

San Jose, CA. – Following the final decision of the Superior Court of California, County of Santa Clara in DVD Copy Control Association, Inc. vs. Kaleidescape, Inc., Steven M. Zager of Akin Gump, counsel to the DVD Copy Control Association (DVD CCA), issued the following statement:

“The DVD CCA appreciates Judge William Monahan’s thorough review of the issues in this case and welcomes the decision finding Kaleidescape in breach of its contract with the DVD CCA and imposing a permanent injunction against Kaleidescape. The Court recognized what the DVD CCA has maintained all along: Kaleidescape agreed to a contract that mandated certain requirements with which devices must conform in order to comply with the Content Scramble System (CSS). When it developed and marketed its video server systems, it knowingly violated those requirements.” (Please see quotes from Judge Monahan’s decision below.)

“The DVD CCA represents the interests of the personal computer, consumer electronics and content industries as well as DVD consumers. It is committed to enabling high quality entertainment to be available for use on DVDs at home and elsewhere. The ability to make that entertainment available depends upon a uniform set of rules upon which all participants in these industries can rely.

We believe that this Court’s decision in the Kaleidescape matter along with the U.S. District Court’s ruling on RealDVD emphasize the importance of those rules to the benefit of consumers, developers and manufacturers.”

In his final statement of decision, Judge William J. Monahan wrote:

“The court concludes that plaintiff DVD CCA performed its obligations under the contract and that defendant Kaleidescape has breached the contract ... Kaleidescape’s breach has damaged DVD CCA irreparably, so that injunctive relief is warranted.” (p.22:19-21)

“... [the agreement] imposes a playback from disc requirement and forecloses copying of CSS-protected content from DVDs onto a hard drive or server for playback without the physical DVD disc. Kaleidescape has breached Section 2.1.2 of the General Specifications because it is undisputed that the Kaleidescape System uses CSS to create a permanent copy of CSS-protected DVD content on a server for playback without the physical DVD disc.” (p.3:20-24)

“The evidence also shows that Kaleidescape rejected proposed alternative products that would have played back DVDs from the physical DVD disc, not because it concluded that the License Agreement would allow the play back of

DVDs from permanent copies stored on a server, but rather, because of marketing considerations.” (p.35:7-10)

“There is no public policy that is advanced by allowing Kaleidescape to continue in its breach of the License Agreement.” (p.63:5-6)

For your convenience, attached are scanned copies of the final statement of decision and injunction order in DVD Copy Control Association vs. Kaleidescape (Civil Case No.: 1-04-CV-031829).

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