

Bright Ideas

A publication of the Intellectual Property Law Section
of the New York State Bar Association

Message from the Chair

Old adages and clichés have their place in the English language and serve their purpose of communicating one’s perspective on a situation. Recently, I have found myself saying “Don’t work harder, work smarter.” I have always believed this to be true—until now.

These days, a more accurate assessment of what one must do to be recognized as a valuable asset to one’s organization is “Work hard and self promote.” In an article on *cnn.com* called “Me 2.0: Branding yourself online,” Mark Tutton talks about working hard to acquire a skill set, become expert, and then promote your skills and strengths.

Marketing a brand is a concept with which IP practitioners are familiar, but marketing our own personal brand is a more difficult concept to accept and act on; it requires one to toot one’s own horn and boast shamelessly. While Tutton focuses on social networking sites and blogs as vehicles to sell your brand, there is another marketplace: the IP Law Section roundtables, meetings, and publications. Many of our active members already know this!

Charles Weigell and Eric Gisolfi co-chaired the Section’s Annual Fall Meeting, “Creating the Future in IP,” at the Sagamore on Lake George. The program was exceptional this year; Charles, Eric, and the incredible speakers made continuing legal education fun. Pictures of the program and festivities are included in this issue courtesy of Kelly Slavitt.

Debra Resnick and Ira Levy co-chaired the recent breakfast Roundtable “Making Trademark and Copyright Infringement Litigation Pay for Itself: Proving and Obtaining Monetary Relief.” The program attracted over forty attendees, and the evaluations were proof that the topic was timely and the speakers, Louis Ederer of Ar-



Joyce L. Creidy

nold & Porter LLP and Juli Saitz of FTI Consulting, Inc., outstanding.

Chehrazade Chemcham and Michael Oropallo will co-chair the 2010 Annual Meeting, “An Internet and IP Odyssey: Navigating Bold New Challenges Along the Journey,” which will take place on January 26, 2010 at the Hilton New York. A cocktail reception will follow the program. This will be a great opportunity to practice your personal branding and volunteer to speak, write, or coordinate a program.

You can also help promote someone else’s brand by encouraging those you know to apply for the fellowship program or enter the Section’s law student writing competition. Ted Willis, the first Intellectual Property Law Section Fellow last summer, used his interest in IP to help Panthera Corporation carry out its mission to effect changes in law and policy to protect wild cat habitats. Ted found the experience very fulfilling and was grateful for the stipend that allowed him to undertake the project. Information on how to apply for the fellowship and on the writing competition is in this issue of *Bright Ideas*.

Joyce L. Creidy

Inside

Factoring in the Public Interest:

The Impact of *eBay* on Injunctive Relief in Copyright Cases . . . 2
(Eleanor M. Lackman)

Arista Records v. Launch Media, Inc.:

Second Circuit Grapples with Interactivity 9
(Michael S. Elkin and Thomas Patrick Lane)

Community Trademarks: Penny-Wise, Pound-Wise 15
(David Latham and Hugh O’Neill)

Transfer Motions in Patent Cases 18
(Michael A. Oropallo and John M. Nichols)

Scenes from the Intellectual Property Law Section Fall Meeting . . 23

Intellectual Property Law Section Annual Meeting Program 29

Factoring in the Public Interest: The Impact of *eBay* on Injunctive Relief in Copyright Cases

By Eleanor M. Lackman

I. Introduction

For decades, the decision to award injunctive relief based on a finding of likely success on the merits (in preliminary injunction cases) or actual success on the merits (in permanent injunction cases) was practically automatic in copyright cases. Then, in 2006, the Supreme Court handed down its unanimous ruling in *eBay, Inc. v. MercExchange, L.L.C.*,¹ a patent case on certiorari to the Federal Circuit. In *eBay*, the Court rejected the Federal Circuit's long-held "general rule" that a permanent injunction "will issue once infringement and validity have been adjudged" and criticized the rule that injunctions should be denied only in the "unusual" case, under "exceptional circumstances," and in "rare instances...to protect the public interest."²

Under *eBay*, a plaintiff seeking a permanent injunction must demonstrate: "(1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction."³ The Court explained that these factors encompass the "traditional equitable principles" that must be considered before a court decides, in its discretion, whether to grant an injunction.⁴

At first blush, it is tempting for a copyright lawyer to say "*eBay* is a patent case. What relevance does it have to copyright law?" In fact, even though *eBay* involved a patent infringement case at the permanent injunction stage, copyright litigants and courts have started to take account of the decision in copyright cases, both at the preliminary and permanent injunction stages. The results so far have been mixed: some courts have applied the four-factor test in copyright cases, but others have continued to apply the automatic presumption without addressing the test. These divergent approaches indicate that the question of *eBay's* relevance to copyright law has been a source of confusion among courts and has resulted in less predictability for both plaintiffs and defendants in assessing whether an injunction is likely to be entered.

Three years after *eBay* was handed down, *Salinger v. Colting*,⁵ which as of this writing is pending before the Second Circuit, put this post-*eBay* confusion center stage. In *Salinger*, the famously reclusive author of *The Catcher in the Rye* sued for copyright infringement and brought a preliminary injunction motion in the Southern District of New York against, among others, Frederik Colting,

the Swedish author of book entitled *60 Years Later: Coming Through the Rye*, which Salinger contended was an infringing derivative work of *The Catcher in the Rye* as well as an infringement of the character Holden Caulfield.⁶ The district court held that *60 Years* took too much of Salinger's original and that the defendants were unlikely to succeed on their fair-use defense. As courts often do upon finding likelihood of success in copyright cases, the court granted a preliminary injunction against the sale, promotion, or distribution of *60 Years* in the United States.⁷

The propriety of the injunction, a typical remedy in copyright cases, was a contested issue in *Salinger*. In granting the injunction, the court accepted the principle cited by Salinger, and often cited by plaintiffs, that "generally when a copyright plaintiff makes out a *prima facie* showing [of likelihood of success], irreparable harm may be presumed."⁸ But the defendants argued that an injunction is no longer an automatic remedy after *eBay*. They contended that, in light of *eBay*, "[t]here is no longer a presumption of irreparable harm in copyright infringement actions" and that irreparable harm must be demonstrated for injunctive relief to issue.⁹ The court, however, adhered to the presumption and held that *eBay* had no effect.¹⁰

The injunctive relief issue drew significant *amicus* briefing on appeal. Although the "public interest" factor cited in *eBay* was barely addressed in the district court, Colting and the several *amici* who filed briefs supporting him argued that the district court was required to consider First Amendment interests before issuing the injunction. Given this briefing, the Second Circuit will have little choice but to address the effect of *eBay* directly.

Even in advance of that ruling, however, the debate in *Salinger* and other cases has awakened courts to the fact that injunctive relief in copyright cases may no longer be so easy to obtain—at least not without an evidentiary proffer on each of the four *eBay* factors, which were rarely addressed in copyright cases prior to *eBay*. *eBay* also may have an impact on the negotiation of licensing fees and money-based settlements.

In light of all the ways *eBay* might affect copyright law, this article addresses the following four questions: (1) Does the four-factor test enunciated in *eBay* apply to copyright cases? (2) Does the four-factor test apply to both preliminary and permanent injunctions? (3) How will the four factors be addressed by the courts? and (4) What can a potential copyright licensor, licensee, plaintiff, or defendant expect in the post-*eBay* world?

II. Application of *eBay* to Copyright Cases

A. Prevailing Presumptions in Copyright Law

Although *eBay* was a patent case, the majority opinion suggests that the four-factor test also applies to copyright cases, if not to all cases. Specifically, in concluding that the general rule against automatic presumptions applicable in other contexts should apply equally in patent cases, the Court looked to the similarities between the policies underlying patent and copyright law, including the right to exclude others from using one's intellectual property.¹¹ It then explained by analogy that "this Court has consistently rejected invitations to replace traditional equitable considerations with a rule that an injunction automatically follows a determination that a copyright has been infringed."¹²

If the Court's description of injunctive relief in copyright cases had been accurate, there would be no debate as to whether *eBay* applies in copyright cases. However, the Court appeared to place too much trust in the way the Supreme Court and lower courts have applied their discretion when faced with a request for injunctive relief in copyright cases. Had the Court more fully canvassed federal copyright decisions, it would have found that injunctions have been more the rule than the exception and that they are frequently granted as a matter of course upon a showing of a *prima facie* claim. Even the Supreme Court cases that the Court cited for the proposition that it has "consistently rejected" the automatic issuance of an injunction do not establish a general rule in copyright law: the Court, citing only *New York Times Co. v. Tasini* (and by reference, *Campbell v. Acuff-Rose Music, Inc.*)¹³ and *Dun v. Lumbermen's Credit Ass'n*,¹⁴ did not point to any modern Supreme Court case in which it rejected a copyright injunction on the merits. Neither *Tasini* nor *Campbell* held that an injunction should not issue upon finding of infringement, and *Dun* involved an unusual factual situation that arose prior to the 1909 Copyright Act. What the Court described as "consistent rejection" of injunctive relief is more appropriately described as *dicta*.¹⁵

The language of *eBay* suggests that the four-factor test already applies in copyright cases, yet the four-factor test is rarely found in copyright decisions.¹⁶ Courts in the Second and Ninth Circuits have long held that "generally when a copyright plaintiff makes out a *prima facie* showing of infringement, irreparable harm may be presumed."¹⁷ Courts in other circuits have historically applied a different four-factor test, but the first factor has been given so much weight that the other factors have been glossed over.¹⁸ Whatever the test, the application has often been the same: "the plaintiff's burden for obtaining a preliminary injunction in copyright cases reduces to showing likelihood of success on the merits, without a detailed showing of danger of irreparable harm."¹⁹ Consequently, where a plaintiff has shown success on its claim of copyright liability, injunctions have—with rare exception²⁰—issued automatically.

Accordingly, it is more accurate to say that the trend in copyright law harkens back to the "general rule" that the Supreme Court criticized in *eBay*, i.e., "that a permanent injunction will issue once infringement and validity have been adjudged" and that "injunctions should be denied only in the 'unusual' case, under 'exceptional circumstances' and 'in rare instances...to protect the public interest.'"²¹ This long-held presumption in copyright law likely explains why courts have been so hesitant to apply *eBay* despite the decision's purported foundation in copyright law. However, as discussed below, it is likely that the principles of *eBay* may be adopted increasingly, and the Court's *dicta* may evolve into guideposts for injunctive relief in the post-*eBay* world.

B. Does *eBay* Change the Game in Copyright Cases?

Even if the Supreme Court was a bit misguided in thinking that "consistent rejection" of automatic injunctions existed in copyright jurisprudence, the Court's analysis of the language of the patent and copyright statutes nonetheless supports the proposition that the four-factor test applies equally to copyright cases.

To determine whether the four-factor test applied under the Patent Act, the *eBay* Court looked to the language of the Act itself, which indicates that injunctions are permissive, not mandatory, upon a finding of infringement: "The Patent Act expressly provides that injunctions 'may' issue 'in accordance with the principles of equity.'"²² As the Supreme Court noted, the language of the Copyright Act is similarly permissive, providing that injunctions "may" be granted.²³ The Court's analysis therefore suggests that the rule applicable in patent and copyright cases should be the same. In other words, it is likely that the Supreme Court in *eBay* would have reached the same result had it been a copyright case.

Despite the relatively straightforward analysis of injunctive relief in *eBay*, as well as commentary by leading copyright scholars that the four-factor *eBay* test applies to copyright cases,²⁴ the Supreme Court's ruling has not brought about a sweeping rejection of automatic injunctive relief in the lower courts. As the Southern District of New York recently noted, confusion still remains as to whether the presumption of irreparable harm applies.²⁵ Not only have courts continued to apply the presumption in the wake of *eBay*, but many post-*eBay* copyright decisions have ignored *eBay* entirely.²⁶

Where *eBay* has been raised, courts have not applied it consistently. Some courts have held that the four-factor test applies in copyright law just as it does in patent law.²⁷ Indeed, one court denied a copyright owner's request for a permanent injunction in part because it had failed to address the four factors.²⁸ Yet other courts have explicitly refused to extend *eBay* outside the patent context and adhered to the presumption. For instance, as discussed above, the district court in *Salinger* rejected application of *eBay* on the ground that it "dealt only with the presump-

tion of irreparable harm in the patent law context, and thus is not controlling in the absence of Second Circuit precedent applying it in the copyright context.”²⁹

In *Lennon v. Premise Media Corp.*,³⁰ as in *Salinger*, the court held that *eBay* is restricted to patent cases, although the court’s reasoning seems tenuous. In limiting the scope of *eBay*, the court appeared to suggest that the “sound discretion” applicable in issuing injunctions under copyright law is a substitute for considering the *eBay* factors.³¹ But the Court in *eBay* noted the district court’s discretion under the patent statute and case law yet nonetheless directed that the “traditional” four-factor test be applied despite the fact that the ultimate decision fell within the court’s discretion.³² Nimmer also counsels against the result reached in *Lennon*, describing *eBay* as “mandat[ing] consideration of four factors” and stating that “[n]o longer applicable is the presumption of irreparable harm....”³³

The court in *Lennon* (as well as in *Salinger*) also cited the Second Circuit’s post-*eBay* decision in *Time Warner Cable, Inc. v. DIRECTV, Inc.*³⁴ for the proposition that *eBay* governs only patent cases. In *Time Warner Cable*, the Second Circuit applied a presumption of irreparable harm where a preliminary injunction was sought in a false advertising case, and it made no reference to *eBay*.³⁵ However, arising as it did under the Lanham Act, which was enacted pursuant to Congress’s Commerce Clause powers,³⁶ *Time Warner Cable* does not explain why patent and copyright law, both arising under the Constitution’s “intellectual property” clause,³⁷ should be treated differently from one another. Indeed, just as the Supreme Court in *eBay* readily applied copyright principles in a patent case, the Court has not hesitated to apply patent principles in copyright cases.³⁸

Despite the confusion, it appears likely that the parties in copyright cases increasingly will cite *eBay*. Given the persuasive arguments for applying it in copyright cases, it may become the prevailing view. For now, those litigating copyright cases should, at the very least, be prepared to argue the *eBay* factors.

III. Extension of the *eBay* Factors to Preliminary Injunctive Relief

Because *eBay* involved a permanent injunction, there was some question as to whether it would apply in the preliminary injunction context. The court in *Lennon*, for example, explained that “*eBay* is also distinguishable in that it involved a permanent injunction rather than a preliminary injunction.”³⁹ On appeal in *Salinger*, *Salinger* distinguished between preliminary and permanent injunctive relief (as in *eBay*), arguing that even if he could not show entitlement to permanent relief, granting injunctive relief at the preliminary stage was “particularly appropriate.”⁴⁰ Certainly, the evidentiary record may

counsel forgoing injunctive relief where the plaintiff is unable to proffer sufficient evidence at an early stage of the proceeding.⁴¹

However, it appears that the Supreme Court’s 2008 decision in *Winter v. Natural Resources Defense Council*⁴² has removed any doubt as to the applicability of equitable factors in permanent injunction cases to cases in which a preliminary injunction is sought. The Court held in *Winter* that a plaintiff seeking a preliminary injunction “must establish that he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the public interest.”⁴³ The Court observed that each of these elements is “pertinent in assessing the propriety of any injunctive relief, preliminary or permanent.”⁴⁴ Quoting its decision in *Amoco Production Co. v. Village of Gambell*,⁴⁵ the Court emphasized that “[t]he standard for a preliminary injunction is essentially the same as for a permanent injunction with the exception that the plaintiff must show a likelihood of success on the merits rather than actual success.”⁴⁶ The Court echoed *eBay* in explaining that “[a]n injunction is a matter of equitable discretion; it does not follow from success on the merits as a matter of course.”⁴⁷

Even though *Winter* was not an intellectual property case, its principles likely will apply to copyright cases to the extent *eBay* does. As the district court in *Metro-Goldwyn-Mayer v. Grokster* observed, “*eBay*’s invocation of *Amoco* suggests that permanent and preliminary injunctions should generally be treated alike.”⁴⁸

IV. Arguing the *eBay* Factors

If the four-factor *eBay* test applies, a copyright litigant will need to argue each of the factors regardless of whether a preliminary or permanent injunction is sought. Although the case law does not examine most of the factors in depth due to the longstanding application of the presumption upon a showing of actual or likely success on the merits, pre- and post-*eBay* copyright cases provide some guidance.

A. Irreparable Harm

The first two *eBay* factors—irreparable injury and inadequacy of remedies at law—are interrelated and likely coincide with the second *Winter* factor (irreparable harm in the absence of preliminary relief).⁴⁹ “By definition, ‘irreparable injury’ is that for which compensatory damages are unsuitable.”⁵⁰ Accordingly, a plaintiff will need to demonstrate that any remedy other than injunctive relief will be insufficient to redress the harm caused by the defendant’s conduct. Courts will consider harm such as loss of market share, harm to reputation, loss of ability to control and enforce one’s copyrights, and the “peculiar nature” of the infringement itself, such as in digital file-sharing cases, where a defendant may continue to induce

widespread infringement by those who are not likely to be ordered to pay damages.⁵¹ Moreover, a legal remedy is not adequate where the plaintiff is unlikely to collect the damages to which it is entitled or where enforcement would require a “multiplicity of suits.”⁵²

B. Balance of Hardships

In weighing the balance of the hardships, the plaintiff’s showing of irreparable injury will certainly be taken into account. Against that showing, a court will look at the harm likely to be suffered by the defendant if an injunction issues. For example, the court may consider the expense a defendant may incur in attempting to remove infringing material from an otherwise legal work⁵³ or the possibility that removing the infringing portion of a primarily non-infringing work will destroy the entire work.⁵⁴ A court also may consider whether the defendant’s future infringement will be limited and whether the defendant has at least some “legitimate business purpose” in continuing its activities.⁵⁵ However, a defendant’s loss of the chance to sell an infringing work is not cognizable harm for purposes of evaluating injunctive relief.⁵⁶

C. The Public Interest

Before *eBay*, those courts that recognized a public interest factor gave it little consideration when likely or actual success was established. As both the First and Third Circuit have noted:

Since Congress has elected to grant certain exclusive rights to the owner of a copyright, it is virtually axiomatic that the public interest can only be served by upholding copyright protections and, correspondingly, preventing the misappropriation of the skills, creative energies, and resources which are invested in the protected work.⁵⁷

This policy has been upheld even in the face of the interest in increased public access to certain works,⁵⁸ and it has been endorsed under the *eBay* test.⁵⁹ However, where the grant of an injunction would negatively impact innocent parties⁶⁰ or violate public policies not already accounted for by copyright law,⁶¹ public policy considerations may mean that an injunction would do more harm than good.

V. Lessons for a Post-eBay World

A. When Is an Injunction Likely To Issue?

Following the Supreme Court’s cautionary words in *eBay*, categorical grants or denials of injunctive relief should be avoided. Yet in light of *eBay*’s citation of *Campbell*, a fair-use case, and *Tasini*, a case involving increased access to digitized works, there may be a push in analogous types of cases to turn *dicta* into dogma.

1. Public interest and not-so-fair use

In practice *eBay* may not bring about the “sea change” some commentators have described. Despite the new analysis, it is likely that injunctive relief will remain appropriate in most cases: “In the vast majority of cases, [an injunctive] remedy is justified because most infringements are simple piracy.”⁶² Courts will continue to note that the “public interest in receiving copyrighted content for free is outweighed by the need to incentivize the creation of original works,”⁶³ and we are unlikely to see compulsory licensing effectively imposed where it would prejudice the plaintiff.⁶⁴

However, with the reemergence of the “public interest” factor, those with a colorable claim of fair use—even where they are not likely to succeed on the defense—may be more likely to defeat injunctive relief than in the past. This theory is being tested in the *Salinger* appeal, in which the library and newspaper *amici* have argued that fair use, the First Amendment, and the public interest go hand in hand. Although it may be expressed differently under the *eBay* rubric, this concept is not new. The Supreme Court noted in *Campbell* that “[b]ecause the fair use enquiry often requires close questions of judgment as to the extent of permissible borrowing in cases involving parodies (or other critical works), courts may also wish to bear in mind that the goals of the copyright law, ‘to stimulate the creation and publication of edifying matter,’ ...are not always best served by automatically granting injunctive relief when parodists are found to have gone beyond the bounds of fair use.”⁶⁵

In a case factually similar to *Salinger*, the Eleventh Circuit placed strong weight on the likelihood that the fair-use defense would apply, noting that “the public interest is always served in promoting First Amendment values and in preserving the public domain from encroachment.”⁶⁶ Some commentators have even advocated that injunctive relief be eliminated in cases involving derivative works, whether arguably fair use or not.⁶⁷

eBay, of course, has no effect on the robust and flexible fair-use factors codified in section 107 of the Copyright Act. But *eBay* factors may give defendants an extra chance to avoid being silenced where the fair-use factors fail. At the same time, because *eBay* may provide courts with extra leeway in crafting relief, plaintiffs may have better luck tipping the scales toward a finding of no fair use when the threat of injunctive relief no longer looms.⁶⁸

2. Digital distribution and compulsory licensing

Even where an arguably “transformative” use is not involved, the public interest may favor not an injunction but a licensing scheme. While this approach is generally disfavored,⁶⁹ there is some authority—including the Supreme Court’s decision in *Tasini*—suggesting that it may be appropriate in some cases. In assuaging the dissent’s

fears about widespread removal of works from databases as a result of a finding of infringement, the *Tasini* majority explained that “it hardly follows from today’s inclusion that an injunction against the inclusion of these Articles in the Databases (much less all freelance articles in any databases) must issue.”⁷⁰

The Court advocated monetary relief over equitable remedies, explaining that the parties, “and if necessary, the courts and Congress, may draw on numerous models for distributing copyrighted works and remunerating authors for their distribution,” and it referenced, among other things, blanket music licensing schemes and the consent decrees governing their operation.⁷¹

The Court’s discussion appears particularly appropriate in light of the Google Library Project Book Search settlement, at least to the extent the publishers that have settled with Google are willing parties.⁷² The emergence of monetary relief in copyright cases may encourage the parties or the courts to work out an appropriate licensing arrangement in cases where multiple copyrighted works are used without permission, such as on YouTube.⁷³ However, even where the public interest favors access to works for a fee rather than no access at all, it is unlikely that a license will be judicially decreed where copyright owners are opposed.⁷⁴

B. The Effect of *eBay* Outside the Courthouse

eBay also may have an effect on licensing and settlement negotiations. As Justice Kennedy recognized in his concurring opinion in *eBay*, an injunction “can be employed as a bargaining tool to charge exorbitant fees to companies that seek to buy licenses to practice the patent.”⁷⁵ Removing the threat of the injunction may avoid abuse in the licensing fee negotiation process.⁷⁶

This principle will likely apply with equal force in the copyright field. For example, Richard Dannay has cited *Bill Graham Archives v. Dorling Kindersley Ltd.*,⁷⁷ in which the parties went to court when the defendant insisted on a \$2,500 per image licensing fee for use of seven copyrighted images in a book even though the average fee charged by other publishers for the other 2,000 or so images was \$150.⁷⁸ The owner of those seven images refused to negotiate and threatened “the most aggressive action possible” if the fee were not paid. The district court ultimately held that the use of the images was fair use, and the decision was affirmed on appeal.⁷⁹ As a result, not only did the copyright owner not get paid, but the defendant and others similarly situated may have grounds to avoid payment to other copyright owners. Had injunctive relief not been the threatened remedy, the parties might not have gone to court. And as suggested in Part III.A.1. above, had injunctive relief not been the default remedy, the district court might not have found fair use but instead fixed a fee consistent with what the rest of the market was offering.

VI. Conclusion

Although courts have not entirely embraced *eBay* in the copyright context, the age of the reflexive injunction—preliminary or permanent—is likely over. The injunction will likely remain the preferred remedy, particularly in cases of blatant piracy, but we are more likely to see consideration of the type and amount of the taking, as well as discussion of broader public interest issues where appropriate as courts craft appropriate relief.

Until additional guidance is provided by the courts, copyright practitioners should keep the *eBay* factors in mind—especially the public interest, a long-forgotten element in the injunction inquiry that may be poised to assume greater importance in copyright law.

Endnotes

1. 547 U.S. 388 (2006).
2. *Id.* at 393-94 (quoting *MercExchange, LLC v. eBay, Inc.*, 401 F.3d 1323, 1338-39 (Fed. Cir. 2005)).
3. *Id.* at 391.
4. *See id.* at 391-94.
5. No. 09 Civ. 5095, 2009 WL 1916354 (S.D.N.Y. July 1, 2009) (hereinafter *Salinger*); *on appeal*, No. 09-2878-cv (2d Cir.).
6. *See id.* at *1.
7. *Id.* at *16.
8. Pl. Br. at 29 (citations omitted).
9. Def. Br. at 8, 24. Despite raising *eBay*, the defendants’ brief did not list the four factors or offer argument on the fourth *eBay* factor.
10. *Salinger*, at *15 n.6.
11. *eBay*, 547 U.S. at 392.
12. *Id.* at 392-93.
13. 533 U.S. 483, 505 (2001) (citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578 n.10 (1994)).
14. 209 U.S. 20, 23-24 (1908).
15. For example, in *Tasini*, Justice Ginsburg, writing for the majority, assuaged the fears of those exploiting copyrights by explaining that “it hardly follows from today’s decision that an injunction against the inclusion of these Articles in the Databases (much less all freelance articles in any databases) must issue.” 533 U.S. at 505. In *Campbell*, the Court reminded other courts “to bear in mind that the goals of copyright law...are not always best served by automatically granting injunctive relief....” 510 U.S. at 578 n.10.
16. *See* Richard Dannay, *Copyright Injunctions and Fair Use: Enter eBay—Four-Factor Fatigue or Four-Factor Freedom?* (hereinafter *Dannay*), 55 J. Copyright Soc’y U.S.A. 449, 456 (Summer 2008) (“The Supreme Court dicta in *Campbell* and *Tasini* has not gone unnoticed but has been largely unheeded. And those few cases denying a permanent injunction have received little attention.”).
17. *ABKCO Music, Inc. v. Stellar Records, Inc.*, 96 F.3d 60, 66 (2d Cir. 1996). *See* *MAI Sys. Corp. v. Peak Computer, Inc.*, 991 F.2d 511, 520 (9th Cir. 1993) (“As a general rule, a permanent injunction will be granted when liability has been established and there is a threat of continuing violations.”).
18. *See* Mark A. Lemley & Eugene Volokh, *Freedom of Speech and Injunctions in Intellectual Property Cases*, 48 Duke L.J. 147, 159 (Nov. 1998) (“The ostensibly four-factor test collapses, in virtually all circuits, to a simple inquiry into likelihood of success on the merits.”); *see also id.* at 163 (“[w]here plaintiffs have made a prima facie showing of likelihood of success, in fact, some courts hold

- that it is reversible error to deny a preliminary injunction.”) (citing *Joshua Meier Co. v. Albany Novelty Mfg. Co.*, 236 F.2d 144, 146-48 (2d Cir. 1956), and *American Direct Mktg., Inc. v. Azad Int’l, Inc.*, 783 F. Supp. 84, 96 (E.D.N.Y. 1992)).
19. 4 Melville B. Nimmer and David Nimmer, *Nimmer on Copyright* (hereinafter Nimmer), § 14.06[A][2][b]. See also *Concrete Mach. Co., Inc. v. Classic Lawn Ornaments, Inc.*, 843 F.2d 600, 611-12 (1st Cir. 1988) (describing application of four-factor test as including rule of presumption of irreparable harm and showing of public interest where plaintiff establishes likelihood of success on the merits).
 20. Those cases in which injunctions have not been reflexively applied often involve instances where the level of creativity or taking is low. See *Silverstein v. Penguin Putnam, Inc.*, 368 F.3d 77, 84 (2d Cir. 2004) (“any protectible interest Silverstein may have would be so slight that it cannot properly be enforced by a preliminary or permanent injunction.”); *National Medicare Care, Inc. v. Espiritu*, 284 F. Supp. 2d 424, 432 (S.D. W. Va. 2003) (“the court is doubtful of the presumption’s suitability to the facts at hand. Here, the technical drawings and specifications at issue are primarily functional in nature. They contain little artistic or creative expression.”); see also *Dun*, 209 U.S. at 23 (“the proportion is so insignificant compared with the injury from stopping appellee’s use of their enormous volume of independently acquired information that an injunction would be unconscionable.”).
 21. *eBay*, 547 U.S. at 393-94 (citation omitted; internal quotations omitted).
 22. 547 U.S. at 392 (citing 53 U.S.C. § 283: “The several courts having jurisdiction of cases under this title *may* grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable.”) (emphasis added). Cf. *Salinger* Appellee Br. at 19 (arguing without citation that “[p]atent cases are distinguishable because the patent statute mandates issuance of an injunction if irreparable harm is established.”); see also *id.* at 49 (following *Lennon v. Premise Media* analysis distinguishing patent cases on ground that patent injunctions are required).
 23. *Id.* See 17 U.S.C. § 502(b) (“Any court having jurisdiction of a civil action arising under this title may, subject to the provisions of section 1498 of title 28, grant temporary and final injunctions on such terms as it may deem reasonable to prevent or restrain infringement of a copyright.”). Although the language of “principles of equity” is absent in the copyright statute, “[t]he general principles of equity followed by the courts in granting or denying injunctions are applicable to copyright infringements.” Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law, at 108 (1961).
 24. See Nimmer, *supra* note 19, § 14.06[A][3][a] (describing *eBay* as causing a “sea change” and explaining that, “[g]iven that the [eBay] Court reached its ruling by noting that ‘this Court has consistently rejected invitations to replace traditional equitable considerations with a rule that an injunction automatically follows a determination that a copyright has been infringed,’ it only makes sense to apply it to the instant domain of enjoining copyright infringement as well.”); Dannay at 457 (“on its face [eBay] applies to copyright law.”).
 25. *Warner Bros. Entm’t Inc. v. RDR Books*, 575 F. Supp. 2d 513, 552 (S.D.N.Y. 2008) (citing *Warner Bros. Entm’t Inc. v. Carsagno*, No. 06 Civ. 2676, 2007 U.S. Dist. LEXIS 40293, 2007 WL 1655666, *6 (E.D.N.Y. June 4, 2007), and *UMG Recordings, Inc. v. Blake*, No. 06 Civ. 00120, 2007 U.S. Dist. LEXIS 46414, 2007 WL 1853956, *3 (E.D.N.C. June 26, 2007)). The court nonetheless analyzed the four factors to determine that an injunction was warranted.
 26. See *Coquico, Inc. v. Rodriguez-Miranda*, 562 F.3d 62, 66 (1st Cir. 2009) (following pre-*eBay* four-factor test applicable in First Circuit but noting that “the resolution of the other three factors [irreparable harm, balance of the hardships and public interest] often turns on the plaintiff’s likelihood of success”) (citing *Concrete Mach. Co.*, 843 F.2d at 611-12); *Arista Records LLC v. Gaines*, 635 F. Supp. 2d 414 (E.D.N.C. 2009) (awarding injunctive relief on default judgment where there was a threat of future infringement, citing *M.L.E. Music v. Kimble, Inc.*, 109 F. Supp. 2d 469 (S.D. W.Va. 2000) (“Various district courts within this circuit have held that when a claim of copyright infringement has been proven, a permanent injunction prohibiting further infringement is appropriate and routinely entered.”)); *Capitol Records, Inc. v. Zahn*, 2007 U.S. Dist. LEXIS 11426, 2007 WL 542816, *4 (M.D. Tenn. Feb. 16, 2007).
 27. See *Christopher Phelps & Assocs., LLC v. R. Wayne Galloway*, 492 F.3d 532, 543 (4th Cir. 2007) (“Insofar as Phelps & Associates suggests it is *entitled* to injunctive relief, we reject the argument.... In *eBay*, the Supreme Court rejected any notion that ‘an injunction automatically follows a determination that a copyright has been infringed.’”) (citing *eBay*, 126 S. Ct. at 1839, 1840); *EMI April Music, Inc. v. White*, 618 F. Supp. 2d 497, 510 (E.D. Va. 2009) (“Since the Supreme Court’s *eBay* opinion in 2006, district courts are required to apply the four factor injunction test rather than simply presuming that an injunction should issue upon proof of infringement.”); *Microsoft Corp. v. AGA Solns., Inc.*, 589 F. Supp. 2d 195, 204 (E.D.N.Y. 2008) (“An injunction does not automatically follow a determination that a copyright or trademark has been infringed.”) (citing *eBay* and listing four factors); *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 518 F. Supp. 2d 1197, 1208 (C.D. Cal. 2007) (holding that plaintiff seeking injunctive relief must satisfy burden of *eBay* four-part test). See also *Allora, LLC v. Brownstone, Inc.*, 07-cv-87, 2007 WL 1246448, *5 (W.D.N.C. Apr. 27, 2007) (following *eBay* and stating that “this Court will not *presume* irreparable harm and likelihood of success on the merits following a *prima facie* showing of copyright infringement, but will instead treat copyright cases in the same manner as any other civil action requesting a preliminary injunction.”).
 28. *Microsoft*, 589 F. Supp. 2d at 204.
 29. *Salinger*, at *15 & n.6.
 30. 556 F. Supp. 2d 310, 319 n.1 (S.D.N.Y. 2008).
 31. See *id.* (“The presumption of irreparable harm in copyright infringement actions, unlike the rule addressed in *eBay*, does not require courts to impose an injunction following a determination of infringement.... Notwithstanding the presumption of irreparable harm, the decision whether to impose a preliminary injunction in a copyright infringement action remains within the sound discretion of the district courts.”) (citations omitted).
 32. See *eBay*, 547 U.S. at 392 (“the Patent Act expressly provides that injunctions ‘may’ issue ‘in accordance with the principles of equity.’”) (citation omitted); *id.* at 394 (“the decision whether to grant or deny injunctive relief rests within the equitable discretion of the district courts, and that such discretion must be exercised consistent with traditional principles of equity.”). See also *id.* at 393 (“patent holders may be able to satisfy the traditional four-factor test, and we see no basis for categorically denying them the opportunity to do so.”).
 33. Nimmer, *supra* note 19, § 14.06[A][5][a]; see also Dannay, *supra* note 16, at 458 (“After *eBay*, automatic or presumptive permanent injunctions are no more permissible than blanketed elimination of the remedy. There can be no mechanical rule that irreparable harm is ‘presumed’ in a case of copyright infringement and that a permanent injunction should follow as a matter of course.”).
 34. 497 F.3d 144, 162 (2d Cir. 2007).
 35. *Id.*; see also *E. Gluck Corp. v. Rothenhaus*, 585 F. Supp. 2d 505, 519 (S.D.N.Y. 2008) (rejecting *eBay* in trademark context).
 36. See 4 J. Thomas McCarthy, *McCarthy on Trademarks & Unfair Competition* § 24:102 (4th ed.) (noting that the Lanham Act, 15 U.S.C. §§ 1051, *et seq.*, is founded on the Commerce Clause of the Constitution); see also U.S. Const., art. I, § 8, cl. 3 (power to “regulate commerce with foreign nations, and among the several states....”).
 37. U.S. Const., art. I, § 8, cl. 8 (power to “promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”). The Northern District of California has recently

- stated that *eBay* applies to all cases other than trademark cases. See *Apple Inc. v. Psystar Corp.*, C 08-03251, 2009 U.S. Dist. LEXIS 94019, **8-9 (N.D. Cal. Sept. 23, 2009).
38. See, e.g., *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005) (inducement rule), and *Universal City Studios, Inc. v. Sony Corp.*, 464 U.S. 417 (1984) (staple article of commerce doctrine).
 39. 556 F. Supp. 2d at 320 n.1.
 40. *Salinger* Appellee Br. at 51.
 41. *Lennon*, 556 F. Supp. 2d at 320 n.1; *Grokster*, 518 F. Supp. 2d at 1212 (“Given these considerations [of limited records and temporary nature of preliminary injunctions], one could legitimately conclude that a plaintiff should be absolved of irreparable harm at such an early stage.”). Cf. *Dannay* at 460 (“The *eBay* decision will affect preliminary injunctions, too, not just permanent injunctions.”).
 42. 129 S. Ct. 365 (2008).
 43. *Id.* at 374.
 44. *Id.* at 381 (citing *Amoco Production Co. v. Village of Gambell*, 480 U.S. 531 (1987)).
 45. 480 U.S. 531, 107 S. Ct. 1396 (1987).
 46. *Winter*, 129 S. Ct. at 381.
 47. *Id.* (citing *Weinberger v. Romero-Barcelo*, 456 U.S. 305, 313 (1982)).
 48. 518 F. Supp. 2d at 1214.
 49. See *id.* at 1219 (noting that the first two *eBay* factors may be linked; citations omitted).
 50. *Wildmon v. Berwick Universal Pictures*, 983 F.2d 21, 24 (5th Cir. 1992).
 51. See *Grokster*, 518 F. Supp. 2d at 1215-17 (citing “massive end-user infringement” as evidence of irreparable harm). See also *Phelps & Assocs.*, 492 F.3d at 544 (“Irreparable injury often derives from the nature of the copyright violations, which deprive the copyright holder of intangible rights.”); *Warner Bros.*, 575 F. Supp. 2d at 552 (author’s destruction of “her ‘will or heart to continue’” with writing her own competing work, damage to sales of author’s other books and diminution in value of copyright in particular language).
 52. *Grokster*, 518 F. Supp. 2d at 1219-20.
 53. See *Lennon*, 556 F. Supp. 2d at 328. The court considered “balance of hardships” despite rejecting *eBay* because the plaintiff did not show a “likelihood of success on the merits.” See *id.* at 327-28 (alternative test).
 54. *Abend v. MCA, Inc.*, 863 F.2d 1465, 1479 (9th Cir. 1988) (no injunction against film based on story where rights to story reverted back to owner).
 55. *Grokster*, 518 F. Supp. 2d at 1220-21; cf. *Phelps & Assocs.*, 492 F.3d at 544 (balance of equities disfavored injunctive relief where plaintiff was already adequately compensated by money from initial sale).
 56. See *Warner Bros.*, 575 F. Supp. at 553; *Concrete Mach. Co.*, 843 F.2d at 612.
 57. *Concrete Mach. Co.*, 843 F.2d at 612; *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240, 1255 (3d Cir. 1983).
 58. See, e.g., *Georgia Television Co. v. TV News Clips of Atlanta*, 718 F. Supp. 939, 950 (N.D. Ga. 1989); *West Publ’g Co. v. Mead Data Cent., Inc.*, 616 F. Supp. 1571, 1582 (D. Minn. 1985) (public’s interest in dissemination of works outweighed by interest in copyright protections), *aff’d*, 799 F.2d 1219 (8th Cir. 1986).
 59. *EMI April Music*, 618 F. Supp. 2d at 511.
 60. See *Allora*, 2007 WL 1246448 at *8.
 61. See *Phelps & Assocs.*, 492 F.3d at 545 (public interest disfavored injunction against defendant where injunction would violate policy against restraints on alienation of real property).
 62. *Campbell*, 510 U.S. at 578 n.10 (citation and quotations omitted).
 63. *Grokster*, 518 F. Supp. at 1222.
 64. See, e.g., *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1028-29 (9th Cir. 2001) (“Imposing a compulsory royalty payment schedule would give Napster an ‘easy out’ of this case. If such royalties were imposed, Napster would avoid penalties for any future violation of an injunction, statutory copyright damages and any possible criminal penalties for continuing infringement.... [C]ompulsory royalties would take away the copyright holders’ ability to negotiate the terms of any contractual arrangement.”).
 65. 510 U.S. at 578 n.10 (citation omitted). Cf. *Warner Bros.*, 575 F. Supp. 2d at 553 (“because the Lexicon appropriates too much of Rowling’s creative work for its purposes as a reference guide, a permanent injunction must issue to prevent the possible proliferation of works that do the same.”).
 66. *SunTrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257, 1277 (11th Cir. 2001). The Second Circuit has held that First Amendment concerns are encompassed within the four fair use factors. See *New Era Publications Int’l, ApS v. Henry Holt & Co.*, 873 F.2d 576, 584 (2d Cir. 1989).
 67. See *Dannay*, *supra* note 16, at 452-53 (reviewing, discussing and criticizing proposal of Ninth Circuit Judge Alex Kozinski).
 68. See Pierre N. Leval, *Fair Use or Foul?*, 36 J. Copyright Soc’y U.S.A. 167, 179 (1989) (“the overly automatic injunction can cause harm to all sides. The risk of harm to the public and the secondary user who is found to have gone a little farther than permissible is obvious. There is also a harm to copyright interests, which may be denied deserved royalty compensation because of the court’s reluctance to find infringement-ergo-injunction.”).
 69. See, e.g., *Cadence Design Sys., Inc. v. Avant! Corp.*, 125 F.3d 824, 828 n.8 (9th Cir. 1997) (when a court sets a licensing fee in lieu of awarding an injunction, “the court has, in essence, made the plaintiff an involuntary licensor of its copyrighted material.”).
 70. *Tasini*, 533 U.S. at 505; see also *Greenberg v. National Geographic Soc’y*, 244 F.3d 1267, 1276 (11th Cir. 2001) (involving freelance photographs; “[i]n assessing the appropriateness of any injunctive relief, we urge the court to consider alternatives, such as mandatory license fees, in lieu of foreclosing the public’s computer-aided access to this educational and entertaining work.”).
 71. *Tasini*, 533 U.S. at 505.
 72. See *Authors Guild v. Google Inc.*, 05 Civ. 8136 (S.D.N.Y.). Cf. *Napster*, 239 F.3d at 1029 (“compulsory royalties would take away the copyright holders’ ability to negotiate the terms of any contractual arrangement.”).
 73. See *Viacom Int’l Inc. v. YouTube, Inc.*, 07 Civ. 2103 (S.D.N.Y.).
 74. See *Napster*, 239 F.3d at 1028-29 (rejecting argument that a compulsory royalty payment schedule was more appropriate than an injunction against peer-to-peer system).
 75. *eBay*, 547 U.S. at 396.
 76. See *id.* at 396-97 (“When the patented invention is but a small component of the product the companies seek to produce and the threat of an injunction is employed simply for undue leverage in negotiations, legal damages may well be sufficient to compensate for the infringement and an injunction may not serve the public interest.”).
 77. 386 F. Supp. 2d 324, 326 (S.D.N.Y. 2005).
 78. *Dannay*, *supra* note 16, at 458-59.
 79. 448 F.3d 605 (2d Cir. 2006).

Eleanor M. Lackman is a senior associate in the New York office of Lovells LLP.

Arista Records v. Launch Media, Inc.: **Second Circuit Grapples with Interactivity**

By Michael S. Elkin and Thomas Patrick Lane

I. Introduction

On August 21, 2009, the Second Circuit handed down a decision in *Arista Records, LLC, et al. v. Launch Media, Inc.*,¹ on an issue of first impression: What level of interactivity implicates section 114(j) of the Copyright Act and thus requires the payment of individually negotiated licensing fees to sound recording copyright holders for the performance of sound recordings via Internet radio?

The court clearly grasped the import of its ruling, noting that it was “the first federal court called upon to determine whether a webcasting service that provides users with individualized internet radio stations—the content of which can be affected by users’ ratings of songs, artists, and albums—is an interactive service within the meaning of 17 U.S.C. § 114(j)(7).”² The court noted that a service would be interactive “if a user can either (1) request—and have played—a particular sound recording, or (2) receive a transmission of a program ‘specially created for the user.’”³ In holding that the LAUNCHcast service did not allow users sufficient control over the playlist to qualify as “interactive,” the court determined that the defendant, Launch Media, Inc. (“Launch”), was not required to pay individually negotiated license fees to rights holders—thus preventing a damages award that could have reached \$2 billion.

On a broader level, the decision helped clarify the rights and responsibilities of Internet webcasters vis-à-vis sound recording rights holders, leveling the playing field somewhat between Internet and terrestrial radio and tacitly acknowledging that the digital marketplace should not be frustrated solely for the benefit of record companies.

Fundamental to the *Launch* decision is the complicated, and divisible, nature of music copyrights under U.S. law. Embodied in each musical work are multiple rights, including the right to the underlying musical composition, which includes both the composed musical notes and any lyrics, and the sound recording of the composition, which is the actual fixation of sounds, including the artist’s interpretation of the composition.⁴ As a result of this duality, the first right typically is held by the publisher of the musical work, and performance rights in the underlying composition are administered by the various performing rights organizations.⁵ The second right is typically held by the recording company that has signed the artist to a recording contract.

Terrestrial broadcasters pay royalties for the use of the underlying musical work, but they have never paid royalties to record companies for playing particular sound recordings. Terrestrial broadcasters and record companies

agreed to this arrangement largely out of convenience, as radio broadcasts were thought to function as free promotion of sound recordings (physical records or CDs). The rise of Internet-based broadcasting, however, changed the dynamic between broadcasters and record companies, and that dynamic has now perhaps changed yet again as a result of the Second Circuit’s *Launch* ruling.

This article attempts to put the *Launch* decision into context as part of a continuum from the inception of the sound recording performance right to the rise of the Internet and digital music and the development of legislation targeted specifically at digital copyright. The *Launch* litigation and resulting decision reflect the ambiguity present in the law but provide an example of the courts getting it right. We conclude by briefly looking to the future for both Internet entrepreneurs and copyright holders.

II. The Arrival of Webcasting and the Genesis of Launch

At the time of its appearance in 1998, Launch’s streaming radio business was one of only a handful of such operations. In the late 1990s, Internet radio was either akin to traditional terrestrial broadcasts, with set playlists and no user interactivity, or it provided users with an opportunity to download or listen to music “on-demand” through the storage of vast catalogs of music on remote servers.

As technology advanced, however, Launch, along with several other fledgling webcasting businesses, including MTVi’s SonicNet and MusicMatch, added increased functionality, allowing users to select pre-programmed stations, subscribe to particular content, or otherwise input some amount of user preference into the webcast. Launch offered what was billed as an individually tailored service in which the user could exert some degree of influence over the content of the streaming product but could not demand that a particular song be played.

While this differentiated Launch from terrestrial radio and from many Internet webcasters, it also brought Launch, along with companies such as SonicNet, to the attention of the record companies. Launch was, in many ways, the perfect test case for the fledgling Digital Millennium Copyright Act (DMCA), as it fell into neither the “terrestrial radio” nor the “on-demand” category of Internet broadcasters. Stung by the rapid rise of unauthorized file-sharing sites such as Napster and by licensing disputes concerning Internet-based music use, the record industry believed it could ill afford further diminution of record sales at the hands of “interactive” Internet radio.

A. The Digital Public Performance Right

Concurrent with the rise of Internet broadcasting came the creation of a new right to receive fees for the digital performance of sound recordings. With this powerful new right, record companies could demand from digital broadcasters fees they had never commanded from terrestrial broadcasters.

Prior to 1995, copyright holders had no right to compensation for the public performance of their sound recordings.⁶ Only with the passage of the Digital Performance Right in Sound Recordings Act (DPRA) were copyright holders entitled to compensation for the performance of their works, albeit only in digital form.⁷ Under the DPRA, noninteractive subscription services, defined as those that did not “enable[] a user to receive, on request, a transmission of a particular sound recording,” would be subject only to a compulsory statutory licensing fee to be determined by the Copyright Arbitration Royalty Panel (CARP), the precursor to the present Copyright Royalty Board (CRB).⁸

Any subscription service that allowed a user to choose a particular recording for performance, however, would not be eligible for a compulsory license and instead would have to negotiate an individual licensing fee with the copyright holder or face the prospect of an infringement suit. (Nonsubscription services—those that offered the performance of digital music without charging any fees directly to individual users—were unaccounted for by the DPRA.) The interactive/noninteractive distinction was explained by Congress’s finding that “[o]f all new forms of digital transmission services, interactive services are most likely to have a significant impact on record sales, and therefore pose the greatest threat to the livelihoods of those whose income depends upon revenues derived from traditional record sales.”⁹

In 1998, Congress passed the DMCA, which explicitly modified the compulsory licensing provisions of the DPRA to include nonsubscription services,¹⁰ but Congress maintained the limited, digital-only scope of the sound recording performance right.¹¹ The key change for webcasters was revision of the term “interactive” in section 114(j)(7) to include both on-demand services and programs “specially created for the recipient.”¹² Under the DMCA, only those services that were noninteractive qualified for the (considerably lower) compulsory licensing rate. Any interactive service would have to negotiate licenses directly with each rights holder.

The distinction between interactive and noninteractive in terms of licensing rights reflects the divide between the digital and terrestrial broadcasting business at the time the DMCA was passed. Section 114(j)(7) envisions a relatively clear split between on-demand performance of songs selected directly by a user, on the one hand, and broadcasting in the manner of traditional radio stations, on the other. In part, this is because the terrestrial

radio stations, represented by the National Association of Broadcasters (NAB), did not at the time envision user-influenced Internet radio.

B. The DMCA as Generator of Litigation

The DMCA has generated considerable litigation. In part, this is due to the nature of the legislation, in which Congress sought to provide a legal framework for emerging technologies that required cooperation and interaction between copyright owners and online service providers.¹³ As with nearly all industries, the recording industry quickly realized the impact the Internet could have on the listener’s experience of music and, perhaps more importantly, on the listener’s propensity to purchase sound recordings.¹⁴

Congress, in passing the DMCA, recognized the record label’s need to generate income from the sale of physical records,¹⁵ the primary threat to which came from the emergence of digital music files that captured sound with almost no loss in quality. Digital audio file types such as .wav, .mp3, and .ogg allowed the owner of a compact disc to create a near-identical digital copy. Moreover, as the price of computer equipment plummeted, more individuals could easily digitize their entire music collections.

Because these advances occurred simultaneous with the growth of the Internet, users were quick to find ways to make entire digitized music collections available online. Napster was simply the face of a trend that capitalized on a convergence of factors: the rapid expansion of the Internet; the precipitous drop in the cost of Internet-ready computing; and the expansion of high-speed Internet throughout colleges and universities. Because they believed file-sharing so clearly impacted sales of physical record albums, record companies quickly filed lawsuits against file-sharing services such as Napster.

Webcasting, however, presented a more nuanced problem for the record industry. Record companies traditionally had no expectation of royalties from radio, and both the DPRA and the revisions in the DMCA expressly excluded terrestrial broadcasts from the sound recording performance right. The traditional arrangement between record companies and broadcasters was tested, though, when the RIAA sought a ruling that digital simulcasts of terrestrial radio were not exempt from the new digital sound recording public performance right.

In that action, terrestrial broadcasters sued Register of Copyrights Marybeth Peters and the RIAA, seeking to overturn the Register’s ruling that the simultaneous digital transmission of terrestrial radio broadcasts was subject to the sound recording royalty under the DPRA.¹⁶ The district court, applying *Chevron* deference to the Copyright Office’s ruling, found for the defendants, and the Third Circuit affirmed.¹⁷ The Third Circuit addressed the issue under both the DPRA and the DMCA and found that, despite the traditional relationship between broadcasters

and record companies, Congress did not intend to exclude webcasts of traditional radio broadcasts from digital sound recording royalties.¹⁸ That decision, although representative of the litigation spawned by the DPRA and the DMCA, brought no clarity to purely digital broadcasters as to their potential liability for public performance rights.

III. The LAUNCHcast Litigation

The lawsuit against Launch¹⁹ was filed in May 2001 in the Southern District of New York by a group of major record labels.²⁰ Within a matter of weeks, the record industry filed nearly identical lawsuits against other Internet webcasters, including MTVi's SonicNet, MusicMatch, and Xact Radio.²¹ Although Launch's webcasting service, LAUNCHcast, had been operational for eighteen months, the plaintiffs sought to hold Launch liable for copyright infringement due to Launch's failure to pay individual license fees for works played through Launch's streaming Internet radio service. Because no negotiated license existed for the period 2001-2003, Launch was potentially liable for close to \$2 billion in statutory damages.²²

In their original complaint, the plaintiffs contended that because the LAUNCHcast service was interactive and thus not eligible for a compulsory license, Launch had failed to secure the necessary voluntary licenses and was liable for massive damages.

A. Trial and Error

From its inception, Launch considered itself noninteractive under section 114(j)(7) based on the fact that the Launch song-selection process and patented algorithms, while subject to some user input, could not be manipulated to play a particular sound recording on demand. The record companies, not surprisingly, disagreed.

The plaintiffs produced a report by Launch's senior director of product development outlining how LAUNCHcast operated. Launch, in turn, submitted an expert report that did not materially differ regarding the operational details of the service. As such, the dispute at trial centered not on the technical operation of LAUNCHcast but on how the DMCA applied to it.

Launch argued that the complex process by which LAUNCHcast developed a users' playlist could not be considered interactive, as it was too random and did not provide the user with the ability to choose what music was played. In other words, LAUNCHcast effectively operated like a terrestrial radio station, albeit one designed based on user feedback. The plaintiffs, on the other hand, presented the jury with a stark line in the sand: if any user input exists, so does interactivity, largely regardless of output.

As part of its presentation to the jury, the plaintiffs provided videotaped LAUNCHcast sessions created by the RIAA in an attempt to game the LAUNCHcast system. Although the portions presented to the jury were intend-

ed to demonstrate LAUNCHcast's interactivity, nowhere in the over 170 hours of video was a user able to listen to a song given the highest rating for a second time, nor did many of the recordings have anything to do with the direct user input. A user expressing a preference for Bob Dylan could just as easily end up receiving a stream of Britney Spears as one of Joan Baez.

After two weeks of trial, the jury returned a verdict in favor of Launch on interactivity within minutes of the jury charge. The plaintiffs appealed on several grounds, but the appeal centered on the determination that LAUNCHcast was noninteractive.

B. The Second Circuit's Decision

The Second Circuit focused almost exclusively on the principal legal issue in the case: interactivity. Armed with only an imprecise statute and thin legislative history, the court, in an opinion by Judge Richard C. Wesley, focused on two aspects of the case. First, it engaged in an exhaustive review of the LAUNCHcast system and determined that, although users could express preferences, they exerted an insufficient degree of influence over their individual programming. As a result, the service was not "specially created for the user." Second, the court held that LAUNCHcast did not implicate Congress's core concern with the erosion of physical record sales.

As the court noted, the dispute was over whether LAUNCHcast fell within the statutory definition of "interactive service," which turns on the provision, and public reception, of a "program *specially created* for the user."²³ The court found "specially created" to be the operative term and went to some length to parse its meaning.²⁴

The court paid particular attention to the history and context of section 114(j)(7). In considering the history of both the DPRA and the DMCA, the court noted that the right to sound recording royalties was a recent development.²⁵ Legislating in the digital realm placed Congress in a predicament, however. Record companies and other traditional media outlets decried the new capabilities for digital piracy and the ensuing loss of revenue. On the other hand, those who embraced the new technological developments, including organizations such as the Digital Media Association (DiMA), feared that over-legislating would curb technological advancement by making innovation economically unfeasible.

Congress determined that regulation of digital music services was necessary, however, as they were "most likely to have a significant impact on traditional record sales...."²⁶ As the Second Circuit noted, the concern with lost profits extended beyond the on-demand and subscription services covered by the DPRA and led directly to the DMCA revisions of section 114(j)(7).²⁷ The court found that Congress's efforts to regulate Internet broadcasting were "directed at preventing the diminution in record sales through outright piracy or new digital media that offered

listeners the ability to select music in such a way that they would forgo purchasing records.”²⁸

The legislative history provides little enlightenment, however, as to the meaning of the phrase “specially created for the recipient.”²⁹ DiMA pressed the Copyright Office for further detail about the scope of section 114(j) (7),³⁰ but the Office demurred, noting in a November 21, 2000, letter that due to “the rapidly changing business models emerging in today’s digital marketplace, no rule can accurately draw the line demarcating the limits between an interactive and a noninteractive service. Nor can one readily classify an entity which makes transmissions as exclusively interactive or noninteractive.”³¹ The Copyright Office stated clearly, however, that “the law and the accompanying legislative history make it clear that consumers can have some influence on the offerings made by a service without making it interactive....”³²

Interactivity, then, was to be a case-by-case determination for the courts, but the presence of some user influence over a webcasting service would not automatically render the service interactive.

Notably, a footnote in the Copyright Office’s letter to DiMA referenced discussions between Launch and the RIAA over LAUNCHcast.³³ Initially, the footnote stated that there was “considerable doubt whether [LAUNCHcast] would qualify as an ‘interactive service.’” But the Copyright Office later contended that the footnote contained a typographical error and should have questioned whether LAUNCHcast could qualify as a “*noninteractive* service.” As published, however, the footnote appeared in its original form.³⁴ The parties and the district court spent considerable time parsing the various iterations of this footnote, and the Second Circuit ultimately determined that the level of uncertainty stripped the Copyright Office’s position of any weight whatsoever.³⁵

With the history of the DMCA in mind, the court turned to the technical operation of LAUNCHcast.³⁶ From the beginning, Launch billed LAUNCHcast as a service through which users could express their personal tastes for particular musical genres, artists, and songs as a means of better tailoring the radio experience. Users could not, however, manipulate the system to ensure that a particular song would be played at a certain time or even as part of any individual program. As the court pointed out, every time a user opened LAUNCHcast, 10,000 songs were automatically compiled using the users’ particular ratings as only one basis for the list’s creation. Following creation of this “hashtable,” LAUNCHcast utilized another round of complex rules to eventually create a playlist, which itself would be randomly ordered.³⁷

The court found it “hard to think of a more complicated way to ‘select songs.’”³⁸ Clearly, LAUNCHcast did not allow users to “request—and have played—a particular sound recording.”³⁹ However, the principal question

remained: was the influence exerted by a LAUNCHcast user, however minimally it might impact the final playlist, enough to render the service interactive?

Harking back to the fundamental purpose of the DMCA, the court concluded that the LAUNCHcast system did “not provide sufficient control to users such that playlists are so predictable that users will choose to listen to the webcast in lieu of purchasing music, thereby—in the aggregate diminishing record sales.”⁴⁰ It appears that the court placed great weight on not only the essential “randomness” of the LAUNCHcast system but also on the lack of any effect on the record industry’s ability to generate revenue because of LAUNCHcast’s lack of predictability. As the court pointed out, the only real control held by a LAUNCHcast user is the ability to predict what *will not* be played.⁴¹ The ability not to listen to a particular sound recording, however, “is certainly not a violation of a copyright holder’s right to be compensated when the sound recording is played.”⁴²

IV. Conclusion: The Future

What does the Second Circuit’s decision mean going forward? During the eight years of the *Launch* litigation, music performance on the Internet evolved significantly. Illegal file sharing remains a problem for record companies, and sales of physical sound recordings continue to fall as the CD becomes obsolete. But unlike with respect to previous technological sea changes, there is no new physical medium to take the place of CDs. Instead, the recording industry has seen an astronomical rise in profits from the legitimate sale of digital sound recordings. Amazon.com, iTunes, and other providers of digital downloads now provide sound recordings to purchasers economically and almost instantaneously.

Webcasting, too, has evolved. Services such as Pandora and Last.fm have emerged, offering variations on the LAUNCHcast experience. Pandora, in particular, takes the basis of the LAUNCHcast idea and deconstructs why a user likes particular music. Taking a single song or artist in which the user has expressed an interest, Pandora applies a proprietary algorithm to create a random, and hidden, playlist based upon the individual auditory components of a song.⁴³ Pandora, and other webcasting services, much like LAUNCHcast, provide direct hyperlinks to sites selling the music streamed to the user, further refuting the contention that webcasting harms record sales.⁴⁴ Even Google has entered into the music streaming business, as it will soon allow “enhanced” music search, stream music directly from its search page, and provide links directly to music retailers.⁴⁵

As record companies continue to seek to further monetize their copyrights, and as barriers continue to fall between digital and terrestrial radio, will the historical relationship between terrestrial broadcasters and record companies erode? Internet streaming provides at least as clear a path to music purchases as terrestrial broadcasts

once did. Does the limitation of the public performance right to digital media still make sense? Bills have recently been introduced in the House and Senate seeking to extend the sound recording performance right to terrestrial broadcasters.⁴⁶ Clearly, the performance right in sound recordings is here to stay. Limiting the right to digital performances, however, diminishes revenue for rights holders and unfairly taxes digital entrepreneurs at the expense of analog competitors. Companies at the forefront of new media, such as Launch, have borne a financial burden as a result of the unsettled law surrounding the performance right in sound recordings.

The Second Circuit's *Launch* decision makes clear that the sound recording performance right is a narrow one.⁴⁷ The court's ruling that a webcasting service cannot be considered interactive if it does not create a transmission specially for the user, which the user has both input into and advanced knowledge of, comports with the narrow digital sound recording performance right and with the underlying purpose of the DMCA: to prevent music piracy and the reduction of record company profits. But this result came after eight long years of litigation.

The *Launch* litigation thus also demonstrates that the DMCA leaves room for interpretation.⁴⁸ The interactivity requirement of section 114(j)(7) and the section 512 safe harbor provisions, for example, are sufficiently vague as to deprive new media entrepreneurs of certainty that technological innovation will not lead to costly litigation. But the Second Circuit has ensured that at least in the webcasting context, entrepreneurship and innovation will not be unduly hindered by an overly broad interpretation of "interactive."

Until the courts render further decisions with respect to the DMCA, Congress passes supplemental legislation, or the Copyright Office provides more detailed commentary, however, those involved in new media must carefully consider how emerging technology fits within the confines of the law and what impact new business models will have on consumers and competitors in both the digital and analog worlds.

Endnotes

- 578 F.3d 148 (2d Cir. 2009).
- Launch*, 578 F.3d at 149-50.
- Id.* at 161.
- Compare 17 U.S.C. § 102(a)(2) with 17 U.S.C. § 101.
- The American Society of Composers, Authors and Publishers (ASCAP), Broadcast Music Inc. (BMI), and SESAC all exist to monitor performance broadcasts and collect royalties on behalf of their members.
- See 17 U.S.C. § 106(4) (1994) (granting exclusive right of public performance for literary, musical, dramatic, choreographic and audiovisual works and pantomimes).
- Pub. L. No. 104-39, 109 Stat. 336, at 336 (1995); see also 17 U.S.C. § 106(6).
- Id.* at 343-44.
- S. Rep. No. 104-128, at 16 (1995).
- 17 U.S.C. § 114(j)(7) ("interactive" redefined to include on-demand programs and programs "specially-created for the user").
- S. Rep. No. 105-190, at 19 (1998) (noting and adopting the limitations laid out in the DPRA).
- 17 U.S.C. § 114(j)(7). The most relevant portion of section 114(j)(7) reads: "An 'interactive service' is one that enables a member of the public to receive a transmission of a program specially created for the recipient, or on request, a transmission of a particular sound recording, whether or not as part of a program, which is selected by or on behalf of the recipient."
- H. Rep. No. 105-551 at 21-27 (1998); S. Rep. No. 105-190, at 1-2 (1998).
- That said, the industry has largely failed to properly allege and prove the connection between certain digital media and displacement of sales.
- H.R. Rep. No. 104-274, at 13-14.
- See *Bonneville Int'l Corp. v. Peters*, 347 F.3d 485 (3d Cir. 2003).
- Id.* at 459-500.
- Id.*
- In December 2001, Launch was acquired by Yahoo! Inc.
- Initially, the lawsuit was brought by representative labels owned by BMG, EMI, Sony, Universal, and Warner Brothers. Through the course of the litigation all of the plaintiffs save those affiliated with BMG (Arista Records, Bad Boy Records, BMG Music, and Zomba Recordings) settled with Launch. On May 1, 2005, by virtue of BMG's merger with Sony, Plaintiffs' catalog was included under Sony's license and made available for streaming.
- Arista Records Inc., et al. v. Xact Radio LLC*, No. 01-CV-5090 (S.D.N.Y. filed June 8, 2001); *Zomba Recording, et al. v. Musicmatch, Inc.*, No. 01-CV-5091 (S.D.N.Y. filed June 8, 2001); *Sony Music Entertainment Inc., et al. v. MTVi Group LLC, et al.*, No. 01-CV-5092 (S.D.N.Y., filed June 8, 2001).
- The record industry almost never seeks actual damages under 17 U.S.C. § 504(b), which are rarely if ever greater than the statutory limits. The plaintiffs calculated Launch's potential damages from the number of individual songs played by Launch during the period that Launch allegedly operated without individual licenses from copyright owners. Were Launch found to have willfully infringed the copyright sound recordings played during the unlicensed period, it could have been subjected to an award of up to \$150,000 per work infringed.
- 17 U.S.C. § 114(j)(7).
- Launch*, 578 F.3d at 152.
- Id.* at 152-53.
- H.R. Rep. No. 104-274, at 14.
- Indeed, shortly after its passage, the DPRA faced criticism for too narrowly defining services that would be open to piracy. *Launch*, 578 F.3d at 154-55 (citing Stephen Summer, *Music on the Internet: Can the Present Laws and Treaties Protect Music Copyright in Cyberspace?*, 8 CURRENTS: INT'L TRADE L.J. 31, 36 (1999); Kimberly L. Craft, *The Webcasting Music Revolution Is Ready to Begin, as Soon as We Figure Out the Copyright Law: The Story of the Music Industry at War with Itself*, 24 HASTINGS COMM. L.J. 1, 12-13 (2001)).
- Id.* at 157.
- The House conference report contained the only textual reference to the phrase, stating that "[t]he conferees intend the phrase 'program specially created for the recipient' be interpreted reasonably in light of the remainder of the definition of 'interactive service.'" H.R. Rep. No. 105-796, at 87-88.
- Digital Media Association, April 17, 2000 Petition for Rulemaking, available at <http://www.copyright.gov/carp/DiMApetition.pdf>.

31. Public Performance of Sound Recordings, 65 Fed. Reg. 77330-33, 37 C.F.R. pt. 201 (2000).
32. *Id.*
33. *Id.* at 77332 n.1.
34. *Id.*
35. *Launch*, 578 F.3d at 157 n.6, 160 n.18.
36. The court itself acknowledged that discussion of the technical operation of LAUNCHcast was necessarily difficult, even where the parties agreed substantially on the actual technological underpinnings of the system. In a footnote the court noted that "Federal judges are appointed for life.... Our familiarity with the ever-changing terms and technology of the digital age is, to say the very least, varied." *Id.* at 157 n.8. As technology continues to evolve, it will become even more incumbent upon parties involved in such litigation to accurately and adequately convey the operation of new technology to the judiciary.
37. In addition to the complicated rules for playlist generation, another layer of rules crafted by Launch's engineers worked to keep LAUNCHcast within the sound performance recording complement, which the court recognized as an important consideration in determining whether the service was interactive. *Id.* at 160 n.17.
38. *Id.* at 160.
39. *Id.* at 161.
40. *Id.* at 162.
41. *Id.* at 164 ("It appears the only thing a user can predict with certainty—the only thing a user can control—is that by rating a song at zero the user will not hear that song on that station again.").
42. *Id.*
43. Brad Fuller, *Inside Pandora: Web Radio that Listens to You*, O'REILLY DIGITAL MEDIA, Aug. 17, 2006, available at <http://digitalmedia.oreilly.com/pub/a/oreilly/digitalmedia/2006/08/17/inside-pandora-web-radio.html?page=1>; see also <http://www.pandora.com/mgp.shtml>.
44. A fact not overlooked by the Second Circuit. *Id.* at 164 n.24.
45. Eliot Van Buskirk, *Google Prepares Music Search Service*, WIRED, Oct. 21, 2009, available at <http://www.wired.com/epicenter/2009/10/google-preparing-music-service/>. Terrestrial broadcasters also have begun to enter the digital age. When Yahoo! exited the Internet radio business in February 2009 (by shuttering what had once been LAUNCHcast), it announced that the new service would be powered by CBS Radio.
46. David Oxenford, *Broadcast Performance Royalty Battle Begins Anew—Bills Introduced in the House and Senate*, BROADCAST LAW BLOG, Feb. 4, 2009, available at <http://www.broadcastlawblog.com/2009/02/articles/broadcast-performance-royalty/broadcast-performance-royalty-battle-begins-anew-bills-introduced-in-the-house-and-senate/>.
47. *Launch*, 578 F.3d at 164.
48. Both the section 512 safe harbor and the section 1201 anticircumvention provisions have been the subject of frequent litigation and interpretation. See e.g. *Perfect 10, Inc. v. CCBill LLC*, 488 F.3d 1102 (9th Cir. 2007) (interpreting DMCA notice provisions); *Lexmark Int'l v. Static Control Components, Inc.*, 387 F.3d 522 (6th Cir. 2004) (finding that toner cartridge chips preventing use in certain printers did not violate section 1201); *UMG Recordings, Inc., et al v. Veoh Networks Inc., et al.*, No. CV 07-5744, ___ F. Supp. 2d ___ (C.D. Cal. Sep. 11, 2009) (granting summary judgment for defendant under the DMCA safe harbor provision of 17 U.S.C. § 512); *321 Studios v. Metro-Goldwyn-Mayer Studios, Inc.*, 307 F. Supp. 2d 1085 (N.D. Cal. 2004) (applying section 1201 to DVD copying software distribution).

Michael S. Elkin and Thomas Patrick Lane, partners in the New York office of Winston & Strawn, were lead counsel for Launch Media, Inc. at trial and on appeal. Robert C. Turner, an associate at Winston & Strawn, assisted in the preparation of this article.

NEW YORK STATE BAR ASSOCIATION

Annual Meeting location has been *moved—*

Hilton New York
1335 Avenue of the Americas
New York City

January 25-30, 2010

**Intellectual Property Law Section
Annual Meeting and Program
Tuesday, January 26, 2010**



Online registration: www.nysba.org/am2010



Community Trademarks: Penny-Wise, Pound-Wise

By David Latham and Hugh O'Neill

I. Introduction

U.S. businesses often are not fully availing themselves of the savings that can be made by consolidating national trademark rights into Community Trade Marks (CTMs²) and by using EU-level mechanisms for trademark protection and anti-counterfeiting.

By any standard, CTMs are excellent value. For an official fee of €900 (\$1,330), CTMs provide trademark protection covering all twenty-seven Member States of the EU. With several candidate countries waiting to join the EU, the geographic scope of protection of CTMs is set to increase even further. However, the low price of CTMs is not their only cost benefit; CTMs can facilitate very significant savings in a number of ways.

Below, we examine two potential cost-saving aspects of CTMs: (i) claiming “seniority” to reduce—or entirely eliminate—national trademark renewal fees in the EU and (ii) using CTMs as a basis for a single EU-wide customs application that eliminates the need for twenty-seven separate national customs applications.

II. Claiming Seniority

A. What Is Seniority?

Seniority is a creation of the CTM system. It is a process by which national trademarks (or designations under an IR) in the EU can be rolled into CTMs while preserving those national rights and their original filing dates (including priorities). Seniority was conceived as an inducement to register CTMs, as it allows the preservation of national rights that pre-date a CTM without the requirement to separately maintain national trademark registrations.

When seniority is claimed, national trademarks can be allowed to lapse or be surrendered, but the owner continues to enjoy the same rights as if these marks had continued to be registered.

B. The Savings

Claiming seniority means:

- Significant cost savings from not paying national trademark renewal fees. The potential for savings is obvious when one considers that renewal across the EU for *one* word mark covering three classes costs roughly €15,000 (\$22,200).
- Cost and time savings on managing EU trademark portfolios, as seniority claims streamline portfolios and reduce the administration involved and the need for the services of local agents.

C Requirements for Claiming Seniority: “Triple Identity”

A registered CTM is the most basic requirement for claiming seniority. The national trademark must have an earlier application or priority date than the effective date of the CTM. For trademarks registered in the new Member States,¹ the effective date of the CTM is the date of their accession to the EU.

In order to claim seniority, so-called “triple identity” is required: identity of marks, owners, and goods/services.

- Identity of marks: this is a strict criterion, although minor variations (certain fonts or spacing) may be acceptable.
- Identical owners: the same entity must be the owner; group ownership is not sufficient.
- Identical goods or services: partial identity is enough. If the national mark covers additional goods or services, seniority still can be claimed but only for those goods and services that also are covered by the CTM. If the national mark is then allowed to lapse, the additional goods/services lose protection.

The requirements of triple identity must be met at the time of requesting seniority and that of surrender or expiration of the national trademark.

D. How to Claim Seniority

Seniority claims can be made within two months of applying for a CTM or at any time after registration of the CTM. A seniority claim is made to the Office for Harmonization in the Internal Market (OHIM) in Alicante, Spain.

E. Legal Effect of Claiming Seniority

The Community Trade Mark Regulation (No. 207/2009) (CTMR) is directly applicable throughout the EU. Article 34 CTMR provides that, if seniority has been claimed and a national mark is allowed to lapse, the owner should be treated as if the national mark were still registered, provided the CTM remains registered.

Importantly, claiming seniority does not give national marks a “new lease on life.” Valid reasons for invalidity or revocation of the national mark can still be invoked even after a seniority claim is made and the national mark has lapsed. For instance, if at the time the national mark lapsed, it could have been revoked due to non-use in the Member State in question, this still can be invoked against

the mark (provided use has not been taken up in the meantime in that Member State).

F. What Happens If the CTM Is Lost?

If the CTM is lost for reasons other than non-use, it usually can be converted into national marks. Where conversion is requested for a country in which, after claiming seniority, a national registration had been allowed to lapse, the converted national mark will be granted the same priority date of the earlier lapsed national mark. This is, however, a rather extreme worst-case scenario, and overall no rights are lost.

G. Pros and Cons of Reducing National EU Trademark Portfolios

Allowing national marks to lapse is mostly advantageous from a cost and administrative point of view. Potential downsides are minimal. Mostly, trademark owners will not need to rely on national marks once they have a CTM. Reliance on a national mark normally will be necessary only where another party owns rights that pre-date the CTM but post-date the national mark. The older the CTM the less likely such a situation is. Also, the issue of potential non-use in a particular country largely disappears under a CTM because use anywhere in the EU serves to keep a CTM alive.

Geographical protection could, in theory, be lessened because some national trademarks cover territories outside the EU—UK registrations cover certain overseas dependencies. If the territories in question do not recognize as still registered lapsed national marks for which seniority was claimed, protection there could be lost. However, this may not occur and, in any event, such overseas territories tend to be tiny or rather unimportant jurisdictions from a commercial perspective.

A similar situation might arise if a Member State held that the effect of seniority was merely to pass the earlier priority date of the national mark to the CTM (for that Member State). Although this view of the effect of seniority has been advanced by some, this interpretation does not comport with Article 34 CTMR, which expressly states that the proprietor “shall be deemed to continue to have the *same rights* as he would have had if the *earlier trade mark had continued to be registered*” (emphasis added).

III. TMs as a Basis for Single EU-Wide Customs Applications

Statistics published by the European Commission in 2009 show that counterfeiting continues to be a serious problem in the EU.² The figures show that counterfeiting negatively impacts a broad range of industries. In particular, there has been an increase in counterfeiting and piracy in sectors that are potentially dangerous to consumers (such as medicines, electrical equipment, and personal care products). Over 49,000 customs deten-

tions were registered in 2008, compared to 43,000 in 2007. Eighty percent of the customs interventions were the result of requests from industry.

China is the main source country for infringing articles. For certain types of products, other countries are the main source: Indonesia for foodstuff and beverages, the United Arab Emirates for cigarettes, and India for medicines.

CTMs offer businesses the opportunity to tackle the problem at EU level by taking advantage of the procedure for filing a single EU customs application that covers either the entire EU or several selected EU Member States.

A. Customs Notifications in the EU

There are two distinct customs notification procedures in the EU, although they are created under the same regulation (EC) No 1383/2003:

- Single EU customs applications: These applications can cover all or some of the twenty-seven Member States and can be based on CTMs, Community Designs, Community Plant Variety Rights, certain designations of origin, or geographical indications and certain geographical designations.
- National customs applications: These can be based on the rights listed above in addition to national trademarks and design rights, copyright, patents, and other rights. These applications can only cover the specific Member State in which they are filed.

Notifications are valid for one year but can be renewed for further one-year periods. There are no official fees for filing or renewing either type of application. However, there can be a good deal of work involved in preparing the applications, complementing the application with useful information for customs (usually recommended), and ensuring that receipt of the applications is confirmed by customs in the chosen Member States. In case of single EU customs applications, translations to local languages may be required, although the majority of customs authorities accept documents in English.

B. The Savings

The main advantages of a single EU customs application are:

- No official fees for filing or renewal.
- Cost and time savings on managing EU customs applications because a single EU customs application streamlines national customs applications; that is, one EU customs application and one annual renewal replaces twenty-seven national customs applications and twenty-seven annual renewals.
- Replacing national customs applications can result in the refund of deposits or bonds.

C. Filing Process for Single EU Customs Applications

Applicants need only file one form with the national customs authority of one of the EU Member States. This national customs authority then becomes the “supervising authority,” which approves the application (renewals, extensions) and distributes the decision to the customs authorities in the Member States nominated. Applicants also have the option of arranging for the distribution of the decision and all the supporting documents themselves.

Besides the application form (to be accompanied by a power of attorney if filed by a representative), applicants must give a cost undertaking and provide registration certificates of the relevant CTMs and CDs. It is also necessary to provide information to the customs authorities about how they can distinguish genuine goods from counterfeits. Applicants must appoint contacts to liaise with local customs in each Member State designated.

D. Enforcement Procedures

In exceptional circumstances customs officers may detain suspicious merchandise even when a customs application is not in place, but filing customs applications significantly increases the chances that counterfeits will be stopped. Although the single EU customs application can be made at the EU level, enforcement must be dealt with at local level.

Customs authorities advise the right holder’s nominated contacts about detentions and seek confirmation that the goods are counterfeit. The right holder must act promptly and confirm to customs within ten working days (extendable by a ten further days), whether the goods are counterfeit.

If goods are counterfeit, this can lead to their destruction in accordance with national proceedings. Many EU countries have implemented the “simplified procedure,” which leads to quick and cost effective destruction where, as happens frequently, there is no challenge by the importer. The simplified procedure is extremely useful where available but, if not available, the right holder may have to initiate court action. Powers of attorney may be needed by the local counsel to act, so it is wise to put these in place beforehand so that short deadlines can be met.

E. Are Customs Applications Effective?

Certain customs authorities are undoubtedly more active than others. It is difficult to say whether this is a symptom of the flows of counterfeit products through certain places or whether it reflects the effectiveness of the specific authorities. It is most likely a combination of factors. Although customs applications certainly do not provide a panacea, they are extremely worthwhile. This is especially the case as it is not expensive to put customs applications in place. Most costs are front-loaded, and it is a simple matter to renew applications once they have been put in place.

IV. Conclusion

In May 2009, the EU Commission slashed the fees of CTMs in part in order to reduce the costs for businesses to protect their trademark rights in the EU. But CTMs provide several features that can be better exploited by rights owners to reduce costs. In this article, we have focused on claiming “seniority” and using CTMs as a basis for single EU-wide customs applications as examples of businesses not taking full advantage of CTMs.

The reluctance to fully exploit CTMs may be due to an over-cautious approach to new concepts such as seniority, or it may be simply due to lack of awareness. Either way, U.S. businesses—which, in particular, are used to the benefits of pursuing IP protection at the federal level—can benefit by adopting a more “federal” approach to the EU by directing certain aspects of trademark portfolio management and anti-counterfeiting strategies at the EU, rather than individual Member State, level.

Endnotes

1. Those states that acceded to the EU after creation of the CTM are Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia on May 1, 2004, and Romania and Bulgaria on January 1, 2007.
2. See http://ec.europa.eu/taxation_customs/customs/customs_controls/counterfeit_piracy/statistics/index_en.htm.

David Latham is a partner with Lovells London.
Hugh O'Neill is a senior associate with Lovells Alicante.

Intellectual Property Law Section
Visit on the Web at www.nysba.org/ipl

Transfer Motions in Patent Cases

By Michael A. Oropallo and John M. Nichols

I. Introduction

Beware the patent infringement plaintiff who selects a seemingly favorable (*e.g.*, speedy) venue without giving consideration to the venue transfer statute (28 U.S.C. § 1404(a)). It provides: “For the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought.”¹ As a general rule, the district court should defer to the plaintiff’s choice of forum.² But the non-moving loser of a transfer motion can find itself empty-handed: without its home turf and without the speedy docket originally sought.

In patent cases, district courts follow the regional circuit’s law regarding venue transfer because the analysis does not involve substantive issues of patent law.³ Therefore, the patent litigator should be aware of the law of venue transfer of each of the regional circuits. For instance, two federal districts popular with patent infringement plaintiffs—the Western District of Wisconsin (WDW), in the Seventh Circuit, and the Eastern District of Texas (EDTX), in the Fifth—tend to view transfer motions through different lenses. Decisions from the WDW have considered potential prejudice suffered by the plaintiff, whereas those from the EDTX have tended to scrutinize the plaintiff’s contacts with the forum.

The circuits differ in their particular formulations of the section 1404 transfer analysis. Generally, however, courts consider the following factors: (1) the relative ease of access to sources of proof; (2) the availability of compulsory process to secure the attendance of witnesses; (3) the cost of attendance for willing witnesses; (4) all other practical problems that make trial of a case easy, expeditious, and inexpensive; (5) the administrative difficulties flowing from court congestion; (6) the local interest in having localized interests decided at home; (7) the familiarity of the forum with the law that will govern the case; and (8) the avoidance of unnecessary problems of conflict of laws or in the application of foreign law.⁴

Despite differences, the law of the circuits generally harmonizes with the statutory requirements that the movant show, first, that the action could have been brought in the proposed transferee district and, second, that the convenience of the parties and witnesses and the interests of justice justify transfer.⁵

II. The Western District of Wisconsin: Prejudice to the Patent Holder

Patent litigators on the plaintiff side routinely have sought to take advantage of the fast-moving dockets (popularly known as rocket dockets) of districts such as the WDW,⁶ where cases often are fully tried within eleven

months.⁷ This is less than half as fast as the next-fastest district court within the Seventh Circuit, which—unlike the Fifth Circuit—allows courts to deny transfer motions if the litigants will face delay in the proposed transferee district.⁸ Judges in the WDW have acknowledged this, yet they make “no promises regarding quick resolution” and emphatically “do[] not encourage litigants to choose this forum because of its speed.”⁹

The Seventh Circuit emphasizes interest-of-justice concerns in section 1404 analyses, recognizing that delayed resolution of a case can result in irreparable erosion of a plaintiff’s patent monopoly. A WDW judge has pointed out that “[i]n patent cases, swift resolution can be particularly important because delay might frustrate a patent holder’s rights and the value of its patent.”¹⁰ This is especially true where the plaintiff and the defendant are direct competitors, in which case the plaintiff “stands to lose substantially more from delay in its case.”¹¹

The plaintiff’s presence in the market, however, can reduce or eliminate a court’s sense of urgency regarding patent monopoly erosion. In one recent case in which a WDW judge granted transfer, the court reasoned that delay would not cause appreciable harm to the plaintiff’s patent monopoly because of the defendant’s comparatively small size, compounded by the fact that the plaintiff had dominated the relevant market for years.¹² Moreover, such a threat can be resolved by a preliminary injunction and/or temporary restraining order, regardless of the docket speed of the court.¹³

Within the Seventh Circuit, the interest-of-justice aspect of the transfer analysis “may be determinative in a particular case even if the convenience of the parties and witnesses might call for a different result.”¹⁴ Other circuits do not follow this view. For instance, courts within the Second Circuit treat relative docket conditions and calendar congestion as not necessarily decisive, although they are properly considered and are accorded some weight.¹⁵ In Second Circuit patent cases judicial economy, rather than the interests of justice, is the primary concern.¹⁶

Substantial delay may compel courts in the Seventh Circuit to retain the case in the interests of justice even if “in a vacuum, the convenience of the defendant [would prevail].”¹⁷ The possibility of substantial delay takes on an even greater significance in patent infringement cases, where “rights are time sensitive and delay can often erode the value of the patent monopoly.”¹⁸ Direct competition (between adverse parties) in the market will amplify this significance.¹⁹ While a patent infringement suit drags on for months or years, purchasers’ preferences may shift away from the plaintiff’s product(s) and toward the defendant’s infringing product(s). The plaintiff might

not regain its now-lost presence in the market. Notwithstanding this concern, the WDW is not fooled by the non-practicing plaintiff who cries wolf; delay will not prejudice such a plaintiff because it does not compete with an infringing defendant.²⁰

As noted, potential frustration of a plaintiff's patent rights motivates judges in the WDW to keep those cases that would be delayed if litigated in the proposed transferee district.²¹ The court shows no such mercy, however, where non-movants have caused the delay; it does not look favorably upon the plaintiff who does not take steps to facilitate resolution of the case.²² With this in mind, before suing, a patent infringement plaintiff should develop "a clear notion of the scope of infringement" and sue the appropriate universe of infringers at the outset.²³

In one recent case, the court chastised the plaintiff for its dilatory tactics:

Plaintiff's mistakes and litigation strategy have resulted in the filing of several legitimate motions to intervene and motions to dismiss for lack of standing and required plaintiff to file a new case several months after filing the original case....Therefore, [the Court is] persuaded that defendants' interest in transferring venue...clearly outweighs plaintiff's interest in keeping the case here for a quicker resolution.²⁴

The plaintiff's delay concerns were further belied by the fact that it did not practice the patent.²⁵ The plaintiff also conceded that there was no threat to its (nonexistent) market niche, as evidenced by the plaintiff's choice to seek only money damages rather than injunctive relief.²⁶

III. The Eastern District of Texas: Contacts with the Forum

The Fifth Circuit, by contrast, does not focus on the potential for delay in its transfer analysis; it treats the speedy-trial factor as neutral.²⁷ Courts within the Fifth Circuit may give delay consideration to the extent it affects the interest-of-justice analysis, but they show little concern for it except in rare circumstances. Even then, prejudicial delay must be shown by clear and convincing evidence.²⁸ Recent decisions within the Fifth Circuit instead reveal an emphasis on the convenience of the parties. The movant must show good cause for the transfer and that the transferee court clearly is a more convenient venue.²⁹

The likelihood of a convenience-based transfer tends to increase as the contacts with the plaintiff's chosen venue decrease. For instance, by rejecting an allegedly infringing product's sale within a district as enough to trigger the forum's interest in a dispute, the Fifth Circuit discourages forum-shopping plaintiffs who otherwise lack sufficient contacts with the venue.

The local-contacts factor is rooted in the logic of letting a local jury decide issues of local impact. But if the only local contact is the availability of the product in question, there is nothing to distinguish the local district from any other.³⁰ Mere product availability is not a meaningful consideration, particularly in patent cases, where the markets for many products have no geographical limitations.³¹

Although mere sales do not generate sufficient contacts with a district, conducting research and development there could. In one recent EDTX case, local contacts considerations favored transfer where R&D for eight out of nine accused products took place in the proposed transferee district.³² However, if the defendant's sales within the plaintiff's chosen forum are significant enough, then the plaintiff might defeat the motion to transfer.³³

The Fifth Circuit applies a 100-mile rule to assess the inconvenience imposed on witnesses who would travel more than 100 miles to the courthouse to testify. The rule acknowledges—and aims to relieve—the burden on non-party witnesses whose personal lives and work schedules fall victim to the litigants' need for fact testimony. The court explained this rule in *In re Volkswagen AG*,³⁴ where it said:

When the distance between an existing venue for trial of a matter and a proposed venue under § 1404(a) is more than 100 miles, the factor of inconvenience to witnesses increases in direct relationship to the additional distance to be traveled. Additional distance means additional travel time; additional travel time increases the probability for meal and lodging expenses; and additional travel time with overnight stays increases the time which these fact witnesses must be away from their regular employment. Furthermore, the task of scheduling fact witnesses so as to minimize the time when they are removed from their regular work or home responsibilities gets increasingly difficult and complicated when the travel time from their home or work site to the court facility is five or six hours one-way as opposed to 30 minutes or an hour.³⁵

The 100-mile rule does not govern, however, in all cases where necessary fact witnesses reside remotely. If several of the remote fact witnesses are spread out in various and wide-ranging locations, the rule might not reduce or eliminate the inconvenience of anyone. This is a factual inquiry that the court will make on a case-by-case basis.³⁶ At the same time, it remains unsettled whether the rule applies to expert witnesses, who can come from anywhere in the world.³⁷

IV. Proof and Technology

The Fifth and Seventh Circuits agree that technological developments have lessened the importance of certain considerations of convenience with respect to discovery and witnesses. Technology has increased the speed and simplicity of exchanging documents electronically; thus, distance between parties and volume of documents trouble courts far less than in the past. If the documentary evidence can be transferred easily and efficiently (e.g., via portable USB drives, discs, and e-mail), then the evidence's initial location will not influence the transfer analysis.³⁸ But technological advances have yet to reduce the difficulty associated with the transportation and sharing of physical evidence. If physical evidence predominates, that is likely to weigh heavily in the court's evaluation.³⁹

V. Conclusion

Transfer motions are becoming more common. Recent transfer decisions by the courts in the Fifth and Seventh Circuits reflect the time-honored tradition of condemning forum shopping in patent cases, but the decisions reveal emphasis on different considerations. Therefore, although speed of resolution of the case might be a paramount factor in choosing a forum, plaintiffs should give careful consideration before filing suit to the prospect of a transfer motion.

Endnotes

- 28 U.S.C. § 1404(a).
- See Gulf Oil Corp. v. Gilbert*, 330 U.S. 501, 508 (1947); *In re TS Tech USA Corp.*, 551 F.3d 1315, 1320 (Fed. Cir. 2008); *In re Volkswagen of Am., Inc.*, 545 F.3d 304, 315 n.10 (5th Cir. 2008), cert. denied, *Singleton v. Volkswagen of Am., Inc.*, 129 S. Ct. 1336 (Feb. 23, 2009); *Wiwa v. Royal Dutch Petroleum Co.*, 226 F.3d 88, 100 (2d Cir. 2000); *Gates Learjet Corp v. Jensen*, 743 F.2d 1325, 1334-35 (9th Cir. 1984).
- In re TS Tech USA Corp.*, 551 F.3d at 1319; *Storage Tech. Corp. v. Cisco Sys., Inc.*, 329 F.3d 823, 836 (Fed. Cir. 2003); *Winner Int'l Royalty Corp. v. Wang*, 202 F.3d 1340, 1352 (Fed. Cir. 2000).
- Gulf Oil Corp.*, 330 U.S. at 508-09; *In re Volkswagen of Am., Inc.*, 545 F.3d at 315 (internal citations and quotation marks omitted); *D.H. Blair & Co. v. Gottdiener*, 462 F.3d 95, 106-07 (2d Cir. 2006); see also *Research Found. of State Univ. of New York v. Luminex Corp.*, No. 1:07-CV-1260 (GLS/RFT), 2008 U.S. Dist. LEXIS 88618, at *8-9 (N.D.N.Y. Nov. 3, 2008); *Jones v. GNC Franchising, Inc.*, 211 F.3d 495, 498-99 (9th Cir. 2000); *Coffey v. Van Dorn Iron Works*, 796 F.2d 217, 219 n.3 (7th Cir. 1986).
- D.H. Blair & Co.*, 462 F.3d at 106; *Bayer Schering Pharma AG v. Sandoz, Inc.*, Nos. 08 Civ. 03710 (PGG), 08 Civ. 08112 (PGG), 2009 U.S. Dist. LEXIS 17093, at *7 (S.D.N.Y. Feb. 17, 2009); *Arma v. Buysseasons, Inc.*, 591 F. Supp. 2d 637, 649 (S.D.N.Y. 2008) (Sweet, U.S.D.J.); *Advanced Fiber Techs. (AFT) Trust v. J & L Fiber Servs., Inc.*, No. 07-CV-1191 (LEK/DRH), 2008 U.S. Dist. LEXIS 91795, at *4 (N.D.N.Y. Nov. 12, 2008) (Homer, U.S.M.J.); *Research Found. of State Univ. of New York*, 2008 U.S. Dist. LEXIS 88618, at *6; *In re Volkswagen of Am., Inc.*, 545 F.3d at 314; *Motiva LLC v. Nintendo Co.*, No. 6:08 CV 429, 2009 U.S. Dist. LEXIS 55406, at *3-4 (E.D. Tex. June 30, 2009) (Davis, U.S.D.J.); *Two-Way Media, LLC v. AT&T Inc.*, No. CC-8-116, 2009 U.S. Dist. LEXIS 47700, at *7-8 (S.D. Tex. June 8, 2009) (Head, C.J.); *Coffey*, 796 F.2d at 219 n.3; *Semiconductor Energy Lab. Co. v. Samsung Elecs. Co.*, No. 09-cv-1-bbc, 2009 U.S. Dist. LEXIS 48355, at *9 (W.D. Wis. June 8, 2009) (Crabb, U.S.D.J.); *Naschem Co. v. Blackswamp Trading Co.*, No. 08-cv-730-slc, 2009 U.S. Dist. LEXIS 39435, at *9 (W.D. Wis. May 8, 2009) (Crocker, U.S.M.J.); *Jones*, 211 F.3d at 498; *Hatch v. Reliance Ins. Co.*, 758 F.2d 409, 414 (9th Cir. 1985); *Cal. Valley Mohawk Tribe v. Cal. Gambling Control Comm'n*, No. 08-CV-0120 BEN (AJB), 2008 U.S. Dist. LEXIS 33665, at *4-5 (S.D. Cal. Apr. 23, 2008) (Benitez, U.S.D.J.).
- Sunbeam Prods., Inc. v. Homedics, Inc.*, 587 F. Supp. 2d 1055, 1058 (W.D. Wis. 2008) (Crocker, U.S.M.J.).
- Administrative Office of the United States Courts, Federal Judicial Caseload Statistics (Mar. 31, 2008), Table C5, at <http://www.uscourts.gov/caseload2008/tables/C05Mar08.pdf> (last visited Oct. 30, 2009).
- Lineage Power Corp. v. SynQor, Inc.*, No. 08-cv-397-slc, 2009 U.S. Dist. LEXIS 1112, at *13 (W.D. Wis. Jan. 7, 2009) (Crocker, U.S.M.J.).
- Sunbeam Prods., Inc.*, 587 F. Supp. 2d at 1058.
- See Pitney Bowes, Inc. v. Data-Pac Mailing Sys. Corp.*, No. 07-cv-740-jcs, 2007 U.S. Dist. LEXIS 89515, at *11 (W.D. Wis. Dec. 4, 2007) (Shabaz, U.S.D.J.); *Lineage Power Corp.*, 2009 U.S. Dist. LEXIS 1112, at *16.
- Ledalite Architectural Prods., Inc. v. Pinnacle Architectural Lighting, Inc.*, No. 08-cv-558-slc, 2009 U.S. Dist. LEXIS 1033, at *8 (W.D. Wis. Jan. 7, 2009) (Crabb, U.S.D.J.).
- Pitney Bowes, Inc.*, 2007 U.S. Dist. LEXIS 89515, at *11-12.
- Procter & Gamble Co. v. McNeil-PPC, Inc.*, No. 08-cv-251-bbc, 2008 U.S. Dist. LEXIS 65293, at *3-4 (W.D. Wis. Aug. 25, 2008) (Crabb, U.S.D.J.) (denying transfer because plaintiff could not receive a prompt trial in the proposed transferee district, but noting that "plaintiff could seek a preliminary injunction in any transferee district").
- Coffey*, 796 F.2d at 220.
- Compare Coffey*, 796 F.2d at 220, with *Advanced Fiber Techs. (AFT) Trust*, 2008 U.S. Dist. LEXIS 91795, at *18.
- Inovitrogen Corp. v. GE Co.*, No. 6:08-CV-112, 2009 U.S. Dist. LEXIS 9127, at *11-12 (E.D. Tex. Feb. 9, 2009) (Love, U.S.M.J.).
- Ledalite Architectural Prods. v. Focal Point, L.L.C.*, No. 08-cv-394-slc, 2008 U.S. Dist. LEXIS 82373, at *7-9 (W.D. Wis. Oct. 16, 2008) (Crocker, U.S.M.J.).
- Milwaukee Elec. Tool Corp. v. Black & Decker (N.A.), Inc.*, 392 F. Supp. 2d 1062, 1065 (W.D. Wis. 2005) (Shabaz, U.S.D.J.). See *Sunbeam Prods., Inc.*, 587 F. Supp. 2d at 1058.
- Ledalite Architectural Prods., Inc. v. Focal Point, L.L.C.*, 2008 U.S. Dist. LEXIS 82373, at *7.
- Wacoh Co. v. Chrysler LLC, et al.*, Nos. 08-cv-456-slc, 08-cv-691-slc, 2009 U.S. Dist. LEXIS 894, at *16 (W.D. Wis. Jan. 7, 2009) (Crabb, U.S.D.J.).
- Lineage Power Corp.*, 2009 U.S. Dist. LEXIS 1112, at *16.
- Wacoh Co.*, 2009 U.S. Dist. LEXIS 894, at *17.
- Id.* at *16-17.
- Id.* at *17.
- Id.*
- Id.* at *16.
- Jackson v. Intel Corp.*, No. 2:08-CV-154, 2009 U.S. Dist. LEXIS 22117, at *9 (E.D. Tex. Mar. 19, 2009) (Ward, U.S.D.J.).
- In re Horseshoe Entm't*, 337 F.3d 429, 434 (5th Cir. 2003); *Novartis Vaccines & Diagnostics, Inc. v. Hoffman-La Roche Inc.*, No. 2:07-CV-507 (DF), 2009 U.S. Dist. LEXIS 14656, at *17 (E.D. Tex. Feb. 3, 2009) (Folsom, U.S.D.J.) (docket-speed factor negligible where proposed transferee court was only one-and-a-half months faster).
- In re Volkswagen of Am., Inc.*, 545 F.3d at 315; *In re TS Tech USA Corp.*, 551 F.3d at 1320; *Jackson*, 2009 U.S. Dist. LEXIS 22117, at *3; *MHL Tek, LLC v. Nissan Motor Co.*, No. 2:07-CV-289, 2009 U.S. Dist. LEXIS 13676, at *13 (E.D. Tex. Feb. 23, 2009) (Ward, U.S.D.J.);

J2 Global Commc'ns, Inc. v. Protus IP Solutions, Inc., Nos. 6:08-CV-211, 6:08-CV-262, 6:08-CV-263, 2009 U.S. Dist. LEXIS 13210, at *4 (E.D. Tex. Feb. 20, 2009) (Love, U.S.M.J.); *Fifth Generation Computer Corp. v. IBM Corp.*, No. 9:08-CV-205, 2009 U.S. Dist. LEXIS 12502, at *7 (E.D. Tex. Feb. 17, 2009) (Clark, U.S.D.J.); *Invitrogen Corp.*, 2009 U.S. Dist. LEXIS 9127, at *5.

30. *In re Volkswagen of Am., Inc.*, 545 F.3d at 318.
31. *In re TS Tech USA Corp.*, 551 F.3d at 1321; *Invitrogen Corp.*, 2009 U.S. Dist. LEXIS 9127, at *15. *See also* *Advanced Fiber Techs. (AFT) Trust*, 2008 U.S. Dist. LEXIS 91795, at *12; *see also* *Trouve Enters. v. Newell Rubbermaid Inc.*, No. 3:07-cv-0601-bbc, 2008 U.S. Dist. LEXIS 7827, at *5 (W.D. Wis. Feb. 1, 2008) (Crabb, U.S.D.J.).
32. *Sanofi-Aventis Deutschland GMBH v. Genentech, Inc.*, No. 9:08-CV-203, 2009 U.S. Dist. LEXIS 22108, at *28-29 (E.D. Tex. Mar. 19, 2009) (Clark, U.S.D.J.).
33. *Aloft Media, LLC v. Adobe Sys.*, No. 6:07-cv-355, 2008 U.S. Dist. LEXIS 23601, at *18-19 (E.D. Tex. Mar. 25, 2008) (Love, U.S.M.J.).
34. 371 F.3d 201 (5th Cir. 2004).
35. *Id.* at 204-05 (5th Cir. 2004); *see also* *In re Volkswagen of Am., Inc.*, 545 F.3d at 317.
36. *Network-1 Sec. Solutions, Inc. v. D-Link Corp.*, 433 F. Supp. 2d 795, 800 (E.D. Tex. 2006) (Davis, U.S.D.J.) ("For those witnesses coming from New York or Connecticut, New York is a more convenient forum than Texas. For all other witnesses, such as those from California, Taiwan, or Israel, Texas is at least as, if not more, convenient. Accordingly, this factor is neutral."). *See also* *Odom v. Microsoft Corp.*, No. 6:08-CV-331, 2009 U.S. Dist. LEXIS 9835, at *14-16 (E.D. Tex. Jan. 30, 2009) (Love, U.S.M.J.) (applying 100-Mile and granting transfer where nearly all of the identified witnesses resided closer to the transferee district than to the Court).
37. *Compare Jackson*, 2009 U.S. Dist. LEXIS 22117, at *6 ("[I]n patent cases such as this, expert witnesses used by parties at trial are likely to come from all over the country, and beyond. Therefore,

the Court finds that [the convenience-of-witnesses] factor does not weigh in favor of transfer."), *MHL Tek, LLC*, 2009 U.S. Dist. LEXIS 13676, at *20 ("[T]his Court has presided over numerous patent cases and is of the opinion that a great number of witnesses at trial will be expert witnesses, who could come from anywhere around the country or the world. Given the Fifth Circuit's 100 mile threshold, a majority of witnesses in this case would be greatly inconvenienced by trying the case in either [forum]."), *and Williams v. Toyota Motor Corp.*, No. 2:07CV-442, 2008 U.S. Dist. LEXIS 99367, at *12 (E.D. Tex. Dec. 9, 2008) (Ward, U.S.D.J.) ("The Court cannot limit the convenience analysis simply to those [fact] witnesses who will testify about the accident.") (citing *In re Volkswagen AG*, 371 F.3d at 204-05), *with Mediostream, Inc. v. Acer Am. Corp.*, No. 2:07CV376, 2008 U.S. Dist. LEXIS 74066, at *10 (E.D. Tex. Sept. 26, 2008) (Everingham, U.S.M.J.) ("The convenience of expert witnesses is generally accorded little weight in the transfer analysis."). *See also* *Ledelite Architectural Prods., Inc. v. Pinnacle Architectural Lighting, Inc.*, 2009 U.S. Dist. LEXIS 1033, at *8 ("In patent lawsuits, where experts and lawyers end up playing the starring roles, [defendant's] vague mention of witnesses and records in [the proposed transferee] district is not persuasive."); *Ledelite Architectural Prods., Inc. v. Focal Point, L.L.C.*, 2008 U.S. Dist. LEXIS 82373, at *9 ("Defendant points out that the design and manufacture of the products occurs in Chicago, but that is hardly a good reason to transfer a patent infringement suit. In these cases, experts tend to play the starring role; defendant has given no reason to think that this case will be any different.").

38. *Sanofi-Aventis Deutschland GMBH*, 2009 U.S. Dist. LEXIS 22108, at *16-17; *Lineage Power Corp.*, 2009 U.S. Dist. LEXIS 1112, at *13-14.
39. *Ledelite Architectural Prods., Inc. v. Pinnacle Architectural Lighting, Inc.*, 2009 U.S. Dist. LEXIS 1033, at *8-9.

Michael A. Oropallo is a partner in, and John M. Nichols is an associate at, Hiscock & Barclay, LLP's Syracuse, NY office.

Thank You

The Intellectual Property Law Section extends its gratitude to the following for their significant sponsorship over the past year:

- Arnold & Porter LLP
- Baker & McKenzie, LLP
- Cahn Litigation, LLC
- Fross Zelnick Lehrman & Zissu, P.C.
- Fulbright & Jaworski LLP
- Hiscock & Barclay, LLP
- Kilpatrick Stockton LLP
- Loeb & Loeb LLP
- Morrison & Foerster LLP
- Weil, Gotshal & Manges LLP
- Affliction
- Avon Products Incorporated
- Brooks Brothers
- FTI®
- HBO
- L'Oreal USA
- Macy's
- Revlon
- Rouse & Co. International
- Simon & Schuster
- Singer
- Thomson CompuMark/Thomson Reuters
- Unilever, Dove Skin Global Brand Development
- West Legal Ed Center, a Thomson Reuters Company

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:

Mark J. Abate	Michael Erzingher	Tina Munkholm Larsen	Carl F. Ruoff
Peter A. Adebajo	John Julian Esmay	Robert Ledesma	Jay Seiden
Laura J. Akscin Foord	Paula Joanne Estrada	Kyung Cheon Lee	Neda Shahghasemi
Michelle Almeida	De Martin	Jonathan William Levine	Edit Shkreli
Francesca Altema	Shahrokh Falati	Alvin Chien-chih Lin	Zakhar Shusterman
Mark Hamilton Anania	Danielle L. Fein	Hui Liu	Alex Silverman
Lawrence E. Apolzon	Lisa M. Ferri	Kyle Odell Logan	Amanda M. Simpson
Daniel Patrick Archibald	C. Adel Fortin	Victoria L. Loughery	Krista M. Sirola
Emil M. Arguelles	Nyasha S. Foy	Sheryl Leilynn Loui	Stanislav Skarbo
Martin Stuart Bancroft	Michelle V. Francis	Reginald Lucas	Abraham Y. Skoff
Scott D. Bates	Raymond M. Gabriel	Sigal Pearl Mandelker	George Bundy Smith
Philippe Bennett	Jon-Paul Gabriele	Vikram Alexander Mathrani	Shannon Lynn Smith
Francine J. Berry	Aisha Dalila Gayle	Daniel Stephen Matthews	Hyun Ho Song
Drew Raymond Berweger	Rakiat T. Gbadamosi	Gwen Hollis Mattleman	Michael S. Sparling
Megha D. Bhouraskar	Denise Hargleroad Gibbon	Rebecca A. Mattson	Alexander F. Spielberg
Kristin Black	Diane M. Glass	Keesha McCray	Thomas P. Spollen
Carolyn Anne Blessing	David Charles Goldman	Kimberly A. McHargue	Mitchell A. Stein
Oudy Charles Bloch	Maarten Goudsmit	Vincent M. Mekles	Andrew D. Sternlight
Charles W. Bradley	Daniel Philip Gould	John Lawrence Miller	William Joseph Stock
Rebecca Brennan	Michael Robert Graif	Matthew Edward Mooij	Brian Shin Suh
Paul J. Burgo	Richard S. Gresalfi	Moersfelder	Judith J. Sullivan
Megan Bussey	Gerald Julius Grossman	Marissa Brin Moran	William B. Tabler
Magda Maria Carvalho	Ping Gu	Sally A. Morris	Philip H. Thomas
Maureen E. Casey	Ernest James Guadiana	Dimitrios Moscholeas	Lin Lin Tian
Carlotta Cassidy	Rebekeh Susan Gulash	Hakim Abdel Mulraine	Joshua B. Toas
Rosa Castello	J. K. Hage	Valbona Myteberi	Peter Charles Toto
Pei-Shian Chen	Stacey Donner Hallerman	Frank A. Natoli	Pieter J. Tredoux
Hsinhsian Chou	Yukoh Hammura	James Robert Nault	Pareesh Trivedi
Linda Claude-Oben	Alice Han	Gregory S. Nieberg	Angela D. Truesdale
Toby Michael Cohen	Ashley Manning Hart	Stefanie A. Olivieri	Nguyen Anh Tuan
Cameron Cole	Anna Heintz	Masato Oshikubo	Antigone Tzakis
Catriona Mary Collins	Ellen M. Hemmerlein	Kimberley Danzi Overs	Ithti Toy Ulit
Ally Colvin	Jocelyn Ruth Ho	Mark T. Paul	Matthew Van Ryn
Jonas Conrad	James E. Hough	Luiza Duarte Pereira	Stephen K. Vargas
Bryan D. Corlett	Edwin E. Huddleson	Julian David Perlman	Alexander Viderman
Kathryn Dalli	Erik Huestis	Nathan B. Perry	Nadeesha Viswakula
Jonathan Robert Dargatz	R. Daniel Hughes	Greg Pilarowski	Jackson Paul Wagener
Joshua Adam Davis	Albert L. Jacobs	Matthew Burton Pinckney	Kimberly Christine
Nathan Mandell Davis	Jenny D. Johnson-Sardella	Caryn M. Pincus	Weinreich
Eryn Deblois	Philip Katz	Catherine Pinos	Emanuel R. Weisgras
Shalini Ruth Deo	Sean Liam Kelleher	Luisito Enriquez Puno	Max Viscardi Weisman
Carol Desmond	Michael T. Kellogg	Patricia Qualey	Jonathan Arthur Weiss
Manjula Venkataramani	Steven Joseph Keough	Vesna N. Rafaty	Craig B. Whitney
Dharia	Aijaz Khan	Raanan Rawitz	Caleb David Wilkes
Melissa Diaz	Sylvia Khatcherian	Brian Reese	John Randolph Wright
Baharak Courtney Doagoo	Nasrin Khill	Nicolas Marian Reischer	Jennifer Jennifer Wu
Candice T. Donaldson	Chang Joo Kim	Debbie-Ann Camille	Samuel Yaggy
Kirsten D. Downer	Eric Douglas Knapp	Robinson	Hsiu-Yuan Monica Yang
Brenna C. Drury	Marissa Kovary	Brad D. Rose	Joon Ro Yoon
John S. Economou	Adam E. Kraidin	Benjamin Caen Rothermel	Sunni June Yuen
Gayle Roxanne Elings	M. William W. Krasilovsky	Allison D. Rothman	Steve T. Zelson
Obianuju Yvonne Erokwu	Matthew Krichbaum	Maeve Rothman	Di Zhang

Scenes from the Intellectual Property Law Section

FALL MEETING

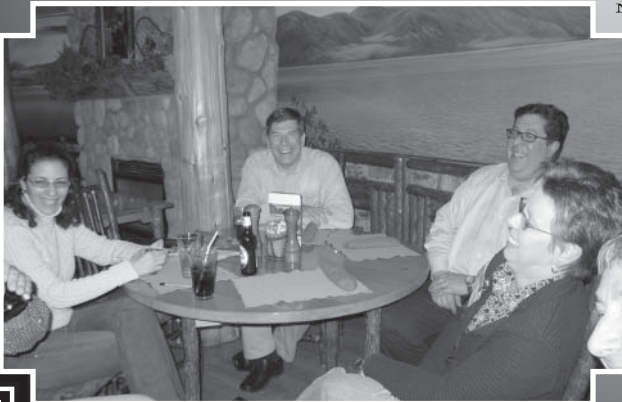
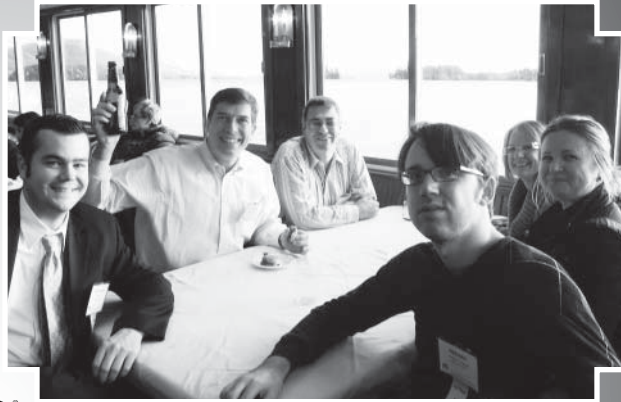
October 15–18, 2009

The Sagamore • Bolton Landing, NY









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 sponsors 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. Now, with Mandatory Continuing Legal Education (MCLE) requirements, Intellectual Property Law Section membership is more valuable than ever before! The Section also sponsors joint programs with Law Schools including an annual writing contest for law students wherein the winning articles appear in an issue of *Bright Ideas*.

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 Copyright Law; Diversity Initiative; Ethics; Greentech; International IP Law; Internet & Technology Law; Legislative/Amicus; Litigation; Meetings and Membership; Patent Law; Pro Bono and Public Interest; Trademark Law; Trade Secrets; Transactional Law; 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 28 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 32 of this issue.

- | | |
|--|---|
| <input type="checkbox"/> Copyright Law (IPS1100) | <input type="checkbox"/> Meetings and Membership (IPS1040) |
| <input type="checkbox"/> Diversity Initiative (IPS2400) | <input type="checkbox"/> Patent Law (IPS1300) |
| <input type="checkbox"/> Ethics (IPS2600) | <input type="checkbox"/> Pro Bono and Public Interest (IPS2700) |
| <input type="checkbox"/> Greentech (IPS2800) | <input type="checkbox"/> Trademark Law (IPS1600) |
| <input type="checkbox"/> International Intellectual Property Law (IPS2200) | <input type="checkbox"/> Trade Secrets (IPS1500) |
| <input type="checkbox"/> Internet and Technology Law (IPS1800) | <input type="checkbox"/> Transactional Law (IPS1400) |
| <input type="checkbox"/> Legislative/ Amicus (IPS2300) | <input type="checkbox"/> Young Lawyers (IPS1700) |
| <input type="checkbox"/> Litigation (IPS2500) | |

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/membership>

NEW YORK STATE BAR ASSOCIATION

Annual Meeting of the Intellectual Property Law Section

Tuesday, January 26, 2010 Hilton New York 1335 Avenue of the Americas, New York City	
MORNING PROGRAM, 8:50 a.m. Gramercy Suites A & B, 2nd Floor LUNCHEON, 1:00 p.m. Murray Hill Suite A, 2nd Floor	AFTERNOON PROGRAM, 2:10 p.m. Gramercy Suites A & B, 2nd Floor COCKTAIL RECEPTION, 5:30 p.m. Morgan Suite, 2nd Floor

IMPORTANT INFORMATION

Under New York's MCLE rule, this program has been approved for a total of up to 7.5 credit hours, consisting of 7.5 credit hours in areas of professional practice. This program 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 and non-members may apply for a discount or scholarship to attend this program, based on financial hardship. ***This discount applies to the educational portion of the program only.*** Under that policy, any member of our Association or non-member who has a genuine basis of his/her hardship, 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.

Section Chair
Joyce L. Creidy, Esq.
Thomson CompuMark
Thomson Reuters
New York City

Program Co-Chair
Chehrazade Chemchan, Esq.
Fulbright & Jaworski LLP
New York City

Program Co-Chair
Michael A. Oropallo, Esq.
Hiscock & Barclay LLP
Syracuse

- 8:50 - 8:55 a.m. Welcoming Remarks**
Joyce L. Creidy, Esq., Section Chair
Chehrazade Chemchan, Esq. and Michael A. Oropallo, Esq., Program Co-Chairs
- 8:55 - 9:45 a.m. Copyright and Fair Use: Is All Fair in Comedy and Politics?**

The fair use defense to copyright infringement liability has always required complex and fact-specific analysis. As the courts have interpreted and applied Judge Leval's ground breaking concept of transformative use, the outcome of a fair use defense has become increasingly difficult to predict. Cases involving humorous and political content often test the boundaries of fair use. Are such works treated differently by courts, and if so, should they be? A panel of prominent copyright practitioners will discuss developments in the evolution of fair use, using examples of recent cases involving comedy and politics to illustrate the challenges practitioners face advising clients on this important legal doctrine.

Moderator: **Paul M. Fakler, Esq.,** Moses & Singer LLP, New York City
Panelists: **Oren J. Warshavsky, Esq.,** Baker & Hostetler LLP, New York City
Roger L. Zissu, Esq., Fross Zelnick Lehrman & Zissu, P.C., New York City

9:45 - 10:35 a.m. Creative Enforcement of Intellectual Property Rights: Vicarious and Contributory Liability Against Service Providers of Trademark and Copyright Infringers

More and more, trademark and copyright proprietors are taking action against landlords, shippers, Internet Service Providers, Internet auction and advertising sites, social networking websites, credit card companies, and other service providers to stop counterfeiters and infringers from using these services, especially over the Internet. Courts within the United States have addressed these actions in a series of recent cases which impact enforceability of copyright and trademark rights. The panel will discuss the current legal standards and explore best practices and tips on how to tackle such cases, as well as how courts in other jurisdictions have addressed these issues.

Moderator: **Mark I. Peroff, Esq.,** Hiscock & Barclay, New York City

Panelists: **Davide Bresner, Esq.,** Rapisardi Intellectual Property, Milan, Italy
Brian W. Brokate, Gibney, Anthony & Flaherty, LLP, New York City
Theodore C. Max, Esq., Sheppard Mullin Richter & Hampton LLP, New York City

10:35 - 10:50 a.m. Coffee break

10:50 - 11:40 a.m. Ethics Update 2009—A Year in Transition

With the adoption by New York of a revised Rules of Professional Responsibility (replacing the Code of Professional Responsibility), the panel reviews three areas in which ethical considerations may arise: 1) The permissible limits in use of a private investigator; 2) Conflicts arising out of a trademark search and 3) An attorney's obligation to report an infirmity in a client's rights: licensing negotiations; assertion of client's rights in an adversarial setting; and in litigation

Moderator: **Philip Furgang, Esq.,** Furgang & Adwar, LLP, New York City

Panelists: **Jeanne Hamburg, Esq.,** Norris McLaughlin & Marcus P.A., New York City
William Thomashower, Esq., Schwartz and Thomashower LLP, New York City

11:40 - 12:30 p.m. Survey of Federal Circuit and U.S. Supreme Court Patent Cases

The federal courts continue to shift many paradigms of patent law and litigation. This distinguished panel will take you on a journey through recent cases and developments, and provide some insight regarding yet-to-be decided issues and cases.

Moderator: **Mary Ann Ball, Esq.,** Fulbright & Jaworski LLP, New York City

Panelists: **Susan E. Farley, Esq.,** Heslin Rothenberg Farley & Mesiti, PC, Albany
Douglas J. Nash, Esq., Hiscock & Barclay LLP, Syracuse

1:00 - 2:00 p.m. Lunch

1:00 - 1:05 p.m. Remarks by The New York Bar Foundation

2:00 - 2:50 p.m. Going International With A Tight Budget - How Do Brand Owners Do This:

During these challenging economic times, both in-house and outside counsel are encouraged to partner together to find effective solutions to manage an international trademark portfolio. Being partners requires open and honest dialogue about the type of challenges faced and how they can be overcome. This panel discussion will focus on some of the strategic, legal and ethical issues that are faced by in-house and outside counsels when managing an international trademark portfolio.

Moderator: **Sheila Frances, Esq.,** Rouse & company International, New York City

Panelists: **Sujata Chaudhri, Esq.,** Cowan, Liebowitz & Latman, P.C., New York City
Lauren A. Dienes-Middlen, Esq., World Wrestling Entertainment, Inc., Stamford, CT
Olga M. Nedeltscheff Esq., Limited Brands Inc., New York City

2:50 - 3:05 p.m. Coffee Break

3:05 - 3:55 p.m. Expert Witnesses—Hiring and Disclosing An Expert That Will Withstand A Preclusion Attack

The selection, disclosure of opinions, and Daubert challenges to experts in Intellectual Property cases has hit a fever pitch. This panel will provide insight, practice pointers and a “view from the bench”, on this timely topic.

Moderator: **Honorable David E. Peebles**, U. S. Magistrate Judge, Northern District of New York, Syracuse

Panelists: **Leonard A. Feiwus, Esq.**, Kasowitz, Benson, Torres & Friedman, LLP, New York City
Basil Imburgia, Esq., FTI Consulting, Inc., New York City

3:55 - 4:45 p.m. When, Why And How To Bring Criminal Actions Against Trademark Counterfeiters?

Trademark counterfeiting is a crime and when appropriate, brand owners work with the U.S. government to build successful criminal cases against counterfeiters, in addition or in place of civil measures. The panel will explore with representatives from the U.S. government and the pharmaceutical and certification industries:

- when a case is appropriate for criminal prosecution
- why a company should bring cases to prosecutors attention and
- how to put a successful criminal case together

Moderator: **Jessica Parise, Esq.**, Fulbright & Jaworski LLP, New York City

Panelists: **Matthew J. Bassiur, Esq.**, U. S. Department of Justice, Washington, D.C.
Brian Donnelly Esq., Pfizer, Inc., New London, CT
Brian H. Monks, Esq., Underwriters Laboratories Inc., Melville

4:45 - 5:00 p.m. Annual Law Student Writing Competition

First Prize: \$2,000

Second Prize: \$1,000

Intellectual Property Law Section Fellows

Announcement of 2010–2011 Fellows

5:00 - 5:10 p.m. Closing Remarks

Joyce L. Creidy, Esq., Section Chair

Chehrazade Chemcham, Esq. and Michael A. Oropallo, Esq., Program Co-Chairs

5:15 - 6:30 p.m. Cocktail Reception Sponsored by Thomson CompuMark/Thomson Reuters

All young lawyers are welcome to this reception



Accommodations for Persons with Disabilities: NYSBA will make reasonable modifications/accommodations to allow participation in its services, programs, or activities by persons with disabilities. NYSBA will provide auxiliary aids and services upon request. NYSBA will remove architectural barriers and communication barriers that are structural in nature where readily achievable. To request auxiliary aids or services or if you have any questions regarding accessibility, please contact Linda Castilla at 518-487-5562.



For overnight room accommodations, please call the Hilton New York at 1-800-445-8667 and identify yourself as a member of the New York State Bar Association. Room rates are \$239.00 for single/double occupancy. Reservations must be made by Wednesday, December 23, 2009. You also can reserve your overnight room on the web at www.nysba.org/10accomm.



For questions about this specific program, please contact Linda Castilla at 518-487-5562. **For registration questions only, please call 518-487-5621. Fax registration form to 866-680-0946.**

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.

Copyright Law

Jeffrey Barton Cahn
72 Winged Foot Drive
Livingston, NJ 07039

Robert W. Clarida
Cowan, Liebowitz & Latman, P.C.
1133 Avenue of the Americas
New York, NY 10036
rwc@ccl.com

Diversity Initiative

Kim A. Walker
Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, NY 10019-6018
kwalker@willkie.com

Joy Josephine Kaplan Wildes
Davis & Gilbert LLP
1740 Broadway
New York, NY 10019-4315
jwildes@dglaw.com

Ethics

Philip Furgang
Furgang & Adwar, LLP
1325 Avenue of the Americas
28th Floor
New York, NY 10019
philip@furgang.com

Rory J. Radding
Morrison & Foerster LLP
1290 Avenue of the Americas
New York, NY 10104-0185
rradding@mofo.com

Greentech

Rory J. Radding
Morrison & Foerster LLP
1290 Avenue of the Americas
New York, NY 10104-0185
rradding@mofo.com

Debra Resnick
FTI Consulting
Three Times Square, 11th Floor
New York, NY 10036
debra.resnick@fticonsulting.com

International Intellectual Property Law

Chehrazade Chemcham
Fulbright & Jaworski LLP
666 Fifth Avenue
New York, NY 10019-6109
cchemcham@fulbright.com

Sheila Francis Jeyathurai
Rouse & Co. International Trading As
IS Global Inc.
100 Park Avenue, Suite 1600
New York, NY 10017
sfrancis@iprights.com

Internet and Technology Law

Rory J. Radding
Morrison & Foerster LLP
1290 Avenue of the Americas
New York, NY 10104-0185
rradding@mofo.com

Richard L. Ravin
Hartman & Winnicki, PC
115 West Century Rd
Paramus, NJ 07652
rick@ravin.com

Legislative/Amicus

Sujata Chaudhri
Cowan, Liebowitz & Latman, P.C.
1133 Avenue of the Americas
New York, NY 10036-6710
szc@ccl.com

Tamara Carmichael
Loeb & Loeb LLP
345 Park Avenue
New York, NY 10154
tcarmichael@loeb.com

Litigation

Marc A. Lieberstein
Kilpatrick Stockton LLP
31 West 52nd Street, 14th Floor
New York, NY 10019
mlieberstein@kilpatrickstockton.com

Ira J. Levy
Goodwin Procter LLP
The New York Times Building
620 Eighth Avenue
New York, NY 10018-1405
ilevy@goodwinprocter.com

Meetings and Membership

Michael A. Oropallo
Hiscock & Barclay LLP
300 South State Street
Syracuse, NY 13202-2078
moropallo@hblaw.com

Michael James Kelly
Kenyon & Kenyon LLP
1 Broadway
New York, NY 10004-1007
mkelly@kenyon.com

Dana Lauren Schuessler
301 East 63rd St
New York, NY 10065
dschuess@gmail.com

Patent Law

Joseph A. DeGirolamo
Joseph A. DeGirolamo, LLC
411 Theodore Fremd Avenue
Suite 206 South
Rye, NY 10580
jadegirolamo@degiorolamoip.com

Richard LaCava
Dickstein Shapiro LLP
1633 Broadway
New York, NY 10019-6708
lacavar@dicksteinshapiro.com

Pro Bono and Public Interest

Debra Resnick
FTI Consulting
Three Times Square, 11th Floor
New York, NY 10036
debra.resnick@fticonsulting.com

Brian Nolan
McDermott Will & Emery
340 Madison Avenue
New York, NY 10173
bnolan@mwe.com

Trademark Law

Rebecca Leigh Griffith
Day Pitney LLP
7 Times Square
New York, NY 10036
rlgriffith@daypitney.com

Lisa W. Rosaya
Baker & McKenzie
1114 Avenue of the Americas
44th Floor
New York, NY 10036-7703
lisa.w.rosaya@bakernet.com

Trade Secrets

Porter F. Fleming
Frommer Lawrence & Haug LLP
745 Fifth Avenue
New York, NY 10151-0099
pfleming@flhlaw.com

Douglas A. Miro
Ostrolenk, Faber, Gerb & Soffen LLP
1180 Avenue of the Americas, 7th Floor
New York, NY 10036
dmiro@ostrolenk.com

Transactional Law

Robin E. Silverman
Golenbock Eiseman Assor Bell & Peskoe LLP
437 Madison Avenue
New York, NY 10022
rsilverman@golenbock.com

Erica D. Klein
Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, NY 10036-2714
eklein@kramerlevin.com

Young Lawyers

Sarah B. Kickham
455 Hudson Street
New York, NY 10014
sbkickham@yahoo.com

Abby Hannah Volin
Harris Beach PLLC
100 Wall Street
New York, NY 10005-3701
avolin@harrisbeach.com

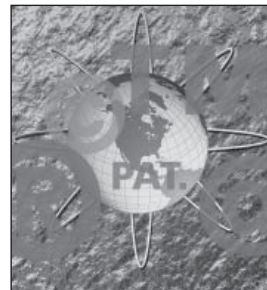
JANUARY 2010

**REPORT OF THE NOMINATING COMMITTEE OF THE
INTELLECTUAL PROPERTY LAW SECTION**

The Nominating Committee is pleased to report the following nominations for consideration by the Intellectual Property Law Section of the New York State Bar Association at the Annual Meeting to be held in New York City on January 26, 2010. The Committee nominates: Kelly Slavitt for the office of Vice Chair; Charles T.J. Weigell, III for the office of Treasurer; and Sheila Francis Jeyathurai, for the office of Secretary, for the term commencing on June 1, 2010 and ending May 31, 2012.

In accordance with the Bylaws of the Intellectual Property Law Section (Article III, Section 1), Paul Fakler shall become Chair of the Section, for the term commencing on June 1, 2010 and ending May 31, 2012.

The Committee further nominates the following Members-At-Large: Michelle V. Francis; Anil George; Philip A. Gilman; Eric Gisolfi; Raymond A. Mantle; Autondria S. Minor; Jessica R. Murray and Miriam M. Netter for the term commencing on June 1, 2010 and ending May 31, 2012.



Respectfully submitted,

Nominating Committee
Joyce Creidy, Chair
Paul M. Fakler, Vice Chair
Richard L. Ravin, Former Chair
Marc Ari Lieberstein, Former Chair
Michael Chakansky, Former Chair
Debra I. Resnick, Former Chair

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 26, 2010, 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

Second Prize: \$1,000

COMPETITION RULES ARE AS FOLLOWS:

To be eligible for consideration, the paper must be 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. or CD disk must be submitted by mail, postmarked no later than December 7, 2009 to the person named below. As an alternative to sending the disk or CD, the contestant may e-mail the electronic copies, provided that they are e-mailed before 5:00 p.m. EST, December 7, 2009.

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 to: Naomi Pitts, NYSBA, One Elk Street, Albany, NY 12207 (e-mail: npitts@nysba.org). Comments and/or questions may be directed to the Co-Chair of the Young Lawyers Committee: Sarah B. Kickham, Ullman Shapiro & Ullman LLP, 299 Broadway, Suite 1700, New York, NY 10007, (212) 571-0068, sbkickham@yahoo.com or Abby Hannah Volin, Harris Beach PLLC, 100 Wall Street, New York, NY 10005, (212) 313-5447, avolin@harrisbeach.com.

Your key to professional success...

A wealth of practical resources at www.nysba.org

- Downloadable Forms organized into common practice areas
- Comprehensive practice management tools
- Forums/listserves for Sections and Committees
- More than 800 Ethics Opinions
- NYSBA Reports – the substantive work of the Association
- Legislative information with timely news feeds
- Online career services for job seekers and employers
- Free access to several case law libraries – exclusively for members

The practical tools you need.
The resources you demand.
Available right now.
Our members deserve nothing less.

***Bright Ideas* (the Intellectual Property Law Section's Newsletter) is available online**



Go to www.nysba.org/BrightIdeas to access:

- Past Issues (2000-present) of *Bright Ideas**
- *Bright Ideas* Searchable Index (2000-present)
- Searchable articles from *Bright Ideas* that include links to cites and statutes. This service is provided by Loislaw and is an exclusive Section member benefit*

*You must be an Intellectual Property Law Section member and logged in to access. Need password assistance? Visit our Web site at www.nysba.org/pwhelp. For questions or log-in help, call (518) 463-3200.

For more information on these and many other resources go to www.nysba.org





**NEW YORK STATE BAR ASSOCIATION
INTELLECTUAL PROPERTY LAW SECTION**

NYSBA One Elk Street, Albany, New York 12207-1002

ADDRESS SERVICE REQUESTED

NON PROFIT ORG.
U.S. POSTAGE
PAID
ALBANY, N.Y.
PERMIT NO. 155

Submission of Articles

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 2010 issue must be received by February 15, 2010.

At-Large Members of the Executive Committee

Philip A. Gilman	Miriam M. Netter
Eric E. Gisofli	Oren J. Warshavsky
Raymond A. Mantle	

INTELLECTUAL PROPERTY LAW SECTION

Visit us
on the Web
at

www.nysba.org/ipi

BRIGHT IDEAS

Editor-in-Chief

Jonathan Bloom
Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
jonathan.bloom@weil.com

Executive Editor

Rory J. Radding
Morrison & Foerster LLP
1290 Avenue of the Americas
New York, NY 10104
rradding@mofo.com

Section Officers

Chair

Joyce L. Creidy
Thomson Reuters
530 Fifth Avenue, 7th Floor
New York, NY 10036
joyce.creidy@thomsonreuters.com

Vice Chair

Paul Matthew Fakler
Moses & Singer LLP
405 Lexington Avenue
New York, NY 10174
pfakler@mosessinger.com

Treasurer

Kelly Slavitt
75 Rosemere Avenue
Fairfield, CT 06825
kslavitt@yahoo.com

Secretary

Charles Thomas Joseph Weigell, III
Fross Zelnick Lehrman & Zissu PC
866 United Nations Plaza
New York, NY 10017
cweigell@frosszelnick.com

Bright Ideas is a publication of the Intellectual Property Law Section of the New York State Bar Association. Members of the Section receive a subscription to the publication without charge. Each article in this publication represents the author's viewpoint and not that of the Editors, Section Officers or Section. The accuracy of the sources used and the cases, statutes, rules, legislation and other references cited is the responsibility of the respective authors.

Copyright 2009 by the New York State Bar Association.
ISSN 1530-3934 (print) ISSN 1933-8392 (online)