Part I

INTELLECTUAL PROPERTY RIGHTS

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I. UNITED STATES COPYRIGHT ACT

A. GENERAL CONSIDERATIONS

§ 1:1 Copyright law and computer technology

Ninth Circuit rejects constitutional challenge to Copyright Renewal Act and Copyright Term Extension Act by parties offering or intending to offer Internet access to digitized works allegedly having little or no commercial value. The plaintiffs are providers of free access to digitized works over the Internet and offer or intend to offer access to works that allegedly have little or no commercial value but remain under copyright protection. Prior to 1978, the number of orphaned works was limited by the renewal requirement, which served as a filter passing certain works—mostly those without commercial value—into the public domain. Renewal requirements created an "opt-in" system of copyright in which protections were only available to those who affirmatively acted to secure them. The Copyright Renewal Act of 1992 (CRA) and the Copyright Term Extension Act (1998) (CTEA), according to the plaintiffs, created an "opt-out" system; the CRA eliminated the renewal requirements for works created between 1964 and 1977 and extended their term, and the CTEA effected a further extension. The Plaintiffs characterize these changes as altering the traditional contours of copyright and requiring First Amendment review under the Supreme Court's decision in Eldred v. Ashcroft, 537 U.S. 186, 123 S. Ct. 769, 65 U.S.P.Q.2d 1225 (2003). In the plaintiffs' view, their specific claims—emphasizing the increased possibilities for archiving and disseminating expressive content over the Internet and the detrimental effect the change from an opt-in to an opt-out system has on those efforts—were not answered by Eldred. The district court dismissed their complaint and the plaintiffs appealed. *Held:* Affirmed. Despite the plaintiffs' attempt to frame the issue in terms of the change from an opt-in to an opt-out system rather than in terms of extension, they made essentially the same argument that the Supreme Court rejected in Eldred and that argument failed as well in the present case. The court also rejected the plaintiffs' argument that the current copyright term violates the "limited times" prescription of the Copyright Clause of the United States Constitution. The outer boundary of limited times is determined by weighing the impetus provided to authors by longer terms against the benefit to the public by shorter terms, a weighing left to Congress subject to rationality review. The Supreme Court in Eldred was cognizant of the meaning of limited times when assessing the current copyright term; while future extensions may or may not survive review, the current term is constitutional. [Kahle v. Gonzales, 487 F.3d 697, 35 Media L. Rep. (BNA) 1786, 82 U.S.P.Q.2d 1797 (9th Cir. 2007), petition for cert. filed, 76 U.S.L.W. 3066 (U.S. Aug. 10, 2007)]

District of Columbia Circuit holds that Copyright Royalty Board, composed of Copyright Royalty Judges appointed by the Librarian of

Congress rather than the President, violated the Appointments Clause of the Constitution in the absence of the Librarian's unrestricted ability to remove the Judges, and invalidates the portion of 17 U.S.C.A. § 802(i) limiting the Librarian's ability to remove the Judges. Intercollegiate Broadcasting System, Inc. is an association of non-commercial webcasters transmitting digitally recorded music over the Internet in educational environments. The Copyright Act provides for a statutory license for webcasting—a set of provisions that encourage voluntary negotiations and, if the parties cannot agree, proceedings before Copyright Royalty Judges (CRJs) to establish reasonable terms. The CRJs are appointed to staggered six-year terms by the Librarian of Congress and, when ratemaking proceedings are initiated, must make determinations and adjustments of reasonable terms and rates of royalty payments. SoundExchange, Inc., a non-profit clearinghouse for musicians' webcast royalty payments and an intervenor in the present case, initiated ratemaking proceedings. SoundExchange entered voluntary settlements with almost all of the participants, but not Intercollegiate. The CRJs adopted as statutory rates the royalty structure in a settlement agreement with one of the participating webcasters, rejecting Intercollegiate's proposal to establish different fee structures for "small" and "very small" noncommercial webcasters. Intercollegiate appealed, claiming, inter alia, that the Copyright Royalty Board—composed of the CRJs and their staff—as currently structured violated the Appointments Clause of the United States Constitution (U.S. Const. art. II, § 2, cl. 2). *Held:* Vacated and remanded. Intercollegiate based its constitutional claim on two grounds. First, the CRJs' exercise of significant rate-making authority without any effective means of control by a superior—such as unrestricted removability—qualified them as principal officers who must be appointed by the President with Senate confirmation. The court agreed, finding that CRJs: (1) were supervised by the Librarian of Congress and by the Registrar of Copyrights, but in ways that left the CRJs broad discretion, (2) were removable by the Librarian only for misconduct or neglect of duty, and (3) made rate determinations that were not reversible or correctable by any other officer or entity within the executive branch. The appropriate remedy to correct the violation of the Appointments Clause was to invalidate and sever the restrictions on the Librarian's ability to remove the CRJs, eliminating the Appointments Clause violation and minimizing any collateral damage. The court found unconstitutional the language in 17 U.S.C.A. § 802(i) restricting the Librarian's authority to sanction or remove the CRJs. Without limitations on the Librarian's removal authority, the CRJs were validly appointed inferior officers as long as the Librarian is considered a Head of Department. The court rejected Intercollegiate's second basis for its constitutional claim—that the Librarian is not a Head of Department within the meaning of the Appointments clause. The Library of Congress is a free-standing entity that clearly meets the definition of Department because the Librarian is appointed by the President with the advice and consent of the Senate, the powers of the Librarian and the Copyright Royalty Board are powers generally associated with executive agencies rather than legislators, and the Library is undoubtedly a component of the executive branch. [Intercollegiate Broadcasting System, Inc. v. Copyright Royalty Bd., 684 F.3d 1332, 103 U.S.P.Q.2d 1337 (D.C. Cir. 2012)]

District of Columbia Circuit affirms Copyright Royalty Board's decisions to impose 1.5% per month late fee for late royalty payments and penny-rate royalty structure for cell phone ringtones giving copyright owners 24 cents for each ringtone sold. With respect to a limited category of copyrighted musical works, as opposed to sound recordings, § 115 of the Copyright Act allows an individual to make and distribute phonorecords (that is, sound recordings) of a copyrighted musical work without reaching any kind of agreement with the copyright owner. That right does not include authorization to make exact copies of an existing sound recording and distribute it; if a

musical work has been recorded and copyrighted by another artist, a licensee may exercise his rights under the § 115 license only by assembling his own musicians, singers, recording engineers and equipment, etc. for the purpose of recording anew the musical work that is the subject of the § 115 license. At specified intervals, the Copyright Royalty Board holds ratemaking proceedings for licenses issued under the Copyright Act. When the Board published its final determination from such proceedings in 2009, it instituted a late payment of 1.5% per month for overdue royalties, measured from the date payment is due, and it established a royalty rate for cellular phone ringtones, setting the rate at 24 cents per ringtone sold. The Recording Industry Association of America (RIAA) filed a motion for rehearing. The Board denied the motion. RIAA appealed. *Held:* Affirmed. Although the Board considers market conditions when setting terms and rates, they are not required to choose a late fee that exactly matches a market rate. The Board appropriately took market evidence into account when imposing the late fee. The Board's decision to impose a penny rate rather than a percentage-of-revenue rate in establishing royalty structure for ringtones under copyright law's licensing regime for making and distributing phonorecords was reasonable, despite argument that plummeting ringtone prices rendered the penny rate inherently unreasonable. The Board determined that a penny rate was more in line with reimbursing copyright owners for the use of their works, and that many of the concerns driving the adoption of a percentage-of-revenue royalty structure in other instances were absent, found that the simplicity of using a penny-rate structure supported its adoption, and ultimately concluded that a single penny-rate structure was best applied to ringtones because of the efficiency of administration gained from a single structure when spread over the much larger number of musical works produced. [Recording Industry Ass'n of America, Inc. v. Librarian of Congress, 608 F.3d 861, 95 U.S.P.Q.2d 1314 (D.C. Cir. 2010)]

§ 1:2 Extraterritorial application of United States Copyright Act

Where a software reseller acquired and admittedly distributed Microsoft Student Media software—software that was manufactured in Ireland and licensed for educational use in Jordan—to non-educational end users in the United States without authorization from Microsoft, the first sale defense did not apply and the reseller manifestly acted outside the scope of Microsoft's license and in violation of Microsoft's exclusive right to distribute under 17 U.S.C.A § 106(3). Microsoft Corporation is engaged in the manufacture and distribution of computer software programs, including Student Media software which is distributed at a discount to qualified educational users in order to provide students in the United States and around the world low cost access to the latest software technology and information in furtherance of their educational development. Academic institutions, students, and qualified educational end users are prohibited from reselling Student Media software because the programs though which it is distributed are designed to provide low cost software to qualified students and not to the general public. Big Boy Distribution, LLC buys and sells computer software on the open market. Microsoft alleged that Big Boy improperly acquired thousands of units of Student Media software intended for distribution abroad and then sold it to non-educational end users in the United States. In support of that charge, Microsoft adduced uncontradicted evidence that Big Boy directly imported into the United States approximately 10,000 units of Microsoft Student Media software from Mahmoud Shadid of Amman, Jordan, on behalf of a third party, eDirect Software ("eDirect"), a Canadian company. In addition, Big Boy indirectly imported thousands of units of Microsoft Student Media software through purchase from eDirect, and then redistributed about 9,000 units of that software to resellers and online retailers who are not qualified educational

users. The Microsoft Student Media software was clearly labeled "not for retail distribution" and "not for resale." The software imported by Big Boy under this arrangement was manufactured and assembled in Ireland, and was not licensed for distribution or use in the United States. Further, it established that the Microsoft software product which Big Boy admitted to importing and distributing through that arrangement was initially distributed in Jordan pursuant to an agreement between Microsoft Ireland Operations Limited, a Microsoft Corporation affiliate, and the Kingdom of Jordan, specifically the Jordanian Ministry of Education. Microsoft sued Big Boy for copyright infringement in violation of 17 U.S.C.A. §§ 501 et seq. and infringing importation of copyrighted works in violation of 17 U.S.C.A. § 602(a). Microsoft moved for summary judgment; Big Boy cross-moved for summary judgment on the ground that both claims were barred under the first sale doctrine. *Held:* Summary judgment granted in favor of Microsoft. Although Big Boy claimed that it obtained copies of software which were lawfully made (manufactured in Ireland at Microsoft's direction), 17 U.S.C.A. § 109(a) provides a defense to copyright claims only where domestically made copies of U.S. copyrighted works are involved. Since it was undisputed that the Microsoft Student Media imported by Big Boy was manufactured in Ireland and was not voluntarily sold by Microsoft in the U.S., even if the first sale defense applied to software that is licensed and not sold, Big Boy was not entitled to raise the defense. [Microsoft Corp. v. Big Boy Distribution LLC, 589 F. Supp. 2d 1308, 240 Ed. Law Rep. 693 (S.D. Fla. 2008)]

§ 1:3 Copyright registration and notice

Abrogating decisions from several Circuit Courts of Appeals, the Supreme Court holds that the requirement under 17 U.S.C.A. § 411(a) that copyright holders must register their works before suing for copyright infringement does not restrict a federal court's subject matter jurisdiction. The named plaintiffs in a consolidated class action copyright infringement suit alleged that they each owned at least one copyright—in most instances in a freelance article written for a newspaper or magazine—that they registered in accordance with § 411(a). However, the class also included authors who had not registered their copyrighted works. The district court referred the parties to mediation and a settlement was reached which, the parties intended, would achieve peace in the publishing industry. The parties then moved the district court to certify a class for settlement and to approve the settlement. Some of the freelance authors objected, the district court overruled their objections, and a final judgment was entered. The objecting freelance authors appealed and the Second Circuit, addressing the issue sua sponte, ruled that the district court lacked jurisdiction to: (1) certify a class of claims arising from the infringement of unregistered works and (2) approve a settlement with respect to those claims. The other copyright owners and publishers appealed. *Held:* Reversed. The registration requirement under § 411(a) imposes a precondition to filing a claim that is not clearly labeled jurisdictional, is not located in a jurisdiction-granting provision, and admits of congressionally authorized exceptions. Section 411(a) thus imposes a type of precondition that supports nonjurisdictional treatment. [Reed Elsevier, Inc. v. Muchnick, 130 S. Ct. 1237, 38 Media L. Rep. (BNA) 1321, 93 U.S.P.Q.2d 1719 (2010)]

Third Circuit rules as a matter of first impression that courts have no authority to cancel copyright registrations. Peter Brownstein and Tina Lindsay worked together to create a computer program implementing rules for identifying the ethnicity of proper names for direct marketing purposes. The program, called Lindsay Cultural Identification Determinate (LCID), was composed of two parts. Lindsay devised a set of rules for categorizing names by ethnicity entitled Ethnic Determinate System (EDS), rules that could be written out in text. Lindsay enlisted Brownstein to turn her rules into computer code, resulting in a number of computer programs known as ETHN programs.

LCID was a combined system of Lindsay's rules and Brownstein's computer code—Lindsay was the sole author of EDS as an independent work of LCID, Brownstein was the sole author of the ETHN programs as another independent work of LCID, and they both had an equal authorship interest in the LCID as a joint work of the EDS and the ETHN programs. In 1996, Lindsay filed a first copyright registration for EDS and a second copyright registration for her improved version of EDS; with the second registration, Lindsay included a copy of Brownstein's ETHN programs as a deposit copy and several fields of the registration application referenced a "computer process" and "codes" associated with the copyright. Lindsay and Brownstein incorporated TAP Systems, Inc. (TAP) in 1996 as equal owners to commercialize LCID. In 1997, Lindsay unilaterally attempted to grant TAP ownership of LCID; later that year, Lindsay and Brownstein decided to partner TAP with another entity to form E-Tech as a joint venture and a 1997 License Agreement was signed by only by Lindsay and an executive of the other entity combining LCID with the other entity's technology into the E-Tech system. Brownstein left E-Tech on bad terms in 2009, sued Lindsay and E-Tech as an oppressed shareholder, and filed for copyright registrations covering his ETHN programs. That litigation was settled in 2010 and vitiated Brownstein's interests in TAP and E-Tech. In March 2010, Brownstein took affirmative steps to protect his joint authorship of the LCID by filing suit seeking a declaratory judgment of his authorship of the LCID against Lindsay and E-Tech after Lindsay's deposition testimony in the oppressed shareholder suit confirmed what Brownstein had not intuited until then: that she had submitted Brownstein's ETHN programs with her second copyright registration and might be claiming sole authorship of the LCID as a result. The district court severed the counterclaim of Lindsay and E-Tech to cancel Brownstein's copyright registrations and granted the relief they sought. Brownstein appealed. *Held:* Reversed. Courts have no authority to cancel copyright registrations because there is no statutory indication that courts have such authority. The court cautioned that it in no way held that courts are incapable of invalidating underlying copyrights; copyrights and copyright registrations are undoubtedly related, they are distinct. Holding that federal courts have the authority to cancel registrations would essentially be declaring that the judicial branch has the authority to order a legislative branch agency that is not a party to the litigation to take an affirmative action. A federal court's finding that a copyright is invalid, on the other hand, is a determination of *ownership* (emphasis supplied by the court) which does not disturb the registration of a copyright. [Brownstein v. Lindsay, 742 F.3d 55, 109 U.S.P.Q.2d 1535 (3d Cir. 2014)]

Fourth Circuit holds that owner of real estate multiple listing service satisfied pre-suit copyright registration requirement for photographs in its online database by identifying the photographs as pre-existing material and was not required to list the name and author of every component photograph it wished to register as part of a database. Metropolitan Regional Information Systems, Inc. (MRIS) operates an online multiple listing service (MLS) in which it compiles property listings and related informational content. Upon payment of a subscription fee and assent to terms, subscribers upload their real estate listings to the MRIS database and agree to assign to MRIS the copyright in each photograph included in the listings. The assignment is part of the MRIS terms of use which a subscriber accepts by clicking a button. To protect its claims of copyright ownership in the MRIS database, MRIS affixes its mark and copyright notice to all photographs published in its database and registers the database with the Copyright Office each quarter under the registration procedures for automated databases. American Home Realty Network, Inc. (AHRN) is a California real estate broker that owns and operates the website NeighborCity.com, a national real estate search engine and referral business. It was undisputed that AHRN displayed on its website

real estate listings containing copyrighted photographs taken from MRIS database. MRIS filed suit alleging various copyright infringement claims. MRIS moved for preliminary injunctive relief, AHRN moved to dismiss, and the district court denied AHRN's motion and granted MRIS' motion for a preliminary injunction. AHRN appealed, claiming that MRIS failed to properly register its copyright in the individual photographs. *Held:* Affirmed. A collective work registration is sufficient to permit an infringement action on behalf of component works so long as the registrant owns the rights to the component works as well. [Metropolitan Regional Information Systems, Inc. v. American Home Realty Network, Inc., 722 F.3d 591, 107 U.S.P.Q.2d 1487 (4th Cir. 2013)]

Eleventh Circuit affirms dismissal of copyright infringement claim against Google based on search results showing copyrighted photograph of the plaintiff where the plaintiff failed to plead that he registered the copyright for the photograph. A writer and artist, Uri Dowbenko, sued Google, Inc. and four of its executives for copyright infringement, claiming that the defendants were responsible for publishing a copyright-protected photograph of himself and a defamatory article about him on the "Encyclopedia of American Loons" Web site. Dowbenko alleged that Google used algorithms to manipulate its search engine so that the article appeared immediately below Dowbenko's own Web site in Google searches. The defendants moved to dismiss, the district court granted the motion, and Dowbenko appealed. *Held:* Affirmed. Under 17 U.S.C.A. § 411(a), civil actions for infringement of copyright are prohibited until the copyright has been preregistered or registered. The registration requirement, while not jurisdictional, is a prerequisite to filing a claim. Dowbenko failed to plead that he registered the copyright to the photograph appearing alongside the allegedly defamatory article at issue, and the mere fact that a photograph of Dowbenko appeared on a third-party Web site did not, without more, mean that he satisfied the precondition. [Dowbenko v. Google Inc., 582 Fed. Appx. 801, 43 Media L. Rep. (BNA) 1029 (11th Cir. 2014)]

Eleventh Circuit affirms dismissal of copyright infringement claim as to musical work on ground that plaintiff lacked statutorily required copyright registration, finding evidence of first publication in Australia insufficient to show that work was exempt from registration as a foreign work. In the summer of 2002, a Sound Interface Device file called "Acidjazzed Evening" was created by Glenn Gallefoss and on August 10, 2002, the work appeared in the Australian disk magazine "Vandalism News" Issue 39 with Gallefoss' permission. In December 2002, a Swedish Web site called "High Voltage SID Collection" uploaded "Acidjazzed Evening" to its own Web site, likely after obtaining a copy of "Vandalism News" Issue 39. On June 7, 2006, an allegedly infringing work "Do It" was released and on August 16, 2007, Gallefoss transferred his rights in "Acidjazzed Evening" to Kernel Records Oy. Kernel brought an infringement action against several defendants associated with the release of "Do It" and the defendants moved to dismiss on the ground that Kernel lacked the statutorily required copyright registration for "Acidjazzed Evening." Specifically, the defendants claimed that the work was first published on the Internet, making it a United States work subject to registration. Kernel moved for summary judgment, contending that the work was first published in Australia on a physical computer disk, so that it was not a United States work subject to registration as a prerequisite for asserting an infringement claim. The district court granted the defendants' motion, finding the evidence clear enough to establish Internet publication of the work so that the work was simultaneously published in every country in the world with Internet access and was therefore a United States work subject to the registration requirement. Kernel appealed. *Held:* Affirmed on different grounds. The district court erred by granting the defendants' motion because there was a genuine issue of fact as to whether the Australian disk magazine's alleged posting of the work to an

Internet site amounted to a simultaneous, worldwide publication which would make it a United States work and would require copyright registration prior to filing suit for copyright infringement. However, Kernel's evidence that the unregistered work was first published on an Australian disk magazine was insufficient to show that the work was exempt from registration as a foreign work. Kernel offered no evidence as to whether the disk was ever distributed or whether the distribution included a transfer of the right of diffusion, reproduction, distribution, or sale. [Kernel Records Oy v. Mosley, 694 F.3d 1294, 104 U.S.P.Q.2d 1987 (11th Cir. 2012), petition for cert. filed, 81 U.S.L.W. 3436 (U.S. Jan. 28, 2013)]

As matter of first impression, District of Delaware holds that Swedish photographer's publication of photographs on a German Web site did not amount to a simultaneous publication in the United States via the Internet that would preclude the photographer from bringing a copyright infringement action in the U.S. until the photographs were registered in the U.S. H. Moberg, a Swedish photographer created a series of photographs which copyrighted and published on a German Web site, an online art shop offering copies of the works for sale. Some of Moberg's photographs were posted on U.S. Web sites registered to 33T LLC, a Delaware limited liability company operated by Cedric Leygues, a citizen and resident of France. Moberg sued 33T and Leygues for copyright infringement in the District of Delaware. The defendants moved to dismiss, claiming, inter alia, that the court lacked subject matter jurisdiction on the ground that the photographs constituted United States works because posting on a Web site simultaneously publishes the photograph everywhere, including the United States, and must be registered prior to bringing suit for infringement. *Held:* Motion denied. The proposition that publishing a work on a Web site automatically, instantaneously, and simultaneously causes that work to be published everywhere in the world, so that the copyright holder is subjected to the formalities of the copyright laws of every country which has such laws is contrary to the purpose of the Berne Convention. To hold otherwise would require an artist to survey all the copyright laws throughout the world, determine what requirements exist as preconditions to suits in those countries should one of its citizens infringe on the artist's rights, and comply with those formalities, all prior to posting any copyrighted image on the Internet. The Berne Convention was formed, in part, to prevent exactly this result. Further, the transformation of a plaintiff's photographs into United States works simply by posting them on the Internet would allow American citizens to infringe on foreign copyrighted works without fear of legal retribution, since the majority of foreign works are never registered in America. Finally, the United States copyright laws, in accord with the Berne Convention, provide for protection of foreign works in the United States without requiring the artists to undertake any formalities in the United States. According to Moberg's complaint, a United States company and two French citizens who purportedly operate U.S. Web sites digitally copied those images, and without authorization used those images on their Web sites. To require plaintiff to register his photographs in the United States prior to initiating suit against a United States company and the registrants of U.S.-based Web sites for their violation of United States law, which protects plaintiff's copyrights, would flout United States law and the international union the U.S. has joined voluntarily. Therefore, plaintiff's photographs are not "United States works," and, accordingly, his copyright infringement claims stand without registration of the photographs. [Moberg v. 33T LLC, 666 F. Supp. 2d 415, 92 U.S.P.Q.2d 1242 (D. Del. 2009)]

B. SCOPE OF COPYRIGHT PROTECTION

1. In General

§ 1:4 Derivative works

Seventh Circuit upholds editor's use of material in Sherlock Holmes stories and novels that were no longer under copyright even though some later stories, derivative of the earlier works, were protected by copyright. Arthur Conan Doyle published his first Sherlock Holmes story in 1887 and his last in 1927. There were 56 stories in all, plus 4 novels. The final 10 stories were published between 1923 and 1927. As a result of statutory extensions of copyright protection culminating in the 1998 Copyright Term Extension Act, the American copyrights on those final stories will not expire until 95 years after the date of original publication—between 2018 to 2022. The copyrights on the other 46 stories and the 4 novels, all being works published before 1923, have expired as a result of a series of copyright statutes. Leslie Klinger co-edited an anthology by other writers, featuring characters who had appeared in the 60 stories and novels written by Doyle. Klinger didn't think he needed a license from the Doyle estate to publish these stories, since the copyrights on most of Doyle's works had expired. The estate told the publisher of Klinger's book that it would have to pay the estate $5000 for a copyright license; Random House paid for the license and published the book. Klinger decided to create a sequel and entered into negotiations with Pegasus Books for the publication of the book and W.W. Norton & Company for distribution of it to booksellers. The Doyle estate told Pegasus it would have to obtain a license from the estate in order to be legally authorized to publish the new book, threatening to prevent distribution of the book and to sue internet service providers who distributed it under the Digital Millennium Copyright Act. Pegasus yielded to the threat and refused to publish the sequel unless Klinger obtained a license from the Doyle estate. Klinger sued the estate, seeking a declaratory judgment that he is free to use material in the 50 Sherlock Holmes stories and novels that are no longer under copyright. The district court issued the declaratory judgment Klinger sought and the estate appealed. *Held:* Affirmed. When a story falls into the public domain, story elements—including characters covered by the expired copyright—become fair game for follow-on authors. The ten stories in which copyright persists are derivative from the earlier stories, so only original elements added in the later stories remain protected. The freedom to make new works based on public domain materials ends where the resulting derivative work comes into conflict with a valid copyright, but there is no such conflict in this case. [Klinger v. Conan Doyle Estate, Ltd., 755 F.3d 496, 111 U.S.P.Q.2d 1065 (7th Cir. 2014)]

§ 1:6 Compilations and revisions

Software product containing legal forms approved by Michigan State Court Administrative Office is a copyrightable compilation even though forms themselves were in public domain and not individually copyrightable. An agreement to create and market a system of automated Michigan legal forms was made between Ross, Brovins & Oehmke, P.C., doing business as LawMode, and Lexis Nexis Group. Under that agreement, LawMode was required to create various templates for filling in the required information for selected Michigan legal forms. LawMode also organized the templates into a user-friendly software program which allowed keyboarding of case-specific data into a series of on-screen dialog boxes. The advantage of LawMode's templates was that case-specific information from one form could be easily transferred to another form as the case progressed, eliminating the need for retyping. The product contained 576 forms, most of which were forms approved by the Michigan State Court Administrative Office (MSCAO) and therefore in the public

domain. The agreement between LawMode and Lexis required LawMode to supply and update form templates using Lexis' proprietary software. Those templates were defined in the agreement as "Content," which Lexis would then publish in a finished product—either a CD or software downloaded over the Internet. Lexis terminated the agreement and, pursuant to the agreement's terms, LawMode retained all ownership of "Content." LawMode registered a copyright for its templates and Lexis published its own version of the product called "LexisNexis Automated SCAO Forms." The Lexis product contained 406 MSCAO forms; 350 of the forms that LawMode had selected also appeared in Lexis' work. LawMode filed a complaint against Lexis alleging copyright infringement and breach of contract. The district court granted summary judgment for Lexis on the copyright claim, finding that LawMode's compilation of forms was copyrightable but that Lexis did not copy the compilation. LawMode appealed. *Held:* Affirmed. LawMode's selection of forms was sufficiently creative to warrant copyright protection. The court said that LawMode's selection of 576 forms from a universe of over 700 forms was protected by copyright even though the forms themselves were not copyrightable individually. The reason, the court explained, was LawMode's determination of forms to include showed the modicum of creativity necessary to turn mere selection into a copyrightable expression. [Ross, Brovins & Oehmke, P.C. v. Lexis Nexis Group, a Div. of Reed Elsevier Group, PLC, 463 F.3d 478, 80 U.S.P.Q.2d 1518, 2006 FED App. 0358P (6th Cir. 2006)]

Eleventh Circuit, post-*Tasini*, rules that National Geographic's CD-ROM compilation is a privileged compilation under 17 U.S.C.A. § 201(c) as far as the reproduced magazine issues and program providing access to the material were concerned, but an introductory sequence, containing the plaintiff photographer's copyrighted work, was not privileged. Jerry Greenberg is a freelance photographer whose photographs were published in four issues of National Geographic Magazine. In each instance, Greenberg regained ownership in the copyrights in those photographs. In 1997, National Geographic produced the Complete National Geographic (CNG), a 30-disc CD-ROM set containing each issue of the magazine. In the CNG, every page of every issue appears exactly as it did in the original paper version (Replica); the user has no means to separate the photographs from the text or to otherwise edit the pages in any way. In addition, the CNG contains: (1) a computer program (Program) which compresses and decompresses images and allows the user to search an electronic index and (2) an introductory sequence (Sequence) that begins when the disc is accessed and contains an advertisement for Kodak, a moving display of the National Geographic Society's logo, and a 25-second segment in which 10 images of actual magazine covers—including a cover photograph by Greenberg—digitally fade into each other. The copyright of the CNG was registered in 1998 as a compilation of pre-existing material primarily pictorial to which a brief introductory audiovisual montage had been added. Greenberg filed suit in 1997 alleging that the CNG infringed his copyrights in his individual photographs. The district court granted summary judgment in the National Geographic's favor on the copyright claims, holding that the CNG was a collective work as a whole and privileged under 17 U.S.C.A. § 201(c) and ruling that the defendants did not infringe Greenberg's copyrights in individual photographs. The Eleventh Circuit reversed in Greenberg v. National Geographic Soc., 244 F.3d 1267, 29 Media L. Rep. (BNA) 1599, 58 U.S.P.Q.2d 1267 (11th Cir. 2001), overruled in later appeal, 488 F.3d 1331, 35 Media L. Rep. (BNA) 1833, 82 U.S.P.Q.2d 1935 (11th Cir. 2007), reh'g en banc granted, opinion vacated, 2007 WL 2442333 (11th Cir. 2007), taking all three components (Replica, Program, and Sequence) and finding that the CNG was a new product transcending any privilege of revision or other mere reproduction under § 201(c). The case was remanded to the district court to enter judgment on the copyright claims and to fashion a remedy. The district

court entered judgment for Greenberg, struck the defendants' answers, and, after referring issues of damages and willfulness to a magistrate judge, a jury trial was conducted which led to a verdict of willfulness and an award to Greenberg of the maximum statutory damages—the $400,000 or $100,000 for each occurrence. Subsequently, the United States Supreme Court decided New York Times Co., Inc. v. Tasini, 533 U.S. 483, 121 S. Ct. 2381, 29 Media L. Rep. (BNA) 1865, 59 U.S.P.Q.2d 1001, 5 A.L.R. Fed. 2d 623 (2001), which elucidated a test for the application of the § 201(c) privilege. National Geographic appealed the district court's judgment. *Held:* Reversed and remanded. The Supreme Court's decision in Tasini established a new framework for applying the § 201(c) privilege that effectively overruled the Eleventh Circuit's previous panel decision. Under Tasini, the Replica and Program portions of the CNG were privileged under § 201(c). National Geographic did not contend that the Sequence was within the ambit of § 201(c) and conceded that Greenberg's cover photograph was used out of context in the introductory montage. However, it did not necessarily follow that the defendants were liable for infringement since there were unadjudicated defenses. Further, the district court erred in striking the defendants' answer, and vacated the verdict of willful infringement and the damage award. [Greenberg v. National Geographic Soc., 488 F.3d 1331, 35 Media L. Rep. (BNA) 1833, 82 U.S.P.Q.2d 1935 (11th Cir. 2007), reh'g en banc granted, opinion vacated, 2007 WL 2442333 (11th Cir. 2007)]

§ 1:6.50 Limitations on exclusive rights—Secondary transmissions of broadcast programming by cable *[New]*

Owners of copyright in television programming were entitled to preliminary injunctive relief on claim against company that captured over-the-air broadcasts of owners' works and simultaneously streamed those signals to its customers over the Internet; defendant did not qualify as a cable system entitled to compulsory license under 17 U.S.C.A. § 111(c). Major copyright owners in television programming, including broadcast television networks, distributors of noncommercial education programming, a major professional sports league, leading motion picture producers, and individual broadcast television stations owned and operated by the named plaintiffs spend millions of dollars each year to create copyrighted programming. Several avenues are utilized to exploit the plaintiffs' works for profit: distribution agreements with licensed websites and cable operators, performance on their own websites, and advertising revenue. ivi, Inc. is a company that captures over-the-air broadcasts of the plaintiffs' programming and simultaneously, without the plaintiffs' consent, streams those broadcast signals over the Internet to subscribers who have downloaded the ivi TV player. ivi's service is limited to the simultaneous transmission over the Internet of the plaintiffs' copyrighted programming in real time. Content provided by ivi is encrypted so that after viewing, it is unusable, removed, and cannot readily be captured or passed along by consumers. A significant difference between watching programming through ivi rather than on traditional television is that instead of only being able to access what is currently being offered by the viewer's local stations, ivi's customers can watch whatever is being aired at that moment by the networks' affiliates in other cities. After sending cease-and-desist letters to ivi, the plaintiffs sued, objecting to the unsanctioned performance of their copyrighted works. ivi claimed it was entitled to a compulsory license under 17 U.S.C.A. § 111(c)(1), which allows cable systems—in compliance with rules and regulations of the Federal Communications Commission—to perform the plaintiffs' programming as long as they make payments to the Copyright Office as determined by statute. ivi contended that it fit within the statutory definition of a cable system under the Copyright Act, claiming that its transmissions were permissible under FCC rules and regulations because they occur over the Internet, which the FCC does

not regulate. Plaintiffs moved to permanently enjoin ivi from streaming the plaintiffs' copyrighted television programming over the Internet without their consent. *Held:* Motion granted. To place the position of ivi in a real world context, they asserted that for the payment of approximately $100 per year, and without compliance with the strictures of the Communications Act or the plaintiffs' consent, ivi was entitled to use and profit from the plaintiffs' copyrighted works. ivi was not a cable system since it refused to comply with FCC rules and regulations, did not obtain the copyright owners' consent to retransmission, and had a very different architecture from traditional cable systems providing localized rather than nationwide transmission services. The plaintiffs would suffer irreparable harm in the absence of a preliminary injunction since Internet streaming would undermine the value of copyrighted programming and cause loss of profits. And, the balance of hardships favored a preliminary injunction against infringing and uncompensated Internet transmission of copyrighted television programming since the plaintiffs would suffer irreparable harm from destruction of the value of their programming and loss of profits while, on the other hand, ivi was not legally harmed by discontinuance of streaming programming even if it were ultimately put out of business. [WPIX, Inc. v. ivi, Inc., 765 F. Supp. 2d 594, 98 U.S.P.Q.2d 1947 (S.D. N.Y. 2011)]

2. Protection of Particular Digital Works

§ 1:8 Computer programs and software—Copyrightable works, generally

Sixth Circuit rules that developer of software product compiling legal forms approved by the Michigan State Court Administrative Office did not have copyright protection in either appearance of dialog boxes or interactive aspects of the program. An agreement to create and market a system of automated Michigan legal forms was made between Ross, Brovins & Oehmke, P.C., doing business as LawMode, and Lexis Nexis Group. Under that agreement, LawMode was required to create various templates for filling in the required information for selected Michigan legal forms. LawMode also organized the templates into a user-friendly software program which allowed keyboarding of case-specific data into a series of on-screen dialog boxes. The advantage of LawMode's templates was that case-specific information from one form could be easily transferred to another form as the case progressed, eliminating the need for retyping. The product contained 576 forms, most of which were forms approved by the Michigan State Court Administrative Office (MSCAO) and therefore in the public domain. The agreement between LawMode and Lexis required LawMode to supply and update form templates using Lexis' proprietary software. Those templates were defined in the agreement as "Content," which Lexis would then publish in a finished product—either a CD or software downloaded over the Internet. Lexis terminated the agreement and, pursuant to the agreement's terms, LawMode retained all ownership of "Content." LawMode registered a copyright for its templates and Lexis published its own version of the product called "LexisNexis Automated SCAO Forms." The Lexis product contained 406 MSCAO forms; 350 of the forms that LawMode had selected also appeared in Lexis' work. LawMode filed a complaint against Lexis alleging copyright infringement and breach of contract. The district court granted summary judgment for Lexis on the copyright claim, finding that LawMode's organization of the forms, the look of the screen, and the interrelationship of the variables were not copyrightable. LawMode appealed. *Held:* Affirmed. The Sixth Circuit found that LawMode's automation—the selection and placement of input fields for the form templates, such that the desired information appeared in the proper places in the MSCAO forms—was not sufficiently original to warrant copyright protection. First, LawMode did not have a valid copyright in the appearance of dialog boxes because it used the default settings on Lexis' propri-

etary software and choosing the default setting on an underlying authoring tool is not sufficiently creative to warrant copyright protection. Second, LawMode's automation was not sufficiently creative to support a copyright because the choices that can be made to create templates to automate the MSCAO forms were very limited by the express dictates of the forms themselves. [Ross, Brovins & Oehmke, P.C. v. Lexis Nexis Group, a Div. of Reed Elsevier Group, PLC, 463 F.3d 478, 80 U.S.P.Q.2d 1518, 2006 FED App. 0358P (6th Cir. 2006)]

§ 1:13 Website content and design

Copyright Office Board of Appeals did not abuse discretion in denying registration for Web site on ground that it was not a copyrightable compilation. William Darden created a Web site appraisers.com that served as an online referral service for consumers to locate real estate appraisers. The Web site featured a series of maps that enable the user to find an appraiser by clicking on an appropriate map. Darden hired a web designer to create the maps. Beginning with a digital census map of the United States, the designer colored the map, added shading, selected a font for labels, and used the same process for individual maps of each state. Darden filed a revised application with the Copyright Office seeking register his Web site, which he titled "APPRAISERSdotCOM" for purposes of the application as a compilation and arrangement of maps, text, graphics, and data. The application was denied, Darden sought review by the Copyright Office Board of Appeals, and the Board affirmed, due to the expansive scope of the claim. Darden brought an action against the Registrar of Copyrights under the Administrative Procedure Act (APA) seeking judicial review of the Copyright Office's refusal of his copyright claim. *Held:* Affirmed. The court found no abuse of the registrar's discretion. In rejecting Darden's claim, the Copyright Office noted that a Web site may well contain copyrightable elements, but its formatting and layout is not registrable. The court said that compilation authorship is limited to *original* (emphasis supplied by the court) selection, coordination, and arrangement of the elements or data contained within the work. [Darden v. Peters, 488 F.3d 277, 82 U.S.P.Q.2d 1751 (4th Cir. 2007)]

§ 1:14 Other digital works

Fourth Circuit rules that designer's additions to pre-existing standard census maps did not meet standard of originality required for copyright claim. William Darden created a Web site appraisers.com that served as an online referral service for consumers to locate real estate appraisers. The Web site featured a series of maps that enable the user to find an appraiser by clicking on an appropriate map. Darden hired a web designer to create the maps. Beginning with a digital census map of the United States, the designer colored the map, added shading, selected a font for labels, and used the same process for individual maps of each state. Darden filed an application for registration of the work "Maps for APPRAISERSdotCOM," claiming copyright in the additions made by the Web designer to the preexisting census maps. The application for registration was denied and, on appeal, the Copyright Office Board of Appeals affirmed, finding that the maps were merely representations of the preexisting census maps in which the creative spark was utterly lacking or so trivial as to be virtually non-existent. Darden brought an action against the Registrar of Copyrights under the Administrative Procedure Act (APA) seeking judicial review of the Copyright Office's refusal of his copyright claim. *Held:* Affirmed. The court found no abuse of the registrar's discretion. Additions to the pre-existing maps such as color, shading, and labels using standard fonts and shapes fell within the narrow category of works that lack even a minimum level of creativity. Indeed, Darden's contributions to the pre-existing maps resemble the list of examples of uncopyrightable works set forth in 37 C.F.R. § 202.1(a). [Darden v. Peters, 488 F.3d 277, 82 U.S.P.Q.2d 1751 (4th Cir. 2007)]

Tenth Circuit finds that contractor's digital models of Toyota's products, made for use in Toyota's advertising campaign, are not copyrightable due to lack of originality. Toyota began work on its model-year 2004 advertising campaign with its advertising agency, Saatchi&Saatchi. They agreed that the campaign would involve, among other things, digital models of Toyota's vehicles for use on Toyota's Web site and in various other media. To supply these digital models, Saatchi and Toyota hired Grace&Wild, Inc. (G&W). In turn, G&W subcontracted with Meshwerks to assist with two initial aspects of the project—digitization and modeling. Digitizing involves collecting physical data points from the object to be portrayed. In the case of Toyota's vehicles, Meshwerks took copious measurements of Toyota's vehicles by covering each car, truck, and van with a grid of tape and running an articulated arm tethered to a computer over the vehicle to measure all points of intersection in the grid. Based on these measurements, the modeling software then generated a digital image resembling a wire-frame model. In other words, the vehicles' data points (measurements) were mapped onto a computerized grid and the modeling software connected the dots to create a "wire frame" of each vehicle. At this point, however, the on-screen image remained far from perfect and manual "modeling" was necessary. Meshwerks personnel fine-tuned the lines on screen to resemble each vehicle as closely as possible. Approximately 90% of the data points contained in each final model, Meshwerks represents, were the result not of the first-step measurement process, but of the skill and effort its digital sculptors manually expended at the second step. Next, G&W digitally applied color, texture, lighting, and animation for use in Toyota's advertisements. G&W's digital models were then sent to Saatchi to be employed in a number of advertisements prepared by Saatchi and Toyota in various print, online, and television media. A dispute arose because, according to Meshwerks, it contracted with G&W for only a single use of its models—as part of one Toyota television commercial—and neither Toyota nor any other defendant was allowed to use the digital models created from Meshwerks' wire-frames in other advertisements. Thus, Meshwerks contends defendants improperly—in violation of copyright laws as well as the parties' agreement—reused and redistributed the models created by Meshwerks in a host of other media. In support of the allegations that defendants misappropriated its intellectual property, Meshwerks points to the fact that it sought and received copyright registration on its wire-frame models. The defendants moved for summary judgment on the theory that Meshwerks' wire-frame models lacked sufficient originality to be protected by copyright. Specifically, defendants argued that any original expression found in Meshwerks' products was attributable to the Toyota designers who conceived of the vehicle designs in the first place; accordingly, defendants' use of the models could not give rise to a claim for copyright infringement. The district court agreed. Meshwerks appealed. *Held:* Affirmed. This case calls on us to apply copyright principles to a relatively new technology: digital modeling. Meshwerks insists that, contrary to the district court's summary judgment determination, its digital models of Toyota cars and trucks are sufficiently original to warrant copyright protection. Meshwerks' models, which form the base layers of computerized substitutes for product photographs in advertising, are unadorned, digital wire-frames of Toyota's vehicles. While fully appreciating that digital media present new frontiers for copyrightable creative expression, in this particular case the uncontested facts reveal that Meshwerks' models owe their designs and origins to Toyota and deliberately do not include anything original of their own. Accordingly, Meshwerks' models are not protected by copyright. [Meshwerks, Inc. v. Toyota Motor Sales U.S.A., Inc., 528 F.3d 1258, 87 U.S.P.Q.2d 1055 (10th Cir. 2008)]

C. OWNERSHIP OF COPYRIGHT

§ 1:15 Generally

Ninth Circuit holds en banc that an actress, seeking injunctive relief

requiring Google to remove a trailer for a film from all its platforms, was not likely to succeed on her claim that her performance was a copyrightable "work" and could not establish irreparable harm. Cindy Lee Garcia apparently was bamboozled when a movie producer transformed her five-second performance into a blasphemous video proclamation against the Prophet Mohammed. The producer uploaded a trailer of the film, Innocence of Muslims, to YouTube. According to Garcia, millions of viewers watched the trailer online, news outlets credited the film as a source of violence in the Middle East, and she received death threats. Claiming a copyright interest in her fleeting performance, Garcia sought a preliminary injunction requiring Google, Inc. to remove the film from all of its platforms, including YouTube. The district court denied her motion for preliminary injunctive relief, finding that Ms. Garcia failed to establish: (1) likely success on the merits of her copyright claim or (2) harm that would be prevented by injunctive relief in light of the film's five-month presence on the internet. Garcia appealed and a panel of the Ninth Circuit reversed, characterizing Ms. Garcia's claim as fairly debatable and entering a mandatory injunction requiring Google to remove the film from its platforms. Rehearing en banc was granted. *Held:* The district court's order denying relief was affirmed. In light of the Copyright Act's requirements of an original work of authorship fixed in any tangible medium (17 U.S.C.A. § 102), the mismatch between Garcia's copyright claim and the relief sought, and the Copyright Office's rejection of Ms. Garcia's application for a copyright in her brief performance, the district court did not abuse its discretion in denying Ms. Garcia's request for the preliminary injunction. The court relied on the Copyright Office's determination: assuming Ms. Garcia's contribution was limited to her acting performance, her performance could not be registered apart from the motion picture. Ms. Garcia's copyright claim faced another statutory barrier—she never fixed her acting performance in a tangible medium as required by 17 U.S.C.A. § 101. Further, the district court did not abuse its discretion in determining that Ms. Garcia failed to muster a clear showing of irreparable harm. The court remarked that the appeal taught the simple lesson that a weak copyright claim cannot justify censorship in the guise of authorship. [Garcia v. Google, Inc., 786 F.3d 733, 43 Media L. Rep. (BNA) 1723, 114 U.S.P.Q.2d 1607 (9th Cir. 2015)]

§ 1:18 Joint authorship

Third Circuit holds, as a matter of first impression, that an authorship claim arises and accrues when a plaintiff's authorship has been expressly repudiated. Peter Brownstein and Tina Lindsay worked together to create a computer program implementing rules for identifying the ethnicity of proper names for direct marketing purposes. The program, called Lindsay Cultural Identification Determinate (LCID), was composed of two parts. Lindsay devised a set of rules for categorizing names by ethnicity entitled Ethnic Determinate System (EDS), rules that could be written out in text. Lindsay enlisted Brownstein to turn her rules into computer code, resulting in a number of computer programs known as ETHN programs. LCID was a combined system of Lindsay's rules and Brownstein's computer code—Lindsay was the sole author of EDS as an independent work of LCID, Brownstein was the sole author of the ETHN programs as another independent work of LCID, and they both had an equal authorship interest in the LCID as a joint work of the EDS and the ETHN programs. In 1996, Lindsay filed a first copyright registration for EDS and a second copyright registration for her improved version of EDS; with the second registration, Lindsay included a copy of Brownstein's ETHN programs as a deposit copy and several fields of the registration application referenced a "computer process" and "codes" associated with the copyright. Lindsay and Brownstein incorporated TAP Systems, Inc. (TAP) in 1996 as equal owners to commercialize LCID. In 1997, Lindsay unilaterally attempted to grant TAP

ownership of LCID; later that year, Lindsay and Brownstein decided to partner TAP with another entity to form E-Tech as a joint venture and a 1997 License Agreement was signed only by Lindsay and an executive of the other entity, combining LCID with the other entity's technology into the E-Tech system. In 1998, the former employer of Lindsay and Brownstein sued TAP over its use of LCID, resulting in a settlement with the former employer retaining rights in ETHN programs and TAP retaining rights to EDS; the settlement agreement equated EDS with LCID. Brownstein left E-Tech on bad terms in 2009, sued Lindsay and E-Tech as an oppressed shareholder, and filed for copyright registrations covering his ETHN programs. That litigation was settled in 2010 and vitiated Brownstein's interests in TAP and E-Tech. In March 2010, Brownstein took affirmative steps to protect his joint authorship of the LCID by filing suit seeking a declaratory judgment of his authorship of the LCID against Lindsay and E-Tech after Lindsay's deposition testimony in the oppressed shareholder suit confirmed what Brownstein had not intuited until then: that she had submitted Brownstein's ETHN programs with her second copyright registration and might be claiming sole authorship of the LCID as a result. In total, Brownstein waited 14 years from the date of Lindsay's copyright registrations to file a lawsuit. The district court ruled that Brownstein's joint authorship claim was time-barred and granted Lindsay and E-Tech judgment as a matter of law pursuant to Fed. R. Civ. P. 50(a). The district court also severed the counterclaim of Lindsay and E-Tech to cancel Brownstein's copyright registrations and granted the relief they sought. Brownstein appealed. *Held:* Reversed and remanded. Brownstein's cause of action began to accrue and the statute of limitations began to run when Brownstein was on inquiry notice of his authorship claim. Inquiry notice depends on two determinations: (1) when a cause of action first arose and (2) when Brownstein should have known that a cause of action had arisen. The court relied on the Second, Seventh, and Ninth Circuits which adopted an express repudiation rule: a joint authorship claim arises and an author is alerted to the potential violation of his or her rights when his or her authorship has been expressly repudiated by a co-author. The Third Circuit follows a discovery rule in determining when a cause of action begins to accrue: a claim accrues when the plaintiff discovers or should have discovered with due diligence that his or her rights have been violated. Fusing the two concepts in assessing the accrual of a joint authorship claim, the Third Circuit held as a matter of first impression that the discovery rule applies only once a plaintiff's authorship has been expressly repudiated since the plaintiff can only be on inquiry notice once his or her rights have been violated. It was error for the district court to make a Rule 50(a) ruling when there were still genuinely disputed issues as to various sources which expressly repudiated Brownstein's authorship. [Brownstein v. Lindsay, 742 F.3d 55, 109 U.S.P.Q.2d 1535 (3d Cir. 2014)]

§ 1:19 Transfer of copyright ownership

Settlement agreement among John Steinbeck's widow and his two sons increasing the sons' shares in copyright revenue in exchange for conferring complete power and authority with respect to the sons' rights in the works of John Steinbeck did not create an agency relationship with the author's widow assuming fiduciary obligations to the sons and their successors in interest, Second Circuit holds. In 1983, Thomas Steinbeck and his brother John Steinbeck IV, entered into a settlement agreement with the third wife and widow of the author, Elaine Steinbeck. The agreement increased the sons' shares in certain copyright revenue from one-fourth to one-third each and, in return, conferred on Elaine Steinbeck complete power and authority to negotiate, authorize, and take action with respect to the exploitation and/or termination of rights in the works of John Steinbeck in which the sons had or would have renewal or termination rights. Thomas

Steinbeck and Blake Smyle, the author's granddaughter and daughter of John Steinbeck IV (deceased) filed suit against Elaine Steinbeck and McIntosh & Otis, Inc., a literary agency administering the relevant Steinbeck copyrights, claiming breach of fiduciary duty, promissory estoppel, and unjust enrichment. The district court granted the defendants' motion for summary judgment. Thomas Steinbeck and Blake Smyle appealed. *Held:* Affirmed. The language of the settlement agreement was unambiguous and foreclosed any argument that the parties intended the Steinbeck sons to retain control over Elaine Steinbeck's exercise of the authority conferred upon her as would create an agency relationship. That determination was supported by the fact that the settlement agreement imposed only specific circumscribed reporting obligations on Elaine Steinbeck rather than the full reporting obligations associated with a fiduciary appointment. The powers of attorney executed in favor of Elaine Steinbeck did not support a different conclusion. While the term "attorney-in-fact," as used in the Settlement Agreement could be evidence of agency, the powers of attorney at issue conferred on Elaine Steinbeck power coupled with an interest in the very copyrights that were the subject of the power conferred—an arrangement from which no fiduciary obligation arose. [Steinbeck v. Steinbeck Heritage Foundation, 2010 WL 3995982 (2d Cir. 2010)]

Fourth Circuit holds that electronic transfer of copyright ownership may satisfy the writing and signature requirements under § 204 of the Copyright Act in view of the E-Sign Act. Metropolitan Regional Information Systems, Inc. (MRIS) operates an online multiple listing service (MLS) in which it compiles property listings and related informational content. Upon payment of a subscription fee and assent to terms, subscribers upload their real estate listings to the MRIS database and agree to assign to MRIS the copyright in each photograph included in the listings. The assignment is part of the MRIS terms of use which a subscriber accepts by a clicking a button. To protect its claims of copyright ownership in the MRIS database, MRIS affixes its mark and copyright notice to all photographs published in its database and registers the database with the Copyright Office each quarter under the registration procedures for automated databases. American Home Realty Network, Inc. (AHRN) is a California real estate broker that owns and operates the website NeighborCity.com, a national real estate search engine and referral business. It was undisputed that AHRN displayed on its website real estate listings containing copyrighted photographs taken from MRIS database. MRIS filed suit alleging various copyright infringement claims. MRIS moved for preliminary injunctive relief, AHRN moved to dismiss, and the district court denied AHRN's motion and granted MRIS' motion for a preliminary injunctions. AHRN appealed, claiming that MRIS did not own the copyright in photographs in its database. *Held:* Affirmed. AHRN challenged the validity of the copyright assignment contained in MRIS' terms of use, but the court agreed with MRIS that an electronic transfer may satisfy the writing and signature requirements under § 204 of the Copyright Act, particularly in light of the Electronic Signatures in Global and National Commerce Act (E-Sign Act). Agreements to transfer exclusive rights of copyright ownership are not included in the exceptions listed in the E-Sign Act and the enumerated list of exceptions does not contain any catchall generic category into which copyright transfers might possibly fall. [Metropolitan Regional Information Systems, Inc. v. American Home Realty Network, Inc., 722 F.3d 591, 107 U.S.P.Q.2d 1487 (4th Cir. 2013)]

D. INFRINGEMENT CLAIMS

1. In General

§ 1:20 Jurisdiction

Abrogating decisions from several Circuit Courts of Appeals, the

Supreme Court holds that the requirement under 17 U.S.C.A. § 411(a) that copyright holders must register their works before suing for copyright infringement does not restrict a federal court's subject matter jurisdiction. The named plaintiffs in a consolidated class action copyright infringement suit alleged that they each owned at least one copyright—in most instances in a freelance article written for a newspaper or magazine—that they registered in accordance with § 411(a). However, the class also included authors who had not registered their copyrighted works. The district court referred the parties to mediation and a settlement was reached which, the parties intended, would achieve peace in the publishing industry. The parties then moved the district court to certify a class for settlement and to approve the settlement. Some of the freelance authors objected, the district court overruled their objections, and a final judgment was entered. The objecting freelance authors appealed and the Second Circuit, addressing the issue sua sponte, ruled that the district court lacked jurisdiction to: (1) certify a class of claims arising from the infringement of unregistered works and (2) approve a settlement with respect to those claims. The other copyright owners and publishers appealed. *Held:* Reversed. The registration requirement under § 411(a) imposes a precondition to filing a claim that is not clearly labeled jurisdictional, is not located in a jurisdiction-granting provision, and admits of congressionally authorized exceptions. Section 411(a) thus imposes a type of precondition that supports nonjurisdictional treatment. [Reed Elsevier, Inc. v. Muchnick, 130 S. Ct. 1237, 38 Media L. Rep. (BNA) 1321, 93 U.S.P.Q.2d 1719 (2010)]

British owner of copyright in artist's images subjected itself to personal jurisdiction in Colorado, where alleged infringers conducted their eBay business, by sending a notice of claimed infringement to eBay which caused eBay to cancel alleged infringers' auction. Karen Dudnikov and Michael Meadors operate a small Internet-based business from their home in Colorado selling fabric and handmade crafts. The majority of their income is derived from selling products on eBay, whose operations are in California. Their eBay auction pages clearly list the location of their merchandise as Colorado and link to their personal Web site which contains more information about their business, including its location in Colorado. Dudnikov and Meadors launched an auction on eBay offering fabric for sale with the imprint of the cartoon character Betty Boop wearing a gown easily recognizable as a design of the artist Erte. In Erte's original works, a tall slender woman is pictured wearing a floor length form-fitting dress while holding the leash of a thin regal dog; the fabric offered for sale by Dudnikov and Meadors replaced the elegant woman in Erte's images with the rather less elegant Betty Boop and substituted Erte's svelte dog with Betty Boop's pet, Pudgy. Seven Arts, a British corporation, owns the copyright in the Erte works in question; Chalk & Vermilion, a Delaware corporation with its principal place of business in Connecticut, was Seven Arts' American agent and a member of eBay's Verified Rights Owner (VeRO) program. Under that program, eBay will automatically terminate an ongoing auction when it receives notice of claimed infringement (NOCI) from a VeRO member. The complaint, if unresolved, can also result in the suspension of the seller's account. A targeted seller may file a counter notice contesting the validity of the copyright claim and, if such notice is filed, eBay notifies the copyright owner that the contested auction will be reinstated in 10 days unless there is a pending legal action to adjudicate the parties' rights; if the complaining party does initiate legal proceedings with 10 days, eBay will continue to suppress the auction. Invoking the VeRO program on behalf of Seven Arts, Chalk & Vermilion filed a NOCI with eBay contesting the sale of the Betty Boop fabric, and eBay cancelled the auction. Dudnikov and Meadors requested Chalk & Vermilion to withdraw the NOCI and offered to voluntarily refrain from relisting the disputed fabric, but Chalk & Vermilion responded by stating its intent to file an action in federal court to prevent the

auction from being reinstated. Dudnikov and Meadors then filed a complaint in the District of Colorado seeking a declaratory judgment that their sale of the contested Betty Boop fabric did not infringe Seven Arts' copyright and an injunction preventing Seven Arts from interfering with future sales of fabric. Seven Arts moved to dismiss for lack of personal jurisdiction. The district court granted the motion and Dudnikov and Meadors appealed. *Held:* Reversed. Seven Arts and Chalk & Vermilion sent a NOCI to eBay expressly intending—and effectively acting—to suspend the auction of Dudnikov and Meadors in Colorado. The suit of Dudnikov and Meadors arose from, and was indeed an effort to reverse, the intended consequences of the NOCI of Seven Arts and Chalk & Vermilion which they incurred in Colorado. The court assumed, as it was required to do, that Seven Arts and Chalk & Vermillion knew that the business of Dudnikov and Meadors was located in Colorado. Finally, Seven Arts and Chalk & Vermilion pointed to no basis in traditional notions of fair play and substantial justice that would preclude suit in Colorado. [Dudnikov v. Chalk & Vermilion Fine Arts, Inc., 514 F.3d 1063, 85 U.S.P.Q.2d 1705 (10th Cir. 2008)]

Court of Federal Claims lacks jurisdiction over copyright infringement claim against United States under 28 U.S.C.A. § 1498(b) with respect to software program developed by Air Force sergeant under proviso of statute authorizing actions by government employees except where the employee was in a position to order, influence, or induce use of the work by the government. When he was employed as a manager of the Air Force Manpower Data System (MDS), Technical Sergeant Mark Davenport wrote a software program known as the AUMD program. MDS is a database containing manpower profiles for each unit in the Air Force. Based on his experience with MDS, Davenport concluded that the software used by the Air Force to run the MDS was inefficient and he began to seeking ways to redesign the program. Davenport learned the computer programming skills necessary to write the AUMD program on his own time and using his own resources. He then wrote the program solely at his home and on his own initiative, although he intended that other Air Force manpower personnel would use it. After initial testing at work during regular business hours, Davenport made changes to the source code on his home computer and began sharing copies of the AUMD program with other colleagues; subsequently, he posted the AUMD program on an Air Force web page so that Air Force personnel could download it directly. Davenport continued to modify the program based on feedback and, at some point, he added an automatic expiration date to each new version of the AUMD program so that users were required to download the newest version when the older one expired. The Air Force eventually decided it was becoming too dependent on Davenport for access to the program and Davenport's superiors asked him to turn over the source code. Davenport refused, and his superiors threatened him with demotion and a pay cut. Davenport then assigned all his rights in the AUMD program to Blueport, Blueport attempted to negotiate a license agreement with the Air Force, but the Air Force refused and contracted with Science Applications International Corp. (SAIC). At the request of the Air Force, SAIC programmers modified the AUMD program's object code to extend its expiration date. Blueport asserted a claim against the United States for copyright infringement. The Court of Federal Claims dismissed Blueport's claim for lack of jurisdiction on the ground that the claim was separately barred by all three provisos under 28 U.S.C.A. § 1498(b) limiting the government's waiver of sovereign immunity for copyright infringement. Blueport appealed. *Held:* Affirmed. The court stated that Blueport had the burden of proving that its claim was not barred by one of the provisos. The court found that Davenport was in a position to influence and induce the Air Force's use of the AUMD program, that Blueport's rights in the program were derived from Davenport, and Blueport's copyright infringement claim was therefore precluded by the "order, influence, or induce" proviso. [Blueport Co., LLC v. U.S., 533 F.3d 1374, 87 U.S.P.Q.2d 1512 (Fed. Cir. 2008)]

§ 1:21 Jurisdiction—Based on Internet conduct

Law firm operating solely in Southern District of California was properly sued for copyright infringement in Northern District of California on allegation of copying Web site content of Northern District of California law firm. Recordon & Recordon, a San Diego law firm having a practice limited to Southern California, retained a web-design firm to add an elder law section to its Web site. Brayton Purcell, a law firm located in the Northern District of California with a practice extending throughout California discovered that the elder law section Recordon's Web site consisted entirely of material copied verbatim from Brayton Purcell's Web site. Brayton Purcell filed suit in the Northern District of California against Recordon, asserting copyright infringement and various other claims. Recordon moved to dismiss for improper venue. *Held:* Motion denied. The Ninth Circuit interprets the venue provision of the Copyright Act (28 U.S.C.A. § 1400(a)) to allow venue in any district in which the defendant would be amenable to personal jurisdiction if the district were a separate state. Applying the purposeful direction test under Calder v. Jones, 465 U.S. 783, 104 S. Ct. 1482, 79 L. Ed. 2d 804, 10 Media L. Rep. (BNA) 1401 (1984), the court found that: (1) Recordon committed an intentional act when it created and posted an elder law section on its Web site that infringed Brayton Purcell's copyright, (2) Recordon's conduct was expressly aimed at the Northern District of California since its copyright infringement placed it in direct competition for elder abuse clients with Brayton Purcell, an established expert in the field with a practice extending into Southern California, and (3) it was foreseeable that Brayton Purcell would be harmed by infringement of its copyright and that some of that harm would occur in the Northern District of California where Brayton Purcell was known to reside. [Brayton Purcell LLP v. Recordon & Recordon, 606 F.3d 1124, 94 U.S.P.Q.2d 1808, 76 Fed. R. Serv. 3d 1186 (9th Cir. 2010)]

Ninth Circuit reverses dismissal, for lack of personal jurisdiction, of a copyright infringement action by a Florida corporation licensing celebrity photos against an Ohio-based operator of a celebrity website arising from the defendant's posting of the plaintiff's photos on its website, finding sufficient contacts with California to show purposeful direction by the defendant under the Calder effects test. Mavrix Photo, Inc., a Florida corporation with its principal place of business in Miami, is a celebrity photo agency. Mavrix pays photographers for candid photos of celebrities. Its primary business is licensing and selling those photos to purveyors of celebrity news. Many of the celebrities photographed by Mavrix live and work in Southern California. Mavrix keeps a Los Angeles office, employs Los Angeles-based photographers, has a registered agent for service of process in California, and pays fees to the California Franchise Tax Board. Brand Technologies, Inc., an Ohio corporation with its principal place of business in Toledo, operates a website called <celebrity-gossip.net>. In its marketing materials, Brand claims that <celebrity-gossip.net> currently receives more than 12 million unique U.S. visitors and 70 million U.S. page views per month, and the website has some specific ties to California. Brand makes money from third-party advertisements and Brand has agreements with several California businesses. Brand has no offices, real property, or staff in California, is not licensed to do business in California, and pays no California taxes. A photographer working for Mavrix shot 35 pictures of two celebrities. Mavrix registered its copyright in the photos and posted them on its website. Mavrix sued in federal district court for the Central District of California, alleging that Brand infringed Mavrix's copyright in the photos. Brand moved to dismiss for lack of personal jurisdiction, the district court granted the motion to dismiss, and Mavrix appealed. *Held:* Reversed. Mavrix presented a prima facie case of purposeful direction by Brand sufficient to survive a motion to dismiss for lack of personal jurisdiction. The court applied the three-part "effects" test under the Supreme Court's decision in *Calder*

v. Jones, 104 S.Ct. 1482 (1984). First, Brand "committed an intentional act"—there was no question that it acted intentionally reposting the allegedly infringing photos. Second, Brand "expressly aimed at the forum state." The most salient fact was that Brand used Mavrix's copyrighted photos as part of its exploitation of the California market for its own commercial gain. Third, Brand caused harm that it knew was likely to be suffered in the forum state. Mavrix alleged that, by republishing the photos, Brand interfered with Mavrix's exclusive ownership of the photos and destroyed their market value. The economic loss caused by the intentional infringement was foreseeable, not only in Florida, Mavrix's principal place of business, but also in California. A substantial part of the photos' value was based on the fact that a significant number of Californians would have bought publications such as People and Us Weekly in order to see the photos. Because Brand's actions destroyed this California-based value, a jurisdictionally significant amount of Mavrix's economic harm took place in California. [Mavrix Photo, Inc. v. Brand Technologies, Inc., 647 F.3d 1218, 99 U.S.P.Q.2d 1562 (9th Cir. 2011), cert. denied, 132 S. Ct. 1101, 181 L. Ed. 2d 979 (2012)]

Second Circuit concludes—based on an answer to a certified question to the New York Court of Appeals—that, for purposes of New York's long-arm jurisdiction statute, that the situs of a copyright holder's injury arising from alleged infringement by a website owner who uploaded the copyright holder's works for public access was the copyright holder's principal place of business in New York rather that the place where the copyrighted material was uploaded. American Buddha, an Oregon nonprofit corporation, has a principal place of business in Arizona that maintains a website providing access to classical literature and other works, including four work published in print by Penguin Group (USA), Inc. Penguin sued American Buddha in the Southern District of New York, alleging that American Buddha's posting of Penguin's books on the Internet violated Penguin's copyrights in the works it published. American Buddha moved to dismiss on the ground that it was not amenable to suit in New York. The district court granted the motion, ruling that the situs of Penguin's injury was where the books were electronically copied—presumable in Arizona or Oregon where American Buddha's computer servers were located—and not New York where Penguin was headquartered. Penguin appealed and the Second Circuit certified a question to the New York Court of Appeals: "In copyright infringement cases, is the situs of injury for purposes of determining long-arm jurisdiction under New York law the location of the infringing action or the principal place of business of the copyright holder?" The New York Court of Appeals (16 N.Y.3d 295) rephrased the question: "In copyright infringement cases involving the uploading of a copyrighted printed literary work onto the Internet, is the situs of injury for purposes of determining long-arm jurisdiction under [New York law] the location of the infringing action or the residence or location of the principal place of business of the copyright holder?" The New York Court of Appeals then determined that a New York copyright owner alleging infringement sustains an in-state injury under New York's long-arm jurisdiction statute when its printed literary work is uploaded without permission onto the Internet for public access. *Held:* Compelled to conclude, for purposes of the personal jurisdiction analysis under New York's long-arm jurisdiction statute, that the situs of Penguin's injury was New York, the Second Circuit vacated the district court's order dismissing Penguin's complaint and remanded the case. The New York Court of Appeals observed that the Internet itself played an important role in the jurisdictional analysis in the specific context of the case. The alleged injury involved online infringement that was dispersed throughout the country and perhaps the world, and it was illogical to extend a traditional tort approach that equates a plaintiff's injury with the place where its business was lost or threatened to the context of online copyright infringement cases where the