

## Court Denies Kaleidescape's Request for Stay of Permanent Injunction on Its DVD Movie Server

**San Jose, CA.** – Judge William J. Monahan of the Superior Court of California, County of Santa Clara has denied a request by Kaleidescape for a stay on the permanent injunction he ordered on its DVD movie server. (A copy of the order denying the stay is attached).

Judge Monahan ordered the permanent injunction on March 8<sup>th</sup>. It accompanied his decision, after trial, that Kaleidescape breached its contract with the DVD Copy Control Association (DVD CCA) by selling a product that makes a fully functional copy of protected DVD content on a server and allows it to be played back without the presence of the disc. The Judge ruled this violated the specifications to which Kaleidescape agreed when it contracted with the DVD CCA to use the Content Scramble System (CSS), which DVD CCA licenses and administers.

### In his trial 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, the final statement of decision and injunction order in DVD Copy Control Assoc. vs. Kaleidescape (Civil Case No.: 1-04-CV-031829) can be viewed at [www.dvdcca.org](http://www.dvdcca.org).

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**FILED**

MAR 23 2012

DAVID H. YAMASAKI  
Chief Branch Clerk  
Superior Court of California, County of Santa Clara  
BY *[Signature]* DEPUTY

**SUPERIOR COURT OF CALIFORNIA  
COUNTY OF SANTA CLARA**

DVD Copy Control Association, Inc., et al.

Case No.: 1-04-CV-031829

Plaintiff,

**ORDER DENYING STAY**

vs.

Date: March 22, 2012  
Time: 9:00 a.m.  
Dept: 16

Kaleidescape, Inc., et al.

Defendant.

Defendant Kaleidescape Inc. ("Defendant")'s *ex-parte* application for an order enforcing the automatic stay, or in the alternative for a discretionary stay during the pendency of Defendant's appeal came on for hearing before the Honorable William J. Monahan on March 22, 2012 at 9:00 a.m. in Dept. 16. Defendant appeared by counsel of record and Plaintiff DVD Copy Control Association Inc. ("Plaintiff") appeared by counsel of record. The court having read and considered the moving and opposition papers, and heard and considered the arguments presented, the matter having been submitted, and good cause appearing, the court orders as follows:

Defendant's *ex-parte* application for stay is DENIED in its entirety.

Dated: March 23, 2012

*[Signature]*  
William J. Monahan  
Judge of the Superior Court

William J. Monahan