

Cutting Edge Intellectual Property Issues: Tools to Protect Your Client in the Ever Faster-changing IP Landscape

Intellectual Property Law Section

January 23, 2018

New York Hilton Midtown

NYC

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New York State Bar Association

Accessing the Online Electronic Course Materials

Program materials will be distributed exclusively online in PDF format. It is strongly recommended that you save the course materials in advance, in the event that you will be bringing a computer or tablet with you to the program.

Printing the complete materials is not required for attending the program.

The course materials may be accessed online

at: www.nysba.org/IPSAM18Materials

A hard copy NotePad will be provided to attendees at the live program site, which contains lined pages for taking notes on each topic, speaker biographies, and presentation slides or outlines if available.

Please note:

- You must have Adobe Acrobat on your computer in order to view, save, and/or print the files. If you do not already have this software, you can download a free copy of Adobe Acrobat Reader at <https://get.adobe.com/reader/>
- If you are bringing a laptop, tablet or other mobile device with you to the program, please be sure that your batteries are fully charged in advance, as electrical outlets may not be available.
- NYSBA cannot guarantee that free or paid Wi-Fi access will be available for your use at the program location.

MCLE INFORMATION

Program Title: **Intellectual Property Law Section Annual Meeting 2018 Program**

Date: January 23, 2018

Location: New York Hilton Midtown, NYC

Evaluation: www.nysba.org/am2018-ips0.

This evaluation survey link will be emailed to registrants following the program.

Total Credits: **7.5 New York CLE credit hours**

Credit Category:

6.5 Areas of Professional Practice

1.0 Ethics and Professionalism

This course is approved for credit for **experienced attorneys only**. This course is not transitional and therefore will not qualify for credit for newly admitted attorneys (admitted to the New York Bar for less than two years).

Attendance Verification for New York MCLE Credit

In order to receive MCLE credit, attendees must:

- 1) **Sign in** with registration staff
- 2) Complete and return a **Verification of Presence form** (included with course materials) at the end of the program or session. For multi-day programs, you will receive a separate form for each day of the program, to be returned each day.

Partial credit for program segments is not allowed. Under New York State Continuing Legal Education Regulations and Guidelines, credit shall be awarded only for attendance at an entire course or program, or for attendance at an entire session of a course or program. Persons who arrive late, depart early, or are absent for any portion of a segment will not receive credit for that segment. The Verification of Presence form certifies presence for the entire presentation. Any exceptions where full educational benefit of the presentation is not received should be indicated on the form and noted with registration personnel.

Program Evaluation

The New York State Bar Association is committed to providing high quality continuing legal education courses, and your feedback regarding speakers and program accommodations is important to us. Following the program, an email will be sent to registrants with a link to complete an online evaluation survey. The link is also listed above.

Additional Information and Policies

Recording of NYSBA seminars, meetings and events is not permitted.

Accredited Provider

The New York State Bar Association's **Section and Meeting Services Department** has been certified by the New York State Continuing Legal Education Board as an accredited provider of continuing legal education courses and programs.

Credit Application Outside of New York State

Attorneys who wish to apply for credit outside of New York State should contact the governing body for MCLE in the respective jurisdiction.

MCLE Certificates

MCLE Certificates will be emailed to attendees a few weeks after the program, or mailed to those without an email address on file. **To update your contact information with NYSBA**, visit www.nysba.org/MyProfile, or contact the Member Resource Center at (800) 582-2452 or MRC@nysba.org.

Newly Admitted Attorneys—Permitted Formats

In accordance with New York CLE Board Regulations and Guidelines (section 2, part C), newly admitted attorneys (admitted to the New York Bar for less than two years) must complete **Skills** credit in the traditional live classroom setting or by fully interactive videoconference. **Ethics and Professionalism** credit may be completed in the traditional live classroom setting; by fully interactive videoconference; or by simultaneous transmission with synchronous interactivity, such as a live-streamed webcast that allows questions during the program. **Law Practice Management** and **Areas of Professional Practice** credit may be completed in any approved format.

Tuition Assistance

New York State Bar Association members and non-members may apply for a discount or scholarship to attend MCLE programs, based on financial hardship. This discount applies to the educational portion of the program only. Application details can be found at www.nysba.org/SectionCLEAssistance.

Questions

For questions, contact the NYSBA Section and Meeting Services Department at SectionCLE@nysba.org, or (800) 582-2452 (or (518) 463-3724 in the Albany area).

Intellectual Property Law Section Cutting Edge Intellectual Property Issues:

Tools to protect your clients in the ever faster-changing IP landscape

January 23, 2018 | New York Hilton Midtown | NYC

7.5 Total Credits: 6.5 Professional Practice | 1.0 Ethics (Non-Transitional)

Program

8:45 am to 5:30 pm | Mercury Ballroom, 3rd Floor

Lunch

12:00 noon to 1:00 pm | Regent, 2nd Floor

Offsite Networking Reception with Entertainment, Arts & Sports Law Section

5:45 pm to 7:00 pm | Bill's Bar & Burger,
Rockefeller Center, 16 West 51st Street

SECTION CHAIR

Erica D. Klein, Esq., Kramer Levin Naftalis & Frankel
LLP, New York City

PROGRAM CHAIR

Michael I. Chakansky, Esq., Hoffmann & Baron, LLP,
Parsippany, NJ

8:45 am

Registration and Continental Breakfast – *Sponsored by*

CompuMark

Trademark Research and Protection

8:50 am

Welcoming Remarks

Erica D. Klein, Esq., Kramer Levin Naftalis & Frankel LLP, New York City, Section Chair

9:00 – 10:00 am

Brands, Corporate Social Responsibility, and Maintaining Goodwill

Corporate and social responsibility are now an important part of a brand's growth, success, and increasingly valuable goodwill in every industry. We will discuss how brands are acting on their corporate and social responsibility, along with the trademark and compliance issues associated with such activities.

Panel Chair: Marc A. Lieberstein, Esq., Kilpatrick Townsend & Stockton LLP, New York City

Panelists: William R. Samuels, Esq., Scarinci Hollenbeck, New York City

Jennie McCarthy, Esq., Senior Director of Vendor Compliance, The Donna Karan Company LLC, New York City

Anil George, Esq., Vice President & Senior Intellectual Property Counsel, National Basketball Association, New York City

10:05 – 10:55 am

Web Analytics and Social Media Data in Intellectual Property

Moderator: Francesca B. Silverman, Esq., Senior Counsel Intellectual Property, Mastercard, New York City

Speaker: David Haas, CLP, Managing Director, Dispute Consulting, Stout Risius Ross, LLC, Chicago, IL

10:55 – 11:10 am

Coffee Break – *Sponsored by*

CompuMark

Trademark Research and Protection

11:10 am – 12:00 noon

The Interplay Between Litigation and Post Grant Trials at the PTO and Update on PTAB Practice

Moderator: Michael I. Chakansky, Esq., Hoffmann & Baron, LLP, Parsippany, NJ

Panelists: Erin M. Dunston, Biotechnology Group Chair, Buchanan Ingersoll & Rooney, Washington, D.C.

Christina Schwarz, Esq., Fitzpatrick, Cella, Harper & Scinto, New York City

Brian Murphy, Esq., Former Patent Judge, PTAB; Haug Partners, New York City

NYSBA 2018 ANNUAL MEETING

12:00 – 1:00 pm

Section Luncheon, Regent, 2nd Floor – Sponsored by **BARCLAY DAMON ^{LLP}**

1:00 – 1:50 pm

Rights, Camera, Action: Intellectual Property Issues Associated with Documentaries and Biopics

Panelists: Ashley Brown, Director, Standards & Practices, Business and Legal Affairs, Viacom, New York City
Jemar Daniel, Esq., Senior Counsel, Production Content Review, Business and Legal Affairs, Viacom, New York City
Michael L. Housley, Esq., Senior Counsel, Content Protection, Business and Legal Affairs, Viacom, New York City
Nadja Webb, Esq., Senior Vice President and Deputy General Counsel, Business and Legal Affairs, Viacom, New York City

1:55 – 2:55 pm

Current Decisions and Events Impacting IP – Recent Case Discussions and Changes Impacting Your Practice

With Past-Chairs of the IP Section, in honor of the Section's 25th Anniversary

Panel Chair: Michael I. Chakansky, Esq., Hoffmann & Baron, LLP, Parsippany, NJ

Panelists: Marc A. Lieberstein, Esq., Co-Chair of Litigation Committee, Kilpatrick Townsend & Stockton LLP, New York City
Rory J. Radding, Esq., Founding Section Chair, Co-Chair of Ethics Committee, Locke Lorde LLP, New York City
Victoria Cundiff, Esq., Co-Chair of Trade Secrets Committee, Paul Hastings Janofsky & Walker, LLP, New York City
Richard L. Ravin, Esq., Co-Chair of Internet & Technology Committee, Hartman & Winnicki, PC, Ridgewood, NJ
Paul M. Fakler, Esq., Arent Fox LLP, New York City
Kelly Slavitt, Esq., Reckitt Benckiser LLC, Parsippany, NJ



2:55 – 3:10 pm

Coffee Break – Sponsored by **D&G | DAVIS & GILBERT LLP**
ATTORNEYS AT LAW

3:10 – 4:00 pm

Intellectual Property Ethics in a Changing Landscape

Recent cases and developments in ethics with emphasis on the impact on IP practice.

Moderator: Rory J. Radding, Esq., Locke Lord LLP, New York City

Speaker: Anthony E. Davis, Esq., Hinshaw & Culbertson LLP, New York City

4:05 – 5:30 pm

Copyright Litigation: The Year In Review

Moderator: Paul M. Fakler, Esq., Arent Fox LLP, New York City

Panelists: Robert W. Clarida, Esq., Reitler Kailas & Rosenblatt LLC, New York City
Thomas Kjellberg, Esq., Cowan Liebowitz & Latman, P.C., New York City

5:45 – 7:00 pm

Offsite Cocktail Reception with Entertainment, Arts & Sports Law Section

Bill's Bar & Burger, 16 West 51st Street

Lawyer Assistance Program 800.255.0569



Q. What is LAP?

A. The Lawyer Assistance Program is a program of the New York State Bar Association established to help attorneys, judges, and law students in New York State (NYSBA members and non-members) who are affected by alcoholism, drug abuse, gambling, depression, other mental health issues, or debilitating stress.

Q. What services does LAP provide?

A. Services are **free** and include:

- Early identification of impairment
- Intervention and motivation to seek help
- Assessment, evaluation and development of an appropriate treatment plan
- Referral to community resources, self-help groups, inpatient treatment, outpatient counseling, and rehabilitation services
- Referral to a trained peer assistant – attorneys who have faced their own difficulties and volunteer to assist a struggling colleague by providing support, understanding, guidance, and good listening
- Information and consultation for those (family, firm, and judges) concerned about an attorney
- Training programs on recognizing, preventing, and dealing with addiction, stress, depression, and other mental health issues

Q. Are LAP services confidential?

A. Absolutely, this wouldn't work any other way. In fact your confidentiality is guaranteed and protected under Section 499 of the Judiciary Law. Confidentiality is the hallmark of the program and the reason it has remained viable for almost 20 years.

Judiciary Law Section 499 Lawyer Assistance Committees Chapter 327 of the Laws of 1993

Confidential information privileged. The confidential relations and communications between a member or authorized agent of a lawyer assistance committee sponsored by a state or local bar association and any person, firm or corporation communicating with such a committee, its members or authorized agents shall be deemed to be privileged on the same basis as those provided by law between attorney and client. Such privileges may be waived only by the person, firm or corporation who has furnished information to the committee.

Q. How do I access LAP services?

A. LAP services are accessed voluntarily by calling 800.255.0569 or connecting to our website www.nysba.org/lap

Q. What can I expect when I contact LAP?

A. You can expect to speak to a Lawyer Assistance professional who has extensive experience with the issues and with the lawyer population. You can expect the undivided attention you deserve to share what's on your mind and to explore options for addressing your concerns. You will receive referrals, suggestions, and support. The LAP professional will ask your permission to check in with you in the weeks following your initial call to the LAP office.

Q. Can I expect resolution of my problem?

A. The LAP instills hope through the peer assistant volunteers, many of whom have triumphed over their own significant personal problems. Also there is evidence that appropriate treatment and support is effective in most cases of mental health problems. For example, a combination of medication and therapy effectively treats depression in 85% of the cases.

Personal Inventory

Personal problems such as alcoholism, substance abuse, depression and stress affect one's ability to practice law. Take time to review the following questions and consider whether you or a colleague would benefit from the available Lawyer Assistance Program services. If you answer "yes" to any of these questions, you may need help.

1. Are my associates, clients or family saying that my behavior has changed or that I don't seem myself?
2. Is it difficult for me to maintain a routine and stay on top of responsibilities?
3. Have I experienced memory problems or an inability to concentrate?
4. Am I having difficulty managing emotions such as anger and sadness?
5. Have I missed appointments or appearances or failed to return phone calls?
Am I keeping up with correspondence?
6. Have my sleeping and eating habits changed?
7. Am I experiencing a pattern of relationship problems with significant people in my life (spouse/parent, children, partners/associates)?
8. Does my family have a history of alcoholism, substance abuse or depression?
9. Do I drink or take drugs to deal with my problems?
10. In the last few months, have I had more drinks or drugs than I intended, or felt that I should cut back or quit, but could not?
11. Is gambling making me careless of my financial responsibilities?
12. Do I feel so stressed, burned out and depressed that I have thoughts of suicide?

There Is Hope

CONTACT LAP TODAY FOR FREE CONFIDENTIAL ASSISTANCE AND SUPPORT

The sooner the better!

1.800.255.0569

NEW YORK STATE BAR ASSOCIATION

As a NYSBA member, **PLEASE BILL ME \$30 for Intellectual Property Law Section dues.** (law student rate is \$15)

I wish to become a member of the NYSBA (please see Association membership dues categories) and the Intellectual Property Law Section. **PLEASE BILL ME for both.**

I am a Section member — please consider me for appointment to committees marked.

Name _____

Address _____

City _____ State _____ Zip _____

The above address is my Home Office Both

Please supply us with an additional address.

Name _____

Address _____

City _____ State _____ Zip _____

Office phone (_____) _____

Home phone (_____) _____

Fax number (_____) _____

E-mail address _____

Date of birth _____ / _____ / _____

Law school _____

Graduation date _____

States and dates of admission to Bar: _____

JOIN OUR SECTION

2018 MEMBERSHIP DUES

Class based on first year of admission to bar of any state. Membership year runs January through December.

ACTIVE/ASSOCIATE IN-STATE ATTORNEY MEMBERSHIP

Attorneys admitted 2010 and prior	\$275
Attorneys admitted 2011-2012	185
Attorneys admitted 2013-2014	125
Attorneys admitted 2015 - 3.31.2017	60

ACTIVE/ASSOCIATE OUT-OF-STATE ATTORNEY MEMBERSHIP

Attorneys admitted 2010 and prior	\$180
Attorneys admitted 2011-2012	150
Attorneys admitted 2013-2014	120
Attorneys admitted 2015 - 3.31.2017	60

OTHER

Sustaining Member	\$400
Affiliate Member	185
Newly Admitted Member*	FREE

DEFINITIONS

Active In-State = Attorneys admitted in NYS, who work and/or reside in NYS

Associate In-State = Attorneys not admitted in NYS, who work and/or reside in NYS

Active Out-of-State = Attorneys admitted in NYS, who neither work nor reside in NYS

Associate Out-of-State = Attorneys not admitted in NYS, who neither work nor reside in NYS

Sustaining = Attorney members who voluntarily provide additional funds to further support the work of the Association

Affiliate = Person(s) holding a JD, not admitted to practice, who work for a law school or bar association

*Newly admitted = Attorneys admitted on or after April 1, 2016

Please return this application to:

MEMBER RESOURCE CENTER,

New York State Bar Association, One Elk Street, Albany NY 12207

Phone 800.582.2452/518.463.3200 • FAX 518.463.5993

E-mail mrc@nysba.org • www.nysba.org

Intellectual Property Law Section Committees

Please designate from the list below, those committees in which you wish to participate. For a list of committee chairs and their email addresses, visit the executive committee roster on our website at www.nysba.org/ipi

- ___ Advertising Law (IPS3000)
- ___ Copyright Law (IPS1100)
- ___ Cyber Security and Data Privacy (IPS3200)
- ___ Diversity Initiative (IPS2400)
- ___ Ethics (IPS2600)
- ___ In-House Initiative (IPS2900)
- ___ International Intellectual Property Law (IPS2200)
- ___ Internet and Technology Law (IPS1800)
- ___ Legislative/Amicus (IPS2300)
- ___ Litigation (IPS2500)
- ___ Membership (IPS1040)
- ___ Patent Law (IPS1300)
- ___ Pro Bono and Public Interest (IPS2700)
- ___ Trademark Law (IPS1600)
- ___ Trade Secrets (IPS1500)
- ___ Transactional Law (IPS1400)
- ___ Website Task Force (IPS3100)
- ___ Young Lawyers (IPS1700)



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Brands, Corporate Social Responsibility, and Maintaining Goodwill

Marc A. Lieberstein, Esq. (Panel Chair)
Kilpatrick Townsend & Stockton LLP, NYC

William R. Samuels, Esq.
Scarinci Hollenbeck, NYC

Jennie McCarthy, Esq.
The Donna Karan Company LLC, NYC

Anil George, Esq.
National Basketball Association, NYC

Brands and CSR

Marc A. Lieberstein, Partner, Kilpatrick Townsend

Jennie McCarthy, Sr Director of Vendor Compliance, D K N Y



BRAND PROTECTION – IP and CSR

“It takes 20 years to build a reputation and five minutes to ruin it. If you think about that you will do things differently.” Warren Buffet

Customers buy products they **value** and **trust** = **BRAND EQUITY**

CSR programs

- **manage risk** – product safety, supply chain compliance, ethics
- **build good will** – contribute to charitable efforts, promote equality, do the right thing, better the world...



Rana Plaza – Bangladesh



Lumber Liquidators



PROP 65 – Lead in lipstick

Lead in toys

SAFEGUARDS
SGS CONSUMER TESTING SERVICES

101 WALK AUSTIN, TEX

California Proposition 65 Settlements : Californian Judge gives lead the "Kiss-off"

The release of a report in 2007 titled "A Poison Kiss: The Problem of Lead in Lipstick" by the Campaign for Safe Cosmetics (CSC) as well as a court case regarding the presence of lead in lipstick have raised public concern about whether the presence of lead in lipstick violates Proposition 65.

The Attorney General, State of California, Department of Justice, concluded that the level of lead in lipstick, up to 9 ppm per milligram, does not make a reasonable claim of a Proposition 65 violation and ought not to be litigated.

The exposure data is based on the assumption of the use of lipstick of 100 milligrams per day. Comparing this to the 0.5 milligram per day "safe" level of "Maximum Allowable Dose (MAD)" from Proposition 65, it appears that a reasonable claim for harm in a day to harm would not arise until consumers used 200 mg/day.

The Attorney General advised that Lead is not readily absorbed through skin by application of lipstick.

As the leader in consumer product quality services, SGS is equipped with state-of-the-art facilities and an expert team. With their strong technology and background we offer a high level of expertise in testing, certification, technical assistance and inspection of products for the reproductive industry. Through extensive experience that we have gathered over the years, SGS simply can help.

Please do not hesitate to contact us for any further information.

Mattel shifts into crisis mode after quality problems

By LOUISE STORY AUG 28, 2007

\$2.3 M fine

EL SEGUNDO, California — The wake-up call for Mattel came just as it was preparing to announce that the company would recall 1.5 million Chinese-made toys that were tainted with lead paint.

Surrounded by boxes of Barbie dolls, Hot Wheels cars and other sample toys, Tom DeBrowski, Mattel's executive vice president for worldwide

United States CONSUMER PRODUCT SAFETY COMMISSION

Home » Recalls » Reebok Recalls Bracelet Linked to Child's Lead Poisoning Death

Reebok Recalls Bracelet Linked to Child's Lead Poisoning Death

En Español **\$1 million fine & settlement**

Note: Reebok has agreed to a settlement resolution in phone number:

FOR IMMEDIATE RELEASE Firm's Contact Number: (888) 225 2253

BRAND PROTECTION – IP and CSR

- Brand IP image and California Prop 65 labeling requirements
- <http://www.sgs.com/en/news/2016/10/safeguards-16116-new-prop-65-labeling-requirements>
- <https://www.p65warnings.ca.gov/>

One example of warning language for Prop 65

*"This product can expose you to chemicals including **[name of one or more chemicals]**, which is [are] known to the State of California to cause cancer."*

» Effective date: 08/30/2018

BRAND PROTECTION – IP and CSR

- Brand IP image and Modern Slavery Acts
 - California Transparency in Supply Chains Act of 2010 (SB 657)
 - UK Modern Slavery Act 2015 (MSA)
 - Broader scope and reporting each year
 - » Global turnover £36 Million (\$49 Million) and carries on a business in UK
 - » Approved by Board of Directors
 - » Company's structure, supply chain, due diligence processes, risk analysis, steps to manage and effectiveness, etc.

BRAND PROTECTION – IP and CSR

- In 2016, est. 40.3 Million people are in modern slavery
 - 24.9M forced labor
 - 16M private sector
 - 4.8M forced sexual exploitation
 - 4M imposed by State authorities²

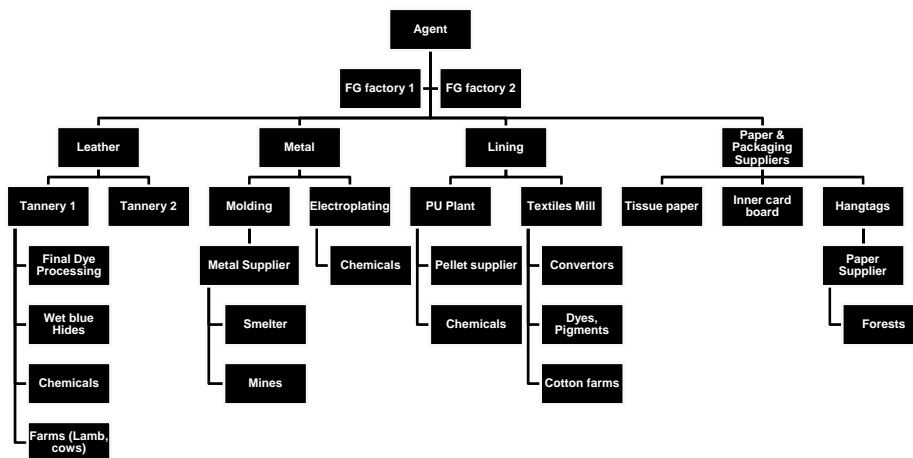


Uzbekistan ends systematic use of child labour and takes measures to end forced labour¹

- An ILO team monitoring the cotton harvest in Uzbekistan has found that child labour is no longer systematically used and that measures are being taken to end the use of forced labour.

1. http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_613562/lang-en/index.htm
 2. ILO, Global Estimates of Modern Slavery: Forced labour and Forced Marriage, Geneva Sept. 2017 http://www.ilo.org/global/publications/books/WCMS_575479/lang-en/index.htm

MAPPING THE HANDBAG SUPPLIER



SUPPLY CHAIN LEGAL RISK ANALYSIS – overview

- EU timber regulations (paper and viscose)
- EU and US conflict minerals
- Human trafficking and slavery regulations
- Uzbek cotton
- Restricted Substances in products
- Manufacturing RSLs (mRSL)
- Environmental violations
- Labor and pay issues
- Animal welfare policies
- N. Korean declarations

SUPPLY CHAIN LEGAL RISK ANALYSIS – overview

Countering America's Adversaries Through Sanctions Act³

- CBP's CF-28s request the following information from companies:
 - Do you as an importer have a due diligence program that includes examining whether supply chains are free from forced child, convict or forced labor?
 - What supply chain audits have been done to ensure that you as the importer have an ethical (socially responsible) supply chain free of forced child labor and forced labor in order to ensure compliance with 19 U.S.C. § 1307?
 - How do you as an importer identify whether or not your supply chains include goods made wholly or in part by North Korean laborers, wherever located?
 - Have you as an importer conducted internal audits, and/or hired a third party to conduct an audit, to ensure there is no forced labor or forced child labor in your supply chain? If yes, what were the dates of the audits, who conducted the audits, and what were the findings?
 - Please furnish to CBP copies of all forced labor and forced child labor supply chain audits, including findings and recommendations.

3. Countering America's Adversaries Through Sanctions Act (H.R. 3364, Pub.L. 115-44)

BRAND PROTECTION – IP and CSR

- **BRAND EQUITY** – what can you do to protect it?
 - BUILD a compliance program
 - KNOW your supply chain and assess potential risks
 - WHO makes your products?
 - » Direct, agents, licensees
 - INCLUDE contractual terms for vendors, licensees, suppliers (ideas for language -- not legal advice)

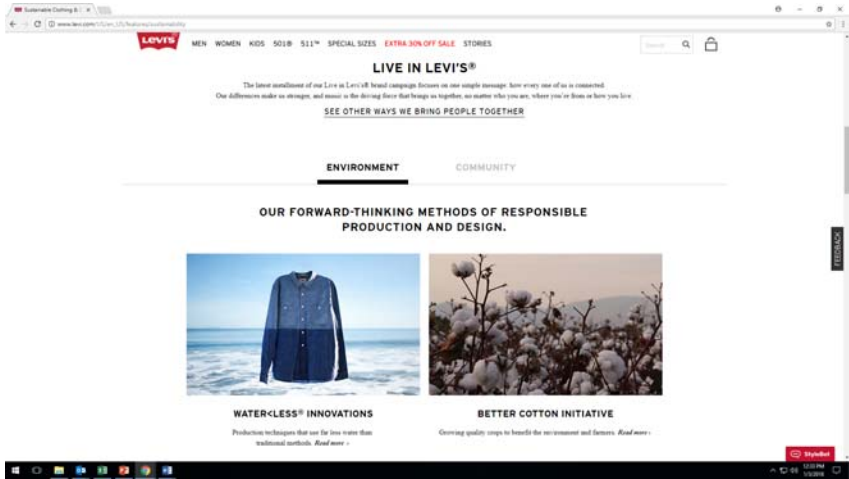
Supplier will provide Purchaser with all information required in order to fulfill Purchaser's duties to communicate and/or notify regarding substances of very high concern (SVHC) as included pursuant to REACH and products do not contain any substances banned by Proposition 65.

Supplier certifies that it and its subcontractors and suppliers, with respect to the goods and the materials incorporated into the goods, comply with the laws regarding slavery and human trafficking in the country or countries in which they conduct business.

BRAND PROTECTION – IP, CSR, and Marketing

- Charitable affiliations
- “Messages” and **MIS**-perceptions
 - Eco-friendly
 - made with clean energy
- FTC Greenwashing⁴
- Sustainability reports – What’s the spectrum?
 - Organic cotton, Better Cotton (BCI)
- Made in the USA (country of origin)

4. <https://www.ftc.gov/news-events/press-releases/2012/10/ftc-issues-revised-green-guides>



The screenshot shows the Levi's website with the following content:

- Navigation: MEN WOMEN KIDS 501® 511™ SPECIAL SIZES EXTRA 30% OFF SALE STORES
- Header: LIVE IN LEVI'S®
- Text: The latest installment of our Live in Levi's® brand campaign focuses on one simple message: how every one of us is connected. Our differences make us stronger, and music is the driving force that brings us together, no matter who you are, where you're from or how you live.
- Link: SEE OTHER WAYS WE BRING PEOPLE TOGETHER
- Section: ENVIRONMENT COMMUNITY
- Section: OUR FORWARD-THINKING METHODS OF RESPONSIBLE PRODUCTION AND DESIGN.
- Image 1: A blue denim shirt hanging over a body of water.
- Section: WATER<LESS> INNOVATIONS
 - Text: Producing techniques that use far less water than traditional methods. [Read more >](#)
- Image 2: Cotton plants in a field.
- Section: BETTER COTTON INITIATIVE
 - Text: Growing quality crops to benefit the environment and farmers. [Read more >](#)

At the bottom of the page, there is a logo for DKNY KILPATRICK TOWNSEND and the number 13.

BRAND PROTECTION – IP, CSR, and Marketing

Made in the USA (country of origin)

– Federal

- must meet the "*all or virtually all*" standard⁵

– State of California

- Article/parts from outside the US are not more than 5% of the final wholesale value⁶
- Article/parts from outside the US (that can not be obtained in US) are not more than 10% of the final wholesale value⁶

5. <https://www.ftc.gov/system/files/documents/plain-language/bus03-complying-made-usa-standard.pdf>

6. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=2015201605B633


BRAND PROTECTION – IP, CSR, and Marketing


- **BRAND EQUITY** – what can you do to protect it?
 - BUILD Guidelines
 - EDUCATE your teams and business partners
 - INCLUDE contractual terms for vendors, licensees, suppliers (ideas for language -- not legal advice)

Suppliers for the Company shall not make any environmental claims or use any social or environmental certifications, symbols or logos on products unless the claim is accurate and the supplier has original documentation available to validate the claim, statement, symbol or use of logo. Suppliers shall not use or make any such claims unless the claim, statement, symbol, or logo has been approved in advance and in writing by the Company's legal department.

NEXT PHASE of IP and CSR – start then continue to evolve

- Continued social and environmental regulations
 - Australia Modern Slavery Act
 - France's reporting law
 - EU's Environmental Directive, UK's ESOS
- Leading corporations leading sustainability efforts
- Lagging behind competitors based on consumer perceptions
- Wall Street is starting to look...
 - ESG Green bonds
 - More detailed surveys

BloombergTechnology 



Apple Issues a Second Green Bond to Finance Clean Energy

By **Alex Webb**
 June 13, 2017 7:50 AM EDT
 Updated on June 13, 2017 9:59 AM EDT
 From **Climate Changed**

- iPhone maker selling debt for projects fighting climate change
- Part of company's plan to make operations 100% renewable

CONTRIBUTING FACTORS TO BRAND WORTH

It's not just sales...

- Goodwill/Brand equity
 - Corporate and Social Responsibility
- Agreements (licenses, JVs, etc.)
- Brand/Product Line Extensions
- Distribution Channels
- Intellectual Property and Other Assets



THE FACTS ABOUT BRANDING and CSR

A 2014 study titled [The Nielsen Global Survey of Corporate Social Responsibility](#) examined more than 30,000 consumers in 60 countries worldwide to better understand the impact of CSR on behavior. Of the over 30,000 global consumers surveyed:

- 67% prefer to work for socially responsible companies
- 55% will pay extra for products and services from companies committed to positive social and environmental impact
- 52% made at least one purchase in the past six months from one or more socially responsible companies
- 52% check product packaging to ensure sustainable impact
- 49% volunteer and/or donate to organizations engaged in social and environmental programs

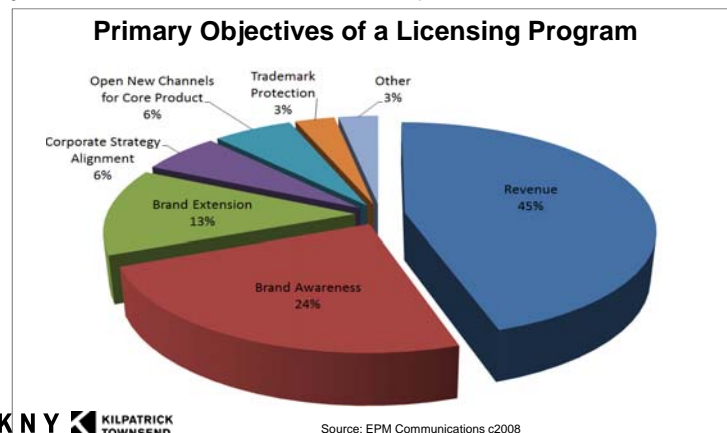


LICENSING PROGRAM OBJECTIVES

- Royalty Income
- Increase Brand Awareness
- Support Core Product
- Protect the Trademark
- Domain Names and Internet enforcement
- Expansion, e.g., new products, services; develop new brands.

LICENSING PROGRAM: primary objectives

- Royalty Revenue is not the primary licensing objective for 55% of the companies.



THINGS FOR BRANDS CONDUCTING CSR to CONSIDER

- Trademarks – who owns what – register – monitor
- Consider Royalty – do you want one – need one?
- Consider Scope – narrow market – do not want to harm other channels – maybe license locally
- Quality Control – crucial to brand image – crucial to those receiving products/services
- Compliance – Local Laws – Industry Regulations – Supply Chain – Labor – Materials
- Audit/Inspection
- Ability to terminate/transfer
- Indemnity?

IMPORTANT FACTORS IN CO-BRANDING

- **CO-BRANDING:** Agreement to market a good or service under more than one trademark
- Use of the mark
 - What exactly is the mark that will be used?
 - How will it be used?
 - Who may use it?
 - Where may it be used?
 - Who will monitor the use?
 - Who will own?
 - Who will enforce?

MORAL: assess and adapt



DKNY KILPATRICK TOWNSEND

Superfluous SWEDOW



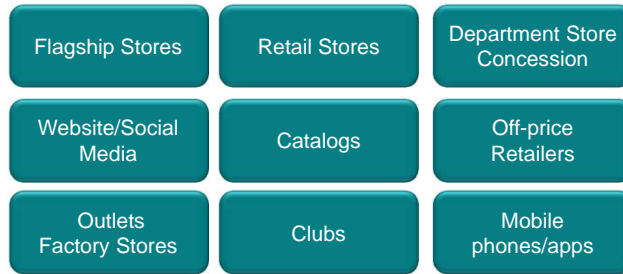
STRATEGIC PARTNER SELECTION

- Choosing the Right Licensee
 - Local market presence or reputation
 - Stable and effective distribution network
 - Safe and efficient manufacturing capacity
- Working with a Licensing Agency
 - Strong reputation
 - Strong connection to licensing community
 - Quality of agency’s relationships

STRUCTURING THE LICENSE AGREEMENT

	Licensor	Licensee
Pre-License Considerations	<ul style="list-style-type: none"> • Protection of the brand/IP • Expansion of the brand/IP • Royalty structure; Minimum Guarantees 	<ul style="list-style-type: none"> • Full and clear warranties and representations • Delayed financial commitment • Royalty structure; Low Minimum Guarantees
The Grant Considerations	<ul style="list-style-type: none"> • Define the trademark/IP narrowly • Non-exclusive rights • Define the products/services • Retention of rights • Maximize revenue stream; minimums and guarantees • Limit Renewal Rights 	<ul style="list-style-type: none"> • Define the trademark/IP broadly • Exclusive rights • Retain goodwill for investment • Maximize profit; minimize guarantees • Expanded Renewal Rights; Right of First Refusal/First Negotiation
Territory	<ul style="list-style-type: none"> • Narrow • Internet usage • Social media/mobile applications 	<ul style="list-style-type: none"> • Broad • Geographic options
Approval Process	<ul style="list-style-type: none"> • Everything must be submitted for approval • Silence is not approval 	<ul style="list-style-type: none"> • Reduce time for approval process; reduce interference
Quality Assurance, Controls, and Monitoring	<ul style="list-style-type: none"> • Strict quality control • Supervision • Narrow testing guidelines • Broad audit rights • Third party mfg. Control 	<ul style="list-style-type: none"> • Self-regulation • Less supervision • More leeway in testing, manufacturing, packaging, advertising • Recycling fees
Termination Rights	<ul style="list-style-type: none"> • Licensor terminate at will • Right to damages for breach, including guaranteed revenue • Choice of law, jurisdiction, and venue • Arbitration/mediation clauses 	<ul style="list-style-type: none"> • Licensee has right to terminate • Choice of law, jurisdiction, and venue for dispute resolution • Right to litigate

DISTRIBUTION CHANNELS



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Bar Admissions
Connecticut (1992)
New York (1993)
Colorado (2005)

Court Admissions
U.S. Court of Appeals for the Federal Circuit (1995)
U.S. Court of Appeals for the Second Circuit (2000)
U.S. District Court for the Eastern District of New York (1992)
U.S. District Court for the Southern District of New York (1992)
U.S. Supreme Court (2005)

Marc's practice focuses on intellectual property licensing and franchising in the retail/consumer goods and services areas, fashion/apparel and accessories, and commercial/industrial design, including the drafting, negotiation and enforcement of license and franchise documents and agreements, as well as implementation of branding and commercialization objectives for clients via licensing and franchising. In conjunction with the services above, he counsels clients on creating effective strategies for procuring, protecting and enforcing their global intellectual property assets. Marc also provides intellectual property litigation services involving patents, trademarks and copyrights, including related e-commerce, domain name, trade secret and unfair competition. He has also participated in and used alternative dispute resolution forums such as arbitration and mediation to enforce intellectual property rights. Marc frequently lectures and writes on intellectual property issues for a variety of intellectual property organizations and publications, including International Trademark Association (INTA), New York State Bar Association (NYSBA) Intellectual Property Section, American Bar Association Forum on Franchising, Wharton Business Law Association at the University of Pennsylvania, New York University, Association of the Bar of the City of New York Fashion Law Committee, Licensing Industry Merchandisers' Association (LIMA), National Law Journal, IP Strategist and The New York Law Journal, Practical Law, The Licensing Journal.

Marc is listed in the 2016 and the five years immediately preceding editions of World Trademark Review 1000 – The World's Leading Trademark Professionals. He was recognized as a New York "Super Lawyer" in Intellectual Property by Super Lawyers magazine in 2016 and the six years immediately preceding, and, for the last six years, he was named a Top 100 New York Metro "Super Lawyer" in Intellectual Property. He has been recognized as an "IP Star" in 2016 and the three years immediately preceding by Managing Intellectual Property magazine. Marc was also recommended by Legal 500 US in 2015 and 2016 for Copyright. In 2013, he received the Lexology Client Choice Guide - International 2013 Award and is the sole winner in the Intellectual Property: Copyright category for New York. He was also listed in the 2012 and the four years immediately preceding editions of Chambers USA: America's Leading Lawyers for Business for Intellectual Property: Trademark & Copyright. Chambers noted that Marc has "tremendous business savvy and is tenacious in his work ethic," according to his clients (2012).

Representative clients/brands include: JOE FRESH, THE MEN'S WEARHOUSE, BILLY REID, JOSEPH ABBOUD, MOMOFUKU GROUP, RIVER STREET SWEETS-SAVANNAH'S CANDY KITCHEN, PATTY MADDEN, Georgia-Pacific, Cree, Spectrum Brands, and UPS.



Jennie McCarthy, Sr. Director, Vendor Compliance
Donna Karan Company, LLC

Jennie M. McCarthy, Esq. is the Sr. Director of Vendor Compliance at DKNY/G-III. Her expertise includes corporate social responsibility, environmental matters, restricted substances, regulatory compliance, supply chain sustainability and product compliance. Prior to DKNY she worked at PVH/Calvin Klein in the Global Human Rights Department and was a founding member of CapSquires LLC where she practiced family, zoning, and criminal law. She is a former elected official in Massachusetts where she chaired the Zoning Board and was a member of the Board of Health. Prior to her legal career, she worked in strategic advertising and marketing at Digitas and Hill/Holliday. Jennie is licensed in Massachusetts, New York and the Federal bar and attended Denison University, Harvard University, and New England Law.



Thank You



SCARINCI | HOLLENBECK
ATTORNEYS AT LAW

New York | New Jersey | Washington, D.C.

Corporate Social Responsibility, Goodwill & Corporate Value



Presented by:
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Partner

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Trademarks & Good Will

- Trademarks have *dual* roles:
 - Protect consumers from deception
 - Protect trademark as property
- The law promotes economic efficiency:
 - Encourage production of quality products
 - Reduce purchasing costs
- TM only gives the right to prevent use to protect good will to the extent against the sale of another's products as his.
 - McCarthy § 2:15

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Good Will

- "the advantage or benefit...beyond the mere value of the capital, stock, funds, or property employed therein, in consequence of the general public patronage and encouragement which it receives from constant or habitual customers, on account of its local position, or common celebrity, or reputation..."
 - Newark Morning Ledger Co. v. United States, 507 U.S. 546, 555, 113 S. Ct. 1670, 1675 (1993), Citing Metropolitan Bank v. St. Louis Dispatch Co., 149 U.S. 436, 446, 13 S. Ct. 944, 948, 37 L. Ed. 799, 802, 1893 U.S. LEXIS 2314, *18; quoting J. Story, Partnerships § 99 (1841).

Trademarks & Good Will

- Goodwill is an intangible asset that represents the extra value ascribed to a company by virtue of its brand and reputation.
 - The Economist, p. 70, January 24, 2009,
 - <http://www.economist.com/node/12992559#print>
- A lot of discussion regarding brand and what brands are: embodiments of good will.
 - Brand Is All About VALUE
 - McCarthy §2:15

Good Will & Value

- Good will is characterized as the “going concern” value of the business
 - McCarthy §2:19, 24 F. Supp. 222 (N.D. Cal. 1938)
- “Going concern” value:
 - “...**includes** the liquidation value of a company's tangible assets as well as **the present value of its intangible assets (such as goodwill)...and is the main reason why the purchase price of a company tends to be higher than the current value of the assets of the company.**”

- Going-Concern Value, https://www.investopedia.com/terms/g/going_concern_value.asp#ixzz53GifXZM6; See also, Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th Edition

Good Will & Value Cont'd

- Brand value increases 8% to \$3.6 trillion, led by tech in year of disruptive change
 - http://brandz.com/admin/uploads/files/BZ_Global_2017_Report.pdf
- Consumers say brand, not price, is most important buying factor
- Brand Embodies Purpose:

Corporate Social Responsibility

CSR: Corporate Social Responsibility

- A commitment to improve community well-being through discretionary business practices and contributions of corporate resources.

Value & Corporate Social Responsibility: Good Will

- Brands with a purpose outperform others
- Trademarks, unlike patents and copyrights, have no existence independent of the good will of the products and services.
 - McCarthy §2:20

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Corporate Social Responsibility:
Market Identity



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New York | New Jersey | Washington, D.C.

Rise of the B Corp

- B Corps meet the highest standards of verified social and environmental performance, public transparency, and legal accountability, and aspire to use the power of markets to solve social and environmental problems.
 - <https://www.bcorporation.net/>
- Best **in** *FOR* the world

3 Park Avenue, 15th Floor, New York, NY 10016 Phone: 212-286-0747 Fax: 212-808-4155 www.sh-law.com

Good Will, Value & CSR

- Survey asked people how they perceived the “world value” of 149 well-known organizations
 - <https://www.fastcompany.com/3060207/the-brands-that-do-the-most-and-least-good-for-the-world-ranked-by-consumers>
- The 2017 World ValueSM index

1. Goodwill	11. Home Depot	21. McDonald's	31. General Electric	41. eBay
2. Girl Scouts of the USA	12. Kellogg's	22. Newman's Own	32. LAY'S	42. Ben & Jerry's
3. Amazon	13. Walmart	23. Disney	33. Coca-Cola	43. Intel
4. Save The Children	14. Colgate	24. Samsung	34. Whole Foods	44. Panera
5. Google	15. Kraft	25. Nestlé	35. Target	45. Pepsi
6. World Wildlife Fund	16. Johnson & Johnson	26. Wikipedia	36. Apple	46. Hewlett-Packard
7. YMCA	17. Lowe's	27. CVS Pharmacy	37. AAA	47. Trader Joe's
8. Microsoft	18. UPS	28. Lipton	38. Yoplait	48. Ford
9. Dove	19. PayPal	29. Proctor & Gamble	39. Facebook	49. Petfinder
10. Subway	20. FedEx	30. Sony	40. NIKE	50. TOMS

Valuation of Good Will

- An accounting consideration:
 - Price premium customers will pay
 - Cost to recreate the mark and good will
 - Capitalizing the good will profits:
 - Estimation of past profits attributable to good will and an estimation of the time such profits would continue into the future. Kimball Laundry, 338 U.S. 1 (1949)
 - See McCarthy §2:23, etc.
 - (Average Gross Revenue over 3 Years - Operating expenses) x 10 = Y; Y(.5) = Good Will

Patagonia: CSR in Practice

- Maintains that its environmental preservation efforts give it standing to sue re: National Parks matters
- CEO emphasized that Patagonia is a benefit corporation and its articles of incorporation mandate that it confronts environmental threats.
 - Corporate Social Responsibility: <http://www.patagonia.com/corporate-responsibility.html>
 - Company as Activist: <http://www.patagonia.com/the-activist-company.html>

Web Analytics and Social Media Data in Intellectual Property

Francesca B. Silverman, Esq.(Moderator)

Senior Counsel Intellectual Property, Mastercard, NYC

David Haas, CLP

Stout Risius Ross, LLC, Chicago, IL



Social Media and Web Analytics in the Trademark World

NYSBA IP Section Annual Meeting
January 23, 2018



Presenters



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MANAGING DIRECTOR
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David A. Haas is a Managing Director in Stout's Dispute Consulting Group and the Leader of the Chicago Intellectual Property Practice. Mr. Haas has served as an expert witness in a variety of litigation matters, including intellectual property disputes and commercial contract disputes. He has offered opinions in Federal District Court and in arbitrations on issues including lost profits, reasonable royalties, unjust enrichment, price erosion, prejudgment interest, and other compensation topics, including determination of incremental costs, market share, and manufacturing and marketing capacity. Mr. Haas was selected as one of the IAM Patent 1000 top patent damages experts in the U.S. in 2014, 2015, 2016, and 2017.

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Francesca Silverman is Senior Counsel, Intellectual Property at Mastercard. Francesca is responsible for all aspects of Mastercard's global trademark and copyright portfolio, including strategic planning, clearance, prosecution, enforcement, and licensing. She advises business teams on IP-related issues concerning brand development and protection, marketing, technology, advertising, sponsorships, and commercial transactions. Francesca also has extensive experience in structuring, drafting and negotiating licensing and other commercial agreements related to intellectual property rights. Prior to her position at Mastercard, Francesca was an attorney in the Intellectual Property Department of Kramer Levin Naftalls & Frankel LLP. Francesca received her B.A., *cum laude*, from Columbia University, and her J.D. from Harvard Law School.

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Background



- Traditional use of trademarks
- Evolution of the Internet
 - Changes in commercial norms
 - Challenges to legal principles
- Rise of social media and alternative communications tools

3

Role of Social Media / Web Analytics re: Trademarks



- Litigation
- Secondary meaning
- Proving common law rights
- Enforcement (cease and desist)

4

Litigation – Lanham Act



15 U.S.C. § 1125

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which...

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person...

5

Using Social Media/Website Analytics to Establish Likelihood of Confusion



Types of Evidence

- Consumer reviews (Amazon, Yelp, Google, other)
- Web search strings
- AdWord purchases

6

Secondary Meaning



1. Advertising expenditures
2. Consumer studies linking the mark to a source
3. Unsolicited media coverage of the product
4. Sales success
5. Attempts to plagiarize the mark
6. Length and exclusivity of the mark's use

Centaur Commc'ns, Ltd. V. A/S/M Commc'ns, Inc., 830 F.2d 1217, 1222 (2d Cir. 1985)

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Secondary Meaning – Potential Evidence



- Consumer reviews (Amazon, Yelp, Google, other)
- Web advertising expenditures/click-thru data
- Number of unique web visitors relative to size of relevant market
- Social media contacts
 - Followers
 - Tweets/retweets
 - Likes

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Extent of Use – Measurement of Impressions



- Website visits
- Web advertising displays/click-thru data
- Social media contacts
 - Followers
 - Tweets/retweets
 - Likes

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Extent of Use – Measurement of Impressions



- Website visits
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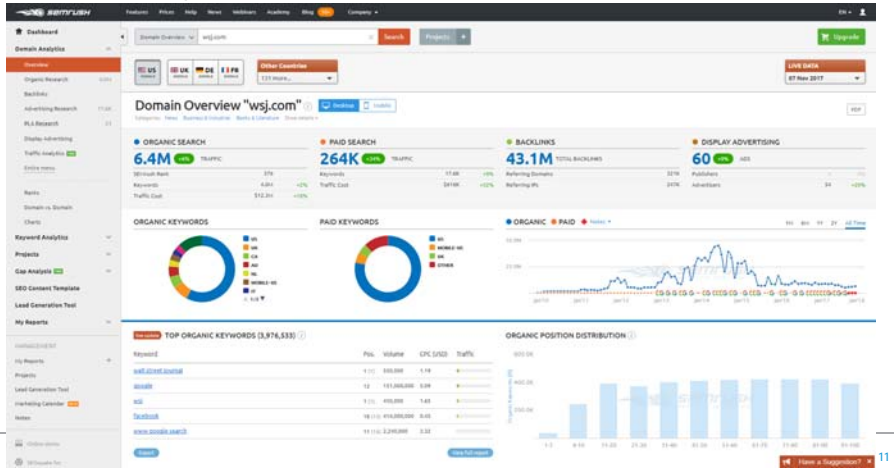
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Extent of Use – Measurement of Impressions



SEMrush

- View Google search analytics
- View total organic and paid website views through search, estimated Google Ad spend, search term counts
- Website: <https://www.semrush.com/>

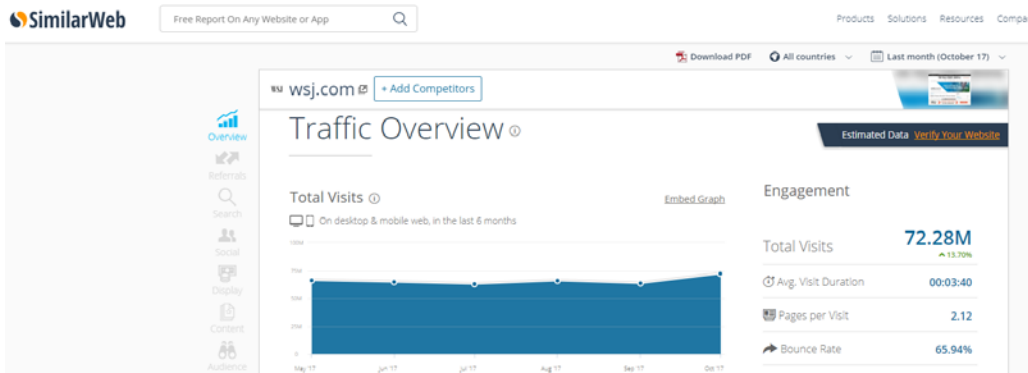


Extent of Use – Measurement of Impressions



SimilarWeb – Website Rankings

- View website rankings and analytics
- View total website visits, duration, pages per visit, bounce rate, among other features by geography
- Website: <https://www.similarweb.com/>

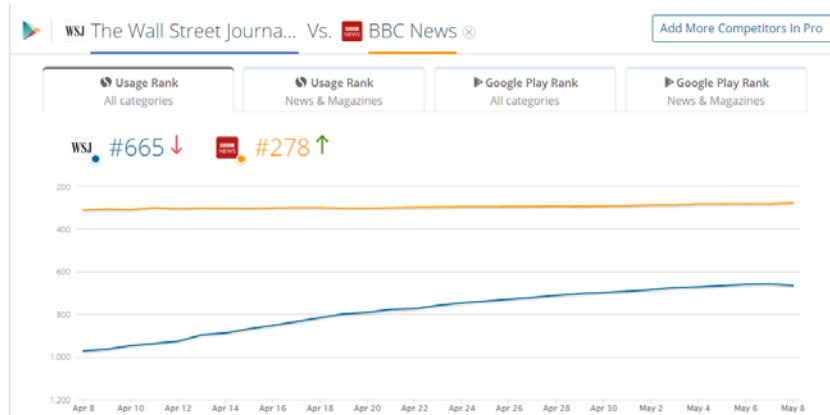


Extent of Use – Measurement of Impressions



SimilarWeb – Application Rankings

- View app rankings and analytics against competitor apps
- View timeline of app ranking by usage or downloads, compare metrics against competing apps, among other features



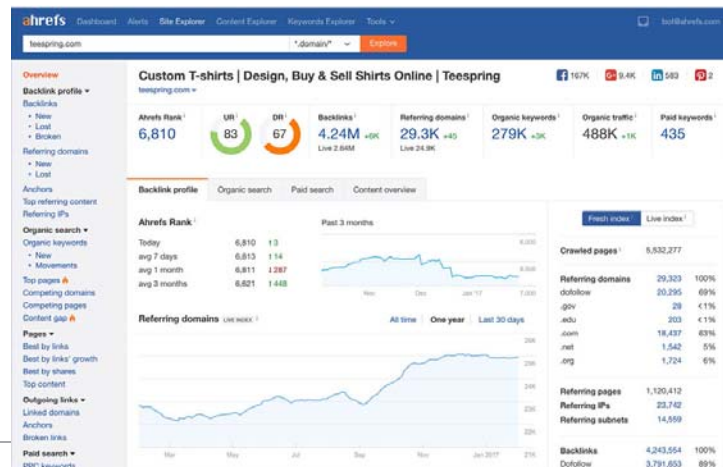
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Extent of Use – Measurement of Impressions



Ahrefs

- View website search analytics
- View website search term information, with a tool that allows for a side-by-side comparison of different websites' search term rankings, page visits, and social media metrics
- Website: <https://ahrefs.com/>



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Extent of Use – Measurement of Impressions



Google Analytics

- Tracks and reports website traffic (available to domain owners)
- Measure advertising ROI and track Flash, video, and social networking sites and applications
- Website: <https://analytics.google.com/>

Google Analytics Solutions

Analytics Tag Manager Optimize Data Studio Surveys Attribution Audience Center Analytics 360 Suite



Turn insights
into action.

Get stronger results across all your sites, apps, and offline channels. Google Analytics Solutions offer marketing analytics products for businesses of all sizes to better understand your customers.

15

Extent of Use – Measurement of Impressions



- Website visits
- Web advertising displays/click-thru data
- Social media contacts
 - Followers
 - Tweets/retweets
 - Likes

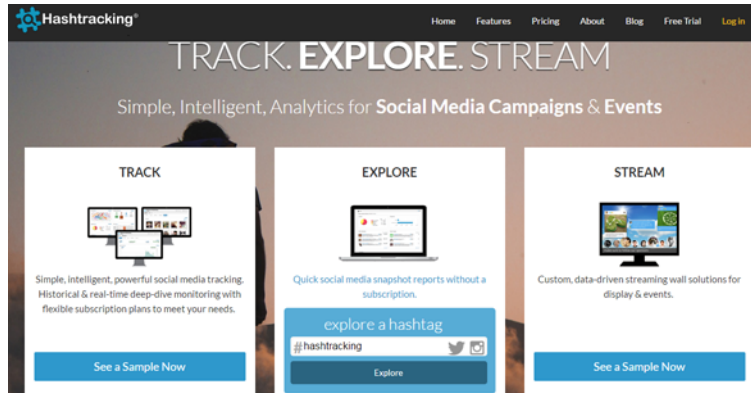
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Extent of Use – Measurement of Impressions



Hashtracking

- View hashtag analytics (Example: #SuperBowl2018)
- View total number of tweets, timeline deliveries, number of contributors, and reach for a hashtag
- Website: <https://www.hashtracking.com/>



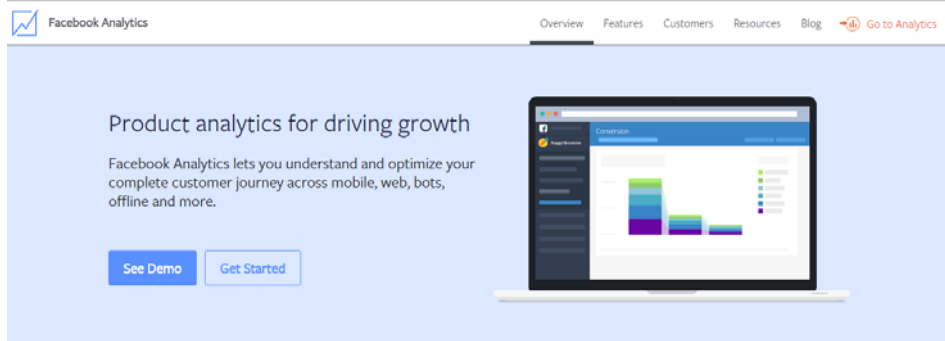
17

Extent of Use – Measurement of Impressions



Facebook Analytics

- View Facebook customer demographics and data (available to page owner)
- Build funnel, revenue, and retention reports to analyze performance and deep dive into specific audiences with precise segmentation tools
- Website: <https://analytics.facebook.com/>



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Extent of Use – Measurement of Impressions



Twitter Analytics for Business

- View metrics for number of times Twitter users have seen, Retweeted, liked, and replied to a tweet (available to Twitter page owner)
- Track follower growth over time and learn about followers' interests and demographics
- Website: <https://business.twitter.com/en/analytics.html>

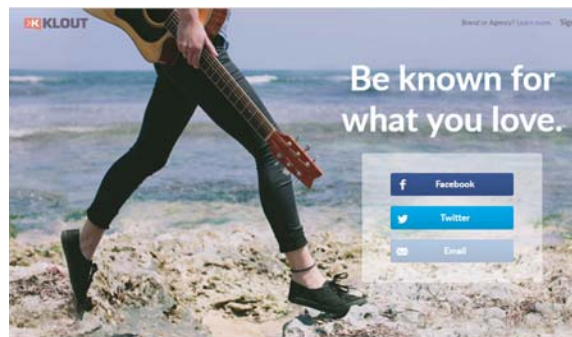
19

Extent of Use – Measurement of Impressions



Klout

- Measure social media influence across multiple social networks using proprietary algorithm – “Klout Score”
- Klout score can only be used by linking personal or company Facebook, Twitter, Instagram, LinkedIn, and other accounts website
- Website: <https://klout.com/home>



The best way to have an impact online is to create and share great content.
Klout helps you do exactly that.

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Other Types of Impressions



- TV/radio/magazine ads
- Billboard views
- Physical location visits
- Correspondence (direct mail, customer communications)
- Event sponsorship

Other Types of Impressions

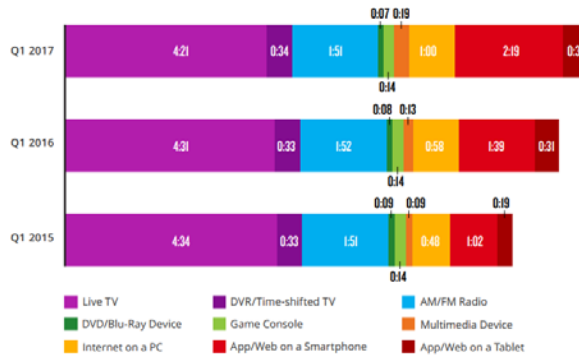


Television and Audio

- Nielsen Total Audience quarterly reports accessible online
- Contain information on reach of television and radio advertisements by demographic, number of hours spent exposed to different mediums of media, and many of other exposure metrics
- <http://www.nielsen.com/us/>

AVERAGE TIME SPENT PER ADULT 18+ PER DAY

EXHIBIT 1 - BASED ON THE TOTAL U.S. POPULATION



Other Types of Impressions



Billboard Views

- Measure views through Daily Effective Circulation (DEC), which represents the number of vehicles that pass by the billboard (also includes the number of pedestrians)
- Example analysis from Pelican Outdoor Advertising:

Location	
Cars Per Day	131,860
Effective Lighting	0.95
Effective Circulation	125,267
Number of Passengers	1.38
Total DEC per Billboard	172,868
Number of Billboard Faces	2
DEC per Billboard Face	86,434

- Various companies can perform a similar calculation, such as Capitol Outdoor (<http://www.capitoloutdoor.com/about-us/contact-us/>)

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Other Types of Impressions



Direct Mail Marketing Measurement

- Companies such as PFL have a paid services to implement and measure success of direct mail marketing campaigns
 - <https://www.pfl.com/Measuring-Success-of-Direct-Mail-Marketing.html>
 - Measurements from direct mail marketing include:

Example of high-level lifecycle analysis

Program	Channel	Total Members	Received Direct Mail	Registered	Lifecycle Influence	Success %
DM MQL Drivers	Direct Mail	5,728	5,054	179	495	11.8%
DM TradeShow Gifts	Direct Mail	1,081	1,054	15	12	2.5%
DM Cooking Kit Giveaway	Direct Mail	3,803	3,500	128	175	8.0%
DM Holiday Gifts	Direct Mail	11,573	10,786	539	248	6.8%
DM Top Accounts	Direct Mail	586	500	54	32	14.7%
Total		22,771	20,894	915	962	8.2%

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Overall Follower Metrics



Summary of Follower Reach – Wall Street Journal

Social Media Platform	Number of Followers
Twitter	15.4 million
Facebook	5.9 million
Instagram	1.0 million
LinkedIn	3.4 million

*Data as of January 9, 2018

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Asserting Common Law Rights



- Market penetration analysis historically based on geography
 - Volume of sales
 - Growth trends in the area
 - Number of persons purchasing relative to potential number of customers
 - Amount of product advertising in the area
- In *Natural Footwear Ltd. v. Hart, Schaffner & Marx*, 760 F.2d 1383 (3rd Cir. 1985), de minimis market penetration found
 - Gross annual sales below \$5,000
 - Total of less than 50 annual customers

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Asserting Common Law Rights (cont.)



- In the age of the internet, is geography still a good yardstick for measuring market penetration? If so:
 - Sales by state
 - Web traffic by state
- If not, many measures of market penetration are not geography-constrained:
 - Customer reviews
 - Web searches
 - AdWords

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Practical Social Media Trademark Management Tips



- Monitoring social media for use of your marks
- Enforcement actions and potential repercussions
- Protection of hashtags
- Treating brand protection as a marketing activity

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Monitoring Social Media for Infringement



- Social media: new avenues for brand engagement and infringement
- Infringement investigations should always include social media platforms
- Potential engagement of companies that provide sophisticated monitoring of unlawful uses of your trademark, logo, and even copyrighted works.

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To Enforce or Not to Enforce: Potential Backlash



- Use analytic tools to assess the impressions and scope of impact of infringement
- Weigh considerations of free speech v. actual infringement
- Potential of online publication of enforcement letters
- Special considerations for fan accounts
- Importance of being mindful of potential social media backlash (example: Red Bull v. Old Ox Brewery)



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Red Bull v. Old Ox Brewery



Hey Red Bull –

You seem pretty cool. You sponsor snowboarders, adventure racers, rock climbers and motocross bikers. You launch people into space so that they can skydive back down to earth. That's all really darn cool. For all I know, you're reading this while strapping yourself into a Formula One racecar that is about to be lit on fire and jumped over a large chasm of some sort. How cool would that be? Feel free to give it a try.

Here's the thing, though. You are being extremely uncool to us at Old Ox Brewery. We are a small startup brewery in Ashburn, Virginia. We're family-run, we love beer, and we love our community. For reasons that we cannot understand, you have attempted to strong arm us into changing our identity for the last 10 months because you believe folks might mistake Old Ox beer for Red Bull energy drinks. We respectfully disagree. The only similarity between our two products is that they are both liquids. You make non-alcoholic (but very extreme) energy drinks. We make delicious (but laid-back) beer. Our consumers are looking for two distinctly different experiences from our respective products.

Basically you are holding us hostage with a list of demands that, if agreed to, would severely limit our ability to use our brand. Demands like, never use the color red, silver or blue; never use red with any bovine term or image; and never produce soft drinks. Do you own the color red? What about fuchsia, scarlet, crimson, or mauve? Are you planting your flag in the color wheel and claiming those shades for Red Bull? Do you claim exclusive rights to all things bovine? Do you plan to herd all heifers, cows, yaks, buffalo, bison, and steer into your intellectual property corral, too?

When we refused to succumb to your demands, you responded by filing a formal opposition to not just our trademark but to the very name Old Ox Brewery. Way to step on our American dream. You say you are protecting your intellectual property rights, but your claim, in our opinion, is Red B-----t.

We can only interpret your actions as one thing—bullying. You are a big Red Bully. Just like that mean kid from grade school pushing everyone down on the playground and giving us post-gym class wedgies. You are giving us one hell of a corporate wedgie. We don't appreciate it and we sure as hell don't deserve it.

Is this really what you're about? Are you a bully? Your extensive marketing campaigns (your glitzy advertising, your sponsored sports events, your death defying stunt shows, etc.) certainly don't project that image. Take a hard look at your "case." Can you honestly look at our brand and say, "this is a threat to my image?" We don't think you can. Given that, we repeat our offer: We agree NEVER to produce energy drinks. In exchange, we are asking for one simple thing: Leave us alone. Drop this trademark dispute. The only people benefiting are the lawyers.

Sincerely and Uninfringingly Yours,

Chris Burns
President – Old Ox Brewery

31

Hashtags: Using Social Media to Strengthen Your Brand

- USPTO: a term containing the hash symbol or the term “hashtag” may be registered as a trademark, but “only if it functions as an identifier of the source of the applicant’s goods or services.” See TMEP §1202.18.
- Examples of registered hashtags:
 - #HowDoYouKFC for restaurant services (owned by KFC)
 - #BLAMEMUCUS for pharmaceutical preparations (owned by Mucinex)
 - #EVERYDAYMADEWELL for retail stores and conducting contests (owned by Madewell)

32

Hashtags: Using Social Media to Strengthen Your Brand



33

Hashtags: Using Social Media to Strengthen Your Brand

- Examples of refused hashtag marks:
 - HASHTAG SKATE for skateboards and skateboard products (descriptiveness refusal)
 - #PINUPGIRLCLOTHING for shopping site and retail stores featuring women's vintage inspired clothing, etc. (specimen showed mark being used as social media data tag).



SOCIAL MEDIA:
#PINUPGIRLCLOTHING
#PINUPGIRLSTYLE

34

Brand Protection as an Extension of Marketing



- Social media landscape necessitates a more creative and innovative approach to brand protection
- Examples:
 - Mars "Spokescandies"
 - Netflix/Stranger Things
 - TGI Fridays
 - Bud Light/Dilly Dilly

Netflix Enforcement Letter

NETFLIX

August 23, 2017

Emporium Arcade Bar
% Danny and Doug Marks
2363 N. Milwaukee Ave
Chicago, IL 60647

Via email 

Danny and Doug,

My walkie talkie is busted so I had to write this note instead. I heard you launched a *Stranger Things* pop-up bar at your Logan Square location. Look, I don't want you to think I'm a total wastoid, and I love how much you guys love the show. (Just wait until you see Season 2!) But unless I'm living in the Upside Down, I don't think we did a deal with you for this pop-up. You're obviously creative types, so I'm sure you can appreciate that it's important to us to have a say in how our fans encounter the worlds we build.

We're not going to go full Dr. Brenner on you, but we ask that you please (1) not extend the pop-up beyond its 6 week run ending in September, and (2) reach out to us for permission if you plan to do something like this again. Let me know as soon as possible that you agree to these requests.

We love our fans more than anything, but you should know that the demogorgon is not always as forgiving. So please don't make us call your mom.

Thanks,


Director/Senior Counsel - Content & Brand IP



October 24, 2017

Direct Dial: [REDACTED]
E-mail: [REDACTED]

VIA COURIER
COPY VIA EMAIL TO [REDACTED]

16th on Center Chicago
1035 N. Western Ave.
Chicago, IL 60622
ATTN: Bruce Finkelman, Managing Partner

Re: Moneygun's TGI Fridays Halloween Event

Dear Bruce:

As the trademark counsel at TGI Fridays, I wanted to reach out regarding Moneygun's plan to dress up as TGI Fridays for Halloween.

It's certainly a rite of passage to dress up as your personal hero for Halloween. After all – TGI Fridays is renowned for being the country's first singles bar and has been credited for creating loaded potato skins and popularizing the Long Island Iced Tea. (You're welcome, by the way.)

Fortunately, we have a number of things you can take off our hands to party like it's always Friday. Please see enclosed gift.

All is yours to keep...we don't need it anymore.

Unfortunately (for you – not us), trademark law requires us to protect our brands and to take action against any use that might cause confusion or diminish the value of our trademarks. I'm concerned that your event – featuring "TGI" branding, our logo, a variation of our IN HERE, IT'S ALWAYS FRIDAY slogan, and so on – would cross that line.

As such, we must ask that you avoid using TGI Fridays' trademarks, logos, and other property in your event.

Seriously. Don't. Thanks. Happy Halloween.


[REDACTED]
Senior Attorney

19111 Dallas Parkway, Suite 165, Dallas, TX 75287

The Interplay Between Litigation and Post Grant Trials at the PTO and Update on PTAB Practice

Michael I. Chakansky, Esq. (Moderator)

Hoffmann & Baron, LLP, Parsippany, NJ

Erin M. Dunston

Biotechnology Group Chair, Buchanan Ingersoll & Rooney,
Washington, D.C.

Christina Schwarz, Esq.

Fitzpatrick, Cella, Harper & Scinto, NYC

Brian Murphy, Esq.

Fitzpatrick, Cella, Harper & Scinto, NYC

Update on PTAB Practice and the Interplay Between District Court Litigation and Post-Grant Trials at the PTO

***New York State Bar Association
Annual Meeting 2018 – IP Section***

Erin M. Dunston and Christina Schwarz

January 23, 2018

**Buchanan
Ingersoll
Rooney PC**

www.bipc.com

Fitzpatrick 

www.fchs.com

Topics:



The basics – types of proceedings and highlights



Eye-opening statistics



Cases to Watch

Types of Proceedings

Inter Partes Reviews (“IPRs”)

Post-Grant Reviews (“PGRs”)

Covered Business Method Reviews

Derivation Proceedings

Interferences

3

Eligibility and Bases

IPRs

- All patents eligible
- Only 102 and 103 based on patents and printed publications

PGRs

- Only first-inventor-to-file patents are eligible
- 101, 102, 103, 112 (except best mode)
- Note, having or ever having had at least one AIA claim renders the patent eligible for a PGR

CBMs

- All patents eligible; must be covered business method patent
- 101, 102, 103, 112 (except best mode and 102(e))
- Petitioner must be sued or charged with infringement

4

Timing

IPRs

- **FTI:** After grant or reissue
- **FITF:** *later of:*
(a) 9 months after issuance or re-issuance; or
(b) termination of any PGR on the patent

PGRs

- Within 9 months of issuance or re-issuance

CBMs

- **FTI:** After grant or reissue
- **FITF:** *later of:*
(a) 9 months after issuance or re-issuance; or
(b) termination of any PGR on the patent

5

Caveats

IPRs

- Cannot have challenged the validity of the patent in a civil action
- Must be filed within one year of service of any complaint for patent infringement

PGRs

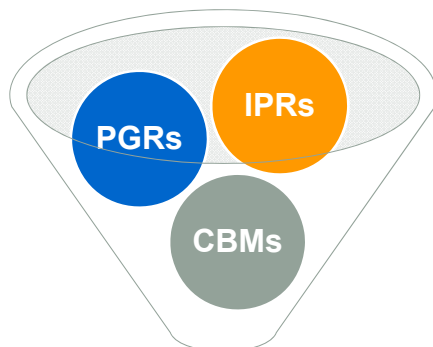
- Cannot have challenged the validity of the patent in a civil action

CBMs

- Must be sued or charged with infringement

6

Petitioner Identity



All real parties in interest
MUST be identified

7

Estoppel

IPRs

- Raised or reasonably could have raised

PGRs

- Raised or reasonably could have raised

CBMs

- Office: raised or reasonably could have raised
- Court: raised

8

Federal Circuit on Estoppel

- The Federal Circuit has indicated that estoppel does not apply for grounds of challenge that are presented in a petition but **not** instituted.
- Thus, estoppel does not apply if institution is denied for all challenges, or institution is denied for only some of the challenges under the “redundancy doctrine.”
 - *Shaw Indus. Grp. v. Automated Creel Sys.*, 817 F.3d 1293, 1296 (Fed. Cir. 2016).

9

Post-Grant Proceedings

Threshold Standards for Institution

IPR

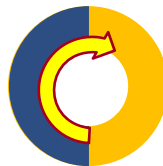
Petition must demonstrate a **reasonable likelihood** that petitioner would prevail as to at least one of the claims challenged

PGR/CBM

Petition must demonstrate that it is **more likely than not** that at least one of the claims challenged is unpatentable



IPR:
May encompass a
50/50
chance



PGR/CBM:
Greater than
50%
chance

10

Burdens of Proof on Invalidity



PTAB

Preponderance of the Evidence
(Lighter Burden)

District Court/ITC

Clear and Convincing
(Heavier Burden)

11

Fees and Petition Word Limits

□ IPRs:

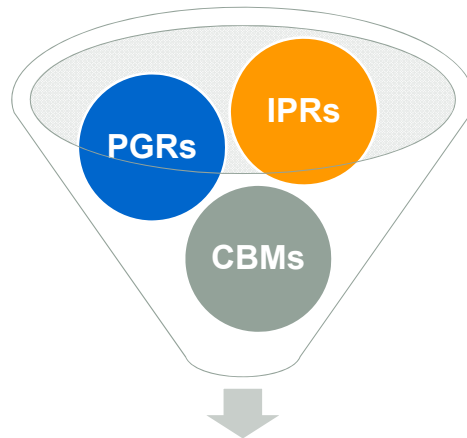
- \$15,500 Petition fee for up to 20 claims
(each additional claim \$300)
- \$15,000 Post-Institution fee for up to 15 claims [paid at filing]
(each additional claim \$600) (refundable)
- 14,000 words, double-spaced, 14-point Times New Roman font
(claim charts may be single-spaced)

□ PGRs and CBMs:

- \$16,000 Petition fee for up to 20 claims
(each additional claim \$375)
- \$22,000 Post-Institution fee for up to 15 claims [paid at filing]
(each additional claim \$825) (refundable)
- 18,700 words, double-spaced, 14-point Times New Roman font
(claims charts may be single-spaced)

12

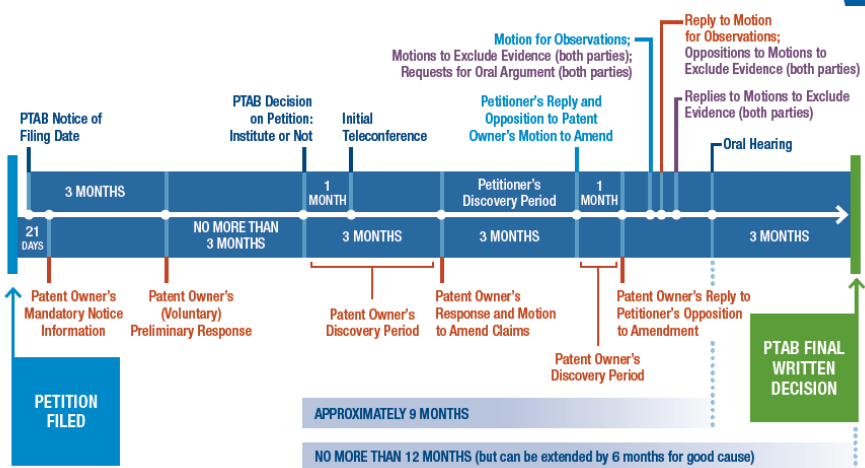
Claim Construction



Broadest Reasonable Construction
 (limited *Phillips*-type exception for patents expiring within 18 months)

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Timing



14

Common Elements

- File open to the public, but can move to have document(s) kept under seal and protective orders can be entered
- AIA authorizes the PTO to set standards and procedures for taking discovery
 - Parties can agree to discovery
 - Mandatory initial disclosures
 - Routine discovery
 - Documents cited, cross-examination for submitted testimony, information inconsistent with positions advanced during the proceeding
 - Additional discovery
 - IPR: in the interests of justice
 - PGR: lower, good cause standard

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Common Elements

- **Sanctions**
 - Facts held to be established
 - Expunging a paper
 - Excluding evidence
 - Precluding a party from obtaining or opposing discovery
 - Compensatory expenses, including attorneys fees
 - Judgment or dismissal of Petition

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Common Elements

- **Settlement**

- Terminates the proceeding with respect to the Petitioner; the Board may terminate with respect to the Patentee [Board can step into the Petitioner's shoes]
- Board may terminate the proceeding or issue a final written decision

- **Final Decision**

- Will address the patentability of any claim challenged and any new claim added
- Appeal to the Federal Circuit

- **Requests for Rehearing**

- Within 14 days for non-final decision or decision to institute a trial; within 30 days of final decision or decision to *not* institute a trial

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Be Aware:

- Patent Owner's Clock Is Ticking

- **Within 21 days of service of the Petition**, need to file the mandatory notice (real party in interest, related matters, lead and backup counsel, service information) and powers of attorney

- The Board may step into the shoes of the Petitioner

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Discovery and Protective Orders

Protective Order

- Default or custom?

Discovery

- Specificity > General Request
- Cannot be overly burdensome
- Is there another way to get the information?

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Discovery and Protective Orders

Discovery

- 5-Factor General Test*
 - (1) More than a possibility and mere allegation must exist that something useful might be found
 - (2) Is the request merely seeking early identification of opponent's litigation position?
 - (3) Can party requesting discovery generate the information?
 - (4) Interrogatories must be clear
 - (5) Are the requests overly burdensome to answer?

* *Garmin v. Cuozzo*, IPR2012-00001 (Paper No. 26)
(precedential)

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Disclaimer and Amending Claims

Disclaimer

- Standard disclaimer. See *Facebook, Inc. v. Skky, LLC*, CBM2016-00091, Paper 12 (P.T.A.B. Sept. 28, 2017).

Amending Claims

- First amendment authorized, but the rules require a pre-filing conference with the Board
 - “During an *inter partes* review . . . the patent owner may file 1 motion to amend the patent in 1 or more of the following ways: (A) Cancel any challenged patent claim. (B) For each challenged claim, propose a reasonable number of substitute claims.” 35 U.S.C. § 316(d)(1)
 - “A patent owner may file one motion to amend a patent, but only after conferring with the Board.” 37 C.F.R. § 42.121(a)

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Disclaimer and Amending Claims

Amending Claims

- Generally, one-for-one substitution
- Must narrow scope
- Need to show patentable distinction
- Clearly state contingency of substitution
- Must be responsive to at least one ground of unpatentability involved in the trial. 37 C.F.R. §§ 42.121(a)(2), 42.221(a)(2).
- Additional motions to amend may be permitted to materially advance settlement or for good cause shown. See 35 U.S.C. § 316(d)(2), 37 C.F.R. § 42.121(c)

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Amending Claims – Lessons Learned

- **AIA trial is not a patent examination**
 - Board does not conduct a prior art search or enter rejections
 - If granted, the substitute claim is issued without any Office search or examination
 - No amendment of right, Patent Owner must move to amend
 - Federal Circuit recently held that Petitioner (challenger) has the burden to demonstrate unpatentability of amended claims. *Aqua Prods., Inc. v. Matal*, 2017 WL 439000 (Oct. 4, 2017).

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Amending Claims – Lessons Learned

- **The Board takes up a motion to amend only if the original claim is cancelled or found unpatentable**
 - No gloss of patentability transfers from the original claim to the substitute claim
 - Patent owner has initial burden to show that claims are patentable over instituted grounds of challenge, prior art of record in proceeding, and prior art known to patent owner.

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Amending Claims – Motions to Amend

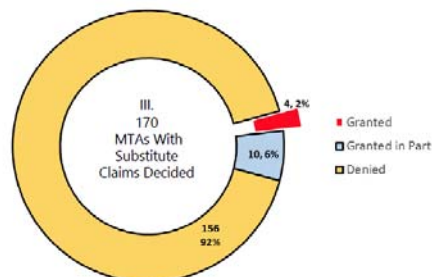
- **A Motion to amend is only 25 pages**
 - An inventory of each individual prior art reference is not likely practical
- **Provide substantive reasons why the proposed claim is narrower and valid over at least one or more grounds asserted in the Petition**
 - Focus on *why* adding the feature to the original claim would not have been obvious
 - Support that narrative with an expert declaration, citation to textbooks, or evidence of conventional practices relevant to the added feature

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Amending Claims – Motions to Amend

Graph III: Disposition of Motions to Amend

How Many Motions to Amend Substituting Claims Are Granted?



Data current as of: 9/30/2017

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Amending Claims – Motions to Amend

Table I: Reason for Denial of Motions to Amend

	Reason for Denying Entry	# of Motions	% of Motions
§102/103	Anticipated or Obvious Over Art of Record	67	40%
§102/103/ 112/316	Multiple Statutory Reasons *All included at least 102, 103, and/or 112 as a reason for denial	39	23%
§101	Non-Statutory Subject Matter	12	7%
§112	Written Description	10	6%
§112	Enablement	3	2%
§112	Definiteness	1	1%
§316	Claims Enlarge Scope of Patent	9	5%
§316	Unreasonable Number of Substitute Claims	3	2%
	Procedural Reasons	22	13%
	Total Motions to Amend Denied (in whole or in part)	166	100%

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Depositions, Exhibits, Demonstratives

- Generally, 7 hours per declaration**
 - Agree with opposing counsel to format and timing
- Exhibit numbering**
 - Common among multiple proceedings
- Demonstratives**
 - No new evidence; no new arguments

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Stays and Timing

- **Whether to stay the infringement litigation is a fact-intensive inquiry**
 - Inform the district court if a Petition has been filed or there is an intent to file
 - District court will likely want to know
 - Whether all asserted claims are involved
 - Whether all codefendants have joined or will join the PTAB proceedings and, if not, whether they at least agree to be estopped
 - Whether the parties agree that a stay of the district court proceeding is in the interests of both parties

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Derivation Proceedings

- Derivation proceedings remain
 - Previously a subset of interference proceedings
- Owner of patent **A** (later filing date) may have relief against owner of patent **B**
 - If both **A** and **B** claim the same invention;
 - If the invention claimed in **B** was derived from the inventor of the invention claimed in **A**; and
 - If action filed within 1 year of issue of **B**
- District Court/Federal Circuit appeals
- Effective for applications containing a claim with an effective filing date *18 months* after enactment, *i.e.*, on or after March 16, 2013

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Derivation Proceedings

- WHO CAN INITIATE?
 - Inventor/Applicant
- QUALIFICATION?
 - Any patent having a claim with an *effective filing date* on or after March 16, 2013
 - Note, interference proceedings will still apply to patents having a claim with an effective filing date prior to March 16, 2013
- TIMING?
 - Within 1 year of publication of a claim to the derived invention
- GROUNDS FOR FILING?
 - Inventor of an earlier-filed application derived the claimed invention from petitioner (inventor of the later-filed application)
 - Declaration and supporting evidence are required

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Derivation Proceedings

- PETITION REQUIREMENTS
 - Petitioner must provide substantial evidence to support the allegations that the inventor named in an earlier application derived the claimed invention and must show:
 - (1) the petitioner's invention is the same or substantially the same and is not patentably distinct from the earlier applicant's invention;
 - (2) the invention was derived from the inventor on the petitioner's application;
 - (3) the earlier application was filed without the inventor's authorization; and
 - (4) the construction of the petitioner's claims accurately reflects the true invention.

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Derivation Proceedings

- PTO BRANCH
 - Patent Trial and Appeal Board (PTAB)
- IDENTIFICATION OF REAL PARTY IN INTEREST
 - All Real Parties in Interest must be identified
- PTO FILING FEES
 - \$400
- APPEALS COURT
 - District Court/Federal Circuit
- SETTLEMENT
 - Yes

33

Interferences

- Prior to AIA, the U.S. was the only country to value who *invented* first, as opposed to who filed first
- Priority = First to invent
 - Generally, first party to reduce the invention to practice
 - But, can be earlier date of conception and later date of reduction to practice *if* coupled with reasonably diligent effort to reduce the invention to practice from just before the other party's date of conception until the reduction to practice
 - Party that is both first to conceive and first to reduce to practice is the "first to invent" and other party's diligence is irrelevant
 - Diligence only matters when a party is first to conceive and second to reduce to practice
- Mini-trial ["on paper"]/*inter partes* proceeding before the Board
- Federal Rules of Evidence generally apply
- Limited discovery

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Interferences

- The Board *shall* decide priority . . . *may* decide patentability
- Two Primary Phases
 - Motions phase
 - Motions on various patentability issues
 - Priority phase
 - Who invented first?
 - Do you have sufficient proof?
- Interferences are *not* dead yet!



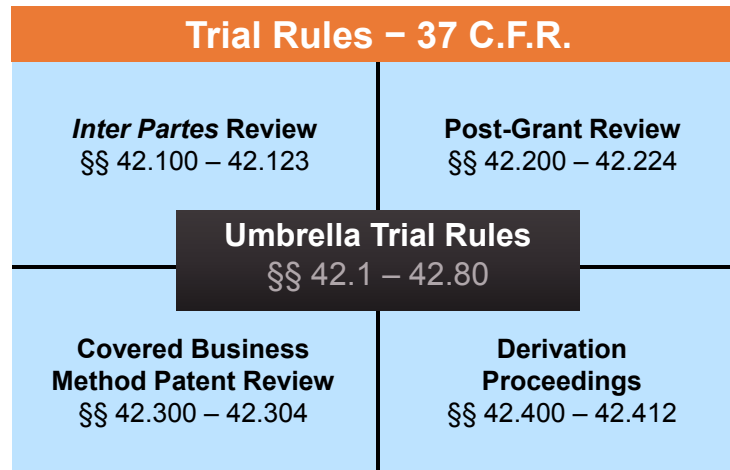
35

Interferences

- Interferences Remain Relevant
 - 35 U.S.C. §§ 102(g), 135 and 291 Apply
 - To each claim of an application or patent
 - IF
 - Such application or patent contains or contained at *any* time:
 - A claim to an invention having an effective filing date prior to March 16, 2013
 - OR
 - A reference under 120, 121 or 365(c) to any patent or application that contains or contained at *any* time such a claim
- Be aware of 35 U.S.C. § 135(b)
 - One-year deadline to copy issued and published claims

36

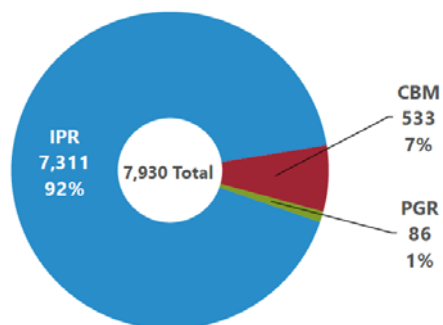
Post-Grant Proceedings



37

Eye-Opening Statistics – PTAB

Petitions by Trial Type (All Time: 9/16/12 to 12/31/17)



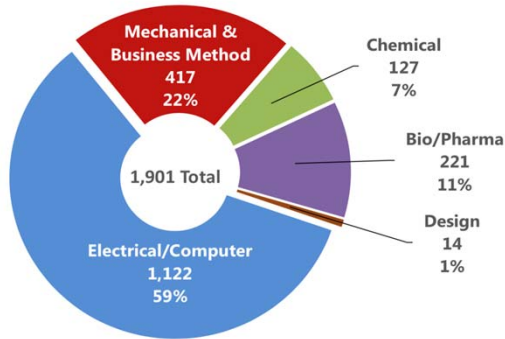
Trial types include Inter Partes Review (IPR), Post Grant Review (PGR), and Covered Business Method (CBM).

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38

Eye-Opening Statistics – PTAB

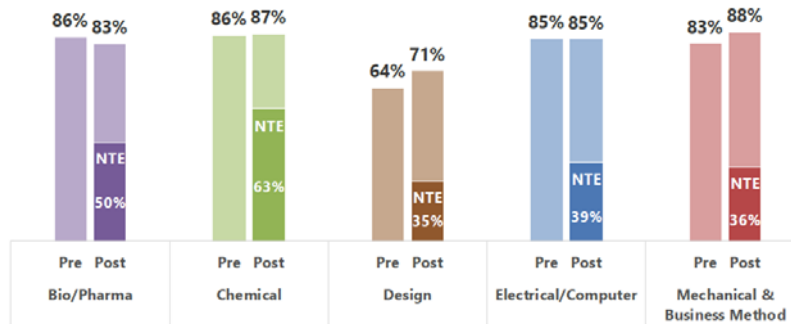
Petitions Filed by Technology in FY17 (FY17: 10/1/16 to 9/30/17)



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Eye-Opening Statistics – PTAB

Preliminary Response Filing Rates Pre- and Post-Rule To Allow New Testimonial Evidence (NTE) (All Time: 9/16/12 to 12/31/17)



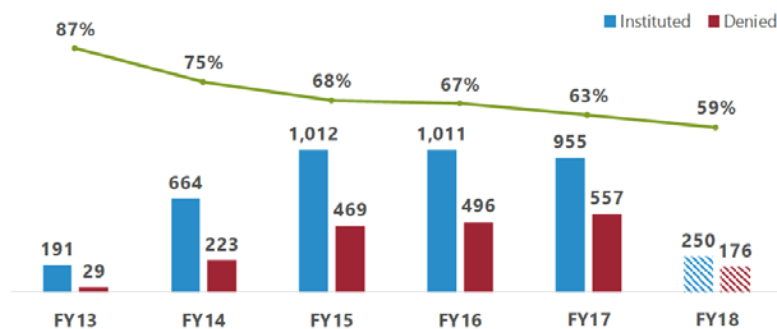
The rule to allow new testimonial evidence was effective May 2, 2016.

uspto

Eye-Opening Statistics – PTAB

Institution Rates

(FY13 to FY18: 10/1/12 to 12/31/17)



Institution rate for each fiscal year is calculated by dividing petitions instituted by decisions on institution (i.e., petitions instituted plus petitions denied). The outcomes of decisions on institution responsive to requests for rehearing are excluded.

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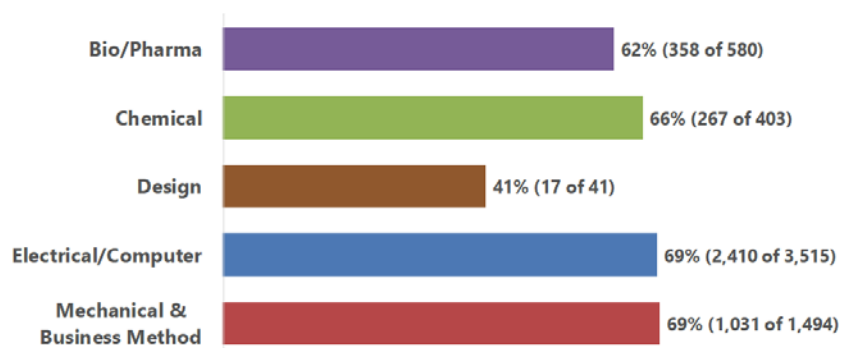
7

41

Eye-Opening Statistics – PTAB

Institution Rates by Technology

(All Time: 9/16/12 to 12/31/17)



Institution rate for each technology is calculated by dividing petitions instituted by decisions on institution (i.e., petitions instituted plus petitions denied). The outcomes of decisions on institution responsive to requests for rehearing are excluded.

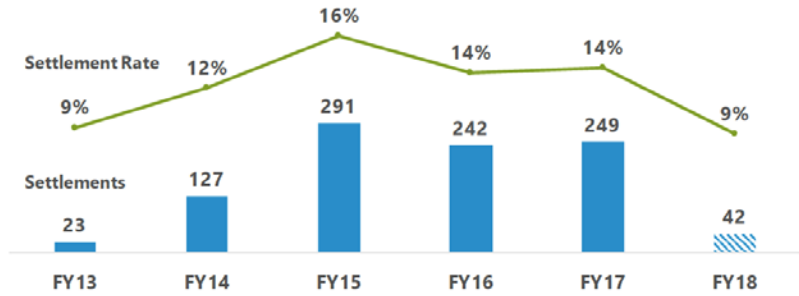
uspto

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42

Eye-Opening Statistics – PTAB

Pre-Institution Settlements (FY13 to FY18: 10/1/12 to 12/31/17)

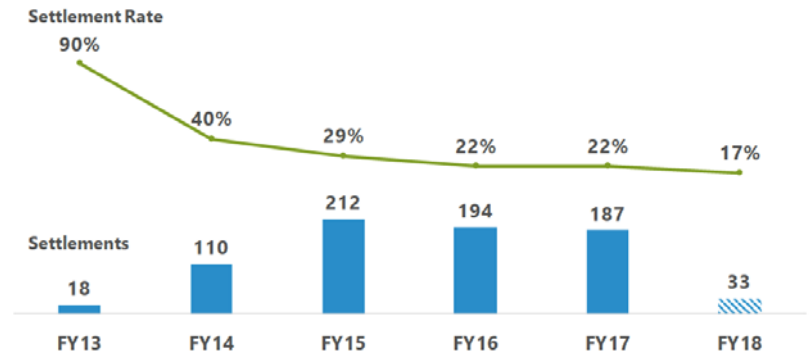


Settlement rate for each year is calculated by dividing pre-institution settlements by the sum of proceedings instituted, denied institution, dismissed, terminated with a request for adverse judgment, and settled before decision on institution.



Eye-Opening Statistics – PTAB

Post-Institution Settlements (FY13 to FY18: 10/1/12 to 12/31/17)



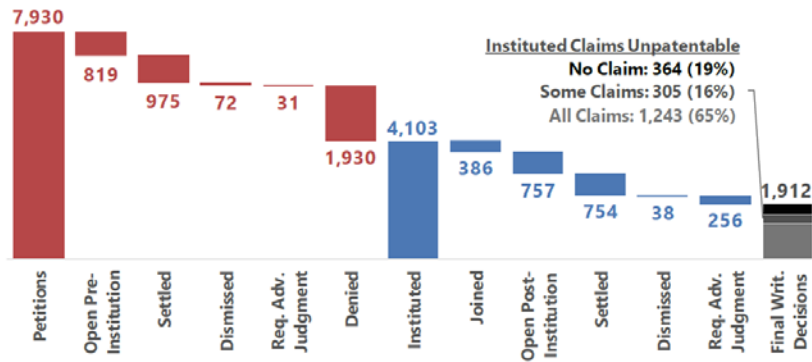
Settlement rate for each year is calculated by dividing post-institution settlements by proceedings terminated post-institution (i.e., settled, dismissed, terminated with a request for adverse judgment, and final written decision), excluding joined cases.



Eye-Opening Statistics – PTAB

Status of Petitions

(All Time: 9/16/12 to 12/31/17)



These figures reflect the latest status of each petition. The outcomes of decisions on institution responsive to requests for rehearing are incorporated. Once joined to a base case, a petition remains in the Joined category regardless of subsequent outcomes.

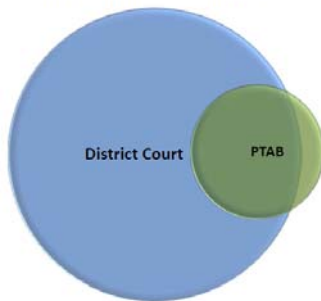


11

45

Interplay with District Court Litigation

Jurisdiction of Patent Challenge



- Approximately 85% of IPRs in Fiscal Year 2017 have a co-pending district court case
- Less than a fifth of district court cases involve patents that are challenged in an IPR

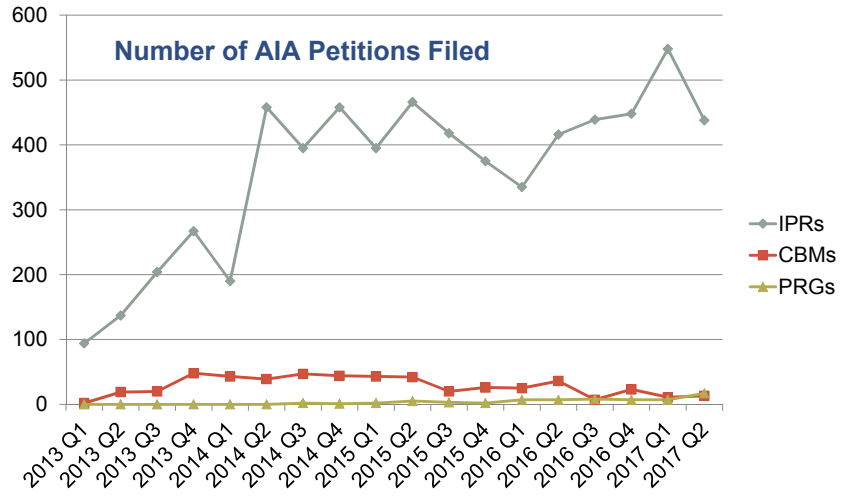


Data sourced from Lex Machina PTAB Report 2017

10

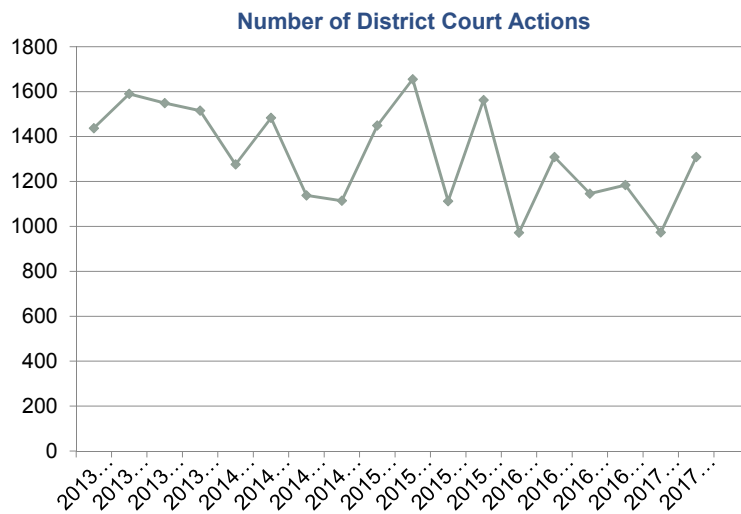
46

Eye-Opening Statistics – PTAB



47

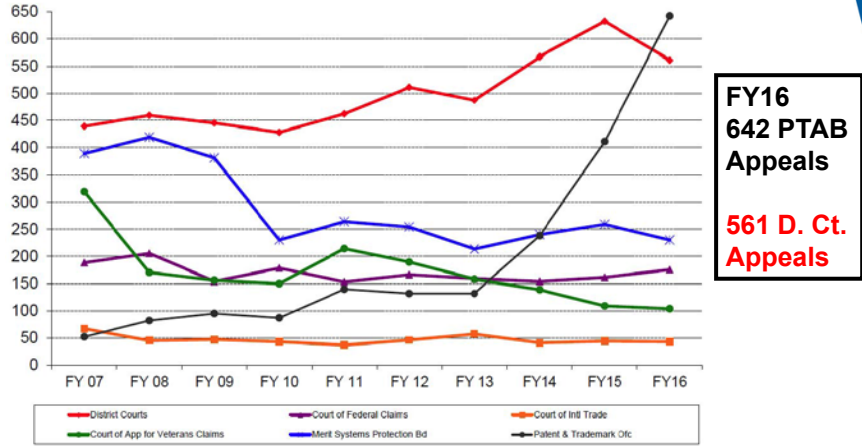
Eye-Opening Statistics – PTAB



48

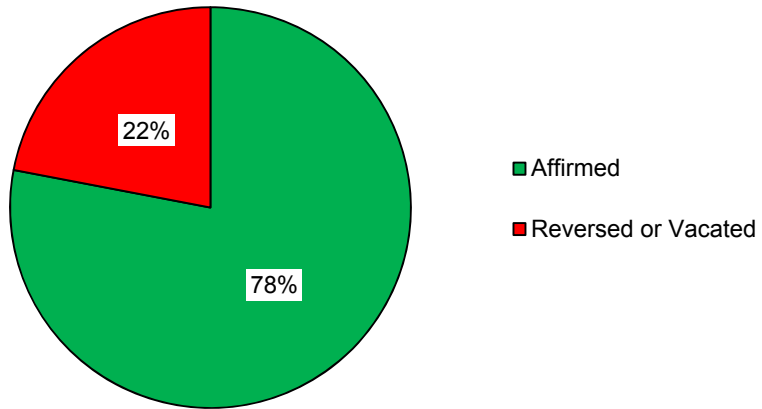
Eye-Opening Statistics – CAFC

Origin of Appeals



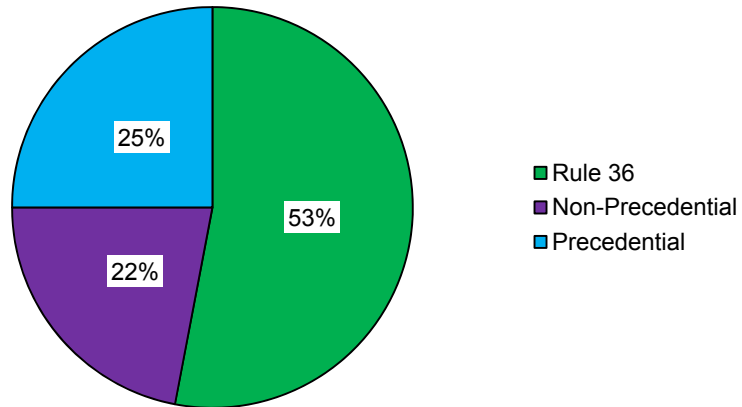
Eye-Opening Statistics – CAFC

CAFC IPR Decisions



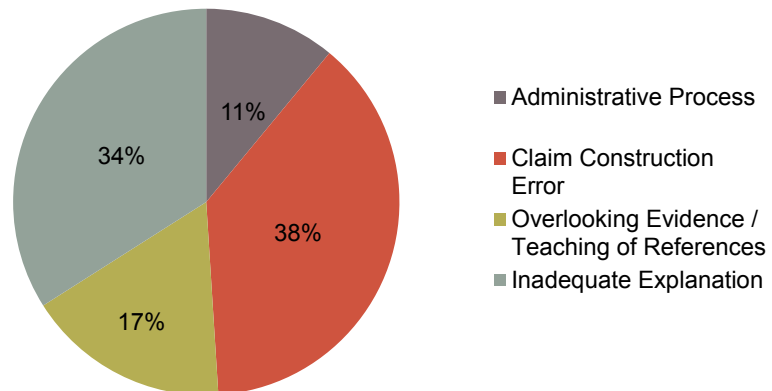
Eye-Opening Statistics – CAFC

CAFC IPR Opinion Type



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Reasons for Reversal/Vacatur of IPR Decisions



52

Eye-Opening Statistics – CAFC

- Remands from the Federal Circuit
 - Average time from CAFC mandate to final written decision: 5.9 months
 - Outcome: 9 final written decisions issued after remand so far
 - Same outcome on remand (67%)
 - Opposite outcome on remand (22%)
 - Mixed result (11%)

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Cases to Watch

***Oil States Energy Servs., LLC v. Greene’s Energy Group, LLC*, 639 Fed. App’x 639 (Fed. Cir. 2016), cert. granted, 137 S. Ct. 2239 (2017) (Case No. 16-712)**

- *Certiorari* granted from a Rule 36 affirmance for a single question:
 - Whether *inter partes* review – an adversarial process used by the Patent and Trademark Office (PTO) to analyze the validity of existing patents – violates the Constitution by extinguishing private property rights through a non-Article III forum without a jury

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Cases to Watch

Oil States (continued)

- Affirmance will leave post-grant practice as currently structured
- Reversal and a determination of unconstitutionality will require a legislative fix, *e.g.*, making PTAB judgment appealable to the district court as a civil action with the right to a jury trial

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Cases to Watch

SAS Inst., Inc. v. Lee, 825 F.3d 1341 (Fed. Cir. 2016), cert. granted, 137 S. Ct. 2160 (2017)

Addresses the question whether the PTAB, once it has instituted an IPR, can consider less than all of the bases of invalidity raised in the petition

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Rights, Camera, Action: Intellectual Property Issues Associated with Documentaries and Biopics

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RIGHTS, CAMERA, ACTION: INTELLECTUAL PROPERTY ISSUES ASSOCIATED WITH DOCUMENTARIES AND BIOPICS

Panelists:

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Nadja Webb, Esq., Senior Vice President and Deputy General Counsel, Viacom
Michael L. Housley, Esq., Senior Counsel, Content Protection, Viacom
Ashley Brown, Director, Standards & Practices BET, Viacom

NYSBA IP Section Annual Meeting
January 23, 2018

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Biopic/Docudrama vs. Documentary

Definitions:

- **Docudrama** (also docu-drama, drama-documentary, drama-doc or docu-fiction) - A type of drama (usually a film, television show, or play) that combines elements of documentary and drama. It may consist entirely of actors performing recreations of documented events, or, in the case of film and television docudramas, may combine that with contemporaneous footage of the events themselves.
 - **Biopic** - A biographical movie (a work would fall in this category, depending on how much was created for storytelling purposes)

- **Documentary** –is a film or television program, based on written, oral, or photographic record of actual events or facts, or individuals of note. Although not fictionalized, a documentary may contain parts constructed from folklore or history, and/or may include dramatization to highlight specific events or personalities.

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Legal Checklist:

- Defamation
- Right of Publicity
- False Endorsement/Advertising (Lanham Act)
- False Light (Invasion Of Privacy)
- Disclosure of Private Facts (Invasion Of Privacy)
- Copyrights/Trademarks
- Licensing
- Talent Concerns
- Content Protection

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Mitigating Risk – Biopic/Docudrama

- Disclaimers
 - **Example:** *“The motion picture is a dramatization of the real events that inspired it. Some scenes and characters have been added or changed.”*
- Composite Characters and Groups
 - Joe LaMotta **“Raging Bull”**- composite of real Joe LaMotta and Jake La Motta's best friend, Pete Petrella.
 - Alan Isaacman **“The People vs. Larry Flynt”** - composite of the lawyer representing Flynt and the legal assistants Flynt had employed.
 - Stillwater **“Almost Famous”** - composite of bands and musicians who Cameron Crowe met while working at Rolling Stone. It is said to be likely that guitarist Russell Hammond is based on Gregg Allman of the Allman Brothers, who Crowe went on tour with in 1973.

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Compelling Content: The Gift and the Curse

Compelling content drives audience engagement

- ***New Edition Story Viewership:***

- 29 million premiere week viewers.
- #1 Most Social TV Program for three consecutive days with 6 million social media interactions.

But, compelling content also drives piracy

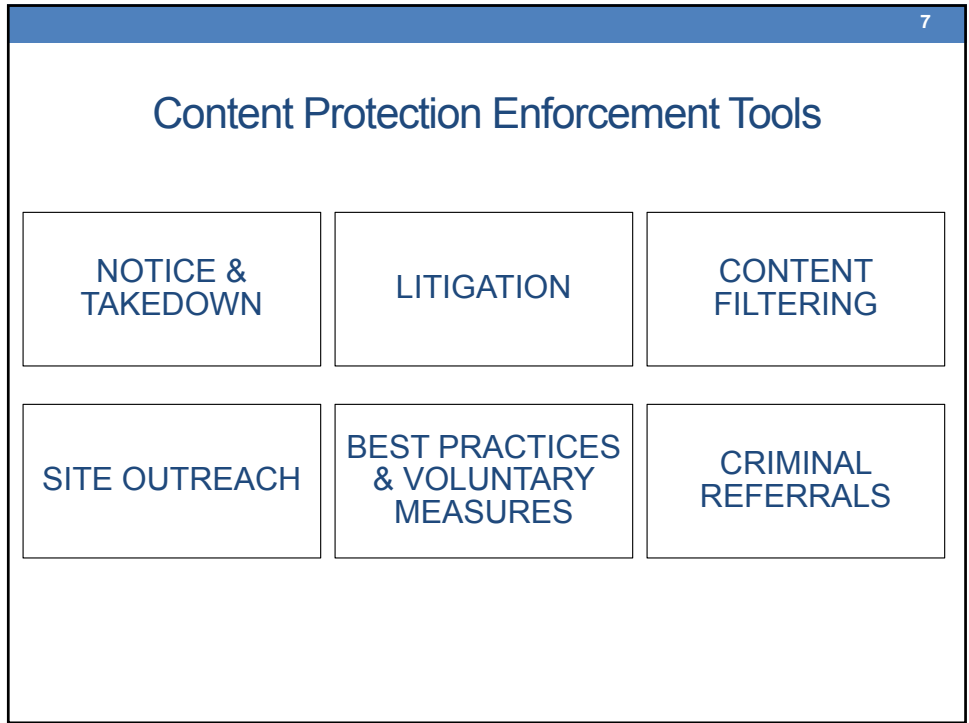
- ***New Edition Story Piracy:***

- ~4k infringing *files* removed

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Mitigating Risk – Documentary

- Clearances/obtaining rights for use of 3rd party assets (examples: video footage, music)
- Consent Forms and releases for appearances and locations.
- Corroboration/Fact Check – Obtain independent substantiation for claims (particularly those potentially defaming someone) from reputable sources.



Content Protection Preparation

- Content security throughout production lifecycle
 - Review systems, processes, and best practices for storing and transferring content
 - Evaluate watermarking: visible deterrent and/or forensic
- Enforcement preparation
 - Rights review
 - Who are the rights-holders by distribution channel, territory, and term?
 - Is enforcement contemplated in relevant agreements?
 - Coordinate with press and marketing teams to identify authorized outlets
 - Evaluate fingerprinting
 - Evaluate engaging vendors

Types of Popular Platforms

- Social and User-Generated
 - Major platforms with well-established copyright removal policies and procedures
 - One user uploads; many stream
- Lockers
 - Cloud storage
 - One user uploads; many download and/or stream
- Peer-to-Peer
 - Decentralized file sharing network
 - Many users make distributed pieces of content available; many download
- Over-the-Top Apps and Add-ons
 - Generally non-infringing hardware similar to AppleTV and Roku
 - Aftermarket apps aggregate and index pirated content on web for streaming

BIOPIC AGREEMENT

“**[PROJECT NAME]**”

OFFER: **[FIRST OFFER DATE]**

REVISED: **[REVISION DATE]**

CLOSED: **[DATE CLOSED]**

FROM: **[OUR NON-UNION SIGNATORY COMPANY / PRODUCTION COMPANY]** (“Company”)

TO: **[NAME OF PERSON DEPICTED IN BIOPIC]** (“Artist”)

ARTIST’S REPRESENTATIVE[S]:

[AGENT NAME, AGENCY, PHONE, EMAIL]

[LAWYER NAME, AGENCY, PHONE, EMAIL]

PROJECT DESCRIPTION: **[half-hour / hour / two-hour] [animated / live-action]** fictionalized scripted **[pilot (“Pilot”) / mini-series (“Mini-Series”) / made-for-TV movie (“MFT”) / limited series (“Limited Series”) / episodic series (“Series”)]** based on Artist’s life. The development and possible production of the **[TYPE OF PROJECT]** and all ancillary materials are referred to individually and collectively as the “Project,” intended for **[CHANNEL]** (“[Channel]”)

1. **CONDITIONS PRECEDENT:** This Agreement and the parties’ obligations hereunder are subject to the following conditions precedent:
 - a) Artist’s execution and delivery to Company of this Agreement in form and substance satisfactory to Company;
 - b) Clear chain-of-title for the Project and Company’s receipt and acceptance of any requested chain-of-title documentation; and
 - c) **[INSERT REFERENCE(S) TO ANY LABEL RELEASES OR OTHER RELATED AGREEMENTS EITHER WITH ARTIST OR W/ THIRD PARTIES]**.

2. **EXCLUSIVITY:**
 - a) During the “Exclusivity Period,” which shall begin on the date the parties close this deal as set forth above and shall end **5** years after the date of initial broadcast of the Project, Artist will not:
 - (1) authorize the development or production of Audio Visual Programs (defined below) (i) based on a fictionalized depiction of Artist and the events and people in Artist’s personal and professional life (“Biopic”) or (ii) featuring a non-fiction depiction of Artist and the events and people in Artist’s life (“Documentary”); nor
 - (2) participate as a producer, writer, consultant, actor, investor, or in any other capacity in a Biopic or Documentary developed or produced by a third party production company, studio, network, or streaming programming service or any other individual or entity.
 - b) Artist acknowledges and agrees that Company’s ability to promote the Project as the exclusive authorized Biopic during the Exclusivity Period is an essential material term of this Agreement.
 - c) The term “Audio Visual Programs” includes theatrical motion pictures, live theater, and programs produced for exhibition on television or streaming programming services (e.g., Netflix, Amazon Prime, Hulu, etc.).

3. DEVELOPMENT AND CONSULTANT SERVICES:

- a) Artist shall perform the following development and consulting services when, where, if, and as reasonably requested by Company (collectively, "Development and Consultant Services"): [INSERT ALL APPLICABLE SERVICES REQUIRED]
- (i) Participating in a reasonable number of meetings with Company executives, writers, producers, and/or cast members, including one or more rehearsals;
 - (ii) Being available to participate in meetings regarding casting;
 - (iii) Participating in location scouting;
 - (iv) Using good faith efforts to assist Company in procuring releases and cooperation from music labels, music publishers, and/or individuals featured in the Project; and
 - (v) Providing Company along with producers and writers engaged by Company, if appropriate, with access to and a perpetual gratis license to use and incorporate pre-existing material owned or controlled exclusively by Artist (e.g., photographs, footage, books, poems, home videos, etc. (collectively, "Pre-Existing Material")) into the Project and in related ancillary materials, advertisements and promotional materials for the Project, all of which may be exploited, in whole or in part, in any manner and form of media now known or developed later, worldwide, in perpetuity.
- b) Development and Consultant Services Fee: \$ [REDACTED], this amount is an advance against the Biopic Production Fee set forth in Paragraph __ below.

4. PROMOTIONAL SERVICES: Artist also agrees to make a reasonable number of promotional appearances in support of the Project for no additional compensation, including participating in each of the following, if requested by Company: (a) Channel Upfronts; (b) TCA; (c) a reasonable number of print, radio, online, and television interviews (both national and local media) during the 2-week period before or after the premiere of the Project; (d) promotional screenings; (e) satellite media tours; (f) photography sessions conducted by Company's and/or CHANNEL's photographers conducted on location or elsewhere; and (g) a reasonable number of public or non-performing personal appearances for non-paying audiences. In addition, in accordance with Company's and CHANNEL's instructions and under Company's and CHANNEL's control Artist will participate in CHANNEL's promotional campaigns on Twitter, Facebook Live, CHANNEL.com and any other CHANNEL-approved social media outlets, for no additional compensation. Collectively, all of the services referenced in this Paragraph and any other promotional services performed by Artist shall be referred to as "Promotional Services"). If Artist is required to travel to a location that is more than 75 miles from Artist's primary residence, Artist will be entitled to the rights described below in Paragraph __ (Travel).

5. BIOPIC PRODUCTION FEE: Provided all Conditions Precedent have been satisfied and Artist is not in material breach of this Agreement or any other Agreement with Company (or Company's licensee, successor or assignee), Artist shall be entitled to receive [\$ [REDACTED]], payable __% after signing this Agreement, __% at the start of principal photography, and __% after completion of principal photography, as all-inclusive consideration for Artist's Development and Consultant Services, Promotional Services, Pre-Existing Material, and all other promises and obligations in this Agreement.

6. REPRESENTATIONS/WARRANTIES: In addition to the representations set forth in the attached Standard Terms, which are incorporated herein, Artist represents, warrants and agrees that:

- a) Neither Artist (nor anyone acting under the authority or on behalf of Artist) has granted any party the right (or an option to acquire the right) to develop, produce, or otherwise exploit an Audio Visual Program based upon Artist's life;
- b) Information and materials Artist provides to Company (or its successors, licensees, assignees, or designees) for use in the Project will be true and will not defame or violate the right of publicity, privacy, or any other right of any individual or entity;
- c) Artist has not and will not enter into any other contracts, agreements, or assignments to authorize, promote, produce or otherwise participate in a Biopic or Documentary;
- d) There have been no prior Biopics or Documentaries other than as explicitly disclosed to Company in writing; and
- e) Artist will not grant, encumber or otherwise dispose of rights granted to Company hereunder.

7. ACKNOWLEDGEMENTS AND RELEASE:

- a) Artist understands, acknowledges, and agrees that Company may fictionalize aspects of Artist's life for dramatic purposes, including by: creating composite or fictional characters and storylines that may or may not be based or suggested by individuals or events in Artist's life; altering, exaggerating or creating events, characters, and dialogue to create suspense, excitement, drama, or continuity; and mixing fictionalized events and characters with actual events and individuals.
- b) Artist, on behalf of Artist and Artist's heirs, next of kin, spouse, guardians, legal representatives, employees, executors, administrators, agents, successors and assigns (collectively, the "Releasing Parties"), agrees not to bring any claim or legal action against Company, CHANNELN=, or their licensees, successors, assigns, parent companies, affiliates, and financiers, or any of the principals, employees, agents, officers, directors, shareholders, and contractors of the foregoing ("Released Parties"), arising from or in any way related to Company's depiction of Artist and Artist's life in the Project.
- c) Artist releases and discharges the Released Parties from all claims, demands or causes of action that Artist may now have or may have on the ground that the Project or exploitation of any elements thereof constitutes defamation, infliction of emotional distress, invasion of privacy or right of publicity, infringement of copyright or violates any other right that Artist may have under any legal theory.

8. APPROVALS / CONTROL: As between Company and Artist, Company has all financial, business and creative controls and approvals with respect to the Project (including with respect to writers, showrunners, producers, directors, cast, crew, and their respective agreements).

9. TRAVEL: If Company requires Artist to travel to an overnight location more than 50 miles from Artist's permanent residence (or then-current location, if different), Company will provide Artist (on an if-available, if-used basis): (a) one round-trip business class ticket; (b) hotel accommodations (covering room and tax only); (c) ground transportation to/from airports; and (d) Company's standard per diem (excluding travel days). All travel arrangements must be made through Company's travel department and shall be subject to Company's travel guidelines.

10. USE OF PUBLIC DOMAIN MATERIAL: Nothing in this Agreement shall be construed to restrict, diminish or impair the rights of Company to use freely, in any work or media, any elements of the Project which may be in the public domain, including, any fact, story, idea, plot, theme, sequence, scene, episode, incident, name, characterization or dialogue based upon Artist's life, from whatever source derived (collectively, "Public Domain Elements"). Company

at all times remains free to enjoy and exploit Public Domain elements to the same extent as a member of the public, and Company shall have the right to use such Public Domain Elements without any obligation to Artist.

11. NON-GUILD AGREEMENT: Artist's services are not intended to be subject to any collective bargaining agreement.
12. CONFIDENTIALITY: The terms of this Agreement are confidential. Artist shall have a continuing duty to keep all non-public information relating to the Project confidential. In addition, customary confidentiality restrictions including will apply. Artist's confidentiality obligations hereunder will apply to any and all media whatsoever, including social networking sites. Personal photography and/or audio or video recording of cast, crew, or sets (of any such photographs or video) are strictly prohibited without Company's and CHANNEL's prior written approval.
13. RIGHTS:
 - a) Company owns all rights in and to the Project.
 - b) Company and Company's successors, assignees, and licensees, shall have the perpetual, irrevocable and nonexclusive right, but not the obligation, to use, and authorize others to use, Artist's name, voice, likeness, and biographical information pertaining to Artist in connection with the Project and ancillary uses thereof, in all media (now known or hereafter devised) in perpetuity throughout the universe, including, without limitation, for the purpose of advertising, publicity, marketing, promotional and commercial tie-in purposes in connection with the Project and/or any other motion picture or other works based upon the Project, the Material and/or the Rights, all allied and subsidiary rights therein and thereto (including, without limitation, merchandising and commercial tie-in rights and over the Internet), or any other use of the Project, as well as in or in connection with promotional materials for CHANNEL and/or their respective programming services, affiliates and/or sponsors, and other CHANNEL programs, and for the institutional purposes of the cable industry generally, in any manner or media now known or developed later.
 - c) Artist grants Company the irrevocable, perpetual non-exclusive right to use trademarks owned by Artist in the Project or any advertising, promotion or ancillary materials for the Project, worldwide, and in any manner or media now known or developed later.
14. CROSS-DEFAULT: A material breach by Artist of this Agreement may be deemed as a breach of the [INSERT NAME OF OTHER AGREEMENT, E.G., NON-WRITING EXECUTIVE PRODUCER AGREEMENT] Agreement, at Company's election. A material breach of the [INSERT NAME OF OTHER AGREEMENT] Agreement may be deemed to be a breach of this Agreement, also at Company's election. If Company terminates and/or suspends this Agreement, Company shall have the right to terminate the [INSERT NAME OF OTHER AGREEMENT] Agreement. If Company suspends and/or terminates the [INSERT NAME OF OTHER AGREEMENT] Agreement, Company shall have the right to terminate this Agreement.
15. MISCELLANEOUS:
 - a) The term "Agreement," as used herein, shall include the terms hereof, the Standard Terms, attached hereto as Exhibit ___, and all other exhibits and attachments hereto, if any, all of which (to the extent not previously incorporated herein) are incorporated herein by this reference. The word "including" (or any derivative thereof) shall not be construed to limit the general interpretation of the words accompanying the term "including."

- b) In the event of any conflict between any provision of this Agreement and any statute, law, regulation or applicable collective bargaining agreement provision, the latter will prevail; however, in such event, the provision(s) of this Agreement so affected will be curtailed and limited only to the minimum extent necessary to permit compliance with the requirement(s) of such statute, law, regulation or provision, and all other terms of this Agreement will continue in full force and effect.
- c) This Agreement contains the entire understanding of Company and Artist, supersedes any and all prior agreements, negotiations and communications (written or oral) with respect hereto, and may not be modified except by an instrument in writing signed by the parties hereto.
- d) This Agreement shall be governed and construed in accordance with the internal laws of the State of New York applicable to contracts entered into and fully to be performed therein.
- e) This Agreement may be executed in counterparts, but all such counterparts together shall constitute one and the same instrument. Facsimile signatures and signatures obtained through e-mail PDF shall be deemed originals for all purposes.

[OUR ENTITY / PRODUCTION COMPANY]

[ARTIST'S NAME]

x _____
 By: _____
 Its: _____

x _____

ALTERNATE PROVISIONS**PROJECT DESCRIPTION****IF THE DEAL IS WITH A SUPPORTING CHARACTER, REPLACE:**

“based on Artist’s life”

with

“which includes a character based on Artist”

IF WE’RE OPTIONING AND POTENTIALLY ACQUIRING ACTUAL INTELLECTUAL PROPERTY (E.G., A BOOK, MUSIC, ETC. INSERT THE FOLLOWING AND ATTACH A SHORT FORM OPTION AND SHORT FORM ASSIGNMENT AS EXHIBITS:

OPTION: By signing below, Artist irrevocably grants Company (and its successors, licensees, and assigns) the exclusive option (“Option”) to acquire all right, title, and interest in and to the Granted Rights (defined below).

INITIAL OPTION PERIOD / FEE: The initial option period shall begin on the date of this Agreement and shall extend through and include the date that is [12/ 18] months after the date Company receives this Agreement signed by Artist. Company shall pay Artist the sum of [INSERT AMOUNT] promptly following Company’s receipt of this Agreement, signed by Artist. The Initial Option Period Fee shall be credited toward and applied against the Purchase Price for the Granted Rights.

EXTENDED OPTION PERIOD / FEE: Company may extend the Initial Option Period automatically for an additional [12 /18] months upon sending Artist written notice on (or at any time prior to) the expiration of the Initial Option Period accompanied by an Extended Option Period fee of [INSERT AMOUNT]. The Initial Option Period and Extended Option Period are hereafter referred to collectively as, “Option Period.” Company shall pay Artist the sum of [INSERT AMOUNT]. Half of the Extended Option Period Fee shall be credited toward and applied against the Purchase Price for the Granted Rights. **[The Extended Option Period Fee shall not be credited toward and applied against the Purchase Price for the Granted Rights.]**

DEVELOPMENT DURING OPTION PERIOD: Company shall have the right throughout the Option Period to engage in all customary development and pre-production activities in connection with the Project, including the preparation and submission of treatments, screenplays and all other writings based in whole or in part upon the Granted Rights. All of the results and proceeds of any such activities shall at all times be the sole and exclusive property of Company whether or not the Option is exercised.

EXTENSION FOR CLAIMS, FORCE MAJEURE, BREACH. The Option Period shall be automatically suspended and extended by written notice to Owner for any period during which: (i) a bona fide third party claim with respect to the Granted Rights has been asserted and remains unresolved (whether or not taken to the level of formal litigation), if such claim would adversely affect Company’s rights in connection with the Granted Rights and/or Company’s ability to develop and/or produce the Project; (ii) Company’s development and/or production activities in connection with the Project is interrupted or postponed due to the occurrence of any event of force majeure, including any guild or union strike; and/or (iii) Artist is in breach of this Agreement. In the event the Initial Option Period or the Extended Option Period otherwise would expire on a Saturday, Sunday or national holiday, said period shall be extended without notice until the end of the next following business day.

EXERCISE OF OPTION: The Option may be exercised by giving written notice to Artist at any time on or before the expiration of the Option Period and paying the Purchase Price, less the Initial Option Period Fee and half of the Extended Option Period Fee, if applicable.

PURCHASE PRICE: [INSERT AMOUNT], less the Initial Option Period Fee and half of the Extended Option Period Fee.

Granted Rights: Upon exercise of the Option and payment of the Purchase Price, Artist shall be deemed to assign to Company (and its successors, licensees, and assigns), the following rights in and to the [INSERT IP WE'RE ACQUIRING] ("Property"):

- (a) The right to include the Property in the Project, which Artist acknowledges may be exhibited, distributed, and exploited by Company (and its successors, licensees, and assigns) in any manner, in all forms of media now known or developed later, worldwide, in all languages, in perpetuity without any monies due to Artist except as expressly set forth in this Agreement; [INSERT]

Artist acknowledges and agrees that the term "Granted Rights" shall not be construed to include biographical facts about Artist, which are in the public domain.

APPROVALS / CONTROL

OK TO GIVE THE FOLLOWING CONSULTATION RIGHTS. IF REQUESTED, INSERT THE FOLLOWING AFTER THE APPROVALS CONTROL PARAGRAPH:

CONSULTATION RIGHTS: Artist shall have meaningful consultation rights regarding key creative elements (e.g., teleplay, principal cast, etc.), subject to the exigencies of production and the following restrictions:

- a) Artist's consultation rights must be exercised in a reasonable and timely manner and so as not to frustrate Company's full and timely development, production and/or exploitation of the Project;
- b) Artist's consultation rights are personal to Artist and cannot be exercised by a designee or representative without Company's written approval;
- c) Artist's consultation rights cannot be assigned to a third party and shall be extinguished automatically upon Artist's death.

In the event of a disagreement between Company and Artist regarding key creative elements, Company's decision shall be final. Artist will not be entitled to enter into any agreements with third parties in connection with the Project without Company's express written approval in each instance.

IF WE AGREE TO CHANGE THE GOVERNING LAW FROM NEW YORK LAW TO CALIFORNIA LAW, REPLACE THE RELEASE PARAGRAPH WITH THE LANGUAGE BELOW:

#. **RELEASE:** Artist agrees that it is of the essence of this Agreement that Artist releases and discharges Company, Company's employees, agents, licensees, successors and assigns from any and all claims, demands or causes of action that Artist may now have or may hereafter have for libel, defamation, infliction of emotional distress, invasion of privacy or right of publicity, infringement of copyright or violation of any other right arising out of or relating to Company's use

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of the Granted Rights or based upon failure or omission to make use thereof. Artist hereby waives any rights Artist may have, known and unknown, pursuant to Section 1542 of the California Civil Code which provides:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

Artist agrees that the facts and perceived circumstances to which Artist’s release herein relates may hereafter turn out to be other than or different from the facts and perceived circumstances now known or believed to be known by Artist and expressly assumes the risk of the facts and perceived circumstances turning out to be different and agrees that the release contained herein shall be in all respects effective and not subject to termination or rescission by reason of such different facts or perceived circumstances.

RIGHT TO USE PSEUDONYM: Artist agrees that Company may refrain from using Artist’s real name and may use a pseudonym which may be dissimilar to Artist’s real name, if Company so elects; however, such agreement does not preclude Company from using Artist’s real name should Company in Company’s sole discretion so elect, whether Artist’s real name is used in conjunction with factual or fictionalized material, or both.

INSERT THE FOLLOWING IF THE AGREEMENT AND BIOPIC FEE ARE WITH MULTIPLE INDIVIDUALS: [NEED TO FIND MORE STREAMLINED LANGUAGE]

JOINT AND SEVERAL RESPONSIBILITIES: All payments to be made to Team are expressed as totals for Team’s services as a team and all payments made to Team for Team’s services will be shared as specifically set forth in this Agreement. The liability of each individual comprising the Team for either of their breach of this Agreement will be joint and several only with each other. All representations and warranties made by each individual comprising the Team is made individually by such individual as well as jointly only with each other. In the event of the incapacity and/or default of one (or, if applicable, more than one), but not all, of the individuals comprising Team, as the case may be, Company may exercise its remedies (including its rights of suspension and/or termination) either as to such incapacitated and/or defaulting individual(s) or as to all members of the Team. If Company suspends and/or terminates only the incapacitated and/or defaulting individual(s) comprising Team, then, thereafter, with respect to any fee that becomes payable and any then as-yet unvested contingent compensation under this Agreement, the remaining individual(s) comprising Team will be entitled to a *pro rata* portion of the fee which s/he would have been entitled absent such incapacity and/or default.

OK TO GIVE IF REQUESTED:

PREMIERE: In the event Company hosts a premiere of the Project, Artist and one (1) guest shall be invited to such premiere. Nothing herein shall require Company to hold any such premiere or to provide Artist or Artist’s guests with transportation or accommodations in connection therewith.

OK TO GIVE IF REQUESTED

INSURANCE: Company will cover Artist as an additional insured under Company’s errors and omissions liability policy and Company’s comprehensive general liability insurance policy during customary periods of production and distribution of the Project, subject to the limitations, restrictions and terms of such policy, for all damages and claims resulting or arising out of the distribution, advertising or exploitation of the Project, other than any such damages or claims that result from: (a) any material supplied by Artist (i.e., not (i) furnished by Company to Artist, (ii) altered by Company or at

Company's direction, or (iii) included from third parties hired or directed by Company), (b) any default or breach by Artist of this Agreement, or (c) malfeasance, recklessness, intentional misconduct, negligence, and/or other tortious acts or omissions committed by Artist and/or any agent, employee, guest or invitee of Artist, excluding any persons engaged directly by Company to render services in connection with the Project.

CHANNELN ROYALTY: In consideration for the promotional benefit Artist will receive from the Project, Artist will pay CHANNELN the following royalties:

- a) [10% / 5%] of Artist's gross income from [INSERT REFERENCE TO IP FEATURED IN THE PROJECT] earned (even if not received) beginning from the premiere date of the Project through the date that is [24 / 12] months thereafter ("Promotion Period")
- b) Reporting / Payment [TJ to finish inserting]

Docudrama/Biopic-Documentary Case Law Citations and Summaries

Defamation:

Cite: Carter-Clark v. Random House, Inc., 768 N.Y.S.2d 290 (N.Y. Sup. Ct. 2003).

Summary: Daria Carter-Clark, an adult literacy librarian in Harlem, claimed that the librarian in Joe Klein's 1996 best-selling book *Primary Colors* was based on her and was libelous. Plaintiff claims that some people whom she knows who have read the book believe that one of the characters in the book was based on her, which has caused damage to her reputation. In the book, presidential candidate Governor Jack Stanton, whom the author admitted is based on President Bill Clinton, was visiting a Harlem library where he notices a librarian miss a step on the stairs and reaches out to help her. Soon after, there is a scene in the book where Governor Stanton and Ms. Baum are coming out of the bedroom in Governor Stanton's hotel suite where he is buttoning his open shirt and Ms. Baum is "arranging herself," and described as seeming "a bit dazed" and trying "to maintain the appearance of propriety." In real life, President Clinton did make a campaign appearance at a Harlem library where plaintiff worked, but plaintiff was not a librarian, but instead was a site advisor and only had some similarities to the minimal physical description of Ms. Baum in the book. Plaintiff, defendants and President Clinton all had agreed on a prior motion that plaintiff and President Clinton never had an intimate relationship.

The court dismissed the claim, holding the burden of a very high level of identification in fictional portrayals was not met, and the resemblance between the character and woman was speculation. Further, the reliance by plaintiff on minimal superficial similarities between her and Ms. Baum, and speculative gossip by some people who knew plaintiff is not enough to create an issue of fact to be tried in this action.

Cite: Bryson v. News Am. Publ'ns., 672 N.E.2d 1207 (Ill. 1996).

Summary: Plaintiff Bryson alleged that she was defamed by the article entitled *Bryson*, written by defendant Lucy Logsdon and published by defendant News America Publications, Inc. The article was written in the style of a first-person narrative and recounts a conflict between the unidentified speaker and her high school classmate, Bryson. In addition to naming Bryson, the article described Bryson's appearance by noting her hair color, eyeshadow color, and clothes. Plaintiff's complaint alleged that defamatory language appeared "in that the article referred to the plaintiff as a 'slut' and implied the plaintiff was an 'unchaste' individual."

The court held the context in which the vulgar term was used in the article, the innocent meaning of the term did not apply. Further, the court stated, "the fact that the author used the plaintiff's actual name makes it reasonable that third persons would interpret the story as referring to the plaintiff despite the fictional label." Therefore, the court concluded the statement may reasonably be interpreted as stating

an actual fact and therefore falls outside the protection of the first amendment and reversed the trial court's dismissal of the complaint.

Cite: Springer v. Viking Press, 457 N.Y.S.2d 246 (N.Y. App. Div. 1982).

Summary: Plaintiff and defendant Tine, the author of the novel in question, attended Columbia University from 1974 to 1978. They met, and a close personal relationship developed. In 1978 Tine completed the draft of "State of Grace" a novel dealing with Vatican finances and politics. Plaintiff and Tine discussed the plot during the volume's hatching stage and plaintiff, at Tine's request, reviewed the book for editorial purposes. Indeed, Tine informed plaintiff that he had loosely patterned the relationship between the hero, the papal private secretary, and the heroine, an investigative reporter and the daughter of one of Italy's most influential and powerful industrialists, on the relationship between them. In Chapter 10 of the novel, the story depicts sexual exploits in the relationship between the Italian industrialist and his mistress, Lisa Blake. Plaintiff contends the portrayal of Blake is a portrayal of her based on their common first name and physical similarities and that a number of persons who knew both Tine and plaintiff, knew and understood Blake and plaintiff to be the same person and therefore asserts that the depiction of Blake as a "whore" is defamatory of her.

The court held that for a defamatory statement to be actionable about a character in a fictional work, the description of the fictional character must be so closely akin to the real person claiming to be defamed that a reader of the book, knowing the real person, would have no difficulty linking the two. However, in this case, the court stated the superficial similarities are insufficient as is the common first name.

The Right of Publicity

Cite: Ruffin-Steinback v. De Passe, 17 F. Supp. 2d 699 (E.D. Mich. 1998).

Summary: Plaintiff Cheryl Ruffin-Steinback is the daughter of the late David Ruffin, a former member of the singing group 'The Temptations'. Plaintiff sought injunctive relief because of defendant's projected joint production of a television mini-series on the "real-life drama of the lives of The Temptations" to prevent these broadcasts. Plaintiff alleged, on behalf of her estate, state law tort claims for violation of the right of publicity, unjust enrichment, conspiracy and invasion of privacy.

The court stated the injunction would be a prior restraint on defendants' free speech and the restraint would be an immediate and irreversible sanction. Further, the right of publicity, relying on a diversity of jurisdictions, "does not extend to prohibit depictions of a person's life-story."

False Light

Cite: Seale v. Gramercy Pictures, 949 F. Supp. 331 (E.D. Pa. 1996).

Summary: Plaintiff Bobby Seale was a founding member of the Black Panther Party and contended defendant used, without consent, his name and likeness (use of an actor called Bobby Seale) in a film produced by the defendant about the Black Panther Party, along with promotion of the film and soundtrack in violation of his common-law right of publicity. Plaintiff further alleged the defendants' portrayal of him in the film violated his right of privacy by portraying him in a "false light." Further, plaintiff alleged defendants' use of his name and likeness to promote and advertise the film constituted unfair competition and false advertising in violation of section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).

Success on false light claims, a Pennsylvania court held, depends on whether there was a major misrepresentation of character, history, activities or beliefs in which serious offense could have been reasonably anticipated. Unimportant yet deliberate false statements would not be enough. Even if a plaintiff can satisfy the high burden of proving a major misrepresentation of identity beyond minor inconsistencies, it must still be proven the false portrayal was made with actual malice by clear and convincing evidence. The court held plaintiff sustained his burden of raising a genuine issue of material fact showing that the Defendants violated his right of privacy by portraying him in a false light in the film. Plaintiff met this burden by demonstrating specific falsities including untruthful illegal purchases of firearms and verbal confrontations with fellow party members of whether the party should engage in acts of retaliatory violence against police officers and stated how these falsities negatively impacted his image as a leader of the Black Panther Party.

Disclosure of Private Facts:

Cite: Tyne v. Time Warner Entm't Co., L.P., 204 F. Supp. 2d 1338 (M.D. Fla. 2002).

Summary: In October 1991, the *Andrea Gail* was caught in a severe storm, and lost at sea. All of the crewmembers aboard the vessel, including Frank William "Billy" Tyne, Jr., the captain of the vessel, and Dale R. Murphy, were presumed dead. Due to interest in the unusual meteorological forces that caused the storm, the loss of the *Andrea Gail* became the subject of news stories and a best-selling book, *The Perfect Storm*, by Sebastian Junger. In June 2000, Warner Bros. released *The Perfect Storm* film based on the book and the events that occurred during the "storm of the century." Plaintiff filed action asserting claims for unauthorized commercial appropriation of decedents' likenesses, unauthorized commercial appropriation of Plaintiffs' likenesses, common law invasion of privacy - false light, and common law invasion of privacy based on disclosure of private facts.

Plaintiffs contended that "the depiction in the Picture of Debra Tigie as being intimately involved with another man who is about to supplant the role of decedent Murphy in the lives of both Debra Tigie and Dale R. Murphy, Jr. is likewise entirely fabricated and has been advanced by Warner as alleged in the

complaint, in knowing or reckless disregard of the truth". However, the *Restatement (Second) of Torts* has recognized that an essential element of the tort of public disclosure of private facts is that the facts at issue be true. See *Leidholdt v. L.F.P., Inc.*, 860 F.2d 890, 895 (9th Cir. 1988); *Restatement (Second) of Torts, Special Note to § 652D*. However, in this case, Plaintiffs argued the Picture's entire depiction of Tigue and Murphy, Jr. is fabricated and false. Therefore, because none of the facts disclosed by the picture are alleged to be true, Plaintiffs had no cause of action for invasion of privacy based on public disclosure of private facts.

Current Decisions and Events Impacting IP – Recent Case Discussions and Changes Impacting Your Practice

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Past-Chair Intellectual Property Law Section 1998-2000

THIRTY FIVE YEARS OF CHANGES IN PATENT LAW

As a patent attorney practicing for over 35 years, I can say without equivocation that the patent landscape has changed significantly since my admission as a patent attorney, which coincidentally was also the year the Court of Appeals for the Federal Circuit came into existence.

During that time, issued patents were first subjected to review: starting with *ex parte* reexamination, then adding *inter partes* reexamination (now discontinued), and finally adding the AIA post grant trifecta of *inter partes* review (IPR), post grant reviews (PGR) and covered business method review (CBM). The U.S. went from a first to invent to a first inventor to file system. Patents were now subject to invalidity claims at the US Patent and Trademark Office (PTO). Utility patent terms went from 17 years from issuance (without any maintenance fees) to generally 20 years from the effective filing date (though currently the term may be extended to compensate for delay from PTO/FDA review) and periodic maintenance fees payments to the PTO are required to keep the patent alive.

When I started laches was available to the defendant within the 6 year damages period before the filing of a complaint. Now, laches are unavailable during that 6 year damages period. Back when I started, a written patent opinion was generally necessary to defeat a claim a of willful patent infringement, it is no longer necessary. Once the court/jury found infringement of a not-invalid patent was established, irreparable injury was presumed for injunction purposes, no longer is that the case. Once the sale of a product covered by a process patent was not a direct infringement of a process patent, now it is. Thirty-five years ago, U.S. patent applications were not published, only the issued patent was published, now non-provisional applications are published. And by the way, thirty-five years ago U.S. provisional patent applications did not exist. Filing a complaint for patent infringement was as easy as filling out Form 18, now it must meet the requirements of *Twombly* and *Iqbal*. And the list goes on¹

SELECTED RECENT AND PENDING DECISIONS

¹ Some things do not change. Thirty-five years ago there was disagreement as to the scope of patentable subject matter under § 101, today there still is.

Patent Venue is *Sui Generis*.

28 U.S.C. §1400

(b) Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.

TC Heartland v. Kraft Food (2017): For purposes of the patent venue statute, a corporation only "resides" in its state of incorporation.

In re Cray, Inc., September 21, 2017, the Federal Circuit laid out three requirements for "a regular and established place of business:" "(1) there must be a physical place in the district; (2) it must be a regular and established place of business; and (3) it must be the place of the defendant.

No laches during patent damages period.

SCA Hygiene Products v. First Quality Baby Products (2017)

Laches does not bar a claim for patent infringement brought within the Patent Act's six-year statutory limitations period, 35 U.S.C. § 286.

BRI standard applicable to post grant reviews at PTAB.

Cuozzo Speed Technologies v. Lee (2016)

The PTAB may construe claims in an issued patent according to their broadest reasonable interpretation rather than their plain and ordinary meaning.

Burden is not on Patent Owner to show that Amended Claims are patentable.

Aqua Products, Inc. v. Matal, 872 F.3d 1290 (Fed. Cir. 2017) (“The only legal conclusions that support and define the judgment of the court are: (1) the PTO has not adopted a rule placing the burden of persuasion with respect to the patentability of amended claims on the patent owner that is entitled to deference; and (2) in the absence of anything that might be entitled deference, the PTO may not place that burden on the patentee.”)

On November 21, 2017, the PTAB issued guidance on claim amendment in post grant reviews in view of *Aqua Products*. In part (emphasis supplied):

In light of the *Aqua Products* decision, the Board will not place the burden of persuasion on a patent owner with respect to the patentability of substitute claims presented in a motion to amend. Rather, if a patent owner files a motion to amend (or has one pending) and that motion meets the requirements of 35 U.S.C. § 316(d) (i.e., proposes a reasonable number of substitute claims, and the substitute claims do not enlarge scope of the original claims of the patent or introduce new matter), the Board will proceed to determine whether the substitute claims are unpatentable by a preponderance of the evidence based on the entirety of the record, including any opposition made by the petitioner. *Thus, for example, if the entirety of the evidence of record before the Board is in equipoise as to the unpatentability of one or more substitute claims, the Board will grant the motion to amend with respect to such claims, and the Office will issue a certificate incorporating those claims into the patent at issue.*

Is Post Grant Review Constitutional?

Oil States Energy Services v. Greene's Energy Group (argued Nov. 27, 2017).

Whether *inter partes* review—an adversarial process used by the Patent and Trademark Office (PTO) to analyze the validity of existing patents—violates the Constitution by extinguishing private property rights through a non-Article III forum without a jury.

Does the PTAB have to address all claims in its Post Grant Review?

SAS Institute Inc. v. Matal (argued Nov. 27, 2017).

Does 35 U.S.C. § 318(a), which provides that the Patent Trial and Appeal Board in an *inter partes* review "shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner," require that Board to issue a final written decision as to every claim challenged by the petitioner, or does it allow that Board to issue a final written decision with respect to the patentability of only some of the patent claims challenged by the petitioner, as the Federal Circuit held?

LOCKE LORD® QUICK Study

Trademark, Copyright and Advertising Practice



Opening Trademarks to New Possibilities -- Federal Circuit Affords Immoral or Scandalous Trademarks First Amendment Protection

By: Rory J. Radding and Scott D. Greenberg

After the Trademark Office refusing registration for immoral or scandalous marks over the past 100 years, the U.S. Court of Appeals for the Federal Circuit recently held that the provision of Section 2(a) of the U.S. Trademark Act (15 U.S.C. §1052(a)) authorizing refusal of registration of trademarks that comprise immoral or scandalous matter is an unconstitutional restriction of the right of free speech under the First Amendment. *In re Brunetti*, case no. 2015-1109, slip op. (Fed. Cir. December 15, 2017). This decision follows on the heels of *Matal v. Tam*, 137 S.Ct. 1744 (2017), in which the Supreme Court affirmed the Federal Circuit's *en banc* opinion that another refusal provision of Section 2(a), namely the refusal on the ground that the mark may be disparaging to persons living or dead, institutions or beliefs, also violated the First Amendment right of free speech. As further discussed below, *Brunetti's* invalidation of the immoral/scandalous ground for refusing registration of a trademark likely will have greater impact than *Tam's* elimination of the "disparaging" refusal.

The Federal Circuit's Decision

Brunetti involved an application to register the trademark "FUCT" in connection with clothing products. The Examining Attorney in the U.S. Patent and Trademark Office refused registration under Section 2(a) on immoral/scandalous grounds, and this refusal was affirmed by the USPTO's Trademark Trial and Appeal Board. On further appeal to the Federal Circuit, the Court agreed that the mark at issue was immoral or scandalous under the statute, essentially because the mark would be considered "vulgar" by a substantial portion of the general public, taking into account contemporary attitudes. Slip op. at 3. However, the Court went on to hold that refusing to register trademarks because they are vulgar is an improper governmental restriction of free speech.

The Court noted that a statute is presumptively invalid under the First Amendment if it restricts, or has a chilling effect upon, speech based on content, specifically, when "a law applies to particular speech because of the topic discussed or the idea or message expressed." Slip op. at 13. The government can overcome this presumption of invalidity by demonstrating that the statute either (a) constitutes a type of government activity which does not implicate the First Amendment, e.g. a government subsidy program or the provision of a limited public forum, (b) survives "strict scrutiny" review, i.e. "that the restriction furthers a compelling interest and is narrowly tailored to achieve that interest" (slip op. at 13), or (c) only regulates commercial speech and survives the "intermediate scrutiny" review standard, i.e. that the statute "directly advances a substantial government interest and that the measure is drawn to achieve that interest" (slip op. at 28).

In *Brunetti*, the Government conceded that the immoral/scandalous refusal is a content-based restriction on speech that would not survive strict scrutiny review. Slip op. at 13. However, the Government contended that the federal trademark registration system (a) constitutes either a government subsidy or a limited public forum, or (b) alternatively, only regulates commercial speech and the immoral/scandalous refusal survives intermediate scrutiny.



The Court rejected all of the Government's contentions. The trademark registration system was held not to constitute a government spending program of the type that might give rise to the "subsidy" exception, because the trademark applicant is not receiving federal funds when the USPTO grants a trademark registration (slip op. at 17). The registration system is not a limited public forum, i.e. a situation in which "the government has opened its property for a limited purpose" (slip op. at 21), because trademarks exist in the marketplace, and "the speech that flows from trademark registration is not tethered to...any...government property" (slip op. at 24). The register of trademarks is merely a database and not a forum for the exchange of ideas. Slip op. at 25.

Finally, the commercial speech/intermediate scrutiny contention was rejected, with the Court holding that the immoral/scandalous refusal (1) targets the expressive content of marks and not their commercial function, and (2) in any event, the desire to protect "the public from off-putting marks is an inadequate government interest for First Amendment purposes." Slip op. at 26 – 34.

The Federal Circuit also held that it would not be proper judicial conduct for the Court to construe the immoral/scandalous refusal as only applying to "obscene" marks, in order to avoid the issue of constitutionality, because such a limitation was not a reasonable or foreseeable interpretation of the wording of the statute.

Possible Further Proceedings

It is possible that the Government may seek further review of the *Brunetti* decision, either by way of *en banc* review by the Federal Circuit and/or review by the Supreme Court. However, as noted above, earlier this year the Supreme Court, in the *Tam* case, affirmed the Federal Circuit's *en banc* opinion holding that the "disparaging" ground of refusal in Section 2(a) of the Trademark Act also violated the First Amendment right of free speech. The Supreme Court and Federal Circuit decisions in *Tam* would probably render it difficult for the Government to obtain a reversal of the *Brunetti* decision at either level.

Potential Impact

Assuming that the Federal Circuit's holding in *Brunetti* becomes completely final, i.e. if all potential avenues of review are exhausted without any change in the outcome, the USPTO will probably issue a formal policy statement confirming that the "immoral/scandalous" provision of the statute is no longer a valid ground for refusing registration (a similar statement was issued with respect to the "disparaging" ground of refusal following the Supreme Court's decision in *Tam*).

However, it is possible that *Brunetti*'s overturning of the "immoral/scandalous" ground of refusal may have even greater impact than *Tam*'s overturning of the "disparaging" refusal.

As noted above, the "immoral/scandalous" ground applies to marks consisting of words or images that would be considered "vulgar" by a substantial portion of the general public, taking into account contemporary attitudes. It has been observed that the use of such crude or vulgar language and imagery is a growing trend within the marketing and advertising of consumer goods and services, where the use of such content may be deemed an effective marketing strategy based on the nature of the products and the demographics of the targeted audience. For example, in the case of products and services that appeal to relatively younger consumers, and for which social media marketing is an important tool, there is often a motivation to employ "edgy" advertising techniques including crudity. See, e.g., Stuart Elliott, *Crude? So what? These characters still find work in ads*, N.Y. Times, June 18, 2008, at C9. To the extent that the makers and sellers of such consumer products and services are inclined, for similar reasons, to adopt marks which are crude or vulgar, such an inclination will no doubt only be enhanced knowing that such marks can receive a full panel of protection including federal registration.

On the other hand, the marks that were impacted by *Tam* are those that are disparaging to groups of persons or beliefs. It has been observed that the use of such disparaging content in advertising and marketing is increasingly being perceived as crossing a line, with negative consequences for the



advertiser. See *Stuart Elliott and Tanzina Vega, Trying to Be Hip and Edgy, Ads Become Offensive*, N.Y. Times, May 11, 2013, at B1. Therefore, while marks which disparage in this way are also now registrable, many makers and sellers of consumer products and services may be more likely to exercise self-restraint and refrain from adopting such marks, notwithstanding the availability of federal registration.

Take Away Lesson

Now that immoral or scandalous marks are registrable, companies seeking to establish an “edgy” brand or provide shock value so that their brand stands out, may do so with the added assurance that the “edgy” mark will be enforced under federal law, without regard to the sensibilities of a substantial portion of the general public.

For more information on the matters discussed in this *Locke Lord QuickStudy*, please contact the authors.

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Rock On! In Florida, Pre-1972 Sound Recordings are Fair Game for Music Services

Paul Fakler and Margaret Wheeler-Frothingham

On October 26, the Florida Supreme Court issued a decision in *Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, Case No. SC16-1161, holding that Florida’s common law copyright does not recognize any public performance right for sound recordings made prior to 1972. This ruling, which echoes a similar decision by New York’s highest appellate court in December of 2016, is the second consecutive appellate win for the broadcast and webcasting industries arising out of a series of similar state law copyright infringement cases filed throughout the country by Flo and Eddie of the Turtles, and is an important step towards resolving ongoing legal debates over the royalty obligations of services using sound recordings from the golden era of rock and roll.

Sound recordings created before 1972 are not protected under federal copyright law. “Musical works” – the underlying musical compositions performed in those recordings – have enjoyed federal copyright protection since 1831. In 1909, Congress expanded federal copyright protection for musical compositions to include an exclusive public performance right. It was not until 1971 that Congress extended any federal copyright protection to the *recordings* of those musical works. This protection took effect only for sound recordings created on or after February 15, 1972, and did not include any public performance right so that music users such as broadcasters would not be disrupted by a new royalty obligation. At that time, Congress made clear that the new prospective sound recording copyright did not preempt any state law protections for pre-1972 sound recordings. In 1995, Congress expanded federal protection for post-1972 sound recordings, creating a limited public performance right for digital audio transmissions only. Terrestrial AM/FM radio broadcasters still pay no royalties for the public

performance of sound recordings (although they do pay public performance royalties for the underlying musical compositions).

Flo & Eddie, Inc. (“Flo & Eddie”), the appellant in this case, owns the master sound recordings of various musical performances recorded by the rock band The Turtles prior to 1972. SiriusXM had played the Turtles’ pre-1972 recordings on its satellite and internet radio services – a use which Flo & Eddie had never expressly licensed and for which it received no royalties. Flo & Eddie brought suits against SiriusXM in Florida, New York, and California, asserting that it had the exclusive right of public performance in its pre-1972 sound recordings under the laws of each state and that SiriusXM had violated that right, that SiriusXM’s use of buffer copies violated the exclusive reproduction right under the common law of those states, and various other state law claims based upon the alleged violations of its state law copyrights. In December of 2016, New York’s highest appellate court rejected Flo & Eddie’s claims and found for SiriusXM. Last week, the Florida Supreme Court issued a similar decision.

In Florida, the case was first ruled upon by a federal district court, which agreed with SiriusXM that Florida did not recognize any common law right of public performance for pre-1972 sound recordings. On appeal, the Eleventh Circuit, recognizing a dearth of Florida case law addressing whether Florida recognized a common law copyright in sound recordings, certified the pending questions of Florida law to the Florida Supreme Court. Following a review of the statutory and common law treatment of sound recordings under Florida law, the Florida court reached the ultimate conclusion that “Florida common law does not recognize an exclusive right

of public performance in pre-1972 sound recordings,” and that to do so for the first time would be a legislative, not a judicial task.

The court noted that Flo & Eddie had sought an “unfettered” right of public performance for pre-1972 sound recordings – one far broader than the “carefully delineated” right the Congress has recognized for the public performance of post-1972 sound recordings. The court staunchly declined to reach the conclusion that “Congress eventually granted a right in 1972 that was significantly less valuable than the right Flo & Eddie claims has existed all along under the common law in Florida and elsewhere.” Instead, the court found that Florida common law has never recognized an exclusive right of public performance in pre-1972 sound recordings,

Practical considerations and concerns about market disruption underpinned the court’s decision: the opinion noted that recognizing a public performance right in pre-1972 sound recordings would have an immediate impact on consumers and businesses beyond Florida, including stakeholders not party to the case. The district court in the Florida case, and the New York court, had echoed similar concerns in their decisions.

The Florida court also rejected Flo & Eddie’s claims that SiriusXM’s use of “buffer copies” in the transmission of its broadcast violated any post-sale exclusive right of reproduction, agreeing with the Second Circuit that the use of such intermediate copies for the purpose of making otherwise lawful performances is permissible under copyright law. Having rejected Flo & Eddie’s claim that a common law property rights existed and were violated, the court found

that Flo & Eddie's remaining state law claims, all of which were predicated upon the alleged common law copyright violations, also failed.

This decision reinforces the status quo, avoiding a potential upset of the licensing practices of nationwide broadcasters and digital music services. The final outcome of the Flo & Eddie litigation strategy now hinges on the appellate decision in the pending California case. If the California case were to reach a different conclusion than those in Florida and New York, the music broadcasting industries would have two poor choices. Music services could attempt to implement a complex licensing scheme, applying different licensing practices to different states and seeking licenses from thousands of different record companies. Alternatively, services could attempt to program their music channels and stations differently for listeners located in different states, based upon each state's recognition of pre-1972 performance rights. Unless and until that happens, however, broadcasters and webcasters can breathe a sigh of relief and continue to play those great 60's hits on their services.

**2018 Annual Meeting
Of The
Intellectual Property Law Section**

Recent Developments and Important Topics in Internet Law

**Presented by
Richard L. Ravin, Esq.,
Chair of Internet and Technology Law Committee, and
Past Chair, Intellectual Property Law Section,
New York State Bar Association**

**January 23, 2018
New York Hilton
New York City**

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Recent Developments and Important Topics in Internet Law

- **Manipulation/Synthesis of Audio and Visual Images of People**
- **End of Net Neutrality?**
- **Driverless Cars and the Internet of Things**
- **Uniform Access to Digital Assets Law**
- **European Union's New Data Protection Regulation**
- **Taxes on Internet Sales**
- **Consumer Data Privacy Laws**
- **Websites Compliance with ADA**
- **Anti-SLAPP Suits**
- **Trademark Infringement in SEO**
- **Defamation on the Internet**
- **Communications Decency Act**
- **Stored Communications Act**
- **Cloud Computing**

- **Manipulation/Synthesis of Audio and Visual Images of People**

[The future of fake news: don't believe everything you read, see or hear ...](#)

<https://www.theguardian.com/.../fake-news-obama-video-trump-face2face-doctored-c...>

Jul 26, 2017 - A new breed of **video** and audio **manipulation** tools allow for the creation of realistic looking news footage, like the now infamous fake Obama speech.

Video and audio manipulation tools can create artificial intelligence and computer graphics, that will allow for the creation of realistic looking footage of public figures appearing to say things they never said.

Future of fake news. Researchers working on capturing and synthesizing different visual and audio elements of human behavior.

Software developed at Stanford University is able to manipulate video footage of public figures to allow a second person to put words in their mouth – in real time.

Face2Face captures the second person's facial expressions as they talk into a webcam and then morphs those movements directly onto the face of the person in the original video.

Researchers created technology by puppeteering videos of George W Bush, Vladimir Putin and [Donald Trump](#). It's very hard to distinguish the synthesized version from the real footage

[University of Alabama at Birmingham](#) researchers have been developing voice impersonation using only 3-5 minutes of audio of a victim's voice, which can be taken live or from YouTube

videos. Researches can create a synthesized voice that can be believe by humans and not be detected by biometric security systems, including those employed by banks and smartphones. Voice manipulation can be used with face manipulation to make convincing false statements by public officials.

University of Washington's [Synthesizing Obama](#) project: they took the audio from one of Obama's speeches and used it to animate his face in an entirely different video with incredible accuracy which is achieved by training a recurrent neural network with hours of video.

According to Nitesh Saxena, associate professor and research director of the University of Alabama at Birmingham's department of computer science. "You could leave fake voice messages posing as someone's mum. Or defame someone and post the audio samples online."

The mistrust in the news media and social media is at a high point, and the proliferation of hoaxes and false news via social media, make it even more important for news organizations to check content to make sure it is authentic.

Synthesized content posted to social media can be distributed virally in a matter of minutes, and cause a public relations, political or diplomatic tragedy. Imagine what would happen if a fake Trump speech were to declare war on North Korea

Source: The Guardian, Olivia Solon in San Francisco

The ability to **manipulate video images**. Sub-power of [Recording Manipulation](#). Variation of [Data Manipulation](#).

Also Called

-
- Electronic Medium Control/Domination/Manipulation

- Video Control/Domination
- VÍnteokinesis

Capabilities

The user can create, shape and manipulate video images, allowing them to create energy constructs in shape of beings, tools, weapons, aspects of fantasy (such as an NPC, a person from a movie, etc.), and to use powers used in videos like turning invisible and summon mighty weapons. They may also develop the ability to become Digital energy and travel through electronics, wires etc. in video form.

http://powerlisting.wikia.com/wiki/Recording_Manipulation

[New Digital Face Manipulation Means You Can't Trust Video Anymore](https://singularityhub.com/.../new-digital-face-manipulation-means-you-cant-trust-vid...)

<https://singularityhub.com/.../new-digital-face-manipulation-means-you-cant-trust-vid...>

- 1.
- 2.

May 13, 2016 - What if you could alter a video of anyone to emulate facial and mouth movements that never existed in the source video—by yourself, at home, using a cheap webcam? Meet Face2Face. Using RGB input from one video and mapped pixels from a second **video**, **manipulating** someone's face—including ...

www.telegraph.co.uk › Technology

www.telegraph.co.uk › Technology

- 1.

Jul 12, 2017 - The tool could be used to **manipulate videos** to create realistic-looking fake clips. But it can only put audio spoken by a person into their mouth. "You can't just take anyone's voice and turn it into an Obama **video**," said Seitz. "We very consciously decided against going down the path of putting other people's ...

[Watch a man manipulate George Bush's face in real time - The Verge](https://www.theverge.com/2016/3/.../facial-transfer-donald-trump-geoe-bush-video)

<https://www.theverge.com/2016/3/.../facial-transfer-donald-trump-geoe-bush-video>

- 1.

Mar 21, 2016 - You know that scene in the classic film Bruce Almighty when Jim Carrey uses his God-like powers to mess with Steve Carrell's character while he's giving a live news broadcast? That's what this **video** looks like (kind of), except replace Steve Carrell for George W. Bush, Donald Trump, Vladimir Putin, and ...

Smart Technologies and the End(s) of Law

Mireille Hildebrandt

This timely book tells the story of the smart technologies that reconstruct our world, by provoking their most salient functionality: the prediction and preemption of our day-to-day activities, preferences, health and credit risks, criminal intent and spending capacity. Mireille Hildebrandt claims that we are in transit between an

information society and a data-driven society, which has far reaching consequences for the world we depend on. She highlights how the pervasive employment of machine-learning technologies that inform so-called ‘data-driven agency’ threaten privacy, identity, autonomy, non-discrimination, due process and the presumption of innocence. The author argues how smart technologies undermine, reconfigure and overrule the ends of the law in a constitutional democracy, jeopardizing law as an instrument of justice, legal certainty and the public good. Finally, the book calls on lawyers, computer scientists and civil society not to reject smart technologies, explaining how further engaging these technologies may help to reinvent the effective protection of the rule of law. [Learn More](#)

- **End Of Net Neutrality?**

The Federal Communications Commission, under the direction of Donald Trump, has repealed the regulation that banned internet service providers from interfering with what people see on the internet and how easy it is to view. Chairman Ajit Pai, who was appointed by Mr Trump, said that the protections stopped internet companies from doing what they wanted and were an unnecessary restriction.

As such, it violates a principle that has been in place ever since the internet began: that no particular website or service can receive special treatment from the companies that power the web. Instead, service providers will be allowed to charge websites to load quicker, for instance, or force their users to pay extra if they want to access certain pages.

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 @ [andrew_griffin](#) Tuesday 21 November 2017 16:42 GMT
<http://www.independent.co.uk/life-style/gadgets-and-tech/news/trump-net-neutrality-repeal-internet-rules-fcc-free-latest-news-ajit-pai-a8067811.html>

- **New York’s Uniform Access to Digital Assets Law**

In 2015, The Uniform Law Commission finalized and passed the Fiduciary Access to Digital Assets Act. New York enacted its version of the law, which took effect on September 29,

2016, amending the Estate, Powers and Trusts Laws (“EPTL”) by adding new Article 13-A. It is noted, however, that EPTL Article 13-A does not have a short title, so it technically is not titled the Fiduciary Access To Digital Assets Act even though, with minor exceptions, it is identical in substance to the Uniform Law version.

Under the Uniform Law, a fiduciary is a person appointed to manage the property of another person, subject to strict duties to act in the other person’s best interest. Common types of fiduciaries include executors of a decedent’s estate, trustees, conservators, and agents under a power of attorney. The purpose of the legislation is to facilitate fiduciary access to digital assets, while respecting the privacy and intent of the account holder and to provide the fiduciary with the ability to administer the account holder’s digital assets.¹

The Act provides for basically four types of fiduciary relationships: (i) the personal representative (the executor or administrator) of a decedent’s estate, (ii) a guardian of a ward or protected person, (iii) agents acting pursuant to a power of attorney, and (iv) trustees.

Below is a Summary by the Uniform Law Commission of the Revised Uniform Fiduciary Access to Digital Assets Act:²

A Summary Of The Uniform Access to Digital Assets Act

In the Internet age, the nature of property and our methods of communication have changed dramatically. A generation ago, a human being delivered our mail, photos were kept in

¹ Memo: *Proposed Legislation For The Administration Of Digital Assets* By Joint Subcommittee For The Administration Of Digital Assets Executive Committee, Trusts And Estates Law Section, New York State Bar Association, Trusts, Estates And Surrogates Court Committee Of The New York City Bar Association, dated October 7, 2014 (“NYSBA Memo”).

²

<http://www.uniformlaws.org/shared/docs/Fiduciary%20Access%20to%20Digital%20Assets/Revised%202015/Revised%20UFADAA%20-%20Summary%20-%20Sep%202017.pdf>

albums, documents in file cabinets, and money on deposit at the corner bank. For most people today, at least some of their property and communications are stored as data on a computer server and accessed via the Internet.

Collectively, a person's digital property and electronic communications are referred to as "digital assets" and the companies that store those assets on their servers are called "custodians." Access to digital assets is usually governed by a terms-of-service agreement rather than by property law. This creates problems when Internet users die or otherwise lose the ability to manage their own digital assets.

A fiduciary is a trusted person with the legal authority to manage another's property, and the duty to act in that person's best interest. The Revised Uniform Fiduciary Access to Digital Assets Act (Revised UFADAA) addresses four common types of fiduciaries:

1. Executors or administrators of deceased persons' estates;
2. Court-appointed guardians or conservators of protected persons' estates;
3. Agents appointed under powers of attorney; and
4. Trustees. Revised UFADAA gives Internet users the power to plan for the management and disposition of their digital assets in a similar way as they can make plans for their tangible property. In case of conflicting instructions, the act provides a three-tiered system of priorities:

1. If the custodian provides an online tool, separate from the general terms of service, that allows the user to name another person to have access to the user's digital assets or to direct the

custodian to delete the user's digital assets, Revised UFADAA makes the user's online instructions legally enforceable.

2. If the custodian does not provide an online planning option, or if the user declines to use the online tool provided, the user may give legally enforceable directions for the disposition of digital assets in a will, trust, power of attorney, or other written record.

3. If the user has not provided any direction, either online or in a traditional estate plan, the terms of service for the user's account will determine whether a fiduciary may access the user's digital assets. If the terms of service do not address fiduciary access, the default rules of Revised UFADAA will apply.

Revised UFADAA's default rules attempt to balance the user's privacy interest with the fiduciary's need for access by making a distinction between the "content of electronic communications," the "catalogue of electronic communications", and other types of digital assets.

The content of electronic communications includes the subject line and body of a user's email messages, text messages, and other messages between private parties. A fiduciary may never access the content of electronic communications without the user's consent. When necessary, a fiduciary may have a right to access a catalogue of the user's electronic communications – essentially a list of communications showing the addresses of the sender and recipient, and the date and time the message was sent.

For example, the executor of a decedent's estate may need to access a catalogue of the decedent's communications in order to compile an inventory of estate assets. If the executor finds that the decedent received a monthly email message from a particular bank or credit card

company, the executor can contact that company directly and request a statement of the decedent's account.

Other types of digital assets are not communications, but intangible personal property. For example, an agent under a power of attorney who has authority to access the principal's business files will have access under Revised UFADAA to any files stored in "the cloud" as well as those stored in file cabinets. Similarly, an executor that is distributing funds from the decedent's bank account will also have access to the decedent's virtual currency account (e.g. bitcoin).

Under Revised UFADAA Section 15, fiduciaries for digital assets are subject to the same fiduciary duties that normally apply to tangible assets. Thus, for example, an executor may not publish the decedent's confidential communications or impersonate the decedent by sending email from the decedent's account. A fiduciary's management of digital assets may also be limited by other law. For example, a fiduciary may not copy or distribute digital files in violation of copyright law, and may not exceed the user's authority under the account's terms of service.

In order to gain access to digital assets, Revised UFADAA requires a fiduciary to send a request to the custodian, accompanied by a certified copy of the document granting fiduciary authority, such as a letter of appointment, court order, or certification of trust. Custodians of digital assets that receive an apparently valid request for access are immune from any liability for acts done in good faith compliance.

Revised UFADAA is an overlay statute designed to work in conjunction with a state's existing laws on probate, guardianship, trusts, and powers of attorney. It is a vital statute for the digital age, and should be enacted by every state legislature as soon as possible.

For further information about Revised UFADAA, please contact ULC Legislative Counsel Benjamin Orzeske at 312-450-6621 or borzeske@uniformlaws.org.

Summary of by the Uniform Law Commission of the Revised Uniform Fiduciary Access to Digital Assets Act,
<http://www.uniformlaws.org/shared/docs/Fiduciary%20Access%20to%20Digital%20Assets/Revised%202015/Revised%20UFADAA%20-%20Summary%20-%20March%202016.pdf>
(accessed on October 15, 2017).

Will It Work?

The big unknown is whether the Acts enacted around the country will achieve their goal. The impediment is federal law and the preemption doctrine. Basically, the Stored Communication Act (SCA), discussed below, makes disclosure of the stored communication voluntary on the part of the remote computing service (i.e., online service providers, such as, Google, Facebook, Twitter, Instagram, Amazon). The simple solution would be for Congress to expressly amend the SCA to make it mandatory for the remote computing services to abide by the requests of fiduciaries to access the digital assets of their decedents, wards, principals and trusts. Even with enactment of these comprehensive laws, the remote computing services will likely argue that compliance with the fiduciary access laws is still discretionary, or, even worse, that access is prohibited. This is because the SCA does not expressly recognize representatives of the originator, user or account holder as having the same rights to access as the originator, user, or account holder himself, herself or itself. Nonetheless, the laws are a step in the right direction and they would give “cover” to a remote computing service that was inclined to comply with the requests of fiduciaries.

Current Law Impacting Access By Fiduciaries to Digital Assets³

Federal laws criminalize, or penalize, the **unauthorized access of computers and digital accounts** and prohibit most service providers from disclosing account information to anyone without the account holder’s consent. These laws include the Electronic Communications Privacy Act (the “ECPA”)⁴, the Stored Communications Act (the “SCA”)⁵, which is part of the ECPA, and the Computer Fraud and Abuse Act (the “CFAA”).⁶ The CFAA prohibits unauthorized access to computers and protects against anyone who “intentionally accesses a computer without authorization or exceeds authorized access.”⁷

Title I of the ECPA protects wire, oral, and electronic communications **while in transit**, e.g., requiring search warrants from law enforcement for disclosures (18 U.S.C. § 2510 et seq.). Title II of ECPA (SCA) protects communications which are **in electronic storage**, with less protection than those of Title I, e.g., not requiring warrants for disclosure. However, under SCA, disclosure is voluntary. While the online service provider (“remote computing service”, defined by the SCA) may require that it be served with a subpoena prior to disclosure of communications, such service providers have argued and will continue to argue that disclosure cannot be compelled by a court. It is noted that the law does not require that a subpoena be served in order that the remote computing service is allowed to disclose the information – this is a self-created rule of the remote computing services.

Remote computing service[s]⁸ do consider data (and, e.g. pictures, documents of any kind, etc.) as such, and routinely refuse disclosure of any such thing which was an “electronic

³ See, NYSBA Memo.

⁴ 18 U.S.C. § 2510 *et seq.* (2006).

⁵ 18 U.S.C. § 2701 *et seq.* (2006).

⁶ 18 U.S.C. § 1030 *et seq.* (2006).

⁷ 18 U.S.C. § 1030(a).

⁸ 18 U.S.C. § 2711 (2).

transmission”.⁹ Although, electronic transmission is not defined in the SCA, it is used in conjunction with other terms, such as the definition of “electronic storage” (defined, in part as “any temporary, intermediate storage of a wire or electronic communication incidental to the electronic transmission thereof....”)¹⁰. Whether the logic of the remote computing services as to their broad interpretation of “electronic communications” will withstand judicial scrutiny remains to be seen. However, for now they, and their logic, are forces to be reckoned with.

The SCA contains two relevant prohibitions. First, the SCA makes it a crime for anyone to “intentionally access without authorization a facility through which an electronic communication service is provided”¹¹ as well as to “intentionally exceed an authorization to access that facility.”¹² Second, the SCA prohibits an electronic communications service from knowingly divulging the contents of a communication that is stored by or maintained on that service unless disclosure is made “to an addressee or intended recipient of such communication or an agent of such addressee or intended recipient” or “with the lawful consent of the originator or an addressee or intended recipient of such communication,”¹³ The SCA is often the basis on which service providers refuse to release the contents of a deceased user’s account.¹⁴

⁹ The definitions of Title I of the ECPA (18 U.S.C. § 2510) are made applicable to the SCA by 18 U.S.C. 2711(1).

¹⁰ 18 U.S.C. § 2510(17).

¹¹ 18 U.S.C. § 2701(a).

¹² *Id.*

¹³ 18 U.S.C. § 2702(b)(1) and (3).

¹⁴ See e.g., *In re Facebook, Inc.* (In December 2008, 23 year-old Sahar Daftary fell twelve floors to her death from her estranged husband’s flat in England. The local authorities determined that Daftary’s death was likely a suicide. The family, however, disputed that determination and believed that the contents of her Facebook account contained critical evidence showing her state of mind in the days leading up to her death. Because Daftary died in England, a local probate court was not available, so the family turned to the federal district court in California (where Facebook corporate headquarters is located) to order Facebook to disclose the contents of Daftary’s account. The district court granted Facebook’s motion to quash the subpoena stating that to hold otherwise would “run afoul of the ‘specific [privacy] interests that the [SCA] seeks to protect.’” Regarding the alleged consent given by family members on behalf of Daftary, the court stated that under the “plain language of Section 2702 [of the SCA], while consent may *permit* production by a provider, it may not *require* such a production.” The court, in dicta, stated that Facebook

Importantly, disclosure of contents of communications by the remote computing service, while permitted, is discretionary.

The Federal Communications Act of 1934, as amended, 47 U.S. §151 et seq., also has a provision that protects customer information.¹⁵

In addition to federal privacy laws, state privacy laws must also be considered. All 50 states, including New York have enacted criminal laws penalizing unauthorized access to computer systems.¹⁶

Consequently, with the prohibitions contained in the federal and state privacy laws, many service providers have and may continue to refuse to provide access or release content upon the death or incapacity of an account holder for fear of facing certain liability. Importantly, online service providers may further protect themselves by requiring an account holder to agree to a Terms of Service (“TOS”) agreement prior to creating an online account, which would be binding on representatives, agents and fiduciaries of the account holder.

In the absence of laws dealing with the disposition of digital assets, individuals will be subject to the service provider’s TOS if the TOS has a policy regarding the transfer or disposal of account access and content. Some service providers have a policy that indicates what will

could on its own determine that family members could provide consent on behalf of Daftary and release the information. To date, Facebook has not provided such access).

¹⁵ 47 U.S. Code § 222 - Privacy of customer information.

¹⁶ See e.g. **New York Penal Code 156.00** et seq. **Offenses involving Computers. N.J.S.A. 2C:20-25 Computer criminal activity**; CAL. PENAL CODE § 502 (2010); FLA. STAT. ANN. § 815.06 (2013); 720 ILL.

happen upon the death of an account holder.¹⁷ Others have no explicit policy.¹⁸ Some may elect that the data be deleted or some or all of it may be sent to a specified individual.

- **Driverless Cars and the Internet of Things**

The following article, “Legal Developments in Connected Car Arena Provide Glimpse of Privacy and Data Security Regulation in Internet of Things”, by F. Paul Pittman, is reprinted here with permission from its author, Mr. Pittman.

¹⁷ http://support.google.com/mail/answer/14300?hl=en&ref_topic=1669055 (website last checked May 2014). Gmail has a policy for potentially releasing emails to the personal representative of a deceased account holder. The policy makes it clear, however, that a court order will be required and there is no guarantee the email content will be released. Google, however, became the first service provider to implement a solution regarding access to a user’s account upon his or her death or incapacity. The Inactive Account Manager will become “activated” after the user’s account is inactive for a period of three, six, nine or twelve months, as determined by the user. The user can also determine what will happen to his or her data in advance of the account becoming inactive. For instance, the user .

¹⁸ See e.g., <http://www.shutterfly.com/help/terms.jsp>;
http://www.linkedin.com/static?key=user_agreement&trk=hb_ft_userag;
<http://www.google.com/intl/en/policies/terms/>; <https://twitter.com/TOS> (each website last checked May 2014). Shutterfly’s TOS does not include an explicit discussion of what happens when the account holder dies. Shutterfly’s TOS states that the individual agrees not to disclose his or her username or password to any third party and acknowledges that the individual’s access to the account is non-transferable. LinkedIn and Google have similar policies.

Legal Developments in Connected Car Arena Provide Glimpse of Privacy and Data Security Regulation in Internet of Things

By F. Paul Pittman*

February 2, 2016

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With the holiday season in the rear view, automobiles equipped with the newest technology connecting carmakers with their vehicles, vehicles with the world around them, and drivers with the consumer marketplace – Connected Cars – have moved from the lots to driveways. Automakers are remaking their fleets to offer unprecedented choice and convenience to drivers. However, as recent studies have shown, the connectivity inherent in Connected Cars, and the fast pace at which the industry is developing, raise privacy, data security, and physical safety concerns about the vulnerability of Connected Car computer systems. Lawmakers and regulators have begun to devote increased attention to this issue while plaintiffs’ attorneys have been emboldened to haul automakers, manufacturers, and computer system developers into court. As one of the earliest entrants into and faster-growing components of the Internet of Things (IoT), Connected Cars represent a testing ground for the development of consumer privacy rights and security standards for the IoT. The approach by Congress and the courts to the governance of Connected Cars will likely guide the development of standards and practices across the IoT spectrum.

Internet of Things

Connected Cars are part of the growing and evolving Internet of Things. The IoT describes the ecosystem of everyday products and services that are equipped with “smart” technology that allows them to connect to other products or services to communicate and transfer information about users to retailers, manufacturers, and the like, typically via a wireless network. The IoT currently includes devices we use every day such as Fitbits, connected appliances, smartphones and smart TVs. As the industry grows, IoT devices will continue to permeate the objects we use on a daily basis.

Connected Cars in particular will compose the majority of the automotive fleet in the near future. The market for Connected Cars is [projected to reach \\$54 billion](#) in the next two years. It is estimated that by 2020 there will be 250 million Connected Cars on the road, and about 90 percent of new vehicles in Western Europe will be connected to the Internet. Connected Cars provide consumers with convenience and a personalized driving experience. Automakers and retailers gain access to consumers to provide improved services and to market

products. Onboard computers allow for navigation technologies and integration with mobile devices that complement and enhance the vehicle technology. They also allow for the collection of driver data and other driver information to enable companies to efficiently deploy customized services and experiences. Automakers are developing Connected Car technology that will allow drivers to shop through the car dashboard, based on their location and preferences determined through data collection.

Connected Car Privacy and Security Vulnerabilities

The connectivity necessary for providing the features offered by Connected Cars may pose privacy and security dangers and vulnerabilities. Connected Cars can contain more than 50 separate electronic control units (ECUs) connected through a controller area network (CAN) or other network. Those ECUs communicate with each other and the CAN through use of digital messages called CAN packets. If CAN packets are not authenticated or encrypted, they may be susceptible to remote hacking through the vehicles' wireless and phone components. This wireless technology may also enable unauthorized access to other systems and data collected by the vehicle, such as location data and potentially payment card data used for dashboard shopping.

There are also concerns about Connected Cars being subject to remote interference and operation. Security researchers' published findings have sparked increased industry, regulatory, and congressional interest in this area. One notable example involved a report that researchers were able to remotely access a car and change the car's air-conditioning settings, switch the volume and station on the radio, turn on the windshield wipers, and display a picture of the researchers on the digital dashboard screen from 10 miles away. The researchers also were able to disable the vehicle's engine and brakes, control the steering wheel, and track the car's GPS coordinates. The researchers claim that they could gain access to the vehicle from as far as 70 miles away.

Evolving Legal Landscape

Proposed Legislation

As manufacturers develop the vehicles and infrastructure that enable the use of Connected Cars, the legal landscape is struggling to keep up. Congress has proposed but has not enacted new legislation. On July 21, 2015, Senators Edward Markey (D-Mass.) and Richard Blumenthal (D-Conn.) proposed legislation (S. 1806) requiring the Department of Transportation's National Highway Traffic Safety Administration (NHTSA) to team with the Federal Trade Commission (FTC) to establish certain consumer data privacy and car computer network security rules to prevent hacking in all motor vehicles manufactured for sale in the U.S. ("SPY Car Act"). The [SPY Car Act](#) was based on a February 2015 report by Senator Markey, who had surveyed automakers about cybersecurity threats to safety and the collection and storage of driving data, including location, driving history, and user data. The report found that nearly all cars on the market have wireless technologies and identified several purported weaknesses in the security of connected features in cars.

The SPY Car Act would require collaboration between the NHTSA and the FTC to implement cybersecurity standards for vehicle system and driving data security, including

- hacking protection and mitigation;
- a “cyber dashboard” display label affixed to the vehicle that describes the vehicle’s compliance with cybersecurity and privacy requirements under the SPY Car Act; and
- certain privacy standards including providing notice and choice regarding the use and collection of data, and limiting the use of driving data by manufacturers. Violators of the SPY Car Act cybersecurity standards would be penalized up to \$5,000 per violation.

Violations of the privacy standards would be treated as unfair and deceptive acts or practices under Section 5 of the FTC Act.

In addition, in October 2015, Representatives Joe Wilson (R-S.C.) and Ted Lieu (D-Calif.) suggested legislation titled [Examining Ways to Improve Vehicle and Roadway Safety: Vehicle Data Privacy](#) that would require auto manufacturers to:

- develop and implement a privacy policy regarding the collection, sharing, and use of driver and vehicle data;
- file their privacy policies with the Secretary of Transportation;
- retain data only for legitimate business purposes; and
- implement reasonable security measures to prevent hacking. The proposed legislation would impose on auto manufacturers penalties of up to \$1 million for failing to file a privacy policy or comply with an express privacy policy and fines of up to \$100,000 for failing to prevent hacking.

The proposed legislation would also require the NHTSA to create an Automotive Cybersecurity Advisory Council to develop cybersecurity best practices for vehicle manufacturers.

Notably, the proposed legislation contains a safe harbor against FTC enforcement under Section 5 of the FTC Act for companies that file a privacy policy complying with these requirements. Unsurprisingly, the FTC has expressed disapproval of this provision, which could provide immunity to an auto manufacturer that does not follow its privacy policy and prohibit the FTC from enforcement actions against auto manufacturers for privacy-related misrepresentations on their websites, whether accessed through the vehicle or otherwise.

Self-Regulation

The automotive industry and even the FTC have cautioned that IoT-specific legislation may stifle IoT innovation and penalize companies that attempt to implement reasonable privacy and security measures. Many lawmakers have little understanding of the IoT and are not yet equipped to address the issues it presents.

Notably, and despite the pending proposed SPY Car Act, the Senate passed a resolution on March 24, 2015, that recognizes the importance of the development of the IoT and resolves that public and private entities should guide the strategy for advancing the technology. The resolution calls for Congress and the industry to collaborate to advance a national Internet of Things strategy that does not result in overregulation that stifles and prevents innovation and growth.

The automotive industry has also taken steps toward self-regulation. In November 2014, the Alliance of Automobile Manufacturers, Inc., and the Association of Global Automakers, Inc., published the [Consumer Privacy Protection Principles: Privacy Principles for Vehicle Technologies and Services](#). These principles relate to the collection, use, and sharing of personal and vehicle information associated with vehicle technologies that collect, generate, record, and store this information. The principles call for automakers and manufacturers to ensure the following by 2017:

- provide consumers with clear notice and choice in the use and collection of personal information;
- use personal information in a way that is consistent with the context in which it was collected;
- collect information only as legitimately needed, and retain it for only as long as necessary;
- implement reasonable data security measures;
- maintain the accuracy of the data, and provide access to users; and
- remain accountable to consumers for adherence to these principles.

The Alliance of Automobile Manufacturers, Inc., and the Association of Global Automakers, Inc., have also [formed an Information Sharing and Analysis Center \(ISAC\)](#) to share intelligence about vehicle cybersecurity threats and designed a framework to further the development of automotive cybersecurity [best practices](#) on how to safeguard against and respond to threats.

Enforcement

Whether the regulatory framework surrounding Connected Cars emanates from legislation or self-regulation, several agencies are poised to take the lead in enforcement activities in the area. In fact, the SPY Car Act requires collaboration between the FTC and the NHTSA in developing privacy and security standards for Connected Cars. The FTC has traditionally been the lead regulator of consumer privacy and data security standards by using its authority under Section 5 of the FTC Act to contend that a lack of reasonable security measures or other missteps amount to unfair or deceptive acts or practices. The FTC has indicated an intent to play a similar role with regard to Connected Cars as evidenced by the guidance IoT document it issued titled [Internet of Things – Security and Privacy in a Connected World](#). This guidance document encourages companies operating in the IoT to implement “security by design” into their products, along with providing consumers notice and choice with regard to collection and use of the personal information, and ensuring that companies’ data collection and use practices are transparent and minimize data collection, among other suggested best practices.

NHTSA is a relatively new entrant into the data privacy and security enforcement arena, but it will be tasked with ensuring that automakers and manufacturers implement security standards sufficient to protect Connected Car computer systems from being accessed and physically controlled. NHTSA has published [guidance](#) on automotive cybersecurity, including [application of the National Institute of Standards and Technology \(NIST\) Risk Management framework in the automotive cybersecurity context](#). And NHTSA recently completed an investigation of an auto manufacturer and its computer system vendor related to vehicle cybersecurity, which is particularly important since some technology company vendors supply these same systems to other car manufacturers. Automakers appear to be receptive to NHTSA's approach as they recently announced a data sharing safety [agreement](#) that reaffirms the commitment of NHTSA and automakers to collaborate on the development of cybersecurity best practice, and the continued sharing of information on cybersecurity threats and countermeasures to repel potential hackers. As Connected Car technology grows to encompass more products and services, the Federal Communications Commission (FCC) may also emerge as an enforcement player under its [expanded enforcement authority over "telecommunications service" providers](#). Internet service providers that offer the wireless Internet services that fuel Connected Car connectivity could face increased scrutiny by the FCC, and potential fines, over the adequacy of their privacy practices and security standards for the collection of consumer personal information crossing their wireless networks.

Litigation

Class actions alleging claims based on privacy and security issues related to Connected Cars have already been filed. In an action filed in California federal court, the plaintiffs sought to certify a class of car owners who allege that the defendant car manufacturers created and concealed data privacy and vehicle security vulnerabilities through the continued use of the CAN system. The plaintiffs alleged that the CAN system is susceptible to being hacked, which could allow for the collection of data stored on the CAN system and for the control of certain vehicle functions such as steering, braking, and acceleration. The plaintiffs asserted claims for express and implied breach of warranty, fraud, false advertising, and violations of consumer protection laws. The plaintiffs sought injunctive relief, updates to the CAN system to secure and protect vehicles and data, and recovery of economic losses associated with the loss of their vehicles' value.

The defendant car manufacturers moved to dismiss the action, arguing that the plaintiffs did not suffer any "injury in fact" because their cars have not been hacked or taken control of, nor had their data been breached. The defendants relied primarily on [Clapper v. Amnesty Int'l](#), where the Supreme Court held that to establish standing, a plaintiff must allege more than a speculative injury, but rather the injury alleged must be "concrete and particularized" and "actual or imminent." The defendants also asserted that the plaintiffs lacked standing to bring an invasion of privacy claim because the plaintiffs did not have a reasonable expectation in the privacy of the personal data collected by the Connected Car and that the type of data collected did not cause a "serious invasion of privacy." The plaintiffs claimed that they had been injured by the defendant car manufacturers' alleged misrepresentations about the alleged privacy and security defects, and asserted that they would not have purchased the vehicles or that they paid an inflated price for their vehicles.

Consistent with the *Clapper* decision, the court recently dismissed the plaintiffs' complaint (with leave to amend) for a lack of standing, finding that the plaintiffs did not allege that their or any other class members' cars have been hacked and therefore their alleged injuries are not certainly impending, but rather speculative and unproven *at this point*. Notably, the court emphasized the lack of any actual incidents of car hacking suffered by the class plaintiffs, or any other plaintiffs, outside of a controlled environment. The court suggested that it might arrive at a different conclusion on the issue of standing should a Connected Car actually be hacked, noting that "all of this is not to say that a future risk of harm can never satisfy injury in fact analysis" and that "a credible threat of harm is sufficient to constitute actual injury for standing purposes."

The court also rejected the plaintiffs' claims for economic loss, finding a lack of any demonstrable impact on the value of the vehicles such as declining values, recalls, or out-of-pocket expenses for replacing or discontinuing use of their vehicles. Finally, the court distinguished driver, performance, and location data from Social Security numbers or payment card numbers, finding that this type of data is not protected under California state privacy laws.

Plaintiffs assert similar claims in another class action pending in Illinois federal court, which also includes a claim against the vehicle "infotainment" manufacturer. Plaintiffs allege that the vehicle infotainment system is part of a design defect in the vehicle because it is not properly separated from the vehicle CAN system that connects to the vehicle engine control units and is susceptible to being hacked (via the 3G cellular network and radio connection). The vehicle computer system defendants argue that the plaintiffs' claims against them should be dismissed due to a lack of privity or any other actionable relationship between the plaintiffs and the vehicle infotainment manufacturer. The lack of any actual instances of cars being hacked could determine the outcome here, just as it did in the California litigation. Nonetheless, this case warrants following as it involves the potential liability of the component part manufacturers for data privacy and security vulnerabilities in Connected Cars.

Impact on Regulatory Framework

The evolving nature of the regulatory framework creates uncertainty for automakers, manufacturers, and technology companies that are attempting to innovate in this field. As the regulatory framework around Connected Cars evolves, it will be important for companies to keep apprised of new litigation and agency, industry, and legislative developments while maintaining flexibility in their products should new or stricter privacy and security standards be implemented or other regulators step into the fray.

As it stands, class action plaintiffs still face an uphill battle in bringing claims related to the data privacy and security of Connected Cars. Courts do not appear inclined to allow class plaintiffs to proceed on claims where no actual injury (hacking) has been manifested. Of course, if reports of actual incidents of car hacking begin to occur and there are actual instances of harm, the potential impact to businesses from the litigation and legislation that such instances might inspire could be significant.

Indeed, even the current legislation proposed by the Senate and House bills could create rigid compliance standards that could be costly, inefficient, and ineffective for protecting consumer privacy and securing vehicle safety as they are bypassed by hackers. The legislation could also subject companies that have made reasonable efforts to implement privacy and security standards to fines, and deter vehicle computer system security research. Importantly, onerous legislation could stifle innovation in the Connected Car arena by placing unnecessary limitations on the design and development of Connected Car computer systems.

For now, companies involved as stakeholders in developing privacy and data security standards for Connected Cars need to continue to remain aware of efforts by non-stakeholders to regulate this fast-moving technology. The privacy framework set forth in the Consumer Privacy Protection Principles: Privacy Principles for Vehicle Technologies and Services will likely be considered by regulators investigating these practices by automakers, manufacturers, and tech companies following a breach. The principles are largely consistent with the legislation proposed by Congress, but notably lack the guidance on security standards for Connected Cars to prevent hacking into Connected Car computer systems contained in the proposed legislation.

Companies also should continue to monitor guidance, enforcement activities, and investigations by the FTC and NHTSA. NHTSA is actively developing cybersecurity guidelines and best practices for securing automotive computer systems and reducing vulnerabilities. In addition, the FTC has expressly encouraged companies to build security into their products along with policies ensuring data minimization, notice, and choice. The use of guidelines and best practices by enforcement agencies, rather than calls for congressional action, suggests that agencies are content to allow the Connected Car industry to self-regulate at this time. Consequently, the more companies conform with this existing regulatory framework and show effectiveness in protecting consumer data from hackers, the less likely legislators are to push for specific privacy or cybersecurity legislation relating to Connected Cars. Further, companies that comply with the industry self-regulatory and agency guidance should be better positioned to defend against any claims in purported class actions that the company failed to follow reasonable privacy and security standards.

The Long View

The impact of the development of the regulatory framework governing Connected Cars on the development of IoT regulation as a whole cannot be underestimated. Many of the same privacy, data security, and physical safety concerns that arise with Connected Cars also arise with health devices, home automation systems, and smart energy grids. As a result, the industry response to the existing Connected Car regulatory framework, and the government's assessment of the efficacy of self-regulation on consumer protection, will likely determine whether this framework is applied in other IoT settings or replaced with more government regulation.

Legal Developments in Connected Car Arena Provide Glimpse of Privacy and Data Security Regulation in Internet of Things

By F. Paul Pittman*

February 2, 2016

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With the holiday season in the rear view, automobiles equipped with the newest technology connecting carmakers with their vehicles, vehicles with the world around them, and drivers with the consumer marketplace – Connected Cars – have moved from the lots to driveways. Automakers are remaking their fleets to offer unprecedented choice and convenience to drivers. However, as recent studies have shown, the connectivity inherent in Connected Cars, and the fast pace at which the industry is developing, raise privacy, data security, and physical safety concerns about the vulnerability of Connected Car computer systems. Lawmakers and regulators have begun to devote increased attention to this issue while plaintiffs’ attorneys have been emboldened to haul automakers, manufacturers, and computer system developers into court. As one of the earliest entrants into and faster-growing components of the Internet of Things (IoT), Connected Cars represent a testing ground for the development of consumer privacy rights and security standards for the IoT. The approach by Congress and the courts to the governance of Connected Cars will likely guide the development of standards and practices across the IoT spectrum.

Internet of Things

Connected Cars are part of the growing and evolving Internet of Things. The IoT describes the ecosystem of everyday products and services that are equipped with “smart” technology that allows them to connect to other products or services to communicate and transfer information about users to retailers, manufacturers, and the like, typically via a wireless network. The IoT currently includes devices we use every day such as Fitbits, connected appliances, smartphones and smart TVs. As the industry grows, IoT devices will continue to permeate the objects we use on a daily basis.

Connected Cars in particular will compose the majority of the automotive fleet in the near future. The market for Connected Cars is [projected to reach \\$54 billion](#) in the next two years. It is estimated that by 2020 there will be 250 million Connected Cars on the road, and about 90 percent of new vehicles in Western Europe will be connected to the Internet. Connected Cars provide consumers with convenience and a personalized driving experience. Automakers and retailers gain access to consumers to provide improved services and to market

products. Onboard computers allow for navigation technologies and integration with mobile devices that complement and enhance the vehicle technology. They also allow for the collection of driver data and other driver information to enable companies to efficiently deploy customized services and experiences. Automakers are developing Connected Car technology that will allow drivers to shop through the car dashboard, based on their location and preferences determined through data collection.

Connected Car Privacy and Security Vulnerabilities

The connectivity necessary for providing the features offered by Connected Cars may pose privacy and security dangers and vulnerabilities. Connected Cars can contain more than 50 separate electronic control units (ECUs) connected through a controller area network (CAN) or other network. Those ECUs communicate with each other and the CAN through use of digital messages called CAN packets. If CAN packets are not authenticated or encrypted, they may be susceptible to remote hacking through the vehicles' wireless and phone components. This wireless technology may also enable unauthorized access to other systems and data collected by the vehicle, such as location data and potentially payment card data used for dashboard shopping.

There are also concerns about Connected Cars being subject to remote interference and operation. Security researchers' published findings have sparked increased industry, regulatory, and congressional interest in this area. One notable example involved a report that researchers were able to remotely access a car and change the car's air-conditioning settings, switch the volume and station on the radio, turn on the windshield wipers, and display a picture of the researchers on the digital dashboard screen from 10 miles away. The researchers also were able to disable the vehicle's engine and brakes, control the steering wheel, and track the car's GPS coordinates. The researchers claim that they could gain access to the vehicle from as far as 70 miles away.

Evolving Legal Landscape

Proposed Legislation

As manufacturers develop the vehicles and infrastructure that enable the use of Connected Cars, the legal landscape is struggling to keep up. Congress has proposed but has not enacted new legislation. On July 21, 2015, Senators Edward Markey (D-Mass.) and Richard Blumenthal (D-Conn.) proposed legislation (S. 1806) requiring the Department of Transportation's National Highway Traffic Safety Administration (NHTSA) to team with the Federal Trade Commission (FTC) to establish certain consumer data privacy and car computer network security rules to prevent hacking in all motor vehicles manufactured for sale in the U.S. ("SPY Car Act"). The [SPY Car Act](#) was based on a February 2015 report by Senator Markey, who had surveyed automakers about cybersecurity threats to safety and the collection and storage of driving data, including location, driving history, and user data. The report found that nearly all cars on the market have wireless technologies and identified several purported weaknesses in the security of connected features in cars.

The SPY Car Act would require collaboration between the NHTSA and the FTC to implement cybersecurity standards for vehicle system and driving data security, including

- hacking protection and mitigation;
- a “cyber dashboard” display label affixed to the vehicle that describes the vehicle’s compliance with cybersecurity and privacy requirements under the SPY Car Act; and
- certain privacy standards including providing notice and choice regarding the use and collection of data, and limiting the use of driving data by manufacturers. Violators of the SPY Car Act cybersecurity standards would be penalized up to \$5,000 per violation.

Violations of the privacy standards would be treated as unfair and deceptive acts or practices under Section 5 of the FTC Act.

In addition, in October 2015, Representatives Joe Wilson (R-S.C.) and Ted Lieu (D-Calif.) suggested legislation titled [Examining Ways to Improve Vehicle and Roadway Safety: Vehicle Data Privacy](#) that would require auto manufacturers to:

- develop and implement a privacy policy regarding the collection, sharing, and use of driver and vehicle data;
- file their privacy policies with the Secretary of Transportation;
- retain data only for legitimate business purposes; and
- implement reasonable security measures to prevent hacking. The proposed legislation would impose on auto manufacturers penalties of up to \$1 million for failing to file a privacy policy or comply with an express privacy policy and fines of up to \$100,000 for failing to prevent hacking.

The proposed legislation would also require the NHTSA to create an Automotive Cybersecurity Advisory Council to develop cybersecurity best practices for vehicle manufacturers.

Notably, the proposed legislation contains a safe harbor against FTC enforcement under Section 5 of the FTC Act for companies that file a privacy policy complying with these requirements. Unsurprisingly, the FTC has expressed disapproval of this provision, which could provide immunity to an auto manufacturer that does not follow its privacy policy and prohibit the FTC from enforcement actions against auto manufacturers for privacy-related misrepresentations on their websites, whether accessed through the vehicle or otherwise.

Self-Regulation

The automotive industry and even the FTC have cautioned that IoT-specific legislation may stifle IoT innovation and penalize companies that attempt to implement reasonable privacy and security measures. Many lawmakers have little understanding of the IoT and are not yet equipped to address the issues it presents.

Notably, and despite the pending proposed SPY Car Act, the Senate passed a resolution on March 24, 2015, that recognizes the importance of the development of the IoT and resolves that public and private entities should guide the strategy for advancing the technology. The resolution calls for Congress and the industry to collaborate to advance a national Internet of Things strategy that does not result in overregulation that stifles and prevents innovation and growth.

The automotive industry has also taken steps toward self-regulation. In November 2014, the Alliance of Automobile Manufacturers, Inc., and the Association of Global Automakers, Inc., published the [Consumer Privacy Protection Principles: Privacy Principles for Vehicle Technologies and Services](#). These principles relate to the collection, use, and sharing of personal and vehicle information associated with vehicle technologies that collect, generate, record, and store this information. The principles call for automakers and manufacturers to ensure the following by 2017:

- provide consumers with clear notice and choice in the use and collection of personal information;
- use personal information in a way that is consistent with the context in which it was collected;
- collect information only as legitimately needed, and retain it for only as long as necessary;
- implement reasonable data security measures;
- maintain the accuracy of the data, and provide access to users; and
- remain accountable to consumers for adherence to these principles.

The Alliance of Automobile Manufacturers, Inc., and the Association of Global Automakers, Inc., have also [formed an Information Sharing and Analysis Center \(ISAC\)](#) to share intelligence about vehicle cybersecurity threats and designed a framework to further the development of automotive cybersecurity [best practices](#) on how to safeguard against and respond to threats.

Enforcement

Whether the regulatory framework surrounding Connected Cars emanates from legislation or self-regulation, several agencies are poised to take the lead in enforcement activities in the area. In fact, the SPY Car Act requires collaboration between the FTC and the NHTSA in developing privacy and security standards for Connected Cars. The FTC has traditionally been the lead regulator of consumer privacy and data security standards by using its authority under Section 5 of the FTC Act to contend that a lack of reasonable security measures or other missteps amount to unfair or deceptive acts or practices. The FTC has indicated an intent to play a similar role with regard to Connected Cars as evidenced by the guidance IoT document it issued titled [Internet of Things – Security and Privacy in a Connected World](#). This guidance document encourages companies operating in the IoT to implement “security by design” into their products, along with providing consumers notice and choice with regard to collection and use of the personal information, and ensuring that companies’ data collection and use practices are transparent and minimize data collection, among other suggested best practices.

NHTSA is a relatively new entrant into the data privacy and security enforcement arena, but it will be tasked with ensuring that automakers and manufacturers implement security standards sufficient to protect Connected Car computer systems from being accessed and physically controlled. NHTSA has published [guidance](#) on automotive cybersecurity, including [application of the National Institute of Standards and Technology \(NIST\) Risk Management framework in the automotive cybersecurity context](#). And NHTSA recently completed an investigation of an auto manufacturer and its computer system vendor related to vehicle cybersecurity, which is particularly important since some technology company vendors supply these same systems to other car manufacturers. Automakers appear to be receptive to NHTSA's approach as they recently announced a data sharing safety [agreement](#) that reaffirms the commitment of NHTSA and automakers to collaborate on the development of cybersecurity best practice, and the continued sharing of information on cybersecurity threats and countermeasures to repel potential hackers. As Connected Car technology grows to encompass more products and services, the Federal Communications Commission (FCC) may also emerge as an enforcement player under its [expanded enforcement authority over "telecommunications service" providers](#). Internet service providers that offer the wireless Internet services that fuel Connected Car connectivity could face increased scrutiny by the FCC, and potential fines, over the adequacy of their privacy practices and security standards for the collection of consumer personal information crossing their wireless networks.

Litigation

Class actions alleging claims based on privacy and security issues related to Connected Cars have already been filed. In an action filed in California federal court, the plaintiffs sought to certify a class of car owners who allege that the defendant car manufacturers created and concealed data privacy and vehicle security vulnerabilities through the continued use of the CAN system. The plaintiffs alleged that the CAN system is susceptible to being hacked, which could allow for the collection of data stored on the CAN system and for the control of certain vehicle functions such as steering, braking, and acceleration. The plaintiffs asserted claims for express and implied breach of warranty, fraud, false advertising, and violations of consumer protection laws. The plaintiffs sought injunctive relief, updates to the CAN system to secure and protect vehicles and data, and recovery of economic losses associated with the loss of their vehicles' value.

The defendant car manufacturers moved to dismiss the action, arguing that the plaintiffs did not suffer any "injury in fact" because their cars have not been hacked or taken control of, nor had their data been breached. The defendants relied primarily on [Clapper v. Amnesty Int'l](#), where the Supreme Court held that to establish standing, a plaintiff must allege more than a speculative injury, but rather the injury alleged must be "concrete and particularized" and "actual or imminent." The defendants also asserted that the plaintiffs lacked standing to bring an invasion of privacy claim because the plaintiffs did not have a reasonable expectation in the privacy of the personal data collected by the Connected Car and that the type of data collected did not cause a "serious invasion of privacy." The plaintiffs claimed that they had been injured by the defendant car manufacturers' alleged misrepresentations about the alleged privacy and security defects, and asserted that they would not have purchased the vehicles or that they paid an inflated price for their vehicles.

Consistent with the *Clapper* decision, the court recently dismissed the plaintiffs' complaint (with leave to amend) for a lack of standing, finding that the plaintiffs did not allege that their or any other class members' cars have been hacked and therefore their alleged injuries are not certainly impending, but rather speculative and unproven *at this point*. Notably, the court emphasized the lack of any actual incidents of car hacking suffered by the class plaintiffs, or any other plaintiffs, outside of a controlled environment. The court suggested that it might arrive at a different conclusion on the issue of standing should a Connected Car actually be hacked, noting that "all of this is not to say that a future risk of harm can never satisfy injury in fact analysis" and that "a credible threat of harm is sufficient to constitute actual injury for standing purposes."

The court also rejected the plaintiffs' claims for economic loss, finding a lack of any demonstrable impact on the value of the vehicles such as declining values, recalls, or out-of-pocket expenses for replacing or discontinuing use of their vehicles. Finally, the court distinguished driver, performance, and location data from Social Security numbers or payment card numbers, finding that this type of data is not protected under California state privacy laws.

Plaintiffs assert similar claims in another class action pending in Illinois federal court, which also includes a claim against the vehicle "infotainment" manufacturer. Plaintiffs allege that the vehicle infotainment system is part of a design defect in the vehicle because it is not properly separated from the vehicle CAN system that connects to the vehicle engine control units and is susceptible to being hacked (via the 3G cellular network and radio connection). The vehicle computer system defendants argue that the plaintiffs' claims against them should be dismissed due to a lack of privity or any other actionable relationship between the plaintiffs and the vehicle infotainment manufacturer. The lack of any actual instances of cars being hacked could determine the outcome here, just as it did in the California litigation. Nonetheless, this case warrants following as it involves the potential liability of the component part manufacturers for data privacy and security vulnerabilities in Connected Cars.

Impact on Regulatory Framework

The evolving nature of the regulatory framework creates uncertainty for automakers, manufacturers, and technology companies that are attempting to innovate in this field. As the regulatory framework around Connected Cars evolves, it will be important for companies to keep apprised of new litigation and agency, industry, and legislative developments while maintaining flexibility in their products should new or stricter privacy and security standards be implemented or other regulators step into the fray.

As it stands, class action plaintiffs still face an uphill battle in bringing claims related to the data privacy and security of Connected Cars. Courts do not appear inclined to allow class plaintiffs to proceed on claims where no actual injury (hacking) has been manifested. Of course, if reports of actual incidents of car hacking begin to occur and there are actual instances of harm, the potential impact to businesses from the litigation and legislation that such instances might inspire could be significant.

Indeed, even the current legislation proposed by the Senate and House bills could create rigid compliance standards that could be costly, inefficient, and ineffective for protecting consumer privacy and securing vehicle safety as they are bypassed by hackers. The legislation could also subject companies that have made reasonable efforts to implement privacy and security standards to fines, and deter vehicle computer system security research. Importantly, onerous legislation could stifle innovation in the Connected Car arena by placing unnecessary limitations on the design and development of Connected Car computer systems.

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Intellectual Property Ethics in a Changing Landscape

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Recent Ethics Decisions Involving IP Practice and Dumb Things (All Kinds of) Lawyers Do

January 23, 2018

Presented by: Anthony E. Davis, Esq.
Lawyers for the Profession® Practice Group
of Hinshaw & Culbertson LLP

Outline

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Subject Matter Conflicts

Missed Deadlines

B. Dumb Things

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3. Failure to Supervise

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4. Think Before You “Dump” Your Client

5. Think Before You Speak

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Recent Ethics Decisions Involving IP Practice and Dumb Things (All Kinds of) Lawyers Do

January 23, 2018

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The Lawyers' *LAWYER* Newsletter

Recent Developments in Risk Management

August 2009 Issue

Failure to Supervise – Law Firm Has Duty to Supervise Associates Designated to Provide *Pro Bono* Representation Outside the Firm

MC v. GC, 2009 WL 1675987 (N.Y.Sup.)

The Case: In this divorce case, “Ms. Smith,” a staff attorney at a major multinational law firm represented “Wife” in her divorce action on a *pro bono* basis through a non-profit organization called inMotion. Wife testified that during their initial meeting they spoke for about 15 minutes. In that meeting the Wife told Ms. Smith that she wanted to relocate to Florida to give her children a better life. Ms. Smith advised her that inMotion would not represent her on that issue. At the next meeting, Wife signed a waiver giving up her right to seek a share of the marital property; the waiver stated that if Wife decided to seek a division of marital assets or debts, inMotion and the law firm may drop her case. At a third meeting, Wife again told Ms. Smith that she wanted to relocate, and Ms. Smith advised that she could not touch the relocation issue. She could represent Wife only in an uncontested divorce and would have to withdraw if settlement negotiations broke down. Ms. Smith also told Wife that Husband was seeking custody, but would give up that claim if Wife signed a stipulation giving him custody of their son one month each summer. The stipulation provided that Wife could not relocate, but Wife testified that Ms. Smith had advised her she could revisit the relocation issue after the divorce was final. Wife signed a stipulated settlement.

Ultimately, the Court vacated the stipulation, finding that Ms. Smith made “careless and inaccurate” statements and that Wife had no meaningful representation on financial issues or custody. The court found that Ms. Smith made three significant misstatements: (1) that Ms. Smith’s firm could “withdraw” from representing Wife if she sought relocation, (2) that Husband would seek custody if Wife did not sign the stipulation, and (3) that Wife would be able to seek relocation after signing the stipulation. The court found that Ms. Smith failed to inquire whether inMotion or her firm would have supported her in representing Wife in a contested divorce, or whether Wife had other alternatives for legal representation. The court also found that Ms. Smith evoked duress in persuading the Wife to sign the waiver and to not pursue relocation. While the court applauded Ms. Smith’s firm for providing *pro bono* legal services through inMotion, it also cautioned that “[I]n undertaking *pro bono* representation, Ms. Smith’s firm should ensure that counsel taking on *pro bono* matters receive appropriate support and supervision, so that they can provide *pro bono* clients with the same careful legal representation that they provide to paying clients.”

Comment: Model Rule 5.1 of the ABA Rules of Professional Conduct, adopted in most states, requires partners and other lawyers with supervisory responsibilities (and, in New York, law firms) to supervise the work of subordinate lawyers so that the subordinates’ work product meets the requirements of diligence and competence. In the current economic climate, it is not uncommon for lawyers, who have lighter than normal caseloads in their traditional areas of practice, to seek to fill their plates with work outside their usual areas of expertise. This case serves as reminder that it is important for firms to monitor what kinds of work their lawyers are engaged in, and especially in stressful times when lawyers are more inclined to “dabble,” law firms should make sure that someone with the relevant expertise is exercising appropriate supervisory oversight.

Risk Management Solution: This case makes plain that the duty to supervise *pro bono* work is no different than that which applies to paying clients' matters. Law firms are well-advised to establish practice leadership positions with respect to *pro bono* work in order to oversee both the work that the firm's lawyers undertake, and ensure that it is handled with the appropriate levels of diligence and competence.

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The Lawyers' Lawyer Newsletter

Recent Developments in Risk Management



May 2016 | Volume 21 | Issue 2

Conflicts of Interest — Subject Matter Conflicts — Can IP Attorneys Simultaneously Represent Two Clients That Are Prosecuting Patents for Similar Inventions?

Maling v. Finnegan, Henderson, Farabow, Garrett & Dunner, LLP, 473 Mass. 336, 42 N.E.3d 199 (2015)

Risk Management Issue: What constitutes an adequate conflicts check where two clients may be pursuing intellectual property in similar inventions (sometimes referred to as a "subject matter conflict")?

The Case: The Massachusetts Supreme Court considered claims by an inventor against his attorneys for legal malpractice and breach of fiduciary duty for simultaneously representing a competing company in prosecuting a patent for a similar invention without informing him or obtaining his consent to the concurrent representation.

Plaintiff Chris Marling retained lawyers in the Boston, office of Finnegan, Henderson, Farabow, Garrett & Dunner, LLP to represent him in obtaining a patent for a new screwless eyeglass frame. After the Firm obtained the patent, Marling learned that lawyers in the firm's Washington, D.C. office had simultaneously represented a competitor, Masunaga Optical Manufacturing Co., Ltd., in the prosecution of a patent in connection with screwless eyeglass technology.

Marling claimed that the Firm had a conflict of interest in violation of Mass. R. Prof. C. 1.7 by simultaneously representing Masunaga in obtaining a patent in the same technology area. He alleged that the Firm's failure to disclose the potential conflict resulted in "tremendous financial hardship" for Marling and that his invention was not commercially viable after learning that a competitor had a head start in the market.

A number of IP law firms filed *amicus curiae* briefs in the case. They asserted that representing two clients obtaining patents for similar inventions does not create a conflict of interest except where the claims of two patent applications are identical or obvious variants of each other. A contrary rule would effectively restrict IP firms to representing one client in each field of technology and would result in them favoring larger clients who generate more work.

The Massachusetts Supreme Court concluded that Finnegan's simultaneous representation of two competing clients in prosecuting patents in the same technology area for similar inventions was not a per se violation of Rule 1.7. Further, because the Firm successfully obtained a patent for Marling's screwless eyeglass frame, Marling failed to state a claim for relief.

The court reasoned that Marling and Masunaga were not adversaries in the traditional sense as they did not appear on opposite sides of litigation. It treated a conflict arising from representation of competitors as permissible economic adversity. Moreover, Marling did not allege that the Firm's judgment was impaired, that confidences were disclosed, or that Marling had obtained a less robust patent than had he been represented by "conflict free" counsel. Thus, Marling could identify no damages stemming from the Firm's representation.

Comment: At the conclusion of the opinion, the Massachusetts Supreme Court noted that what constitutes an adequate conflicts check is a complex question given lateral transfers, firm mergers, and the rise of giant international law firms. As *Marling* illustrates, economic adversity between two clients can be difficult to detect, particularly where a law firm has multiple offices. Although it affirmed the dismissal of Marling's action, the Court warned, "law firms run significant risks, financial and reputational, if they do not avail themselves of a robust conflict system adequate to the nature of their practice."

Conflicts of Interest, continued on page 2

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Economic adversity generally does not constitute a conflict of interest that would require an attorney to obtain the affected clients' informed consent. Model Rule 1.7, Comment 6 ("[S]imultaneous representation in unrelated matters of clients whose interests are only economically adverse, such as representation of competing economic enterprises in unrelated litigation, does not ordinarily constitute a conflict of interest and thus may not require consent of the respective clients").

However, *Marling* establishes only the minimum conflict screening protocols for IP attorneys under Rule 1.7. Indeed, the Court emphasized that nothing in the decision should be construed to absolve law firms from the obligation to implement robust processes to detect potential conflicts. It emphasized that the misuse of client confidences or the preferential treatment of one client over another constitute serious ethical violations. Further, the decision should not be seen as a carte blanche to engage in true "subject matter conflicts," where the technology is actually identical.

Risk Management Solution: Law firms need to adopt comprehensive conflicts screening protocols that include more complete client intake information beyond the mere names of the parties, including, in intellectual property prosecution matters, sufficient detail about the actual technology or invention involved to enable firms to identify true subject matter conflicts. These procedures will help avoid possible disqualification and claims.

Strategic Decisions During Litigation Leads to Law Firm's Disqualification

In re RSR Corp., No. 13-0499, 2015 WL 7792871, at *3 (Tex. Dec. 4, 2015)

Risk Management Issue: What can law firms do to manage the risk of disqualification when they seek to consult with or engage a former employee of an opposing party?

The Case: In 2003, a mining company entered into a licensing agreement with an anode manufacturing company, under which the mining company agreed to license its anode-production information to the manufacturing company. In return, the manufacturing company promised to pay the mining company a fee for every anode sold. In 2008, the mining company sued the manufacturing company for breach of contract and misappropriation of trade secrets. Firm 1 represented the mining company. Firm 2 represented the manufacturing company.

In 2010, the manufacturing company's financial manager resigned his position. While employed, his job duties included ensuring cash flow and financing, as well as calculating the payments to the mining company under the 2003 agreement. He had access to data regarding the manufacturing company's financial statements, foreign trading and government reports. He gathered financial information in response to the mining company's audit request in 2009, and discussed the audit and litigation strategy with his employer's officers and lawyers. His employment contract stated that all information he gathered during his employment was confidential and could not be disclosed to third parties, even after his employment ended. After he left, he took with him about 15,000 to 17,000 emails, which included communications with the lawyers and officers.

Firm 1 contacted the manufacturing company's former finance manager in connection with the lawsuit. Eventually, they had several meetings, often including Firm 2. The finance manager "supplied significant information regarding [the manufacturing company], accusing [it] of underpaying [the mining company] under the 2003 agreement." The finance manager insisted that both firms pay for his time, which he charged at \$1,600 per day (four times his normal salary). Ultimately, in May 2011, the finance manager formalized a consulting agreement with Firm 2, though the court found that Firm 1 "also participated in the decision to retain him." The agreement guaranteed the finance manager \$1 million for a 3-year contract. However, another provision of the contract stated that Firm 2 "had no obligation to use [the finance manager's] services and would pay [him] only for work actually performed." Two months after signing the agreement, he quit consulting with both firms and signed an affidavit recanting his accusations against the manufacturing company — his former employer. The manufacturing company then moved to disqualify Firm 1.

The trial court granted the motion, holding that under the analytical framework of *In re Am. Home Products Corp.*, 985 S.W.2d 68, 76 (Tex. 1998), which involved disqualification of counsel for hiring the other side's former paralegal or legal assistant. In this scenario, two presumptions — that the paralegal/legal assistant (1) received confidential information and (2) shared it — ensure that any law firm hiring a side-switching paralegal is disqualified unless it has demonstrative screening measures in place. However, the appellate court

Extracts from New York Rules of Professional Conduct

RULE 1.1: COMPETENCE

(a) A lawyer should provide competent representation to a client. Competent representation requires the legal knowledge, skill, thoroughness and preparation reasonably necessary for the representation.

(b) A lawyer shall not handle a legal matter that the lawyer knows or should know that the lawyer is not competent to handle, without associating with a lawyer who is competent to handle it.

(c) A lawyer shall not intentionally:

(1) fail to seek the objectives of the client through reasonably available means permitted by law and these Rules; or

(2) prejudice or damage the client during the course of the representation except as permitted or required by these Rules.

RULE 1.7: CONFLICT OF INTEREST: CURRENT CLIENTS

(a) Except as provided in paragraph (b), a lawyer shall not represent a client if a reasonable lawyer would conclude that either:

(1) the representation will involve the lawyer in representing differing interests; or

(2) there is a significant risk that the lawyer's professional judgment on behalf of a client will be adversely affected by the lawyer's own financial, business, property or other personal interests.

(b) Notwithstanding the existence of a concurrent conflict of interest under paragraph (a), a lawyer may represent a client if:

(1) the lawyer reasonably believes that the lawyer will be able to provide competent and diligent representation to each affected client;

(2) the representation is not prohibited by law;

(3) the representation does not involve the assertion of a claim by one client against another client represented by the lawyer in the same litigation or other proceeding before a tribunal; and

(4) each affected client gives informed consent, confirmed in writing.

RULE 1.15: PRESERVING IDENTITY OF FUNDS AND PROPERTY OF OTHERS; FIDUCIARY RESPONSIBILITY; COMMINGLING AND MISAPPROPRIATION OF CLIENT FUNDS OR PROPERTY; MAINTENANCE OF BANK ACCOUNTS; RECORD KEEPING; EXAMINATION OF RECORDS

(a) Prohibition Against Commingling and Misappropriation of Client Funds or Property.

A lawyer in possession of any funds or other property belonging to another person, where such possession is incident to his or her practice of law, is a fiduciary, and must not misappropriate such funds or property or commingle such funds or property with his or her own.

(b) Separate Accounts.

(1) A lawyer who is in possession of funds belonging to another person incident to the lawyer's practice of law shall maintain such funds in a banking institution within New York State that agrees to provide dishonored check reports in accordance with the provisions of 22 N.Y.C.R.R. Part 1300. "Banking institution" means a state or national bank, trust company, savings bank, savings and loan association or credit union. Such funds shall be maintained, in the lawyer's own name, or in the name of a firm of lawyers of which the lawyer is a member, or in the name of the lawyer or firm of lawyers by whom the lawyer is employed, in a special account or accounts, separate from any business or personal accounts of the lawyer or lawyer's firm, and separate from any accounts that the lawyer may maintain as executor, guardian, trustee or receiver, or in any other fiduciary capacity; into such special account or accounts all funds held in escrow or otherwise entrusted to the lawyer or firm shall be deposited; provided, however, that such funds may be maintained in a banking institution located outside New York State if such banking institution complies with 22 N.Y.C.R.R. Part 1300 and the lawyer has obtained the prior written approval of the person to whom such funds belong specifying the name and address of the office or branch of the banking institution where such funds are to be maintained.

(2) A lawyer or the lawyer's firm shall identify the special bank account or accounts required by Rule 1.15(b)(1) as an "Attorney Special Account," or "Attorney Trust Account," or "Attorney Escrow Account," and shall obtain checks and deposit slips that bear such title. Such title may be accompanied by such other descriptive language as the lawyer may deem appropriate, provided that such additional language distinguishes such special account or accounts from other bank accounts that are maintained by the lawyer or the lawyer's firm.

(3) Funds reasonably sufficient to maintain the account or to pay account charges may be deposited therein.

(4) Funds belonging in part to a client or third person and in part currently or potentially to the lawyer or law firm shall be kept in such special account or accounts, but the portion belonging to the lawyer or law firm may be withdrawn when due unless the right of the lawyer or law firm to receive it is disputed by the client or third person, in which event the disputed portion shall not be withdrawn until the dispute is finally resolved.

(c) Notification of Receipt of Property; Safekeeping; Rendering Accounts; Payment or Delivery of Property.

A lawyer shall:

- (1) promptly notify a client or third person of the receipt of funds, securities, or other properties in which the client or third person has an interest;
- (2) identify and label securities and properties of a client or third person promptly upon receipt and place them in a safe deposit box or other place of safekeeping as soon as practicable;
- (3) maintain complete records of all funds, securities, and other properties of a client or third person coming into the possession of the lawyer and render appropriate accounts to the client or third person regarding them; and
- (4) promptly pay or deliver to the client or third person as requested by the client or third person the funds, securities, or other properties in the possession of the lawyer that the client or third person is entitled to receive.

(d) Required Bookkeeping Records.

(1) A lawyer shall maintain for seven years after the events that they record:

- (i) the records of all deposits in and withdrawals from the accounts specified in Rule 1.15(b) and of any other bank account that concerns or affects the lawyer's practice of law; these records shall specifically identify the date, source and description of each item deposited, as well as the date, payee and purpose of each withdrawal or disbursement;
- (ii) a record for special accounts, showing the source of all funds deposited in such accounts, the names of all persons for whom the funds are or were held, the amount of such funds, the description and amounts, and the names of all persons to whom such funds were disbursed;
- (iii) copies of all retainer and compensation agreements with clients;
- (iv) copies of all statements to clients or other persons showing the disbursement of funds to them or on their behalf;
- (v) copies of all bills rendered to clients;
- (vi) copies of all records showing payments to lawyers, investigators or other persons, not in the lawyer's regular employ, for services rendered or performed;
- (vii) copies of all retainer and closing statements filed with the Office of Court Administration; and

(viii) all checkbooks and check stubs, bank statements, prenumbered canceled checks and duplicate deposit slips.

(2) Lawyers shall make accurate entries of all financial transactions in their records of receipts and disbursements, in their special accounts, in their ledger books or similar records, and in any other books of account kept by them in the regular course of their practice, which entries shall be made at or near the time of the act, condition or event recorded.

(3) For purposes of Rule 1.15(d), a lawyer may satisfy the requirements of maintaining “copies” by maintaining any of the following items: original records, photocopies, microfilm, optical imaging, and any other medium that preserves an image of the document that cannot be altered without detection.

(e) Authorized Signatories.

All special account withdrawals shall be made only to a named payee and not to cash. Such withdrawals shall be made by check or, with the prior written approval of the party entitled to the proceeds, by bank transfer. Only a lawyer admitted to practice law in New York State shall be an authorized signatory of a special account.

(f) Missing Clients.

Whenever any sum of money is payable to a client and the lawyer is unable to locate the client, the lawyer shall apply to the court in which the action was brought if in the unified court system, or, if no action was commenced in the unified court system, to the Supreme Court in the county in which the lawyer maintains an office for the practice of law, for an order directing payment to the lawyer of any fees and disbursements that are owed by the client and the balance, if any, to the Lawyers’ Fund for Client Protection for safeguarding and disbursement to persons who are entitled thereto.

(g) Designation of Successor Signatories.

(1) Upon the death of a lawyer who was the sole signatory on an attorney trust, escrow or special account, an application may be made to the Supreme Court for an order designating a successor signatory for such trust, escrow or special account, who shall be a member of the bar in good standing and admitted to the practice of law in New York State.

(2) An application to designate a successor signatory shall be made to the Supreme Court in the judicial district in which the deceased lawyer maintained an office for the practice of law. The application may be made by the legal representative of the deceased lawyer’s estate; a lawyer who was affiliated with the deceased lawyer in the practice of law; any person who has a beneficial interest in such trust, escrow or special account; an officer of a city or county bar association; or counsel for an attorney disciplinary committee. No lawyer may charge a legal fee for assisting with an application to designate a successor signatory pursuant to this Rule.

(3) The Supreme Court may designate a successor signatory and may direct the safeguarding of funds from such trust, escrow or special account, and the disbursement of such funds to persons who are entitled thereto, and may order that funds in such account be deposited with the Lawyers' Fund for Client Protection for safeguarding and disbursement to persons who are entitled thereto.

(h) Dissolution of a Firm.

Upon the dissolution of any firm of lawyers, the former partners or members shall make appropriate arrangements for the maintenance, by one of them or by a successor firm, of the records specified in Rule 1.15(d).

(i) Availability of Bookkeeping Records: Records Subject to Production in Disciplinary Investigations and Proceedings.

The financial records required by this Rule shall be located, or made available, at the principal New York State office of the lawyers subject hereto, and any such records shall be produced in response to a notice or subpoena duces tecum issued in connection with a complaint before or any investigation by the appropriate grievance or departmental disciplinary committee, or shall be produced at the direction of the appropriate Appellate Division before any person designated by it. All books and records produced pursuant to this Rule shall be kept confidential, except for the purpose of the particular proceeding, and their contents shall not be disclosed by anyone in violation of the attorney-client privilege.

(j) Disciplinary Action.

A lawyer who does not maintain and keep the accounts and records as specified and required by this Rule, or who does not produce any such records pursuant to this Rule, shall be deemed in violation of these Rules and shall be subject to disciplinary proceedings.

RULE 5.1: RESPONSIBILITIES OF LAW FIRMS, PARTNERS, MANAGERS AND SUPERVISORY LAWYERS

(a) A law firm shall make reasonable efforts to ensure that all lawyers in the firm conform to these Rules.

(b) (1) A lawyer with management responsibility in a law firm shall make reasonable efforts to ensure that other lawyers in the law firm conform to these Rules.

(2) A lawyer with direct supervisory authority over another lawyer shall make reasonable efforts to ensure that the supervised lawyer conforms to these Rules.

(c) A law firm shall ensure that the work of partners and associates is adequately supervised, as appropriate. A lawyer with direct supervisory authority over another lawyer shall adequately supervise the work of the other lawyer, as appropriate. In either case, the degree of supervision required is that which is reasonable under the circumstances, taking into account factors such as the experience of the person whose work is being supervised, the amount of work involved in a

particular matter, and the likelihood that ethical problems might arise in the course of working on the matter.


(d) A lawyer shall be responsible for a violation of these Rules by another lawyer if:

(1) the lawyer orders or directs the specific conduct or, with knowledge of the specific conduct, ratifies it; or

(2) the lawyer is a partner in a law firm or is a lawyer who individually or together with other lawyers possesses comparable managerial responsibility in a law firm in which the other lawyer practices or is a lawyer who has supervisory authority over the other lawyer; and

(i) knows of such conduct at a time when it could be prevented or its consequences avoided or mitigated but fails to take reasonable remedial action; or

(ii) in the exercise of reasonable management or supervisory authority should have known of the conduct so that reasonable remedial action could have been taken at a time when the consequences of the conduct could have been avoided or mitigated.



Dumb Things (All Kinds of) Lawyers Do

Anthony E. Davis
Lawyers for the Profession® Practice Group

HINSHAW
& CULBERTSON LLP

Arizona California Florida Illinois Indiana Massachusetts Minnesota Missouri New York Rhode Island Wisconsin • London




Overview

- Introduction
- Bar Registration Woes
- Failure to Supervise
- Speaking Before Thinking
- Perils of “Non-inadvertent” Production
- Cyber Disasters
- Dabbling
- The Pitfalls of Holding Client’s (and Others’) Money

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Registration Woes

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Registration Woes

- *In re Welgos*, 2017 NJ Lexis 428 (Sup. Ct. NJ 2017)
 - Senior in-house counsel at LG failed to pay annual fees from 2009 through 2014. Said his firm had always done it for him and now that he was in-house just assumed it would be done.
 - When he discovered the problem, he paid the fees, but then didn't update his address with the state, so he became ineligible again.
 - The situation came to light when an adversary filed a disciplinary complaint against him on another issue and the investigator realized he was ineligible.
 - Normally would have been an admonishment but was reprimanded because he didn't cooperate.

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Registration Woes (cont'd)



- Manny is a partner in a Florida law firm based in its NY office. He has been practicing there for five years.
- With the firm's blessing, he is going to start his own firm to specialize in tax work. He wants to establish a PLLC in New York.
- Manny is admitted only in Ohio. When asked, he said that he meant to get admitted in NY, but he never had the time, and, anyway, he only does tax work.

Failure to Supervise



The Case of the Disastrous Associate

- “RollonFriday” reported:
 - Associate at a London firm prosecuted by the SRA for failing to inform the client of the case, failing to take instruction with respect to service of a claim, two settlement offers, a default judgment, and a statutory demand. Also failed to file a defence which resulted in a default judgment.
 - Was also accused of sending misleading/untrue email and letters
 - His firm finally noticed that something was not right.

“Dumping” Your Client

- McClain v. Allstate Prop. and Cas. Ins. Co.* (D. Miss.)
- Lawyer represented Allstate for many years in defending coverage and bad faith claims. Business drying up.
- October 11 – Takes on a client suing Allstate
- October 12 – Sends letter terminating relationship with Allstate
- Court: Leaving aside he should not have taken on case in any event, this was a concurrent conflict.
- Duh!

Think Before You Speak (or Write)



□ *Universal Gaming Group v. Taft Stettinius & Hollister*

- Plaintiff UGG had been the subject of some proceedings before the Illinois Gaming Commission. They were resolved with a fine and some other conditions.
- Partner at Taft Stettinius sent a client alert describing settlement:
 - “apparently means those individuals have found religion and will not act out of the IGB’s rules and policies”
 - “Many of you have expressed significant disappointment with the aforementioned result. ... we implore you not to engage in this type of behavior ... continue doing the right thing ...”

UGG sued for defamation and disparagement. Lower court dismissed.

Affirmed.

Think Before You Read



Not So Inadvertent Production

The Case(s) of the Purloined Documents




- Betsy sued her employer for discrimination. Continued to work for employer.
- Roger her lawyer advised her that she should not use firm email for anything relating to the suit and that she should not speak to anyone about it.
- Somehow Betsy had access to employer's communications with its lawyers.
- She triumphantly brought them to Roger (who read them). Roger discovered something damaging to employer.

CFO Hacker Hit with Ethics Charges




- Former employee sued company claiming harassment.
- CFO, who was also an attorney, was responsible for monitoring email accounts of former employees.
- Former employee had linked his Yahoo accounts to his work email account.
- CFO found password, logged in and searched emails. Sent them to counsel.
- Employee got a default judgment.
- Disciplinary complaint filed against CFO.



NYSBA Ethics Op. 945, Disclosure of Client Wrongdoing (11/07/2012)

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“Catfishing” Think Before You Blog (and Where)

- A person assumes an on-line identity to try to get information about a case.
- Attorney blogged on a no-names basis about the case; talks about expert – also had interactive website.
- Los Angeles bar said that lawyers have duty to make sure client information is kept confidential.

L.A. Cty. Bar Ass'n. Prof'l Resp. and Ethics Comm.
Op. No. 529 (Aug. 23, 2017)

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Think Before You Tweet, etc.




- Chicago attorney facing sanctions for taking pictures of exhibits in an ongoing federal case and posting them on his Twitter account, along with descriptions and an analysis of the evidence. He was a spectator.
- Louisiana attorney lost case involving client's ex-husband and new husband's adoption of kids. She then took to social media to express frustration and engaged in "aggressive social media activism," which led to her loss of license.
- Georgia attorney disciplined for "venting" about a client on social media.

Fake Dating Profile Leads to Ethics Charges




- Lawyer sets up a Match.com dating profile for a lawyer he was often adverse to. Said she liked to hang out in pizza parlors, buffets and NASCAR.
- Downloaded her picture and used it.
- Signed her up as a member of Obesity Action Coalition and Pig International, had a lap band kit sent to her office.



Cyber Disasters

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Care in Using the “Cloud”

- *Harleysville Ins. Co. v. Holding Funeral Home, Inc.*, (W.D. Va. 2017)
- The law firm representing an insurance company, the plaintiff in a coverage dispute, put its entire claims file on Box, Inc. The insurers and a third party investigator had access.
- The defendant’s lawyers discovered this when an email in documents they received in discovery gave instructions as to how to access. Read the entire file.

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Using the “Cloud” (cont’d)



- When plaintiffs realized what had happened, moved to disqualify defendant’s counsel.
- The court said that the plaintiff had waived its privilege. It was not inadvertent. And left it there for six months. No disqualification.
- But defense counsel should have notified the plaintiff when they learned of it. Court ordered defendant to pay costs of motion.
- Case to have evidentiary hearing at the district court.

Think Before You Dabble



- John was a real estate lawyer who, along with his firm, represented the Cole Company in many transactions.
- The Cole Company was purchasing certain intellectual property and had a falling out with its IP counsel. Robinson, the general counsel of Cole, came to John and asked him to help.
- John demurred, telling Robinson neither he nor anyone else at his firm had any experience in intellectual property transactions. Robinson insisted, saying, "Don't worry. I think you can do this. We just need someone to close this."

Think Before You Dabble (cont'd)



- John negotiated with the counterparties with Robinson involved as well. The deal closed.
- Six months later the Company discovered that half the patents they purchased were unenforceable. There was an investigation and Robinson was fired.
- The new general counsel sued John and his law firm for the damage caused by the unenforceability of the patents.
- The case settled quickly.

Sign in a Yoga Parlor



**“When you get to the edge of the cliff –
JUMP!”**

Message for Your Lawyers



**“When you get to the edge of the cliff –
THINK!”**

Loose Lips Sink Ships



... Mr. Cobb was overheard by a reporter for The New York Times discussing the dispute during a lunchtime conversation at a popular Washington steakhouse. Mr. Cobb was heard talking about a White House lawyer he deemed “a McGahn spy” and saying Mr. McGahn had “a couple documents locked in a safe” that he seemed to suggest he wanted access to. He also mentioned a colleague whom he blamed for “some of these earlier leaks,” and who he said “tried to push Jared out,” meaning Jared Kushner, the president’s son-in-law and senior adviser, who has been a previous source of dispute for the legal team.

...

Trump Lawyers Clash Over How Much to Cooperate With Russia Inquiry
By Peter Baker and Kenneth P. Vogel
September 17, 2017
www.nytimes.com

It's Not Your Money



Rule 1.15

It's Not Your Money (cont'd)



- "Three [Bigby & Bull] partners have each been fined £10,000 by the Solicitors Disciplinary Tribunal (SDT) for breaching money laundering rules. [The partners] all of who are based in London, admitted that they had allowed the firm's client bank account to be used as a banking facility, which breached a number of regulations under the SRA Accounts Rules 2011 and the Money Laundering Regulations 2007."

It's Not Your Money (cont'd)



- “[The individual partners] admitted that they had not heeded the Law Society’s Fraudulent Financial Arrangements warning or the Warning Notice on Money Laundering, in that they acted as escrow agent in transactions on behalf of a client that had the hallmarks of dubious financial arrangements or investment schemes.”
- “[Bigby & Bull] has also been ordered to pay £50,000 by the SDT for its failure to comply with accounting rules. The firm admitted that it failed to have in place adequate procedures to deal with dormant client balances, which breached the Solicitors Accounts Rules 1998.”

It's Not Your Money (cont'd)



- Said the firm: "We have worked constructively with our regulator, the SRA and we are confident that the circumstances which led to these breaches could not happen again. We have since reviewed and strengthened a number of aspects of our approach to risk management."

The Case of the Wayward Wire



- Suzy represents John Quick in an employment discrimination suit. The case settles and Suzy asks John for payment instructions. She receives an email from Jquock@gmail.com
- Suzy is suspicious. She calls John who says he didn't send it. She gets the correct instruction from John.
- Suzy advises the defendant's lawyer of the payment instructions. An hour later, the defendant's lawyer receives an email appearing to be from Suzy with different instructions. He transfers the funds.

The Wayward Wire (cont'd)



The email was phony and the funds disappeared.

Court says that Suzy should have known her email was compromised and have advised defense counsel.

Bile v. RREMC, LLC, 2016 U.S. Dist. LEXIS 113874 (E.D. Va. 2016)

Ornelas v. RUGC Partners Inc. (Sup. Ct., Los Angeles)



- Wage and hour case settled.
- Rust Consulting administrator sent instructions to defendants' counsel for wiring settlement funds.
- But the instructions were not from Rust and the funds disappeared.
- Rust followed up and asked where the funds were and got "responses" from the defense lawyers. Of course, they were bogus also.
- Finally, Rust managed to get an email through to the defendants.
- No evidence anyone tried to call.

Another Wire Case



- Firm represented the seller of a house.
- Received instructions from the client for receipt of the funds by check.
- Client's email was hacked and a second set of instructions said pay by wire to a company's account. (The firm had never heard of this company.)
- The firm followed the instructions.
- You guessed it!

The Case of the “Sticky Fingers”



- Cheatum & Howe had a partner, Snidely, recently arrived from another firm, who was engaged solely in trust business. He represented several beneficiaries of large estates and served as a trustee for numerous trusts. In some cases, the firm was counsel; in others, it was not, and Snidely was acting on his own.
- Cheatum & Howe’s managing partner, Joe, kept getting phone calls from Roger Smith, who said he was one of the beneficiaries of a trust of which Snidely was trustee. He said that Snidely never returned telephone calls and that he had been trying to get an accounting for years.

“Sticky Fingers” (cont’d)



- The last time Roger spoke to Snidely, a year earlier, Snidely said it was “in the works”. Roger just wanted to know what was happening.
- Joe, the managing partner, spoke to Snidely who said everything was under control and that he would call Roger.
- Six months go by. Roger calls again. Joe goes to Snidely’s office and confronts him. Snidely blurts out that he has taken \$ 300 thousand from the trust and has been trying to figure out a way to repay it.



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Copyright Litigation: The Year In Review

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**Copyright Review
2017**

*“Recent Developments In Copyright”
Selected Annotated Cases*

By Thomas Kjellberg

with

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**These annotations cover cases reported since our report at
the 40th Copyright Society Annual Meeting of 2016.**

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I. JURISDICTION AND PROCEDURAL ISSUES

A. Subject Matter Jurisdiction

Roberts v. Swallow, No. 16-3895, 2016 U.S. Dist. LEXIS 97681 (C.D. Cal. July 25, 2016)

District court granted motion to remand case to state court. Plaintiff, software creator, entered into arrangement with defendant to create software for businesses to create customized, internet-based operational and database solutions using modular templates. Parties subsequently entered into written contract whereby they would co-own software. Later, plaintiff filed suit for damages in Superior Court of California, alleging variety of causes of action, but no copyright infringement. Defendants cross-claimed. Plaintiff removed action to federal court, and defendant sought remand. Plaintiff asserted that removal was proper because plaintiff co-owned software with defendant, and defendant's cross-claim contained claims that "arise under copyright law" because defendant challenged co-ownership of copyright in software. Court disagreed, holding that removal was improper because action for determination regarding ownership of copyrights between alleged co-owners arises under state law, not Copyright Act.

Walls v. Uniradio Corp., No. 16-242, 2016 U.S. Dist. LEXIS 85574 (S.D. Cal. June 30, 2016)

District court granted defendant's motion to dismiss. Plaintiff copyright owner brought suit against defendant, alleging that defendant used plaintiff's copyrighted image on its business website without plaintiff's authorization. In support of claim, plaintiff appended screen shot of copyrighted image displayed on website *www.unimexicali.com*. Defendant asserted facial challenge to court's subject matter jurisdiction, contending that plaintiff did not allege facts sufficient to connect defendant to alleged infringement. Court dismissed plaintiff's complaint without prejudice, finding that plaintiff in its complaint failed to allege any facts to connect alleged infringement to defendant, and thus failed to meet its burden to establish that court had subject matter jurisdiction over action based upon federal question.

Selley v. Authorhouse, LLC, No. 14-755, 2016 U.S. Dist. LEXIS 127605 (W.D. Pa. Sept. 20, 2016)

District court denied defendant's motion to dismiss for lack of subject matter jurisdiction. Plaintiff was author of 1981 novel *Magic Men* ("1981 Work"), and 2004 novel with same title ("2004 Work"). 2004 Work contained elements of expression found in 1981 Work and, in fact, lifted many passages verbatim from 1981 Work. Defendant published and sold 2004 Work under limited license to sell paperback editions of 2004 Work. After learning that defendant sold 2004 Work as e-book, plaintiff filed infringement suit, and defendant moved to dismiss for lack of subject matter jurisdiction on basis that plaintiff did not hold copyright registration for 2004 Work. Court, noting that Supreme Court in *Reed Elsevier, Inc. v. Muchnick* clarified that § 411(a) is not jurisdictional requirement but rather necessary precondition to filing copyright infringement claim, construed motion as motion to dismiss

pursuant to Rule 12(b)(6) rather than one filed pursuant to Rule 12(b)(1). It was undisputed that plaintiff owned valid copyright in 1981 Work, and that 2004 Work was unregistered “derivative work” of 1981 Work. Law is clear that “owners of a derivative work may maintain a copyright action against an alleged infringer, based on any infringement of the pre-existing work from which the derivative work is derived.” Defendant noted that “language and structure” of Works differed slightly, but did not allege that plaintiff materially changed plot or characters in 2004 Work. Therefore, court found plaintiff’s registration of 1981 Work sufficient to sustain infringement action regarding 2004 Work.

BHL Boresight, Inc. v. Geo-Steering Solutions, Inc., No. 15-627, 2017 U.S. Dist. LEXIS 47196 (S.D. Tex. Mar. 29, 2017)

Court granted defendant’s motion for reconsideration of its prior opinion and order, which granted plaintiff’s motion to dismiss defendant’s declaratory-judgment claims for copyright non-infringement. Plaintiff and defendant were direct competitors in oil and gas exploration industry. Plaintiff sued alleging, *inter alia*, unauthorized access to its proprietary geosteering software under Computer Fraud and Abuse Act. Defendant asserted counterclaims, including three requests for “copyright non-infringement declarations.” Plaintiff filed motion to dismiss counterclaims, contending that court lacked subject matter jurisdiction over counterclaims because plaintiff did not assert copyright claim in complaint. Court agreed, and dismissed counterclaims. Defendant filed motion for reconsideration, arguing that court in dismissing counterclaims relied on overruled case law and misapplied relevant precedent to facts. Defendant urged court to consider *Muchnick* decision, in which Supreme Court held that Copyright Act’s “registration requirement is nonjurisdictional.” Because court’s earlier opinion was based on pre-*Muchnick* district court decisions, court vacated portion of opinion that held that defendant’s declaratory judgment claims for copyright non-infringement were barred because plaintiff could not assert copyright infringement claim against defendant without proof of copyright registration. Defendant argued that court’s alternative ground for dismissing counterclaims, that controversy between parties was not immediate and real enough to be “actual controversy” under DJA, was flawed. Court agreed, finding there was clearly “actual controversy”: plaintiff asserted that defendant’s use of its software violated plaintiff’s intellectual property rights, and defendant argued that it did not. Defendant was engaged in actual manufacture, use or sale of software that was at heart of claim and, as result, plaintiff sued defendant to enforce its rights and prevent defendant from continuing to do so. Court found this more than enough to satisfy “reasonableness-of-suit” test, which is only one of number of ways to show jurisdiction. Court granted motion for reconsideration, and denied plaintiff’s motion to dismiss as to defendant’s declaratory judgment claims for copyright non-infringement.

Mercom Grp., LLC v. Diati Staffing, LLC, No. 16-3475, 2016 U.S. Dist. LEXIS 97012 (D.N.J. Jul. 26, 2016)

Plaintiff ran recruiting and staffing company that provided services to companies in various industries, with focus on information technology industry. Defendant company was started by former employees of plaintiff, and also provided staffing services in information

technology sector. Plaintiff claimed defendants copied “both public and confidential information of Mercom” and used it in new business. Plaintiff sued in state court, alleging, *inter alia*, tortious interference with contract, tortious interferences with business opportunities and unfair competition. Defendants removed case to federal court, asserting plaintiff’s claims should be converted to copyright claims “because they plead all elements of infringement on copyright-eligible material (i.e., published online job listings) that would be protectable under Section 106.” Plaintiff moved to remand case back to Superior Court of New Jersey. Court held gravamen of plaintiff’s complaint was not to stop defendants’ “unauthorized copying and distribution” of plaintiff’s job postings, but to prevent defendants’ use of plaintiff’s confidential and proprietary information, claims that are qualitatively different from mere unauthorized copying. Court found plaintiff was not challenging defendants’ copying and re-posting of plaintiff’s job postings, but instead challenged defendants’ misusing proprietary information behind those postings. Copyright Act provides no recourse to stop defendants’ conduct with respect to plaintiff’s trade secrets and proprietary information. Moreover, plaintiff had not asserted “ownership of valid copyright” in anything. Allegations defendants pointed to as to claims for unauthorized copying of job postings were “only incidental to illustrating how Defendants allegedly misused Plaintiff’s trade secrets and other confidential information.” Plaintiff’s motion for remand was granted.

Bruhn Newtech v. United States, 129 Fed. Cl. 656 (2016)

Court granted defendant’s motion to dismiss infringement claim for lack of subject matter jurisdiction. Plaintiff filed suit for copyright infringement against United States Marine Corps in Court of Federal Claims. Plaintiff, U.S. subsidiary of BNT-Denmark, Danish software manufacturer, sold commercial computer software utilized in military systems that “track and analyze chemical, biological, radiological and nuclear agents (‘CBRN’) in battlefield or civilian environments.” BNT-Denmark owned copyright registrations for software products sold by plaintiff. In 1998, defendant purchased plaintiff’s NBC (Nuclear, Biological, and Chemical) analysis software, to support development of phase one of Joint Warning and Reporting Network (JWARN). Complaint alleged that defendant violated Copyright Act when it transferred software to armed forces of allies, “in contradiction of BNT-Denmark’s exclusive right to determine whether and when to copy’ the copyrighted software.” Defendant argued, and court agreed, that plaintiff’s jurisdictional grounding “in Title 17 is legally erroneous because that statute is limited to actions against a ‘State,’ rather than the federal government.” Rather, “plaintiff’s claim must be interpreted as a [28 U.S.C. § 1498(b)] claim, because that is the only waiver of sovereign immunity for such a claim.” Court further agreed that § 1498(b) infringement claims may only be brought by “the copyright owner.” Court declined to determine whether “copyright owner” in § 1498(b) context includes legal and beneficial owners because plaintiff was neither legal nor beneficial owner of software at issue. Even if court examined claim based on Title 17 as plaintiff demanded, plaintiff still lacked standing because BNT-Denmark was legal owner, and plaintiff lacked exclusive right under copyright; language of § 501 requires that legal or beneficial owner must hold exclusive right under copyright in order to institute infringement

action. Because plaintiff had not established that it was “copyright owner,” court held it did not have subject matter jurisdiction under § 1498(b) to hear plaintiff’s claim of infringement against United States.

B. Personal Jurisdiction and Venue

Melissa & Doug, LLC v. LTD Commodities, LLC, No. 15-8085, 2016 U.S. Dist. LEXIS 107756 (S.D.N.Y. Aug. 15, 2016)

Plaintiff, designer and copyright owner of plush toy “Toolbox Fill and Spill,” alleged infringement by LTD Commodities, LLC, retailer, and Toy Quest Limited, Hong Kong company listed as LTD’s supplier. Toy Quest moved to dismiss complaint for deficient service, lack of personal jurisdiction, and improper venue. Court denied motion, finding service by registered mail appropriate because Hong Kong is signatory to Hague Convention and allows such service, and that service was effected. As to personal jurisdiction, court found that plaintiff sufficiently alleged *prima facie* jurisdiction under CPLR § 302(a) because plaintiff averred that Toy Quest agreed to distribute infringing article in State, additionally finding personal jurisdiction satisfied because of allegations that Toy Quest distributed additional items in State by means of identical channels, and because plaintiff presented evidence that Toy Quest attended New York Toy Fair each year. Court found due process satisfied, finding sufficient “allegations suggest[ing] a ‘regular flow’ of Toy Quest products into New York”; as to reasonableness prong of due process inquiry, court found Toy Quest’s argument amounted to generalized complaint of inconvenience. Court found that New York had interest in litigation due to plaintiff’s commercial presence in state. Finally, court rejected Toy Quest’s venue argument, finding that 28 U.S.C. § 1391(c)(3) was not made inapplicable by 28 U.S.C. § 1400(a).

Stora v. Don’t Ask Why Outfitters, No. 15-7106, 2016 U.S. Dist. LEXIS 170172 (E.D.N.Y. Dec. 7, 2016)

Pro se plaintiff brought suit against General Pants Co. and others, alleging that defendants advertised, marketed and sold clothing lines featuring logos or designs that infringed his copyright in visual artwork containing words “Don’t Ask.” General Pants was Australian proprietary limited company, incorporated under laws of Australia, with its headquarters and principal place of business in Australia. It had never had retail stores or offices in New York, and had not marketed its allegedly infringing clothing line, “Don’t Ask Amanda,” in United States. Personal jurisdiction may be specific or general. Specific jurisdiction exists as to claims that “arise from conduct related to the forum.” New York’s long-arm statute requires “articulable nexus” or “substantial relationship” between transaction and claim asserted. In contrast, general jurisdiction over corporation exists where corporation “is fairly regarded as at home.” Personal jurisdiction must also satisfy two related components of due process: “minimum contacts” inquiry and “reasonableness” inquiry. All evidence demonstrated that General Pants was Australian company that did not do business in New York; thus, there were “no facts to support either specific or general jurisdiction with respect to General Pants.” Furthermore, plaintiff’s complaint failed to include allegedly infringing

work, or provide details that would suggest that General Pants had access to plaintiff's work. Due process requirements were not met because plaintiff had not provided General Pants with "fair notice of what the claim is and the grounds upon which it rests," as required by *Twombly*. Magistrate judge therefore recommended dismissal of plaintiff's infringement claim as to General Pants.

Moose Toys Pty, Ltd. v. Creative Kids Far East Inc., 195 F. Supp. 3d 599 (S.D.N.Y. 2016)

Court granted motion to dismiss for improper venue. Plaintiffs alleged copyright infringement against U.S. and Hong Kong entities based on defendants' manufacturing and distribution of unauthorized and counterfeit products to U.S. wholesalers, distributors, retailers and consumers. Defendants moved to dismiss, citing forum selection clause contained in license agreement signed by plaintiff and Hong Kong entity mandating Victoria, Australia as exclusive forum to litigate any disputes governed by license agreement. Court agreed with defendants that plaintiffs' claims were subject to forum selection clause because resolution depended on interpretation of, and defendants' performance under, agreement. Court therefore found that Victoria, Australia was proper forum.

LeRoi, Inc. v. CSC3C, Inc., No. 15-565, 2016 U.S. Dist. LEXIS 127073 (N.D.N.Y. Sept. 19, 2016)

Court denied without prejudice defendant's motion to dismiss action for lack of personal jurisdiction. Plaintiff, New York corporation that sold skull-design body jewelry, brought copyright infringement action against defendant, Pennsylvania corporation that also sold skull-design body jewelry. Defendant moved to dismiss for lack of personal jurisdiction under New York long-arm statute. Court denied motion, finding plaintiff had made *prima facie* showing that court could exercise personal jurisdiction under CPLR § 302. Court found unpersuasive defendant's arguments that single New York State transaction allegedly involving plaintiff's skull design occurred before plaintiff obtained copyright registration for design, and that plaintiff had not "asserted or established" that defendant's design was even arguably similar to plaintiff's design. Fact that transaction occurred before registration might be relevant to plaintiff's ability to recover or extent of recovery, but not to personal jurisdiction. Court noted (1) that on at least one occasion, defendant sold jewelry using allegedly infringing design to store within district after defendant was notified that its skull jewelry infringed plaintiff's copyright; and (2) that copyright infringement is deemed to take place at point of consumer purchase, and therefore non-domiciliary who supplies infringing goods to party that ultimately "passes them off" in New York may be subject to long-arm jurisdiction.

Caracal Enters. LLC v. Suranyi, No. 16-5073, 2017 U.S. Dist. LEXIS 15784 (N.D. Cal. Feb. 2, 2017)

Court granted British Columbia defendant's motion to dismiss action for lack of personal jurisdiction. Plaintiff failed to meet "purposeful availment or direction" prong of specific

jurisdiction, because plaintiff made no showing that defendant's acts were expressly targeted at California, or that defendant knew harm flowing from those acts was likely to be felt in California. Plaintiff made no showing that defendant knew of existence of plaintiff, let alone that it had licensed infringing product or was based in California. And even if defendant knew of plaintiff and that it was based in California, focus is on defendant's contacts with forum state, not defendant's contacts with resident of forum; "plaintiff cannot be the only link between the defendant and the forum." Specific jurisdiction was also improper under Rule 4(k)(2) because it would not comport with due process. Court also denied jurisdictional discovery because "plaintiff's claim of personal jurisdiction appears to be both attenuated and based on bare allegations in the face of specific denials made by the defendant."

Levi v. Twentieth Century Fox Film Corp., No. 16-129, 2017 U.S. Dist. LEXIS 49773 (E.D. Va. Mar. 30, 2017)

District court granted motion to dismiss for lack of personal jurisdiction over two defendants. *Pro se* plaintiff sued Robert Walker Jr., Virginia attorney, as well as Lee Daniels and Danny Strong, co-creators of television show *Empire*, and Twentieth Century Fox for allegedly infringing plaintiff's copyright in his book *Unity Incorporated*. Daniels and Strong moved to dismiss for lack of personal jurisdiction. Only factual allegation in plaintiff's complaint that demonstrated any connection between Daniels and Strong, on one hand, and Virginia, on other, was plaintiff's allegation that Walker unilaterally mailed to Daniels and Strong manuscript of plaintiff's book, presumably from Walker's Virginia office. Court found that this single contact fell far short of "continuous and systematic" connection that would render Daniels and Strong "at home" in Virginia in way that would permit court to exercise general personal jurisdiction over them. Moreover, unilateral contact by Walker was also insufficient to show that Daniels and Strong in any way "purposefully availed themselves of the privilege of conducting activities in Virginia," thereby precluding court from exercising specific personal jurisdiction over them. Court dismissed complaint against Daniels and Strong for lack of personal jurisdiction.

Steinmetz v. McGraw-Hill Global Education Holdings, LLC, No. 15-6600, 2016 U.S. Dist. LEXIS 167245 (E.D. Pa. Dec. 5, 2016)

Court denied defendants' motion to transfer venue. Plaintiff George Steinmetz, renowned photographer, entered into agreements authorizing non-party stock photography licensing agency Corbis to grant limited licenses to defendants McGraw-Hill and related entity for use of certain photographs. Plaintiff sued defendants for copyright infringement based on defendants' alleged use of photographs beyond scope of licenses. Defendants moved to transfer venue based on forum selection provisions in license contracts between Corbis and defendants. Court rejected motion because Steinmetz was not party to contracts between Corbis and McGraw-Hill, and language of contracts limited forum selection clause to disputes regarding contracts themselves. Court noted that neither of elements of plaintiff's copyright infringement claims depended on existence or terms of contracts between Corbis and McGraw-Hill, even though license may provide defense against unauthorized copying claims.

Eastcott v. McGraw-Hill Global Educ. Holdings, LLC, No. 16-904, 2016 U.S. Dist. LEXIS 95708 (E.D. Pa. July 22, 2016)

Court denied “routine motion to transfer venue where the principal issue of interest is the application of the rule established by the Supreme Court in *Atlantic Marine*,” 134 S. Ct. 568 (2013). Professional photographer brought copyright infringement suit against defendants, alleging use of his photographs in way that exceeded terms of limited license. Defendants moved to transfer venue pursuant to forum selection clause included in governing agreement. That clause, however, only implicated 19 of 274 claims at issue. Even if court were to find clause controlling, it would only govern “tiny subset” of claims in action, distinguishing case from *Atlantic Marine*, which involved “universally controlling” forum selection clause. Court held that defendants failed to “carry the heavy burden necessary to disturb Plaintiff’s chosen forum.” In so deciding, court considered relative financial condition of parties, and found that because case involved international, financially successful corporation and single individual, private factors weighed against transfer.

Yamashita v. Scholastic Inc., No. 16-3839, 2016 U.S. Dist. LEXIS 161337 (D.N.J. Nov. 21, 2016)

Court granted motion to transfer action to Southern District of New York. Plaintiffs allegedly owned copyrights in photographs, and entered into agency agreement with Corbis Corp. for licensing of photos to others. Defendant licensed photographs through Corbis, and plaintiffs alleged that defendant used photographs outside terms of license. Defendant moved to dismiss or, in alternative, to transfer action to Southern District of New York on basis of forum selection clause that defendant maintained applied to majority of works at issue. Court rejected plaintiff’s arguments against transfer, including arguments that contracts containing forum selection clauses must be authenticated and that copyright issues did not fall within purview of forum selection clauses. Court dismissed, under principles of agency, contention that it would be unfair to hold plaintiffs to forum selection clauses because they had no notice of them. Finally, court rejected plaintiffs’ contention that *Atlantic Marine* did not apply to motion, and that *Jumara* factors militated against transfer. Because court granted motion to transfer, it did not consider motion to dismiss.

Triple Up Ltd. v. Youku Tudou Inc., No. 16-159, 2017 U.S. Dist. LEXIS 9225 (D.D.C. Jan. 24, 2017)

Plaintiff, Seychelles corporation, sued defendant, Cayman Islands corporation with principal place of business in China, for infringement related to three Taiwanese films. Court assessed defendant’s constitutional contacts with United States to determine if it had specific jurisdiction over defendant. Court denied plaintiff’s argument that because defendant had geoblocking technology but did not use it to block all videos from United States, it purposefully availed itself of forum. Court also rejected plaintiff’s “interactivity” argument, finding overstated “interactivity” of defendant’s websites did not support exercise of personal jurisdiction. Court denied some of plaintiff’s arguments for jurisdiction—that defendant profited from third-party English-language advertisers inserting their ads for

American goods, that defendant was listed on New York Stock Exchange and was required to make certain reports under American securities laws, and that defendant had agreements with American companies—because they did not relate to claims at issue in case. Because sufficient contacts were lacking, court lacked personal jurisdiction. Court also denied plaintiff’s jurisdictional discovery request, because majority of inquiries not related to personal jurisdiction.

AMA Multimedia LLC v. Sagan Ltd., No. 16-1269, 2017 U.S. Dist. LEXIS 10991 (D. Ariz. Jan. 26, 2017)

District court found that forum selection clause contained in content partnership revenue sharing agreement (“CPRA”) applied to copyright infringement claim. Plaintiff, producer of pornographic material, entered into CPRA with GIM Corporation, entity associated with Porn.com, granting GIM license to use certain content provided by plaintiff. Plaintiff subsequently learned that Porn.com had displayed dozens of plaintiff’s copyrighted works on over 110 separate Porn.com-affiliated URLs, and brought suit for infringement in District of Arizona. Defendant contended that CPRA forum selection clause, providing that “[a]ny legal action arising out of or relating to this Agreement must be instituted in a court located in Barbados,” applied to dispute. Plaintiff asserted that forum selection clause did not apply to infringement claim on bases that (1) claim was unrelated to CPRA contractual issues; and (2) copyright action does not arise from license agreement when license defense is “clearly frivolous.” As to argument (1), court noted that Ninth Circuit liberally interprets “relatedness” in context of forum selection clauses, especially where, as here, clause contains broad “relating to” language. “Relatedness” was further established by fact that infringement claim “cannot be decided without interpreting the contract.” As to argument (2), court was skeptical that license defense must be non-frivolous before it can trigger forum selection clause, but found that “even if that is a requirement for application of a forum selection clause ... Defendants have raised a non-frivolous license defense.” Therefore, court found that plaintiff’s infringement claim arose out of or was related to CPRA, and forum selection clause applied to dispute. Court therefore dismissed action under doctrine of *forum non conveniens*.

Intellitech Corp. v. Inst. of Elec. and Elecs. Engineers, No. 16-9, 2017 U.S. Dist. LEXIS 27031 (D.N.H. Feb. 27, 2017)

Plaintiff sued defendant and three individual members for copyright infringement. Individual defendants moved to dismiss for lack of personal jurisdiction. Plaintiff developed “Work,” and one individual defendant prepared “Document” that purportedly contained material copied directly from Work. Individual defendant uploaded and emailed Document to team members, two of whom received emails in New Hampshire. Preparation, distribution and display of Document were done under “administrative oversight” of two other individual defendants. Plaintiff argued that infringement injury occurred in New Hampshire because plaintiff was located there. Court held plaintiff failed to show individual defendants purposefully availed themselves of privilege of conducting business in New Hampshire. Fact that some members who received emails resided in New Hampshire did not

give rise to personal jurisdiction; if argument were correct it would mean that infringement occurred in every state where at least one team member resided, which would far short of traditional notions of fair play and substantial justice. Court also held that because copyright is intangible, it cannot be said that copyrighted work has *situs*. Proper question was not where plaintiff experienced particular injury or effect, but whether defendant's conduct connects him to forum in meaningful way.

Smarter Every Day, LLC v. Nunez, No. 15-1358, 2017 U.S. Dist. LEXIS 51800 (N.D. Ala. Apr. 5, 2017)

After plaintiff moved for entry of default, district court *sua sponte* dismissed case for lack of personal jurisdiction over defendants and lack of venue. Plaintiff, Alabama-based company, filed copyright infringement action against California residents Victor Nunez and Nunez's website Inkedtilldeath.com, alleging that defendants infringed plaintiff's copyright in video, posted on Inkedtilldeath.com's Facebook page, in which defendants had obscured and replaced plaintiff's watermark. After defendants failed to answer or otherwise appear, plaintiff moved for entry of default. In response, court *sua sponte* issued order to show cause directing plaintiff to justify court's personal jurisdiction over defendants and proper venue. Court held that plaintiff failed to establish specific personal jurisdiction over defendants because plaintiff had not shown either that (1) defendants had "purposefully availed" themselves of Alabama, or (2) defendants had committed intentional tort aimed at Alabama that caused harm that they should have anticipated would be suffered in Alabama (*Calder* effects test). Plaintiff failed to establish that defendants, through Inkedtilldeath.com or its Facebook page, had purposefully availed themselves of Alabama because plaintiff did not allege that these websites referred to Alabama, contained interactive features through which Alabama residents could conduct business, or were specifically aimed at promoting business in Alabama. Plaintiff also failed to satisfy *Calder* effects test because plaintiff did not show that defendants expressly aimed their intentional conduct at plaintiff, known Alabama resident. Mere fact that defendants had obscured plaintiff's video watermark did not establish that defendants knew that plaintiff was in Alabama or that harm arising from their conduct would be felt in Alabama. As for venue, court held that plaintiff had failed to show that venue was proper in Northern District of Alabama because (a) plaintiff had not claimed that defendants resided therein, and (b) defendants were not subject to personal jurisdiction in that district and thus may not be found there for venue purposes. Because plaintiff failed to establish personal jurisdiction over defendants as well as proper venue, court denied plaintiff's motion for entry of default and instead dismissed action.

C. Pleadings

Doc's Dream, LLC v. Dolores Press, Inc., No. 15-56096, 2017 U.S. App. LEXIS 3309 (9th Cir. Feb. 23, 2017)

Plaintiff sought declaratory judgment that copyrights in audio and visual recordings of teachings of prominent Christian pastor Dr. Gene Scott were abandoned, and therefore could not be owned by defendants. District court granted defendant's motion to dismiss because

plaintiff failed to allege that Scott owned copyright in recordings. Ninth Circuit found that district court correctly concluded that plaintiff failed to adequately plead copyright abandonment claim under requirements of Fed. R. Civ. P. 8(a). However, district court “offered no reason why Appellant could not simply amend its complaint to allege that Dr. Scott once held the copyrights to his works.” Ninth Circuit therefore remanded to district court with instructions to grant leave to amend.

Hart v. Amazon, 845 F.3d 802 (7th Cir. 2016)

“A very unusual case, this.” *Pro se* plaintiff sued Amazon, claiming that it permitted third parties to advertise on its website six counterfeit copies of books called *Vagabond Natural* and *Vagabond Spiritual* that plaintiff had written and self-published. Plaintiff claimed copies sold on Amazon were unauthorized reproductions because genuine copies would bear “indicia of authenticity known only to him,” namely, his fingernail indentations on covers. District court found plaintiff failed to make plausible allegation that Amazon had copied his works, rather than simply provide platform through which third-party vendors sold authentic, original copies of books. There was also no plausible allegation that if books sold by Amazon were counterfeit, Amazon was aware of fact. Plaintiff’s obscure self-published titles were “far cry” from pirated bestsellers regularly found on Amazon, and plaintiff’s assertion that Amazon must have undertaken cost of reproducing his hardcover books because they were “not sourced” by him and lacked his nail indentations did not meet minimum standard of plausibility. Decision of district court dismissing suit with prejudice was affirmed.

Separzadeh v. Iconix Brand Grp., Inc., No. 15-8643, 2016 U.S. Dist. LEXIS 144772 (S.D.N.Y. Oct. 19, 2016)

Plaintiff photographer sued several defendants for copyright infringement on basis of defendants’ unauthorized use of derivative of plaintiff’s copyrighted photo. Plaintiff alleged vicarious copyright infringement against one of defendants and direct copyright infringement against all others. Plaintiff moved for leave to file amended complaint adding several other defendants. Only one of original defendants opposed plaintiff’s motion. Motion to amend may be denied if amending claim would be futile, with burden of demonstrating futility resting on non-moving party. Amendment would be futile if proposed claim could not withstand motion to dismiss. Court held that, insofar as amended complaint alleged claims of contributory and vicarious copyright infringement against defendant, and proposed additional defendants, plaintiff’s allegations were sufficient to survive motion to dismiss. Allegations in amended complaint regarding contributory infringement were sufficient because all that is required is allegation of knowledge of allegedly infringing conduct, not knowledge that conduct complained of infringed copyright. Here, plaintiff alleged defendant “materially contributed to, encouraged, and/or induced the direct infringement of Plaintiff’s copyright,” and that defendant “actively and knowingly participated in the infringing conduct.” Plaintiff’s vicarious infringement allegations were also sufficient, because all that is required is that plaintiff allege that defendant declined to exercise right and ability to supervise or control infringing activity, and that defendant enjoyed direct financial benefit

from infringing activity. Because plaintiff alleged that defendants benefited financially from unauthorized copying of plaintiff's photography, and that defendants had full control over products and actively participated in infringing conduct, allegations were sufficient.

Devocean Jewelry LLC. v. Associated Newspapers Ltd., No. 16-2150, 2016 U.S. Dist. LEXIS 145593 (S.D.N.Y. Oct. 20, 2016)

District court denied defendant's motion to dismiss plaintiff's copyright infringement and DMCA claims. Plaintiff owned registered copyright in video of lobster-diving Labrador and posted watermarked version of video online. Plaintiff alleged that defendant had posted story about same lobster-diving Labrador with plaintiff's video and six screenshots from video with original watermark removed and replaced with "© Devoted to the Ocean." Plaintiff sued defendant for infringement and violation of DMCA. Defendant moved to dismiss copyright infringement claim for video screenshots as duplicative of claim for video, and DMCA claim for failure to adequately allege requisite intent. Court rejected defendant's arguments regarding potentially duplicative video and screenshot claims as premature, relating to issue of damages, not liability, and found plaintiff had sufficiently alleged intent for DMCA claim, because it was reasonable to infer CMI had been altered to conceal or facilitate infringement. Accordingly, court found plaintiff had alleged plausible copyright infringement and DMCA claims, and denied defendant's motion to dismiss.

Oracle Am., Inc. v. Hewlett Packard Enters. Co., No. 16-1393, 2017 U.S. Dist. LEXIS 22561 (N.D. Cal. Feb. 16, 2017)

Court granted in part and denied in part plaintiff's motion to strike affirmative defenses. Court, noting that heightened pleading standard of *Twombly/Iqbal* applied to affirmative defenses, dismissed following affirmative defenses, with leave to amend: laches, finding defense not viable in light of statute of limitations; copyright misuse, for failure to allege plaintiff's copyright misuse in order to reduce competition or misuse its monopoly; express license, for failure to identifying relied-upon license or circumstances for license's issuance, and implied license, for failure to plead factual basis for license; and unclean hands, for failure to allege anti-competitive actions culminating in copyright misuse. Court found pleaded defenses of estoppel, abandonment, statute of limitations and fair use, and § 117 defense, survived motion.

Oracle America, Inc., v. Hewlett Packard Enters. Co., No. 16-1393, 2016 U.S. Dist. LEXIS 96122 (N.D. Cal. Jul. 15, 2016)

District court granted in part and denied in part defendant's motion to dismiss. Plaintiff alleged defendant directly and indirectly infringed various copyrights covering plaintiff's software. As to direct infringement, defendant argued plaintiff had not alleged *what* copyrighted works were infringed because there were no allegations specifying which patches of software were covered in 14 copyright registrations listed in complaint, by which copyrights patches were covered, or that software allegedly copied was covered by any of copyrights asserted. Court held such specificity is not required at this stage of litigation,

especially when defendant is in far better position to know such information. Defendant also argued that complaint did not allege sufficient facts regarding *how* defendant was alleged to have infringed. Court found complaint (1) specifically identified by name customer on whose servers defendant may have installed plaintiff's software; (2) stated defendant's employees installed plaintiff's software on defendant's customer's servers knowing that such conduct violated plaintiff's copyrights; and (3) alleged defendant ignored its employees' concerns and continued to install plaintiff's software on customer's servers. Motion to dismiss direct infringement claim was, accordingly, denied. As to contributory infringement, defendant argued plaintiff failed to sufficiently plead "knowledge of another's infringement." Court found complaint replete with specific factual allegations, including quotes from defendant's internal presentations and defendant's employee's emails, from which defendant's actual knowledge of third party's infringing acts could be plausibly inferred. Court held defendant was free to argue at summary judgment that plaintiff had not sufficiently proven element; however, at motion to dismiss stage, complaint plausibly alleged that defendant "materially contributed to" or "induced" alleged infringement. Motion to dismiss for contributory copyright infringement denied. As to vicarious infringement, defendant argued complaint failed to sufficiently allege that defendant had any ability to "control" third party. Court held simply because defendant may have remained customer's "primary contact for support needs" did not mean that defendant had "right and ability to supervise" third party's conduct. Allegations of contractor-subcontractor relationship alone were not sufficient to plead claim for vicarious infringement. Motion to dismiss was granted as to vicarious infringement claim.

PTG Nevada, LLC v. Chan, No. 16-1621, 2017 U.S. Dist. LEXIS 6276 (N.D. Ill. Jan. 17, 2017)

Court granted motion to dismiss without prejudice, allowing plaintiff to amend complaint with additional details to connect defendant with allegations concerning infringement. Plaintiff brought action for infringement based on allegations that individuals downloaded and distributed film *Pay the Ghost* using BitTorrent. Court had granted plaintiff early discovery to serve subpoena on Comcast, which identified defendants as those who owned IP addresses in question. Defendant argued that allegations of downloading and distributing film and his ownership of IP address were insufficient to connect him to infringement. Court, noting split in authority over whether such allegations sufficed, held that plaintiff needed to allege more than IP address registered to individual to maintain infringement claim.

Team Angry Filmworks, Inc. v. Geer, No. 15-1381, 2017 U.S. Dist. LEXIS 41808 (W.D. Pa. Mar. 23, 2017)

District court denied defendant's motion to dismiss for lack of standing and for failure to join indispensable parties. In its third amended complaint, plaintiff sought declaratory judgment that Philip Francis Nowlan's 1928 novella *Armageddon—2419 A.D.* and character Buck Rogers had entered public domain, in order to allow plaintiff to produce film based thereon. Federal Rule of Civil Procedure 19 requires court to determine whether absent party is

“necessary” under one of three circumstances: (1) where complete relief cannot be accorded among existing parties; (2) where absent party would be impaired or impeded from protecting claimed interest; or (3) where absent party’s absence would leave existing party “subject to a substantial risk” of incurring inconsistent obligations. Defendant stated that it was involved in disputes with Nowlan Family Trust (“NFT”) and another NFT-controlled entity (“AL”) regarding registration of BUCK ROGERS and ARMAGEDDON 2419 A.D. as trademarks. Defendant therefore moved to dismiss based on plaintiff’s failure to join NFT and AL as necessary parties under Rule 19. Court held that NFT and AL were not necessary parties because (1) complete relief could be accorded to plaintiff (or defendant) by determining whether (or not) *Armageddon* and Buck Rogers had entered public domain; (2) neither NFT’s nor AL’s trademark rights would be affected by this copyright action, in which neither NFT nor AL had asserted interest; and (3) court’s public domain determination would have no effect on defendant’s obligations to NFT or AL under trademark law. Because defendant failed to show that absent parties NFT and AL were “necessary,” court denied defendant’s motion to dismiss for failure to join indispensable parties.

Live Face on Web, LLC v. Smart Move Search, Inc., No. 15-4198, 2017 U.S. Dist. LEXIS 40247 (D.N.J. Mar. 21, 2017)

District court denied defendants’ motion to dismiss for failure to state claim. Plaintiff software developer copyrighted software that allowed websites to display video spokesperson that directs visitor’s attention to various portions of website. Defendants’ website displayed video spokesperson, which plaintiff claimed defendants had accomplished by using, copying and distributing plaintiff’s software without authorization. Plaintiff further alleged that, because defendants’ video spokesperson could only appear after copy of plaintiff’s software had been distributed to visitor’s computer, separate violation of plaintiff’s copyright occurred every time visitor accessed defendants’ website. Defendants moved to dismiss infringement claim because plaintiff had failed to allege unlawful copying, and any alleged copying occurred outside statute of limitations. Court held that plaintiff had sufficiently pleaded copying in support of direct infringement claim by alleging that defendants’ website caused copy of plaintiff’s software to be distributed to each website user’s cache, memory and/or hard drive. Court thus denied defendants’ motion to dismiss.

Telebrands Corp. v. NewMetro Design, LLC, No. 16-1981, 2016 U.S. Dist. LEXIS 137541 (D.N.J. Oct. 4, 2016)

District court denied plaintiff’s motion to dismiss defendant-counterclaimant’s counterclaim for copyright infringement. Plaintiff and defendant-counterclaimant sold “ANGRY-MAMA” plastic microwave steam cleaning devices resembling angry woman. Plaintiff owned registration for sculptural design of product, while defendant-counterclaimant owned registration for design featured on product packaging. Court held that defendant-counterclaimant sufficiently pleaded *prima facie* case. Court noted that copyright registration is *prima facie* evidence of validity of copyright, and that works composed of common elements that are rearranged, changed, and combined are sufficiently original under copyright law. Plaintiff did not overcome presumption that defendant-counterclaimant

owned valid copyright interest in design and product packaging, and defendant-counterclaimant adequately alleged unauthorized copying of its work by alleging that plaintiff included exact same logo on its packaging that defendant-counterclaimant did, and by including side-by-side photographs of parties' packages to illustrate substantial similarity.

Connor v. Ferris Mktg., No. 16-871, 2017 U.S. Dist. LEXIS 32031 (M.D. Fla. Mar. 7, 2017)

District court declined to dismiss plaintiff's claim for declaratory judgment under Act where plaintiff alleged in complaint that (1) he was original author of defendant's logos, artistic packaging, artistic product design, graphic art and other two and three-dimensional works of fine, graphic and applied art ("visual works"); (2) visual works were used in defendant's business; (3) visual works were pictorial, graphic, and sculptural works under Act; (4) he was never employee of defendant; (5) there was no express written agreement that visual works were works made for hire; (6) there was actual controversy regarding ownership of visual works; and (7) plaintiff was suffering ongoing injury in form of unpaid licensing rights and denial of rights to use or license visual works as exclusive owner. Court found that factual allegations satisfied federal pleading standard, and therefore denied defendant's motion to dismiss declaratory judgment claim.

General Motors LLC v. Dorman Prods., No. 15-12917, 2017 U.S. Dist. LEXIS 28434 (E.D. Mich. Mar. 1, 2017)

District court denied defendants' motion to dismiss plaintiffs' copyright infringement and unlawful circumvention claims. Plaintiffs alleged that defendants were illegally stealing and reselling GM's copyrighted software as embedded in control modules installed in GM's vehicles. GM also alleged that defendants manufactured and sold product called Software Transfer Tool that allowed users to access, copy and transfer GM's copyrighted software to other modules. Court had previously dismissed, on defendants' motion, GM's copyright infringement claim and illegal circumvention claim under DMCA because of pleading deficiencies. GM filed amended complaint, and defendants again moved to dismiss GM's infringement and circumvention claims. GM's amended complaint not only listed copyright registrations upon which it based its action, but also clarified that registrations in its complaint covered software installed on GM control modules. GM further alleged that one of its copyright registrations covered software that GM had, by inspection and testing, confirmed was on module sold by defendant. Court found that these allegations were sufficient to allow plausible inference that software covered by GM's other copyright registrations would likewise be found on other modules sold by defendant. Based on foregoing, and because GM alleged enough facts to raise reasonable expectation that discovery would reveal additional modules containing GM's copyright software, court denied defendants' motion to dismiss copyright infringement claim.

RBH Energy, LLC v. Brown, No. 16-830, 2016 U.S. Dist. LEXIS 174072 (N.D. Tex. Dec. 16, 2016)

District court denied plaintiff's motion to amend complaint to add additional defendant because claim against proposed defendant was time-barred. No facts supported invoking limited doctrine of equitable tolling. Discovery rule was inapplicable because "with minimal investigation, plaintiff could have discovered [proposed defendant's] role in the infringement and timely filed suit against it," yet plaintiff did not. Additionally, there was no "relation back" under Rule 15(c) because it was not case of mistaken identity; rather, plaintiff merely sought to add additional defendant. Finally, it was not in interest of judicial economy to allow amendment that would result in ultimate dismissal of claim against proposed defendant on statute of limitations grounds.

Dish Network, L.L.C. v. Fraifer, No. 16-2549, 2017 U.S. Dist. LEXIS 380 (M.D. Fla. Jan. 3, 2017)

District court denied individual defendant's motion to dismiss for failure to allege personal liability, and joint defendants' Rule 12(e) motion for more definite statement. Plaintiff, pay-television provider that offers hundreds of channels, including international channels, brought single claim for direct infringement against Tele-Center, Inc. ("TCI") and its founder and president, Gaby Fraifer. Defendants sold UlaiTV set-top boxes on website UlaiTV.com for approximately \$200, which included one-year access to UlaiTV service. Plaintiff alleged that UlaiTV service infringed on plaintiff's exclusive rights by capturing live broadcast signals of international channels, transcoding signals, transferring content to defendant's servers, and then transmitting channels over Internet to users who purchase UlaiTV set-top box. Fraifer was registrant of UlaiTV.com, oversaw day-to-day operations of TCI, made final decisions regarding TCI's business, and authorized, controlled, participated in, and received direct financial benefit from infringing activities of TCI. Court found that complaint alleged plausible basis for Fraifer's personal liability, and denied motion to dismiss on those grounds. Additionally, court denied Rule 12(e) motion for more definite statement, stating that although complaint included one claim of infringement and multiple defendants, it "can be fairly read to aver that all defendants are responsible for the alleged conduct."

Live Face On Web, LLC v. Guerra, No. 15-7143, 2017 U.S. Dist. LEXIS 40037 (D.N.J. Mar. 21, 2017)

District court denied defendant's motion to dismiss for failure to state claim. Defendant argued that plaintiff failed to plead unlawful copying. Court disagreed, finding that plaintiff properly alleged that defendant's website caused copy of plaintiff's copyrighted software to be automatically downloaded to cache, memory and/or hard drive of computer of each visitor to defendant's website. Plaintiff had alleged that "when a web browser is directed to a website linked to [plaintiff's copyrighted software], the embedded HTML script tag is read by the web browser and causes the automatic distribution of a copy of [plaintiff's software]," and that plaintiff's software is "automatically saved by the web browser into cache, and/or a

hard drive(s), and loaded into computer memory and/or RAM” of each visitor to defendant’s site. Besides sufficiently alleging that defendant reproduced computer code, complaint also alleged that defendant’s website distributed copies of code to each of website’s visitors. “Whether Defendant’s actions were unauthorized or unlawful is not an appropriate issue at this stage of the litigation.”

Hoskins v. United States Gov’t, No. 16-1055, 2016 U.S. Dist. LEXIS 144404 (W.D. Wash. Oct. 18, 2016)

Court granted defendants’ motion to dismiss. *Pro se* plaintiff sued for copyright infringement. Plaintiff filed motion to amend complaint, and defendants moved to dismiss complaint. Copyright claims centered on project from 1990s known as “Parallel Pathways,” alleged to be “unique children tile project” using decorated tile containing inspirational messages. Plaintiff argued that because he was creator of Parallel Pathways, he had “viable means for financial redress under Copyright Law.” Defendants argued that plaintiff did not sufficiently allege infringement claim because he did not validly allege work or how work was infringed. Court agreed that plaintiff failed to state valid copyright claim, because Parallel Pathways project was described as “idea or ideas that were stolen rather than something expressed in a tangible medium.”

Vivid Sites, LLC v. Millsap, No. 16-117, 2017 U.S. Dist. LEXIS 46364 (E.D. Mo. Mar. 29, 2017)

District court denied plaintiff’s motion for leave to file third amended complaint and granted defendant’s motion to dismiss second amended complaint in its entirety. Plaintiff, website hosting company, brought suit against defendants based on their alleged misappropriation of plaintiff’s proprietary software and other materials, including plaintiff’s source code. Plaintiff’s original complaint contained copyright infringement claim as to source code in addition to two RICO claims; first amended complaint kept original claims and added state law claim for unfair competition; second amended complaint (“SAC”) removed copyright and unfair competition claims, added new state law claim regarding trade secrets, and retained RICO claims. Defendants moved to dismiss SAC in its entirety, and court granted defendants’ motion in full. Plaintiff, in lieu of dismissal, moved for leave to file third amended complaint (“TAC”) that would contain all five claims that it had previously asserted in action, including copyright infringement claim. Court denied plaintiff’s motion, holding that proposed amendment “may” be futile and further that plaintiff’s conduct was dilatory. Although plaintiff had applied for copyright registration of its source code before filing original complaint, plaintiff’s source code was not registered until after plaintiff had filed suit. Court noted that circuit split existed as to whether plaintiff could bring copyright infringement suit after filing application for registration, or needed to wait for approval or refusal of its application before bringing action. As such, court held that it was “not entirely clear” whether plaintiff’s proposed amendment would be futile. Moreover, though plaintiff had included copyright infringement claim in its original complaint, plaintiff omitted claim from SAC. In seeking to reassert copyright infringement claim in TAC, plaintiff alleged that it had only recently learned of its copyright application and subsequent registration. Court

held that plaintiff did not adequately explain its failure to investigate its copyright registration status, which constituted dilatory delay that allowed court to deny plaintiff's motion to amend complaint.

Ian v. Bottom Line Record Co., No. 16-187, 2016 U.S. Dist. LEXIS 86646 (M.D. Tenn. July 1, 2016)

Court denied defendant's motion to dismiss. Plaintiff, songwriter, performer and author, in 1998 entered into agreement giving defendant record company "right to use" some of her performances at Bottom Line Cabaret. Performances were specifically identified in agreement. In spring 2015, plaintiff learned that defendant released album *The Bottom Line Archive: Janis Ian*, that included performances not specifically identified in agreement. Plaintiff sued for infringement based on defendant's unauthorized reproduction of plaintiff's copyrighted musical composition underlying sound recording called "Stars." Defendant moved to dismiss complaint for failure to state claim. Defendant contended that case was insufficiently pleaded because plaintiff did not plead copyright registration number. Court disagreed, holding plaintiff's allegation that she "holds the copyright interest in the musical composition underlying the sound recording 'Stars'" to be sufficient to survive motion to dismiss. Regarding defendant's allegation that claim was time-barred, defendant argued that statute of limitations began to run when defendant released its album 1999, so claim was outside of three-year statute of limitations. Court disagreed, because plaintiff alleged infringement based on album released in 2015. Court held plaintiff's claims sufficiently pleaded to survive motion to dismiss.

Design Basics, LLC v. Milakis Homes, LLC, No. 16-53, 2016 U.S. Dist. LEXIS 169521 (N.D. Ind. Dec. 8, 2016)

Court denied defendants' motion to dismiss. Building design firm brought copyright infringement action against other builders for use of architectural drawings to build homes in Indiana. Defendants moved to dismiss complaint for failure to state claim. Court noted that many aspects of architectural plans are not copyrightable because they lack originality, as certain design features are universally used by architects. However, court declined to grant motion because pleading "need only contain enough facts to suggest the claim is plausible." Plaintiffs were "not required ... to go beyond alleging that the Defendants received publications that contained the protected work and also explain how their plans 'made it into the hands' of the Defendants." Court also found it plausible that plaintiffs' designs contained "modicum of originality," which would render them protectable under Act.

Norman v. B.E.T. TV, No. 16-113, 2016 U.S. Dist. LEXIS 167454 (N.D. Ind. Dec. 5, 2016)

Court granted defendant's motion to dismiss amended complaint for failure to plead factual matter sufficient, if accepted as true, to state plausible claim for relief. To state claim for direct copyright infringement, plaintiff must plead sufficient facts to plausibly suggest ownership of valid copyright and copying of constituent elements of work that are original.

Amended complaint did not include “copyright certification,” but did state that plaintiff “has copyright to lyrics,” and original complaint included certificate of registration for “The Real and True Beyonc’e (2005-2015).” Court assumed for purposes of motion to dismiss that plaintiff owned valid copyright. Plaintiff still must plead facts plausibly suggesting that defendant copied elements of copyrighted work that are original. Allegations in amended complaint that since early 2000s defendant “played sexual material” containing “music and [lyrics] belonging to Lasandra Norman who has copyright to lyrics ... time and time again on show[s] like 106 and [P]ark” did not provide enough detail to give defendant fair notice of factual basis for claims. Amended complaint did not identify elements of copyrighted work plaintiff claimed defendant copied, or offer facts suggesting how defendant allegedly infringed. Accordingly, amended complaint was dismissed without prejudice.

ICC Evaluation Serv., LLC v. Int’l Ass’n of Plumbing & Mech. Officials, No. 16-54, 2016 U.S. Dist. LEXIS 153518 (D.D.C. Sept. 19, 2016)

Court denied motion to dismiss, finding complaint adequately pleaded necessary elements. Plaintiff sued defendants alleging that defendants “reproduced in substantial and significant part, and copied with minimal changes” 17 works authored and copyrighted by plaintiff. Court rejected defendants’ argument that complaint failed to identify “what portions, if any, of the works at issue are, in fact, protected by copyright” and failed to allege “that those protected portions have been infringed by Defendants.” Court followed other courts to find that plaintiff satisfies both elements by simply listing copyright registration numbers that correspond to each of its copyrighted works, annexing copies of registrations, and stating that defendant has infringed one or more of these copyrights. Court also rejected argument that plaintiff failed to allege “how, or in what manner, Defendants copied, modified or otherwise used” plaintiff’s works. By providing one-to-one correspondence between its specifically identified copyrighted works and allegedly infringing works published by defendants, and by providing specific dates for registration of various copyrights at issue, plaintiff sufficiently specified “by what acts” and “during what time” defendants allegedly infringed its copyrights. Defendants’ argument that plaintiff failed to properly plead substantial similarity between its copyrighted works and allegedly infringing works also failed. Court adopted view that substantial similarity analysis is best avoided at motion to dismiss stage. Because substantial similarity is customarily “extremely close question of fact,” analysis is better suited for summary judgment context.

D. Standing

Stubby Strip, LLC v. Food Market Merchandising, Inc., No. 15-1410, 2016 U.S. Dist. LEXIS 131149 (N.D.N.Y. Sept. 26, 2016)

In 2014 plaintiff and defendant began negotiating agreement by which defendant would distribute plaintiff’s beverage holder products. Defendant ultimately refused to enter into distribution agreement, and instead sent plaintiff’s products to Chinese manufacturer to be copied and reproduced under different branding. Defendant used plaintiff’s marketing materials, including copyrighted photographs, samples and business strategies. Plaintiff sued

for copyright infringement and unfair competition, alleging that defendant was infringing copyright in pictorial works, and unfairly competing by using same copyrighted images to detriment of plaintiff. Court granted defendant's motion to dismiss copyright infringement claim, noting plaintiff's failure to respond amounted to abandonment, and consent to dismissal, of copyright claim. Plaintiff in any event, was without standing to assert infringement of pictorial works because plaintiff was not owner of copyright in pictorial works. License agreement provided for "non-exclusive commercial license." Plaintiff, as non-exclusive licensee, lacked standing to sue others for infringement.

Team Angry Filmworks, Inc. v. Geer, No. 15-1381, 2017 U.S. Dist. LEXIS 41808 (W.D. Pa. Mar. 23, 2017)

District court denied defendant's motion to dismiss for lack of standing and for failure to join indispensable parties. In its third amended complaint, plaintiff sought declaratory judgment that Philip Francis Nowlan's 1928 novella *Armageddon—2419 A.D.* and character Buck Rogers had entered public domain, in order to allow plaintiff to produce film based thereon. To show existence of justiciable controversy after Supreme Court's *MedImmune* decision, facts alleged by plaintiff must establish substantial legal controversy of "sufficient immediacy and reality" to warrant declaratory judgment. Plaintiff's second amended complaint contained allegations that satisfied "reality" prong, and court held that plaintiff's third amended complaint alleged facts establishing "immediacy" of dispute. Specifically, plaintiff had attached to its third amended complaint nonbinding letter of intent from production company that outlined "clear and immediate timeline" for production of plaintiff's proposed film. Though letter was nonbinding, court held that plaintiff had established immediacy by showing that, but for copyright dispute, plaintiff could and would begin production immediately. Notably, court held that "absolute guarantee" of production was not required. Because plaintiff's third amended complaint established both immediacy and reality of dispute, court denied defendant's motion to dismiss for lack of Article III standing.

Kevin Chelko Photography, Inc. v. JF Rests., LLC, No. 13-60, 2017 U.S. Dist. LEXIS 7563 (W.D.N.C. Jan. 19, 2017)

District court dismissed plaintiff's complaint, finding it lacked standing. Plaintiff sued defendant restaurant for infringement, alleging that defendant used plaintiff's photos of food beyond term authorized by contract. Defendant moved to dismiss complaint for lack of subject matter jurisdiction, arguing that plaintiff lacked standing because it was not legal or beneficial owner of allegedly infringed copyrights. Court agreed, noting that Kevin Chelko was author and owner of subject copyrights, and that he did not transfer any exclusive rights in subject copyrights to plaintiff. Court further opined that plaintiff's right to distribute or manage copyrights was immaterial to standing absent written assignment or exclusive license from original copyright owner. Lastly, court denied plaintiff's request to substitute Kevin Chelko for plaintiff pursuant to Rule 17; Chelko could not now benefit from plaintiff's mistake so as to take advantage of suspension of limitations period.

E. Miscellaneous

Fourth Estate Pub. Ben. Corp. v. Wall-Street.com, LLC, 856 F.3d 1338 (11th Cir. 2017)

Eleventh Circuit held “registration” of copyright claim is precondition to filing suit for infringement. Plaintiff, news organization that produced online journalism, licensed articles to websites. Defendant news website obtained licenses to number of articles produced by plaintiff. License agreement required defendant to remove all of content produced by plaintiff from its website before defendant cancelled its account. Defendant cancelled its account, but continued to display articles produced by plaintiff. Plaintiff filed complaint for infringement, but complaint did not allege that Register of Copyrights had acted on application. Defendants moved to dismiss complaint, arguing that § 411(a) permits suit for copyright infringement only after Register approves or denies application to register copyright. District court agreed, and dismissed complaint without prejudice. Eleventh Circuit affirmed. Court noted circuit split under which Tenth Circuit follows “registration” approach, which requires copyright owner to plead that Register has either approved or denied application before copyright owner can file infringement action, while Ninth and Fifth Circuits follow “application” approach, which requires owner to plead that it has filed “deposit, application, and fee required for registration” before filing suit. Parties disputed whether precedents bound circuit court to follow either approach; court found it need not decide dispute about precedents because text of Copyright Act makes clear that registration approach is correct. Act defines registration as process that requires action by both copyright owner and Copyright Office. Owner must first deposit copy of material with Office, file application, and pay fee. Register of Copyrights then examines material and determines whether “material deposited constitutes copyrightable subject matter.” If material is copyrightable, “Register shall register claim and issue to applicant certificate of registration”; if “material deposited does not constitute copyrightable subject matter ... Register shall refuse registration.” Use of phrase “after examination” in § 410(a) makes explicit that application alone is insufficient for registration. That registration occurs only *after* examination of application necessarily means that registration occurs later in time than application. Section 410(b) also establishes that registration can occur only after application and examination. If registration occurred when application was filed, then Register would have no power to “refuse registration.” Court rejected plaintiff’s argument that § 408(a) supports application approach because it fails to mention certificate of registration. Section 408(a) states only conditions copyright owner must satisfy to obtain registration; it does not speak to timing of registration or obligation of Register to examine and approve or refuse application. Section 410(d) also supports registration approach; to be sure, § 410(d) relates registration back to date that owner files application, but § 410(d) also makes evident that registration occurs only after Register deems application acceptable. Court rejected plaintiff’s argument that three-year statute of limitations supports application approach. Considered together, registration requirement and three-year statute of limitations reflect statutory plan to encourage registration. Court of Appeals thus affirmed dismissal of complaint.

Pablo Star Ltd. v. Tribune Content Agency, LLC, No. 15-1167, 2017 U.S. Dist. LEXIS 32337 (S.D.N.Y. Mar. 7, 2017)

District court granted defendant's motion to stay pending outcome of case-dispositive proceedings in UK. Plaintiffs, UK companies, had been dissolved by UK court order, but were later restored in manner that allowed plaintiffs to seek damages for alleged infringement of copyrights at issue in U.S. action. However, additional proceedings were brought in UK, alleging that plaintiffs' ownership interest in copyrights had been improperly restored and arguing that plaintiffs' copyrights should be restored to UK Crown. Because decision in UK proceedings could be case-dispositive, court held that interests of judicial efficiency favored stay of U.S. action. Moreover, UK proceedings had commenced before U.S. action and plaintiffs had failed to articulate any unfairness that could result from stay. Court therefore found that all factors favored stay of U.S. case, and granted defendant's motion.

Metal Bulletin Ltd. v. Scepter, Inc., 192 F. Supp. 3d 377 (S.D.N.Y. 2016)

Court granted defendant's partial motion to dismiss. Plaintiff, publisher of works concerning metal and steel, brought action for copyright infringement, alleging that defendant exceeded scope of license by allowing employees to access plaintiff's works using single username and password. Defendant moved to dismiss claim for copyright infringement on ground that it was barred by clause in Terms and Conditions mandating application of English law. District court granted motion, holding choice-of-law clause precluded plaintiff from bringing its copyright claim because claim fell within scope of choice-of-law clause, and choice-of-law clause was enforceable.

Broad. Music, Inc. v. Craig Sports, LLC, No. 16-1941, 2017 U.S. Dist. LEXIS 12605 (C.D. Cal. Jan. 30, 2017)

Plaintiffs, owners of various musical works and licensor of those works, sued defendant for willful infringement, based on unlicensed and unauthorized public performance of five musical compositions at Gators Sports Bar and Grill. No answer was filed, and plaintiffs sought default judgment. Court weighed *Eitel* factors: (1) possibility of prejudice to plaintiff; (2) merits of plaintiff's substantive claim; (3) sufficiency of complaint; (4) sum of money at stake in action; (5) possibility of dispute concerning material facts; (6) whether default was due to excusable neglect; and (7) strong policy underlying Federal Rules of Civil Procedure favoring decisions on merits. Court determined default judgment should be entered against defendants. Court found plaintiffs would suffer because they would be denied right to judicial resolution of their claims. Court was satisfied that plaintiffs stated claim under Act, as ownership of musical works was sufficiently alleged, as was BMI's status as licensor of those works, and complaint alleged that defendants publicly performed songs without authorization. Amount of money at stake weighed in plaintiffs' favor, as plaintiffs' request for \$15,000 in statutory damages (\$3,000 for each work infringed) was reasonable. It was unclear whether there would be dispute over material facts, because defendants never appeared or answered complaint. There was no evidence of excusable

neglect as evidence indicated defendant was served with complaint and motion and failed to respond or otherwise defend suit. Because cases should be decided on merits, defendant's failure to answer complaint made decision on merits impractical. Court granted default judgment.

Openwave Messaging, Inc. v. Open-Exchange, Inc., No. 16-253, 2016 U.S. Dist. LEXIS 150713 (N.D. Cal. Oct. 28, 2016)

Court denied motion to dismiss counterclaims. Plaintiff was provider of commercial email platform software and services for telecommunications carriers. Defendant distributed open-source commercial email software that customers integrated into their existing system's infrastructure. Parties entered into arrangement regarding software and subsequently plaintiff sued defendant alleging claims including copyright infringement. Defendant filed counterclaim seeking declaratory judgment of non-infringement. Plaintiff moved to dismiss counterclaims and affirmative defenses. Court noted that it had "complete discretion whether to hear a counterclaim for declaratory judgment," and that many courts have exercised that discretion in favor of dismissing claims where counterclaim is either "mirror image" of claim in complaint or "redundant of affirmative defenses." Even though declaratory judgment counterclaim may concern same subject matter or arise from same transaction as set out in complaint, court noted that it should focus on "whether the counterclaims serve any useful purpose." Plaintiff's complaint alleged that plaintiff was copyright owner of software, App Suite, and that defendant infringed copyright. Defendant's affirmative defense stated that copyright claim was barred by lack of ownership and because plaintiff granted defendant perpetual license to any works it developed for plaintiff, as stated in relevant contracts. Defendant's counterclaim alleged that defendant was owner of right to distribute and license relevant software, and even if plaintiff acquired ownership rights in software, defendant would have license to it under parties' contracts. Court found it was not clear whether counterclaim served any useful purpose, but plaintiff had not identified any prejudice it would suffer if counterclaim was not struck; court, accordingly, would not strike counterclaim at "this time."

Datacarrier S.A. v. WOCCU Servs. Grp., No. 16-122, 2016 U.S. Dist. LEXIS 161698 (W.D. Wis. Nov. 22, 2016)

Court granted defendant's motion to dismiss infringement claims involving computer software that had been put to use primarily in South America. Defendant contended that it could not be liable for authorizing, from U.S., infringement that occurred wholly outside U.S. Court agreed with defendant on territoriality issue. Court noted that neither Seventh Circuit nor Supreme Court had decided whether merely authorizing such extraterritorial infringement was itself actionable act of domestic infringement. Court followed "weight of better reasoned authority," chiefly *Subafilms, Ltd. v. MGM-Pathé Communications Co.*, 24 F.3d 1088 (9th Cir. 1994), to hold that it was not. Court concluded that territoriality is not jurisdictional, but simply element of copyright claim. Defendant's motion, therefore, was based on failure to state claim, to be decided under Rule 12(b)(6). To survive motion to dismiss, plaintiff must have alleged some infringing act that took place in U.S.; if

infringement that takes place entirely outside of U.S. is not actionable, then neither is authorization of that infringement. Court reasoned that “to authorize” is not exclusive right; if it were, it would be possible for party to be liable for copyright infringement for authorizing infringing copying even if no actual copying took place. Better interpretation was that authorizing infringing activity is form of contributory infringement. There can be no liability for contributory infringement without direct infringement; accordingly, there would be no liability for contributory infringement if underlying “infringement” is not actionable under Copyright Act. Thus, plaintiff’s claims that defendant infringed plaintiff’s copyright based on authorization of foreign acts of direct infringement were dismissed for failure to state claim.

II. COPYRIGHTABILITY

A. Originality

Sohm v. McGraw-Hill Global Educ. Holdings, LLC, No. 16-4255, 2016 U.S. Dist. LEXIS 126836 (S.D.N.Y. Sept. 16, 2016)

District court denied defendant’s motion to dismiss. Plaintiff, professional photographer, claimed defendant exceeded scope of its licenses to use plaintiff’s photos in defendant’s textbooks. Defendant moved to dismiss, in part on basis that 14 of plaintiff’s photos were in public domain because they were photos of presidential seal, Constitution and Declaration of Independence. Plaintiff argued that his photos were variants of these images that incorporated plaintiff’s own artistic choices, such as background color, depth of field, photo speed settings and cropping. Court acknowledged there is “no uniform test to determine the copyrightability of photographs,” but held minimal degree of creativity required is easily met. Regarding ownership, plaintiff pleaded dates and registration numbers of copyrights at issue, which shifted burden to defendant to prove invalidity. However, because this was motion to dismiss, defendant was not able to put in evidence to contrary. For that “very reason,” questions of originality are generally inappropriate for determination on motion to dismiss. In view of plaintiff’s plausible allegations regarding artistic choices with respect to photos, and evidentiary presumption created by plaintiff’s registrations, court could not infer lack of originality at motion to dismiss stage.

We Shall Overcome Foundation v. Richmond Organization, Inc., No. 16-2725, 2016 U.S. Dist. LEXIS 160965 (S.D.N.Y. Nov. 21, 2016)

District court denied motion to dismiss as to claims under Copyright Act. Plaintiffs brought putative class action challenging defendants’ copyright in song “We Shall Overcome.” Defendants moved to dismiss part of amended complaint that challenged their copyright interest in lyrics of first verse of song. Court found that plaintiffs sufficiently alleged that changes in lyrics in first verse of song from 1948 version—“(1) ‘we’ll for ‘I’ll’; (2) ‘shall’ for ‘will’; and (3) ‘deep’ for ‘down’”—lacked originality. “Whether the Plaintiffs will prevail awaits a decision through summary judgment or at trial.”

Urban Textile, Inc. v. Rue 21, Inc., No. 14-8285, 2016 U.S. Dist. LEXIS 163650 (C.D. Cal. Nov. 28, 2016)

Court denied plaintiff's motion for partial summary judgment. Plaintiff sued contending defendants made and distributed garments featuring designs strikingly similar to plaintiff's. Plaintiff moved for partial summary judgment, asking court to find that defendants willfully infringed copyright as matter of law. Designs at issue were categorized into three groups. Regarding first group (published designs), court found plaintiff had not met its burden as to ownership of valid copyright. Defendants provided adequate evidence to raise genuine question as to what extent plaintiff altered designs it acquired by assignment, and whether those alternations made designs registrable as new, unpublished works. Court found summary judgment inappropriate as to first group. Regarding second group (derivative designs), court found defendants successfully raised issues of fact as to whether plaintiff's designs sufficiently departed from underlying source material, such that plaintiff need not have declared source in its applications. Court found summary judgment inappropriate as to second group. Regarding third group, court found plaintiff likely entitled only to "thin" copyright protection, and that "thin" copyright protects against only virtually identical copying. Court found it could not determine, as matter of law, that allegedly infringing garments bore pattern that was "virtually identical" to plaintiff's design. Intrinsic test is always left to factfinder; summary judgment is not appropriate on issue of similarity.

UIRC-GSA Holdings, Inc. v. William Blair & Co., L.L.C., No. 15-9518, 2017 U.S. Dist. LEXIS 46714 (N.D. Ill. Mar. 29, 2017)

District court denied motion to dismiss infringement claim. Plaintiff, seller of bonds and holder of copyright registrations for documents relating to sale of bonds, brought suit against defendant placement agent and its employee, Michael Kalt. According to plaintiff, defendants willfully copied and distributed protected and non-protected portions of its copyrighted works. To establish infringement, plaintiff must prove "(1) ownership of valid copyright and (2) copying of constituent elements of the work that are original." Copying may be proven by showing access and that two works are substantially similar. Court applied Seventh Circuit test for substantial similarity, asking objectively "whether 'the two works share enough unique features to give rise to a breach of the duty not to copy another's work.'" Defendants argued that plaintiff failed to state plausible claim because allegedly infringed expression was "comprised entirely of (1) ideas and themes and (2) common words and phrases, none of which is copyrightable, and when those unprotectable elements are excluded, no actionable substantial similarity exists between the memoranda at issue." Defendant claimed that plaintiff was thus "attempting to 'use its copyright registrations to claim monopoly of the entire concept of FSA revenue bonds and their usage.'" Court stated that "[u]nlike songs or poems," the bond documents at issue "are complex financial documents relating to a niche investment market, and despite Defendants' contentions, the Court ... cannot at this stage determine that all the copied expression is 'boilerplate and standardized language'" Court accordingly denied defendant's motion to dismiss.

Am. Soc’y for Testing and Materials v. Public.Resource.Org, Inc., No. 13-1215, No. 14-857, 2017 U.S. Dist. LEXIS 14623 (D.D.C. Feb. 2, 2017)

In consolidated opinion, court considered motions and cross-motions for summary judgment. First set of plaintiffs were not-for-profits that created codes and standards for private sector that, *inter alia*, promote public safety. Second set of plaintiffs were not-for-profits that cooperatively created “Standards for Educational and Psychological Testing.” Standards at issue were incorporated by reference into federal law. Both sets of plaintiffs brought suit for copyright infringement after defendant purchased standards, scanned them, added cover sheet, and made them available online. Court found that plaintiffs owned valid copyrights, rejecting defendant’s arguments (1) that standards not protectable under § 102(b); (2) that copyright protection was lost once standards were incorporated by reference into federal regulations; (3) that due process concerns barred copyright protection; and (4) that merger and *scènes à faire* doctrines precluded protection. Court noted that Congress had already passed on question of revoking copyright protection for standards incorporated by reference into regulations, and any further consideration of issue must be left to Congress.

Shalom Baranes Assocs., P.C. v. Lauren Condos, LLC, No. 15-1980, 2016 U.S. Dist. LEXIS 125370 (D. Md. Sept. 14, 2016)

Plaintiff entered into agreement with third party Triumph Development to prepare architectural plans for condominium project. Agreement gave Triumph non-assignable license to use plaintiff’s designs for sole purposes of developing and building condominium project. Plaintiff prepared architectural plans, but agreement was subsequently terminated. Later, defendants stepped in to continue project, but plaintiff was not retained. Defendants used plaintiff’s architectural plans as basis for their own plans, making only minor changes. Plaintiff filed copyright infringement action. Defendants filed motions to dismiss, alleging (1) design elements within plaintiff’s architectural plans were not entitled to copyright protection because they were standard features; and (2) design elements were functionally determined by zoning law. Court held that even if design elements were standard features, copyright protection extends to original configuration of otherwise unprotectable elements. Originality in this context is not high bar. Court could not conclude that plaintiff’s design elements were “so unremarkable as to be unworthy of copyright protection.” Court also denied defendants’ argument that plans were not protectable because their elements were determined by zoning laws. Such restrictions can be lifted through vote of local government, and plaintiff’s approved plans were not only way property could be developed. Motion to dismiss denied.

Weber Luke Alliance, LLC v. Studio 1C Inc., No. 16-389, 2017 U.S. Dist. LEXIS 18527 (D. Utah Feb. 8, 2017)

Court granted defendant’s motion to dismiss copyright infringement claim. Plaintiff company marketed “Rollerball Make & Take Workshop Kits,” which included sheet entitled “What’s Included” that used shade of purple/mauve as part of color scheme, prominent dividing bar, list of contents included in kit, and instruction manual. Plaintiff sued, claiming

defendant's "make and take kits" infringed its copyright in "What's Included" sheet, and defendant moved to dismiss. Court granted defendant's motion, finding plaintiff's purple header and prominent dividing bar "simply fail to meet the requirements to be considered original creative works"; list of contents of kits simply contained ideas or facts that were not "uniquely" arranged and thus not copyrightable; and instruction manual was merely description of steps plaintiff recommends be taken to have successful party for participants to make rollerballs using materials in kits, including suggestions such as "have all of your supplies on hand before your workshop" and "Hand out One Recipe Sheet to each guest." Court found "no apparent element of creativity or originality" in "list of rather common sense ideas for a successful party using Weber Luke's materials, rollerballs and essential oils."

Inspired by Design, LLC v. Sammy's Sew Shop, LLC, No. 16-2290, 2016 U.S. Dist. LEXIS 144988 (D. Kan. Oct. 19, 2016)

District court denied plaintiff's motion for preliminary injunction. Plaintiff and defendant both sold custom pet beds on Etsy. Plaintiff accused defendant of selling replicas of its pet beds and sued for copyright infringement. In considering whether to grant injunction, court was not persuaded that plaintiff would succeed on merits of its copyright infringement claim. Plaintiff owned registered copyrights covering certain photos, 2-D artwork, technical drawings and text content published on plaintiff's website. Plaintiff asserted that defendant copied (1) photos of its dog beds, (2) plaintiff's washing instructions for pet bed covers, (3) plaintiff's fabric selector diagram, and (4) pet bed size chart with size recommendations. Regarding plaintiff's photos, plaintiff presented no evidence of "verbatim copying," instead alleging that defendant's photos infringed because defendant's photos contain similar pet beds taken from similar angles with similar backgrounds. Court held that photographs served "utilitarian purpose" of presenting various types of products and services that business offered, and were thus "purely descriptive pictures" that "do not merit copyright protection because the photographs lack the requisite creativity." Plaintiff was thus not likely to prevail on assertion that photographs were subject to copyright protection. Second, defendant argued that plaintiff did not have valid copyright in washing instructions, since instructions were fabric manufacturer's instructions and therefore not original to plaintiff. Plaintiff never responded to argument, and accordingly failed to show that it was likely to prevail on claim of infringement of washing instructions. Third, defendant denied using plaintiff's fabric selector. Defendant asserted that its customers selected fabrics from webpage or outside vendors, and then choice was put into Adobe Photoshop for customer to view. Defendant also argued that plaintiff's fabric selector was open source application, and therefore not protectable. Court acknowledged that defendant presented its fabric choices in manner similar to way plaintiff's fabric selector displayed customer's fabric choice, and found plaintiff could potentially prevail on claim. Notwithstanding, court ultimately determined plaintiff "has not shouldered its burden of proving a likelihood of success or proving copyright infringement of the fabric selector." Finally, court found that plaintiff had not established likelihood of prevailing on infringement claim for size chart. Defendant asserted

that chart was not original, as it merely listed pet bed sizes that were typical in industry. Court agreed that chart was factual work not protected by copyright.

B. Pictorial, Graphic and Sculptural Works

Star Athletica, L.L.C. v. Varsity Brands, Inc., 137 S. Ct. 1002 (2017)

Supreme Court held that artistic feature of design of useful article is eligible for copyright protection if feature (1) can be perceived as two- or three-dimensional work of art separate from useful article and (2) would qualify as protectable pictorial, graphic, or sculptural work either on its own or in some other medium if imagined separately from useful article. Varsity, owner of more than 200 copyright registrations for two-dimensional designs appearing on surface of garments, sued Star for infringing copyrights in five designs. District court entered summary judgment for Star on ground that designs did not qualify as protectable pictorial, graphic, or sculptural (PGS) works because designs served “utilitarian function” of identifying garments as cheerleading uniforms, and therefore could not be “physically or conceptually” separated from “utilitarian function” of garment. Sixth Circuit reversed, finding designs were “separately identifiable” because designs and blank cheerleading uniform can appear side by side, one as graphic design, other as cheerleading uniform; designs were capable of existing independently because they could be incorporated onto surface of different types of garments, or hung on wall and framed as art. Supreme Court majority rejected as inconsistent with text of § 101 Varsity’s contention that two-dimensional artistic features on surface of useful articles are “inherently separable”; statute requires separability analysis for any “pictorial, graphic, or sculptural features” incorporated into “design of useful article.” Under statute, PGS feature incorporated into design of useful article is eligible for copyright protection if it (1) can be identified separately from, and (2) is capable of existing independently of, utilitarian aspects of article. First requirement is “not onerous”; decisionmaker need only be able to look at useful article and “spot some two- or three-dimensional element that appears to have pictorial, graphic, or sculptural qualities.” To satisfy second requirement, feature must be able to exist as its own PGS work once imagined apart from useful article. Sections 113(a) and 101 make clear that copyright protection extends to PGS works regardless of whether they were created as freestanding art or as features of useful articles. “Ultimate separability question” is whether feature for which copyright protection is claimed would have been eligible for copyright protection as PGS work had it originally been fixed in some tangible medium other than useful article before being applied to useful article. Court rejected Star’s “flawed view” that Act protects only “solely artistic” features that have no effect whatsoever on useful article’s utilitarian function, noting statute expressly protects two- and three-dimensional “applied art.” Artistic feature that would be eligible for copyright protection on its own cannot lose protection simply because it was first created as feature of design of useful article, even if it makes article more useful. Court abandoned distinction between “physical” and “conceptual” separability; statutory text indicates that separability is conceptual undertaking. Because separability does not require underlying useful article to remain, physical-conceptual distinction is unnecessary. Court also rejected as ungrounded in text of statute Star’s argument that courts should consider (1) whether design elements reflect designer’s artistic

judgment exercised independently of functional influence, and (2) whether there is substantial likelihood that artistic feature would still be marketable to some significant segment of community without its utilitarian function. Because designs on surface of Varsity's garments satisfied requirements, Court affirmed judgment of Sixth Circuit. Justice Ginsburg, concurring in Court's judgment but not in opinion, would not take up separability test in this case because designs at issue are not designs of useful articles. Instead, they are standalone PGS works that may gain copyright protection as such, including exclusive right to reproduce designs on useful articles. Because owner of copyright in pre-existing PGS work may exclude others from reproducing work on useful article, there is no need to engage in separability inquiry to resolve instant petition. Justice Breyer dissented, joined by Justice Kennedy, arguing that even applying majority's test, designs cannot be perceived as two- or three-dimensional works of art separate from useful article. Picture of relevant design features, whether separately "perceived" on paper or in imagination, is picture of, and thereby "replicates," underlying useful article; hence, design features Varsity seeks to protect are not capable of existing independently of utilitarian aspects of article.

Direct Techs., LLC v. Electronic Arts, Inc., 836 F.3d 1059 (9th Cir. 2016)

Ninth Circuit reversed district court's grant of summary judgment to defendant. Defendant, creator of "The Sims" computer game, contracted with production company to create thumb drive shaped like PlumbBob, icon from game. Production company then contracted with plaintiff to create sample PlumbBob thumb drive, which defendant approved; however, sample was shipped to Chinese company to make essentially same flash drives for 50 cents less per unit than plaintiff. Plaintiff brought suit against defendant under Act. Ninth Circuit held that it was error for trial court to grant defendant summary judgment because issue of fact remained as to whether design for flash drive removal from PlumbBob was adequately non-functional and non-trivial to warrant copyright protection. Court also found issue of fact as to whether plaintiff was sufficiently in control of its artistic contribution to qualify as joint author of prototype. Court also reversed grant of summary judgment on ground that plaintiff assigned its interest in drives in its contract with production company because there was issue of fact as to agreements' enforceability.

Design Ideas, Ltd. v. Meijer, Inc., No. 15-3093, 2016 U.S. Dist. LEXIS 113704 (C.D. Ill. Aug. 25, 2016)

Court granted partial summary judgment to plaintiff. Plaintiff brought suit against defendants alleging infringement of "Sparrow Clip" product, clothespin with silhouetted bird design on top. Court held that undisputed facts showed that plaintiff owned valid copyright. Defendants contended that "Sparrow Clip" was non-protectable useful article. Court agreed that clip was useful article, but found bird design was physically separable from clothespin, and was conceptually separable because artistic decisions in designing were not restricted by functional concerns.

Trade West, Inc. v. Oriental Trading Co., No. 16-474, 2017 U.S. Dist. LEXIS 47754 (D. Haw. Mar. 30, 2017)

Court denied defendant's motion to dismiss. Plaintiff sued, alleging that defendant infringed plaintiff's registered copyrights in designs of artificial hibiscus lei and hair clip. Defendant moved to dismiss infringement claim on ground of absence of substantial similarity, arguing that only similarities between parties' designs were those that reflected features of hibiscus flower as it existed in nature, or those that were functional. With respect to functionality, court determined that manner in which flowers were attached by parties to leis, in which flowers were attached perpendicularly to string to have stamen of hibiscus remain distinctive, was not necessarily functional because other methods of stringing leis to maintain distinctiveness of stamen were available. In light of ruling on functionality issue, court did not address defendant's alternate argument that defendant's design of hibiscus flower for its leis reflected how flower appeared in nature such that no substantial similarity of protectable subject matter existed. With respect to hair clips, court found that leaves in defendant's hair clips did not reflect how those elements appear in nature in relation to hibiscus flower, because defendant's design attached leaves directly to flower as opposed to stem. Court also rejected defendant's argument that placement of leaves underneath flowers was functional, as it served aesthetic purposes.

C. Compilations and Derivative Works

Olivares v. Univ. of Chicago, 213 F. Supp. 3d 757 (M.D.N.C. 2016)

Court denied defendants' motion for summary judgment. In 17th century, María de Zayas y Sotomayor published collection of stories titled *Novelas amorosas y ejemplares*. In 2000, plaintiff created edition of collection, which contained *Novelas amorosas* and sections authored by plaintiff. In 2009, defendants published translation of certain stories from Zayas, including few from *Novelas amorosas*. Defendants used plaintiff's edition of Zayas stories in creating their translation. Defendants challenged validity of plaintiff's copyright in "text of the *Novelas amorosas* as published in his edition," arguing that corrections to punctuation and paragraph breaks are not copyrightable. Court found defendants oversimplified plaintiff's corrections; according to plaintiff, edition "restores, modernizes, and clarifies Zayas' text." On current record, court could not find as matter of law that plaintiff's corrections were insufficiently creative to be devoid of protection, and denied motion.

D. Miscellaneous

Flo & Eddie, Inc. v. Sirius XM Radio, Inc., 849 F.3d 14 (2d Cir. 2017)

Plaintiff, owner of sound recordings created by The Turtles pre-1972, brought copyright infringement suit against defendant on behalf of itself and class of owners of pre-1972 recordings asserting claims for common law copyright infringement and unfair competition under New York law. Second Circuit previously certified question to New York Court of

Appeals: “Is there a right of public performance for creators of pre-1972 sound recordings under New York law and, if so, what is the nature and scope of that right?” Court of Appeals answered that New York common law does not recognize right of public performance for creators of pre-1972 sound recordings. Second Circuit concluded that Court of Appeals’ answer to certified question was determinative of plaintiff’s copyright claims as well as unfair competition claim, and remanded to district court with instructions to grant defendant’s motion for summary judgment and to dismiss case with prejudice.

Flo & Eddie, Inc. v. Sirius XM Radio, Inc., 827 F.3d 1016 (11th Cir. 2016)

In case in which plaintiff, owner of common-law copyrights in sound recordings recorded by The Turtles prior to 1972, brought copyright infringement suit against Sirius XM Radio for broadcasting The Turtles’ pre-1972 songs without license from owners of recordings and without paying owners for broadcasts, Eleventh Circuit certified questions to Supreme Court of Florida: Whether Florida common law copyright extends to pre-1972 sound recordings and, if so, whether it includes exclusive right of public performance and/or exclusive right of reproduction; whether plaintiff forfeited any common law copyright by publication of pre-1972 songs; and to extent Florida recognizes common law copyright in sound recordings including right of exclusive reproduction, whether backup or buffer copies of pre-1972 songs made by Sirius XM Radio constitute infringement of plaintiff’s common law copyright.

Flo & Eddie, Inc. v. Sirius XM Radio, Inc., 28 N.Y.3d 583 (2016)

In case in which plaintiff, owner of common-law copyrights in sound recordings recorded by The Turtles prior to 1972, brought copyright infringement suit against Sirius XM Radio for broadcasting The Turtles’ pre-1972 songs without license from owners of recordings and without paying owners for broadcasts, Second Circuit certified question to New York State Court of Appeals: “Is there a right of public performance for creators of pre-1972 sound recordings under New York law and, if so, what is the nature and scope of that right?” New York Court of Appeals concluded that common law copyright protection for sound recordings was limited to exclusive right of reproduction, and did not include public performance. Court’s inquiry was limited to common law because New York never provided any statutory copyright protection for sound recordings. Court viewed New York common law copyright as limited, providing protection only against unauthorized reproduction, and only until work was published, at which point nature and scope of copyright was governed by federal copyright statute. “Simply stated, New York’s common-law copyright has never recognized a right of public performance for pre-1972 sound recordings. Because the consequences of doing so could be extensive and far-reaching, and there are many competing interests at stake, which we are not equipped to address, we decline to create such a right for the first time now.”

III. OWNERSHIP

A. Works Made for Hire

Urbont v. Sony Music Entm't, 831 F.3d 80 (2d Cir. 2016)

Second Circuit affirmed in part and vacated in part judgment of district court. Plaintiff brought suit against defendants Sony Music Entertainment, Razor Sharp Records and Dennis Coles, a/k/a Ghostface Killah, to enforce claimed ownership rights in “Iron Man” theme song composed in 1966. Defendants challenged plaintiff’s ownership of copyright, arguing that song was work for hire created for, and thus owned by, Marvel Comics. Second Circuit agreed with district court’s determination that “third parties to an alleged employer-employee relationship have standing to raise a ‘work for hire’ defense against a claim of copyright infringement.” It disagreed, however, with district court’s conclusion that “Iron Man” composition was work for hire as matter of law. General rule under 1909 Act is that work made at hiring party’s “instance and expense” is work for hire. “Instance” refers to “extent to which the hiring party provided the impetus for, participated in, or had the power to supervise the creation of the work.” Right to direct and supervise work may be enough to satisfy “instance” requirement. “Expense” denotes “resources the hiring party invests in the creation of the work, in order to properly reward [] with ownership the party that bears the risk with respect to the work’s success.” Second Circuit found that genuine issues of material fact remained as to whether “Iron Man” composition was work for hire, due to (a) plaintiff’s assertion that he “wrote the songs on spec[ulation] hoping [Marvel] would use them”; (b) fact that there was no established working relationship between plaintiff and defendants or guarantee of payment; (c) defendants’ powerlessness to modify work without plaintiff’s permission; and (d) fact that plaintiff produced composition independently of Marvel, and received royalties in addition to fixed sum of payment. Second Circuit noted that if hiring party is able to satisfy instance and expense test it is presumed to be author of work. Presumption can be overcome, however, by evidence of contrary agreement, either written or oral.

Wired Fox Techs., Inc. v. Estep, No. 15-331, 2017 U.S. Dist. LEXIS 43993 (D.S.C. Mar. 27, 2017)

District court granted defendant’s motion for summary judgment on counterclaim for declaratory judgment under Act. Counterclaim plaintiff Estep sought judgment declaring that he did not create software in question as “work made for hire” because he was not “employee” of plaintiff or counterclaim defendants under common law doctrines of master-servant or principal-agent when such software was created. Court noted that Estep was sole author of software in question. Pursuant to Act, copyright ownership vests initially in individual author, unless “work is made ‘for hire,’ such as one ‘prepared by an employee within the scope of his or her employment.’” Work for hire doctrine applies only to employees, and not to independent contractors like Estep, unless “the parties ‘expressly agree in a written instrument signed by them that the [commissioned] work shall be considered a work made for hire.’” There was no written instrument signed by Estep and counterclaim

defendants expressly establishing that software created by Estep during his work as independent contractor would be considered work made for hire. Therefore, court stated, “there was never any transfer of Estep’s copyright ownership in the Blue Fox Code, which presumptively vested in him as the source code’s author.”

B. Transfer of Ownership

McFee v. CPP Int’l, No. 16-165, 2017 U.S. Dist. LEXIS 21462 (W.D.N.C. Feb. 15, 2017)

Court adopted magistrate judge’s recommendation and granted defendant’s motion to dismiss. Plaintiff sued defendant for infringement. Defendant filed motion to dismiss for failure to state claim, because plaintiff did not own copyright. Magistrate judge agreed with defendant. Plaintiff objected to magistrate judge’s order, arguing that employment agreement between plaintiff and defendant was sufficient to convey ownership interest. Defendant contended that promise to convey copyright to plaintiff at later date did not transfer ownership. Court held “the terms of the contract are clear.” Agreement was structured so that if certain express conditions were met, defendant was required to assign copyright to plaintiff, but assignment was not complete until defendant took affirmative steps to assign ownership to plaintiff by completing exhibit to agreement, separate agreement titled “Assignment of Intellectual Property.” Court focused on words “shall assign” in agreement: “The plain meaning of ‘shall’ places the act of assignment in the future, not a contemporaneous, automatic assignment as argued by Plaintiff.” Exhibit reflected intent of parties that separate affirmative action was needed for assignment. “Any other interpretation renders the exhibit meaningless.” Absent assignment, plaintiff did not own copyright.

C. Termination of Transfers

Artists Rights Enforcement Corp. v. Estate of King, 224 F. Supp. 3d 231 (S.D.N.Y. 2016)

Court granted in part and denied in part motion to dismiss claims involving sale of rights in Ben E. King songs “Stand By Me” and “There Goes My Baby.” In 2014 King executed letter memorializing agreement with plaintiff regarding prospective sale of rights to songs and detailing terms of plaintiff’s contingent fee. King then served termination notices for both songs on parties including Sony/ATV Tunes, listing effective dates of termination of August 31, 2016 and April 18, 2017. Pursuant to agreement, plaintiff negotiated sale of “certain rights” in songs to Music Sales Group. After King died, King family retained legal counsel to terminate agreement. Plaintiff sued, seeking declaratory and injunctive relief to enforce agreement. Court found that because at time King executed sale agreement, termination notices for songs had not yet become effective (indeed had not even been served), promise of future rights contained in sale agreement predated effective dates of termination in termination notices. Court found contract thus contravened terms of Copyright Act and was “invalid on its face.” Section 304(c)(6)(D), allowing author to grant or agree to make further grant to “original grantee or such grantee’s successor in title, after

the notice of termination has been served,” did not apply, as termination notices had not been served at the time of sale agreement and plaintiff was not original grantee or its successor. Since King could not convey or agree to convey right or interest in song copyrights to any third party at time he signed agreement, plaintiff’s claims for declaration that agreement was valid or injunction requiring defendants to keep to its terms failed as matter of law.

D. Joint Works and Co-Ownership

Marino v. Usher, Nos. 15-2270, 15-2359, 2016 U.S. App. LEXIS 21828 (3d Cir. Dec. 8, 2016)

Third Circuit affirmed district court’s grant of summary judgment in favor of defendants. District court found that because plaintiff jointly created song “Club Girl,” later developed into derivative work “Bad Girl” and used by Usher, plaintiff’s infringement claims must fail. Third Circuit affirmed that song was jointly owned work, and that joint owner of copyright cannot sue his co-owner for infringement.

Cirana Corp. v. Changshu Jisheng Spinning & Weaving Commodities Co., Ltd., No. 16-4590, 2016 U.S. Dist. LEXIS 152184 (C.D. Cal. Oct. 31, 2016)

Plaintiff, owner of copyrights to numerous textile designs, alleged that defendants wrongfully copied plaintiff’s designs, created derivative works and sold infringing garments. Defendant counterclaimed that it co-owned designs based on business relationship with plaintiff’s agent. Court granted plaintiff’s motion to dismiss defendant’s counterclaims and third-party claims for copyright infringement, contributory infringement and vicarious infringement, holding that defendant failed to plead *prima facie* case of infringement because defendant alleged that it was co-owner of designs at issue, and co-owner of copyright cannot be liable to another co-owner for infringement. Claims of contributory and vicarious infringement also failed because there can be no secondary liability where there is no direct infringement.

Sullivan v. Flora, Inc., No. 15-298, 2016 U.S. Dist. LEXIS 140146 (W.D. Wisc. Oct. 7, 2016)

Defendant engaged third party Designomotion, Inc. to produce two promotional videos featuring defendant’s products. Plaintiff, freelance illustrator, received materials, including sketches and script, from Designomotion’s sole employee and owner, Silver, and earlier advertising materials from Flora, and used them in creating “Illustration for Flora 7 Sources.” Plaintiff was then asked to provide illustrations for another video. Plaintiff again received sketches and script from Silver and material from Flora. Plaintiff subsequently registered copyrights in illustrations as sole author. Plaintiff alleged that her illustrations were used in additional promotional materials. As to joint authorship, court found that if plaintiff were not entitled to presumption of valid copyright, defendant would have been granted summary judgment on this ground. Court noted that evidentiary showing and argument from defendant were compelling on intent as to Silver; court nevertheless found that issue was for

jury. Court also found forceful defendant's evidence that Silver's contributions were independently copyrightable, but because trial on intent would occur, it also held issue open. Court also declined to find plaintiff's registrations invalid based on lack of disclosure concerning preexisting works, because defendant had not shown that plaintiff knew her application contained inaccurate information under § 411(b), and whether inaccuracy was material was question for Register of Copyrights. Besides failing to make such showing, defendant had not requested that court seek determination on materiality from Register.

Kid Stuff Mktg., Inc. v. Creative Consumer Concepts, Inc., No. 15-2620, 2016 U.S. Dist. LEXIS 175355 (D. Kan. Dec. 19, 2016)

Court granted in part and denied in part defendants' motion for summary judgment. Plaintiff asserted that defendants infringed its copyrights in illustrated characters, assembly instructions and die line associated with paperboard cars that defendant Steak N Shake distributed to consumers in connection with its kids' meal program. Plaintiff moved for summary judgment on issue of ownership of copyrights. Court found that plaintiff owned characters from time they were created, but whether defendant Steak N Shake was joint owner of characters was issue for trial, as there was evidence from which jury could conclude that parties intended to work together to create joint work; in particular, fact that defendant "made more than minor suggestions" and wielded "considerable control" over what characters looked like. And, court noted, Circuit Courts "clearly recognize that, under appropriate circumstances, a contributor of ideas may qualify as a joint author." Court further concluded that, to extent Steak N Shake was not joint owner of characters, plaintiff granted Steak N Shake unlimited, nonexclusive license to retain, use and modify characters. But because undisputed facts did not permit inference that implied license was supported by consideration, court concluded that license was revocable and was revoked, at latest, upon filing of lawsuit.

Mapp v. UMG Recordings, Inc., No. 15-602, 2016 U.S. Dist. LEXIS 129665 (M.D. La. Sept. 21, 2016)

Court granted defendant's motion for judgment on pleadings. Plaintiff, record producer, singer and songwriter, brought infringement action against record label arising out of producer agreement plaintiff had entered into with Michael Stevenson, p/k/a Tyga, through which plaintiff agreed to furnish music and Stevenson agreed to supply lyrics to song "Molly." Plaintiff alleged that he had not been paid advances and producer royalties owed to him under producer agreement for label's exploitation of "Molly." Producer agreement was dissolved because Stevenson failed to appear, and default judgment was entered. Plaintiff then obtained copyright registration for "Molly." Defendant nevertheless continued to manufacture, distribute and sell "Molly." Defendant moved for judgment on pleadings, arguing that plaintiff and its employee were co-authors and, thus, co-owners of "Molly." Defendant further argued that co-ownership was clearly evidenced in agreement, which even if judicially dissolved, nevertheless reflected intent at time of signing to collaborate to create "Molly." Parties agreed that defendant's employee provided lyrics and plaintiff provided music to song. Since parties made independently copyrightable contributions to work, and

fully intended to be co-authors, court found that it was clear that they created joint work which they co-owned. Because co-owners have independent right to use and license work, and may grant non-exclusive licenses without other co-owners' consent, plaintiff failed to demonstrate that any of complained-of conduct infringed his copyright.

E. Contracts and Licenses

Smith v. BarnesandNoble.com, LLC, 839 F.3d 163 (2d Cir. 2016)

Second Circuit affirmed district court's grant of summary judgment dismissing plaintiff's copyright infringement claims on alternative grounds. Plaintiff, widow of author Louis K. Smith, sued defendant for direct and contributory copyright infringement, alleging defendant had maintained cloud access to digital samples of Smith's copyrighted book after Smith had terminated license granted through distribution agreement with ebook distributor Smashwords. Inc. Distribution agreement permitted distribution of samples as promotional material and granted end-users license to duplicate, share and reproduce such samples for non-commercial purposes. Smashwords provided Smith's book for sampling to retailers including Barnes & Noble, which listed Smith's book for sale on bn.com and offered free samples to customers, including digital samples available for upload to customers' individual digital "lockers." Having sold no copies of his book, Smith terminated his distribution agreement with Smashwords in October 2011. Smith's book erroneously remained on bn.com through April 2012, but book was not sold or sampled during that time. Only one customer had uploaded sample of Smith's book before distribution agreement was cancelled. Following cancellation of distribution agreement, customer who had validly obtained sample of Smith's book prior to termination was permitted to access sample two more times. Plaintiff alleged these two instances of access amounted to copyright infringement, because defendant was not permitted to provide customer access to Smith's book samples after agreement terminated. District court had granted summary judgment in favor of defendant on ground that defendant's alleged conduct did not amount to direct or contributory copyright infringement. Second Circuit declined to decide infringement issue in novel context of cloud storage, given sparse facts of case. Instead, court affirmed on alternative ground, concluding defendant's conduct was authorized by contract between parties, since distribution agreement did not provide for termination of license for samples already distributed in event distribution agreement was terminated.

Creazioni Artistiche Musicali S.r.l. v. Carlin America, Inc., No. 14-9270, 2016 U.S. Dist. LEXIS 180431 (S.D.N.Y. Dec. 30, 2016)

Applying Italian law, court held on motion to dismiss that exclusive rights in nonsense song "Mah Na Mah Na," popularized by Muppets, were not conveyed to original Italian publisher pursuant to 1966 agreement with composer ("Agreement"). Under Agreement, composer was hired to write film soundtrack and granted publisher "all rights to use the music the music that [composer] composed, from the time of its creation ... with the right to transfer it in whole or in part to third parties, so long as [composer's] rights are not prejudiced or limited." After parties and court agreed that Italian and U.S. law did not differ as to

interpretation of contract and that no expert testimony would be needed as to Italian law, defendant nonetheless provided extensive expert testimony on Italian copyright law in its motion to dismiss. Court refused to strike but allowed plaintiff to offer contrary expert testimony, which rebutted defendant's expert. Plaintiff also submitted un rebutted expert declaration from veteran Italian music publishing executive confirming that Agreement was of common type used in mid-1960s and would be understood within Italian publishing industry as conveying all exclusive rights in music to publisher. Court held, however, that under Italian law, Agreement did not convey exclusive rights to publisher because composer retained certain rights under Italian Copyright Act, including right to prepare derivative works, which were preserved by language stating "so long as [composer's] rights are not prejudiced or limited." In light of such reserved rights under Italian statute, contract lacked "clear expression of intent necessary to transfer full ownership of the film score" to publisher. Despite conflicting expert testimony on this issue, court granted motion to dismiss. On appeal to Second Circuit.

Yesh Music, LLC v. Amazon.com, Inc., No. 16-1406, 2017 U.S. Dist. LEXIS 54417 (E.D.N.Y. Apr. 8, 2017)

Defendant's motion for summary judgment was granted in part. Plaintiffs alleged that defendant infringed their copyrights by failing to secure compulsory license prior to producing and distributing musical works on Amazon Prime Music. Compulsory license under § 115 allows individuals to make and distribute phonorecords of copyrighted musical work, without reaching any kind of agreement with copyright owner, once copyright owner distributes musical work "to the public," by serving Notice of Intent on copyright owner within applicable time frame and following specific requirements. Plaintiffs alleged that defendant's NOIs were invalid because (1) service was improper, and (2) they failed to comply with technical requirements regarding content of NOI. Plaintiffs also alleged that defendant did not serve separate NOIs for "ambient" versions of plaintiffs' songs. With respect to service, court found, under mailbox rule, that proof of office procedure followed in regular course of business, that establishes that notices have been properly addressed and mailed, creates rebuttable presumption that notice is received by person to whom it was addressed. Plaintiffs' mere denial of receipt did not rebut that presumption. Court also found plaintiffs never revoked consent to electronic service, and hence electronic service was proper. Court found defendant had shown that it did not impermissibly distribute phonorecords of plaintiffs' musical works prior to service of NOIs; NOIs were therefore timely served, and conferred on defendant valid compulsory licenses.

Limecoral, Ltd. v. Careerbuilder, LLC, No. 15-7484, 2017 U.S. Dist. LEXIS 34012 (N.D. Ill. Mar. 9, 2017)

District court granted defendant's motion for summary judgment. Plaintiff contracted with defendant to create media files for defendant to use. Plaintiff contended that defendant continued to use plaintiff's products without permission after contract was over and exceeded scope of any alleged licenses. Court noted nonexclusive license may be granted orally, or may even be implied from conduct, and work-for-hire arrangement may give rise to implied

nonexclusive license. Implied nonexclusive license is deemed to have been extended when (1) licensee requests creation of work; (2) licensor creates work and delivers it to licensee who asked for it; and (3) licensor intends that licensee copy and distribute work. Based on totality of undisputed evidence, court found undisputed facts showed pattern of conduct by plaintiff over many years that conveyed to defendant that it was authorized to use works in certain manner; plaintiff did just what implied license was intended to protect against, i.e., providing work for use, then waiting until recipient cannot feasibly complete its business without work, then threatening with litigation to gain unfair benefit.

Heartland Homes, Inc. v. Homes by DeeSign, Inc., No. 15-583, 2016 U.S. Dist. LEXIS 96677 (S.D. Ill. July 25, 2016)

Plaintiff builder brought infringement claim against defendant builder, alleging that defendant infringed plaintiff's copyrights in two of its model homes and plans by creating homes identical to plans in plaintiff's brochure. Defendant moved to dismiss for lack of subject matter jurisdiction, on basis that plaintiff was not owner of copyrights. Plaintiff contended that copyright was assigned by authors of models and plans to sole owner of plaintiff builder, and sole owner later transferred copyright to plaintiff. Latter assignment was not attached to plaintiff's amended complaint; agreements were undated but attached to plaintiff's reply. Court noted that legal or beneficial owner has right to sue for infringement, and beneficial ownership is not restricted to those in legal chain of title. Here, it was clear that authors of works transferred copyrights to sole owner of plaintiff builder. While it was unclear if there was assignment from sole owner to plaintiff builder, that was not relevant, as it was clear that plaintiff builder was beneficial owner, because sole owner was clearly acting as agent for plaintiff builder.

Hacienda Records, LP v. Ramos, No. 14-19, 2016 U.S. Dist. LEXIS 84247 (S.D. Tex. June 29, 2016)

Defendant/counterclaimant record company filed motion for summary judgment on its counterclaim for declaratory judgment that defendant owned copyrights in numerous master sound recordings and compilations, namely, *15 Hits*, *20 Hits de los Meros Leones*, *Back to Back Again!*, *Lo Pobre Que Soy*, *Medley of 34 Golden Hits*, *El Gato Negro y Paloma RR*, *Hugo Guerrero Y La ConnXcion*, *La Charanga de Nuevo*, *El Mero Fandango*, *Tu Vestido Blanco*, *Special Edition*, *Que Sera de Mi*, and *Como Te Llamas Tu*. Defendant claimed that it was entitled to declaratory judgment based on undisputed deposition testimony of plaintiffs that defendant owned master sound recordings and signed recording agreements stating that defendant owns same. Court agreed. Court analyzed written exclusive recording agreements entered into between defendant and individual plaintiffs, and concluded terms in those contracts, e.g., plaintiff agreed to record and deliver to defendant "minimum number of master recordings embodying [plaintiff's] performances"; and plaintiff agreed that defendant "shall own the sole, exclusive and worldwide rights in perpetuity in and to all master sound recordings made hereunder and all derivatives thereunder and in and to the performances of Artist embodied therein," confirmed that defendant owned copyright in sound recordings. Accordingly, defendant's motion for summary judgment was granted.

Crestwood Membranes, Inc. v. Constant Servs., No. 15-537, 2017 U.S. Dist. LEXIS 18621 (M.D. Pa. Feb. 8, 2017)

District court denied both parties' motions for summary judgment due to outstanding issues of fact. Plaintiff, owner of copyrights for several designs imprinted upon pool liners, brought infringement claim against defendant, its contract manufacturer. Defendant sought dismissal of infringement claim, asserting, *inter alia*, that parties' past course of dealings gave rise to implied license to use plaintiff's copyrighted works. Court noted that many factors may be considered in making implied license determination, and Third Circuit had not set out conclusive test for finding implied license. However, implied license can generally be found where copyright holder engages in conduct from which other party may properly infer that owner consents to use. Ultimately, implied license defense involves objective assessment of actual intent of parties, given their behavior. Because this analysis is very fact specific, court continued, it is not well suited for decision at summary judgment stage.

Sinclair Broad. Group, Inc. v. Colour Basis, LLC, No. 14-2614, 2016 U.S. Dist. LEXIS 84154 (D. Md. June 29, 2016)

District court granted in part and denied in part counter-defendants' motion for summary judgment. Counter-defendants, television company operating over 150 stations in over 70 markets and its personnel, sought declaratory judgment that they had not infringed defendants' copyright in their reproduction and use of "Style Guide," containing standards and expectations for on-air talent, prepared by defendants at their request. Defendants alleged infringement, and counter-defendants pleaded affirmative defense of implied nonexclusive license to use Style Guide. Implied nonexclusive licenses are created when (1) licensee requests creation of work; (2) licensor makes that particular works and delivers it to licensee who requested it; and (3) licensor intends that licensee copy and distribute work. Court examined totality of circumstances and nonexclusive *Nelson-Salabes* factors: "(1) whether the parties were engaged in a short-term discrete transaction as opposed to an ongoing relationship; (2) whether the creator utilized written contracts ... providing that copyrighted materials could only be used with the creator's future involvement or express permission; and (3) whether the creator's conduct during the creation or delivery of the copyrighted material indicated that use of the material without the creator's involvement or consent was permissible." Court denied defendants' motion for summary judgment regarding implied nonexclusive license defense due to issue of fact regarding intent: specifically, whether Style Guide was to be part of package that included group deal between television company and defendant.

Spanski Enters. v. Telewizja Polska S.A., No. 12-957, 2016 U.S. Dist. LEXIS 166506 (D.D.C. Dec. 2, 2016)

Court entered judgment in favor of plaintiff. Defendant, Poland's national public television broadcasting company, entered into agreements granting plaintiff exclusive right to distribute, broadcast, and display defendant's Polish-language television show episodes over Internet in North and South America ("Territory"), and specifying that plaintiff was

exclusive licensee of TVP Polonia channel in Territory. Court found that plaintiff sustained its burden of proof on copyright infringement claim and ordered judgment in favor plaintiff, finding that plaintiff was exclusive licensee and owner of valid copyrights in Territory by virtue of transfer, defendant infringed plaintiff's public performance right by making shows available over Internet in Territory, and defendant's infringement was volitional and intentional and not due to failure of its geoblocking system.

F. Choice of Law

Creazioni Artistiche Musicali S.r.l. v. Carlin America, Inc., No. 14-9270, 2016 U.S. Dist. LEXIS 180431 (S.D.N.Y. Dec. 30, 2016)

Applying Italian law, court held on motion to dismiss that exclusive rights in nonsense song "Mah Na Mah Na," popularized by Muppets, were not conveyed to original Italian publisher pursuant to 1966 agreement with composer ("Agreement"). Under Agreement, composer was hired to write film soundtrack and granted publisher "all rights to use the music the music that [composer] composed, from the time of its creation ... with the right to transfer it in whole or in part to third parties, so long as [composer's] rights are not prejudiced or limited." Court held that Italian law should govern, noting that choice of law for issue of ownership under written transfer was not decided by Second Circuit in *Itar-Tass Russ. News Agcy. v. Russ. Kurier, Inc.*, 153 F.3d 82 (2d Cir. 1998). Court applied analysis drawn from § 6 of *Restatement (Second) Conflicts of Laws*, which looks to seven factors: "(1) the needs of the interstate and international systems; (2) the relevant policies of the forum; (3) the relevant policies of other interested states and the relative interests of those states in the determination of the particular issue; (4) the protection of justified expectations; (5) the basic policies underlying the particular field of law; (6) certainty, predictability and uniformity of result; and (7) ease in the determination and application of the law to be applied." Court also followed *Restatement* position that in contractual disputes, most important contacts are "(1) the place of contracting; (2) the place of negotiation of the contract; (3) the place of performance; (4) the location of the subject matter of the contracts; and (5) the domicile, residence, nationality, place of incorporation and place of business of the parties." Under above factors, court found Italian law most applicable because, *inter alia*, Agreement had choice of forum clause specifying Rome, and Agreement dealt in part with moral rights, which U.S. law did not recognize in 1966. Court distinguished case from *Corcovado Music Corp. v. Hollis Music Inc.*, 981 F.2d 679 (2d Cir. 1993), noting that unlike *Corcovado*, plaintiff here sought to assert rights under Agreement, and dispute did not concern "unique feature of U.S. law" such as renewal term rights at issue in *Corcovado*. On appeal to Second Circuit.

RCTV Int'l Corp. v. Rosenfeld, No. 13-23611, 2016 U.S. Dist. LEXIS 136867 (S.D. Fla. Sept. 30, 2016)

Court granted plaintiffs' motion for summary judgment. Defendant Farias wrote telenovelas, including *Juana La Virgen*, for RCTV Caracas beginning in 1989. Between 1989 and 2003, RCTV Caracas and Farias executed three contracts concerning their relationship. Contracts

professed to assign RCTV exclusive rights over works, including right to exploit and adapt. Parties cross-moved for summary judgment as to issue of copyright ownership. Court applied principle enunciated in *Itar-Tass and Saregama India Ltd. v. Mosley* that initial ownership of copyrighted work is determined by laws of work's country of origin. In this case, works originated with Venezuelan nationals in Venezuela under contract executed in Venezuela, and certain of those contracts had Venezuelan choice of law provision. Therefore, court found, Venezuela had most significant relationship to parties and copyrights. Applying Venezuelan law, court found that Farias, as creator, was original copyright owner of *Juana La Virgen*. Court found that Venezuelan law also applied to assignment and terms of assignment, rejecting argument for "universal conflict of laws rule for transfer of copyright ownership." Court also found duration of assignment governed by Venezuelan law, as parties agreed that relevant contracts were governed by Venezuelan law, and statutory limitations on work's assignment were also governed by Venezuelan law. Applying Venezuelan law to assignment, court stated that language and structure of Venezuela's Copyright Law, as well as amendments thereto, and expert testimony and opinion led it to conclude that assignment was for duration of copyright, and therefore expires 60 years after January 1 of year after author's death. Court accordingly granted plaintiffs' motion for summary judgment and denied defendants' cross motion for summary judgment.

IV. FORMALITIES

A. Registration

Unicolors, Inc. v. Urban Outfitters, Inc., 853 F.3d 980 (9th Cir. 2017)

Ninth Circuit affirmed district court's grant of plaintiff's summary judgment motion as to infringement as well as jury's finding of willful infringement. Unicolors, fabric designer and seller, sued Urban Outfitters and Century 21 Department Stores (together, "Urban"), alleging that Urban had willfully infringed Unicolors' copyrighted design titled PE1130, which was based on original art work called QQ-692. Unicolors obtained registration for its "Flower 2008" collection, which provided title list that included QQ-692, source artwork, but not PE1130, name of Unicolors' design. Unicolors' registration also listed QQ-692 as excluded work. Urban argued that these facts raised issue of fact as to whether PE1130 was included in Unicolors' registration, making disposition on summary judgment inappropriate. Court held that Unicolors possessed valid registration in PE1130, as required for claim of copyright infringement. Unicolors had submitted copy of PE1130 with its Flowers 2008 collection application and was undisputed owner of all rights in PE1130 and its source work, QQ-692. Because applicant is not required "to list the names of the component works in a collection ... as long as it holds the rights to the component works," court held that omission of PE1130 on registration certificate had no impact on its registration status because PE1130 was valid component in Unicolors' Flowers 2008 collection and, moreover, Unicolors had submitted PE1130 design along with its Flowers 2008 application. As for Unicolors' listing of QQ-692, source work, as excluded work on registration, court held that this was good faith, reasonable error that did not invalidate Unicolors' registration as to PE1130, and in any case,

Unicolors' infringement claim was based on its own design, PE1130, rather than source work, QQ-692. Court reasoned that "Space 6," portion of copyright application in which excluded works are listed, is "minefield," and therefore Unicolors was arguably reasonable in believing that it needed to list its source work in that location. Because inadvertent and immaterial errors, i.e., good faith mistakes, in copyright applications, do not preclude infringement action, court held that Unicolors' exclusion of source work QQ-692 did not invalidate its registration as to Unicolors' design PE1130 or bar its suit. Court also held that Unicolors' action was based on its derivative work (PE1130) rather than source work (QQ-692), therefore exclusion of QQ-692 from registration did not affect Unicolors' ability to bring infringement claim based on PE1130.

Archie MD, Inc. v. Elsevier, Inc., No. 16-6614, 2017 U.S. Dist. LEXIS 37141 (S.D.N.Y. Mar. 13, 2017)

District court granted in part and denied in part defendant's motion for summary judgment, dismissing plaintiff's infringement claims as to all but two of works at issue. Plaintiff Archie, under written agreement, licensed medical animations to defendant Elsevier, textbook publisher, for use in online supplements to Elsevier's textbooks. After seven years, Elsevier terminated agreement and hired third-party vendor to create animations to replace those Elsevier had licensed from Archie. With regard to two Archie animations that were not dissimilar to Elsevier's as matter of law, Elsevier argued that Archie's copyright registrations were void because Archie improperly registered its animations as unpublished works when in fact Archie had published its works by licensing them to Elsevier. Under PRO IP Act, 17 U.S.C. § 411(b), in any case where it is alleged that inaccurate information was knowingly included in application for copyright registration court is required to request Register of Copyrights to weigh in as to materiality of alleged inaccuracy. As such, court requested Register to advise "whether the fact that Archie had previously licensed its animation to Elsevier before applying to register them in collection of unpublished works would have caused the Register to refuse registration of the collection" including Archie animations at issue.

Louise Paris, Ltd. v. Std. Fabrics Int'l, Inc., No. 15-3250, 2016 U.S. Dist. LEXIS 104222 (S.D.N.Y. Aug. 8, 2016)

Court denied declaratory defendant's motion for summary judgment. Plaintiffs, wholesale supplier of garments and retail apparel company, brought action seeking declaratory judgment that they had not produced and sold garments that infringed defendant textile company's purported copyright in fabric design. Defendant received registration for collection of fabric designs titled "Spring Summer 2014, Collection 1." According to defendant, Collection contained assortment of fabric designs, including Design #7851, "two-dimensional geometric design employing multiple layers of 'modular chevrons.'" "Problem," court found, "is that the Registration itself does not establish that Design #7851 is part of the protected Collection"; registration did not list any individual fabric designs allegedly contained in Collection. Because Registration was silent, court must examine other evidence in record to determine whether defendant met its burden. No record evidence

proved beyond reasonable dispute that Design #7851 was part of registered Collection; defendant's "reliance on ... speculation, surmise, and hearsay statements ... to prove that Design #7851 is part of the registered Collection is not adequate at summary judgment." Because there were triable issues of fact as to whether Design #7851 was part of registered Collection, motion for summary judgment was denied.

Urban Textile, Inc. v. Rue 21, Inc., No. 14-8285, 2017 U.S. Dist. LEXIS 49573 (C.D. Cal. Mar. 31, 2017)

Court granted defendants' motion for partial summary judgment. Plaintiff, textile design company, contended that defendants copied its registered designs after acquiring them impermissibly through third-party vendor. Court found element of ownership of valid copyright missing. Plaintiff registered subject designs as part of "unpublished collections," arguing that "simply displaying a fabric or textile design in a storefront does not constitute publication." However, that is not what happened. Rather, plaintiff placed copies of subject designs in its Look Books, which were available to customers in store for purposes of selling fabric bearing those designs. As such, court found that plaintiff published works prior to registering them as part of unpublished collections, rendering registrations invalid. Because plaintiff, as matter of law, could not prove first element of copyright infringement claim, defendants were entitled to summary judgment on plaintiff's infringement claim regarding subject designs.

Iconics, Inc. v. Massaro, 192 F. Supp. 3d 254 (D. Mass. 2016)

Plaintiff, software developer, produced Human Machine Interface/Supervisory Control and Data Acquisition systems. Defendant was former employee of plaintiff who started assisting another ex-employee of plaintiff with its software products while still employed by plaintiff. Plaintiff sued alleging infringement of source code in plaintiff's software products. Plaintiff registered three versions of software products, but did not register certain older versions; registrations "arguably excluded previously released versions of the software" and new material included in claim was "computer program, including various revisions and updates throughout the work." Defendant contended that registrations did not cover source code at issue because registrations only covered updates, and unlawful copying was from earlier, unregistered versions. Court found defendant erred by "contending for a particular categorical connection between the version of a work that is registered and the version of a work that is copyrighted and infringed upon." Court held that registration of subsequent versions of copyrighted work allows for infringement suits on past versions, "even though the converse is not true." Court found plaintiff's registrations sufficient to allow infringement suit concerning earlier versions of software.

Smith v. Houston Indep. Sch. Dist., No. 16-401, 2017 U.S. Dist. LEXIS 5952 (S.D. Tex. Jan. 17, 2017)

Court granted defendants' motion to dismiss complaint. Plaintiff created customized t-shirts, and allegedly contracted with Houston Independent School District to produce logo t-shirts

for school. Plaintiff alleged that after he refused to co-contract with separate vendor, District cancelled its order and contracted with different entity to complete t-shirt order; entity used plaintiff's design on shirts. Plaintiff brought suit for copyright infringement. Court dismissed copyright claims against both defendants because plaintiff had not registered or even applied to register copyright. Further, court found that claim was time-barred because plaintiff knew or should have known that District was using design when order was canceled, but did not bring suit for more than three years. Finally, in responding to motion, plaintiff did not even discuss copyright claim, and court found it was abandoned. Court dismissed claim with prejudice.

Hacienda Records, LP v. Ramos, No. 14-19, 2016 U.S. Dist. LEXIS 84247 (S.D. Tex. June 29, 2016)

Defendant/counterclaimant record company sought declaratory judgment that any copyright registrations by plaintiffs for defendant's master sound recordings and compilations were invalid. Defendant claimed that plaintiffs purchased defendant's mixed and mastered CDs and registered them with Copyright Office as their own. Because defendant produced uncontroverted evidence that plaintiffs' applications were submitted more than five years after defendant's creation and publication of sound recordings; most of plaintiff's works contained false publication dates and/or false claims of authorship; and all contained false claims of ownership, court held plaintiff's copyright registrations were invalid, and granted defendant's motion for summary judgment.

Leopona, Inc. v. Cruz for President, No. 16-658, 2016 U.S. Dist. LEXIS 89706 (W.D. Wash. Jul. 11, 2016)

Plaintiffs owned copyrights in certain musical compositions. Defendants entered into contracts with plaintiffs to use musical compositions, subject to restrictions including prohibition on use for political purposes. Despite contractual prohibition, defendants used musical compositions in ads run by Ted Cruz presidential campaign. Plaintiffs brought copyright infringement action and defendants moved to dismiss. Defendants argued plaintiffs failed to allege sufficient facts to prove ownership of valid copyright because Ninth Circuit has expressly held "receipt" by Copyright Office of complete application satisfies registration requirement, and plaintiffs alleged they "filed" copyright applications but failed to allege or otherwise demonstrate that Copyright Office "received" those applications. Court held that when plaintiffs specifically pleaded that they were sole owners of respective copyright and had filed U.S. copyright applications, only reasonable inference was that Copyright Office received those applications.

McNeese v. Access Midstream Partners, L.P., No. 14-503, 2017 U.S. Dist. LEXIS 34538 (W.D. Okla. Mar. 10, 2017)

Plaintiff photographer alleged that defendant company improperly used two sets of plaintiff's copyrighted photographs—Group 1 and Group 2—in business materials without permission. Defendant moved for summary judgment on grounds including that plaintiff's certificate of

registration for Group 2 unpublished photographs was invalid because it contained published works that were originally contained in Group 1, in violation of rule that published works cannot be registered as part of unpublished collection. Plaintiff admitted that Group 1 photographs were erroneously included in Group 2 copyright application, and subsequent to defendant's motion, submitted new registration applications for photographs contained in Group 2 and obtained nine new copyright registrations. Court noted that inaccuracies in registration certificates ordinarily do not affect validity of registration unless "(1) the inaccurate information was included on the application for copyright registration with knowledge that it was inaccurate; and (2) the inaccuracy of the information, if known, would have caused the Register of Copyrights to refuse registration." Court held that while plaintiff's mistake was clearly inadvertent, fact that new registrations were issued did not show that Register of Copyrights would not have refused registration. Record did not demonstrate that plaintiff knowingly included photographs, such that error was anything other than inadvertent mistake. Plaintiff argued that fact that Register of Copyrights issued new registrations showed that mistake, if known, would not have caused Register to refuse registration. However, court noted, plaintiff submitted new applications and obtained new copyright registrations for photographs in question; plaintiff therefore had not refuted defendants' assertion that error, if known, would have resulted in denial. Accordingly, court granted summary judgment to defendant on this issue. Moreover, in order to maintain copyright infringement action, plaintiff must possess valid certificate of registration at time of suit; plaintiff could not pursue infringement claim regarding photographs for which he did not possess valid registration when suit was filed.

V. INFRINGEMENT

A. Access

Unicolors, Inc. v. Urban Outfitters, Inc., 853 F.3d 980 (9th Cir. 2017)

Ninth Circuit affirmed district court's grant of plaintiff's summary judgment motion as to infringement as well as jury's finding of willfulness. Unicolors, fabric designer and seller, sued Urban Outfitters and Century 21 Department Stores (together, "Urban"), alleging that Urban had willfully infringed Unicolors' copyrighted design titled PE1130, which was based on original art work called QQ-692. Urban argued that district court had improperly found, on summary judgment, that Urban had copied Unicolors' design despite not finding access. Ninth Circuit explained that, absent direct evidence of copying, plaintiff can prove copying in one of two ways: (a) by establishing, through circumstantial evidence, that defendant had access to plaintiff's work or that plaintiff's work was widely disseminated, *and* by showing that works are "substantially similar," or (b) by establishing that plaintiff's and defendant's works are "strikingly similar." Particular works are substantially, or strikingly, similar when plaintiff can meet both parts of two-part test: (1) extrinsic test, which requires showing of overlap of concrete elements based on objective criteria; and (2) intrinsic test, which is subjective and asks whether ordinary, reasonable person would find "total concept and feel" of works to be substantially or strikingly similar. In most cases, once objective test is met, jury is tasked with making "nuanced subjective determination" under intrinsic test.

However, in “exceptional cases ... [w]here the extrinsic similarity is so strong that the works are near duplicates save for superficial differences, the court may properly conclude that no reasonable jury could find that the works are not substantially similar in their overall concept and feel,” and therefore dispose of issue of copying on summary judgment. Ninth Circuit confirmed that Unicolors’ and Urban’s works were “strikingly similar” and therefore it was permissible to infer copying, even absent evidence of access.

Loomis v. Cornish, 836 F.3d 991 (9th Cir. 2016)

Ninth Circuit affirmed district court’s grant of summary judgment to defendants. Plaintiff, composer of song “Bright Red Chords,” sued Jessica Cornish, p/k/a Jessie J, and other songwriters, headed by Lukasz Gottwald, p/k/a Dr. Luke, alleging that defendants stole two measure vocal melody from Bright Red Chords for use in verse melody in song “Domino.” Trial court granted defendants’ motion for summary judgment, and Ninth Circuit affirmed. Plaintiff relied on two theories to show access through circumstantial evidence. Court found plaintiff’s “intermediary” theory insufficient, as there was no connection shown between UMG employee who received Bright Red Chords and defendant songwriters. As to plaintiff’s second intermediary theory—that former band member joined Katy Perry’s band and could have given defendant songwriters song, either when he worked with Dr. Luke while recording Perry album or when he participated in Perry’s movie *Part of Me*—lacked competent record support. Court also rejected plaintiff’s “widespread dissemination” theory; no triable issue of fact concerning access was raised by fact Dr. Luke and Max Martin recorded album for 10 days in Santa Barbara when Bright Red Chords pervaded local music environment because “Dr. Luke and Max Martin were not participating in the relevant market.”

Soft-Aid, Inc. v. Sam-On-Demand, LLC, No. 14-10419, 2016 U.S. Dist. LEXIS 132462 (D. Mass. Sept. 26, 2016)

Plaintiff objected to magistrate judge’s recommendation that plaintiff’s motion for summary judgment be denied on its copyright infringement claim against defendant for infringement of statement of work template form and computer code. Access to copyrighted work was undisputed, and court found that “common sense tells us that they are copied,” as documents were “nearly identical with the exception of the company names.” Court thus concluded that defendant copied plaintiff’s copyrighted material; for same reason, court also found that works were substantially similar.

Under a Foot Plant, Co. v. Exterior Design, Inc., No. 15-871, 2016 U.S. Dist. LEXIS 117938 (D. Md. Sept. 1, 2016)

Court granted in part plaintiff’s motion for partial summary judgment on issue of liability. Plaintiff marketed and sold line of perennial plants, and owned copyright registrations for 21 photographs used on plaintiff’s website or in its brochure. Plaintiff brought suit against defendant, alleging that defendant copied images on plaintiff’s brochures and website and used them in defendant’s marketing materials. Court found no genuine issue of fact as to

plaintiff's ownership of copyrights. While there was no direct evidence of copying, court found similarities between 12 of plaintiff's and defendant's works "sufficiently overwhelming as to preclude the possibility of independent creation." Court therefore granted summary judgment as to those 12 works.

Design Basics, LLC v. Lexington Homes, Inc., No. 14-1102, 2016 U.S. Dist. LEXIS 140207 (E.D. Wis. Sept. 29, 2016)

District court granted summary judgment to defendants. Plaintiffs, architectural companies engaged in business of creating, publishing and licensing home design plans, sued real estate development companies for copyright infringement and related claims arising out of defendants' alleged use of plaintiffs' copyrighted home plans. Court dismissed plaintiffs' claims, finding that despite wide dissemination, both online and in print, of many of plaintiffs' home design plans, plaintiffs could not show that defendants had access to four specific copyrighted works at issue because there was no evidence two of those works were distributed to anyone, and no evidence that remaining two works published in books were ever sent to defendants. Court also rejected plaintiffs' argument that defendants' access to copyrighted works could be shown by similarity of defendants' home plans and plaintiffs' copyrighted home plans, based on differences in plaintiffs' and defendants' home plans and conventional layout of defendants' homes.

B. Copying and Substantial Similarity

Antonick v. Elec. Arts, Inc., 841 F.3d 1062 (9th Cir. 2016)

Ninth Circuit affirmed grant of judgment as matter of law to defendant. Plaintiff game developer sued defendant electronic games publisher for copyright infringement. Plaintiff developed software code for football game that was released for Apple computers. Game was released by defendant and was instant success. Plaintiff later began working for defendant to create game in compatible format for other types of electronic devices, including Nintendo and Sega. Defendant subsequently told plaintiff to stop work on both projects, as Nintendo was becoming obsolete and Sega wanted game with "more of an arcade style." Defendant hired different entity to create it. Contract between plaintiff and defendant stated that plaintiff would receive royalties from any derivative of "Work," which was defined as "'custom computer software program known as John Madden Football' designed for the 'Apple [II] Family of Computers.'" Plaintiff sued for unpaid royalties for Sega and Nintendo games. Defendant claimed games were not derivative works. Regarding Sega claims, plaintiff contended that games had similar formations, plays, play numberings, player ratings, field size, etc. However, neither source code for plaintiff's "Work" nor source code for either of allegedly infringing works was in evidence. Nor were images of games introduced. Appeals court held that district court was correct in finding no substantial similarity because source code was not in evidence. Plaintiff argued that there was no need to introduce code, as defendant had access and motive to copy. Ninth Circuit held that (1) access alone cannot establish infringement; (2) expert testimony alone cannot satisfy plaintiff's burden of proof under "intrinsic test"; and (3) lay testimony was about how games

appeared, not how they were coded. Regarding Nintendo claims, plaintiff sought royalties based on amendment to contract that provided for royalties for derivative works for platforms in “same microprocessor family” as Apple II, which was defined as microprocessor that uses same instruction set and has same instruction and data word size. Plaintiff’s expert testified that Apple II used 6502 processor, which had 8-bit data word size and 56 instructions of up to three bytes in length. Nintendo used 5A22 processor, which used 16-bit data word size and at least 92 instructions of up to four bytes in length, but could also act as 6502 processor for backward compatibility. Plaintiff’s expert testified that this meant processors were in same “family.” District court disagreed, ruling that fact that processors used different instruction sets, instruction sizes and data sizes meant that they were not in same family. Appeals court held that district court did not err in its findings.

Devil’s Advocate, LLC v. Zurich Am. Ins. Co., No. 15-1048, 2016 U.S. App. LEXIS 20952 (4th Cir. Nov. 22, 2016)

Fourth Circuit affirmed judgment of district court dismissing all of plaintiff’s claims. District court found plaintiff failed to prove defendant’s work was substantially similar to protectable elements of plaintiff’s work. Determining substantial similarity involves analysis of extrinsic and intrinsic similarity. Extrinsic similarity is evaluated objectively, by looking at “external criteria” to determine whether alleged copy is substantially similar to “protected elements of the copyright work.” Intrinsic similarity is evaluated from “perspective of the works’ intended observer,” and by looking at “total concept and feel of the works” to determine whether they are substantially similar. Under such standard, infringement claim failed for lack of substantial similarity. On appeal, plaintiff contended that only jury may determine extrinsic similarity prong. Circuit Court disagreed, holding that district court may grant motion to dismiss or summary judgment under extrinsic prong alone. Court found “not only there is no substantial similarity, but little if any similarity.” With regard to intrinsic similarity prong, there was scant similarity in “concept and feel,” as it was implausible that any intended audience could view documents as intrinsically similar.

Home Design Servs. v. Turner Heritage Homes, Inc., 825 F.3d 1314 (11th Cir. 2016)

Eleventh Circuit affirmed district court’s grant of defendant’s Rule 50(b) motion for judgment notwithstanding verdict, after jury returned verdict in favor of plaintiff for infringement of four-three split architectural floor plan. Court held that identifying floor plans’ unprotected portions was question of law, and found that no jury could reasonably find parties’ respective designs substantially similar given significant dissimilarities between plans at level of protected expression. Both plans shared same general layout, but “only because both sets of plans follow the customary four-three split style, as well as the attendant industry standards.” Court held customary styles and efficiency- or expectation-driven industry standards are not susceptible to copyright, and when floor plans are drawn in customary style and to industry standards, even subtle differences can indicate that there is no copyright infringement.

Arthur Rutenberg Homes, Inc. v. Jewel Homes, LLC, 655 Fed. Appx. 807 (11th Cir. 2016)

Eleventh Circuit affirmed district court's grant of summary judgment to defendants on copyright infringement claim. Plaintiffs, owners of copyrighted architectural plan, sued defendants for copyright infringement, alleging defendants had prepared architectural plan to build substantially similar home. Ownership and access were not disputed, but district court found differences between two designs so significant that no reasonable jury could find substantial similarity. Relying on its own recent precedent, Circuit Court applied narrowed substantial similarity test, viewing architectural works as compilations, and protectable elements of such works as arrangement and coordination of common elements.

Medallion Homes Gulf Coast, Inc. v. Tivoli Homes of Sarasota, Inc., No. 15-15393, 2016 U.S. App. LEXIS 13541 (11th Cir. July 26, 2016)

Eleventh Circuit affirmed district court's grant of summary judgment to defendant. Plaintiff alleged that defendant infringed its copyright in technical drawing and plan called "Santa Maria" by building home that was substantially similar to Santa Maria. District court granted summary judgment to defendant, finding that no factfinder could find plans substantially similar, and plaintiff appealed. Circuit Court found that even though plans contained overlapping group of rooms, formed in same general layout, common elements were not copyrightable. Court also found differences noted by trial court compelling. Finding no issue of fact on substantial similarity, court affirmed trial court's grant of summary judgment.

Horizon Comics Prod., Inc. v. Marvel Entm't, LLC, No. 16-2499, 2017 U.S. Dist. LEXIS 44662 (S.D.N.Y. Mar. 27, 2017)

Court granted in part and denied in part defendant's motion to dismiss. Plaintiff sued defendants alleging that defendants' depictions of Iron Man in promotional poster for *Iron Man 3* movie, and depictions of Iron Man wearing mechanized body armor in *Iron Man* films, infringed plaintiff's copyrighted works used in connection with plaintiff's comic book series called "Radix." Defendants moved to dismiss on grounds that elements of plaintiff's works alleged to have been copied—"highly detailed, mechanized suits of body armor"—were not protectable, and were not substantially similar to defendants' works. As to promotional poster, court found that idea of mechanized suit of armor and "fighting poses" of characters depicted in promotional posters at issue were *scènes à faire* and therefore unprotectable in comic book or superhero genre. However, court denied motion to dismiss as to poster; similarities existed between parties' promotional art, including similarities of hairstyles of characters depicted, use of blue lights on both mechanized armor suits, notches in shoulder covers and similar coloration used. Works thus shared "similarity of expression" or similarity in their "total concept or feel" sufficient to survive motion to dismiss. Court granted defendants' motion to dismiss with respect to mechanized body armor depicted in *Iron Man* films, citing earlier conclusion that mechanized suit or armor is *scène à faire* for

superhero genre. Court found average observer would clearly see dissimilarities between works and would not conclude that one was copied from other.

Archie MD, Inc. v. Elsevier, Inc., No. 16-6614, 2017 U.S. Dist. LEXIS 37141
(S.D.N.Y. Mar. 13, 2017)

District court granted in part and denied in part defendant's motion for summary judgment, dismissing plaintiff's copyright infringement claims as to all but two of works at issue. Plaintiff Archie, under written agreement, licensed medical animations to defendant Elsevier, textbook publisher, for use in online supplements to Elsevier's textbooks. After seven years, Elsevier terminated agreement and hired third-party vendor to create animations to replace those Elsevier had licensed from Archie. Archie sued for copyright infringement based on two theories, namely, (1) that Elsevier continued to use Archie's animations after it terminated agreement and beyond scope of agreement's license; and (2) that Elsevier, through third-party vendor, created unauthorized derivative works that were substantially similar to Archie's animations. Parties' agreement allowed Elsevier to continue using Archie's animations for earlier of three years after termination or when Elsevier's website was updated with non-*de minimis* modifications. Court held that Evolve, through which Elsevier provided access to online supplements (featuring Archie's animations) to its various textbooks, was "web portal" rather than "website," and further that specific modifications to particular websites cited by Archie were all *de minimis*. Therefore, under agreement's terms Elsevier was permitted to continue using Archie's animations. As for Elsevier's allegedly derivative animations, court held that all but two were not substantially similar to Archie's animations. Court found that, because both Elsevier's and Archie's animations accurately depicted anatomical structures and action sequences, amount of protectable expression contained therein was limited. Because Elsevier's animations used brighter colors and more accurate skin tones than Archie's animations, court found that ordinary observer would be quite unlikely to regard two sets of animations as having same aesthetic appeal; therefore Elsevier's animations were not substantially similar to Archie's as matter of law.

Super Express USA Publ'g Corp. v. Spring Publishing Corp., No. 13-2814, 2017 U.S. Dist. LEXIS 43875 (E.D.N.Y. Mar. 24, 2017)

District court granted in part plaintiffs' motion for summary judgment as to their copyright infringement claim. Plaintiff Super Express was New York-based company that published daily newspaper for Polish Americans in print and online. Plaintiff Presspublica was Polish company that published two daily national newspapers in Poland in print and online formats. Defendant published *Polska Gazeta*, Polish-language daily newspaper, in print and online editions. Plaintiffs contended that defendant republished articles from their online additions without permission, payment or credit. Court followed *Itar-Tass Russian News Agency v. Russian Kurier*, 153 F.3d 82 (2d Cir. 1998), to hold that because works at issue were created by Polish nationals and first published in Poland, Polish law controlled determination of ownership issues, while U.S. copyright law controlled issues of infringement. Court found plaintiffs submitted sufficient evidence to substantiate Presspublica's ownership of works it published in Poland under provisions of Polish Copyright Law comparable to work for hire

and collective works provisions of U.S. law. Plaintiffs also provided evidence to establish defendant's unauthorized copying of plaintiffs' original content, including defendant's acknowledgment of such copying. "Most obvious" evidence of copying consisted of examples of articles from plaintiffs' publications that subsequently were published entirely or nearly verbatim in *Polska Gazeta*. On question whether copying constituted improper appropriation, defendant contended that *Polska Gazeta* had authorization to republish certain articles pursuant to oral "reciprocal sharing agreements"; defendant, however, failed to submit any evidence of such agreements. Because (1) defendant's copying of plaintiffs' articles was undisputed, and (2) defendant could not rebut plaintiffs' evidence that such copying was unauthorized, plaintiffs were entitled to summary judgment on copyright infringement claims.

Fulks v. Knowles-Carter, 207 F. Supp. 3d 274 (S.D.N.Y. 2016)

Court granted defendants' motion to dismiss complaint. Plaintiff alleged that defendants' distribution of film trailer and film promoting release of Beyoncé album *Lemonade* infringed plaintiff's copyright in short film *Palinoia*, which consisted of "seemingly unrelated visuals in rapid montage, with recitation of poem used as voiceover against distinctive soundtrack." Protagonist was Caucasian male; unseen individual spoke French in background of several scenes, and there were English subtitles. Defendants' film told story of African-American woman's journey from heartbreak to healing, and featured 11 songs from *Lemonade*, connected by interludes of dialogue and poems, with thematic headings evoking Kübler-Ross stages of grief. Trailer featured rapid succession of visuals excerpted from film, "with recitation of poem used as voiceover against distinctive audio soundtrack." Court reviewed plaintiff's nine examples of alleged "visual" infringement, and found plaintiff failed to show similarities in protected cinematography, let alone that cinematography gave rise to similar aesthetic in works. Once stripped of unprotected elements and *scènes à faire*, scenes from plaintiff's works had "very little in common," while differences in rendition created very different aesthetics. No reasonable jury, properly instructed, could find "total concept and overall feel" of plaintiff's and defendants' works substantially similar. Alleged similarities fell firmly on side of unprotected ideas. At level of protected expression, differences in total concept and feel among works were vast. In addition to differences in structure, theme, plot, characters, mood, and setting, nine "unconnected" scenes take place in different order in each work. Ordinary observer would not regard aesthetic appeal of works at issue as same, or perceive defendants as having misappropriated original way in which plaintiff selected, coordinated, and arranged elements of his work. Plaintiff's infringement claim thus failed as matter of law.

Well-Made Toy Mfg. Corp. v. Flowers, Inc., No. 16-1380, 2016 U.S. Dist. LEXIS 152629 (E.D.N.Y. Nov. 3, 2016)

Court denied defendant's motion to dismiss. Plaintiff designed and marketed "'Debbie Dancer,' a ballerina ragdoll," and owned copyright in three-dimensional body sculpture and two-dimensional facial artwork for Debbie Dancer. Plaintiff sued, alleging that defendant illegally appropriated design features. Defendant moved to dismiss for failure to state

“cognizable violation” of Act. Because photographs submitted with complaint were insufficient for court’s determination, and neither party submitted exemplars of three-dimensional objects, images of dolls to scale or measurement information, or information or allegation about circumstances surrounding photograph, court was unable to determine that similarities related only to unprotectable components or that no reasonable fact finder could find substantial similarity.

Malibu Textiles, Inc. v. Sentimental NY, No. 14-2576, 2016 U.S. Dist. LEXIS 83688 (S.D.N.Y. June 28, 2016)

Plaintiff, designer of fashion textiles and lace, brought action against dress manufacturer based on alleged infringement of fabric design containing floral pattern. District court granted plaintiff’s motion for summary judgment with respect to copyright validity, access, and probative similarity, denied parties’ cross-motions as to actual copying, substantial similarity and willful infringement, and denied defendant’s motion for summary judgment. With respect to actual copying, court found probative similarity based on similarities in overall shape, pattern, and array of flowers, sprigs, leaves, and spaces of transparent lace, but held genuine issue of fact existed as to whether defendant reproduced or distributed plaintiff’s fabric. Cross-motions were denied as to substantial similarity because reasonable juror could find that fabric designs had different aesthetic appeal or total concept and feel.

Amusement Art, LLC v. Life Is Beautiful, LLC, No. 14-8290, 2016 U.S. Dist. LEXIS 165429 (C.D. Cal. Nov. 29, 2016)

Court granted defendant’s motion for summary judgment. Defendant hosted “Life is Beautiful” festival in Las Vegas. While creating concept for festival, defendant collected digital images from Google searches, including heart design created by plaintiff, to form basis of pitch document that he presented to investors. Plaintiff’s design was not ultimately used at festival; instead, defendant used different heart design. Court found that there were number of differences between two heart designs. One was largely monochromatic, while other used at least two shades of two colors. One was composed of splatters, while other was created by drip pattern. Plaintiff urged court to consider fact that both heart designs were used in connection with phrase “Life is Beautiful.” Court declined, stating that it was unaware of any precedent that permits “additive approach” allowing fact finder to consider images that copyrighted image appears near in order to determine whether images actually in dispute are themselves substantially similar. Moreover, as factual matter, defendants directed court to logo from uninvolved third party that also used phrase “Life is Beautiful” with splattered heart design, suggesting that such coincidences can occur “without any further meaning.”

8th Wonder Entertainment, LLC v. Viacom Int’l, Inc., No. 14-1748, 2016 U.S. Dist. LEXIS 162068 (C.D. Cal. Nov. 22, 2016)

Plaintiff Trisha Lum, with Tashera Simmons, developed concept for television program about lives of women in partnerships with hip hop artists. Lum contacted plaintiff Nickie

Davis to create treatment for concept, which treatment detailed reality program called *Hip Hop Wives*. Davis contacted 8th Wonder Entertainment about pitching and producing program. In February 2009, 8th Wonder, Lum, and Davis met with VH1 to discuss *Hip Hop Wives*. Next month, Viacom, owner of VH1, made offer to 8th Wonder to develop and perhaps broadcast program, and in following month, plaintiffs developed written agreement with defendants about show. At end of 2009, VH1 notified plaintiffs it would not pursue *Hip Hop Wives*, and termination agreement was signed in February 2010. On March 14, 2011, VH1 aired premiere of *Love & Hip Hop*, reality show focused on personal and professional lives of women in hip hop industry. Plaintiffs sued for infringement. Court found *Hip Hop Wives* treatment was largely comprised of unprotectable elements. Noting that lack of protectability would nullify dispute, court nevertheless considered substantial similarity between programs and found such similarity lacking. Finally, court rejected plaintiff's argument that sequence of unprotectable events in treatment was protectable; substantial similarity analysis confirmed that even any overlap in sequencing was largely superficial, and that there were significant differences between works.

El-Sedfy v. WhatsApp Inc., No. 16-4056, 2016 U.S. Dist. LEXIS 150760 (N.D. Cal. Oct. 31, 2016)

District court granted defendants' motion to dismiss *pro se* plaintiff's copyright infringement claim. Plaintiff had developed and registered copyright for AntiSpy SMS product that enabled secure communications through end-to-end encryption of SMS text messages. Several years later, WhatsApp introduced end-to-end encrypted SMS messaging and Facebook announced that it was testing similar technology, and Plaintiff sued WhatsApp and Facebook Inc. for copyright infringement based on those announcements. Defendants moved to dismiss, arguing that plaintiff had only alleged copying of idea of end-to-end encryption, and failed to allege copying of protectable expression or "that the alleged infringer had access to the copyrighted work and that the expression of the copyrighted work—not just its general concept or idea—is substantially similar to the alleged infringing work." Further, defendants argued that plaintiff's description of structure, sequence and organization of expressive work at issue only described software's functionality within domain of patent protection. Court agreed that plaintiff had asserted ownership of method, not creative expression, and thus failed to state plausible claim for copyright infringement. However, court granted plaintiff leave to file amended complaint if plaintiff could allege copyright infringement based on similarity in protectable expression not constituting process, method or idea.

Newt v. Twentieth Century Fox Film Corp., No. 15-2778, 2016 U.S. Dist. LEXIS 98308 (C.D. Cal. July 27, 2016)

Plaintiff brought suit for copyright infringement based on alleged use of plaintiff's book, screenplay and DVD, each entitled *Bigger Than Big*, in connection with defendants' television series *Empire*. District court granted defendants' motions to dismiss and for judgment on pleadings as to cause of action for copyright infringement, finding no substantial similarity between parties' respective works as matter of law. Court, applying

extrinsic analysis, found no substantial similarity with respect to plot, themes, dialogue, mood, setting, pace, characters or sequence of events.

Diamond Foods, Inc. v. Hottrix, LLC, No. 14-3162, 2016 U.S. Dist. LEXIS 93247 (N.D. Cal. July 18, 2016)

Plaintiff released free app, “Perfect Popcorn,” in “Food & Drink” category of app stores. Plaintiff’s app included “visual simulation of popcorn kernels popping inside a user’s mobile device.” Defendant sold app “iMunchies” in “Games” category of app stores. When user selected popcorn in defendant’s app, popped kernels appeared on screen of user’s mobile device. Defendant had registered copyright in iMunchies software. Plaintiff filed declaratory action, seeking declaration that it did not infringe defendant’s copyright; defendant asserted counterclaim for infringement. District court denied plaintiff’s motion to dismiss counterclaims and declined to grant judgment in plaintiff’s favor on declaratory relief action because no asserted claims could be dismissed in their entirety. In evaluating defendant’s infringement claim, court applied Ninth Circuit two-part analysis to determine if works are substantially similar: extrinsic test—“whether works share similarity of ideas and expression as measured by external, objective criteria”; and intrinsic test—“whether, subjectively[,] the ordinary, reasonable person would find the total concept and feel of the [two works] to be substantially similar or virtually identical.” Only jury may apply subjective test. Court applied extrinsic test. Court found that, under doctrines of merger and *scènes à faire*, “no copyright protection may be afforded to the idea of producing an app with popcorn popping on a mobile device screen or to elements of expression that ‘naturally follow’ from such an idea.” Conversely, “expressive elements that do not ‘naturally follow’ from that idea are protectable, and allegations of such elements would suffice to state a claim.” Court considered expressive elements that defendant sought to protect: (1) “approximately white” color and “fully popped” shape of kernels; (2) use of only “a few identical images” to “depict popped kernels;” (3) sequential popping of kernels; (4) showing each popped kernel as it pops; (5) shallowness of virtual container; (6) vertical orientation of virtual container; (7) displaying popped kernels as same size, regardless of their distance from viewer; (8) bright lighting that appears to illuminate popped kernels from same direction regardless of kernel’s movement; and (9) perspective of looking straight into side of virtual container. Of these, only elements 3, 4, 7 and 8 were protectable. Court found broad protection for combination of these four protectable elements (yet narrow protection for each element, individually). However, court was unable to determine substantial similarity because “apps exhibit moving images on small screen, making differences in timing, lighting and perspective impossible to determine on an objective basis at this stage.” Court therefore denied plaintiff’s motion to dismiss infringement counterclaim.

Puckett v. Hernandez, No. 16-2199, 2016 U.S. Dist. LEXIS 181439 (C.D. Cal. Dec. 21, 2016)

Court granted defendants’ motion to dismiss. *Pro se* plaintiff, aspiring musical artist and songwriter, sued defendants, dancer, songwriter and choreographer Bruno Mars and his recording company, for copyright infringement. Plaintiff alleged that defendants copied

“certain themes and lyrics” of plaintiff’s song “Cry” when defendants created hit song “Grenade.” Defendants filed motion to dismiss for failure to state claim. Plaintiff alleged that “Cry” involved same theme of unrequited love, and that respective songs contained two similar phrases in choruses. Plaintiff alleged that defendants had access to “Cry” because plaintiff gave defendant recording company copy of “Cry,” and defendant recording company gave “Cry” to Mars in order to help create “Grenade.” Defendants argued that copyright cannot protect idea, such as unrequited love, and since songs’ lyrics were not sufficiently similar, plaintiff’s complaint should be dismissed. Court agreed, acknowledging that both songs had same theme of unrequited love, but finding that “the two expressions of that theme are not substantially similar.” There were only two short lines of lyrics that were even remotely similar, but because lines were made up of “short, ordinary expressions” they were not copyrightable; thus, lines that formed only possible similarity between two songs were not protectable.

Culver Franchising System, Inc. v. Steak n Shake Inc., No. 16-72, 2016 U.S. LEXIS 103091 (N.D. Ill. Aug. 5, 2016)

District court granted defendant’s motion to dismiss plaintiff’s claims. Plaintiff brought suit for infringement of one of its television commercials for hamburgers made from butcher quality beef. Plaintiff claimed that expression of images, dialogue, and sequencing of its and defendant’s advertisements were substantially similar. Court held that commercials were not substantially similar as matter of law because several of seven common elements identified by plaintiff lacked required degree of originality to give rise to copyright protection. Court found that there was nothing “unique” about company displaying its logo and product at beginning and/or end of commercial and that showing uncooked meat, cooked hamburger and butcher in commercial for hamburgers was equally unoriginal. Court found “sequence of Culver’s commercial is commonplace, as it would be nonsensical for a commercial to open with a cooked burger and then finish with a prolonged shot of a raw patty.” Court also rejected plaintiff’s argument that ordinary reasonable person would believe that defendant had copied its commercial. Court held that ordinary person’s belief that someone copied another’s work is not enough to meet substantial similarity test if allegedly copied elements of work are not original.

Bowen v. Paisley, No. 13-414, 2016 U.S. Dist. LEXIS 114048 (M.D. Tenn. Aug. 25, 2016)

Court granted summary judgment dismissing copyright infringement suit against country music artists Brad Paisley and Carrie Underwood and others involved in producing 2011 song “Remind Me,” holding that song was not substantially similar to 2008 song of same name written by plaintiff. Plaintiff argued that use of lyrics “remind me” and “baby, remind me” in both songs’ hooks, in addition to various musical techniques, demonstrated substantial similarity. Defendants cited to many other songs in which phrase “remind me” is sung over varying melodies. Court had already determined that phrase “remind me” is not copyrightable; fact that plaintiff repeated phrase nine times was not “sufficiently distinctive for that to be a copyrightable feature.” Court also found differences in how each song

employed musical techniques, finding that listeners would not likely find works to be substantially similar.

Northwest Home Designing, Inc. v. Benjamin Ryan Cmtys., LLC, No. 14-5808, 2016 U.S. Dist. LEXIS 131596 (W.D. Wash. Sep. 26, 2016)

District court granted in part and denied in part defendants' motion for summary judgment. Plaintiff, residential design firm, brought claim for infringement against home-building company and its founder, alleging that defendants infringed more than 140 copyrighted architectural plans. Defendant moved for summary judgment on all claims on basis of insufficient similarity between plaintiff's plans and defendants' allegedly infringing plans. In interest of judicial economy, court analyzed one of plaintiff's claims, and instructed parties to designate five to 10 allegedly infringing plans for further summary judgment analyses. Court, noting that merger and *scènes-à-faire* doctrines apply to architectural plans, analytically dissected plaintiff's work and defendant's allegedly infringing work and found few protectable similarities between them; home's footprint and identical garage door position, for example, were mandated by size and shape of available lot, and were thus precluded by merger doctrine. Based on analytical dissection analysis, court concluded that plaintiff's plan was entitled to thin protection. Court further noted that even though defendant had extensive access to plaintiff's work, "evidence at most proves copying but not wrongful copying," and "slight similarities do not pass the extrinsic test of objective similarities between the two works." Consequently, court granted summary judgment to defendant with regard to architectural plan analyzed.

Grady v. Iacullo, No. 13-624, 2017 U.S. Dist. LEXIS 47739 (D. Colo. Mar. 29, 2017)

Court previously denied plaintiff's renewed motion for summary judgment because plaintiff had failed to present evidence with respect to whether sharing thumbnail links to plaintiff's photographs and videos resulted in copies of same being automatically stored on defendant's computer, and if so, whether such download met legal standard for copyright infringement. Act defines "[c]opies" as "material objects ... in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated either directly or with the aid of a machine or device." Act further explains that "work is 'fixed' in a tangible medium of expression when its embodiment in a copy ... is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration." Plaintiff presented expert report that stated "browsing a web page downloads the contents of that web page to the computer's hard drive." Based on expert report, court found that (1) because browsing webpage downloads contents of that webpage to computer's hard drive, thumbnail images appearing on plaintiff's website were downloaded to hard drive of defendant's computer; (2) because images could then be viewed or edited on other programs, they could be perceived or reproduced from computer's hard drive; and (3) because images could be edited in other programs or accessed and copied to other forms of media, they remained placed on defendant's computer's hard drive for more than transitory duration. Works were thus

copied or fixed for purposes of Copyright Act. Plaintiff was entitled to summary judgment with respect to direct copyright infringement claim.

Eggleston v. Daniels, No. 15-11893, 2016 U.S. Dist. LEXIS 108177 (E.D. Mich. Aug. 16, 2016)

District court denied defendants' motion to dismiss plaintiff's copyright infringement claim. Plaintiff Sophia Eggleston authored and registered copyright in memoir entitled *The Hidden Hand*, detailing her life of crime, time in prison and subsequent redemption. Upon viewing Fox television series *Empire*, plaintiff noted similarities between Cookie Lyon character and plaintiff's depiction in *The Hidden Hand*, and sued defendants, including creators, writers, producers, directors, broadcasters and distributors of *Empire*, for copyright infringement. Plaintiff alleged access and substantial similarity based on 23 similarities between Cookie Lyon's depiction in *Empire* and plaintiff's depiction in *The Hidden Hand*. Defendants argued similarities were coincidental, and represented unprotectable facts, ideas, stock themes and elements commonplace in drug and violence stories. Court noted that many alleged similarities seemed typical of drug and violence stories at first glance, but found some common elements non-standard, including plaintiff's depiction of female in dominant role of drug dealer, gang leader and perpetrator of violence, and other shared facts including gay family member, kidnapped child, two close family members murdered, lovers lost while serving time in jail and having shielded others by stepping between them and loaded gun, which, taken together, were arguably original and substantially similar. Since plaintiff had also presented strong and unchallenged allegations of access, court found plaintiff had satisfied "greater particularity in pleading" standard for copyright actions and pleaded copyright infringement claim sufficiently to survive defendants' motion to dismiss.

Compass Homes, Inc. v. Trinity Health Grp., Ltd., No. 13-647, 2016 U.S. Dist. LEXIS 80493 (S.D. Ohio June 21, 2016)

District court denied parties' cross-motions for summary judgment on issue of substantial similarity of defendant's architectural plans to plaintiff's copyrighted work. Plaintiff, home builder, brought infringement claim against former clients and their new builder. To prevail on claim, plaintiff must establish that defendant "copied constituent elements of the work that are original." Absent direct evidence of copying, plaintiff can establish "inference of copying" by demonstrating that defendant "had access to the copyrighted material and that the defendant's work is substantially similar to the protected work." Here, court noted, allegedly infringing work was sufficiently dissimilar to plaintiff's copyrighted work that jury could reasonably find it was not directly copied from plaintiff's work. Access was undisputed, and court therefore turned to substantial similarity, noting that "the touchstone of the analysis is the overall similarities rather than the minute differences between the two works." Court conducted side-by-side comparison of plans and examined list of purported differences submitted by defendant, and concluded that issues of material fact remained; issue of substantial similarity is one best left for determination at trial. Therefore, neither side was entitled to summary judgment on issue of substantial similarity.

Shalom Baranes Assocs., P.C. v. Lauren Condos, LLC, No. 15-1980, 2016 U.S. Dist. LEXIS 125370 (D. Md. Sept. 14, 2016)

Plaintiff entered into agreement with third party Triumph Development to prepare architectural plans for condominium project. Agreement gave Triumph non-assignable license to use plaintiff's designs for sole purposes of developing and building condominium project. Plaintiff prepared architectural plans, but agreement was subsequently terminated. Later, defendants stepped in to continue project, but plaintiff was not retained. Defendants used plaintiff's architectural plans as basis for their own plans, making only minor changes. Plaintiff filed copyright infringement action. Defendants filed motion to dismiss, alleging defendants' plans were not substantially similar to plaintiff's plans. Court held substantial similarity requires showing close resemblance between both ideas of two works and expression of those ideas; determining whether ideas of two works are substantially similar involves extrinsic or objective inquiry for which expert testimony is often required. This assessment also requires consideration of "total concept and feel" of works, determination considered to be domain of "ordinary lay observer." Motion to dismiss was denied.

C. Contributory/Vicarious Infringement

Rams v. Def Jam Recordings, Inc., No. 15-8671, 2016 U.S. Dist. LEXIS 111803 (S.D.N.Y. Aug. 15, 2016)

Court denied defendant recording artist Jeremih Felton's, p/k/a JEREMIH, motion to dismiss plaintiffs' secondary infringement claims. Plaintiffs, professional photographer and subject of one of his published and copyrighted portraits, brought claim for copyright infringement against Felton, his record labels and producers, alleging that portrait was used without authorization on various marketing materials, including album cover of Felton's single "Don't Tell 'Em" and its remixes. To state claim for contributory infringement, court noted, plaintiff must allege that defendant (1) "with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another"; and (2) "induced, caused, or made a material contribution to the primary infringing activities" through either (a) "personal conduct that encourages or assists the infringement" or (b) providing "machinery or goods that facilitate the infringement." Plaintiffs met burden in alleging that Felton participated in and/or later ratified and adopted allegedly infringing conduct, and that his personal conduct in distributing and promoting his music materially contributed to primary infringing activities. To state claim for vicarious infringement, plaintiff must allege (1) that defendant had right and ability to supervise infringing conduct; and (2) existence of causal relationship between infringing activity and direct financial benefit accrued by defendant. Plaintiffs met burden in alleging that Felton had ability to supervise use of infringing image, and that he benefitted from use of infringing image, which served as "face" of his single.

Gym Door Repairs, Inc. v. Young Equip. Sales, Inc., 206 F. Supp. 3d 869 (S.D.N.Y. 2016)

Plaintiffs manufactured Safe Path System, safety device required by law to be used on electrically operated partition doors in schools in New York State. Plaintiffs' device was only device approved for use in New York City public schools. Defendants used contractors other than and in addition to plaintiffs or those certified by plaintiffs in repairing and maintaining Safe Path System. Plaintiffs brought claims for direct and contributory copyright infringement. Court granted defendants' motions to dismiss contributory infringement claims, finding (1) no factual allegation that defendant "acted in concert" with direct infringer; (2) mere allegation that defendant provided third party with "opportunity to engage in wrongful conduct" was not enough to survive motion to dismiss; (3) plaintiffs did not sufficiently allege that defendant took "active steps to encourage direct infringement"; and (4) merely providing means to accomplish infringing activity or mere inaction against conspiracy to infringe is insufficient to establish claim for contributory infringement.

Separzadeh v. Iconix Brand Grp., Inc., No. 15-8643, 2016 U.S. Dist. LEXIS 144772 (S.D.N.Y. Oct. 19, 2016)

Plaintiff photographer sued several defendants for copyright infringement based on defendants' unauthorized use of derivative of plaintiff's copyrighted photo. Plaintiff alleged vicarious infringement against one of defendants and direct infringement against all others. Plaintiff moved for leave to file amended complaint adding several other defendants. Only one of original defendants opposed plaintiff's motion. Motion to amend may be denied if amending claim would be futile, with burden of demonstrating futility resting on non-moving party. Amendment would be futile if proposed claim could not withstand motion to dismiss. Court held that, insofar as amended complaint alleged claims of contributory and vicarious copyright infringement against defendant, and proposed additional defendants, plaintiff's allegations were sufficient to survive motion to dismiss. Plaintiff's allegations regarding contributory infringement were sufficient because all that is required is allegation of knowledge of allegedly infringing conduct, not knowledge that conduct complained of infringed existing copyright. Here, plaintiff alleged defendant "materially contributed to, encouraged, and/or induced the direct infringement of Plaintiff's copyright," and that defendant "actively and knowingly participated in the infringing conduct." Plaintiff's vicarious infringement allegations were similarly sufficient, because all that is required is that plaintiff allege that defendant declined to exercise right and ability to supervise or control infringing activity, and that defendant enjoyed direct financial benefit from infringing activity. Because plaintiff alleged that defendants benefited financially from unauthorized copying of plaintiff's photography, and that defendants had full control over products and actively participated in infringing conduct, allegations were sufficient.

BWP Media USA Inc. v. Polyvore, Inc., No. 13-7867, 2016 U.S. Dist. LEXIS 92121 (S.D.N.Y. July 15, 2016)

District court granted defendant's motion to dismiss copyright infringement claim. Plaintiffs, owners of celebrity photographs, sued defendant, operator of fashion website polyvore.com, for copyright infringement. Polyvore allowed users to upload, store, modify and share images and digital collages on its website, and facilitated process by providing online "Clipper" tool enabling users to copy images from other webpages and save them to Polyvore's server. Polyvore did not dispute that more than 75 photographs owned by plaintiffs had appeared on its website without permission, but argued that plaintiffs could not establish elements of copyright infringement as matter of law. Court agreed, holding no juror could reasonably find "important element" of "volitional conduct," because Polyvore's automated system responsible for copying was not designed specifically to collect copyrighted material, and enabled users to copy both copyrighted and non-copyrighted images. Thus, Polyvore did not have fundamental and deliberate role, transforming it from passive provider of space where infringing activities happen to active participant in copyright infringement. Polyvore, accordingly, was entitled to summary judgment on direct infringement claim as matter of law. Court found that, even assuming that Polyvore had knowledge of and materially contributed to infringement, *Sony-Betamax* rule shielded Polyvore from liability. "Clipper" tool allowed users to clip images from anywhere online, copyrighted or not, making Polyvore's system, at very least, capable of substantial noninfringing use. Polyvore was accordingly entitled to summary judgment on contributory infringement claim. Finally, record was devoid of evidence Polyvore's ability to supervise or control activity of users or facts in the record establishing causal relationship between infringing activity on Polyvore's website and any financial benefit Polyvore received. Polyvore was thus entitled to summary judgment on vicarious infringement claim.

Reis, Inc. v. Lennar Corp., No. 15-7905, 2016 U.S. Dist. LEXIS 88228 (S.D.N.Y. July 5, 2016)

District court granted defendants' motion to dismiss plaintiffs' claims for secondary copyright infringement. Plaintiffs, proprietors of database containing detailed commercial real estate market information, sued defendants, capital management firms, for contributory and vicarious copyright infringement, arising out of download of approximately \$277,000 worth of reports by two unknown IP addresses using credentials of defendant database subscriber. Plaintiffs claimed that defendant, in violation of its subscription agreement, knowingly shared login credentials for database with unauthorized users, who used those credentials to download reports. Court granted defendants' motion to dismiss because plaintiffs could not allege that unknown users were also unauthorized. Complaint, accordingly, offered no information or facts alleging that unknown users were primary infringers, on which to base secondary infringement claims.

UIRC-GSA Holdings, Inc. v. William Blair & Co., L.L.C., No. 15-9518, 2017 U.S. Dist. LEXIS 46714 (N.D. Ill. Mar. 29, 2017)

District dismissed contributory and vicarious infringement claims brought by plaintiff, seller of bonds and holder of copyright registrations for documents relating to sale of bonds, against employee of defendant William Blair & Co. Plaintiff alleged that employee “is a partner at Blair, was the relationship manager for both Plaintiff and [another, allegedly infringing] bond offering, and that he encouraged Blair’s copyright infringement.” Court held that “bald assertion” that Kalt “encouraged or assisted” employer’s infringement did not amount to “‘special showing’ that Kalt ‘personally participated in the manufacture or sale’” of allegedly infringing documents, as required under *Dangler v. Imperial Mach. Co.*, 11 F.2d 945 (7th Cir. 1926). These “conclusory allegations” were likewise inadequate under standards for contributory and vicarious liability. Accordingly, court dismissed contributory and vicarious infringement claims against individual defendant.

Levi v. Twentieth Century Fox Film Corp., No. 16-129, 2017 U.S. Dist. LEXIS 49773 (E.D. Va. Mar. 30, 2017)

District court granted defendant’s motion to dismiss for failure to state claim. *Pro se* plaintiff sued Robert Walker Jr., Virginia attorney, as well as Lee Daniels and Danny Strong, co-creators of television show *Empire*, and Twentieth Century Fox for allegedly infringing plaintiff’s copyright in his book *Unity Incorporated*. Walker moved to dismiss for failure to state claim. Plaintiff alleged that his book was infringed by Twentieth Century Fox’s *Empire*, co-created by Daniels and Strong. Though plaintiff failed to allege that Walker himself infringed book’s copyright, court liberally construed plaintiff’s claim against Walker as one of secondary liability under theory of either contributory or vicarious infringement. Claim for contributory infringement requires that defendant both participated in and had knowledge of infringement. Although plaintiff had alleged that Walker participated in infringement when he sent plaintiff’s manuscript to Daniels and Strong, plaintiff had not even suggested that Walker had knowledge or reason to know of purported infringement by *Empire*; contributory infringement claim therefore failed. Claim for vicarious infringement requires that defendant possessed both right and ability to supervise infringing activity as well obvious and direct financial interest therein. Because plaintiff failed to allege facts establishing “supervisory relationship” between Walker and other parties, his vicarious infringement claim failed.

BMG Rights Mgmt. (US) LLC v. Cox Communs., Inc., 199 F. Supp. 3d 958 (E.D. Va. 2016)

Jury found defendant, Internet service provider, liable for contributory infringement and not liable for vicarious infringement of 1,397 musical composition copyrights based on reproduction and distribution of works over defendant’s network using BitTorrent protocol, where defendant did not process and later automatically deleted notices from plaintiff’s authorized agent. Defendant renewed Rule 50(b) motion for judgment as matter of law on grounds that plaintiff failed to show direct infringement, failed to provide evidence of

defendant's liability for contributory infringement, and failed to adduce evidence of willfulness. District court denied motion, holding uploads to plaintiff's authorized agent were sufficient to form basis of distribution claim, and there was sufficient evidence for reasonable jury to hold that defendant's users violated plaintiff's reproduction right by downloading plaintiff's works. Defendant was held liable for willful contributory infringement based on evidence of its knowledge of specific infringing activity and continued material contribution to that infringement through provision of high-speed Internet service. Court denied plaintiff's motion for judgment as matter of law on vicarious infringement claim, finding "extensive evidence" rebutted plaintiff's assertion that plaintiff had direct financial interest in infringing activity.

Marketran, LLC v. Brooklyn Water Enters., No. 16-81019, 2016 U.S. Dist. LEXIS 143698 (S.D. Fla. Oct. 13, 2016)

In copyright action filed by marketing company that had designed marketing materials to promote water bagel stores, defendant manager of water bagel stores moved to dismiss plaintiff's vicarious infringement claim on ground that complaint failed to allege that defendant manager had right to control, or derived financial benefit from, alleged infringing activity of other water bagel entities. Court declined to dismiss vicarious infringement count; complaint adequately described defendant manager's role with water bagel franchises, including ability to control infringing activity, and alleged that defendant manager derived financial benefit from allowing infringement to continue, "including but not limited to, use of Plaintiff's copyrighted work without making payment, and use of Plaintiff's copyrighted works to increase sales [of franchises]."

StorageCraft Technology Corp. v. Persistent Telecom Solutions, Inc., No. 14-76, 2016 U.S. Dist. LEXIS 169303 (D. Utah Nov. 22, 2016)

Court denied defendant's motion for summary judgment on contributory infringement claim. Plaintiff, computer software company specializing in backup, disaster recovery and system migration software, brought claims for contributory copyright infringement against defendant software company for allegedly encouraging its end users to directly infringe by using "rCloud" program in violation of EULA, and by copying and installing components of "Data Center Recovery Product" onto new machines without license. Court considered any violation of term of EULA that implicates one of exclusive statutory rights of copyright owner to be sufficient to establish liability for infringement. Here, violations of provisions led to RAM copies of portions of software being made on end user's computer. "Because copying is one of the exclusive statutory rights granted to the owner of a copyright, the court concludes that violating the provisions at issue implicate the licensor's exclusive statutory rights." Court found plaintiff had provided evidence that defendant instructed its users to install components of on machine that typically was different from machine licensed for plaintiff's software, without instructing users to obtain additional license. Plaintiff also provided email that instructed defendant's support personnel to have users install plaintiff's software on unlicensed machine as troubleshooting technique. Court concluded that plaintiff

had provided sufficient evidence for reasonable jury to conclude that end users followed defendant's instructions and infringed plaintiff's copyright.

Sinclair & Assocs. of Greenville, LLC v. CresCom Bank, No. 16-465, 2016 U.S. Dist. LEXIS 159340 (D.S.C. Nov. 17, 2016)

Court denied defendant's motion to dismiss direct and contributory copyright infringement claims. Plaintiff design firm prepared civil engineering and architectural plans and drawings for pool and amenities center ("Works"), and granted non-transferable, limited license to use Works to defendant Summerville Homes for use in particular subdivision. Summerville Homes never began construction, but conveyed subdivision to defendant CresCom Bank; CresCom subsequently conveyed subdivision to defendant Antler Road LLC. Defendant Hujik, vice president of CresCom and defendant Terry, manager of Antler Road and president of defendant Crescent Homes SC, each asked plaintiff to "release" copyrights in Works. Plaintiff stated it would be willing to do so in exchange for payment, but none of defendants accepted offer. Defendant Antler Road used Works to construct pool and amenities at subdivision, and Works were also used by Crescent Homes. At all times, defendants were aware that either Antler Road or Crescent Homes planned to use Works, and that they lacked right to do so. Plaintiff sued defendants for, *inter alia*, vicarious and contributory infringement. Defendant Terry moved for summary judgment. With respect to vicarious infringement, plaintiff must prove (1) right and ability to supervise infringing activity; and (2) direct financial interest in such activity. Court found it "at least plausible to think that Terry could have exercised his authority as manager and president to prevent Antler Road and Crescent homes from infringing," and that Terry's managerial positions gave him financial interest in Antler Road and Crescent Homes' use of Works. To prevail on claim for contributory infringement, plaintiff must prove that defendant intentionally induced or encouraged direct infringement. Court found it reasonable to infer that Terry induced, caused or materially contributed to infringing conduct based on plaintiff's allegation that Terry personally rejected plaintiff's offer to sell Works. Therefore, court found viable claims for vicarious and contributory infringement as to defendant Terry.

D. Miscellaneous

Smith v. BarnesandNoble.com, LLC, 839 F.3d 163 (2d Cir. 2016)

Second Circuit affirmed district court's grant of summary judgment dismissing plaintiff's copyright infringement claims on alternative grounds. Plaintiff, widow of author Louis K. Smith, sued defendant for direct and contributory copyright infringement, alleging defendant had maintained cloud access to digital samples of Smith's copyrighted book after Smith had terminated license granted through distribution agreement with ebook distributor Smashwords. Inc. Distribution agreement permitted distribution of samples as promotional material and granted end-users license to duplicate, share and reproduce such samples for non-commercial purposes. Smashwords provided Smith's book for sampling to retailers including Barnes & Noble, which listed Smith's book for sale on bn.com and offered free samples to customers, including digital samples available for upload to customers' individual

digital “lockers.” Having sold no copies of his book, Smith terminated his distribution agreement with Smashwords in October 2011. Smith’s book erroneously remained on bn.com through April 2012, but book was not sold or sampled during that time. Only one customer had uploaded sample of Smith’s book before distribution agreement was cancelled. Following cancellation of distribution agreement, customer that had validly obtained sample of Smith’s book prior to termination was permitted to access sample two more times. Plaintiff alleged these two instances of access amounted to copyright infringement, because defendant was not permitted to provide customer access to Smith’s book samples after agreement terminated. District court had granted summary judgment in favor of defendant on ground that defendant’s alleged conduct did not amount to direct or contributory copyright infringement. Second Circuit declined to decide infringement issue in novel context of cloud storage, given sparse facts of case. Instead, court affirmed on alternative ground, concluding defendant’s conduct was authorized by contract between parties, since distribution agreement did not provide for termination of license for samples already distributed in event distribution agreement was terminated.

Flo & Eddie, Inc. v. Pandora Media, Inc., 851 F.3d 950 (9th Cir. 2017)

Plaintiff, corporation created by two founding members of The Turtles, 1960s “folk rock band,” allegedly acquired rights to The Turtles’ pre-1972 sound recordings. Defendant allowed users to stream music including The Turtles’ music, without paying plaintiff for public performance of pre-1972 sound recordings. Plaintiff filed action seeking damages, claiming sound recordings were protected under § 980(a)(2) of California Civil Code as well as common law. District court concluded that § 980(a)(2) granted owners of pre-1972 sound recordings property right in public performance of recordings. On basis of that property right, district court further concluded that plaintiff’s misappropriation, conversion and unfair competition claims were legally sufficient. Ninth Circuit concluded that if either § 980(a)(2) or California common law provides exclusive right of public performance, district court’s ruling must be affirmed. Ninth Circuit, accordingly, certified questions of state law to California Supreme Court: “Under section 980(a)(2) of California Civil Code, do copyright owners of pre-1972 sound recordings that were sold to public before 1982 possess exclusive right of public performance?” and “If not, does California’s common law of property or tort otherwise grant copyright owners of pre-1972 sound recordings exclusive right of public performance?”

Unicolors, Inc. v. Urban Outfitters, Inc., 853 F.3d 980 (9th Cir. 2017)

Ninth Circuit affirmed district court’s grant of plaintiff’s summary judgment motion as to infringement as well as jury’s finding of willful infringement. Unicolors, fabric designer and seller, sued Urban Outfitters and Century 21 Department Stores (together, “Urban”), alleging that Urban had willfully infringed Unicolors’ copyrighted design titled PE1130, which was based on original art work named QQ-692. Ninth Circuit found that jury’s finding of willfulness was supported by substantial evidence, because Unicolors had shown that Urban adopted reckless copyright infringement policy in which Urban made no attempt to verify or even inquire as to whether any of its designs were subject to copyright protections. Ninth

Circuit affirmed jury's holding, noting that "merely reckless behavior" or "willful blindness" was sufficient to establish willful infringement. That Urban would have faced great difficulty ascertaining whether any given design was copyrighted did not allow it to act recklessly by refusing, "as a matter of policy, to even investigate or attempt to determine whether particular designs are subject to copyright protections."

Scroggins v. Scroggins, No. 15-9524, 2017 U.S. Dist. LEXIS 38310 (S.D.N.Y. Mar. 16, 2017)

District court dismissed plaintiff's infringement claims. Plaintiff, one member of funk band ESG, brought infringement claims against Fire Records of London and Universal Music Group. Plaintiff claimed that Fire Records "fraudulently and illegally" acquired rights to all ESG works from her bandmate and sister, co-author of ESG works. She generally alleged copyright infringement, yet admitted in complaint that Fire Records owned works. Plaintiff further asserted that UMG infringed her work by sampling it in various songs by other artists. Court dismissed claim against Fire Records on ground that joint owner of copyright and its licensees cannot be liable to co-owner for copyright infringement. Court similarly dismissed claim against UMG because record proved, and plaintiff did not dispute, that Fire Records gave UMG permission to use works in that manner. UMG could not be liable for infringement, court noted, where it was rightful licensee of rights in question.

Reis, Inc. v. Spring11 LLC, No. 15-2836, 2016 U.S. Dist. LEXIS 131486 (S.D.N.Y. Sept. 24, 2016)

District court dismissed certain of plaintiffs' copyright infringement claims. Plaintiffs, owners of database containing commercial real estate information and analysis, sued defendant, provider of commercial real estate consulting and advisory services, for copyright infringement and other claims stemming from defendant's access to plaintiffs' database. Over period of several years, plaintiffs discovered and confronted defendant about various instances of improper use of its database through different individuals and IP addresses. Thereafter, Arbor National Commercial Mortgage LLC requested login credentials, pursuant to its subscription with plaintiffs, for three individuals who had Arbor email addresses but were actually employees of defendant. One of defendant's employees then accessed plaintiffs' database and downloaded seven reports using login he had obtained through Arbor. Plaintiffs sued defendant for copyright infringement, and defendant moved to dismiss on ground that defendant's employee had accessed plaintiffs' database pursuant to Arbor's valid licensing agreement, and thus no copyright infringement had taken place. Plaintiffs argued Arbor had breached its license by sharing access with defendant, because plaintiffs' Terms of Service prohibited transfer of access to database or use depriving plaintiffs of potential sales, and therefore defendant's access was unauthorized. Court disagreed, finding Terms of Service mere delineation of acceptable and unacceptable behavior under licensing agreement rather than conditions precedent to obtaining license, since such conditions must be expressed in "unmistakable language" to rebut presumption under New York law that contractual terms are covenants rather than conditions. Thus, defendant's employee

downloaded plaintiffs' reports pursuant to valid, albeit potentially breached, licensing agreement, and did not infringe plaintiffs' copyright.

Broad. Music, Inc. v. Bentley, No. 16-394, 2017 U.S. Dist. LEXIS 27581 (W.D. Tex. Feb. 28, 2017)

District court granted summary judgment in favor of plaintiff on claim of "public performance copyright infringement." Plaintiff alleged that defendant infringed copyrights in 12 musical compositions by performing or causing them to be performed at Longbranch Saloon after expiration of BMI license, despite multiple letters and other communications detailing obligation to renew license in order to perform BMI repertoire. To succeed in infringement suit on theory that defendant publicly performed plaintiff's copyrighted musical works without authorization, plaintiff must prove "(1) originality and authorship of the copyrighted works involved; (2) compliance with the formalities of the Copyright Act; (3) proprietary rights in the copyrighted works involved; (4) public performance of the compositions involved; and (5) lack of authorization for public performance." Defendant admitted elements 1-3, and undisputed evidence supported plaintiff's position as to elements 4 and 5. Therefore, court granted summary judgment for plaintiffs.

Iconics, Inc. v. Massaro, 192 F. Supp. 3d 254 (D. Mass. 2016)

Court denied defendant's motion for summary judgment. Plaintiff, software developer, produced Human Machine Interface/Supervisory Control and Data Acquisition systems. Defendant was former employee of plaintiff who started assisting another ex-employee of plaintiff and ex-employee's company with its software products while still employed by plaintiff. Plaintiff sued alleging infringement of source code in plaintiff's software products. Plaintiff alleged direct copying by defendant of its code, and also indirect copying, whereby defendant used plaintiff's code while developing defendant's software, but did not retain plaintiff's code in defendant's product. Plaintiff's expert opined that defendant must have had copy of plaintiff's source code, which it used during its software development process to "ease, speed, and improve [defendant's] own coding." Defendant argued in response that this was "non-copying" that could not form basis of infringement claim. Court found that "creating intermediate copies of copyrighted code, even to develop one's own independently-written code, can be copyright infringement," in part "because each time a software program is run, it is transferred to the computer's memory, creating a new copy." Thus, if adequately supported, intermediate copying claim can generate infringement liability; on other hand, "[t]his type of copying can often be fair use."

Kitchen & Bath Concepts of Pittsburgh, LLC v. Eddy Homes, Inc., No. 16-589, 2016 U.S. Dist. LEXIS 177016 (W.D. Pa. Dec. 22, 2016)

Plaintiff, operator of kitchen and bath design business, and defendant, residential home builder, were hired to construct home. Defendant constructed exterior and interior walls, and installed plumbing and electrical systems. Plaintiff designed and installed all interior spaces of home, and registered copyright in design of interior. Photographs of interior published in

Kitchen and Bath Design News credited defendant for design. Photographs were also shown on defendant’s website and on several social media websites, and published in *Whirl Magazine* and *Housetrends Magazine*, with plaintiff not given design credit. Plaintiff sued, asserting claims for copyright infringement and unfair competition. Defendant contended that copyright at issue was “architectural works” copyright, and that infringement claim must be dismissed because it was based solely on publication and dissemination of photographs of architectural work. Defendant argued that § 120—which provides that copyright in architectural work that has been constructed does not include right to prevent making, distributing, or public display of “pictorial representations” of work if building in which work is embodied is located in or ordinarily visible from public place—applied. Court found that home was “building” under § 120(a), and that well-settled law provides that residential homes are located in public place. Courts applying plain language of § 120 have concluded that interior elements of house constitute “architectural works,” and that pictorial representations of constructed work that is located within building visible from public place do not constitute copyright infringement. Court accordingly granted defendant’s motion to dismiss infringement claim.

VI. DEFENSES/EXEMPTIONS

A. Fair Use

TCA Tel. Corp. v. McCollum, 839 F.3d 168 (2d Cir. 2016)

Second Circuit reversed district court holding that defendants’ use of “Who’s on First?” routine was fair use. Plaintiffs, successors-in-interest to estates of William “Bud” Abbott and Lou Costello, appealed from district court’s dismissal of their suit against defendants, including producers and author of play, for use of “Who’s on First?” routine in play *Hand to God*. District court found use of routine transformative as matter of law. Second Circuit found defendants’ use of work not transformative, as defendants did not modify work, and although play had critical theme, defendants did not use work to express critique. Because use was not transformative, court concluded that district court erred in discounting *Hand to God*’s commercial character. As to second fair use factor, court found that routine was creative work, close to core of intended copyright protection; because defendants’ use of routine was not transformative, and because record was devoid of persuasive justification for extent of defendants’ use, creative nature of routine weighed strongly against fair use defense. As to third factor, court found that, while portion of routine used by defendants takes less than two minutes to perform, it comprised “heart” of work; it exposed joke that is elemental to work, and court found defendants did not proffer satisfactory reason for repeated exploitation of joke. As to final fair use factor, court found that trial court overlooked possibility that defendants’ use could negatively affect work’s licensing. Because court found all factors weighed against fair use and, at motion to dismiss stage, found no other factors relevant, court held that dismissal of complaint on fair use grounds was erroneous.

BWP Media USA Inc. v. Gossip Cop Media, Inc., 196 F. Supp. 3d 395 (S.D.N.Y. 2016)

Court concluded that defendant's use of three photos copied from third-party websites without authorization did not constitute fair use. Defendant posted "screen grabs" of three photos on its own site, adding assessments of whether stories that accompanied photos on third-party websites were "real" or "rumor," as displayed on "real-to-rumor scale" posted alongside photos. With regard to Kunis/Kutcher and Pattinson Images, those photos accompanied their corresponding stories as illustrations. On first factor, court found, contrary to defendant's assertions, that use of images was not transformative; defendant's republication of images added no new meaning or expression to images; contributed no information to its articles; and was otherwise extraneous to its reporting function. Because use was not transformative, commercial nature of use "additionally weighs against a finding of fair use." On second factor, images contained both informational and creative elements and were previously published, tipping "not very important" factor slightly in defendant's favor. As to third factor, because purpose of defendant's use was "precisely the same as that of the third-party licensees, the question of whether the amount used was 'reasonable in relation to the purpose of the copying' must necessarily be answered in the negative." On fourth factor, relevant market for images consists of universe of celebrity news reporting outlets. Because defendant used images in same manner as any celebrity news site would—"to attract interest in the accompanying stories by depicting interesting scenes of famous people"—fourth factor weighed against fair use. Defendant, accordingly, had not established that its publication of images constituted fair use.

Paramount Pictures Corp. v. Axanar Productions, Inc., No. 15-9938, 2017 U.S. Dist. LEXIS 19670 (C.D. Cal. Jan. 3, 2017)

Court denied defendants' motion for summary judgment. Defendants, "going where no man has gone before in producing *Star Trek* fan films," sought to make professional production, and raised over million dollars on crowdsourcing websites to fund projects. Defendants produced 21-minute film *Star Trek: Prelude to Axanar*, and released *Prelude* on YouTube to promote and to raise funds for full-length "*Axanar* Motion Picture." Defendants completed script of *Axanar* Motion Picture and filmed and released scene therefrom. *Axanar* works were set in *Star Trek* universe 21 years before original series. Plaintiffs sued, claiming direct, contributory and vicarious infringement, and defendants moved for summary judgment that use was fair use. Court found all four fair use factors favored plaintiffs. *Axanar* works were not transformative under first factor. Defendants intentionally used or referenced many elements of *Star Trek* works to stay true to *Star Trek* canon "down to excruciating details." Viewed as whole, *Axanar* works did not have further purpose or different character, altering *Star Trek* works with new expression, meaning, or message. On other hand, defendants were "interested in creating alternative ways for fans to view *Star Trek*," and used "fully-professional crew" to ensure *Axanar* would be quality of *Star Trek* "that all fans want to see." Court rejected argument that *Axanar* works were transformative because they were "mockumentaries," form of parody. Court had difficulty discerning from *Axanar* works any criticism of *Star Trek* works—not surprising since defendants set out to

create films that stay faithful to *Star Trek* canon and appeal to *Star Trek* fans. Moreover, *Axanar* works were commercial. Defendants did not pay plaintiffs for license, and undisputedly hoped to derive non-monetary benefits from *Axanar* works, thereby profiting from exploitation of copyrighted material without paying customary price. Under second factor, creativity in *Star Trek* works and their status as published works were undisputed. On third factor, court noted defendants intentionally used elements from *Star Trek* works to create works that stayed true to *Star Trek* canon “down to excruciating details.” While it was difficult to quantify amount of portion used in relation to *Star Trek* works as whole, elements of *Star Trek* works pervaded *Axanar* works. Elements from *Star Trek* works that defendants used were qualitatively important because they gave *Axanar* works *Star Trek* feel and enabled defendants to stay true to *Star Trek* canon. On fourth factor, court noted prequel was kind of potential derivative plaintiffs would in general develop or license others to develop. Judging by success of defendants’ fundraisers, *Axanar* works were type of work for which there was separate demand that plaintiffs might one day seek to exploit. Court dismissed defendants’ argument that there was no evidence that *Axanar* works acted as market substitutes for *Star Trek* works. Lack of evidence was understandable: *Prelude* could not be market substitute for *Star Trek* TV series or films, just as trailer does not substitute for feature-length film, and *Axanar* Motion Picture had not yet been made or released and its script was not yet released; hence it could not have any market impact. On other hand, defendants successfully raised over million dollars from *Star Trek* fans at defendants’ prompting to fund *Axanar* projects instead of “dumping hundreds or thousands of dollars year on ... cable channels” on which *Star Trek* works are shown. Defendants used “fully-professional crew—many of whom have worked on *Star Trek* itself”—to “ensure *Axanar* will be the quality of *Star Trek* that all fans want to see.” Under facts, defendants evidently intended for their work to effectively function as market substitution for *Star Trek* works. There was little doubt that unrestricted and widespread conduct of sort engaged in by defendants would result in substantially adverse impact of market substitution for *Star Trek* works. Fact that defendants distributed works for free online likely increased risk of market substitution, as fans choose free content over paid features. All four fair use factors thus weighed in favor of plaintiffs.

Disney Enters. v. VidAngel Inc., No. 16-4109, 2016 U.S. Dist. LEXIS 183152 (C.D. Cal. Dec. 12, 2016)

Court granted plaintiffs’ motion for preliminary injunction. VidAngel Inc. offered more than 2,500 movies and television episodes on website. VidAngel purchased DVD copies of each title, entered DVD into inventory management application database and assigned unique barcode to each physical disc case. VidAngel then used commercially available software program to decrypt copy of each title. After decryption, VidAngel created “intermediate” files and tagged files for over 80 types of potentially objectionable content. Before watching movie or episode, customer had to purchase physical DVD containing title from VidAngel. After customer purchased physical DVD customer was shown listing of various types of potentially objectionable content identified in purchased work, as well as number of occurrences of such content. User then selected types of content user wished to have

silenced or deleted. After selecting filters, subscriber was able to view stream instantaneously on any VidAngel-supported device. VidAngel offered over 80 of plaintiffs' movies on website. Plaintiffs did not authorize VidAngel to copy or publicly perform works. Plaintiffs sued alleging infringement and DMCA violations, and moved for preliminary injunction. VidAngel asserted fair use defense. Court found VidAngel's service was not fair use. On first factor, VidAngel did not dispute that it profited from use of plaintiffs' works. Court held commercial use of copyrighted material is "presumptively unfair" exploitation of monopoly privilege that belongs to copyright owner. VidAngel filtering service was not transformative, court found. Service did not add anything to plaintiffs' works; it simply omitted portions viewers found objectionable. Furthermore, notwithstanding edits made by users, VidAngel's use of plaintiff's works served "same intrinsic entertainment value that is protected by plaintiffs' copyrights," and was thus not transformative. Court found VidAngel's commercial use of copyrighted works, coupled with non-transformative nature of edited copies, weighed heavily in favor of plaintiffs under first fair use factor. Second factor also weighed in favor of plaintiffs. Under third factor, VidAngel did not dispute copying of substantial portion of plaintiffs' copyrighted works, but argued that their viewers never watch exact copies of original films, due to requirement that each user must apply at least one filter. VidAngel also asserted that filtered versions of movies were not substitutes for plaintiffs' works. Court disagreed. Despite fact that VidAngel's service omitted portions of each work, essential storyline, cinematography and acting—heart of movie—remained unchanged. Accordingly, third factor weighed for plaintiffs. On fourth factor, court stated that when intended use is for commercial gain, likelihood of market harm "may be presumed." VidAngel, citing customer survey results that indicated that over 51% of VidAngel customers would not watch offerings without filtering, argued service did not harm, and actually increased, market for copyrighted works because filtered movies were not substitute for unfiltered movies. Court found survey results ultimately detrimental to VidAngel; fact that 49% of VidAngel's customers would view movies without filters showed that service did serve as effective substitute for unfiltered works for approximately half of VidAngel users. Furthermore, fact that VidAngel's streams were "composed primarily" of plaintiffs' works, including heart of work, with little added or changed made streams more likely to be merely superseding use, fulfilling demand for original. Fourth factor therefore weighed in favor of plaintiffs. Based on analysis of factors, court found VidAngel had not met burden of proving fair use.

Oracle America, Inc. v. Google, Inc., No. 10-3561, 2016 U.S. Dist. LEXIS 145601 (N.D. Cal. Sept. 27, 2016)

Plaintiff brought suit for infringement with respect to defendant's reimplementation of certain API packages in copyrighted Java. Plaintiff moved to renew its motion for judgment as matter of law and for new trial after jury found accused infringement constituted fair use. Court denied both motions. Plaintiff, without citing any authority, argued that all uses must stand or fall together under fair use test of § 107. Court disagreed and clarified that concern with widespread use is not whether uses distinct from accused uses might harm market for

copyrighted works, but whether use of same sort, if multiplied via use by others, would cause market harm. Court ultimately upheld jury verdict that use constituted fair use.

Newegg Inc. v. Ezra Sutton, P.A., No. 15-1395, 2016 U.S. Dist. LEXIS 124981 (C.D. Cal. Sept. 13, 2016)

Court granted plaintiff's motion for partial summary judgment as to copyright infringement based on defendant's copying of draft legal brief. Defendant moved to amend Final Pretrial Conference Order to add affirmative defense of fair use, and court granted motion, finding no prejudice to plaintiff because plaintiff competently dealt with fair use in its partial summary judgment motion; amendment would not adversely affect conduct of trial; and there was no evidence defendant acted in bad faith. On first fair use factor, court found defendant did not add new expression, meaning or message to draft brief, and use had same intrinsic purpose as original, to persuade court. Factor thus weighed heavily in favor of plaintiff. As to second factor, court found brief was "functional presentation of fact and law," and in accordance with Supreme Court's priority in disseminating factual works, factor weighed slightly in favor of defendant. Because defendant copied most, if not all, of substantive portions of draft brief, third factor weighed heavily in favor of plaintiff. On fourth factor, since plaintiff failed to provide evidence that it had ever sold or licensed its briefs, or that there was market for licensing or sale of its briefs, factor weighed slightly in favor of defendant. Upon consideration of all four factors, "with more weight given to the first and third factors based on the facts, circumstances and particular nature of this case," court found defendant did not meet burden of establishing *prima facie* case that copying of draft brief was fair use.

Nichols v. Club for Growth Action, No. 16-220, 2017 U.S. Dist. LEXIS 12820 (D.D.C. Jan. 31, 2017)

Court denied defendant's motion to dismiss copyright claim as fair use. Plaintiffs, songwriter and recording studio, sued defendant, conservative political action organization that created ads to promote conservative candidates for public office, for copyright infringement. Plaintiffs claimed that defendant's 30-second political ad, broadcast on Wisconsin television and Internet in September 2015, violated plaintiffs' copyright in song "Times of Your Life." Defendant moved to dismiss, "arguing that Plaintiffs' allegations have plead [sic] them out of court by demonstrating that its use of the copyrighted work was fair use." Plaintiffs contended determination of fair use was not appropriate on motion to dismiss, and court agreed: "Fair use is not traditionally determined on a motion to dismiss and this Court will not disrupt that tradition."

Corbello v. Devito, No. 08-867, 2016 U.S. Dist. LEXIS 101768 (D. Nev. Aug. 3, 2016)

Court denied defendants' motion for summary judgment. Plaintiff was widow and heir of Rex Woodard, who assisted defendant "Tommy" DeVito, member of The Four Seasons, in writing unpublished biography that was one basis for *Jersey Boys* musical. Plaintiff alleged that DeVito and others wrongfully used work to develop *Jersey Boys*. Defendants moved for

summary judgment on fair use. As to first fair use factor, court found that commercial use of work weighed against fair use. Second factor similarly weighed against fair use because work had not been published. Third and fourth factors, however, weighed in favor of fair use because portions at issue were small part of work, and use “was likely to have increase[d] its value and likely didn’t decrease it by much, if at all.” In sum, court found issue of material fact as to fair use, and denied motion.

StorageCraft Technology Corp. v. Persistent Telecom Solutions, Inc., No. 14-76, 2016 U.S. Dist. LEXIS 79394 (D. Utah June 17, 2016)

Court granted in part and denied in part plaintiff’s motion for summary judgment. Plaintiff, computer software company that provided end users with computer backup software using proprietary software tools, sued defendant, cloud storage services company, for direct and contributory infringement, alleging that defendant’s cloud services product incorporated “Replacement Solution” that was intended to eliminate defendant’s need to rely on plaintiff’s proprietary tools, but that relied on plaintiff’s tools installed on end-users’ machines to automatically convert plaintiff’s proprietary backup files into new format before files were uploaded to defendant’s cloud. Plaintiff moved for summary judgment that defendant would not be able to establish affirmative defense that use of plaintiff’s copyrighted information was fair use. Court denied motion. Court concluded that defendant had demonstrated existence of genuine dispute of material fact regarding whether defendant would be able to establish fair use defense at trial. Using expert opinion, defendant demonstrated that Replacement Solution was likely to maintain or even increase market for plaintiff’s proprietary tools. Replacement Solution only worked when plaintiff’s tools were also installed on end user’s machine. Therefore, any end user that desired to use Replacement Solution would need to have or would need to purchase plaintiff’s tools. Court found that because effect on market for plaintiff’s work is “undoubtedly the single most important element of fair use,” dispute of fact over market harm alone rendered summary judgment inappropriate.

B. Statute of Limitations

Gym Door Repairs, Inc. v. Young Equip. Sales, Inc., 206 F. Supp. 3d 869 (S.D.N.Y. 2016)

Plaintiffs manufactured Safe Path System, safety device required by law to be used on electrically operated partition doors in schools in New York State. Plaintiffs’ device was only device approved for use in New York City public schools. Defendants used contractors other than and in addition to plaintiffs or those certified by plaintiffs in repairing and maintaining Safe Path System. Plaintiffs brought claims for direct and contributory copyright infringement. Defendants filed motions to dismiss, arguing that plaintiffs’ claims should be dismissed as time-barred. Court held because plaintiffs alleged that infringing activities were “still occurring,” claims were not time-barred.

Walker v. Carter, No. 12-5384, 2016 U.S. Dist. LEXIS 131557 (S.D.N.Y. Sept. 26, 2016)

Court granted defendants' motion for summary judgment on copyright claim, holding claim time-barred. Dispute was over creation, ownership and use of logo used by Roc-a-Fella Records. Plaintiff claimed to be "creative mastermind" of logo design, despite admitting that he neither came up with idea for logo nor drew any part of it. Plaintiff claimed that nearly two decades ago he arranged for three other men to draw logo, and that he directed their work and ultimately combined elements to create logo. Plaintiff alleged that defendants owed him royalties for use of logo under terms of written contract; however, plaintiff claimed he had lost only copy of contract to ever exist. Defendants moved for summary judgment on copyright claim, arguing that plaintiff's claim was copyright ownership claim rather than copyright infringement claim, and thus was barred by three-year statute of limitations. Infringement claims require plaintiff to establish ownership of valid copyright and copying of constituent elements of work. In many infringement cases, ownership is not at issue; issue is instead whether defendant impermissibly copied work. In contrast, where dispute does not involve nature, extent or scope of copying, ownership forms backbone of "infringement" claim at issue, and if ownership claim would be time-barred, any infringement claim is likewise time-barred. Question, then, was whether plaintiff's claims were rooted in contested assertion of ownership interest in copyright. While plaintiff styled his copyright claim as claim for infringement, ownership in fact formed backbone of claim. Ownership claim must be commenced within three years after claim accrued; ownership claim accrues only once, when reasonably diligent plaintiff would have been put on inquiry notice as to existence of right. Court, drawing all inferences in favor of plaintiff, found claim accrued at latest in 2007, when plaintiff, by his own account, learned he was entitled to royalties he did not receive. Since suit was not filed until 2012, plaintiff's claims were time-barred.

Phoenix Techs. Ltd. v. VMware, Inc., No. 15-1414, 2017 U.S. Dist. LEXIS 2899 (N.D. Cal. Jan. 6, 2017)

Court granted in part and denied in part defendant's motion for summary judgment. Parties, software developers, entered into master license agreement for defendant to use certain of plaintiff's software. Plaintiff sued defendant for infringement, alleging use of software by defendant exceeded scope of license. Defendant argued that some of plaintiff's copyright claims were time-barred because they occurred outside of three-year statute of limitations period. Defendant argued that plaintiff had been using defendant's accused server products since at least 2004, that "numerous high-ranking executives and employees" of plaintiff knew about defendant's use of plaintiff's software in its products years before suit was filed, and that such knowledge should be imputed to plaintiff. Because parties disputed when plaintiff discovered, or reasonably could have discovered, defendant's allegedly infringing acts, court held that facts were "neither uncontroverted nor irrefutable," and that factual issue as to when plaintiff learned of alleged infringement must be resolved by jury.

Fine v. Baer, No. 16-21, 2016 U.S. Dist. LEXIS 112312 (M.D. Fla. Aug. 23, 2016)

Court granted in part and denied in part plaintiff's motion for partial summary judgment of liability. Plaintiff photographer brought infringement action against defendants for using photos that he had created in book about shipwreck. Plaintiff moved for partial summary judgment. Defendants asserted as affirmative defense that plaintiff had filed lawsuit after expiration of statute of limitations, contending, on plaintiff's deposition testimony, that plaintiff had learned of infringement few months after book was published in 2011. Court nevertheless held that date of discovery was genuine issue of material fact that could not be resolved at that stage in litigation. Same genuine issue of material fact prevented court from entering summary judgment on issue of laches.

Am. Bd. of Internal Medicine v. Rushford, No. 14-6428, 2017 U.S. Dist. LEXIS 37778 (D.N.J. Mar. 16, 2017)

Court granted defendant's motion for judgment on pleadings on ground that plaintiff's copyright infringement action was barred by three-year statute of limitations. Defendant physician allegedly divulged board certification examination questions to other parties. Court rejected plaintiff's argument that discovery rule meant that claim accrued in January 2012, when plaintiff concretely matched defendant's email address, which was obtained in December 2009 seizure of other parties' communications relating to infringement of plaintiff's copyrighted examinations, to defendant's actual identity. Discovery rule, court noted, is equitable doctrine that protects copyright plaintiff that, through no fault of its own, discovers act of infringement more than three years after infringement occurred. Most compelling reason for determining that discovery rule did not apply was that plaintiff had no need for equitable extension of limitations period, because it had learned of defendant's identity within original three-year limitations period, but failed to file suit.

Live Face on Web, LLC v. Smart Move Search, Inc., No. 15-4198, 2017 U.S. Dist. LEXIS 40247 (D.N.J. Mar. 21, 2017)

District court denied defendants' motion to dismiss for failure to state claim. Plaintiff software developer copyrighted software that allowed websites to display video spokesperson that directs visitor's attention to various portions of website. Defendants' website displayed video spokesperson, which plaintiff claimed defendants had accomplished by using, copying and distributing plaintiff's software without authorization. Plaintiff further alleged that, because defendants' video spokesperson could only appear after copy of plaintiff's software had been distributed to visitor's computer, separate violation of plaintiff's copyright occurred every time visitor accessed defendants' website. Defendants moved to dismiss infringement claim because plaintiff had failed to allege unlawful copying, and any alleged copying occurred outside statute of limitations. Court held that it could not yet determine whether plaintiff's claims were time-barred because complaint sufficiently alleged that separate violation occurred each time visitor accessed defendants' website and viewed video spokesperson. Because it was impossible to know, without discovery, date when visitor last accessed defendants' website, court denied defendants' motion to dismiss.

Energy Intelligence Grp., Inc. v. Kayne Anderson Capital Advisors, LP, No. 14-1903, 2017 U.S. Dist. LEXIS 9426 (S.D. Tex. Jan. 24, 2017)

Court denied defendant's motion for partial summary judgment. Plaintiff, energy publisher, sued defendant, financial advisors, for copyright infringement and breach of subscription agreement based on defendant's unauthorized copying and distribution of plaintiff's subscription-based online newsletter. Defendant moved for partial summary judgment, arguing that three-year statute of limitations applied, but court disagreed. Defendant sought to renew motion on basis of "new evidence" that plaintiff had notice of facts which defendant argued would have led, with exercise of due diligence, to actual knowledge of defendant's infringement. Defendant relied on deposition testimony of one of plaintiff's employees that plaintiff's employees were incentivized, by way of commissions, to inquire into larger-scale infringements and not small-scale infringements. Court found evidence insufficient, as hypothetical scenario presented to employee did not resolve factual question of whether he exercised reasonable diligence in investigation of defendant's suspected infringement. Even if evidence showed plaintiff was less diligent when investigating smaller-scale infringement cases, court held summary judgment would still not be appropriate, as standard is objective, not relative, reasonableness of inquiring or failing to inquire.

Design Basics, LLC v. Devon Custom Home, Inc., No. 16-448, 2017 U.S. Dist. LEXIS 41907 (N.D. Ind. Mar. 22, 2017)

Court denied defendants' motion for partial summary judgment that statute of limitations barred plaintiff's claims based on infringing acts that occurred prior to "look-back date." Court noted that Supreme Court in *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962 (2014), expressly did not pass on question of whether statute of limitations for copyright infringement claims is governed by "injury rule" or "discovery rule." Court therefore applied Seventh Circuit's discovery rule, and held plaintiff's claims regarding infringing acts that occurred more than three years prior to commencement of action not barred as matter of law.

Design Basics, LLC v. Miller Builders, No. 16-390, 2017 U.S. Dist. LEXIS 41909 (N.D. Ind. Mar. 22, 2017)

Plaintiff filed complaint against defendant for publishing, distributing, marketing, and advertising certain architectural designs for single family residential homes that infringe plaintiff's copyrighted works. Defendant alleged that it had used floor plans named in complaint for approximately 23 years prior to lawsuit, and moved for partial summary judgment on statute of limitations. Court found Supreme Court decision in *Petrella* did not abrogate "discovery rule" followed in Seventh Circuit, under which limitations period starts when "plaintiff discovers, or with due diligence should have discovered, the injury that forms the basis for the claim." Accordingly, "discovery rule" controlled determination of when claim accrued, and plaintiff's claims regarding infringing acts that occurred more than three years before action commenced were not barred as matter of law.

Design Basics, LLC v. Rusk Builders, Inc., No. 16-459, 2017 U.S. Dist. LEXIS 41910 (N.D. Ind. Mar. 22, 2017)

Court denied defendant's motion for partial summary judgment. Plaintiff created, marketed, published and licensed architectural works and technical drawings. Defendant built homes. Plaintiff filed suit alleging defendant infringed its architectural designs for residential homes. Defendant had allegedly been building homes based on plaintiff's copyrighted architectural works for at least 15 years prior to suit. Defendant argued plaintiff's suit was time-barred because some of plaintiff's claims occurred prior to three years before plaintiff filed suit. Court disagreed, holding that discovery rule controls determination of when copyright infringement claim accrues. Accordingly, plaintiff's claims for infringing acts that occurred more than three years before suit was filed were not time-barred.

C. Res Judicata/Collateral Estoppel

Bell v. Taylor, 827 F.3d 699 (7th Cir. 2016)

Plaintiff brought suit for infringement, claiming that defendants had impermissibly displayed plaintiff's photo on websites promoting their businesses. District court granted summary judgment for defendants. When plaintiff filed second copyright infringement lawsuit against some of same defendants in same court, district court granted defendants' motion to dismiss second case based on *res judicata*. Seventh Circuit affirmed. On appeal, plaintiff argued that first lawsuit had not made determination regarding nighttime version of photo defendants allegedly infringed. Court found that two lawsuits arose out of common core of operative facts, and that plaintiff had opportunity to litigate issue of nighttime photo but chose not to do so. Court refused to allow plaintiff to use second lawsuit to take another bite at apple.

Crestwood Membranes, Inc. v. Constant Servs., No. 15-537, 2017 U.S. Dist. LEXIS 18621 (M.D. Pa. Feb. 8, 2017)

District court denied both parties' motions for summary judgment due to outstanding issues of fact. Plaintiff, owner of copyrights in several designs imprinted upon pool liners, brought infringement claim against defendant, its contract manufacturer. Defendant sought dismissal of infringement claim, asserting, *inter alia*, that plaintiff was equitably estopped as matter of law from asserting claim. Court noted four factors necessary to establish affirmative defense of equitable estoppel: (1) plaintiff has actual or constructive knowledge of infringing conduct; (2) plaintiff intends or expects that defendants will act on plaintiff's misrepresentations or concealments; (3) defendant is ignorant of true facts; and (4) defendant relies on plaintiff's conduct to its injury. In sum, defense is available "when one party reasonably relies upon the actions of another party to conclude that it is authorized to use a copyrighted work in some fashion, without regard for what the actual intent of the opposing party might have been ... whether a party intentionally or unintentionally committed an act is irrelevant." Because analysis is very fact-specific, it is not well suited for decision at summary judgment stage.

D. First Sale Doctrine

Standard Fabrics Int'l, Inc. v. Dress Barn, Inc., No. 15-8437, 2017 U.S. Dist. LEXIS 7732 (C.D. Cal., Jan. 19, 2017)

Plaintiff, textile company that offered original “trendy, fashion forward” fabric designs, sought summary judgment on its claims for copyright infringement relating to defendant Dress Barn’s sale of garment using allegedly infringing design. Having found summary judgment in favor of plaintiff was warranted as to infringement claim, court addressed defendants’ first sale defense. Defendants claimed that Vietnamese clothing producer Trinh, which supplied garments at issue to defendants, obtained allegedly infringing fabric legally from plaintiff, and thus, as downstream buyers of finished garments incorporating fabric, they were protected by first sale defense. However, court found no direct evidence that plaintiff sold fabric to Trinh; defendants’ argument that both Trinh and third-party clothing manufacturer that received fabric at issue from plaintiff were located in Ho Chi Minh City was not sufficient to raise genuine issue of fact. Defendants thus did not meet burden to show lawful acquisition, and plaintiff was entitled to summary judgment on first sale defense.

E. Misuse

John Wiley & Sons, Inc. v. Book Dog Books, LLC, No. 13-816, 2016 U.S. Dist. LEXIS 127307 (S.D.N.Y. Sept. 19, 2016)

Court struck affirmative defenses raised by defendant. First, defendant asserted plaintiffs’ claims were barred by misuse of their respective copyrights. To prevail, defendant was required to submit evidence showing that plaintiffs’ copyright practices resulted in “improper stifling of competition.” Defendant asserted plaintiffs simultaneously ceased selling to defendant in 2007 and 2012, within year of two occasions on which they sued defendant for copyright infringement. Defendant asserted that that fact, combined with plaintiffs’ motive to harm defendant financially, was sufficient to survive summary judgment on affirmative defense of copyright misuse. Court held assertion that plaintiffs ceased doing business with defendant after suing defendant for copyright infringement was not enough to support affirmative defense predicated on anti-competitive behavior; fact that plaintiffs had same counsel at time did not alter this conclusion. Defendant also asserted plaintiff’s claims were barred by unclean hands doctrine, and raised, as additional evidence of unclean hands, that plaintiffs “intentionally withheld information” about known counterfeiters that should have been disclosed under 2008 settlement agreement. In copyright actions, defense of unclean hands is recognized only rarely, when plaintiff’s transgression is of serious proportions and relates directly to subject matter of infringement action. Here defense failed because defendant presented no evidence that plaintiffs’ failure to disclose information about known counterfeiter rose to such “extraordinary” level that their conduct was “tainted with inequity or bad faith.”

Design Basics, LLC v. Petros Homes, Inc., No. 14-1966, 2017 U.S. Dist. LEXIS 32062 (N.D. Ohio Mar. 7, 2017)

Court denied plaintiff's motion for partial summary judgment on misuse defense. Plaintiff, building design firm that created, marketed, published and sold licenses for use of architectural designs, alleged that several drawings, plans and/or houses constructed by defendants were derived from plaintiff's copyrighted works. Plaintiff moved for partial summary judgment dismissing defendants' affirmative defense of copyright misuse. Misuse defense acts as absolute bar to recovery by copyright holders attempting to extend their limited rights to property not covered by copyright. Court acknowledged that Sixth Circuit had not addressed issue of copyright misuse, but noted that several other circuits had. In support of denial of motion, court cited defendants' contentions that plaintiff's design plans contain many standard elements not protected by copyright; that plaintiff financially incentivized employees to find alleged copyright infringements; that plaintiff sued alleged infringers in over 80 similar lawsuits in 12 states to force settlements of cases by leveraging prospect of litigation; and that most of plaintiff's lawsuits were filed after plaintiff's original design files were irretrievably damaged and lost. Court found there were genuine disputes of material fact on copyright misuse defense and, absent controlling case law holding that such defense has been rejected, summary judgment on defense was inappropriate.

F. Sovereign Immunity

Am. Shooting Ctr., Inc. v. Secfor Int'l, No. 13-1847, 2016 U.S. Dist. LEXIS 96111 (S.D. Cal. July 22, 2016)

Court granted motion to dismiss by individual defendant in capacity as MiraCosta College director. Plaintiffs alleged that former employees and their companies infringed copyrights when they used certain materials in courses at MiraCosta College. Court rejected plaintiffs' arguments that claim for retroactive money damages was not prohibited by Eleventh Amendment because they brought equitable claim to disgorge "ill-gotten gains," and because Copyright Remedies Clarification Act abrogated immunity under Eleventh Amendment as to individual defendant. Court found that plaintiffs sought damages to be paid from state funds, making state real party in interest, and claim for retroactive money damages prohibited by Eleventh Amendment. Court also found that Congress did not abrogate state's Eleventh Amendment immunity here.

G. Miscellaneous

Muhammad-Ali v. Final Call, Inc., 832 F.3d 755 (7th Cir. 2016)

Seventh Circuit reversed district court's placing burden on plaintiff to prove that defendant's copying was unauthorized. Plaintiff was artist who created portrait of Louis Farrakhan, Nation of Islam leader, in 1984. In 2013, plaintiff brought suit against *The Final Call*, newspaper that described itself as "propagation arm of the Nation of Islam," for infringement. Defendant maintained that plaintiff had authorized production and sale of over

100 copies of Farrakhan portrait. District court erred in requiring plaintiff to show that copying was unauthorized as part of *prima facie* case. Instead, court held, defendants had burden to prove authorization as affirmative defense. Further, defendant waived its affirmative defenses, but even if it had not, it failed to show implied license. Court therefore reversed and remanded for damages assessment.

Pugh v. Norman, No. 16-2075, 2017 U.S. Dist. LEXIS 25582 (M.D. Tenn. Feb. 23, 2017)

In report and recommendation, magistrate judge recommended that motion to dismiss be granted. *Pro se* plaintiff executed “Songwriter Contract” with defendant Paramountsong.com under which Paramount, in exchange for compensation, would develop melody and produce demo of plaintiff’s song “Momma Is Walking With Angels.” Plaintiff later executed one-year “Record Contract” with defendant StarTune Records pursuant to which StarTune would reproduce, master and place in major online digital record stores recordings of specified songs, in exchange for which plaintiff would receive percentage of sales. Following year, Paramount returned money plaintiff had previously given to StarTune and gave plaintiff his portion of profits to date. Paramount representatives told plaintiff that they would not maintain songs on iTunes or Amazon, and did not want to provide plaintiff with other services. Plaintiff commenced suit for breach of contract, piracy, and “possible copyright infringement.” As to infringement claim, court found that Record Contract gave StarTune one-year non-exclusive license to put songs on certain online marketplaces; evidence showed that song was for sale within term of contract; there was no allegation of exceeding Record Contract’s terms; and there was no allegation of reproduction or distribution after end of Record Contract’s term. Magistrate judge accordingly recommended dismissal of infringement claim because complaint and its attachments demonstrated existence of valid license defense.

Synopsys, Inc. v. ATopTech, Inc., No. 13-2965, 2016 U.S. Dist. LEXIS 147088 (N.D. Cal. Oct. 24, 2016)

Following jury trial on copyright infringement claim resulting in \$30,400,000 award for plaintiff, district court rejected defendant’s affirmative defense of equitable estoppel. Plaintiff software developer sued defendant competitor software developer for copyright infringement. Defendant argued plaintiff had encouraged use of its software to meet customer demand for compatibility between products offered by different vendors, and had either actual or constructive knowledge of its copying after defendant won benchmark competition using part of plaintiff’s software that it could have not have won without such copying. With respect to first element of equitable estoppel—that party to be estopped “must know the facts”—court found plaintiff lacked actual knowledge of defendant’s infringement, because plaintiff did not gain access to content of defendant’s infringing software until plaintiff conducted audit related to acquisition of company with which defendant had previously done business, shortly prior to filing suit. Defendant also failed to demonstrate constructive knowledge, because plaintiff had no information on which to base infringement claim other than its knowledge of defendant’s success and understanding of underlying

technology, which rendered creation of such compatible products difficult (but not impossible) without shared code. Since plaintiff's products were available solely through license, which defendant did not have, plaintiff had no information concerning unauthorized means through which defendant had accessed its proprietary materials. Further, there were no public records or readily accessible documents plaintiff might have reviewed to gain information regarding defendant's infringement. Finally, court noted that simple inquiry would not have revealed defendant's use of copyrighted material, since plaintiff had contacted defendant's CEO prior to filing suit to express concern that defendant had copied plaintiff's software, and was told "Robert, trust me. We didn't copy any of your stuff." On second element of equitable estoppel, defendant alleged plaintiff had encouraged copying of its proprietary software to promote compatible products, because plaintiff had made presentations at industry conferences and cooperated with third party publications regarding its products. Court disagreed, finding this did not constitute sufficient statement of authorization to warrant copying, noting that plaintiff's products require licenses, and all products and manuals as well as third party publications were prominently marked with copyright notice. Defendant may have had reason to question whether defendant intended to enforce its copyright, but had obligation to investigate further prior to copying, and could have learned extent of interest asserted through simple inquiry to plaintiff. Thus, defendant failed to meet burden of proof for first two required elements of equitable estoppel, and court declined to consider remaining two elements.

Sedosoft, Inc. v. Mark Burchett Ltd., No. 15-10244, 2016 U.S. Dist. LEXIS 170765 (D. Mass. Dec. 9, 2016)

Defendant entered into contract with plaintiff for plaintiff to write computer code for defendant's trading platform. Parties agreed on "firm estimate" of cost and time, and defendant paid plaintiff \$24,000 in two installments. Plaintiff began writing computer code and designed trading platform around his existing trading system support library to expedite project. However, project lasted longer than expected, plaintiff requested additional payments, and defendant offered to pay out of future profit. Plaintiff refused defendant's offer, pulled out of project, and told defendant to find another programmer, but allowed defendant to use plaintiff's support library files "as long as [defendant] need[s] it." Two years later, plaintiff informed defendant that plaintiff would henceforth charge \$2,000-a-month license fee for using plaintiff's support library files; defendant refused to pay and claimed it had acquired perpetual license. Plaintiff obtained copyright registrations for its support library files and commenced lawsuit. Court found plaintiff estopped from asserting copyright infringement claims because plaintiff, expressly and by its conduct, permitted defendant to use its support library files. Court noted elements of equitable estoppel are (1) party to be estopped must know facts; (2) that party must intend that his conduct be acted upon (or must act in way that leads party asserting estoppel to believe it is so intended); (3) party asserting estoppel must be ignorant of true facts; and (4) party asserting estoppel must rely on estopping conduct to his detriment. Court found all elements met, finding (a) no question that plaintiff knew defendant intended to continue project, and project's dependency on plaintiff's support library files; (b) defendant relied on plaintiff's encouragement to

continue developing computer code; (c) defendant did not become aware of plaintiff's claim to computer code until litigation was initiated; and (d) defendant undeniably relied on plaintiff's representations. Consequently, court found plaintiff estopped from claiming copyright infringement of support library files.

Energy Intelligence Grp., Inc. v. Kayne Anderson Capital Advisors, LP, No. 14-1903, 2017 U.S. Dist. LEXIS 9426 (S.D. Tex. Jan. 24, 2017)

Court granted plaintiff summary judgment on defendant's affirmative defenses. Plaintiff, energy publisher, sued defendant, financial advisors, for copyright infringement and breach of subscription agreement based on defendant's unauthorized copying and distribution of plaintiff's subscription-based online newsletter. Plaintiff moved for partial summary judgment on defendant's affirmative defenses. Defendant asserted equitable estoppel, relying on statement from plaintiff to defendant that other infringing subscribers of plaintiff's publication had been required to pay for retroactive subscriptions as result of infringement; defendant argued that statement indicated plaintiff knew of defendant's infringement, that plaintiff intended defendant to respond by purchasing additional subscriptions, and defendant was ignorant of plaintiff's intention to pursue other remedies besides retroactive subscription fees, and relied on representation to continue its infringing conduct because defendant believed plaintiff would only pursue retroactive subscription fees. Defendant argued plaintiff was thus estopped from claiming additional damages. Court disagreed, holding plaintiff's "passing reference to one way of resolving infringement" insufficient. Defendant also asserted defense of implied license, because plaintiff's written subscription agreement prohibited use by anyone other than authorized user, but plaintiff routinely allowed assistants of subscribed persons to download publication for subscriber. Court disagreed, holding that such evidence "merely articulates the common-sense reality of ordinary business practices." Assistants are often employed for such routine tasks as retrieving subscriptions. If subscriber's assistant logged in to plaintiff's website using his credentials for sole purpose of retrieving subscriber's subscription for subscriber's use under terms of subscription license, no reasonable juror could find that activity infringing, and therefore no license was necessary. Defendant also failed to put forward evidence of any conduct from which license could be implied. Defendant also asserted unclean hands/entrapment, and argued plaintiff strategically delayed litigation in order to augment damages. Court disagreed, noting that defendant cited no authority for strategic delay being basis for unclean hands defense.

VII. REMEDIES

A. Damages and Profits

Leonard v. Stemtech Int'l, Inc., 834 F.3d 376 (3d Cir. 2016)

Third Circuit affirmed jury award of \$1.6 million actual damages for use of plaintiff's photos of stem cells taken using electron microscopes. Plaintiff discovered his images on numerous websites affiliated with defendant, and objected to use of images without permission. Despite being on notice of plaintiff's claim, defendant did not notify its distributors of

plaintiff's assertion, which it could have done via company-wide email, weekly newsletter, or monthly communications. Jury returned \$1.6 million verdict in plaintiff's favor. On appeal defendant argued that \$1.6 million actual damages award was unconstitutionally and grossly excessive, and therefore should be reduced or vacated and remanded for new damages trial. Third Circuit noted that one method of computing actual damages involves calculating fair market value of licensing fees copyright owner was entitled to charge for use. Another method focuses on plaintiff's own past licensing fees. Because jury was instructed about both methods for determining actual damages, and had evidentiary basis for applying fair market value through expert testimony, there was no error in allowing jury to consider evidence about damages based on fair market value approach. Expert testified that "benchmark" fair market value calculation of \$215,767.65 did not account for scarcity—rarity of stem cell images—or exclusivity, i.e., how defendant's extensive use would be akin to exclusive license that would eliminate or reduce licensing revenue from other sources and/or decrease value of works. Expert testified that "premium" or multiplier of three to five times benchmark was warranted to account for scarcity, and multiplier of 3.75 to 8.75 times benchmark was appropriate to account for exclusivity of images during infringement period, yielding total estimated range of actual damages of approximately \$1.4 million to nearly \$3 million. While actual damages award under Copyright Act may not include punitive component, here multiplier was not used to penalize; record demonstrated that multiplier was used to calculate fair market value.

Warner Bros. Entm't, Inc. v. X One X Prods., 840 F.3d 971 (8th Cir. 2016)

Eighth Circuit affirmed award of statutory damages to plaintiffs. Warner Bros. and affiliated companies held copyrights in well-known films *Gone with the Wind* and *The Wizard of Oz*, and in "Tom and Jerry" cartoons. Defendants obtained restored versions of movie posters and lobby cards for films, and extracted from publicity materials images of famous characters including Dorothy, Tin Man, Cowardly Lion, and Scarecrow from *The Wizard of Oz*, Scarlett O'Hara and Rhett Butler from *Gone with the Wind*, and Tom and Jerry. Plaintiffs sued defendants for copyright infringement based on defendants' licensing of images for use on consumer products. Defendants appealed lower court's entry on summary judgment of \$2.57 million statutory damages award on grounds that it violated due process. Eighth Circuit, reviewing for clear error, held that statutory damages award of \$10,000 per infringed work was not "obviously unreasonable," given extensive discovery history, in which defendants' intransigence rendered calculation of actual damages impossible due to missing or inaccurate records; many years of litigation, during which defendants did not cease infringing activity; and extensiveness of infringing activity.

McCurry v. Accessory Network Grp., LLC, No. 15-9779, 2016 U.S. Dist. LEXIS 139884 (S.D.N.Y. Oct. 5, 2016)

Court awarded maximum statutory damages for willful infringement of photograph titled "Taj and Train." Plaintiff sold limited edition fine art prints of photograph, but did not license photograph for commercial use. Defendant displayed unauthorized copy of photograph in store windows of Manhattan retail locations. Defendant failed to respond to

plaintiff's cease and desist letters, and continued to display photograph after date of initial letter. Additionally, defendant apparently attempted to conceal its knowing infringement of plaintiff's copyright by transferring photograph to second location after first display was discovered. Defendant was experienced and sophisticated designer and distributor of apparel and accessories, and thus should have known that its conduct was infringing based upon its experience with copyright matters. Accordingly, infringement was deemed willful. Moreover, willfulness was supported by defendant's failure to appear in action. Invoice from plaintiff showed that value of recent fine art sale of photograph was \$35,000.00; court inferred that revenue lost by plaintiff as result of defendant's infringement was at least that amount. Combined with need to deter defendant and others from violating law in future, and defendant's willful conduct, such actual loss supported award of \$150,000 in statutory damages.

Pearson Educ., Inc. v. Aegis Trading Corp., No. 16-743, 2017 U.S. Dist. LEXIS 45887 (S.D.N.Y. Mar. 27, 2017)

Defendants were previously held liable for willfully infringing plaintiffs' copyrights in 14 works, as well as willful trademark infringement and counterfeiting. Magistrate judge followed "majority view" to find that plaintiffs could not recover separate awards for both trademark violations and copyright infringement, but rather must elect between two theories to avoid double recovery. Court was "unconvinced that it is practically possible to consider the same factors under both Acts and tailor an award specific to each alleged injury without duplication and over-deterrence." Court found that since gravamen of case was defendants' sale and distribution of pirated versions of plaintiff's copyrighted books, case was best viewed as copyright infringement case; indeed, computing damages under Lanham Act would lead to arbitrary inequities between plaintiffs, because number of marks infringed did not correlate directly to number of titles infringed (plaintiff Cengage: six titles but only one mark infringed; Pearson: seven titles and four marks infringed; Wiley: one title and two marks infringed). Accordingly, court calculated statutory damages under Copyright Act, and recommended total award of \$1,400,000, \$100,000 per copyright infringed, with award to be divided among plaintiffs according to number of titles infringed.

Solid Oak Sketches, LLC v. 2K Games, Inc., No. 16-724, 2016 U.S. Dist. LEXIS 101119 (S.D.N.Y. Aug. 2, 2016)

Court granted defendants' motion to dismiss plaintiff's claim for statutory damages and attorneys' fees. Defendants developed and marketed *NBA 2K* basketball simulation video game series; updated version of game was released annually. Games featured animated versions of NBA players as they appear in real life, replicating physical features. In several versions of game, defendants reproduced and displayed eight tattoo designs inked on five different NBA players. Plaintiff, owner of copyright in tattoo designs, had not registered copyright prior to initial act of alleged infringement. Court found it unavailing that there were acts of infringement, including release of new versions of game, after copyright was registered. Section 412 provides bright-line rule precluding recovery of statutory damages

and attorneys' fees where first act of infringement in series of ongoing infringements occurred prior to registration.

Reilly v. Plot Commerce, No. 15-5118, 2016 U.S. Dist. LEXIS 152154 (S.D.N.Y. Oct. 31, 2016)

Following grant of default judgment against defendant, magistrate judge recommended district court award plaintiff statutory damages on both copyright infringement and DMCA claims, as well as attorneys' fees and costs. Plaintiff professional photographer sued defendant Plot Commerce, owner of Charged.fm website, for violations of Copyright Act and DMCA after defendant allegedly cropped plaintiff's photograph of musician Tim Reynolds to remove CMI and displayed altered copies on its website. Plaintiff would have charged defendant licensing fee of \$3,052 for use of photograph, but requested maximum statutory award of \$150,000 for one instance of willful copyright infringement and \$125,000 for five violations of DMCA. District court cited its own recent precedent for proposition that law ordinarily forbids plaintiff from recovering twice for same injury, but DMCA damages are not always duplicative of awards for copyright infringement, since DMCA and Copyright Act protect different interests, and separate DMCA and copyright awards may be permitted in appropriate cases. Here, damages were appropriate under both statutes, because plaintiff suffered two injuries: (1) defendant's unauthorized use of copyrighted photograph, which deprived plaintiff of ability to control its use and licensing fee she would have charged, and (2) defendant's removal of plaintiff's CMI, which deprived her of professional recognition for her work and facilitated additional infringements. Under Copyright Act, magistrate judge found defendant's conduct willful but not "truly egregious" as needed to justify maximum damages, since defendant had immediately removed infringing photographs from website upon receipt of plaintiff's demand letter. Thus, damages within normal range of three to five times foregone licensing fee were sufficient to compensate plaintiff, punish infringer and deter other potential infringers. In addition, magistrate found two violations of DMCA, since defendant had removed CMI in violation of subsection 1202(b)(1) and distributed altered work with knowledge that CMI had been removed in violation of subsection 1202(b)(3). Plaintiff had argued that she was entitled to five statutory awards for defendant's violation of § 1202(b)(3), because altered image appeared on five pages of defendant's website, but magistrate judge considered "violative act" to be upload of altered image, rather than each appearance of image on page within defendant's website. To avoid duplicate compensation for injuries already addressed under Copyright Act, and since plaintiff had not articulated additional injuries meriting maximum damages under DMCA above and beyond those traceable to Copyright Act violation, magistrate judge recommended modest award of \$5,000 per violation of DMCA. Magistrate judge thus recommended judgment awarding plaintiff statutory damages of \$15,000 under Copyright Act and \$10,000 under DMCA, plus attorneys' fees and costs.

StriVectin Operating Co., Inc. v. Pandora Beauty, No. 14-6421, 2016 U.S. Dist. LEXIS 144088 (E.D.N.Y. Oct. 14, 2016)

Plaintiff, seller of high-end cosmetic products that are marketed using copyrighted text and photographs, sued defendants for copyright infringement in connection with defendants' sale of stolen or diverted StriVectin products. Defendants failed to participate in action and magistrate judge recommended entry of default judgment and award of statutory damages in amount of \$1 million (approximately \$30,000 for each of 33 works infringed). In support of award amount, magistrate cited defendants' willful infringement and threats of further wrongdoing, as well as defendants' refusal to participate in action, resulting in lack of evidence of defendants' illicit profits, revenues lost to plaintiff, or expenses saved by defendants by infringing. Magistrate judge noted that facts of case could have justified larger award, but plaintiff requested only \$1 million.

Brighton Collectibles, LLC v. Believe Prod., Inc., No. 15-579, 2017 U.S. Dist. LEXIS 15086 (C.D. Cal. Jan. 30, 2017)

Court denied defendant's motion for partial summary judgment with respect to plaintiffs' potential recovery of actual damages. Defendant argued that it was entitled to summary judgment with respect to absence of actual damages, because no evidence existed that defendant's alleged infringement of plaintiff's jewelry design actually caused plaintiff to lose sales. Court denied defendant's motion, even though plaintiff did not present evidence that it lost any particular sale due to defendant's alleged infringement, because sufficient evidence existed from which reasonable jury could conclude that plaintiff suffered injury. In particular, after defendant sold over 9,000 jewelry pieces using photographs of plaintiff's copyrighted design, plaintiff's sales of jewelry with that design declined at higher rate than plaintiff's other jewelry sales.

Am. Rena Int'l v. Sis-Joyce Int'l Co., No. 12-6972, 2016 U.S. Dist. LEXIS 179981 (C.D. Cal. Dec. 29, 2016)

Plaintiff sought \$300,000 in statutory damages for willful infringement, arguing that (1) source code in plaintiff's website, as well as (2) text, visual artwork, graphics, photographs, and compilations of text, graphics, and photographs of that website, had been infringed. Complaint alleged that defendant's infringing websites "cop[y] substantially all of the designs, graphics, photographs and text" of plaintiff's website, but contained no allegations of infringement of source code. After entry of default judgment against defendants, court, taking well-pleaded facts as true, held that plaintiff's allegations supported statutory damages for \$150,000 for infringement of text, visual artwork, graphics, photos and compilations of text on plaintiff's website, but no damages were awarded for infringement of plaintiff's website source code.

New Show Studios, LLC v. Needle, No. 14-1250, 2016 U.S. Dist. LEXIS 129077 (C.D. Cal. Sept. 20, 2016)

Court granted defendant's motion for summary judgment. Defendant, former employee of plaintiff, produced "Dare to Invent" videos for plaintiff, which plaintiff posted to its YouTube page. Defendant posted videos on his website's portfolio page as examples of videos and media that he had worked on, but later removed videos. District court held plaintiff was not entitled to pursue statutory damages or attorneys' fees as matter of law under § 412 because infringement occurred after first publication and before effective date of registration, and registration was made more than three months after first publication. Considering actual damages, court held that plaintiff failed to put forth evidence of revenue that would have accrued to plaintiff but for infringement because videos were products for clients whom plaintiff had already charged, and videos were visible for free on plaintiff's YouTube page. Plaintiff also failed to offer non-speculative evidence that videos generated profits for defendant. Court thus concluded that plaintiff was not entitled to monetary or equitable relief, and granted defendant's motion for summary judgment with respect to copyright claim.

Wild v. Peterson, No. 15-2602, 2016 U.S. Dist. LEXIS 92423 (E.D. Cal. July 15, 2016)

Plaintiff, "well-known insect photographer," brought motion for default judgment against defendant, operator of pest control company, who used plaintiff's image on website. On consideration of relevant Ninth Circuit factors, court determined that default judgment was appropriate. As to \$20,000 statutory damages request, court agreed that infringement was willful because plaintiff's counsel had contacted defendant number of times before lawsuit was filed, but defendant kept photo on website. Court found, however, that \$20,000 was excessive. Plaintiff normally charged \$95-\$375 license fee; case essentially involved unauthorized copying of single image by relatively small, regional pest control company; and image appeared with other insect images and was not used as main logo or trademark for business. Nor was there any other indication that defendant derived substantial economic value from its unauthorized use of image specifically. Court, noting that deterrence was necessary, determined that \$7,500, 20 times \$375.00 licensing fee, was appropriate award.

LHF Prods., Inc. v. Doe I, No. 16-1017, 2017 U.S. Dist. LEXIS 21539 (W.D. Wash. Feb. 15, 2017); *LHF Prods., Inc. v. Doe I*, No. 16-865, 2017 U.S. Dist. LEXIS 21528 (W.D. Wash. Feb. 15, 2017); *LHF Prods., Inc. v. Doe*, No. 16-1175, 2017 U.S. Dist. LEXIS 21599 (W.D. Wash. Feb. 15, 2017)

Plaintiff, copyright owner of motion picture *London Has Fallen*, brought copyright infringement suits against "swarm" of defendants for copying and distributing film using BitTorrent. Court had granted plaintiff early discovery to serve subpoena on ISPs, which identified defendants. Court assessed plaintiff's requests for statutory damages in three substantially identical decisions issued same day. Court determined that \$750 was proper award, rejecting plaintiff's claim that "minimum statutory awards fail to accomplish the

goals of the Copyright Act” and its attempt to secure higher award by “cit[ing] to tweets which appear to mock statutory minimum awards in other BitTorrent cases.” Court noted that “[s]tatutory damages are not intended to serve as a windfall to plaintiffs, and enhanced statutory damages are not warranted where plaintiffs do not even try to demonstrate actual damages,” and that plaintiff had not established that defendants placed seed file on network, and had not shown that defendants profited from infringing conduct.

QOTD Film Inv. Ltd. v. Starr, No. 16-371, 2016 U.S. Dist. LEXIS 138596 (W.D. Wash. Oct. 5, 2016)

Plaintiff, owner of copyright in motion picture *The Queen of the Desert*, brought suit for copyright infringement, alleging unauthorized downloading and sharing through defendants’ participation in peer-to-peer network using BitTorrent protocol. Court granted plaintiff’s motion for default judgment, including permanent injunction, statutory damages, costs and attorneys’ fees, against defendant who failed to appear in suit. Court in its discretion awarded \$750 in statutory damages rather than \$2,500 demanded by plaintiff, given that infringement was relatively minor, causing relatively minor injury. Court rejected plaintiff’s argument that statutory damages should be set to amount at or above anticipated costs of defending action so as to encourage defendant to appear.

Sinclair Broad. Group, Inc. v. Colour Basis, LLC, No. 14-2614, 2016 U.S. Dist. LEXIS 84154 (D. Md. June 29, 2016)

District court granted in part and denied in part counter-defendants’ motion for summary judgment. Counter-defendants, television company operating over 150 stations in over 70 markets and its personnel, sought declaratory judgment action that they had not infringed defendants’ copyright by their reproduction and use of “Style Guide,” containing standards and expectations for on-air talent, prepared by defendants at their request. Defendants alleged copyright infringement, and claimed they were entitled to actual damages and profits for any infringement, and statutory damages for infringement after they registered their copyright. Copyright owner may elect to recover statutory damages rather than actual damages and profits at any time before final judgment is entered; statutory damages may be increased to maximum of \$150,000 per infringement upon if owner sustains burden of proving that infringement was committed willfully. Defendants argued that infringement was willful because they specifically told counter-defendants that use of Style Guide would be subject to payment for additional licenses and printed copies; court denied counter-claimants’ motion for summary judgment as to willfulness due to outstanding issues of fact. Regarding lost profits, defendants argued their profits attributable to infringement of Style Guide were “combined revenues ‘generated from the sale of advertising time slots within the local newscasts and within the shows aired just before and just after the local newscasts, for each station that received a copy of the Style Guide, for the period of time during which it had the Style Guide.’” Court granted counter-claimants’ motion for summary judgment as to defendant’s profits because defendant failed to demonstrate existence of nonspeculative causal link between alleged infringement of Style Guide and advertising revenues of defendants’ affiliate stations.

Hawaiiweb, Inc. v. Experience Hawaii, Inc., No. 16-405, 2017 U.S. Dist. LEXIS 11127 (N.D. Ga. Jan. 27, 2017)

Plaintiff owned and operated website that provided tourism information including photographs of and writings about certain locations near Kauai, Hawaii. Parties entered purchase agreement under which plaintiff transferred website to defendant. Terms of agreement required defendant to put down earnest money, and rest was financed with promissory note. After defendant missed payments and plaintiff gave time to cure, plaintiff accelerated unpaid amounts under promissory note and repossessed website. Defendant then posted one of plaintiff's photographs, cropped to omit copyright notice, on its website. Plaintiff sent cease and desist letter demanding that defendant remove copyrighted content from website. Defendant refused, and plaintiff filed suit. Following defendant's counsel's withdrawal from case, defendant failed to respond to plaintiff's motion for default judgment. Court determined that infringement was willful, because, after defaulting and plaintiffs' repossession of site, defendant posted photograph to its site after cropping copyright notice. Court rejected plaintiffs' request for \$50,000 statutory damages as unsupported: plaintiff did not provide estimate of fair market value of rights infringed, possible lost revenue, or typical licensing fee for use of photo. Court looked to other willful infringement cases within Circuit that involved photographs, and determined that in this case \$8,000 was reasonable award of statutory damages. Court also issued permanent injunction, as plaintiffs established willful infringement. Additionally, court found attorneys' fees request of \$4,680 and cost request of \$1,102.40 reasonable, and awarded those amounts.

Cobbler Nevada, LLC v. Ronne, No. 15-1230, 2016 U.S. Dist. LEXIS 159411 (D. Or. Oct. 26, 2016)

Plaintiff brought copyright infringement action against defendant for copying and publishing its film online. Defendant defaulted. Plaintiff maintained that it should be awarded at least \$1,500 in statutory damages, despite its concession that economic damages it suffered were highly speculative and incalculable. Court disagreed with plaintiff that large damage award was necessary for deterrence or "to give the statute full force and effect." Court noted that plaintiff could only establish that it had suffered \$190 in damages. Accordingly, minimum statutory damages award of \$750 was adequate to compensate plaintiff for its loss.

Countryman Nev., LLC v. Suarez, No. 15-436, 2016 U.S. Dist. LEXIS 129448 (D. Or. Sept. 22, 2016)

Plaintiff sued alleging that defendant copied and distributed plaintiff's motion picture *The Necessary Death of Charlie Countryman* through peer-to-peer BitTorrent network in violation of plaintiff's exclusive rights under Copyright Act. Defendant did not respond to complaint, and default judgment was entered. Plaintiff conceded that amount of economic damages suffered as result of infringing activity was highly speculative and incalculable, but argued that defendant's infringing act was willful, and that statutory damages of \$5,000 were warranted. Court refused plaintiff's request, because defendant had verbally denied being person who downloaded plaintiff's movie, and defendant was not personally served. Court

awarded minimum statutory damages of \$750. Plaintiff stated in motion for entry of default judgment that if court did not award damages of \$5,000 or greater, then plaintiff would seek to exercise Seventh Amendment right to jury trial on damages. Court refused, noting plaintiff offered no legal authority for proposition that right to jury trial on damages survived entry of default. Court held that “a party cannot fairly be permitted to gain two chances at victory by waiting until after it is advised of the judge’s decision to decide whether to waive its right to a jury ... this unsupportable result is akin to allowing a gambler to switch his bet as the horses reach the home stretch.”

Fathers & Daughters Nevada, LLC v. Leonard, No. 16-315, 2016 U.S. Dist. LEXIS 174783 (D. Or. Dec. 19, 2016)

Court entered default judgment against defendant in infringement suit alleging that defendant had copied and distributed plaintiff’s motion picture through public BitTorrent network. Plaintiff sought statutory damages in amount of at least \$1,500. Plaintiff conceded that amount of economic damages it suffered was highly speculative and incalculable, but it argued that defendant’s conduct was willful and that because defendant defaulted its request for statutory damages was not unreasonable. Court agreed, noting that defendant verbally admitted to plaintiff’s counsel that defendant engaged in infringing activity; that court appointed *pro bono* counsel to help defendant, who was nonresponsive to appointed counsel; and that defendant was personally served with process, and then refused to participate in proceeding. Court also granted permanent injunction enjoining defendant from directly, indirectly or contributorily infringing on plaintiff’s rights.

Bell v. KG Am. Real Estate Holdings, LLC, No. 15-1423, 2016 U.S. Dist. LEXIS 127087 (S.D. Ind. Sept. 16, 2016)

Court adopted magistrate judge’s Report and Recommendation in full. Plaintiff brought infringement suit based on defendant’s use of plaintiff’s photo of downtown Indianapolis skyline on defendant’s website. Default judgment was entered in favor of plaintiff, taking allegations from complaint relating to liability as true. However, allegations with respect to amount of damages were not deemed true. Plaintiff sought maximum statutory damages of \$150,000 for willful infringement. Magistrate judge found request not justified because complaint “minimally alleges sufficient facts to fall within definition of willfulness,” but plaintiff did not offer additional evidence at hearing to suggest defendant’s actions were “particularly egregious.” Plaintiff argued “everyone should know that unless he specifically has paid for a license or obtained permission from an owner, no photograph can be used on a website without that use constituting willful copyright infringement.” Court rejected generalized view of willfulness that was not based on specific circumstances surrounding particular infringement. Given that defendant removed photo from its website, and there was no specific evidence that defendant had notice before putting photo on its website that it was infringing, no evidence supported finding that defendant’s actions were “particularly egregious.” Court found magistrate judge’s award of \$2,000 (ten times amount for which plaintiff had offered to license photo to others) sufficient to deter similar conduct.

Design Basics, LLC v. Petros Homes, Inc., No. 14-1966, 2017 U.S. Dist. LEXIS 32066 (N.D. Ohio Mar. 7, 2017)

Court denied plaintiff's motion for partial summary judgment on issue of overhead expenses. Plaintiff, building design firm that created, marketed, published and sold licenses for use of architectural designs, alleged that several drawings, plans and/or houses constructed by defendants were derived from plaintiff's copyrighted works. Plaintiff moved for summary judgment, seeking to restrict defendants' ability to offer evidence to offset plaintiff's *prima facie* damage proof. Under § 504(b), copyright owner is required to present proof only of infringer's gross revenue, and infringer is required to prove deductible expenses. Plaintiff argued that defendants failed to produce sufficient evidence to permit them to deduct overhead expenses from profits on homes. Court disagreed. Plaintiff contended that defendants failed to sufficiently explain how evidence they produced was allocable to specific construction projects; argument actually confirmed that defendants produced evidence of overhead and fixed expenses. While defendants would bear burden proving what overhead expenses were and how they were allocable to individual projects, defendant was not obligated to create records that detail such methodology now. Moreover, court held there were genuine disputes of material fact related to whether defendants copied protected elements of plaintiff's design plans or whether, if copied, those elements were substantially similar to plaintiff's designs. Plaintiff's motion for summary judgment on damages portion of its claim was premature.

Big Daddy Games, LLC v. Leja Distributing, Inc., No. 13-1430, 2016 U.S. Dist. LEXIS 99596 (E.D. Wisc. July 29, 2016)

Plaintiff brought suit for infringement against distributors and end-users of machines that infringed its copyrights. Court granted plaintiff's motion for default judgment against five defendants who failed to answer. Plaintiff sought \$450,000 in statutory damages against each of five defendants. Given default judgment, allegations of complaint were taken as true, and finding of willfulness was warranted; and given that infringement was willful, court found question of statutory damages was more about deterrence and penalizing infringers than about making plaintiff whole for lost royalties or profits. Since machines in question sold for only \$1,550, and since defendants were primarily taverns or individuals, full amount sought by plaintiff was "wildly out of scale." Court awarded \$15,000, roughly 10 times value of infringing device, per defendant, which court found would suffice to deter infringement and make plaintiff whole.

Retail Royalty Co. v. Guangjing Co., No. 16-336, 2016 U.S. Dist. LEXIS 172908 (W.D.N.C. Nov. 28, 2016)

Court granted plaintiff's motion for attorneys' fees. Court found that plaintiff owned registered copyrights in certain trademarks that encompassed various eagle designs. Court found that defendant had access to eagle designs and copied, reproduced, displayed and distributed plaintiff's copyright works without plaintiff's authorization. Court considered defendant's conduct to be willful infringement and, accordingly, awarded maximum

statutory damages of \$300,000 for infringement of two copyrighted works, as well as plaintiff's reasonable attorneys' fees.

Christ Ctr. of Divine Philosophy, Inc. v. Elam, No. 16-65, 2017 U.S. Dist. LEXIS 19140 (W.D. Okla. Feb. 10, 2017)

District court granted motion for default judgment, but declined to award maximum statutory damages allowable under § 504(c)(1) because allegations that infringement was willful and continuous were admitted by default. Plaintiff, assignee of copyrights in 31 publications created by Audle Allison, brought suit for infringement, claiming that defendant willfully infringed rights by publishing and selling three books containing copyrighted material from four Allison publications. Court granted default judgment against defendant, who failed to appear, and issued permanent injunction ordering defendant to stop infringing plaintiff's copyrights. Court awarded statutory damages to plaintiff, but stated that, although plaintiff alleged willful and continuous infringement, award of statutory maximum would be "excessive in light of the purpose of statutory damages and the lack of record evidence which would reasonably allow the Court to conclude that maximum allowable damages are called for here." Thus, court awarded \$20,000 for each infringed work, for total of \$80,000, finding that award served dual purposes of punishing infringer and deterring future infringement, as well as supporting rights of plaintiff in copyrighted material and encouraging continued enforcement.

B. Attorneys' Fees

Kirtsaeng v. John Wiley & Sons, Inc., 136 S. Ct. 1979 (2016)

Kirtsaeng, Thai citizen, purchased foreign editions of plaintiff's textbooks and resold them to American students at profit. Supreme Court in 2013 6-3 decision established that first sale doctrine does apply to copies manufactured abroad. On remand, Kirtsaeng argued that he should recover attorneys' fees because case clarified close and important legal issue, and thereby advanced purposes of Copyright Act. District court denied request, primarily on basis that Wiley's legal and factual positions in litigation, though unsuccessful, had been "objectively reasonable." Second Circuit affirmed. Supreme Court granted *certiorari* to resolve disagreement in lower courts about how to address application for fees in copyright case. Contested issue was whether giving substantial weight to objective unreasonableness of losing party's litigating position, or, alternatively, to lawsuit's role in settling significant and uncertain legal issues would predictably encourage useful copyright litigation. Court observed that when litigant is clearly correct, "the likelihood that he will recover fees from the opposing (i.e., unreasonable) party gives him the incentive to litigate the case all the way to the end." Conversely, when party has unreasonable litigating position, likelihood that he will have to pay two sets of fees discourages legal action." Focusing on objective unreasonableness thus advances policy goals of Copyright Act. Court did not dispute that prospect of fees award might encourage party to stay with difficult and otherwise unremunerative case, or that litigation of such cases could clarify boundaries of law for benefit of all. But Kirtsaeng's approach cannot be relied upon consistently to advance

copyright policy because fee awards are “two-edged sword,” enhancing reward for victory but also increasing cost of defeat, and “hallmark of hard cases is that no party can be confident if he will win or lose.” Given litigant might just as easily be discouraged from staying with hard case that could clarify copyright law, if that litigant were risk-averse. Prospect of fees award would (by definition) raise stakes of such suits; but whether those higher stakes would provide incentive or disincentive to litigate hinges on party’s attitude toward risk, individual psychological variable having nothing to do with issues in copyright case. Party’s risk tolerance or risk-aversion “could just as easily discourage as encourage parties to pursue kinds of suits that meaningfully clarify copyright law.” By contrast, emphasizing objective reasonableness of non-prevailing party’s position both encourages parties with strong legal positions to stand on their rights and deters those with weak ones from proceeding with litigation. Court found that stress on objective reasonableness was also more administrable, because reasonableness of parties’ positions would necessarily have been considered carefully by court in reaching its decision on merits; “precedent-setting, law-clarifying value” of case might not be apparent until long after case is over. Court nevertheless admonished that objective reasonableness can only be important factor in assessing fee applications, not controlling one, and faulted fee proceedings below for having “raised serious questions about how fee-shifting actually operates” in Second Circuit: “Court of Appeals’ language at times suggests that a finding of reasonableness raises a presumption against granting fees . . . and that goes too far.” Indeed, district courts in Second Circuit appear to have “overly learned” lesson, “turning ‘substantial’ into more nearly ‘dispositive’ weight.” Supreme Court vacated and remanded denial of Kirtseng’s fee application to ensure that court would evaluate motion consistent with analysis set out, giving substantial weight to reasonableness of Wiley’s position, but also taking into account all relevant factors.

EMI Blackwood Music Inc. v. KTS Karaoke, Inc., 15-2308, 2016 U.S. App. LEXIS 13218 (2d Cir. July 20, 2016)

Second Circuit affirmed that defendant was not prevailing party for purposes of attorneys’ fee award. Plaintiffs commenced copyright infringement action against defendants for allegedly distributing karaoke recordings of songs in which plaintiffs owned copyright without license. After briefing on defendants’ motion to dismiss, plaintiffs reached settlement with defendants’ insurer for more than \$1 million, and plaintiff agreed to dismissal with prejudice. Defendants then moved for attorneys’ fees as prevailing party under § 505, and district court denied motion. Second Circuit noted that not only must party seeking fees achieve some material alteration of legal relationship of parties, but that change must also be judicially sanctioned. In certain circumstances, settlement agreement might bear such “judicial imprimatur.” Here, even if settlement both materially altered legal relationship between parties and bore such judicial imprimatur, defendants were not prevailing parties, given that their insurer had to pay more than \$1 million to EMI. Court additionally rejected defendants’ argument that dismissal with prejudice amounted to decision on merits in defendants’ favor. Court affirmed district court’s denial of motion.

Perfect 10, Inc. v. Giganews, Inc., 847 F.3d 657 (9th Cir.)

Ninth Circuit affirmed district court's award of attorneys' fees to prevailing defendants. Defendant Giganews owned and managed Usenet servers and, for fee, supplied subscribers with access to Giganews-stored data on separate Usenet-provider servers. Defendant Livewire did not own Usenet servers but allowed subscribers to access Giganews-stored Usenet data. Plaintiff, owner of many "adult images," served Giganews with number of DMCA takedown notices based on infringing content on Giganews's servers, and subsequently brought suit against Giganews and Livewire for direct and indirect copyright infringement. Ninth Circuit affirmed district court's award of \$5,213,117.06 in fees to Giganews and Livewire, as well as \$424,235.47 in costs, finding that district court's reasoning was supported by record, and award of fees was consistent with purposes of Act. Court also affirmed district court's denial of defendants' supplemental fee request on basis that it was untimely, and there was no "compelling showing of good cause' to excuse this untimeliness."

Spear Mktg. v. BancorpSouth Bank, 844 F.3d 464 (5th Cir. 2016)

Fifth Circuit affirmed award of attorneys' fees of nearly \$1 million. District court awarded defendants nearly \$1 million in attorneys' fees under state law, or, in alternative, under Copyright Act. Plaintiff argued that district court erred in awarding fees under state law because its state law claim was preempted, and erred in awarding fees under Copyright Act because plaintiff never pleaded or litigated copyright claim. Plaintiff software developer produced VaultWorks, computer program that assisted banks in managing their cash inventories. Defendant was one of banks that used VaultWorks; however, defendant terminated its agreement with plaintiff because defendant had reached agreement with another software developer to license new program that included functions similar to VaultWorks. Plaintiff filed its original complaint in Texas state court, alleging 10 causes of action, including Texas Theft Liability Act (TTLA) claim that defendant had "copied" and "transmitted" its software. Defendant removed case to federal court on ground that claims were completely preempted, and moved to dismiss all claims as preempted. In response plaintiff filed amended complaint asserting nine claims, and omitting from TTLA claim allegations of copying and transmitting. Defendant moved for summary judgment, which district court granted. District court found that all of plaintiff's claims in amended complaint failed on merits, so it declined to address issue of preemption. Fifth Circuit affirmed, and defendant subsequently moved in district court for attorneys' fees. District court awarded attorneys' fees to defendant under TTLA or, alternatively, under Copyright Act, explaining that award would not vary between two statutes. District court viewed itself as facing "dilemma": it needed to decide whether to treat defendants as prevailing parties under TTLA because they successfully defended against TTLA claim, despite fact that Fifth Circuit held TTLA claim completely preempted. Fifth Circuit found district court mistakenly failed to distinguish between TTLA claim in original complaint and that in amended complaint. Circuit's previous opinion did not reach question of whether TTLA claim in amended complaint was preempted. District court nevertheless reached correct outcome in awarding fees under TTLA. At time of fees motion, no court had ever held that TTLA claim in

amended complaint was preempted. Rather, district court adjudicated TTLA claim in amended complaint on merits, dismissing it with prejudice. TTLA therefore supplied rule of decision in case, and, accordingly, district court did not err by awarding attorneys' fees under TTLA. Because fees were properly awarded under TTLA, court did not address district court's alternative grounds for awarding fees under Copyright Act.

Yellow Pages Photos, Inc. v. Ziplocal, LP, 846 F.3d 1159 (11th Cir. 2017)

Eleventh Circuit held that district court's failure to award full costs without "sound basis" for doing so was error. Plaintiff executed agreements with defendant concerning defendant's use of plaintiff's photographs and "subject matter headings." Agreements obligated defendant to prohibit unauthorized users from viewing plaintiff's photos and prevented defendant from transferring photos to third parties without plaintiff's authorization. Contract contained clause allowing prevailing party to collect fees and costs in event of legal action to enforce contract or in conjunction with use of plaintiff's licensed photos. Defendant contracted with nonparty and gave nonparty plaintiff's licensed works without plaintiff's authorization. Plaintiff brought suit for breach of contract and copyright infringement. Jury found that defendant breached its contract, but found no damages on account of breach. It found infringement and awarded \$123,000 in statutory damages against non-party and \$1.00 of actual damages against defendant, and awarded \$100,000 in actual damages against defendant on account of contributory infringement. Eleventh Circuit found trial court erred in not counting hours spent pursuing plaintiff's copyright claim in lodestar. Court also found error in trial court's further reduction of lodestar. Trial court noted that damages awarded were 5% of maximum plaintiff requested and 10% of minimum amount requested. Using mid-point of these numbers—7.5%—court found percentage was amount of success plaintiff attained and reduced lodestar. Eleventh Circuit found it difficult to frame process as anything other than rote application of mathematical formula to ensure proportionality between litigation success of plaintiff and subsequent award of attorneys' fees, noting trial court gave no other reasoning for 92.5% reduction in fee requests. Moreover, contract between parties allowed for recovery of fees, and reduction prevented plaintiff from receiving benefit of bargain and in effect nullified provision. Court additionally found abuse of discretion in trial court's similar mathematical means to reduce costs. Court also noted that contract between parties did not limit recoupment of costs to only nontaxable costs. Court reversed and remanded.

Megna v. Biocomp Labs. Inc., No. 16-3845, 2016 U.S. Dist. LEXIS 180067 (S.D.N.Y. Dec. 21, 2016)

Court granted defendants' motion for attorneys' fees. Plaintiff brought infringement action against defendants in May 2016. Court dismissed complaint for lack of personal jurisdiction, with leave to file amended complaint within 30 days to address jurisdictional deficiencies. Instead of amending complaint, plaintiff filed motion to transfer venue to Colorado. Court denied motion to transfer, dismissed complaint, and closed case. Defendants moved for attorneys' fees, and plaintiff opposed, arguing that (1) defendants' success on "technical" issue did not qualify them as "prevailing parties" under Act; and (2) claims were not

objectively unreasonable. Court disagreed on both counts. Court was persuaded, in light of Supreme Court opinion in *CRST*, 136 S. Ct. 1642 (2016), that defendants were “prevailing parties” in litigation. Party is prevailing party if there is “judicially sanctioned change in the legal relationship of the parties” favoring it, including enforceable judgment on merits or court-ordered consent decree. While success on purely technical or *de minimis* grounds does not make one “prevailing party,” under *CRST*, procedural determinations by court are sufficient to deem defendant prevailing party: “defendant may prevail even if the court’s final judgment rejects the plaintiff’s claim for a nonmerits reason.” Dismissal for lack of personal jurisdiction, like dismissal on mootness or sovereign immunity grounds, is procedural determination that closes court to nonmoving party. Court further found plaintiff’s conduct objectively unreasonable. Instead of initially filing in Colorado, plaintiff filed in S.D.N.Y. Court dismissed complaint for lack of personal jurisdiction, and allowed plaintiff to amend complaint to address issue; plaintiff instead filed motion to transfer, providing no reason, and alleging no facts, to justify motion. Plaintiff conceded that he could not establish New York jurisdiction over defendants, and made no argument to support jurisdiction in Colorado. Such conduct and concession established that case was “unreasonable” from beginning. Award of attorneys’ fees to defendants was necessary to deter plaintiffs from filing false claims and unreasonably extending duration of litigation, while aware that New York did not have jurisdiction. Defendants’ motion for attorneys’ fees was therefore granted.

Scrilla Hill Entm’t Inc. v. Dupree, No. 16-490, 2016 U.S. Dist. LEXIS 138346 (S.D.N.Y. Oct. 5, 2016)

District court denied defendants’ motion for attorneys’ fees. Plaintiffs asserted copyright and other claims against defendants and vigorously pursued settlement, despite defendants’ assertions that copyright claims were unfounded. After defendants filed motions to dismiss, plaintiffs voluntarily dismissed all claims. Defendants filed motions for attorneys’ fees, including under Copyright Act, as sanctions for alleged improper conduct by plaintiffs’ counsel. Court denied request for attorneys’ fees under Copyright Act, because Act allows courts to grant attorneys’ fees only to “prevailing party.” Declining to follow more recent decisions from lower courts, court relied on “clearly binding authority” from Supreme Court in *Buckhannon*, 532 U.S. 598 (2001), which held that moving party must achieve material alteration of legal relationship that is judicially sanctioned to qualify as prevailing party. Since plaintiffs had voluntarily dismissed complaint, no court action was required, and since dismissal was without prejudice, plaintiffs retained right to bring claim again and there was no change in parties’ legal relationship. Thus, defendants were not “prevailing party” for purposes of attorneys’ fees under Copyright Act.

McCurry v. Accessory Network Grp., LLC, No. 15-9779, 2016 U.S. Dist. LEXIS 139884 (S.D.N.Y. Oct. 5, 2016)

Plaintiff was awarded attorneys’ fees after showing willful infringement of fine art photograph titled “Taj and Train,” but amount of fee award was reduced by 40% because of deficiencies in fee application. Plaintiff sought \$9,706.25 in fees, but failed to (i) provide

information about background, professional experience and reputation of counsel; (ii) submit evidence of customary hourly rates charged by counsel; and (iii) demonstrate that hourly rates charged by counsel were comparable to rates charged by similarly situated counsel in same district. Thus court could not assess reasonableness of fees sought, and reduced award by 40% across board, resulting in an award of \$5,823.75.

Erikson Productions, Inc. v. Kast, No. 13-5472, 2016 U.S. Dist. LEXIS 96113 (N.D. Cal. July 22, 2016)

Court denied without prejudice plaintiff's motion for attorneys' fees. Professional photographer brought copyright infringement suit against website owner, claiming that he had copied several of photographer's photos and posted them on website without permission. Jury found that defendant was liable for willful vicarious and contributory infringement, and plaintiffs subsequently moved for attorneys' fees. While court found that fee award was appropriate, it denied plaintiffs' motion without prejudice because plaintiffs failed to meet "burden of producing evidence, other than declarations of interested counsel, that the requested rates are in line with those prevailing in the community for similar services by lawyers of reasonably comparable skill, experience and reputation."

Johnson v. Storix, Inc., No. 14-1873, 2016 U.S. Dist. LEXIS 110278 (S.D. Cal. Aug. 17, 2016)

District court granted defendant's motion for attorneys' fees after defendant succeeded in defending claim for infringement of software program. After defendant filed taxable bill of costs and parties attempted to mediate costs issue, Supreme Court issued opinion in *Kirtsaeng v. John Wiley & Sons, Inc.*, 136 S. Ct. 1979 (2016). At court's request, parties filed arguments explaining how decision should impact court's analysis of defendant's motion for fees. Thereafter, court granted in part and denied in part defendant's motion for fees. Regarding plaintiff's motive for suit, court held that plaintiff demonstrated motives for initiating lawsuit other than securing copyright infringement judgment, because there was evidence that plaintiff wanted to "wrest control of the company from its majority shareholders and to force the [defendant] company to 'close its doors.'" "Objective unreasonableness" weighed in plaintiff's favor, because plaintiff's position was determined to be objectively reasonable through conclusion of trial, though court considered plaintiff's conduct post-trial to be unreasonable and inappropriate. Considerations of competence and deterrence also weighed against plaintiff; court found that plaintiff's pre-judgment litigation tactics should be deterred. There was evidence that plaintiff told defendant's shareholders to "get the [expletive] out," attempt to coerce defendant owners into surrendering control of company; demand to defendant's customers to stop paying for software licensed from defendant in attempt to prevent defendant from having enough money to continue defending lawsuit; and evidence plaintiff threatened defendant's directors with loss of their homes. Court held that such "inappropriate conduct should be deterred."

Alliance for Water Efficiency v. Fryer, No. 14-115, 2017 U.S. Dist. LEXIS 6615 (N.D. Ill. Jan. 18, 2017)

Court denied defendant's motion for attorneys' fees for work done in appeal before Seventh Circuit because defendant was not "prevailing party" under Act. Plaintiff hired defendant, environmental scientist, to research and write report on extent to which water demand elasticity during future droughts would be affected by urban water agencies' conservation programs. When defendant submitted draft report, plaintiff was dissatisfied, and requested report be refocused. Defendant disagreed. Dispute ensued, including claim of copyright infringement. Case was referred to settlement conference. Settlement was reached at conference, and lawyers stated material terms on record. It was agreed that ultimate execution of contemplated written agreement was not precondition to contract formation, and if parties could not subsequently agree on written document, what was read into record would serve as agreement. Parties attempted to put agreement in writing, but could not, as they disagreed regarding whether defendant could name certain sponsors of new report without their prior permission. Question was whether, when parties were before Seventh Circuit, arguing about terms of their settlement agreement, defendant prevailed not on contract construction matter, but on action under Copyright Act. Court found that he did not. Defendant argued that appeal related to copyright because list of funders was "expressive content." Court disagreed. Neither defendant nor plaintiff had copyright in names of funders; Act protects only form of author's expression, not facts or ideas being expressed. Circuit court vacated injunction because it contained terms to which parties had not agreed, not because Copyright Act precluded agreement that plaintiff refrain from naming sponsors. Court noted that "entire, lengthy Argument section" of appellate brief did not contain any argument about copyright. Arguments were limited to First Amendment, prior restraint and contract interpretation issues. Court held that defendant prevailed in circuit court not because of copyright claim, but because lower court improperly concluded that parties had agreed to something they had not. Court denied defendant's motion for attorneys' fees.

Kitchen & Bath Concepts of Pittsburgh, LLC v. Eddy Homes, Inc., No. 16-589, 2017 U.S. Dist. LEXIS 36768 (W.D. Pa. Mar. 15, 2017)

Court denied defendant's motion for attorneys' fees. Court granted defendant's motion to dismiss plaintiff's claim for copyright infringement relating to certain architectural works. Defendant argued that plaintiff's complaint was frivolous and objectively unreasonable. Court disagreed. Court held that defendant waived argument that claim was frivolous because defendant did not raise argument in its initial brief. Court did not agree that plaintiff's claim was objectively unreasonable, and found that plaintiff's "theory of the case was well asserted and argued." In order to reach its determination, court ordered supplemental briefing on cases outside jurisdiction and oral argument, at which parties discussed possibility of settlement conference. When parties did not reach resolution at settlement conference, court analyzed matter. Court's lengthy memorandum opinion and order granting defendant's motion to dismiss was evidence of non-frivolous and objectively reasonable nature of plaintiff's action. Court accordingly found that award of fees to defendant was unwarranted.

BMG Rights Mgmt. (US) LLC v. Cox Comm'ns, Inc., 2017 U.S. Dist. LEXIS 21001 (E.D. Va. Feb. 14, 2017)

District court granted in part and denied in part plaintiff's motion for attorneys' fees. Jury awarded \$25 million in statutory damages to plaintiff, based on finding of contributory, but not vicarious infringement. Court granted BMG's motion for attorneys' fees, but reduced amount. Court found all factors to weigh against Cox, specifically finding as to reasonableness of DMCA defense that Cox's arguments may have had abstract appeal, but in light of applicable facts, "evince an objectively unreasonable litigation position that was nonetheless vigorously defended." Even though BMG was not successful on its vicarious liability claim or its request for injunction, because vicarious and contributory liability claims were similar court found including vicarious liability theory didn't raise costs significantly, and only minor reduction in fees was appropriate. Court noted circuit split as to whether nontaxable expenses could be recovered under § 505, but determined that they could not be, and reduced amount accordingly. Court also denied Cox's motion for attorneys' fees and costs, finding that dismissal of co-plaintiff on standing grounds did not render Cox prevailing party, interpreting § 505 "to mean that only one side of a cause may prevail."

Prunty v. Vivendi, 195 F. Supp. 3d 107 (D.D.C. 2016)

Defendants move for attorneys' fees on plaintiff's infringement claims. Court determined that fees should be awarded on copyright claim because plaintiff's claim was "objectively unreasonable" and to deter plaintiff and others from filing copyright claims without merit. As to reasonableness of copyright claim, court found plaintiff had no reasonable possibility of prevailing on claim, and only similarities between songs, use of word "Kingdom" in titles and use of "keys to the kingdom" in lyrics, were plainly not copyrightable. As to deterrence, court found plaintiff's 15-year-long pattern of abusive and meritless copyright litigation warranted imposition of fees award.

LHF Prods., Inc. v. Doe, No. 16-1175, 2017 U.S. Dist. LEXIS 21599 (W.D. Wash. Feb. 15, 2017)

Plaintiff, copyright owner of motion picture *London Has Fallen*, brought copyright infringement suits against "swarm" of defendants for copying and distributing film using BitTorrent. Default judgment was entered. Court found it appropriate to award attorneys' fees, but neither plaintiff's requested rate nor number of hours was reasonable. Court found requested rate of \$450/hour not reasonable given pleadings used in other cases were recycled, and counsel encountered little or no opposition from named defendants. Given that work in matter amounted to nothing more than form pleading, court adopted reasoning of other BitTorrent cases and reduced hourly rate to \$300. Court also found plaintiff's request for 5.1 hours of lead attorney time and three hours of associate attorney time on each named defendant (181 in total) to be unreasonable, given that attorney submitted nearly identical pleadings and motions for each defendant, "and the Court will not condone unreasonable attorneys' fees requests." Court reduced attorneys' fees award to one hour of attorney time and one hour of associate attorney time for each defendant.

LHF Prods. v. Doe, No. 16-864, 2017 U.S. Dist. LEXIS 21510 (W.D. Wash. Feb. 15, 2017)

Plaintiff brought infringement suit against nearly 200 named defendants, claiming infringement of copyright in film *London Has Fallen* by copying and distributing over Internet using Bit-Torrent protocol. Defendants were “swarm” that allegedly infringed copyright in temporal proximity, and suit was one of 16 related cases asserting infringement of same copyright. District court entered default against non-appearing defendants and granted plaintiff’s request for attorneys’ fees and costs, but did not find requested hourly rate or number of hours requested to be reasonable. As to rate, court found that plaintiff’s attorney failed to provide proof that requested \$450/hour was prevailing rate in district, and that attorney was awarded rate of \$300 to \$350/hour in other local cases for work similar, if not identical, to work done in this matter. Court noted that attorney’s work “amount[ed] to nothing more than form pleading,” and therefore reduced attorney’s rate to \$300/hour to comport with awards in other BitTorrent cases in district. As to number of hours requested, plaintiff’s attorney submitted seven nearly identical declarations requesting compensation for 3.5 hours he allegedly spent on each named defendant. Plaintiff also requested fees for three hours spent by associate attorney and 3.5 hours spent by legal assistant for each named defendant. Court found this unreasonable, given that attorney was engaged in form pleading, filing 16 cases for plaintiff against hundreds of Doe defendants that had all proceeded in similar manner. Court objected to attorney’s use of block billing. Therefore, for each defaulting defendant, court awarded fees to cover one hour of lead attorney work at rate of \$300/hour, and one hour of associate attorney work at rate of \$250/hour.

QOTD Film Inv. Ltd. v. Starr, No. 16-371, 2016 U.S. Dist. LEXIS 138596 (W.D. Wash. Oct. 5, 2016)

Plaintiff, owner of copyright in motion picture *The Queen of the Desert*, brought suit for copyright infringement, alleging unauthorized downloading and sharing through defendants’ participation in peer-to-peer network using BitTorrent protocol. Court granted plaintiff’s motion for default judgment, including permanent injunction, statutory damages, costs and attorneys’ fees, against defendant who failed to appear in suit. Court considered (1) degree of success obtained; (2) frivolousness; (3) motivation; (4) objective unreasonableness (legal and factual); and (5) need to advance considerations of compensation and deterrence, and found that all factors weighed in favor of award of attorneys’ fees. In setting amount of fees, court utilized “lodestar” method, multiplying hours reasonably expended on litigation by hourly rate. When considering hourly rate, court looked to prevailing market rate in community as indicated by fee awards in similar cases in district, as well as time and labor required and skill requisite to perform legal services properly. Court noted that BitTorrent cases such as this are “akin to form-pleading, necessitating little, if any legal skill or attention,” and reduced counsel’s claimed hourly rate accordingly.

Farouk Sys., Inc. v. AG Global Prods., LLC, No. 15-465, 2016 U.S. Dist. LEXIS 142422 (S.D. Tex. Oct. 14, 2016)

Court awarded attorneys' fees to prevailing defendant, finding plaintiff's copyright claims not only objectively unreasonable, but frivolous. Basic comparison of plaintiff's images with images used by defendants clearly demonstrated there was no copyright infringement. Moreover, plaintiff alleged copyright infringement of photograph taken by third-party photographer, and neither asserted nor presented evidence that photographer transferred rights in photograph to plaintiff. Plaintiff relied on fact that subject of photograph was employee at time photograph was taken, when Copyright Act clearly grants copyright protection to person who creates work, not subject of work. Finally, court found improper motive based on defendant's evidence of animosity between subject of photograph and current president of plaintiff's company. Based on individual assessment of case, court exercised its discretion under § 505 to award defendant reasonable and necessary attorneys' fees in amount of \$46,065.56 incurred in connection with copyright infringement claim.

A-Blake Records, LLC v. Cassidy, No. 14-3401, 2016 U.S. Dist. LEXIS 112798 (S.D. Tex. Aug. 23, 2016)

Court awarded attorneys' fees to prevailing defendant. Defendant country singer contracted with plaintiff to record, sell and promote his music in exchange for part of proceeds from tours, performances and album sales. In 2014 defendant filed for bankruptcy, and "his estate rejected responsibility of his contract with" plaintiff. At time of filing defendant owed plaintiff \$700,000; plaintiff missed deadline to dispute discharge of claim. Plaintiff moved for leave to dispute discharge, asserting that defendant's "bad acts" justified payment of debt. Bankruptcy court denied motion and struck complaint from docket, fully discharging claim. Unhappy with result, plaintiff sent letter to defendant asserting that it owned copyright in "laundry list" of his songs and that it was excluding him from reproducing, performing and publishing them. Defendant performed three songs from asserted repertoire at local bar while representatives from plaintiff were waiting in wings to monitor set list. Plaintiff sued defendant for three claims of "willful copyright infringement when he performed the songs in public." Defendant moved to dismiss complaint because (1) he had performed songs in licensed venue, (2) plaintiff did not then or ever own rights in songs, and (3) plaintiff did not have valid registrations for songs. At initial conference plaintiff agreed that complaint should be dismissed because "the geniuses that were telling me what to plead in this case because they own the copyright. Essentially, what—we're trying to gain some money back and see what's happening is the sale of our sound recordings which we allege that defendant sell our CDs at his concerts. He sells them online." At second conference, defendant admitted that he assigned portion of co-publishing copyright to plaintiff; it was nevertheless clear that plaintiff did not own material. Court found that because plaintiff's claims were dismissed with prejudice after it admitted that it had no claim for recovery, defendant "undoubtedly" prevailed. Court rejected plaintiff's argument that it should not have to pay fees "because it was not sanctioned for discovery violations and it did not file multiple non-meritorious motions." Court "understands that A-Blake is unhappy and believes it is owed \$700,000.00 from Cassidy. This does not give A-Blake permission to be mean spirited, to

use this court as a means for retaliation, or to force Cassidy to pay to defend himself against claims it knows to be without merit.” Moreover, defendant’s “successful defense increased the public’s exposure to his work. He gets to keep playing his songs, his way, in public places and projected through his fan’s music players—many of whom will have the opportunity to build on his creativity.” Court awarded \$15,369.50 in attorneys’ fees to defendant.

Medallion Homes Gulf Coast, Inc. v. Tivoli Homes of Sarasota, Inc., No. 14-3117, 2016 U.S. Dist. LEXIS 139748 (M.D. Fla. Oct. 7, 2016)

Court granted defendant’s motion for reasonable attorneys’ fees because plaintiff’s claims were objectively unreasonable. Defendant was granted summary judgment in infringement action involving architectural plans, and moved for attorneys’ fees and costs. In finding plaintiff’s claims unreasonable, court pointed to precedent holding that similarities relied on by plaintiff were noncopyrightable elements. Court held that plaintiff “should have been aware of the binding legal standard” set forth in precedential opinions and “should have known that there was no copyright infringement.” Court also found that award of fees “would deter others from bringing lawsuits when they know there are numerous differences between their copyrighted work and an allegedly infringing work which would outweigh any similarity between the works.”

Pan v. Kohl’s Dep’t Stores, Inc., No. 12-1063, 2017 U.S. Dist. LEXIS 39857 (S.D. Ohio Mar. 20, 2017)

Court granted defendant’s motion for attorneys’ fees. Plaintiff created drawing of Santa Claus snow globe figurine, registered drawing with Copyright Office, and purported to grant exclusive license to Zhaoxing, Chinese entity, for manufacturing. Zhaoxing sold 381,200 units of figurine to Kohl’s. When Zhaoxing discovered Kohl’s selling knockoff purchased from co-defendant Leader Light, Zhaoxing ceased paying license fees to plaintiff. Plaintiff filed copyright infringement action. Defendant prevailed, and brought motion for attorneys’ fees. In determining eligibility for fees award, court must give substantial weight to objective reasonableness of losing party’s position, and give due consideration to all other circumstances relevant to granting fees. Court found plaintiff’s counsel’s submission of fabricated license agreement and associated license payments sufficient to render plaintiff’s claim objectively unreasonable. Court found plaintiff’s counsel’s refusal to address his submission of obviously fraudulent documents “particularly damning on this count.” Court had particular interest in incentivizing future litigants against submitting falsified evidence in support of copyright infringement claims. “Plaintiff’s proffer of obviously fictitious documents for the purpose of litigating a baseless claim is behavior that this Court must deter vigorously.”

Cobbler Nevada, LLC v. Cerritos, No. 15-1228, 2016 U.S. Dist. LEXIS 170644 (D. Or. Dec. 9, 2016)

Plaintiff, owner of copyright in motion picture *The Cobbler*, filed copyright infringement suit against individual for downloading movie over Internet using BitTorrent peer-to-peer file sharing protocol. Court noted that lawsuit was one of hundreds of similar lawsuits filed by plaintiff's counsel. Defendant admitted liability early in case and, after negotiations, parties entered into consent judgment in which they agreed to award of statutory damages of \$750 and reasonable attorneys' fees and costs. Plaintiff sought \$17,348.60 in fees. Court denied plaintiff's request, finding that fee-shifting in mass copyright litigation did not satisfy *Fogerty* factors. Court found that \$750 statutory penalty and award of costs were sufficient to deter infringers. Threat of fee-shifting had emboldened plaintiff's counsel to demand thousands of dollars to settle claims, even where defendant admitted liability early in case. Court noted that settlement bargaining processes had become unequal in Copyright Act suits, contributing to overly aggressive assertion and negotiation of copyright claims.

Vivid Sites, LLC v. Millsap, No. 16-117, 2017 U.S. Dist. LEXIS 46364 (E.D. Mo. Mar. 29, 2017)

District court denied defendants' motion for attorneys' fees. Plaintiff, website hosting company, brought suit against defendants based on their alleged misappropriation of plaintiff's proprietary software and other materials, including plaintiff's source code. Plaintiff's original complaint contained copyright infringement claim as to source code in addition to two RICO claims; first amended complaint kept original claims and added state law claim for unfair competition; second amended complaint ("SAC") removed copyright and unfair competition claims, added new state law claim regarding trade secrets, and retained RICO claims. Defendants moved to dismiss SAC in its entirety, and court granted defendants' motion in full. Defendants also sought attorneys' fees and costs under Copyright Act, arguing that they were prevailing party based on plaintiff's removal of its copyright infringement claim from SAC. Court held that, given existence of circuit split as to whether copyright infringement claim can be brought prior to registration, plaintiff's copyright infringement claim was "not objectively unreasonable." Moreover, plaintiff's claim was not frivolous and plaintiff did not harbor any "improper motivations" in bringing suit. Further, court saw no need to compensate defendants or deter plaintiff. Finally, plaintiff's SAC did not contain copyright claim. For those reasons, court denied defendants' motion for fees.

Bell v. Taylor, No. 13-798, 2016 U.S. Dist. LEXIS 118681 (S.D. Ind. Sept. 2, 2016)

Court granted defendants' request for costs and fees. Dispute concerned alleged infringement of plaintiff's copyright in photographs of Indianapolis skyline; "[t]o put it mildly, this dispute has been zealously litigated by both sides." Court found plaintiff's infringement claim was frivolous because plaintiff had notice from defendants that they had never used or copied plaintiff's photo, and plaintiff at no point in litigation possessed evidence to prove copyright claim. Court also found plaintiff's motivation for filing action to be attempt to extract quick, small settlements from many defendants instead of using

judicial process to protect copyright against “legitimate infringing actors.” Court also found lawsuit objectively unreasonable based on plaintiff’s intentional misjoinder of numerous defendants, continued pursuit of and demand for damages that were inconsistent with facts, threats and demands for attorneys’ fees that were unsupportable, and refusal to cooperate in discovery process despite court order compelling discovery. Defendants asserted that “need to advance considerations of compensation and deterrence” weighed heavily in favor of awarding fees because plaintiff was using “antiquated copyright laws” and his legal knowledge as experienced lawyer to exploit courts and legal system against numerous uninformed individuals for quick settlements. Under Seventh Circuit precedent, prevailing defendant is entitled to “very strong” presumption in favor of fees award, in order to make certain that defendant does not disregard meritorious defense in situations in which “the cost of vindication exceeds the private benefit to the party.”

Countryman Nev., LLC v. Doe-73.164.181.226, 193 F. Supp. 3d 1174 (D. Or. 2016)

Plaintiff, owner of copyright in motion picture *The Necessary Death of Charlie Countryman*, brought suit for infringement, alleging unlawful copying and distribution of film. Court granted plaintiff’s motion for judgment on pleadings, and plaintiff moved for award of attorneys’ fees and costs. Defendant argued that plaintiff was only entitled to portion of claimed fees, reflecting work “reasonably and necessarily performed” before plaintiff’s counsel “multiplied the proceeding” and prevented settlement. Defendant also objected to part of plaintiff’s claimed costs. Defendant cross moved for attorneys’ fees incurred due to plaintiff’s “unreasonable and vexatious conduct” which “multiplied” proceeding. Court, in its discretion, denied plaintiff’s motion for fees, finding plaintiff’s counsel litigated in manner intended to increase opposing party’s costs and increase plaintiff’s own fees. Court found conduct contrary to principles underlying Rule 1 of Federal Rules of Civil Procedure, and to objectives of Copyright Act. Court also denied defendant’s motion for fees, explaining that denial of plaintiff’s motion served as sufficient deterrent to inappropriate litigation conduct in future and ensured current defendant’s fair treatment.

SAS Inst. Inc. v. World Programming Ltd., No. 10-25, 2016 U.S. Dist. LEXIS 92212 (E.D.N.C. July 15, 2016)

Court denied prevailing defendant’s request for fees. Plaintiff initially filed suit in United Kingdom, where defendant was headquartered, claiming defendant violated several software copyrights it owned. UK action ended unfavorably for plaintiff; in 2013, both trial court and Court of Appeal of England and Wales ruled in favor of defendant on basis of certain provisions of law unique to European Union. Meantime, plaintiff filed suit here. Court granted summary judgment in defendant’s favor as to plaintiff’s software claim. Defendant filed motion for attorneys’ fees, seeking \$760,721.59; amount included \$710,130.00 owed to U.S. law firm and approximately \$50,591.59 owed to UK law firm for work in earlier UK litigation. Defendant argued that it was entitled to fees because plaintiff took objectively unreasonable position on its software claim. Court, assuming that to be true, nevertheless declined to award defendant fees on basis of other factors and circumstances of case. Jury found that defendant made false, intentionally deceptive statements in UK litigation, and

defendant produced no evidence to show that plaintiff pursued copyright claim in bad faith: “although plaintiff’s litigation position was objectively unreasonable, defendant has not shown that it was subjectively so.” Absent showing that plaintiff acted in bad faith, rather than merely in objectively unreasonable manner, court declined to reward defendant’s fraud with attorneys’ fees.

Ferman v. Jenlis, Inc., No. 16-74, 2016 U.S. Dist. LEXIS 173185 (S.D. Iowa Dec. 5, 2016)

District court denied defendants’ motion for attorneys’ fees. Defendants defeated plaintiff’s infringement claim at summary judgment stage, and moved for attorneys’ fees and costs pursuant to § 505. In determining whether award of attorneys’ fees was proper, court examined non-exclusive factors including frivolousness, motivation, objective unreasonableness, and need to advance considerations of compensation and deterrence. Court found that plaintiffs’ claim was not of itself unreasonable, despite statement in summary judgment decision that reasonable observer could not find defendant’s sign substantially similar to plaintiff’s sign, reasoning it improper to conflate test for substantial similarity, which goes to merits of plaintiffs’ infringement claim, “with test for award of attorneys’ fees, which goes to the plaintiff’s conduct and to advancing the purposes of the Copyright Act.” Doing so “places a thumb on the scale in favor of prevailing defendants,” which is improper under *Kirtsaeng v. John Wiley & Sons, Inc.*, 136 S. Ct. 1979 (2016). Although plaintiffs did not prevail, court did not find their claim to be objectively unreasonable or frivolous. Further, plaintiffs did not act unreasonably or with improper motivation over course of litigation. In sum, court found award of fees unnecessary to advance objectives of Act, and denied defendants’ motion.

C. Injunction/Impoundment

Brighton Collectibles, LLC v. IPPO Jewelry Corp., No. 16-6065, 2017 U.S. Dist. LEXIS 24868 (C.D. Cal. Feb. 22, 2017)

Plaintiff, owner of copyright in design titled “Love Affair Heart,” sued based on defendant’s sale and distribution, without authorization or license, of product that incorporated design that infringed Love Affair Heart, which sold at lower price than Brighton’s product. Court granted plaintiff’s motion for default judgment, and granted plaintiff’s request for injunction based on, *inter alia*, its determination that defendant’s infringement caused plaintiff irreparable injury due to “reputational harm” and market share loss.

Amid, Inc. v. Medic Alert Found. United States, Inc., No. 16-1137, 2017 U.S. Dist. LEXIS 37699 (S.D. Tex. Mar. 16, 2017)

Court denied plaintiff’s motion for preliminary injunction. Plaintiff and defendant both made medical identification jewelry. Plaintiff marketed product by sending unsolicited mass-mailed countertop display with tear-off pads attached to doctors’ offices, with explanatory cover letter. Plaintiff “copyrighted its letter.” Plaintiff sued after employee left

plaintiff and joined defendant, and defendant started marketing using same methods and letter. Plaintiff's ownership of copyright in letter was not disputed, and court found that actual copying occurred because parts of letters were identical. Court also considered timing of ex-employee's resignation from plaintiff and subsequent hiring by defendant relevant to copying issue, because defendant did not use marketing displays and letters until ex-employee joined defendant's company. Court thus found that plaintiff had shown likelihood of success on elements of its copyright infringement claim. However, court concluded plaintiff had not shown substantial threat of irreparable harm. Injunction was not warranted due to plaintiff's delay in filing suit and fact that defendant stopped using plaintiff's copyrighted letter and started using letter that did not infringe plaintiff's copyright. "With no evidence or argument of irreparable harm absent an injunction, MedicAlert's revision of its letter that avoids infringement, and plaintiff's delay in filing suit, the court cannot grant the 'extraordinary remedy' of the preliminary injunction plaintiff seeks."

Inspired by Design, LLC v. Sammy's Sew Shop, LLC, No. 16-2290, 2016 U.S. Dist. LEXIS 144988 (D. Kan. Oct. 19, 2016)

District court denied plaintiff's motion for preliminary injunction. Plaintiff and defendant both sold custom pet beds on Etsy. Plaintiff accused defendant of selling replicas of its pet beds and sued for copyright infringement. In considering whether to grant injunction, court was not persuaded that plaintiff would succeed on merits of its copyright infringement claim. Plaintiff owned registered copyrights covering certain photos, 2-D artwork, technical drawings and text content published on plaintiff's website. Plaintiff asserted that defendant copied (1) photos of its dog beds, (2) plaintiff's washing instructions for pet bed covers, (3) plaintiff's fabric selector diagram, and (4) pet bed size chart with size recommendations. Regarding plaintiff's photos, plaintiff presented no evidence of "verbatim copying," instead alleging that defendant's photos infringed because defendant's photos contained similar pet beds taken from similar angles with similar backgrounds. Court held that photographs served "utilitarian purpose" of presenting various types of products and services that business offered, and were thus "purely descriptive pictures" that "do not merit copyright protection because the photographs lack the requisite creativity." Plaintiff was thus not likely to prevail on assertion that photographs were subject to copyright protection. Second, defendant argued that plaintiff did not have valid copyright in washing instructions, since such instructions were fabric manufacturer's instructions and therefore not original to plaintiff. Plaintiff never responded to argument, and accordingly failed to show that it was likely to prevail on claim of infringement of washing instructions. Third, defendant denied using plaintiff's fabric selector. Defendant asserted that its customers selected fabrics from webpage or outside vendors, and then choice was put into Adobe Photoshop for customer to view. Defendant also argued that plaintiff's fabric selector was open source application, and therefore not protectable. Court acknowledged that defendant presented its fabric choices in manner similar to way plaintiff's fabric selector displayed customer's fabric choice, and found plaintiff could potentially prevail on claim. Notwithstanding, court ultimately determined plaintiff "has not shouldered its burden of proving a likelihood of success or proving copyright infringement of the fabric selector." Finally, court found that plaintiff had

not established likelihood of prevailing on infringement claim for size chart. Defendant asserted that chart was not original, as it merely listed pet bed sizes that were typical in industry. Court agreed that chart was factual work not protected by copyright, and denied motion for preliminary injunction.

Ronaldo Designer Jewelry, Inc. v. Cox, No. 17-2, 2017 U.S. Dist. LEXIS 7537 (N.D. Miss. Jan. 19, 2017)

District court denied plaintiff's motion for temporary restraining order. Plaintiff brought infringement suit against several named defendants and John Does Numbers 1 through 99, and filed motion for temporary restraining order requiring named defendants to (1) immediately cease and desist from copying, manufacturing, or reproducing jewelry or marketing and advertising materials that allegedly infringed plaintiff's works; (2) immediately withdraw from all sales outlets any works or marketing and advertising materials that allegedly infringed plaintiff's works; and (3) identify each and every person or entity from whom defendants have acquired any infringing works and to whom defendants have licensed, assigned, or otherwise transferred right to reproduce, manufacture, display, distribute or sell jewelry that allegedly infringed plaintiff's works. Because plaintiff had not yet served named defendants with complaint, and because motion itself did not include certificate of service, court concluded that plaintiff sought TRO without notice. Before analyzing whether plaintiff substantively entitled to TRO, court examined whether plaintiff complied with procedural requirements of Rule 65. Rule 65 provides that court may issue TRO without notice only if (a) specific facts in affidavit or verified complaint clearly show that immediate and irreparable injury, loss, or damage will result to movant before adverse party can be heard in opposition; and (b) movant's attorney certified in writing any efforts made to give notice and reasons why it should not be required. Although plaintiff satisfied first prong, it failed to submit certified writing by its attorneys describing efforts made to give notice to named defendants and reasons why notice should not be required. Court therefore denied motion for temporary restraining order.

Ronaldo Designer Jewelry, Inc. v. Prinzo, No. 14-73, 2016 U.S. Dist. LEXIS 127228 (S.D. Miss. Sept. 19, 2016)

District court granted plaintiff's motion for preliminary injunction. Plaintiff brought infringement suit against former employee, alleging that he was selling unauthorized copies of plaintiff's works, and misrepresenting to customers that he had right to sell jewelry depicted in plaintiff's catalogs. Party seeking preliminary injunction must show (1) substantial likelihood of success on merits; (2) substantial threat that it will suffer irreparable harm if injunction not granted; (3) that threatened injury outweighs damage that injunction might cause to defendant; and (4) that injunction will not disserve public interest. Court found that all four factors weighed in favor of granting injunction, as plaintiff made *prima facie* case of infringement, was likely to succeed on merits, and stood to suffer irreparable harm absent injunction. Court set bond at \$1,000, finding that amount sufficient security for payment of costs and damages that might be incurred if defendant were found to have been wrongfully enjoined or restrained.

VIII. PREEMPTION

Ultraflo Corp. v. Pelican Tank Parts, Inc., 845 F.3d 652 (5th Cir. 2017)

Fifth Circuit affirmed district court's holding that unfair competition claim was preempted. Plaintiff redesigned butterfly valve with help from employee. Employee left plaintiff to work at defendant, which entered market with valve that plaintiff contended was strikingly similar to its valve. Plaintiff sued in state court for conversion, civil conspiracy, unfair competition by misappropriation, and misappropriation of trade secrets, arising from defendant's "use of plaintiff's [design] drawings to make actual valves." Defendant filed motion to dismiss on preemption grounds, and district court agreed that all claims but trade secret claim were preempted. Fifth Circuit, reviewing *de novo*, applied two-part test to determine if Act preempts state law cause of action. Court first asks whether intellectual property at issue is within subject matter of copyright. If it is, then state law claim is preempted if it protects rights in that property that are equivalent to any of exclusive rights within general scope of copyright. Under subject matter inquiry, plaintiff was correct that its valve design was not protected under Act because it was either useful article or idea. Preemption statute, however, sweeps more broadly, preempting state protection of works that fall within subject matter of copyright regardless whether works are actually protected under Act. Congress's exercise of its power under Copyright Clause to not provide protection for embodiment of ideas in useful articles is entitled to preemptive force. Allowing state law to protect such works would undermine "deliberate exclusion" of such subject matter from federal copyright scheme. Further, Texas's unfair competition by misappropriation cause of action did not afford protection materially different from federal copyright law. Element of "sweat equity" is necessarily contemplated in copyright, which requires independent creation; as to "use against competitor" element, reproduction or derivative use of copyright by competitor would suffice to show copyright infringement. "Equivalent rights" inquiry thus looks not at rights Congress actually provided but at type of rights it has power to confer. Withholding particular right is part of balance Congress struck between need for copyright incentives and value in public access to ideas.

GlobeRanger Corp. v. Software AG U.S.A., Inc., 836 F.3d 477 (5th Cir. 2016)

Plaintiff brought suit for trade secret misappropriation of software incorporating radio frequency identification technology and obtained \$15 million judgment against defendant. On appeal, defendant argued that either plaintiff's trade secret claim was preempted, or plaintiff had no federal claim to support jurisdiction. Court held that trade secret claim was not preempted, but dismissed conversion claim was preempted, thereby supporting federal jurisdiction. It also clarified that same intellectual property may be protectable under copyright and trade secret laws. Copyright Act preempts state law claims where work is within subject matter of copyright, and right being protected is equivalent to any of exclusive rights within general scope of copyright. Court found that software plaintiff was trying to protect was copyrightable. However, right plaintiff was trying to protect was not equivalent because trade secret law protects not just against copying, but also against any taking that occurs through breach of confidential relationship or by other inappropriate means.

Plaintiff's trade secret claim required establishing element in addition to those required to make out copyright violation. As result, trade secret claim was not preempted. If court had not reinstated plaintiff's conversion claim, no federal question would have existed and case would have been remanded to state court.

Spear Mktg. v. BancorpSouth Bank, 844 F.3d 464 (5th Cir. 2016)

Fifth Circuit affirmed award of attorneys' fees of nearly \$1 million. District court awarded defendants nearly \$1 million in attorneys' fees under state law, or, in alternative, under Copyright Act. Plaintiff argued that district court erred in awarding fees under state law because its state law claim was preempted and erred in awarded fees under Copyright Act because plaintiff never pleaded or litigated copyright claim. Plaintiff software developer produced VaultWorks, computer program that assisted banks in managing their cash inventories. Defendant was one of banks that used VaultWorks; however, defendant terminated its agreement with plaintiff because defendant had reached agreement with another software developer to license new program that included functions similar to VaultWorks. Plaintiff filed its original complaint in Texas state court, alleging 10 causes of action, including Texas Theft Liability Act (TTLA) claim that defendant had "copied" and "transmitted" its software. Defendant removed case to federal court on ground that claims were completely preempted, and moved to dismiss all claims as preempted. In response plaintiff filed amended complaint asserting nine claims, and omitting from TTLA claim allegations of copying and transmitting. Defendant moved for summary judgment, which district court granted. District court found that all of plaintiff's claims in amended complaint failed on merits, so it declined to address issue of preemption. Fifth Circuit affirmed, and defendant subsequently moved in district court for attorneys' fees. District court awarded attorneys' fees to defendant under TTLA or, alternatively, under Copyright Act, explaining that award would not vary between two statutes. District court faced "dilemma": it needed to decide whether to treat defendants as prevailing parties under TTLA because they successfully defended against TTLA claim, despite fact that Fifth Circuit held TTLA claim completely preempted. Fifth Circuit found district court mistakenly failed to distinguish between TTLA claim in original complaint and that in amended complaint. Circuit's previous opinion did not reach question of whether TTLA claim in amended complaint was preempted. District court nevertheless reached correct outcome in awarding fees under TTLA. At time of fees motion, no court had ever held that TTLA claim in amended complaint was preempted. Rather, district court adjudicated TTLA claim in amended complaint on merits, dismissing it with prejudice. TTLA therefore supplied rule of decision in case, and, accordingly, district court did not err by awarding attorneys' fees under TTLA. Because fees were properly awarded under TTLA, court did not address district court's alternative grounds for awarding fees under Copyright Act.

Tysellcrouse, Inc. v. Sway Mgmt., LLC, No. 15-3832, 2016 U.S. Dist. LEXIS 140761 (N.D. Cal. Oct. 11, 2016)

Court granted defendant's motion for summary judgment that state trade secret claim was preempted. Plaintiff asserted that defendant's allegedly unauthorized copying and use of its

proprietary software constituted both misappropriation of trade secrets under state law, and federal copyright violation. Under Ninth Circuit two-part test, preemption occurs when: (1) work at issue comes within subject matter of copyright; and (2) rights granted under state law are equivalent to those protected by Act. To survive preemption, state cause of action must protect rights that are qualitatively different from copyright claims. Critically, state claim must have “extra element” that changes nature of action. Plaintiff contended that its state law claim had “extra element” of “secrecy” not implicated by copyright law. Court, however, found that there were no allegations that defendant disclosed any such “secret” to any third party. Rather, gravamen of claim was that defendant copied and used software for its own purposes, which is very essence of copyright claim. Accordingly, summary judgment was appropriate on claim for misappropriation of trade secret, although same basic allegations continued to support plaintiff’s copyright infringement claim.

Opperman v. Path, Inc., 205 F. Supp. 3d 1064 (N.D. Cal. 2016)

Plaintiffs brought class action suit against Apple and several software application developers, including Yelp, alleging that Yelp uploaded address book data from its users’ contacts application without consent of individual users, and therefore infringed plaintiffs common law privacy rights. Yelp argued that plaintiff’s claim was preempted, because act alleged against Yelp was essentially copying of users’ contact information. Court disagreed, holding privacy claim not preempted. Plaintiffs’ state law privacy rights are qualitatively different from rights protected by Copyright Act. Whereas copyright protects owner’s exclusive rights to reproduce, distribute, perform, display and make copies of work, privacy law protects plaintiffs’ right to be free from offensive and unwarranted intrusions into private sphere. Because gravamen of plaintiffs’ complaint was that personal data was uploaded to Yelp’s servers to be analyzed against database of existing users without permission, claim was different from merely claiming that certain personal information was copied or reproduced. “This ‘extra element’—using the Plaintiffs’ data in a highly offensive way that intrudes into an area that they reasonably expect to remain private—changes the nature of the action.” Plaintiffs’ claim was therefore not equivalent to rights protected by Copyright Act.

ThermoTek, Inc. v. Orthoflex, Inc., No. 11-870, 2016 U.S. Dist. LEXIS 120791 (N.D. Tex. Aug. 15, 2016)

Plaintiff, designer and developer of medical device, brought suit against former distributor of its product alleging, *inter alia*, fraud, breach of contract and unfair competition. Defendants brought counterclaim for breach of express warranty. Jury returned verdict for plaintiff on fraud and unfair competition claims, and defendants moved for judgment as matter of law under Rule 50, and alternatively for new trial, asserting that plaintiff’s unfair competition claim was entirely preempted by federal copyright and patent law. In order for state law claim to be preempted, it must fall within subject matter of copyright, and rights author seeks to protect must be equivalent to exclusive rights provided by Copyright Act. Court found that “the allegedly misappropriated information—including manuals, reports, billing information, and other written documents—is within the subject matter of copyright because it includes original works of authorship fixed in a tangible medium of expression.” As to

extra element, action for unfair competition under Texas law contains no extra element that would avoid preemption. Although defendants did not raise preemption as affirmative defense, they did raise it as footnote in summary judgment briefing and in motion for reconsideration of court's summary judgment ruling; defense was not waived because they argued preemption at "pragmatically sufficient time, and in a manner that does not result in unfair surprise." Finally, court dismissed claim for unfair competition without allowing plaintiff to convert state law claim into federal law claim for copyright and/or patent infringement because plaintiff "had ample opportunity (two years) to seek leave to plead claims for copyright and/or patent infringement, and it had ample opportunity to request that the court submit these claims to the jury as alternative claims."

Kitchen & Bath Concepts of Pittsburgh, LLC v. Eddy Homes, Inc., No. 16-589, 2016 U.S. Dist. LEXIS 177016 (W.D. Pa. Dec. 22, 2016)

Court dismissed unfair competition claim as preempted. Plaintiff, operator of kitchen and bath design business, and defendant, residential home builder, were hired to construct home. Defendant constructed exterior and interior walls, and installed plumbing and electrical systems. Plaintiff designed and installed all interior spaces of home, and registered copyright in design of interior. Photographs of interior published in *Kitchen and Bath Design News* credited defendant for design. Photographs were also shown on defendant's website and on several social media websites, and published in *Whirl Magazine* and *Housetrends Magazine*, with plaintiff not given design credit. Plaintiff sued, asserting claims for copyright infringement and unfair competition. Defendant moved to dismiss unfair competition claim as preempted. Court noted that claim for "passing off"—that producer misrepresented own goods or services as someone else's—is generally not preempted, while claim for "reverse passing off"—that producer misrepresented someone else's goods or services as his own—based on alleged unauthorized copying and use of copyrighted expression is preempted. Plaintiff's claim for unfair competition is best characterized as "reverse passing off" claim, court found; plaintiff's allegation that defendant had "gone so far as to affirmatively take credit" for design and construction of interiors depicted was akin to defendant copying plaintiff's work and misrepresenting or claiming work as its own. Court found "unconvincing" plaintiff's argument that claim did not constitute "reverse passing off" claim because defendant had not sold "merchandise." Such conclusory arguments did not transform plaintiff's claim for unfair competition into one that is "qualitatively different" from copyright infringement claim. Because plaintiff's unfair competition claim did not require "extra element," it was equivalent to claim for copyright infringement, and therefore preempted.

Mercom Grp., LLC v. Diati Staffing, LLC, No. 16-3475, 2016 U.S. Dist. LEXIS 97012 (D.N.J. Jul. 26, 2012)

Plaintiff ran recruiting and staffing company that provided services to companies in various industries, with focus on information technology industry. Defendant company was started by former employees of plaintiff, and also provided staffing services in information technology sector. Plaintiff claimed defendants copied "both public and confidential

information of Mercom” and used it in new business. Plaintiff sued in state court, alleging, *inter alia*, tortious interference with contract, tortious interferences with business opportunities and unfair competition. Defendants removed case to federal court, asserting plaintiff’s claims should be converted to copyright claims “because they plead all elements of infringement on copyright-eligible material (i.e., published online job listings) that would be protectable under Section 106.” Plaintiff moved to remand case back to Superior Court of New Jersey. Issue was whether plaintiff’s complaints were preempted, giving rise to federal jurisdiction. Court held gravamen of plaintiff’s complaint was not to stop defendants’ “unauthorized copying and distribution” of plaintiff’s job postings, but to prevent defendants’ use of plaintiff’s confidential and proprietary information, claims that are qualitatively different from mere unauthorized copying. Court found plaintiff was not challenging defendants’ copying and re-posting of plaintiff’s job postings, but instead challenged defendants’ misusing proprietary information behind those postings. Copyright Act provides no recourse to stop defendants’ conduct with respect to plaintiff’s trade secrets and proprietary information. Moreover, plaintiff had not asserted “ownership of valid copyright” in anything. Allegations defendants pointed to as to claims for unauthorized copying of job postings were “only incidental to illustrating how Defendants allegedly misused Plaintiff’s trade secrets and other confidential information.” Plaintiff’s motion for remand was granted.

Under a Foot Plant, Co. v. Exterior Design, Inc., No. 15-871, 2016 U.S. Dist. LEXIS 117938 (D. Md. Sept. 1, 2016)

Court granted defendant’s motion for judgment on pleadings as to unfair competition and unjust enrichment counts of complaint. Plaintiff marketed and sold line of perennial plants, and owned copyright registrations for 21 photographs used on plaintiff’s website or in its brochure. Plaintiff brought suit against defendant, alleging that defendant copied images on plaintiff’s brochures and website and used them in defendant’s marketing materials. Court found unfair competition claim preempted because plaintiff did not explain what extra element was present in claim or how conduct targeted by claim was “qualitatively different” from that governed by copyright law. Similarly, court found that unjust enrichment claim was also preempted for lack of “extra element” that would make it “qualitatively different” from copyright cause of action.

Whitehardt, Inc. v. McKernan, No. 15-1307, 2016 U.S. Dist. LEXIS 100988 (M.D. Tenn. Aug. 2, 2016)

Court granted defendants’ motion to dismiss claims for unfair competition and violation of Tennessee Consumer Protection Act. Defendants, individual attorney and his law firm, engaged plaintiff for advertising services, and for number of years plaintiff made advertisements and commercials for defendants meant to bring in clients who had been injured in tractor-trailer accidents. Plaintiff registered scripts and motion pictures with Copyright Office. Plaintiff also planned and created campaign to be used with other attorneys in different locales, who did not compete with defendants directly. After defendants learned of this plan, they filed trademark applications for marks plaintiff alleged

were largely derived from its copyrighted works. Plaintiff alleged that defendants then used registrations in order to hinder plaintiff's work. Plaintiff alleged further that it had agreement with Alabama attorney under which it would provide advertising, and attorney would receive license to use plaintiff's advertisements. Defendant attorney knew of arrangement and demanded that Alabama attorney sign license agreement to use defendants' trademark in certain Alabama counties. Plaintiff alleged that due to defendants' communications with Alabama attorney, attorney was not using plaintiff's services. Defendants moved to dismiss unfair competition, TCPA and tortious interference claims as preempted. Court found unfair competition and TCPA claims preempted because allegations amounted to reverse passing off claim; there was no "extra element" that allowed claims to escape preemption. Court found tortious interference claim not preempted, because claim related to plaintiff's relationship with Alabama attorney, and plaintiff did not allege that Alabama attorney or defendants infringed copyrights, or seek damages for infringement.

Leopona, Inc. v. Cruz for President, No. 16-658, 2016 U.S. Dist. LEXIS 89706 (W.D. Wash. Jul. 11, 2016)

Plaintiffs owned copyrights in certain musical compositions. Defendants entered into contracts with plaintiffs to use musical compositions, subject to restrictions including prohibition on use for political purposes. Despite contracts, defendants used musical compositions in ads run by Ted Cruz presidential campaign. Plaintiffs brought copyright infringement action and defendants moved to dismiss, arguing contract claims were preempted. Express preemption under Copyright Act requires two-part analysis: (1) determine whether subject matter of state law claim falls within subject matter of copyright; and (2) assess whether rights asserted under state law are equivalent to rights contained in § 106. To survive preemption, state claim must have extra element that changes nature of action. Court held contractual rights at issue to be qualitatively different and not equivalent of copyright infringement claim. Thus, Copyright Act did not preempt state law claims.

YS Built, LLC v. Huang, No. 15-1411, 2016 U.S. Dist. LEXIS 158152 (W.D. Wash. Nov. 15, 2016)

Court denied plaintiff's motion for summary judgment. Plaintiff alleged that defendants, married couple, submitted plaintiff's copyrighted architectural plan for use by third-party builder, and that builder copied its plan and incorporated it into new plan. Defendants counterclaimed, alleging that plaintiff (1) interfered with defendants' contractual relationship with builder; (2) wrongfully advised defendants that they could not hire third party to build residence; and (3) performed work on lot without defendants' knowledge or consent. Defendants also alleged that plaintiff engaged in unfair business practices in violation of Washington Consumer Protection Act. Plaintiff moved for summary judgment on its infringement claim, as well as on defendants' counterclaims, asserting that all of counterclaims were preempted. Court disagreed, finding that counterclaims did not concern original works of authorship, nor did they "assert any exclusive rights to such works." Defendants asserted their rights "as consumers, as parties to a business relationship, and as real—not intellectual—property owners." Therefore, defendants' counterclaims were not

preempted by federal law. Court accordingly denied plaintiff's motion for summary judgment.

Sinclair Broad. Group, Inc. v. Colour Basis, LLC, No. 14-2614, 2016 U.S. Dist. LEXIS 84154 (D. Md. June 29, 2016)

District court granted in part and denied in part counter-defendants' motion for summary judgment. Counter-defendants, television company operating over 150 stations in over 70 markets and its personnel, sought declaratory judgment action that they had not infringed defendants' copyright in "Style Guide," containing standards and expectations for on-air talent, prepared by defendants at their request. Defendants alleged state law claims for fraudulent inducement and unfair competition, and counter-defendants argued that state law claims were preempted. Court found that Style Guide was within subject matter of copyright, and considered whether each of defendant's claims was qualitatively different from claim under Copyright Act. Court found that elements of fraudulent inducement include misrepresentation, and are therefore not equivalent to rights under Act. With respect to unfair competition, court found defendants' claim focused "not just on the alleged unauthorized copying and printing of the Style Guide, but on the deception the counter-defendants allegedly used to persuade [defendants] to create the Style Guide." Deception is not element of infringement under Copyright Act. Therefore, neither fraudulent inducement claim nor unfair competition claim was preempted.

Allen v. Cooper, No. 15-627, 2017 U.S. Dist. LEXIS 42159 (E.D.N.C. Mar. 23, 2017)

District court denied defendants' motion to dismiss infringement claim, finding plaintiffs pleaded facts sufficient to support inference that North Carolina statute was preempted. Plaintiffs, owner and licensor of multiple registered copyrights in videos depicting shipwreck Queen Anne's Revenge, ship of "pirate commonly known as Blackbeard," had long-standing dispute with State of North Carolina and its Department of Natural and Cultural Resources (DNCR). Prior to 2013, DNCR infringed plaintiff's copyrights by uploading materials to Internet without consent; dispute was resolved pursuant to settlement agreement. After settlement, DNCR continued to infringe, and N.C. Gen. Stat. § 121-25(b) was enacted. Effect of law was to convert copyrighted works depicting "derelict vessel or shipwreck or its contents, relics, artifacts, or historic materials" into public records, upon which there is no limitation on use. Plaintiffs sought declaratory judgment that N.C. Gen. Stat. § 121-25(b) was void and unenforceable as preempted. State law is preempted where (1) work is within subject matter of copyright; and (2) rights granted under state law are equivalent to any exclusive rights within scope of federal copyright. In evaluating prong (2), courts examine whether "act of reproduction, performance, distribution or display will in itself infringe the state created right. If so, the state law claim is preempted by the Copyright Act." If, conversely, "other elements are required," there is no preemption. Applying test, court determined that by asserting copyright over works at issue, plaintiffs would violate N.C. Gen. Stat. § 121-25(b). Therefore, court determined, plaintiffs sufficiently stated claim that statute is preempted.

360 Mortg. Grp., LLC v. Stonegate Mortg. Corp., No. 14-310, 2016 U.S. Dist. LEXIS 124661 (E.D.N.C. Sept. 14, 2016)

Court granted defendant's motion for summary judgment. Plaintiff was former employer, and defendant was subsequent employer, of one Lisa Glenn. Plaintiff alleged that when still employed by plaintiff, Glenn sent herself materials, which included list of her customers while at plaintiff, and also sent one of defendant's employees materials including list of accounts plaintiff assigned to her. Plaintiff brought claims for, *inter alia*, conversion and theft. Court applied Fourth Circuit's two-pronged preemption test and determined that, as argued by defendant, and not responded to by plaintiff, plaintiff alleged conversion of information, not information's embodiment. Accordingly, court found claim preempted, and granted defendant summary judgment.

Ste. Genevieve Media, LLC v. Pulitzer Mo. Newspapers, Inc., No. 16-87, 2016 U.S. Dist. LEXIS 143686 (E.D. Mo. Oct. 18, 2016)

District court granted defendant's motion to dismiss plaintiff's unjust enrichment and misappropriation claims. Plaintiff, owner of weekly print and electronic newspaper, *Ste. Genevieve Herald*, sued defendant, owner of competing print and electronic newspaper, *Daily Journal*, for unjust enrichment and "hot news" misappropriation based on defendant's alleged use of plaintiff's news articles. Defendant moved to dismiss, arguing unjust enrichment claim was preempted and "hot news" misappropriation claim failed as matter of law. Plaintiff argued unjust enrichment claim was not preempted because claim required additional element of unjust retention of benefit, but district court found two-part preemption test satisfied, since news articles were properly subject of copyright and plaintiff had essentially alleged unauthorized use qualitatively equivalent to copyright infringement. Plaintiff's misappropriation claim was also dismissed for failure to allege plausible claim under narrow "hot news" exception to preemption of state law misappropriation claims. Plaintiff's articles generally reported news concerning matters of local concern that had occurred days or months prior to plaintiff's publication, and defendant allegedly re-published plaintiff's articles several days after plaintiff. Since plaintiff's articles were not time-sensitive at time of publication or misappropriation, and defendant's use occurred several days after plaintiff had benefited from publication, district court found plaintiff had failed to allege necessary elements of "hot news" misappropriation claim. Thus, plaintiff's unjust enrichment claim was preempted, and "hot news" misappropriation claim failed as matter of law.

Munro v. Lucy Activewear, Inc., No. 16-79, 2016 U.S. Dist. LEXIS 135692 (D. Minn. Sept. 29, 2016)

District court granted defendant's motion to dismiss claims for tortious interference, misappropriation, and unfair competition, finding each of claims preempted. Plaintiff artist claimed trade dress in "large-scale, immersive, light-based design utilizing arrays of thousands of short, end-lighted stems with variably lit bulbs traversably laid out upon a predominantly green space"; best-known works were titled "Field of Light" and "Forest of

Light.” Plaintiff alleged that defendant clothing company proposed promotional campaign using his work, and after cessation of contact launched light exhibition and advertising campaign titled “Light Forest” that copied elements of his works. Plaintiff alleged further that similar name and structure of defendants’ exhibit would cause visitors to believe that plaintiff was connected to exhibit. Tortious interference claim was based on “somewhat more” than reproduction of works: plaintiff alleged that defendants knew of opportunity with Boston officials and intentionally interfered with that opportunity by taking it themselves. Court found that additional act alleged—knowing solicitation of particular customer for similar exhibit—narrowed scope of claim, but did not qualitatively alter nature of claim. Foundation of tortious interference claim was still alleged improper copying of exhibit, and therefore claim was preempted. Misappropriation claim was based on defendants’ copying of prior works and “exhibition processes and promotional models and methods.” To extent misappropriation claim was based on copying of style of light displays, court found it preempted. Unfair competition claim was likewise preempted to extent it was based on copying of light displays; to extent claim reached other conduct, plaintiff failed to identify any underlying tort, or it was duplicative of other claims. Court therefore dismissed unfair competition claim with prejudice.

Express Lien, Inc. v. Nationwide Notice, Inc., No. 16-2926, 2016 U.S. Dist. LEXIS 168242 (E.D. La. Dec. 5, 2016)

Plaintiff alleged that defendant copied “resources” section of plaintiff’s website, posted information on its own website, and claimed it as its own. Plaintiff filed complaint alleging copyright infringement, trade dress infringement under Lanham Act, breach of contract, violation of Louisiana Unfair Trade Practices Act (LUTPA) and fraud. Defendant contended that claims were all preempted. Court found plaintiff’s Lanham Act claim not preempted, because claim was based upon allegation that defendant’s copying of certain parts of plaintiff’s website was likely to lead to consumer confusion, and deceive as to affiliation, connection, or association of defendant with plaintiff. Two claims were thus distinct, and it was not clear at this stage of litigation whether copyright claim would provide adequate remedy. Court found breach of contract claim not preempted because under “extra element” test, breach of contract claim “involve[d] an element in addition to mere reproduction, distribution or display, namely a contractual promise.” LUPTA claim was not preempted because cause of action under LUTPA requires proof of fraud, misrepresentation or other unethical conduct; moreover, relief it provides is not equivalent to that provided in Copyright Act.

First Am. Bankcard v. Smart Bus. Tech., No. 15-638, 2016 U.S. Dist. LEXIS 139607 (E.D. La. Oct. 7, 2016)

Court denied defendant’s motion to dismiss plaintiff’s conversion claim. Plaintiff bank filed suit alleging causes of action including conversion against defendants who, in part, were creators of certain computer software. Defendants argued that if certain of plaintiff’s intellectual property, namely fully-populated configuration tables, customer data, and related account information for software programs were intellectual property, then such property

would be classed as intangible property and would fall outside scope of Louisiana conversion law. Plaintiff contended that agreement between itself and defendants provided for “delivery” of certain source code, hence, code would be merged with physical medium and thus be tangible. Alternatively, defendants argued that if court instead found that configuration tables, customer data, and related account information were tangible, then plaintiff’s conversion claim was preempted, because it concerned computer software program. Plaintiff argued no preemption, since its conversion claim was for wrongful withholding of “proprietary customer data” and “related account information,” not wrongful copying, distribution or performance of interest protected under Copyright Act. Court agreed with plaintiff. While Copyright Act grants holder of copyright exclusive right to reproduce, distribute, perform and display copyrighted work, under Louisiana law conversion of physical property requires showing of “unlawful interference with ownership or possession of movable.” Here, plaintiffs alleged that defendants wrongfully withheld tangible data of “certain proprietary customer data and related account information,” including “the fully-populated configuration tables, customer lists, and financial records.” Court found that these were tangible items that were rightfully owned by plaintiff. While conversion claim covered materials that fall under Act, rights sought to be protected were not equivalent to any of exclusive rights of under Act. As such, plaintiff’s conversion claim was not preempted.

Schumacher Homes of La., Inc. v. R.E. Wash. Constr. LLC, No. 16-423, 2016 U.S. Dist. LEXIS 133260 (W.D. La. Sept. 24, 2016)

District court denied defendants’ motion to dismiss conversion claim as preempted. After defendants visited plaintiff’s showroom, plaintiff prepared custom home plan for defendants based on two registered copyrights in architectural work and technical drawings, and defendants gave plans to co-defendants to design and construct home. Court found Copyright Act did not preempt conversion claim because it was based on interference with tangible property, and complaint adequately alleged that defendants physically deprived plaintiffs of documents with design. Motion to dismiss was granted regarding unjust enrichment claim because claim was based on defendants’ use of plaintiff’s copyrighted works and not on contractual or fiduciary breach.

IX. DIGITAL MILLENNIUM COPYRIGHT ACT

Capitol Records, LLC v. Vimeo, LLC, 826 F.3d 78 (2d Cir. 2016)

Plaintiffs alleged that recorded music contained in videos posted by users on Vimeo website infringed plaintiffs’ copyrights. District court ruled on motions for partial summary judgment addressed to whether Vimeo was entitled to DMCA safe harbor protections. As for videos that allegedly infringed pre-1972 sound recordings, court ruled for plaintiffs on theory that § 512(c) safe harbor absolves ISP only from copyright liability based on federal copyright statute, which does not apply to pre-1972 sound recordings, which are protected only by state copyright laws. With respect to post-1972 sound recordings, district court granted summary judgment to Vimeo as to 153 videos, mostly on basis that plaintiffs lacked evidence that Vimeo’s employees had viewed them. District court certified two questions for

interlocutory appeal: “(a) Whether the DMCA’s safe-harbor provisions are applicable to sound recordings fixed prior to February 15, 1972”; and (b) “Whether, under the holding of *Viacom*, a service provider’s viewing of a user-generated video containing all or virtually all of a recognizable, copyrighted song may establish ‘facts or circumstances’ giving rise to ‘red flag’ knowledge of infringement.” Second Circuit focused on three issues: (1) whether district court correctly ruled that § 512(c) safe harbor did not apply to pre-1972 sound recordings protected only by state law; (2) whether evidence of some viewing by Vimeo employees of videos that played all or virtually all of “recognizable” copyrighted songs was sufficient to satisfy standard of so-called “red flag” knowledge of infringement, which would make Vimeo ineligible for DMCA safe-harbor; and (3) whether plaintiffs had shown that Vimeo had general policy of willful blindness to infringement of sound recordings, which would justify imputing to Vimeo knowledge of specific infringements. Second Circuit concluded that DMCA safe harbor protected from liability for pre-1972 sound recordings. Court rejected district court’s reliance on 2011 Copyright Office report that concluded that § 512(c) safe harbor does not apply to pre-1972 sound recordings. Court found that “literal and natural reading” of § 512(c) leads to conclusion that its use of phrase “infringement of copyright” includes infringement of state law copyright. To interpret § 512(c)’s guarantee that ISPs “shall not be liable ... for infringement of copyright” to mean that they may nonetheless be liable for infringement of copyright under state laws would be “strained interpretation,” court stated; construing § 512(c) safe harbor as not granting protection from liability for state-law copyright infringements would substantially defeat statute’s purposes. ISPs that allow public to post works on their sites would either need to incur enormous expenses to monitor all postings to ensure absence of infringing material (contravening provision of § 512(m) excusing them from such obligation), or would incur state-law-based liabilities for copyright infringement by reason of user-posted infringements of which they were unaware. Financial burdens in either case would be substantial and would likely either dissuade ISPs from making large investments in Internet or cause them to charge so much for service as to undermine substantially public usefulness of service Congress undertook to promote. As to remaining issues, Second Circuit held that, by itself, some viewing by ISP’s employee of video that plays all or virtually all of recognizable copyrighted song is not sufficient to establish “red flag” knowledge that would disqualify ISP from safe harbor protection. Court also held that evidence of several unrelated instances of Vimeo’s employees encouraging specific infringements was insufficient to show general policy of “willful blindness” justifying loss of safe harbor protection.

EMI Christian Music Grp., Inc. v. MP3Tunes, LLC, 840 F.3d 69 (2d Cir. 2016)

Second Circuit vacated district court’s grant of partial summary judgment to defendants based on its conclusion that MP3Tunes qualified for safe harbor protection under DMCA because district court applied too narrow definition of “repeat infringer,” and reversed district court’s grant of judgment as matter of law to defendants on claims that MP3Tunes permitted infringement of plaintiffs’ copyrights in pre-2007 MP3s and Beatles songs. Plaintiff companies filed suit alleging that MP3Tunes Internet services infringed rights in sound recordings and musical compositions. MP3Tunes.com offered “locker storage”

service, which charged users fee to store music on MP3Tunes server. MP3Tunes owned second website, sideload.com, that allowed users to search for free music on Internet and offered plug-in to enable users to “sideload” to their MP3Tunes lockers free songs that they found on sideload.com. Songs sideloaded into users’ lockers were then added to sideload.com’s index of searchable songs. District court granted defendants partial summary judgment, finding MP3Tunes reasonably implemented § 512 “repeat infringer” policy. Case proceeded to jury, which found for plaintiff, but court overturned verdict in part. Second Circuit held that district court had applied wrong definition of “repeat infringer,” holding that “repeat infringer” does not need to know of infringing nature of its online activities, or to upload rather than download content. Applying definition, court held that partial summary judgment was improperly granted because sufficient evidence was present concerning MP3tune’s infringer policy to deny summary judgment. Jury could reasonably infer from evidence that MP3Tunes actually knew of specific repeat infringers and failed to take action. Jury alternatively could have determined that MP3Tunes consciously avoided knowing about specific repeat infringers even though infringement was rampant and obvious. Second Circuit reversed district court’s determination that jury’s finding of red-flag knowledge or willful blindness with respect to two categories of songs was wrong as matter of law. Jury could reasonably have found that MP3Tunes knew that major record labels had not offered songs in MP3 format until 2007, and was able to search sideload.com for files sideloaded before 2007. Reasonable jury could also have found that MP3Tunes knew that there was no legal online distribution of Beatles tracks before 2010, and could have reasonably concluded that MP3Tunes had red-flag knowledge of, or was willfully blind to, infringing nature of Beatles tracks on its servers and failed to “act expeditiously” to remove them. Jury could reasonably have found that MP3Tunes conceived of and was designed to facilitate infringement, based on evidence that MP3Tunes “actively encouraged infringement” and that MP3Tunes executives personally used sideload.com to download infringing material. There was thus sufficient evidence to allow reasonable jury to conclude that MP3Tunes had red-flag knowledge of, or was willfully blind to, infringing activity.

Mavrix Photographs, LLC v. LiveJournal, Inc., 853 F.3d 1020 (9th Cir. 2017)

Ninth Circuit reversed district court’s grant of summary judgment that defendant was protected by DMCA safe harbor. Defendant social media platform allowed users to create and run “thematic communities” in which they posted and commented on content related to theme. “Moderators” reviewed posts submitted by users to ensure compliance with rules; “maintainers” reviewed and deleted posts and had authority to remove moderators and users from community. Each community also had “owner” who had authority of maintainer, but could also remove maintainers. *Oh No They Didn’t!* (ONTD) community had nine moderators, six maintainers and one owner. ONTD users submitted posts containing celebrity news to internal queue. Moderators reviewed submissions and publicly posted approximately one-third of them. Moderators reviewed for substance, approving only those submissions relevant to “new and exciting celebrity news,” and reviewed for copyright infringement, pornography and harassment. Defendant hired paid moderator to serve as ONTD’s full-time “primary leader.” Plaintiff filed action alleging copyright infringement on

basis of 20 photographs posted on ONTD. District court granted defendant's motion for partial summary judgment, concluding that § 512(c) safe harbor shielded defendant from infringement liability. Ninth Circuit reversed. To be eligible at threshold for § 512(c) safe harbor, service provider must show that infringing material was posted "at the direction of the user." In context of this case, inquiry turned on role of moderators in screening and posting users' submissions and whether their acts may be attributed to LiveJournal. Court had "little difficulty holding that common law agency principles apply to the analysis of whether a service provider like LiveJournal is liable for the acts of the ONTD moderators." In event there is finding that moderators are agents of defendant, fact finder must assess whether plaintiff's photographs were indeed posted "at the direction of the users" in light of moderators' role in screening and posting photographs. Posts are at direction of user if service provider played no role in posting them on its site or if service provider carried out activities that were "narrowly directed" towards enhancing the accessibility of posts.

BWP Media USA, Inc. v. T & S Software Assocs., Inc., 852 F.3d 436 (5th Cir. 2017)

Fifth Circuit affirmed grant of summary judgment for defendant. Plaintiffs, registered owners of various celebrity photographs, sued defendant, Internet service provider that hosted online public forum called "HairTalk" on which third-party users posted celebrity images that infringed plaintiffs' copyrights, for direct and secondary copyright infringement. Suit claimed that defendant was liable for its users' infringements because defendant failed to designate registered agent to receive notices of claimed infringement under DMCA. Fifth Circuit adopted "volitional conduct" requirement in direct copyright infringement cases, and found that BWP did not contend that defendant in fact engaged in volitional conduct. Defendant hosted forum on which infringing content was posted, but its connection to infringement alleged by plaintiffs ended there; users posted infringing content. Fifth Circuit noted that defendant's failure to designate registered agent under DMCA did not remove volitional conduct requirement. Whether there is volitional conduct is first step of establishing infringement under §§ 106 and 501. Only if plaintiff shows such infringement are courts to analyze whether ISP nonetheless falls within § 512 safe harbor.

Stevens v. Corelogic, Inc., 194 F. Supp. 3d 1046 (S.D. Cal. 2016)

Court granted defendant's motion for summary judgment. Defendant created and provided software to Multiple Listing Services (MLS), which software real estate agents use to upload listings, including photographs. Plaintiffs were photographers who licensed their photos to agents for uploading on MLS. Photographers can embed CMI in their works' metadata, but there are many occasions when that metadata can be changed or omitted, e.g., through cropping. Before late 2014 or early 2015, defendant's software removed certain metadata from photographs uploaded to its software for use on MLS. Defendant later rewrote software. Plaintiffs brought claim for violation of DMCA § 1202. Court found that plaintiff could not make out claim under § 1202. As to § 1202(a), there was no showing that defendant provided or distributed CMI that was false. As to § 1202(b)(1), plaintiff could not show that CMI was on uploaded photos, that defendant acted to remove or alter CMI, or that defendant acted intentionally. Plaintiffs did not identify photograph that contained CMI at

time of upload, and court found it insufficient merely to show that there was CMI at time plaintiffs provided photographs to agent. Similarly, defendant did not choose or control uploading of photos or whether photos contained CMI, and it did not upload photos itself. Court also found that there was no evidence of defendants' intentional actions toward CMI. As to §§ 1202(b)(2) and (3), plaintiffs did not show that defendants knew or should have known that removing CMI from metadata would lead to infringement, or that embedded CMI could have prevented infringement and defendant knew it would stave off infringement. Finally, court found that plaintiffs had impliedly licensed photographs for purpose of uploading to MLS and knew agents could change photos for use on MLS. There was no agreement with agents not to remove metadata. Court thus granted defendant's motion for summary judgment.

Seide v. Level-(1) Global Solutions, LLC, No. 16-2975, 2016 U.S. Dist. LEXIS 105375 (N.D. Ill. Aug. 10, 2016)

District court denied defendant's motion to dismiss for failure to state claim pursuant to Rule 12(c). Plaintiff, photographer, brought infringement suit against website owner and its Internet service providers. One such provider, Steadfast Networks LLC, contended that it was shielded by DMCA's safe-harbor provision because it had adopted and reasonably implemented "repeat infringer" policy because it had such policy on its website providing for disabling infringing client's Internet service when appropriate, and alleged that it followed policy in response to plaintiffs' complaints. Service provider may qualify for safe harbor if it adopts and reasonably implements, and informs subscribers/account holders of, "policy that provides for the termination in appropriate circumstances of subscribers and account holders of the service provider's system or network who are repeat infringers." In Ninth Circuit, "service provider 'implements' such policy 'if it has working a notification system, a procedure for dealing with DMCA-complaint notifications, and if it does not actively prevent copyright owners from collecting information needed to issue such notifications.'" It "reasonably implements its repeat infringer policy if it terminates users when appropriate." Court noted that simply having policy and implementing it on one occasion does not establish DMCA compliance; DMCA is concerned with whether service providers have reasonably implemented their policies generally. Therefore, court denied Steadfast's motion and requested further discovery as to whether Steadfast had reasonably implemented policy.

General Motors LLC v. Dorman Prods., No. 15-12917, 2017 U.S. Dist. LEXIS 28434 (E.D. Mich. Mar. 1, 2017)

District court denied defendants' motion to dismiss plaintiffs' copyright infringement and unlawful circumvention claims. Plaintiffs alleged that defendants were illegally stealing and reselling GM's copyrighted software as embedded in control modules installed in GM's vehicles. GM also alleged that defendants manufactured and sold product called Software Transfer Tool that allowed users to access, copy and transfer GM's copyrighted software to other modules. Court had previously dismissed, on defendants' motion, infringement claim and circumvention claim under DMCA because of pleading deficiencies. GM filed amended complaint, and defendants once again moved to dismiss infringement and circumvention

claims. Amended complaint included claim that defendants' Software Transfer Tool product violated DMCA § 1201(a)(1)(A), which provides that "no person shall circumvent a technological measure that effectively controls access to a work protected under [Act]." GM alleged that GM's copyrighted software contained technological protection measure that prevented access to and reprogramming of software, and thus defendants' product circumvented "technological measure" as prohibited by DMCA. Defendants argued that their product merely allowed others to circumvent technological measures, which is not direct violation of DMCA's circumvention provision but rather trafficking in illegal circumvention means (claim also alleged by GM). Court held that GM's allegations supported claim that defendants must have, at some point, themselves circumvented GM's security measures, whether before or during development and distribution of defendants' product. Court therefore denied defendants' motion to dismiss circumvention claim.

Hempton v. Pond5, Inc., No. 15-5696, 2017 U.S. Dist. LEXIS 5724 (W.D. Wash. Jan. 13, 2017)

Court denied plaintiff's motion for reconsideration. Plaintiff, nature sound recordist, sued defendant, which operated website through which media producers could license and distribute content to third parties, and one of defendant's customers for copyright infringement. Plaintiff alleged that defendant customer uploaded many of plaintiff's sound recordings to co-defendant's website, infringing plaintiff's copyrights. Defendant moved for summary judgment, contending that it was protected under § 512(c) of DMCA. Court agreed, and granted defendant's motion; plaintiff moved for reconsideration. Court noted that motions for reconsideration are disfavored, and such motions are generally denied absent showing of manifest error in prior ruling or new facts or legal authority. Plaintiff claimed that there were "new facts" that created genuine issue of material fact. Alleged new evidence (10,000 sound files plaintiff claimed were uploaded to defendant's website after motion was filed and two expert reports that discussed "red flags") did not persuade court. Court said sound files could have been brought to court's attention any time before summary judgment motion was decided, and expert reports were also meant to be filed with plaintiff's opposition to motion. If plaintiff needed more time to gather expert evidence, plaintiff could have requested extension.

Goldstein v. Metro. Reg'l Info. Sys., No. 15-2400, 2016 U.S. Dist. LEXIS 106735 (D. Md. Aug. 11, 2016)

District court granted in part and denied in part defendant's motion to dismiss pursuant to Rule 12(b)(6). Plaintiff, photographer, brought suit against defendant website operator for, *inter alia*, DMCA violations. Plaintiff alleged that its copyrighted photo, still bearing plaintiff's original watermark in center bottom of image, was uploaded to defendant's website at various points in 2013 and 2014. Uploaded photo also had defendant's watermark "© 2013 MRIS" or "© 2014 MRIS" in bottom left corner of image. Defendant continued to display photo into 2015, and updated its own watermark to "© 2015 MRIS," even after receipt of demand letter from plaintiff's attorney. Defendant obtained at least one copyright registration for its website during this period, and site as registered included plaintiff's photo.

Plaintiff alleged violation of DMCA §§ 1202(a) and 1202(b). Section 1202(a) makes it unlawful to “knowingly and with the intent to induce, enable, facilitate or conceal infringement provide copyright management information that is false.” Section 1202(b) prohibits intentional removal or alteration of any copyright management information without authority of copyright holder or law. Additionally, § 1202(b) requires that action be taken “knowing or ... having reasonable grounds to know that it will induce, enable, facilitate, or conceal an infringement.” Defendant argued that both claims failed because plaintiff failed to allege that it provided or altered copyright management information (CMI) within meaning of DMCA, because it did not include all elements of “notice of copyright” as defined in Act. Court rejected argument, stating that plain language of DMCA does not equate CMI with copyright notice. Court was also unpersuaded by defendant’s attempts to dismiss § 1202(a) claim on bases that (1) it had “good faith belief” that MRIS watermark on work was not false because it held copyright in website database as whole, as well as specific portions of it; and (2) defendant’s mark was added automatically to all images uploaded to site, such that it lacked requisite intent for violation of statute. Dearth of authority supporting plaintiff’s legal theory should not cut entirely against him, because “courts should be especially reluctant to dismiss on the basis of the pleadings when the asserted theory of liability is novel or extreme, since it is important that new legal theories be explored and assayed in the light of actual facts rather than a pleader’s.”

Sinclair Broad. Group, Inc. v. Colour Basis, LLC, No. 14-2614, 2016 U.S. Dist. LEXIS 84154 (D. Md. June 29, 2016)

District court granted in part and denied in part counter-defendants’ motion for summary judgment. Counter-defendants, television company operating over 150 stations in over 70 markets and its personnel, sought declaratory judgment action that they had not infringed defendants’ copyright in “Style Guide,” containing standards and expectations for on-air talent, prepared by defendants at their request. Defendants claimed circumvention in violation of § 1201 based on counter-defendants’ “willful” removal of “password protection and print disabling technological measures that controlled access to the copyright protected Style Guide.” DMCA defines circumvention as “action that intends ‘to de-scramble a scrambled work, to decrypt an encrypted work, or otherwise to avoid, bypass, remove, deactivate or impair a technological measure, without the authority of the copyright owner.” Court found that “merely alleging that a defendant ‘accessed’ a copyrighted work that is protected by a technological measure is not enough to state a claim for violation of the DMCA.” Instead, “a plaintiff alleging circumvention ... [must] prove that the defendant’s access was unauthorized,” noting that use of password “to access copyrighted work, even without authorization, does not constitute ‘circumvention’ under the DMCA.” Defendants gave counter-defendants access to Style Guide and provided no details as to how circumvention allegedly occurred; therefore, they had no circumvention claim under DMCA.

Ford Motor Co. v. Autel US, Inc., No. 14-13760, 2016 U.S. Dist. LEXIS 85875 (E.D. Mich. Jul. 1, 2016)

Court dismissed plaintiff's DMCA claim. Plaintiff owned copyright in files within "Integrated Diagnostic System" used for diagnosing Ford vehicles and facilitating their service and repair. Plaintiff filed suit against defendant, alleging defendant copied all or substantial portion of plaintiff's files. Court found plaintiff stated claim for copyright infringement. Plaintiff adequately satisfied "ownership" prong of infringement claim by providing copyright registrations. Court also held plaintiff adequately satisfied "copying of constituent elements of the work that are original" element by alleging defendant copied data entries compiled in same sequence and arrangement as plaintiff's files. Plaintiff also asserted defendant violated § 1201(a) prohibitions on circumvention of technological measure that controls access to copyrighted work, and on trafficking in technology or products primarily designed to circumvent technological measure that controls access to copyrighted work. Court held while plaintiff had alleged that defendant circumvented its technological security measures to improperly access trade secrets in form of "FFData file," it had not alleged that defendant circumvented its security measures to access copyrighted work.

Philpot v. Toledo Radio, LLC, No. 15-1401, 2016 U.S. Dist. LEXIS 128872 (N.D. Ohio Sept. 21, 2016)

Plaintiff photographer sued defendant radio station for copyright infringement and violation of DMCA. Plaintiff owned copyright in photo of Willie Nelson. Plaintiff made photo available for use under Creative Commons License, which states that those who use photo must provide link to license, give credit to photographer and specify any changes made to work. Plaintiff claimed defendant altered photo by removing identifying metadata and copyright management information. On motion for summary judgment, court held that genuine issues of material fact remained as to whether any infringement occurred because court could not "conclude reasonable minds could come to but one conclusion concerning whether defendant's publication of the Nelson Photo constituted fair use," and whether infringement, if infringement occurred, was innocent. Because there remained question as to whether defendant's use of work was fair, court held there are also genuine issues of material fact regarding plaintiff's contributory and vicarious copyright infringement claims. Court also denied parties' motions for summary judgment on issue of whether defendant breached DMCA by removing or altering copyright management information.

X. MISCELLANEOUS

A. Insurance

Educ. Impact v. Travelers Prop. Cas. Co. of Am., No. 15-4510, 2016 U.S. Dist. LEXIS 176799 (N.D. Cal. Dec. 21, 2016)

Court granted defendant's motion for summary judgment. Plaintiff Educational Impact sued co-plaintiff Teachscape for inaccurately representing that Teachscape was only business in

industry that could legally market book titled *Enhancing Professional Practice—A Framework for Teaching*, alleging claims including unfair competition and tortious interference. Educational Impact also sued few of Teachscape’s customers, alleging copyright infringement. Teachscape tendered complaints to defendant Travelers, and assigned all of its rights against defendant to plaintiff. Central issue was whether defendant breached duty to defend Teachscape under coverage provision for “advertising injury liability.” Relevant policy provided that defendant “will pay those sums that the insured becomes legally obligated to pay as damages because of ‘personal advertising injury’ to which this insurance applies.” Moreover, according to policy, advertising injury meant “injury caused by the infringement of copyright.” Court found that because there was no allegation—and no facts to support allegation—that Teachscape infringed plaintiff’s copyright in its advertisements, there was “no potential for coverage” under policy and defendant had no duty to defend Teachscape. Court also found defendant had no duty to defend Teachscape’s customers because Teachscape was not named in customer lawsuits.

Boehm v. Heyrman Printing, LLC, No. 16-305, 2017 U.S. Dist. LEXIS 33678 (W.D. Wis. Mar. 9, 2017)

District court granted insurer’s motion for summary judgment, holding that insurer had no duty to defend defendant printer against copyright infringement action. Defendant had used, at direction of third-party defendant Event USA, unauthorized copies of photographer Scott Boehm’s copyrighted photos in Event USA advertisement. Defendant’s insurance policy, provided by insurer ACUITY, provided coverage for “advertising injury and printers’ errors and omissions,” which excluded copyright infringement claims unless “infringement occurs in the insured’s advertisement.” Court held that, because alleged infringement did not occur in defendant’s own advertisement, ACUITY did not have duty defend defendant against plaintiff’s infringement allegations.

B. Visual Artists Rights Act

Cohen v. G&M Realty L.P., No. 13-5612, 2017 U.S. Dist. LEXIS 50943 (E.D.N.Y. Mar. 31, 2017)

District court denied defendants’ motion to dismiss plaintiffs’ VARA claims. Plaintiffs were group of artists who created, with permission, paintings that adorned either exterior or interior of group of buildings owned by defendants that came to be known as “5Pointz.” Defendants eventually decided to destroy 5Pointz buildings and replace them with high-rise towers containing rental units. Plaintiffs sued under VARA to prevent destruction of paintings. “Recognized stature,” though statutorily undefined, is necessary finding under VARA in order to protect “work of visual art.” Courts generally determine whether particular work possesses “recognized stature” based on expert testimony; here plaintiffs’ and defendants’ “dueling (and facially credible) experts’ divergent analyses” created triable issue of fact, foreclosing judgment as to plaintiffs’ VARA claim. Defendants argued that plaintiffs’ expert report focused on “recognized stature” of artist, rather than work itself, in contravention of VARA. Courts and parties, however, have employed variety of methods to

determine “recognized stature,” including inferring particular work’s recognized stature on basis of its creator’s reputation. Court found that acceptance of such methodology in this case had added benefit of honoring VARA’s broad purpose. Court “harbor[ed] some skepticism” regarding cogency of relevant opinions, due not only to their premises but also their rigor. Nonetheless, trial court should limit itself to exclusion of “junk science” under standard set forth in *Daubert*. Here, plaintiffs’ expert used variety of factors in reaching her conclusion regarding stature of plaintiffs’ work, including multiple commissions from major entities, hiring by celebrity clients and public park; opinions of leading museum professionals and other artists; individual artist’s social media followers and their works’ Google hits, and awards including induction in Graffiti Hall of Fame. By citing such evidence, which courts have deemed relevant to question of recognized stature and may reasonably indicate specific artist’s place in art world, plaintiffs’ expert’s report met *Daubert* minimum; any remaining problems with expert were for jury to decide.

MG Design Assocs. v. Costar Realty Info., Inc., No. 16-5166, 2016 U.S. Dist. LEXIS 166262 (N.D. Ill. Dec. 1, 2016)

Court granted in part motion to dismiss, finding work at issue was not eligible for VARA protection because it was work made for hire. Plaintiff and defendant both designed and constructed trade show exhibits. Plaintiff alleged that defendants constructed infringing “Las Vegas Exhibit” using plaintiff’s design renderings “as the basis” for construction; defendant then advertised on its website that it designed Las Vegas Exhibit. Plaintiff alleged “right of attribution” claim under Visual Artists Rights Act. However, “works of visual art” to which VARA applies do not include “any work made for hire.” Plaintiff alleged that renderings “were created by an employee of MG Design working within the course and scope of his employment,” using VARA’s definition of works made for hire near-verbatim. Court therefore held that plaintiff could not state “right of attribution claim for infringement of a work of visual art.”

C. Miscellaneous

Fox TV Stations, Inc. v. AereoKiller, LLC, 851 F.3d 1002 (9th Cir. 2016)

Defendant operated service that captured copyrighted works broadcast over air and retransmitted them to paying subscribers over Internet without consent of copyright holders. Issue was whether such Internet-based retransmission services are “cable systems” eligible for compulsory license under Copyright Act. Act defines “cable system” as “facility ... that ... receives signals transmitted or programs broadcast by ... television broadcast stations ... and makes secondary transmissions of such signals or programs by wires, cables, microwave, or other communication channels to subscribing members of public who pay for such service.” Court rejected plaintiff’s argument that defendant’s use of Internet (retransmission medium beyond its control) excluded defendant’s service from “cable system.” Court held language of § 111 does not compel conclusion that facility must control retransmission medium—wires, cables, microwaves, or other communications channels. Court rejected defendant’s argument that § 111 must be read as making compulsory licenses available to

any facility that retransmits broadcast signals or programming; if Congress had intended to include entire secondary transmission community, it would have done so, but it did not. Court also rejected defendant's argument that Internet counts as one of "other communications channels," invoking *ejusdem generis* canon to find that "other communications channels" must share characteristics such as bandwidth, throughput and noise, which would imply Internet is not "other communications channel" under § 111. Court found Internet-based retransmission services neither clearly eligible nor clearly ineligible for compulsory license § 111 makes available to "cable systems." Since § 111 was ambiguous on question presented, court gave *Skidmore* deference to interpretation of Copyright Office, had long maintained that Internet-based retransmission services are not "cable systems," and hence are not eligible for compulsory licenses under § 111.

Speaker Biographies

ASHLEY BROWN

Biography

Ashley Brown is Director, Standards & Practices in the Business and Legal Affairs Department at Viacom Media Networks. She works primarily for the BET channels, their digital platforms and BET.com. She is responsible for the moral and ethical implications of the programming on BET Networks. She works closely with the scripted, unscripted, news and specials development teams on all stages of content creation including concept and script review, story lines and character arcs, screening of cuts, and providing TV parental ratings. She reviews and issues detailed notes on scripts for live, reality, drama, comedy and promotional content and provides on-set guidance for live and live-to-tape shows. She is also responsible for operating the broadcast delay for live programming as needed.

Over the years, Ms. Brown has worked on many of BET's top-rated shows and tentpoles including *106 & Park*, *The BET Awards*, *Black Girls Rock*, *Being Mary Jane*, *Tales*, and fan-favorite, *The New Edition Story*. Recently Ms. Brown worked with entertainment mogul, 50 Cent on his new BET project, *50 Central*, and starred in a digital clip that generated over one million views and aired on *Good Morning America*, comically discussing the words and terms 50 Cent could not say on the network.

Prior to joining Viacom, Ms. Brown was a freelance public relations and event management professional serving in every role from brand ambassador to tour coordinator to event manager. She was responsible for working with brands to promote their products and services, producing and executing events and hiring and managing staff.

Ms. Brown spent eight years serving as an airman in the United States Air Force Reserve at the 919 Special Operations Wing at Duke Field in Florida and the 94 Mission Support Squadron at Dobbins Air Reserve Base in Marietta, GA. She was a personnel specialist assisting enlisted members and officers with career enhancement, employment, benefits and duty assignments. She was Airman of the Quarter twice and served as a public affairs assistant as an additional duty.

She earned her B.S. degree in public relations from Florida A&M University.

MICHAEL I. CHAKANSKY, ESQ.

Biography

Michael Chakansky, a partner at Hoffman & Baron, LLP, is an experienced Patent Attorney with extensive and diverse experience in all aspects of intellectual property. Former Chair of the 2000 member Intellectual Property Law Section of the New York State Bar Association. Cited by the U.S. Supreme Court, in the dissent, in *Florida Prepaid v. College Savings Bank*, 527 U.S. 627 (1999), for his column published in *13 Computer Law Strategist*, No. 9, p. 8 (1997). Former Chair of the Intellectual Property Practice Group at the general practice law firm of Sills Cummis & Gross, P.C. Fellow, American Bar Foundation. Fellow, New York Bar Foundation.

Practice Expertise

Patent litigation, licensing and prosecution; intellectual property due diligence; trade secret preservation and litigation; trademark and copyright litigation, licensing and prosecution; computer contract drafting and litigation; and internet-related intellectual property.

Bar & Court Admissions

- State of New York
- U.S. District Courts of New York
- State of New Jersey
- U.S. District Court of New Jersey
- U.S. Court of Appeals for the Third Circuit
- U.S. Court of Appeals for the Federal Circuit
- U.S. Supreme Court
- Registered to practice before the United States Patent and Trademark Office

Education

- JD, 1981, Law, Buffalo Law School, SUNY; Law Review, Moot Court Board
- MA, 1977, Physics, The City College, CUNY
- BA, 1973, Mathematics, New York University;

Memberships

- New York State Bar Association
- New York Intellectual Property Association
- The City Bar of New York (formerly, The Association of the Bar of the City of New York)
- The American Physical Society

ROBERT CLARIDA, ESQ.

Biography

Bob Clarida heads the intellectual property practice at Reitler Kailas & Rosenblatt LLC, which has been rated Tier 1 in New York and Tier 3 nationally. He is widely recognized for his intellectual property expertise and has extensive experience in all aspects of securing, enforcing and licensing non-patent intellectual property rights, and in advising a broad range of clients on effective strategies for maximizing value and avoiding infringement risk.

Bob speaks and writes frequently on copyright issues. He is the author of the treatise *COPYRIGHT LAW DESKBOOK* (BNA 2009), and a principal presenter of the annual review of copyright decisions delivered each year to the Copyright Society of the USA.

Bob co-authors the regular copyright law column in the *New York Law Journal*, teaches a seminar on emerging intellectual property issues at Columbia Law School, and has chaired numerous committees for the New York State Bar Association, the New York City Bar Association, and the American Intellectual Property Law Association.

EDUCATION

Columbia Law School (J.D., 1993), where he was Harlan Fiske Stone Scholar.
 SUNY Stony Brook (Ph.D. Music Composition, 1987).
 Fulbright fellowship to the Musicology Institute of Gothenburg University, Sweden.

PROFESSIONAL

- Served as a director of the American Intellectual Property Law Association
- Chair of the Copyright and Literary Property Law Committee of the Association of the Bar of the City of New York
- Former Trustee of the Copyright Society of the USA

ADMISSIONS

New York
 Southern, Eastern, Northern and Western Districts of New York
 Eastern District of Michigan
 The U.S. Courts of Appeals for the First, Second, Seventh and Ninth Circuits

RECOGNITION

- Author, *COPYRIGHT LAW DESKBOOK* (BNA Bloomberg 2009, 857 pp.); and 2010, 2011, 2012, 2013, 2014, 2015 Annual Supplements (2nd Edition forthcoming, 2016)
- Editor, *THE FUTURE OF THE MUSIC BUSINESS: HOW TO SUCCEED WITH THE NEW DIGITAL TECHNOLOGIES* by Steve Gordon (Hal Leonard, 2005; 2d ed. 2008; 3d ed. 2011)

NADJA WEBB COGSVILLE, ESQ.

Biography

Nadja Webb Cogsville is Senior Vice President & Deputy General Counsel, Business and Legal Affairs, reporting directly to the General Counsel of Viacom Media Networks ("VMN"). Nadja oversees and manages a large BALA team supporting MTV, VH1, MTV2, mtvU, Logo, BET and Centric. In addition, she oversees the Music Strategy team and music businesses across VMN and BET. Her team members are located in offices in Los Angeles and New York.

Nadja has extensive transactional experience across multiple media platforms including television, music and digital. Her expertise is in structuring and negotiating complex deals, analyzing risks and developing creative solutions to business challenges. She supports a variety of business groups including, production and development, on air & off air creative, talent relations, marketing, integrated marketing and new business development. She structures, drafts and negotiates all forms of development and production agreements for reality, scripted and digital programming, including, creator and EP agreements, rights acquisitions, third party production agreements, co-financing and international distribution agreements.

As head of Music Strategy group, Nadja negotiates and drafts global music rights agreements across VMN and BET's linear and digital platforms and advises senior company executives in connection therewith. She is an integral partner to the business development, product development, and marketing senior executives in helping to define, build and grow the multi-platform businesses.

Prior to joining VMN, Nadja was Senior Counsel at Atlantic Recording Corporation, Counsel at Sony Music Entertainment Inc. and an Associate at the law firm of Weil, Gotshal & Manges. She received a law degree from Harvard Law School and a Bachelors of Arts from Wesleyan University. She lives in New York with her husband, Donald Cogsville, and their two children.

VICTORIA A. CUNDIFF, ESQ.

Biography

Victoria A. Cundiff is a partner at Paul Hastings resident in New York. She is a leader of the Litigation department's global Trade Secrets practice, which is ranked in "Tier 1" by *Legal 500* and is regularly named a "Leading Lawyer" nationally in the field by *Legal 500*. See www.legal500.com for criteria. She helps clients acquire, protect and maximize value from intellectual property. Her clients include emerging companies, joint ventures and Fortune 50 companies in a variety of industries, including software, media, financial services, insurance, pharmaceutical, chemical, marketing, and sales and distribution organizations. Much of her work focuses on issues arising at the intersection of intellectual property and employment law, including avoiding the loss of trade secrets and other valuable assets when key employees move between competitors, analyzing and litigating restrictive covenant and intellectual property ownership disputes, and designing confidential investigation procedures and verification protocols for resolving intellectual property use and ownership disputes outside of court.

Ms. Cundiff has extensive litigation experience, particularly in seeking or opposing immediate injunctive relief. She has successfully tried or resolved trade secrets, inevitable disclosure, intellectual property ownership, copyright, licensing, and other intellectual property and commercial disputes in state and federal courts throughout the United States and before a variety of arbitration and mediation tribunals and coordinates multi-jurisdictional litigation. She writes extensively on intellectual property law issues, including "Preventing The Inevitable: How Thinking About What Might Happen Can Help Ensure That it Won't," "Reasonable Measures to Protect Trade Secrets in a Digital Environment," "Hiring Competitor's Employees: A Trade Secrets Perspective," and "How to Place Your Intellectual Property at Risk." She is a frequent speaker on the implications of recent IP developments. She has served as an instructor in programs sponsored by the USPTO on trade secrets law for, among others, representatives of the governments of a variety of US trading partners. She has contributed to *amicus curiae* briefs filed in the United States Supreme Court on copyright and intellectual property licensing issues.

Ms. Cundiff is a Visiting Lecturer in Law at Yale Law School, where she teaches intellectual property law.

Ms. Cundiff is a Member of the American Law Institute, serving as an Adviser on the *Restatement, Third, Conflict of Laws*. She is a member of the Executive Committee of the New York State Bar Association's Intellectual Property Section and is the past Chair of that section. She chairs the Trade Secrets Litigation Committee of the American Intellectual Property Law Association. She was an invited civilian guest at the U.S. Army War College National Security Seminar. She has completed the National Institute of Trial Advocacy's Teacher Training Program and the CPR Institute's Mediator Training Program. She is a fellow of the New York and American Bar Foundations and has been recognized in *The Best Lawyers in America*; *Chambers*; *Legal 500*; and *New York Super Lawyers*, among other lawyer directories.

JEMAR E. DANIEL, ESQ.

Biography

Jemar E. Daniel is currently Senior Counsel in Viacom Media Network's Business and Legal Affairs group. He provides production content review for various VMN client groups across digital and linear platforms. In his position, he advises clients on privacy, copyright, right of publicity, and legal issues presented in broadcast distributed on traditional and new media platforms. Before joining VMN in 2014, Jemar was a member of BET's Business and Legal Affairs group. Jemar holds a Juris Doctor from American University, Washington College of Law and a Bachelor of Arts from McDaniel College. He is admitted to practice in New York.

ANTHONY E. DAVIS, ESQ.

Biography

Anthony Davis is best described as a lawyer's lawyer. Mr. Davis is a member of the Lawyers for the Profession® practice group and his practice focuses on the laws that govern lawyers. He advises attorneys and law firms on legal professional and ethics issues, law firm creation, merger and dissolution, risk management and loss control.

Professional Background

Mr. Davis is a Lecturer-in-Law at the Columbia University School of Law, teaching "Professional Responsibility Issues in Business Practice." As an Adjunct Professor of Law, Mr. Davis taught "Legal Profession" at Brooklyn Law School for many years. Mr. Davis has served as a member of the New York City Bar Professional Ethics Committee and is a former Chair of the Professional Development Committee.

Professional Affiliations

- Association of Professional Responsibility Lawyers (APRL), Past President
- College of Law Practice Management, Fellow
- American Law Institute, Member
- American Bar Foundation, Life Fellow

Honors & Awards

- Named a "Lawyer of the Year" in the Ethics and Professional Responsibility Law category for New York by *Best Lawyers*, September 2012
- Included in "*The Best Lawyers in America*®" in the area of Ethics and Professional Responsibility Law (2011–Present)

Presentations

Mr. Davis is popular lecturer and panelist, drawing on his many years of teaching experience when speaking to bar associations and law firms throughout the United States on all aspects of professional responsibility, the law as it affects lawyers, law practice and risk management.

Publications

Mr. Davis is the co-author of "*Risk Management: Survival Tools for Law Firms, 3rd Edition*," and of "*The Essential Formbook: Comprehensive Practice Management Tools for Lawyers*," both published by the American Bar Association.

In addition to his books, he has written and lectured widely on a variety of legal profession and ethics issues, including a regular bi-monthly column on professional responsibility in the *New York Law Journal*.

Service Areas

Counselors for the
Profession® Cyber Security
for Law Firms Lawyers for the
Profession® Litigators for the
Profession® Professional
Liability

Education

M.A., Cambridge University,
1974

LL.M., New York University,
1971

B.A., Cambridge University,
1970

Barrister and Solicitor
(non- practising) in
England and Wales

Admissions

Colorado

New York

U.S. Court of Appeals for the
Fourth Circuit

U.S. Court of Appeals for the
Second Circuit

U.S. Court of Appeals for the
Tenth Circuit

U.S. Court of International
Trade

U.S. District Court for the
District of Colorado

U.S. District Court for the
Eastern District of New York

U.S. District Court for the
Southern District of New York

ERIN M. DUNSTON, ESQ.

Biography

Erin is a co-chair of the Litigation Practice Group of Buchanan Ingersoll & Rooney's Intellectual Property Section and a member of the firm's Associates' Committee. She focuses on inter partes reviews, interferences, district court litigation, opinions, and prosecution — primarily in the fields of biotechnology, pharmaceuticals, and medical devices. Her litigation practice includes classic infringement and declaratory judgment cases, as well as Paragraph IV cases.

For 2014-2017, Erin was recognized in IAM's Patent 1000 list – the best-in-class listing of patent prosecution, licensing, and litigation practitioners and as an IP Star by Managing Intellectual Property. From 2014 to 2016, Erin has been named a Leading Intellectual Property Lawyer by Chambers USA. Erin also received Lawyer Monthly's Women in Law 2016 Award for her contributions to the practice of biotechnology law. She was also selected for inclusion in The Best Lawyers in America 2018 list.

Erin has assisted in more than 40 interferences before the Patent Trial and Appeal Board. As a result, she is knowledgeable on all phases of interference work, ranging from pre-request analyses to preparation for and participation at final hearings and subsequent appeals to the Federal Circuit.

Erin's significant interference experience before the PTAB serves as a useful backdrop to the America Invents Act post-grant proceedings, including inter partes reviews, post-grant reviews, covered business method patent reviews, and derivation matters. Erin has handled IPRs for both patent owners and petitioners.

To help to ensure familiarity with current patent practice and to complement her litigation, post-grant, and interference work, Erin maintains a significant patent prosecution docket. Erin has experience in all phases of patent prosecution, from pre-filing investigations and application drafting to appeals to the Patent Trial and Appeal Board and Federal Circuit.

PAUL M. FAKLER, ESQ.

Biography

Paul M. Fakler of Arent Fox LLP helps clients in the fields of copyright, trademark, entertainment, and computer/Internet law with litigation, counseling, and government relations needs. He has litigated numerous cutting-edge copyright cases involving digital media and the intersection of copyright and the Internet. Paul counsels clients with respect to copyright, trademark, right of publicity, entertainment, computer, and Internet law issues in diverse industries including the music, motion picture, publishing, software development, and digital media industries. He routinely represents digital music services, as well as other media and software companies, in negotiations and disputes with record labels, music publishers, and other rights holders. Paul also assists clients with copyright-related government relations, legislative, and policy matters.

Paul has significant experience in the area of copyright compulsory license rate-setting proceedings, including proceedings before the Copyright Royalty Board and the American Society of Composers, Authors and Publishers (ASCAP) and Broadcast Music, Inc., (BMI) rate courts. Paul also counsels and represents recording artists and songwriters in royalty disputes adverse to record labels and music publishers, including with respect to the rates payable for digital downloads, and also assists artists and other authors with respect to recapturing ownership of their copyrights pursuant to the transfer termination provisions of the Copyright Act. He publishes *Title 17: The S(c)ite For Copyright Law*, a blog devoted to copyright law news, analysis, and discussion.

ANIL V. GEORGE, ESQ.

BIOGRAPHY

Name: Anil V. George

Title: Vice President & Senior Intellectual Property Counsel

Company: NBA Properties, Inc.
Since 2000

Years of Practice: Admitted in 1992

Prior Work Experience: Trademark Examining Attorney
United States Patent & Trademark Office
1994-1999

Education & Accreditation

BA in Philosophy – Brandeis University, 1989; JD – American University, 1992
Admitted to practice in New York, District of Columbia, and Pennsylvania

Areas of Responsibility at NBA:

Intellectual Property practice for the NBA, WNBA, D-League and their teams; Practice areas include digital and UDRP matters, international prosecution, product and marketing rights enforcement, advertising, sweepstakes, and right of publicity; Oversee U.S. prosecution and TTAB practice.

DAVID A. HAAS, CLP

Biography

David Haas is a Managing Director in the Dispute Consulting group at Stout Risius Ross, LLC and leads Stout's Chicago Intellectual Property practice. He has served as a damages expert witness in a wide array of litigation matters, including intellectual property and general commercial disputes. He has offered opinions in Federal District Court and in arbitrations on issues including lost profits, reasonable royalties, unjust enrichment, price erosion, prejudgment interest, and other compensation topics, including determination of incremental costs, market share, and manufacturing and marketing capacity.

David also has experience in determining the value of intangible assets, including intellectual property, for a variety of purposes, including licensing, mergers & acquisitions, technology management and commercialization, and tax planning.

David has written articles and made presentations to numerous professional groups on topics including intellectual property damages determination, damages discovery and trial presentation, intangible asset valuation, and intellectual property licensing. From 2000 to 2014, he was an Adjunct Professor at The John Marshall Law School, where he taught an annual course in intellectual property valuation.

David was selected as one of the IAM Patent 1000 top patent damages experts in the U.S. in 2014, 2015, 2016, and 2017.

Prior to joining Stout, David was a Senior Managing Director at FTI Consulting and a Vice President at Charles River Associates.

MICHAEL L. HOUSLEY, ESQ.

Biography

Mike Housley is Senior Counsel in Viacom's Content Protection Group. He provides legal and technical advice regarding intellectual property and content protection for Viacom's global media networks and filmed entertainment brands. Mike also represents Viacom across related industry-lead initiatives. Previously, Mike worked on all phases of e-discovery in Viacom's Litigation Support Group. He received his J.D. from Brooklyn Law School and B.S.E.E. from Tufts University.

THOMAS KJELLBERG, ESQ.

Biography

Tom practices in the areas of copyright, right of publicity and trademark law for Cowan Liebowitz & Latman, P.C. Tom has represented companies large and small in copyright licensing, litigation and enforcement matters. Tom speaks and writes frequently on copyright and related issues, and is the chief author of the annual review of copyright decisions published each year in the *Journal of the Copyright Society of the USA* and delivered at the Copyright Society's annual meeting. Tom is a past Trustee of the Society.

Significant cases include *Varsity Brands, Inc. v. Star Athletica LLC*, 799 F.3d 468 (6th Cir. 2015) (cert. granted 2016) (concerning the copyrightability of two-dimensional artwork applied to useful articles); *Penguin Group (USA) Inc. v. American Buddha*, 609 F.3d 30 (2d Cir. 2010), 16 N.Y.3d 295 (2011) (on certified question), 640 F.3d 497 (2d Cir. 2011) (concerning New York long-arm jurisdiction in copyright infringement cases involving copyrighted literary works on the Internet); *Figure Eight Holdings, LLC v. Dr. Jay's, Inc.*, 2011 U.S. Dist. LEXIS 107140 (C.D. Cal. Sept. 21, 2011) (obtaining grant of summary judgment of non-infringement of visual artwork for defendants), 2011 U.S. Dist. LEXIS 134089 (C.D. Cal. Nov. 18, 2011) (obtaining award of attorneys' fees for prevailing defendants); *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605 (2d Cir. 2006) (affirming summary judgment for defendant publisher that "thumbnail" reproductions of seven concert posters in Grateful Dead biography are transformative fair use); *Penguin Group (USA) Inc. v. Thomas Steinbeck and Blake Smyle*, 537 F.3d 193 (2d Cir. 2008), cert. denied, 129 S. Ct. 2383 (2009) (obtaining appellate reversal that invalidated the attempt by John Steinbeck's son and granddaughter to terminate Penguin's publishing agreement under Section 304(d) of the Copyright Act, and upheld Penguin's right to continue publishing *The Grapes of Wrath* and other Steinbeck works for their full copyright terms); *Hudson v. Universal Studios, Inc.*, 369 Fed. Appx. 291 (2d Cir. 2010), cert. denied, 131 S. Ct. 1027 (2011) (affirming grant of summary judgment for defendant creators that Eddie Murphy/Martin Lawrence film *Life* did not infringe copyright in plaintiff's play).

Tom has participated in the drafting of *amicus curiae* briefs on behalf of organizations including the RIAA, the MPAA and Sony Computer Entertainment America. Tom earned his J.D. in 1998 from Fordham Law School, where he was awarded First Place in the Nathan Burkan Memorial Writing Competition sponsored by the American Society of Composers, Authors and Publishers. He is admitted to the bars of the State of New York, the Southern and Eastern Districts of New York, the Second, Sixth and Ninth Circuits, and the U.S. Supreme Court.

MARC LIEBERSTEIN, ESQ.

Biography

Marc Lieberstein's practice focuses on intellectual property licensing and franchising in the retail/consumer goods and services areas, fashion/apparel and accessories, and commercial/industrial design, including the drafting, negotiation and enforcement of license and franchise documents and agreements, as well as implementation of branding and commercialization objectives for clients via licensing and franchising. In conjunction with the services above, he counsels clients on creating effective strategies for procuring, protecting and enforcing their global intellectual property assets. Marc also provides intellectual property litigation services involving patents, trademarks and copyrights, including related e-commerce, domain name, trade secret and unfair competition. He has also participated in and used alternative dispute resolution forums such as arbitration and mediation to enforce intellectual property rights. Marc frequently lectures and writes on intellectual property issues for a variety of intellectual property organizations and publications, including International Trademark Association (INTA), New York State Bar Association (NYSBA) Intellectual Property Section, American Bar Association Forum on Franchising, Wharton Business Law Association at the University of Pennsylvania, New York University, Association of the Bar of the City of New York Fashion Law Committee, Licensing Industry Merchandisers' Association (LIMA), *National Law Journal*, *IP Strategist* and *The New York Law Journal*, *Practical Law*, *The Licensing Journal*.

Marc is listed in the 2017 and the six years immediately preceding editions of *World Trademark Review 1000 – The World's Leading Trademark Professionals*. He was recognized as a New York "Super Lawyer" in Intellectual Property by *Super Lawyers* magazine in 2017 and the seven years immediately preceding, and, for the last six years, he was named a Top 100 New York Metro "Super Lawyer" in Intellectual Property. He has been recognized as an "IP Star" in 2017 and the four years immediately preceding by *Managing Intellectual Property* magazine. Marc was also recommended by *Legal 500 US* in 2015 and 2016 for Copyright. In 2013, he received the Lexology *Client Choice Guide - International 2013* Award and is the sole winner in the Intellectual Property: Copyright category for New York. He was also listed in the 2012 and the four years immediately preceding editions of *Chambers USA: America's Leading Lawyers for Business* for Intellectual Property: Trademark & Copyright. Chambers noted that Marc has "tremendous business savvy and is tenacious in his work ethic," according to his clients (2012).

The International Trademark Association (INTA) honored Marc with the Volunteer Service Award (VSA) in the Advancement of Committee or Subcommittee Objectives category. The VSAs recognized Marc in 2015 for providing exemplary volunteer service to INTA. As a member of INTA's Alternative Dispute Resolution Committee's Neutral Standards & Measurement Subcommittee, Marc made a tremendous impact by volunteering both his time and expertise to support the Association's goals and objectives. Marc is a recipient of the 2015 Commitment to Justice Award presented by Her Justice recognizing his pro bono work in representing a client who sought help in terminating her arranged marriage. Through skillful negotiation, without any court intervention, Marc secured for the client a divorce on terms very favorable to her and to her children. He is a recipient of the Kilpatrick Townsend 2014 Pro Bono Justice Award. Marc is also a recipient of the 2015 Cardozo Law School Alumni of the Year Award recognizing Marc's leadership and dedication to Cardozo Alums and students.

JENNIE M. McCARTHY, ESQ.

Biography

Jennie M. McCarthy, Esq. is the Sr. Director of Vendor Compliance at DKNY/G-III. Her expertise includes corporate social responsibility, environmental matters, restricted substances, regulatory compliance, supply chain sustainability and product compliance. Prior to DKNY she worked at PVH/Calvin Klein in the Global Human Rights Department and was a founding member of CapSquires LLC where she practiced family, zoning, and criminal law. She is a former elected official in Massachusetts where she chaired the Zoning Board and was a member of the Board of Health. Prior to her legal career, she worked in strategic advertising and marketing at Digitas and Hill/Holliday. Jennie is licensed in Massachusetts, New York and the Federal bar and attended Denison University, Harvard University, and New England Law.

BRIAN MURPHY, ESQ.

Biography

Brian Murphy of Haug Partners, focuses his practice on AIA post grant review proceedings before the Patent Trial and Appeal Board (PTAB). He served as a Lead Administrative Patent Judge of the PTAB from 2014-2017, supervising a section of Administrative Patent Judges and supporting the Chief Judge as a member of the PTAB management team. Mr. Murphy presided over nearly 200 Inter Partes Reviews, Post Grant Reviews, and Covered Business Method Reviews, drafted more than 60 decisions, and mentored numerous AIA trial section judges. He counsels clients based on his deep working knowledge of AIA post grant review practice, rules, policy, and procedure from his years as a PTAB judge.

Mr. Murphy is a trial lawyer with more than twenty-five years of experience litigating major patent cases in the federal courts and International Trade Commission. Brian has significant first-chair trial experience and appellate experience for major corporate clients in the pharmaceutical, biotechnology, consumer products, telecommunications, and electronics industries. His expertise involves Hatch-Waxman patent litigation for branded pharmaceutical companies. Brian has been recognized as a New York Super Lawyer for Intellectual Property Litigation. Brian is also a strategic advisor for pharmaceutical and life sciences companies, providing advice and opinions in connection with patent litigation and prosecution matters, FDA regulatory and Life Cycle Management strategies, and licensing and M&A due diligence. Brian is a frequent speaker at industry and academic conferences on the PTAB, patent law, patent litigation, the America Invents Act, and patent practice and procedure. He is the creator and implementer of a first-of-its-kind Patent Practice Skills class at Fordham University School of Law.

EDUCATION

- Fordham University School of Law, (J.D.)
- University of Virginia (B.A. - Chemistry)

RORY J. RADDING, ESQ.

Biography

Rory Radding is a member of the Locke Lord's Intellectual Property group. He is Co-Chair of the Firm's ITC and Trademark, Copyright and Advertising Practice Groups. He has litigated diverse patent, trademark, copyright, and trade secret cases, acting for both plaintiffs and defendants, involving LED lighting and lighting systems, plastic manufacture, electrochemical devices, ring laser gyroscopes, avionics, medical devices, communications, pharmaceuticals, computer controllers, data compression, impact sensors, bicycles, candy, wine, jewelry, personal consumer products, television commercials, and vehicle tires; to name a few. Rory is recognized in *The International Who's Who of Business Lawyers*, *The International Who's Who of Information Technology Lawyers*, *The Who's Who Legal: Technology Media & Telecommunications Lawyers*, *Who's Who Legal : Data – Information Technology, Data Privacy and Protection and Data Security Lawyers*, *New York Super Lawyers* and *Best Lawyers in America*. He has been named a "BTI Client Service All-Star MVP" for the past two years by BTI Consulting Group and a *BTI Client Services All Star for IP for 2015 as recognized by corporate counsel for exemplifying the best in firm client service, legal creativity, quick responses, and business savvy.* He has been selected for inclusion in the *New York Metro Super Lawyers* for the past 10 years and has been recognized in *Who's Who Legal: Telecommunications, Media and Technology* 2016. Rory has also been recognized by *AI Legal* as a "Most Innovative IP Specialist - USA."

Prior to joining the Firm, Rory was head of the Intellectual Property practice in New York for Morrison & Foerster. Prior to that he was a senior partner at Pennie & Edmonds, where he practiced for 30 years. Prior to his legal career, Rory was a pharmaceutical chemist at Wellcome Research Laboratory, and an environmental chemist at Union Carbide Corporation.

Representative Experience

- Lead trial counsel before several federal trial and appellate courts including the district courts for New York, California, Connecticut, Colorado, Delaware, Illinois, Massachusetts, Ohio, Pennsylvania, the U.S. Court of Appeals (for the Second, Eighth, Ninth, Tenth, and Federal Circuits), and the United States Supreme Court
- Litigated before the United States International Trade Commission (ITC) in the fields of chemical catalysis, video games, electric switches, chemiluminescence, tractors, bar code readers, blu-ray players, and vehicle tires
- Negotiated cross-border transactional matters, including mergers and acquisitions, the establishment of joint ventures, international and domestic technology transfer, including licensing, as well as collaborative research agreements and equity financing
- Developed global intellectual property strategies, including prosecution, licensing, and enforcement strategies involving patents, trademarks, copyrights, and trade secrets including a complete global strategy for several telecommunications and Internet-related companies, and a consortium of worldwide banks concerning security for e-commerce
- Tried and obtained a general exclusion order on behalf of Kubota Corporation and a \$2.3 million fine in a case of first impression before the ITC involving parallel imports of used Japanese tractors

RICHARD L. RAVIN, ESQ.

Biography

Bar Admissions: 1986, New Jersey, Florida, U.S. District Court of New Jersey; 1990, District of Columbia; 1993, New York; U.S. District Court of New York for the Southern and Eastern Districts; Third Circuit Court of Appeal.

Areas of Concentration: Head of Internet, Technology and Intellectual Property Law Group; as well as concentrating in Reputation and First Amendment Law, Commercial and Trusts and Estate Litigation; Business Law, and Debtor-Creditor Rights, including Contested Bankruptcy Matters.

Appointments and Offices: Current and founding Co-Chair of the Internet and Technology Law Committee of the New York State Bar Association's Intellectual Property Law Section (1998-2002 and 2008 to present); Past Chair, Intellectual Property Law Section of the New York State Bar Association (2004-2006); New York State Bar Association House of Delegates Member; Master, John C. Lifland Intellectual Property Law Chapter, American Inns of Court; Former Arbitrator, National Arbitration Forum.

Education: Syracuse University (B.S. 1978); Newhouse School of Public Communications (Television and Radio Advertising); Nova Southeastern University Shepard Broad Law Center (J.D., 1986); Winner, 1985 Association of Trial Lawyers of America Mock Trial Competition School Chapter; Internship, State of Florida, Office of the State Attorney, Palm Beach County, Office of the Prosecutor.

Recognized for inclusion in 2010-2018 editions of The Best Lawyers in America® in the practice area of Intellectual Property Law. **Recognized as a "New Jersey Super Lawyer", NJ Monthly** magazine and on Super Lawyers® Website (2006-2008, 2018), in the practice area of Intellectual Property Law. **Recognized as one of "Bergen's Top Lawyers" in (201) Magazine (June 2011-2016)** in the area of Intellectual Property and Bankruptcy & Creditor/Debtor Rights.

Past Employment: Law Clerk to The Honorable Herman D. Michels, Presiding Judge for Administration, Appellate Division, Superior Court of New Jersey.

Author/Co-Author: "What's the Big Idea? The N.J. Trade Secret Act", lead article in the Intellectual Property & Life Sciences, supplemental issue of the New Jersey Law Journal (April 9, 2012) "The High Court's Contradiction", The Record newspaper, Page 1, Opinion section, July 3, 2011 (Brown v. Entertainment Merchants Association, ___ U.S. ___ (2011) holding California law banning violent video games to minors violates First Amendment) "Avoiding Online Identity Theft and Representing Its Victims", New Jersey Lawyer magazine (Internet Law Issue, December 2008); **"Using Public Wi-Fi Hotspots Can Land You in Hot Water by Risking Disclosure of Confidential Information"**, New Jersey Lawyer magazine (Privacy Issue, April 2008)

WILLIAM R. SAMUELS, ESQ.

Biography

Bill Samuels, is Partner and Chair of Scarinci Hollenbeck's Copyright and Trademark Law Group. He is a seasoned intellectual property attorney who devotes his practice primarily to copyright and trademark law, tailoring strategies and protection plans to achieve each respective client's goals and business objectives. Before joining Scarinci Hollenbeck, Bill was the founding member of his eponymous law firm, W.R. Samuels Law PLLC, founded in 2011. The firm handled all aspects of domestic and international IP matters, including trademarks, copyrights, patents, IP enforcement and defense, IP licenses and agreements, domain names, software services, counterfeit protection, unfair competition, and IP counseling and audit services.

CHRISTINA SCHWARZ, ESQ.

Biography

Christina Schwarz's practice at Fitzpatrick, Cella, Harper & Scinto focuses on complex patent litigation under the Hatch-Waxman Act and contested proceedings before the United States Patent Office, including inter partes review proceedings and patent interference proceedings. She has experience counseling clients, providing opinions, and working on cases involving a range of pharmaceutical and biotechnology products, including drugs or treatments for immunosuppression, cancers, renal disease, HCV, Pompe disease, schizophrenia, modified dosage forms, drug delivery devices and polymers.

Christina is listed as a Rising Star in Intellectual Property Litigation in the 2015 - 2017 issues of Super Lawyers: New York Metro Edition

In 2007, Christina served as a law clerk to the Honourable Justice Roger T. Hughes of the Federal Court of Canada.

EDUCATION:

J.D., University of Western Ontario, Canada, 2007

M.Sc., Chemistry (Organic), University of Toronto, Canada, 2004

B.Sc., Immunology, University of Toronto, Canada, 2002

FRANCESCA SILVERMAN, ESQ.

Biography

Francesca Silverman is Senior Counsel, Intellectual Property at Mastercard. Francesca is responsible for all aspects of Mastercard's global trademark and copyright portfolio, including strategic planning, clearance, prosecution, enforcement, and licensing. She advises business teams on IP-related issues concerning brand development and protection, marketing, technology, advertising, sponsorships, and commercial transactions. Francesca also has extensive experience in structuring, drafting and negotiating licensing and other commercial agreements related to intellectual property rights. Prior to her position at Mastercard, Francesca was an attorney in the Intellectual Property Department of Kramer Levin Naftalis & Frankel LLP. Francesca received her B.A., *cum laude*, from Columbia University, and her J.D. from Harvard Law School.

KELLY M. SLAVITT, ESQ.

Biography

Kelly M. Slavitt is Vice President and Area General Counsel of Reckitt Benckiser LLC's North American Hygiene and Home business unit of Reckitt Benckiser plc, a FTSE Top 10 London Stock Exchange company with 37,000 employees based outside of London. RB's best known Hygiene and Home brands are LYSOL, FINISH, AIR WICK, WOOLITE, EASY-OFF, RESOLVE, D-CON, OLD ENGLISH, and GLASS PLUS.

Kelly manages a staff of 9 legal professionals, including 5 attorneys. She is a member of the Global Legal Leadership Team and the North American Management Team, and reports jointly to the BU Global General Counsel and the Area President. Kelly is one of RB's 400 top executives ("T400"). Before joining RB, Kelly was counsel at General Electric and ran the Legal Department at The American Society for the Prevention of Cruelty to Animals (ASPCA). Prior to moving in-house, she was an associate at Skadden Arps and at Thelen Reid in New York City and a Solicitor at Allens Arthur Robinson in Melbourne, Australia.

Kelly has a B.A., an M.P.A., a J.D., an LL.M., and the full M.B.A. for Lawyers from ACC / Boston University School of Management. She is admitted in New York, and as in-house counsel in New Jersey.

Kelly was Chair of the New York State Bar Association Intellectual Property Law Section (2012-2014), Vice Chair (2010-2012), Treasurer (2008-2010) and Secretary (2006-2008), Chair of Young Lawyers Committee (1999-2000, 2002-2006), Chair of the Annual Law Student Writing Competition (2002-2006), Co-Chair of Fall Conference (2005), and Appointed Co-Chair of Privacy Initiative Task Force by NYSBA President Bernice Leber (2008-2009). She is currently an Executive Committee member of the Association of Corporate Counsel Law Department Management Committee.

Kelly is published in numerous business publications and law journals, and is a frequent speaker at legal conferences. She was identified by Inside Counsel as one of 100 women in the United States ready to be a Fortune 500 General Counsel, and the subject of a cover story article in Vanguard magazine.

