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14 [Full counsel appearances on signature page]

15  
16 UNITED STATES DISTRICT COURT  
17 CENTRAL DISTRICT OF CALIFORNIA

18 PARAMOUNT PICTURES )  
CORPORATION et al., )  
19 )  
Plaintiffs, )

20 v. )

21 REPLAYTV, INC. and )  
22 SONICBLUÉ, INC., )  
23 Defendants. )

Case No. 01-09358 FMC (Ex)

Hon. Florence-Marie Cooper

**NOTICE OF MOTION AND  
MOTION OF THE COPYRIGHT  
OWNERS FOR ORDER MODIFYING  
THE COURT'S MARCH 24, 2003  
STAY ORDER FOR LIMITED  
PURPOSES; MEMORANDUM OF  
POINTS AND AUTHORITIES AND  
DECLARATION OF SCOTT P.  
COOPER IN SUPPORT THEREOF**

24  
25 AND CONSOLIDATED ACTIONS. )  
26 )  
27 )  
28 )

DATE: November 10, 2003

TIME: 10:00 a.m.

PLACE: Courtroom 750

1 TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:  
2 PLEASE TAKE NOTICE that, on Monday, November 10, 2003 at 10:00  
3 a.m., or as soon thereafter as the matter may be heard by the Honorable Florence-  
4 Marie Cooper, United States District Court Judge, in Courtroom 750, located at 255  
5 East Temple Street, Los Angeles, California 90012, the undersigned defendants  
6 (collectively, the "Copyright Owners") will, and do hereby, move for an order  
7 modifying the Court's order dated March 24, 2003 staying all proceedings in these  
8 consolidated actions (the "Stay Order") to allow for the filing with the Court of:

9 (i) a stipulation of dismissal executed by all parties to these consolidated  
10 actions, dismissing all of the consolidated actions as to Defendants ReplayTV, Inc.  
11 and SONICblue Incorporated (collectively, "SONICblue"), without prejudice,  
12 pursuant to Federal Rule of Civil Procedure 41(a)(1)(ii) (the "Stipulation of  
13 Dismissal"), which Stipulation of Dismissal is annexed as Exhibit C to the attached  
14 Declaration of Scott P. Cooper, dated October 13, 2003 ("Cooper Declaration");

15 (ii) the Copyright Owners' motion to dismiss the Complaint for Copyright  
16 Declaratory Relief of Craig Newmark, Shawn Hughes, Keith Ogden, Glenn  
17 Fleishman and Phil Wright (collectively, the "Newmark Plaintiffs"), pursuant to  
18 Federal Rule of Civil Procedure 12(h) and 28 U.S.C. § 2201, for lack of subject  
19 matter jurisdiction, and supporting papers (the "Motion to Dismiss"), which Motion  
20 to Dismiss is annexed as Exhibit D to the Cooper Declaration, as well as opposition  
21 and reply papers in connection therewith; and

22 (iii) an application by the Newmark Plaintiffs (if they choose to make one)  
23 for leave to serve discovery on the Copyright Owners relating to the Motion to  
24 Dismiss, and a motion for leave to amend their Complaint to add new plaintiffs, as  
25 well as opposition and reply papers in connection therewith.

26 This Notice of Motion and Motion is, and will be, based on the following  
27 grounds:

28 All of the parties to these consolidated actions agree that leave should be

1 granted to file with the Court the Stipulation of Dismissal. Once the Court allows  
2 for the filing of the Stipulation of Dismissal, the only remaining claims pending in  
3 these five consolidated actions will be the Newmark Plaintiffs' declaratory relief  
4 claims against the Copyright Owners. Those remaining claims are the subjects of  
5 the accompanying Motion to Dismiss for lack of subject matter jurisdiction. If the  
6 Motion to Dismiss is granted, all of these consolidated actions will be concluded in  
7 their entirety.

8         It is not necessary or appropriate to lift the stay entirely until after the Court  
9 rules on the Motion to Dismiss. The modifications to the Stay Order sought herein  
10 allow the Newmark Plaintiffs to file with the Court the only applications they have  
11 indicated they wish to pursue in connection with the Court's consideration of the  
12 Motion to Dismiss. The Copyright Owners reserve their rights to oppose those  
13 applications if and when they are made.

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1 This Motion is made following the conference of counsel pursuant to Local  
2 Rule 7-3, which conference took place starting in August, 2003.

3 Dated: October 13, 2003

4 Respectfully submitted,

5  
6 By:   
7 SIMON BLOCK

8  
9 RONALD S. RAUCHBERG  
10 SCOTT P. COOPER  
11 SIMON BLOCK  
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15 Twentieth Century Fox Film Corporation,  
16 Universal City Studios Productions LLLP  
17 (formerly Universal City Studios  
18 Productions, Inc.), Fox Broadcasting  
19 Company, Paramount Pictures Corporation,  
20 Disney Enterprises, Inc., National  
21 Broadcasting Company, Inc., NBC Studios,  
22 Inc., Showtime Networks Inc., UPN  
23 (formerly the United Paramount Network),  
24 ABC, Inc., Viacom International Inc., CBS  
25 Worldwide Inc., and CBS Broadcasting,  
26 Inc.

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27 Columbia TriStar Television, Inc., and  
28 TriStar Television, Inc.

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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 Pursuant to the Court’s Stay Order, all proceedings in these five consolidated  
4 actions have been stayed since SONICblue’s bankruptcy filing in March 2003. A  
5 limited modification of the Stay Order is now appropriate in light of several recent  
6 events. First, all of the parties have agreed to voluntarily dismiss their claims as to  
7 SONICblue, and a modification of the Stay Order is necessary to allow for the filing  
8 of the Stipulation of Dismissal. Second, as described in the annexed Motion to  
9 Dismiss, the Court no longer has subject matter jurisdiction over the Newmark  
10 Plaintiffs’ declaratory relief claims, the only remaining claims in these consolidated  
11 actions once the Court allows for the filing for the Stipulation of Dismissal. The  
12 Copyright Owners seek a further modification of the Stay Order to allow for the  
13 filing of the Motion to Dismiss. The Newmark Plaintiffs intend to oppose the  
14 Motion to Dismiss.

15 By this motion, the Copyright Owners seek a limited lifting of the Stay Order  
16 to allow the Court to resolve the Motion to Dismiss and afford the Newmark  
17 Plaintiffs an opportunity to file the two applications they believe are appropriate to  
18 the Court’s consideration of the motion. The Newmark Plaintiffs have refused to  
19 agree to this limited modification of the Stay Order. In light of the jurisdictional and  
20 potentially case-dispositive nature of the Copyright Owners’ dismissal motion, a  
21 broader lifting of the Stay Order during the pendency of the Motion to Dismiss is  
22 unwarranted. For the reasons set forth below, the order proposed by the Copyright  
23 Owners is the appropriate way to proceed.

24 **II. PROCEDURAL HISTORY**

25 **A. The Copyright Actions And The Newmark Declaratory Relief**  
26 **Action**

27 The Copyright Owners commenced four of these five consolidated actions  
28 against SONICblue (collectively, the “Copyright Actions”) in late 2001 relating to

1 its new DVR, the ReplayTV 4000 series. Based on SONICblue's conduct, the  
2 Copyright Owners asserted claims against SONICblue for, *inter alia*, direct,  
3 contributory, and vicarious copyright infringement.

4 In June 2002, a little over seven months after the commencement of the  
5 Copyright Actions, five individual owners of ReplayTV 4000s, the Newmark  
6 Plaintiffs, brought the last of these consolidated actions, the declaratory relief action  
7 against the Copyright Owners and SONICblue, seeking a declaration that the five  
8 Newmark Plaintiffs' personal uses of their ReplayTV 4000s were lawful (the  
9 "Newmark Declaratory Relief Action").

10 On March 21, 2003, SONICblue filed voluntary petitions in the United States  
11 Bankruptcy Court for the Northern District of California. On March 24, 2003, this  
12 Court issued the Stay Order, staying all proceedings in this case. *See Cooper*  
13 *Declaration*, Exh. A.<sup>1</sup>

14 **B. The Stipulation Of Dismissal As To SONICblue**

15 Following SONICblue's sale of its DVR business line, the Copyright Owners  
16 and the Newmark Plaintiffs agreed to voluntarily dismiss all of their respective  
17 claims against SONICblue. On August 19, 2003, upon stipulation of all of the  
18 parties to these consolidated actions, the Bankruptcy Court issued an order  
19 modifying the automatic stay contained in Bankruptcy Code Section 362 to allow  
20 (1) the Copyright Owners and SONICblue to stipulate to the voluntary dismissal of  
21 the Copyright Actions in this Court; and (2) the parties to stipulate to the voluntary  
22 dismissal of the Newmark Declaratory Relief Action as to SONICblue in this Court.  
23 *Id.*, ¶ 3 and Exh. B.

24 All of the parties to these consolidated actions have executed the Stipulation  
25

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26 <sup>1</sup> On April 25, 2003, with Bankruptcy Court approval, SONICblue sold its ReplayTV assets to a  
27 third party. As a result of the sale, SONICblue no longer is in the business of manufacturing,  
28 selling or supporting the ReplayTV DVRs (and accompanying services) at issue in the ReplayTV  
Action and the Newmark Declaratory Relief Action.



1 of Dismissal, which dismisses all of the consolidated actions as to SONICblue,  
2 without prejudice, pursuant to Federal Rule of Civil Procedure 41(a)(1)(ii), and seek  
3 to file it with the Court. *Id.*, ¶ 4 and Exh. C. Once the Court allows for the filing of  
4 the Stipulation of Dismissal, the only remaining claims pending in these five  
5 consolidated actions will be the five Newmark Plaintiffs' individual declaratory  
6 relief claims against the Copyright Owners. These are the very claims that are the  
7 subject of the Motion to Dismiss. If the Motion to Dismiss is granted, all of these  
8 consolidated actions will be concluded in their entirety.

9 **C. The Copyright Owners' Motion To Dismiss**

10 The Copyright Owners seek to file with the Court the Motion to Dismiss that  
11 is annexed as Exhibit D to the attached Cooper Declaration. The Motion to Dismiss  
12 is occasioned by two recent events that ended any actual controversy between the  
13 Copyright Owners and the Newmark Plaintiffs, and in the process, ended the  
14 Court's subject matter jurisdiction over the Newmark Plaintiffs' declaratory relief  
15 claims. First, the Stipulation of Dismissal with respect to the Copyright Actions  
16 ends the controversy that constituted the sole basis for the Court's finding in August  
17 2002 of an indirect threat of potential claims by the Copyright Owners against the  
18 Newmark Plaintiffs. *See* Order Denying Copyright Owners' Motion to Dismiss,  
19 dated August 15, 2002, Cooper Declaration, Exh. K. Second, the Copyright Owners  
20 have covenanted not to sue the Newmark Plaintiffs for copyright infringement  
21 arising from the Newmark Plaintiffs' uses of their ReplayTV DVRs as alleged in  
22 their Complaint. Cooper Declaration, Exh. D. The Newmark Plaintiffs have  
23 refused to dismiss their declaratory relief claims against the Copyright Owners  
24 voluntarily, and the matter is ripe for adjudication by the Court upon the Copyright  
25 Owners' motion. *Id.*

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1 **III. ARGUMENT**

2 All of the parties agree that the Stay Order should be modified to allow for the  
3 filing with the Court of the Stipulation of Dismissal. In addition, the Newmark  
4 Plaintiffs have not objected (and could not properly object) to a modification of the  
5 Stay Order to allow for the filing of the Motion to Dismiss. The only dispute,  
6 between the Copyright Owners and the Newmark Plaintiffs, is whether the  
7 modification of the Stay Order should be any broader in scope.<sup>2</sup>

8 In the recent discussions between those parties about the appropriate  
9 procedure for allowing the Copyright Owners to file the Motion to Dismiss, the  
10 Newmark Plaintiffs suggested that they were considering two courses of action  
11 related to their opposition to the motion; namely, discovery on the Copyright  
12 Owners relating to the Motion to Dismiss, and a motion for leave to amend their  
13 Complaint to add new plaintiffs to the Newmark Declaratory Relief Action. Cooper  
14 Declaration, ¶¶ 8-9 and Exh. G. The Copyright Owners believe that neither is

---

16 <sup>2</sup> At the earliest point in the parties' discussions concerning a modification of the Stay Order, the  
17 Newmark Plaintiffs suggested that they could only agree to a lifting of the Stay Order for all  
18 purposes, including the resumption of merits discovery. See Cooper Declaration, ¶ 7 and Exh. F.  
19 In more recent weeks, the Newmark Plaintiffs appear to have backed away from their prior  
20 insistence that the stay, if lifted, should be lifted for all purposes. See, e.g., *id.*, Exhs. G and I.

21 In any event, a complete lifting of the Stay Order would have been contrary to well-settled  
22 authority. Given the jurisdictional and potentially dispositive nature of the Copyright Owners'  
23 motion, it would be inappropriate and unnecessary to allow merits discovery, for example, to go  
24 forward during the pendency of the Motion to Dismiss. Courts often curtail such activities during  
25 the pendency of potentially case-dispositive motions. See *Little v. City of Seattle*, 863 F.2d 681,  
26 685 (9th Cir. 1988) (noting that the district court enjoys wide discretion in controlling discovery  
27 and holding that a discovery stay pending resolution of summary judgment motion asserting  
28 immunity defense "furthers the goal of efficiency for the courts and litigants"); *Orchid  
Biosciences, Inc. v. St. Louis University*, 198 F.R.D. 670, 675 (S.D. Cal. 2001) ("Should  
Defendant prevail on its motion to dismiss, any effort expended in responding to merits-related  
discovery would prove to be a waste of both parties' time and resources."). See also *Alaska Cargo  
Transport, Inc. v. Alaska Railroad Corp.*, 5 F.3d 378, 383 (9th Cir. 1993) (affirming discovery  
stay pending disposition of motions to dismiss); *Jarvis v. Regan*, 833 F.2d 149, 155 (9th Cir.  
1987) (same); *Rae v. Union Bank*, 725 F.2d 478, 481 (9th Cir. 1984) (same); *Lowery v. Federal  
Aviation Administration*, No. Civ. S93 1352EJG/GGH, 1994 WL 912632, at \*3 (E.D. Cal. Apr.  
11, 1994) ("Magistrate Judges have been given broad discretion to stay discovery pending  
decisions on dispositive motions"). A complete lifting of the Stay Order would be especially  
inappropriate in this action, which has been entirely stayed for over six months.

1 appropriate.

2           Nonetheless, in an attempt to resolve the procedural issue, the Copyright  
3 Owners proposed to the Newmark Plaintiffs a stipulation for relief from the Stay  
4 Order that would have allowed the Newmark Plaintiffs to file applications to the  
5 Court for leave to pursue both courses of action, discovery in connection with their  
6 opposition to the Motion to Dismiss, and leave to amend their Complaint -- terms  
7 identical to the relief sought herein. *Id.*, ¶ 10 and Exh. H. In response, the  
8 Newmark Plaintiffs requested two modifications to the Copyright Owners' proposal,  
9 to which the Copyright Owners could not agree. *Id.*, ¶ 11 and Exh. I.

10           First, the Newmark Plaintiffs suggested that the Copyright Owners stipulate  
11 that the Newmark Plaintiffs may serve discovery seeking the written settlement  
12 communications, if any, that might have occurred between the Copyright Owners  
13 and the purchaser of SONICblue's ReplayTV assets, a non-party to the Newmark  
14 Declaratory Relief Action. *Id.* The Copyright Owners do not believe that any  
15 discovery, far less the identified discovery, is either necessary or appropriate to the  
16 Court's consideration of the Motion to Dismiss. In any case, the Copyright Owners  
17 cannot agree prospectively to stipulate that the Newmark Plaintiffs should be  
18 entitled to pursue discovery, especially discovery of obviously non-discoverable  
19 settlement communications, as a precursor to the Court's consideration of the  
20 Motion to Dismiss. Instead, the Newmark Plaintiffs should be required to  
21 demonstrate to the Court their need for, and the propriety of, discovery prior to the  
22 Court's hearing of the Motion to Dismiss.

23           Second, the Newmark Plaintiffs proposed that the Copyright Owners stipulate  
24 in advance that the Motion to Dismiss will be heard on the same day as the  
25 Newmark Plaintiffs' contemplated, but yet-to-be proffered, motion for leave to  
26 amend their Complaint to add new plaintiffs. *Id.*, Exh. I. This proposal is  
27 premature. The Motion to Dismiss is ready for filing now. In contrast, the  
28 Newmark Plaintiffs have yet to satisfy their obligations under Local Rule 7-3

1 concerning the disclosure of the grounds or relief contemplated for such a motion.  
2 *See id.*, Exh. J. The Copyright Owners could not prospectively agree to the  
3 requested scheduling of the Newmark Plaintiffs' contemplated motion under these  
4 circumstances.

5 The Copyright Owners do not oppose the Newmark Plaintiffs' filing of  
6 appropriate applications to the Court to proceed as they propose so that the Court  
7 may address the merits of those proposals. However, the Copyright Owners should  
8 be afforded an opportunity to respond to the Newmark Plaintiffs' applications and to  
9 oppose them if appropriate. The Copyright Owners respectfully submit that a lifting  
10 of the Stay Order beyond the terms sought in this motion is inappropriate during the  
11 pendency of the Motion to Dismiss.

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IV. CONCLUSION

For the foregoing reasons, the Court should enter an order modifying the Stay Order to allow for the filing with the Court of the documents identified in the proposed order, and for no other purposes.

Dated: October 13, 2003

Respectfully submitted,

By:   
SIMON BLOCK

RONALD S. RAUCHBERG  
SCOTT P. COOPER  
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Attorneys for 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.

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ALLAN L. SCHARE  
LISA E. STONE  
McDERMOTT, WILL & EMERY

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

**DECLARATION OF SCOTT P. COOPER**

I, Scott P. Cooper, declare as follows:

1. I am an attorney at law duly admitted to practice before this Court, and I am a member of Proskauer Rose LLP, counsel for Plaintiffs Metro-Goldwyn-Mayer Studios Inc., Orion Pictures Corporation, Twentieth Century Fox Film Corporation, Universal City Studios Productions LLLP (formerly Universal City Studios Productions, Inc.), Fox Broadcasting Company, Paramount Pictures Corporation, Disney Enterprises, Inc., National Broadcasting Company, Inc., NBC Studios, Inc., Showtime Networks Inc., UPN (formerly the United Paramount Network), ABC, Inc., Viacom International Inc., CBS Worldwide Inc., CBS Broadcasting, Inc. in the above-captioned consolidated actions. I submit this declaration in support of the annexed Motion For Order Modifying The Court's March 24, 2003 Stay Order For Limited Purposes, dated October 13, 2003. I make this declaration of my own personal knowledge except where otherwise stated, and, if called as a witness, I could and would testify competently as set forth below.

2. Attached hereto as Exhibit A is a true and correct copy of the Court's minute order, dated March 24, 2003, staying all proceedings in the above-captioned consolidated actions, following SONICblue's bankruptcy filing.

3. On August 19, 2003, the Bankruptcy Court issued an order modifying the automatic stay provided for in Bankruptcy Code Section 362 to allow (1) the Copyright Owners and SONICblue to stipulate to the voluntary dismissal of the ReplayTV Action in this Court; and (2) the parties to stipulate to the voluntary dismissal of the Newmark Declaratory Relief Action as to SONICblue in this Court. Attached hereto as Exhibit B is a true and correct copy of the Bankruptcy Court's August 19, 2003 order.

4. Attached hereto as Exhibit C is a true and correct copy of the Stipulation of Dismissal, executed by all of the parties to these consolidated actions, dismissing all of the consolidated actions as to SONICblue, without prejudice,

1 pursuant to Federal Rule of Civil Procedure 41(a)(1)(ii).

2 5. Attached hereto as Exhibit D is a true and correct copy of the Copyright  
3 Owners' motion to dismiss the Newmark Plaintiffs' Complaint, pursuant to Federal  
4 Rule of Civil Procedure 12(h) and 28 U.S.C. § 2201, for lack of subject matter  
5 jurisdiction, and supporting papers (the "Motion to Dismiss").

6 6. In August 2003, I began discussions (in compliance with the Local  
7 Rules) with Gwen Hinze, one of the counsel for the Newmark Plaintiffs, in an  
8 attempt to reach agreement on a stipulation for relief from the Stay Order to avoid  
9 the need for a motion on the subject. On August 13, 2003, I sent a letter to Ms.  
10 Hinze, and Emmett C. Stanton, one of the counsel for SONICblue, proposing a  
11 stipulation for relief from the Stay Order for the limited purpose of allowing for the  
12 filing of the Motion to Dismiss. Attached hereto as Exhibit E is a true and correct  
13 copy of my August 13, 2003 letter, without the enclosures, which are extraneous to  
14 this motion.

15 7. On August 18, 2003, I received a letter from Ms. Hinze, declining the  
16 Copyright Owners' proposed stipulation, and instead offering to agree only to a  
17 lifting of the Stay Order for all purposes. Attached hereto as Exhibit F is a true and  
18 correct copy of Ms. Hinze's August 18, 2003 letter.

19 8. On September 4, 2003, I had a telephone conversation with Ms. Hinze  
20 and Ira Rothken, another counsel for the Newmark Plaintiffs, concerning an  
21 appropriate modification to the Stay Order to allow the Copyright Owners to file  
22 with the Court the Motion to Dismiss. In our discussion, Mr. Rothken stated that the  
23 Newmark Plaintiffs might wish to file two applications related to the Court's  
24 consideration of the Motion to Dismiss; namely, an application for leave to serve  
25 discovery on the Copyright Owners relating to the Motion to Dismiss, and a motion  
26 for leave to amend their Complaint to add new plaintiffs to the Newmark  
27 Declaratory Relief Action.

28 9. On September 12, 2003, I received a letter from Ms. Hinze concerning,

1 *inter alia*, the Newmark Plaintiffs' desire to seek the relief described in Paragraph 7  
2 of this Declaration. Attached hereto as Exhibit G is a true and correct copy of Ms.  
3 Hinze's September 12, 2003 letter. (One paragraph of the letter relating to matters  
4 extraneous to this motion has been redacted by agreement of counsel.)

5 10. On September 26, 2003, I sent a letter to Mr. Rothken and Ms. Hinze  
6 proposing a stipulation for relief from the Stay Order that would have allowed the  
7 Newmark Plaintiffs to file their proposed applications, a stipulation identical to the  
8 relief sought herein. Attached hereto as Exhibit H is a true and correct copy of my  
9 September 26, 2003 letter to Mr. Rothken and Ms. Hinze, without the enclosed  
10 partially executed stipulation of dismissal, the fully executed version of which is  
11 attached hereto as Exhibit C.

12 11. On October 3, 2003, I received a response from Ms. Hinze, in which  
13 the Newmark Plaintiffs suggested modifications to the Copyright Owners' proposed  
14 stipulation. Attached hereto as Exhibit I is a true and correct copy of Ms. Hinze's  
15 October 3, 2003 letter, without the enclosed partially executed stipulation of  
16 dismissal.

17 12. On October 9, 2003, I sent a letter to Ms. Hinze explaining why the  
18 Copyright Owners could not agree with the Newmark Plaintiffs' suggested  
19 modifications to the Copyright Owners' proposal, and informing them that we  
20 would proceed with this motion. Attached hereto as Exhibit J is a true and correct  
21 copy of my October 9, 2003 letter to Ms. Hinze.

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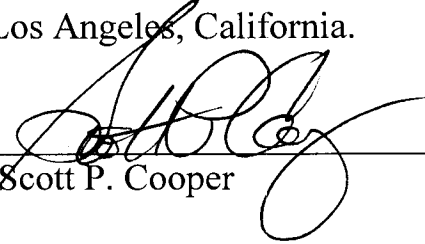


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13. Attached hereto as Exhibit K is a true and correct copy of the Court's Order, dated August 15, 2002, denying the Copyright Owners' motion to dismiss or, alternatively, to stay the Newmark Declaratory Relief Action, reported at *Newmark v. Turner Broadcasting Network*, 226 F. Supp.2d 1215 (C.D. Cal. 2002).

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 13th day of October, 2003, in Los Angeles, California.



Scott P. Cooper

# **EXHIBIT A**

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION

Send

CIVIL MINUTES - GENERAL

CAMIE

Case No. CV 01-9358 FMC(Ex)

Date: March 24, 2003

Title: PARAMOUNT PICTURES CORP., et al.  
v REPLAYTV, INC., et al.

PRESENT:

THE HONORABLE FLORENCE-MARIE COOPER, JUDGE

Alicia Mamer  
Courtroom Clerk

Not present  
Court Reporter

ATTORNEYS PRESENT FOR PLAINTIFFS:

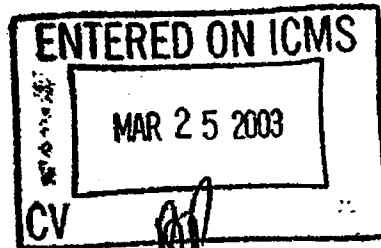
ATTORNEYS PRESENT FOR DEFENDANTS:

Not present

Not present

PROCEEDINGS: ORDER STAYING CASE DUE TO BANKRUPTCY FILING (In Chambers)

The Court is in receipt of Notice of Filing of Petitions in Bankruptcy Court, filed on March 21, 2003. The Court hereby STAYS all proceedings in this case and orders counsel for plaintiff to file a status report with the Court every 6 months until a request or motion to lift stay is filed.



MINUTES FORM 11  
CIVIL - GEN

Initials of Deputy Clerk *[Handwritten Signature]*

# **EXHIBIT B**

1 PILLSBURY WINTHROP LLP  
CRAIG A. BARBAROSH #160224  
2 SUE J. HODGES #137808  
MARK D. HOULE #194861  
3 650 Town Center Drive, 7th Floor  
Costa Mesa, CA 92626-7122  
4 Telephone: (714) 436-6800  
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5

**FILED**

AUG 14 2003

CLERK  
United States Bankruptcy Court  
San Jose, California

AUG 25 2003

6 Attorneys for Debtors and Debtors-In-Possession  
7

8 UNITED STATES BANKRUPTCY COURT  
9 NORTHERN DISTRICT OF CALIFORNIA  
10 SAN JOSE DIVISION

11 IN RE:  
12 SONICBLUE INCORPORATED, a  
Delaware corporation, DIAMOND  
13 MULTIMEDIA SYSTEMS, INC., a  
Delaware corporation, REPLAYTV, INC., a  
14 Delaware corporation, and SENSORY  
SCIENCE CORPORATION, a Delaware  
15 corporation,  
16  
17 Debtors and Debtors-in-  
Possession  
18

Case Nos. 03-51775, 03-51776, 03-51777  
and 03-51778 MM  
CHAPTER 11 Cases, Jointly Administered  
STIPULATION FOR RELIEF FROM THE  
AUTOMATIC STAY TO ALLOW  
DISMISSAL OF CERTAIN COPYRIGHT  
LITIGATION; AND ORDER THEREON.  
[No Hearing Required]

19  
20 This Stipulation For Relief From The Automatic Stay ("Stipulation") is entered into  
21 by and between SONICblue Incorporated and ReplayTV, Inc., two of the debtors and  
22 debtors-in-possession in the above captioned cases (collectively, "Debtors"), the Official  
23 Committee of Unsecured Creditors ("Committee"), Time Warner Entertainment Company,  
24 L.P., Home Box Office, Warner Bros., Warner Bros. Television, Time Warner Inc., Turner  
25 Broadcasting System, Inc., New Line Cinema Corporation, Castle Rock Entertainment, The  
26 WB Television Network Partners L.P., Paramount Pictures Corporation, Disney  
27 Enterprises, Inc., National Broadcasting Company, Inc., NBC Studios, Inc., Showtime  
28

1 Networks Inc., UPN (formerly, The United Paramount Network), ABC, Inc., Viacom  
2 International Inc., CBS Worldwide Inc., CBS Broadcasting, Inc., Metro-Goldwyn-Mayer  
3 Studios Inc., Orion Pictures Corporation, Twentieth Century Fox Film Corporation,  
4 Universal City Studios Productions LLLP (formerly, Universal City Studios Productions,  
5 Inc.), Fox Broadcasting Company, Columbia Pictures Industries, Inc., Columbia Pictures  
6 Television, Inc., Columbia TriStar Television, Inc., and TriStar Television, Inc.  
7 (collectively, the "Copyright Plaintiffs"), plaintiffs in the Copyright Litigation, as defined  
8 herein, and Craig Newmark, Shawn Hughes, Keith Ogden, Glenn Fleishman and Phil  
9 Wright (collectively, the "Newmark Plaintiffs"), plaintiffs in the Newmark Action, as  
10 defined herein, by and through their respective undersigned counsel. This Stipulation is  
11 made with respect to the following facts:

12 I.

13 RECITALS

14 A. On March 21, 2003 (the "Petition Date"), the Debtors commenced their  
15 Chapter 11 cases by filing voluntary petitions for relief under Chapter 11 of Title 11 of the  
16 United States Code (the "Bankruptcy Code"). Following the Petition Date, the Debtors  
17 have been operating their businesses and managing their affairs as debtors-in-possession  
18 pursuant to Bankruptcy Code Sections 1107(a) and 1108.

19 The Copyright Litigation

20 B. The Copyright Plaintiffs commenced litigation against the Debtors in late  
21 2001, which litigation is now consolidated in the litigation entitled Paramount Pictures  
22 Corporation, et al. v. ReplayTV, Inc., et al., Case No. CV 01-09358 FMC (Ex), in the  
23 United States District Court for the Central District of California (the "Copyright  
24 Litigation"). In the Copyright Litigation, Debtor ReplayTV, Inc., asserted a counterclaim  
25 against Copyright Plaintiffs Turner Broadcasting System, Inc., and Time Warner, Inc.

26 C. In the Copyright Litigation, the Copyright Plaintiffs seek injunctive and  
27 declaratory relief with respect to certain digital video recorder products formerly marketed  
28

1 and sold by the Debtors as part of the Debtors' ReplayTV product line ("ReplayTV Product  
2 Line").

3 D. The Newmark Plaintiffs, five individual owners of the ReplyTV 4000, one  
4 of the products within the ReplayTV Product Line, commenced a declaratory relief action  
5 against the Copyright Plaintiffs and the Debtors in June 2002 entitled Newmark, et al. v.  
6 Turner Broadcasting System, Inc., et al., Former Case No. CV-02-04445 FMC (Ex), in the  
7 United States District Court for the Central District of California, which declaratory relief  
8 action is now consolidated with the Copyright Litigation for pretrial purposes (the  
9 "Newmark Action").

10 E. On April 25, 2003, the Bankruptcy Court entered its Orders approving the  
11 sale of the ReplayTV Product Line to Digital Networks North America, Inc. The sale of the  
12 ReplayTV Product Line closed on April 25, 2003.

13 F. The parties submit that relief from stay to allow the Copyright Plaintiffs to  
14 dismiss the Copyright Litigation as to the Debtors without prejudice, to allow Debtor  
15 ReplayTV, Inc., to dismiss its counterclaim against Copyright Plaintiffs Turner  
16 Broadcasting System, Inc., and Time Warner, Inc., in the Copyright Litigation without  
17 prejudice, and to allow the Newmark Plaintiffs to dismiss the Newmark Action as to the  
18 Debtors without prejudice, is warranted in light of the sale of the ReplayTV Product Line  
19 and the cessation of the business operations of the Debtors giving rise to the Copyright  
20 Litigation.

21 II.

22 STIPULATION

23 NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, subject to  
24 Bankruptcy Court approval, by and between the parties to this Stipulation, through their  
25 undersigned counsel, that:

26 1. Relief From Automatic Stay. The automatic stay contained in Bankruptcy  
27 Code Section 362 shall be modified upon entry of the Order approving this Stipulation, to  
28 allow (1) the claims asserted by the Copyright Plaintiffs against the Debtors in the

1 Copyright Litigation to be dismissed without prejudice, (2) the counterclaim asserted by  
 2 Debtor ReplayTV, Inc., against Copyright Plaintiffs Turner Broadcasting System, Inc., and  
 3 Time Warner, Inc., in the Copyright Litigation to be dismissed without prejudice, and (3)  
 4 the claims asserted by the Newmark Plaintiffs against the Debtors in the Newmark Action  
 5 to be dismissed without prejudice.

6 2. Exclusive Jurisdiction. The Bankruptcy Court shall retain exclusive  
 7 jurisdiction to resolve any disputes between the parties hereto regarding the interpretation  
 8 of this Stipulation, and to enforce the rights and duties specified hereunder.

9 3. Successors and/or Assigns. The provisions of this Stipulation and the order  
 10 approving it shall be binding upon and inure to the benefit of the parties hereto, and their  
 11 respective successors and assigns.


12 4. Method of Execution. This Stipulation may be executed in original or by  
 13 facsimile signature and in counterpart copies, and this Stipulation shall be deemed fully  
 14 executed and effective when all parties have executed and possess a counterpart, even if no  
 15 single counterpart contains all signatures.

16 WHEREFORE, the parties hereto request that this Court issue an Order approving  
 17 this Stipulation.

18 IT IS SO STIPULATED.

19 DATED: August 6, 2003

PILLSBURY WINTHROP LLP

21 By:   
 22 Craig A. Barbarosh, Esq.  
 23 Sue J. Hodges, Esq.  
 24 Mark D. Houle, Esq.  
 25 Attorneys for SONICblue Incorporated and  
 26 ReplayTV, Inc.

27  
 28 [Signatures continued on next page]



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DATED: August 6, 2003

LEVENE, NEALE, BENDER, RANKIN & BRILL L.L.P.

By: [Signature]  
Ron Bender, Esq.  
Craig Rankin, Esq.  
Daniel Reiss, Esq.  
Attorneys for Official Committee of Unsecured Creditors

DATED August \_\_, 2003

O'MELVENY & MEYERS, LLP

By: [Signature]  
Robert M. Schwartz

Attorneys for 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.

DATED: August \_\_, 2003

PROSKAUER ROSE LLP

By: [Signature]  
Scott P. Cooper, Esq.  
Martin S. Zohn, Esq.  
Attorneys for Paramount Pictures Corporation, Disney Enterprises, Inc., National Broadcasting Company, Inc., NBC Studios, Inc., Showtime Networks Inc., UPN (formerly, The United Paramount Network), ABC, Inc., Viacom International Inc., CBS Worldwide Inc., CBS Broadcasting, Inc., Metro-Goldwyn-Mayer Studios Inc., Orion Pictures Corporation, Twentieth Century Fox Film Corporation, Universal City Studios Productions LLLP (formerly, Universal City Studios Productions, Inc.), and Fox Broadcasting Company

[Signatures continued on next page]

1 DATED: August \_\_, 2003

LEVENE, NEALE, BENDER, RANKIN  
& BRILL L.L.P.

2

3

4

By: \_\_\_\_\_  
Ron Bender, Esq.  
Craig Rankin, Esq.  
Daniel Reiss, Esq.  
Attorneys for Official Committee of  
Unsecured Creditors

5

6

7 DATED August 7, 2003

O'MELVENEY & MEYERS, LLP

8

9

By:   
Robert M. Schwartz

10

11

Attorneys for 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.

12

13

14

15 DATED: August \_\_, 2003

PROSKAUER ROSE LLP

16

17

By: \_\_\_\_\_  
Scott P. Cooper, Esq.  
Martin S. Zohn, Esq.

18

19

20

21

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26

27

28 [Signatures continued on next page]

Attorneys for Paramount Pictures Corporation,  
Disney Enterprises, Inc., National  
Broadcasting Company, Inc., NBC Studios,  
Inc., Showtime Networks Inc., UPN (formerly,  
The United Paramount Network), ABC, Inc.,  
Viacom International Inc., CBS Worldwide  
Inc., CBS Broadcasting, Inc., Metro-Goldwyn-  
Mayer Studios Inc., Orion Pictures  
Corporation, Twentieth Century Fox Film  
Corporation, Universal City Studios  
Productions LLLP (formerly, Universal City  
Studios Productions, Inc.), and Fox  
Broadcasting Company

40145501-2

1 DATED: August \_\_, 2003

LEVENE, NEALE, BENDER, RANKIN  
& BRILL L.L.P.

2

3

4

By: \_\_\_\_\_  
Ron Bender, Esq.  
Craig Rankin, Esq.  
Daniel Reiss, Esq.  
Attorneys for Official Committee of  
Unsecured Creditors

5

6

7 DATED August \_\_, 2003

O'MELVENY & MEYERS, LLP

8

9

By: \_\_\_\_\_  
Robert M. Schwartz

10

11

Attorneys for 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.

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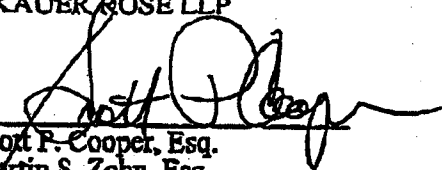
14

15 DATED: August \_\_, 2003

PROSKAUER ROSE LLP

16

17

By:   
Scott P. Cooper, Esq.  
Martin S. Zohn, Esq.

18

19

Attorneys for Paramount Pictures Corporation,  
Disney Enterprises, Inc., National  
Broadcasting Company, Inc., NBC Studios,  
Inc., Showtime Networks Inc., UPN (formerly,  
The United Paramount Network), ABC, Inc.,  
Viacom International Inc., CBS Worldwide  
Inc., CBS Broadcasting, Inc., Metro-Goldwyn-  
Mayer Studios Inc., Orion Pictures  
Corporation, Twentieth Century Fox Film  
Corporation, Universal City Studios  
Productions LLLP (formerly, Universal City  
Studios Productions, Inc.), and Fox  
Broadcasting Company

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27

28 [Signatures continued on next page]

40145306v2

1 DATED: August \_\_, 2003

MCDERMOTT, WILL & EMERY

2

3

By: \_\_\_\_\_  
Robert H. Rotstein, Esq.  
Roger M. Landau, Esq.  
Attorneys for Columbia Pictures Industries,  
Inc., Columbia Pictures Television, Inc.,  
Columbia TriStar Television, Inc., and TriStar  
Television, Inc.

4

5

6

7

DATED: August 7, 2003

ELECTRONIC FRONTIER FOUNDATION

8

9

By: Gwen Hinze  
Cindy A. Cohn, Esq.  
Fred von Lohmann, Esq.  
Gwenith A. Hinze, Esq.  
Attorneys for Craig Newmark, Shawn Hughes,  
Keith Ogden, Glenn Fleishman and Phil  
Wright

10

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ORDER

THE ABOVE STIPULATION IS APPROVED AND IT IS SO ORDERED this

16

17

\_\_\_\_\_ day of August, 2003.

18

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THE HONORABLE MARILYN MORGAN  
UNITED STATES BANKRUPTCY JUDGE

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DATED: August 7<sup>th</sup>, 2003

MCDERMOTT, WILL & EMERY

By: Robert H. Roisman, Esq.  
Robert H. Roisman, Esq.  
Roger M. Landau, Esq.  
Attorneys for Columbia Pictures Industries, Inc., Columbia Pictures Television, Inc., Columbia TriStar Television, Inc., and TriStar Television, Inc.

DATED: August \_\_\_\_, 2003

ELECTRONIC FRONTIER FOUNDATION

By: \_\_\_\_\_  
Cindy A. Cohn, Esq.  
Fred von Lohmann, Esq.  
Gwenith A. Hinze, Esq.  
Attorneys for Craig Newmark, Shawn Hughes, Keith Ogden, Glenn Fishman and Phil Wright

ORDER

THE ABOVE STIPULATION IS APPROVED AND IT IS SO ORDERED this

19 day of August, 2003.

**FILED**

MARILYN MORGAN  
THE HONORABLE MARILYN MORGAN  
UNITED STATES BANKRUPTCY JUDGE

AUG 19 2003

CLERK  
United States Bankruptcy Court  
San Jose, California

# **EXHIBIT C**

1 PROSKAUER ROSE LLP  
2 RONALD S. RAUCHBERG (admitted *Pro Hac Vice*)  
3 SCOTT P. COOPER (Bar No. 96905)  
4 SIMON BLOCK (Bar No. 214999)  
5 2049 Century Park East, 32nd Floor  
6 Los Angeles, California 90067  
7 (310) 557-2900 Telephone  
8 (310) 557-2193 Facsimile  
9 *Attorneys for the MGM, Fox, Universal,*  
10 *Viacom, Disney & NBC Copyright Owners*

11 O'MELVENY AND MYERS LLP  
12 ROBERT M. SCHWARTZ (Bar No. 117166)  
13 1999 Avenue of the Stars, Seventh Floor  
14 Los Angeles, California 90067  
15 (310) 553-6700 Telephone  
16 (310) 246-6779 Facsimile  
17 *Attorneys for the Time Warner Copyright Owners*

18 MCDERMOTT, WILL & EMERY  
19 ROBERT H. RÖTSTEIN (Bar No. 072452)  
20 2049 Century Park East, 34th Floor  
21 Los Angeles, California, 90067  
22 (310) 277-4110 Telephone  
23 (310) 277-4730 Facsimile  
24 *Attorneys for the Columbia Copyright Owners*

25 [Full counsel appearances on signature page]

26 UNITED STATES DISTRICT COURT  
27 CENTRAL DISTRICT OF CALIFORNIA

28 PARAMOUNT PICTURES  
CORPORATION et al.,

Plaintiffs,

v.

REPLAYTV, INC. and  
SONICBLUE, INC.,

Defendants.

Case No. 01-09358 FMC (Ex)

Hon. Florence-Marie Cooper

**STIPULATION OF DISMISSAL OF  
EACH OF THE COPYRIGHT  
ACTIONS IN ITS ENTIRETY AND  
THE NEWMARK DECLARATORY  
RELIEF ACTION AS TO  
DEFENDANTS REPLAYTV, INC.  
AND SONICBLUE INCORPORATED  
PURSUANT TO FEDERAL RULE OF  
CIVIL PROCEDURE 41(a)(1)(ii);  
DECLARATION OF SCOTT P.  
COOPER IN SUPPORT THEREOF**

AND CONSOLIDATED ACTIONS.

1 This Stipulation is made by and between all of the parties to these  
2 consolidated actions, namely, Metro-Goldwyn-Mayer Studios Inc., Orion Pictures  
3 Corporation, Twentieth Century Fox Film Corporation, Universal City Studios  
4 Productions LLLP (formerly Universal City Studios Productions, Inc.), Fox  
5 Broadcasting Company, Paramount Pictures Corporation, Disney Enterprises, Inc.,  
6 National Broadcasting Company, Inc., NBC Studios, Inc., Showtime Networks Inc.,  
7 UPN (formerly the United Paramount Network), ABC, Inc., Viacom International  
8 Inc., CBS Worldwide Inc., CBS Broadcasting, Inc., Time Warner Entertainment  
9 Company, L.P., Home Box Office, Warner Bros., Warner Bros. Television, Time  
10 Warner Inc., Turner Broadcasting System, Inc., New Line Cinema Corporation,  
11 Castle Rock Entertainment, The WB Television Network Partners L.P., Columbia  
12 Pictures Industries, Inc., Columbia Pictures Television, Inc., Columbia TriStar  
13 Television, Inc., and TriStar Television, Inc., plaintiffs in the Copyright Actions, as  
14 defined below (collectively, "the Copyright Owners"), Defendants ReplayTV, Inc.  
15 and SONICblue Incorporated, and Craig Newmark, Shawn Hughes, Keith Ogden,  
16 Glenn Fleishman and Phil Wright, plaintiffs in the Newmark Declaratory Relief  
17 Action, as defined below (collectively, the "Newmark Plaintiffs"), as follows:

18 **RECITALS**

19 WHEREAS, on March 21, 2003, Defendants ReplayTV, Inc. and SONICblue  
20 Incorporated filed voluntary petitions in the United States Bankruptcy Court,  
21 Northern District of California, San Jose Division, Case Nos. 03-51777(MM) and  
22 03-51775 (MM), respectively;

23 WHEREAS, on August 21, 2003, upon stipulation of all of the parties hereto,  
24 the United States Bankruptcy Court for the Northern District of California entered  
25 an order, dated August 19, 2003 (a copy of which order is attached as Exhibit A to  
26 the annexed Declaration of Scott P. Cooper), modifying the automatic stay  
27 contained in Bankruptcy Code Section 362 to allow (1) the claims asserted by the  
28 Copyright Owners against Defendants ReplayTV, Inc. and SONICblue Incorporated



1 to be dismissed without prejudice; (2) the counterclaim asserted by Defendant  
2 ReplayTV, Inc. against Copyright Owners Turner Broadcasting System Inc. and  
3 Time Warner Inc. to be dismissed without prejudice; and (3) the claims asserted by  
4 the Newmark Plaintiffs against Defendants ReplayTV, Inc. and SONICblue  
5 Incorporated to be dismissed without prejudice;

6 **STIPULATION FOR DISMISSAL**  
7 **OF THE COPYRIGHT ACTIONS IN THEIR ENTIRETY**

8 THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and  
9 between the Copyright Owners and Defendants ReplayTV, Inc. and SONICblue  
10 Incorporated, through their undersigned counsel, that:

11 1. Each of the four actions pending between the Copyright Owners and  
12 Defendants ReplayTV, Inc. and SONICblue Incorporated originally entitled  
13 Paramount Pictures Corp., et al. v. ReplayTV, Inc., et al., Case No. CV 01-9358,  
14 Time Warner Entertainment Company, L.P., et al. v. ReplayTV, Inc., et al., Former  
15 Case No. CV 01-9693 (including the counterclaim asserted by Defendant  
16 ReplayTV, Inc. against Copyright Owners Turner Broadcasting System Inc. and  
17 Time Warner Inc.), Metro-Goldwyn-Mayer Studios Inc., et al. v. ReplayTV, Inc., et  
18 al., Former Case No. CV 01-9801, and Columbia Pictures Industries, Inc., et al. v.  
19 ReplayTV, Inc., et al., Former Case No. CV 01-10221 (collectively, the “Copyright  
20 Actions”), which actions were consolidated under Case No. CV 01-9358 FMC(Ex)  
21 by order of the Court dated December 13, 2001, is hereby dismissed in its entirety,  
22 without prejudice, pursuant to Federal Rule of Civil Procedure 41(a)(1)(ii).

23 2. Each of the parties shall bear its own costs and attorneys’ fees in  
24 connection with the Copyright Actions.

25 ///  
26 ///  
27 ///  
28 ///

**EXHIBIT C**  
**PAGE 28**

1 **STIPULATION FOR DISMISSAL OF THE NEWMARK DECLARATORY**  
2 **RELIEF ACTION AS TO DEFENDANTS REPLAYTV, INC. AND**  
3 **SONICBLUE INCORPORATED**

4 THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and  
5 between the Newmark Plaintiffs, the Copyright Owners, and Defendants ReplayTV,  
6 Inc. and SONICblue Incorporated, through their undersigned counsel, that:

7 3. The declaratory relief action pending between the Newmark Plaintiffs,  
8 the Copyright Owners and SONICblue, originally entitled Craig Newmark, et al. v.  
9 Turner Broadcasting System, Inc., et al., Former Case No. CV 02-4445 ("the  
10 Newmark Declaratory Relief Action"), which action was consolidated with Case  
11 No. CV 01-9358 for pretrial purposes by order of this Court dated August 21, 2002,  
12 is hereby dismissed as to Defendants ReplayTV, Inc. and SONICblue Incorporated,  
13 without prejudice, pursuant to Federal Rule of Civil Procedure 41(a)(1)(ii).

14 4. Each of the parties shall bear its own costs and attorneys' fees in  
15 connection with the Newmark Declaratory Relief Action.

16 Dated: September 26, 2003

PROSKAUER ROSE LLP

17  
18 By:   
19 Scott P. Cooper

20 Attorneys for Metro-Goldwyn-Mayer  
21 Studios Inc., Orion Pictures Corporation,  
22 Twentieth Century Fox Film Corporation,  
23 Universal City Studios Productions LLLP  
24 (formerly Universal City Studios  
25 Productions, Inc.), Fox Broadcasting  
26 Company, Paramount Pictures Corporation,  
27 Disney Enterprises, Inc., National  
28 Broadcasting Company, Inc., NBC Studios,  
Inc., Showtime Networks Inc., UPN  
(formerly the United Paramount Network),  
ABC, Inc., Viacom International Inc., CBS  
Worldwide Inc., and CBS Broadcasting, Inc.

EXHIBIT C  
PAGE 29

*October 7<sup>th</sup>*  
Dated: ~~September~~ \_\_, 2003

MCDERMOTT, WILL & EMERY

By: *Robert H. Rotstein*  
Robert H. Rotstein

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

Dated: September \_\_, 2003

O'MELVENY & MYERS LLP

By: \_\_\_\_\_  
Robert M. Schwartz

Attorneys for 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

Dated: September \_\_, 2003

FENWICK & WEST LLP

By: \_\_\_\_\_  
Emmett C. Stanton

Attorneys for ReplayTV, Inc. and SONICblue Incorporated

Dated: September \_\_, 2003

ELECTRONIC FRONTIER FOUNDATION

By: \_\_\_\_\_  
Gwenith A. Hinze

Attorneys for Craig Newmark, Shawn Hughes, Keith Ogden, Glenn Fleishman and Phil Wright

EXHIBIT C  
PAGE 30

1 Dated: September \_\_, 2003

MCDERMOTT, WILL & EMERY

2 By: \_\_\_\_\_  
3 Robert H. Rotstein

4 Attorneys for Columbia Pictures Industries,  
5 Inc., Columbia Pictures Television, Inc.,  
6 Columbia TriStar Television, Inc., and  
7 TriStar Television, Inc.

8 Dated: ~~September~~ 9, 2003  
9 October

O'MELVENY & MYERS LLP

10 By: Robert M. Schwartz *Stanko w/*  
11 *Permission*  
12 *RS*  
13 Robert M. Schwartz

14 Attorneys for Time Warner Entertainment  
15 Company, L.P., Home Box Office, Warner  
16 Bros., Warner Bros. Television, Time  
17 Warner Inc., Turner Broadcasting System,  
18 Inc., New Line Cinema Corporation, Castle  
19 Rock Entertainment, and The WB  
20 Television Network Partners L.P

21 Dated: September \_\_, 2003

FENWICK & WEST LLP

22 By: \_\_\_\_\_  
23 Emmett C. Stanton

24 Attorneys for ReplayTV, Inc. and  
25 SONICblue Incorporated

26 Dated: September \_\_, 2003

ELECTRONIC FRONTIER FOUNDATION

27 By: \_\_\_\_\_  
28 Gwenith A. Hinze

Attorneys for Craig Newmark, Shawn  
Hughes, Keith Ogden, Glenn Fleishman and  
Phil Wright

EXHIBIT C  
PAGE 31

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Dated: September \_\_, 2003

MCDERMOTT, WILL & EMERY

By: \_\_\_\_\_  
Robert H. Rotstein

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

Dated: September \_\_, 2003

O'MELVENY & MYERS LLP

By: \_\_\_\_\_  
Robert M. Schwartz

Attorneys for 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

*October 8*

Dated: September \_\_, 2003

FENWICK & WEST LLP

By:  \_\_\_\_\_  
Emmett C. Stanton

Attorneys for ReplayTV, Inc. and SONICblue Incorporated

Dated: September \_\_, 2003

ELECTRONIC FRONTIER FOUNDATION

By: \_\_\_\_\_  
Gwenith A. Hinze

Attorneys for Craig Newmark, Shawn Hughes, Keith Ogden, Glenn Fleishman and Phil Wright

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Dated: September \_\_, 2003

MCDERMOTT, WILL & EMERY

By: Robert H. Rotstein

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

Dated: September \_\_, 2003

O'MELVENY & MYERS LLP

By: Robert M. Schwartz

Attorneys for 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

Dated: September \_\_, 2003

FENWICK & WEST LLP

By: Emmett C. Stanton

Attorneys for ReplayTV, Inc. and SONICblue Incorporated

~~Dated: September~~ <sup>October</sup> 3, 2003

ELECTRONIC FRONTIER FOUNDATION

By: Gwen Hinze  
Gwenith A. Hinze

Attorneys for Craig Newmark, Shawn Hughes, Keith Ogden, Glenn Fleishman and Phil Wright

1 DECLARATION OF SCOTT P. COOPER

2 I, Scott P. Cooper, declare as follows:

3 1. I am an attorney at law duly admitted to practice before this Court, and  
4 I am a member of Proskauer Rose LLP, counsel for Plaintiffs Metro-Goldwyn-  
5 Mayer Studios Inc., Orion Pictures Corporation, Twentieth Century Fox Film  
6 Corporation, Universal City Studios Productions LLLP (formerly Universal City  
7 Studios Productions, Inc.), Fox Broadcasting Company, Paramount Pictures  
8 Corporation, Disney Enterprises, Inc., National Broadcasting Company, Inc., NBC  
9 Studios, Inc., Showtime Networks Inc., UPN (formerly the United Paramount  
10 Network), ABC, Inc., Viacom International Inc., CBS Worldwide Inc., CBS  
11 Broadcasting, Inc. in the above-captioned consolidated actions. I submit this  
12 declaration in support of the annexed Stipulation of Dismissal. I make this  
13 declaration of my own personal knowledge except where otherwise stated, and, if  
14 called as a witness, I could and would testify competently as set forth below.

15 2. Attached hereto as Exhibit A is a true and correct copy of the  
16 Stipulation For Relief From The Automatic Stay To Allow Dismissal Of Certain  
17 Copyright Litigation; And Order Thereon, between the Copyright Owners,  
18 Defendants ReplayTV, Inc. and SONICblue Incorporated, and the Newmark  
19 Plaintiffs, and ordered by the United States Bankruptcy Court for the Northern  
20 District of California on August 19, 2003.

21 I declare under penalty of perjury under the laws of the United States of  
22 America that the foregoing is true and correct.

23 Executed this *26th* day of September, 2003, in Los Angeles, California.

24   
25 Scott P. Cooper  
26  
27  
28

EXHIBIT C  
PAGE 34

# **EXHIBIT A**



1 PILLSBURY WINTHROP LLP  
CRAIG A. BARBAROSH #160224  
2 SUE J. HODGES #137808  
MARK D. HOULE #194861  
3 650 Town Center Drive, 7th Floor  
Costa Mesa, CA 92626-7122  
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Facsimile: (714) 436-2800  
5

**FILED**

AUG 14 2003

CLERK  
United States Bankruptcy Court  
San Jose, California

AUG 25 2003

6 Attorneys for Debtors and Debtors-In-Possession  
7

8 UNITED STATES BANKRUPTCY COURT

9 NORTHERN DISTRICT OF CALIFORNIA

10 SAN JOSE DIVISION

11 IN RE:

12 SONICBLUE INCORPORATED, a  
Delaware corporation, DIAMOND  
13 MULTIMEDIA SYSTEMS, INC., a  
Delaware corporation, REPLAYTV, INC., a  
14 Delaware corporation, and SENSORY  
SCIENCE CORPORATION, a Delaware  
15 corporation,

16  
17 Debtors and Debtors-in-  
18 Possession

Case Nos. 03-51775, 03-51776, 03-51777  
and 03-51778 MM

CHAPTER 11 Cases, Jointly Administered

STIPULATION FOR RELIEF FROM THE  
AUTOMATIC STAY TO ALLOW  
DISMISSAL OF CERTAIN COPYRIGHT  
LITIGATION; AND ORDER THEREON.

[No Hearing Required]

19  
20 This Stipulation For Relief From The Automatic Stay ("Stipulation") is entered into  
21 by and between SONICblue Incorporated and ReplayTV, Inc., two of the debtors and  
22 debtors-in-possession in the above captioned cases (collectively, "Debtors"), the Official  
23 Committee of Unsecured Creditors ("Committee"), Time Warner Entertainment Company,  
24 L.P., Home Box Office, Warner Bros., Warner Bros. Television, Time Warner Inc., Turner  
25 Broadcasting System, Inc., New Line Cinema Corporation, Castle Rock Entertainment, The  
26 WB Television Network Partners L.P., Paramount Pictures Corporation, Disney  
27 Enterprises, Inc., National Broadcasting Company, Inc., NBC Studios, Inc., Showtime  
28

1 Networks Inc., UPN (formerly, The United Paramount Network), ABC, Inc., Viacom  
2 International Inc., CBS Worldwide Inc., CBS Broadcasting, Inc., Metro-Goldwyn-Mayer  
3 Studios Inc., Orion Pictures Corporation, Twentieth Century Fox Film Corporation,  
4 Universal City Studios Productions LLLP (formerly, Universal City Studios Productions,  
5 Inc.), Fox Broadcasting Company, Columbia Pictures Industries, Inc., Columbia Pictures  
6 Television, Inc., Columbia TriStar Television, Inc., and TriStar Television, Inc.  
7 (collectively, the "Copyright Plaintiffs"), plaintiffs in the Copyright Litigation, as defined  
8 herein, and Craig Newmark, Shawn Hughes, Keith Ogden, Glenn Fleishman and Phil  
9 Wright (collectively, the "Newmark Plaintiffs"), plaintiffs in the Newmark Action, as  
10 defined herein, by and through their respective undersigned counsel. This Stipulation is  
11 made with respect to the following facts:

12 I.

13 RECITALS

14 A. On March 21, 2003 (the "Petition Date"), the Debtors commenced their  
15 Chapter 11 cases by filing voluntary petitions for relief under Chapter 11 of Title 11 of the  
16 United States Code (the "Bankruptcy Code"). Following the Petition Date, the Debtors  
17 have been operating their businesses and managing their affairs as debtors-in-possession  
18 pursuant to Bankruptcy Code Sections 1107(a) and 1108.

19 The Copyright Litigation

20 B. The Copyright Plaintiffs commenced litigation against the Debtors in late  
21 2001, which litigation is now consolidated in the litigation entitled Paramount Pictures  
22 Corporation, et al. v. ReplayTV, Inc., et al., Case No. CV 01-09358 FMC (Ex), in the  
23 United States District Court for the Central District of California (the "Copyright  
24 Litigation"). In the Copyright Litigation, Debtor ReplayTV, Inc., asserted a counterclaim  
25 against Copyright Plaintiffs Turner Broadcasting System, Inc., and Time Warner, Inc.

26 C. In the Copyright Litigation, the Copyright Plaintiffs seek injunctive and  
27 declaratory relief with respect to certain digital video recorder products formerly marketed  
28

1 and sold by the Debtors as part of the Debtors' ReplayTV product line ("ReplayTV Product  
2 Line").

3 D. The Newmark Plaintiffs, five individual owners of the ReplyTV 4000, one  
4 of the products within the ReplayTV Product Line, commenced a declaratory relief action  
5 against the Copyright Plaintiffs and the Debtors in June 2002 entitled Newmark, et al. v.  
6 Turner Broadcasting System, Inc., et al., Former Case No. CV-02-04445 FMC (Ex), in the  
7 United States District Court for the Central District of California, which declaratory relief  
8 action is now consolidated with the Copyright Litigation for pretrial purposes (the  
9 "Newmark Action").

10 E. On April 25, 2003, the Bankruptcy Court entered its Orders approving the  
11 sale of the ReplayTV Product Line to Digital Networks North America, Inc. The sale of the  
12 ReplayTV Product Line closed on April 25, 2003.

13 F. The parties submit that relief from stay to allow the Copyright Plaintiffs to  
14 dismiss the Copyright Litigation as to the Debtors without prejudice, to allow Debtor  
15 ReplayTV, Inc., to dismiss its counterclaim against Copyright Plaintiffs Turner  
16 Broadcasting System, Inc., and Time Warner, Inc., in the Copyright Litigation without  
17 prejudice, and to allow the Newmark Plaintiffs to dismiss the Newmark Action as to the  
18 Debtors without prejudice, is warranted in light of the sale of the ReplayTV Product Line  
19 and the cessation of the business operations of the Debtors giving rise to the Copyright  
20 Litigation.

21 II.

22 STIPULATION

23 NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, subject to  
24 Bankruptcy Court approval, by and between the parties to this Stipulation, through their  
25 undersigned counsel, that:

26 1. Relief From Automatic Stay. The automatic stay contained in Bankruptcy  
27 Code Section 362 shall be modified upon entry of the Order approving this Stipulation, to  
28 allow (1) the claims asserted by the Copyright Plaintiffs against the Debtors in the

1 Copyright Litigation to be dismissed without prejudice, (2) the counterclaim asserted by  
 2 Debtor ReplayTV, Inc., against Copyright Plaintiffs Turner Broadcasting System, Inc., and  
 3 Time Warner, Inc., in the Copyright Litigation to be dismissed without prejudice, and (3)  
 4 the claims asserted by the Newmark Plaintiffs against the Debtors in the Newmark Action  
 5 to be dismissed without prejudice.

6 2. Exclusive Jurisdiction. The Bankruptcy Court shall retain exclusive  
 7 jurisdiction to resolve any disputes between the parties hereto regarding the interpretation  
 8 of this Stipulation, and to enforce the rights and duties specified hereunder.

9 3. Successors and/or Assigns. The provisions of this Stipulation and the order  
 10 approving it shall be binding upon and inure to the benefit of the parties hereto, and their  
 11 respective successors and assigns.


12 4. Method of Execution. This Stipulation may be executed in original or by  
 13 facsimile signature and in counterpart copies, and this Stipulation shall be deemed fully  
 14 executed and effective when all parties have executed and possess a counterpart, even if no  
 15 single counterpart contains all signatures.

16 WHEREFORE, the parties hereto request that this Court issue an Order approving  
 17 this Stipulation.

18 IT IS SO STIPULATED.

19 DATED: August 6, 2003

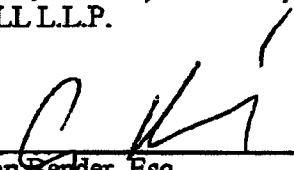
PILLSBURY WINTHROP LLP

21 By:   
 22 Craig A. Barbarosh, Esq.  
 23 Sue J. Hodges, Esq.  
 24 Mark D. Houle, Esq.  
 Attorneys for SONICblue Incorporated and  
 25 ReplayTV, Inc.

26  
 27  
 28 [Signatures continued on next page]

1 DATED: August 6, 2003

LEVENE, NEALE, BENDER, RANKIN  
& BRILL L.L.P.

By:   
Ron Bender, Esq.  
Craig Rankin, Esq.  
Daniel Reiss, Esq.  
Attorneys for Official Committee of  
Unsecured Creditors

7 DATED August \_\_\_\_, 2003

O'MELVENY & MEYERS, LLP

By: \_\_\_\_\_  
Robert M. Schwartz

Attorneys for 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.

15 DATED: August \_\_\_\_, 2003

PROSKAUER ROSE LLP

By: \_\_\_\_\_  
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Martin S. Zohn, Esq.  
Attorneys for Paramount Pictures Corporation,  
Disney Enterprises, Inc., National  
Broadcasting Company, Inc., NBC Studios,  
Inc., Showtime Networks Inc., UPN (formerly,  
The United Paramount Network), ABC, Inc.,  
Viacom International Inc., CBS Worldwide  
Inc., CBS Broadcasting, Inc., Metro-Goldwyn-  
Mayer Studios Inc., Orion Pictures  
Corporation, Twentieth Century Fox Film  
Corporation, Universal City Studios  
Productions LLLP (formerly, Universal City  
Studios Productions, Inc.), and Fox  
Broadcasting Company

28 [Signatures continued on next page]

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DATED: August \_\_, 2003

LEVENE, NEALE, BENDER, RANKIN  
& BRILL L.L.P.

By: \_\_\_\_\_  
Ron Bender, Esq.  
Craig Rankin, Esq.  
Daniel Reiss, Esq.  
Attorneys for Official Committee of  
Unsecured Creditors

DATED August 7, 2003

O'MELVENY & MEYERS, LLP

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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.

DATED: August \_\_, 2003

PROSKAUER ROSE LLP

By: \_\_\_\_\_  
Scott P. Cooper, Esq.  
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Disney Enterprises, Inc., National  
Broadcasting Company, Inc., NBC Studios,  
Inc., Showtime Networks Inc., UPN (formerly,  
The United Paramount Network), ABC, Inc.,  
Viacom International Inc., CBS Worldwide  
Inc., CBS Broadcasting, Inc., Metro-Goldwyn-  
Mayer Studios Inc., Orion Pictures  
Corporation, Twentieth Century Fox Film  
Corporation, Universal City Studios  
Productions LLLP (formerly, Universal City  
Studios Productions, Inc.), and Fox  
Broadcasting Company

[Signatures continued on next page]

1 DATED: August \_\_, 2003

LEVENE, NEALE, BENDER, RANKIN & BRILL L.L.P.

2

3

By: \_\_\_\_\_  
Ron Bender, Esq.  
Craig Rankin, Esq.  
Daniel Reiss, Esq.  
Attorneys for Official Committee of  
Unsecured Creditors

4

5

6

7 DATED August \_\_, 2003

O'MELVENY & MEYERS, LLP

8

9

By: \_\_\_\_\_  
Robert M. Schwartz

10

11

12

13

14

Attorneys for 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.

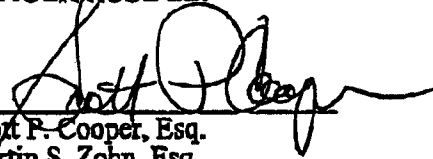
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DATED: August \_\_, 2003

PROSKAUER ROSE LLP

16

17

By:   
\_\_\_\_\_  
Scott P. Cooper, Esq.  
Martin S. Zohn, Esq.

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19

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[Signatures continued on next page]

Attorneys for Paramount Pictures Corporation, Disney Enterprises, Inc., National Broadcasting Company, Inc., NBC Studios, Inc., Showtime Networks Inc., UPN (formerly, The United Paramount Network), ABC, Inc., Viacom International Inc., CBS Worldwide Inc., CBS Broadcasting, Inc., Metro-Goldwyn-Mayer Studios Inc., Orion Pictures Corporation, Twentieth Century Fox Film Corporation, Universal City Studios Productions LLLP (formerly, Universal City Studios Productions, Inc.), and Fox Broadcasting Company

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DATED: August \_\_, 2003

MCDERMOTT, WILL & EMERY

By: \_\_\_\_\_  
Robert H. Rotstein, Esq.  
Roger M. Landau, Esq.  
Attorneys for Columbia Pictures Industries,  
Inc., Columbia Pictures Television, Inc.,  
Columbia TriStar Television, Inc., and TriStar  
Television, Inc.

DATED: August 7, 2003

ELECTRONIC FRONTIER FOUNDATION

By: Gwen Hinze  
Cindy A. Cohn, Esq.  
Fred von Lohmann, Esq.  
Gwenith A. Hinze, Esq.  
Attorneys for Craig Newmark, Shawn Hughes,  
Keith Ogden, Glenn Fleishman and Phil  
Wright

ORDER

THE ABOVE STIPULATION IS APPROVED AND IT IS SO ORDERED this  
\_\_\_\_\_ day of August, 2003.

THE HONORABLE MARILYN MORGAN  
UNITED STATES BANKRUPTCY JUDGE



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DATED: August 7<sup>th</sup>, 2003

MCDERMOTT, WILL & EMERY

By: Robert H. Rotstein  
Robert H. Rotstein, Esq.  
Roger M. Landau, Esq.  
Attorneys for Columbia Pictures Industries, Inc., Columbia Pictures Television, Inc., Columbia TriStar Television, Inc., and TriStar Television, Inc.

DATED: August \_\_, 2003

ELECTRONIC FRONTIER FOUNDATION

By: \_\_\_\_\_  
Cindy A. Cohn, Esq.  
Fred von Lohmann, Esq.  
Gwenith A. Hinze, Esq.  
Attorneys for Craig Newmark, Shawn Hughes, Keith Ogden, Glenn Fishman and Phil Wright

ORDER

THE ABOVE STIPULATION IS APPROVED AND IT IS SO ORDERED this

19 day of August, 2003.

**FILED**

AUG 19 2003

CLERK  
United States Bankruptcy Court  
San Jose, California

MARILYN MORGAN  
THE HONORABLE MARILYN MORGAN  
UNITED STATES BANKRUPTCY JUDGE

# **EXHIBIT D**

1 PROSKAUER ROSE LLP  
2 RONALD S. RAUCHBERG (admitted *Pro Hac Vice*)  
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9 *Attorneys for the MGM, Fox, Universal,*  
10 *Viacom, Disney & NBC Copyright Owners*

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18 MCDERMOTT, WILL & EMERY  
19 ROBERT H. RÖTSTEIN (Bar No. 072452)  
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22 (310) 277-4110 Telephone  
23 (310) 277-4730 Facsimile  
24 *Attorneys for the Columbia Copyright Owners*

25 [Full counsel appearances on signature page]

26 UNITED STATES DISTRICT COURT  
27 CENTRAL DISTRICT OF CALIFORNIA

28 PARAMOUNT PICTURES  
CORPORATION et al.,

Plaintiffs,

v.

REPLAYTV, INC. and  
SONICBLUE, INC.,

Defendants.

Case No. 01-09358 FMC (Ex)

Hon. Florence-Marie Cooper

**NOTICE OF MOTION AND  
MOTION OF THE COPYRIGHT  
OWNERS TO DISMISS THE  
NEWMARK PLAINTIFFS'  
COMPLAINT; MEMORANDUM OF  
POINTS AND AUTHORITIES AND  
DECLARATION OF SCOTT P.  
COOPER IN SUPPORT THEREOF**

[Fed. R. Civ. P. 12(h)(3) and  
28 U.S.C. § 2201]

AND CONSOLIDATED ACTIONS.

DATE: [TO BE SET]  
TIME: 10:00 a.m.  
PLACE: Courtroom 750

**EXHIBIT D  
PAGE 45**

1 TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

2 PLEASE TAKE NOTICE that, on Monday, [DATE TO BE SET], 2003 at  
3 10:00 a.m., or as soon thereafter as the matter may be heard by the Honorable  
4 Florence-Marie Cooper, United States District Court Judge, in Courtroom 750,  
5 located at 255 East Temple Street, Los Angeles, California 90012, the undersigned  
6 parties (collectively, the "Copyright Owners") will, and do hereby, move, pursuant  
7 to Federal Rule of Civil Procedure 12(h)(3) and 28 U.S.C. § 2201, for an order  
8 dismissing the Complaint for Copyright Declaratory Relief, dated June 6, 2002 (the  
9 "Newmark Plaintiffs' Complaint"), of Craig Newmark, Shawn Hughes, Keith  
10 Ogden, Glenn Fleishman and Phil Wright (the "Newmark Plaintiffs").

11 This Notice of Motion and Motion is, and will be, based on the following  
12 grounds:

- 13 (1) Given the dismissal of the underlying lawsuit against Defendants  
14 SONICblue Incorporated and ReplayTV, Inc. that the Court previously  
15 held created an "actual controversy" between the Newmark Plaintiffs  
16 and the Copyright Owners, the Newmark Plaintiffs' Complaint is not  
17 justiciable as a matter of law under the Declaratory Judgment Act and  
18 Article III of the United States Constitution because the Newmark  
19 Plaintiffs cannot establish a reasonable apprehension that they will be  
20 subjected to liability based on the Copyright Owners' actions; and  
21 (2) The Court lacks subject matter jurisdiction over the Newmark  
22 Plaintiffs' Complaint because the Copyright Owners have covenanted  
23 not to sue the Newmark Plaintiffs for copyright infringement arising  
24 from the Newmark Plaintiffs' uses of their ReplayTV digital video  
25 recorders ("DVRs") as alleged in their Complaint, and accordingly  
26 there can be no justiciable case and controversy.


27 This Motion is, and will be, based upon this Notice of Motion and Motion, the  
28 Memorandum of Points and Authorities and Declaration of Scott P. Cooper,

1 attached hereto, all of the papers, pleadings and records on file in the above-  
2 captioned proceeding, and such oral argument as may be presented at the hearing on  
3 this Motion.

4 This Motion is made following the conference of counsel pursuant to Local  
5 Rule 7-3, which took place on July 24, 2003.

6 Dated: October 13, 2003

7 Respectfully submitted,

8  
9 By: 

10 SIMON BLOCK

11 RONALD S. RAUCHBERG  
12 SCOTT P. COOPER  
13 SIMON BLOCK  
14 PROSKAUER ROSE LLP

ROBERT M. SCHWARTZ  
ALAN RADER  
BENJAMIN SHEFFNER  
O'MELVENY & MYERS LLP

15 Attorneys for Metro-Goldwyn-Mayer Studios  
16 Inc., Orion Pictures Corporation, Twentieth  
17 Century Fox Film Corporation, Universal City  
18 Studios Productions LLLP (formerly Universal  
19 City Studios Productions, Inc.), Fox  
20 Broadcasting Company, Paramount Pictures  
21 Corporation, Disney Enterprises, Inc., National  
22 Broadcasting Company, Inc., NBC Studios,  
23 Inc., Showtime Networks Inc., UPN (formerly  
24 the United Paramount Network), ABC, Inc.,  
25 Viacom International Inc., CBS Worldwide  
26 Inc., and CBS Broadcasting, Inc.

Attorneys for 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.

22 ROBERT H. ROTSTEIN  
23 ALLAN L. SCHARE  
24 LISA E. STONE  
McDERMOTT, WILL & EMERY

25 Attorneys for Columbia Pictures Industries,  
26 Inc., Columbia Pictures Television, Inc.,  
27 Columbia TriStar Television, Inc., and TriStar  
28 Television, Inc.

**EXHIBIT D**  
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        2. *The Copyright Owners’ Covenant Not To Sue The Newmark Plaintiffs For Copyright Infringement Also Divests The Court Of Subject Matter Jurisdiction.* ..... 10

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**TABLE OF AUTHORITIES**

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5 520 U.S. 43 (1997)..... 7

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7 913 F. Supp. 35 (D. Mass. 1996)..... 11

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9 316 U.S. 491 (1942)..... 12

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11 666 F.2d 393 (9th Cir. 1981)..... 12

12 *Crown Drug Co. v. Revlon, Inc.,*

13 703 F.2d 240 (7th Cir. 1983)..... 9

14 *Environmental Dynamics, Inc. v. Robert Tyer and Assocs.,*

15 929 F. Supp. 1212 (N.D. Iowa 1996)..... 11

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18 *Hal Roach Studios, Inc. v. Richard Feiner and Co.,*

19 896 F.2d 1542 (9th Cir. 1990)..... 7, 9, 11

20 *Intellectual Prop. Dev., Inc. v. TCI Cablevision of Cal., Inc.,*

21 248 F.3d 1333, cert. denied, 534 U.S. 895 (2001)..... 10

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23 15 F. Supp. 2d 952 (C.D. Cal. 1998)..... 8

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25 380 F. Supp. 894 (S.D.N.Y. 1974)..... 7

26 *Maryland Cas. Co. v. Pacific Coal & Oil Co.,*

27 312 U.S. 270 (1941)..... 7

28 *McCarthy v. United States,*

850 F.2d 558 (9th Cir. 1998), cert. denied, 489 U.S. 1052 (1989)..... 10

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*Oregon Advocacy Ctr. v. Mink,*

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*Preiser v. Newkirk,*

422 U.S. 395 (1975)..... 7

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1 *Prudent Publ'g Co. v. Myron Mfg. Corp.*,  
2 722 F. Supp. 17 (S.D.N.Y. 1989)..... 11

3 *SL Waber, Inc. v. American Power Conversion Corp.*,  
4 135 F. Supp. 2d 521 (D. N.J. 1999)..... 10-11

5 *Societe de Conditionnement en Aluminium v. Hunter Eng'g Co.*,  
6 655 F.2d 938 (9th Cir. 1981)..... 8, 12

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8 No. 01 X 6641, 2002 WL 31017654 (N.D. Ill. Sept. 9, 2002)..... 9

9 *Sopcak v. Northern Mountain Helicopter Serv.*,  
10 52 F.3d 817 (9th Cir. 1995) ..... 8

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12 57 F.3d 1054 (Fed. Cir. 1995), *cert. denied*, 516 U.S. 1093 (1996) ..... 10, 11

13 *Wilton v. Seven Falls Co.*,  
14 515 U.S. 277 (1995)..... 12

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16 28 U.S.C. § 2201..... 7, 13

17 Bankruptcy Code Section 362 ..... 6

18 Fed. R. Civ. P. 12(h)(3) ..... 4, 13

19 Local Rule 7-3..... 6

20 **OTHER AUTHORITIES**

21 10B Wright, Miller & Kane, *Federal Practice & Procedure: Civil 3d*,  
22 § 2757 (1998)..... 7

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1 MEMORANDUM OF POINTS AND AUTHORITIES

2 I. INTRODUCTION

3 Article III of the United States Constitution limits the jurisdiction of federal  
4 courts to matters of “actual controversy” between parties during the entire pendency  
5 of the lawsuit. Thus, a party may not pursue an action for declaratory relief unless  
6 an actual controversy exists throughout the litigation – even where a controversy  
7 existed when the party filed the complaint. Two recent events have put an end to  
8 any actual controversy between the Copyright Owners and the Newmark Plaintiffs,  
9 such that the Court has no subject matter jurisdiction over the Newmark Plaintiffs’  
10 declaratory relief action against the Copyright Owners and defendants SONICblue  
11 Incorporated and ReplayTV, Inc. (collectively, “SONICblue”).

12 First, the Copyright Owners and SONICblue recently stipulated to the  
13 dismissal of the ReplayTV Action that precipitated the Newmark Plaintiffs’ filing of  
14 their complaint.<sup>1</sup> Since the Copyright Owners’ allegations in the ReplayTV Action  
15 was the only basis on which the Court found an actual controversy between the  
16 Copyright Owners and the Newmark Plaintiffs, the Newmark Plaintiffs no longer  
17 can meet their burden of establishing subject matter jurisdiction over their  
18 declaratory relief claims.

19 Second, to avoid any ambiguity as to the existence of an actual controversy,  
20 the Copyright Owners have covenanted not to sue the Newmark Plaintiffs for  
21 copyright infringement for their uses of their ReplayTV DVRs. This covenant  
22 similarly eliminates the Court’s jurisdiction, and the Newmark Plaintiffs’ Complaint  
23 must be dismissed pursuant to Federal Rule of Civil Procedure 12(h)(3).  
24  
25  
26

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27 <sup>1</sup> As used herein, the “ReplayTV Action” refers to the four consolidated actions commenced by  
28 the Copyright Owners against SONICblue in late 2001, asserting, *inter alia*, copyright  
infringement claims against SONICblue relating to its new DVR.

1 **II. PROCEDURAL HISTORY AND SIGNIFICANT RECENT**  
2 **DEVELOPMENTS**

3 **A. Prior Proceedings**

4 As the Court will recall, the Copyright Owners commenced the ReplayTV  
5 Action against SONICblue in late 2001 relating to its about to be released DVR, the  
6 ReplayTV 4000 series. Based on SONICblue's conduct, the Copyright Owners  
7 asserted claims against SONICblue for, *inter alia*, direct, contributory, and vicarious  
8 copyright infringement.

9 In June 2002, a little over seven months after the commencement of the  
10 ReplayTV Action, five individual owners of ReplayTV 4000s, the Newmark  
11 Plaintiffs, brought the declaratory relief action against the Copyright Owners and  
12 SONICblue, seeking a declaration that their specific uses of their ReplayTV 4000s  
13 were lawful (the "Newmark Declaratory Relief Action"). The Copyright Owners  
14 moved to dismiss the Newmark Plaintiffs' declaratory relief claims for lack of  
15 subject matter jurisdiction, arguing that the claims did not present an "actual  
16 controversy," as required by the Declaratory Judgment Act and Article III of the  
17 United States Constitution. Alternatively, the Copyright Owners moved the Court  
18 to exercise its discretionary authority under the Declaratory Judgment Act to dismiss  
19 or stay the Newmark Declaratory Relief Action.

20 In its August 15, 2002 ruling, reported at *Newmark v. Turner Broadcasting*  
21 *Network*, 226 F. Supp.2d 1215 (C.D. Cal. 2002) (the "Order"), the Court denied the  
22 Copyright Owners' motion to dismiss or, alternatively, to stay the Newmark  
23 Declaratory Relief Action.<sup>2</sup> In finding the existence of an "actual controversy," the  
24 Court held that the Copyright Owners' allegations in the ReplayTV Action were  
25 sufficient to raise a reasonable apprehension in the individual Newmark Plaintiffs  
26

27 <sup>2</sup> For the Court's convenience, a copy of the Order is attached as Exhibit 1 to the annexed  
28 Declaration of Scott P. Cooper, dated October 13, 2003 ("Cooper Decl.").

1 that they would be subjected to liability for copyright infringement. *See* Order, at 7-  
2 8.

3 **B. Recent Events**

4 On March 21, 2003, SONICblue filed voluntary petitions in the United States  
5 Bankruptcy Court for the Northern District of California.<sup>3</sup> Three days later, this  
6 Court issued an order staying all proceedings in this case. *See* Cooper Decl., Exh.  
7 B. On July 24, 2003, during the Local Rule 7-3 conference of counsel, the  
8 Copyright Owners covenanted not to sue the Newmark Plaintiffs for copyright  
9 infringement arising from the Newmark Plaintiffs' uses of their ReplayTV DVRs as  
10 alleged in their Complaint. *Id.*, ¶ 5 and Exh. 3. Despite the covenant, the Newmark  
11 Plaintiffs have refused to dismiss their declaratory relief claims against the  
12 Copyright Owners voluntarily. *Id.*

13 On August 19, 2003, the Bankruptcy Court issued an order modifying the  
14 automatic stay provided for in Bankruptcy Code Section 362 to allow (1) the  
15 Copyright Owners and SONICblue to stipulate to the voluntary dismissal of the  
16 ReplayTV Action in this Court; and (2) the parties to stipulate to the voluntary  
17 dismissal of the Newmark Declaratory Relief Action as to SONICblue in this Court.  
18 *Id.*, ¶ 6 and Exh. 4.

19 All of the parties to these consolidated actions recently filed with this Court a  
20 stipulation dismissing without prejudice the ReplayTV Action in its entirety, and  
21 dismissing the Newmark Declaratory Relief Action as to SONICblue only. *See id.*,  
22 ¶ 7 and Exh. 5. Thus, of the five previously consolidated ReplayTV-related actions,  
23 the only remaining claims pending before this Court are the Newmark Plaintiffs'

24  
25 <sup>3</sup> On April 25, 2003, with Bankruptcy Court approval, SONICblue sold its ReplayTV assets to a  
26 third party. As a result of the sale, SONICblue no longer is in the business of manufacturing,  
27 selling or supporting the ReplayTV DVRs (and accompanying services) at issue in the ReplayTV  
28 Action and the Newmark Declaratory Relief Action. In June 2003, the purchaser of SONICblue's  
ReplayTV assets announced that its new DVR model, the ReplayTV 5500 series, scheduled to be  
available to consumers in August 2003, would not include two of the features formerly at issue in  
the ReplayTV Action.

1 declaratory relief claims against the Copyright Owners that are the subject of this  
2 motion.

3 **III. ARGUMENT**

4 **A. The Newmark Plaintiffs No Longer Can Satisfy The “Actual  
5 Controversy” Requirement For Subject Matter Jurisdiction.**

6 The Declaratory Judgment Act specifically provides that a federal court may  
7 grant declaratory relief *only* where there is an “actual controversy.” 28 U.S.C. §  
8 2201(a). This requirement is jurisdictional. *Maryland Cas. Co. v. Pacific Coal &*  
9 *Oil Co.*, 312 U.S. 270, 272 (1941) (“the District Court is without power to grant  
10 declaratory relief unless ... a[n] [‘actual] controversy[’] exists.”). Thus, as this  
11 Court previously noted, “[i]f the Newmark Plaintiffs’ claims do not present an  
12 actual ‘case or controversy,’ the Court lacks subject matter jurisdiction over the  
13 matter, and the claims must be dismissed.” Order, at 4.

14 For an action for declaratory relief to proceed, it is not enough that an actual  
15 controversy existed at the time a declaratory relief complaint is filed. The basis on  
16 which jurisdiction exists must continue throughout the suit, or the court is divested  
17 of jurisdiction. “To qualify as a case fit for federal-court adjudication, ‘an actual  
18 controversy must be extant at all stages of review, not merely at the time the  
19 complaint is filed.’” *Arizonans for Official English v. Arizona*, 520 U.S. 43, 67  
20 (1997) (quoting *Preiser v. Newkirk*, 422 U.S. 395, 401 (1975)).<sup>4</sup> Therefore, “[i]t is  
21 not enough that there may have been a controversy when the action was commenced  
22 if subsequent events have put an end to the controversy . . . .” 10B Wright, Miller &  
23 Kane, *Federal Practice & Procedure: Civil 3d*, § 2757, at 495 (1998); *Mailer v.*  
24 *Zolotow*, 380 F. Supp. 894, 896-97 (S.D.N.Y. 1974) (same).

25  
26 <sup>4</sup> See also *Oregon Advocacy Ctr. v. Mink*, 322 F.3d 1101, 1116 (9th Cir. 2003) (same); *Hal Roach*  
27 *Studios, Inc. v. Richard Feiner and Co.*, 896 F.2d 1542, 1556 n.22 (9th Cir. 1990) (the “actual  
28 controversy” requirement “must be satisfied as of the time that the suit is filed and must continue  
throughout the term of the suit.”).

1           The declaratory relief plaintiff bears the burden of proving the existence of  
2 subject matter jurisdiction. *E.g.*, Order, at 4 (“The burden of proof on a Rule  
3 12(b)(1) motion is on the party asserting jurisdiction.”) (citing *Sopcak v. Northern*  
4 *Mountain Helicopter Serv.*, 52 F.3d 817, 818 (9th Cir. 1995)); *K-Lath, Div. of Tree*  
5 *Island Wire (USA), Inc. v. Davis Wire Corp.*, 15 F. Supp.2d 952, 958 (C.D. Cal.  
6 1998) (same). The Newmark Plaintiffs no longer can meet their burden of proving  
7 an “actual controversy” for two reasons, each of which alone is sufficient to  
8 eliminate this Court’s subject matter jurisdiction. First, the Copyright Owners’  
9 voluntary dismissal of the ReplayTV Action eliminates the only basis on which the  
10 Court previously determined the existence of a legally cognizable threat of a claim  
11 against the Newmark Plaintiffs. Second, the Copyright Owners’ covenant not to sue  
12 the Newmark Plaintiffs for copyright infringement in any event divests this Court of  
13 subject matter jurisdiction over the Newmark Plaintiffs’ claims.

14           **1.     *The Dismissal Of The ReplayTV Litigation Has Put An End To***  
15           ***Any “Actual Controversy” Between The Newmark Plaintiffs***  
16           ***And The Copyright Owners.***

17           Under well-settled law, a declaratory relief plaintiff can satisfy the “actual  
18 controversy” requirement only by showing that the defendants’ actions created in  
19 the plaintiff a “reasonable apprehension” of liability. *See* Order, at 5 (“[C]ourts  
20 must focus on whether a declaratory plaintiff has a ‘reasonable apprehension’ that  
21 he or she will be subjected to liability.”) (citing *Societe de Conditionnement en*  
22 *Aluminium v. Hunter Eng’g Co.*, 655 F.2d 938, 944 (9th Cir. 1981)). In its August  
23 15, 2002 Order (Exhibit 1 to the Cooper Declaration), the Court concluded that the  
24 only basis on which the Newmark Plaintiffs had a “reasonable apprehension” of a  
25 possible claim against them was the existence of the Copyright Owners’ allegations  
26 against SONICblue in the now-dismissed ReplayTV Action. The Court reasoned as  
27 follows:

1 When viewed from the perspective of the Newmark Plaintiffs,  
2 the [Copyright Owners]' allegations *in the RePlayTV action* are  
3 sufficient to raise a reasonable apprehension that they will be  
4 subject to liability. The Complaints *in the RePlayTV action*  
5 allege that the actions of the Newmark Plaintiffs (and other  
6 RePlayTV DVR owners) constitute direct copyright  
7 infringement. Of course, the [Copyright Owners] must allege  
8 these facts to support their claims of contributory and vicarious  
9 copyright infringement against RePlayTV. But the fact remains  
10 that the [Copyright Owners] have, with a great deal of  
11 specificity, accused the Newmark Plaintiffs (and other  
12 RePlayTV DVR owners) of infringing the [Copyright Owners]'  
13 copyrights, and have demonstrated the will to protect  
14 copyrights through litigation. These facts raise a reasonable  
15 apprehension on the part of the Newmark Plaintiffs.

16 Order, at 7 (emphasis added). Similarly, the Court noted that “a victory by the  
17 [Copyright Owners against SONICblue] *in the RePlayTV action* will necessarily  
18 require a determination that the activities of the [ReplayTV DVR] owners constitute  
19 direct copyright infringement . . . .” *Id.* (emphasis added).

20 SONICblue's bankruptcy, its exit from the DVR business, and the parties'  
21 joint stipulation to dismiss the ReplayTV Action, have ended the active controversy  
22 that constituted the sole basis for the Court's finding of an indirect threat of potential  
23 claims by the Copyright Owners against the Newmark Plaintiffs. Without the  
24 Copyright Owners' allegations of infringing activity by ReplayTV DVR owners, the  
25 Newmark Plaintiffs can point to no other actions by the Copyright Owners sufficient  
26 to instill in the Newmark Plaintiffs a “reasonable apprehension” of liability.<sup>5</sup> As a  
27 result, the Newmark Plaintiffs no longer can meet their burden of proving that their  
28 declaratory relief claims present an “actual controversy,” and their Complaint must  
be dismissed. *See Solaia Tech. LLC v. Jefferson Smurfit Corp.*, No. 01 X 6641,  
2002 WL 31017654, at \*2 (N.D. Ill. Sept. 9, 2002) (finding that plaintiff seeking a

<sup>5</sup> It is axiomatic that the “reasonable apprehension” by the declaratory relief plaintiff “must have been caused by the defendant's actions.” *Hal Roach Studios*, 896 F.2d at 1556; *Crown Drug Co. v. Revlon, Inc.*, 703 F.2d 240, 243 (7th Cir. 1983) (“a reasonable apprehension alone, if not inspired by defendant's actions, does not give rise to an actual controversy.”) (internal citation omitted). As the Court's prior ruling reflected, other than the Copyright Owners' allegations in the ReplayTV Action, no arguable basis for such apprehension ever existed.

1 declaration of non-infringement, invalidity and unenforceability of a patent cannot  
2 show “reasonable apprehension” of liability where “no charge of patent  
3 infringement now remains pending”).

4           **2.     *The Copyright Owners’ Covenant Not To Sue The Newmark***  
5           ***Plaintiffs For Copyright Infringement Also Divests The Court***  
6           ***Of Subject Matter Jurisdiction.***

7           The Court lacks subject matter jurisdiction for a second, independent reason:  
8 because the Copyright Owners have unconditionally covenanted not to sue the  
9 Newmark Plaintiffs for copyright infringement arising out of their uses of their  
10 ReplayTV DVRs as alleged in their Complaint, there cannot be a legally cognizable  
11 threat of liability against the Newmark Plaintiffs for copyright infringement. *See*  
12 *Cooper Decl.*, ¶ 5 and Exh. 3.<sup>6</sup> As a matter of law, a covenant not to sue for  
13 infringement of intellectual property rights legally removes from the declaratory  
14 relief plaintiff a reasonable apprehension of liability, thereby depriving the Court of  
15 subject matter jurisdiction. *See, e.g., Intellectual Prop. Dev., Inc. v. TCI*  
16 *Cablevision of Cal., Inc.*, 248 F.3d 1333, 1342 (Fed. Cir.) (“statement of non-  
17 liability divested the district court of Article III jurisdiction”) (cited in Order, at 6,  
18 for another point), *cert. denied*, 534 U.S. 895 (2001); *Super Sack Mfg. Corp. v.*  
19 *Chase Packaging Corp.*, 57 F.3d 1054, 1059 (Fed. Cir. 1995) (declaratory relief  
20 plaintiff “has no cause for concern that it can be held liable for any infringing acts  
21 . . .” as a result of covenant not to sue), *cert. denied*, 516 U.S. 1093 (1996); *The*  
22 *Gillette Co. v. Optiva Corp.*, No. 99 Civ. 402 (LAP), 2000 WL 307389, at \*6-7  
23 (S.D.N.Y. Mar. 23, 2000) (“A promise not to bring a patent infringement suit is  
24 sufficient to remove a reasonable apprehension of suit.”); *SL Waber, Inc. v.*

25  
26 \_\_\_\_\_  
27 <sup>6</sup> The Court is not restricted to the face of the pleadings when considering a motion challenging  
28 the substance of jurisdictional allegations, and may review evidence to resolve any factual disputes  
concerning the existence of jurisdiction. *See* Order, at 4 (citing *McCarthy v. United States*, 850  
F.2d 558, 560 (9th Cir. 1998), *cert. denied*, 489 U.S. 1052 (1989)).

1 *American Power Conversion Corp.*, 135 F. Supp.2d 521, 525 (D. N.J. 1999)  
2 (covenant not to sue “eliminates any concern [declaratory judgment plaintiff] could  
3 have about the threat of [suit]”); *Biogen, Inc. v. Amgen, Inc.*, 913 F. Supp. 35, 40 (D.  
4 Mass. 1996) (dismissing declaratory relief counterclaim based on covenant not to  
5 sue); *Environmental Dynamics, Inc. v. Robert Tyer and Assocs.*, 929 F. Supp. 1212,  
6 1248-49 (N.D. Iowa 1996) (same). Under very similar circumstances, a court found  
7 that a copyright owner’s covenant not to sue removed all reasonable fear of a  
8 subsequent suit, precluding the continued assertion of subject matter jurisdiction  
9 over the declaratory relief counterclaim. *Prudent Publ’g Co. v. Myron Mfg. Corp.*,  
10 722 F. Supp. 17, 22 (S.D.N.Y. 1989).

11 It makes sense that courts regard a covenant not to sue as requiring the  
12 dismissal of a declaratory relief claim. As the Federal Circuit has reasoned: “[The  
13 covenant not to sue] . . . removes from the field any controversy sufficiently actual  
14 to confer jurisdiction over this case. Because [the declaratory relief plaintiff] can  
15 have no reasonable apprehension that it will face an infringement suit . . . , it fails to  
16 satisfy the first part of our two-part test of justiciability.” *Super Sack*, 57 F.3d at  
17 1059.<sup>7</sup>

18 The case law in this Circuit is entirely consistent with this breadth of  
19 authority. While it appears that the Ninth Circuit has not previously had occasion to  
20 rule on the precise question of whether a covenant not to sue deprives the court of  
21 subject matter jurisdiction, the Ninth Circuit repeatedly has noted the relevance of a  
22 declaratory relief defendant’s failure to provide such a promise. *See Hal Roach*  
23 *Studios*, 896 F.2d at 1556 (finding it “relevant, under the circumstances of this case,  
24 that [the defendant] has not indicated to [the plaintiff] that it will not institute an  
25

26 <sup>7</sup> As the Newmark Plaintiffs previously have observed, “[c]ourts apply the same declaratory relief  
27 justiciability standards to patent, trademark and copyright cases.” (citing *Hal Roach Studios*, 896  
28 F.2d at 1556). Newmark Plaintiffs’ Memorandum in Opposition to the Copyright Owners’  
Motion to Dismiss, dated July 29, 2002, at 5 n.6.



1 infringement action.”); *Chesebrough-Pond’s, Inc. v. Faberge, Inc.*, 666 F.2d 393,  
2 397 (9th Cir. 1981) (noting that the defendant “did not disclaim an intent to pursue  
3 an infringement action”); *Societe*, 655 F.2d at 945 (“We do think it relevant, in the  
4 light of the circumstances, that [the defendant] has not indicated that it will not sue  
5 [the plaintiff] for infringement or in any other manner agree to a non-adversary  
6 position with respect to the patent.”).<sup>8</sup>

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21 <sup>8</sup> As a result of the dismissal of the ReplayTV Action and the Copyright Owners’ covenant not to  
22 sue the Newmark Plaintiffs as described above, the Court has no subject matter jurisdiction over  
23 the Newmark Plaintiffs’ declaratory relief claims. Consequently, as a matter of law, the Court will  
24 not reach the second prong of the traditional analysis under the Declaratory Judgment Act. The  
25 second prong of the analysis involves the Court’s consideration of a variety of factors to determine  
26 whether the Court should exercise its discretionary authority to dismiss the action. *See* Order, at  
27 1221 (“[T]he Court’s exercise of jurisdiction under the Declaratory Judgment Act . . . is  
28 discretionary.”); *Brillhart v. Excess Ins. Co. of Am.*, 316 U.S. 491, 494 (1942). In this case, the  
relevant discretionary factors, which focus on the goal of judicial economy, also favor dismissal of  
the Newmark Declaratory Relief Action. *See Wilton v. Seven Falls Co.*, 515 U.S. 277, 288 (1995)  
 (“In the declaratory judgment context, the normal principle that federal courts should adjudicate  
claims within their jurisdiction yields to considerations of practicality and wise judicial  
administration.”). The extraordinary inefficiencies of proceeding with the declaratory relief action  
in the absence of any current dispute between the Copyright Owners and SONICblue would  
require dismissal of the Newmark Declaratory Relief Action in any event.

EXHIBIT D  
PAGE 59

1 **IV. CONCLUSION**

2 For the foregoing reasons, the Court should dismiss the Newmark Plaintiffs'  
3 Complaint pursuant to Federal Rule of Civil Procedure 12(h)(3) and 28 U.S.C.  
4 § 2201.

5 Dated: October 13, 2003

6 Respectfully submitted,

7 By:   
8 SIMON BLOCK

9  
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11 SCOTT P. COOPER  
12 SIMON BLOCK  
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16 Century Fox Film Corporation, Universal City  
17 Studios Productions LLLP (formerly Universal  
18 City Studios Productions, Inc.), Fox  
19 Broadcasting Company, Paramount Pictures  
20 Corporation, Disney Enterprises, Inc., National  
21 Broadcasting Company, Inc., NBC Studios,  
22 Inc., Showtime Networks Inc., UPN (formerly  
23 the United Paramount Network), ABC, Inc.,  
24 Viacom International Inc., CBS Worldwide  
25 Inc., and CBS Broadcasting, Inc.

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27 Columbia TriStar Television, Inc., and TriStar  
28 Television, Inc.

**EXHIBIT D  
PAGE 60**

1 **DECLARATION OF SCOTT P. COOPER**

2 I, Scott P. Cooper, declare as follows:

3 1. I am an attorney at law duly admitted to practice before this Court, and  
4 I am a member of Proskauer Rose LLP, counsel for Plaintiffs Metro-Goldwyn-  
5 Mayer Studios Inc., Orion Pictures Corporation, Twentieth Century Fox Film  
6 Corporation, Universal City Studios Productions LLLP (formerly Universal City  
7 Studios Productions, Inc.), Fox Broadcasting Company, Paramount Pictures  
8 Corporation, Disney Enterprises, Inc., National Broadcasting Company, Inc., NBC  
9 Studios, Inc., Showtime Networks Inc., UPN (formerly the United Paramount  
10 Network), ABC, Inc., Viacom International Inc., CBS Worldwide Inc., CBS  
11 Broadcasting, Inc. in the above-captioned consolidated actions. I submit this  
12 declaration in support of the annexed Motion to Dismiss, dated October 13, 2003. I  
13 make this declaration of my own personal knowledge except where otherwise stated,  
14 and, if called as a witness, I could and would testify competently as set forth below.

15 2. Attached hereto as Exhibit 1 is a true and correct copy of the Court's  
16 Order, dated August 15, 2002, denying the Copyright Owners' motion to dismiss or,  
17 alternatively, to stay the Newmark Declaratory Relief Action, reported at *Newmark*  
18 *v. Turner Broadcasting Network*, 226 F. Supp.2d 1215 (C.D. Cal. 2002).

19 3. Attached hereto as Exhibit 2 is a true and correct copy of the Court's  
20 minute order, dated March 24, 2003, staying all proceedings in the above-captioned  
21 consolidated actions, following SONICblue's bankruptcy filing.

22 4. On July 7, 2003, I had a telephone conversation with Ira Rothken, one  
23 of the counsel for the Newmark Plaintiffs, in which I advised Mr. Rothken of the  
24 Copyright Owners' intention to voluntarily dismiss the ReplayTV Action, and  
25 requested that the Newmark Plaintiffs agree to voluntarily dismiss the Newmark  
26 Declaratory Relief Action. I further advised Mr. Rothken that the Copyright  
27 Owners intended to move to dismiss the Newmark Declaratory Relief Action for  
28 lack of subject matter jurisdiction in the event the Newmark Plaintiffs did not agree

**EXHIBIT D**  
**PAGE 61**

1 to voluntarily dismiss the Newmark Declaratory Relief Action. Mr. Rothken  
2 informed me that the Newmark Plaintiffs would not agree to dismiss their  
3 declaratory relief action against the Copyright Owners and would oppose the  
4 Copyright Owners' motion to dismiss.

5 5. Further to my July 7 conversation with Ira Rothken, on July 24, 2003, I  
6 had a telephone conversation with Gwen Hinze, one of the other counsel for the  
7 Newmark Plaintiffs, pursuant to Local Rule 7-3. During that conversation, I advised  
8 Ms. Hinze that the Copyright Owners unconditionally covenant not to sue the  
9 Newmark Plaintiffs for copyright infringement arising out of their past or future  
10 uses of their ReplayTV digital video recorders as alleged in their declaratory relief  
11 complaint. I further advised Ms. Hinze that this covenant, combined with the  
12 impending dismissal of the Copyright Owners' claims against SONICblue and the  
13 Newmark Plaintiffs' announcement of their intention to voluntarily dismiss the  
14 declaratory relief complaint against SONICblue, establish beyond any doubt that the  
15 Newmark Plaintiffs' declaratory relief claims are no longer justiciable as a matter of  
16 law under the Declaratory Judgment Act and Article III of the United States  
17 Constitution. Ms. Hinze informed me that the Newmark Plaintiffs nonetheless  
18 intended to oppose the Copyright Owners' motion to dismiss. Attached hereto as  
19 Exhibit 3 is a true and correct copy of my letter to Ms. Hinze, dated July 14, 2003,  
20 confirming our telephone conversation.

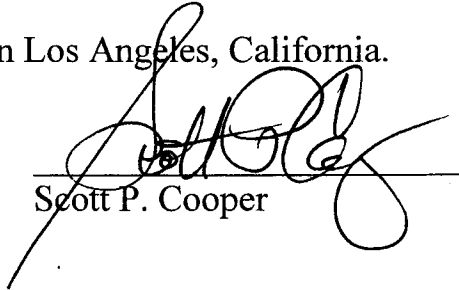
21 6. On August 19, 2003, the Bankruptcy Court issued an order modifying  
22 the automatic stay provided for in Bankruptcy Code Section 362 to allow (1) the  
23 Copyright Owners and SONICblue to stipulate to the voluntary dismissal of the  
24 ReplayTV Action in this Court; and (2) the parties to stipulate to the voluntary  
25 dismissal of the Newmark Declaratory Relief Action as to SONICblue in this Court.  
26 Attached hereto as Exhibit 4 is a true and correct copy of the Bankruptcy Court's  
27 August 19, 2003 order.

28 7. Attached hereto as Exhibit 5 is a true and correct copy of the

1 Stipulation of Dismissal, executed by all of the parties to these consolidated actions,  
2 dismissing all of the consolidated actions as to SONICblue, without prejudice,  
3 pursuant to Federal Rule of Civil Procedure 41(a)(1)(ii).

4 I declare under penalty of perjury under the laws of the United States of  
5 America that the foregoing is true and correct.

6 Executed this 13th day of October, 2003, in Los Angeles, California.

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Scott P. Cooper

# **EXHIBIT 1**

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

**CRAIG NEWMARK, et al.,**

**Plaintiffs,**

vs.

**TURNER BROADCASTING  
NETWORK, et al.,**

**Defendants.**

**CV 02-04445 FMC (Ex)**

**ORDER DENYING MOTION TO  
DISMISS; ORDER DENYING  
MOTION TO STAY; ORDER  
GRANTING MOTION TO  
CONSOLIDATE**

This matter is before the Court on Defendants' Motion to Dismiss or, Alternatively, to Stay Proceedings, and Plaintiffs' Motion to Consolidate. These matters were heard on August 12, 2002, at which time the parties were in receipt of the Court's tentative order. For the reasons set forth below, the Court hereby denies the Motion to Dismiss (docket #43-1), hereby denies the Motion to Stay (docket #43-2), and hereby grants the Motion to Consolidate (docket #45).

*82*

1 **I. Background**

2 The parties are well-acquainted with the nature of the present action and  
3 *Paramount Pictures Corporation v. RePlayTV, Inc.*, No. 02-04445 FMC (Ex) (“the  
4 *RePlayTV* action”), which are only briefly described below.

5 **A. The *RePlayTV* Action**

6 Plaintiffs in the *RePlayTV* action are a number of television and film  
7 companies in the entertainment industry.<sup>1</sup> Defendants in the *RePlayTV* action  
8 are SONICblue, Inc. (“SONICblue”), and its wholly owned subsidiary,  
9 RePlayTV, Inc (“RePlayTV”).<sup>2</sup>

10 The factual allegations in the *RePlayTV* action center on the development  
11 and sale by RePlayTV of a digital video recorder: the RePlayTV 4000 series.  
12 The digital video recorder, or DVR, enables television viewers to make digital  
13 copies of copyrighted television programs. The DVRs are equipped with  
14 commercial-skipping features, and they may be used to send copies of televised  
15 programs (or “content”) to other RePlayTV owners via high-speed internet  
16 connections.

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19 <sup>1</sup> Specifically, the Plaintiffs in the *RePlayTV* action are Paramount Pictures Corp.  
20 (“Paramount”); Disney Enterprises, Inc. (“Disney”); National Broadcasting Company  
21 (“NBC”); NBC Studios, Inc. (“NBC Studios”); Showtime Networks, Inc. (“Showtime”); The  
22 United Paramount Network (“UPN”); ABC, Inc. (“ABC”); Viacom International, Inc.  
23 (“Viacom”); CBS Worldwide, Inc. (“CBS Worldwide”); CBS Broadcasting, Inc. (“CBS”); Time  
24 Warner Entertainment Company, L.P. (“TWE”); Home Box Office (“HBO”); Warner Brothers  
25 (“Warner Brothers”); Warner Brothers Television (“WBT”); Time Warner, Inc. (“TWI”);  
26 Turner Broadcasting System, Inc. (“Turner Broadcasting”); New Line Cinema Corp. (“New  
27 Line”); Castle Rock Entertainment (“Castle Rock”); The WB Television Network Partners,  
28 L.P (“WBT Network”); Metro-Goldwyn-Mayer Studios, Inc. (“MGM”); Orion Pictures Corp.  
29 (“Orion”); Twentieth Century Fox Film Corp. (“Fox”); Universal City Studios Productions,  
30 Inc. (“Universal”); Fox Broadcasting Co. (“FBC”); Columbia Pictures Industries, Inc.  
31 (“Columbia Industries”); Columbia Pictures Television (“Columbia Television”); Columbia  
32 Tristar Television (“CTTV”); and TriStar Television, Inc. (“TriStar Television”).

33 <sup>2</sup> Throughout this Order, the Court will refer to SONICblue, Inc., and RePlayTV, Inc.,  
34 collectively as “RePlayTV.”



1 The Plaintiffs in the *RePlayTV* action have asserted claims against  
2 SONICblue and RePlayTV based on, *inter alia*, contributory and vicarious  
3 copyright infringement. These claims are based on the alleged direct copyright  
4 infringement committed by the owners of the RePlayTV DVRs. (*See, e.g.,*  
5 *Paramount Compl.*, No. 01-09358, ¶ 64 (regarding contributory infringement);  
6 ¶ 71 (regarding vicarious infringement)).  
7

8 **B. The *Newmark* Action**

9 Five owners of RePlayTV DVRs have filed the present declaratory relief  
10 action in this Court.

11 All the twenty-eight plaintiffs in the *RePlayTV* action are defendants in  
12 the present action, which the Court refers to as the *Newmark* action.  
13 Throughout this Order, the Court refers to these defendants as “the  
14 Entertainment Defendants.” SONICblue and RePlayTV are defendants in the  
15 present action as well.

16 The factual allegations in the Complaint reveal that the *Newmark*  
17 Plaintiffs use the units to record content for later viewing;<sup>3</sup> some of the  
18 Plaintiffs transfer content to laptop computers for viewing while traveling.  
19 Plaintiffs use the commercial-skipping features of the RePlayTV DVRs; at least  
20 one Plaintiff uses the commercial-skipping features to control the advertising  
21 to which his children are exposed.

22 The *Newmark* Plaintiffs seek a declaration as to whether their activities  
23 constitute copyright infringement.  
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27

---

28 <sup>3</sup> This use is referred to as “time-shifting.”

1 **II. Motion to Dismiss**

2 The Entertainment Defendants move to dismiss the *Newmark Plaintiffs'*  
3 claims, arguing that the claims do not present an actual "case or controversy"  
4 as required by the Declaratory Judgment Act, 28 U.S.C. § 2201, and Article III  
5 of the United States Constitution. If the *Newmark Plaintiffs'* claims do not  
6 present an actual "case or controversy", the Court lacks subject matter  
7 jurisdiction over the matter, and the claims must be dismissed. *See Mason v.*  
8 *Genisco Technology Corp.*, 960 F.2d 849, 853 (9th Cir. 1991).

9 A motion to dismiss an action for lack of subject matter jurisdiction is  
10 properly brought under Fed. R. Civ. P. 12(b)(1). The objection presented by this  
11 motion is that the court has no authority to hear and decide the case. When  
12 considering a Rule 12(b)(1) motion challenging the substance of jurisdictional  
13 allegations, the Court is not restricted to the face of the pleadings, but may  
14 review any evidence, such as declarations and testimony, to resolve any factual  
15 disputes concerning the existence of jurisdiction. *See McCarthy v. United States*,  
16 850 F.2d 558, 560 (9th Cir. 1988), *cert. denied*, 489 U.S. 1052, 109 S. Ct. 1312  
17 (1989). The burden of proof on a Rule 12(b)(1) motion is on the party asserting  
18 jurisdiction. *See Sopcak v. Northern Mountain Helicopter Serv.*, 52 F.3d 817, 818  
19 (9th Cir. 1995).

20 The present motion presents a novel issue: Does a plaintiff present an  
21 actual "case or controversy" under the Declaratory Judgment Act and Article  
22 III where the plaintiff's conduct is alleged, in a separate action against a third  
23 party for contributory and/or vicarious copyright infringement, to be direct  
24 copyright infringement? The parties have cited no authority that discusses the  
25 actual "case or controversy" requirement in the context of this unique factual  
26 scenario, and the Court, in its own research, has found none.

27 Nevertheless, both the Entertainment Defendants and the *Newmark*  
28 Plaintiffs cite a number of cases that are instructive on this issue, from which

1 the Court concludes that the *Newmark* Plaintiffs have presented an actual “case  
2 or controversy.”

3 The Declaratory Judgment Act permits a federal court to “declare the  
4 rights and other legal relations” of parties to “a case of actual controversy.” 28  
5 U.S.C. § 2201. This “actual controversy” requirement is the same as the “case  
6 or controversy” requirement of Article III of the United States Constitution.  
7 See *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 239-40, 57 S. Ct. 461, 463 (1937).  
8 Therefore, the question of justiciability, and therefore of subject matter  
9 jurisdiction, is the same under § 2201 as it is under Article III.

10 The United States Supreme Court has given guidance as to when “an  
11 abstract” question becomes a “controversy” under the Declaratory Judgment  
12 Act:

13 The difference between an abstract question and a “controversy”  
14 contemplated by the Declaratory Judgment Act is necessarily one  
15 of degree, and it would be difficult, if it would be possible, to  
16 fashion a precise test for determining in every case whether there  
17 is such a controversy. Basically, the question in each case is  
18 whether the facts alleged, under all the circumstances, show that  
19 there is a substantial controversy, between parties having adverse  
20 legal interests, of sufficient immediacy and reality to warrant the  
21 issuance of a declaratory judgment.

22 *Maryland Casualty Co. v. Pacific Coal & Oil Co.*, 312 U.S. 270, 273, 61 S. Ct. 510,  
23 512 (1941).

24 Applying this standard, the Ninth Circuit has held that something less  
25 than an “actual threat” of litigation is required to meet the “case or controversy”  
26 requirement; instead, courts must focus on whether a declaratory plaintiff has  
27 a “reasonable apprehension” that he or she will be subjected to liability. *Societe*  
28 *de Conditionnement en Aluminium v. Hunter Engineering Co., Inc.*, 655 F.2d 938,

1 944 (9th Cir. 1981). In *Societe*, the court first noted that the parties' assumption  
2 that a declaratory plaintiff must be subject to an "actual threat" was incorrect:

3 We infer from the arguments of the parties that they agree that an  
4 actual threat of litigation must be made by the [declaratory  
5 defendant] for a case or controversy to exist. We assume that the  
6 district court applied this standard in reaching its decision. We  
7 conclude that the Constitution has a much lower threshold than  
8 this standard would suggest.

9 *Id.* The Ninth Circuit then went on to hold that the determination of whether  
10 a case or controversy exists must focus on the reasonable apprehension of the  
11 declaratory plaintiff:

12 A better way to conceptualize the case or controversy  
13 standard is to focus on the declaratory judgment plaintiff. An  
14 action for a declaratory judgment that a patent is invalid, or that  
15 the plaintiff is not infringing, is a case or controversy if the plaintiff  
16 has a real and reasonable apprehension that he will be subject to  
17 liability if he continues to manufacture his product.

18 *Id.*

19 Other cases make it clear that no explicit threat of litigation is required  
20 to meet the "case or controversy" requirement. *See also K-Lath v. Davis Wire*  
21 *Corp.*, 15 F. Supp. 2d 952 (C.D. Cal. 1998) (noting that a plaintiff seeking  
22 declaratory judgment must show "an explicit threat or *other action*" that creates  
23 a reasonable apprehension that the plaintiff will face an infringement suit)  
24 (emphasis added); *Intellectual Property Development v. TCI Cablevision of*  
25 *California, Inc.*, 248 F.3d 1333, 1340 (Fed. Cir. 2001) ("other action" is  
26 sufficient), *cert. denied*, \_\_\_ U.S. \_\_\_, 122 S. Ct. 216 (2001); *Guthy-Renker Fitness v.*  
27 *Icon Health & Fitness, Inc.*, 179 F.R.D. 264 (C.D. Cal. 1998) (same).

28 The Entertainment Defendants argue that the *Newmark* Plaintiffs cannot

1 have a reasonable apprehension that they will face liability based on their use  
2 of their RePlayTV DVRs. The Entertainment Defendants contend that did not  
3 even know about the *Newmark* Plaintiffs until they filed this action, and that  
4 they did not name any individual Doe defendants in the *RePlayTV* action and  
5 point out that they make these allegations only because these allegations are  
6 necessary to state a claim against RePlayTV for contributory and vicarious  
7 copyright infringement.

8       However, the *Newmark* Plaintiffs argue persuasively that a victory by the  
9 Entertainment Defendants in the *RePlayTV* action will necessarily require a  
10 determination that the activities of the owners constitute direct copyright  
11 infringement, thereby instilling in them a reasonable apprehension that they  
12 will be subject to liability.

13       When viewed from the perspective of the *Newmark* Plaintiffs, the  
14 Entertainment Defendants' allegations in the *RePlayTV* action are sufficient to  
15 raise a reasonable apprehension that they will be subject to liability. The  
16 Complaints in the *RePlayTV* action allege that the actions of the *Newmark*  
17 Plaintiffs (and other RePlayTV DVR owners) constitute direct copyright  
18 infringement. Of course, the Entertainment Defendants must allege these facts  
19 to support their claims of contributory and vicarious copyright infringement  
20 against RePlayTV. But the fact remains that the Entertainment Defendants  
21 have, with a great deal of specificity, accused the *Newmark* Plaintiffs (and other  
22 RePlayTV DVR owners) of infringing the Entertainment Defendants'  
23 copyrights, and have demonstrated the will to protect copyrights through  
24 litigation. These facts raise a reasonable apprehension on the part of the  
25 *Newmark* Plaintiffs. This is especially so because that it appears from the  
26 Complaint in the *Newmark* action that the *Newmark* Plaintiffs are continuing  
27 to use their RePlayTV DVRs in a manner that the Entertainment Defendants  
28 allege constitutes infringing activity.

1 The Entertainment Defendants also argue that Plaintiffs cannot  
2 demonstrate any direct communication with defendants. However, it is clear  
3 in the Ninth Circuit that such direct communication is not necessarily required.  
4 *See Societe de Conditionnement en Aluminium*, 655 F.2d at 944-45. (finding that  
5 communication to third party could reasonably be viewed as a threat of  
6 litigation).

7 For these reasons, the Court holds that the claims of the *Newmark*  
8 Plaintiffs present an actual case or controversy, and that therefore this Court has  
9 subject matter jurisdiction over this action. Accordingly, the Court hereby  
10 denies Defendants' Motion to Dismiss.

### 11 12 III. Motion to Stay Action

13 In the alternative, the Entertainment Defendants move the Court to  
14 exercise its discretionary authority under the Declaratory Judgment Act to  
15 dismiss or stay this action.

16 The Court's exercise of jurisdiction under the Declaratory Judgment Act,  
17 28 U.S.C. § 2201, is discretionary:

18 In a case of actual controversy within its jurisdiction, . . . any court  
19 of the United States, upon the filing of an appropriate pleading,  
20 *may* declare the rights and other legal relations of any interested  
21 party seeking such declaration, whether or not further relief is or  
22 could be sought.

23 *Id.* (emphasis added). The United States Supreme Court has interpreted this  
24 language as conferring the discretion, but not the obligation, to render  
25 declaratory judgments: "This is an enabling Act, which confers a discretion on  
26 the courts rather than an absolute right upon the litigant." *See Public Service*  
27 *Commission of Utah v. Wycoff Co.*, 344 U.S. 237, 241, 73 S. Ct. 236 (1952). "The  
28 Declaratory Judgment Act was an authorization, not a command. It gave the

1 federal courts competence to make a declaration of rights; it did not impose a  
2 duty to do so.” *Public Affairs Associates, Inc. v. Rickover*, 369 U.S. 111, 112, 82 S.  
3 Ct. 580 (1962). “A declaratory judgment, like other forms of equitable relief,  
4 should be granted only as a matter of judicial discretion, exercised in the public  
5 interest.” *Id.*

6 The Supreme Court not surprisingly has noted, however, that the refusal  
7 to exercise its discretion must be principled and reasonable, and should be  
8 articulated: “Of course a District Court cannot decline to entertain such an  
9 action as a matter of whim or personal disinclination.” *Id.*

10 This Court considers a number of factors in determining whether a stay  
11 should be granted. The factors enunciated in *Brillhart v. Excess Insurance*  
12 *Company of America*, 316 U.S. 491, 62 S. Ct. 1173 (1942), are meaningful when  
13 the underlying action is a state action, rather than where, as here, the  
14 underlying action is proceeding in the same forum. *Brillhart* requires federal  
15 courts to 1) avoid needless determinations of state law issues, 2) discourage  
16 forum shopping, and 2) avoid duplicative litigation. These factors are not  
17 particularly helpful to the Court’s analysis in this case. *Id.*

18 The Ninth Circuit has noted, however, that the *Brillhart* factors are not  
19 exhaustive. See *Government Employees Insurance Co. v. Dizol*, 133 F.3d 1220,  
20 1225 n.5 (9th Cir. 1998). Other factors to be considered by the Court are  
21 1) whether the declaratory action will settle all aspects of the controversy;  
22 2) whether the declaratory action will serve a useful purpose in clarifying the  
23 legal relations at issue; 3) whether the declaratory action is being sought merely  
24 for the purposes of procedural fencing or to obtain a “res judicata” advantage;  
25 and 4) whether the use of a declaratory action will result in entanglements  
26 between the federal and state court systems. *Id.*

27 The fourth factor, like the *Brillhart* factors, is inapplicable here.

28 The first and second factor appear to the Court to be interrelated, and to

1 weigh in favor of denying a stay. The argument in favor of a stay is that all the  
2 issues presented in the *Newmark* action will necessarily be resolved by the  
3 *RePlayTV* action. However, the Court is persuaded that the *Newmark* Plaintiffs  
4 may be correct that the *RePlayTV* action will not necessarily resolve what  
5 specific uses, if any,<sup>4</sup> of the *RePlayTV* DVR constitute fair use.<sup>5</sup> Denying the  
6 stay furthers the purpose of the first and second factors — to resolve the  
7 uncertainties in the relations between the parties. The rationale behind these  
8 factors are better served by permitting the *RePlayTV* action and the *Newmark*  
9 action to proceed simultaneously.

10 Despite the Entertainment Defendants' argument, the Court is  
11 unconvinced that the *Newmark* action constitutes "procedural fencing." The  
12 Entertainment Defendants contend that the *Newmark* Plaintiffs' true intent is  
13 to circumvent the intervention requirements of Fed. R. Civ. P. 24 and to, in  
14 effect, intervene in the *RePlayTV* action. The Court is persuaded, however, that  
15 the *Newmark* Plaintiffs could well meet the intervention requirements of Fed.  
16 R. Civ. P. 24(a).<sup>6</sup> The *Newmark* Plaintiffs claim an interest in the transaction  
17 at issue, and are so situated that the resolution of the *RePlayTV* action may as  
18

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19 <sup>4</sup> The *RePlayTV* action is in its early stages. At this time, the Court expresses no  
20 opinion as to the merits of the claims advanced in the *RePlayTV* action.

21 <sup>5</sup> The Court recognizes that resolution of the *RePlayTV* action may significantly narrow  
22 the issues presented in the *Newmark* action.

23 <sup>6</sup> Rule 24(a) of the Federal Rules of Civil Procedure provides:

24 Upon timely application anyone shall be permitted to intervene in an action: . . .  
25 (2) when the applicant claims an interest relating to the property or transaction  
26 which is the subject of the action and the applicant is so situated that the  
27 disposition of the action may as a practical matter impair or impede the  
applicant's ability to protect that interest, unless the applicant's interest is  
adequately represented by existing parties.

28 *Id.*



1 a practical matter impair or impede their ability to protect that interest.<sup>7</sup> The  
2 Court is persuaded that although RePlayTV's interests and the interests of the  
3 *Newmark* Plaintiffs overlap significantly, those interests are not perfectly  
4 aligned. The *Newmark* Plaintiffs' interests are focused on whether specific  
5 uses constitute "fair use" under copyright law; RePlayTV's interests (and legal  
6 defenses) are likely to venture beyond the fair use doctrine. Therefore, the  
7 Court rejects the Entertainment Defendants' argument that the *Newmark*  
8 Plaintiffs' true intent is to circumvent the intervention requirements of Fed. R.  
9 Civ. P. 24, and that their actions constitute mere "procedural fencing".

10 The Court concludes that the factors set forth in *Dizol* favor a denial of  
11 a stay.

12 The Court has also considered whether a stay will serve the public  
13 interest. See *Rickover*, 369 U.S. at 112. The Court recognizes that any  
14 unnecessary delay in adjudicating the rights of the *Newmark* Plaintiffs may chill  
15 their use of their RePlayTV DVRs. Similarly, any unnecessary delay may also  
16 lead to increased liability for statutory damages under federal copyright law.  
17 See 17 U.S.C. § 504(c)(1) (authorizing statutory damages for each non-willful  
18 violation of no less than \$750 and no more than \$30,000). Additionally, the  
19 Court is persuaded that denying the stay may result in a more fully developed  
20 factual record regarding the consumers' uses of the RePlayTV DVR and, as a  
21 result, the Court may be better able to fashion an appropriate equitable relief.  
22 The Court agrees that the public interest would not be served by the granting  
23 of a stay.

24 Accordingly, the Court hereby denies the Motion to Stay.

25  
26  
27 <sup>7</sup> For instance, the *Newmark* Plaintiffs' ability to protect their interest in using their  
28 RePlayTV DVRs would be impaired if the Court were to order that RePlayTV disable the  
send-show and commercial skipping features of the DVRs.

1 **IV. Motion to Consolidate**

2 The Federal Rules of Civil Procedure authorize consolidation of cases in  
3 appropriate circumstances:

4 When actions involving a common question of law or fact are  
5 pending before the court, it may order a joint hearing or trial of any  
6 or all the matters in issue in the actions; it may order all the actions  
7 consolidated; and it may make such orders concerning proceedings  
8 therein as may tend to avoid unnecessary costs or delay.

9 Fed. R. Civ. P. 42(a).

10 Under this standard, it is clear to the Court that the *Newmark* action  
11 should be consolidated with the *RePlayTV* action. The actions involve  
12 common questions of law and fact. Both actions involve a determination of  
13 whether the use of certain features of the RePlayTV DVR constitutes copyright  
14 infringement. Both cases are at the early stage of litigation, which facilitates  
15 consolidation, at least for discovery and pretrial purposes.<sup>8</sup>

16 The Entertainment Defendants argue that the actions should not be  
17 consolidated. They correctly contend that the issues presented in the *Newmark*  
18 action — whether the specific uses of the *Newmark* Plaintiffs constitute fair use  
19 — is narrower than the issues presented in the *RePlayTV* action. From this  
20 fact, the Entertainment Defendants conclude that the *Newmark* action will be  
21 more quickly and efficiently resolved if it is not consolidated with the  
22 *RePlayTV* action. Nevertheless, there is no question that the issue of whether  
23 the *Newmark* Plaintiffs' use of the RePlayTV DVRs' send-show and  
24 commercial-skipping features constitutes fair use will most likely figure  
25 prominently in both the *RePlayTV* action and the *Newmark* action. The Court

26  
27  
28 <sup>8</sup> The Court reserves for another day the issue of whether these actions should be consolidated for trial.

1 is unconvinced that the Entertainment Defendants' are correct in  
2 characterizing the *Newmark* action as a case that will require little discovery and  
3 that will be resolved quickly if not consolidated. The issue of fair use has  
4 yielded a great deal of discovery in the *RePlayTV* action, and promises to do the  
5 same in this action.<sup>9</sup>

6 The Entertainment Defendants also claim that the *Newmark* Plaintiffs,  
7 in seeking consolidation, are merely attempting to gain unfettered access to  
8 discovery documents, and to widen the scope of discovery in *RePlayTV* action.  
9 That a party may seek discovery of irrelevant documents is a danger in any  
10 litigation; this concern is not unique to consolidated cases. There are  
11 procedural protections in place that assist parties in guarding against a party  
12 obtaining that irrelevant discovery. The Entertainment Defendants are well  
13 versed in seeking such protection. The Court does not at this time resolve  
14 issues regarding the scope of discovery; rather, the Court merely notes that the  
15 Entertainment Defendants' concerns regarding access to discovery do not  
16 persuade the Court that consolidation is inappropriate.

17 In reaching this conclusion, the Court is guided by the agreement of the  
18 *Newmark* Plaintiffs' counsel to abide by the terms of the multi-tiered protective  
19 order to which the parties stipulated in the *RePlayTV* action.

---

20  
21 <sup>9</sup> Part of the Entertainment Defendants' Opposition to the Motion for Consolidation  
22 addresses the scope of discovery to which the *Newmark* Plaintiffs would be entitled. They  
23 contend that consolidation will unnecessarily complicate the *RePlayTV* action because the  
24 *Newmark* Plaintiffs will not be entitled to as broad a range of discovery as *RePlayTV* was found  
25 to be entitled to. The Entertainment Defendants similarly argue that the depositions of the  
26 Entertainment Defendant representatives would be unnecessarily complicated as *RePlayTV*  
27 would attempt to question these representatives using documents obtained in discovery in the  
28 *RePlayTV* action. This would cause the Entertainment Defendants to halt the depositions  
every few moments to discuss whether the *Newmark* Plaintiffs should be entitled to access to  
discovery provided in the *RePlayTV* action.

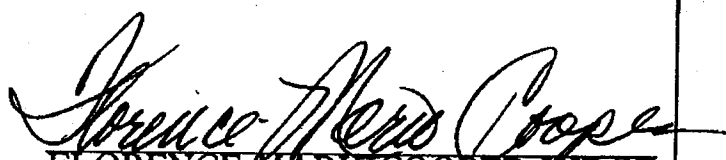
27 The Court leaves the determination of the precise scope of discovery to the Magistrate  
28 Judge. At this stage of the proceeding, the Court is satisfied that the issue of fair use is present  
in both actions, and therefore finds the Entertainment Defendant's arguments unpersuasive.

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**V. Conclusion**

For the reasons set forth above, the Court hereby denies the Motion to Dismiss (docket #43-1), hereby denies the Motion to Stay (docket #43-2), and hereby grants the Motion to Consolidate (docket #45). For ease of recordkeeping, the Court orders that all further documents be filed under Case No. CV 01-09358, and that Case No. CV 02-04445 be closed.

Dated: August 15, 2002

  
FLORENCE-MARIE COOPER, JUDGE  
UNITED STATES DISTRICT COURT

# **EXHIBIT 2**

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION

Send

CIVIL MINUTES - GENERAL

COPIES

Case No. CV 01-9358 FMC(Ex)

Date: March 24, 2003

Title: PARAMOUNT PICTURES CORP., et al.  
v REPLAYTV, INC., et al.

PRESENT:

THE HONORABLE FLORENCE-MARIE COOPER, JUDGE

Alicia Mamer  
Courtroom Clerk

Not present  
Court Reporter

ATTORNEYS PRESENT FOR PLAINTIFFS:

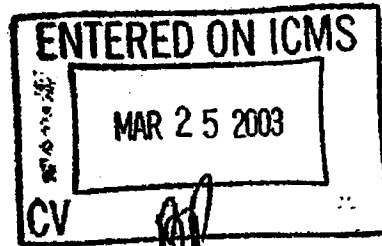
ATTORNEYS PRESENT FOR DEFENDANTS:

Not present

Not present

PROCEEDINGS: ORDER STAYING CASE DUE TO BANKRUPTCY FILING (In Chambers)

The Court is in receipt of Notice of Filing of Petitions in Bankruptcy Court, filed on March 21, 2003. The Court hereby STAYS all proceedings in this case and orders counsel for plaintiff to file a status report with the Court every 6 months until a request or motion to lift stay is filed.



MINUTES FORM 11  
CIVIL - GEN

Initials of Deputy Clerk *[Signature]*

EXHIBIT D  
PAGE 80

537

# **EXHIBIT 3**

# PROSKAUER ROSE LLP

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Member of the Firm

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July 24, 2003

## VIA FACSIMILE AND E-MAIL

Gwen Hinze, Esq.  
Electronic Frontier Foundation  
454 Shotwell Street  
San Francisco, CA 94110

Re: Paramount Pictures Corporation, et al. v. ReplayTV, Inc., et al.  
U.S. District Court (C.D. Ca.) Case No. CV 01-09358 FMC (Ex) *and Related Cases*

Dear Gwen:

This confirms our telephone conversation today. My call and this letter are on behalf of all of the Copyright Owners in the above-referenced actions and are further to my discussion on the same subject with your co-counsel, Ira Rothken, on July 7, 2003. These communications are pursuant to Local Rule 7-3 and for the purpose of conveying the substance of the Copyright Owners' contemplated motion to dismiss the Complaint for Copyright Declaratory Relief, dated June 6, 2002, of your clients (the "Newmark Plaintiffs"), pursuant to Federal Rule of Civil Procedure 12(h) and 28 U.S.C. § 2201 (the "Motion"), and related issues.

I discussed in detail with Ira on July 7 the legal basis for our Motion. He informed me that the Newmark Plaintiffs would not agree to dismiss their declaratory relief action against the Copyright Owners and would oppose the Motion. Since then, as you know, the Copyright Owners and defendants SONICblue Incorporated and ReplayTV, Inc. (collectively, "SONICblue") have agreed to stipulate to obtain Bankruptcy Court approval for a modification of the automatic stay contained in Bankruptcy Code Section 362 to allow the Copyright Owners and SONICblue to file in the District Court their stipulation of dismissal without prejudice of the Copyright Owners' claims against SONICblue. The Copyright Owners also intend to file with the District Court their application for the District Court to lift its stay of this action for the purposes of allowing them to file their stipulation of dismissal and the Motion.

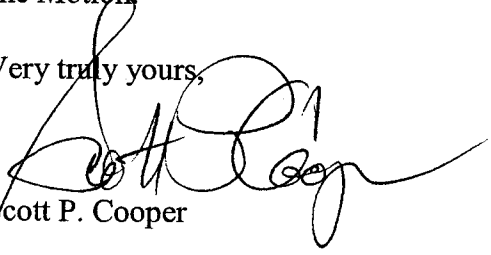


PROSKAUER ROSE LLP

Gwen Hinze, Esq.  
July 24, 2003  
Page 2

This also confirms that the Copyright Owners unconditionally covenant not to sue the Newmark Plaintiffs for copyright infringement arising out of their past or future uses of their ReplayTV digital video recorders as alleged in their declaratory relief complaint. We believe that this covenant, combined with the impending dismissal of the Copyright Owners' claims against SONICblue and the Newmark Plaintiffs' announcement of their intention to voluntarily dismiss the declaratory relief complaint against SONICblue, establish beyond any doubt that your clients' declaratory relief claims are no longer justiciable as a matter of law under the Declaratory Judgment Act and Article III of the United States Constitution. You informed me that your clients nonetheless intend to oppose the Motion. Accordingly, we will proceed with the Motion.

Very truly yours,



Scott P. Cooper

cc: Emmett C. Stanton, Esq.  
Laurence F. Pulgram, Esq.  
Ira P. Rothken, Esq.  
Copyright Owners' Counsel

# **EXHIBIT 4**

1 PILLSBURY WINTHROP LLP  
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2 SUE J. HODGES #137808  
MARK D. HOULE #194861  
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5

**FILED**

AUG 14 2003

CLERK  
United States Bankruptcy Court  
San Jose, California

AUG 25 2003

6 Attorneys for Debtors and Debtors-In-Possession  
7

8 UNITED STATES BANKRUPTCY COURT  
9 NORTHERN DISTRICT OF CALIFORNIA  
10 SAN JOSE DIVISION

11 IN RE:  
12 SONICBLUE INCORPORATED, a  
Delaware corporation, DIAMOND  
13 MULTIMEDIA SYSTEMS, INC., a  
Delaware corporation, REPLAYTV, INC., a  
14 Delaware corporation, and SENSORY  
SCIENCE CORPORATION, a Delaware  
15 corporation,  
16  
17 Debtors and Debtors-in-  
Possession  
18

Case Nos. 03-51775, 03-51776, 03-51777  
and 03-51778 MM

CHAPTER 11 Cases, Jointly Administered

STIPULATION FOR RELIEF FROM THE  
AUTOMATIC STAY TO ALLOW  
DISMISSAL OF CERTAIN COPYRIGHT  
LITIGATION; AND ORDER THEREON.

[No Hearing Required]

19  
20 This Stipulation For Relief From The Automatic Stay ("Stipulation") is entered into  
21 by and between SONICblue Incorporated and ReplayTV, Inc., two of the debtors and  
22 debtors-in-possession in the above captioned cases (collectively, "Debtors"), the Official  
23 Committee of Unsecured Creditors ("Committee"), Time Warner Entertainment Company,  
24 L.P., Home Box Office, Warner Bros., Warner Bros. Television, Time Warner Inc., Turner  
25 Broadcasting System, Inc., New Line Cinema Corporation, Castle Rock Entertainment, The  
26 WB Television Network Partners L.P., Paramount Pictures Corporation, Disney  
27 Enterprises, Inc., National Broadcasting Company, Inc., NBC Studios, Inc., Showtime  
28

1 Networks Inc., UPN (formerly, The United Paramount Network), ABC, Inc., Viacom  
2 International Inc., CBS Worldwide Inc., CBS Broadcasting, Inc., Metro-Goldwyn-Mayer  
3 Studios Inc., Orion Pictures Corporation, Twentieth Century Fox Film Corporation,  
4 Universal City Studios Productions LLLP (formerly, Universal City Studios Productions,  
5 Inc.), Fox Broadcasting Company, Columbia Pictures Industries, Inc., Columbia Pictures  
6 Television, Inc., Columbia TriStar Television, Inc., and TriStar Television, Inc.  
7 (collectively, the "Copyright Plaintiffs"), plaintiffs in the Copyright Litigation, as defined  
8 herein, and Craig Newmark, Shawn Hughes, Keith Ogden, Glenn Fleishman and Phil  
9 Wright (collectively, the "Newmark Plaintiffs"), plaintiffs in the Newmark Action, as  
10 defined herein, by and through their respective undersigned counsel. This Stipulation is  
11 made with respect to the following facts:

12 I.

13 RECITALS

14 A. On March 21, 2003 (the "Petition Date"), the Debtors commenced their  
15 Chapter 11 cases by filing voluntary petitions for relief under Chapter 11 of Title 11 of the  
16 United States Code (the "Bankruptcy Code"). Following the Petition Date, the Debtors  
17 have been operating their businesses and managing their affairs as debtors-in-possession  
18 pursuant to Bankruptcy Code Sections 1107(a) and 1108.

19 The Copyright Litigation

20 B. The Copyright Plaintiffs commenced litigation against the Debtors in late  
21 2001, which litigation is now consolidated in the litigation entitled Paramount Pictures  
22 Corporation, et al. v. ReplayTV, Inc., et al., Case No. CV 01-09358 FMC (Ex), in the  
23 United States District Court for the Central District of California (the "Copyright  
24 Litigation"). In the Copyright Litigation, Debtor ReplayTV, Inc., asserted a counterclaim  
25 against Copyright Plaintiffs Turner Broadcasting System, Inc., and Time Warner, Inc.

26 C. In the Copyright Litigation, the Copyright Plaintiffs seek injunctive and  
27 declaratory relief with respect to certain digital video recorder products formerly marketed  
28

1 and sold by the Debtors as part of the Debtors' ReplayTV product line ("ReplayTV Product  
2 Line").

3 D. The Newmark Plaintiffs, five individual owners of the ReplayTV 4000, one  
4 of the products within the ReplayTV Product Line, commenced a declaratory relief action  
5 against the Copyright Plaintiffs and the Debtors in June 2002 entitled Newmark, et al. v.  
6 Turner Broadcasting System, Inc., et al., Former Case No. CV-02-04445 FMC (Ex), in the  
7 United States District Court for the Central District of California, which declaratory relief  
8 action is now consolidated with the Copyright Litigation for pretrial purposes (the  
9 "Newmark Action").

10 E. On April 25, 2003, the Bankruptcy Court entered its Orders approving the  
11 sale of the ReplayTV Product Line to Digital Networks North America, Inc. The sale of the  
12 ReplayTV Product Line closed on April 25, 2003.

13 F. The parties submit that relief from stay to allow the Copyright Plaintiffs to  
14 dismiss the Copyright Litigation as to the Debtors without prejudice, to allow Debtor  
15 ReplayTV, Inc., to dismiss its counterclaim against Copyright Plaintiffs Turner  
16 Broadcasting System, Inc., and Time Warner, Inc., in the Copyright Litigation without  
17 prejudice, and to allow the Newmark Plaintiffs to dismiss the Newmark Action as to the  
18 Debtors without prejudice, is warranted in light of the sale of the ReplayTV Product Line  
19 and the cessation of the business operations of the Debtors giving rise to the Copyright  
20 Litigation.

21 II.

22 STIPULATION

23 NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, subject to  
24 Bankruptcy Court approval, by and between the parties to this Stipulation, through their  
25 undersigned counsel, that:

26 1. Relief From Automatic Stay. The automatic stay contained in Bankruptcy  
27 Code Section 362 shall be modified upon entry of the Order approving this Stipulation, to  
28 allow (1) the claims asserted by the Copyright Plaintiffs against the Debtors in the

1 Copyright Litigation to be dismissed without prejudice, (2) the counterclaim asserted by  
 2 Debtor ReplayTV, Inc., against Copyright Plaintiffs Turner Broadcasting System, Inc., and  
 3 Time Warner, Inc., in the Copyright Litigation to be dismissed without prejudice, and (3)  
 4 the claims asserted by the Newmark Plaintiffs against the Debtors in the Newmark Action  
 5 to be dismissed without prejudice.

6 2. Exclusive Jurisdiction. The Bankruptcy Court shall retain exclusive  
 7 jurisdiction to resolve any disputes between the parties hereto regarding the interpretation  
 8 of this Stipulation, and to enforce the rights and duties specified hereunder.

9 3. Successors and/or Assigns. The provisions of this Stipulation and the order  
 10 approving it shall be binding upon and inure to the benefit of the parties hereto, and their  
 11 respective successors and assigns.


12 4. Method of Execution. This Stipulation may be executed in original or by  
 13 facsimile signature and in counterpart copies, and this Stipulation shall be deemed fully  
 14 executed and effective when all parties have executed and possess a counterpart, even if no  
 15 single counterpart contains all signatures.

16 WHEREFORE, the parties hereto request that this Court issue an Order approving  
 17 this Stipulation.

18 IT IS SO STIPULATED.

19 DATED: August 6, 2003

PILLSBURY WINTHROP LLP

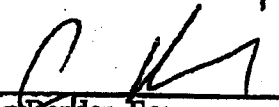
21 By:   
 22 Craig A. Barbarosh, Esq.  
 23 Sue J. Hodges, Esq.  
 24 Mark D. Houle, Esq.  
 25 Attorneys for SONICblue Incorporated and  
 26 ReplayTV, Inc.

27  
 28 [Signatures continued on next page]

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DATED: August 6, 2003

LEVENE, NEALE, BENDER, RANKIN & BRILL L.L.P.

By:   
Ron Bender, Esq.  
Craig Rankin, Esq.  
Daniel Reiss, Esq.  
Attorneys for Official Committee of Unsecured Creditors

DATED August \_\_, 2003

O'MELVENY & MEYERS, LLP

By: \_\_\_\_\_  
Robert M. Schwartz

Attorneys for 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.

DATED: August \_\_, 2003

PROSKAUER ROSE LLP

By: \_\_\_\_\_  
Scott P. Cooper, Esq.  
Martin S. Zohn, Esq.  
Attorneys for Paramount Pictures Corporation, Disney Enterprises, Inc., National Broadcasting Company, Inc., NBC Studios, Inc., Showtime Networks Inc., UPN (formerly, The United Paramount Network), ABC, Inc., Viacom International Inc., CBS Worldwide Inc., CBS Broadcasting, Inc., Metro-Goldwyn-Mayer Studios Inc., Orion Pictures Corporation, Twentieth Century Fox Film Corporation, Universal City Studios Productions L.L.P. (formerly, Universal City Studios Productions, Inc.), and Fox Broadcasting Company

[Signatures continued on next page]

1 DATED: August \_\_, 2003

LEVENE, NEALE, BENDER, RANKIN  
& BRILL L.L.P.

2  
3  
4 By: \_\_\_\_\_  
Ron Bender, Esq.  
Craig Rankin, Esq.  
Daniel Reiss, Esq.  
5 Attorneys for Official Committee of  
Unsecured Creditors

6  
7 DATED August 7, 2003

O'MELVENVY & MEYERS, LLP

8  
9 By:   
Robert M. Schwartz

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

15 DATED: August \_\_, 2003

PROSKAUER ROSE LLP

16  
17 By: \_\_\_\_\_  
18 Scott P. Cooper, Esq.  
Martin S. Zohn, Esq.  
19 Attorneys for Paramount Pictures Corporation,  
20 Disney Enterprises, Inc., National  
Broadcasting Company, Inc., NBC Studios,  
21 Inc., Showtime Networks Inc., UPN (formerly,  
The United Paramount Network), ABC, Inc.,  
22 Viacom International Inc., CBS Worldwide  
Inc., CBS Broadcasting, Inc., Metro-Goldwyn-  
23 Mayer Studios Inc., Orion Pictures  
Corporation, Twentieth Century Fox Film  
24 Corporation, Universal City Studios  
Productions LLLP (formerly, Universal City  
25 Studios Productions, Inc.), and Fox  
Broadcasting Company

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28 [Signatures continued on next page]

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DATED: August \_\_, 2003

LEVENE, NEALE, BENDER, RANKIN & BRILL L.L.P.

By: \_\_\_\_\_  
Ron Bender, Esq.  
Craig Rankin, Esq.  
Daniel Reiss, Esq.  
Attorneys for Official Committee of  
Unsecured Creditors

DATED August \_\_, 2003

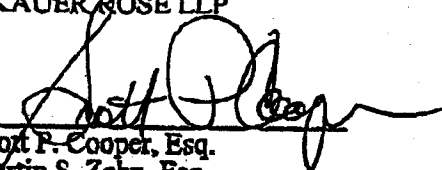
O'MELVENY & MEYERS, LLP

By: \_\_\_\_\_  
Robert M. Schwartz

Attorneys for 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.

DATED: August \_\_, 2003

PROSKAUER ROSE LLP

By:   
Scott P. Cooper, Esq.  
Martin S. Zohn, Esq.

Attorneys for Paramount Pictures Corporation,  
Disney Enterprises, Inc., National  
Broadcasting Company, Inc., NBC Studios,  
Inc., Showtime Networks Inc., UPN (formerly,  
The United Paramount Network), ABC, Inc.,  
Viacom International Inc., CBS Worldwide  
Inc., CBS Broadcasting, Inc., Metro-Goldwyn-  
Mayer Studios Inc., Orion Pictures  
Corporation, Twentieth Century Fox Film  
Corporation, Universal City Studios  
Productions LLLP (formerly, Universal City  
Studios Productions, Inc.), and Fox  
Broadcasting Company

[Signatures continued on next page]

401455082

1 DATED: August \_\_, 2003

MCDERMOTT, WILL & EMERY

2

3

By: \_\_\_\_\_  
Robert H. Rotstein, Esq.  
Roger M. Landau, Esq.  
Attorneys for Columbia Pictures Industries,  
Inc., Columbia Pictures Television, Inc.,  
Columbia TriStar Television, Inc., and TriStar  
Television, Inc.

4

5

6

7

DATED: August 7, 2003

ELECTRONIC FRONTIER FOUNDATION

8

9

By: Gwen Hinze  
Cindy A. Cohn, Esq.  
Fred von Lohmann, Esq.  
Gwenith A. Hinze, Esq.  
Attorneys for Craig Newmark, Shawn Hughes,  
Keith Ogden, Glenn Fleishman and Phil  
Wright

10

11

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15

ORDER

THE ABOVE STIPULATION IS APPROVED AND IT IS SO ORDERED this

16

\_\_\_\_\_ day of August, 2003.

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THE HONORABLE MARILYN MORGAN  
UNITED STATES BANKRUPTCY JUDGE

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DATED: August 7<sup>th</sup>, 2003

MCDERMOTT, WILL & EMERY

By: Robert H. Rotsien  
Robert H. Rotsien, Esq.  
Roger M. Landau, Esq.  
Attorneys for Columbia Pictures Industries,  
Inc., Columbia Pictures Television, Inc.,  
Columbia TriStar Television, Inc., and TriStar  
Television, Inc.

DATED: August \_\_\_\_, 2003

ELECTRONIC FRONTIER FOUNDATION

By: \_\_\_\_\_  
Cindy A. Cohn, Esq.  
Fred von Lohmann, Esq.  
Gwenith A. Hinze, Esq.  
Attorneys for Craig Newmark, Shawn Hughes,  
Keith Ogden, Glenn Fishman and Phil  
Wright

ORDER

THE ABOVE STIPULATION IS APPROVED AND IT IS SO ORDERED this

19 day of August, 2003.

**FILED**

AUG 19 2003

CLERK  
United States Bankruptcy Court  
San Jose, California

MARILYN MORGAN  
THE HONORABLE MARILYN MORGAN  
UNITED STATES BANKRUPTCY JUDGE

# **EXHIBIT E**

**PROSKAUER ROSE LLP**

2049 Century Park East  
Suite 3200  
Los Angeles, CA 90067-3206  
Telephone 310.557.2900  
Fax 310.557.2193

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BOCA RATON  
NEWARK  
PARIS

**Scott P. Cooper**  
Member of the Firm

Direct Dial 310.284.5669  
scooper@proskauer.com

August 13, 2003

**VIA FACSIMILE AND EMAIL**

Gwen Hinze, Esq.  
Electronic Frontier Foundation  
454 Shotwell Street  
San Francisco, CA 94110

Emmett C. Stanton, Esq.  
Fenwick & West LLP  
Silicon Valley Center  
801 California Street  
Mountain View, CA 94041

Re: Paramount Pictures Corporation, et al. v. ReplayTV, Inc., et al.  
U.S. District Court (C.D. Ca.) Case No. CV 01-09358 FMC (Ex) *and Related Cases*

Dear Gwen and Emmett:

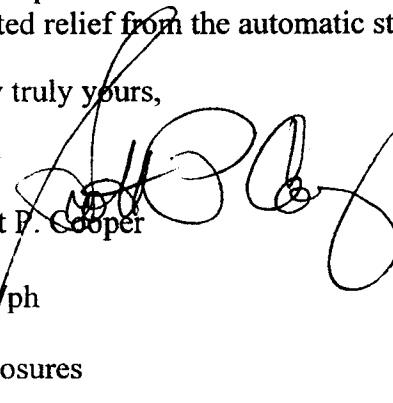
The parties' stipulation for relief from the automatic stay to allow dismissal of certain copyright litigation has been fully executed and should be lodged with the Bankruptcy Court imminently. As soon as the Bankruptcy Court issues the order on the stipulation, the parties will be authorized to proceed to file their dismissals and move forward with the resolution of what, if anything, remains of the original actions. To that end, I enclose for your consideration and approval a draft stipulation of dismissal of the District Court actions against SONICblue and Replay as well as a draft stipulation and proposed order for relief from the District Court's March 24, 2003 stay order to allow for the filing of the stipulation of dismissal and the Copyright Owners' motion to dismiss.

**PROSKAUER ROSE LLP**

Gwen Hinze, Esq.  
Emmett C. Stanton, Esq.  
August 13, 2003  
Page 2

Please provide any comments on the attached stipulations as soon as possible. We would like to be in a position to file both of them with the District Court as soon as the Bankruptcy Court has granted relief from the automatic stay.

Very truly yours,

  
Scott F. Cooper

SPC/ph

Enclosures

cc: Laurence F. Pulgram, Esq.  
Ira P. Rothken, Esq.  
Copyright Owner Plaintiffs' Counsel  
(via facsimile and email w/enclosures)

# **EXHIBIT F**



**Electronic Frontier Foundation**  
Protecting Rights and Promoting Freedom on the Electronic Frontier

August 18, 2003

**Via Facsimile No: (310) 557 2193 and Email**

Scott Cooper, Esq.  
Michael Weiss, Esq.  
Proskauer Rose LLP  
2049 Century Park East, 32nd Floor  
Los Angeles, CA 90067

**Via Facsimile No: (310) 246-6779 and Email**

Alan Rader, Esq.  
Robert M. Schwartz, Esq.  
O'Melveny & Myers LLP  
1999 Avenue of the Stars, Seventh Floor  
Los Angeles, CA 90067-6035

**Via Facsimile No: (310) 277-4730 and Email**

Robert Rotstein, Esq.  
McDermott, Will & Emery  
2049 Century Park East, 34th Floor  
Los Angeles, CA 90067

**Via Facsimile No: (415) 281-1350 and Email**

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

**Via Facsimile No: (650) 494-1417 and Email**

Emmett Stanton, Esq.  
Fenwick & West LLP  
Two Palo Alto Square  
Palo Alto, CA 94306

**RE: *Paramount Pictures Corporation et al. v. ReplayTV, Inc. et al***  
**U.S. District Court (C.D.Ca.) CV 01-09358 FMC (Ex) and Consolidated Cases**

Dear Scott:

Thank you for your letter of August 13, 2003, and attached draft stipulation and proposed order for relief.

As advised in our letter to you of July 24, 2003, our clients are prepared to dismiss SONICblue, Inc. and ReplayTV, Inc. from the District Court proceedings, and have no objection to the lifting of the stay of the District Court proceedings for all purposes once SONICblue, Inc. and ReplayTV, Inc. have been dismissed as defendants to the Newmark Plaintiffs' suit under Fed. R. Civ. P. 41. As you are aware, the stay of the District Court proceedings was originally instituted in response to the bankruptcy filings of SONICblue, Inc. and ReplayTV, Inc., to protect the assets of those companies during the bankruptcy administration. In our view, once ReplayTV, Inc. and



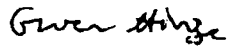
Scott Cooper, Esq.  
Alan Rader, Esq.  
Robert Rotstein, Esq.  
August 18, 2003  
Page 2

SONICblue, Inc. are dismissed as parties to the District Court proceedings, there is no basis for the stay remaining in place in those proceedings.

We consider that if the stay is to be lifted by an order based on a stipulation, it is both logical and equitable that it should be lifted to allow both remaining parties to take whatever action they consider necessary, rather than lifted only partially, to favor one set of parties over the other. Accordingly, our clients are not prepared to sign the draft stipulation as currently drafted, but would be prepared to stipulate as the basis for an order that the stay be lifted for all purposes.

Could you please advise whether the Entertainment Company parties would be amenable to this proposal.

Yours sincerely,



Gwen Hinze  
Staff Attorney

cc: Ira Rothken, Esq.  
Rothken Law Firm  
BY FAX NO (415) 924-2905

# **EXHIBIT G**



September 12, 2003

**Via Mail and Fax No: (310) 557 2193**

Scott Cooper, Esq.  
Proskauer Rose LLP  
2049 Century Park East, 32nd Floor  
Los Angeles, CA 90067

**Via Mail and Fax No: (310) 246-6779**

Robert M. Schwartz, Esq.  
O'Melveny & Myers LLP  
1999 Avenue of the Stars, Seventh Floor  
Los Angeles, CA 90067-6035

**Via Mail and Fax No: (310) 277-4730**

Robert Rotstein, Esq.  
McDermott, Will & Emery  
2049 Century Park East, 34th Floor  
Los Angeles, CA 90067

**RE: *Paramount Pictures Corporation et al. v. ReplayTV, Inc. et al*  
U.S. District Court (C.D.Ca.) CV 01-09358 FMC (Ex) and Consolidated Cases**

Dear Scott:

Thank you for the opportunity to discuss our respective clients' views of the case and its current status. This letter confirms our understanding of the matters discussed in our conversation on September 4, 2003.

The Newmark Plaintiffs and the Entertainment Company parties agree that SONICblue Inc. and ReplayTV Inc should be dismissed without prejudice, and are willing to sign a stipulation which effectuates that. Further, as noted in our letter of August 18, 2003, the Newmark Plaintiffs would be prepared to join in a motion to lift the stay of the District Court proceedings for *all purposes*, or to sign a stipulation to that effect as the basis for an Order. Accordingly, we remain willing to review a modified version of the draft stipulation relating to lifting of the stay, which was attached to your letter of August 13, 2003, in order to resolve this issue.

You have indicated that the Entertainment Companies intend to file a Motion to Dismiss the Newmark Plaintiffs' case for lack of subject matter jurisdiction based on the Entertainment Companies' unilateral covenant not to sue the five Newmark Plaintiffs. The Newmark Plaintiffs and the Entertainment Company parties disagree about the likelihood of success of the Motion to Dismiss, and on that basis, disagree as to whether it is appropriate for the Newmark Plaintiffs to stipulate to forgo any action pending judicial resolution of that Motion.

While acknowledging receipt of the covenant not to sue given by the Entertainment Companies, the Newmark Plaintiffs are concerned that this does not provide the certainty and predictability of outcome for users of ReplayTV devices that formed the basis of their decision to commence this lawsuit, despite the personal risks it posed to themselves.

Scott Cooper, Esq.  
Alan Rader, Esq.  
Robert Rotstein, Esq.  
September 12, 2003  
Page 2

On one view, the granting of a covenant not to sue them, almost one year after the Entertainment Companies' and parties' lawsuits were consolidated, may appear to be an attempt to unilaterally "buy out" the consumer parties from this lawsuit and prevent the court from ruling on the important legal issues which would otherwise give the whole "category" of consumers finality and predictability about the use of the ReplayTV devices they own. As discussed, there are likely other consumer owners of ReplayTV devices who have relied upon our clients' participation in this lawsuit to represent the consumers' interests in the resolution of the litigation and have chosen not to risk identifying themselves to the Entertainment Companies on the basis that their interests were being represented. In short, public policy supports a determination of the declaratory relief action and the Entertainment Companies should not be able to "buy out" such a determination a year into the case by unilaterally giving relief to the five Newmark Plaintiffs to the detriment of the whole category of consumers who did not join because they felt they were already represented.

Indeed to the extent that the covenant not to sue "buy out" is a factor raised in the Entertainment Companies' motion to dismiss, the Newmark Plaintiffs are prepared to consider taking appropriate procedural action to join additional consumer plaintiffs who are similarly situated to the five Newmark Plaintiffs and have a reasonable apprehension of suit by the Entertainment Companies on the same basis recognized by the Court in its August 15, 2003 order.

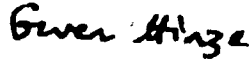
As indicated, the Newmark Plaintiffs are contemplating conducting discovery in relation to the foreshadowed Motion to Dismiss. We anticipate this would include discovery of any and all documents, records, and communications in the possession of the Entertainment Companies concerning the purchase of the ReplayTV asset and the discontinuance of its key features by the purchaser of the ReplayTV assets, Digital Networks North America, Inc. and all agreements entered into between any of the Entertainment Companies, SONICblue, Inc., ReplayTV, Inc. and Digital Networks North America, Inc. concerning the features of ReplayTV devices. We believe that such information would be reasonably calculated to lead to the discovery of admissible evidence and would be particularly germane to determination of the Entertainment Companies' foreshadowed Motion to Dismiss.

We confirm that the Newmark Plaintiffs would be prepared to enter into a reasonable scheduling agreement that would holistically accommodate the Newmark Plaintiffs' anticipated discovery and all of the above procedural matters, and would permit the Entertainment Companies and the Newmark Plaintiffs to file their respective motions simultaneously.

Scott Cooper, Esq.  
Alan Rader, Esq.  
Robert Rotstein, Esq.  
September 12, 2003  
Page 3

We look forward to working with you on an appropriate scheduling agreement that accommodates all the parties' needs and assists in a judicially efficient resolution of these issues.

Yours sincerely,



Gwen Hinze  
Staff Attorney

Enclosure

cc: Ira Rothken, Esq.  
Rothken Law Firm

Laurence Pulgram, Esq.  
Fenwick & West LLP

Emmett Stanton, Esq.  
Fenwick & West LLP

# **EXHIBIT H**

**PROSKAUER ROSE LLP**

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Los Angeles, CA 90067-3206  
Telephone 310.557.2900  
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**Scott P. Cooper**  
Member of the Firm

Direct Dial 310.284.5669  
scooper@proskauer.com

September 26, 2003

**VIA FACSIMILE AND EMAIL**

Gwen Hinze, Esq.  
Electronic Frontier Foundation  
454 Shotwell Street  
San Francisco, CA 94110

Ira P. Rothken, Esq.  
Rothken Law Firm  
1050 Northgate Drive, Suite 520  
San Rafael, CA 94903

Re: Paramount Pictures Corporation, et al. v. ReplayTV, Inc., et al.  
U.S. District Court (C.D. Ca.) Case No. CV 01-09358 FMC (Ex) *and Related Cases*

Dear Gwen and Ira:

This follows up on my phone messages to you earlier today and Ira's request that I send an email. It is intended to conclude our prior discussions regarding an application to lift the current District Court stay for purposes of filing the stipulation of dismissal of all claims against ReplayTV and SONICblue and the Copyright Owners' motion to dismiss the remaining declaratory relief claim of the Newmark Plaintiffs for lack of subject matter jurisdiction.

We have completed the previously-circulated stipulation of dismissal consistent with the Bankruptcy Court's order granting leave from the automatic stay, and enclose for execution by counsel the final form of that stipulation. We ask that you execute it on behalf of the Newmark Plaintiffs and return it to us. We also ask by copy of this letter that Emmett or Lawrence do the same on behalf of SONICblue and ReplayTV and return their signature page as well.

Following up on our last conversation regarding procedural issues associated with the motion to dismiss, we have revised the previous draft stipulation for relief from the stay to specifically deal with the Newmark Plaintiffs' desire to pursue discovery and a motion to amend the complaint in response to our motion to dismiss. Please review the enclosed stipulation and let us know

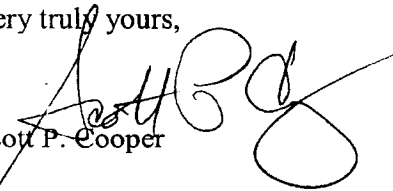
0068/54002-001 LAWORD/31710 v1

PROSKAUER ROSE LLP

Gwen Hinze, Esq.  
Ira P. Rothken, Esq.  
September 26, 2003  
Page 2

whether it is agreeable to you. If not, please let us know so that we can file a motion for relief from the stay.

Very truly yours,

  
Scott P. Cooper

SPC/ph

Enclosures

cc: Laurence F. Pulgram, Esq.  
Emmett C. Stanton, Esq.  
Copyright Owner Plaintiffs' Counsel  
(via facsimile and email w/enclosures)



1 PROSKAUER ROSE LLP  
2 RONALD S. RAUCHBERG (admitted *Pro Hac Vice*)  
3 SCOTT P. COOPER (Bar No. 96905)  
4 SIMON BLOCK (Bar No. 214999)  
5 2049 Century Park East, 32nd Floor  
6 Los Angeles, California 90067  
7 (310) 557-2900 Telephone  
8 (310) 557-2193 Facsimile  
9 *Attorneys for the MGM, Fox, Universal,*  
10 *Viacom, Disney & NBC Copyright Owners*

11 O'MELVENY AND MYERS LLP  
12 ROBERT M. SCHWARTZ (Bar No. 117166)  
13 1999 Avenue of the Stars, Seventh Floor  
14 Los Angeles, California 90067  
15 (310) 553-6700 Telephone  
16 (310) 246-6779 Facsimile  
17 *Attorneys for the Time Warner Copyright Owners*

18 MCDERMOTT, WILL & EMERY  
19 ROBERT H. RÖTSTEIN (Bar No. 072452)  
20 2049 Century Park East, 34th Floor  
21 Los Angeles, California, 90067  
22 (310) 277-4110 Telephone  
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24 *Attorneys for the Columbia Copyright Owners*

[Full counsel appearances on signature page]

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

PARAMOUNT PICTURES  
CORPORATION et al.,

Plaintiffs,

v.

REPLAYTV, INC. and  
SONICBLUE, INC.,

Defendants.

Case No. 01-09358 FMC (Ex)  
Hon. Florence-Marie Cooper

**STIPULATION FOR RELIEF FROM  
THE COURT'S MARCH 24, 2003  
STAY ORDER TO ALLOW FOR  
THE FILING OF THE  
STIPULATION OF DISMISSAL, THE  
COPYRIGHT OWNERS' MOTION  
TO DISMISS, AND RELATED  
DOCUMENTS; [PROPOSED]  
ORDER THEREON**

AND CONSOLIDATED ACTIONS.

1 This Stipulation is made by and between all of the parties to these  
2 consolidated actions, namely, Metro-Goldwyn-Mayer Studios Inc., Orion Pictures  
3 Corporation, Twentieth Century Fox Film Corporation, Universal City Studios  
4 Productions LLLP (formerly Universal City Studios Productions, Inc.), Fox  
5 Broadcasting Company, Paramount Pictures Corporation, Disney Enterprises, Inc.,  
6 National Broadcasting Company, Inc., NBC Studios, Inc., Showtime Networks Inc.,  
7 UPN (formerly the United Paramount Network), ABC, Inc., Viacom International  
8 Inc., CBS Worldwide Inc., CBS Broadcasting, Inc., Time Warner Entertainment  
9 Company, L.P., Home Box Office, Warner Bros., Warner Bros. Television, Time  
10 Warner Inc., Turner Broadcasting System, Inc., New Line Cinema Corporation,  
11 Castle Rock Entertainment, The WB Television Network Partners L.P., Columbia  
12 Pictures Industries, Inc., Columbia Pictures Television, Inc., Columbia TriStar  
13 Television, Inc., and TriStar Television, Inc., plaintiffs in the Copyright Actions, as  
14 defined below (collectively, "the Copyright Owners"), Defendants ReplayTV, Inc.  
15 and SONICblue Incorporated, and Craig Newmark, Shawn Hughes, Keith Ogden,  
16 Glenn Fleishman and Phil Wright, plaintiffs in the Newmark Declaratory Relief  
17 Action, as defined below (collectively, the "Newmark Plaintiffs"), as follows:

18 **RECITALS**

19 WHEREAS, on March 21, 2003, Defendants ReplayTV, Inc. and SONICblue  
20 Incorporated filed voluntary petitions in the United States Bankruptcy Court,  
21 Northern District of California, San Jose Division, Case Nos. 03-51777(MM) and  
22 03-51775 (MM), respectively;

23 WHEREAS, this Court entered an order dated March 24, 2003 (the "District  
24 Court Stay Order"), staying all proceedings in these consolidated actions following  
25 the bankruptcy filing of Defendants ReplayTV, Inc. and SONICblue Incorporated;

26 WHEREAS, on August 21, 2003, upon stipulation of all of the parties hereto,  
27 the United States Bankruptcy Court for the Northern District of California entered  
28

1 an order, dated August 19, 2003, modifying the automatic stay contained in  
2 Bankruptcy Code Section 362 to allow (1) the claims asserted by the Copyright  
3 Owners against Defendants ReplayTV, Inc. and SONICblue Incorporated to be  
4 dismissed without prejudice; (2) the counterclaim asserted by Defendant ReplayTV,  
5 Inc. against Copyright Owners Turner Broadcasting System Inc. and Time Warner  
6 Inc. to be dismissed without prejudice; and (3) the claims asserted by the Newmark  
7 Plaintiffs against Defendants ReplayTV, Inc. and SONICblue Incorporated to be  
8 dismissed without prejudice;

9 WHEREAS, the parties hereto have executed the Stipulation of Dismissal  
10 lodged herewith (the "Stipulation of Dismissal"), dismissing each of the Copyright  
11 Actions in its entirety and the Newmark Declaratory Relief Action as to Defendants  
12 ReplayTV, Inc. and SONICblue Incorporated pursuant to Federal Rule of Civil  
13 Procedure 41(a)(1)(ii);

14 WHEREAS, the Copyright Owners have prepared and wish to file their  
15 motion to dismiss the Newmark Plaintiffs' Complaint for Copyright Declaratory  
16 Relief, pursuant to Federal Rule of Civil Procedure 12(h) and 28 U.S.C. § 2201, for  
17 lack of subject matter jurisdiction, and supporting papers (the "Motion to Dismiss"),  
18 which Motion to Dismiss the Newmark Plaintiffs intend to oppose;

19 WHEREAS, in conjunction with their opposition to the Motion to Dismiss,  
20 the Newmark Plaintiffs have stated that they may seek to make an application to the  
21 Court for leave to serve discovery on the Copyright Owners relating to the Motion  
22 to Dismiss, and a motion for leave to amend their Complaint to add party plaintiffs;  
23 and

24 WHEREAS, the Copyright Owners intend to oppose any such applications  
25 made by the Newmark Plaintiffs related to the Court's consideration of the Motion  
26 to Dismiss;

27  
28

**STIPULATION**

1  
2           THEREFORE, IT IS HEREBY STIPULATED AND AGREED, subject to  
3 the Court's approval, by and between the Newmark Plaintiffs, the Copyright  
4 Owners, and Defendants ReplayTV, Inc. and SONICblue Incorporated, through  
5 their undersigned counsel, as follows:

6           1.     The District Court Stay Order shall be modified to allow the parties to  
7 file with the Court the Stipulation of Dismissal, dismissing (1) the Copyright  
8 Actions, as defined in the Stipulation of Dismissal, in their entirety, without  
9 prejudice, pursuant to Federal Rule of Civil Procedure 41(a)(1)(ii); and (2) the  
10 Newmark Declaratory Relief Action, as defined in the Stipulation of Dismissal, as to  
11 Defendants ReplayTV, Inc. and SONICblue Incorporated, without prejudice,  
12 pursuant to Federal Rule of Civil Procedure 41(a)(1)(ii). The Stipulation of  
13 Dismissal does not seek to effect a dismissal of the Newmark Plaintiffs' claims  
14 against the Copyright Owners in the Newmark Declaratory Relief Action, as defined  
15 in the Stipulation of Dismissal, which claims would be the only remaining claims  
16 pending in these consolidated actions after the filing of the Stipulation of Dismissal.

17           2.     The District Court Stay Order shall be further modified to allow the  
18 filing with the Court of the Motion to Dismiss directed at these remaining claims in  
19 these consolidated actions, as well as opposition and reply papers in connection  
20 therewith.

21           3.     The District Court Stay Order shall be further modified to allow the  
22 Newmark Plaintiffs to file with the Court, if they deem it appropriate, an application  
23 for leave to serve discovery on the Copyright Owners relating to the Motion to  
24 Dismiss, and a motion for leave to amend their Complaint to add new plaintiffs, as  
25 well as for the Copyright Owners' opposition papers, and the Newmark Plaintiffs'  
26 reply papers in connection therewith.

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4. Except as expressly modified herein, the District Court Stay Order shall remain in effect.

Dated: September \_\_\_, 2003

PROSKAUER ROSE LLP

By: \_\_\_\_\_  
Scott P. Cooper

Attorneys for Metro-Goldwyn-Mayer Studios Inc., Orion Pictures Corporation, Twentieth Century Fox Film Corporation, Universal City Studios Productions LLLP (formerly Universal City Studios Productions, Inc.), Fox Broadcasting Company, Paramount Pictures Corporation, Disney Enterprises, Inc., National Broadcasting Company, Inc., NBC Studios, Inc., Showtime Networks Inc., UPN (formerly the United Paramount Network), ABC, Inc., Viacom International Inc., CBS Worldwide Inc., and CBS Broadcasting, Inc.

Dated: September \_\_\_, 2003

MCDERMOTT, WILL & EMERY

By: \_\_\_\_\_  
Robert H. Rotstein

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

Dated: September \_\_\_, 2003

O'MELVENY & MYERS LLP

By: \_\_\_\_\_  
Robert M. Schwartz

Attorneys for 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

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Dated: September \_\_, 2003

FENWICK & WEST LLP

By: \_\_\_\_\_  
Emmett C. Stanton

Attorneys for ReplayTV, Inc. and  
SONICblue Incorporated

Dated: September \_\_, 2003

ELECTRONIC FRONTIER FOUNDATION

By: \_\_\_\_\_  
Gwenith A. Hinze

Attorneys for Craig Newmark, Shawn  
Hughes, Keith Ogden, Glenn Fleishman and  
Phil Wright

1 **[PROPOSED] ORDER**

2 Upon the parties' Stipulation for Relief from the Court's March 24, 2003 Stay  
3 Order to Allow for the Filing of the Stipulation of Dismissal, the Copyright Owners'  
4 Motion to Dismiss, and Related Documents, the Stipulation of Dismissal, dated  
5 September \_\_, 2003, (the "Stipulation of Dismissal"), and the declaration of Scott  
6 P. Cooper, dated September \_\_, 2003, and its exhibit, annexed thereto, and good  
7 cause appearing;

8 IT IS HEREBY ORDERED that:

9 1. The Court's order dated March 24, 2003, staying all proceedings in  
10 these consolidated actions (the "District Court Stay Order"), is hereby modified to  
11 allow for the filing with the Court of the Stipulation of Dismissal, which provides  
12 that:

13 (a) Each of the four actions pending between the Copyright Owners  
14 and SONICblue originally entitled Paramount Pictures Corp., et al. v. ReplayTV,  
15 Inc., et al., Case No. CV 01-9358, Time Warner Entertainment Company, L.P., et al.  
16 v. ReplayTV, Inc., et al., Former Case No. CV 01-9693 (including the counterclaim  
17 asserted by Defendant ReplayTV, Inc. against Copyright Owners Turner  
18 Broadcasting System Inc. and Time Warner Inc.), Metro-Goldwyn-Mayer Studios  
19 Inc., et al. v. ReplayTV, Inc., et al., Former Case No. CV 01-9801, and Columbia  
20 Pictures Industries, Inc., et al. v. ReplayTV, Inc., et al., Former Case No. CV 01-  
21 10221, which actions were consolidated under Case No. CV 01-9358 FMC(Ex) by  
22 order of the Court dated December 13, 2001, is hereby dismissed in its entirety,  
23 without prejudice, pursuant to Federal Rule of Civil Procedure 41(a)(1)(ii), and that  
24 each of the parties shall bear its own costs and attorneys' fees in connection with  
25 such actions; and

26 (b) The declaratory relief action pending between the Newmark  
27 Plaintiffs, the Copyright Owners and SONICblue, originally entitled Craig  
28 Newmark, et al. v. Turner Broadcasting System, Inc., et al., Former Case No. CV

1 02-4445, which action was consolidated with Case No. CV 01-9358 for pretrial  
2 purposes by order of this Court dated August 21, 2002, is hereby dismissed as to  
3 Defendants ReplayTV, Inc. and SONICblue Incorporated, without prejudice,  
4 pursuant to Federal Rule of Civil Procedure 41(a)(1)(ii), and that each of the parties  
5 shall bear its own costs and attorneys' fees in connection with such action.

6 2. The Clerk of the Court is directed to immediately file the Stipulation of  
7 Dismissal and to effect the dismissal of the actions as set forth therein.

8 3. The District Court Stay Order is hereby further modified to allow the  
9 filing with the Court of the Copyright Owners' motion to dismiss the Newmark  
10 Plaintiffs' Complaint for Copyright Declaratory Relief, pursuant to Federal Rule of  
11 Civil Procedure 12(h) and 28 U.S.C. § 2201, for lack of subject matter jurisdiction,  
12 and supporting papers, as well as opposition and reply papers in connection  
13 therewith.

14 4. The District Court Stay Order is hereby further modified to allow the  
15 Newmark Plaintiffs to file with the Court, if they deem appropriate, an application  
16 for leave to serve discovery on the Copyright Owners relating to the Motion to  
17 Dismiss, and a motion for leave to amend their Complaint to add new plaintiffs, as  
18 well as for the Copyright Owners' opposition papers, and the Newmark Plaintiffs'  
19 reply papers in connection therewith.

20 5. Except as expressly modified herein, the District Court Stay Order shall  
21 remain in effect.

22 Dated: September \_\_\_, 2003

23  
24 Hon. Florence-Marie Cooper  
25 United States District Judge  
26  
27  
28



# **EXHIBIT I**



October 3, 2003

**Via Facsimile No: (310) 557 2193**

Scott Cooper, Esq.  
Proskauer Rose LLP  
2049 Century Park East, 32nd Floor  
Los Angeles, CA 90067

**Via Facsimile No: (310) 277-4730**

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McDermott, Will & Emery  
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**Via Facsimile No: (650) 494-1417**

Emmett Stanton, Esq.  
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Two Palo Alto Square  
Palo Alto, CA 94306

**Via Facsimile No: (310) 246-6779**

Robert M. Schwartz, Esq.  
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1999 Avenue of the Stars, Seventh Floor  
Los Angeles, CA 90067-6035

**Via Facsimile No: (415) 281-1350**

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

**RE: *Paramount Pictures Corporation et al. v. ReplayTV, Inc. et al***  
**U.S. District Court (C.D.Ca.) CV 01-09358 FMC (Ex) and Consolidated Cases**

Dear Scott:

This letter responds to your letters of September 26, 2003 and October 3, 2003.

Thank you for the opportunity to progress the procedural aspects of this case via agreement. In response to the request in your letter of September 26, 2003, our clients are prepared to sign the stipulation of dismissal of all claims against SONICblue, Inc. and ReplayTV, Inc. that was attached to your letter of Friday evening. We are attaching an executed counterpart of the stipulation of dismissal.

Could you also please provide us with a copy of the signature pages of the stipulation for dismissal of SONICblue, Inc. and ReplayTV, Inc. executed by the other Entertainment Company plaintiffs' counsel.

As for the stipulation for relief from the stay, we propose the following modifications, which we hope will be agreeable:

Scott Cooper, Esq.  
Robert Schwarz, Esq.  
Robert Rotstein, Esq.  
October 3, 2003  
Page 2

1. Amendment to the language of paragraph 3 of that stipulation, and paragraph 4 of the proposed order as follows :

"3. The District Court Stay Order shall be further modified to permit the Newmark Plaintiffs to file with the Court a motion for leave to amend the Newmark Plaintiffs' Complaint, and to permit the filing of the Copyright Owners' opposition papers, and the Newmark Plaintiffs' reply papers in connection therewith.

"4. The District Court Stay Order shall be further modified to permit the Newmark Plaintiffs to serve discovery relating to the Copyright Owners' Motion to Dismiss, if they deem it appropriate."

Renumber subsequent paragraphs accordingly.

2. As both the Newmark Plaintiffs' contemplated motion for leave to amend the Newmark Plaintiffs' complaint, and the Copyright Owners' motion to dismiss the Newmark Plaintiffs' complaint relate to whether and in what form this litigation will go forward, it is most judicially efficient for the two motions to be heard together. Accordingly, we propose the following new paragraph as paragraph 5 of that stipulation and as paragraph 6 of the proposed order, with the other paragraphs renumbered accordingly:

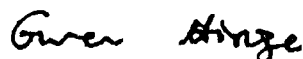
"The Copyright Owners' motion to dismiss the Newmark Plaintiffs' action and the Newmark Plaintiffs' motion for leave to amend the Newmark Plaintiffs' complaint, shall be calendared for hearing on the same date."

3. In the interests of conformity, we suggest that the last sentence of paragraph 2 of that Stipulation and paragraph 3 of the proposed order should also be amended to read:

"..., as well as the Newmark Plaintiffs' opposition papers and the Copyright Owners' reply papers in connection therewith."

Please let us know if this is acceptable to your clients and the other Entertainment Company parties.

Yours sincerely,



Gwen Hinze  
Staff Attorney

cc: Ira Rothken, Esq.  
Rothken Law Firm  
BY FAX NO: (415) 924-2905

# **EXHIBIT J**

**PROSKAUER ROSE LLP**

2049 Century Park East  
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Los Angeles, CA 90067-3206  
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NEW YORK  
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BOCA RATON  
NEWARK  
PARIS

**Scott P. Cooper**  
Member of the Firm

Direct Dial 310.284.5669  
scooper@proskauer.com

October 9, 2003

**VIA FACSIMILE AND EMAIL**

Gwen Hinze, Esq.  
Electronic Frontier Foundation  
454 Shotwell Street  
San Francisco, CA 94110

Re: Paramount Pictures Corporation, et al. v. ReplayTV, Inc., et al.  
U.S. District Court (C.D. Ca.) Case No. CV 01-09358 FMC (Ex) *and Related Cases*

Dear Gwen:

This responds to your letter of October 3, 2003 concerning the Copyright Owners' proposed stipulation for relief from the district court stay order. For the reasons set forth below, the Copyright Owners cannot agree to the Newmark Plaintiffs' proposed modifications to the stipulation.

As we previously advised you, the Copyright Owners do not believe that the discovery you described wanting to conduct in connection with the motion to dismiss the Newmark Plaintiffs' Complaint for lack of subject matter jurisdiction (the "Motion to Dismiss") is either necessary or appropriate. You have told us that the Newmark Plaintiffs are interested in seeking discovery of the settlement negotiations between the Copyright Owners and Digital Networks North America, Inc. These discussions are not properly discoverable.

In their proposed stipulation, the Copyright Owners accommodated any legitimate desire of the Newmark Plaintiffs to place before the Court their arguments for the need for discovery by specifically providing for relief from the district court stay order to allow the Newmark Plaintiffs to file a motion on the subject. We understand that the Newmark Plaintiffs have rejected that proposal.

Your letter also proposes that the parties stipulate ahead of time that the Motion to Dismiss and the Newmark Plaintiffs' contemplated motion for leave to amend their Complaint be scheduled for hearing on the same day. We think any such agreement would be premature. The Copyright

3660/54002-001 LAWORD/E2360

PROSKAUER ROSE LLP

Gwen Hinze, Esq.  
October 9, 2003  
Page 2

Owners are prepared to file their Motion to Dismiss now. The only reason we have not previously sought permission to file the Motion to Dismiss was our attempt to reach agreement on a procedural mechanism for the limited lifting of the district court stay order.

In contrast, the Newmark Plaintiffs do not appear to be well along in their development of any motion to amend. In addition, the Newmark Plaintiffs have not satisfied their obligations under Local Rule 7-3 with respect to the disclosure of the grounds or relief contemplated for such a motion.

In light of the parties' failure to reach agreement on the terms of an appropriate stipulation for relief from the district court stay order, the Copyright Owners will file a motion for such relief on the same terms as their proposed stipulation of September 26.

Very truly yours,



Scott P. Cooper

cc: Ira Rothken, Esq.  
Laurence F. Pulgram, Esq.  
Emmett C. Stanton, Esq.  
Copyright Owner Plaintiffs' Counsel

# **EXHIBIT K**

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

**CRAIG NEWMARK, et al.,**  
  
**Plaintiffs,**  
  
vs.  
  
**TURNER BROADCASTING  
NETWORK, et al.,**  
  
**Defendants.**

CV 02-04445 FMC (Ex)

**ORDER DENYING MOTION TO  
DISMISS; ORDER DENYING  
MOTION TO STAY; ORDER  
GRANTING MOTION TO  
CONSOLIDATE**

This matter is before the Court on Defendants' Motion to Dismiss or, Alternatively, to Stay Proceedings, and Plaintiffs' Motion to Consolidate. These matters were heard on August 12, 2002, at which time the parties were in receipt of the Court's tentative order. For the reasons set forth below, the Court hereby denies the Motion to Dismiss (docket #43-1), hereby denies the Motion to Stay (docket #43-2), and hereby grants the Motion to Consolidate (docket #45).

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1 **I. Background**

2 The parties are well-acquainted with the nature of the present action and  
3 *Paramount Pictures Corporation v. RePlayTV, Inc.*, No. 02-04445 FMC (Ex) (“the  
4 *RePlayTV* action”), which are only briefly described below.

5 **A. The *RePlayTV* Action**

6 Plaintiffs in the *RePlayTV* action are a number of television and film  
7 companies in the entertainment industry.<sup>1</sup> Defendants in the *RePlayTV* action  
8 are SONICblue, Inc. (“SONICblue”), and its wholly owned subsidiary,  
9 RePlayTV, Inc (“RePlayTV”).<sup>2</sup>

10 The factual allegations in the *RePlayTV* action center on the development  
11 and sale by RePlayTV of a digital video recorder: the RePlayTV 4000 series.  
12 The digital video recorder, or DVR, enables television viewers to make digital  
13 copies of copyrighted television programs. The DVRs are equipped with  
14 commercial-skipping features, and they may be used to send copies of televised  
15 programs (or “content”) to other RePlayTV owners via high-speed internet  
16 connections.

17  
18  
19 <sup>1</sup> Specifically, the Plaintiffs in the *RePlayTV* action are Paramount Pictures Corp.  
20 (“Paramount”); Disney Enterprises, Inc. (“Disney”); National Broadcasting Company  
21 (“NBC”); NBC Studios, Inc. (“NBC Studios”); Showtime Networks, Inc. (“Showtime”); The  
22 United Paramount Network (“UPN”); ABC, Inc. (“ABC”); Viacom International, Inc.  
23 (“Viacom”); CBS Worldwide, Inc. (“CBS Worldwide”); CBS Broadcasting, Inc. (“CBS”); Time  
24 Warner Entertainment Company, L.P. (“TWE”); Home Box Office (“HBO”); Warner Brothers  
25 (“Warner Brothers”); Warner Brothers Television (“WBT”); Time Warner, Inc. (“TWI”);  
26 Turner Broadcasting System, Inc. (“Turner Broadcasting”); New Line Cinema Corp. (“New  
27 Line”); Castle Rock Entertainment (“Castle Rock”); The WB Television Network Partners,  
28 L.P (“WBT Network”); Metro-Goldwyn-Mayer Studios, Inc. (“MGM”); Orion Pictures Corp.  
29 (“Orion”); Twentieth Century Fox Film Corp. (“Fox”); Universal City Studios Productions,  
30 Inc. (“Universal”); Fox Broadcasting Co. (“FBC”); Columbia Pictures Industries, Inc.  
31 (“Columbia Industries”); Columbia Pictures Television (“Columbia Television”); Columbia  
32 Tristar Television (“CTTV”); and TriStar Television, Inc. (“TriStar Television”).

33 <sup>2</sup> Throughout this Order, the Court will refer to SONICblue, Inc., and RePlayTV, Inc.,  
34 collectively as “RePlayTV.”

1 The Plaintiffs in the *RePlayTV* action have asserted claims against  
2 SONICblue and RePlayTV based on, *inter alia*, contributory and vicarious  
3 copyright infringement. These claims are based on the alleged direct copyright  
4 infringement committed by the owners of the RePlayTV DVRs. (*See, e.g.,*  
5 *Paramount Compl.*, No. 01-09358, ¶ 64 (regarding contributory infringement);  
6 ¶ 71 (regarding vicarious infringement)).

7  
8 **B. The *Newmark* Action**

9 Five owners of RePlayTV DVRs have filed the present declaratory relief  
10 action in this Court.

11 All the twenty-eight plaintiffs in the *RePlayTV* action are defendants in  
12 the present action, which the Court refers to as the *Newmark* action.  
13 Throughout this Order, the Court refers to these defendants as “the  
14 Entertainment Defendants.” SONICblue and RePlayTV are defendants in the  
15 present action as well.

16 The factual allegations in the Complaint reveal that the *Newmark*  
17 Plaintiffs use the units to record content for later viewing;<sup>3</sup> some of the  
18 Plaintiffs transfer content to laptop computers for viewing while traveling.  
19 Plaintiffs use the commercial-skipping features of the RePlayTV DVRs; at least  
20 one Plaintiff uses the commercial-skipping features to control the advertising  
21 to which his children are exposed.

22 The *Newmark* Plaintiffs seek a declaration as to whether their activities  
23 constitute copyright infringement.

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<sup>3</sup> This use is referred to as “time-shifting.”

1 **II. Motion to Dismiss**

2 The Entertainment Defendants move to dismiss the *Newmark* Plaintiffs'  
3 claims, arguing that the claims do not present an actual "case or controversy"  
4 as required by the Declaratory Judgment Act, 28 U.S.C. § 2201, and Article III  
5 of the United States Constitution. If the *Newmark* Plaintiffs' claims do not  
6 present an actual "case or controversy", the Court lacks subject matter  
7 jurisdiction over the matter, and the claims must be dismissed. *See Mason v.*  
8 *Genisco Technology Corp.*, 960 F.2d 849, 853 (9th Cir. 1991).

9 A motion to dismiss an action for lack of subject matter jurisdiction is  
10 properly brought under Fed. R. Civ. P. 12(b)(1). The objection presented by this  
11 motion is that the court has no authority to hear and decide the case. When  
12 considering a Rule 12(b)(1) motion challenging the substance of jurisdictional  
13 allegations, the Court is not restricted to the face of the pleadings, but may  
14 review any evidence, such as declarations and testimony, to resolve any factual  
15 disputes concerning the existence of jurisdiction. *See McCarthy v. United States*,  
16 850 F.2d 558, 560 (9th Cir. 1988), *cert. denied*, 489 U.S. 1052, 109 S. Ct. 1312  
17 (1989). The burden of proof on a Rule 12(b)(1) motion is on the party asserting  
18 jurisdiction. *See Sopcak v. Northern Mountain Helicopter Serv.*, 52 F.3d 817, 818  
19 (9th Cir. 1995).

20 The present motion presents a novel issue: Does a plaintiff present an  
21 actual "case or controversy" under the Declaratory Judgment Act and Article  
22 III where the plaintiff's conduct is alleged, in a separate action against a third  
23 party for contributory and/or vicarious copyright infringement, to be direct  
24 copyright infringement? The parties have cited no authority that discusses the  
25 actual "case or controversy" requirement in the context of this unique factual  
26 scenario, and the Court, in its own research, has found none.

27 Nevertheless, both the Entertainment Defendants and the *Newmark*  
28 Plaintiffs cite a number of cases that are instructive on this issue, from which

1 the Court concludes that the *Newmark* Plaintiffs have presented an actual “case  
2 or controversy.”

3 The Declaratory Judgment Act permits a federal court to “declare the  
4 rights and other legal relations” of parties to “a case of actual controversy.” 28  
5 U.S.C. § 2201. This “actual controversy” requirement is the same as the “case  
6 or controversy” requirement of Article III of the United States Constitution.  
7 See *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 239-40, 57 S. Ct. 461, 463 (1937).  
8 Therefore, the question of justiciability, and therefore of subject matter  
9 jurisdiction, is the same under § 2201 as it is under Article III.

10 The United States Supreme Court has given guidance as to when “an  
11 abstract” question becomes a “controversy” under the Declaratory Judgment  
12 Act:

13 The difference between an abstract question and a “controversy”  
14 contemplated by the Declaratory Judgment Act is necessarily one  
15 of degree, and it would be difficult, if it would be possible, to  
16 fashion a precise test for determining in every case whether there  
17 is such a controversy. Basically, the question in each case is  
18 whether the facts alleged, under all the circumstances, show that  
19 there is a substantial controversy, between parties having adverse  
20 legal interests, of sufficient immediacy and reality to warrant the  
21 issuance of a declaratory judgment.

22 *Maryland Casualty Co. v. Pacific Coal & Oil Co.*, 312 U.S. 270, 273, 61 S. Ct. 510,  
23 512 (1941).

24 Applying this standard, the Ninth Circuit has held that something less  
25 than an “actual threat” of litigation is required to meet the “case or controversy”  
26 requirement; instead, courts must focus on whether a declaratory plaintiff has  
27 a “reasonable apprehension” that he or she will be subjected to liability. *Societe*  
28 *de Conditionnement en Aluminium v. Hunter Engineering Co., Inc.*, 655 F.2d 938,

1 944 (9th Cir. 1981). In *Societe*, the court first noted that the parties' assumption  
2 that a declaratory plaintiff must be subject to an "actual threat" was incorrect:

3 We infer from the arguments of the parties that they agree that an  
4 actual threat of litigation must be made by the [declaratory  
5 defendant] for a case or controversy to exist. We assume that the  
6 district court applied this standard in reaching its decision. We  
7 conclude that the Constitution has a much lower threshold than  
8 this standard would suggest.

9 *Id.* The Ninth Circuit then went on to hold that the determination of whether  
10 a case or controversy exists must focus on the reasonable apprehension of the  
11 declaratory plaintiff:

12 A better way to conceptualize the case or controversy  
13 standard is to focus on the declaratory judgment plaintiff. An  
14 action for a declaratory judgment that a patent is invalid, or that  
15 the plaintiff is not infringing, is a case or controversy if the plaintiff  
16 has a real and reasonable apprehension that he will be subject to  
17 liability if he continues to manufacture his product.

18 *Id.*

19 Other cases make it clear that no explicit threat of litigation is required  
20 to meet the "case or controversy" requirement. *See also K-Lath v. Davis Wire*  
21 *Corp.*, 15 F. Supp. 2d 952 (C.D. Cal. 1998) (noting that a plaintiff seeking  
22 declaratory judgment must show "an explicit threat or *other action*" that creates  
23 a reasonable apprehension that the plaintiff will face an infringement suit)  
24 (emphasis added); *Intellectual Property Development v. TCI Cablevision of*  
25 *California, Inc.*, 248 F.3d 1333, 1340 (Fed. Cir. 2001) ("other action" is  
26 sufficient), *cert. denied*, \_\_ U.S. \_\_, 122 S. Ct. 216 (2001); *Guthy-Renker Fitness v.*  
27 *Icon Health & Fitness, Inc.*, 179 F.R.D. 264 (C.D. Cal. 1998) (same).

28 The Entertainment Defendants argue that the *Newmark* Plaintiffs cannot

1 have a reasonable apprehension that they will face liability based on their use  
2 of their RePlayTV DVRs. The Entertainment Defendants contend that did not  
3 even know about the *Newmark* Plaintiffs until they filed this action, and that  
4 they did not name any individual Doe defendants in the *RePlayTV* action and  
5 point out that they make these allegations only because these allegations are  
6 necessary to state a claim against RePlayTV for contributory and vicarious  
7 copyright infringement.

8       However, the *Newmark* Plaintiffs argue persuasively that a victory by the  
9 Entertainment Defendants in the *RePlayTV* action will necessarily require a  
10 determination that the activities of the owners constitute direct copyright  
11 infringement, thereby instilling in them a reasonable apprehension that they  
12 will be subject to liability.

13       When viewed from the perspective of the *Newmark* Plaintiffs, the  
14 Entertainment Defendants' allegations in the *RePlayTV* action are sufficient to  
15 raise a reasonable apprehension that they will be subject to liability. The  
16 Complaints in the *RePlayTV* action allege that the actions of the *Newmark*  
17 Plaintiffs (and other RePlayTV DVR owners) constitute direct copyright  
18 infringement. Of course, the Entertainment Defendants must allege these facts  
19 to support their claims of contributory and vicarious copyright infringement  
20 against RePlayTV. But the fact remains that the Entertainment Defendants  
21 have, with a great deal of specificity, accused the *Newmark* Plaintiffs (and other  
22 RePlayTV DVR owners) of infringing the Entertainment Defendants'  
23 copyrights, and have demonstrated the will to protect copyrights through  
24 litigation. These facts raise a reasonable apprehension on the part of the  
25 *Newmark* Plaintiffs. This is especially so because that it appears from the  
26 Complaint in the *Newmark* action that the *Newmark* Plaintiffs are continuing  
27 to use their RePlayTV DVRs in a manner that the Entertainment Defendants  
28 allege constitutes infringing activity.

1 The Entertainment Defendants also argue that Plaintiffs cannot  
2 demonstrate any direct communication with defendants. However, it is clear  
3 in the Ninth Circuit that such direct communication is not necessarily required.  
4 See *Societe de Conditionnement en Aluminium*, 655 F.2d at 944-45. (finding that  
5 communication to third party could reasonably be viewed as a threat of  
6 litigation).

7 For these reasons, the Court holds that the claims of the *Newmark*  
8 Plaintiffs present an actual case or controversy, and that therefore this Court has  
9 subject matter jurisdiction over this action. Accordingly, the Court hereby  
10 denies Defendants' Motion to Dismiss.

### 11 12 III. Motion to Stay Action

13 In the alternative, the Entertainment Defendants move the Court to  
14 exercise its discretionary authority under the Declaratory Judgment Act to  
15 dismiss or stay this action.

16 The Court's exercise of jurisdiction under the Declaratory Judgment Act,  
17 28 U.S.C. § 2201, is discretionary:

18 In a case of actual controversy within its jurisdiction, . . . any court  
19 of the United States, upon the filing of an appropriate pleading,  
20 *may* declare the rights and other legal relations of any interested  
21 party seeking such declaration, whether or not further relief is or  
22 could be sought.

23 *Id.* (emphasis added). The United States Supreme Court has interpreted this  
24 language as conferring the discretion, but not the obligation, to render  
25 declaratory judgments: "This is an enabling Act, which confers a discretion on  
26 the courts rather than an absolute right upon the litigant." See *Public Service*  
27 *Commission of Utah v. Wycoff Co.*, 344 U.S. 237, 241, 73 S. Ct. 236 (1952). "The  
28 Declaratory Judgment Act was an authorization, not a command. It gave the

1 federal courts competence to make a declaration of rights; it did not impose a  
2 duty to do so.” *Public Affairs Associates, Inc. v. Rickover*, 369 U.S. 111, 112, 82 S.  
3 Ct. 580 (1962). “A declaratory judgment, like other forms of equitable relief,  
4 should be granted only as a matter of judicial discretion, exercised in the public  
5 interest.” *Id.*

6 The Supreme Court not surprisingly has noted, however, that the refusal  
7 to exercise its discretion must be principled and reasonable, and should be  
8 articulated: “Of course a District Court cannot decline to entertain such an  
9 action as a matter of whim or personal disinclination.” *Id.*

10 This Court considers a number of factors in determining whether a stay  
11 should be granted. The factors enunciated in *Brillhart v. Excess Insurance*  
12 *Company of America*, 316 U.S. 491, 62 S. Ct. 1173 (1942), are meaningful when  
13 the underlying action is a state action, rather than where, as here, the  
14 underlying action is proceeding in the same forum. *Brillhart* requires federal  
15 courts to 1) avoid needless determinations of state law issues, 2) discourage  
16 forum shopping, and 2) avoid duplicative litigation. These factors are not  
17 particularly helpful to the Court’s analysis in this case. *Id.*

18 The Ninth Circuit has noted, however, that the *Brillhart* factors are not  
19 exhaustive. See *Government Employees Insurance Co. v. Dizol*, 133 F.3d 1220,  
20 1225 n.5 (9th Cir. 1998). Other factors to be considered by the Court are  
21 1) whether the declaratory action will settle all aspects of the controversy;  
22 2) whether the declaratory action will serve a useful purpose in clarifying the  
23 legal relations at issue; 3) whether the declaratory action is being sought merely  
24 for the purposes of procedural fencing or to obtain a “res judicata” advantage;  
25 and 4) whether the use of a declaratory action will result in entanglements  
26 between the federal and state court systems. *Id.*

27 The fourth factor, like the *Brillhart* factors, is inapplicable here.

28 The first and second factor appear to the Court to be interrelated, and to



1 weigh in favor of denying a stay. The argument in favor of a stay is that all the  
2 issues presented in the *Newmark* action will necessarily be resolved by the  
3 *RePlayTV* action. However, the Court is persuaded that the *Newmark* Plaintiffs  
4 may be correct that the *RePlayTV* action will not necessarily resolve what  
5 specific uses, if any,<sup>4</sup> of the *RePlayTV* DVR constitute fair use.<sup>5</sup> Denying the  
6 stay furthers the purpose of the first and second factors — to resolve the  
7 uncertainties in the relations between the parties. The rationale behind these  
8 factors are better served by permitting the *RePlayTV* action and the *Newmark*  
9 action to proceed simultaneously.

10 Despite the Entertainment Defendants' argument, the Court is  
11 unconvinced that the *Newmark* action constitutes "procedural fencing." The  
12 Entertainment Defendants contend that the *Newmark* Plaintiffs' true intent is  
13 to circumvent the intervention requirements of Fed. R. Civ. P. 24 and to, in  
14 effect, intervene in the *RePlayTV* action. The Court is persuaded, however, that  
15 the *Newmark* Plaintiffs could well meet the intervention requirements of Fed.  
16 R. Civ. P. 24(a).<sup>6</sup> The *Newmark* Plaintiffs claim an interest in the transaction  
17 at issue, and are so situated that the resolution of the *RePlayTV* action may as  
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19 <sup>4</sup> The *RePlayTV* action is in its early stages. At this time, the Court expresses no  
20 opinion as to the merits of the claims advanced in the *RePlayTV* action.

21 <sup>5</sup> The Court recognizes that resolution of the *RePlayTV* action may significantly narrow  
22 the issues presented in the *Newmark* action.

23 <sup>6</sup> Rule 24(a) of the Federal Rules of Civil Procedure provides:

24 Upon timely application anyone shall be permitted to intervene in an action: . . .  
25 (2) when the applicant claims an interest relating to the property or transaction  
26 which is the subject of the action and the applicant is so situated that the  
27 disposition of the action may as a practical matter impair or impede the  
applicant's ability to protect that interest, unless the applicant's interest is  
adequately represented by existing parties.

28 *Id.*

1 a practical matter impair or impede their ability to protect that interest.<sup>7</sup> The  
2 Court is persuaded that although RePlayTV's interests and the interests of the  
3 *Newmark* Plaintiffs overlap significantly, those interests are not perfectly  
4 aligned. The *Newmark* Plaintiffs' interests are focused on whether specific  
5 uses constitute "fair use" under copyright law; RePlayTV's interests (and legal  
6 defenses) are likely to venture beyond the fair use doctrine. Therefore, the  
7 Court rejects the Entertainment Defendants' argument that the *Newmark*  
8 Plaintiffs' true intent is to circumvent the intervention requirements of Fed. R.  
9 Civ. P. 24, and that their actions constitute mere "procedural fencing".

10 The Court concludes that the factors set forth in *Dizol* favor a denial of  
11 a stay.

12 The Court has also considered whether a stay will serve the public  
13 interest. See *Rickover*, 369 U.S. at 112. The Court recognizes that any  
14 unnecessary delay in adjudicating the rights of the *Newmark* Plaintiffs may chill  
15 their use of their RePlayTV DVRs. Similarly, any unnecessary delay may also  
16 lead to increased liability for statutory damages under federal copyright law.  
17 See 17 U.S.C. § 504(c)(1) (authorizing statutory damages for each non-willful  
18 violation of no less than \$750 and no more than \$30,000). Additionally, the  
19 Court is persuaded that denying the stay may result in a more fully developed  
20 factual record regarding the consumers' uses of the RePlayTV DVR and, as a  
21 result, the Court may be better able to fashion an appropriate equitable relief.  
22 The Court agrees that the public interest would not be served by the granting  
23 of a stay.

24 Accordingly, the Court hereby denies the Motion to Stay.

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26  
27 <sup>7</sup> For instance, the *Newmark* Plaintiffs' ability to protect their interest in using their  
28 RePlayTV DVRs would be impaired if the Court were to order that RePlayTV disable the  
send-show and commercial skipping features of the DVRs.

1 **IV. Motion to Consolidate**

2 The Federal Rules of Civil Procedure authorize consolidation of cases in  
3 appropriate circumstances:

4 When actions involving a common question of law or fact are  
5 pending before the court, it may order a joint hearing or trial of any  
6 or all the matters in issue in the actions; it may order all the actions  
7 consolidated; and it may make such orders concerning proceedings  
8 therein as may tend to avoid unnecessary costs or delay.

9 Fed. R. Civ. P. 42(a).

10 Under this standard, it is clear to the Court that the *Newmark* action  
11 should be consolidated with the *RePlayTV* action. The actions involve  
12 common questions of law and fact. Both actions involve a determination of  
13 whether the use of certain features of the RePlayTV DVR constitutes copyright  
14 infringement. Both cases are at the early stage of litigation, which facilitates  
15 consolidation, at least for discovery and pretrial purposes.<sup>8</sup>

16 The Entertainment Defendants argue that the actions should not be  
17 consolidated. They correctly contend that the issues presented in the *Newmark*  
18 action — whether the specific uses of the *Newmark* Plaintiffs constitute fair use  
19 — is narrower than the issues presented in the *RePlayTV* action. From this  
20 fact, the Entertainment Defendants conclude that the *Newmark* action will be  
21 more quickly and efficiently resolved if it is not consolidated with the  
22 *RePlayTV* action. Nevertheless, there is no question that the issue of whether  
23 the *Newmark* Plaintiffs' use of the RePlayTV DVRs' send-show and  
24 commercial-skipping features constitutes fair use will most likely figure  
25 prominently in both the *RePlayTV* action and the *Newmark* action. The Court

26  
27 \_\_\_\_\_  
28 <sup>8</sup> The Court reserves for another day the issue of whether these actions should be consolidated for trial.

1 is unconvinced that the Entertainment Defendants' are correct in  
2 characterizing the *Newmark* action as a case that will require little discovery and  
3 that will be resolved quickly if not consolidated. The issue of fair use has  
4 yielded a great deal of discovery in the *RePlayTV* action, and promises to do the  
5 same in this action.<sup>9</sup>

6 The Entertainment Defendants also claim that the *Newmark* Plaintiffs,  
7 in seeking consolidation, are merely attempting to gain unfettered access to  
8 discovery documents, and to widen the scope of discovery in *RePlayTV* action.  
9 That a party may seek discovery of irrelevant documents is a danger in any  
10 litigation; this concern is not unique to consolidated cases. There are  
11 procedural protections in place that assist parties in guarding against a party  
12 obtaining that irrelevant discovery. The Entertainment Defendants are well  
13 versed in seeking such protection. The Court does not at this time resolve  
14 issues regarding the scope of discovery; rather, the Court merely notes that the  
15 Entertainment Defendants' concerns regarding access to discovery do not  
16 persuade the Court that consolidation is inappropriate.

17 In reaching this conclusion, the Court is guided by the agreement of the  
18 *Newmark* Plaintiffs' counsel to abide by the terms of the multi-tiered protective  
19 order to which the parties stipulated in the *RePlayTV* action.

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20  
21 <sup>9</sup> Part of the Entertainment Defendants' Opposition to the Motion for Consolidation  
22 addresses the scope of discovery to which the *Newmark* Plaintiffs would be entitled. They  
23 contend that consolidation will unnecessarily complicate the *RePlayTV* action because the  
24 *Newmark* Plaintiffs will not be entitled to as broad a range of discovery as *RePlayTV* was found  
25 to be entitled to. The Entertainment Defendants similarly argue that the depositions of the  
26 Entertainment Defendant representatives would be unnecessarily complicated as *RePlayTV*  
27 would attempt to question these representatives using documents obtained in discovery in the  
28 *RePlayTV* action. This would cause the Entertainment Defendants to halt the depositions  
every few moments to discuss whether the *Newmark* Plaintiffs should be entitled to access to  
discovery provided in the *RePlayTV* action.

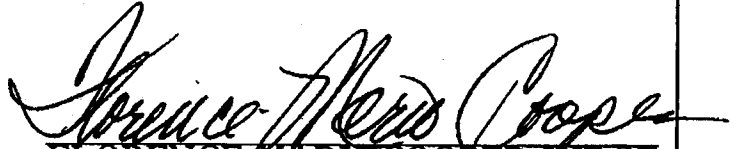
27 The Court leaves the determination of the precise scope of discovery to the Magistrate  
28 Judge. At this stage of the proceeding, the Court is satisfied that the issue of fair use is present  
in both actions, and therefore finds the Entertainment Defendant's arguments unpersuasive.

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**V. Conclusion**

For the reasons set forth above, the Court hereby denies the Motion to Dismiss (docket #43-1), hereby denies the Motion to Stay (docket #43-2), and hereby grants the Motion to Consolidate (docket #45). For ease of recordkeeping, the Court orders that all further documents be filed under Case No. CV 01-09358, and that Case No. CV 02-04445 be closed.

Dated: August 15, 2002

  
FLORENCE-MARIE COOPER, JUDGE  
UNITED STATES DISTRICT COURT