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Bright Ideas

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Message from the Chair


Debra I. Resnick

I knew it was an exciting time to be an intellectual property attorney when my seven- and nine-year-old children asked me why YouTube was being sued for copyright infringement. After marveling over the fact that my diatribes about counterfeiting and illegal downloading resulted in them actually knowing what infringement was, it struck me that hardly a day goes by when an intellectual property issue is not making headlines.

In fact, since my last Message from the Chair: the Trademark Dilution Revision Act of 2006 was signed into law; YouTube was sued several times for copyright infringement, agreed to be purchased by Google, and purged a significant amount of copyrighted material from its site; the Supreme Court agreed to hear a dispute between Microsoft and AT&T as to whether U.S. patent law allows for the recovery of damages for infringing products sold overseas; Universal Studios Licensing billed and then sued a fan for retroactive licensing of copyrighted material that it actively encouraged fans to use; the Supreme Court heard quite a raucous oral argument in *KSR International v. Teleflex* regarding the standard to be used in determining when an invention is obvious; and another session of Congress ended without sweeping patent law reform. And these are only the highlights.

This flurry of activity provides the Section and its membership with immeasurable opportunities to impact the development of case law, Supreme Court precedent, and legislation. Although we are a State Bar Association Section, with approximately 2,000 members, we can and should have a strong voice in shaping federal law. I encourage you to reach out to our Legislative Committee Co-chairs Richard Schurin and Noel Humphreys to get involved in providing comments on pending legislation, proposing new legislation, and filing, where appropriate, amicus briefs.

We will also seize upon these opportunities to continue our tradition of providing outstanding CLEs on cutting-edge topics. We are about one month away from our Annual Meeting, which will be held on January 23, 2007 at the Marriott Marquis hotel in New York City. The Annual Meeting Co-chairs, Rory Radding and Robin Silverman, have assembled a terrific slate of presentations that provide seven CLE credits including two, yes two, ethics credits. The program will feature presentations on the Future of Intellectual Property, Fair Use, Global Protection of Trade Secrets, a Debate on Obviousness, Recent Developments in Ethics, and Sarbanes-Oxley Compliance for IP Attorneys. A cocktail reception will follow the program.

Keep your eye on your in-boxes for information about other exciting upcoming CLEs such as our "The

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NYSBA

Copyright Office Comes to New York City" program, our first Summer Meeting co-sponsored with the Intellectual Property Institute of Canada (see box below), and Roundtables on opinions of counsel, and practice before the TTAB.

The Section held its Fall Meeting this past October at The Sagamore Hotel on Lake George. The blustery winds were no match for the beauty of Lake George during leaf-peeping season or for the exceptional conference entitled "Intellectual Property in Action: A Look at the Practical Side of, and Current Controversies in, Intellectual Property Law." Mixing up the format, Marc Lieberstein and Charles Weigell co-chaired a program that included an intellectual property think tank, a series of debates on timely legal issues, and presentations on patent valuation and intellectual property criminal enforcement.

Although I was a bit nervous on Friday when Barry Benjamin and Marc Lieberstein began acting out the hypothetical for the think tank, with Barry playing (a bit too convincingly I might add) Nerdy McFrumpkin, the university professor with the new invention, and Marc playing his attorney, the attendees were active participants in the three breakout groups, which discussed the business, legal, and ethical issues involved in representing a start-up venture. Not having nearly enough time to discuss all the nuances raised, the conversation spilled over into cocktail hour and dinner. Saturday's programming rivaled Friday's sessions, and the self-styled Great Intellectual Property Debates lived up to their name. The debaters argued their positions with conviction, and the moderators kept the pace moving and the audience attentive.

It was wonderful to see so many families attend the Sagamore this year and to see how our members' children have grown up over the years. Family events like our Fall Meeting are one of the reasons that our active members have such a close bond. As can be seen from the photo spread in this issue, spending time together during Casino Night, on the Boat Ride around Lake George, and while Bob Clarida and Tom Kjellberg of The Copycats jammed Saturday night at Mr. Brown's pub provided additional opportunities to bond after the days' educational programming.

Credit for this spectacular meeting must be given to Marc Lieberstein and Charles Weigell and, of course, to Cathy Teeter and Pat Stockli at the NYSBA. They truly outdid themselves with the content, structure, and speakers for this year's program.

We also want to thank our sponsors: CRA International, Fross Zelnick Lehrman & Zissu, P.C., Ostrolenk Faber Gerb & Soffen LLP, PATRIX Intellectual Property Helpware, Pitney Hardin LLP, Rouse & Co. International, Thomson CompuMark, Thomson West, and Trademark Associates of New York. Due to their generosity, our Section has the ability to continue its tradition of providing unparalleled programming at a reduced cost to the membership.

I hope to see you all at the Annual Meeting. Should you have any questions or comments, please contact me at debra.resnick@fticonsulting.com.

Debra I. Resnick

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Avoiding Getting Caught in the Web: Keyword Advertising and Trademarks

By Paul W. Garrity and Matthew D. Marcotte

I. Introduction

The Internet has raised a slew of new issues for trademark owners, their attorneys, and the courts to grapple with. From questions of when use of a Web page constitutes use sufficient to generate trademark rights to questions of infringement raised by conduct such as cybersquatting and metatagging, the Internet has introduced a wide range of new questions for trademark law. Perhaps the most contentious of these questions are related to the use of trademarks in keyword advertising sold by search engines. This article provides a roadmap for those concerned with protecting their brand against potential infringements stemming from keyword advertising. While the Second Circuit, in *1-800-CONTACTS Inc. v. WhenU, Inc.*,[1] has indicated that it may view keyword advertising as an "internal use" of a mark not giving rise to claims under the Lanham Act, other courts have taken a considerably more favorable view of such claims, both against competitors who purchase keyword advertising and against search engines and vendors that sell keyword advertising.

II. Suits Against Competitors

The most obvious route for litigants seeking to limit keyword advertising is to litigate against the competitors who actually are buying the keywords in question. This is particularly useful when the competitors also are committing other offenses redressable under the Lanham Act connected with the names of their products, their general business practices, or other acts of unfair competition.

One of the first reported decisions in which plaintiffs successfully obtained an injunction against use of their trademarks as keyword advertising triggers was *Bayer HealthCare LLC v. Nagrom, Inc.*[2] Bayer owned the mark ADVANTAGE for flea control preparations, and the defendant operated several Web sites reselling gray market ADVANTAGE products that it had purchased in the United Kingdom. In addition to using the ADVANTAGE mark on its Web site, both in text and in metatags, Nagrom purchased the keywords "Advantage flea" and "advantage flea control" from at least one Internet search engine. As a result, Bayer alleged that Nagrom's Web site "has appeared as a higher and more relevant search result than [Bayer's Web site]" whenever a user searches for "Advantage flea" or "Advantage flea control."[3]

Bayer sought and obtained a broad permanent injunction against Nagrom's use of the ADVANTAGE mark. The court found that Nagrom's conduct "creates initial interest confusion. . . . This is because the defendant 'will still have gained a customer by appropriating the goodwill' that plaintiff has developed in the mark."[4] The court expressly noted that its ruling was not limited to the use of the mark in metatags and on the Web sites, finding that "the registration of [plaintiff's mark] as a search term and code with Internet search engines also leads to confusion."[5] Accordingly, Nagrom was enjoined from using the ADVANTAGE mark "on or in connection with or as part of any web site, metatags, keywords in pay-for-placement or pay-for-rank search engines, computer code or otherwise in connection with the retrieval of data or information through the Internet."[6]

With *Bayer* seeming to open the door to suits against competitors, additional suits followed. In *Kinetic Concepts, Inc. v. BlueSky Medical Group, Inc.*,[7] the Western District of Texas was confronted with the trademark issues raised by keyword advertising. In *Kinetic Concepts*, the defendants paid Internet search engines for keyword search terms comprised of KCI's trademarks, resulting in BlueSky's Web site appearing in the sponsored links portion of a search results page, which also contained the link to KCI's Web site.[8] KCI brought suit for, *inter alia*, trademark infringement and dilution, alleging that "BlueSky's conduct, paying Internet search engines to link the 'V.A.C.' mark with BlueSky's website, misappropriates the goodwill associated with and tarnishes the 'V.A.C.' mark."[9] BlueSky moved for partial summary judgment on KCI's claims, and the motion was denied.

The court ruled that "[t]hough BlueSky is not using the 'V.A.C.' mark to identify the origin of its own products, BlueSky's associational, non-trademark use of the identical mark potentially weakens the distinctiveness and ability of the mark to designate the origins of [plaintiff's products]."[10] With respect to the trademark infringement claim, the court acknowledged that the "mere use of trademarked keywords has been found to create a likelihood of initial interest confusion."[11] While the court did not specifically address the issue of whether a purchase of keyword advertising constituted "use in commerce" of the mark sufficient to give rise to an action under the Lanham Act, it did conclude that "[t]he fact that BlueSky purchased KCI's trademarks as keywords from Internet search engines is also relevant to the intent factor of the digits of confusion, weighing in KCI's favor, defeating BlueSky's motion for summary judgment."[12]

The only circuit court to address actions against competitors for keyword advertising thus far has been the Tenth Circuit, which, in *Australian Gold, Inc. v. Hatfield*,[13] affirmed an injunction barring a competitor from making use of a trademark owner's marks as keywords to trigger Internet advertising. In *Australian Gold*, the defendants were engaged in the unauthorized resale of the plaintiff's tanning lotions over the Internet. In addition to using Australian Gold's trademarks on their Web sites, the defendants used the marks in metatags and "[paid search engine Overture.com] for [a premium listing] guaranteeing that one of defendant's Web sites would be among the first three listed if either of Plaintiff's trademarks was used in an Internet search query."[14]

The Tenth Circuit found that the doctrine of "initial interest confusion" applied in the Internet keyword advertising context.[15] The court ruled that "[i]nitial interest confusion in the internet context derives from the unauthorized use of trademarks to divert internet traffic, thereby capitalizing on a trademark holder's goodwill."[16] The court expressly ruled that the practice of paying for premium listings connected with the plaintiff's marks was actionable trademark infringement:

> Defendants paid Overture.com to list Defendants in a preferred position whenever a computer user searched for Plaintiffs' trademarks. All of these actions were attempts to divert traffic to Defendants' Web sites. While viewing Defendants' Web sites, consumers had the opportunity to purchase [Plaintiffs'] Products, but also to purchase lotions from Plaintiffs' competitors. Moreover, Defendants continued to use the trademarks to divert internet traffic to their Web sites even when they were not selling [Plaintiffs'] Products. Thus, Defendants used the goodwill associate[d] with Plaintiffs' trademarks in such a way that consumers might be lured to the lotions from Plaintiffs' competitors. This is a violation of the Lanham Act.[17]

As a result, the court affirmed the broad injunction against defendants' use of Australian Gold's marks as it viewed the injunction as "prevent[ing] defendants from capitalizing on consumers' initial interest confusion."[18]

In *Edina Realty v. TheMLSonline.com*,[19] plaintiff, the largest real estate brokerage in the Midwest, owned a trademark registration for the mark EDINA REALTY, and defendant bid on the term "Edina Realty" as a keyword to trigger advertising on the Google and Yahoo search engines. "As a result of purchasing these search terms," the court observed, the defendant's "advertisement usually appears on the search result page at the top of the list of websites generated in response to a consumer's search for Edina Realty," while "[t]he link to plaintiff's website appears in a *less noticeable position* further down the page."[20] In addition, the defendant used the plaintiff's marks in hidden links and invisible (white text on white background) font on its Web site, which "cause[d] Internet search engines to place defendant's Web site higher up than natural in the list of websites responsive to a search for Edina Realty."[21]

Although the court denied the plaintiff's motion for summary judgment, finding disputed issues of fact regarding intent, actual confusion, and the degree of purchaser care, it explicitly noted that "[u]nder the initial interest confusion doctrine, the Lanham Act prohibits a competitor from luring potential customers away from a producer by initially passing its goods and services as those of the producer's even if confusion as to the source is dispelled by the time any sales consummated."[22]

Most recently, a New Jersey district court addressed the issues posed by keyword advertising in *Buying For The Home LLC v. Humble Abode LLC*.[23] In *Buying for the Home*, the plaintiff, owner of the mark TOTAL BEDROOM, sued defendants for a variety of actions, including their purchase of the TOTAL BEDROOM mark as a keyword on Google. The defendant counterclaimed, alleging that the plaintiff had bid on the keywords HUMBLE ABODE FURNITURE on Google and the keywords HUMBLE ABODE SAVINGS and HUMBLE ABODE DISCOUNT on Yahoo. The court denied Humble Abode's motion for summary judgment. After discussing the decisions on both sides of the "trademark use" issue, while the court admitted that "Defendants' alleged use of Plaintiff's mark is certainly not a traditional 'use in commerce,'" it nonetheless found that "Plaintiff has satisfied the 'use' requirement of the Lanham Act."[24] The court so concluded for two reasons:

> First, the alleged purchase of the keyword was a commercial transaction that occurred "in commerce," trading on the value of Plaintiff's mark. Second, Defendants' alleged use was both "in commerce" and "in connection with any goods or services" in that Plaintiff's mark was allegedly used to trigger commercial advertising which included a link to Defendants' furniture retailing website. Therefore, not only was the alleged use of Plaintiff's mark tied to the promotion of Defendants' good and retail services, but the mark was used to provide a computer user with direct access (i.e., a link) to Defendants' website through which the user could make furniture purchases. The Court finds that these allegations clearly satisfy the Lanham Act's "use" requirement.[25]

Although the court concluded that the allegations satisfied the "use" requirement of the Lanham Act, it denied summary judgment on the ground that there were substantial disputed issues of material fact concerning the likelihood of confusion analysis.

III. Suits Against Search Engines and Adware Vendors

While litigating against competitors means that a direct infringement case can be pursued, it can be inefficient, as, in order to shut down multiple competitors, each must be sued, and this will require the plaintiff to deal with additional legal and factual issues. In contrast, a suit against a search engine or adware vendor, if successful, could result in all keyword advertising from all competitors being removed from that defendant's site or software.

The first major case concerning a claim of trademark infringement against a search engine was *Playboy Enterprises, Inc. v. Netscape Communications Corp.*[26] In *Playboy*, the plaintiff argued that two search engines, Netscape and Excite, committed trademark infringement by selling Playboy's trademarks as keywords.[27] The court refused to decide whether a direct infringement or contributory infringement theory applied, but it squarely concluded that defendants were "either directly or contributorily liable."[28] Advertisers paid defendants to have banner ads appear on the search results page when an Internet user searched for various keywords, including Playboy's trademarks PLAYBOY and PLAYMATE. Playboy argued that this practice resulted in initial interest confusion: "Because banner advertisements appear immediately after users type PEI's marks, PEI asserts that users are likely to be confused regarding the sponsorship of un-labeled banner advertisements."[29]

The Ninth Circuit reversed the district court's grant of summary judgment in favor of the defendants, finding that Playboy had established a genuine issue of material fact regarding the defendants' infringement of the PLAYBOY and PLAYMATE marks. The court held that "defendants clearly used the marks in commerce" and that the "use in commerce" requirement of the Lanham Act "sweeps as broadly as possible."[30] The court concluded:

> Some consumers, initially seeking PEI's sites, may initially believe that unlabeled banner advertisements are links to PEI's sites or to sites affiliated with PEI. Once they follow the instructions to "click here," and they access the site, they may well realize that they are not at a PEI-sponsored site. However, they may be perfectly happy to remain on the competitor's site, just as the *Brookfield* court surmised that some searchers initially seeking Brookfield's site would happily remain on West Coast's site. The Internet user will have reached the site because of defendants' use of PEI's mark. Such use is actionable.[31]

After setting forth these initial conclusions, the court concluded that genuine issues of material fact existed as to Playboy's infringement claims and thus reversed the grant of summary judgment to defendants and remanded for trial. The claims were settled on a confidential basis shortly after the Ninth Circuit's remand order.

The *Netscape* decision was handed down at the same time that Google was experiencing explosive growth in revenues and page views, so it is no surprise that the next major case, *Government Employees Insurance Co. v. Google, Inc. ("GEICO")*,[32] was brought against Google. In the district court's initial opinion, the court rejected Google's claim that its use of plaintiff's marks in an internal database to trigger the delivery of advertising with search results did not constitute "use in commerce" of those marks under the Lanham Act.[33] Google argued that because it was not using plaintiff's marks "in a way that identifies that user as the source of a product or indicates the endorsement of the mark owner," its use of the GEICO mark was not a "use in commerce" prohibited by the Lanham Act.[34]

The court rejected Google's arguments, ruling that "when defendants sell the right to link advertising to the plaintiff's trademarks, defendants are using the trademarks in commerce in a way that may imply that defendants have permission from the trademark holder to do so."[35] The court ruled:

> Plaintiff has pled sufficient facts which, taken as true for purposes of this motion, allege "trademark use." Contrary to defendants' argument, the complaint is addressed to more than the defendants' use of the trademarks in their internal computer coding. The complaint clearly alleges that defendants use plaintiff's trademarks to sell advertising and then link that advertising to results of searches. Those links appear to the user as "sponsored links." Thus, a fair reading of the complaint reveals that plaintiff alleges that defendants have unlawfully used its trademarks by allowing advertisers to bid on the trademarks and pay defendants to be linked to the trademarks.[36]

In addition, the court was confronted with the thorny question of whether Google's conduct constituted direct or vicarious infringement. The court held that because GEICO alleged that the search engine "encourages advertisers to bid on trademark words, and monitors and controls the allegedly infringing third-party advertisements," it had adequately pled a claim for vicarious infringement.[37] In addition, the court concluded that "[b]ecause GEICO has alleged that both Overture and the advertisers control the appearance of the advertisements on Overture's search results page and the use of GEICO's trademarks therein, plaintiff has stated a claim for vicarious infringement against Overture."[38]

Following the court's denial of the motion to dismiss, GEICO was tried on the merits before Judge Brinkema. At the conclusion of GEICO's case, the court granted Google's motion for judgment as a matter of law, finding that GEICO had failed (largely as a result of a flawed survey) to meet its burden of proving likelihood of confusion. Although it found that no likelihood of confusion had been proven, the court reiterated its earlier conclusion that "allowing advertisers to pay to have their ads appear next to the organic listings that result when the marks are entered as search terms" constituted a "use in commerce" under the Lanham Act[39] and that the defendant "could be liable, either directly or indirectly, for its use of plaintiff's trademarks to sell advertising and to place that advertising, labeled as Sponsored Links, alongside organic listings resulting from searches on those marks."[40] After this second decision, GEICO and Google entered into a settlement agreement, and no appeal was taken.

In *Google, Inc. v. American Blind and Wallpaper Factory, Inc.*,[41] Google sought a declaratory judgment that its "AdWords" keyword advertising program did not infringe American Blind's trademark rights in the mark AMERICAN BLIND and a series of iterations of the AMERICAN BLIND mark long used exclusively by American Blind in connection with direct-to-consumer sales of custom window treatments and wall coverings. American Blind counterclaimed for trademark infringement, alleging that "Google sells ands its advertisers purchase the possibility of intercepting American Blind's potential customers, who may click on the links to the Web sites of America Blind's competitors without realizing that they are being directed to a competitor's Web site or who may fail to search for or be forced to spend time and energy searching for American Blind's Web site."[42] Google moved to dismiss American Blind's claims, asserting that a "defendant is not engaged in the requisite 'use' of a trademark or other mark unless the defendant uses the mark to identify the source of *its own* goods and services."[43]

The court denied Google's motion, noting that in *Playboy*, the Ninth Circuit had concluded that a search engine's "alleged 'use' of [a trademark owner's] trademarks—a 'misappropriat[ion]' of the goodwill of the [trademark owner's] marks by [the search engine] 'in conjunction with advertisers,' whereby Internet users were led to the Web sites of [the trademark owner's competitors—was 'actionable.'"[44] Although Google attempted to assert that *Playboy* did not speak to the question of "use," the court surmised that "it is not at all clear that the [*Playboy* court's] ultimate conclusion that the defendants' alleged 'use' of the plaintiff's trademarks was 'actionable,' was not based on an implicit, preliminary determination of actionable trademark 'use' in the sense discussed by [Google]."[45] The court went to analogize keyword advertising to the use of trademarks in metatags, which previously had been found to be actionable:

> The purchase of trademarks as keywords for a Web site and the insertion of trademarks as metatags in the code of a Web site, both of which are employed as a means of having links to that Web site appear on a search results page, are sufficiently analogous that it cannot be said that American Blind has failed to allege actionable trademark "use" by Defendant's advertisers.[46]

For these reasons, the court denied Google's motion to dismiss. The case remains pending.

Most recently, the District of New Jersey confronted the questions associated with keyword advertising in *800-JR Cigar, Inc. v. GoTo.com, Inc.*[47] In *JR Cigar*, plaintiff moved for summary judgment, arguing that GoTo "(1) profited from the unauthorized sale of the JR marks as search terms to its customers; (2) used the JR marks to attract search customers to its site; and (3) created and implemented a scheme to divert Internet users seeking to find 'jr cigar' to JR Cigar's competitors and rivals."[48] In addition to accepting bids for search terms and accepting payment for search terms, GoTo provided a "Search Term Suggestion Tool," but it maintained that it had "not made any trademark use of any JR cigar search terms for its own services and that there is no contributory liability because it did not intentionally induce infringement or continue to offer its service to an advertiser that it knew to be infringing."[49]

The court first considered whether GoTo's advertising program fell within the commercial use contemplated by statutory and common-law prohibitions on trademark infringement. GoTo asserted that "the sale of JR marks is no 'trademark use' attributable to GoTo, because it is the advertiser who selects the search term and uses it in conjunction with the content contained on the advertiser's website."[50] The court distinguished the pop-up advertising cases like *1-800-Contacts* on the basis of GoTo's practice of giving prominence in search results to the highest bidder. "Such use," the court observed, "is qualitatively different from the pop-up advertising context, where the use of trademarks in internal computer coding is neither communicated to the public nor for sale to the highest bidder."[51] The court therefore ruled that GoTo's sales of keywords constituted a trademark use in commerce. Specifically, the court found:

> GoTo makes trademark use of the JR marks in three ways. First, by accepting bids from those competitors of JR

> desiring to pay for prominence in search results, GoTo trades on the value of the marks. Second, by ranking its paid advertisers before any "natural" listings in a search results list, GoTo has injected itself into the marketplace, acting as a conduit to steer potential customers away from JR to JR's competitors. Finally, through the Search Term Suggestion Tool, GoTo identifies those of JR's marks which are effective search terms and markets them to JR's competitors. Presumably, the more money advertisers bid and the more frequently advertisers include JR's trademarks among their selected search terms, the more advertising income GoTo is likely to gain.[52]

The court concluded that there were no disputed material issues of fact preventing it from concluding that GoTo was "making trademark use of JR Cigar's trademarks."[53] Though the court ruled that "GoTo's use of [plaintiff's] marks suggests an affiliation or connection between JR and GoTo based on GoTo's alleged infringing use of the marks,"[54] it found material issues in dispute relating to evidence of actual confusion, the sophistication of purchasers, and GoTo's intent in using plaintiff's marks and therefore denied plaintiff's motion for summary judgment.

IV. Conclusion

Much is still unsettled in the area of keyword advertising. While the Second Circuit has taken a position that may limit the ability of trademark owners to successfully bring suit for trademark infringement stemming from keyword advertising, no other circuit has adopted the Second Circuit's position, and many district courts have adopted positions contrary to that of the Second Circuit.

Endnotes

1. 414 F.3d 400 (2d Cir. 2005); *see also Merck & Co. v. MSD Technology, L.P.,* 425 F. Supp. 2d 402 (S.D.N.Y. 2006); *Rescuecom Corp. v. Google, Inc.*, No. 5:04-CV-1055 (NAM/GHL) (N.D.N.Y. Sept. 28, 2006) (granting motions to dismiss claims stemming from keyword advertising against search engine on basis of Second Circuit finding in *1-800 Contacts).*
2. 2004 WL 2216491 (D. Kan. 2004).
3. *Id.* at *2.
4. *Id.* at *5 (*citing Brookfield Communications v. West Coast Entertainment*, 14 F.3d 1026 (9th Cir. 1999)).
5. 2004 WL 2216491 at *6.
6. *Id.* at *6.
7. 2005 WL 3068223 (W.D. Tex. 2005).
8. *Id.* at *8.
9. *Id.* at *3.
10. *Id.*
11. *Id.* at *8.
12. *Id.*
13. 436 F.3d 1228 (10th Cir. 2006).
14. *Id.* at 1233.
15. *Id.* at 1239 (*citing Grotrian, Helfferich, Schulz, Th. Steinweg Nachf v. Steinway & Sons*, 523 F.2d 1331 (2d Cir. 1975)).
16. 436 F.3d at 1239.
17. *Id.* at 1239.
18. *Id.* at 1243.
19. 2006 WL 737064 (D. Minn. 2006).
20. *Id.* at *1 (emphasis added).
21. *Id.* at *2.
22. *Id.* at *4.
23. Civ. A. No. 03-CV-2783 (JAP), slip op. (D.N.J. Oct. 20, 2006).
24. *Id.* at 16.
25. *Id.* at 16-17.
26. 354 F.3d 1020 (9th Cir. 2004).
27. *Id.* at 1022-23.
28. *Id.* at 1024.
29. *Id.* at 1025.
30. *Id.* at 1024.
31. *Id.* at 1025-26.
32. 330 F. Supp. 2d 700 (E.D. Va. 2004), *further opinion*, 2005 U.S. Dist LEXIS 18642 (E.D. Va. 2005).
33. 330 F. Supp. 2d at 702-03.
34. *Id.*
35. *Id.* at 704.
36. *Id.* at 703-04.
37. *Id.* at 704-05.
38. *Id.* at 705.
39. 2005 U.S. Dist. LEXIS 18642 at *11.
40. *Id.*
41. 2005 WL 832398 (N.D. Cal. 2005).
42. *Id.* at *2.
43. *Id.* at *4 (emphasis in original).
44. *Id.* at *5 (*citing Playboy*, 354 F.3d at 1025-26).
45. *Id.* at *6.
46. *Id.* at *7 (*citing Brookfield Communications v. West Coast Entertainment*, 174 F.3d 1036 (9th Cir. 1999)).
47. 437 F. Supp. 2d 273 (D.N.J. 2006).
48. *Id.* at 280.
49. *Id.*
50. *Id.* at 282.
51. *Id.* at 285.
52. *Id.*
53. *Id.*
54. *Id.* at 291.

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Ringtones: Copyright Office Decision Is Music to Record Companies' Ears

By Joseph Salvo and Campbell Austin

The Register of Copyrights, MaryBeth Peters, recently addressed a "novel question of law" under section 802(f)(1)(B) of the Copyright Act: Are ringtones—those ubiquitous musical snippets announcing an incoming phone call—"digital phonorecord deliveries" under section 115 of the Act and therefore subject to compulsory licensing? In a decision with far-reaching implications, she answered yes, they are.[1]

The Business of Ringtones

Ringtones are big business. In 2005, U.S. ringtone sales reached $500 million, and the *Wall Street Journal* estimates that 2006 sales are likely to top $600 million. Analysts expect the ringtone market to continue to grow. M:Metrics, a mobile industry researcher, reports that more than ten percent of Americans have purchased ringtones.

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Increasingly, record labels are getting into the act by offering ringtones that utilize snippets of the original sound recording of the composition owned by the labels. These "mastertones" represent both a burgeoning market and an important marketing tool. *Billboard* reports, for example, that over 6.5 million "mastertones" are being sold each week in the United States, and in May 2005, the BBC reported that a ringtone—the "Crazy Frog" rendition of the *Beverly Hills Cop* theme—beat Coldplay to the top of the UK singles charts. *Billboard* has published a Hot Ringtones chart since late 2004, and recently the RIAA began awarding gold and platinum certifications to ringtones, with rapper Chamillionare notching the first triple-platinum award.

What Is a Ringtone?

"Ringtone" is the generic term used to refer to a downloadable, customized sound file transferred to and permanently stored in the memory chip of a cellular phone that sounds with an incoming call. Ringtones can be set to be triggered by specific callers and may consist of spoken words, electronic sounds, or video segments, in addition to musical excerpts. Each ringtone purchased is transmitted as a digital file and stored in the memory of the cell phone, not unlike the way digital music files are stored on a portable music player.

The storage and playback capacity of early cell phones was limited, so "first generation" ringtones were limited to "monophonic" files embodying single note melodies. Improved handset technology has now enabled the transfer, storage, and replay of more substantial digital files. As a result, there has been a substantial increase in the sale of "polyphonic" ringtones and so-called "mastertones," "realtones," or "ringtunes" containing excerpts of the actual sound recording. Typically, monophonic ringtones cost less than polyphonic tones, which cost less than mastertones. Where a mastertone may retail for $2.99/track, a polyphonic ringtone may carry a $1.99 price.

Significant to the Register's decision was that most ringtones include a segment of a musical work, which must be licensed in order for the ringtone to be sold. Until recently, most such licenses were "voluntary" licenses entered into between the aggregators and the publishers of the musical work, typically providing for a royalty to be paid to the publisher equal to the greater of 10 percent of the retail price of the ringtone or 10 cents. For a mastertone retailing at $2.99, this could result in royalties accruing of 30 cents per ringtone sold. Compare that to the 9.1 cents per song compulsory license fee payable for an iTunes-type download. The Register's decision to treat ringtones the same as other digital deliveries of music effectively slashed the royalties payable by ringtone providers—a huge victory for the labels and an economic loss for the publishers.

Copyright Rights in Ringtones and Section 115

To understand the Register's decision, we need revisit some copyright basics and statutory history. Among the section 106 exclusive copyright rights[2] implicated by the sale and exploitation of ringtones are the rights to reproduce and distribute the underlying musical work embodied in the ringtone—the so-called "mechanical right." In the world of physical sales of CDs, mechanical licensing is generally done by way of voluntary licenses issued by the publishers (or their agent, The Harry Fox Agency (HFA)) to the record labels. These mechanical licenses authorize the record labels to reproduce the musical work in the form of "phonorecords" and to distribute them for sale in the United States. This voluntary licensing scheme, however, is set against the backdrop of the compulsory licensing provisions of section 115 of the Act. Section 115 provides an exception to the section 106 rule that reproduction and distribution rights are exclusive: "When phonorecords of a non-dramatic musical work have been distributed to the public in the United States under authority of the copyright owner, any other person . . . may, by complying with the provisions of this section, obtain a compulsory license to make and distribute phonorecords of the work." Those provisions entail (i) compliance with the licensing formalities set forth in 37 C.F.R. §§ 201.19 and 20 and (ii) payment of the compulsory licensing fee set forth in 37 C.F.R. § 255.3. Currently, the compulsory license fee payable to a publisher for the use of a musical work is 9.1 cents per song per record distributed and not returned or 1.75 cents per minute for songs longer than 5.2 minutes.

Section 115 of the Act was amended in 1995 by the Digital Performing Right in Sound Recordings Act ("DPRSRA").[3] DPRSRA expanded the definition of "phonorecords" qualifying for compulsory licensing to include "digital phonorecord deliveries" or "DPDs." By including DPDs in the definition of "phonorecords," DPRSRA made clear that the section 115 compulsory license extends beyond physical media like CDs to digital files used to store, transmit, or distribute sound recordings, like mp3 files and iTunes downloads. More specifically, DPRSRA defined a "digital phonorecord delivery" as any "individual delivery of a phonorecord by digital transmission of a sound recording which results in a specifically identifiable reproduction by or for any transmission recipient."[4]

Neither the Act nor the subsequent regulations have further sought to define what qualify as DPDs—the Act, in fact, suggests there may be different species of DPDs, providing that a different rate under section 115 "shall apply" to "incidental" DPDs.[5] The Act states that the compulsory rate for DPDs sold through January 1, 1998 would be the same rate applicable to physical records and left for later determination whether the DPDs sold after January 1, 1998 should be paid at rates identical to those for sales of CDs. By agreement between the record companies and publishers, subsequently enshrined in 37 C.F.R. § 255.5(b), the rate for DPDs currently remains the same as the rate payable for traditional phonorecords.

The compulsory licensing rate has increased over time. Under section 1(e) of the 1909 Act—the precursor to the current Act—the compulsory rate was originally fixed at 2 cents/song/record, where it stayed for 69 years. With the passage of the 1976 Act (effective January 1, 1978), the rate increased to 2¾ cents, and by amendment of Copyright Office regulations in 1981, the rate was increased to 4 cents. The 1981 regulations also fixed escalations to the rate in two-year increments thereafter, culminating in the current rate of 9.1 cents. We are now at the last of the previously promulgated rate increases.

In 2004 Congress enacted the Copyright Royalty and Distribution Reform Act (PL 108-419), sometimes referred to as the "CARP Reform Act" (because it replaced the old system of Copyright Arbitration Royalty Panels with Copyright Royalty Judges). Enshrined within section 803(b)(1) of the CARP Reform Act was the mandate for *new* rate proceedings to adjust section 115 rates, which section 804(b) prescribed would commence in January of 2006.

The CARP Reform Act also included a provision enabling Copyright Royalty Judges to certify to the Register of Copyrights "novel material questions of substantive law concerning an interpretation of those provisions of this title that are the subject of the proceeding."[6] The Register is required to render a decision thirty days after all briefs and comments are submitted.

When the proceeding to adjust the section 115 rates was commenced in January of this year, the Recording Industry Association of America ("RIAA"), the trade organization representing the record labels, elected to participate. In the context of that rate proceeding, the RIAA requested the Copyright Royalty Judges to certify two questions to the Register of Copyrights, pursuant to its rule-making authority for "novel questions." First, does a ringtone, made available for use on a cellular telephone or similar device, constitute delivery of a digital phonorecord that is subject to statutory licensing under 17 U.S.C. § 115? Second, if a ringtone is a DPD, what are the legal conditions and/or limitations on such statutory licensing? The RIAA filed a brief, as did HFA, the Songwriters Guild of America, and the Nashville Songwriters Association International in opposition (collectively, the "Copyright Owners"), and the Register also heard oral argument.

Applicability of Section 115 to Ringtones

Answering the first question, the Register decided that ringtones are in fact "digital phonorecord deliveries" and therefore are subject to section 115. The Register determined that the question was "one of pure statutory construction" and found that (1) ringtones are sound recordings, as "fixation[s] of a series of musical, spoken, or other sounds";[7] (2) fixation in the digital file on the phone constitutes a "phonorecord"; and (3) digital ringtone delivery creates "specifically identifiable reproduction[s]."[8] Thus, ringtones meet the section 115 DPD definition. The Register also noted that defining ringtones as DPDs matches congressional intent to subject *all* mechanical reproductions to compulsory licensing.[9]

The Register cautioned, however, that not all ringtones are DPDs. The determination hinges upon whether the ringtone is a mere extract of another work or if it includes additional material sufficient to create a derivative work.

Derivative Works

Section 115 does not extend to derivative works. The Copyright Owners argued, therefore, that the truncation and excerpting necessary to create a ringtone resulted in an impermissible "recast[ing], transform[ation] or adapt[ation]" of the composition, rendering it a "derivative work" under the Act.[10] The Register disagreed, holding that the mere editing of the musical work to create a ringtone did not render it a derivative work, because it did not meet the threshold degree of "originality and creativity" under *Feist*. For many ringtones, "the creative spark is utterly lacking or so trivial as to be virtually nonexistent," because they were merely truncated versions of the same song.[11]

However, the Register noted, some ringtones are new and original, and for these ringtones, compulsory licensing is not available. The Register also noted that marginal cases where limited additions are made (citing a Beyonce mastertone, where an extra spoken line was appended to the clip) should be referred to the courts.

Arrangement Privilege

The Copyright Owners also challenged the application of section 115 on the basis that the creation of the ringtone transcends the "arrangement privilege" under section 115. Section 115 permits a licensee to arrange the original composition to "conform it to the style or manner of interpretation of the performance involved, but the arrangement shall not change the basic melody or fundamental character of the work."[12] The Copyright Owners argued that ringtones superseded the above limitations. The Register disagreed.

The Register made three observations: (1) the user's right to arrange was limited to preserve the basic character of the work; (2) ringtones that merely shorten the work to conform it to the physical limitations of cell phones do not affect the arrangement; and (3) mastertones that make only minor changes are merely renditions, not arrangements, of the composition. The Register determined that truncating a pre-existing musical work to ringtone length did not change the basic melody or fundamental character of the work. She also noted that changing the tempo of the composition would not change the fundamental character of the work.

Private Use

Next, the Copyright Owners argued that the compulsory license only extends to distributions of phonorecords "for private use," and ringtones involve "public uses," because phone owners intend the ringtone to "publicly" sound and because they use ringtones to express themselves to the public. Rejecting these arguments, the Register ruled that "private use" is not the opposite of "public performance" and, instead, noted that this condition is directed at individual consumers' personal enjoyment of the composition. She noted that the law would have little effect if any use in public would void the compulsory license, e.g., listening to a CD in a park or on a car radio with the windows down. The Register concluded that because ringtones are distributed to individuals, for their own individual purposes,[13] the "private purpose" requirement of section 115 was satisfied. Despite the fact that some individuals might use ringtones to express themselves in public, the use of a ringtone was fundamentally a "private" one.

First Use

Copyright Owners also argued that section 115 was not applicable because there was no prior "first use" of the ringtone, a condition to any compulsory license. Absent some other licensed "first use" of a work, no compulsory license may issue under section 115. The Register dispensed with that argument, finding that the "first use" requirement of section 115 was satisfied in virtually all cases by prior authorized distribution to the public of the original record or recording embodying the musical work. The Register noted that a "first use" license would only be required where a sufficiently new version of the song—in other words, a derivative work—was created and no prior copy had been distributed to the public in the United States.

Implications of the Decision

The most important implication of the Register's decision is the immediate financial one: given the decision, ringtone licensing payments are likely to change, now that ringtones are subject to compulsory licensing. Mastertone providers that previously were paying 30 cents per ringtone to publishers are now free to pay 9.1 cents per ringtone. With less money payable to publishers, there is more money available for other profit participants, so query whether the decision also will result in an adjustment to current revenue splits among the record companies, aggregators, and the telecoms.

The Register's decision on the derivative works issue may give rise to subsequent disputes on ringtones that include "a little something extra." Because the Register (appropriately) declined to make a blanket ruling as to whether all ringtones are derivative works, her decision means some uncertainty in marginal cases. But these situations likely will be limited, as most ringtones clearly will either be within or outside the ambit of the compulsory license, depending upon whether there is additional material involved or not.

The Register's opinion in addressing the "public/private" nature of ringtones also may have a significant impact on the correlated issue of whether ringtones implicate "public performance" rights. Publishers and their collection societies—ASCAP, BMI and SESAC—have insisted on collecting public performance license royalties from ringtone purveyors. The Register's opinion suggests that public performance licensing fees may well be subject to challenge on the basis that ringtones involve "private" rather than "public" use. If the public performance right (and a public performance license fee) is subsequently held inapposite to ringtones, the total royalty cost to ringtone providers and the royalties accruing to publishers will be further reduced.

From an appeals perspective, there is an interesting twist as well. The Register—an employee of the executive branch—has issued an opinion defining the scope of the compulsory license. Interpreting the contours of a federal statue typically is the exclusive purview of an Article III judge. However, federal courts review such agency policy determinations under an "arbitrary and capricious" standard to determine if the agency's ruling is directly contrary to congressional intent.[14] Thus, any challenge to the Register's ruling will be an uphill fight. More important for Copyright Owners, the DPRSRA does not appear to permit interlocutory appeals; the Copyright Register's decision will be incorporated into the general rate-setting decision of the Copyright Royalty Board,[15] and challenges to that decision can be made only for the thirty days following its publication in the Federal Register.[16]

Finally, in extending the definition of DPDs to ringtones, this decision may open the door to compulsory licensing for other uses of musical snippets—doorbells, clocks, car alarms, and other products. Further expansion of the compulsory license may impinge on other areas in which voluntary, rather than compulsory, licensing has been the rule for publishers. And that definitely is *not* music to the publishers' ears.

Endnotes

1. Register of Copyrights Op. *In the Matter of Mechanical and Digital Phonorecord Delivery Rate Adjustment Proceeding*, No. RF 2006-1 (October 17, 2006), *available at* http://www.copyright.gov/docs/ringtone-decision.pdf (hereinafter "Op").
2. 17 U.S.C. § 106.
3. Public Law 104-39, 109 Stat. 336.
4. Notably, webcasts and streaming-media are not DPDs because there is no specifically identifiable reproduction on the recipient's computer or device.
5. *See* 17 U.S.C. § 115(c)(3)(C).
6. 17 U.S.C. § 802(f)(1)(B).
7. 17 U.S.C. § 101.
8. Op. at 10.
9. Op. at 11. *See* H.R. Rep. No. 60-2222, at 7 (1909).
10. *See* definition of "derivative work," 17 U.S.C. § 101.
11. Op. at 18, citing *Feist Publications, Inc., v. Rural Telephone Service Corp.*, 499 U.S. 340 (1991).
12. 17 U.S.C. § 115(a)(2).
13. H.R. Rep. No. 94-1476, at 108 (1976) ("the compulsory license does not extend to manufacturers of phonorecords that are intended primarily for commercial use" as distinguished from individual private use).
14. *See United States v. Mead Corp.*, 533 U.S. 218, 226-27 (2001) ("[Whether] Congress delegated authority to the agency generally to make rules carrying the force of law . . . may be shown in a variety of ways, as by an agency's power to engage in adjudication or notice-and-comment rulemaking.").
15. 17 U.S.C. § 802(f)(1)(B)(i).
16. 17 U.S.C. § 803(d)(1).

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Video on Demand and the Problem of Defining Licensing Rights

By Natallia Azava

I. Introduction

The evolution of new media raises a number of questions for those involved in entertainment business. One such question is the scope of licensing rights with the advent of Video on Demand (VOD). For companies that own rights to popular programs whose main source of revenue is video distribution of those programs, the question whether VOD constitutes a form of television or, rather, home video is critical. If VOD is considered television broadcasting, granting programmers such as ABC, for example, a right to broadcast a program via their television network would encompass a right to transmit it via VOD. Licensors would lose revenues they would have received had they distributed the program on video.

There is no case law dealing with VOD, and there is, therefore, no clear answer to the question whether VOD is properly treated as television (TV) or as home video. However, cases dealing with the scope of TV rights in relation to VCRs might shed some light on the proper classification of VOD.

Part II of this article summarizes the economics of VOD. Parts III and IV outline a practical argument for VOD not being home video and not being TV. Part V provides legal analysis of the problem of VOD by looking at the VCR cases.

II. Economics of VOD

VOD availability is becoming increasingly widespread. Consumers are intrigued, although not all consumers with access to it have shown an inclination to use the service as yet. But VOD clearly is on its way to becoming a mainstream content-delivery platform. One study indicates that nearly 20 million homes in the United States had VOD by the end of 2004, a number that is on track to nearly double to 39.2 million by the end of 2008.[1] Cable VOD is the default delivery pipe at the moment, but competition looms, with new technologies promising to play a major role in the future delivery of content from downloads via an IP connection. It is estimated that VOD revenue and cable VOD revenue from movies and TV series more than doubled from $157 million in 2003 to $318 million in 2004. In 2007, it is estimated that cable VOD revenue will cross the $2 billion mark on its way to $6 billion in 2013.[2]

Growth potential for the VOD market will be strongly influenced by the home video sales industry. VOD services currently generate minimal revenues compared to home video sales: in 2002, home video sales totaled $20.3 billion (DVD: $11.6 billion; VHS: $8.7 billion). DVD retail business is expected to grow to $25.0 billion by 2012, while VOD is expected to grow to $6 billion by 2013. One of the reasons VOD does not generate big revenues is that today movie windows for VOD are 35 to 40+ days after home video release. While the window will begin to decrease, it should remain an issue for VOD growth over the next two years. Another hurdle to VOD growth is the fact that current margins on DVD sales provide too much of an advantage to studios for them to shorten the VOD release window too quickly and possibly cannibalize their video sales. Studios make significantly more from the sale of DVDs than they do from their 60 percent split of a VOD buy (60 percent to studio/40 percent to distributor and cable operator). According to Forrester Research, VOD will begin to chip into home video sales by 2007.[3] Within five years, cable VOD services will provide 12 percent of all home entertainment revenue and cut video rental revenue by 37 percent. Forrester forecasts healthy growth in home video sales through 2007 (fueled by DVD growth). At that point it will begin a gradual decline at the hand of VOD. The research indicates that movie studios will embrace on-demand services as the best defense against piracy and will develop them at the expense of home video by moving the VOD release to within two months of theatrical release by 2007.

While there has been growth of the VOD market, it has been slower than projected. Some of the reasons for this are stagnant negotiations with film studios over rights,[4] and limited supply of set-top boxes (not all cable operators have embraced the technology with the fervor of Time Warner, and not all systems have the infrastructure in place to deploy VOD aggressively). Major studios have been slow to embrace VOD services due to fear of cannibalizing the home video sell-through market; security concerns; a desire to improve pay-per-view and video rental economics; and desire to eliminate the middleman and bypass the Multiple System Operators (MSOs) (e.g., Movielink) altogether. In turn, consumers have been slow to embrace VOD services due to limited access to premium content[5] and additional monthly subscriber costs for services.

III. Practical Arguments for VOD Not Being Home Video

VOD technology makes it possible for consumers to control the start of a viewed program. VOD usually is a digital transmission, whereas videos are streamed in MPEG format. VOD operates by means of computer servers that store thousands of programs and that allow cable subscribers to start a program whenever they want and to stop and fast-forward as they wish.

There are several practical arguments for distinguishing VOD from home video.[6] First, with home video, the content originates from the viewer's home; with VOD, the content originates from the cable company. Moreover, with services like DVR/PVR (e.g., TiVO)[7], the hard drive is at the viewer's home; with VOD the hard drive resides with the cable company. The VOD content normally is "rented" from the cable company for a period of time (usually 24 hours) and is made available to cable subscribers thereafter. VOD thus is a major revenue source for cable companies. The second distinguishing feature of VOD is that with VOD, the viewer is limited in his viewing abilities. The viewer can watch only that which is made available to him on VOD by the cable company.

While VOD is becoming more popular, it is worth noting that cable companies currently offer on VOD only a limited number and a limited kind of movies and programs. In contrast, with home video (or services like DVR where a viewer can watch whatever is being shown on TV), a viewer can watch whatever he wishes to watch. In addition, the content available via VOD is not designed for a particular, individual viewer. Rather, it is designed to maximize the cable companies' revenue. Home video, in contrast, is designed to suit the needs and preferences of particular customers. Home video, that is, a collection of videos we all have at home, is not an approximation of our tastes, it *is* our tastes. Given these differences, the mere fact that VOD, like VCRs, is an interactive technology that allows one to choose content from a menu, to rewind, and to fast-forward, does not mean that VOD is tantamount to home video.

IV. Practical Arguments for VOD Not Being Treated as TV

The first and most obvious argument for not treating VOD as TV is that TV always has meant broadcasting; VOD is not broadcasting. With VOD, the content belongs to a cable provider and is being directed (transmitted) only to a select group of people: subscribers. Therefore, not all people who have TV sets can watch VOD, while all people who have TV sets can watch TV. Broadcasting always has meant that if one point is broadcasting, many points are receiving (TV-like broadcasting). With VOD, it is one point broadcasting and one point receiving. Second, the interactive nature of VOD differentiates it from broadcasting. A counterargument, however, would be that the broadcasting feature is not what defines TV. One can say that TV-like broadcasting was just more convenient for providers and that today VOD is more convenient. What defines the television today, the argument would go, is not making programs available to all but, rather, making them accessible at all times and making it possible to start them at any time.

V. Legal Analysis

A. Future Technology Clauses and General Reservation Clauses

There are two contractual clauses that can determine the parties' intent as to the scope of TV rights, that is, whether the grant of TV rights includes transmitting via VOD. One such clause is a future-technology clause; another is a general reservation clause. Since there is no case law on the usage and interpretation of these clauses in relation to VOD, the discussion below draws upon cases dealing with other new technologies.

Many courts have enforced future-technology clauses (i.e., a clause that allows showing of the program "by any means now known or hereafter developed"). A future-technology clause may modify the definition of either the product to be created (i.e., a photoplay),[8] the permissible methods of distribution, or the media in which the product may be distributed.[9] The effect of a clause may, however, be limited by a narrow antecedent,[10] although one court saw "no point in quibbling" about whether the new technology fell within the antecedent clause where the thrust of the grant was to embrace future technology.[11] A specific reservation of rights also may limit a future-technology clause.[12]

Although ordinarily sufficient, an expansive future-technology clause is not necessarily required. Many courts have found grants lacking those clauses still broad enough to cover new uses.[13] Courts also have addressed the new technology issue in the context of actors' agreements with and without future-technology clauses. Generally, courts have found grants of rights to use actors' performances in films sufficiently broad to encompass distribution on television or videocassette.[14]

Thus, courts have gone different ways deciding the question of rights to new technologies. Some courts have held that specific reservations of rights supersede the future-technology clause, while other courts have held grants lacking such clauses to be broad enough to cover new uses. To avoid ambiguity and erroneous interpretations of the parties' intent, it is better to explicitly state the status of VOD rights in the contract instead of relying upon a future-technology clause. Parties should explicitly include or exclude VOD rights in their licensing agreements. They also should take into account the potential growth of VOD (outlined in Part II) and specifically provide for future negotiations in case VOD becomes a pervasive form of TV.

In interpreting the scope of the grant, courts place different emphasis on the general reservation of rights clause, that is, a clause that usually states something like "rights not granted in the contract are reserved by the grantor." For example, the Ninth Circuit, in concluding that new media rights were not granted in *Cohen v. Paramount Pictures Corp.*, found that a general reservation indicated intent to limit the grant.[15] Other courts, however, have disregarded general reservation clauses.[16] Courts also have expressed differing views regarding the effectiveness of a general reservation accompanied by a specific reservation.[17] Finally, some courts have found that the inclusion of a specific reservation clause establishes that no general, broad reservation of rights is otherwise in effect, i.e., the identification of specific reserved rights indicates that all unenumerated rights were granted.[18] Applying these outcomes to VOD analysis, it seems that to avoid ambiguity, it is advisable for a grantor of TV rights to state explicitly the status of rights to VOD instead of relying on a general reservation clause, which courts (in non-VOD cases) have interpreted so differently.

To determine the scope of licensing rights, courts also consider the nature of the technology at issue and its foreseeability. Courts have held that when a broad grant of rights is made in a contract and a new use can be construed to fall within that grant and that use was foreseeable at the time the grant was made, then the burden is on the grantor to reserve the right to the new, but foreseeable, use.[19] Based upon the economic research discussed above, the use of VOD is quite foreseeable today. Therefore, the grantor that wants to reserve VOD rights should do so explicitly in the contract.

Another factor the court could look at when interpreting an ambiguous contract is whether the VOD industry is different and distinct from the television/cable TV industry. It has been held that where at the time of signing the contract, the television broadcast industry was different and distinct from the cable television industry, TV rights did not include cable TV rights.[20] Since today there are people who view the VOD industry as part of the TV industry, parties drafting a contract should take this factor into account. In particular, a party wishing to reserve VOD rights should do so explicitly, since the court could say that at the time of signing the contract, the VOD industry was part of the TV industry.

B. TV and Videocassette Cases as Applied to VOD Analysis

Since there is no case law dealing with VOD, determining whether VOD should be treated as TV or home video can be done by analogy only. In particular, it is helpful to look at cases dealing with the question of whether grants of TV rights covered videocassette—a very controversial issue when the VCR came into existence.

In general, courts have held that "exhibition by means of television" or "broadcasting over television" cannot be construed as including the distribution of videocassettes for home viewing because videocassette exhibition is not broadcasting.[21] As one court stated: "Transmission of sound and images from a point outside the home for reception by the general public . . . is implicit in the concept of 'broadcasting by television.' Conversely, while one may speak of 'playing,' 'showing,' 'displaying,' or even perhaps 'exhibiting' a videotape, we are unaware of any usage of the term 'broadcasting' in that context."[22]

In *Cohen*,[23] the court clearly distinguished television from home video, stating: "Though videocassettes may be exhibited by using a television monitor, it does not follow that, for copyright purposes, playing videocassettes constitutes 'exhibition by television.'"[24] The court held that there are fundamental differences between exhibition of a film on television and exhibition of a film by means of a videocassette recorder ("VCR"). In particular, the court noted that television requires an intermediary network, station, or cable to send the television signals into consumers' homes. The menu of entertainment appearing on television is controlled entirely by the intermediary and, thus, the consumer's selection is limited to what is available on various channels. Equipped merely with a conventional television set, a consumer has no means of capturing any part of the television display; when the program is over it vanishes, and the consumer is powerless to replay it. Moreover, the court noted, because they originate outside the home, television signals are ephemeral and beyond the viewer's grasp.[25]

In contrast, the court noted, videocassette entertainment is controlled within the home, at the viewer's complete discretion. A consumer may view exactly what he wants (assuming availability in the marketplace) whenever he chooses.[26] The viewer may even "fast forward" the tape so as to quickly pass over parts of the program he does not wish to view. The court concluded that by their very essence, videocassettes liberate viewers from the constraints otherwise inherent in television and eliminate the involvement of an intermediary, such as a network.[27]

Consistent with the opinion in *Cohen*, courts subsequently held that "television viewing" and "videocassette viewing" are not coextensive terms. Even though videocassettes may be, and often are, viewed by means of VCRs on home television screens,[28] still, as the Ninth Circuit pointed out, a "standard television set capable of receiving television signals" is not strictly required for videocassette viewing.[29] "It is only necessary to have a monitor capable of displaying the material on the magnetized tape."[30] Courts have noted that a number of non-television monitors marketed in the United States permit videocassette viewing on computer screens, flat-panel displays, and the like. Therefore, viewing videocassettes on the TV screen did not make VCRs like TV.[31]

In general, courts have held that television and VCR technology have very little in common other than the fact that a conventional monitor of a television set may be used to both receive television signals and to exhibit a videocassette. Videocassette comprises "an entirely different device involving an entirely different concept and technology from that involved in a television broadcast."[32] Therefore, courts have held that "exhibition by means of television" or "broadcasting over television" do not include the distribution of videocassettes for home viewing.[33]

Analogizing the above TV/home-video cases analysis to VOD, arguments can be made for treating VOD as being TV and as being home video but not TV. VOD can be said to be like TV because the consumer's selection is limited to what is available on VOD; when the movie is no longer offered via VOD, the consumer cannot replay it. Because they originate outside the home, VOD signals are ephemeral and beyond the viewer's grasp, just as they are with TV. Furthermore, VOD—like TV and unlike VCR—needs a network. Therefore, VOD comprises an entirely different device involving an entirely different concept and technology than those involved in home video.

On the other hand, there are features that make VOD like home video and not like TV. First, equipped merely with a conventional television set, a consumer has no means of watching VOD. Only a viewer with a card or a hard disk has access to the contract. This is not true of broadcasting. As the court observed in *Cohen*: "Transmission of sound and images from a point outside the home for reception by the general public . . . is implicit in the concept of 'broadcasting by television.'"[34] Conversely, delivering content via hard drive is not broadcasting in conventional terms. Moreover, VOD technology is as interactive as video-playing devices such as VCRs. VOD has features every VCR has: a viewer can replay the movie or he can forward it; he can pause it or stop it and start from the beginning. TV does not allow this precisely because of the ephemeral nature of broadcasting. In addition, even though VOD shows often are viewed on home television screens, a standard television set capable of receiving television signals is not strictly required for VOD viewing: VOD can be viewed on a computer screen, for example. This feature also makes VOD more like home-video entertainment and less like television.

VI. Conclusion

It is possible to come up with arguments for treating VOD as both television and as home video. These arguments have to be made by analogy in the absence of cases dealing with VOD. While this article attempts to develop arguments for proper categorization of VOD technology, it is clear that in the absence of court decisions on the issue, the question remains unsettled. Until then, parties drafting licensing agreements are well advised to specify what *they* mean by VOD as well as the scope of rights granted with respect to VOD.

Endnotes

1. http://research.kagan.com/KEO/databooksdetailpage.aspx?DatabookID=66&Redirect=true#HighLights.
2. *Id.*
3. *Id.*
4. Disney, for instance, refused to give Comcast a right to record and replay "Alias" on VOD.
5. That, however, will change with time. Comcast already advocates for "everything on demand." With that approach, VOD could indeed become TV: one day cable companies will be able to record all the programs they transmit and store them temporarily on computer servers in every region their cable systems serve.
6. "Home video" refers to watching videos played by VCRs or DVD players.
7. Known as either a Digital Video Recorder or a Personal Video Recorder, this hard disc drive device records television programs and allows live broadcasts to be paused. High-speed fast-forwarding allows users to skip commercials easily. TiVO is the pioneer of digital video recorders and is a popular brand of Digital video recorder (DVR) in the United States.
8. *See, e.g., Muller v. Walt Disney Prods.*, 871 F. Supp. 678, 681 (S.D.N.Y. 1994) (holding that the right to exhibit film on video is encompassed by the broad definition of photoplay as "a motion picture produced and/or exhibited with or accompanied by sound and/or reproducing and/or transmitting devices, radio devices, television and all other improvements and devices which are now or hereafter may be used in connection with the production, exhibition and/or transmission of any present or future kind of motion picture production").
9. *See, e.g., Platinum Record Co. v. Lucasfilm Ltd.*, 566 F. Supp. 226, 227-28 (D. N.J. 1983) (holding that the right to exhibit the film "by any means or methods now or hereafter known" included video distribution); *Wexley v. KTTV, Inc.*, 108 F. Supp. 558, 558 (S.D. Cal. 1952) (holding that film could be exhibited on television where grant conveyed the "right to make, produce, adapt, sell, lease, license, sublicense, exhibit, exploit, perform, transmit and otherwise generally deal in motion picture versions of the said dramatic composition and the title thereof in any manner and method now or any time hereafter ever known or made available"); *Hellman v. Samuel Goldwyn Prods.*, 257 N.E.2d 634, 634-35 (N.Y. 1970) (holding that film could be exhibited on television where grant conveyed right to "make, exhibit and market everywhere motion pictures, trailers, sound records (in connection with motion pictures) and stills based upon or adapted from the Property, using any methods or devices for such purposes which are now or hereafter known or used").
10. *See Tele-Pac, Inc. v. Grainger*, 570 N.Y.S.2d at 523 (holding that video is not covered by clause granting right to broadcast over future devices similar to television); *see also Subafilms*, 1993 U.S. App. LEXIS 4068, at 4 (finding that future technology clause applied only to rights granted, which evidence showed did not include video).
11. *Muller*, 871 F. Supp. at 682. The court found: "The definition of 'photoplay' clearly is intended to embrace new technology for the 'production, exhibition and/or transmission' of motion pictures. There is no point in quibbling about whether home video involves production, exhibition or transmission. The contractual language is clearly designed to embrace future means by which motion pictures can reach consumers, in public or in private." *Id.*
12. *See Filmvideo Releasing Corp. v. Hastings*, 446 F. Supp. 725, 728-29 (S.D.N.Y. 1978) (stating that specific reservation of television and video rights superseded future technology clause).
13. *See Boosey & Hawkes Music Publishers, Ltd. v. The Walt Disney Company,* 145 F.3d 481, 486 (2d Cir. 1998); *Bourne v. Walt Disney Co.,*

68 F.3d 621, 630 (2d Cir. 1995); *Bloom v. Hearst*, 33 F.3d 518, 525 (5th Cir. 1994); *Bartsch v. Metro-Goldwyn Mayer, Inc.*, 391 F.2d 150, 154 (2d Cir. 1968); *L.C. Page & Co. v. Fox Film Corp.*, 83 F.2d 196 (2d Cir. 1936); *Philadelphia Orchestra*, 821 F. Supp. at 345; *Landon*, 384 F. Supp. at 454; *Cinema Corp.*, 267 N.Y.S. at 327; *cf. Maljack Prods., Inc., v. Goodtimes Home Video Corp.*, 81 F.3d 881, 885 (9th Cir. 1996) (holding that a grant of music rights—without a future technology clause but also without any reservation clause—conveyed synchronization rights for video).

14. *See Republic Pictures Corp. v. Rogers*, 213 F.2d 662, 665 (9th Cir. 1954); *Autry v. Republic Prods. Inc.*, 213 F.2d 667, 668 (9th Cir. 1954); *Rooney v. Columbia Pictures Indus. Inc.*, 538 F. Supp. 211, 212 (S.D.N.Y. 1982).

15. 845 F.2d 851 (9th Cir. 1998); *cf. Maljack*, 81 F.3d at 885 (distinguishing *Cohen* in finding that a music grant without a general reservation clause included synchronization rights for video).

16. *See, e.g., Boosey*, 145 F.3d at 488; *Bartsch*, 391 F.2d at 154 n.1 (referring to general reservation clauses as "truisms"); *Hellman*, 257 N.E.2d 635 (including a general reservation clause in quotation of agreement but failing to address the clause in its discussion).

17. *Compare Trust Co. Bank v. MGM/UA Entertainment Co.*, 772 F.2d 740, 748 (11th Cir. 1985) (rejecting as "meritless" the argument that sequel rights were not reserved because not enumerated where a general reservation clause was followed by a sentence stating that the reserved rights "include, but are not limited to" enumerated rights), *with Bloom*, 33 F.3d at 524. The *Bloom* court, in finding that a grant of motion picture and television rights encompassed all elements of video, stated:

> The rule of ejusdem generis applies where specific recitals in a contract are ether preceded or followed by an omnibus clause that retains all rights not mentioned. In such circumstances, courts often apply the rule to limit the actual rights reserved to those specifically mentioned, or rights intimately analogous to those mentioned. As such, having chosen not to specifically reserve the video rights in their reservation clause, the appellants cannot prosper by this boilerplate, catch-all clause. *Id.*

18. *See Landon*, 384 F. Supp. at 454. The *Landon* court stated: "[W]hen the parties sought to reserve to Landon certain rights, they did so carefully and specifically. Such reservations are themselves strong evidence that if Landon had intended to reserve the right to make and filmed exhibit television versions of the property, she and her noted and experienced literary agents . . . knew how to do so." *Id.*; *cf. Brown*, 799 F. Supp. at 171 (holding that the prohibition of the specific use of a singer's performance in film, given broad grant language, "indicates that all other uses not specifically prohibited are transferred to the grantee"). *See Bloom*, where court said that if you have a detailed list of rights that you reserve, then a catch-all phrase like "reservation of all rights not granted" will not help.

19. *See Bloom*, where court held that a general grant of motion picture rights is potentially broad enough to encompass the later use of video as means of distribution. 33 F.3d 518. *See also Bourne*, 68 F.3d at 630 (stating that "motion picture" is not necessarily limited to a series of images on celluloid, but rather is broad enough to include videocassette).

20. *Raine v. CBS*, 25 F. Supp. 2d 434 (S.D.N.Y. 1998).

21. *See, e.g., Tele-Pac, Inc. v. Grainger*, 168 A.D.2d 11, 570 N.Y.S.2d 521, 522 (App. Div. 1991); *General Mills v. Filmtel Int'l Corp*, 599 N.Y.S.2d at 821(1st Dep't 1993).

22. In *Tele-Pac*, *supra* note 21, the court held that a license to distribute certain motion pictures "for broadcasting by television or any other similar device now known or hereafter to be made known" did not encompass the videocassette film rights. *Id.*

23. 845 F.2d 851 (9th Cir. 1988).

24. *Id.*

25. *Id.*

26. *Id.*

27. *Id.*

28. *See, e.g., Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984) (noting prevalent use of videocassette recorders for "time-shifting" of commercial television programming); *Rooney*, 538 F. Supp. at 228 ("whether the exhibition apparatus is a home videocassette player or a television station's broadcast transmitter, the films are 'exhibited' as images on home television screens").

29. *Cohen*, 845 F.2d at 854.

30. *Id.*

31. *Bartsch*, 391 F.2d at 155; *Rey v. Lafferty*, 990 F.2d 1379 (1st Cir. 1993).

32. *Tele-Pac*, 168 A.D.2d at 16.

33. *See supra* notes 22 and 31.

34. *Cohen*, 845 F.2d at 854.

Natallia Azava is a 2006 graduate of the Benjamin N. Cardozo School of Law.

Intellectual Property Law Section Annual Meeting

TUESDAY, JANUARY 23, 2007
New York Marriott Marquis
1535 Broadway, New York City

MORNING PROGRAM, 9:00 a.m.
Marquis Ballroom, 9th Floor

LUNCHEON, 12:50 p.m.
16th Floor Sky Lounge

AFTERNOON PROGRAM, 2:20 p.m.
Marquis Ballroom, 9th Floor

COCKTAIL RECEPTION, 5:00 p.m.
16th Floor Sky Lounge

IMPORTANT INFORMATION

Under New York's MCLE rule, this program has been approved for a total of up to 7 credit hours, consisting of 5 credit hours in practice management and/or areas of professional practice and 2 hours in ethics. **Except for the ethics portion, this course will not qualify for credit for newly admitted attorneys because it is not a basic practical skills program.**

Discounts and Scholarships: New York State Bar Association members may apply for a discount or scholarship to attend this program based on financial hardship. Under that policy, any member of our Association who has a genuine financial hardship may apply in writing not later than two working days prior to the program, explaining the basis of his/her hardship, and if approved, can receive a discount or scholarship, depending on the circumstances. For more details, please contact: Linda Castilla at: New York State Bar Association, One Elk Street, Albany, New York 12207.

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Debra I. Resnick, Esq.
FTI Consulting
New York City

Program Co-Chair
Rory J. Radding, Esq.
Morrison & Foerster LLP
New York City

Program Co-Chair
Robin E. Silverman, Esq.
Golenbock Eiseman Assor Bell & Peskoe LLP
New York City

9:00 - 9:10 a.m.	**Welcoming Remarks** - Marquis Ballroom, 9th Floor **Debra I. Resnick, Esq.**, Section Chair **Rory J. Radding, Esq. and Robin E. Silverman, Esq.,** Program Co-Chairs
9:10 - 9:20 a.m.	**John R. Horan, Esq.,** The New York Bar Foundation
9:20 - 10:10 a.m.	**THE FUTURE OF IP**
Speaker:	**Q. Todd Dickinson, Esq.** Vice President and Chief Intellectual Property Counsel General Electric Company Fairfield, Connecticut
10:10 - 11:00 a.m.	**IP AND THE SUPREME COURT - THE ROBERTS COURT IN REVIEW**
Speaker:	**Beth S. Brinkmann, Esq.** Morrison & Foerster LLP Washington, D.C.

11:00 - 11:10 a.m.	**Break -** The Intellectual Property Law Section would like to thank Fross Zelnick Lehrman & Zissu, P.C. for sponsoring the break. Their support of the Section is greatly appreciated.
11:10 a.m. - 12:00 p.m.	**FAIR USE—SWORD OR SHIELD? (FAIR USE AND COPYRIGHT, TRADEMARK AND THE RIGHT OF PUBLICITY)**
Speakers:	**Barbara A. Solomon, Esq.** Fross Zelnick Lehrman & Zissu, P.C. New York City **Jennifer L. Pariser, Esq.** Sony BMG Music Entertainment New York City
12:00 - 12:50 p.m.	**IP AND ETHICS—RECENT DEVELOPMENTS**
Speakers:	**Hal R. Lieberman, Esq.** Hinshaw & Culbertson LLP New York City
12:50 - 1:00 p.m.	**Annual Law Student Writing Competition** First Prize, $2,000, sponsored by Morrison & Foerster LLP Second Prize, $1,000, sponsored by Sills Cummis Epstein & Gross, P.C. The Section thanks these sponsors for their support of the Writing Contest.
1:00 - 2:15 p.m.	**Lunch** - 16th Floor Sky Lounge
2:20 - 3:10 p.m.	**THE GLOBAL PROTECTION OF TRADE SECRETS—HOW TO KEEP A SECRET**
Speakers:	**Jeffrey T. Golenbock, Esq.** Golenbock Eisenman Assor Bell & Peskoe LLP New York City **Victoria A. Cundiff, Esq.** Paul, Hastings, Janofsky & Walker LLP New York City
3:10 - 4:00 p.m.	**HARDBALL PATENT DEBATE: WHEN IS AN INVENTION OBVIOUS?** ***KSR V. TELEFLEX***
Speakers:	For Status Quo: **F. Scott Kieff, Esq.** Hoover Institution, Stanford University Washington University Law School St. Louis, Missouri For Change: **James W. Dabney, Esq.** Fried, Frank, Harris, Shriver & Jacobson LLP New York City
4:00 - 4:50 p.m.	**IP AND ETHICS—SARBANES-OXLEY** **Patrick Romain, Esq.** Merrill Lynch & Co., Inc. New York City
4:50 - 5:00 p.m.	**Closing Remarks** **Debra I. Resnick, Esq.**, Section Chair **Rory J. Radding, Esq. and Robin E. Silverman, Esq.,** Program Co-Chairs
5:00 - 6:30 p.m.	**Cocktail Reception and Young Lawyers Introduction** 16th Floor Sky Lounge Please join us for a Cocktail Reception sponsored by Thomson CompuMark following the program. The Section is most grateful to Thomson CompuMark for its continued support of the Section year after year!

www.nysba.org/ipl

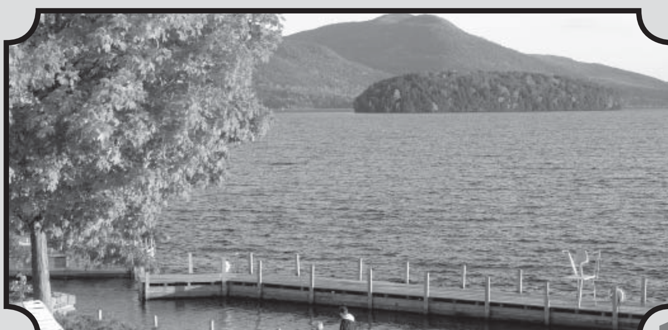
Intellectual Property Law Section

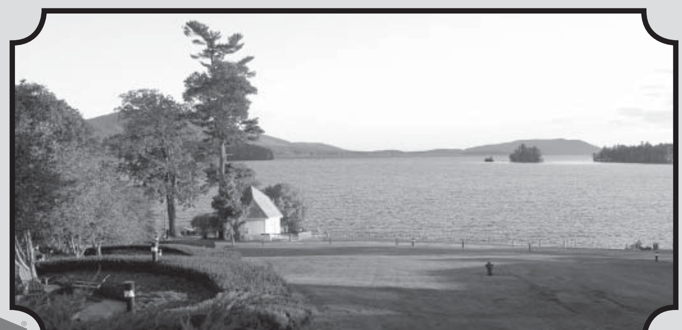
Fall Meeting

October 12–15, 2006

The Sagamore

Lake George, New York



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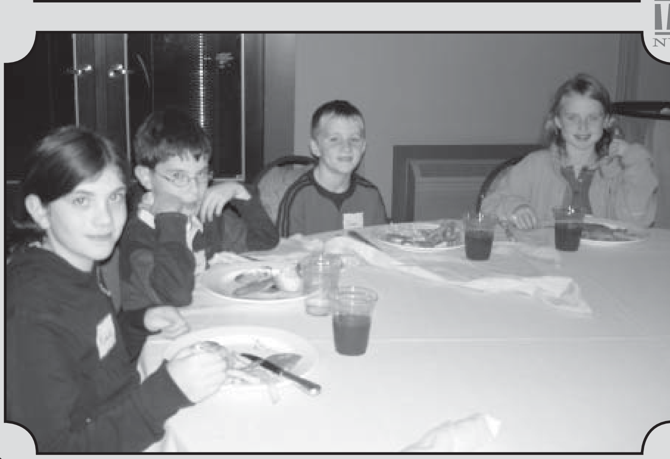



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ANNOUNCING THE

Intellectual Property Law Section's

ANNUAL LAW STUDENT WRITING COMPETITION

To be presented at the **Annual Meeting of the Intellectual Property Law Section, January 23, 2007, New York, NY** to the authors of the best publishable papers on subjects relating to the protection of intellectual property **not published elsewhere, scheduled for publication, or awarded another prize.**

First Prize: $2,000—Sponsored by Morrison & Foerster LLP
Second Prize: $1,000—Sponsored by Sills Cummins Epstein & Gross, P.C.

COMPETITION RULES ARE AS FOLLOWS:

To be eligible for consideration, the paper must have been written solely by students in full-time attendance at a law school (day or evening program) located in New York State or by out-of-state students who are members of the Section. One hard copy of the paper and an electronic copy in Word format on a 3.5" H.D. disk must have been submitted by mail, postmarked not later than **November 6, 2006**, to the person named below. As an alternative to sending the disk, the contestant may have e-mailed the electronic copies, provided that they were e-mailed before 5:00 p.m. EST, **November 6, 2006.**

Papers will be judged anonymously by the Section and must meet the following criteria or points will be deducted: no longer than 35 pages, double-spaced, including footnotes; and one file with a cover page indicating the submitter's name, law school and expected year of graduation, mailing address, e-mail address, telephone number, and employment information, if applicable.

Winning papers may be published in the Section's publication *Bright Ideas*. Reasonable expenses will be reimbursed to the author of the winning paper for attendance at the Annual Meeting to receive the Award.

The judges reserve the right to: not consider any papers submitted late or with incomplete information, not to publish papers, not award prizes, and/or to determine that no entries are prizeworthy or publishable.

Entries by hard copy and e-mail were sent to: Naomi Pitts, NYSBA, One Elk Street, Albany, NY (e-mail: npitts@nysba.org). Comments and/or questions may be directed to the Co-Chairs of the Young Lawyers Committee: Michael J. Kelly, Kenyon & Kenyon, 1 Broadway, New York, NY 10004, (212) 425-7200, (e-mail: mkelly@kenyon.com) or Dana L. Schuessler, Greenberg Traurig LLP, 200 Park Avenue, New York, NY 10166, (212) 801-6707, (e-mail: schuesslerd@gtlaw.com).

Law Student Writing Contest Winners

2005 No prizes awarded

2004
First Prize: Thad McMurray
SUNY Buffalo School of Law
Second Prize: Michele Gross
Cardozo School of Law

2003
First Prize: Christopher Barbaruolo
Hofstra School of Law
Second Prize: Anna Kingsbury
New York University School of Law

2002
First Prize: Deborah Salzberg
Fordham Law School
Second Prize: David V. Lampman, II
Albany Law School

2001
First Prize: Maryellen O'Brien
SUNY Buffalo School of Law
Second Prize: Safia A. Nurbhai
Brooklyn Law School
Third Prize: Stephen C. Giametta
St. John's University School of Law

2000
First Prize: Michael J. Kasdan
New York University School of Law
Second Prize: David R. Johnstone
SUNY Buffalo School of Law
Third Prize: Donna Furey
St. John's University School of Law

Trade Winds

Trade Winds offers Section members a way to keep up on the comings and goings of their colleagues and upcoming events of interest. Has there been a change in your practice? Any recent or forthcoming articles or lecture presentations? Won any awards recently? Please e-mail submissions to Jonathan Bloom at jonathan.bloom@weil.com.

Welcome New Members:

John T. Araneo
Fatimat Olabisi Balogun
Melissa Battino
Brian J. Beatus
Rashmi C. Bhatnagar
Scott Bialecki
Megan Kate Bowen
Dale Margaret Cendali
Julia Cheng
Thomas R. Desimone
Alison Dow
Vincent E. Doyle
Aimee A. Drouin
Brian M. Duncan
Stephen Joseph Elliott
Lauren Emerson
Anna Rose Falkowitz
Paul J. Frankenstein
Sharon Stern Gerstman
Jason E. Gettlemen
Christopher Michael Grant
Victor Day Hendrickson
Kenie Ho
Liel Hollander
Naoko Iwaki
Ashley Wales Johnson
Robert Paul Johnson
Kristin Marie Joslyn
Christopher M. Kamnik
Shirin Keen
Michael James Kelly
Allison B. Kelrick
Hongseok Kim
Nayoung Kim
Lana Koroleva
Adam E. Kraidin
Bonnie E. Krasner
Anna Kuzmik
Peter Lambrianakos
Kristine E. Linnihan
Karine Louis
A. John P. Mancini
Gregory Norman Mandel
Halle Markus
Michelle Mancino Marsh
George Steven McCall
Sean P. McMahon
Jeremy P. Merling
Thomas L. Montagnino
Andres Alfredo Munoz
Brian Anthony Nath
Matthew Jenkins Neel
William P. Nix
Ketan Pastakia
Joseph Mel Paunovich
Stanley Pierre-Louis
Alexander G. Piller
Meghan K. Quigley
Jessica Lorraine Rando
Adam P. Redder
Kathleen A. Roberts
Lindsay Ashburn Roseler
Christian D. Rutherford
Patricia Ann Ryder
David Jonathan Saenz
Dana Lauren Schuessler
Marc A. Schwartz
Jacqueline Seltzer
Shelly Juneja Shah
Matthew John Sherwood
Daniel Wooseob Shim
Robin E. Silverman
Hye Jin Lucy Song
Karen S. Sonn
Andrew Klay Sonpon
Gregory Stephen Spicer
Hui Lun Su
Jie Tang
Elizabeth Wade
Christopher Andrew Werner
Denise S. Wong
Maximilien Alfonso Yaouanc

MEMBERSHIP APPLICATION
New York State Bar Association:

INTELLECTUAL PROPERTY LAW SECTION

Membership in the New York State Bar Association's Intellectual Property Law Section is a valuable way to:

- enhance professional skills;
- keep up-to-date with important developments in the legal profession;
- join colleagues in exciting Section events.

OPPORTUNITIES FOR EDUCATION

The Intellectual Property Law Section offers both the experienced and novice practitioner excellent opportunities to enhance their practical and legal knowledge and expertise. Through Section activities, including conferences on intellectual property (an annual fall event), members may examine vital legal developments in intellectual property law. The Section's Web site provides current information regarding Section events and offers "members only" access to current issues of *Bright Ideas* and current Committee bulletins providing updates on intellectual property law. The Section plans to sponsor continuing legal education (CLE) credit-bearing programs for Section members at reduced rates. Recent programs offered by the Section related to computer software and biotechnology protection, conducting intellectual property audits, and practical considerations in trade secret law. The Section sponsors an annual Intellectual Property Law writing contest for New York State Law Students.

OPPORTUNITIES FOR PROFESSIONAL DEVELOPMENT

Intellectual Property Law Section committees address unique issues facing attorneys, the profession and the public. The Section offers opportunities to serve on committees such as Patent Law; Trademark Law; Copyright Law; Internet Law; Trade Secrets; Technology, Transfer and Licensing and Young Lawyers.

Committees allow you to network with other attorneys from across the state and give you the opportunity to research issues and influence the laws that can affect your practice. Committees are also an outstanding way to achieve professional development and recognition. Law students are automatically members of the Young Lawyers Committee. Section members may join more than one committee.

A VOICE IN THE ASSOCIATION

The Intellectual Property Law Section takes positions on major professional issues that affect practitioners and advocates those positions within the New York State Bar Association, the legislature, and the public.

See page 30 to become a member of the Intellectual Property Law Section

COMMITTEE ASSIGNMENT REQUEST

Please designate, from the list below, those committees in which you wish to participate. For a list of Committee Chairs and their e-mail addresses, please refer to page 31 of this issue.

___ Copyright Law (IPS1100)

___ Diversity Initiative (IPS2400)

___ Ethics (IPS2600)

___ International Intellectual Property Law (IPS2200)

___ Internet & Technology Law (IPS1800)

___ Legislative/Amicus (IPS2300)

___ Litigation (IPS2500)

___ Meetings and Membership (IPS1040)

___ Patent Law (IPS1300)

___ Transactional Law (IPS1400)

___ Trademark Law (IPS1600)

___ Trade Secrets Law (IPS1500)

___ Young Lawyers (IPS1700)

Please e-mail your committee selection(s) to Naomi Pitts at: npitts@nysba.org

* * *

To be eligible for membership in the Intellectual Property Law Section, you first **must** be a member of the NYSBA.

❒ As a member of the NYSBA, I enclose my payment of $30 for Intellectual Property Law Section dues. (Law student rate: $15)

❒ I wish to become a member of the NYSBA and the Intellectual Property Law Section. I enclose both an Association and Section application with my payment.

❒ Please send me a NYSBA application. No payment is enclosed.

Name ____________________

Office ____________________

Office Address ____________________

Home Address ____________________

E-mail Address ____________________

Office Phone No. ____________________

Office Fax No. ____________________

Home Phone No. ____________________

Please return payment and application to:

Membership Department
New York State Bar Association
One Elk Street
Albany, New York 12207
Telephone: 518/487-5577
FAX: 518/487-5579
http://www.nysba.org

Section Committees and Chairs

The Intellectual Property Law Section encourages members to participate in its programs and to contact the Section Officers or Committee Chairs for information.

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Anyone wishing to submit an article, announcement, practice tip, etc., for publication in an upcoming issue of *Bright Ideas* is encouraged to do so. Articles should be works of original authorship on any topic relating to intellectual property. Submissions may be of any length.

Submissions should preferably be sent by e-mail to Jonathan Bloom, Editor-in-Chief, at the address indicated on this page. Submissions for the Spring/Summer 2007 issue must be received by March 1, 2007.

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