



Intellectual Property News

Patents

Supreme Court: USPTO Decisions on IPR Time Bar Not Appealable

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There are several ways in which a granted U.S. patent can be reexamined for validity and potentially have one or more claims cancelled. *Inter partes* review (IPR) is an administrative process that permits a requestor to ask the United States Patent and Trademark Office (USPTO) to reconsider the validity of a patent. Oftentimes, the requestor is a defendant in patent litigation who has been accused of infringing the challenged patent.

The ability to request an IPR is subject to several limitations. One limitation set forth in 35 USC § 315(b) is that if an IPR

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is requested more than one year after a patent infringement lawsuit has been filed against the requesting party, the IPR “may not be instituted.” The one-year clock starts when a complaint alleging patent infringement is served upon the petitioner or a “privy of the petitioner.” Pursuant to 35 USC § 314(d), the USPTO’s “determination... whether to institute an *inter partes* review under this section shall be final and nonappealable.”¹ Whether a time-bar decision pursuant to § 315(b) is subject to § 314(d), and therefore nonappealable, was the issue before the Supreme Court in its recent *Thryv, Inc. v. Click-to-Call Techs., LP* decision.²

Click-to-Call Techs., LP (CTC) sued Thryv, Inc. (Thryv) for patent infringement in a case involving anonymous phone call technology. In 2013, Thryv filed an IPR petition against asserted U.S. Patent No. 5,818,836 (the ‘836 patent) challenging the validity of several patent claims. CTC objected to the petition, asserting that because one of Thryv’s predecessors had been sued in 2001 for infringement of the same patent, the one-year clock under § 315(b) for requesting an IPR had long since run out. The USPTO disagreed, finding that the 2001 lawsuit had not started the one-year clock since the 2001 lawsuit had been dismissed without prejudice. The USPTO instituted *inter partes* review of the ‘836 patent and 13 claims of CTC’s ‘836 patent were subsequently cancelled as invalid over the prior art.

CTC appealed the decision to the Federal Circuit, where it was dismissed for lack of jurisdiction pursuant to § 314(d)’s bar on appeals. In a later decision in another case, an *en banc* Federal Circuit held that “time-bar determinations under § 315(b) are appealable” notwithstanding § 314(d). Thereafter, the Federal Circuit granted a panel rehearing to CTC. The panel found that the IPR request was in fact time barred due to the 2001 litigation, and the USPTO had erred in instituting review.³

On April 20, 2020, the Supreme Court, in a 7-2 decision authored by Justice Ginsburg, reversed the Federal Circuit

and upheld the USPTO’s decision not to apply the time bar.⁴ The Supreme Court held that although § 314(d) bars review of PTO decisions “under this section” and the one-year time bar appears in § 315, authorization for *inter partes* review appears in § 314, so “every decision to institute” *inter partes* review “is made ‘under’ that section.”⁵ In reaching this decision, the Supreme Court reaffirmed its holding from a previous case, *Cuozzo Speed Technologies, LLC v. Lee*, that the bar on appeals “extends to challenges grounded in statutes related to the institution decision.”⁶ The court also stated that its conclusion was “strongly reinforced” by the purpose and design of the AIA, including Congress’ desire to “weed out bad patent claims efficiently.” Per the court, allowing § 315(b) appeals would waste resources spent resolving patentability and “save bad patent claims.”

The Supreme Court’s *Thryv* decision reduces a party’s opportunities to seek review of an unfavorable IPR decision, and gives final decision making power to the USPTO. However, the Court did not preclude the ability of a party to seek a mandamus action “in an extraordinary case,” although it did not address what type of mandamus actions might be entitled to review. The latter omission was criticized in Justice Gorsuch’s dissenting opinion.⁷

Endnotes

¹35 USC § 314(d)

²*Thryv, Inc. v. Click-to-Call Techs., LP*, 140 S. Ct. 1367 (U.S. Apr. 20, 2020)

³*Click-To-Call Techs., LP v. Ingenio, Inc.*, 899 F.3d 1321, 1324 (Fed. Cir. 2018)

⁴*Thryv, Inc. v. Click-to-Call Techs., LP*, 140 S. Ct. 1367 (U.S. Apr. 20, 2020)

⁵*Thryv, Inc.*, 140 S. Ct. at 1375.

⁶*Id.*; See *Cuozzo Speed Technologies, LLC v. Lee*, 579 U.S. ___, 136 S. Ct. 2131 (2016).

⁷*Id.*, at 1374.



SCOTUS Increases the Availability of Lost Profit Damages in Certain Trademark Cases

By Adam Smith¹

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In *Romag Fasteners Inc. v. Fossil Inc.*², the United States Supreme Court overturned a judge-made rule in certain circuits by holding that a finding of willfulness is not a precondition to an award of profits for violations of 35 U.S.C. § 1125(a) (false or misleading use of trademarks).

The *Romag* case centers around an agreement whereby Romag provided certain magnetic snap fasteners to Fossil for Fossil to use on certain of its fashion accessories. Romag became upset when it discovered that certain Chinese manufacturers hired by Fossil to produce the aforementioned fashion accessories were allegedly using counterfeit Romag fasteners and Romag believed that Fossil was doing little to prevent such practices. The jury sided with Romag by finding that Fossil had infringed certain of Romag's trademarks and agreed that Fossil acted with "callous disregard" as to Romag's rights, but stopped short of finding that Fossil acted willfully.

Justice Gorsuch wrote for a 9-0 Court, opining that § 1117(a) (the statute covering, *inter alia*, the award of profits in trademark cases) does not make a finding of willfulness to be a prerequisite to the award of profits, except for under § 1125(c) (dilution). The court turned its analysis on well-established principles of statutory interpretation. Primarily, the court relied on § 1117's express mention of a willfulness requirement as to § 1125(c), but no such mention as to any other section

of the title. The court expressed its hesitance to read language into the statute, particularly where Congress has expressly spoken on the subject in the same provision of the same statute. The court went further to note that many other sections of the Lanham Act make mention of a variety of *mens rea* requirements, further indicating that Congress would have spoken to willfulness if it intended for it to be part of the statute.

Fossil's attempts to read-in such a requirement from the "principles of equity" language of § 1117(a) were dismissed by the court, which noted that willfulness has not consistently been a prerequisite to awarding profits in trademark cases.

Following the *Romag* decision, willfulness remains an important, but not decisive, factor in awarding profits under the Lanham Act in sections other than those where it is expressly required (e.g., § 1125(c)).

Justices Alito, Breyer and Kagan authored a concurring opinion which agreed with the interpretation of § 1117(a) but appeared hesitant to adopt all of Justice Gorsuch's relatively textual analysis used to get there. Justice Sotomayor similarly penned a short concurrence, further clarifying that she would never allow the award of such lost profit damages to a good faith/innocent infringer.

At times, the parties and the court attempt to compare and contrast damage requirements for trademark and patent law. However, those arguments appear misplaced. Trademark law is fundamentally rooted in protecting the consumer's interest in being able to effectively differentiate between the sources of various goods and services. Thus, there is a strong public interest factor underlying all trademark cases which is not typically implicated in patent infringement cases, where the plaintiff is usually the sole beneficiary of an infringement finding.³ Thus, at least from a public policy standpoint, it would make sense for the high court to be more concerned about heightening the standard for awarding damages. Potentially, awarding damages in a trademark is one way of compensating the plaintiff for the external benefit conferred upon the consuming public by its enforcement actions.

Endnotes

¹Adam Smith is an associate and registered patent attorney at Standley Law Group LLP. The views expressed herein are his own and do not necessarily reflect those of the firm or his colleagues. This article is written for educational purposes and does not constitute legal advice. Always consult a licensed attorney.

²590 US __ (2020)

³However, public benefits are arguably conferred where a patent is invalidated. There are, of course, a number of other (particularly long-term) public benefits conferred by the awarding of damages for patent infringement, which is why the patent system exists in the first place.





***Skidmore v. Led Zeppelin* Sends the Inverse Ratio Rule on a Stairway To Heaven**

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For the last six years, *Skidmore v. Led Zeppelin*, a copyright infringement case centered on one of the most well-known rock songs in history - “Stairway to Heaven” - and its iconic guitar solo has been ongoing in the Ninth Circuit. The case has been in headlines throughout that time as decisions have come from lower courts. (If you enjoy creatively written complaints, take a minute to view the [original complaint](#) with its fanciful font use and claims of not only copyright infringement, but also “falsification of rock ‘n roll history.”¹) Earlier this year, the Ninth Circuit Court of Appeals issued an *en banc* decision restoring the district court verdict in favor of Led Zeppelin while also providing an in-depth review of copyright law and rejecting the previously used “inverse ratio” rule, a decision certain to have an impact on future cases.

A Brief Background

Randy Wolfe (a.k.a. Randy California) was a guitarist for the rock band Spirit in the 1960s. California wrote the instrumental song “Taurus” on the group’s first album in 1967. That same year, a copyright was registered in the unpublished composition with a one-page deposit of the sheet music with the U.S. Copyright Office. (Spoiler alert: this plays an important role later on!) In 2014, Michael Skidmore, on behalf of the estate of California, claimed Led Zeppelin copied “Taurus” in “Stairway to Heaven.”

In 2016, Zeppelin prevailed in the district court with the jury finding that the two songs were not substantially similar. Skidmore appealed that decision in his brief claiming the district court unfairly limited the jury’s determination regarding substantial similarity by not allowing the jury to hear the two songs. In 2018, the appellate court ruled that the trial should have allowed that to happen and ordered a new appeal *en banc*. The *en banc* decision was issued in March 2020.

Elements of Copyright Infringement

In order to establish infringement, a plaintiff must establish that they (1) have ownership of a valid copyright in the



work and (2) protected elements of that work have been copied by the defendant. Further, the second prong has two elements that the plaintiff must show: first, that the defendant actually copied and second, that the copying constituted “unlawful appropriation” (or put another way, the works are substantially similar).

Proving actual copying is usually accomplished by showing the defendant had access to the work. Substantial similarities are usually shown by permitting the fact finder to compare elements of the two works. The Ninth Circuit employs a two-part test to determine whether the works are substantially similar, both of which must be satisfied. The first part compares the objective similarities of specific protectable elements in the two works and expert testimony is permitted to help fact finders distinguish between protectable and unprotectable elements. The second, more subjective part tests for similarity of expression from the standpoint of the ordinary reasonable observer, with no expert assistance.

Inverse Ratio Rule Rejected

The inverse ratio rule was first articulated in *Sid & Marty Krofft Telev. Prods. v. McDonald's*.² The rule allowed courts to impose a lower showing of substantial similarity when a high degree of access was shown. In practice, the Ninth Circuit has wavered between using the rule as binding precedent and questioning the rule. Most other Circuits have long rejected the rule. In *Skidmore*, the court stated the

rule “defies logic, and creates uncertainty for the courts and the parties”³ and further concluded:

Although we are cautious in overruling precedent - as we should be - the constellation of problems and inconsistencies in the application of the inverse ratio rule prompts us to abrogate the rule. Access does not obviate the requirement that the plaintiff must demonstrate that the defendant actually copied the work.⁴

The court further went on to note that the current digital connectivity in the world dilutes the concept of access. Indeed, this point has been an issue in recent cases such as the dispute involving Katy Perry’s song “Dark Horse” and the Christian rap/hip-hop artists Marcus Gray, Chike Ojukwu and Emanuel Lambert’s song “Joyful Noise” where the court determined the 3.88 million views of “Joyful Noise” on YouTube (accumulated over 10 years and across six videos), meant that Perry could have heard the song and thus had access.⁵

Deposit Copy Defines the Scope of Copyright Protection

As mentioned above, the Spirit song was copyrighted in 1967, prior to the copyright reform of the Copyright Act of 1976. Copyright law applied prior to the reform was under the Copyright Act of 1909 which only extended to the sheet music and not sound recordings. (Sound recordings were first protected under US copyright law in 1972, for recordings made after Feb. 15, 1972.) The language of

the 1909 Act makes it clear that copyright protection for an unpublished work was obtained “by the deposit, with claim of copyright, of one complete copy of such work” for musical compositions. The court concluded that the dual requirement of applicants having to submit a deposit copy of their work and the deposit having to be a “complete copy” underscored the importance of the deposit itself, thus establishing the deposit as the metes and bounds of the copyright.⁶ This was the basis for concluding it was proper to not allow the songs to be played for the jury.

However, it’s worth noting that the fact that deposit copies were limited to sheet music at the time, significantly limits the scope of protection. Further, sheet music for compositions tend to be scant in detail for various reasons including that some composers don’t read sheet music or the high cost of transcription. This results in deposit copies for compositions which may only include lyrics and essential elements of the song while leaving out musical components, or as the court referred to them “further embellishments,” that make for a musically richer sound as you would hear in a sound recording. Since the deposit copy “defines the four corners of the ‘Taurus’ copyright,” any of the further embellishments one would hear in a recording are immaterial and the district court properly denied Skidmore’s request to play the sound recording of “Taurus” in front of the jury or admit it into evidence.⁷

Where Do We Go from Here?

This holding has already affected pending cases such as *Griffin v. Sheeran*, a case pending in New York revolving around a claim that Ed Sheeran’s song “Thinking Out Loud” infringes upon Marvin Gaye and Ed Townsend’s song “Let’s Get It On.” The district court (citing *Skidmore*) in that case held that the scope of protection for “Let’s Get it On” is “limited by the deposit copy” and “does not include other embellishments [on Gaye’s sound recording] ... because they have not undergone the copyright process.”

The *Skidmore* decision has hopefully provided some necessary clarity and guidance for future copyright infringement cases. Perhaps it may also reduce the number of copyright cases in the music sector. Then again, with the stakes at hand and the dissent from Judge Ikuta, there could be a petition for certiorari. For now, at least, the inverse ratio rule appears to have been sent up this “Stairway to Heaven.”

Endnotes

¹*Skidmore v. Zeppelin et al*, Docket No. 2:14-cv-03089 (E.D. Pa. May 31, 2014), Court Docket.

²*Sid & Marty Krofft Telev. Prods. v. McDonald’s*, 562, F.2d 1157, 1172 (9th Cir. 1977).

³*Skidmore v. Led Zeppelin*, 952 F.3d 1051, 1066 (9th Cir. 2020).

⁴*Id.* at 1069.

⁵*Gray v. Perry*, No. 2:15-cv-05642-CAS (JCx), 2018 U.S. Dist. LEXIS 138263, at *11-12 (C.D. Cal. Aug. 13, 2018).

⁶*Skidmore v. Led Zeppelin*, 952 F.3d 1051, 1063 (9th Cir. 2020).

⁷*Id.* at 1064.

⁸*Griffin v. Sheeran*, 2020 U.S. Dist. LEXIS 52908, at *2 (S.D.N.Y. Mar. 24, 2020).

Art Today, Gone Tomorrow

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Social media keeps copyright lawyers in business. But it makes counseling visual artists and photographers harder and harder - especially in light of the brewing circuit split on embedding. The legal analysis of social media embedding is nothing new to the entertainment industry; it is a reprise on the adage that you have to give a little to get a little. A recent slew of decisions within the Second Circuit, however, require visual artists to give *a lot*.

This article is based on the recent *Sinclair v. Ziff Davis* decision.² The facts reflect a common hypothetical-artist uploads photograph to social media, third-party user sees photograph in artist's post, third-party user takes photograph for their own use. Then, artist sues third-party user, third-party user points to social media as facilitating the use, artist loses. In each instance, the third-party user does not download the image - instead, it embeds or hyperlinks to the original artist's post.³ Courts find this type of re-posting as exculpatory for the third-party user. But what is an artist to do? Not post on social media?

Artists have a difficult choice. On the one hand, artists *must* have a vital social media presence to get any attention - from labels, agents, fans, customers. On the other hand, courts continuously rule that artists give up some of their rights the moment they post to a social media account.

A Few More Facts

Initially, this case came down to a contract. The third-party user claimed that it held a sublicense from the social media platform that allowed it to freely use the artist's post. Instagram, the social media platform here, crafted terms and conditions that granted Instagram the right to freely sublicense any "public"⁴ post via Instagram's embedding technology. In discussing Instagram's terms, the court wrote: "[Plaintiff granted] to Instagram a non-exclusive, fully paid and royalty-free, transferable, sub-licensable, worldwide license to the content." The court reasoned that because "plaintiff uploaded the photograph to Instagram and designated it as 'public,' she agreed to allow Mashable, as Instagram's sublicensee, to embed the photograph in its website." It was on this basis that the



court initially dismissed the photographer's lawsuit at the motion to dismiss stage - without any evidence of an actual sublicense. The decision is soul-crushing for artists. Yet, just months later, another Southern District of New York (SDNY) court heard a case on the same facts and denied the motion to dismiss, requesting proof of the sublicense. The *Sinclair* photographer moved for reconsideration of her dismissal, based on this other decision, and the *Sinclair* court revived the lawsuit to seek proof of a sublicense. This holding still isn't great for artists - the *Sinclair* court adhered to its prior holding that the photographer granted Instagram the right to freely sublicense her work.

The Server Test

So how does the Server Test factor into the equation? According to these SDNY courts, written proof of a sublicense would end these cases. If that evidence is conveniently missing or non-existent, the alternative defense to infringement should be the Server Test.

The Server Test holds that an embedded use does not "display" the copyrighted work, and thus is not infringement. The Server Test reasons that the third-party user itself does not display the image, but requests that the original platform display the image. The Ninth Circuit stands definitively in this camp and absolves the third-party re-poster. The Second Circuit has not taken a stance - actually, they have not yet had the opportunity. The Second Circuit's district courts, however, have rejected the Server Test in favor of a fair use analysis. Here are the touchstone cases:

- *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2007): An online, subscription-only magazine company took on Amazon and Google for infringement when Amazon and Google provided thumbnail and full-size images of the magazine's pictures through its search engine results. The magazine would post the images, users of the site

would re-post the images, and then Amazon and Google would provide those re-posted images as results to searches. The Ninth Circuit ruled that defendants' searches could legally show full-size copyrighted images as long as they were simply hyperlinking them from other sites. The Ninth Circuit distinguished this type of hyperlinking from Amazon and Google's thumbnail images which showed images that were downloaded onto their servers for display as search results. This opinion established the Server Test.

- *Goldman v. Breitbart News Network LLC*, 302 F. Supp. 3d 587 (S.D.N.Y. 2018): A photographer who posted an image to his Snapchat story sued news websites for infringement where the news outlets embedded tweets that contained the photo. A SDNY court rejected the Server Test and ruled that news websites could be liable for using embedded images. The court reasoned that copyright liability does not turn on the technical question of where images are stored because they are still being "displayed" to the end user. Seeing analogous copyright concerns, the court relied on the *Aereo* decision.⁵ The court also remarked that even if the Copyright Act intended storage location to determine liability, the *Perfect 10* decision applied exclusively to search engines and not news websites. Although defendants alleged that failing to extend the Server Test would have catastrophic impacts on the news industry, the court dismissed these concerns. The court hinted that there were numerous defenses still available to news websites. For example, the photographer may have placed his image into the public domain merely by posting to Snapchat (sublicensing defense), and that "a very serious and strong fair use defense" remained (fair use embedding defense). The court granted plaintiff's motion for summary judgment and defendants quickly appealed to the Second Circuit. The parties ultimately settled the matter before the Second Circuit could issue any analysis.

- *Sinclair v. Ziff Davis*: Discussed above. This SDNY judge does cite *Goldman v. Breitbart* in its initial dismissal in April 2020, but just to explain the embedding process.

- *McGucken v. Newsweek LLC*, 2020 U.S. Dist. Lexis 96126 (S.D.N.Y. June 1, 2020): Discussed above as "another SDNY court." A different SDNY

judge denied a news website's motion to dismiss a copyright suit also based on Instagram's terms. This court discussed and rejected fair use because, at least at the motion to dismiss stage, the first and fourth factor weigh in favor of plaintiff, while the second and third factor are neutral. Here, following the hint in *Goldman*, the court observed that when a news website takes the photograph and makes the photograph the subject of the article, then that use is likely fair use. In cases where the news website takes the photograph and merely uses it to illustrate the subject of the article, then that use is likely not fair use.

- *Walsh v. Townsquare Media, Inc.*, No. 19-CV-4958 (VSB), 2020 U.S. Dist. Lexis 96090 (S.D.N.Y. June 1, 2020): Released on the same day as *McGucken*, yet another SDNY judge fully analyzed embedding as a fair use defense. A photographer took a photo and made it available for licensing through Getty Images. A celebrity posted the photo to Instagram next to a photo of her new lipstick collaboration, with a header announcing that the lipstick was already sold out. The photographer did not take issue with this use. A news website, however, embedded the celebrity's post in an article that reported on a heated debate about whether the celebrity deserved her own lipstick line. The court dismissed the lawsuit on defendant's Rule 12(c) motion finding that the article was fair use because the photos were the subject of the article.

The Ninth Circuit's holdings stop after the first part of any infringement analysis - embedding is not a "display" and thus not an infringement. The Second Circuit's district courts hold that embedding is an infringing "display" and then proceed to liability analysis, focused on licensing and fair use defenses.

Predictions

Sinclair is a case to watch. So far, the *Sinclair* defendants placed no reliance on fair use because they contended that they had a right to use the image through a sublicensing agreement with Instagram. Of course, as the case proceeds, the defendants could still assert fair use and will likely have to if the court finds that Instagram's terms require an express sublicense. Instagram has at least initially indicated that third-party use requires an express sublicensing agreement.⁶ It is unclear whether the *Sinclair* defendants had one.



As far as social media sublicensing goes, visual artists and photographers will continue to defend their copyrights in both circuits by bringing challenges to each platform's terms and conditions. It is important to remember that Sinclair's rights as to this photograph will be determined only with respect to Instagram's terms that were effective at the time of her post. There are many, many social media platforms with different, and ever-evolving terms that will continue to be litigated. This is merely the newest chapter.⁷

As far as the Server Test versus Fair Use for embedding, I predict that the courts will continue to see embedding litigation until a circuit split emerges. The Ninth and Second Circuit are hubs for copyright litigation over photographs. As soon as the Second Circuit opines on how its district courts handled this issue, I predict that a circuit split is very likely. Overall, neither circuit's embedding analysis is good for artists - both seemingly allow down-the-line users to re-post images with no recourse for the artist. As for now, the Second Circuit's district courts are slightly more favorable to artists because they require transformative use that will not displace the artist's market. But this favor will be confined to case-specific facts and analysis.

What's an Artist to Do?

The *Sinclair* court was not sympathetic enough to void out Sinclair's agreement with Instagram, but the court recognized the artist's plight. In light of this decision, many social media platforms have created different types of accounts, such as "Content Creator" or "Business" accounts, that give its users more control over the use of their posted content. But even these accounts will be controlled by terms and conditions.

Ultimately, these cases stand for the proposition that fine print matters. Artists and their lawyers must carefully read the terms and conditions of every platform or website before they use it to market their work.

Endnotes

¹This article reflects my personal analysis and opinions and does not reflect the opinions of the Ohio Attorney General or his Office. This article also does not constitute legal advice.

²No. 18 Civ. 790 (KMW), 2020 U.S. Dist. Lexis 64319 (S.D.N.Y. Apr. 13, 2020).

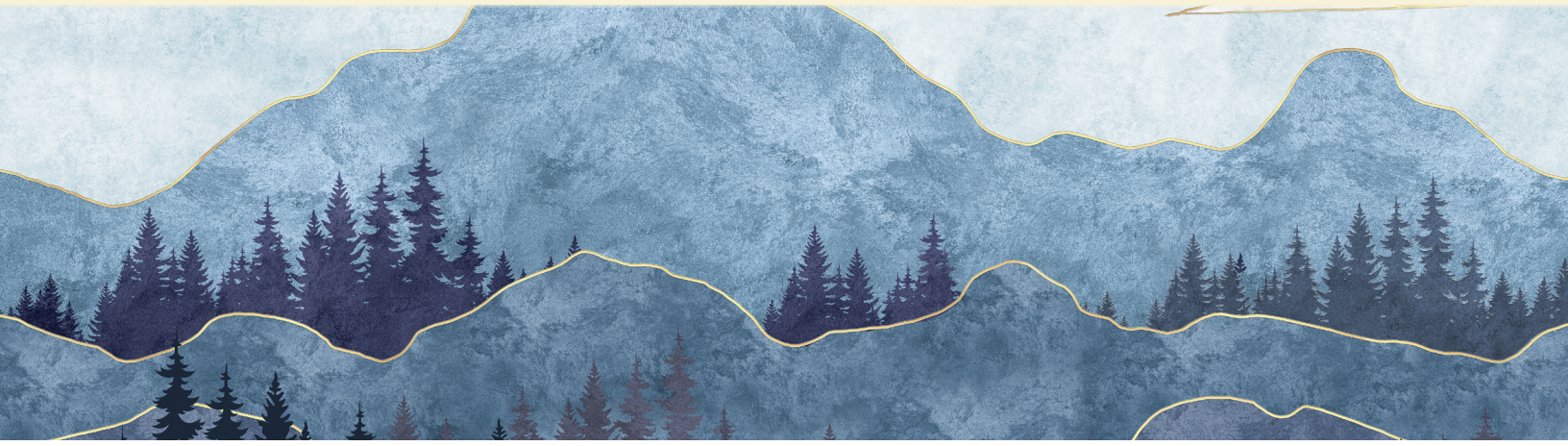
³For those unfamiliar, "embedding" is a means by which a third-party user shows the original image without actually downloading the image. Instead, the third-party user directs the original platform (via embed or hyperlink) to just show the image on the third-party user's site. If a viewer clicked on the image, then the user would be directed to the image on the original platform. And, still for those unfamiliar, this article is timely because embedding has become increasingly popular on Instagram and in news reporting, given the country's remote status.

⁴Instagram is a social media platform where users create their own page and upload pictures or videos. Users can "follow" other users and "like" their pictures. Instagram features two types of accounts - "Public" and "Private." Public accounts are viewable by anyone. Private accounts are only viewable if the account-holder grants access.

⁵*American Broadcasting Cos., Inc. v. Aereo, Inc.*, 134 S. Ct. 2498, 189 L. Ed. 2d 476 (2014) dealt with an internet broadcasting service where users could pay a monthly subscription to stream unlicensed, live television broadcasts over the internet at nearly the same time that they were being originally broadcast. The issue in *Aereo* was the performance right, while here embedding concerns the display right.

⁶Timothy Lee, *Instagram just threw users of its embedding API under the bus*, ARS Technica, <https://arstechnica.com/tech-policy/2020/06/instagram-just-threw-users-of-its-embedding-api-under-the-bus/> (accessed on Aug. 17, 2020).

⁷In 2010, Warner Brothers bought the rights to create a film adaptation of a short story that was created and posted entirely on Reddit. Reddit's Terms and Conditions claimed to have exclusive control over the content posted on Reddit. See Eriq Gardner, *Does Warner Bros. Have Exclusive Movie Rights to a Story Posted on Reddit?*, The Hollywood Reporter, <https://www.hollywoodreporter.com/thr-esq/does-warner-bros-have-movie-250726> (accessed on Aug. 17, 2020). And in 2018, Sony settled litigation after it based a horror film on the "creepypasta" internet meme that formed the basis for one of Sony's horror films. See Eriq Gardner, *Sony Taken to Court Over 'Slender Man' Threats*, The Hollywood Reporter, <https://www.hollywoodreporter.com/thr-esq/sony-taken-court-slender-man-threats-1130087> (accessed on Aug. 17, 2020).



Temporary Murals Have Permanent Rights?

Second Circuit holds that the Visual Artists Rights Act does not differentiate between permanent and temporary art pieces

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Cities all across the United States are popping up with “Black Lives Matter” murals and art pieces on buildings, glass, sculptures and even down streets. Even in Cleveland, Ohio, artists painted “Black Lives Matter” down East 93rd Street from Heath to Raymond Avenue.¹ This artwork has gained a lot of popularity, and luckily due to the recent holding in *Castillo v. G&M Realty L.P.*, this work may be protected by the Visual Artists Rights Act of 1990 (VARA).² The Second Circuit held that VARA, which grants visual artists the certain moral rights in their work, does not distinguish between permanent and temporary art.³

VARA prevents the intentional distortion, mutilation, or other modifications of artists’ work which would be prejudicial to his or her reputation.⁴ VARA applies to visual arts which includes “a painting, drawing, print, or sculpture, existing in a single copy [or] in a limited edition of 200 copies or fewer that are signed and consecutively numbered by the author.”⁵

In *Castillo*, the defendants demolished the art exhibit containing the plaintiffs’ work to create luxury apartments.⁶ The art exhibit was a series of white walls that various artists created pieces on daily, with some being painted over, and others staying untouched for weeks, gaining large popularity.⁷ The affected artists sued under VARA to prevent the destruction of the building and received a

temporary restraining order. The artists argued that their work achieved recognized stature and is therefore protected by VARA.⁸ While within the timeframe of the restraining order, the defendants banned the artists from the site and refused to provide them with permission to recover any work that could be removed. The defendants then whitewashed the art.⁹ The Second Circuit held that it does not matter whether the artwork was a permanent or temporary piece, as long as the plaintiff demonstrates that their work achieved recognized stature, VARA applies.¹⁰

As time moves on, these thought-to-be-temporary Black Lives Matter, George Floyd and Breonna Taylor murals may live on forever, or at least until the artist allows them to be changed because of VARA. Future artists, no matter the temporary nature, wishing to protect their art through VARA must be able to show that their work achieved recognized status.

Endnotes

¹David Petkiewicz, *Event Celebrating Black Lives Matter Mural in Cleveland Attracts Dozens Sunday*, Cleveland.Com (June 28, 2020), <https://www.cleveland.com/metro/2020/06/black-lives-matter-mural-painted-on-e-93rd-street-in-cleveland.html>.

²*Castillo v. G&M Realty L.P.*, 950 F.3d 155, 162 (2d Cir. 2020).

³*Id.*

⁴17 U.S.C. § 106A.

⁵17 U.S.C. § 101(1); *see also Santaella v. DICK's Sporting Goods, Inc.*, No. 3:19-cv-1418 (JAM), 2020 U.S. Dist. LEXIS 59002, at *4 (D. Conn. Apr. 3, 2020) (dismissing the plaintiff’s VARA claim because the complaint failed to allege that the design in dispute existed as a “single copy” or “in limited edition”).

⁶*Castillo*, 950 F.3d at 162.

⁷*Id.*

⁸*Id.* at 163.

⁹*Id.*

¹⁰*Id.* at 168-69.



Squeak and Desist

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It is the first year of law school, and I am excited but also nervous about starting my legal career. My welcome packet includes important information - login usernames and passwords for the school Wi-Fi, library hours, my schedule of classes for the next four months, and a neon-colored paper that screams “Mandatory Substance Abuse Training!” Who knew coming into law school that lawyers rank among the highest in substance abuse and depression? With my BA and MA in comparative literature, I certainly did not. Now, I am in my last year of law school while surviving a global pandemic, and I thought it would be very fitting to write about *VIP Prods., LLC v. Jack Daniel’s Props.* - a case about squeaky toys and alcohol for all the moms and dads of four-legged creatures, working from home and needing a chuckle the next time they pour themselves a glass of Tennessee Whiskey.

Our story begins in 2013 with a squeaky toy. Jack Daniel’s Properties Inc. (Jack Daniels) demands that VIP Products, LLC (VIP) stop selling their “Bad Spaniels” durable rubber, squeaky novelty dog toy.¹ VIP respectfully declines. The Bad Spaniels toy is a part of VIP’s “Silly Squeakers” line in the shape of a rectangular liquor bottle and features a wide-eyed spaniel over the words “Bad Spaniels, the Old No. 2, on your Tennessee Carpet.”² The Bad Spaniels toy imitates Jack Daniel’s Tennessee Sour Mash Whiskey, Old No. 7 Brand bottle with the similar rectangular bottle shape, white lettering over a black background, and font.³ On the back of the packaging, it states: “This product is not affiliated with Jack Daniel’s.”⁴

Determined to continue its services in entertaining its four-legged customers with its humorous squeakers, VIP files suit in the District Court of Arizona in 2016.⁵ They claim that Bad Spaniels does not infringe or dilute any of Jack Daniel’s claimed trademark rights and that the First Amendment’s fair use doctrine shields them from liability.⁶ After all, we are talking about a squeaky toy commenting about No. 2 on your carpet. It’s a joke! A parody! But VIP does not stop there: They claim that Jack Daniel’s bottle design is not even entitled to trademark and trade dress protection in the first place because the bottle is functional, generic and non-distinctive.⁷ And they boldly squeak their



final claim: that the Jack Daniel's trademark registration be cancelled!¹⁸ Jack Daniel's responds to VIP's complaint with nine separate counterclaims that can quickly be summed up as: "You infringed our federally-registered trademarks and trade dress, diluted and tarnished our brand, and participated in unfair competition by using our famous mark to sell your squeaky toys. Please, stop."¹⁹

The District Court ruled heavily in favor of Jack Daniels,¹⁰ and VIP lost in all of their claims. Every. Single. One. ... Ouch. It is no surprise that the court ruled that Jack Daniel's rectangular bottle of Tennessee Whiskey is entitled to trademark and trade dress protection.¹¹ Can you imagine the squeaks of horror of IP attorneys all over the nation if the court decided to cancel Jack Daniel's trademark registrations? The court struck down VIP's argument that the Jack Daniel's bottle design lacks distinctiveness and is functional.¹² No, the design is not generic.¹³ No, even though it is not inherently distinctive, it has acquired distinctiveness through secondary meaning.¹⁴ No, the design of the bottle is not functional, and no, Jack Daniel's trademark registration is definitely not being cancelled.¹⁵ How about your First Amendment fair use doctrine? Sorry, no. You are infringing upon Jack Daniel's famous trademark to commercially sell your own product,¹⁶ there is a likelihood of confusion,¹⁷ you are diluting and tarnishing Jack Daniel's brand,¹⁸ and your parody defense falls flat because Bad Spaniels is not an expressive work.¹⁹ Stop it.

Did VIP give up its fight to bring joy and happiness to its Silly Squeaker connoisseurs? No, no they did not. They bring it up to the Court of Appeals for the Ninth Circuit in February of 2020 and come out triumphant.²⁰ Don't worry IP attorneys, the appellate court affirmed the district court's decision in that the Jack Daniel's bottle design is distinctive, non-generic, and non-functional.²¹ However,

they gave their blessings to VIP, stating that Bad Spaniels is indeed an expressive work entitled to First Amendment protection²² and reversed the dilution claim, vacated the judgment on trademark infringement, and remanded for further proceedings.²³

Endnotes

¹*VIP Prods., LLC v. Jack Daniel's Props.*, No. CV-14-2057-PHX-SMM, 2016 U.S. Dist. LEXIS 133387 (D. Ariz. Sep. 27, 2016), at 3.

²*Id.*

³*Id.*

⁴*Id.*

⁵*Id.*

⁶*Id.* at 4.

⁷*Id.*

⁸*Id.*

⁹*Id.* at 5

¹⁰*Id.* at 58.

¹¹*Id.*

¹²*Id.* at 18.

¹³*Id.* at 19.

¹⁴*Id.* at 22.

¹⁵*Id.* at 58.

¹⁶*Id.* at 17.

¹⁷*Id.* at 33.

¹⁸*VIP Prods., LLC v. Jack Daniel's Props.*, 291 F. Supp. 3d 891 (D. Ariz. 2018), at 905.

¹⁹*Supra* note 1 at 15.

²⁰*VIP Prods. Ltd. Liab. Co. v. Jack Daniel's Props.*, 953 F.3d 1170 (9th Cir. 2020), at 1176.

²¹*Id.* at 1172.

²²*Id.*

²³*Id.*



Diversity Jurisdiction - Still There if You Find Yourself Stuck in Someone Else's Hometown

By Bruce Wilson

Patent attorney, Dublin, Ohio.

Walmart, a Delaware corporation, contracted with Cuker, a California limited liability company, to design a website which Walmart's customers could access from any computer or mobile phone. The contract parties considered their agreement to be a “working version” that could be “refined.” They ultimately disagreed about how many design revisions Cuker would have to make before Walmart had to pay.

Walmart sued Cuker for breach of contract in an Arkansas state court. Since the contract was silent on the issue, jurisdiction based on diversity (28 USCA 1332) was available. Cuker removed the action to the federal court in the Western District of Arkansas and filed counterclaims including theft of trade secrets.¹ The federal court looked to Arkansas' state law and followed controlling decisions of the state supreme court as the case proceeded.

Evidence at trial established that Cuker took steps to protect its source files and acquiesced to Walmart's demand for them only after Walmart insisted on their delivery as a condition precedent to Walmart's payment for Cuker's work.

A jury returned a verdict for Cuker against Walmart for misappropriation of trade secrets and Cuker's other claims. The district court awarded damages and entered an injunction allowing Walmart to keep Cuker's Adobe source files in its possession, but prohibiting their future use in connection with another project.

Reviewer's note: The Arkansas Trade Secrets Act authorizes injunctions for actual or threatened appropriation. The federal Defend Trade Secrets Act (DTSA 18 USCA 1836), which was enacted in May 2016 during the pendency of Cuker's case contains similar provisions, but far more reaching remedies. This appellate court observed that “Cuker testified that the Adobe source files are a years-long compilation of technical know-how from which it continually draws. If allowed to keep the Adobe source files in its possession, Walmart could use them, or share them, in connection with another project. There is nothing to suggest that the Adobe source files' usefulness to Walmart has expired or will expire, and if it does, Walmart can apply to terminate the injunction.”² If Walmart asks the federal district trial court to terminate its injunction, could Cuker supplement the previous state law counterclaims with new claims for “actual or threatened” misappropriation by Walmart in or outside the United States, assuming there is new evidence to support such claims?

Endnotes

¹*Walmart Inc. v. Cuker Interactive, LLC*, 949 F.3d 1101 (8th Cir. 2020).

²*Id.* at 15.



OSBA IP Section Minutes from Spring Meeting – April 17, 2020

ATTENDEES (by phone): Adam Mathews (Chair), Drew Stevens (Vice Chair); Adam Smith (Treasurer), Colin Cochran (Secretary), Steve Grant, Ralph Jocke, Bruce Wilson, Pat Walker, Casey Orcutt (OSBA), AJ Wenn, Bill Richards, Lidia Mowab (Learning Liaison)

DISCUSSION:

I. Roll call and welcome

II. A motion was made, seconded, and approved unanimously to approve the prior meeting minutes

III. Mr. Mathews discussed USPTO guidelines for timeline shift as a result of COVID-19

- Coronavirus webpage on USPTO website made available

IV. Mr. Mathews passed meeting leadership off to Drew Stevens

V. Ms. Orcutt discussed OSBA announcements

- CLE delivery is now completely online
- OSBA organization is currently working from home
- COVID-19 resource directory available on OSBA website
- 2020 OSBA Elections for President will be held online. The ballot will be sent to all members by email
- OSBA annual meeting to be rescheduled
- Committee Section meetings in fall have not been changed at this time
- Intellectual Property for non-profits on May 5th (webcast 1-2pm)

VI. Mr. Smith discussed Budget

- Budget has increased slightly as a result of total OSBA efforts

VII. Mr. Smith discussed Membership

- Dropped about 100 members in the last year
- Less OSBA members may be the result of decreased IP group membership
- Ways to increase membership were discussed (Ms. Walker, Ms. Mowab, Mr. Jocke, and Mr. Wilson)
 - o Local IP association in Cleveland, Columbus, and Cincinnati discussed
 - Columbus IP association defunct for approximately four years. The CIPA funds unused (inquired into potential use for OSBA IP Section)
 - o Recruitment efforts to date were discussed including 2019 social events and social events expected during 2020

VIII. Mr. Book provided a legislative update

- Federal government discussing phase 4 of COVID-19 response
- ABA day in Washington has been postponed or terminated for April 2020
- The effects of COVID-19 across the nation were discussed
- How Ohio is handling graduating law students taking the Ohio Bar was discussed
- Patent Eligible Subject Matter was discussed, including: inventions in medical industry and computer software related technology; how these technologies are affected by §101 guidelines; and the array of inconsistent court decisions (Mr. Jocke and Mr. Grant)
 - o OSBA IP Section has previously endorsed the ABA position on §101

- IX. **Mr. Mathews returned to lead the meeting**
- X. **Organizational issues and committee assignments were discussed**
- July 24 is not a good day for the OSBA IP Section meeting, the 23rd was proposed
 - Establishing geographic subcommittees was discussed (southwest and northeast Ohio)
 - Outreach to businesses and universities
 - Mr. Mathews volunteered for Southeast Ohio representative
 - Ms. Mowad and Ms. Orcutt discussed OSBA representative efforts regarding outreach
 - OSBA IP Section CLE offerings were discussed, online podcasts were proposed
 - It was noted that a standing offer remains for IP Section members to develop and present CLE content
 - Potential legislation recommendations for Ohio General Assembly
 - Clarifying fair use of IP was discussed (image and likeness)
 - Variations in image and likeness laws in different states were discussed (a potential national standard for right of persona)
 - Topic will be placed on IP Section website discussion board
- XI. **Ms. Walker thanked the past newsletter authors (Mr. Grant, Mr. Wilson, and Ms. Mowad) and noted the opportunity remains to write for the future editions of the newsletter**
- Newsletter should be out by next meeting
 - Newsletter suggestions were provided and are available via Ms. Walker
 - New copyright fees available in the upcoming newsletter
- XII. **Mr. Jocke noted Akron IP Symposium (2020) speaker who discussed providing IP services through alternative service providers**
- Mr. Richards discussed inventors that may be underserved, and that the Patent Office may be attempting to make patent services available to those individuals who cannot afford average practitioner prices via patent pro-bono clinics
- XIII. **A motion was made, seconded, and approved unanimously to conclude the meeting**





The Next Meeting

Every Section Member is welcome to participate in the next meeting of the OSBA Intellectual Property Law Section. The meeting has not yet been set, but it is likely to be in early 2021.



Have Your Article Published Here

If you would like to contribute a case review or an article to the newsletter, contact Patricia Walker or Ralph Jocke at Walker & Jocke Co., LPA, 231 South Broadway, Medina, Ohio 44256, by e-mail at iplaw@walkerandjocke.com, or by phone at (330) 721-0000. Check out past newsletters on the OSBA website for a guideline.

It will be great to see your contribution published in the next newsletter.

Patricia A. Walker

Ralph Jocke

Co-Editors, OSBA IP Section Newsletter