

New York State Bar Association

OVERVIEW OF INTELLECTUAL PROPERTY LAW

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David P. Miranda, is an experienced trial attorney whose intellectual property law practice includes trademark, copyright, trade secret, false advertising, and patent infringement, as well as licensing, and internet related issues. He has litigated cases in federal district courts, state courts, the International Trade Commission, and the Trademark Trial and Appeals Board. In 2006 Mr. Miranda obtained a \$7.8 million jury verdict in a copyright infringement and trade secret misappropriation case in U.S. District Court. He has successfully argued before the Federal Circuit, Second Circuit, Ninth Circuit and New York Court of Appeals.

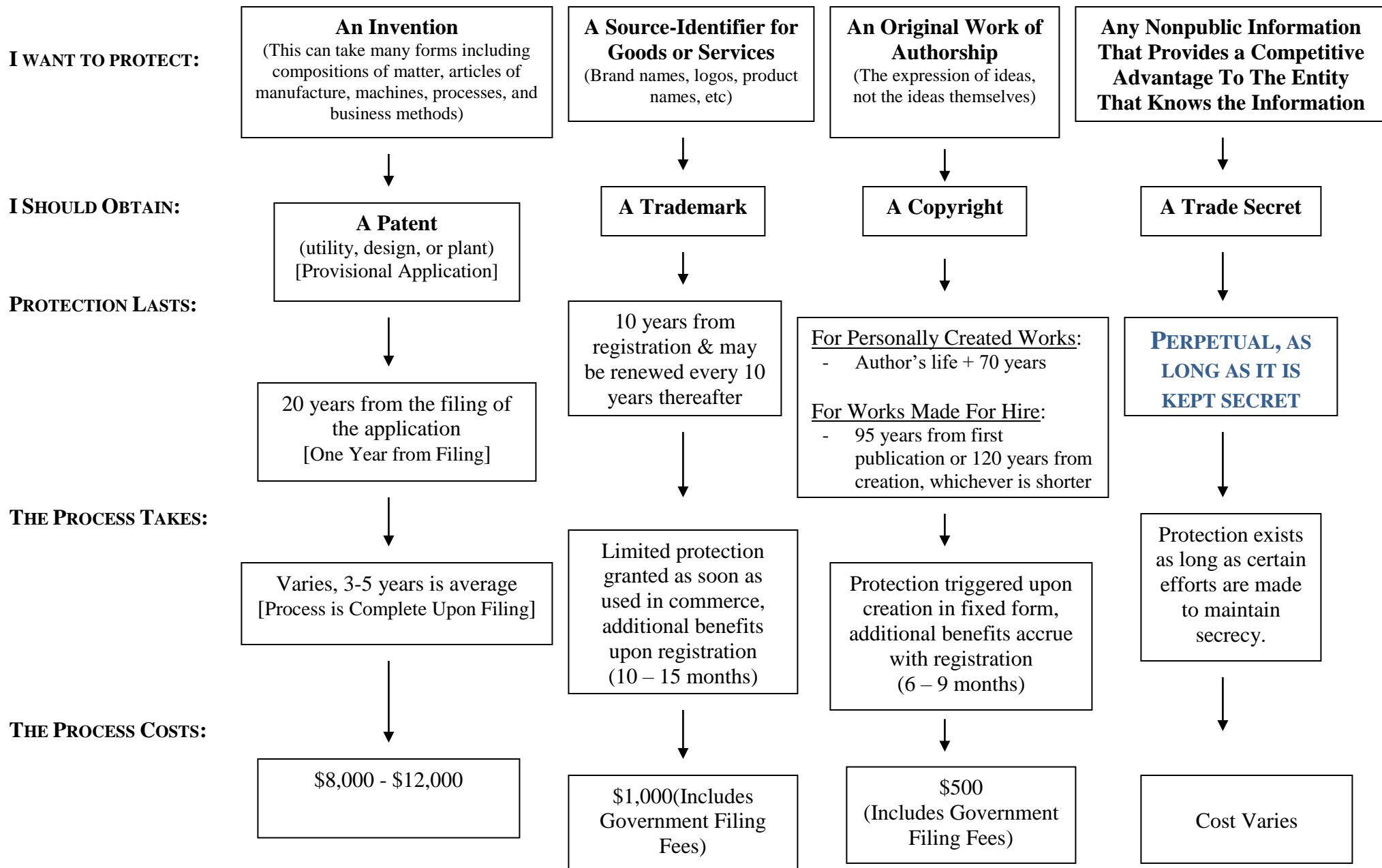
Mr. Miranda has served as mediator, arbitrator and early neutral evaluator for the U.S. District Court for the Northern District of New York, and as arbitrator of intellectual property law disputes with the American Arbitration Association, and National Arbitration Forum rendering decisions regarding disputes involving such famous trademarks as McDonald's, Amazon.com, Bausch & Lomb, Target, 3M, US News, Citigroup, and ChevronTexaco. Mr. Miranda commenced some of the first domain name dispute proceedings before the World Intellectual Property Organization and was counsel in one of the first New York cases determining the enforceability of online agreements.

In June 2016 Mr. Miranda completed his one year term as President of the New York State Bar Association, with 74,000 members, the largest voluntary state bar association in the nation. In 2009 Mr. Miranda was appointed to the Independent Judicial Election Qualification Commission for the Third Judicial District of the State of New York. In 2002, Mr. Miranda was appointed by Hon. Judith Kaye, then Chief Judge of New York's Court of Appeals, to the statewide "Commission on Public Access to Court Records." He has served as President of the Albany County Bar Association, Secretary of the New York State Bar Association, and in the House of Delegates for the ABA and NYSBA. He also served as General Counsel and on the Board of Directors of the Rensselaer County Chamber of Commerce. He is a recipient of the Capital District Business Review's "40 Under Forty" award for community service and professional achievement. Since 2007, Mr. Miranda has been selected by his peers as a "Super Lawyer" by *Thompson Reuters*, in the area of Intellectual Property Litigation. In May of 2016 he received the Dean's Medal from Albany Law School for his contributions to the legal profession and law school community.

Mr. Miranda received his Juris Doctor degree from Albany Law School and Bachelor's degree from the State University of New York at Buffalo. He is admitted to practice in New York State, U.S. District Courts for New York's Northern, Southern, Eastern and Western Districts, Massachusetts, the Federal Circuit, Second Circuit and Ninth Circuit Court of Appeals, and the U.S. Supreme Court.

Heslin Rothenberg Farley & Mesiti P.C. is the largest law firm in upstate New York dedicated exclusively to the protection and commercialization of intellectual property such as patents, trademarks, copyrights, unfair competition, trade dress, and related litigation and trials. Its professionals have expertise in numerous technical disciplines including physics, electrical engineering, computer science, chemistry, pharmaceuticals, mechanical engineering, business methods and biotechnology.

What Type of Intellectual Property Do I Have?



COPYRIGHT

In order to bring a lawsuit, copyright owner must have a valid copyright registration, or have been refused a registration. 17 U.S.C. § 411 (“[N]o action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made in accordance with this title. In any case, however, where the deposit, application, and fee required for registration have been delivered to the Copyright Office in proper form and registration has been refused, the applicant is entitled to institute an action for infringement if notice thereof, with a copy of the complaint, is served on the Register of Copyrights.”)

- Some courts have allowed party to bring infringement even without a certificate of copyright registration – as long as an application for registration and deposit have been submitted to the Copyright Office, with the appropriate fee and Copyright Office has received. *See, e.g., Cosmetic Ideas, Inc. v. IAC/Interactivecorp.*, 606 F.3d 612, 621 (9th Cir. 2010) cert. denied, 131 S. Ct. 686, 178 L. Ed. 2d 479 (U.S. 2010) (holding that “receipt by the Copyright Office of a complete application satisfies the registration requirement of § 411(a)”; *see also Apple Barrel Prods., Inc. v. Beard*, 730 F.2d 384, 386-87 (5th Cir.1984); *Chicago Bd. of Educ. v. Substance, Inc.*, 354 F.3d 624, 631 (7th Cir.2003).
- Other courts have been critical of allowing a plaintiff to bring suit in the absence of a certificate of registration. The statute clearly requires a registration. *See, e.g., See Brooks-Ngwenya v. Thompson*, 202 Fed. Appx. 125, 126-27 (7th Cir. 2006) (unpublished) (“The statute makes registration or preregistration necessary. That's all there is to it. Registration is not complex (it is no harder than filing a lawsuit), and distractions must be overcome if authors want to litigate.”).

Second Circuit Rule: “Courts in this Circuit have therefore required that a plaintiff either hold a valid copyright registration outright or have applied and been refused a registration prior to filing a civil claim.” *Muench Photography, Inc. v. Houghton Mifflin Harcourt Pub. Co.*, Civ. No. 09-2669, 2012 WL 1021535 (S.D.N.Y. Mar. 26, 2012). A pending application does not suffice.

Pre-Litigation:

Cease and Desist Letter

Prior to filing a lawsuit, a copyright owner may opt to send a cease and desist letter to the infringer with specific demands. Some may demand that the accused infringer stop the infringing activities and demand compensation. Some may even offer a license and outline the terms for such a license. *See, e.g., Zomba Enterprises, Inc. v. Panorama Records, Inc.*, 491 F.3d 574, 579, 83 U.S.P.Q.2d 1331 (6th Cir. 2007) (cease-and-desist letter specified the terms upon which copyright owner would be willing to grant a license). Many accused infringers will respond with an offer to settle the matter.

CAVEAT: The copyright owner will want to be cautious with sending a cease and desist letter, especially to infringers in distant forums because there is always the risk of the accused infringer bringing a declaratory judgment action against the copyright owner in their local jurisdiction. *See Capitol Records, Inc. v. MP3tunes, LLC*, 611 F. Supp. 2d 342, 344–345 (S.D. N.Y. 2009)

(potential infringer had responded to a takedown notice alleging copyright infringement by filing a declaratory judgment action in Southern California).

Commencing Litigation

Federal courts have exclusive jurisdiction over copyright claims. See 28 U.S.C. §1338(a).

Copyright Infringement

Copyright infringement is essentially the unauthorized exercise of one of the exclusive rights of the copyright holder under Section 106 of the Copyright Act, i.e., to reproduce, to distribute copies, to perform/display publicly, and prepare derivative works.

Statutory authority: Section 501 of the Copyright Act, authorizes the copyright owner to commence a lawsuit against infringers.

The legal or beneficial owner of an exclusive right under a copyright is entitled, subject to the requirements of section 411, to institute an action for any infringement of that particular right committed while he or she is the owner of it.

17 U.S.C. § 501(b).

An action for a copyright infringement must be brought within three (3) years after the claim has accrued. 17 U.S.C. § 507(b). In most jurisdictions, copyright cause of action accrues when a plaintiff knows or has reason to know of the injury upon which the claim is premised.

The elements of a copyright infringement claim are:

- (1) ownership of a valid copyright; and
- (2) copying of constituent elements of the work that are original.

Feist Publications, Inc. v. Rural Telephone Service Co., Inc., 499 U.S. 340, 361, 111 S. Ct. 1282, 1296 (1991). Basically, the owner must show that they have a valid copyright and that the infringer copied protected elements of the copyrighted work.

A certificate of registration obtained within five (5) years after first publication of the work is *prima facie* evidence of the valid ownership of a copyright. 17 U.S.C. § 410(c); *see Rogers v. Koons*, 960 F.2d 301, 306 (2d Cir. 1992).

Copying can be proven as either:

- (1) Direct proof, which is difficult. This would be like eyewitness testimony or an admission by the infringer; or
- (2) Indirect or circumstantial proof, which is more likely. This requires proving (1) access and (2) similarities between the two works that provide sufficient proof to support an inference of copying.

See Gaste v. Kaiserman, 863 F.2d 1061, 1066 (2d Cir. 1988).

Access – Proof of access requires an opportunity to view or to copy plaintiff’s work. To prove access, a plaintiff must show a reasonable possibility, not merely a bare possibility, that an alleged infringer had the chance to view the protected work. *See Gaste*, 863 F.2d at 1066.

Substantial Similarity – “The standard test for substantial similarity between two items is whether an ordinary observer, unless he set out to detect the disparities, would be disposed to overlook them, and regard the aesthetic appeal as the same.” *Latimore v. NBC Universal Television Studio*, Civ. No. 11-1202, 2012 WL 1863787 (2d Cir. May 23, 2012), *quoting*, *Yurman Design, Inc. v. PAJ, Inc.*, 262 F.3d 101, 111 (2d Cir. 2011). Application of the “ordinary observer test” involves asking whether an average lay observer would recognize the alleged copy as having been appropriated from the copyrighted work. *Yurman Design, Inc.*, 262 F.3d at 111.

- Copyright infringement may be inferred “if the two works are so strikingly similar as to preclude the possibility of independent creation.” *CJ Products LLC v. BTC Enterprises LLC*, Civ. No. 10-5878, 2012 WL 1999829 (S.D.N.Y. June 1, 2012), *quoting*, *Lipton v. Nature Co.*, 71 F.3d 464, 471 (2d Cir. 1995).

Not all copying results in infringement. Copyright owner must also prove that the copying was improper, i.e., copying of the protected elements of the work. No amount of similarity between uncopyrightable elements can create an infringement, even if the similarity is striking.

When analyzing works with both protectable and unprotectable elements, the analysis must be “more discerning” and the court must look to see whether the protectable elements are substantially similar, without dissecting the works. *Latimore*, 2012 WL 1863787 at *1.

In *Latimore v. NBC Universal Television Studio*, Plaintiff sued for copyright infringement that NBC reality program called The Biggest Loser infringes on her copyrighted treatment for a television show entitled Phat Farm. *Latimore*, 2012 WL 1863787. “After undertaking a detailed examination of the works themselves, the district court properly found that The Biggest Loser is not substantially similar to Latimore's idea. Although both ideas take advantage of staples of reality television such as team-based competition, elimination, and communal living, the way in which The Biggest Loser combines and supplements these common elements results in a concept and overall feel that is entirely different than Latimore's proposal.” *Id.* at *1 (internal quotes and citations omitted).

Contributory Liability: “[O]ne who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another, may be held liable as a ‘contributory’ infringer.” *Gershwin Pub. Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971).

Vicarious Liability: To impose vicarious liability on a defendant for copyright infringement, “a plaintiff must establish that the defendant exercises the requisite control over the direct infringer and that the defendant derives a direct financial benefit from the direct infringement.” *Perfect 10, Inc. v. Amazon.com, Inc.*, 487 F.3d 701, 729 (9th Cir.2007). A defendant “exercises control over a direct infringer when he has both a legal right to stop or limit the directly infringing conduct, as well as the practical ability to do so.” *Id.* at 730.

In *Range Rd. Music, Inc. v. East Coast Foods, Inc.*, the Ninth Circuit upheld infringement liability against a restaurant that allowed live rendition of jazz songs, and also played jazz record, without appropriate licenses. *Range Rd. Music, Inc. v. E. Coast Foods, Inc.*, 668 F.3d 1148 (9th Cir. 2012), *cert. denied*, 11-1494, 2012 WL 2116542 (U.S. Oct. 1, 2012). Defendants own and operate the Roscoe's House of Chicken and Waffles chain of restaurants in Southern California. *Range Rd. Music, Inc.*, 668 F.3d at 1151. The restaurant located in Long Beach had an attached bar and lounge area, where live jazz was performed and where songs were played over the lounge's sound system. *Id.* at 1151-52. Despite offers from ASCAP to obtain a license, the Long Beach Roscoe did not purchase a license and did not pay any licensing fees for the performance of any songs. *Id.* at 1151. First, it was determined that copyright infringement occurred at the Long Beach Roscoe restaurant. *Id.* at 1154. Although the Defendants argued that another entity was the proper defendant in this action, "overwhelming evidence" showed that the Defendants exercised control over the Long Beach Roscoe restaurant and the attached lounge, where infringement took place, and the Defendants "derived a financial benefits from the musical performances in the lounge." *Id.* at 1155. For example, the lounge displayed on its premises a liquor license owned and signed by the Defendants; Defendants had managerial authority over the restaurant, as well as the power to hire and fire employees and power to prevents acts from appearing at the lounge; and Long Beach restaurant's manager received his paycheck from Defendants. *Id.*

Willful infringement

One who defaults will be deemed to be willful infringer. *See Adobe Sys. Inc. v. Feather*, Civ. No. 11-1513, 2012 WL 4748861 (D. Conn. Sept. 18, 2012).

In *Adobe Sys. Inc. v. Feather*, Plaintiffs brought action against the Defendant for violation of the Copyright Act and the Digital Millennium Copyright Act (DMCA). *Adobe Sys. Inc. v. Feather*, Civ. No. 11-1513, 2012 WL 4748861 (D. Conn. Sept. 18, 2012). Although duly served with the summons and complaint, the Defendant did not appear or take any action in the case. *Adobe Sys. Inc.*, 2012 WL 4748861 at *1. Plaintiffs were granted its motion for default entry and moved for default judgment, seeking statutory damages, a permanent injunction, and attorneys' fees and costs. *Id.* Here, Plaintiffs established that Defendant is liable for copyright infringement by establishing that: (1) the Plaintiffs possessed valid copyrights for the twenty-eight works asserted in the complaint; and (2) Defendant infringed on those copyrights by marketing, selling, and distributing unauthorized copies of the works. *Id.* at *2. Plaintiffs further established willfulness based on Defendant's conduct, but the court further noted that "even in the absence of such testimony, the willfulness of [Defendant's] infringement may be established by virtue of his default." *Id.* at *2.

Remedies

Copyright owner may seek injunctive relief, seek impoundment and disposition of infringing articles, damages and profits of the infringer, and/or costs and attorneys' fees. See 17 U.S.C. §§ 502-505.

Generally, infringer is liable for either (1) copyright owner's actual damages and any additional profits, or (2) statutory damages. 17 U.S.C. § 504. The copyright owner has the right to elect which to seek and such election can be made at any time before the final judgment. Proving actual damages can be difficult. Thus a copyright owner who has timely registered the works at issue, will likely seek statutory damages. Furthermore, statutory damages are available even in the absence of proof of actual damages.

Statutory Damages

Pursuant to Section 504 of the Copyright Act, award of statutory damages ranges from \$750 to \$30,000. 17 U.S.C. § 504(c)(1). Willful infringement increases the maximum amount to \$150,000. 17 U.S.C. § 504(c)(2). Innocent infringement may result in a reduction of statutory damages to \$200. *Id.*

The copyright owner is entitled to statutory damages and attorneys' fees only if application to register the work was filed with the Copyright Office before the infringement commenced or within three (3) months of first publication of the work. 17 U.S.C. §§ 412, 504, 505. The receipt by Copyright Office constitutes "effective date" of registration. 17 U.S.C. § 410(d). No statutory damages or attorney's fees are available for infringements of an unpublished work which occur prior to the effective date of registration. 17 U.S.C. § 412.

In *Capitol Records, Inc. v. Thomas-Rasset*, the Eighth Circuit concluded that statutory damages of at least \$222,000 was constitutional. *Capitol Records, Inc. v. Thomas-Rasset*, Civ. No. 11-2820, 2012 WL 3930988 (8th Cir. Sept. 11, 2012). This action was brought by several recording companies and involves a complicated procedural history. For purposes of the appeal, it is not disputed that Defendant willfully infringed copyrights of 24 sound recordings by participating in unauthorized file sharing on the peer-to-peer network KaZaA. *Capitol Records, Inc.*, 2012 WL 3930988. In the first jury trial, the jury found the Defendant liable for willful infringement and awarded compensatory damages of \$9,250 per work, for a total of \$222,000. *Id.* at 903. A second trial resulted in the jury again finding for willful infringement and an award of \$80,000 per work, for a total of \$1,920,000. *Id.* at 904. The court remitted damages to \$2250 per work for total of \$54,000. *Id.* Third trial, on the issue of damages only, the jury awarded the recording companies statutory damages of \$62,500 per work, for a total of \$1.5M. *Id.* The Court however granted Defendant's motion to alter and/or amend judgment and reduced damages to \$2250 per work for total of \$54,000, reasoning that this amount was the maximum award permitted by Due Process Clause. *Id.* at 904-05. On appeal, the recording companies sought to reinstate the first jury's verdict and the Eighth Circuit determined that statutory award of at least \$222,000 was constitutional. *Id.* at 906.

The Defendant sought for the court to consider the "guideposts" announced by Supreme Court for review of punitive damages award under the Due Process Clause. *Id.* at 907. The Eighth Circuit, however, explained that "[t]he Supreme Court never has held that the punitive damages guideposts are applicable in the context of statutory damages." *Id.* While the Due Process Clause prohibits excessive punitive damages because notions of fairness dictate that a person receive fair notice of conduct that will subject him to punishment and of the severity of the penalty that State may impose. *Id.* "This concern about fair notice does not apply to statutory damages, because those damages are identified and constrained by the authorizing statute." *Id.* The Copyright Act provides for a broad range of damages, setting statutory damages range for

willful copyright infringement to be from \$750 to \$150,000 per infringed work. *Id.* at 908; 17 U.S.C. § 504(c). Such a broad range “allows courts and juries to calibrate the award based on the nature of the violation.” *Id.*

In *Adobe Sys. Inc. v. Feather*, in light of willful infringement, award of statutory damages of \$90,000 for each of the 28 copyright identified, for a total of \$2,520,000, was determined to be an appropriate award. *Adobe Sys. Inc. v. Feather*, Civ. No. 11-1513, 2012 WL 4748861 (D. Conn. Sept. 18, 2012).

Attorneys’ Fees

Section 505 of the Copyright Act states as follows:

In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney’s fee to the prevailing party as part of the costs.

17 U.S.C. § 505.

As provided in this section, an award of reasonable attorneys’ fees is available to the prevailing party, not just the copyright owner who commenced the action against an infringer. In fact, it has been recognized that Section 505 can be helpful in deterring “overly aggressive litigation tactics”. *T-Peg, Inc. v. Vermont Timber Works, Inc.*, 669 F.3d 59 (1st Cir. 2012).

In *T-Peg, Inc. v. Vermont Timber Works, Inc.*, the First Circuit upheld the award of defendant’s attorneys’ fees despite the fact that the copyright infringement action was not brought in bad faith. *T-Peg, Inc.*, 669 F.3d at 64. At trial, the jury rejected Plaintiff T-Peg’s infringement claims and found in favor of Vermont Timber Works, Inc. (VTW). As the prevailing party, VTW sought \$200,000 in fees and the district court granted a fee award of \$35,000. *Id.* at 61. Acknowledging the district court’s broad discretion in fashioning an appropriate award, the First Circuit referenced the non-exclusive list of essentially equitable factors provided by the Supreme Court to “guide the lower courts in deciding whether or not to award attorney’s fees, and if so how much.” *Id.* “Specifically, these factors are frivolousness, motivation, objective unreasonableness (both in the factual and in the legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence.” *Id.* (internal quotation marks omitted). As the district court provided thoughtful explanation and analysis in coming up with the \$35,000 award, as well as properly applying the factor of whether a fee award would “deter plaintiffs with reasonable claims, and defendants with meritorious defenses, from litigating in a manner greatly disproportional to the matter at stake,” the district court did not abuse its discretion. *Id.* at 62-64.

Defenses

Generally, innocent or accidental infringement not a valid defense. Thus, a defendant can be liable even for “innocent” or “accidental” infringements, and a plaintiff need not demonstrate intent or even knowledge of infringement to prove a copyright claim.

Laches

Even with valid copyrights, laches may bar infringement claims against an infringer. *Lego A/S v. Best-Lock Constructions Toys Inc.*, Civ. No. 11-01586, 2012 WL 2829454 (D. Conn. July 11, 2012).

In *Lego A/S v. Best-Lock Constructions Toys Inc.*, Plaintiff Lego brought an action against one of its competitors alleging, among other things, copyright infringement. *Lego A/S*, 2012 WL 2829454. Lego had been manufacturing toys called “minifigures” since 1978 that depict people, all having same shape but varying two-dimension representations of facial features and clothing styles. *Id.* at *1. Lego registered two copyrights for the minifigures in 1994. *Id.* Competitor-Defendant Best-Lock Construction Toys, Inc., had been selling its own minifigures since 1998. *Id.* On July 14, 2011, the U.S. Customs and Border Protection (CBP) carried out the first of a series of seizures of Best-Lock’s toys coming from abroad and alerted Best-Lock that the minifigures infringe Lego’s copyright. *Id.* Best-Lock was unsuccessful in ceasing the seizures. *Id.* On October 14, 2011, Lego filed its action against Best-Lock. *Id.*

Best-Lock pled laches as an affirmative defense to Lego’s infringement action. “To sustain a laches defense, only two elements need appear: the plaintiff delayed an unreasonable amount of time in filing suit against the defendant; and the defendant suffered prejudice as the result of that delay.” *Id.* at *9. Generally, laches defense is available in a copyright infringement action. *Id.* Taking into account the 3 year statute of limitations, “Lego’s action for damages is timely for any act of infringement between October 14, 2008 and October 14, 2011.” *Id.* at *12. Yet here, Best-Lock argued that the laches doctrine operates to bar an action for copyright damages that was timely filed. *Id.* at *13. Due to the split in authorities and the absence of guidance from the Second Circuit, the district court declined to rule that “laches can *never* be a bar to a copyright infringement claim for damages filed within the Act’s three-year limitations period.” *Id.* at *15. The court noted, however, that “[e]verything hinges on when Lego knew about Best-Lock’s infringement and what it did after it found out,” because if Lego knew from 1998, then waiting until 2011 to file suit would be considered unreasonable delay and it would seem to be unfairly prejudicial to enjoin Best-Lock. *Id.* at *16.

Fair Use

In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include –

1. the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
2. the nature of the copyrighted work;
3. the amount and substantiality of the portion used in relation to the copyrighted work as a whole;
4. the effect of the use upon the potential market for or value of the copyrighted work.

17 U.S.C. § 107. The statute lists the following as illustrative basis for supporting fair use – for purposes of criticism, comment, news reporting, teaching, scholarship, or research.

With this defense, there is a presumption that unauthorized copying has occurred, but the focus is on whether the use was fair. *See Monge v. Maya Magazines, Inc.*, 688 F.3d 1164, 1169 (9th Cir. 2012).

In *Monge v. Maya Magazines, Inc.*, the Ninth Circuit held that a gossip magazine's publication of celebrities' secret wedding photographs was not fair use. *Monge*, 688 F.3d 1164. Plaintiffs are a young pop singer and model, and her husband and manager, who secretly wedded at a wedding chapel in Las Vegas. *Id.* at 1168. Only few photos were taken and kept private for the couple's use. Using Monge's camera, a chapel employee took 3 photos of the wedding and 3 more photos were taken later in their nuptial garb. *Id.* at 1169. For 2 years, the couple kept the wedding a secret, even from families. *Id.* The couples' driver and bodyguard found a memory chip having the wedding photos, as well as 400 other photos and 3 videos. When the driver's attempt to extort money from the couple failed, he sold the photos to Defendant, a gossip magazine, for \$1500. *Id.* Defendant then published the 6 photos relating to the couple's wedding. *Id.* Soon after the publication, the couple registered copyrights in 5 of the 6 published photos and brought an action against the magazine. *Id.* at 1170. Despite its claim that it purchased the photos in good faith, "the innocent intent of the defendant constitutes no defense to liability." *Id.* Providing an analysis of each of the fair use factors, the Ninth Circuit held that none of the factors supported fair use.

The first factor, the purpose and character of the use, was at best neutral. Although the secret wedding may be potentially news-worthy, gossip magazines cannot "take fair use refuge under the umbrella of news reporting". *Id.* at 1173. Further, the magazine did not transform the photos in to a new work (i.e., copied the works in their entirety "sprinkled with written commentary" and did not incorporate the photos as a part of a broader work.) and the use was undisputedly commercial use, and "commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly of privilege that belongs to the owner of the copyright." *Id.* at 1174-76. Here, the gossip magazine was motivated by profits and did profit from the publication.

The second factor, the nature of the copyrighted work, weighs against supporting fair use. Generally, photos tend to be regarded as creative work. Here, even though the photos were not particularly artistic, they were unpublished and an author of work has the right to control the first public appearance. *Id.* at 1177-78.

The third factor, the amount and substantiality of the portion used in relation to the copyrighted work as a whole, also weighs against fair use. The gossip magazine used all of the wedding photos and all of the wedding night photos. *Id.* at 1178. The gossip magazine could have reported the news in a different manner, for example, by publishing the marriage certificate or using other sources other than copyrighted photos. *Id.* at 1179. The story/news could also have been corroborated with a single photo, but the gossip magazine used far more than was necessary. *Id.*

The fourth factor, the effect upon the potential market, weighs against supporting fair use. "[T]his last factor is undoubtedly the single most important element of fair use." *Id.* at 1180. Due to the gossip magazine's publication, the demand for the couple's photos dropped significantly. "[T]he bottom literally dropped out of the market – neither [the defendant] nor anybody else is likely to purchase these pictures from the couple." *Id.* at 1182.

First Sale Doctrine

“The ‘first sale doctrine’ in copyright law permits the owner of a lawfully purchased copy of a copyrighted work to resell it without limitations imposed by the copyright holder.” *John Wiley & Sons, Inc. v. Kirtsaeng*, 654 F.3d 210, 211-12 (2d Cir. 2011) *cert. granted*, 132 S. Ct. 1905, 182 L. Ed. 2d 770 (U.S. 2012).

In *John Wiley & Sons, Inc. v. Kirtsaeng*, the Second Circuit court considered the question of first impression of whether the first sale doctrine applies to a work that was produced outside of the United States, legally acquired abroad, and then later imported and resold within the United States. *John Wiley & Sons, Inc.*, 654 F.3d at 212. Petitioner Kirtsaeng, a Thai national, was a mathematics student at Cornell University. *Id.* at 213. While at Cornell, Kirtsaeng realized that the cost of international editions of textbooks in Thailand was far lower than the cost of the textbooks in the United States. *Id.* Kirtsaeng therefore began to lawfully purchase copies of textbooks in Thailand, through his family and friends, imported these textbooks into the United States, and sold them on the Internet auction site eBay. *Id.* The international editions of the textbook differed materially from the U.S. editions, in that they used different bindings, thinner paper, lower quality photographs, had different covers, and specifically noted that they were only for sale outside the United States. *Id.* Through his eBay sales, Kirtsaeng earned approximately \$37,000. John Wiley, the textbook publisher sued Kirtsaeng and argued that the first sale doctrine was unavailable as a defense. The jury found Kirtsaeng liable for willful copyright infringement and imposed damages of \$75,000 for each of the eight works at issue, for a total of \$600,000. *Id.* at 215. In affirming the lower court’s decision, after engaging in statutory interpretation of the Copyright Act, § 109 (a) and § 602(a)(1), the Second Circuit concluded that “the phrase ‘lawfully made under this Title’ in § 109(a) refers specifically and exclusively to copies that are made in territories in which the Copyright Act is law, and not to foreign-manufactured works.” *Id.* at 222.

The Supreme Court is scheduled to hear oral arguments in this case on October 29, 2012.

Termination of Grant of Copyright Rights

The Copyright Act includes provisions that are designed to safeguard authors against unremunerative transfers. Such provisions are deemed necessary due to “the unequal bargaining position of authors, resulting in part from the impossibility of determining a work’s value until it has been exploited.” The House Report on the Copyright Act of 1976.

The Copyright Act of 1976, the current act in effect, includes two provisions relating to the termination of a grant of copyright. Under these provisions, certain prior transfers of copyrights could be terminated and the rights be recaptured by the transferor. This allows the initial transferees – such as publishers – to reap the initial rewards from investing in an unknown talent, but also provides an opportunity for the authors to renegotiate the terms of the earlier grants of rights once the long-term success of their works has been established.

Thus far, Section 304(c) has been the basis for copyright termination litigation. Yet in the upcoming years, a flurry of new copyright termination litigation is expected. The year 2013 marks the first year that authors can take advantage of the termination provision under Section 203 of the Copyright Act.

Section 203 governs transfers and licenses executed on or after January 1, 1978, including works that were created under the previous Act but where the transfer was made after January 1, 1978. The Copyright Act in Section 203 also provides for a five (5) year window during when an author may terminate the prior grant of rights, which is measured from the point at which the transfer or license was entered into, not the time at which the work was created. Under Section 203, an author can terminate a previous grant within a 5 year window that begins 35 years after the rights transferred. Thus, theoretically, termination under Section 203 could actually take place as early as 2013. For example, if an author transferred her rights in a work in 1978, the author could terminate the grant of those rights 35 years later, beginning in 2013 and ending in 2018.

In *Scorpio Music S.A. v. Willis*, Plaintiffs' complaint was dismissed for failure to state a claim. *Scorpio Music S.A. v. Willis*, Civ. No. 11-1557, 2012 WL 1598043 (S.D. Cal. May 7, 2012). Defendant Victor Willis is the original lead singer of the Village People. *Scorpio Music S.A.*, 2012 WL 1598043 at *1. In January 2011, Willis served on Plaintiffs a "Notice of Termination of Post-1977 Grants of Copyright on Certain Works of Victor Willis" with respect to his interests in the 33 Compositions, including the hit songs, "YMCA," "In the Navy," and "Go West." *Id.*

Plaintiffs, several companies engaged in the business of publishing or otherwise exploiting musical compositions, "challenge the validity of the termination and [sought] a declaratory judgment that Willis has no right, title, or interest in the copyrights to the Compositions, requiring withdrawal of notice of termination, and enjoining Willis from making any claims to the copyrights in the Compositions." *Id.*

The Plaintiffs argued that the Willis's Notice of Termination was invalid because he is the only author (of the several authors in the works at issue) who served the notice. *Id.* Yet Willis was also the only one who executed the grants of his copyright interests in the musical compositions at issue. *Id.* Thus the issue here is "whether, in a case where joint authors of a work transfer their respective copyright interests through separate agreements, a single author may alone terminate his separate grant of his copyright interest in the joint work or whether a majority of all the authors is necessary to terminate that grant." *Id.* at *2. The Court concluded that "a joint author who separately transfers his copyright interest may unilaterally terminate that grant." *Id.* Willis granted his copyright interests in the Compositions separately from the other co-authors, and accordingly, Willis may unilaterally terminate his grants under 17 U.S.C. § 203. *Id.* at *5. "Thus, Plaintiffs' declaratory relief claim fails to the extent it is based on the inability of Willis to terminate his grants of copyright. To be clear, Willis's termination affects only the copyright interests that he previously transferred (his undivided interest in the joint work). The copyright interests transferred by the other co-authors will not be affected by Willis's termination." *Id.*

TRADEMARK

I. DEFINITION OF A TRADEMARK

A trademark is a symbol used in commerce to identify the source of goods or services. Such a symbol can be a word (MICROSOFT), a design (the Nike "swoosh"), a name (HUGO BOSS), a product design feature (the LEVI's red pocket tab), or a slogan ("THE REAL THING").

Trademark law was developed to protect consumers from confusion--to ensure that when they buy products sold under a particular mark, the quality will be the same regardless of the time or distance between purchases. As a byproduct, owners of trademarks are granted exclusive rights in their marks and can thus maintain monopoly control over the consumer goodwill associated with the marks. Trademark rights can become very valuable. Famous marks such as COKE, MARLBORO and McDONALD'S are valued at tens of billions of dollars.

Unlike patents and copyrights which can only be protected for a limited number of years, trademarks, if used correctly, can be protected forever.

II. HOW TRADEMARK RIGHTS ARE ACQUIRED

In the U.S. trademark rights are acquired when a mark is used on goods or services in commerce. The first user has superior rights to any later users. Trademark rights accrue with use on or in connection with specific goods or services. Similar marks may coexist if they are used to identify and distinguish completely unrelated types of goods. For example, COSMO COBBLERY could probably be used as a trademark both by a manufacturer of shoes and by a manufacturer of cookies. It probably could not be used, however, by a manufacturer of shoes and a different manufacturer of boots.

III. WHAT MAKES A GOOD TRADEMARK?

- A. A good trademark is a distinctive trademark. The more distinctive the mark, the less likely it will infringe other marks or be infringed itself.
- B. There are five generally recognized levels on the trademark scale of distinctiveness:
 - 1. At the highest level are fanciful or coined marks, invented solely for the purpose of identifying particular goods or services. Examples are KODAK, POLAROID, CLOROX.
 - 2. At the second level are arbitrary marks. These are marks comprised of words that are in common use, but that are arbitrary as applied to the particular goods or services. Examples are APPLE for computers, CAMEL for cigarettes, or TARGET for retail stores.
 - 3. At the third level are suggestive marks. Suggestive marks do not precisely describe goods or services, but require some thought or "mental gymnastics" to connect the mark with particular goods or services. Examples are EVEREADY BATTERIES, COPPERTONE suntan lotion, or SNO-RAKE snow removal tool.

4. At the fourth level are descriptive marks. Descriptive marks are those that immediately describe a significant ingredient, quality, characteristic, function, feature, purpose or use of the particular goods or services. Geographic terms and surnames are treated in the same manner as descriptive terms. In the United States and most foreign countries, descriptive marks are not registrable on the primary federal trademark register, the Principal Register, until they have built "secondary meaning." In the British Commonwealth countries, descriptive marks are entirely unprotectable.

* Secondary Meaning. Secondary meaning exists when, through extensive use, a previously descriptive or nondistinctive mark has come to be associated in the minds of the consuming public with the goods of a particular provider. Examples of descriptive marks that have gained secondary meaning through extensive use are PHILADELPHIA CREAM CHEESE, AMERICAN AIRLINES, HOLIDAY INN. Generally, secondary meaning is presumed upon proof that a mark has been used in commerce for five years.

5. At the bottom of the trademark scale are generic terms. These are terms that are so highly descriptive that they ARE the product name and are therefore incapable of denoting origin, such as CAR for automobiles or CAP for a type of hat. Generic terms are in the public domain and may be used by anyone to describe goods or services. Some marks start out as protectable, arbitrary or fanciful marks, but because their owners allow them to be used as common names for their products rather than as brand names describing products, they become unprotectable, generic terms. Examples of "genericide" are BRASSIERE, ASPIRIN, ZIPPER, and THERMOS.

IV. SELECTING AND CLEARING A TRADEMARK.

The first step in selecting a successful trademark is to select a distinctive term. A trademark search should then be conducted to determine whether the exact or a confusingly similar mark is already being used in connection with the same or related goods or services.

A. Trademark Searches

There are two levels of U.S. trademark searches. The first level, which searches the U.S. Patent and Trademark Office federal register and state registers, makes it possible to determine whether the selected mark is already being used for the exact goods or services. This first level search identifies "direct hits," and is used to eliminate potential trademark candidates.

If no direct hits appear at the first level search, a full search should be conducted. A full search covers the exact mark, phonetic equivalents and other confusingly similar marks. It covers federal and state registrations, plus registered common law marks. Once a full search is conducted, the trademark owner has a good a sense as is practically possible whether the selected mark is available for use and whether it raises a likelihood of confusion with any other marks.

For marks that will be used internationally, similar searches can be conducted in foreign jurisdictions. For marks that will be used on the Internet, domain name searches are also advisable.

B. Acquiring and Negotiating Rights

If the trademark search reveals a mark that is the same or similar to the proposed mark, further investigation may be advised to determine whether the conflicting mark is in active use and, if so, the exact nature of the owner's rights in it. If the mark is in active use on goods or services that are closely related but not exactly the same as the goods or services for which the proposed mark will be used, it may be possible to reach agreement with the owner for the coexistence of the two marks.

In most countries, such "consent agreements" must meet certain criteria established by the relevant Trademark Office in order for both marks to be registered. These criteria generally assure that the channels of trade in which the two marks will be used and advertised, the consumer groups to which the goods or services will be marketed or the geographic territories in which the marks will be used are distant enough so that the public will not confuse the goods or services of one provider with those of another provider.

Alternatively, it may be possible to buy the owner's rights in a conflicting mark.

V. REGISTERING A TRADEMARK

In most foreign countries, trademark rights are obtained by registering a trademark. In the U.S. and some foreign countries, registration is not a prerequisite to trademark protection. Rather, rights are accrued by using a trademark. Nevertheless, a U.S. trademark registration does provide certain advantages:

A. Advantages of U.S. Federal Registration:

1. Federal registration provides notice that a term has been appropriated as a trademark and is not available for use by others.
2. Federally-registered marks may be designated with the symbol®.
3. Five years after federal registration, a trademark owner's rights in a mark may become incontestable.
4. A federally-registered mark owned by a United States owner can be recorded with the U. S. Customs Service to prevent infringing goods from coming into the country.
5. Federal registration provides federal jurisdiction for infringement actions.

B. The PTO Supplemental Register

A mark that does not meet the standards of distinctiveness necessary for the federal Principal Register but that is "capable" of distinguishing the user's goods or services may be registered on the federal Supplemental Register. Marks initially entered on the Supplemental Register may be converted to the Principal Register when distinctiveness can be shown.

1. Registration on the Supplemental Register entitles the registrant to use ® with the mark, signifying that the term serves as a trademark.
2. Registration on the Supplemental Register provides federal jurisdiction for infringement actions.
3. Until "secondary meaning" can be shown, however, registration on the Supplemental Register does not imply exclusive rights in the holder of the descriptive mark.

VI. THE U.S. REGISTRATION PROCESS

A. Federal Registration

While a federal trademark registration will not issue until a mark actually has been used in commerce in connection with the goods or services sought to be covered, federal trademark applications may be filed either on the basis of actual use or on the basis of intent to use. Federal trademark registration is for a period of ten years. A registration may be renewed for an infinite number of ten-year terms if the mark continues to be used on the goods and services covered by the initial registration.

B. Actual Use Applications

An applicant may apply to register a mark that actually has been used on goods or service "in commerce," that is between two or more states or in foreign commerce.

1. The mark is examined by Patent and Trademark Office examiners who determine whether the mark is descriptive or otherwise inappropriate for registration, and whether there are any conflicting registered marks.
2. If a mark successfully passes the examination stage and if no opposition to the registration is filed after a thirty-day notice period, a registration issues.

C. Intent to Use Applications

Alternatively, an applicant may file an application based on the applicant's bona fide "intent to use" the mark in commerce in the future.

1. Once the mark successfully passes the examination and opposition stages, a Notice of Allowance will issue.

2. The applicant then has six consecutive periods of six months each, upon a showing of good cause for delay, in which to show that the mark has been used on goods or services in commerce.
3. When the mark is actually used, the registration issues, with the registration date relating back to the filing date of the intent to use application.
4. When an intent-to-use applicant makes use of the proposed mark within the established time period, the applicant's rights are superior to any third party which uses the same or a confusingly similar mark after the filing.

VII. PROTECTING AND MAINTAINING TRADEMARK RIGHTS

Trademarks are valuable assets of a company that must be protected. Trademark rights can be lost if a company fails to police use of its marks, both internally and externally. A company should develop an internal program to prevent misuse of its marks and to police use of its marks by others.

- A. In the U.S., a mark can be lost if it is not used for a period of two years and the owner intends to abandon the mark.
- B. In some countries, a mark can be lost if it is not used for an extended period, even if the owner does not intend to abandon the mark.
- C. A mark can be lost if an owner allows its use by others, but fails to establish and maintain sufficient controls to ensure that the quality of the goods or services produced by the licensee meets the established standards of the owner.
- D. A mark can be lost when it becomes a generic term for the goods or services it refers to, and loses its significance as a trademark.

Patents

What is a Patent?

A patent is a grant given by the federal government to the first inventor to file his or her application with the United States Patent and Trademark Office (USPTO) and allows the inventor to exclude others from performing certain activities involving the patented invention for the life of the patent. There are two categories of patent applications: provisional and non-provisional. A *provisional* patent application is essentially a “placeholder.” Unless a provisional application is converted into a non-provisional application, it will lapse one year after it is filed and provisional applications are not examined by the USPTO. Provisional applications are useful to maintain the earliest possible priority date while allowing an extra year for development, though it is important to note that the provisional application’s disclosure must be sufficient to meet the written description requirement of any subsequent dependent non-provisional applications. If a non-provisional application is filed within the twelve month pendency of the provisional application, the elapsed portion of the twelve months of the provisional application’s life do not count against the 20 year term any dependent non-provisional patents will receive upon issuance. *Non-provisional* applications *can* eventually mature into a patent, are examined by the USPTO, and trigger the 20-year term clock upon filing.

There are three types of patents: utility, design, and plant. *Utility* patent protection is appropriate for “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” Essentially, this covers anything “made by man,” subject to meeting the statutory requirements of novelty, non-obviousness and certain technical requirements. Utility patent protection lasts for 20 years from the date of filing a patent application in most cases, though there are exceptions where the term can be longer. *Design* patents are appropriate for “a new, original, and ornamental design for an article of manufacture” and last for 15 years from the date of issue (not from the filing date). In order to qualify for a design patent, the design cannot be functional in any way. If it is, then utility patent protection is appropriate. A *plant* patent is appropriate for “anyone who invents or discovers and asexually reproduces any distinct and new variety of plant” and protection lasts for 20 years from the filing of the application, just as with utility patents.

What Does Having a Patent Do For Me?

Patents are considered the strongest form of protection available for intellectual property and a patent gives an inventor the right to exclude others from “making, using, offering to sell, importing or selling any patented invention, within the United States or importing into the United States any patented invention during the term of the patent.” Depending upon the industry to which the invention applies, patents can be anything from a bargaining chip, a revenue generator, or even a requirement to operate effectively in the industry (for example, by blocking competitors). Having a patent assures an inventor that no one else can profit from your invention without paying you in some way.

How Do I Get a Patent?

Because the protection offered by a patent is so strong, the government ensures that very specific requirements are met before granting a patent. In essence, the government wants an inventor to disclose his invention fully in the application and to provide enough information that someone skilled in the art in which the invention applies could make or practice the invention just by reading the patent. The requirements for each type of patent vary, and an inventor thinking of applying for a patent should retain a patent attorney to guide him or her through the process to ensure the best results possible.

Patents

1.) Protects new inventions or ideas

- Must be: useful, new/novel and non-obvious

2.) What is Patentable?

- Processes
- Articles of Manufacture
- Machines
- Composition of Matter

3.) What is not patentable?

- Laws of Nature
- Physical Phenomena
- Abstract Ideas (math solutions)
- Scientific Principles
- Mental Process Only

4.) Rights of a Patent

- Right to exclude others from making, using, selling and importing

5.) Types of Patent Applications

a.) Provision Applications (utility)

- only a place holder for one year
- establishes priority date
- not reviewed

b.) Non-Provisional Application (utility)

- inventor must disclose and describe the “best mode” contemplated to carry out invention
- claims – define the “metes and bounds” of the parcel of IP the inventor seeks to own

6.) Types of Patents

a.) Utility – Protects how invention works or is made

- multiple claims
- describes functionality
- cost - \$5,000 - \$13,000 to file
- term – 20 years from date of filing
- damages – reasonable royalty or lost profits

b. Design – Protects how it looks

- single claim (“ornamental” design)
- can not be functional
- costs - \$1,500 - \$2,500
- term – 15 years from date of issue
- damages – reasonable Royalty, lost profits, or infringer’s profits

7.) Anatomy of Utility Patent

A. Abstract – Brief technical description of the invention. (150 words)

B. Specification – A written description that references drawings and explains the invention to enable a person “skilled in the art” to make or use the invention.

Specification – Drawings, Field of the Invention, Background, Summary, Description of the Drawings, and Detailed Description of the Invention

C. Claims – The Legal part (i.e., property right) of the patent that specifically points out the idea that is the invention. The claims are part of the invention that is protected by the patent.

8.) Anatomy of Design Patent

- Design aspects claimed are shown as solid lines
- Unclaimed aspects or environmental structures are shown as broken lines