



## Supreme Court Corner - Q4 2016

### Intellectual Property and Technology News

20 DEC 2016

Af: Stan Panikowski | Brian Biggs

#### **CASES WE ARE WATCHING**

***Lenz v. Universal Music Corp.***

**COPYRIGHT** – Cert. Pending

**ISSUE:** Whether, in sending a takedown notice under the DMCA, the copyright holder's "good faith belief" of copyright infringement may be purely subjective.

The Digital Millennium Copyright Act (DMCA) protects web-based multimedia-sharing services, such as YouTube, from copyright infringement liability if a user unlawfully posts copyrighted material. Under the DMCA, service providers 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).

Respondent Lenz uploaded to YouTube a 29-second home video of children dancing to Prince's "Let's Go Crazy." YouTube received a takedown notice from Universal, removed the video, and notified Lenz. After Lenz sent two counter-notifications, YouTube reinstated Lenz's video. Lenz then filed a district court complaint alleging Universal was liable under 17 U.S.C. § 512(f) for misrepresenting to YouTube that the video was infringing. When the case reached appeal, the Ninth Circuit held that prior to sending the takedown letter, Universal was required to consider whether Lenz's work was "fair use" under copyright law and would have had to subjectively believe that it was not.\*\* After the Ninth Circuit denied rehearing *en banc*, the parties filed cross-petitions for writ of *certiorari*. Universal's petition was denied, and Lenz's petition remains pending.

In her appeal, Lenz argues the Ninth Circuit erred by finding that the copyright holder, in sending the takedown notice, can merely *subjectively* believe the material is infringing. See 17 U.S.C. 512(c)(3)(A)(v) (requiring the copyright holder to certify its 'good faith belief' of infringement). Lenz argues the copyright holder must have an objectively reasonable belief. Universal argues the Ninth Circuit is correct because the statutory phrase "good faith belief" is necessarily subjective.\*

***SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC\*\****

**PATENT** – Argument November 1, 2016

**ISSUE:** *Whether laches is available as a defense under the Patent Act to bar damages for patent infringement within the six-year recovery period.*

The Supreme Court's recent decision in *Petrella*, in which the Court limited the availability of laches in copyright actions, has raised the question of the availability of laches in patent cases. In *SCA*, the district court found that

laches barred SCA from recovering pre-suit patent infringement damages, and the Federal Circuit affirmed, finding laches remained a viable defense in patent cases despite *Petrella*.

The SCA case has now reached the Supreme Court; oral arguments occurred on November 1. The Court wrestled with whether Congress intended to incorporate laches as an available defense in the face of the statutory six-year patent damages limitation. Early in the argument, the justices probed whether 35 U.S.C. § 282, which authorizes an "unenforceability" defense, codifies laches. Justice Ruth Bader Ginsburg asked whether laches could be included in this section even though laches does not make the patent unenforceable. Chief Justice John Roberts questioned whether the respondents' position that laches was codified in the 1952 Patent Act could rely on prior equity cases, characterizing this reliance as "where your mountain becomes a mole hill." Justice Ginsburg further asked whether Section 286 supported "a time limitation" at all, and whether laches was available in the face of a statute of limitations. Justice Stephen Breyer, who authored a dissent in *Petrella*, repeatedly expressed concerns over abolishing laches because of the negative economic impact on companies that invest in product development and marketing while the patentee sits on its rights.

### ***Mylan Pharmaceuticals Inc v. Acorda Therapeutics Inc.***

**PATENT** – Cert. Pending

**ISSUE:** *Whether the filing of an abbreviated new drug application by a generic pharmaceutical manufacturer is sufficient to subject the manufacturer to specific personal jurisdiction in any state where it might someday market the drug.*

Mylan filed abbreviated new drug applications (ANDA) seeking approval to market generic versions of two brand-name drugs. Mylan prepared the ANDAs in West Virginia and filed them with the Food and Drug Administration in Maryland. Both respondents sued Mylan for patent infringement in the District of Delaware in separate actions.

Mylan moved to dismiss the actions for lack of personal jurisdiction (general or specific). Both Delaware district court judges denied Mylan's motions, agreeing Delaware could exercise specific jurisdiction over Mylan, but differing over whether Delaware could exercise general jurisdiction in light of *Daimler AG v. Bauman*, 134 S. Ct. 746 (2014). In *Daimler*, the Supreme Court held that a court can exercise general personal jurisdiction over a defendant (*i.e.*, personal jurisdiction for acts unrelated to the specific lawsuit) when the defendant is "at home" in the forum state. In the *Mylan* cases, the Federal Circuit affirmed, reasoning that Mylan was subject to specific personal jurisdiction in Delaware by virtue of filing ANDAs, through which Mylan would engage in future activities purposefully directed at Delaware. The court did not address general jurisdiction, but Judge Kathleen O'Malley's concurring opinion found general jurisdiction under *Daimler*.

In its cert petition, Mylan argues that the Federal Circuit's decision expands specific jurisdiction to any state, but Supreme Court precedent restricts specific jurisdiction to either West Virginia (where the ANDAs were prepared) or Maryland (where the ANDAs were filed). AstraZeneca and Acorda both argue the Delaware court can exercise specific personal jurisdiction in Delaware because Mylan's ANDA is necessarily directed at Delaware, which is consistent with due process and "common sense." Mylan, respondents argue, has never disputed that it intends to market the generic drugs at issue to Delaware.

\* For more on the underlying Ninth Circuit's decision in *Lenz v. Universal Music Corp.*, see "Supreme Court Corner" in our Q4 2015 *IPT News*, [here](#).

\*\* For a more detailed history of this case, see "Supreme Court Corner" in our Q1 2016 *IPT News*, [here](#).

## AUTHORS



**Stan Panikowski**

Partner

San Diego (Downtown) | Tlf.: +1 619 699 2700

[stanley.panikowski@dlapiper.com](mailto:stanley.panikowski@dlapiper.com)



**Brian Biggs**

Associate

Wilmington | Tlf.: +1 302 468 5700

brian.biggs@dlapiper.com

---