



Supreme Court Corner: Q4 2015

Intellectual Property and Technology News

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RECENT DECISIONS

Lenz v. Universal Music Corp., et al. (9th Cir.)*

COPYRIGHT – DECIDED: SEPTEMBER 14, 2015

Holding: A copyright owner must consider fair use prior to issuing a take-down notice under 17 U.S.C. § 512(f).

The Digital Millennium Copyright Act (DMCA) provides protection from copyright infringement liability to web-based multimedia-sharing service providers, such as YouTube, if a user unlawfully posts copyrighted material. Under the DMCA, the service provider can avoid infringement by “act[ing] expeditiously to remove, or disable access to, the material” upon receiving a takedown notice from the copyright holder. 17 U.S.C. § 512(c).

Appellant Lenz uploaded to YouTube a 29-second home video of children dancing to Prince’s “Let’s Go Crazy.” Universal, owner of the song’s copyright, sent YouTube a takedown notice. YouTube then removed the video and notified Lenz, who sent a counter-notification to YouTube, resulting in Universal’s protest. After Lenz sent a second counter-notification, YouTube reinstated Lenz’s video. Lenz then filed a district court complaint alleging liability under 17 U.S.C. § 512(f) for misrepresentation, then appealed the district court’s denial of her motion for summary judgment.

The Ninth Circuit held that Universal, before sending the takedown letter, was required to consider whether Lenz’s work was “fair use” under copyright law. The court reasoned that a fair use of a copyrighted work is “not just excused by the law, it is wholly authorized by the law” and Universal would have needed a subjective, good faith basis for believing Lenz’s use of the copyrighted song did not constitute a fair use.

Many commentators read this opinion to strengthen the fair use doctrine as a check on copyright holders. However, the Ninth Circuit held the copyright holder need only have a subjective, not objective, good faith belief the use was not lawful to issue a take-down notice. The court suggested – “without passing judgment” – the copyright holder could, in establishing its good faith belief, use an algorithm to review the “plethora of content” on the web.

CASES TO WATCH

Stryker Corp. v. Zimmer, Inc.

Halo Electronics, Inc. v. Pulse Electronics, Inc.

PATENT – CERT. GRANTED

Issue: Whether the Federal Circuit erred by using a two-part test for enhancing patent infringement damages, under 35 U.S.C. § 284, that is similar to the former test for imposing attorney fees under 35 U.S.C. § 285, which the Court rejected in *Octane Fitness* (2014).

Section 284 of the Patent Act permits a district court to increase damages in a patent case “up to three times the

amount found or assessed.” In 2007, an *en banc* Federal Circuit held an award of enhanced damages requires a showing of willful infringement, and a party seeking a finding of willfulness must prove, by clear and convincing evidence: (1) the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent; and (2) this risk was either known or so obvious that it should have been known to the accused infringer. *In re Seagate Tech., LLC*, 497 F.3d 1360 (Fed. Cir. 2007).

In two separate appeals, the petitioners argue the *Seagate* test is erroneous because § 284 does not require a finding of willful infringement and because the two-part test is overly rigid. In support of the latter, petitioners argue the *Seagate* test is similar to the former test for imposing attorney fees under 35 U.S.C. § 285, which the Supreme Court rejected in *Octane Fitness*.^[i] In contrast, the respondents argue review is inappropriate because, in both cases, the petitioners failed to raise a challenge to *Seagate* and the Federal Circuit declined *en banc* review. Further, the respondents argue the *Seagate* test is appropriate and was properly applied.

Mylan Pharmaceuticals Inc. v. Apotex Inc.

PATENT – CERT. PENDING

Issue: Whether Article III’s case or controversy requirement can be satisfied when the suit seeks a judgment of non-infringement of a disclaimed patent.

Pro-Football, Inc. v. Amanda Blackhorse (4th Cir.)

TRADEMARK

Issue: Whether the E.D. Va. decision affirming the Trademark Trial and Appeal Board’s decision to cancel the Washington Redskins’ trademarks was correct.

Supreme Court Corner reported on the E.D. Va. decision in our previous issue. We write to update that the owners of the Redskins trademarks have appealed to the Fourth Circuit; briefing is scheduled to finish in February 2016.

* *Editor’s note* : While in this feature we normally focus on cases before the US Supreme Court, here we highlight an interesting, important copyright law appellate issue decided by the Ninth Circuit that may eventually make its way to the Supreme Court. Petitions for rehearing have been filed by both sides.

[i] For a discussion of the *Octane* case, see Supreme Court Corner in the Q2 2014 *IPT News*.

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