



COPYRIGHT HIGHLIGHTS

Noteworthy Cases 2009-2010

Calvin Litsey, Faegre & Benson

Donna Gies, Thomson Reuters



JURISDICTION

Reed Elsevier, Inc. v. Muchnick

- Class action suit for copyright infringement.
- Class included authors of both registered and unregistered works.
- Case settled.
- Class members appealed district court's approval of settlement.



Reed Elsevier, Inc. v. Muchnick



- Second Circuit (sua sponte):

Does registration requirement in 17 U.S.C. § 411(a) deprive federal court of subject matter jurisdiction over unregistered works?

- Held:

Yes.

Copyright Registration Certificate

Title: The Constitution

Author: Stephen A. Douglas

Registration Number: 516-905-340

Date of Registration: November 16, 2001



Reed Elsevier, Inc. v. Muchnick

- Supreme Court:
Reversed.
- Three Reasons:
 - A statutory requirement does not deprive federal court of jurisdiction absent “clear statement” by Congress.
 - § 411(a) says “nothing about whether a federal court has subject-matter jurisdiction to adjudicate claims for infringement of unregistered works.”
 - Copyright registration requirement does not appear in statutory provisions granting jurisdiction (28 U.S.C. §§ 1331 and 1338).
 - § 411(a) registration requirement has several exceptions (e.g. § 411(c)). Therefore cannot be a jurisdictional mandate.

Omega v. Costco, 541 F.3d 982 (9th Cir. 2008)

- Omega claimed Costco infringed distribution and importation rights by the unauthorized sale of authentic, imported watches that bore a design registered in U.S. Copyright Office.
- The 9th Circuit held:
 - First sale doctrine was unavailable as a defense.
 - The watches were not “lawfully made under this title” (Copyright Act) because they were not created in the United States and subject to U.S. law.
- To be argued in November.

ILLEGAL DOWNLOADING

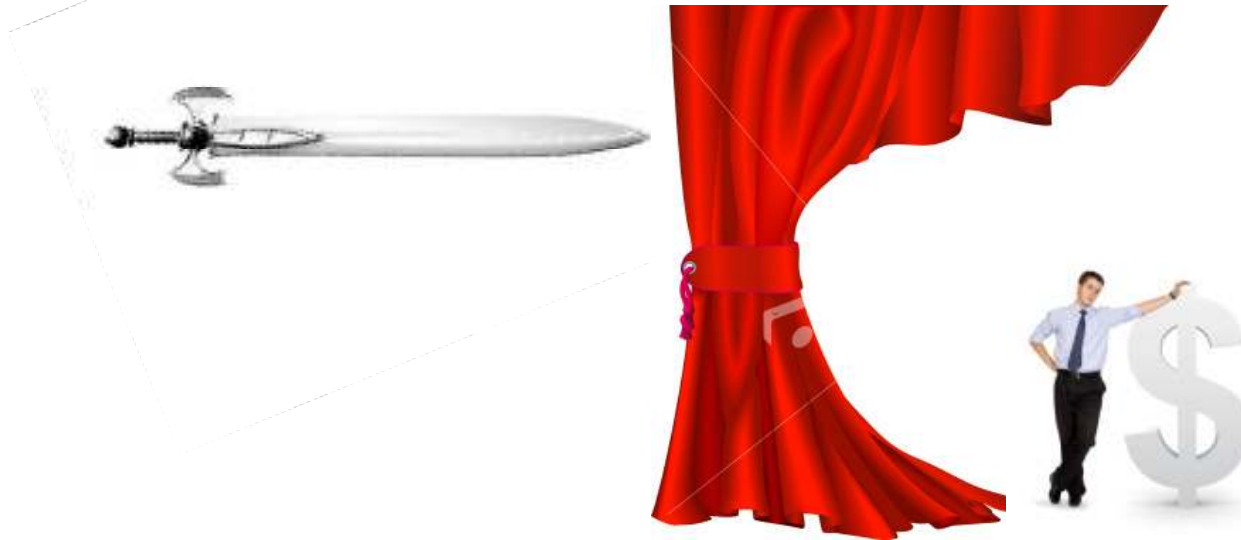
Arista Records LLC v. Lime Group LLC

- Copyright infringement action against Internet file sharing service.
- Summary judgment for plaintiffs on inducement of copyright infringement.
- Why interesting?



Arista Records LLC v. Lime Group LLC

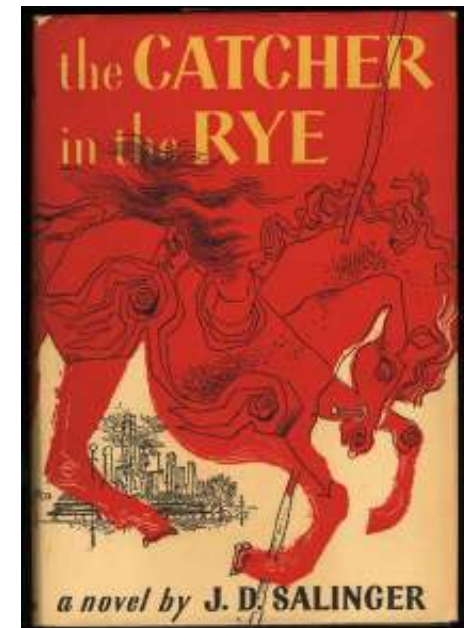
- S.D.N.Y. held both Lime Wire's CEO and majority investor individually liable.
- As LimeWire's sole director and "ultimate decision maker," CEO had right and ability to control and benefited from infringing acts.



INJUNCTIVE RELIEF

Salinger v. Colting

- Action for infringement of Salinger's copyright in *the Catcher in the Rye*.
- Defendant's novel incorporated elements and principal character of Salinger's work.



Salinger v. Colting

- Trial court :
 - Found both book and character were infringed;
 - No fair use;
 - Presumed irreparable harm;
 - Issued injunction.



Salinger v. Colting

- Second Circuit:

Remand. No presumption of irreparable harm in copyright infringement case.

- Four-factor *eBay* test controls. Copyright plaintiff must establish:

- Irreparable injury
- No adequate remedy at law
- Balance of hardships weighs in favor of injunction
- Permanent injunction supports public interest



FAIR USE

Henley v. Devore

“All she wants to do is dance . . .”



“All she wants to do is tax . . .”



Henley v. Devore

- Summary judgment of copyright infringement for Henley.
- No fair use:
 - Defendant substituted only the lyrics to Henley’s works—otherwise used entire work.
 - Lyrics primarily targeted the artist rather than the art.
 - “Parody of author” legitimate transformative purpose. But lampooning of Henley was “relatively minor element of the main satirical purpose of the song targeting [President] Obama and his supporters.”



LICENSING

In re Cellco P'ship

- ASCAP suit for infringement of musical works.
- Plaintiff's Argument:
Cell phone ringtones are a public performance.
- Liability theories:
 - Direct infringement when cell service provider downloads ringtone;
 - Indirect infringement when end user plays ringtone.



In re Cellco P'ship

- S.D.N.Y.:
You're breaking up on me . . .
- Cell provider does not transmit a performance of musical work to the public by downloading ringtone to user's cell phone—no direct infringement.
- End user does not engage in public performance when ringtone is activated:
 - 17 U.S.C. 106(4) exempts performance within “normal circle of family and social acquaintances.”
 - 17 U.S.C. 110(4) exempts performances “without any purpose of direct or indirect commercial advantage.”
 - Both exceptions apply to ringtones.

DMCA

Viacom Int'l v. YouTube Inc.

- Viacom:

You infringed 63,000 of our works by allowing them to be uploaded and remain on the YouTube web site.

- YouTube:

No way. Insufficient notice of infringement triggers DMCA safe Harbor.

- Viacom:

Yes way. Safe harbor requires absence of actual knowledge of infringing conduct. You knew that a bunch of our works are on YouTube and have not attempted to remove them.



Viacom Int'l v. YouTube Inc.

- Court: *Summary Judgment for Defendants*
- Mere knowledge of “prevalence of infringing activity” is insufficient to support infringement claim.
- DMCA places burden on copyright owner to police infringement.
- If service provider has adequate procedure and follows the procedure, no liability.



DMCA

UMG Recordings, Inc. v. Veoh Networks, Inc.

- Action for copyright infringement arising from online video hosting service.
- DMCA safe-harbor defense.
- Summary judgment for defendant.
 - Defendant established DMCA notice procedure and adhered to procedure.
 - Not required to take other proactive measures—burden of policing on copyright owner.



First Sale and License Terms

- Trio of cases argued the same day.
- § 109. Limitations on exclusive rights: Effect of transfer of particular copy or phonorecord.
- Vernor v. Autodesk, ___ F.3d ___, 2010 WL 3516435 (9th Cir. 2010)
 - *“We hold today that a software user is a licensee rather than an owner of a copy where the copyright owner (1) specifies that the user is granted a license; (2) significantly restricts the user's ability to transfer the software; and (3) imposes notable use restrictions.”*

First Sale and License Terms

- MDY Industries v. Blizzard Entertainment, 2008 WL 2757357, *on appeal* (9th Cir. – oral argument 6/7/10)
 - Software that plays a game when user is not at computer
 - Prohibited by license
 - §117 defense unavailable
- UMG v. Augusto, 558 F.Supp. 2d 1055, *on appeal* (9th Cir. – oral argument 6/7/10)
 - resale of promotional CDs on eBay
 - Return of CD not required
 - No recurring benefit for copyright owner

Hot News Misappropriation

- International News Service v. Associated Press, 248 U.S. 215, 39 S.Ct. 68 (1918)
- Legislative history - no intent to preempt “hot news”
- Feist v. Rural Telephone, 499 U.S. 352, 111 S.Ct. 1282 (1991) – elimination of “sweat of the brow”
- NBA v. Motorola, 105 F.3d 841 (2nd Cir. 1997) – no preemption when:
 - plaintiff generates or gathers information at a cost
 - the information is time-sensitive
 - free riding on the plaintiff's efforts
 - direct competition with a product or service offered by the plaintiffs
 - ability of other parties to free-ride on the efforts of the plaintiff or others would reduce the incentive to produce the product or service that its existence or quality would be substantially threatened

Barclays Capital v. Theflyonthewall.com, 700 F.Supp.2d 310 (S.D.N.Y. 2010)

- Fly, an internet subscription news service that aggregates and publishes research analysts' stock recommendations (buy, sell, etc) and did so here without permission.
- Plaintiffs alleged copyright infringement (conceded by Fly) and “hot news” misappropriation.
- Court applied *Motorola*
 - Cost – millions each year
 - Timeliness – extremely time sensitive
 - Free-riding – yes
 - Direct competition – yes
 - Reduced economic incentives - yes

***Angora Financial v. Samler*, ___ F.Supp.2d ___,
2010 WL 2899036 (D.Md., June 17, 2010)**

- “Hot news” preempted by copyright
- 4th Cir. has not adopted *Motorola*
- Recommendations are original and therefore subject to copyright protection
 - Prepared by highly compensated professionals exercising professional judgment

Google Books Settlement

- 2004 Google began scanning the books of participating large libraries.
- Authors and a group of publishers sued.
- Oct. 2008 – initial settlement
- Nov. 2009 – preliminary approval for an Amended Settlement
- Feb. 2010 – Fairness hearing

Google Books

- Class – all persons that as of Jan. 5. 2009 have a copyright interest in a book (US, CA, AU, UK)
- Display and non-display uses
- Digital copy of scanned books provided to contributing library
- Monetary terms – small payment per book or insert and revenue shared 63% (rights owners) – 37% (Google)
- Rights owners may set display levels (within limits) and pricing (for individual books)
- Google may sell digital access to the books – digital books, institutional subscriptions, etc
- Rights Registry manages rights

Google Books

- Changes from initial Settlement
 - Class too large (limited to certain countries)
 - Book Rights Registry (unclaimed funds held for 5 years then used to locate rights holders – after 10 years to literary based charities)
 - Claims processing website (committed to improve)
 - Non-discrimination clause (eliminated)

Copyright Office Rulemaking

- Triennial rulemaking on exemptions from the prohibition against circumvention of technological measures that control access to copyrighted works. It is now permitted to circumvent access controls to:
 - Copy short portions of movies for commentary or criticism for educational uses, non-commercial videos, documentary filmmaking
 - Jailbreak mobile phone programs for application interoperability
 - Unlock mobile phone programs for network interoperability
 - Test for security flaws in video games
 - Access computer programs protected by obsolete dongles
 - Circumvent protections on literary works in digital form when no read-aloud edition exists

Legislation

- Combating Online Infringement and Counterfeits Act (S. 3804 - introduced 9/20/10)
- Fair Copyright in Research Works Act (H.R. 801 - introduced 2/3/09) (See also Federal Research Public Access Act of 2009 (S.1373))
- Performance Rights Act (H.R. 848/ S. 379 - introduced 2/4/09)
- Design Piracy Prohibition Act (H.R. 2196 - introduced 4/1/09)
Innovative Design Protection and Piracy Prevention Act (S. 3728 – introduced 8/5/10)
- Orphan Works – nothing pending

Bits and Pieces

- Brazil's complaint against U.S. related to cotton – retaliation permitted against IP
 - The dispute arose between the United States and Brazil over U.S. cotton subsidies. An August 2009 WTO arbitration report gave Brazil the right to use trade countermeasures against the U.S., and in specific circumstances to suspend intellectual property rights obligations.
 - June 17, 2010 – agreement reached to continue discussions
- U.S. WTO Complaint against China
 - The dispute centers on U.S. claims that China is not effectively enforcing IP laws. After a changes in Chinese law, U.S. and China are working together to resolve the dispute.