



A nighttime photograph of the United States Capitol building in Washington, D.C. The building is illuminated with warm yellow lights, and its iconic dome is brightly lit. The sky is dark blue with some light clouds. The foreground shows dark silhouettes of trees and some streetlights.

# Litigation/Legislative Update

CPTWVG Meeting #137

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# Litigation



- The Hopper (*Fox Broadcasting v. Dish Networks*)
- Additional Volition cases
- *Cindy Lee Garcia v. Google Inc.*
- *Oracle Am., Inc. v. Google Inc.*
- *DaVinci Editrice S.R.L. v. Ziko Games, LLC*
- *Kienitz v. Sconnie Nation, LLC*
- *Fox News Network, LLC v. TVEyes, Inc.*
- *North Jersey Media Group, Inc. v. Pirro \*
- *Lee v. Makhnevich*



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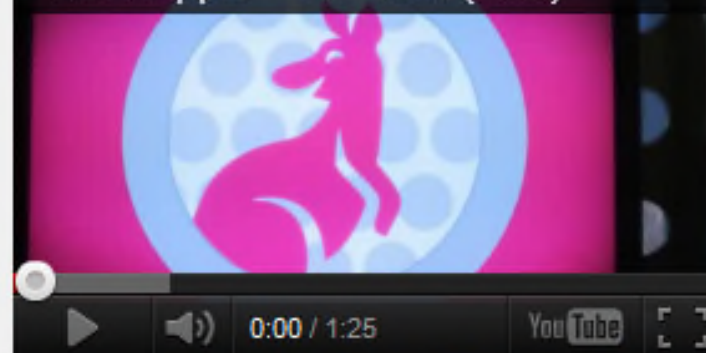
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## The Hopper - Overview (1:25)



# *Fox Broadcasting Co. v. Dish Networks LLC* (C.D. Cal.)



- Fox said Dish Anywhere (Internet streaming) violates public performance citing *Aereo*
- Judge Gee: not like *Aereo*
  - Doesn't operate like *Aereo*
  - Has License for original transmission
  - Sub only has access to STB receiving initial transmission
  - Volitional conduct still required after *Aereo*
  - No secondary liability, short statement citing 9<sup>th</sup> Cir. *Diamond* decision – sub fair use

# Additional Post-*Aereo* Volition Cases: *Gardner v. CafePress Inc.* (S.D. Cal.)



- Facilitated users placing user-uploaded images onto shirts, bags, mugs, etc.
- Gardner argued *Aereo* didn't require volition, District Court Disagreed
- Found *Aereo* did not overrule *Cablevision* when SCOTUS said:
  - “a user’s involvement in operation of provider’s equipment and selection of content transmitted may well bear on whether provider performs within meaning of Act.”
- Volition remains element of direct infringement
- But based on evidence of CafePress’ volitional conduct (non-automatic acts) denied SJ



# Additional Post-*Aereo* Volition Cases: *Live Face on Web, LLC v. Emerson Cleaners, Inc.* (D.N.J.)



- P alleged Ds linked to source code impermissibly copied by 3<sup>rd</sup> party
- Defendants acquired that unauthorized code and integrated it into their websites
  - Users of defendants' sites received a copy of the code into their browser cache and/or computer memory
- Court denied each defendant's motion to dismiss for failure to state a claim of direct or indirect copyright infringement
- While the court did not specifically discuss the *Aereo* case, it addressed defendants' argument that the complaint failed to allege volitional conduct.
- Court said was sufficient plaintiff alleged defendants' websites operated to cause the software to be downloaded.
  - Allegation defendants provided website for customers to receive infringing content was sufficient allegation to proceed past 12(b)(6) hurdle.
  - Conduct potentially rendered defendants more than a neutral ISP acting as an information conduit
  - Facts contrasted with defendant in *Cablevision*, a passive ISP.
- "Volitional conduct" aspect of direct infringement claim alive and well

# *Cindy Garcia v. Google* (9<sup>th</sup> Cir.)



- Last left: three-judge panel enjoined Google from displaying “Innocence of Muslims”
- Held bit part actress Garcia had a copyright in her performance
- Court granted rehearing en banc and heard oral argument on December 15<sup>th</sup>
- No decision yet



# *Oracle Am., Inc. v. Google Inc.*

## (SCOTUS)



- Google duplicated Oracle’s Java “method headers” to allow Java programmers to easily program for the Android
- Google argument the method of expression merged into a method of unprotect operation
- Federal Circuit held protected expression, no need for Google to copy for interoperability
- Google filed a cert petition
- SCOTUS invited the Solicitor General to file a grant/no grant brief

# *DaVinci Editrice S.R.L. v. Ziko Games, LLC* (SD TX)



- DaVinci alleged Ziko infringed © in *Bang!* card game
- Game mechanics/rules not entitled to © protection; expressive elements are, e.g., game labels, game boards design, cards, graphical works, text of instructions, and game characters
- Plaintiff’s cards “Wild West” themed characters, defendant’s cards “ancient China” characters; but, characters’ “capabilities and life points” otherwise “identical or substantially similar,” therefore protectable
- Court also found: “If roles describe content of players’ interactions in ways that are ‘sufficiently original or creative to merit © protection,’ players’ roles can be protectable.”
- Court found many similarities between two games, but also found “artistic differences ... significant enough a jury could reasonably find works not substantially similar,” denied preliminary injunction

# *Kienitz v. Scornie Nation, LLC* (7<sup>th</sup> Cir.)



**Mayor of Madison Wisconsin – Sorry for Partying T-Shirt**



# *Kienitz v. Sconnie Nation, LLC* (7<sup>th</sup> Cir.)



- Madison, Wisc. Mayor , wanted to shut down annual Mifflin Street Party
- Sconnie sold t-shirts lampooning the Mayor
- Photographer Kienitz accused Sconnie of © infringement
- Sconnie conceded started with a photograph Kienitz took at mayor’s inauguration, he downloaded from city’s website, but significantly changed
- DC granted fair use summary judgment; 7<sup>th</sup> Cir. affirmed, but criticized DC and parties for debating how “transformative” use must be
- Court: transformative use not listed as one of four fair use nonexclusive factors, saying SCOTUS only “mentioned it” in *Campbell v. Acuff-Rose Music*
- Court rejected 2<sup>nd</sup> Cir.’s *Cariou v. Prince* decision (appropriation artist case)
  - 2<sup>nd</sup> Cir. “has run with suggestion and concluded ‘transformative use’ is enough to bring a modified copy within scope of Section 107.”
  - Skeptical of *Cariou* approach, not only because asking transformative questions seems to replace 107 list, because also to say a new work transforms old is to say it is derivative, supposedly protected under Section 106(2)
- 7<sup>th</sup> Circuit stuck with statutory list, finding fourth factor (effect on market for original work) is most important: T-shirt no substitute for original photograph

# *Fox News Network, LLC v. TVEyes, Inc.* (SDNY)



- TVEyes creates searchable TV and radio programs database. subscribers search DB and view portion of original broadcasts
- Straight forward application of four fair-use factors, particularly in light of Second Circuit's *Authors Guild v. HathiTrust* decision, Court found fair use.
- However, only applied to TVEyes' keyword database; a decision on other services was deferred until there is a fuller record
- Court also rejected Fox's "hot news misappropriation" theory, rooted in 1918 SCOTUS decision *Int'l News Service v. Associated Press*, which prohibited a news organization from "free-riding" on efforts of another news organization by appropriating its non-copyrightable but valuable time-sensitive information
- Court dismissed theory, holding it was preempted by modern Copyright Act.

# *North Jersey Media Group, Inc. v. Pirro* (S.D.N.Y.)



- On *Justice with Judge Jeanine* Facebook page, Defendants Pirro and Fox posted image (created and placed online by a third party) combining NJMG's work (9-11 flag raising) with photo of WWII Iwo Jima flag raising.
- Defendants asserted "fair use"- Court denied Defendants' motion after balancing four "fair use" factors.
- Defendants' minimal modification of image (essentially by adding a Twitter hash-tag to image) was not transformative enough to add new meaning, expression, or message to original work
- Defendants' use of image posed "a very real danger other such media organizations will forego paying licensing fees" for NJMG's photograph



# *Lee v. Makhnevich* (S.D.N.Y.)



- Mr. Lee visited dentist in 2010 for emergency treatment
- Before treating Lee, dentist required agreement to a “Mutual Agreement to Maintain Privacy,” barring him from publishing commentary on dentist or his treatment: If he were to publish commentary, Agreement assigns IP rights associated with those comments, including ©s, to dentist
- Following treatment, Lee posted commentary on Yelp.com and DoctorBase.com criticizing dentist
- After dentist invoiced Lee \$100 per day for © infringement and threatened to enforce Mutual Agreement in court, Lee sued dentist for damages, declaratory judgment, and injunctive relief, claiming contract void and unconscionable
- Court found Lee’s posting of public comments was non-infringing fair use and Mutual Agreement’s assignment clause was © misuse
- Judgment also declares Mutual Agreement’s assignment and promise not to publish were void for lack of consideration, unconscionable, and a deceptive act or practice in violation of state law

# Legislative - Administrative Developments



# DMCA Triennial Exemption Proceeding



- Copyright Office initiated sixth triennial DMCA rulemaking, provides Librarian of Congress, (Register of Copyrights recommends), may exempt certain classes of works from prohibition against circumvention of technological measures that control access to © works
- Over 40 petitions received before Nov. 3 deadline, such as exemptions:
  - for assistive technologies used by visually impaired;
  - for circumvention of tech measures on DVDs, Blu-Ray discs, eBooks and similar techs for fair use;
  - for security research; and
  - for interoperability between network carriers on devices such as smartphones, tablets and other computing devices
- Common theme: allow circumvention where tech measures prevent fair use
- Copyright Office recently released some 27-proposed classes of exemptions for which it seeks comments
  - Include requests to exempt circumvention of DVD, Blu-ray and downloaded/streamed video for educational uses, derivative uses (*e.g.*, e-books, filmmaking, and noncommercial remix videos), and space-shifting
  - Another set of classes: literary works distributed electronically and a set of classes for unlocking and another for jail-breaking devices such as cellphones, tablet computers, mobile connectivity devices (*e.g.*, mobile hotspots), wearable computing devices, and wireless consumer machines
  - Yet another set is for vehicle software
  - Reply comments from proponents, supporters and those that neither support nor oppose due on May 1



# *DMCA Hearing (Sept. 17<sup>th</sup>)*



- House Judiciary's IP Subcommittee held a hearing to examine Chapter 12 of Title 17, provisions of DMCA that prevent circumvention of technical protection measures
- Electronic Frontier Foundation witness argued anti-circumvention provisions do more harm than good, while App Association and Entertainment Software Association witnesses argued they have promoted competition and innovation
- Committee Members generally agreed provisions are working well, but many stated there is room for improvement, particularly re: review process for exceptions

# Felony Charges for Online Streaming & New Czar



- In response to an online White House Petition, Alex Niejelow, Chief of Staff to U.S. Intellectual Property Enforcement Coordinator and Director for Cybersecurity Policy on National Security Council, announced administration position that federal criminal law should be modernized to include felony criminal penalties for those who engage in large-scale streaming of illegal, infringing content
- Administration believes current law only provides for a misdemeanor, should be updated to match felony charges that already exist for reproduction and distribution of infringing content
- In March President Obama appointed Danny Marti as the new IP Czar, was managing partner in the D.C. office of Kilpatrick Townsend & Stockton

# *Over-The-Top MVPDs FCC NPRM*



- FCC's January notice of proposed rule-making on over-the-top MVPDs published in Federal Register.
- Proposed rule would expand definition of a “multichannel video programming distributor” (MVPD) beyond cable and satellite systems to encompass Internet-based services including over top providers.
- This would mean online video services that offer linear streams of programming, in theory, could be able to carry OTA, cable channels, and other types of programming that until now have been domain of cable and satellite (happening already without FCC MVPD status: HBO, Netflix, Apple, etc.)

# International





# *Technische Universität Darmstadt v Eugen Ulmer (CJEU)*



- Bundesgerichtshof (German Federal Court of Justice) asked Court of European Justice to clarify exception to Copyright Directive allowing publically accessible libraries, for purpose of research or private study, to make collected works available to users on dedicated terminals
- Court ruled EU governments may allow libraries to digitize their book collections without consent of rightsholders (even if rightsholder offers a license)
- Decision does not mention online access to libraries' books, and limits exception to dedicated library terminals. Does not authorize libraries to allow individuals to print out works or store on USB stick
- However, member states may provide for exception to right of reproduction and allow for such, but only if fair compensation paid to rightsholder

# *Johan Deckmyn v. Helena Vandersteen* (CJEU)



- Court of European Justice provided some clarification on what qualifies as a parody under European law
- While recognizing protections for parody, it also left open that person holding rights in parodied work has a legitimate interest in not being associated with parody if it conveys a discriminatory message

# *BestWater Int'l GmbH v. Michael Mebes* (CJEU)



- European Court of Justice reaffirmed *Svensson* decision, finding embedding copyrighted videos freely (and legally) available, *e.g.*, on YouTube, without any separate permission is not © infringement
- Case dealt with a disagreement between a water company, BestWater International, and two men working for a competing firm
- BestWater accused two of embedding one of its promotional videos without permission
- Because videos were not communicated to a *new* public, it did not constitute infringement
- Still remains questionable whether embedding copyrighted videos is infringing if original videos were uploaded without permission from rightsholder

# *Art & Allposters Int'l BV v Stichting Pictoright* (CJEU)



- Allposters markets posters of famous paintings, offering images on canvases
  - To produce image on canvas, synthetic coating (laminated) applied to paper poster of chosen painting (*e.g.*, sold by Pictoright).
  - Next, poster image is transferred from paper to a canvas by a chemical process
  - Finally, canvas is stretched over a wooden frame.
  - In end, painting image disappears from poster – in a process known as “canvas transfer”
- CJEU found first-sale doctrine did not protect process and sale
- CJEU confirmed distribution rights exhaustion does not apply to modified works
- Court held replacement of medium (from poster to canvas) created a “new object”
- Alteration constitutes a new reproduction, which is author’s exclusive right and not exhausted under first-sale doctrine
- CJEU rejected Allposters’ no reproduction argument, since painting was simply transferred (and no longer appears on poster)
- © owner can therefore still prevent distribution of modified work, even if he had agreed to distribution of original work
- Degree of modification needed – or sufficient – to claim exhaustion of rights does not apply is still uncertain though



# *Copyright Reform in EU*



- European Commission plans to issue its proposals for © reform in European Union this year.
- Any changes in EU Copyright Directive require approval by European Parliament; which, in order to make its views known before Commission submits its proposals.
- MEP Reda has now released a draft report making a number of recommendations and comments
- Report notes should be consideration into creating a single European Copyright Title for uniformity and harmonization.
- It also states all should be freely able to provide links to websites without violating © law (which appears to be a criticism of Spain and Germany with respect to recent news on Google News)
- It would also require protection against circumvention of technological measures to be conditioned upon making source code public, so as to ease interoperability when circumvention is allowed

# *Private Copying and Parody in United Kingdom*



- Houses of Commons and Lords passed regulations allowing personal copying for private use and protections for parody.
- A new European Copyright Directive went into effect in UK restricting © holders from suing makers of parodies over infringement unless parody in question conveys a discriminatory message
- In such a case, holders of rights to work parodied have, in principle, a legitimate interest in ensuring their work is not associated with such a message
- New guidance from European Copyright Directive also permits citizens to legally make copies of CDs, MP3s, DVDs Blu-rays and e-books.
- In November, U.K. IP Office published a booklet, outlining process for complaining about TPMs believed to “unreasonably prevent people” from exercising that right (or one of 25 other exceptions to U.K. © law). Office also included a form for making complaints
- However, a number of entities have filed an application for Judicial Review, challenging U.K.’s introduction of private copying exception without providing fair compensation for songwriters, musicians and other rights holders

# *France Télévisions (FTV) v. Playmédia* (Tribunal de Grande Instance de Paris)



- French Aereo – Playmédia – similarly unsuccessful.
- Paris High Court found it had no right to broadcast French-state television (FTV), rejecting Playmédia’s arguments under France’s “must carry” regime, and ordering Playmédia to pay over €1 M in damages
- Playmédia launched web-based service called playtv giving users free access to various television channels, including those offered by FTV.
  - Did so without any contractual agreement with FTV as it was relying on “must carry regime” applicable to FTV channels.
  - Argument rejected by French regulatory body overseeing television because “must carry” provisions refer to distributors who have “subscribers,” which did not apply to playtv.
- FTV also argued it couldn’t allow open Internet re-transmission under agreements it had with its own content producers
- Paris High Court agreed Playmédia could not rely upon “must carry” rules, and thus found Playmédia was infringing certain “neighbouring rights” and certain ©s, and ordered Playmédia to pay €1 M in damages (plus €25,000 for trademark infringement)

# *Spanish Copyright Reform*



- In October, Spanish Parliament passed a law to reform Spanish Copyright Act effective January 1, 2015
- Reform provides tools to fight online infringement, including against intermediaries in certain cases, e.g., those who provide indexed lists of links to infringing content
- Reform also provides for news aggregators payment to publishers or other rights holders (called “Google tax”)
- Private copying reform, but excludes reproductions made for professional or business uses as well as those made from works not obtained by means of legal purchase or public communication
- In addition, reform incorporates several EU Directives on orphan works into Spanish law, and extends term of protection for phonograms from 50 to 70 years
- Based on remuneration right, Google News stopped operating in Spain, and removed Spanish publishers from Google News entirely.
- As Google News itself makes no money, as alleged by Google, claims not to be able to operate under new legal climate
- Google used similar tactic to get German publishers to remove their demands for compensation
- Outcome in Spain Remains to be seen, as such action now does not appear to be within control of individual publishers under law



# *Rodriguez v. Google (Argentina)*



- Argentine Supreme Court found search engines not strictly liable for actions of third parties that show up in search results
- Model sued Google and Yahoo after her name and pictures ended up on pornographic websites
- No requirement to remove results without notification by court order or other competent authority (except in special circumstances such as child pornography), in contrast to European right to be forgotten
- No requirement to implement special filtering
- Finally, use of thumbnail hyperlinks does not constitute © infringement

# *Gallery Kong v. Korean Air* (Korea)



- Plaintiff lost appeal in a © infringement lawsuit against Korean Air regarding photograph of small island under title of “*Island of Pine Trees*.”
- In 2011 TV commercial, Korean Air used similar (but different) color image taken by amateur photographer
- Appellate court upheld trial judge saying “Creative works using same natural scenery like mountains, trees, and stones tend to be similar and thus range of its creativeness is bound to be limited” and “[g]iven fact that object in photograph is a natural one, a creativeness claim about it is weak and minor adjustments like taking a picture from a different angle can’t be taken as creative elements.”

