IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF COLORADO

CIVIL ACTION NO. 02-M-1662

ROBERT HUNTSMAN and CLEAN FLICKS OF COLORADO, L.L.C.,

Plaintiffs,

v.

STEVEN SODERBERGH, ROBERT ALTMAN, MICHAEL APTED, TAYLOR HACKFORD, CURTIS HANSON, NORMAN JEWISON, JOHN LANDIS, MICHAEL MANN, PHILLIP NOYCE, BRAD SILBERLING, BETTY THOMAS, IRWIN WINKLER, MARTIN SCORSESE, STEVEN SPIELBERG, ROBERT REDFORD and SYDNEY POLLACK,

Defendants.

THE DIRECTORS GUILD OF AMERICA, INC., a California non-profit corporation; ROBERT ALTMAN, an individual; MICHAEL APTED, an individual; TAYLOR HACKFORD, an individual; CURTIS HANSON, an individual; NORMAN JEWISON, an individual; JOHN LANDIS, an individual; MICHAEL MANN, an individual; PHILLIP NOYCE, an individual; BRAD SILBERLING, an individual; STEVEN SODERBERGH, an individual; BETTY THOMAS, an individual; and IRWIN WINKLER, an individual,

Counterclaimants,

v.

CLEAN FLICKS OF COLORADO, L.L.C., a Colorado corporation; ROBERT HUNTSMAN, an individual; VIDEO II, an entity of unknown form; GLEN DICKMAN, an individual; J.W.D. MANAGEMENT CORPORATION, a Utah corporation; ALBERTSON'S, INC., a Delaware corporation; TRILOGY STUDIOS INC., an entity of unknown form; CLEANFLICKS, an entity of unknown form; MYCLEANFLICKS, an entity of unknown form; FAMILY SHIELD TECHNOLOGIES, LLC, a Colorado limited liability company; CLEARPLAY INC., a Delaware corporation; and DOES 1 through 20, inclusive,

Counterdefendants.

MOTION FOR LEAVE TO JOIN THIRD PARTIES AS COUNTERDEFENDANTS

Pursuant to Rule 20 of the Federal Rules of Civil Procedure, Proposed Defendant-In-Intervention and Counterclaimant-In-Intervention The Directors Guild Of America (the "DGA") and Defendants and Counterclaimants Steven Soderbergh, Robert Altman, Michael Apted, Taylor Hackford, Curtis Hanson, Norman Jewison, John Landis, Michael Mann, Phillip Noyce, Brad Silberling, Betty Thomas And Irwin Winkler,[1] by and through their attorneys Latham & Watkins and Temkin Wielga & Hardt LLP, hereby move to join Proposed Counterdefendants Video II, Glen Dickman ("Dickman"), J.W.D. Management Corporation ("J.W.D. Management"), Albertson's, Inc. ("Albertsons"), Trilogy Studios Inc. ("Trilogy Studios"), CleanFlicks, MyCleanflicks, Family Shield Technologies, LLC ("Family Shield"), ClearPlay Inc. ("ClearPlay") (collectively, the "Proposed Counterdefendants") as counterdefendants along with Plaintiffs Robert Huntsman and Clean Flicks of Colorado ("Plaintiffs'), on the grounds that the counterclaims asserted against the Proposed Counterdefendants and Counterclaimants' rights to relief arise out of the same series of transactions or occurrences and implicate common questions of fact and law.

I.

INTRODUCTION AND FACTUAL SUMMARY

This case centers on the unauthorized alteration of motion pictures created by the Director Counterclaimants and other DGA members. Each of the Counterdefendants is engaged in the commercial rental, sale, or distribution of edited versions of motion pictures, or technology which enables unauthorized editing. The Counterdefendants apparently have decided that certain images or dialogue in the motion pictures are not to their liking, and have utilized modern

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[1] Counterclaimants Robert Altman, Michael Apted, Taylor Hackford, Norman Jewison, John Landis, Michael Mann, Philip Noyce, Brad Silberling, Steven Soderbergh, and Irwin Winkler are collectively referred to herein as the "Counterclaimant Directors." The DGA and the Counterclaimant Directors are collectively referred to herein as "Counterclaimants."

technology to alter or edit such pictures accordingly. In essence, the Counterdefendants attempt to impose upon the Director Counterclaimants, and the public, the Counterdefendants' values, vision, story telling, and artistry, if any.

Because the Director Counterclaimants and DGA members are inextricably associated by the public with the films they direct, Counterdefendants' unauthorized conduct violates the Lanham Act, and state law, by wrongly associating the Director Counterclaimants and other DGA members with altered versions of their films. Counterclaimants seek to join in one counterclaim Plaintiffs and the Proposed Counterdefendants. Such joinder is appropriate because Counterclaimants' claims against the Plaintiffs and the Proposed Counterdefendants:

- All arise out of the same series of occurrences and transactions – *i.e.*, the unauthorized association of the Director Counterclaimants and other DGA members with altered versions of their films; and
- require the adjudication of common questions of fact and law – *i.e.*, whether Plaintiffs' and Proposed Counterdefendants' conduct violates the Lanham Act and state law, in addition to interfering with Counterclaimants' and other DGA members' contractual rights under the DGA's collective bargaining agreement with the producers of the motion pictures.

Finally, because joinder of the Proposed Counterdefendants will not destroy the Court's jurisdiction over this matter, joinder is warranted under Fed. R. Civ. P. 20 and in the interest of finality, judicial economy and fairness.

II.

FACTUAL BACKGROUND

A. CLAIMS BASED ON THE UNAUTHORIZED RENTAL AND SALE OF EDITED VIDEOS.

Like Plaintiff Clean Flicks of Colorado, a number of the Proposed Counterdefendants are engaged in the rental, sale, or distribution of versions of motion pictures that have been edited without the authorization of the director or the copyright holder. Proposed Counterdefendants engaged in this conduct are: Video II, Dickman, and J.W.D. Management (collectively, the "Video II Counterdefendants"); and CleanFlicks of Utah and MyCleanFlicks (the "CleanFlicks Counterdefendants"). These parties edit motion pictures to remove or change portions of the films through cut edits and volume muting, and offer the edited versions for rental or sale, either by distributing them to retail stores or via the Internet.

B. CLAIMS BASED ON THE DISTRIBUTION OF SOFTWARE PRODUCTS DESIGNED TO CREATE EDITED VERSIONS OF MOTION PICTURES WITHOUT OBJECTIONABLE CONTENT.

Trilogy Studios and Family Shield each distribute software products that appear similar to the "Huntsman methodology" alleged in the Complaint. Trilogy Studios, Family Shield and ClearPlay each use the Internet to sell software that "masks" or filters frames of movies during their DVD playback on a PC or laptop. The software products effectively create a new version of a director's work by removing content that the counterdefendants deem "objectionable" using a "mask" or "guide" to mute the sound or skip over portions of movies during playback.

III.

PERMISSIVE JOINDER UNDER RULE 20 IS APPROPRIATE IN THIS CASE

The Federal Rules of Civil Procedure expressly permit the joinder of non-plaintiffs to a counterclaim, where, as here, such joinder is made pursuant Rule 19 or 20 of the Federal Rules of Civil Procedure. Fed. R. Civ. P. 13(h) ("[p]ersons other than those made parties to the original action may be made parties to a counterclaim or cross-claim in accordance with the provisions of Rules 19 and 20."); see also NAL II, Ltd. v. Tonkin, 705 F. Supp. 522, 529 (D. Kan. 1989); Bd. of County Comm'rs of the County of Marshall v. Cont'l W. Ins. Co., No. CIV.A. 01-2183-CM, 2002 WL 73394, at *3 (D. Kan. Jan. 2, 2002) (unpublished disposition). Because Counterclaimants seek permissive joinder of the Proposed Counterdefendants, Rule 20 is applicable. See Fed. R. Civ. P. 19 & 20; Youell v. Grimes, 203 F.R.D. 503, 509 (D. Kan. 2001) ("Rule 19 deals with *compulsory* joinder of necessary and indispensable parties, while Rule 20 deals with *permissive* joinder of parties.") (emphasis in original). With respect to Rule 20 joinder, "whether to allow such joinder is left to the discretion of the trial judge[.]" Hefley v. Textron, Inc., 713 F.2d 1487, 1499 (10th Cir. 1983).

Counterclaimants satisfy the standard of Rule 20, which permits joinder of parties: (a) when there is asserted against them any right to relief arising out of the same transaction, occurrence, or series of transactions or occurrences; and (b) if any question of law or fact common to all defendants will arise in the action. Trail Realty, Inc. v. Beckett, 462 F.2d 396. 399-400 (10th Cir. 1972). Both prongs are satisfied in this case.

A. THE RIGHTS TO RELIEF ASSERTED AGAINST COUNTERDEFENDANTS AND PROPOSED COUNTERDEFENDANTS ARISE OUT OF THE SAME SERIES OF TRANSACTIONS OR OCCURRENCES.

Regarding the first prong of the permissive joinder analysis, there is no bright line definition of the terms "transaction," "occurrence," or "series." See, e.g., Mosley v. Gen. Motors

Corp., 497 F.2d 1330, 1333 (8th Cir. 1974) (no hard and fast rules; case-by-case analysis); Hanley v. First Investors Corp., 151 F.R.D. 76, 79 (E.D. Tex. 1993) (flexible test); McLernon v. Source Int'l, Inc., 701 F. Supp. 1422, 1425 (E.D. Wis. 1988) (flexible, case-by-case analysis to determine if fact pattern constitutes transactions or series of related transactions); Dillard v. Crenshaw County, 640 F. Supp. 1347, 1368-1369 (M.D. Ala. 1986) (no strict rule); United States v. Yonkers Bd. of Educ., 518 F. Supp. 191, 195 (S.D.N.Y. 1981) (no rigid rule; allegations must be logically related). The facts of this case, however, justify permissive joinder of the Proposed Parties under the circumstances.

As noted above, each of the Proposed Counterdefendants is currently engaged in conduct that mirrors that of one of the Plaintiffs. The Video II Counterdefendants and CleanFlicks Counterdefendants engage in the same conduct as CleanFlicks of Colorado. Each party removes content they deem "objectionable" from feature films through cut edits and volume muting, performs these modifications without authorization, and then makes these edited versions available in commerce. Similarly, Family Shield, Trilogy Studios, and ClearPlay all engage in conduct similar to what Plaintiff Robert Huntsman describes in the Complaint as the "Huntsman Methodology." Each distributes software that masks or filters frames of DVD movies during their playback. As noted above, this software effectively create a new version of a director's work by removing content these Counterdefendants find "objectionable." Consequently, the objectionable conduct at issue arises out of the same series of transactions or occurrences.

Because the aforementioned conduct wrongly associates the Director Counterclaimants and other DGA members with altered feature films in violation of the Lanham Act, the Director Counterclaimants seek the same relief with regard to each Plaintiff and

Proposed Counterdefendant: (a) A declaratory judgment that Counterdefendants' conduct is unauthorized and violates the Lanham Act and state law; and (b) Injunctive relief restraining Counterdefendants from engaging in such behavior. As a result, the right to relief asserted by the Counterclaimants against Plaintiffs and the Proposed Counterdefendants all arise out of the same series of transactions or occurrences, and the first prong of the permissive joinder standard is satisfied.

B. THE PROPOSED JOINDER WILL PERMIT THE ADJUDICATION OF NUMEROUS COMMON QUESTIONS OF LAW AND FACT.

Virtually all questions of law and fact in this case will be common to counterclaims against the Plaintiffs and the Proposed Counterdefendants. Each of the Plaintiff's and Proposed Counterdefendant's conduct violates the intellectual property and artistic rights of the Counterclaimants. For example, the alteration of the Director Counterclaimants' films without authorization—conduct in which each of the Plaintiffs and Proposed Counterdefendants engage—violates the Lanham Act (15 U.S.C. §§ 1051, *et seq*.) by committing false designation and trademark dilution. See, e.g., Gilliam v. American Broadcasting Co., 538 F.2d 14, 24 (2d Cir. 1976) (Lanham Act "properly vindicate[s] the author's personal right to prevent the presentation of his work to the public in a distorted form.").

Each of the counterclaims and expected defenses will involve the application of the Lanham Act, particularly the Gilliam decision, to the highly similar conduct of the Plaintiffs and Proposed Counterdefendants. For example, it is anticipated that each of the Plaintiffs and Proposed Counterdefendants will assert defenses of fair use and first sale. The resolution of those defenses will require the Court to engage in common applications of fact and adjudications of law. Accordingly, the second prong of the permissive joinder analysis favors joinder of the Proposed Parties.

C. JOINDER OF THE PROPOSED COUNTERDEFENDANTS WILL NOT DESTROY THE COURT'S JURISDICTION OVER THIS FEDERAL QUESTION CASE.

Because subject matter jurisdiction in this case is based on federal question and not diversity (see Amended Complaint, ¶ 1), the proposed joinder will not divest the Court of jurisdiction over this matter. Indeed, if there is at least one federal question claim against any party, supplemental jurisdiction exists over all other properly-joined claims and/or parties. See 28 U.S.C. § 1367(a).

IV.

CONCLUSION

WHEREFORE, for the reasons stated above, Counterclaimants respectfully request that the Court grant this Motion and join Video II, Glen Dickman, J.W.D. Management, Albertsons, CleanFlicks, MyCleanFlicks, Trilogy Studios, Family Shield, and ClearPlay as counterdefendants, and grant such other and further relief as the Court may find just and proper.

Dated this ___ day of September, 2002.

Respectfully submitted,

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