ABA Intellectual Property Litigation Regional CLE

A Robust Docket: Recent Supreme Court Copyright and Trademark Jurisprudence

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Supreme Court IP Docket (non-patent)

Copyright – 2005 – *Grokster*

2006—2009 – no merits cases

2010 – 2 cases

2011 – no cases

2012 – *Golan v. Holder*

2013 – *Kirtsaeng v. Wiley*

2014 -- *MGM* and *Aereo*
Supreme Court IP Docket (non-patent)

Trademark – 2003 – 2 cases
  2004 – 1 case
  2005-2012 – no merits cases
  2013 – Already v. Nike
  2014 -- POM and Lexmark
“Aereo I”: The District Court denies the broadcasters’ request for preliminary injunction.

“Aereo II”: The Second Circuit affirms the District Court’s decision.

“Aereo III”: The Supreme Court reverses the Second Circuit’s decision and remands the case for further proceedings.

“Aereo IV”: The District Court enters a preliminary injunction against Aereo.
“Aereo III”

“In sum, having considered the details of Aereo’s practices, we find them highly similar to those of the CATV systems in *Fortnightly* and *Teleprompter*. And those are activities that the 1976 amendments sought to bring within the scope of the Copyright Act. Insofar as there are differences, those differences concern not the nature of the service that Aereo provides so much as the technological manner in which it provides the service. We conclude that those differences are not adequate to place Aereo’s activities outside the scope of the Act.

For these reasons, we conclude that Aereo ‘perform[s]’ petitioners’ copyrighted works ‘publicly,’ as those terms are defined by the Transmit Clause.” *Aereo III* at 2511.
First, Aereo argues that in light of the Supreme Court’s holding in *Aereo III*, it should be considered a “cable system” that is entitled to a compulsory license under § 111 of the Copyright Act, 17 U.S. C. § 111.

Second, even if it is not a cable system for purposes of § 111, Aereo argues that it should be considered a mere conduit entitled to the safe harbor protection of § 512(a) of the Copyright Act, 17 U.S.C. § 512(a).

Third, even if it is not a cable system entitled to a compulsory license or a mere conduit entitled to a safe harbor, Aereo argues that a preliminary injunction should not issue because Plaintiffs presently are unable to show any imminent irreparable harm.

Finally, Plaintiffs contend that the scope of the preliminary injunction should be expanded to cover all retransmissions of their copyrighted content, regardless of when those retransmissions occur, while Aereo argues that the scope of the preliminary injunction should be narrowed to a modest delay, such as ten minutes, following the commencement of a broadcast.
Collateral Damage


“FilmOn has advanced a number of theories about the implications of Aereo, but the holding of that decision could not have been clearer: the use of the mini-antenna technology to retransmit broadcast networks’ content without a license violated the Copyright Act. See Aereo, 134 S. Ct. at 2505-11. Thus, while the Second Circuit may have previously been a haven for companies like Aereo and FilmOn to employ the mini-antenna technology, after Aereo, that haven no longer existed. [...] For nearly two weeks, FilmOn was aware that its operations, based on the Supreme Court’s determination, infringed plaintiffs’ copyrights, yet defendant continued to purposefully broadcast content within the Second Circuit until it got caught.”
The FCC’s Response to *Aereo III* and *Aereo IV*

- The *Aereo IV* preliminary injunction was issued on October 23, 2014.
- On October 28, 2014, Tom Wheeler, Chairman of the FCC issued a blog stating, “Specifically, I am asking the Commission to start a rule-making proceeding in which we would modernize our interpretation of the term ‘multichannel video programming distributor’ (MVPD) so that it is technology-neutral.”
- On December 19, 2014, the FCC released a Notice of Proposed Rulemaking (“NPRM”) to redefine MVPDs.
FCC 14-210 (“NPRM”)  
Responding to a Call to Action

- *In the Matter of Promoting Innovation and Competition in the Provision of Multichannel Video Programming Distribution Services*

- The FCC interpreted *Aereo IV* to leave open the possibility that Aereo could be entitled to a statutory copyright license if the Copyright Office and the FCC changed the interpretations of their respective statutes.

- After *Aereo III*, Aereo then filed with the Copyright Office to pay statutory royalties to retransmit broadcast signals as a cable system. The Copyright Office accepted the filing “on a provisional basis,” pending “further regulatory or judicial developments,” including the FCC’s interpretation of the term “MVPD” and the outcome of *Aereo IV*. 
FCC’s Proposed MVPD Definition

- NPRM proposes that 47 C.F.R part 76.5 be amended to include the following definitions:
- (rr) Linear Video. A stream of video programming that is prescheduled by the programmer.
- (ss) Multichannel Video Programming Distributor. A person such as, but not limited to, a cable operator, a multi-channel multipoint distribution service, a direct broadcast satellite service, or a television receive-only satellite program distributor, who makes available for purchase, by subscribers or customers, multiple channels of video programming. As used in this paragraph, channel means linear video without regard to the means by which the programming is distributed.
Effect of the New MVPD Definition

“The result of this technical adjustment will be to give MVPDs that use the Internet (or any other method of transmission) the same access to programming owned by cable operators and the same ability to negotiate to carry broadcast TV stations that Congress gave to satellite systems in order to ensure competitive video markets.”

(1) **Subscription Linear** (includes, for example, Aereo’s services as it existed before the Supreme Court decision)

(2) **Subscription On-Demand** (includes, for example, Amazon Prime Instant Video, Hulu Plus, and Netflix);

(3) **Transaction On-Demand** (includes, for example, Amazon Instant Video, CinemaNow (by Best Buy), Google Play, iTunes Store (by Apple), Sony Entertainment Network, Vudu (by Walmart), and Xbox Video (by Microsoft);

(3) **Ad-based Linear and On-Demand** (includes, for example, Crackle, FilmOn, Hulu, Yahoo! Screen, and YouTube as they exist today); and

(4) **Transactional Linear** (includes, for example, Ultimate Fighting Championship’s UFC.TV pay-per-view service).
This case presents the question whether the equitable defense of laches (unreasonable, prejudicial delay in commencing suit) may bar relief on a copyright infringement claim brought within § 507(b)’s three year limitations period.” *Id.* at 1967.
The Facts

- In *Petrella*, the wife of one of the authors of the screenplay for *Raging Bull* waited 18 years after filing a copyright renewal that reverted to her on his death before she sued the movie studio, but she sought relief only for acts of infringement that occurred within three years of her suit. *Id.* at 1971.
“Laches, we hold, cannot be invoked to preclude adjudication of a claim for damages brought within the three year window. As to equitable relief, in extraordinary circumstances, laches may bar at the very threshold the particular relief requested by the plaintiff. And a plaintiff’s delay can always be brought to bear at the remedial stage, in determining appropriate injunctive relief, and in assessing the ‘profits of the infringer ... attributable to the infringement.’ § 504(b).”
What Equitable Relief May Be Barred by Laches?

- Certain equitable relief, such as the destruction of property, may not be available as a remedy if the plaintiff knew of the infringement yet failed to take readily available steps to stop the infringement, and the requested relief would “work an unjust hardship” on the defendants and/or innocent third parties.
Plaintiff’s Delay May Affect Injunctive Relief and Damages

- Courts should consider the plaintiff’s delay in determining the appropriate injunctive relief and assessing profits.
- Courts should also consider the defendant’s alleged reliance on the delay. This examination should take into account:
  - defendant’s early knowledge of the plaintiff’s claims;
  - the protection the defendant might have achieved through pursuit of a declaratory judgment action;
  - the extent to which the defendant’s investment was protected by the separate accrual rule;
  - the court’s authority to order injunctive relief “on such terms as it may deem reasonable,” § 502(a);
  - and any other considerations that would justify adjusting injunctive relief or profits.
Petrella’s Reach

• Patent Law

  “While the Court did not rule on laches’ continued applicability to patent infringement, see Petrella. at 1974 n.15, its holding may call into question laches’ continued viability as a bar to damages within the Patent Act’s six-year statute of limitations.” Source Search Technologies, LLC v. Kayak Software Corp., No. 11-3388(FSH) n. 5 (D. N.J. June 16, 2014).

  “Because the Supreme Court left Aukerman standing as controlling law on laches in the patent context, and significant differences exist between copyright and patent law, the Court cannot find that Petrella explicitly or implicitly mandates a departure from the Court’s May 9, 2014 decisions.” Reese v. Sprint Nextel Corp., No. 2:3-cv-03811-ODW (July 24, 2014).
**Petrella’s Reach cont.**

**Injury Rule vs. Discovery Rule**

- “Defendant directs the Court to the Supreme Court's recent decision in [Petrella], reading that case to hold that the injury rule, not the discovery rule, applies to federal copyright infringement claims. *Petrella* does not hold as such. [...] A suggestion that the Supreme Court may favor the injury rule, without more, does not trump Second Circuit precedent. For now, *Psihoyos* remains the law of this Circuit.” *Lefkowitz v. John Wiley & Sons, Inc.*, No. 13 Civ. 6414 (KPF) n. 9 (S.D. N.Y June 2, 2014).

- “In a footnote, the [Petrella] Court indicated that it had not passed on the question whether the accrual of an infringement claim occurs on the date of the infringement or on the date of discovery. Thus, it would be inappropriate to take the quoted text as determining the accrual question. In these circumstances, this Court is bound by *Psihoyos.*” *Cooley v. Penquin Group, Inc.*, No. 12-cv-0001 (LAK), n. 76 (S.D. N.Y July 11, 2014).

- “So, with the Seventh Circuit having held in *Gaiman* that the discovery rule applies, and with the Supreme Court explicitly not passing on the question, this court is bound by *Gaiman.*” *Panoramic Stock Images, Ltd. v. John Wiley & Sons, Inc.*, No. 12 C 10003 (N.D. Ill. September 2, 2014).

Is tacking an issue of fact or law?
What is tacking?

Allows a trademark owner to make slight alterations in a trademark over time, without losing priority and ownership in the original trademark.
Standard → **the same, continuing commercial impression**

- Rare Instances
- **Legal Equivalents** *
  - Indistinguishable from one another
  - Requires a higher level of similarity than that required to find two marks confusingly similar

**Timeline:**
- **May 1994:** Hana Bank begins using HANA OVERSEAS KOREAN CLUB and HANA BANK in Korean characters in the US.
- **April 1995:** Hana Financial begins using HANA FINANCIAL mark.
- **June 1996:** Hana Financial registers HANA FINANCIAL & Design mark.
- **2000:** HANA OVERSEAS KOREAN CLUB renamed to HANA WORLD CENTER
- **2002:** HANA WORLD CENTER renamed to HANA BANK

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*Note: The timeline above illustrates the key dates and events related to the legal case between Hana Financial, Inc. and Hana Bank, setting the context for the court's decision.*
Continuing commercial impression test relies on an ordinary consumer’s understanding of the impression of a mark, within the ken of a jury.

When the relevant question is how an ordinary person or community would make an assessment, the jury is generally the decision maker that ought to provide the fact-intensive answer.
Petitioner’s Arguments | Court’s Response
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“Legal equivalents” test involves the application of a legal standard | Tacking is a “mixed question of law and fact,” application of which is typically assigned to juries.

Tacking determinations will “create new law that will guide future tacking disputes” and thus are a task reserved for judges. No reason tacking cases must be resolved based on precedent.

Unpredictable jury decisions will hinder functioning trademark system. No reason why unpredictability in tacking case should be treated differently than other contexts.

Historically, judges have resolved tacking disputes. These cases were resolved in bench trials, at summary judgment, or the like.
Impact and Residual Questions

- Advice for clients
- Should tacking be allowed between foreign equivalents?
- Will Hana Financial spill-over into likelihood of confusion jurisprudence?

1. Does TTAB’s finding of likelihood of confusion in an opposition proceeding preclude relitigation of likelihood of confusion in a subsequent infringement suit?

2. If issue preclusion does not apply, is a district court obligated to defer to the Board’s finding of a likelihood of confusion absent strong evidence to rebut it?

- B&B files opposition against Hargis' application.
- B&B files present action against Hargis alleging TM infringement and dilution, unfair competition, and false designation of origin.
- B&B asserts TTAB ruling should have preclusive effect.

- 2003
- 2006
- September 2007
- August 2007

TTAB issues decision in favor of B&B, finding SEALTIGHT likely to cause confusion with SEALTITE.

**Issue Preclusion:**
- (1) Party in or privity with a party in the original lawsuit;
- (2) identical issue as that involved in the prior action;
- (3) actually litigated;
- (4) valid and final judgment, and
- (5) issue must have been essential to the prior judgment.

8th Circuit: Issue Preclusion does not apply

- Issue sought to be precluded is not the same as the issue involved in the prior action.
- Deference is not mandated when the issue is not the same
- District Court did not err in denying admission of the prior TTAB decision into evidence

Potential Impact

- Preclusion or deference would increase importance of proceedings before the Board
- Spill over into jurisprudence for other claims decided by the Board (e.g., abandonment, genericism).
Attorney’s Fees Under the Lanham Act

Lanham Act, Section 35(a)(3):

“The Court in exceptional cases may award reasonable attorney fees to the prevailing party.”


Attorney’s Fees Under the Lanham Act

Federal Circuit: “exceptional cases” involve:

(1) Litigation that is objectively baseless; and
(2) Brought in “subjective bad faith”

Must prove by both clear and convincing evidence

*Bros**oks Furniture Mfg., Inc. v. Dutailier Int’l, Inc.*, 393 F.3d 1378 (Fed. Cir. 2005)
Attorney’s Fees Under the Lanham Act


-- Interpretation of § 285 of the Patent Act
-- Court relied on D.C. Circuit’s decision in Noxell Corp. v. Firehouse No. 1 Bar-B-Que Restaurant, 771 F.2d 521 (D.C. Cir. 1985), which interpreted the Lanham Act Section 35 (a)(3)
Attorney’s Fees Under the Lanham Act

“Exceptional” means “uncommon” or “not run-of-the-mill”

“Exceptional cases” stand out from others with respect to the substantive strength of:

1. A party’s litigation position, or
2. The unreasonable manner in which it was litigated
Attorney’s Fees Under the Lanham Act

Octane Fitness --

-- “Exceptional” cases must be evaluated on a case-by-case basis
-- Examine totality of the circumstances under the court’s discretion
-- Attorney’s fees can be justified even if losing party’s conduct does not rise to level of bad faith
-- Clear and convincing evidence standard is too high
Attorney’s Fees Under the Lanham Act

Post-Octane Fitness

How does decision apply to Lanham Act?

Statutory language is identical but Supreme Court was silent as to application?
Attorney’s Fees Under the Lanham Act

Third Circuit – *Fair Wind Sailing, Inc. v. Dempster*, 764 F.3d 303 (3rd Cir. 2014)

-- Lanham Act and Patent Act language is identical

-- Supreme Court sent “a clear message” that *Octane Fitness* applied to Lanham Act

-- remanded case to district court for determination of whether case was “exceptional”
Attorney’s Fees Under the Lanham Act


-- reversed district court award of attorney’s fees, finding that defendant was unaware of lack of merit and acted in good faith to withdraw claim upon notice

-- appears to apply *Octane Fitness* standard
Attorney’s Fees Under the Lanham Act

District Court cases:

*Renna v. County of Union* (D.N.J. 2015)

*Apple, Inc. v. Samsung Electronics, Co.* (N.D. Cal. 2014)


*BMW of North America, LLC v. Cuhadar* (M.D. Fla. 2014)
Attorney’s Fees Under the Lanham Act

Romag Fasteners, Inc. v. Fossil, Inc. (D.Conn. 2014)

-- Denied attorney’s fees to plaintiff after a finding of non-willful trademark infringement

-- Second Circuit precedence held that Section 35(a)(3) “allows recovery of a reasonable attorney’s fee only on evidence of fraud or bad faith”

-- Octane Fitness only interpreted the Patent Act, not the Lanham Act.
Attorney’s Fees Under the Lanham Act

-- How will courts interpret *Octane Fitness* standard?

-- Will clear standards develop for an award of fees?

-- Will the “totality of the circumstances” and exercise of discretion tests lead to any clear standards?

-- Will prevailing parties be able to obtain fee awards against “trademark bullies” or be able to leverage the threat of such awards?
Possible Pending Case

Google Inc. v. Oracle America, No. 14-410

Whether copyright protection extends to all elements of an original work of computer software, including a system or method of operation, that an author could have written in more than one way.

Solicitor General to brief
Questions?

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