Computers and the Law

Randy Canis

CLASS 10

Digital Media pt. 2;
Domain Names pt. 2;
Semiconductor Protection;
Database Protection
Copyright Termination

• Copyright termination makes it possible, in certain instances, for artists to regain the copyright in their works that they assigned (e.g., to record companies)
Termination Statute

• 203. Termination of transfers and licenses granted by the author

In the case of any work other than a work made for hire, the exclusive or nonexclusive grant of a transfer or license of copyright or of any right under a copyright, executed by the author on or after January 1, 1978, otherwise than by will, is subject to termination under the following conditions:

Termination Statute

• (1) In the case of a grant executed by one author, termination of the grant may be effected by that author or, if the author is dead, by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's termination interest. In the case of a grant executed by two or more authors of a joint work, termination of the grant may be effected by a majority of the authors who executed it; if any of such authors is dead, the termination interest of any such author may be exercised as a unit by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's interest.

Termination Statute

• (3) Termination of the grant may be effected at any time during a period of five years beginning at the end of thirty-five years from the date of execution of the grant; or, if the grant covers the right of publication of the work, the period begins at the end of thirty-five years from the date of publication of the work under the grant or at the end of forty years from the date of execution of the grant, whichever term ends earlier.
Marvel Characters, Inc. v. Kirby

Who is Jack Kirby?
- Influential comic book illustrator who created Captain America
- Later worked under Stan Lee at Marvel Comics as an illustrator

Nature of the dispute
- Kirby's attempt to exercise statutory termination rights under section 304(c)(2)
- Marvel filed a lawsuit to claim that Kirby's work was not performed pursuant to a work made for hire and that the statutory termination rights were therefore inapplicable

Two of four Kirby children are not subject to jurisdiction but are determined to be non essential parties such that section 304(c) that requires more than half of author's termination interest be represented
Marvel Characters, Inc. v. Kirby

- Termination of Transfers and Licenses
  Covering Extended Renewal Term. — In the case of any copyright subsisting in either its first or renewal term on January 1, 1978, other than a copyright in a work made for hire, the exclusive or nonexclusive grant of a transfer or license of the renewal copyright or any right under it, executed before January 1, 1978 ... is subject to termination....
- 17 U.S.C. § 304(c) (emphasis added)

Marvel Characters, Inc. v. Kirby

- Work made for hire — no termination rights
- Assigned work — termination rights

Marvel Characters, Inc. v. Kirby

- Because of date of works at issue, work made from hire under 1909 Act is used — instance and expense test
- Section 304(c) termination applies only to transfers executed by the author prior to January 1, 1978
- Works after January 1, 1978 subject to 203(a) termination rights
- Certain cases under the 1909 act were also treated with an implied assignment for specially commissioned works
Marvel Characters, Inc. v. Kirby

• **Picture Music** - an independent contractor's works were "made for hire," and therefore that the hiring party owned both the original and renewal term.

• **Playboy Enterprises** - "an independent contractor is an `employee' and a hiring party an `employer' for purposes of the [1909 Act] if the work is made at the hiring party's `instance and expense.'"

Marvel Characters, Inc. v. Kirby

• "Whether the instance and expense test is satisfied turns on the parties' creative and financial arrangement as revealed by the record in each case."

Marvel Characters, Inc. v. Kirby

• "[W]e conclude that the works were created at Marvel's instance and expense, and that Barbara and Susan have not adduced evidence of an agreement to the contrary contemporaneous with the creation of the works. We therefore conclude that the district court was correct to award summary judgment in favor of Marvel."
Music Licensing

Compulsory Licensing

Compulsory Licenses:
1) Cable television rebroadcast
2) Public broadcasting system
3) Jukeboxes
4) Digital performance of records
5) Digital distribution of records
6) Mechanical license

Mechanical License

- Right to reproduce a song in a record
- Once a song has been recorded and distributed, anyone can make a re-recording of the song so long as a license is obtained.
- Allows for making of an arrangement of the work
Copyright Act

• Under Section 115, a compulsory mechanical license is required when:
  1) Primary purposes is to make a record for distribution to the public for private use
  2) The record is of a nondramatic work
  3) The record has been previously recorded and distributed to the public

Organization for Licensing Song Recording

• Harry Fox Agency, Inc.
• http://www.harryfox.com/

Synchronization License

• A license to use music in timed synchronization with visual images
• Compositions used in movies and television shows
• Licensed by the music publisher
Master Use

• The right to reproduce and distribute a song
• Song recordings used in movies and television shows

Public Performance

• Public performance by radio, TV, and the internet; in night clubs, amusement parks, and live concerts
• “Whether your music is live, broadcast, transmitted or played via CD’s or videos, your ASCAP license covers your performances.”

From ASCAP

• “If you want to make copies of, or re-record an existing record, tape or CD, you will probably need the permission of both the music publisher and the record label. A music publisher owns the song (that is, the words and music) and a record company owns the “sound recording” (that is, what you hear... the artist singing, the musicians playing, the entire production).”
• “If you plan to hire your own musicians and singers and create an original recording of a copyrighted song, then you need the permission of only the music publisher.”
• “ASCAP does not license recording rights. Recording rights for most publishers are represented by the Harry Fox Agency.”
Organizations for Licensing Song Performance

- ASCAP
- BMI
  - http://www.bmi.com/licensing/
- SESAC

Exemptions for Certain Performances

- § 110. Limitations on exclusive rights: Exemption of certain performances and displays
  - (1) performance or display of a work by instructors or pupils in the course of face-to-face teaching activities of a nonprofit educational institution, in a classroom or similar place devoted to instruction….
  - (2) educational transmissions

Exemptions for Certain Performances

- (3) performance of a nondramatic literary or musical work or of a dramatico-musical work of a religious nature, or display of a work, in the course of services at a place of worship or other religious assembly;
Exemptions for Certain Performances

• (4) performance of a nondramatic literary or musical work otherwise than in a transmission to the public, without any purpose of direct or indirect commercial advantage and without payment of any fee or other compensation for the performance to any of its performers, promoters, or organizers, if—
  • (A) there is no direct or indirect admission charge; or
  • (B) the proceeds, after deducting the reasonable costs of producing the performance, are used exclusively for educational, religious, or charitable purposes and not for private financial gain, except where the copyright owner has served notice of objection to the performance under the following conditions:

  • (i) the notice shall be in writing and signed by the copyright owner or such owner's duly authorized agent; and
  • (ii) the notice shall be served on the person responsible for the performance at least seven days before the date of the performance, and shall state the reasons for the objection; and
  • (iii) the notice shall comply, in form, content, and manner of service, with requirements that the Register of Copyrights shall prescribe by regulation;
Exemptions for Certain Performances

- notwithstanding paragraph (4), the following is not an infringement of copyright: performance of a nondramatic literary or musical work in the course of a social function which is organized and promoted by a nonprofit veterans' organization or a nonprofit fraternal organization to which the general public is not invited, but not including the invitees of the organizations, if the proceeds from the performance, after deducting the reasonable costs of producing the performance, are used exclusively for charitable purposes and not for financial gain. For purposes of this section the social functions of any college or university fraternity or sorority shall not be included unless the social function is held solely to raise funds for a specific charitable purpose; and

Exemptions for Certain Performances

- Full listing:
  - http://www.copyright.gov/title17/92chapf1.html#110

Performance Master

- “SoundExchange is the non-profit performance rights organization that collects statutory royalties from satellite radio (such as SIRIUS XM), internet radio, cable TV music channels and similar platforms for streaming sound recordings.”
- SoundExchange.com
Capitol Records, Inc. v. MP3Tunes, LLC

- Case History
- S.D.NY
  - October 25, 2011 order
  - Reconsideration of order
- “EMI’s motion is granted in part and denied in part and Robertson’s motions are granted in part and denied in part.”

Capitol Records, Inc. v. MP3Tunes, LLC

- MP3tunes
  - a defunct locker storage service for MP3 music files

Capitol Records, Inc. v. MP3Tunes, LLC

- Under Viacom, 2nd Cir. held “that where a service provider is ‘aware of a high probability of the fact [of infringement] and consciously avoid[s] confirming that fact,’ that provider is willfully blind to infringement and may lose the protections of the safe harbor.”
### Capitol Records, Inc. v. MP3Tunes, LLC

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"This Court finds that a jury could reasonably interpret several documents in the record as imposing a duty to make further inquiries into 'specific and identifiable' instances of possible infringement."

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**Red Flag Knowledge**

"Service providers can lose the protection of the DMCA safe harbors if they have actual or apparent (also called "red flag") knowledge of infringing content."

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"[T]he **actual knowledge provision** turns on whether the provider actually or 'subjectively' knew of specific infringement, while the **red flag provision** turns on whether the provider was subjectively aware of facts that would have made the specific infringement 'objectively' obvious to a reasonable person."
Capitol Records, Inc. v. MP3Tunes, LLC

• DMCA safe harbor available to inducement of infringement
• 512(c)(1) safe harbor available extends "to software functions performed 'for the purpose of facilitating access to user-stored material.'"

Capitol Records, Inc. v. MP3Tunes, LLC

• MP3Tunes used Amazon's cover art to drive people to Amazon
  - "As such, the primary purpose of the cover art algorithm is not narrowly tailored to ‘facilitat[e] access to user stored material’ but rather to prompt users to go to a separate website entirely for the purpose of purchasing music."
  - Not covered by the 512(c)(1) safe harbor

Capitol Records, Inc. v. MP3Tunes, LLC

• “To be vicariously liable for MP3tunes' contributory infringement, Robertson must have (1) had the right and ability to supervise the infringing conduct and (2) received a financial benefit directly attributable to the infringing conduct.”
<table>
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<tr>
<th>Capitol Records, Inc. v. MP3Tunes, LLC</th>
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<td>• &quot;The DMCA safe harbor is lost where a direct financial benefit from the users' infringing activity is found. But <strong>vicarious liability arises from common law</strong>, not from the DMCA.&quot;</td>
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<td>• “Under the common law vicarious liability standard, there must be ‘a causal relationship between the infringing activity and any financial benefit a defendant reaps, regardless of how substantial the benefit is in proportion to a defendant's overall profits.’”</td>
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<td>• “[Lay] persons and corporations who participate in, exercise control over, or benefit from the infringement may be held jointly and severally liable as copyright infringers.”</td>
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<td>• ReDigi –reseller of digital music</td>
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<td>• How does it work?</td>
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<tr>
<td>– Media Manager analyzes; only purchased from iTunes or another user; continually runs to insure that song is not played on the computer or a device; can’t detect if song is in a remote location</td>
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Capitol Records, LLC v. ReDigi Inc.

• “The novel question presented in this action is whether a digital music file, lawfully made and purchased, may be resold by its owner through ReDigi under the first sale doctrine. The Court determines that it cannot.”

Capitol Records, LLC v. ReDigi Inc.

• “[I]f digital music files are ‘reproduce[d]’ and ‘distribute[d]’ on ReDigi’s website within the meaning of the Copyright Act, Capitol’s copyrights have been infringed.”

Capitol Records, LLC v. ReDigi Inc.

• Reproduction Rights
  • “The Copyright Act provides that a copyright owner has the exclusive right to reproduce the copyrighted work in ... phonorecords.” 17 U.S.C. §106(1) (emphasis added). Copyrighted works are defined to include, inter alia, ‘sound recordings,’ which are ‘works that result from the fixation of a series of musical, spoken, or other sounds.’ Id. §101. Such works are distinguished from their material embodiments. These include phonorecords, which are the ‘material objects in which sounds ... are fixed by any method now known or later developed, and from which the sounds can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.’ Id. § 101 (emphasis added). Thus, the plain text of the Copyright Act makes clear that reproduction occurs when a copyrighted work is fixed in a new material object.”
Capitol Records, LLC v. ReDigi Inc.

- "[T]he reproduction right is the exclusive right to embody, and to prevent others from embodying, the copyrighted work (or sound recording) in a new material object (or phonorecord)."
- "[W]hen a user downloads a digital music file or 'digital sequence' to his 'hard disk,' the file is 'reproduce[d]' on a new phonorecord within the meaning of the Copyright Act."
- "[I]t is the creation of a new material object and not an additional material object that defines the reproduction right."

- Distribution Rights
- "[A] copyright owner also has the exclusive right 'to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership.' 17 U.S.C. §106(3).
- "[C]ourts have not hesitated to find copyright infringement by distribution in cases of file-sharing or electronic transmission of copyrighted works."

- "Having concluded that sales on ReDigi's website infringe Capitol's exclusive rights of reproduction and distribution, the Court turns to whether the fair use or first sale defenses excuse that infringement. [T]he Court determines that they do not."
Capitol Records, LLC v. ReDigi Inc.

• Fair Use Defense
  “ReDigi obliquely argues that uploading to and downloading from the Cloud Locker for storage and personal use are protected fair use. … Capitol asserts only that uploading to and downloading from the Cloud Locker incident to sale fall outside the ambit of fair use.”

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Capitol Records, LLC v. ReDigi Inc.

• “ReDigi facilitates and profits from the sale of copyrighted commercial recordings, transferred in their entirety, with a likely detrimental impact on the primary market for these goods. Accordingly, the Court concludes that the fair use defense does not permit ReDigi’s users to upload and download files to and from the Cloud Locker incident to sale.”

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Capitol Records, LLC v. ReDigi Inc.

• First Sale Defense
  • Limited to assertions of the distribution right; does not apply to assertions of the reproduction right
Capitol Records, LLC v. ReDigi Inc.

- Does not apply to distribution rights
  - “Here, a ReDigi user owns the phonorecord that was created when she purchased and downloaded a song from iTunes to her hard disk. But to sell that song on ReDigi, she must produce a new phonorecord on the ReDigi server. Because it is therefore impossible for the user to sell her “particular” phonorecord on ReDigi, the first sale statute cannot provide a defense.”

Domain Names pt. 2

CONFLICTING DOMAIN NAMES

- Conflicting domain names are domain names that are not owned by your company and that potentially infringe on the rights of your client.
- Clients may wish to engage your firm to monitor for conflicting domain names on a regular or periodic basis.
- Your firm may be asked to advise your client on various conflict.
## Conflcting Domain Names

- Locate conflicting domain names
- Investigate conflicting domain names
- Resolve domain name disputes

## Locating Conflcting Domain Names

Conflicting domain names may be identified in a number of different ways including:

- By the company
- By a customer or associate of the company
- By an infringer
- From a watch service
- From a WHOIS record search
- From a domain name term search
- From a reverse WHOIS search
- From a web search

## Domain Name Investigations

- Determine ownership of the domain name
- Retain copies of the WHOIS record and content
- Determine whether the entity is associated with additional domain names
- View prior versions of the domain name content
- Check metatags and keywords
- Perform a trademark search
- Check for prior UDRP and court decisions
DOMAIN NAME DISPUTE RESOLUTION

- Domain name expiration/snapping service
- Settlement
- UDRP proceeding
- ACPA proceeding

SNAPPING SERVICES

- Upon expiration, a domain name does not immediately become available for registration. Rather, an expiring domain name typically goes through a delete cycle by which an existing registrant can still renew the domain name while paying the registrar an escalating fee of the renewal. At the end of the delete cycle, the domain name is released (i.e., purged) and it becomes available for registration to anyone.
- Snapping is the process by which a service attempts to register a domain name immediately upon completion of the deleted cycle when the domain name becomes available for registration.

Pre-ACPA

Pre-ACPA
- Trademark Infringement
  - Trademark owner must prove (1) ownership of a valid trademark, and (2) a likelihood of confusion between the registered mark and the alleged infringing use by the defendant.
- Trademark Dilution
  - To prevail on its federal dilution claim, Trademark owner must prove that:
    1. the Mark was famous before the Defendant began use of the domain names at issue; and
    2. Defendant’s use causes dilution of the distinctiveness of the mark.
  
  See 15 U.S.C. § 1125(c). Dilution is “the lessening of the capacity of a famous mark to identify and distinguish goods or services.” Id. § 1127.

The Anticybersquatting Consumer Protection Act (ACPA)

- The ACPA was enacted in 1999 to address "a new form of piracy on the Internet caused by acts of 'cybersquatting,' which refers to the deliberate, bad-faith, and abusive registration of Internet domain names in violation of the rights of trademark owners." S. Rep. No. 106-140, at 4 (1999).

The Anticybersquatting Consumer Protection Act

- The ACPA provides a civil action in the U.S. court system against anyone who, with bad faith intent to profit, registers, traffics in or uses a domain name that is:
  - identical or confusingly similar to a mark that was distinctive when the domain name was registered;
  - identical, confusingly similar or dilutive of a mark that was famous when the domain name was registered; or
  - infringes marks and names protected by statute.
- Results from Successful Action: Entities proceeding under the ACPA can gain ownership or force deletion of the disputed domain name, costs (attorney’s fees, filing fees, etc.), damages and injunction.

ACPA - Statutory Damages

- In cases involving cyberpiracy, violations of 15 U.S.C. §1125(d)(1), section 1117(d) allows a plaintiff to elect statutory damages of an amount between $1000 and $100,000, to be determined by the court, per domain name pirated. Plaintiff's undisputed allegations establish cyberpiracy under section 1125(d)(1) and allow it the option under section 1117(d). The Court finds $100,000 to be a just award and grants statutory damages in that amount to Plaintiff.
ACPA – Attorney's Fees

- Section 1117(a) gives the Court discretion to award reasonable attorney's fees in "exceptional cases." The term "exceptional cases" is generally accepted to mean cases in which trademark infringement is "deliberate and willful." See Playboy Enterprises, Inc. v. Baccarat Clothing Co., Inc., 892 F.2d 1272, 1276 (6th Cir. 1989) (citing Quaker State Oil Refining Corp. v. Kooldyne, Inc., 849 F.2d 94 (2d Cir. 1981)). The Court finds Defendants' infringement deliberate and willful thereby making Plaintiff eligible to receive attorney's fees.

Ford Motor Co. v. Catalanotte

- Peter J. Catalanotte
  - Registered FORDWORLD.COM
  - Relationship with Ford?
  - How did he use the domain name?

Ford Motor Co. v. Catalanotte

- How did Ford learn of the domain name registration?
- Did Mr. Catalanotte have any previous success of selling domain names to trademark owners?
Ford Motor Co. v. Catalanotte

• “The ACPA applies to a person who 'registers, traffics in, or uses a domain name' that is ‘identical or confusingly similar to’ a ‘distinctive’ mark or that is ‘identical or confusingly similar to or dilutive of’ a ‘famous’ mark. ... Liability under the ACPA requires a ‘bad faith intent to profit,’ and the ACPA provides a list of factors that courts may consider in determining whether a person acts in bad faith.”

Ford Motor Co. v. Catalanotte

• Remedies under ACPA
  – Injunctive relief,
  – Actual damages,
  – Statutory damages (1K-100K)

Ford Motor Co. v. Catalanotte

• What if the registration occurred before the ACPA?
  – “The ACPA applies to 'all domain names registered before, on, or after the date of the enactment' of the ACPA, but actual and statutory damages are not 'available with respect to the registration, trafficking, or use of a domain name that [occurred] before the date of the enactment.'”
Ford Motor Co. v. Catalanotte

• "Registration, trafficking, and use of a domain name are separate acts upon which liability may be based. Although damages may not be awarded for pre-enactment registration, trafficking, or use, the fact that a domain name was registered before the Act's passage does not absolve the registrant from liability for post-enactment trafficking or use."

Ford Motor Co. v. Catalanotte

• "We conclude that, when Catalanotte registered the domain name FORDWORLD.COM and later offered it for sale to Ford, he trafficked in the domain name for the purposes of the ACPA. Registering a famous trademark as a domain name and then offering it for sale to the trademark owner is exactly the wrong Congress intended to remedy when it passed the ACPA."

Ford Motor Co. v. Catalanotte

• End Result
  – $5,000 in statutory damages pursuant to the Anticybersquatting Consumer Protection Act affirmed
Shields v. Zuccarini

Factual Background
• Joseph Shields (P)
  – Creator of Joe Cartoon
• John Zuccarini (D)
  – Cybersquatter
• Basis of Proceeding
  – ACPA

What issues was the court addressing on appeal?
What happened in the dispute prior to the lawsuit?
What happened at district court?

What must Shields show under the ACPA?
  – TM is a distinctive or famous mark
  – DNs are identical or confusingly similar to the TM
  – DNs registered with a bad faith intent to profit
Shields v. Zuccarini

• Why is typosquatting covered under the Act?
• D “[registered] a domain name in anticipation that consumers would make a mistake, thereby increasing the number of hits his site would receive, and, consequently, the number of advertising dollars he would gain.”

Shields v. Zuccarini

• Are the bad faith factors exclusive?
• What about the first amendment?
• Why won’t Z’s argument of fair use work?

Shields v. Zuccarini

• What was the court’s conclusion?
• Can you get statutory damages for domain names registered before the ACPA was enacted?
The Uniform Domain Name Dispute Resolution Policy

• Who is ICANN?
• How does the UDRP work?
• What is the scope of the UDRP?

The Uniform Domain Name Dispute Resolution Policy

• The UDRP provides a mandatory administrative proceeding against a domain name registrant where the domain name is:
  – identical or confusingly similar to a mark in which the complainant has rights;
  – domain name registrant has no rights or legitimate interests in respect of domain name; and
  – the domain name has been registered and is being used in bad faith.
• Results from Successful Action: Entities proceeding under the UDRP can only gain ownership or force deletion of the domain name.

Express Services, Inc. v. RealTime Internet

• Complainant Express Services – provider of employment and personnel services
• Respondent RealTime Internet – a person that registers domain names based on web traffic
Express Services, Inc. v. RealTime Internet

• Procedural History
  – Complaint
  – Response (untimely)
  – Additional Submissions

Express Services, Inc. v. RealTime Internet

• “While [Complainant’s registered mark] has design elements, when the mark is translated into typescript for use in a domain name, the identity or similarity cannot be disputed. Complainant contends that the <expresspersonel.com> domain name is confusingly similar to its federally registered EXPRESS PERSONNEL marks. The deletion of a letter and the misspelling of a mark still makes the disputed domain name confusingly similar to Complainant’s registered mark.”

Express Services, Inc. v. RealTime Internet

• Typosquatting = Bad Faith
  • “Complainant further contends that Respondent registered and used the disputed domain names pursuant to Policy ¶ 4(b)(iv), where Respondent intentionally attempted to attract, for commercial gain, Internet users to Respondent’s websites by creating a likelihood of confusion with Complainant’s mark. This practice of “typosquatting” has been recognized as … Given the number of registrations by the Respondent, as set out on the thirty-six (36!) pages of Complainant’s Exhibit AA, a list which includes the names of colleges and universities, states, towns, athletic teams, businesses, airlines, misspellings of the same, and common words or names, the evidence of ‘bad faith’ is sufficient.”
Domain Name Tasting

• What is domain name tasting?
• What policy has ICANN added to combat domain name tasting?

New Extensions

• New Extensions are coming
• Must meet certain requirements
• Companies paid 185K to evaluate per extension
• List of applied for domain names to date is available online

Trademark Clearinghouse

• Register trademarks with clearing house
• Allow for sunrise registration into new extensions
• Warnings about nearly exact domain name registrations in all of new extensions for limited period
Donuts Blocking

- Availability for extensions associated with Donuts
- Must have a registered trademark
- Blocks exact domain name registrations
- Allows company to later register associated domain names as desired

New Extension Strategy?

- In-class discussion

Semiconductor Protection
Semiconductor Protection

- Semiconductor Chip Protection Act of 1984 ("SCPA")
- Purpose
  - Fill gap between copyright and patent law
- Problem
  - “Pirate firms can strip the layers of a semiconductor chip and replicate the design at a cost substantially lower than the original firm's investment.”

Brooktree Corp. v. AMD

- Brooktree (P)
- AMD (D)
- Causes of Action – Patent Infringement and Infringement of Mask Works

What is a mask work?
- A series of related images, however fixed and encoded
  a) having or representing the predetermined, three dimensional pattern of metallic, insulating, or semiconductor material present or removed from the layers of a semiconductor chip product; and
  b) in which series the relation of the images to one another is that each image has the pattern of the surface of one form of a semiconductor chip product.
Brooktree Corp. v. AMD

- Why wasn’t Copyright Law extended to cover semiconductors?
  - Utilitarian protection not available
- Why wasn’t Patent Law extended to cover semiconductors?
  - Timing and coverage

Brooktree Corp. v. AMD

- What is Brooktree’s chip?
- What is the standard for infringement under the SCPA?
  - Made, imported or distributed in violation of exclusive rights
  - Substantially similar to a material portion of the registered work

Brooktree Corp. v. AMD

What defense is available to a violation of the SCPA?

- Reverse Engineering:
  - It is not an infringement of a registered mask work for:
    1) a person to reproduce the mask work solely for the purpose of teaching, analyzing, or evaluating the concepts or techniques embodied in the mask work or the circuitry, logic flow, or organization of the components used in the marks works; or
    2) a person who performs the analysis or evaluation described in paragraph (1) to incorporate the results of such conduct in an original mask work which is made to be distributed.
Brooktree Corp. v. AMD

- How can reverse engineering being proven?
  - Paper trail
- What was AMD’s defense?
  - Chips were independently designed after Brooktree chips were reverse engineered

Did AMD produce an original mask work?

- Ruling – “There was a legally sufficient basis whereby a reasonable jury could have found infringement of the mask work registrations.”

Altera Corp. v. Clear Logic, Inc.

- Parties
  - Plaintiff – Altera
  - Defendant – Clear Logic
- Causes of Action
  - Infringement under the SCPA 17 U.S.C. §§901-14
  - Intentional inducement to breach software license agreements (state law)
  - Intentional interference with contractual relations (state law)
Altera Corp. v. Clear Logic, Inc.

- Altera – PLDs
- Clear Logic – Asics
- What is the difference between PLD and ASICs?
  - “Programmable logic devices (‘PLDs’) … are chips that can be programmed to perform various logic functions.”
  - Application-Specific Integrated Circuits (‘ASICs’) … “are designed to perform one specific function and cannot be programmed by the customer.”
- Why might a company use one type of chip or another?

Altera Corp. v. Clear Logic, Inc.

- Altera – Clear Logic copied layout of chips
- Clear Logic – defense of reverse engineering

Altera Corp. v. Clear Logic, Inc.

- Court rejects contention that placement of groups of transistors not entitled to protection under SCPA
- The groupings are part of the mask work, “…physically dictate where functions will occur on the chip and describe the interaction of parts of the chip.”
- Who determines whether it is material?
Altera Corp. v. Clear Logic, Inc.

• "The second mask work must not be 'substantially identical to the original' and as long as there is evidence of 'substantial toil and investment' in creating the second mask work, rather than 'mere plagiarism' the second chip will not 'infringe the original chip, even if the layout of the two chips is, in substantial part, similar'.

• What did the jury find?

Database Protection

• Can you protect a database under copyright law?
  – Copyright protection depends on how the preexisting materials or data are selected, coordinated, or arranged
Compilations

- "A 'compilation' is a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship. The term 'compilation' includes collective works."

Feist Publications, Inc. v. Rural Telephone Service Co.

**Parties**

- **Rural**
  - "Pursuant to state regulation, Rural publishes a typical telephone directory, consisting of white pages and yellow pages. It obtains data for the directory from subscribers, who must provide their names and addresses to obtain telephone service."
  - "...Feist Publications, Inc., is a publishing company that specializes in area-wide telephone directories covering a much larger geographic range than directories such as Rural's."

- **Feist**

**Who were the amici curiae and why is that important?**

Feist Publications, Inc. v. Rural Telephone Service Co

- "Feist is not a telephone company, let alone one with monopoly status, and therefore lacks independent access to any subscriber information. To obtain white pages listings for its area-wide directory, Feist approached each of the 11 telephone companies operating in northwest Kansas and offered to pay for the right to use its white pages listings."
Feist Publications, Inc. v. Rural Telephone Service Co.

• "When Rural refused to license its white pages listings to Feist for a directory covering 11 different telephone service areas, Feist extracted the listings it needed from Rural's directory without Rural's consent. Although Feist altered many of Rural's listings, several were identical to listings in Rural's white pages."

• Why did Rural refusal to license to Feist?

Feist Publications, Inc. v. Rural Telephone Service Co.

What position did the parties take?

• Rural
  – Wholesale use of the information from the telephone directory is copyright infringement.
  – Feist must compile its own directory. How?

• Feist
  – The information in the telephone directory is not subject to copyright protection.

Feist Publications, Inc. v. Rural Telephone Service Co.

Facts v. Compilation

• “This case concerns the interaction of two well-established propositions. The first is that facts are not copyrightable; the other, that compilations of facts generally are. Each of these propositions possesses an impeccable pedigree. That there can be no valid copyright in facts is universally understood. The most fundamental axiom of copyright law is that 'no author may copyright his ideas or the facts he narrates.' … It is beyond dispute that compilations of facts are within the subject matter of copyright. Compilations were expressly mentioned in the Copyright Act of 1909, and again in the Copyright Act of 1976.”
Feist Publications, Inc. v. Rural Telephone Service Co.

Originality
• "The key to resolving the tension lies in understanding why facts are not copyrightable. The sine qua non of copyright is originality. To qualify for copyright protection, a work must be original to the author. ... Original, as the term is used in copyright, means only that the work was independently created by the author (as opposed to copied from other works), and that it possesses at least some minimal degree of creativity.

Feist Publications, Inc. v. Rural Telephone Service Co.

Creation v. Discovery
• "The distinction is one between creation and discovery: The first person to find and report a particular fact has not created the fact; he or she has merely discovered its existence. The same is true of all facts -- scientific, historical, biographical, and news of the day. "They may not be copyrighted and are part of the public domain available to every person."

Feist Publications, Inc. v. Rural Telephone Service Co.

Factual Compilations
• "Factual compilations ... may possess the requisite originality. The compilation author typically chooses which facts to include, in what order to place them, and how to arrange the collected data so that they may be used effectively by readers. These choices as to selection and arrangement, so long as they are made independently by the compiler and entail a minimal degree of creativity, are sufficiently original that Congress may protect such compilations through the copyright laws. ... Thus, even a directory that contains absolutely no protectible written expression, only facts, meets the constitutional minimum for copyright protection if it features an original selection or arrangement."
Feist Publications, Inc. v. Rural Telephone Service Co.

What is the scope of copyright protection on a compilation?
• “Originality remains the sine qua non of copyright; accordingly, copyright protection may extend only to those components of a work that are original to the author. … Thus, if the compilation author clothes facts with an original collocation of words, he or she may be able to claim a copyright in this written expression. Others may copy the underlying facts from the publication, but not the precise words used to present them. … Where the compilation author adds no written expression but rather lets the facts speak for themselves, the expressive element is more elusive. The only conceivable expression is the manner in which the compiler has selected and arranged the facts. Thus, if the selection and arrangement are original, these elements of the work are eligible for copyright protection. … No matter how original the format, however, the facts themselves do not become original through association.”

Feist Publications, Inc. v. Rural Telephone Service Co.

• “[T]he copyright in a factual compilation is thin. Notwithstanding a valid copyright, a subsequent compiler remains free to use the facts contained in another’s publication to aid in preparing a competing work, so long as the competing work does not feature the same selection and arrangement.”

Feist Publications, Inc. v. Rural Telephone Service Co.

Isn’t it unfair?
• “It may seem unfair that much of the fruit of the compiler’s labor may be used by others without compensation. … As applied to a factual compilation, assuming the absence of original written expression, only the compiler’s selection and arrangement may be protected; the raw facts may be copied at will. This result is neither unfair nor unfortunate. It is the means by which copyright advances the progress of science and art.”
Feist Publications, Inc. v. Rural Telephone Service Co.

“Sweat of the Brow” theory

• “Courts developed a new theory to justify the protection of factual compilations. Known alternatively as ‘sweat of the brow’ or ‘industrious collection,’ the underlying notion was that copyright was a reward for the hard work that went into compiling facts. …

• “The right to copyright a book upon which one has expended labor in its preparation does not depend upon whether the materials which he has collected consist or not of matters which are publici juris, or whether such materials show literary skill or originality, either in thought or in language, or anything more than industrious collection. The man who goes through the streets of a town and puts down the names of each of the inhabitants, with their occupations and their street number, acquires material of which he is the author.”

• Why does the court reject the “sweat of the brow” theory?

Statutory Definition of Compilation

• “The purpose of the statutory definition is to emphasize that collections of facts are not copyrightable per se. It conveys this message through its tripartite structure, as emphasized above by the italics. The statute identifies three distinct elements and requires each to be met for a work to qualify as a copyrightable compilation: (1) the collection and assembly of pre-existing material, facts, or data; (2) the selection, coordination, or arrangement of those materials; and (3) the creation, by virtue of the particular selection, coordination, or arrangement, of an ‘original’ work of authorship.”

Databases

• So, databases of strictly factual information are not copyrightable.

• 108th Congress (2003-4) H.R.3261 – "Database and Collections of Information Misappropriation Act" – Did not pass…
Compulsory Licensing Statute

(a) Availability and Scope of Compulsory License.—

(1) When phonorecords of a nondramatic musical work have been distributed to the public in the United States under the authority of the copyright owner, any other person, including those who make phonorecords or digital phonorecord deliveries, may, by complying with the provisions of this section, obtain a compulsory license to make and distribute phonorecords of the work.
Compulsory Licensing Statute

- A person may obtain a compulsory license only if his or her primary purpose in making phonorecords is to distribute them to the public for private use, including by means of a digital phonorecord delivery. A person may not obtain a compulsory license for use of the work in the making of phonorecords duplicating a sound recording fixed by another, unless:

  1. such sound recording was fixed lawfully; and
  2. the making of the phonorecords was authorized by the owner of copyright in the sound recording or, if the sound recording was fixed before February 15, 1972, by any person who fixed the sound recording pursuant to an express license from the owner of the copyright in the musical work or pursuant to a valid compulsory license for use of such work in a sound recording.

(2) A compulsory license includes the privilege of making a musical arrangement of the work to the extent necessary to conform it to the style or manner of interpretation of the performance involved, but the arrangement shall not change the basic melody or fundamental character of the work, and shall not be subject to protection as a derivative work under this title, except with the express consent of the copyright owner.