagnostic log and transmits both to the TiVo unit. If one of these file names includes the word "RANDOMIZE", then the TiVo unit replaces that word with a large randomly chosen number. This allows TiVo headquarters to decide whether a file's name will include identifying information or not. The TiVo unit then begins transferring the two data files to the TiVo headquarters computer, saving them under the chosen names.

Under normal operation, TiVo headquarters includes the word "RANDOMIZE" in the viewing information file name and the TiVo unit serial number in the diagnostic log file name. This means that the viewing information file name will not immediately identify a subscriber, but the diagnostic log file name will.

For example, we first saw TiVo headquarters choose and transmit the names

```
/TivoData/bpriv/20010124/000000.RANDOMIZE.80208.bz2  
/TivoData/bpub/20010124/184023.00840336485942.log.bz2
```

and then we observed our TiVo unit depositing files onto the TiVo server computer with the names

/TivoData/bprv/20010124/000000.C41CF33D1DC7F401.80208.gz
/TivoData/bpub/20010124/184023.00840336485942.log.gz

The first file, which contains the viewing information, is sent to the "private" (bprv) directory and stored under a name that only identifies the subscriber's zip code. But the diagnostic log file goes to the "public" (bpub) directory, and is stored under a name that contains a TiVo unit's serial number – in this case 00840336485942. Both files clearly show the date of the transfer, 2001 01/24.

Since both files are transferred to the same computer during the same phone call, this computer can easily reattach the subscriber ID to the viewing information file. In addition, it is standard computer security practice to keep a record of every FTP file that is transferred. These FTP records normally indicate both the name of the file transferred and the IP address of the computer (or TiVo unit) that initiated the transfer. Just by consulting this log file – even months or years after the fact – TiVo could easily reconstruct the subscriber ID that deposited a viewing information file. (We have no direct way to tell if FTP logging is on or off, but TiVo representatives indicated that FTP logging is disabled.)

■ TiVo's Privacy Disclosures

We found three privacy statements that concern our Philips TVR312. Two of them are in the manual that accompanied the Philips TiVo unit, and the third is on the TiVo Web site.

First disclosure. The first mention of privacy appears about halfway through the manual on page 56 as an answer to a frequently asked question:

Will the TiVo Service collect information about my viewing habits? There has been quite a bit of misplaced hype about TiVo collecting viewing information. At TiVo, we absolutely respect and guard your right to privacy. We have a privacy policy that maintains complete viewer confidentiality. Unlike the Internet, all of your personal viewing information remains on your PTV receiver in your home. TiVo has created a very sophisticated system with both protection and customization for our viewers in mind. It is TiVo's promise to you that you will always maintain control over your own personal information. For more information see the TiVo Privacy Promise, pages 133-134.

This first disclosure is the most accessible to users because it occurs in

the main text of the user manual. Users reading it are likely to understand that TiVo is offended at the notion ("misplaced hype") that TiVo might even be suspected of "collecting viewing information." Then stating that "all of your personal viewing information remains on your [TiVo] receiver in your home", TiVo sends a signal that any such suspicion is totally unfounded because viewing information never leaves the TiVo device.

It is important to observe that TiVo does not include their unusual definition of "personal viewing information" at this point. Therefore, a reader might rationally conclude at this point that absolutely no information about TV viewing ever leaves the TiVo device under the reasonable assumption that all information about the shows viewed at home is "personal" – i.e., due to personal action. For these subscribers, the first disclosure has the effect of limiting interest in the second and third disclosures.

Second disclosure. This disclosure begins with a preamble on page 132:

Privacy

Your Philips PTV Receiver is powered by the TiVo Service. Philips and TiVo are committed to protecting the privacy of your personal information. TiVo has established a strict privacy policy for the TiVo Service, which is published on TiVo's website, www.tivo.com. We have reprinted it here as well for your convenience.

The privacy disclosure following this statement in the manual may be a reprinting of a policy that was posted on TiVo's Web site at one time, but when we purchased the TiVo unit in late 2000, the TiVo manual policy and the Web site policy were no longer the same. The Web site privacy policy was already much more detailed and explicit than anything printed in the TiVo manual.

TiVo presents the main text of this second privacy disclosure on page 133:

TiVo's Privacy Promise to You

Please read this policy document carefully [...]

1. Personal Viewing Information. Your Personal Television (PTV) Receiver keeps track of viewing information – the programs you ask it to record and any time buttons on the PTV Remote Control, such as "Thumbs Up" or "Thumbs Down," are pressed. Your PTV

Receiver uses it to tune, schedule, record, and recommend programs for you. Personal viewing information which identifies you or your household's TV viewing practices belong to you, and no one outside your home, not even the TiVo staff or any of TiVo's computer systems, will have access to it without your prior consent.

2. Anonymous Viewing Information. Anonymous viewing information is viewing information that does not identify you as an individual or your household. This means it is not linked to you or your household in any way. We may use anonymous viewing information to benefit TiVo and strengthen our efforts to encourage the television industry to better serve the interests of TiVo subscribers. If you don't want anonymous viewing information used in any way, simply tell us by calling our toll-free telephone number and it will not be.

[...]

Please note: Our privacy policy may change over time. In addition to posting any changes on our web site, www.tivo.com, we will provide or send a notice to each TiVo customer before any changes are implemented. You have our commitment that, regardless of any changes that might be made in the future, you will remain in complete control of your personal viewing information. Use of your PTV Receiver or TiVo Service will signify your acceptance of these privacy policies.

The statement in point 1 that "[none] of TiVo's computer systems will have access to [your personal information] without your prior consent" appears to be incorrect. As previously described, the TiVo headquarters computer receives viewing information and the subscriber identity during the same phone call.

TiVo introduces "personal" and "anonymous" viewing information for the first time in this second disclosure. Only now can subscribers who also read the first disclosure suspect that all of its 5 sentences of reassurance must have concerned only "personal" information, since apparently an opt-out action is required to limit the use of "anonymous" information, while the first disclosure did not mention any required user action.

The text in point 2 above is the complete description of "anonymous" viewing information in the TiVo manual, and it offers an extremely vague statement of the intended use of the information. In particular, it does not disclose that this "anonymous" information is transmitted routinely to TiVo headquarters. The only possible indication that "anonymous" information might be transmitted comes from the juxtaposition between point 1 declaring that "personal" information is not transmitted, and the lack of a similar statement in point 2.

The phrase "Personal viewing information which identifies you or your household's TV viewing practices belong to you" is TiVo's clearest attempt to define "personal viewing information" in the TiVo manual. But equating "personal information" with the industry-standard term "personally identifiable information" is incorrect and likely to mislead readers. According to standard dictionaries, "personal" means "pertaining to or concerning a particular person", not "explicitly labeled with a subscriber identity".

Neither the first nor the second disclosure even mentions the existence of the diagnostic log.

Third disclosure. The second disclosure refers its users to the TiVo Web site for the third privacy statement. Forcing the user to hunt through a Web site for a more current statement is an unfair practice: TiVo is not itself a Web browser, nor does it otherwise require the use of the Web. Users without Web access have no practical means to obtain this third disclosure.

Those who do have Web access must start at www.tivo.com and pick the correct choice from the more than ten links visible on this page. Only some customers will choose "Customer Support" in order to continue their search for the third disclosure, because no instructions are given anywhere that this is the correct way to proceed. Users can then select "Privacy Promise" and then "Personal Video Recorder With TiVo Service Privacy Promise" in order to begin viewing the third statement. The third statement itself is split over four Web pages. Only determined customers will have the patience to click through these seven pages total in order to read the third disclosure.

The third disclosure is more extensive and much longer than the first two. It is consistent with the paper-based policy where they overlap, but is more carefully written and volunteers much more information about TiVo's privacy and business practices. For example, the Web-based policy states clearly that the "anonymous" viewing log and the diagnostic log are indeed transmitted from the TiVo device to TiVo headquarters.

Although the third disclosure includes more information, it also introduces some new problems. Section 9.4 reads in part:

This Privacy Promise constitutes the entire agreement, and replaces and supersedes all prior agreements, between you and TiVo concerning the subject matter discussed in this Privacy Promise. Use of your Recorder with TiVo will signify your acceptance of this Privacy Promise.

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It is hard to believe that users without Web access truly signify their acceptance of this disclosure, which they have not read, simply by using the device under the assumption that the privacy policy included in its manual was complete. In addition,

- Section 5.1 claims that the diagnostic log contains "no Contact Information whatsoever", even though we observed that the diagnostic log is deposited under a name that includes the TiVo device's serial number – and this links directly to a customer's account.
- Even the third disclosure does not state that the diagnostic log indicates the times when the TiVo remote control was in use.
- Section 8 states that TiVo uses "industry-standard methods such as encryption to secure the communication of Subscriber Information from your Receiver to TiVo". However, we observed no encryption protecting the viewing information or the diagnostic log.
- Section 9.1 declares that modifications to the stated privacy policy will be announced and described via the TiVo messaging system – i.e., TiVo subscribers will be alerted by their television that a new privacy policy has been issued. However, we never received notice of the Web-based third disclosure after installing our TiVo unit. Since this third privacy statement is substantially different than the first two, we should have been alerted to its presence.
- Not even the third disclosure mentions that TiVo modifies its receivers' software from time to time. In other words, TiVo Inc. changes the behavior of the purchased device without obtaining the consent of the purchaser. This has security, reliability, ownership, and privacy implications.

In summary, the first disclosure appears to say that no viewing information is transmitted and directs users to the second disclosure. The second disclosure indicates that anonymous viewing information exists, but says nothing useful how it is used in practice, and directs users to the third disclosure if they have Web access. The third disclosure is explicit and well written but introduces some new errors.

■ Legal Concerns

Given these conflicts between the stated privacy policies and their actual practices, as well as potential practices, TiVo would be wise to consider its potential legal exposure for breach of contract, deceptive trade practices, invasion of privacy, and other legal theories, according to an analysis by Privacy Foundation legal experts. In addition, the information in the diagnostic log named with a TiVo serial number may

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be subject to disclosure in response to a subpoena issued by a prosecutor in a criminal proceeding or by a litigant in a civil proceeding.

■ Recommendations to TiVo Inc.

- TiVo should resolve the discrepancies between its stated policies and its actual practices as documented in this advisory. Until it adopts a long-term solution, TiVo can and should immediately stop collecting diagnostic logs and viewing information from all of its subscribers.
- If TiVo wants to collect viewing information, it should ask for subscriber permission. New TiVo owners must already go through a lengthy "guided setup" that asks many questions about their audio, video, and telephone equipment in order to properly configure the TiVo unit. TiVo could easily ask for user permission to gather viewing information during this phase. The current practice of assuming that the subscriber, simply by turning on the TiVo box, has consented to the Web-based privacy policy – while TiVo complains of "misplaced hype" – is confusing, at best.
- Users should be able to change their privacy preferences at any time through the TiVo user interface. Some subscribers may, in fact, want their viewing information captured in order to communicate the popularity of a program – or to participate in an opt-in research study with Nielsen, a TiVo partner.
- TiVo should tell customers what happens in straightforward language. "At night, we get a list of the shows you recorded and watched" is much clearer than "We may use anonymous viewing information to benefit TiVo and strengthen our efforts to encourage the television industry to better serve the interests of TiVo subscribers."
- TiVo should not claim that personal viewing information "remains on your receiver," because this suggests that the viewing information is never transmitted elsewhere. In fact, all of the constituent pieces of the personal viewing information are transmitted to TiVo's computers.
- TiVo should disclose that their customer-identified diagnostic log can indicate when the TiVo remote control was in use.
- TiVo should obtain subscriber consent before updating the software in their subscribers' TiVo units.

■ Recommendations to TiVo Subscribers

TiVo permits its subscribers to disable the collection of viewing information and diagnostic logs by calling TiVo toll-free at 1-877-367-

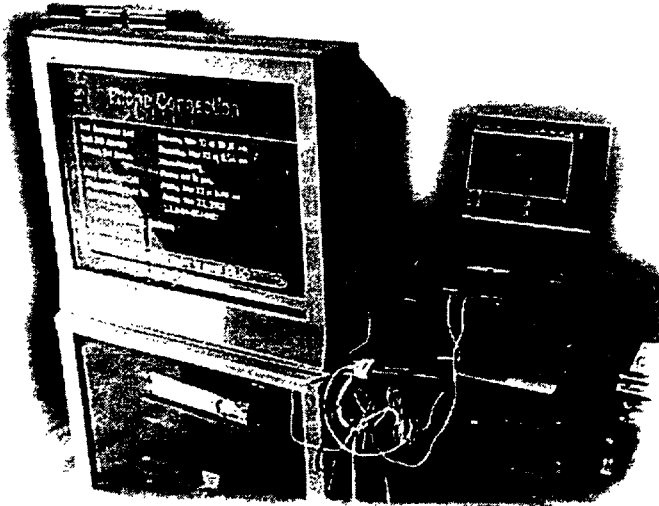
8486 (1-877-FOR-TIVO).

■ Listening to TiVo's Transmissions

In order to prepare this report, we simply monitored calls made on our own phone line. We never even opened the TiVo case.

Roughly speaking, we constructed a modem sniffing station consisting of two phone jacks connected to modems on a standard laptop computer. We then connected the TiVo device's telephone jack to the station's incoming telephone jack, and we connected the station's outgoing jack to the real phone system. When the TiVo device made a telephone call, our system passed through the contents of the phone call undisturbed while saving a copy of everything transmitted over the line. We then analyzed the captured data, which led to the findings in this advisory.

We plan to describe our modem sniffing platform more fully in a future report.



■ Acknowledgments

Julie Rech, Phil Gordon, Stephen Keating, Richard M. Smith, and Prof. John Soma contributed to this report. Matt Blaze of AT&T Research originally suggested the modem sniffing approach.

■ Related Links

[A Sample TiVo Diagnostic Log File](#)

We captured this diagnostic log on January 13, 2000. It contains almost

100 pages of text (6543 lines, 455KB), all concerning the TiVo unit's operation on that day. We have used asterisks (*****) to replace some possibly sensitive information in the log.

[The Official TiVo Web Site](#)

[The TiVo Area Within the AVS Forum](#)

[The TiVo Hacking Web Site](#)

[Boom Box](#), *The New York Times Magazine*, 8/13/00

[The Spy Interactive Web Site](#)

[New Bill Targets TV Privacy](#), *Wired News*, 2/23/00

[Is Your TV Set Watching You?](#), *Richard's Tipsheet*, 1/16/01

[TOP OF PAGE](#)

EXHIBIT B

advertisement



Privacy pundits slam TiVo for "mixed message"

By Richard Shim

Staff Writer, CNET News.com

March 26, 2001, 3:00 PM PT

<http://news.com.com/2100-1040-254766.html>

You're watching TV, but is someone watching you?

On Monday, the Privacy Foundation released a report accusing digital video recording company TiVo of misleading subscribers. The Denver-based nonprofit group claims that TiVo's service can gather more information about its subscribers' viewing habits than the company is letting on.

The group also criticized TiVo for displaying a more explicit privacy policy online than it does with the printed materials included with the set-top boxes.

"These guys are sending a mixed message," said Richard Smith, one of the authors of the report. "And when they do admit it, they bury it in a legal statement that consumers don't read."

Jim Barton, TiVo's chief technology officer, acknowledged that the company does collect information about what its subscribers watch but that—contrary to the [Privacy Foundation](#) findings—it strips names out of the data. Barton said the company updated its privacy policy in September to reflect the change.

TiVo has plans to sell the anonymous information to networks and advertisers but has yet to do so, Barton said.

He added that the report's authors must have examined a set-top box manufactured before the policy update. Since the privacy policy was changed last fall, he said, all the manuals that come with set-top boxes have been rewritten.

A digital-video recorder is a set-top box that can perform functions similar to those of a VCR, but instead of using a videotape, shows are stored on a hard disk drive. The set-top boxes can also perform other functions, pause live programming, and schedule the recording of future shows.

Set-top boxes that use TiVo's recording service connect via a phone line to a server to download a schedule of shows and times. The service can even suggest which shows the viewer would like based on previous selections.

It's when the boxes call the server that information about the subscriber's viewing habits are transmitted to TiVo headquarters in Alviso, Calif., according to the Privacy Foundation.

P.J. McNealy, a Gartner analyst, defended TiVo.

"No one wants to be a target of the Privacy Foundation, and TiVo certainly doesn't want to be mentioned as a company that abuses people's information. But they haven't done anything wrong," McNealy said.

After initial high expectations from Wall Street and industry research analysts, interest in TiVo has cooled. Consumers have not taken to stand-alone set-top boxes. TiVo has signed up 154,000 subscribers so far.

Still, digital video recording is growing in popularity as an additional feature to other TV services, gradually finding its way into rival set-top boxes, such as DirecTV receivers and upcoming AOLTV boxes.

Go to [Front Door](#) | [Personal Technology](#) | [Search](#) | [One Week View](#)

EXHIBIT C

NEWSBYTES® **House Dems Ask FTC To Investigate TiVo**

By Brian Krebs, Newsbytes.
WASHINGTON, DC, U.S.A.,
02 Apr 2001, 4:45 PM CST

****House Dems Ask FTC To Investigate TiVo 04/02/01 WASHINGTON, DC, U.S.A., 2001 APR 2 (NB) -- By Brian Krebs, Newsbytes. Leading Democrats on the House Commerce Committee have asked the Federal Trade Commission (FTC) to launch an investigation into allegations that TiVo Inc. violates its own privacy policy by collecting information on its customers' television programming selections.



In a letter to FTC Chairman Robert Pitofsky, Commerce Committee Ranking Democrat John Dingell, D-Mich., said he and other lawmakers were concerned about the charges, which emerged as the subject of recent study issued by the Privacy Foundation.

TiVo manufactures and markets "personal video recorders" that can pause live TV and save selected television shows to hard disk. The study accused the company of violating its own privacy policy by tracking its users' viewing habits and storing that information in a central database.

"The simple fact is that most consumers are not comfortable with having someone or something watch them while they watch television," reads the letter, also signed by Telecommunications and Internet Subcommittee ranking member Edward Markey, D-Mass., and Edolphus Towns, D-N.Y., ranking member on the Subcommittee on Commerce, Trade, and Consumer Protection.

The lawmakers said the charges were severe enough to warrant investigation under the FTC's "unfair and deceptive practices" statute, and asked the commission to investigate the allegations and report back to Congress on their findings.

TiVo maintains it has never collected personal information about its viewers without their express consent. Even so, the company offers its 150,000 users a toll-free number to call to opt out of all data collection.

The lawmakers' letter is on the Web at:
http://www.house.gov/commerce_democrats/press/107ltr30.htm

TiVo's statement on the matter can be found online at: http://www.TiVo.com/home_flash.asp

Reported by Newsbytes, <http://www.newsbytes.com>

16:45 CST

(20010402/WIRES ONLINE, LEGAL, BUSINESS/TIVO/PHOTO)

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EXHIBIT D



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Press Room

Investor Relations

Key Management

Contacts

Employment

Retail Resources

Privacy Policy

Your Privacy is Important to Us

Personal television and digital video recording are radically improving the way you watch TV. You are now in charge of your own television viewing experience.

Along with that, we want you to know how important your privacy is to us.

At SONICblue™, we believe privacy is a right, not a privilege. In other words, you should expect us to protect your privacy, and you should never have to worry about it. We believe that a strict and clear-cut privacy policy is a key ingredient in growing our company and the personal television industry. This Privacy Policy is our pledge to safeguard your privacy while providing you with the best television viewing experience possible.

This is our Privacy Credo:

1. We see your privacy as a right and not just a privilege.
2. We respect your privacy and are committed to maintaining the privacy of your personal information.
3. We will tell you what information we collect about you and how we use that information.
4. We will give you a choice as to how your personal information will be used.

Sources of Information To best understand this Privacy Policy, please keep in mind that we gather information from three different sources:

1. www.sonicblue.com Web site.
2. Digital video recorders featuring the ReplayTV Service™. These recorders are sold under brand names like Panasonic and also under the ReplayTV brand. All of these recorders feature our ReplayTV Service.
3. Telephone. You may call us and provide us with information.

Types of Information

It is important to know that we collect different types of information. We use each in a different way, as explained below in the Q&A section of our Privacy Policy. The terms defined below are used throughout our Privacy Policy:

1. "Personally Identifiable Information" is private data about you as an individual. Examples of this data would be your name, address, telephone number, email address, and other personal information that identifies you as you. We call this "Personal Information" for short.
2. "Anonymous Information" is information about how you use our Web site and ReplayTV Service without connecting it to your name, address, or other Personal Information. For example, Anonymous Information may describe how many people viewed a particular page on our Web site or how many people recorded the program "Friends" on their ReplayTV digital video recorders, without connecting that information to the identities of those people.
3. "Technical Status Data" can be classified either as error events and maintenance status events.

Privacy Policy Q&A

What information does SONICblue collect from www.sonicblue.com Web site?

When you visit certain areas of www.sonicblue.com, we may ask you to register by providing Personal Information. For example, if you buy a product, enter a contest, or subscribe to a mailing list from our site,

we will ask you for certain Personal Information in connection with that transaction.

We also collect Anonymous Information from the Web site, including which pages you look at and other similar data. As do most Web sites, www.sonicblue.com uses "cookies." A cookie is a small data file that a Web site can send to your browser to be stored automatically on your computer. Cookies are commonly used to track your visits to a site so you don't have to log in on every page and to analyze how you use the site. This allows Web site operators to serve you better.

When you register your ReplayTV unit at www.sonicblue.com, we collect Personal Information. Our practices regarding the collection and use of this information are described below in the sections about your digital video recorder usage.

How does SONICblue use the information it collects from the www.sonicblue.com Web site?

We may use Personal Information collected through the Web site to complete a transaction you request. If you purchase a ReplayTV product, the Personal Information collected for that transaction will be used to fill your order, get the product to you and bill you correctly. SONICblue may also use your mailing address, telephone number or email address to alert you to special offers, updated information and new services. If you don't want SONICblue to contact you, you may opt-out as discussed in the next question and answer below.

Anonymous Information collected through our Web site is used for maintenance, monitoring and marketing uses, but Anonymous Information will not be linked to you without your permission.

What choices do I have regarding the collection and use of information from the www.sonicblue.com Web site?

When you submit Personal Information at our Web site, you can opt-out of receiving information from SONICblue about ReplayTV and related products, promotions, and services. You may also set your Internet browser to reject cookies to limit the collection of Anonymous Information from our Web site, but this may affect your ability to use some parts of our Web site.

What information does SONICblue collect about my digital video recorder use?

When you purchase a ReplayTV digital video recorder, we ask you to register the product so we can provide you with the best possible service. You may register online at the www.sonicblue.com Web site or by telephone. During registration, we ask you for Personal Information, including your name, address, phone number, email address, and the serial number of your ReplayTV digital video recorder.

The ReplayTV digital video recorder is connected to your television and an Ethernet connection. During system setup and registration, we learn about how you have connected your ReplayTV digital video recorder to your entertainment system and the programming signal sources available to you (antenna, cable, and/or satellite). We also learn about where you are located, and use this information to determine what television channels and schedule are available to you. Each day, the ReplayTV digital video recorder contacts SONICblue to download a current TV schedule for you.

Once your ReplayTV digital video recorder is set up and registered, it collects certain Anonymous Viewing Data, such as which programs you record, which features you use, and other similar data about your use of the ReplayTV Service. If other people in your household use your ReplayTV recorder, Anonymous Viewing Data will also be collected as a result of their use of the unit. The ReplayTV digital video recorder stores this Anonymous Viewing Data on its hard drive under an automatically generated identification number that will not be linked to your name or other Personal Information without your permission. During the daily download of your TV schedule, the collected information is transmitted to SONICblue and is anonymously stored in a secure server and is not associated with any Personal Information.

How does SONICblue use the information it collects about my digital video recorder use?

Personal Information collected during registration of your ReplayTV digital video recorder may be used for diagnostic purposes. We can use it, for example, to see if your ReplayTV unit is working properly. We can also use it when you contact our Customer Care agents so they can help you with any service-related problems, and for warranty eligibility and fulfillment purposes. Again, this information is not linked to Anonymous Information without your permission.

Anonymous Viewing Data is used to tailor the ReplayTV Service to your preferences, including providing you with advertisements that may be of interest to you, and to provide service enhancements to you. With your permission, we may also use Anonymous Viewing Data to diagnose and correct problems with your digital video recorder or your ReplayTV Service. In keeping with this Privacy Policy, Anonymous Viewing Data is not linked to you, and will not be linked to you without your express permission.

What choices do I have regarding the collection and use of information about my digital video recorder use?

Registration of your ReplayTV digital video recorder is not required to use the unit.

From time to time, we may send all of our customers information about our products and services that we consider essential to providing you the ReplayTV Service, including information about software upgrades, changes to the service, technical or administrative issues, legal matters, or other similar information. Users of our products and services are not able to opt-out of these announcements. At present, users also cannot opt-out of the collection of Anonymous Viewing Data.

Does SONICblue share my information (gathered from either my use of the www.sonicblue.com Web site or digital video recorder) with any third parties?

SONICblue will not share your Personal Information with third parties without your consent, except in the very limited circumstances outlined in the next question and answer below. Your Personal Information is not otherwise sold, marketed or shared with third parties without your permission.

Anonymous Information, including Anonymous Viewing Data, may be shared with third parties for analysis or marketing purposes. For example, this information may be provided to advertisers or marketers who may use it to target advertisements to your particular interests. Because it's anonymous, this information is not linked to you, and will not be linked to you without your express permission.

Are there any special circumstances that may require my information (gathered from either my use of www.sonicblue.com Web site or its digital video recorder) to be shared with third parties?

SONICblue may disclose Personal or Anonymous Information if required to do so by law or in the good faith belief that such action is necessary or appropriate to conform to the law or comply with legal process served on SONICblue, to protect and defend the rights or property of SONICblue, the ReplayTV Service or our viewers, whether or not required to do so by law, or to protect the personal safety of our viewers or the public. SONICblue reserves the right to contact appropriate authorities and disclose Personal or Anonymous Information to them at its discretion when it appears that individuals using our products or services are engaged in activities that are illegal or violate the ReplayTV Service Terms of Service.

Should SONICblue merge with or be acquired by another company, or if the business unit providing your service were sold to another company, then customer information maintained by SONICblue, including Personal and Anonymous Information, may be transferred to and used by the resulting combined company.

From time to time we may also share Personal Information with third parties who perform certain services and functions on our behalf. These parties only have access to the Personal Information they need to perform their functions and we require them to use the information only in connection with the services they provide for us.

Can I correct the information collected about me?

SONICblue believes in and supports your right to access and edit the Personal Information you have provided us. To do so, simply contact SONICblue at 800-933-5899 and we will make changes that you request.

Is all of my information kept securely?

SONICblue has security measures in place that are designed to protect your information. All Personal and Anonymous Information is stored on physically secured servers. Access to this information is strictly limited to individuals with a legitimate reason to have access and who have signed agreements that prohibit the unauthorized use or disclosure of such information. In addition, all of SONICblue's stored information is firewall protected against unauthorized "hacks" into our systems. While we cannot guarantee that loss, misuse or alteration of your data will not occur, we work hard to prevent such occurrences.

Does SONICblue collect personal information about children?

We are very concerned about the safety and privacy of children. Therefore, SONICblue will not knowingly collect Personal Information from anyone under the age of 13.

Does SONICblue collect personal information about the shows that I share with other ReplayTV 4000 users or shows that I record?

No, when sending a show from one ReplayTV 4000 to another, the ReplayTV Service does not track or receive notification of which show is being sent or which shows you record.

How can I find out about changes to this Privacy Policy?

We will update this policy as our business and services expand and change. We will update this policy to provide you with information about how we treat Personal Information collected through this new service.

Updates to this policy will be posted on our Web site, and sent to your ReplayTV digital video recorder, but in most cases will not be sent to you directly. We encourage you to review this policy periodically to review any changes that have been posted.

One thing that will never change at SONICblue is our commitment to your privacy.

What if I have other questions?

If you have any questions or comments about our use of Personal Information, Anonymous Information or about this Privacy Policy, please contact us at 800-933-5899 or via e-mail at privacy@replaytv.com. We will be happy to give you more information.

If you have a complaint about our use of Personal or Anonymous Information, please let us know. We will promptly investigate and will comply fully with the legal and regulatory supervisory authorities responsible for enforcing our adherence to the privacy principles stated above.

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GO.VIDEO

DIAMOND

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EXHIBIT E

FILED
CLERK US DISTRICT COURT
DEC 14 2001
2001
CENTRAL DISTRICT OF CALIFORNIA
DEPUTY

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CV 01-9358 FMC(Ex) JS-5/JS-6
JS-2/JS-3
ORDER FOR COURT TRIAL

PARAMOUNT PICTURES CORPORATION, et al.

Plaintiff(s),

vs.

REPLAYTV, INC., et al.

Defendant(s).

1. Establishing a Cut-Off Date for Discovery of May 31, 2002
 2. Establishing a Cut-Off Date for Joining Parties or Amending Pleadings of July 1, 2002
 3. Establishing a Motion Cut-Off Date of July 1, 2002
- Setting the Final Pre-Trial Conference for July 29, 2002 at 9:30 a.m.
Setting August 20, 2002 at 8:00 a.m. as the Trial Date
Re: Preparation for Court Trial

ENTERED ON CMCS
JAN - 7 2002
CV

SCHEDULING:

1. In General. The Court has established a cut-off date to join parties or amend pleadings. All motions to join other parties or to amend the pleadings shall be filed and served on, or prior to, the cut-off date. All motions to join other parties or to amend the pleadings shall be noticed for hearing. All unserved parties are subject to dismissal at the time of the Pre-Trial Order is signed.

2. Discovery Cut-Off. The Court has established a cut-off date for discovery in this action. All discovery is to be completed on, or prior to, the cut-off date. Accordingly, the following discovery schedule shall apply to this Court.

A. Depositions. All depositions shall be scheduled to commence at least five (5) working days prior to the discovery cut-off date. All original depositions to be used in trial shall be lodged with the Courtroom Deputy on the day of trial.

B. Discovery Motions. Any motion respecting the inadequacy of responses to discovery must have been heard by the discovery cut-off date.

1 Counsel are expected to strictly comply with all local rules and the Federal Rules of Civil
2 Procedure concerning discovery. Whenever possible, the Court expects counsel to resolve
3 discovery problems among themselves in a courteous, reasonable, and professional manner.
4 The Court expects that counsel will strictly adhere to the Civility and Professional Guidelines
5 adopted by the United States District Court for the Central District of California in July of
6 1995.

7 LAW AND MOTION:

8 1. The Court has ordered the above cut-off date for the hearing of motions in this
9 action. All motions must be noticed so that the hearing takes place on or before the motion
10 cut-off date. Counsel is to provide chambers with conformed courtesy copies of any reply
11 documents. Please do not put courtesy copies in envelopes.

12 2. If oral argument is not required, counsel will be advised the week before the
13 hearing date. If oral argument is to be heard, the Court will make every effort to serve by fax
14 a tentative ruling or an outline of issues on which argument should concentrate in advance
15 of the hearing date. Please include your fax number on all pleadings.

16 PRE-TRIAL FILINGS:

17 Counsel should discuss streamlining the trial, including presentation of testimony by
18 deposition excerpts or summaries, time limits, stipulations as to undisputed facts, and
19 qualification of experts by admitted resumes.

20 Memoranda of Contentions of Fact and Law, Witness Lists, and Exhibit Lists are to
21 be filed seven (7) days before the trial in conformance with Local Rule 16, et seq.

22 SETTLEMENT PROCEDURES:

23 A settlement procedure is required in every case pursuant to Local Rule 16-14, et seq.
24 The Court will normally be guided by counsel's agreement as to what procedure is
25 appropriate for this case and when the optimum time for that procedure is. Counsel are
26 responsible for seeing that the settlement procedures are conducted well before the date set
27 for trial. Not to the exclusion of other procedures, the following are available:

28 (1) a settlement conference before the district judge or

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magistrate judge assigned to the case; however, the undersigned shall not participate in settlement of a case to be tried without a jury;

- (2) a settlement conference or mediation before an attorney selected from the Attorney Settlement Panel;
- (3) the employment (at the parties' expense) of a private judge, a mediator, or arbitrator; or
- (4) with the consent of the undersigned, the parties shall appear before a district judge or magistrate judge selected at random from the Civil Settlement Panel.

TRIAL PREPARATION FOR COURT TRIAL:

THE COURT ORDERS that all counsel comply with the following in their preparation for trial:

1. MOTIONS IN LIMINE

All motions in limine must be filed and fully briefed and noticed to be heard no later than twenty-one (21) days before the trial date.

2. TRIAL EXHIBITS

Counsel are to prepare their exhibits for presentation at the trial by placing them in three-ring binders which are tabbed down the side with the exhibit numbers. An original and one copy of the exhibit notebooks are to be provided to the Courtroom Clerk on the first day of trial. The originals shall each be tagged with the appropriate exhibit tags in the upper or lower right-hand corner of the first page of each exhibit. Each notebook shall contain a list of each exhibit included. Counsel shall supply three extra copies of their individual or joint exhibit list and witness list to the Clerk at the start of the trial. The exhibits are to be numbered in accordance with Local Rule 16.5.

All counsel are to meet not later than ten (10) days before trial and to stipulate, so far as is possible, to foundation, waiver of the best evidence rule, and to those exhibits which may be received into evidence at the start of the trial. The exhibits to be so received will be noted on the extra copies of the exhibit lists.

3. FINDINGS OF FACT:

1 Fourteen (14) calendar days before the trial date, each party is to have prepared
2 proposed Findings of Fact and Conclusions of Law. Copies of these proposed Findings and
3 Conclusions shall be served on opposing counsel. Each party shall review the other party's
4 proposed Findings and Conclusions and make such changes in their own proposed Findings
5 and Conclusions as are deemed necessary following such review.

6 Seven (7) calendar days before the trial date, each party shall lodge two copies of
7 proposed Findings of Fact and Conclusions of Law with the Court, also serving other parties
8 if changes have been made.

9 The parties shall be prepared to submit to the Court, and to exchange among
10 themselves, supplemental findings of fact and conclusions of law during the course of the
11 trial.

12 4. TRIAL:

13 Trial days are Tuesday through Friday from 8:00 a.m. to 1:30 p.m. with two fifteen-
14 minute breaks, normally at 10:00 a.m. and 12:00 p.m.

15 The Clerk is ordered to serve a copy of this Order personally or by mail on counsel
16 for all parties to this action

17 DATED this 14th day of December 2001.

18 

19 FLORENCE-MARIE COOPER, JUDGE
20 UNITED STATES DISTRICT COURT

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PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES:

The undersigned declares that:

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to this action. My business address is: 10100 Santa Monica Boulevard, Suite 2300, Los Angeles, CA 90067.

On the date set forth below, I served the following document entitled:

JOINT STIPULATION FOR PLAINTIFFS' MOTION TO COMPEL

on the parties in the subject action by placing a true copy thereof as indicated below, addressed as follows:

By: **X U.S. Mail:** I am familiar with our business practices for collecting and processing of mail for the United States Postal Service. Mail placed by me within the office for collection for the United States Postal Service would normally be deposited with the United States Postal Service that day in the ordinary course of business. The envelope(s) bearing the addresses below were sealed and placed for collection and mailing on the date below following our ordinary business practices:

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

Emmett C. Stanton
Mitchell Zimmerman
Fenwick & West LLP
Two Palo Alto Square
Palo Alto, CA 94306

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

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

Scott P. Cooper
Simon Block
Proskauer Rose LLP
2049 Century Park East
Suite 3200
Los Angeles, CA 90067-3260

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

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

Robert H. Rotstein
Lisa E. Stone
McDermott, Will & Emery
2049 Century Park East
34th Floor
Los Angeles, CA 90067-3208

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

[State]

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[Federal]

I declare under penalty of perjury under the laws of the State of California that I am employed in the office of a member of the bar of this Court at whose direction the service was made and that the above is true and correct.

Dated: April 5, 2002

Kathleen Smith

