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IP YEAR IN REVIEW

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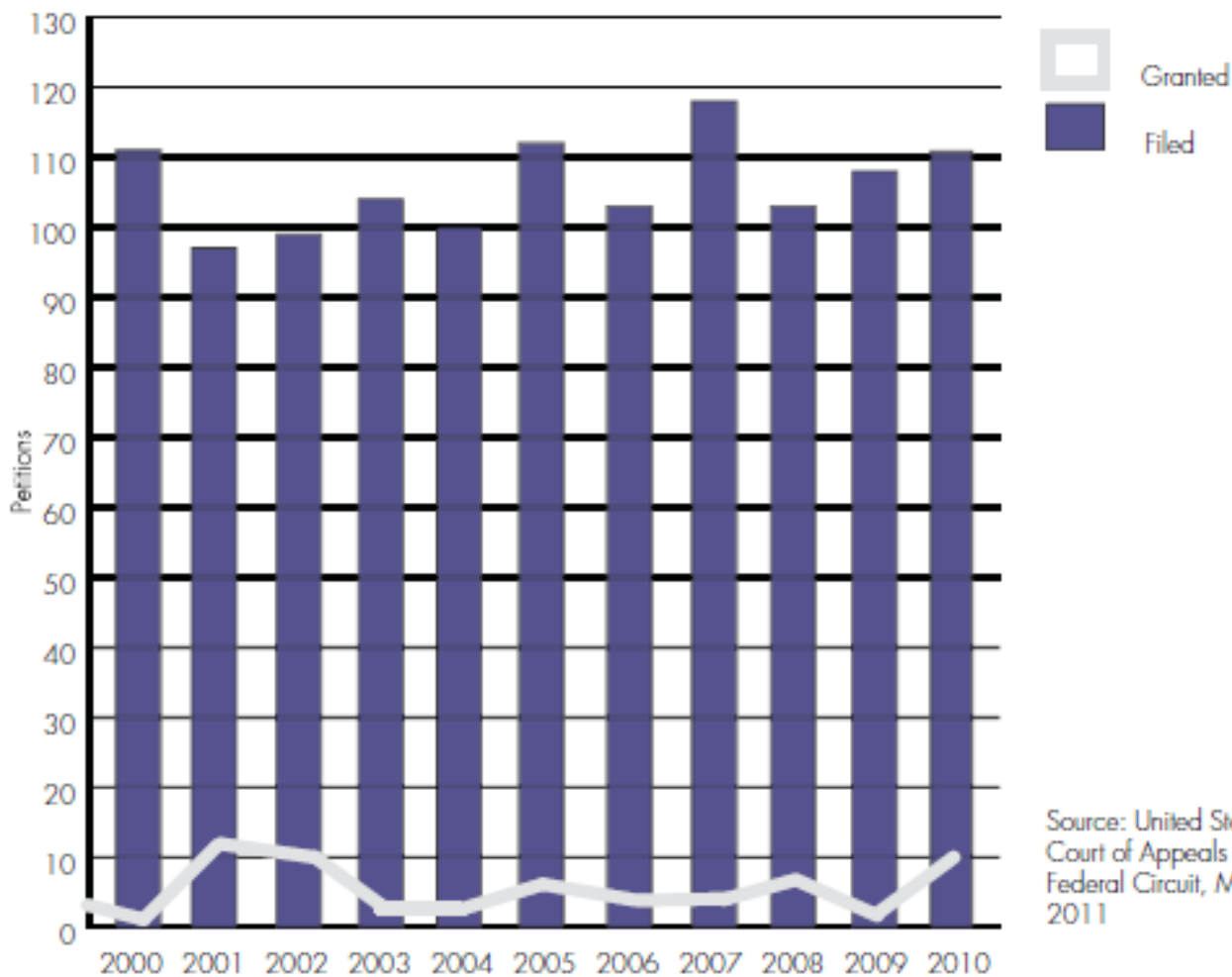


Patent Update

Phil Makrogiannis
Division IP Counsel
Life Technologies Corp.



Certiorari Petitions to U.S. Supreme Court from Federal Circuit (FY 2000 - FY 2010)



Source: United States Court of Appeals for the Federal Circuit, May 2011



i4i v. Microsoft (Supreme Court)

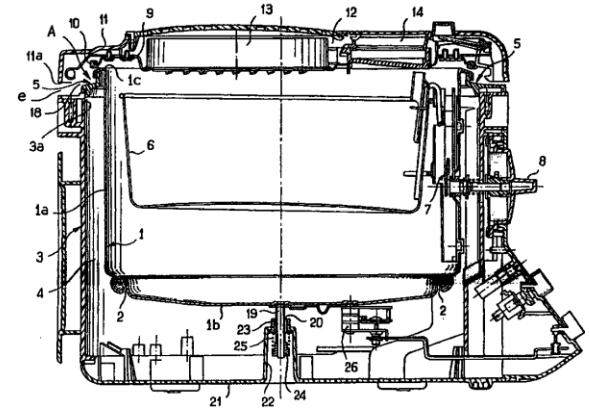
- Standard of proof for invalidity
 - Supreme Court upheld “clear and convincing” standard that has been law of Fed. Cir.
 - Rejected “preponderance” standard.
 - Microsoft will have to deal with large judgment against it
- Court tilting to the right on core patent issues
 - Toward patents as property rights
 - Away from policy-based decisions on patent rights.
- Basis for decision:
 - 1934 RCA opinion that required “clear and cogent evidence” to overturn an issued patent
 - 1952 patent act intended to codify the RCA opinion
- New prior art:
 - Carries more weight than prior art that had been previously considered and rejected by the Patent Office.
 - “the jury may be instructed to evaluate whether the evidence before it is materially new, and if so, to consider that fact when determining whether an invalidity defense has been proved by clear and convincing evidence. “





Global Tech v. SEB (Supreme Court)

- Induced Infringement: state of mind
 - Supreme Court found that induced infringement requires knowledge that the conduct infringes
 - can be met by a showing of "willful blindness."
 - rejected the Federal Circuit's adoption of a "deliberate indifference" standard.
- Willful blindness: two factors
 - (1) "the defendant must subjectively believe that there is a high probability that a fact exists."
 - (2) "the defendant must take deliberate actions to avoid learning of that fact."
 - "[t]hese requirements give willful blindness an appropriately limited scope that surpasses recklessness and negligence."
 - "a reckless defendant is one who merely knows of a substantial and unjustified risk of such wrongdoing"
 - "a negligent defendant is one who should have known of a similar risk but, in fact, did not."





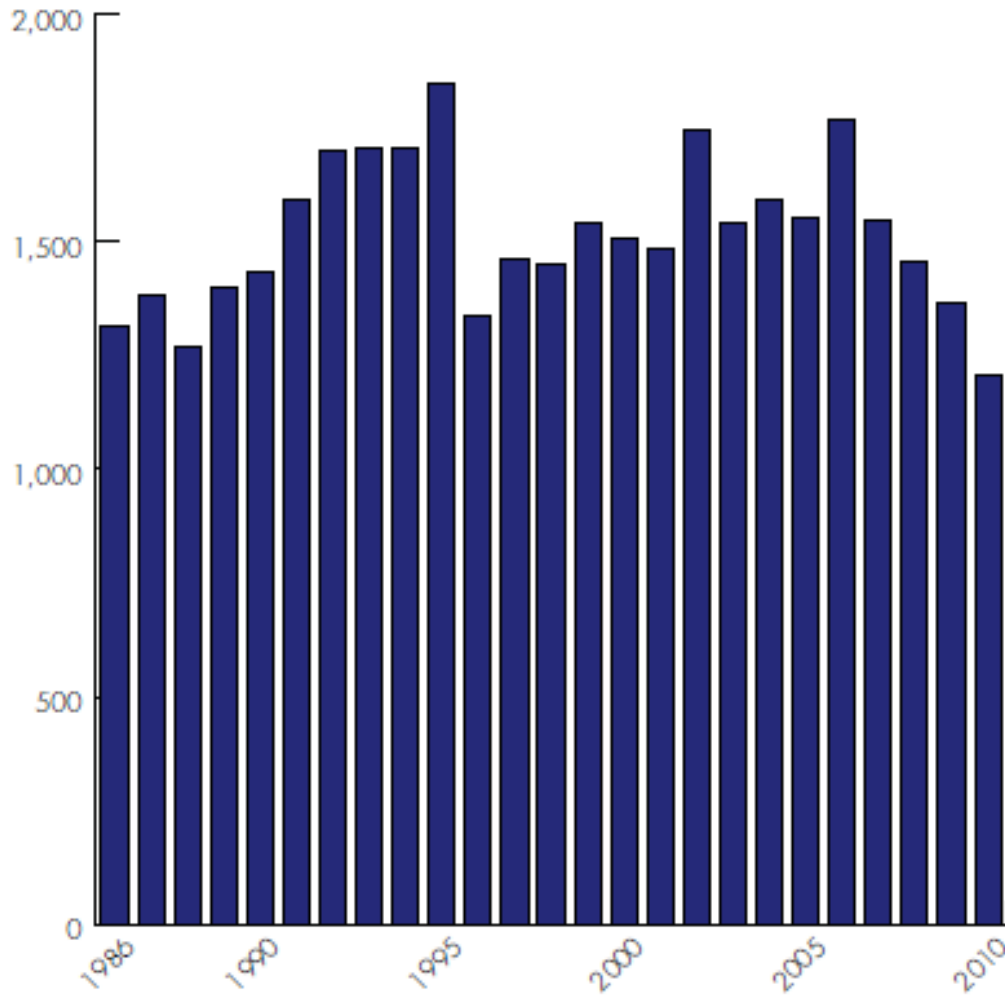
Stanford v. Roche (Supreme Court)



- Ownership under Bayh-Dole Act
 - Supreme Court did not change operation
 - Patent rights vest in inventor
 - Bayh-Dole does not change that
 - Court rejected Stanford's argument that Bayh-Dole's statutory right to "elect to retain title. . . any invention of the contractor" conceived or reduced to practice under a federally funded agreement preempted any contractual rights with the inventor
- Decision not impactful
 - Federal Circuit law on assignments in employment agreements would have been dispositive at point of drafting.
 - Parties can choose:
 - a promise to cooperate and assign rights
 - an automatic assignment that occurs constructively at the moment of invention
 - If Stanford had chosen the automatic assignment language for its employment contract, then the inventor could not have assigned rights to another party.



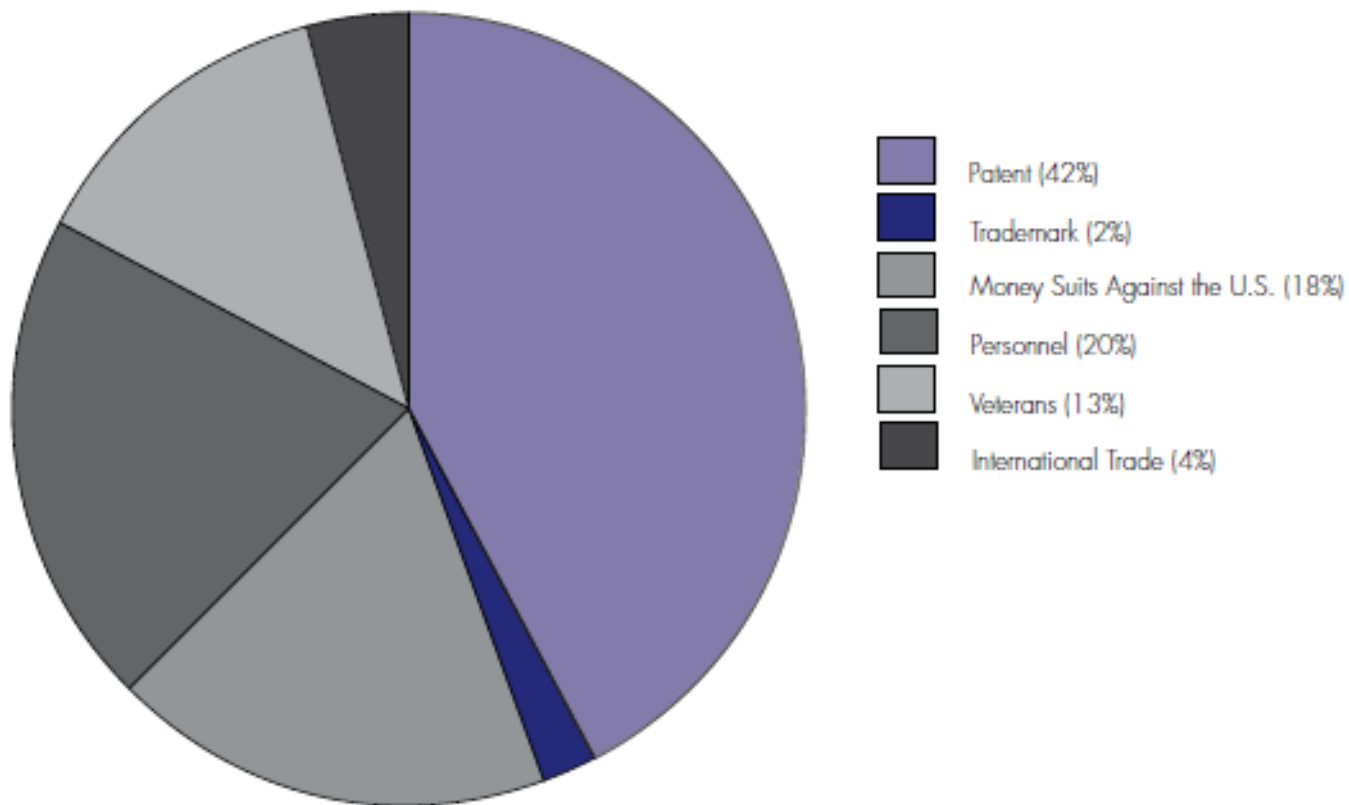
Federal Circuit Court of Appeals Overall Caseload, by Year (1986 - 2010)



Source: U.S. Court of Appeals for the Federal Circuit



Federal Circuit: Appeals Filed, by Category (FY 2010)



Source: United States
Court of Appeals for the
Federal Circuit, April
2011



Prometheus v. Mayo (Fed. Cir.)

Classen v. Biogen (Fed. Cir.)



- Therapeutic claims are patentable in light of *Bilski*.
 - Supreme Court toned down “machine-or-transformation” test in *Bilski*.
 - Remanded these cases in light of *Bilski*.
 - Federal Circuit revisits “machine-or-transformation” test.
- Machine-or-transformation
 - *Bilski* does not impact claims that pass test.
 - Data gathering is not going to be enough
 - Comparison of healthy vs. diseased is “natural correlation”
 - Supreme Court has granted cert on Prometheus.
- Claims features.
 - Fed Cir likes “administering” and “immunizing” steps specific to patient.
 - Basis for conclusion is that claims should not preempt all uses of the natural correlations.



Cybersource v. Retail Dec. (Fed. Cir.)

- Software claims do not guarantee “machine” patentability.
 - Pure method claims not patentable.
 - *Beauregard* claims reciting a computer system executing software stored on a computer readable medium not enough.
 - Machine “must play a significant part in permitting the claimed method to be performed.”
- Machine cannot save otherwise unpatentable process
 - “the incidental use of a computer” not enough to impose a “sufficiently meaningful limit on the claim’s scope” to make it patentable.
 - Fraud detection method had steps that “can be performed entirely in the human mind.”
- Examples of machine playing significant part
 - Computer was required to perform the claimed method
 - E.g. GPS receiver was needed to perform the steps
 - E.g. manipulating digital images to create a modified digital image
- Improved *Beauregard* claims
 - Establish the necessity of a specific computer with specific features
 - Make clear that the underlying method requires a computer to reach the desired solution

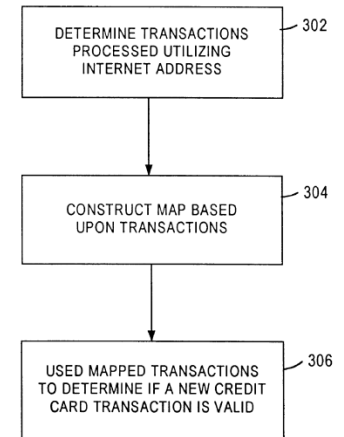
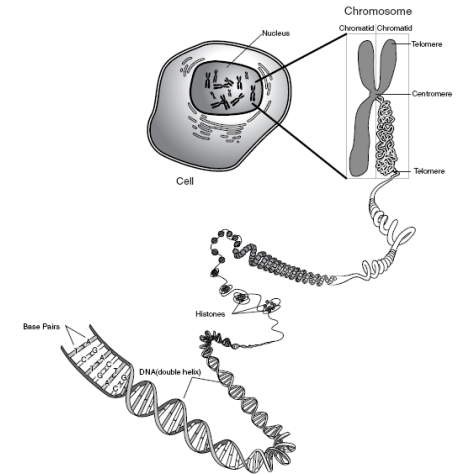


FIG. 4



AMP v. Myriad (Fed. Cir.)

- Isolated DNA molecules are patentable.
 - They are not products of nature.
 - This was a reversal of the District Court, in favor of Myriad.
- Diagnostic cancer screening methods are not patentable as claimed
 - simply “analyzing” or “comparing” to find mutations is not enough.
 - screening methods were viewed to be no more than abstract mental steps.
 - This was an affirmance of the District court, against Myriad.
 - Note that claims to diagnostic screening may be patentable if drafted to include steps in addition to mental steps; for example, by including steps related to patient sample handling, amplifying, sequencing, etc.
- Claims to identifying cancer drugs based on cell analysis are patentable.
 - This was a reversal of the District Court, in favor of Myriad.
- Panel rehearing denied, en banc? Supreme Court?





Therasense v. BD (en banc Fed. Cir.)

- Inequitable conduct is now very different.
 - Higher bar for materiality and intent
 - No more sliding scale
 - Inequitable conduct \neq unenforceable
- Intent:
 - Known reference, known materiality, and deliberate decision to withhold
 - Known reference, imputed materiality, and non-disclosure not enough
 - Circumstantial evidence only when most reasonable inference
- Materiality:
 - But-for materiality = without deception, patent would not be allowed
 - Exception for affirmative egregious misconduct
- Court has discretion even if intent and materiality are shown
- PTO guidelines: revised Rule 56 to Therasense to reduce the incentive for submitting IDS' s with “marginally relevant information...”
- AIA offers Supplemental Examination to resolve any issues





TiVo v Echostar (en banc Fed. Cir.)

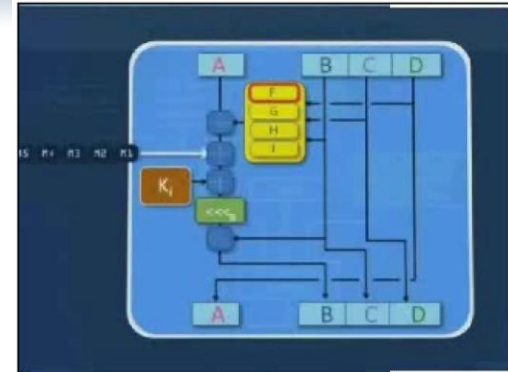


- Contempt sufficient to evaluate design-around
 - Good faith does not avoid contempt process, but decreases penalty
 - Two-step test abolished
 - Old test required courts to (1) determine whether a contempt proceeding is appropriate based upon the colorable difference test and (2) determine whether contempt actually occurred.
 - New test gives courts broad discretion to hold a contempt proceeding when presented with "a detailed accusation ... setting forth the alleged facts constituting the contempt."
- Unclear whether contempt process appealable as abuse of discretion.
- Colorably Different
 - Cannot have "a fair ground of doubt as to the wrongfulness of the defendant's conduct."
 - Focus on the portions of the accused product that were a basis for the prior finding of infringement
 - Consider whether infringing portions have been significantly modified or removed.
- Even if not Colorably Different
 - Court still needs to find infringement by applying claim construction to new product



Uniloc v. Microsoft (Fed. Cir.)

- 25% rule for damages rejected
 - Old rule: a method for calculating a reasonable royalty in hypothetical negotiation for purposes of infringement damages
 - Under the rule, "licensees pay a royalty rate equivalent to 25 per cent of its expected profits for the product that incorporates the IP at issue."
- New Rule
 - "There must be a basis in fact to associate the royalty rates used in prior licenses to the particular hypothetical negotiation at issue in the case. "
 - "The 25 percent rule of thumb as an abstract and largely theoretical construct fails to satisfy this fundamental requirement."
 - "The rule does not say anything about a particular hypothetical negotiation or reasonable royalty involving any particular technology, industry, or party."
- Entire market rule reproach
 - rule allows a patentee to assess damages based on the entire market value of the accused product only where the patented feature creates the 'basis for customer demand' or 'substantially create[s] the value of the component parts.'
 - a good example of the danger of admitting consideration of the entire market value is where the patented component does not create the basis for customer demand.





U.S. District Courts with Most Patent Suits Filed in 2010

Rank	District	Suits Filed
1	Texas, Eastern	446
2	Delaware	273
3	Illinois, Northern	249
4	California, Central	231
5	California, Northern	184
6	New Jersey	164
7	New York, Southern	132
8	Ohio, Northern	80
9	Massachusetts	78
10	Virginia, Eastern	69
11	Florida, Southern	67
12	Minnesota	67
13	Georgia, Northern	66
14	California, Southern	64

U.S. District Courts with Most Trademark Suits Filed in 2010

Rank	District	Suits Filed
1	California, Central	546
2	New York, Southern	294
3	Florida, Southern	184
4	Illinois, Northern	155
5	California, Northern	150
6	Florida, Middle	130
7	New Jersey	123
8	Michigan, Eastern	99
9	Texas, Southern	92
10	Georgia, Northern	88
11	Pennsylvania, Eastern	81
12	Texas, Northern	81
13	Arizona	79
14	New York, Eastern	79

U.S. District Courts with Most Copyright Suits Filed in 2010

Rank	District	Suits Filed
1	California, Central	439
2	New York, Southern	196
3	Nevada	163
4	California, Northern	117
5	Illinois, Northern	57
6	Pennsylvania, Eastern	54
7	Florida, Middle	47
8	Florida, Southern	46
9	Texas, Southern	42
10	Georgia, Northern	40
11	Massachusetts	38
12	New Jersey	38
13	Texas, Northern	35
14	Washington, Western	35

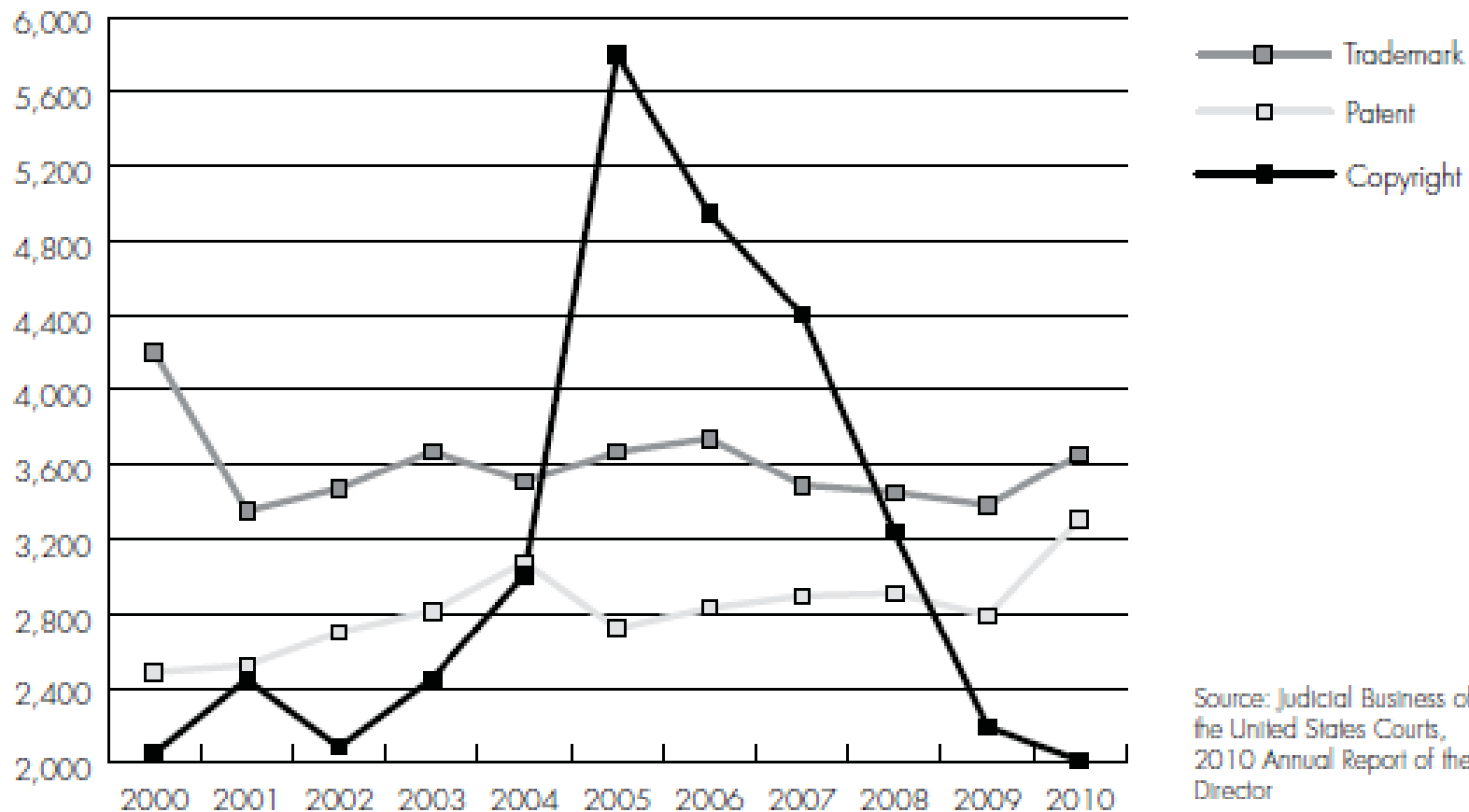
U.S. District Courts with Most IP Suits Filed in 2010

Rank	District	Suits Filed
1	California, Central	1216
2	New York, Southern	622
3	Texas, Eastern	471
4	Illinois, Northern	461
5	California, Northern	451
6	New Jersey	325
7	Florida, Southern	297
8	Delaware	282
9	Nevada	248
10	Florida, Middle	227
11	Pennsylvania, Eastern	190
12	Massachusetts	184
13	Texas, Southern	182
14	Texas, Northern	180

Source: Judicial Business of
 the United States Courts,
 2010 Annual Report of the
 Director



Patent, Trademark, and Copyright Suits Filed in U.S. District Courts, by Year* (2000-2010)



Source: Judicial Business of the United States Courts, 2010 Annual Report of the Director

*Patent Suits Filed includes false marking cases. See graphs below.



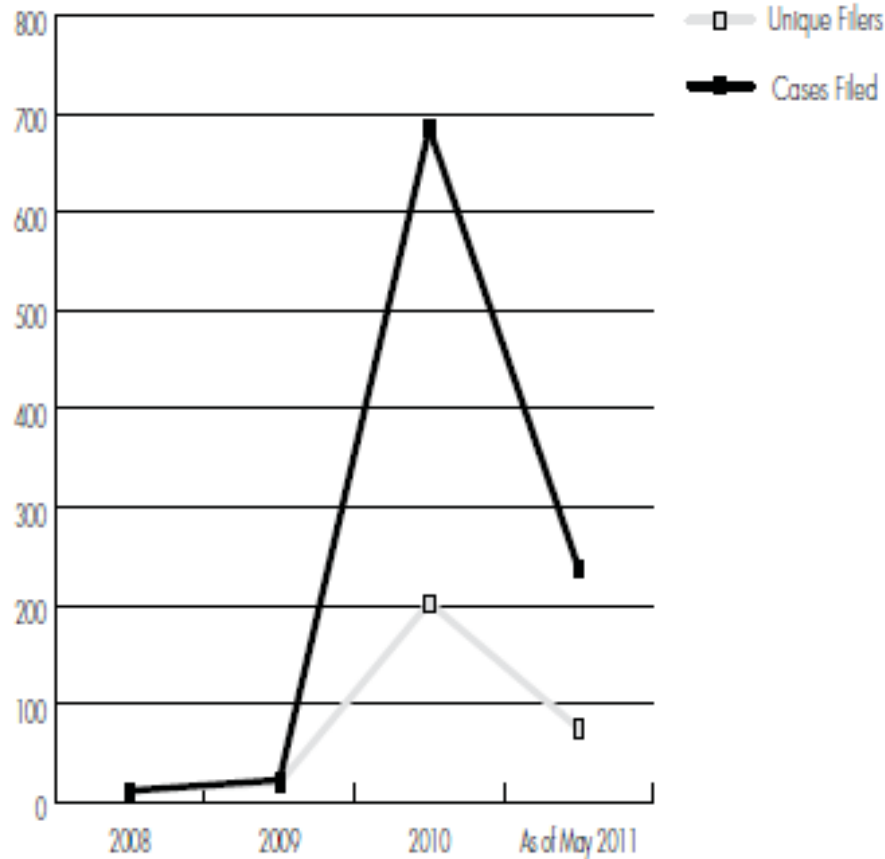
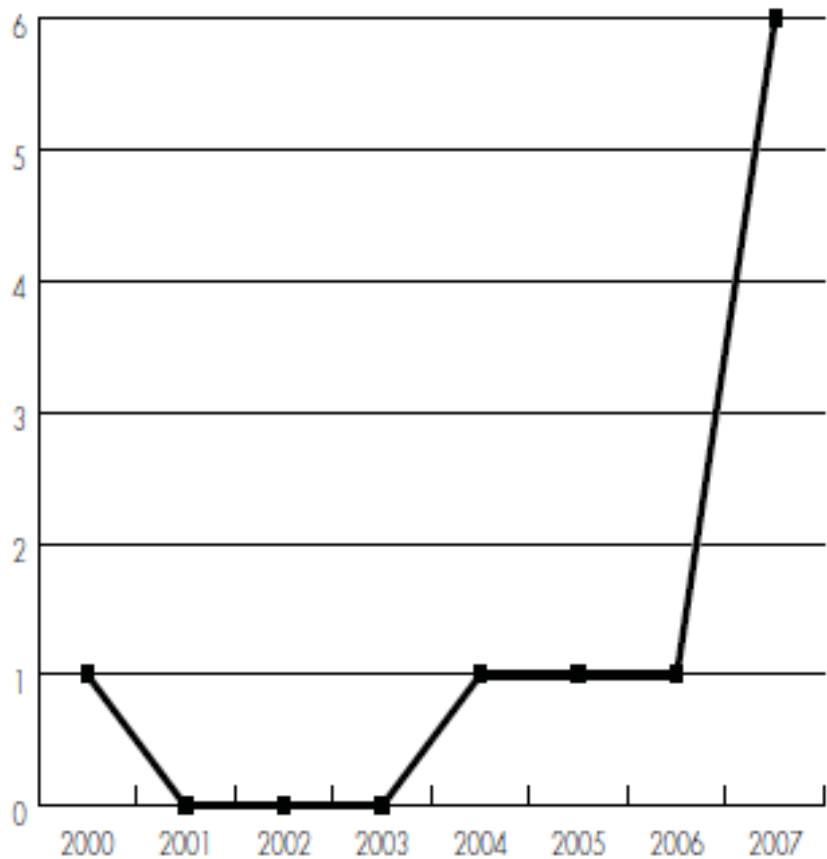
Patent judge pilot

- District Court Pilot Program
 - HR 628 introduced 01/09
 - Passed by Congress 12/10
 - Signed by President 01/11
- Applies to certain districts
 - those judges who request to hear patent cases are designated
 - cases still randomly assigned to all judges
 - judges can pass to designated “patent” judges which are assigned randomly
- Ten-year duration
 - reports to Congress after five years and ten years.
- At least 6 districts in at least 3 circuits to be designated based on
 - (i) most patent cases
 - (ii) local patent rules (adopted or intended to be adopted)
 - 3 large (>10 judges)
 - 3 small





Patent False Marking Cases in U.S. District Courts (2000-2011)

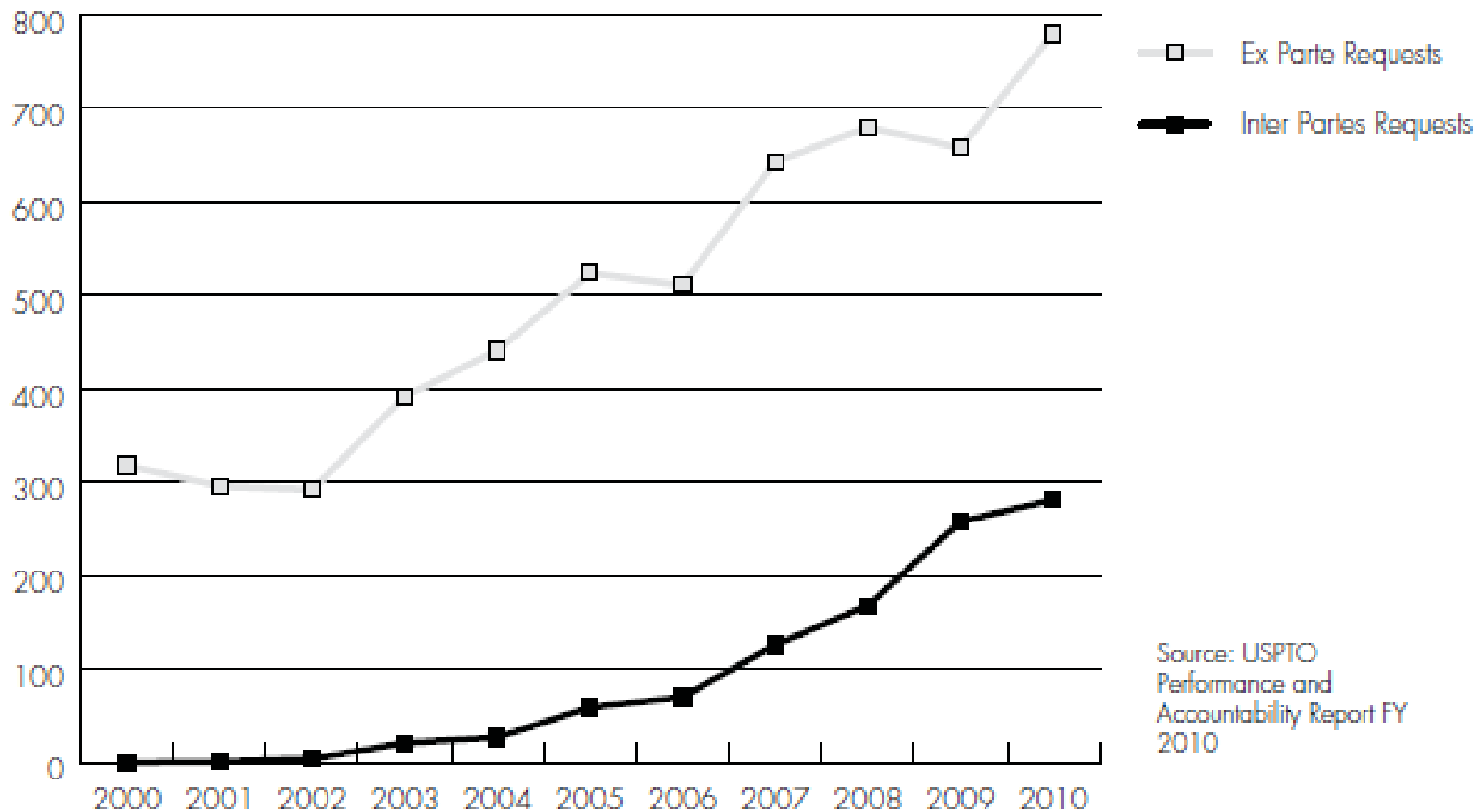


Note: When unique filers line isn't visible, there were an equal number of cases and filers.

Source: grayonclaims.com
and Docket Navigator
(docketnavigator.com)



Inter Partes and Ex Parte Reexamination Requests Filed (2000 - 2010)



Source: USPTO
Performance and
Accountability Report FY
2010



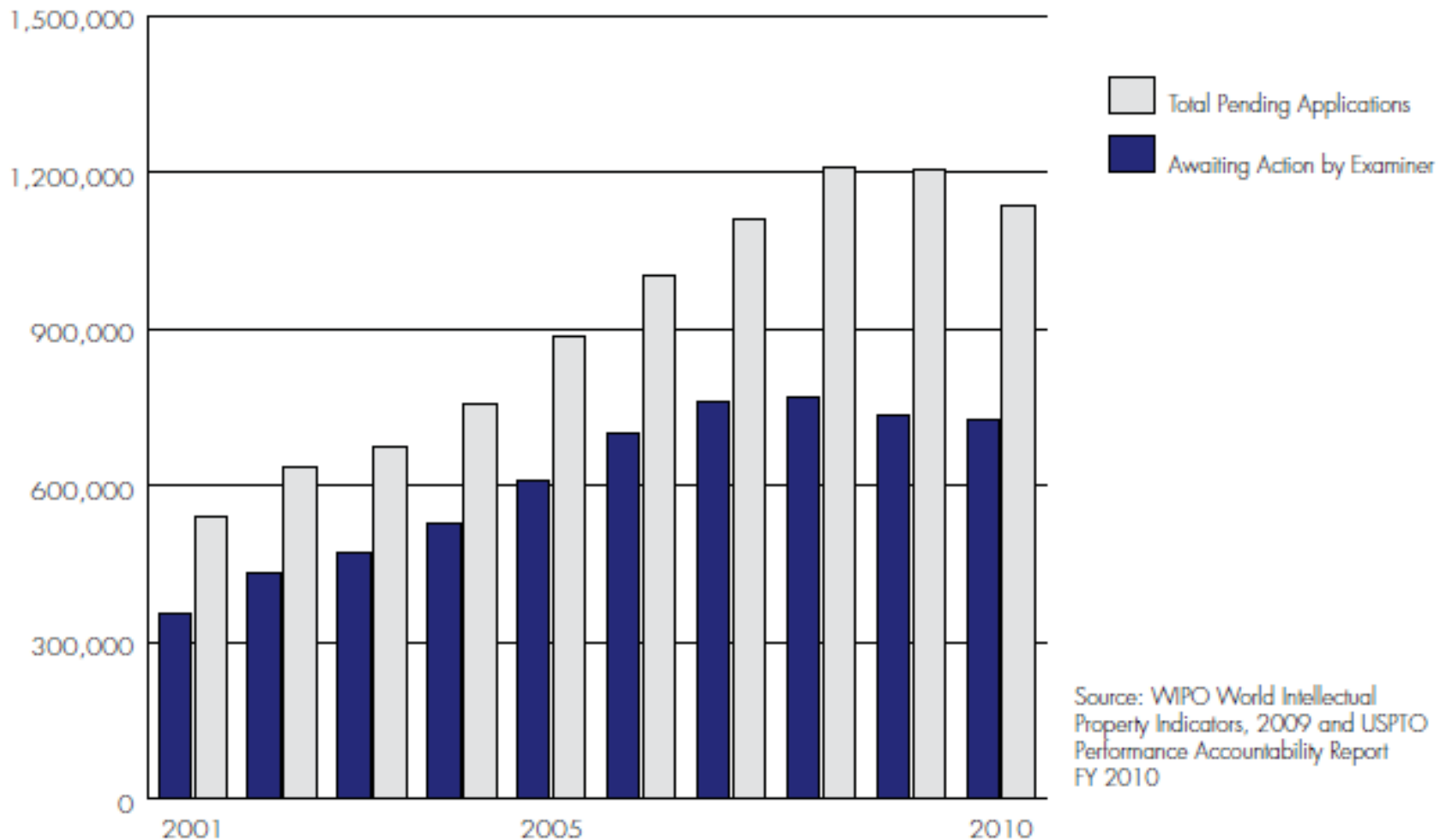
Leahy-Smith America Invents Act

- First Inventor to File
 - “Effective filing date” dominates
 - No more “who invented first” contests
 - Prior user rights protected, except for academia patents
 - New “derivation proceeding” if someone stole your work
- Damages
 - Consistency via transparent methodology
 - Separate trial for damages
 - Enhanced damages only available if objectively reckless
- Challenges to Patents
 - Pre-issuance submissions by third parties
 - Post-grant review by third parties for 9 months – before ALJ
 - Review still available after 9 months – before ALJ
 - *Ex parte* same, *Inter partes* higher standard
- False Marking-competitive injury only, no *qui tam*, no expired patents
- Oath could be filed by company if inventor uncooperative
- Best Mode no longer invalidating
- PTO would have fee setting authority





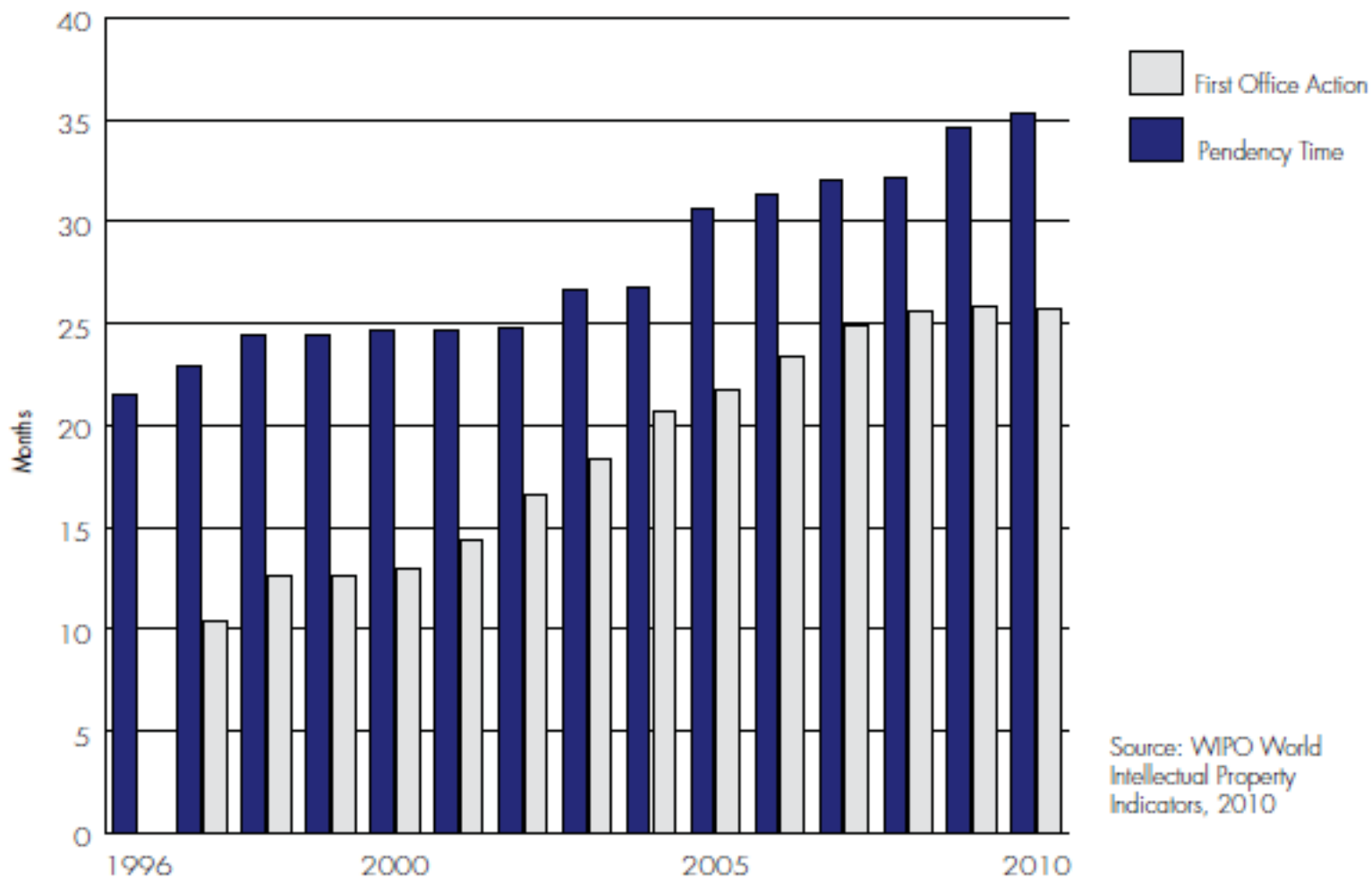
Pending Patent Applications at USPTO (2001-2010)



Source: WIPO World Intellectual Property Indicators, 2009 and USPTO Performance Accountability Report FY 2010

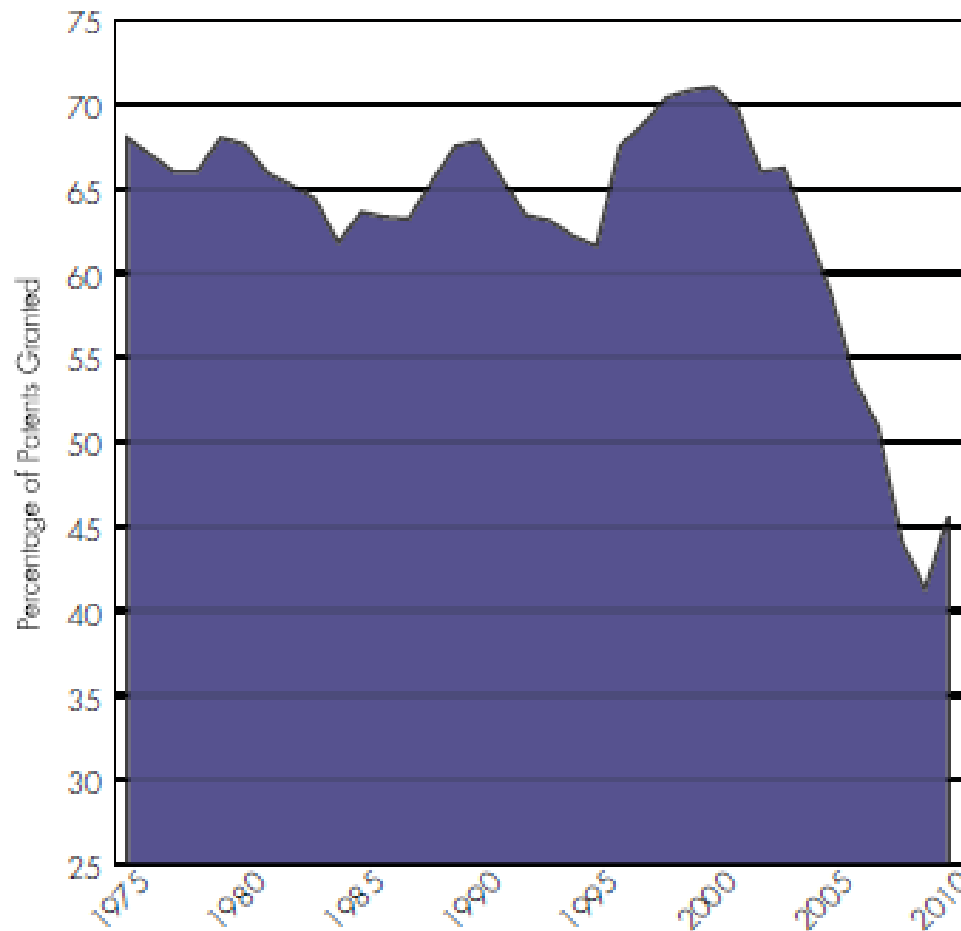


Average Patent Pendency Time at USPTO (1996-2010)





USPTO Patent Applications Allowance Rate Including Requests for Continued Examination* (FY 1975 - 2010)

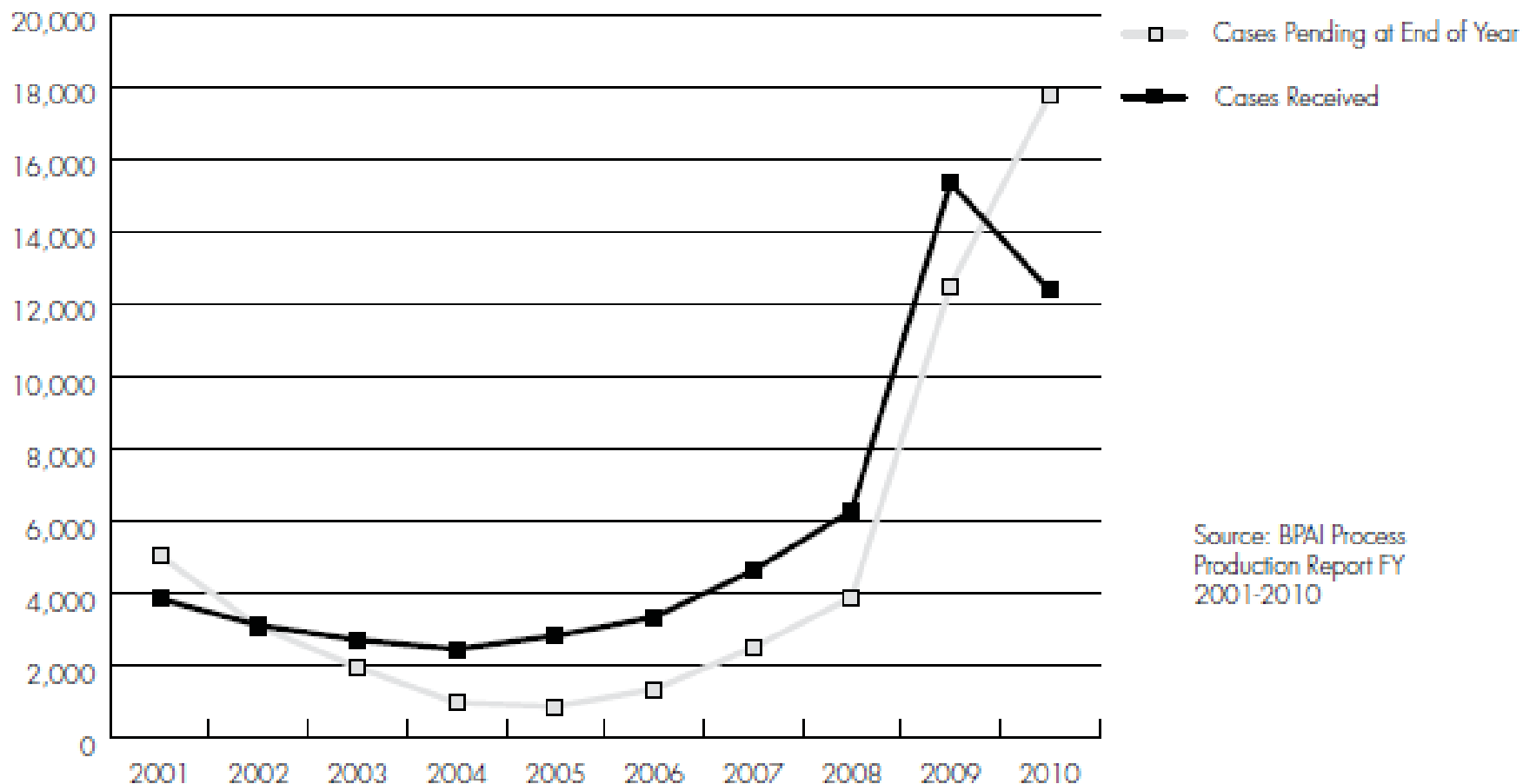


** The allowance rate is the percentage of patent applications on which a patent is granted.*

Source: USPTO Data
Visualization Center, April
2011



Ex Parte Patent Appeals Received and Pending (2001 - 2010)



Source: BPAI Process
Production Report FY
2001-2010



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TRADEMARKS AND UNFAIR COMPETITION

Raimi Blackerby
TI Automotive Ltd.

with the generous assistance of
Ted Davis
Kilpatrick Townsend & Stockton LLP



Highlights of the Past Year

- Fun with functionality, especially the rise, fall, and rise of aesthetic functionality;
- The declining significance of initial interest confusion in the online context;
- Full frontal nudity in trademark licensing;
- Decreasing numbers of precedential opinions from the Trademark Trial and Appeal Board; and
- The creeping patentization of trademark law.



Use in Commerce

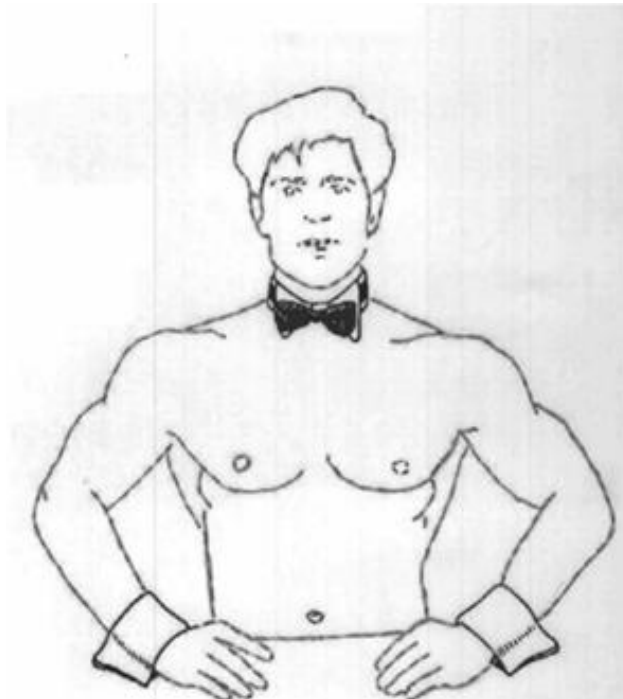
Is ongoing use of its mark necessary for a plaintiff to enforce its rights under a prior consent injunction?

- *Not if the consent injunction doesn't contemplate it. See Belfor USA Grp. v. Ins. Reconstruction, LLC, 755 F. Supp. 2d 812 (E.D. Mich. 2010).*



Distinctiveness

For registration purposes, when is a mark's inherent distinctiveness properly measured?





Distinctiveness

For registration purposes, when is a mark's inherent distinctiveness properly measured?

- *As of the (potential) registration date. See *In re Chippendales USA, Inc.*, 622 F.3d 1346 (Fed. Cir. 2010).*



Nonfunctionality

Is the aesthetic functionality doctrine alive and well?

- *Yes, it is . . . hey, wait a minute, no, it's not. See *Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 636 F.3d 1115 (9th Cir. 2011), withdrawn and superseded, No. 09-56317, 2011 WL 3633512 (9th Cir. Aug. 19, 2011).*

Fleischer Studios, Inc. v. A.V.E.L.A., Inc., 636 F.3d 1115 (9th Cir. 2011)

The Plaintiffs' Licensed Products



Fleischer Studios, Inc. v. A.V.E.L.A., Inc., 636 F.3d 1115 (9th Cir. 2011)

The Defendants' Products





Fleischer Studios, Inc. v. A.V.E.L.A., Inc., 636 F.3d 1115 (9th Cir. 2011)

As used by the defendants, the plaintiffs' claimed mark was aesthetically functional because:

- *the Betty Boop character is a “prominent feature” of the defendants' goods;*
- *the defendants never designated their merchandise as “official”; and*
- *the plaintiffs failed to document any actual confusion between the parties' respective goods.*



Nonfunctionality

The original opinion in Fleischer Studios departed from the traditional focus on the validity of the plaintiff's mark, rather than on the defendant's use:

- *“If a product's design is functional, that design cannot serve as a trademark.”* *Fuji Kogyo Co. v. Pac. Bay Int'l, Inc.*, 461 F.3d 675, 683 (6th Cir. 2006).
- *To be a valid trademark, a mark must not only be source-denoting, but it must also be nonfunctional.”* *Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137, 145 n.5 (2d Cir. 1997).



Nonfunctionality

Is the aesthetic functionality doctrine alive and well?

- *Yes, at least in the fashion industry, even if it isn't elsewhere. See Christian Louboutin S.A. v. Yves Saint Laurent Am., Inc., No. 11 Civ 2381(VM), 2011 WL 3505350 (S.D.N.Y. Aug. 10, 2011).*



Christian Louboutin S.A. v. Yves Saint Laurent Am., Inc., No. 11 Civ 2381(VM), 2011 WL 3505350 (S.D.N.Y. Aug. 10, 2011)





Likelihood of Confusion

Does the use of a plaintiff's mark to trigger paid advertising through an Internet search engine constitute infringement?

- *Probably not. See Network Automation, Inc. v. Advanced Sys. Concepts, Inc., 638 F.3d 1137 (9th Cir. 2011).*



Likelihood of Confusion

[T]he default degree of consumer care is becoming more heightened as the novelty of the Internet evaporates and online commerce becomes commonplace

Network Automation, 638 F.3d at 1152.

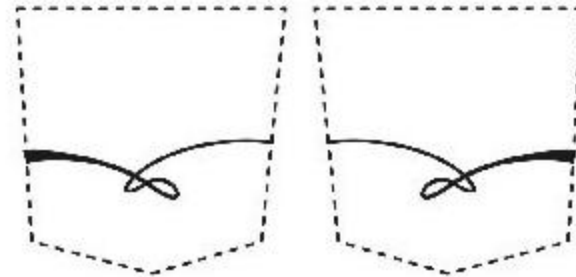
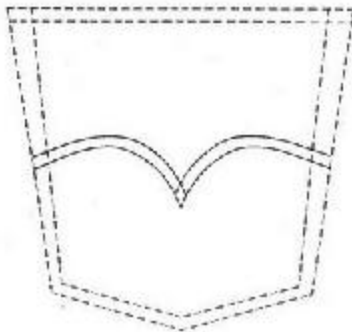


Likelihood of Dilution

Is a showing of identity or near-identity of the parties' marks a prerequisite for a finding of likely dilution?

- *No. See Levi Strauss & Co. v. Abercrombie & Fitch Trading Co., 633 F.3d 1158 (9th Cir. 2011).*
- *No. See Nike, Inc. v. Maher, Opposition No. 91188789, slip op. (T.T.A.B. Aug. 5, 2011) (precedential).*

Levi Strauss & Co. v. Abercrombie & Fitch Trading Co., 633
F.3d 1158 (9th Cir. 2011)





Defenses

Is the naked license theory of abandonment alive and well?

- *Yes. See Eva's Bridal Ltd. v. Halanick Enters., 639 F.3d 788 (7th Cir. 2011).*
- *Yes. See Crystal Entm't & Filmworks, Inc. v. Jurado, 643 F.3d 1313 (11th Cir. 2011).*
- *Yes. See Patsy's Italian Rest., Inc. v. Banas, No. 08-4487, 2011 WL 3687887 (2d Cir. Aug. 24, 2011).*



Defenses

Should the naked license theory of abandonment be alive and well?

- *Not if the licensee is the party asserting it. See John C. Flood of Va., Inc. v. John C. Flood, Inc., 642 F.3d 1105 (D.C. Cir. 2011).*



Defenses

Will the now-defunct pre-Therasense inequitable conduct doctrine find a home in trademark infringement litigation?

- *Unfortunately yes, if the “but-for” standard of materiality is not applied in fraudulent procurement inquiries. See Fair Isaac Corp. v. Experian Info. Solutions, Inc., No. 10-2281, 2011 WL 3586429 (8th Cir. Aug. 17, 2011).*



Remedies

Is the presumption of irreparable harm upon a showing of likely confusion still viable in trademark infringement litigation?

- *No. See New York City Triathlon, LLC v. NYC Triathlon Club, Inc., 704 F. Supp. 2d 305 (S.D.N.Y. 2010).*
- *Likely not. See Voice of the Arab World Inc. v. MDTV Med. News Now, Inc., 645 F.3d 26 (1st Cir. 2011) (dictum).*



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Trademark Trial and Appeal Board Practice

Is the inquiry into an applicant's bona fide intent to use an applied-for mark an objective or a subjective one?

- *An objective one. See SmithKline Beecham Corp. v. Omnisource DDS LLC, 97 U.S.P.Q.2d 1300 (T.T.A.B. 2010); see also Spirits Int'l, B.V. v. S.S. Taris Zeytin Ve Zeytinyagi Tarim Satis Kooperatifleri Birligi, Opposition No. 91163779, slip op. (T.T.A.B. July 6, 2011) (precedential).*



Trademark Trial and Appeal Board Practice

[C]ongress did not intend the issue to be resolved simply by an officer of applicant later testifying, “Yes, indeed, at the time we filed that application, I did truly intend to use the mark at some time in the future.”

SmithKline Beecham, 97 U.S.P.Q.2d at 1305.



Trademark Trial and Appeal Board Practice

Are oppositions to applications with Madrid Protocol bases subject to special rules?

- *Very much so: Additional grounds may not be added to the original notice of opposition. See O.C. Seacrets, Inc. v. Hotelplan Italia S.p.A., 95 U.S.P.Q.2d 1327 (T.T.A.B. 2010).*
- *Very, very much so: Information entered onto the ESTTA electronic cover sheet trumps the contents of the notice. See CSC Holdings, LLC v. SAS Optihome, Opposition No. 91199973, slip op. (T.T.A.B. Aug. 21, 2011) (precedential).*



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Copyright Update

Joseph Petersen

Partner

Kilpatrick Townsend



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New register of Copyrights

- Marybeth Peters retired December 31, 2010.
- The Librarian of Congress appointed Maria Pallante as the 12th Register of Copyrights and director of the United States Copyright Office.



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Barclays Bank v. FlyOnTheWall.com, No. 10–
1372, 2011 WL 2437554 (2d Cir. June 20, 2011)





Barclays Bank v. FlyOnTheWall.com

- The defendant runs a financial news service that gathers and reports on stock recommendations from leading investment banking firms and reports those recommendations on its website.
- The plaintiff investment banks claimed that their recommendations were "hot news" and that the Fly was free-riding on their efforts. The District Court agreed and enjoined the Fly from reporting on the recommendations for a two hour period following the release of the recommendations.



Barclays Bank v. FlyOnTheWall.com

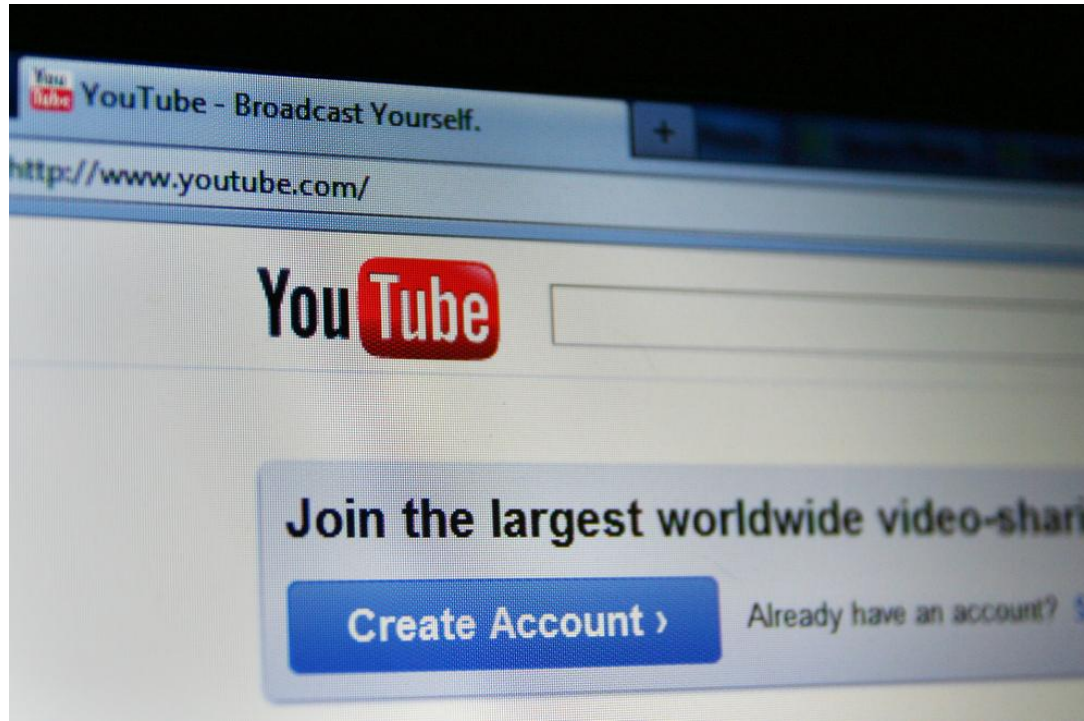
- The Second Circuit reversed, finding that the tort of “hot news” misappropriation only survives preemption under the Copyright Act where the defendant is truly “free-riding” on the efforts of others.
- The court found that the Fly was not truly free-riding on the efforts of the investment banks because the Fly was reporting on the facts of the recommendations and not passing off the recommendations as its own.



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Viacom v. YouTube, 718 F. Supp. 2d 514 (S.D.N.Y. 2010)





Viacom v. YouTube

- Plaintiff claimed infringement of tens of thousands of works which were uploaded by YouTube users.
- Defendant claimed that section 512 of the DMCA insulated it from liability. This section exempts service providers from liability if they lack actual knowledge of infringing works and upon receiving knowledge act expeditiously to remove the copyrighted material.



Viacom v. YouTube

- The district court granted summary judgment in YouTube's favor. Relying upon legislative history, the court ruled that “mere knowledge of the prevalence of [infringing] activity is not enough.” For a service provider to be ineligible for the safe harbor by reason of having actual or constructive knowledge of infringement, the service provider must have knowledge of *specific and identifiable infringements* of particular infringing works.
- Decision is currently on appeal to the Second Circuit.



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Capitol Records, Inc. v. MP3Tunes, 2011 WL 3667335 (S.D.N.Y. Aug. 22, 2011)





Capitol Records, Inc. v. MP3Tunes

- Defendant operates a music locker service allowing users to upload their music collection. The service does not upload redundant copies from multiple users.
- The service also offers a “sideload” feature which allows users to search for music on the internet and “sideload” a copy of the file into their locker as a personal archive company.



Capitol Records, Inc. v. MP3Tunes

- Plaintiff brought copyright infringement claims and both sides ultimately moved for summary judgment.
- The court's opinion principally addressed whether the defendant was entitled to safe harbor protection under section 512(c) of the DMCA.



Capitol Records, Inc. v. MP3Tunes

- In a complicated, fact-specific holding, the court concluded that the defendant's service "is precisely the type of system routinely protected by the DMCA safe harbor(s)."
- The court concluded that defendant did not publicly perform music despite the fact that it did not store duplicate copies of music files.
- The court also concluded, in an issue of first impression, that the DMCA applied to pre-1972 sound recordings.



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Murphy v. Millenium Radio, No. 10-2163, 2011 WL 2315128 (3d Cir. June 14, 2011)

- Section 1202 of the DMCA prohibits, among other things, the falsification or removal of "copyright management information." Sections 1202(c)(1)-(8) list various types of information that qualify as such, including the title of the work; its author; its copyright owner; and license terms and conditions.
- In *Murphy*, an employee of the defendant radio station scanned a magazine photograph that the plaintiff photographer took of the stations "shock jocks" and posted the digital image on two websites without displaying the photographer's "gutter credit" (i.e., the credit provided on the inner margin of the magazine page). The District Court granted the defendants' motion for summary judgment on plaintiff's section 1202 claim, holding that the gutter credit did not qualify under section 1202 because it did not function as a component of an automated copyright protection or management system (i.e., a technology used to protect digital copies of works).



Murphy v. Millenium Radio

- The Third Circuit reversed, concluding that a cause of action under section 1202 may arise "whenever the types of information listed in § 1202(c)(1)-(8) ... [are] falsified or removed, *regardless of the form in which that information is conveyed.*" The court relied on the statute's plain language and rejected attempts by other courts to "rewrite" the statute. The Third Circuit noted that section 1202, as written, "appears to be extremely broad."
- Note that section 1202 also requires that a plaintiff establish that the defendant knew, or had reasonable grounds to know, that the removal of information would "induce, enable, facilitate, or conceal" copyright infringement.



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Marvel v. Kirby, No. 10 Civ. 141, 2011 WL
3207794 (S.D.N.Y. July 28, 2011)





Marvel v. Kirby

- Jack Kirby was a co-creator of many iconic comic book figures including the Fantastic Four, the X-Men, and the Hulk.
- Kirby's heirs ultimately served copyright termination notices.



Marvel v. Kirby

- The termination notices were served under section 304(c) of the Copyright Act, which provides:
In the case of any copyright subsisting in either its first or renewal term on January 1, 1978, *other than a copyright in a work made for hire*, the exclusive or nonexclusive grant of a transfer or license of the renewal copyright or any right under it, executed before January 1, 1978, by any of the persons designated by subsection (a)(1)(C) of this section, otherwise than by will, is subject to termination under the following conditions ... In the case of a grant executed by one or more of the authors of the work, termination of the grant may be effected, to the extent of a particular author's share in the ownership of the renewal copyright, by the author who executed it or, if such author is dead, by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's termination interest.



Marvel v. Kirby

- Marvel filed for declaratory relief on January 8, 2010, claiming that the comics were works made for hire, making the termination notices invalid.
- On cross motions for summary judgment, the Southern District Court of New York agreed with Marvel, finding that the works created by Kirby were works for hire under the Copyright Act of 1909 inasmuch as they were made at Marvel's "instance and expense."



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Righthaven

- Righthaven, asserting an enforceable copyright interest in news articles appearing in the *Las Vegas Review Journal* and the *Denver Post*, has sued a host of parties for alleged copyright infringement.



Righthaven

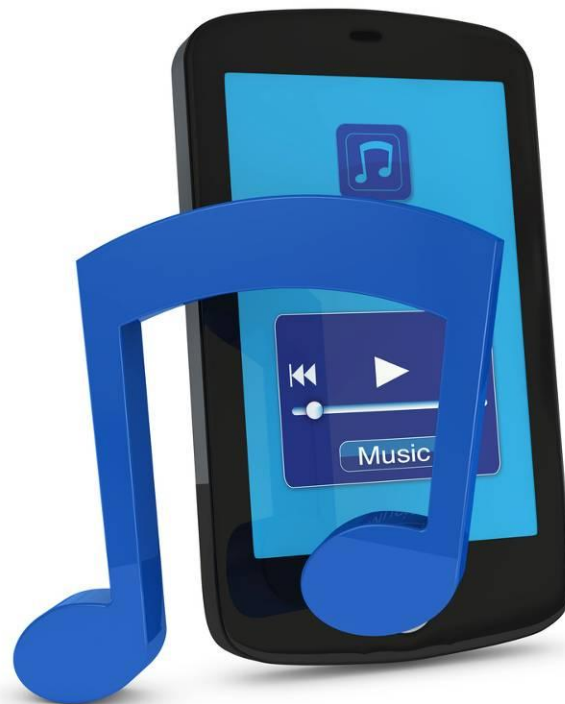
- In the Ninth Circuit (as elsewhere), in order to have standing to sue for copyright infringement the plaintiff must be the owner, or at least the exclusive licensee, of an actual copyright right under section 106.
- Courts have recently found that the Righthaven assignments do not meet the standard. While the agreements purported to be copyright assignments, they made clear that Righthaven could not exploit the copyrights other than to file suit. In such circumstances, Righthaven was found to lack standing. See *Righthaven, LLC v. Democratic Underground, LLC*, 2:10-cv-01356, 2011 WL 2378186 (D. Nev., June 14, 2011) and *Righthaven, LLC v. Hoehn*, 2:11-CV-00050, 2011 WL 2441020 (D. Nev. June 20, 2011).



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United States v. ASCAP, 627 F.3d 64 (2d Cir. 2010)





United States v. ASCAP

- Does a download of a music file implicate the public performance right?
- The Second Circuit held that there is not a public performance of a musical work embodied in a downloaded sound or video file, unless the downloaded file is simultaneously perceptible to the recipient during the transmission of the download.



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Penguin Group v. American Buddha, 16 N.Y.3d 295 (N.Y. 2011)





Penguin Group v. American Buddha

- American Buddha, an Oregon company, operated an "online library." The "online library" was a website on which subscribers could access and download literary and other works free of charge. Penguin sued American Buddha in the Southern District of New York, alleging infringement of its copyrights in four works which American Buddha was offering for download to its subscribers.
- Issue: Did the court lack personal jurisdiction over the defendant where the decision to upload the works was made outside of New York; the works were stored on servers outside New York; and Penguin had alleged no infringing activity within New York?



Penguin Group v. American Buddha

- The Second Circuit certified the question to New state's highest court, the New York Court of Appeals.
- The New York Court of Appeals held that in copyright infringement cases involving the uploading of a copyrighted printed literary work the situs of injury for purposes of determining personal jurisdiction is the principal place of business of the copyright holder.



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Penguin Group v. American Buddha

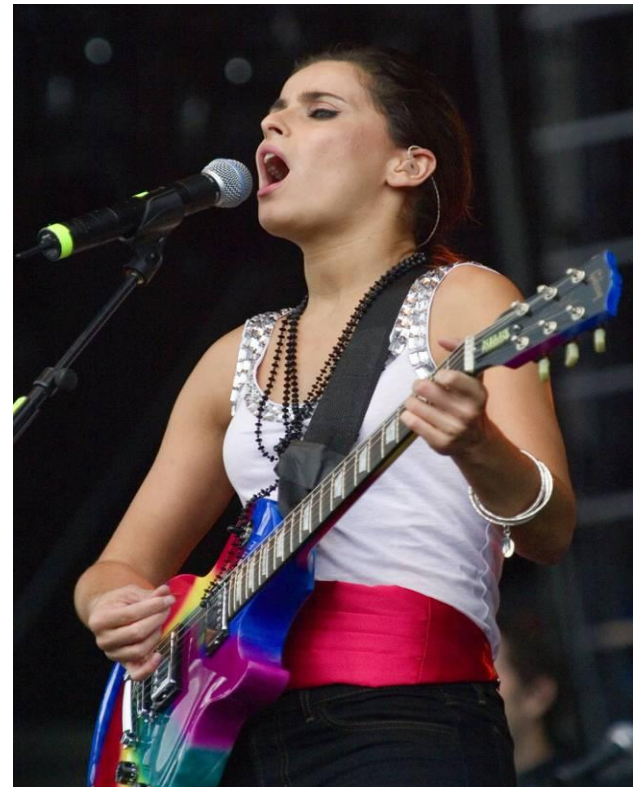
- If an entity has infringed a New York copyright owner's rights, there is now an increased likelihood that jurisdiction will reside in a New York court even if the copyright owner alleges that infringing activities took place outside the state.



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Kernal Records Oy v. Mosley, No. 09–21597, 2011 WL 2223422 (S.D. Fla. June 7, 2011)





Kernal Records Oy v. Mosley

- Section 411(a) of the U.S. Copyright Act provides that “no civil action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made.”
- A published work is a “United States work” if the work is first published:
 - (A) in the United States;
 - (B) simultaneously in the United States and another treaty party or parties, whose law grants a term of copyright protection that is the same as or longer than the term provided in the United States;
 - (C) simultaneously in the United States and a foreign nation that is not a treaty party; or
 - (D) in a foreign nation that is not a treaty party, and all of the authors of the work are nationals, domiciliaries, or habitual residents of, or in the case of an audiovisual work legal entities with headquarters in, the United States.



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Kernal Records Oy v. Mosley

- And pursuant to the United States' obligations under the Berne Convention, works that are not "United States works" are exempt from the registration requirement.



Kernal Records Oy v. Mosley

- In 2006, pop musician Nelly Furtado released “Do It.” According to the plaintiff, the song copied plaintiff’s earlier work without permission. Plaintiff sued for copyright infringement under the U.S. Copyright Act and the defendant moved for summary judgment, arguing that plaintiff lacked standing because it had failed to register its work with the U.S. Copyright Office prior to filing suit.
- Plaintiff responded that its work was exempt from Section 411(a)’s registration requirement because it was not a “United States work.”



Kernal Records Oy v. Mosley

- Held: Fact that plaintiff published the work on a website in Australia was an act tantamount to simultaneous global publication of the work, bringing it within the definition of “United States work” under Section 101(1)(C) and subject to Section 411(a)’s pre-suit registration requirement.
- Plaintiff therefore lacked standing to bring suit for copyright infringement.



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Costco v. Omega, 131 S. Ct. 565 (2010)





Costco v. Omega

- Costco began selling Omega brand watches that Costco purchased from authorized overseas dealers and then imported them into Costco's U.S. retail stores and offered them for prices undercutting Omega's authorized dealers.
- The watches featured a copyrighted logo and Omega sued Costco for copyright infringement.



Costco v. Omega

- Costco asserted the first sale doctrine as a defense, arguing that once it purchased the watches it was free to dispose of them as it saw fit, citing section 109 of the Copyright Act.
- Ninth Circuit disagreed with Costco, holding that the first sale doctrine only applies to copyrighted works manufactured in the U.S.
- Appeal was filed and in an eagerly awaited opinion the Supreme Court split four to four leaving the Ninth Circuit's decision in place.
- *See also, John Wiley & Sons v. Kirtsaeng*, No. 09-4896, 2011 WL 3560003 (2d Cir. Aug. 15, 2011).



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UMG v. Augusto, 628 F.3d 1175 (9th Cir. 2011)





UMG v. Augusto

- Plaintiff music label sends promotional CDs to potential reviewers, music critics and radio programmers in order to promote the sale of such CDs.
- Plaintiff does not charge for the CDs but places a notice providing:



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UMG v. Augusto

This CD is the property of the record company and is licensed to the intended recipient for personal use only. Acceptance of this CD shall constitute an agreement to comply with the terms of the license. Resale or transfer of possession is not allowed and may be punishable under federal and state laws.



UMG v. Augusto

- Defendant was offering such promo CDs for sale on eBay. In many cases the defendant obtained the copies from local record stores.
- The District Court dismissed the action, finding that the initial recipients of the CDs owned them notwithstanding the labels placed on the CDs.



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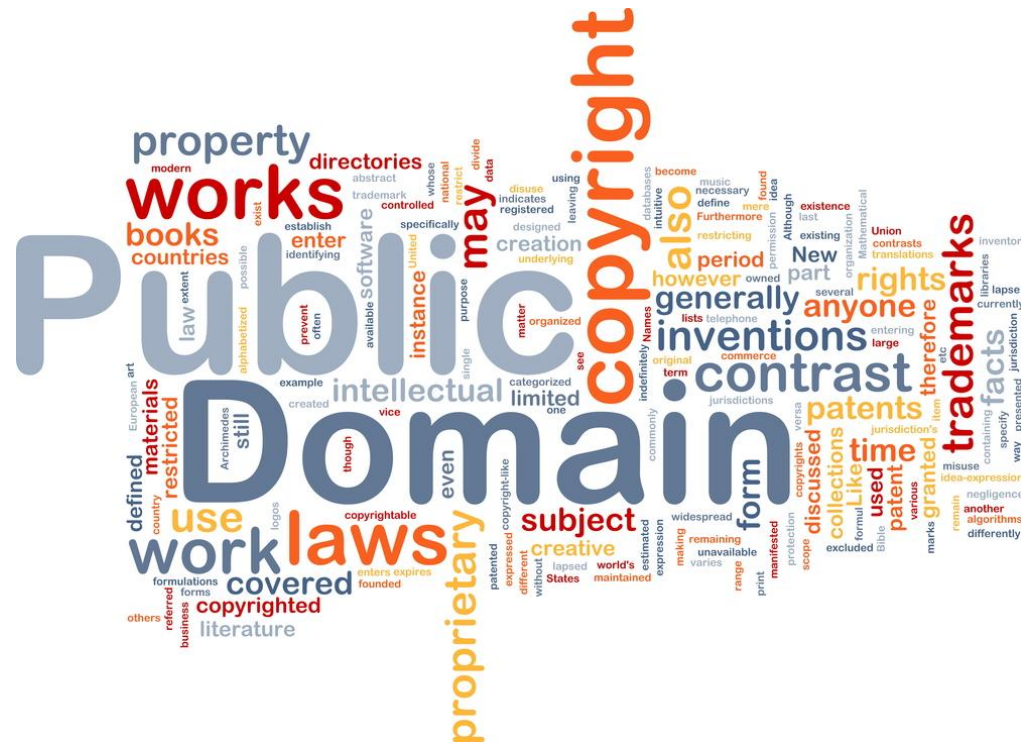


UMG v. Augusto

- The Ninth Circuit affirmed, finding that the principle of first sale controlled and divested any rights in the plaintiff to further control the re-distribution of the CDs. The Court found that “UMG has virtually no control over the unordered CDs it issues because of its means of distribution, and it has no assurance that any recipient has assented or will assent to the creation of any license or accept its limitations.” The court concluded that UMG did not retain “sufficient incidents of ownership” over the promotional copies “to be sensibly considered the owner of the cop[ies].”



Golan v. Holder, 609 F.3d 1076 (10th Cir. 2010), *cert. granted*, 131 S. Ct. 1600 (2011)





Golan v. Holder

- Plaintiffs, a group of orchestra conductors, educators, performers, publishers, film archivists and motion picture distributors that use public domain works, brought a declaratory judgment suit challenging the constitutionality of section 514 of the Uruguay Round Agreements Act.
- Section 514 of this Act restored copyright protection to certain foreign works already in the public domain in the U.S. at the time the U.S. joined the Berne Convention.



Golan v. Holder

- District Court agreed with plaintiffs but the Tenth Circuit reversed, holding that section 514 advanced important government interests and was narrowly tailored to advance those interests.
- The Supreme Court granted cert. and will hear the case in the Fall term.



Salinger v. Colting, 607 F.3d 68 (2d Cir. 2010)

- District court grants preliminary injunction enjoining release of a novel with a character called Mr. C, a 76-year-old version of J.D. Salinger's Holden Caulfield.
- Second Circuit reversed issuance of a preliminary injunction, finding that the presumption that a copyright owner would suffer irreparable harm as a result of infringement was no longer good law. Plaintiff now has the burden of proving facts showing irreparable harm in order to support a preliminary injunction.
- Ninth Circuit adopted similar approach in *Perfect 10, Inc. v. Google, Inc.*, _____ F.3d_____, 2011 WL 3320297 (9th Cir. 2011)



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“There is nothing permanent except change.”

- Heraclitus