

Morgan Lewis

Internet Law Update – 2012

Copyrights and Trademarks

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Introduction

- Copyright and Trademark Law and the Internet – Article
- Updates
 - Copyright Law
 - Contributory Infringement / DMCA
 - Trademark Law
 - Domain Names
 - Federal Activity

Copyright Law

- Ownership

- Work for Hire

- *Employees*

- *Independent Contractors – Need Assignment*

- Importance of Assignment Language

Stanford v. Roche, 563 U.S. _____ (2011)

» “Hereby Assigns” vs. “Shall Assign”

Copyright Law

- Notice / Registration
 - No Longer Required – Practical Importance
 - *Knowledge Issue – Intentional/Contributory Infringement*
 - *Statutory Damages*
 - *Litigation*
 - Registration Update
 - *New On-line System – still \$35*
 - *Deposits – Potential changes for Web Sites*

Copyright Law

- Registration Required:
 - Registration before filing Infringement Action
 - Limited to U.S. based works - advantage for foreign works (except for statutory damages)
 - Required for each component of Collective Work
- Reed Elsevier v. Muchnick, 559 U.S. ____ (2010)**
- *Not required for approval of settlement*

Contributory Infringement

Louis Vuitton Malletier v. Akanoc Solutions, **658 F.3d 936 (9th Cir. 2011).**

- Service Provider does not respond to notices regarding copyright and trademark infringement by web sites using their services
- Akanoc liable for contributory trademark and copyright infringement
 - Continuing to supply web hosting services to a party that defendant had reason to know is engaging in infringement and had control over “instrumentality” used by the infringing party (could “turn it off”)

Contributory Infringement

- Defendants argued contributory infringement must be intentional
- 9th Circuit disagrees – contributory infringement by Service Provider include provision of services with actual or constructive knowledge of infringement or reckless disregard of copyright holder's rights.

Contributory Infringement

- Importance of Statutory Damages
 - Copyright
 - \$750 to \$30,000 *per work infringed*
 - Willful infringement - \$750 to \$150,000 *per work infringed*
 - Trademark Counterfeiting
 - \$500 to \$100,000 *per article*
 - Willful infringement - \$500 to \$1,000,000 *per article*

Contributory Infringement

- In *Louis Vuitton*:
 - Court awards statutory counterfeiting damages of \$10.5 million for contributory trademark infringement
 - Court awards \$300,000 for contributory copyright infringement

See also:

Roger Cleveland Golf v. Prince, No. 2:09-CV-2119-MBS
(D.S.C. Dec. 3, 2010) (Bright Builders liable for contributory
infringement)

Digital Millennium Copyright Act (DMCA)

- Section 512 Protections
 - Service Providers
 - Registration of Agents
 - - <http://www.copyright.gov/onlinesp/agent.pdf>
 - Filing Fee - \$105 for first agent/ \$35 for up to 10 additional
 - Key Issue
 - *Problem of locating or prosecuting Internet based copyright infringers*
 - Pitt Bomb Scare

DMCA

Viacom Int'l v. YouTube, Inc.

2010 WL 2532404(S.D.N.Y. 2010); reversed 2010 WL 1130851 (2nd. Cir. April 5, 2012).

- District Court dismissed Viacom's complaint based on Section 512 on summary judgment
- Held that while YouTube had general knowledge that copyright materials was uploaded by users, it did not know which clips had been uploaded with permission and which had not
- Specifically held that requiring sites to police every uploaded video would contravene operation of DMCA, noting that YouTube had successfully addressed a mass take-down notice issued by Viacom in 2007 for specific videos cited in a DMCA notice.

DMCA

- Two weeks ago – Second Circuit (2-1) reverses District Court:
- Knowledge of specific infringing activity not necessary – YouTube can be liable if “willfully blind” to specific infringement
- Facts as to knowledge precluded summary judgment – unlike DCMA notices, YouTube’s preemptive identification and search for infringing content was not followed by immediate take-down and jury could find that disqualifies it from safer harbor immunity (no longer YouTube process).

DMCA

- Second Circuit actually upholds “guts” of lower court ruling
 - YouTube not required to police site – puts burden on service provider – contrary to DCMA intent
 - The fact that YouTube “could” block its site from infringing videos did not negate Section 512 liability protection
 - The provision by YouTube of transcoding, playback and thumbnail services were all part of activities permissible as Service Provider and eligible for DCMA protection.
- Lesson: Be careful if setting up policing activities

Trademarks

- Internet Issues
 - International issues:
 - *Unlike copyright, trademark protection does not extend outside country*
 - *Individual country registrations*
 - *First to file system*
 - Lesson: Obtain O.U.S. protection
 - Trademark Use Issues:
 - *Some use not protected by trademark law:*
 - Descriptive Use vs. Trademark Use
 - Use in Domain names
 - Lesson: Dilution protection may not be adequate

Domain Names

- First attempt to attack domain name “infringement”
 - Dilution claims
 - Issues:
 - *“Famous” marks*
 - *Damages*
- Anti-Cybersquatting Consumer Protection Act (1999)
 - Issues:
 - *Costs*
 - *Requirements to prove “bad faith”*

Domain Names

- Uniform Domain-Name Dispute Resolution Policy
 - Issues – “Bad Faith” – Limited Remedy
 - Panels seen as Pro-Trademark Owner
 - *Appeal – file lawsuit in 10 days to prevent transfer*
 - Decision records:
<http://archive.ican.org/en/udrp/proceedings-list-name.htm>

Domain Names

- Add Top Level Domains –
 - Prior: .com. .edu. .gov, .org, .net
 - New: .biz, .info, .name, .pro
- .xxx as of October 28, 2011.
 - Sunrise period for trademark holders
 - Right to exclude use (\$400)

Domain Names

- April 13, 2012 – ICANN publishes “Trademark Clearinghouse: Draft Implementation Model”
 - <https://community.icann.org/download/attachments/31176258/TMC-Model-Draft-13apr12.pdf?version=1&modificationDate=1334362955253>
- Use for “Sunrise” Registrations and Dispute Resolution

Federal Actions

- Grand jury indictment against Megaupload.com (MUL) (E.D. Va. January 5, 2012) – one of world's largest file sharing sites
- Charged companies and seven individuals with RICO offenses, criminal copyright infringement and conspiring to commit criminal copyright infringement
- FBI/DOJ seized MUL's assets and domain names, shut down site and had founder and key employees arrested

Federal Actions

- MUL defending based on *Sony v. Universal*, 464 U.S. 417 (1984) (Betamax case) (service has non-infringing uses) and *Viacom v. YouTube* (no obligation to police)
- Government has alleged that MUL had actual knowledge of infringing activities, but failed to act and has evidence that MUL knew site's main use was to distribute infringing content

SOPA / PIPA

- Stop Online Piracy Act, H.R. 3261 (SOPA)
- Preventing Real Online Threats to Economic Creativity and Theft of Intellectual Property Act, S. 968 (PIPA)
- Legislation currently stopped based on opposition (including blacking-out of Wikipedia)
- Would allow DOJ to get order requiring search engines, ISPs and domain name services to block access to such sites

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