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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNIVERSAL CITY STUDIOS, INC.;)
PARAMOUNT PICTURES CORPORATION;)
METRO-GOLDWYN-MAYER STUDIOS INC.;)
TRISTAR PICTURES, INC.; COLUMBIA)
PICTURES INDUSTRIES, INC.; TIME WARNER)
ENTERTAINMENT CO., L.P.; DISNEY)
ENTERPRISES, INC.; AND TWENTIETH)
CENTURY FOX FILM CORPORATION,)

Plaintiffs,)

v.)

SHAWN C. REIMERDES; ERIC CORLEY A/K/A)
"EMMANUEL GOLDSTEIN"; AND ROMAN)
KAZAN;)

Defendants.)

00 Civ. 0277 (LAK)(RLE)

**SECOND AMENDED COMPLAINT
FOR VIOLATION OF
PROVISIONS GOVERNING
CIRCUMVENTION OF
COPYRIGHT PROTECTION
SYSTEMS, 17 U.S.C. § 1201, et seq.**

Plaintiffs Universal City Studios, Inc.; Paramount Pictures Corporation; Metro-Goldwyn-Mayer Studios Inc.; TriStar Pictures, Inc.; Columbia Pictures Industries, Inc.; Time Warner Entertainment Co., L.P.; Disney Enterprises, Inc.; and Twentieth Century Fox Film Corporation by their attorneys Proskauer Rose LLP, as and for their second amended complaint, allege as follows:

Nature of the Claims

1. This is a Second Amended Complaint for injunctive and related relief against Eric Corley a/k/a “Emmanuel Goldstein” (“**Corley**”), and 2600 Enterprises, Inc. (“**2600 Enterprises**”) (collectively, the “**2600 defendants**”), an individual and/or entity responsible for proliferating a software device that unlawfully defeats the DVD copy protection and access control system -- the Contents Scramble System (“**CSS**”) -- so that individuals can unlawfully gain access to, and/or make, distribute, and/or otherwise electronically transmit or perform unauthorized copies of Plaintiffs’ copyrighted motion pictures and other audiovisual works. The acts of the 2600 defendants, which are described more fully below, violate the provisions of the United States Copyright Act governing circumvention of copyright protection systems, 17 U.S.C. § 1201, et seq.

The Parties

2. Plaintiff Universal City Studios, Inc., is a corporation duly incorporated under the laws of the State of Delaware.

3. Plaintiff Paramount Pictures Corporation is a corporation duly incorporated under the laws of the State of Delaware.

4. Plaintiff Metro-Goldwyn-Mayer Studios Inc. is a corporation duly incorporated under the laws of the State of Delaware.

5. Plaintiff TriStar Pictures, Inc. is a corporation duly incorporated under the laws of the State of Delaware.

6. Plaintiff Columbia Pictures Industries, Inc., is a corporation duly incorporated under the laws of the State of Delaware.

7. Plaintiff Time Warner Entertainment Co., L.P. is a limited partnership organized under the laws of the State of Delaware.

8. Plaintiff Disney Enterprises, Inc. is a corporation duly incorporated under the laws of the State of Delaware.

9. Plaintiff Twentieth Century Fox Film Corporation is a corporation duly incorporated under the laws of the State of Delaware.

10. Plaintiffs are eight motion picture studios. Each plaintiff is engaged in the business of producing, manufacturing, and/or distributing copyrightable and copyrighted material, including, specifically, motion pictures. Plaintiffs, either directly or through their affiliates, distribute motion pictures theatrically, via television broadcast, and on portable media such as videocassette tapes and digital versatile discs (“DVDs”) for distribution in the home video market. In the course of its business, each plaintiff or its predecessor in interest obtained ownership of the United States copyrights, the exclusive reproduction, adaptation, and/or distribution rights under United States copyrights, and/or the state statutory and common law rights, in various motion pictures embodied in such DVDs. Plaintiffs are the leading producers and distributors of motion pictures in DVD format in the United States, including such recent blockbusters as “Titanic” and “The Matrix,” and approximately 4,000 titles have been released in the United States on DVD to date. Current industry estimates place DVD sales at over 1,000,000 units per week.

11. On information and belief, defendant Corley, who, on information and belief, uses the *nom de net* “Emmanuel Goldstein,” either resides or has his principal place of business at 7 Strong’s Lane, Setauket, New York.

12. On information and belief, defendant 2600 Enterprises is a not-for-profit corporation duly incorporated under the laws of the State of New York, with an address for service of process at Box 752, Middle Island, NY 11953.

13. On information and belief, defendant Corley a/k/a Emmanuel Goldstein and/or defendant 2600 Enterprises operate an Internet web site at www.2600.com.

Jurisdiction and Venue

14. The Court has jurisdiction of this action under 17 U.S.C. §§ 101 et seq., 28 U.S.C. §§ 1331 (federal question) and 1338(a) (copyright).

15. This Court has personal jurisdiction over the Defendants in that each Defendant resides, has his principal place of business, or is duly incorporated in the State of New York.

16. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b), 28 U.S.C. § 1391(c) and 28 U.S.C. § 1400(a) as (a) this is a judicial district in which a substantial part of the events giving rise to the claims occurred, and/or (b) all of the defendants reside in the State of New York and this is a judicial district in which some of the defendants reside, and/or (c) this is a judicial district in which some defendants may be found, and there is no judicial district in which the action may otherwise be brought, and/or (d) this is a judicial district in which the corporate defendants are subject to personal jurisdiction.

Background Facts

The DVD Technology

17. With the advent of the VCR and videocassette tapes, home viewing of motion pictures became a convenient, inexpensive way to enjoy motion pictures. DVDs are 5-inch-wide discs that hold full-length motion pictures and are the most current technological advancement for private home viewing of motion pictures. This technology significantly improves the clarity and the overall quality of the motion picture when played on a television screen or computer monitor.

18. DVDs incorporating full-length motion pictures, together with additional and ancillary features such as interviews and alternative sound tracks, can be played back for viewing in the home by dedicated, free standing “DVD players” and by personal computers configured with a DVD “drive” and additional hardware or software modules sometimes referred to as “media players.”

19. DVDs contain digital information. When motion pictures in digital form are copied or transmitted, the clarity and overall quality of the motion pictures do not suffer (as they do when a copy is made from an analog source, such as a videocassette). Moreover, the fact that the motion pictures contained on DVDs are in digital format allows any unauthorized copies of those motion pictures from DVDs to be widely transmitted over the Internet, stored in computer memory, and duplicated for unlawful sale, transfer or exchange. Once these copies are in the hands of another user, the unlawful process can begin once again because the copies have the clarity and quality of the original DVDs containing the motion picture.

The Contents Scramble System (“CSS”)

20. Because motion pictures in unprotected digital format on DVDs would be subject to ready, unlimited copying and create a threat to the market viability of DVD technology, the

plaintiffs were reluctant to release valuable film libraries and new film releases without the implementation of a copy protection and access control system. Plaintiffs therefore ultimately adopted a copy protection and access control system developed by Matsushita Electric Industrial Co., Ltd. and Toshiba Corporation -- the Contents Scramble System (“CSS”) -- in order to provide security to the copyrighted contents of DVDs and thereby provide protection for copyrighted content against unauthorized copying. CSS includes elements of encryption and other security and authentication measures that require DVD playback devices, including appropriately configured personal computers, to operate with certain keys in order to descramble and intelligibly play back copies of motion pictures from DVDs. All members of the DVD industry, including software and hardware manufacturers of DVD players, DVD replicators and the content providers -- the motion picture studios -- adopted CSS as direct licensees or by contracting through CSS licensees.

21. Each of the Plaintiffs relied on the security provided by CSS in manufacturing, producing and distributing to the public copyrighted motion pictures in DVD format. Those motion pictures, many of which involved investments of tens and even hundreds of millions of dollars, were distributed on CSS-protected DVDs.

The Descrambling of CSS and the Creation and Proliferation of the “DeCSS” Utility

22. On information and belief, hackers in Europe were able to descramble the encryption on DVDs and create -- and post on the World Wide Web -- an unauthorized utility commonly referred to as “DeCSS,” which allows motion pictures in DVD format to be decrypted and illegally accessed and copied.

23. Subsequently, defendant Eric Corley a/k/a Emmanuel Goldstein and/or defendant 2600 Enterprises posted DeCSS on his/its Internet web site www.2600.com/news/1999/1112-

files. In addition, Corley and/or 2600 Enterprises has designed and incorporated in that site “hyperlinks” to DeCSS. Corley’s and/or 2600 Enterprises’ site states that DeCSS is a “free DVD decoder” that allows “people to copy DVDs.” Corley’s and/or 2600 Enterprises’ site also exhorts others (“as many of you as possible, all throughout the world”) to “mirror [the DeCSS] files”

**Claim for Relief
(Violation of Provisions Governing Circumvention
of Copyright Protection Systems,
17 U.S.C. § 1201, et seq.)**

24. Plaintiffs incorporate by this reference the allegations contained in paragraphs 1 through 25, inclusive.

25. The Copyright Act, Title 17 U.S.C. § 1201(a)(2), provides that:

[n]o person shall manufacture, import, offer to the public, provide, or otherwise traffic in any technology, product, service, device, component, or part thereof, that —

(A) is primarily designed or produced for the purpose of circumventing a technological measure that effectively controls access to a work protected under this title;

(B) has only limited commercially significant purpose or use other than to circumvent a technological measure that effectively controls access to a work protected under this title; or

(C) is marketed by that person or another acting in concert with that person with that person’s knowledge for use in circumventing a technological measure that effectively controls access to a work protected under this title.

The Copyright Act, Title 17 U.S.C. § 1201(b) provides similar prohibitions against the manufacture, importation or provision of any technology, product, service, device, component, or part thereof, that is primarily designed or produced for the purpose of circumventing a technological measure that effectively protects the rights of copyright owners.

26. The 2600 defendants, and each of them, offer to the public, provide, or otherwise traffic in, DeCSS through his/its Internet website.

27. CSS is a technological measure that (a) effectively controls access to works protected by the Copyright Act, and (b) effectively protects rights of copyright owners to control whether an end user can reproduce, manufacture, adapt, publicly perform and/or distribute unauthorized copies of their copyrighted works or portions thereof.

28. DeCSS (a) is primarily designed or produced for the purpose of circumventing CSS or the protection afforded by CSS, (b) has only limited commercially significant purpose or use other than to circumvent CSS or the protection afforded by CSS, and/or (c) is marketed by the 2600 defendants and/or others acting in concert with them with the knowledge of its use in circumventing CSS or the protection afforded by CSS.

29. By offering to the public, providing, or otherwise trafficking in DeCSS, the 2600 defendants, and each of them, have violated the provisions governing Circumvention of Copyright Protection Systems set forth in the Copyright Act, 17 U.S.C. §§ 1201 et seq.

30. Unless enjoined by this Court, the 2600 defendants' violations will continue. Plaintiffs' remedy at law is not adequate. Protection of Plaintiffs' rights must include an injunction.

Prayer for Relief

WHEREFORE, Plaintiffs pray for judgment against the 2600 defendants, and each of them, jointly and severally, as follows:

1. For a grant of preliminary and permanent injunctive relief against the 2600 defendants, their officers, directors, agents, servants, employees, subsidiaries, affiliates, assigns, licensees, distributees, attorneys and all other persons in active concert or privity or in participation with them, enjoining them from:

- (a) posting on or linking to any Internet web site, or in any other way manufacturing, importing or offering to the public, providing, or otherwise trafficking in, DeCSS, and
- (b) posting on or linking to any Internet web site, or in any other way manufacturing, importing or offering to the public, providing, or otherwise trafficking in, any technology, product, service, device, component, or part thereof, that:
 - (i) is primarily designed or produced for the purpose of circumventing, or circumventing the protection afforded by, CSS, or any other technological measure adopted by plaintiffs that effectively controls access to plaintiffs' copyrighted works or effectively protects the plaintiffs' rights to control whether an end user can reproduce, manufacture, adapt, publicly perform and/or distribute unauthorized copies of their copyrighted works or portions thereof;
 - (ii) has only limited commercially significant purposes or use other than to circumvent, or to circumvent the protection afforded by, CSS, or any other technological measure adopted by plaintiffs that effectively controls access to plaintiffs' copyrighted works or effectively protects the plaintiffs' rights to control whether an end user can reproduce, manufacture, adapt, publicly perform and/or distribute unauthorized copies of their copyrighted works or portions thereof; or
 - (iii) is marketed by defendants and/or others acting in concert with them with the knowledge of its use in circumventing, or in circumventing the protection afforded by, CSS, or any other technological measure adopted by plaintiffs that effectively controls access to the plaintiffs' copyrighted

works or effectively protects the plaintiffs' rights to control whether an end user can reproduce, manufacture, adapt, publicly perform and/or distribute unauthorized copies of their copyrighted works or portions thereof.

2. Certain terms used in this prayer for relief are defined as follows:

- (a) "DVD" means digital versatile disc.
- (b) "CSS" means the Contents Scramble System used to encrypt, scramble or otherwise protect the contents of certain DVDs from unauthorized access or copying.
- (c) "DeCSS" means any computer program, file or other device that may be used to decrypt or unscramble the contents of DVDs that are protected, or otherwise to circumvent the protection afforded, by CSS and that permits the unauthorized access or copying of the contents or any portion thereof.
- (d) A "hyperlink" means software instructions which, when executed, cause a signal to be sent to another location where data or material can be retrieved for viewing, copying or further transmission.
- (e) "Linking" means provision by the defendants, at their respective websites, of hyperlinks to other websites which are offering to the public, providing, providing hyperlinks to, or otherwise trafficking in DeCSS or any technology, product, service, device, component, or part thereof described in paragraph 2(b).

3. For such other and further equitable relief as the Court deems just and proper.

DATED: New York, New York
April 4, 2000

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