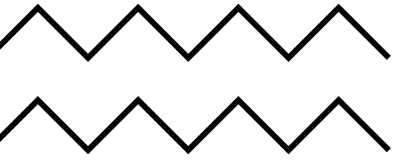




# The Basics of Copyright Litigation

December 8, 2021

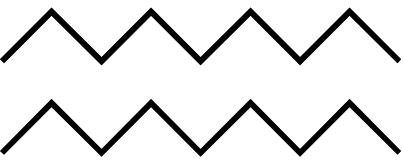




# This talk will cover

- Basic IP concepts
- Basics of copyright litigation for Eleventh Circuit practitioners





# What is intellectual property (IP)?



Inventions



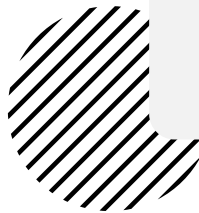
Literary and artistic works



Designs



Symbols, names, and images used in commerce



# ○ Why is IP important?

- Fosters innovation
- Music, art, literature = promotes creativity
- Intangible corporate assets
  - Licensing
  - Royalties
- Provides protection from competitors

# ○ Types of IP protection

- Copyrights
- Trademarks & service marks
- Trade secrets
- Patents
- Contracts



# Copyrights

Congress shall have the power "[t]o 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."

- U.S. Const., Art. I, Section 8, Clause 8

# ○ What is a copyrightable work?

- An **original** work of **authorship** which is **fixed** in a tangible medium of expression (17 U.S.C. § 102)
- Examples:
  - Literary works
  - Music works (incl. accompanying words)
  - Dramatic works (incl. accompanying words)
  - Choreographic works
  - Pictorial, graphic, and sculptural works
  - Motion pictures and other audiovisual works
  - Sound recordings
  - Architectural works



## Copyrightable works (cont'd)

- Categories of copyrightable works are viewed broadly (e.g., software as a “literary work”), but
  - “Fixing” must be done “by or under the authority of the author”
    - *Naruto, et al. v. David Slater*, Case No. 15-cv-04324 (N.D. Cal. Jan. 8, 2016); 17 U.S.C. § 101
    - HTML vs. source code
  - Work must be original
    - Artistic skill rather than physical or manufacturing skill (1 Nimmer on Copyright § 2.01[A][1] (2019))





# ○ What isn't copyrightable?

- Ideas, processes, methods, systems

*Sieger Suarez Architectural P'ship, Inc. v. Arquitectonica Int'l Corp.*, 998 F. Supp. 2d 1340, 1353 (S.D. Fla. 2014) (claim rejected under CA11 precedent because it would require a finding that the plaintiff owned a copyright in a concept (a flower shape))

- Titles, names, short phrases
  - In some cases, these can be protected as trademarks
- Facts, news
- Works in public domain
- Unfixed works

# ○ What isn't copyrightable? (cont'd)

- Mechanical/utilitarian aspects of useful articles
  - *Star Athletica, L.L.C. v. Varsity Brands, Inc.*, 137 S. Ct. 1002, 1008 (2017)
    - Separability test
    - Originality, not functionality
      - *Norris Industries, Inc. v. Int'l Tel. & Tel. Corp.*, 696 F.2d 918, 922 (11th Cir. 1983) (wire wheel)
      - *Brandir Int'l, Inc. v. Cascade Pac. Lumber Co.*, 834 F.2d 1142, 1147-48 (2d Cir. 1987) (functional concerns motivated changes in "artistic" bike rack)
- Government works
  - 17 U.S.C. § 105
  - *Microdecisions, Inc. v. Skinner*, 889 So. 2d 871 (Fla. 2d DCA 2005)
- Government edicts
  - *Georgia v. Public.Resource.Org, Inc.*, 140 S. Ct. 1498 (2020)
  - *Am. Soc'y for Testing & Materials v. Public.Resource.Org, Inc.*, 896 F.3d 437 (D.C. Cir. 2018)

# ○ Who owns a copyrighted work?

- **Creator** - 17 U.S.C. § 201(a)
- **Employer**, under WMFH doctrine if created within scope of employment - 17 U.S.C. § 201(b)
- **Client**, under WMFH doctrine if (a) work specially commissioned by client, (b) work is the type specifically enumerated in 17 U.S.C. § 101, and (c) parties agree the work is WMFH in writing
  - WMFH agreement must be executed before work commences
    - *Playboy Enters., Inc. v. Dumas*, 53 F.3d 549, 558-59 (2d Cir. 1995); *Schiller & Schmidt, Inc. v. Nordisco Corp.*, 969 F.2d 410 (7th Cir. 1992)

# ○ Transfer of ownership

- Copyright ownership can be transferred
- Authors, or heirs, may be able to terminate the grant of a transfer or license (17 U.S.C. §§ 203, 304(c), and 304(d))
  - Usually, 35 years after grant
  - Must serve notice within certain time period
  - Termination rights for loan-outs?
  - Litigation

# ○ Term of protection

- Protection vests at moment of creation
  - Registration with Copyright Office not required for vesting
  - With some asterisks, registration required for filing suit
- Term
  - For individual author - life of author, plus 70 years
  - For entity - lesser of 95 years from publication, or 120 years from creation
- Notice

# ○ Copyright owner's exclusive rights

1. Reproduce the work in copies;
2. Create derivative works based upon the work;
3. Distribute copies of the work;
4. Perform the work publicly;
5. Display the work publicly; and
6. Digitally transmit sound recordings.

17 U.S.C. § 106

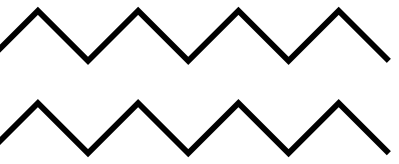
# ○ A license to sue?

- Registration (or refusal) required to sue for U.S. works
  - *Fourth Est. Pub. Benefit Corp. v. Wall-Street.com, LLC*, 139 S. Ct. 881, 885 (2019)
    - “Registration is akin to an administrative exhaustion requirement that the owner must satisfy before suing to enforce ownership right”
- Can sue on foreign works without registration under Berne Convention
  - *Kernel Recs. Oy v. Mosley*, 694 F.3d 1294, 1304 (11th Cir. 2012) (plaintiff’s burden to prove a publication occurred abroad to avoid registration)
  - Statutory damages & fees precluded under 17 U.S.C. § 412

# ○ A license to sue? (cont'd)

- Registration within 5 years of publication = prima facie evidence of
  - Copyright validity, and
  - Facts stated in the certificate
- Presumption of validity “merely orders the burden of proof”
  - *Bel Air Lighting, Inc. v. Progressive Lighting, Inc.*, No. 1:07-CV-2199-TWT, 2010 WL 966422, at \*5 (N.D. Ga. Mar. 15, 2010), *aff'd sub nom. Progressive Lighting, Inc. v. Lowe's Home Centers, Inc.*, 549 F. App'x 913 (11th Cir. 2013)
- Registration before infringement or within 3 months after publication = eligibility for statutory damages and attorney's fees





# Copyright Claims

- Direct infringement
- Secondary infringement
  - Contributory
  - Vicarious
- Violations of the Digital Millennium Copyright Act (DMCA)
- Ownership disputes
- License disputes = contract disputes or copyright claims?



# ○ Copyright infringement

- Must prove two elements:
  - (1) ownership of a valid copyright, and
  - (2) copying of constituent elements of the work that are original.

*Baby Buddies, Inc. v. Toys R Us, Inc.*, 611 F.3d 1308, 1315 (11th Cir. 2010); *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991)



# Validity

- Ownership
- Copyrightable subject matter
  - Courts give deference to Copyright Office opinions and compendium
    - *Olem Shoe Corp. v. Wash. Shoe Corp.*, 591 F. App'x 873, 882 n.10 (11th Cir. 2015)
- Originality



# ○ Copying

- Two separate inquiries:
  - Is there factual copying?
  - Are the copied elements protected expression and of such importance to the copied work that the appropriation is actionable?

*MiTek Holdings, Inc. v. Arce Eng'g Co.*, 89 F.3d 1548 (11th Cir. 1996);  
*Compulife Software Inc. v. Newman*, 959 F.3d 1288, 1301 (11th Cir. 2020)

# ○ Factual copying

- Can be established directly or indirectly
- Direct is rare, usually includes admission of copying  
*Thornton v. J Jargon Co.*, 580 F. Supp. 2d 1261, 1274 (M.D. Fla. 2008)
- Indirect requires:
  - Access, **and**
  - Substantial similarity*Original Appalachian Artworks, Inc. v. Toy Loft, Inc.*, 684 F.2d 821 (11th Cir. 1982)

# ○ Access

- An opportunity to view the work, not just the mere possibility to view or speculation
  - *Dream Custom Homes, Inc. v. Mod. Day Const., Inc.*, 773 F. Supp. 2d 1288, 1302 (M.D. Fla. 2011), *aff'd*, 476 F. App'x 190 (11th Cir. 2012)
- Without access, can establish copying with “striking similarity”
  - *Dubay v. King*, 366 F. Supp. 3d 1330, 1335 n.5 (M.D. Fla. 2019);  
*Calhoun v. Lillenas Publ'g*, 298 F.3d 1228, 1232 n.6 (11th Cir. 2002)
- No “inverse ratio” rule in CA11

# ○ Substantial similarity

- Can be determined at SJ stage in CA11
  - *Intervest Const., Inc. v. Canterbury Estate Homes, Inc.*, 554 F.3d 914, 920 (11th Cir. 2008)
- Where average lay observer would determine appropriation
  - *Beal v. Paramount Pictures Corp.*, 20 F.3d 454, 459 n.4 (11th Cir. 1994)
- Must be substantially similar with regard to its **protected** elements
  - *Leigh v. Warner Bros., Inc.*, 212 F.3d 1210, 1214 (11th Cir. 2000)

# ○ Filtration

- To determine substantial similarity, must filter out unprotected elements
  - *Cortes v. Universal Music Latino*, 477 F. Supp. 3d 1290, 1295-96 (S.D. Fla. 2020); *Compulife Software Inc. v. Newman*, 959 F.3d 1288, 1301 (11th Cir. 2020)
- Must satisfy both extrinsic and intrinsic tests
  - Extrinsic = objective
  - Intrinsic = reasonable properly instructed jury
- *Compulife* = burden on defendant to filter; shifts to plaintiff to prove substantial similarity as to remaining unfiltered material



# ○ Statutory damages

- Compliance with registration requirement = can elect to recover actual or statutory damages
- No statutory damages for infringement prior to registration
  - "Commencement" under 17 U.S.C. § 412
    - *Cornerstone Home Builders, Inc. v. McAllister*, 311 F. Supp. 2d 1351, 1352 (M.D. Fla. 2004)
- 17 U.S.C. § 504 = \$750 to \$30,000 per work
- Increased statutory damages for willfulness
- Decreased statutory damages for innocent infringement

# ○ Compensatory damages

- Two types of compensatory damages:
  - Actual damages
  - Infringers' profits attributable to the infringement to the extent not calculated in actual damages

17 U.S.C. § 504(a)(1)

# ○ Actual damages

- Actual damages may include:
  - lost sales,
  - lost opportunities to license,
  - diminution in the value of the copyright, or
  - the fair market value of a license covering the defendant's use

*BWP Media USA Inc. v. HipHopzilla, Inc.*, No. 1:14-CV-0016-AT, 2016 WL 4059683, at \*2 (N.D. Ga. May 26, 2016)

# ○ Profits attributable to infringement

- Courts generally require plaintiff to prove a nexus between alleged infringement and the defendant's gross revenues
  - *Ordonez-Dawes v. Turnkey Props., Inc.*, No. 06-60557-CIV, 2008 WL 828124, at \*3 (S.D. Fla. March 27, 2008) (collecting cases)
  - *Oravec v. Sunny Isles Luxury Ventures L.C.*, 469 F. Supp. 2d 1148, 1175 (S.D. Fla. 2006) (a plaintiff must proffer some reasonable connection between the infringement and defendant's gross revenue)

# ○ Secondary liability

- Secondary liability applies when a defendant is held responsible for a third party's acts of infringement
  - *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 435 (1984)
- Must be finding of direct infringement
  - *Peter Letterese & Assocs., Inc. v. World Inst. of Scientology Enters., Int'l*, 533 F.3d 1287, 1298 n.11 (11th Cir. 2008)

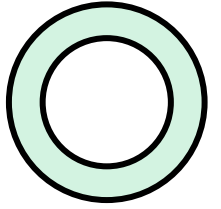
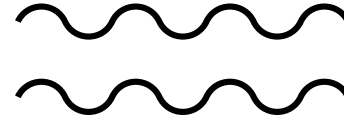
# ○ Contributory infringement

- “One who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another.”
  - *Hydentra HLP Int. Ltd. v. Luchian*, No. 1:15-CV-22134-UU, 2016 WL 5951808, at \*12 (S.D. Fla. June 2, 2016) (quoting *Cable/Home Commc’n Corp. v. Network Prods., Inc.*, 902 F.2d 829, 845 (11th Cir. 1990))
- Knowledge = objective
  - “Know, or have reason to know”
    - *Casella v. Morris*, 820 F.2d 362, 365 (11th Cir. 1987)

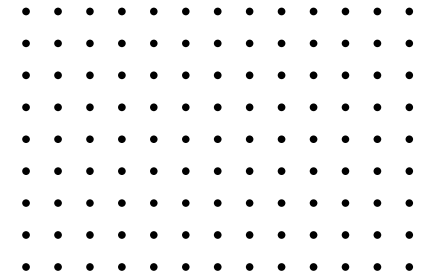
# ○ Vicarious infringement

- Liability where an individual “has the ability to supervise infringing activity and has a financial interest in that activity” or “personally participates in that activity”
  - *S. Bell Tel. & Tel. Co. v. Assoc. Tel. Directory Publishers*, 756 F.2d 801, 811 (11th Cir. 1985)
- No knowledge requirement
  - Liability even if “ignorant of the infringement”
- “Financial interest” can be saving cost of purchasing non-infringing product
  - *Kobi Karp Architecture & Interior Design, Inc. v. RG Mich. 2014 LLC*, No. 18-21079-Civ-Scola (S.D. Fla. Oct. 14, 2021)

# Common defenses



- Lack of registration
- Lack of ownership
- Lack of originality
- Lack of copyrightable subject matter
- Invalidity
- Independent creation
- Merger doctrine
- Scènes à faire
- Fair use
- License
- Abandonment
- Innocence
- Copyright misuse
- Statute of limitations





# ○ Fair use (17 U.S.C. § 107)

- Criticism, comment, news reporting, teaching, scholarship, or research
- The fact-finder must consider:
  - (1) purpose and character of the use
  - (2) nature of the copyrighted work
  - (3) amount and substantiality of the portion used; and
  - (4) the effect on potential market for the work
- Mixed question of fact & law
- Flexible inquiry
  - *Midlevelu, Inc. v. ACI Info. Grp.*, 989 F.3d 1205 (11th Cir. 2021)

# ○ DMCA

- **Section 512**

- Take downs & counter-notices
- Must consider fair use or risk misrepresentation claim under 512(f)
  - Subjective good-faith belief
    - *Johnson v. New Destiny Christian Ctr. Church, Inc.*, No. 19-11070 (11th Cir. Sep. 4, 2020)

# ○ DMCA (cont'd)

- **Section 1201**

- Anti-circumvention, trafficking

- **Section 1202**

- Copyright management information (CMI)
  - “false” CMI
  - “removal” of CMI
- Original work, not derivative for 1202 liability
  - *Faulkner Press, L.L.C. v. Class Notes, L.L.C.*, 756 F. Supp. 2d 1352 (N.D. Fla. 2010)
  - *Yellow Pages Photos, Inc. v. Dex Media, Inc.*, 2021 WL 799695 (M.D. Fla. Feb. 3, 2021)
- Double scienter requirement
  - Must act knowingly **and** with intent to conceal, induce, enable, facilitate infringement

# ○ CASE Act of 2020

- Delayed implementation (likely spring 2022)
- Small claims < \$30,000
  - Includes infringement, declarations of non-infringement, misrepresentation claims under 512(f)
  - Copyright Office will establish further streamlined process for claims < \$5,000
- Voluntary, defendant can opt out
- Can sue without complete registration, application sufficient
- Limited discovery
- Limited review by federal court

○ Thank you

- Feel free to contact me at [james@slater.legal](mailto:james@slater.legal).