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OFFICE OF THE CLERK
In The
Supreme Court of the United States

◆

NOVELL, INC., PETITIONER,

v.

THE SCO GROUP, INC.

◆

*ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE TENTH CIRCUIT*

◆

PETITION FOR A WRIT OF CERTIORARI

◆

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QUESTION PRESENTED

Section 204(a) of Title 17 of the United States Code provides: "A transfer of copyright ownership, other than by operation of law, is not valid unless an instrument of conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed or such owner's duly authorized agent." The question presented is:

Whether Section 204(a) requires a writing that specifies which copyrights were conveyed, or whether, as the court of appeals held, requires only that the written instrument could be construed to convey some copyrights, leaving the factfinder to determine which, if any, copyrights were conveyed.

PARTIES TO THE PROCEEDING

The parties are as stated in the caption.

**RULE 29.6 CORPORATE
DISCLOSURE STATEMENT**

Petitioner has no parent corporation, and no publicly held company owns 10% or more of petitioner's stock.

TABLE OF CONTENTS

	Page
QUESTION PRESENTED.....	i
PARTIES TO THE PROCEEDING	ii
RULE 29.6 CORPORATE DISCLOSURE STATEMENT.....	ii
TABLE OF AUTHORITIES	v
PETITION FOR A WRIT OF CERTIORARI	1
OPINIONS BELOW.....	1
JURISDICTION.....	1
STATUTORY PROVISION INVOLVED	1
INTRODUCTION	2
STATEMENT OF THE CASE.....	4
A. Statutory Framework.....	4
B. Factual Background	5
C. Proceedings Below.....	8
REASONS FOR GRANTING THE PETITION	12
THE COURTS OF APPEALS ARE SHARPLY DIVIDED ON THE REQUIREMENTS FOR A COPYRIGHT TO BE VALIDLY TRANS- FERRED UNDER SECTION 204(a)'S WRITTEN-TRANSFER REQUIREMENT	12
A. The Decision Below Deepens A Recog- nized Circuit Conflict Concerning The Written-Transfer Requirement Of Section 204(a)	13

TABLE OF CONTENTS – Continued

	Page
B. Review Is Necessary Because The Question Presented Raises An Issue Of Exceptional Importance To Every Owner Of Copyrights	18
1. The ruling below undermines predictability and certainty in copyright ownership	18
2. This case is an ideal vehicle to address Section 204(a) and raises issues of utmost importance to open-source software users throughout the nation	26
CONCLUSION.....	29
Appendix A: Opinion of the United States Court of Appeals for the Tenth Circuit, dated August 24, 2009	1a
Appendix B: Memorandum Decision and Order of the United States District Court for the District of Utah, dated August 10, 2007.....	59a
Appendix C: Order of the United States Court of Appeals for the Tenth Circuit denying petition for rehearing and petition for rehearing en banc, dated October 20, 2009.....	190a
Appendix D: 17 U.S.C. § 204	191a

TABLE OF AUTHORITIES

	Page
CASES:	
<i>American Plastic Equip., Inc. v. Toytrackerz, LLC</i> , No. 07-2253, 2009 WL 902422 (D. Kan. Mar. 31, 2009)	17
<i>Beck v. Prupis</i> , 529 U.S. 494 (2000)	19
<i>Bernstein v. Glavin</i> , 725 N.E.2d 455 (Ind. Ct. App. 2000)	23
<i>Bridge v. Phoenix Bond & Indem. Co.</i> , 128 S. Ct. 2131 (2008).....	27
<i>Community for Creative Non-Violence v. Reid</i> , 490 U.S. 730 (1989).....	5, 18
<i>Conwell v. Gray Loon Outdoor Mktg. Group, Inc.</i> , 906 N.E.2d 805 (Ind. 2009).....	17
<i>Dean v. Burrows</i> , 732 F. Supp. 816 (E.D. Tenn. 1989)	17
<i>Eden Toys, Inc. v. Florelee Undergarment Co.</i> , 697 F.2d 27 (2d Cir. 1982).....	21
<i>Effects Assocs., Inc. v. Cohen</i> , 908 F.2d 555 (9th Cir. 1990), cert. denied, 498 U.S. 1103 (1991).....	13, 14, 15, 21
<i>Foraste v. Brown Univ.</i> , 290 F. Supp. 2d 234 (D.R.I. 2003)	17
<i>Hammond v. Hacker</i> , 111 So. 511 (Fla. 1927).....	19
<i>ITOFCA, Inc. v. Mega Trans Logistics, Inc.</i> , 322 F.3d 928 (7th Cir. 2003)	16

TABLE OF AUTHORITIES – Continued

	Page
<i>Johnson v. Tuff-n-Rumble Mgmt., Inc.</i> , No. 99-1374, 2000 WL 1145748 (E.D. La. Aug. 14, 2000)	17
<i>Konigsberg Int’l, Inc. v. Rice</i> , 16 F.3d 355 (9th Cir. 1994)	14, 24
<i>Lyrick Studios, Inc. v. Big Idea Prods., Inc.</i> , 420 F.3d 388 (5th Cir. 2005), cert. denied, 547 U.S. 1054 (2006)	13, 14, 23
<i>Maurice v. Hatterasman Motel Corp.</i> , 248 S.E.2d 430 (N.C. Ct. App. 1978)	19
<i>Merck & Co., Inc. v. Reynolds</i> , No. 08-905 (U.S. cert. granted May 26, 2009)	27
<i>MGM Studios Inc. v. Grokster, Ltd.</i> , 545 U.S. 913 (2005)	24
<i>Morissette v. United States</i> , 342 U.S. 246 (1952)	20
<i>National Ass’n for Stock Car Auto Racing, Inc. v. Scharle</i> , 356 F. Supp. 2d 515 (E.D. Pa. 2005)	17
<i>Playboy Enters., Inc. v. Dumas</i> , 53 F.3d 549 (2d Cir.), cert. denied, 515 U.S. 1010 (1995)	15
<i>Radio Television Espanola S.A. v. New World Entm’t, Ltd.</i> , 183 F.3d 922 (9th Cir. 1999)	14, 24
<i>Rico Records Distribs., Inc. v. Ithier</i> , No. 04-9782, 2006 WL 846488 (S.D.N.Y. Mar. 30, 2006)	17
<i>Saenger Org., Inc. v. Nationwide Ins. Lic. Assocs., Inc.</i> , 864 F. Supp. 246 (D. Mass. 1994)	16

TABLE OF AUTHORITIES – Continued

	Page
<i>Saxon v. Blann</i> , 968 F.2d 676 (8th Cir. 1992).....	13, 14
<i>Schiller & Schmidt, Inc. v. Nordisco Corp.</i> , 969 F.2d 410 (7th Cir. 1992)	15, 16
<i>Shy v. Lewis</i> , 12 S.W.2d 719 (Mo. 1928)	19
<i>Sony Corp. of Am. v. Universal City Studios, Inc.</i> , 464 U.S. 417 (1984).....	24
<i>Trident Center v. Connecticut Gen. Life Ins. Co.</i> , 847 F.2d 564 (9th Cir. 1988)	3
<i>Weinstein Co. v. Smokewood Entm’t Group, LLC</i> , 664 F. Supp. 2d 332 (S.D.N.Y. 2009)	16, 23
 U.S. CONSTITUTION & STATUTES:	
U.S. Const. art. I, § 8, cl. 8	4
17 U.S.C. § 204(a)	<i>passim</i>
17 U.S.C. § 302(a)	21
 OTHER AUTHORITIES:	
Robert S. Boynton, <i>How to Make a Guerilla Documentary</i> , N.Y. TIMES, July 11, 2004 (magazine).....	24
Jay Dratler, Jr., <i>Intellectual Property Law: Commercial, Creative, & Industrial Property</i> (2008).....	20
Alice Haemmerli, <i>Take It, It’s Mine: Illicit Transfers of Copyright by Operation of Law</i> , 63 WASH. & LEE L. REV. 1011 (2006).....	20

TABLE OF AUTHORITIES – Continued

	Page
Molly Shaffer Van Houweling, <i>Distributive Values in Copyright</i> , 83 TEX. L. REV. 1535 (2005).....	25
Melville Nimmer & David Nimmer, <i>Nimmer on Copyright</i> (2009).....	18, 22, 24, 25
Richard Powell, <i>Powell on Real Property</i> (Michael Allan Wolf ed., 2009).....	19, 20
Press Release, The SCO Group, <i>The SCO Group Announces Strategic Plan & Management Change</i> (Oct. 19, 2009).....	28
Stephen Shankland, CNET News, <i>SCO sues Big Blue over Unix, Linux</i> (Mar. 6, 2003)	27, 28
S. Rep. No. 105-190 (1998) (Conf. Rep.).....	25
H.R. Rep. No. 94-1476 (1976).....	5, 19

PETITION FOR A WRIT OF CERTIORARI

Novell, Inc. respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Tenth Circuit.

OPINIONS BELOW

The opinion of the court of appeals (App., *infra*, 1a-58a) is reported at 578 F.3d 1201 (2009). The memorandum decision and order of the district court (App., *infra*, 59a-189a) is unreported.

JURISDICTION

The court of appeals entered its judgment on August 24, 2009. A petition for rehearing and rehearing en banc was denied on October 20, 2009. App., *infra*, 190a. On January 8, 2010, Justice Sotomayor granted an extension of time within which to file a petition for a writ of certiorari to and including February 18, 2010, and, on February 4, 2010, she granted a further extension to and including March 4, 2010.

This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISION INVOLVED

Section 204(a) of Title 17 of the United States Code provides: "A transfer of copyright ownership, other than by operation of law, is not valid unless an instrument of conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed or such owner's duly authorized agent." App., *infra*, 191a.

INTRODUCTION

This case presents an important question of statutory interpretation that will affect billions of dollars in copyright transactions across the country.

The 1976 Copyright Act significantly overhauled copyright law, in part to enhance predictability and certainty in copyright ownership and transfer. Section 204(a) of the act provides that a consensual transfer of copyright ownership is “valid” only if made through an “instrument of conveyance” or a “note or memorandum of the transfer” that is “in writing and signed by the owner of the rights conveyed.” 17 U.S.C. § 204(a). This provision furthers the Copyright Act’s goal of promoting certainty in copyright transactions by requiring that any transfer of copyright ownership be in a writing that memorializes the transaction. Among other things, that writing serves as a guidepost for subsequent disputes between parties and their successors.

In this dispute, respondent The SCO Group, Inc. claims that petitioner Novell, Inc. transferred ownership of certain valuable copyrights to the UNIX operating system—copyrights that have been licensed to the world’s leading businesses, institutions, and governments and are critical to the nation’s Internet infrastructure. Respondent’s ownership claims are based on an ambiguous writing that fails to specify which, if any, copyrights were actually subject to the transaction between the parties. The court of appeals held that such an ambiguous writing could effect a

valid transfer under the Copyright Act. Under that decision, it is enough to satisfy Section 204(a) if the writing could be construed to convey *some* copyrights. In the court of appeals' view, a jury can then be left to determine—from extrinsic evidence and oral testimony of “partisan witnesses whose recollection is hazy from passage of time and colored by their conflicting interests”—which specific copyrights, if any, were transferred. App., *infra*, 28a (quoting *Trident Center v. Connecticut Gen. Life Ins. Co.*, 847 F.2d 564, 569 (9th Cir. 1988)).

The effect of this ruling could not be more profound, not only on petitioner and the millions of users of the copyrights at issue in this dispute, but on every individual, company, or institution that uses copyrighted works and thus exposes itself to copyright liability to the works' true owners. The court of appeals' ruling undermines certainty and predictability in copyright ownership, and creates a significant likelihood that parties will be subject to claims that they inadvertently transferred copyright ownership in vague writings that set forth no terms of any agreement and do not specify which copyrights, if any, were conveyed. In this digital age, companies investing in innovative ways to bring media to consumers—through mobile devices, tablet computers, or other e-readers—rely on licenses to provide content. Especially given the increasing new uses of older works, that content often comes with long chains of title attached—some as long as a century or more—that the ruling below will cloud.

Organizations that have obtained, or are seeking to obtain, copyrights have an interest in confirming precisely who owns the copyrights. The ruling below will frustrate that search for certainty.

This is of particular concern given that copyrights survive for 70 years after the death of the original author. Copyright ownership disputes thus often arise long after the memories of key percipient witnesses have faded, or the key witnesses have died, making it difficult or impossible to resolve such disputes based on extrinsic evidence.

Not surprisingly, the ruling below cannot be reconciled with the decisions of several other courts of appeals. Absent this Court's review, the nation's intellectual property will be subject to great uncertainty and will be at risk of unintentional transfer by ambiguous writings. And disputes over ownership will be governed by divergent standards, which will lead to forum shopping.

STATEMENT OF THE CASE

A. Statutory Framework

1. The original federal copyright law was enacted by the first Congress in 1790 pursuant to its congressional authority "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. art. I, § 8, cl. 8. While Congress enacted significant revisions to the copyright laws in 1831, 1870, and 1909, after 1909 no substantial changes were made to

the Copyright Act for nearly seven more decades. During that decades-long interval, some of the most significant changes to affect the operation of copyright law occurred—from the advancement of radio and television to other technological advances.

In the 1976 Copyright Act, Congress significantly overhauled copyright law, in part to enhance predictability and certainty of copyright ownership. One goal of these revisions was to limit the effect of inconsistent state laws on issues relating to copyright transfers. *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 740 (1989); see H.R. Rep. No. 94-1476, at 129-131 (1976). In Section 204(a) of the act, Congress provided that a purported transfer of a copyright “is not valid unless an instrument of conveyance, or a note or memorandum of the transfer, is in writing.” 17 U.S.C. § 204(a). This provision prevents later misunderstandings over copyright ownership by requiring that parties spell out the terms of their agreement, disciplining the parties to clarify their thinking and consider future problems, and determine which rights are to be transferred.

B. Factual Background

1. UNIX is a groundbreaking computer operating system first developed by AT&T in the late 1960s. UNIX was the first operating system that standardized the commands needed to make a computer work, independent of the hardware. App., *infra*, 3a. UNIX has been licensed to many of the world’s leading institutions, including government agencies,

universities, and both large and small businesses. Linux is an operating system which was developed as part of a free and open source software collaboration. Linux can be installed on a wide-range of computers (including cell phones and digital video recorders). Linux is extensively used for servers; it is estimated that most web servers run on Linux.

In 1993, petitioner Novell paid over \$300 million to purchase UNIX System Laboratories, the AT&T spin-off that owned the UNIX intellectual property, including the copyrights, and customer agreements. Two years later, petitioner decided to sell its UNIX business to Santa Cruz. Petitioner and Santa Cruz entered into an Asset Purchase Agreement dated September 19, 1995. Because Santa Cruz did not have sufficient cash to buy petitioner's UNIX business, the deal was structured so that Novell retained significant UNIX-related rights (including "[a]ll copyrights"), and Santa Cruz agreed to issue as consideration shares of its common stock valued between \$125 to \$150 million. App., *infra*, 3a-5a.

Under the Asset Purchase Agreement, the only assets transferred were the "right, title, and interest in and to the assets" identified in Schedule 1.1(a) of the agreement. And the only "Intellectual Property" identified in that schedule were the "[t]rademarks UNIX and UnixWare"; nowhere did Schedule 1.1(a) mention copyrights. To the contrary, Schedule 1.1(b) to the Asset Purchase Agreement expressly excluded certain assets from the transaction, including "[a]ll

copyrights and trademarks, except for the trademarks UNIX and UnixWare” and “[a]ll Patents.” App., *infra*, 4a-5a. The Asset Purchase Agreement further provided that no assets would transfer until the parties executed a Bill of Sale, which they did on December 6, 1995.¹ The Bill of Sale provided that the Asset Purchase Agreement was “the exclusive source of the agreement and understanding between” the parties. App., *infra*, 64a.

Approximately a year later, the parties amended the Asset Purchase Agreement. This amendment modified the assets expressly excluded by Schedule 1.1(b) so that the provision as modified excluded: “[a]ll copyrights and trademarks, except for the copyrights and trademarks owned by Novell as of the date of the Agreement required for SCO to exercise its rights with respect to the acquisition of UNIX and UnixWare technologies.” App., *infra*, 5a. This amendment, however, did not identify any specific copyrights or trademarks that were being transferred. Moreover, the amendment did not include any language of transfer and did not modify the assets transferred in Schedule 1.1(a), which identified the UNIX and UnixWare trademarks as the only intellectual property transferred by the agreement. App., *infra*, 24a. Nor was a new Bill of Sale or other

¹ The district court erroneously noted the date of execution as December 6, “2005.” App., *infra*, 64a.

transfer document executed contemporaneous with the amendment. App., *infra*, 24a.

2. In May 2001, Santa Cruz sold its UNIX business to respondent SCO (then named Caldera). App., *infra*, 8a.

Respondent SCO later launched what is known as the “SCOSource initiative”—an aggressive and well-publicized attempt by SCO to get users of Linux to pay respondent licensing royalties. App., *infra*, 94a-95a. In letters to 1500 Linux end-user corporations, respondent claimed that Linux infringed respondent’s claimed UNIX intellectual property, and that those Linux users needed to purchase a license from respondent to continue use of Linux without infringing respondent’s copyrights. App., *infra*, 95a.

Some Linux users complied with respondent’s demand and purchased licenses; IBM, petitioner, and others refused to do so. App., *infra*, 95a. Respondent sued IBM and others, alleging that they infringed SCO’s claimed UNIX intellectual property rights, and sought billions of dollars in damages. App., *infra*, 95a-96a. Petitioner, for its part, publicly declared that it had never transferred the UNIX copyrights to respondent and that respondent was not the owner of the UNIX copyrights that the Linux users were allegedly infringing. App., *infra*, 96a.

C. Proceedings Below

1. Respondent SCO filed a slander of title action in state court, which petitioner removed to federal

court. Petitioner Novell contended that it retained the UNIX copyrights and eventually asserted counterclaims for slander of title, breach of contract, declaratory relief, restitution/unjust enrichment, and accounting. SCO amended its pleadings and added claims for breach of contract, specific performance, copyright infringement, and unfair competition. App., *infra*, 8a-9a.

The district court granted summary judgment for petitioner, holding that petitioner owned the UNIX copyrights at issue. App., *infra*, 138a-139a. The court explained that under 17 U.S.C. § 204(a), “[a] transfer of copyright is simply ‘not valid’ without the required written instrument.” App., *infra*, 132a. The amendment to the Asset Purchase Agreement did not transfer any UNIX copyrights; rather, “[i]t merely revised the definition of the intellectual property category of the Excluded Assets schedule.” App., *infra*, 133a. Moreover, the court reasoned that even had the amendment to the Asset Purchase Agreement purported to transfer copyrights, that amendment “did not identify which copyrights, if any, were ‘required for SCO to exercise its rights with respect to the acquisition of UNIX and UnixWare technologies.’” App., *infra*, 134a. As the district court explained, “[t]he written instrument required by Section 204 should contain sufficient information to serve as a guidepost for the parties to resolve their disputes.” App., *infra*, 134a (internal quotation marks and citation omitted).

2. The court of appeals reversed the district court in part. App., *infra*, 1a-58a.

The court held that there was an issue of fact as to whether the amendment to the Asset Purchase Agreement transferred ownership of the UNIX copyrights at issue in this case. App., *infra*, 28a. The court explained that it was enough to satisfy the Copyright Act's written-transfer requirement if there was *any* writing that a jury could read as having transferred some copyrights.

The court of appeals recognized that "predictability and certainty of ownership" was a "paramount goal" of the Copyright Act revisions, but nevertheless concluded that Section 204(a) does not require any particularity as to which copyrights a written document purports to transfer. In reaching this conclusion, the court acknowledged that it was parting ways with "some courts" which have held that "a writing is insufficient to transfer copyrights unless (1) it reasonably identifies the subject matter of the agreement, (2) is sufficient to indicate that the parties have come to an agreement, and (3) states with reasonable certainty the essential terms of the agreement." App., *infra*, 21a. By contrast, the court of appeals held that "Section 204's writing requirement is best understood as a means of ensuring that parties intend to transfer copyrights themselves, as opposed to other categories of rights." App., *infra*, 22a. Any "linguistic ambiguity concerning which particular copyrights" were involved, the court noted, can be

determined with the use of extrinsic evidence. App., *infra*, 23a.

Under this standard, the court of appeals did not hold that any copyrights actually transferred from petitioner to SCO. App., *infra*, 29a-37a. Rather, the court below explained that whether any copyrights at issue in this case had transferred was disputed, because a rational trier of fact “*could*” conclude, based upon extrinsic evidence, that “at least some copyrights transferred to SCO.” App., *infra*, 31a-32a (emphasis added). Based on this possibility that a transfer had occurred, the court of appeals held that the issue of copyright ownership could not be resolved on summary judgment. Significantly, the court of appeals recognized that there “may be reasons to discount the credibility, relevance, or persuasiveness of the extrinsic evidence that SCO presents.” App., *infra*, 28a. Nevertheless, the court held that cases involving “complicated, multi-million dollar business transaction[s] involving ambiguous language” could be resolved at trial, even though it might mean resorting to “the self-serving testimony offered by partisan witnesses whose recollection is hazy from passage of time and colored by their conflicting interests.” App., *infra*, 27a-28a (citation omitted). The court remanded for trial, which the district court has scheduled for March 2010.

REASONS FOR GRANTING THE PETITION

**THE COURTS OF APPEALS ARE SHARPLY
DIVIDED ON THE REQUIREMENTS FOR
A COPYRIGHT TO BE VALIDLY TRANS-
FERRED UNDER SECTION 204(a)'S WRITTEN-
TRANSFER REQUIREMENT**

This case presents a question of fundamental importance to copyright law because it affects the crucial question of who owns a copyright. The answer to the question presented will have broad ramifications for the software, music, film, publishing, and other creative industries. Under the court of appeals' decision, a writing is sufficient under 17 U.S.C. § 204(a) to transfer copyright ownership so long as that writing evinces that a transfer of some copyrights *might* have been intended, even if the identity of those copyrights is not clear. If allowed to stand, this decision will leave to juries the question of what rights, if any, have been transferred by an ambiguous writing. This decision deepens a preexisting conflict among the courts of appeals. Five courts of appeals now have adopted divergent standards for determining whether Section 204(a)'s written-transfer requirement has been met, and most require more specificity than that tolerated by the decision below. Because this case presents an ideal vehicle to address an important and recurring problem, the petition should be granted.

A. The Decision Below Deepens A Recognized Circuit Conflict Concerning The Written-Transfer Requirement Of Section 204(a)

As the court of appeals expressly recognized, (App., *infra*, 21a), the ruling below cannot be reconciled with decisions of other courts that have addressed the question presented.

1. In conflict with the decision in this case, three courts of appeals have held that, to constitute a valid transfer, a writing must identify with reasonable certainty the specific subject matter and the essential terms of the transfer. *Lyrick Studios, Inc. v. Big Idea Prods., Inc.*, 420 F.3d 388, 393-396 (5th Cir. 2005), cert. denied, 547 U.S. 1054 (2006); *Saxon v. Blann*, 968 F.2d 676, 680 (8th Cir. 1992); *Effects Assocs., Inc. v. Cohen*, 908 F.2d 555, 557 (9th Cir. 1990), cert. denied, 498 U.S. 1103 (1991). These courts have thus required an “instrument of conveyance” or a “note or memorandum of the transfer,” as the text of Section 204(a) mandates. 17 U.S.C. § 204(a).

In *Effects Associates, Inc. v. Cohen*, the Ninth Circuit explained that a purpose that undergirds the 1976 revisions to the Copyright Act—*viz.*, “predictability and certainty of copyright ownership”—requires parties to “spell[] out the terms of a deal in black and white” so that they know “precisely what rights” are involved in the transaction. *Effects Assocs.*, 908 F.2d at 557. In contrast to the ruling below, the Ninth Circuit has explained that a writing that

satisfies Section 204(a) must be sufficiently detailed so that the “parties need only look to the writing” to determine “their respective rights.” *Ibid.* Thus, unlike the Tenth Circuit, the Ninth Circuit has declined to permit juries to determine whether vague writings that refer to copyrights can constitute a valid transfer of copyrights under Section 204(a). *Radio Television Espanola S.A. v. New World Entm’t, Ltd.*, 183 F.3d 922, 927 (9th Cir. 1999) (Section 204(a) not satisfied where a series of documents contained no “information about the deal itself,” such as “the terms of any license agreement”); *Konigsberg Int’l, Inc. v. Rice*, 16 F.3d 355, 357 (9th Cir. 1994) (Section 204(a) not satisfied because document was not specific enough to “serve as a guidepost for the parties to resolve their disputes”).

The Fifth Circuit also has held that a collection of documents that described only “some” terms of an agreement “is not the kind of memorandum envisioned by § 204(a),” *Lyrick Studios*, 420 F.3d at 393-396, and has reversed a jury’s determination that those documents granted an exclusive license. Likewise, unlike the court below, the Eighth Circuit has explained that a document purporting to transfer “rights of ownership” of a particular book (including its negatives and layouts) is insufficient under Section 204(a) without any mention of the term “copyright.” *Compare Saxon*, 968 F.2d at 680 *with App., infra*, 24a (noting that a transfer does not even need to mention the word “copyright” to satisfy Section

204(a) (quoting *Schiller & Schmidt, Inc. v. Nordisco Corp.*, 969 F.2d 410, 413 (7th Cir. 1992))).²

There can be little doubt that in all three of these courts of appeals the outcome of the present suit would have been different. Far from ensuring that the “parties need only look to the writing” to determine “their respective rights,” *Effects Assocs.*, 908 F.2d at 557, the decision below acknowledged that petitioner “Novell has powerful arguments to support its version of the transaction” and that there “may be reasons to discount the credibility, relevance, or persuasiveness of the extrinsic evidence that SCO presents.” App., *infra*, 28a. Nevertheless, the Tenth Circuit found no impediment under Section 204(a) to the use of extrinsic evidence that could lead to, “[a]t a trial in a case like this, the intention of the parties * * * [being] divined from self-serving testimony offered by partisan witnesses whose recollection is hazy from passage of time and colored by their conflicting interests.” App., *infra*, 28a (citation omitted).

² The Second Circuit has held, in conflict with the Eighth Circuit, that a transfer under Section 204(a) need not specify that it is transferring copyrights to be valid. *Playboy Enters., Inc. v. Dumas*, 53 F.3d 549, 564 (2d Cir.), cert. denied, 515 U.S. 1010 (1995). That court, however, has not squarely addressed the degree of certainty that is required for a transfer to take place under Section 204(a). See *ibid.* (noting, but not expressly adopting, the district court’s willingness to consider parol evidence to determine whether a valid transfer of copyright had occurred).

2. On the other side of the legal divide, the Seventh Circuit has permitted extrinsic evidence to determine whether copyrights have been transferred.

In *Schiller & Schmidt, Inc. v. Nordisco Corp.*, 969 F.2d 410 (7th Cir. 1992), the Seventh Circuit held that a written transfer agreement may satisfy Section 204(a) *even* when it “does not mention the word ‘copyright’” itself. *Id.* at 413. Thus, according to the Seventh Circuit, it is enough under Section 204(a) if there is some writing; the “issue” then for the court “is its interpretation.” *Ibid.*; *see also ITOFCA, Inc. v. Mega Trans Logistics, Inc.*, 322 F.3d 928, 932 (7th Cir. 2003) (concluding that copyrights must have been transferred by nonspecific agreement because otherwise the transferee “could not use the [transferred goods] profitably”). Such a ruling, like that of the court below, allows Section 204(a) to be satisfied by a writing that may not even transfer a copyright. Once a court determines that Section 204(a) has been satisfied, it falls to the factfinder to look to extrinsic evidence to determine what rights, if any, have been transferred.³

³ Federal district courts also are divided. Contrary to the court of appeals here, several district courts (like the district court in this case) have held that Section 204(a) requires specificity as to the purported transfer. *Saenger Org., Inc. v. Nationwide Ins. Lic. Assocs., Inc.*, 864 F.Supp. 246, 250 (D. Mass. 1994) (requiring specificity in a writing purporting to transfer a copyright under Section 204(a)); *Weinstein Co. v. Smokewood Entm’t Group, LLC*, 664 F.Supp. 2d 332, 342 (S.D.N.Y. 2009) (holding that a writing sufficient under Section

(Continued on following page)

3. This conflict in the courts of appeals is well-recognized, and it will not resolve itself absent this Court's review.

The Supreme Court of Indiana has acknowledged that “the federal circuits do not yet agree on the nuances” of Section 204(a)'s writing requirements. *Conwell v. Gray Loon Outdoor Mktg. Group, Inc.*, 906 N.E.2d 805, 816 (Ind. 2009). Nor has this conflict been lost on commentators. One leading copyright treatise notes the different standards that apply to

204(a) will provide “the parties with a clear guide to their rights and responsibilities”); *American Plastic Equip., Inc. v. Toytrackerz, LLC*, No. 07-2253, 2009 WL 902422, at *5 (D. Kan. Mar. 31, 2009) (writing did not “clearly show an agreement to transfer the rights in the copyright”); *Foraste v. Brown Univ.*, 290 F. Supp. 2d 234, 239 (D.R.I. 2003) (rejecting a writing that contained “[n]ot a single relevant detail of the purported transfer” and “spell[ed] out no material terms”). On the other hand, some district courts have permitted transfers to occur based on broad, general language like the ruling below. *See, e.g., Rico Records Distribs., Inc. v. Ithier*, No. 04-9782, 2006 WL 846488, at *1 (S.D.N.Y. Mar. 30, 2006) (a Section 204 writing need only specify “that a copyright transfer was intended”); *National Ass’n for Stock Car Auto Racing, Inc. v. Scharle*, 356 F. Supp. 2d 515, 523 (E.D. Pa. 2005) (characterizing Section 204 as a “lax” requirement and finding sufficient a document that transferred all copyrights generally); *Johnson v. Tuff-n-Rumble Mgmt., Inc.*, No. 99-1374, 2000 WL 1145748, at *6 (E.D. La. Aug. 14, 2000) (copyright transfer valid because, even though the specifics of what was transferred were “ambiguous,” the writing contemplated the assignment of some copyrights); *Dean v. Burrows*, 732 F. Supp. 816, 823 (E.D. Tenn. 1989) (finding sufficient a check endorsement referring to “mold designs and molds” without mentioning copyright ownership).

Section 204(a)'s written-transfer requirement. See 3 Melville Nimmer & David Nimmer, *Nimmer on Copyright* § 10.03[2] (2009). The treatise explains that a writing lacking the terms “transfer” and “copyright” sometimes “may suffice,” but it also notes that some courts have reached an “alternative holding.” *Ibid.*

B. Review Is Necessary Because The Question Presented Raises An Issue Of Exceptional Importance To Every Owner Of Copyrights

1. The ruling below undermines predictability and certainty in copyright ownership

This Court has recognized that a “paramount goal” of the 1976 Copyright Act was to create a “national, uniform copyright law” and thus “enhanc[e] predictability and certainty of copyright ownership.” *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 740 & 749 (1989). The standard adopted by the ruling below—which permits any writing that arguably purports to transfer some copyright to satisfy Section 204(a)—will frustrate that congressional purpose and will have a significant adverse effect on copyright ownership in industries dealing in intellectual property worth billions of dollars.

a. Section 204(a) gives effect to Congress’ goal of certainty and predictability, because the only way a transfer can be certain is when the terms of that transfer are explicit. Congress thus did not permit *any* writing to satisfy the written-transfer requirement. Rather, Congress required an “instrument of

conveyance” or a “note or memorandum of the transfer.” 17 U.S.C. § 204(a); *see also* H.R. Rep. No. 94-1476, at 124 (1976) (noting that a “*specific* written conveyance of rights” is required to transfer a copyright) (emphasis added).

That choice of words is significant. At common law, to be a valid transfer of real property, “instruments of conveyance,” such as deeds, must have “language in the description sufficient to serve as a guide.” *Maurice v. Hatterasman Motel Corp.*, 248 S.E.2d 430, 432 (N.C. Ct. App. 1978); *see also Shy v. Lewis*, 12 S.W.2d 719, 721 (Mo. 1928) (discussing the specificity required in the written instrument of transfer). This specific language must be within the instrument itself; courts will not resort to extrinsic evidence to cure ambiguities unless they can first determine from the instrument the “particular piece of land” involved. *Hammond v. Hacker*, 111 So. 511, 511 (Fla. 1927); *see also* 14 Richard Powell, *Powell on Real Property* § 81A.05[1][c][iii] (Michael Allan Wolf ed., 2009) (“a description may not be so meager in its identification of the property as to require substantially the entire description to depend on parol evidence”). Given that settled understanding, Congress is presumed to have intended those prerequisites when it required an “instrument of conveyance” or other “note or memorandum of transfer” for copyright. *See Beck v. Prupis*, 529 U.S. 494, 500-501 (2000) (“[W]hen Congress uses language with a settled meaning at common law, Congress ‘presumably knows and adopts the cluster of ideas that were

attached to each borrowed word in the body of learning from which it was taken and the meaning its use will convey to the judicial mind unless otherwise instructed.’” (quoting *Morissette v. United States*, 342 U.S. 246, 263 (1952))).

And Congress required such a writing for the same reason that “instruments of conveyance” were introduced into real property law: to make it possible “to prove the transfer, and its specific terms, many years into the future.” 14 Powell, *supra*, § 81A.01[2][b]; see Alice Haemmerli, *Take It, It’s Mine: Illicit Transfers of Copyright by Operation of Law*, 63 WASH. & LEE L. REV. 1011, 1012 (2006) (noting that “the drafters of the Act undertook to ensure that transfers of ownership would be clearly demarcated[,] always explicit[,] * * * and unequivocally intentional”). As with real property transfers, the written-transfer requirement for copyrights serves the purposes of “establish[ing] the boundaries of the property,” “determin[ing] the extent of record notice,” and providing descriptions of the property for third parties. 14 Powell, *supra*, § 81A.05[1][b]. Indeed, specificity is particularly important for copyright transfers because, unlike a parcel of real property, which is confined to a specific place, a copyright is intangible. See 3 Jay Dratler, Jr., *Intellectual Property Law: Commercial, Creative, & Industrial Property* § 6.03[3] at 6-74.5 through 6-74.6 (2008) (explaining that intellectual property transactions inevitably require parties to “describ[e] the bounds of intangible rights that cannot be seen or felt”).

Moreover, the length of copyright protection, and the continuing development of new uses of older works, make specificity especially important in intellectual property transactions. *See* 17 U.S.C. § 302(a) (providing that copyrights created on or after January 1, 1978 are protected for the life of the author and 70 years after the author's death). Under the ruling below, factfinders often will be required to discern whether there was an intent to transfer from extrinsic evidence, including witnesses who may not remember the original understanding or who may be unavailable because they have since passed away.

b. It has been the real-world experience of copyright holders and courts resolving such disputes that a specific writing requirement under Section 204(a) is critically important to ensure that each party to a copyright transaction knows precisely what rights are being transferred. This clarity is guaranteed only by a requirement that any transfer taking place pursuant to Section 204(a) clearly describe the rights at issue. As other courts of appeals have explained, Section 204(a) forces parties “to clarify their thinking” and “spell[] out the terms of a deal in black and white.” *Effects Assocs.*, 908 F.2d at 557. This avoids the untoward result, which Congress sought to guard against, of a hapless author inadvertently giving away his or her copyrights. *Ibid.* (“Section 204 ensures that the creator of a work will not give away his copyright inadvertently”); *Eden Toys, Inc. v. Florelee Undergarment Co.*, 697 F.2d 27, 36 (2d Cir. 1982) (“the purpose of [Section 204(a)] is to

protect copyright holders from persons mistakenly or fraudulently claiming” property rights). Under the ruling below, however, owners of copyrights are more susceptible to challenges from litigants who have allegedly acquired rights under ambiguous writings purporting to transfer some unspecified copyrights from the author.

Indeed, the concerns raised by the ruling below are anything but inchoate. The court of appeals in this case held that a jury should determine what copyrights, if any, were transferred by an ambiguous writing that addressed only what copyrights were *excluded* from the transaction in question. App., *infra*, 27a-28a. In reaching this conclusion, the court of appeals acknowledged that partisan witnesses with fading memories would be presenting potentially self-serving testimony to a jury. App., *infra*, 28a. Economic considerations and other conditions can easily change over time resulting in “[r]emanufactured memories and new advice * * * combin[ing] to ascribe an updated and previously un contemplated meaning to the term[s]” in an ambiguous writing. 3 Nimmer, *supra*, § 10.08[B] (citation omitted).

c. If left uncorrected, the ruling below will adversely affect a broad range of industries, ranging from performing arts and literary works to computer software companies, which collectively own copyrights worth billions of dollars.

Cases in these industries demonstrate that the pernicious effects generated by the decision below will

reach all levels of industries dealing in copyright ownership. Production companies and artists have long faced costly challenges involving the ownership of copyrighted works, and, because there often are not clear writings memorializing agreements, the outcome of the dispute depends upon the written-transfer standard the court applies. For example, there have been challenges involving entertainment for children. See *Lyrick Studios*, 420 F.3d at 390-391 (even though there was no final, signed agreement between the parties, and even though the initial proposal between the companies indicated that “no contract will exist until both parties have executed a formal agreement,” the jury found that a collection of documents constituted a contract that granted exclusive licensing rights);⁴ *Bernstein v. Glavin*, 725 N.E.2d 455, 459 (Ind. Ct. App. 2000) (holding that the author of the lyrics to the theme song for the hit children’s program *Barney and Friends* had transferred her ownership rights in return for a mere copy of a children’s songbook and recognition as the song’s writer). And there have been lawsuits involving Oscar nominated films. See *Weinstein Co. v. Smokewood Entm’t Group, LLC*, 664 F. Supp. 2d 332,

⁴ Although the Fifth Circuit ultimately reversed the jury finding and adopted a more rigorous requirement for Section 204(a) writings, the case demonstrates the dangerous consequences that could flow from a rule, like that adopted by the decision below, which permits ambiguous documents to transfer copyright ownership and relies on a jury’s interpretation to determine what copyrights were transferred.

339-340 (S.D.N.Y. 2009); *see also Radio Television Espanola S.A. v. New World Entm't, Ltd.*, 183 F.3d 922, 927-929 (9th Cir. 1999) (rejecting argument that documents generated during negotiations were sufficient for purposes of Section 204(a) to grant an exclusive license to broadcast Spiderman and Marvel Action Hour). Even authors ranking among the most widely read in modern history have faced challenges by parties claiming ownership rights in their works. *See Konigsberg Int'l*, 16 F.3d at 356-357 (rejecting a claim that Anne Rice had granted ownership rights based on a document generated after a lawsuit was instituted).

And clear title to copyrights has become particularly vital in the digital age. 3 Nimmer, *supra*, § 12B.01 (noting copyright owners' concerns about copyright infringement due to developments in the digital age); *cf. Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 430 (1984) ("From its beginning, the law of copyright has developed in response to significant changes in technology."). Copyrighted material is licensed and then reproduced in numerous media at a rapid pace. *MGM Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913, 928-929 (2005) (noting the ease with which copyrighted materials can be distributed digitally); Robert S. Boynton, *How to Make a Guerilla Documentary*, N.Y. TIMES, July 11, 2004 (magazine) (commenting on the ease with which the public can make productions available electronically). Computers, tablet computers, e-readers, and other mobile devices have become new means for transmitting copyrighted works to consumers, and

the providers of such content depend on the certainty that Section 204(a) was intended to provide. See 3 Nimmer, *supra*, § 12B.01; Molly Shaffer Van Houweling, *Distributive Values in Copyright*, 83 TEX. L. REV. 1535, 1539 (2005) (explaining the important role that copyright protection plays for artists in the digital age); see generally S. Rep. No. 105-190, at 1 (1998) (Conf. Rep.) (explaining that a purpose in amending copyright law is to “provide certainty” for copyright owners in light of emerging technologies).

In this digital age where movies, music, and software are all available online for purchase or license, the ruling below destabilizes more than just the direct parties to an ambiguous transaction. Unlike a parcel of real property, which will have a physically limited number of users, a copyright may be used by thousands or tens of thousands of individuals and companies across the globe. Indeed, this case involves an attempt by a party to claim ownership in open-source software that is extensively used throughout the world to support many of the world’s websites. Unless the specific copyright alleged to be in the software is in fact owned by the individual who licensed these uses, every one of these end users is a potential infringer. This would certainly be the case with a germinal operating system such as UNIX, whose uncounted users have investment-backed expectations that their licensor owns the relevant copyrights. The same is true for the millions of users that download books, music, and movies every day through services such as iTunes and Netflix. Yet if

ambiguous documents are permitted to effect a transfer of copyright ownership, costs for these everyday transactions will increase as licensors will be forced to expend significant effort to ascertain each link in the copyright chain of title.

The less stringent standard for Section 204(a) adopted by the decision below creates significant uncertainty, will give rise to costly lawsuits, and encourage forum shopping, as savvy litigants with the alleged back-of-the-cocktail-napkin agreement will file suits in jurisdictions, like the Tenth Circuit, where that ambiguity is enough to have a jury—rather than specific transfer documents resulting from arms-length negotiations—determine which copyrights have been transferred.

2. This case is an ideal vehicle to address Section 204(a) and raises issues of utmost importance to open-source software users throughout the nation

a. This case presents an ideal vehicle for the Court to address Section 204(a)'s written-transfer requirements. The writings relied on by respondent as satisfying Section 204(a) are plainly ambiguous and provide this Court with a clear example of the type of unclear language that sometimes is used in these kinds of business transactions. Indeed, the court of appeals concluded that a jury trial was *necessary* to determine which copyrights, if any, were transferred by the writings at issue in this case. App., *infra*, 37a. Thus, it cannot be disputed that a

rejection of the Section 204(a) standard adopted by the ruling below would be dispositive in this case.

Moreover, notwithstanding the fact that the court of appeals remanded the case for trial, this Court should address the question presented now, because any extrinsic evidence that may be developed in the district court is irrelevant to the Section 204(a) analysis. Indeed, in cases where further development of the record will not enhance this Court's review, the Court has not hesitated to address case-dispositive legal questions despite ongoing proceedings on remand. *See, e.g., Merck & Co., Inc. v. Reynolds*, No. 08-905 (U.S. cert. granted May 26, 2009); *Bridge v. Phoenix Bond & Indem. Co.*, 128 S. Ct. 2131 (2008).

b. The question presented has substantial ramifications beyond this case. The decision below potentially affects all users of Linux, which is a vital open-source computer operating system used in web servers throughout the nation, as respondent claims those users are infringing the copyrights allegedly transferred to it by petitioner. Respondent already has sued IBM and others, *see, e.g., The SCO Group v. IBM* (No. 03-294 D. Utah), *The SCO Group v. AutoZone* (No. 04-237 D. Nev.), *The SCO Group v. DaimlerChrysler* (04-056587 Oakland County 6th Judicial Circuit Ct. (Cal.)), demanding billions of dollars in damages. Such lawsuits create high stakes for defendants, and *in terrorem* settlements by parties who are unwilling to litigate “are often quite lucrative” for plaintiffs. Stephen Shankland, CNET News,

SCO sues Big Blue over Unix, Linux (Mar. 6, 2003), available at tinyurl.com/yfvvqjq (last visited Mar. 2, 2010). Although some of those suits apparently have settled, respondent continues to look for other Linux users it might sue. Press Release, The SCO Group, *The SCO Group Announces Strategic Plan & Management Change* (Oct. 19, 2009), available at tinyurl.com/yhh2lp5 (last visited Mar. 2, 2010) (indicating respondent's plan to "pursue litigation"). This has resulted in "fear, uncertainty and doubt" within the software industry and among users of Linux, which is precisely what respondent sought as part of its plan to garner royalties. Shankland, *supra*.

Indeed, due to the uncertainty caused by respondent's actions, numerous lawsuits arose as the industry struggled to resolve the ensuing confusion, and websites have been developed for the very purpose of following the controversy generated by respondent's actions. See www.groklaw.net. Given respondent's avowed campaign of collecting licensing royalties, there is no reason to believe that these lawsuits are nearing an end. Moreover, even aside from the copyrights at issue in this case, permitting a copyright transfer to be based on ambiguous writings will open the door for other parties to benefit from dubious claims of copyright ownership. Only early intervention by this Court can stifle the wave of litigation that already has begun.

CONCLUSION

For the reasons set forth above, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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