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Fluent in Technology.
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Federal Circuit Year in Review:

Decisions Across Patents, Trademarks, and Copyrights

July 24, 2025

Today's Presentation

- Litigation
- IPRs
- Prosecution
- Section 101
- Design Patents
- Trademarks
- Copyrights


ISSUE PRECLUSION


INDUCEMENT BASED SKINNY LABEL SALES MATERIAL

EXPERT WITNESS ON DAMAGES


INTER PARTES REVIEW

APPLICABILITY OF ALICE-TYPE 101 REJECTIONS TO AI


PRECLUSION OF IN USE ART AFTER IPR

AAPA AS PRIOR ART IN AN IPR

Expert Witness on Damages

United States Court of Appeals for the Federal Circuit

ECOFACTOR, INC.,
Plaintiff-Appellee

v.

GOOGLE LLC,
Defendant-Appellant

Issue: Is an expert witness's testimony admissible when using lump sum settlements to derive running royalty rate.

Heard by court sitting *en banc*

Ecofactor v. Google

- Ecofactor wins infringement judgement
- Expert testified that $X per unit is an established royalty
  - Framework used is based on hypothetical negotiation
  - The rate based on three previous lump sum settlements
    - Licenses state that Ecofactor believes a reasonable royalty rate is $X per unit for estimated past sales and projected future sales.
    - Licenses state that the lump sum amount “is not based upon sales and does not reflect or constitute a royalty.”
  - Expert had no access to sales data
  - Ecofactor CEO testifies that the lump sum payments were calculated on the basis of the $X per unit
- Google moved to exclude testimony of damages expert

Ecofactor v. Google

- Legal Standard
  - FRE 702 governs admissibility of expert testimony
    - (a) the expert's scientific, technical, or other specialized knowledge will help the trier of fact to understand the evidence or to determine a fact in issue;
    - *(b) the testimony is based on sufficient facts or data*;
    - (c) the testimony is the product of reliable principles and methods;
    - (d) the expert's opinion reflects a reliable application of the principles and methods to the facts of the case.
  - *Daubert* – trial judge as gatekeeper
    - Must ensure that testimony is reliable

Ecofactor v. Google

- Holding – Testimony was not reliable
  - The expert had no access to sales data and, therefore, had no way of deriving a royalty rate based on the lump sum.
  - Ecofactor's statement of "belief" was contrary to the explicit statements that the lump sum was not a based on sales.
    - Reasonable royalty analyses must also consider what licensee would have been willing to pay.
  - Testimony of CEO that he believed the rates were based on sales was not supported by the record.
- Dissent
  - Whether royalty was reasonable was a question of fact that should be left to the jury

Issue Preclusion

United States Court of Appeals for the Federal Circuit

WISCONSIN ALUMNI RESEARCH FOUNDATION,
Plaintiff-Appellant

v.

APPLE INC.,
Defendant-Appellee

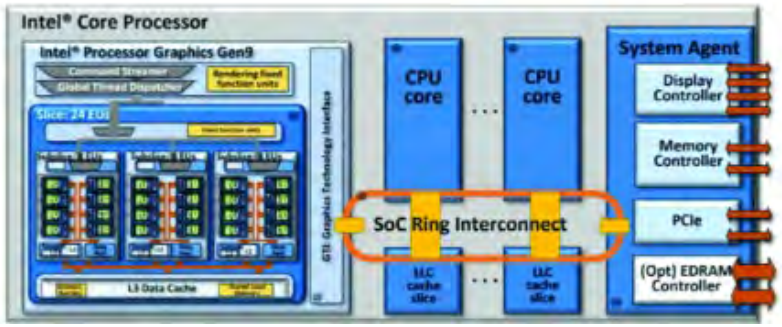
Issue: Whether a patent holder can pursue doctrine of equivalents in a second lawsuit after disclaiming in an earlier suit.

WARF v. Apple

- Facts
  - WARF I: Infringement accusing A7, A8, A9, A10 processors
    - Pursue literal infringement and doctrine of equivalents
  - WARF drops DOE for strategic reasons
    - Will only pursue literal infringement theory
  - WARF drops A9 and A10 because still in development
  - WARF files a second case (WARF II) accusing A9/A10
  - WARF I trial results in finding of literal infringement
  - WARF II is stayed pending appeal of WARF I
    - Infringement / validity issues for A9/A10 same as A7/A8
    - Can determine damages after appeal is settled

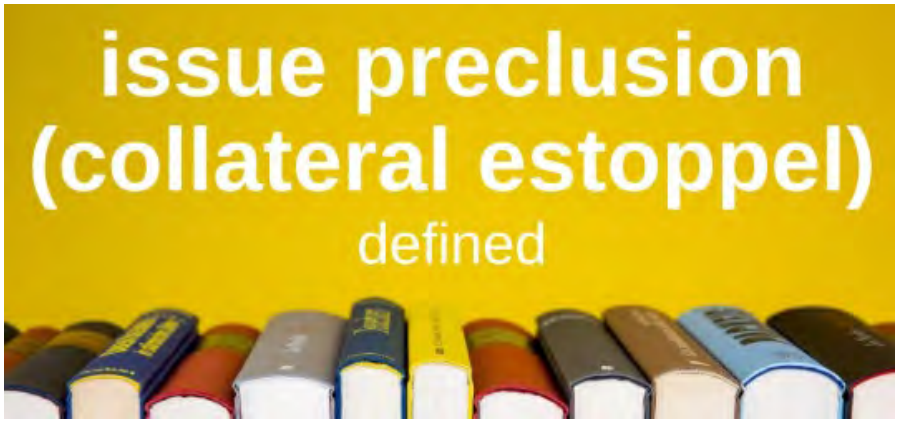
WARF v. Apple

- Even more facts
  - WARF I verdict is reversed on appeal
  - WARF requests and is denied new trial in WARF I for DOE
    - Precluded based upon earlier waiver
  - WARF seeks to pursue DOE theory in WARF II
  - Apple objects arguing that the infringement issue is settled
- Legal Issue
  - Is WARF precluded from pursuing DOE in WARF II?



WARF v. Apple

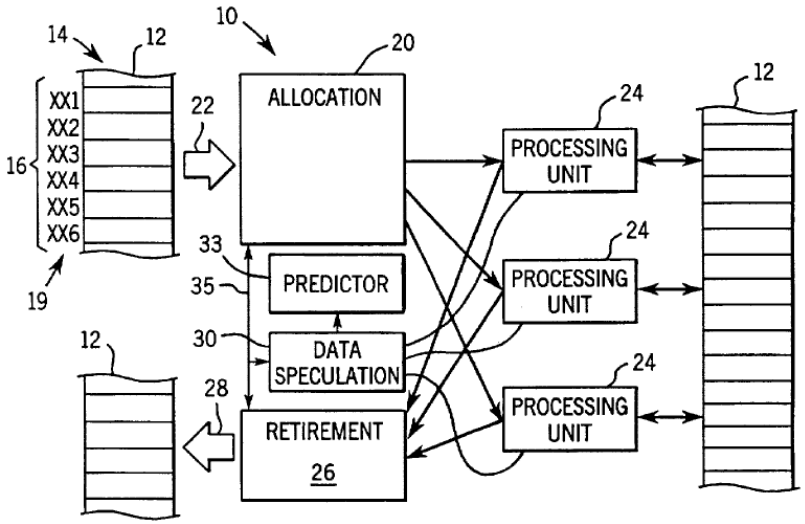
- Collateral Estoppel
  - (1) same issue as in a prior action
  - (2) the issue was actually litigated
  - (3) the determination of the issue was essential to the final judgment; and
  - (4) the party against whom estoppel is invoked was represented in the prior action.



WARF v. Apple

- Holding: Collateral Estoppel
  - (1) Same Issue
    - Issue is the same because products are the same
      - Parties agreed when agreed to stay WARF II to calculate damages
  - (2) Issue Actually Litigated
    - Issue is identical because one patent statute covers both theories

(35 U.S.C. 271)



WARF v. Apple

- Law*: Kessler* Doctrine
  - Prevents *later-filed* infringement lawsuits against an adjudged non-infringer for products that are only "colorably different"
    - Cannot file a new lawsuit for every new generation
- Issue is that WARF II filed before judgement (not later-filed)
- Holding: *Kessler* Doctrine
  - Federal Circuit expands to cover essentially identical products made or sold before the initial judgment.
    - Purpose is to avoid harassment

Walter Kessler
(no relation)

Inducement based Skinny Label Sales Material

United States Court of Appeals for the Federal Circuit

AMARIN PHARMA, INC., AMARIN PHARMACEUTICALS IRELAND LIMITED, MOCHIDA PHARMACEUTICAL CO., LTD.,
Plaintiffs-Appellants

v.

HIKMA PHARMACEUTICALS USA INC., HIKMA PHARMACEUTICALS PLC,
Defendants-Appellees

HEALTH NET LLC,
Defendant

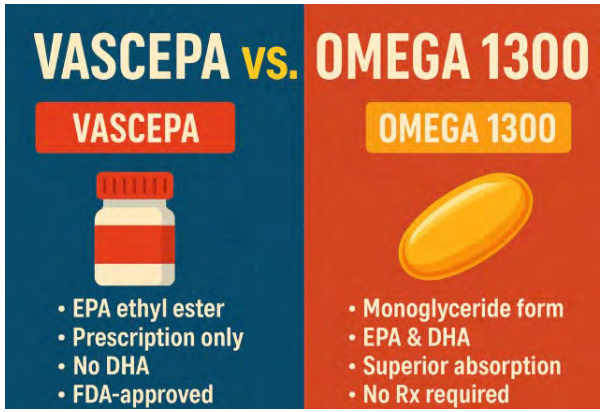
Issue: Do statements made regarding a generic drug create a plausible grounds for inducement.

Amarin v. Hikma

- What is a Skinny Label?
  - Amarin develops a drug (Vascepa) and patents a use
    - A method of treating high triglyceride levels
  - Amarin later discovers and patents a second use of the drug
    - A method of reducing cardiovascular risk
  - First patent expires
  - Hikma seeks FDA approval for generic version drug
    - ANDA – Abbreviated New Drug Application
    - FDA approval given for first use but not patented second use
    - Skinny label omits information about uses still protected by patent
    - Generic drug companies can market drug for unpatented uses

Amarin v. Hikma

- Hikma issued press releases touting the drug
  - Hikma's product is the "generic version" of Vascepa, which treats hypertriglyceridemia (first, unpatented use)
  - But provides sales data for Vascepa that includes both uses
- Amarin sues for inducement
  - Hikma doesn't use the drug – no direct infringement
- District Court case dismissed for failure to state a claim



Amarin v. Hikma

- "Whoever actively induces infringement of a patent shall be liable as an infringer." 35 U.S.C. 271(b)
  - Direct infringement by a third party
  - Infringer affirmatively induced that infringement knowing that the induced acts constitute infringement
- Failure to state claim
  - Allegations reviewed for plausibility, not probability
  - Go forward even if improbable
- Held that Amarin plausibly pleaded that Hikma has induced infringement of the asserted patents

Inter Partes Review

United States Court of Appeals
for the Federal Circuit

LYNK LABS, INC.,
Appellant

v.

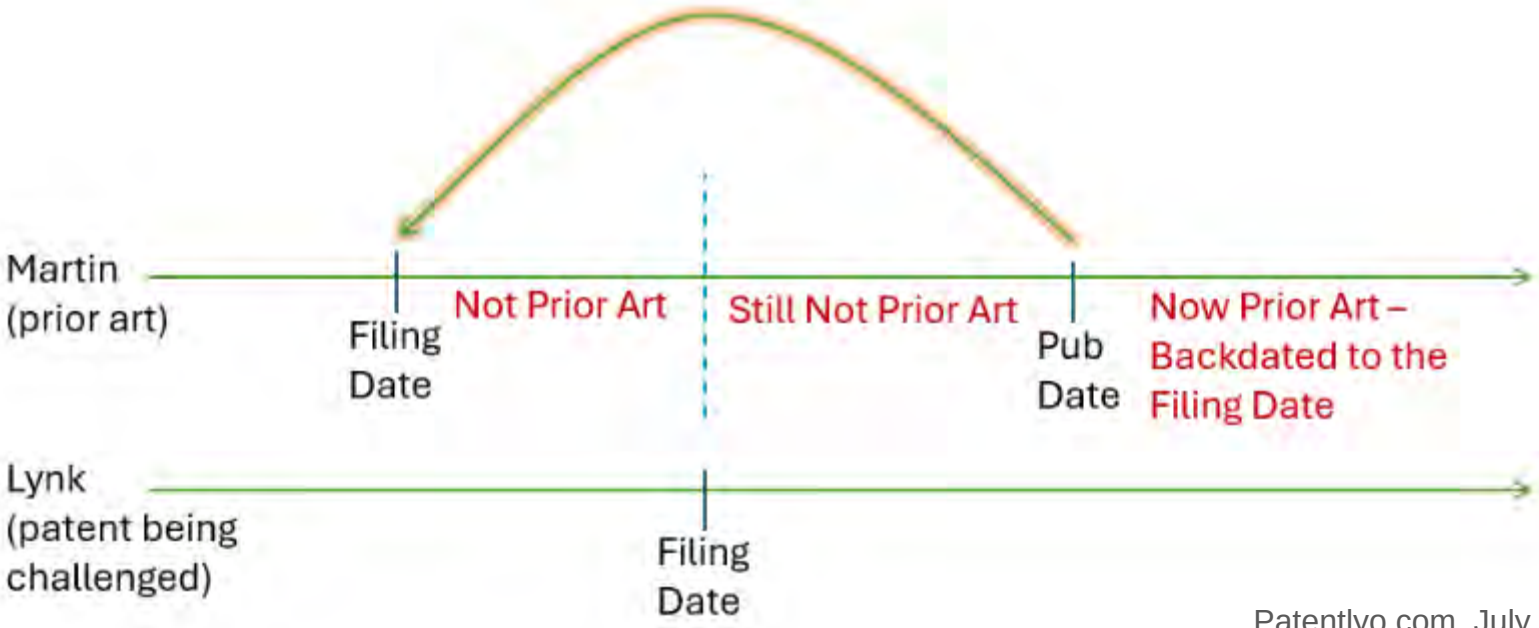
SAMSUNG ELECTRONICS CO., LTD.,
Appellee

Issue: When does a published patent application become prior art for an IPR

Lynk Labs v. Samsung Electronics

Samsung files IPR

- Claims found unpatentable under Section 102(e)
- Prior art was filed before patent at issue was filed but published after the patent at issue was filed



Patentlyo.com, July 9, 2025

Lynk Labs v. Samsung Electronics

- Patentee argues that 102(e) art is not usable in IPR
- Section 102 (pre-AIA) Prior art
  - Known or used by others before invention - 102(a)
  - Patented - 102(a), 102(b)
  - Described in printed publication - 102(a), 102(b)
  - In public use or on sale - 102(b)
  - Described in an application for patent that is published - 102(e)
- Section 311(b)
  - IPR can be based only on patents or printed publications

Lynk Labs v. Samsung Electronics

- Holding: Published application is prior art as of filing date
  - Reference used by Board was published
  - "a published patent application is, by its literal terms, a 'printed publication'."
  - Section 102(e)(1) defines a "*specific* type of 'printed publication' [that] is deemed prior art as of its filing date."
  - Holding is consistent with *Ex parte* reexamination, which is also limited to "prior art consisting of patents or printed publications" 35 U.S.C. 301(a)(1)
  - Congressional intent allow the PTO to evaluate matters normally handled by examiners while excluding challenges on other grounds, which would remain the province of the courts.

AAPA as Prior Art in an IPR

United States Court of Appeals
for the Federal Circuit

QUALCOMM INCORPORATED,
Appellant

v.

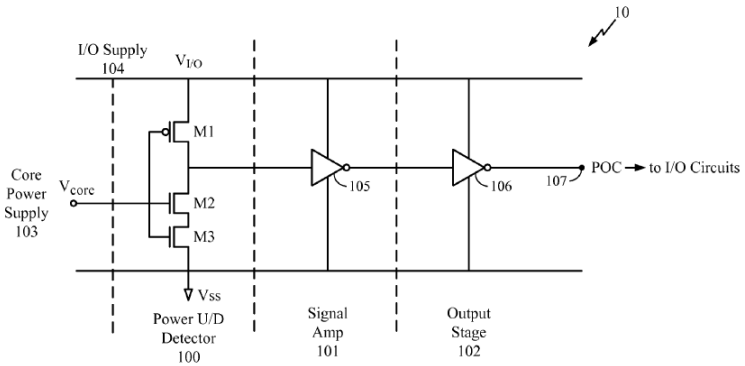
APPLE INC.,
Appellee

COKE MORGAN STEWART, ACTING UNDER SECRETARY AND ACTING DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE,
Intervenor

Issue: Can applicant admitted prior art be used as a basis for invalidity in an IPR?

Qualcomm v. Apple

- Apple files an IPR relying on AAPA in view of other prior art
- Section 311(b): IPR limited "only on the basis of prior art consisting of patents or printed publications."
- PTO issues guidance: Combination rule
  - AAPA is not the basis of an IPR if used in combination with other prior art
- Question: Can AAPA be the basis of an IPR challenge?



(PRIOR ART)
FIG. 1

Qualcomm v. Apple

- Holding
  - AAPA cannot be the basis of an IPR ground of unpatentability
  - Statute language is unambiguous
    - Limited to patents and printed publications
  - AAPA can be used "to indicate the general knowledge of a person of ordinary skill in the art"
    - But never forms the basis

Ground	'674 Patent Claims	Basis for Rejection
Ground 1	**1, 2, 5-7**	§103: Steinacker in view of Doyle and Park
Ground 2a	**1, 2, 5, and 6,**	§103: Applicants Admitted Prior Art (AAPA) in view of Majcherczak
Ground 2b	**7**	§103: AAPA in view of Majcherczak and Matthews

Preclusion of in use art after IPR

United States Court of Appeals for the Federal Circuit

INGENICO INC.,
Plaintiff / Counterclaim Defendant-Appellee

INGENICO CORP., INGENICO GROUP S.A.,
Counterclaim Defendants-Appellees

v.

IOENGINE, LLC,
Defendant / Counter-Claimant-Appellant

Issue: Can defendant use public use evidence when the documentation of use could have been relied on in IPR?

Ingenico v. IOENGINE

- IPR filed to invalidate patent
- District Court case
  - Are claims are unpatentable in view of a prior art system?
    - Defendant cannot use documentation related to a system
    - Invalidity found based on the sale or use of the system
  - Patentee files JMOL that system was cumulative in view of documentation

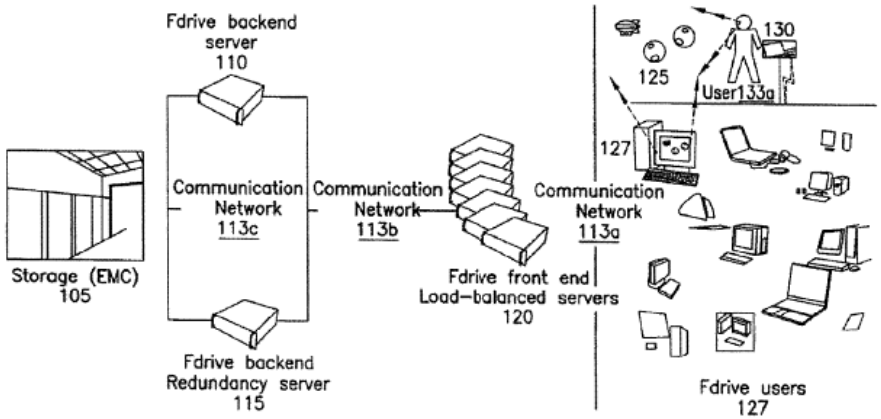


Fig. 1

Ingenico v. IOENGINE

- 35 U.S.C. § 315(e)(2)
  - Defendant cannot rely on “any ground that the petitioner raised or reasonably could have raised” during the IPR
- 35 U.S.C. § 311(b)
  - IPR can be based on “only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications”
- 35 U.S.C. § 102(b) (pre-AIA)
  - Entitled to a patent unless patented or described in a printed publication or in public use or on sale more than one year before filing U.S. date

Ingenico v. IOENGINE

- Issue
  - Is defendant estopped from using evidence of the sale of the system when they could have raised the same question using documentation of the system?
- Holding – No Estoppel
  - IPR limited patents and printed publications
  - Defendant had no opportunity to raise on sale or public use
  - On sale is a different ground that could not be raised in IPR
  - “IPR estoppel does not preclude a petitioner from asserting that a claimed invention was known or used by others, on sale, or in public use in district court.”

Claim Construction

United States Court of Appeals for the Federal Circuit

DDR HOLDINGS, LLC,
Plaintiff-Appellant

v.

PRICELINE.COM LLC, BOOKING.COM B.V.,
Defendants-Appellees

Issue: Interpretation of claim term that is defined differently in provisional and non-provisional applications

DDR Holdings v. Priceline.com

- Provisional Application
  - "Merchants are the producers of the goods to be sold"
  - "Merchants [are] defined as producers, manufacturers, and select distributors of products or services"
- Non-Provisional Application
  - "Merchants are the producers, distributors, or resellers of the goods to be sold through the outsource provider."
  - No mention of services in relation to merchants.
- Issue: Is the term "merchant" construed as "a Seller of goods" or "a Seller of goods or services"

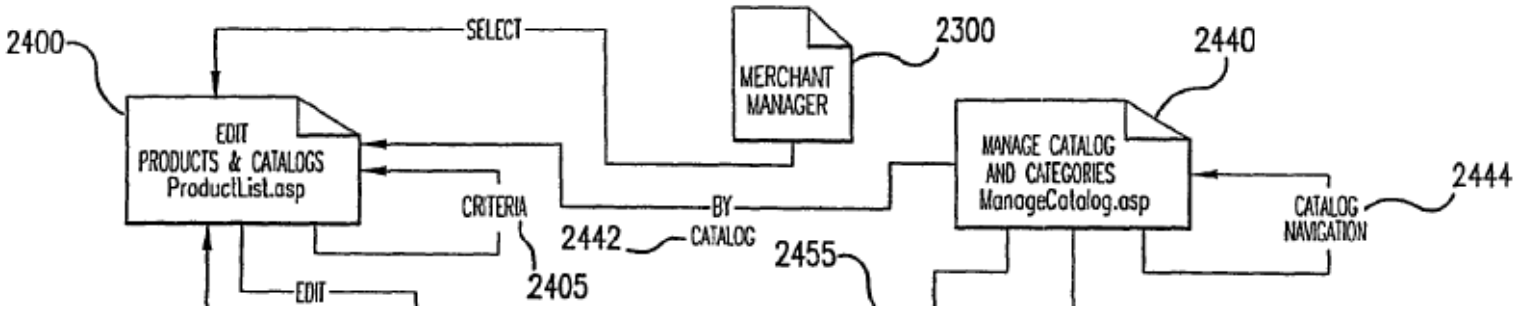
DDR Holdings v. Priceline.com

- Law of Claim Construction
  - Plain and ordinary meaning to one of skill in the art when read in the context of the specification and prosecution history
  - Exceptions
    - Patentee sets out a definition and acts as his own lexicographer.
    - Patentee disavows the full scope of a claim term either in the specification or during prosecution.

- Legal Question of whether you can disavow by omission
  - Can a seller of services be a merchant in the context of this patent, which makes no mention of services?

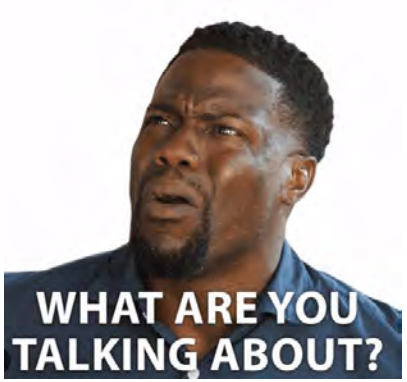
DDR Holdings v. Priceline.com

- Holding: Merchant limited to seller of goods
  - District Court: "deletion from the written description of a term that was in the provisional application contributes to an understanding of what the scope and meaning of the final application."
  - Fed. Cir.: "A skilled artisan would understand this progression between the provisional application and the patent specification to indicate an evolution of the applicant's intended meaning of the claim term."



DDR Holdings v. Priceline.com

- The Arguments
  - Patentee: No explicit disclaimer
  - Court: Deletion of the provisional application's reference to merchants as purveyors of services is significant.
    - Disclaimer by deletion
  - Patentee: Provisional was incorporated by reference
  - Court: The disclosure provides context to determine the impact, if any, a patent incorporated by reference
    - The deletion was "conspicuous and unambiguous"



Patent Eligibility related AI Invention

United States Court of Appeals for the Federal Circuit

RECENTIVE ANALYTICS, INC.,
Plaintiff-Appellant

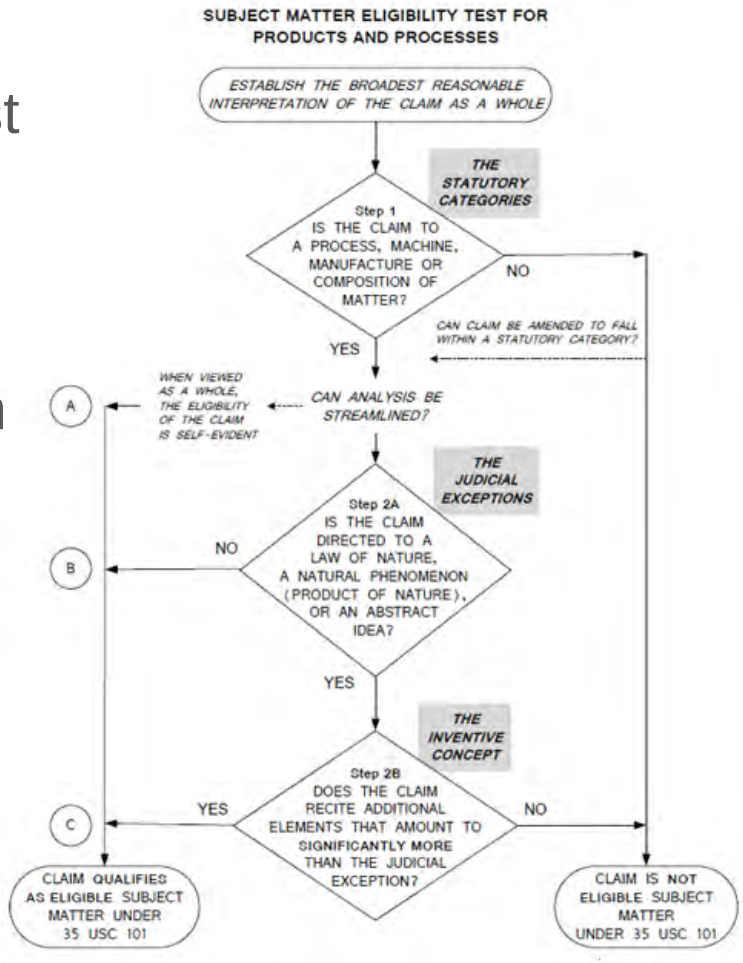
v.

FOX CORP., FOX BROADCASTING COMPANY, LLC, FOX SPORTS PRODUCTIONS, LLC,
Defendants-Appellees

Issue: Applicability of *Alice*-type 101 rejections to claims involving machine learning.

Recentive Analytics v. Fox Corp

- Patents
  - Use AI to organize television broadcast schedules
- Alice Mayo test
  - Is claim directed to a judicial exception
    - Law of nature
    - Natural phenomenon
    - Abstract idea
  - Does the claim recite additional elements that amount to more than judicial exception



Recentive Analytics v. Fox Corp

- Issue as recited by the Court
  - Whether claims that do no more than apply established methods of machine learning to a new data environment are patent eligible
- Holding: Claims are not patent eligible
  - Claims not directed to machine learning itself
  - Invention only uses machine learning as it was intended
  - Claims and specification include no implementation details
  - Applying to a different field of use is insufficient
  - Being faster and more efficient is not enough

Obviousness Test for Design Patents

United States Court of Appeals for the Federal Circuit

LKQ CORPORATION, KEYSTONE AUTOMOTIVE INDUSTRIES, INC.,
Appellants

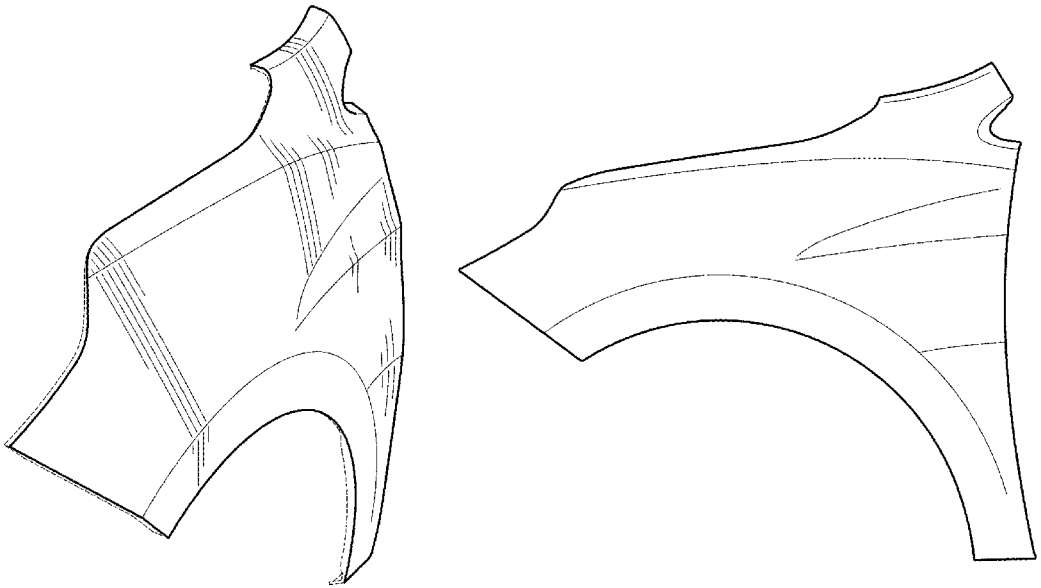
v.

GM GLOBAL TECHNOLOGY OPERATIONS LLC,
Appellee

Issue: Whether KSR v. Teleflex overrides the *Rosen-Durling* test for obviousness applied to design patents.

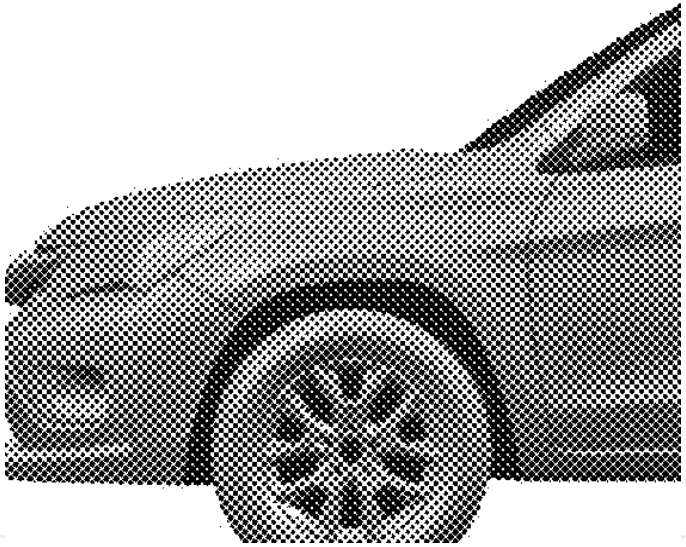
LKQ Corp. v. GM Global Tech Operations LLC

- GM Global owns D797,625 (D'625), directed to a design for a vehicle front fender:



LKQ Corp. v. GM Global Tech Operations LLC

- LKQ instituted an IPR challenging D'625 as invalid:
  - Anticipated by D773,340 ("Lian"), or alternatively-
  - Obvious in light of Lian, either by itself or in combination with the design of the 2010 Hyundai Tucson front fender, as depicted in a promotional brochure:



LKQ Corp. v. GM Global Tech Operations LLC

- The Board assessed the obviousness claim under the existing two-part *Rosen-Durling* test:
  - Step one requires identifying an initial reference which is "basically the same as the claimed design", also called a *Rosen* reference. Lack of a *Rosen* reference ends the inquiry.
  - If a *Rosen* reference is provided, step two is modification of the *Rosen* reference using one or more secondary references that are so related to the *Rosen* reference that the appearance of features in one suggests application to the other.

LKQ Corp. v. GM Global Tech Operations LLC

- The Board denied the obviousness claim under the existing two-part *Rosen-Durling* test as LKQ failed to identify a *Rosen* reference:
  - Lian was rejected as the *Rosen* reference on the grounds that it was not “basically the same design".
  - As step one was not met, the Board did not consider any secondary references.

LKQ Corp. v. GM Global Tech Operations LLC

- Appeal was taken to the Fed. Cir. *en banc* panel. Held:
  - The step one requirement of a *Rosen* reference that discloses a design that is "basically the same" as a claimed design is too rigid.
  - Likewise, step two, requiring secondary references to have a degree of relatedness that suggests application of elements from one reference to another, is too rigid, and lacks the common-sense approach of *KSR.*
  - The historic *Whitman Saddle* case combined references that each disclosed roughly half of the claimed design, suggesting that neither would qualify as a *Rosen* reference, yet obviousness was found.

LKQ Corp. v. GM Global Tech Operations LLC

- The Fed. Cir. articulated a revised test in line with *KSR's* flexible approach to obviousness:
  - The scope and content of the prior art as known by a person skilled in the art is considered without regard to some minimum similarity, but rather whether a given reference is analogous to the claimed design.
  - The two-part test for analogous art employed with utility claims is modified for design claims:
    - For part 1, the scope of prior art includes designs of articles *sufficiently similar* to a claimed design such that a person of ordinary skill would look to such art.

LKQ Corp. v. GM Global Tech Operations LLC

- Continued:
  - For part 2, the court acknowledged that, because design patents do not generally describe a problem being solved, whether a piece of art that is not directed to the same field of endeavor is analogous must be determined on a case by case basis, with articulation of a clearer standard left to future courts.
  - The court analyzed the four-part *Graham* factors and how they would apply to design patent claims, employing essentially a common-sense approach.

Once Generic, Always Generic?

United States Court of Appeals
for the Federal Circuit

BULLSHINE DISTILLERY LLC,
Appellant

v.

SAZERAC BRANDS, LLC,
Cross-Appellant

Issue: Whether a trademark that becomes generic always stays generic.

Bullshine Distillery LLC v. Sazerac Brands, LLC

- Bullshine applied to register the mark BULLSHINE FIREBULL - “[a]lcoholic beverages except beers”
- Sazerac filed a Notice of Opposition, alleging likelihood of confusion with several of its marks

Mark	Reg. No.	Category
FIREBALL	2852432	liqueurs
FIREBALL	3550110	whisky
	3734227	whiskey

Bullshine Distillery LLC v. Sazerac Brands, LLC

- Bullshine counterclaimed
  - "fireball" was a generic term prior to Sazerac's registration of FIREBALL, which should have prevented Sazerac's registration
- Board denied Sazerac's opposition to Bullshine's mark and Bullshine's counterclaims
- The Board found that "fireball" was not generic either at the time of registration of Sazerac's marks or at the time of trial.
- Bullshine argued if a term is generic at any time prior to registration, it remains generic for all time and cannot be registered.

No “Once Generic, Always Generic” Rule

- Statute prevents registration of a generic term because it would deceive consumers as to the origin of a good.
- This inquiry necessarily looks to what consumers would think at the time of registration.
- Lanham Act provides for cancellation of marks “[a]t any time,” if they become generic.
- The court rejected an unyielding legal rule that entirely disregards consumer perception.”
- Public not protected by looking to what consumers thought of a term many years ago
- Therefore, whether a term is generic is an inquiry that changes over time.

Trademark refusal for false government connection

United States Court of Appeals for the Federal Circuit

IN RE: THOMAS D. FOSTER, APC,
Appellant

2023-1527

Appeal from the United States Patent and Trademark Office, Trademark Trial and Appeal Board in No. 87981611.

Decided: May 7, 2025

Issue: Whether a trademark be refused registration under the Lanham Act due to a false suggestion of a connection with a U.S. government entity.

In re Thomas D. Foster

- President Trump proposes forming a “Space Force” in March 13, 2018 Speech.
- Attorney Thomas D. Foster files intent-to-use registration to register “US SPACE FORCE” for goods and services on March 19, 2018.
- Congress establishes the U.S. Space Force in December 2019.

US SPACE FORCE

In re Thomas D. Foster

- USPTO examining attorney rejects Foster's application under section 2(a) of the Lanham Act based on false suggestion of a connection with the United States :

  No trademark … shall be refused registration on the principal register on account of its nature unless it—(a) Consists of … matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols.

15 U.S.C. 1052(a)

- The TTAB which upheld the refusal, on grounds of false connection.

In re Thomas D. Foster

- Foster appealed to the Federal Circuit, arguing:
  - The Board improperly considered facts that post-date application filing date, and
  - The Board's findings under the four-part false connection test are not supported by substantial evidence.

Federal Circuit Decision: In re Thomas D. Foster

- **Timing Issue**
  - Appropriate timing for assessing false suggestion is time of examination and not application filing date
  - Timing to assess false connection ran through December 12, 2022 TTAB Reconsideration Decision.
  - TTAB did not err in its consideration of evidence in false connection analysis.

Federal Circuit Decision: In re Thomas D. Foster

- Four-part false connection test:
  1. **The mark is the same as, or a close approximation of, the name or identity <u>previously used</u> by another person or institution;**
  2. **The mark would be recognized as such, in that it points uniquely and unmistakably to that person or institution;**
  3. The person or institution named by the mark is not connected with the activities performed by the applicant under the mark; and
  4. The fame or reputation of the person or institution is such that, when the mark is used with the applicant's goods or services, a connection with the person or institution would be presumed.

Federal Circuit Decision: In re Thomas D. Foster

- **False Connection First Factor**
  - *The mark is the same as, or a close approximation of, the name or identity previously used by another person or institution;*
  - Substantial Evidence was met:
    - President Trump announced US Space Force on March 13, 2018
    - Widely reported in the news
    - Post filing evidence including President Trump's June 18, 2018 speech and Congress's establishment of the space force on December 20, 2019 (and associated news coverage)
  - A "mark need not be identical to the name or identity."
  - "It would suffice if the US SPACE FORCE mark falsely suggests a connection to the United States even if the U.S. Space Force entity had not come into existence."

Federal Circuit Decision: In re Thomas D. Foster

- **False Connection Second Factor**
  - *The mark would be recognized as such, in that it points uniquely and unmistakably to that person or institution;*
  - Fact that the Foster's mark and the name "U.S. Space Force" are identical is sufficient for substantial evidence.
- Remaining factors were not contested, suggesting that Foster knew his mark would be associated with the US Space Force.
- The court wasn't fooled…

Bidding on competitor's marks as ad keywords

In the
United States Court of Appeals
for the Second Circuit

August Term 2022
No. 22-1634

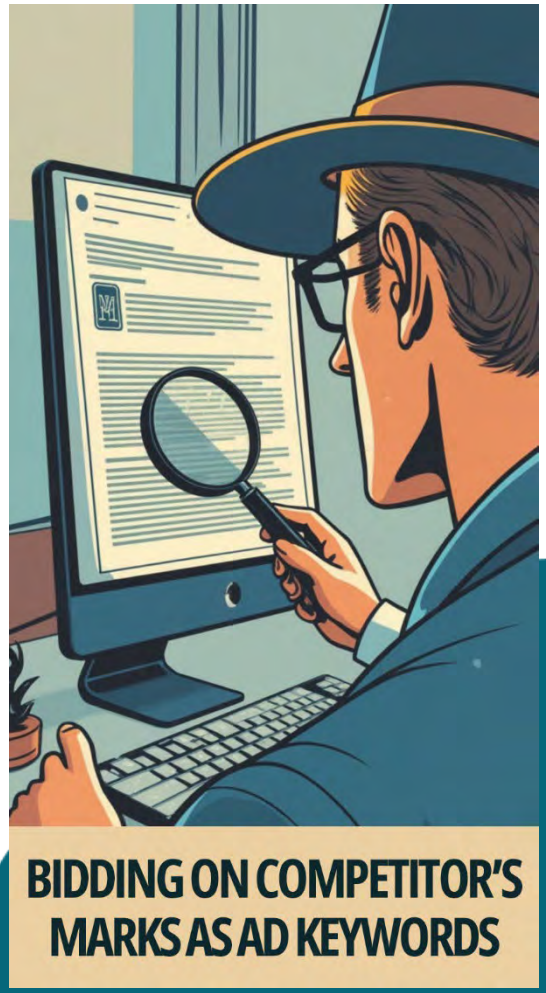
1-800 CONTACTS, INC.,

Plaintiff-Appellant,

v.

JAND, INC., DBA WARBY PARKER,

Defendant-Appellee.



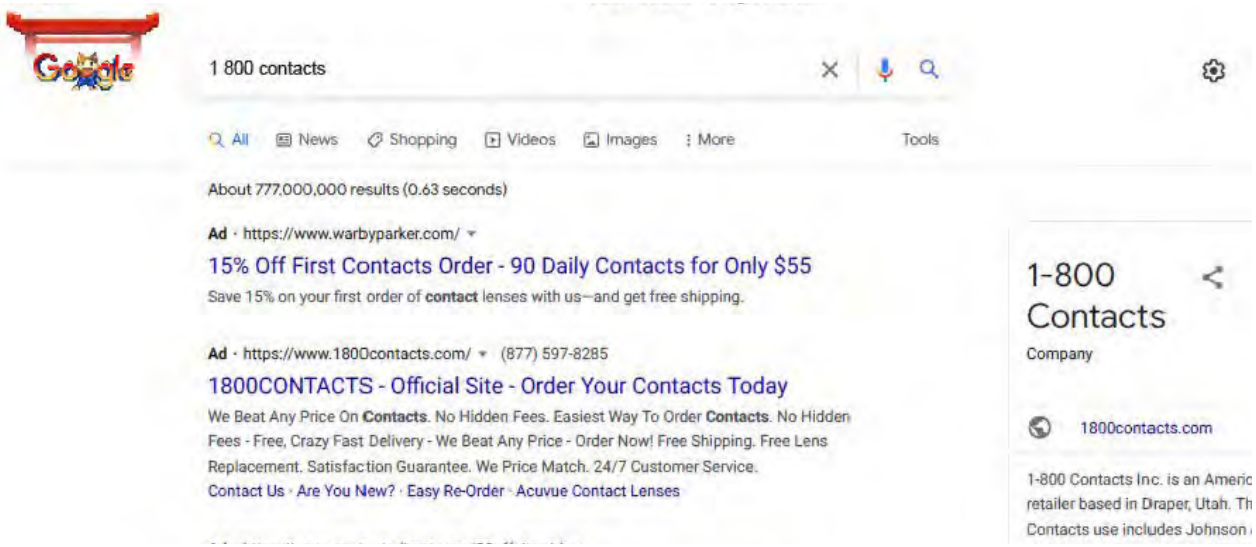
Issue: Whether bidding on keywords that are competitor's registered trademarks constitutes infringement.

1-800 Contacts v. Warby-Parker

- Plaintiff 1-800 Contacts is an online purveyor of contact lenses, and owns a number of federally registered trademarks incorporating their name, including 1800 CONTACTS, 1 800 CONTACTS, 1800CONTACTS.COM, and 1800CONTACTS.
- Defendant Warby Parker is an online seller that started in eyeglasses, but has expanded into selling contact lenses online, in direct competition with 1-800 Contacts.

1-800 Contacts v. Warby-Parker

- Warby Parker, as part of its online sales, purchased keywords at auction that included 1-800 Contacts' registered trademarks, to use with search advertising.
- A user searching for 1-800 Contacts in a search engine supporting the keywords would be shown listings for Warby Parker, *labeled as ads*, alongside results for 1-800 Contacts:



1-800 Contacts v. Warby-Parker

- 1-800 Contacts sued for trademark infringement, alleging a violation of the Lanham Act. The District Court found for Warby Parker and granted a motion for judgment on the pleadings. 1-800 Contacts thus appealed to the 2nd Circuit.
- On appeal, the court outlined three points of inquiry for keyword advertising trademark infringement:
  - 1. The defendant's purchase of competitor's marks as keywords;
  - 2. The ads placed on the search results page for the competitor's marks; and
  - 3. The landing page to which the ads link.

1-800 Contacts v. Warby-Parker

- In light of these points, the court held:
  - Warby-Parker's use of 1-800 Contacts' marks as keywords is not, by itself, a trademark violation, absent a showing of additional activities that would give rise to a likelihood of confusion.
  - The ads (as shown in the earlier slide) are all clearly marked as "Ad".
  - On the landing page from the ad, nowhere does Warby-Parker use 1-800 Contacts' marks.
  - Any appearance similarities between Warby-Parker's site and 1-800 Contacts' site would be a trade dress claim and require a showing of distinctiveness.
- In light of these points, the finding of non-infringement was upheld.

Fair use of distributing digital copies of books

In the
United States Court of Appeals
For the Second Circuit

August Term, 2023

Argued: June 28, 2024 Decided: September 4, 2024

Docket No. 23-1260

HACHETTE BOOK GROUP, INC., HARPERCOLLINS PUBLISHERS L.L.C., JOHN WILEY & SONS, INC., PENGUIN RANDOM HOUSE LLC,

Plaintiffs-Appellees,

–v.–

INTERNET ARCHIVE,

Defendant-Appellant,

Issue: Whether scanning copyright-protected books and making them available on a one-to-one basis is fair use.

Hachette v. Internet Archive

- Plaintiffs (collectively, Hachette) are book publishers that own the copyright to various books that were made available online in their entirety by Internet Archive.
- Hachette provides hard-copy books to libraries that can be checked out unlimited times, until the book wears out.
- Hachette also provides digital copies of its books via commercial platforms such as Libby and to public libraries via limited-time licenses. They profit from this arrangement via licensing fees.

Hachette v. Internet Archive

- Internet Archive, a non-profit, scans hard-copy books in their entirety and makes them available online for free and in full *on a one to one basis* between a print copy and a loaned digital copy.
- In addition to its own books, Internet Archive partners with various public libraries to obtain and scan hard-copy books.
- Once a book is digitized, it is kept out of circulation.
- Internet Archive tracks the number of physical copies of a book in possession to determine the number of digital copies it can lend.

Hachette v. Internet Archive

- Hachette sued Internet Archive in District Court (S.D.N.Y.), alleging that Internet Archive's scanning and distributing, even on a one copy to one physical book basis, infringed copyright.
- The district court granted summary judgment in favor of Hachette, finding that Internet Archive's distribution of digital copies *was not fair use* under section 107 of the Copyright Act, after evaluating the four statutory fair use factors.

Hachette v. Internet Archive

- On appeal, the Second Circuit analyzed the four statutory fair use factors, and held:
  - Factor 1: *Purpose and character of the use*: IA's digitization and distribution is not transformative, rejecting IA's assertion that the distribution enables uses not available with print books and physical borrowing.
  - IA's digitized books do *not* significantly differ from Hachette's own eBooks, against which they directly compete.
  - Because the work is not transformative, the first factor favors Hachette.

Hachette v. Internet Archive

- Held, cont'd:
  - Factor 2: *Nature of the work*: The works represent authors' original expressions and ideas. Thus, the second statutory factor favors Hachette.
  - Factor 3: *Portion used and substantiality*: Because the digital copies capture the entirety of the copyright-protected works and are not transformative, the third statutory factor favors Hachette.
  - Factor 4: *Effect on potential market*: The digital copies further directly compete with, and harm the market for, Hachette's eBooks. Thus, the fourth statutory factor favors Hachette.

Vicarious/Contributory Liability of Copyright Infringement

PUBLISHED

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

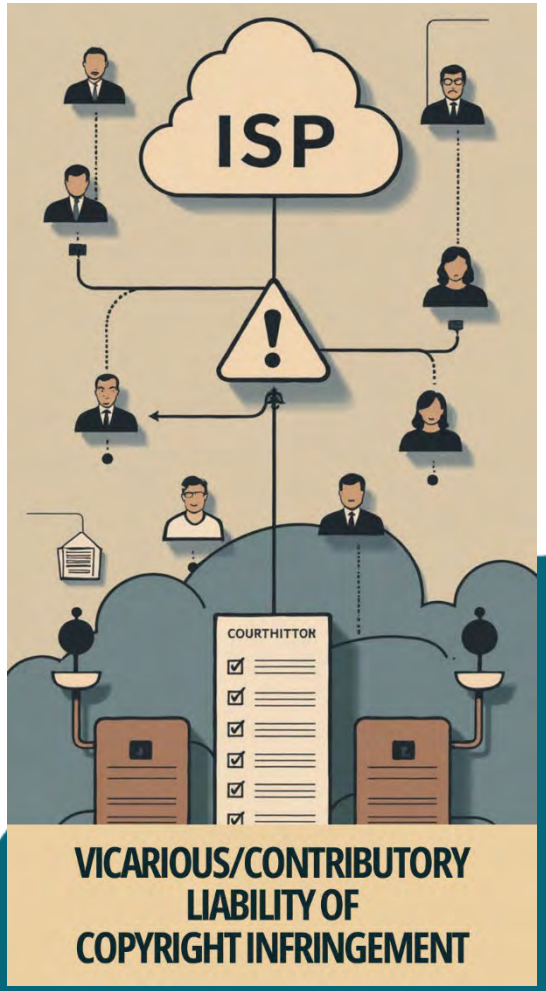
No. 21-1168

Sony Music Entertainment

v.

Cox Communications

Issue: Whether an Internet Service Provider (ISP) can be vicariously and/or contributorily liable for copyright infringement if it fails to terminate users engaged in infringing activity.



Sony Music Entertainment v. Cox Communications

- Sony is the owner of numerous copyrights in songs and their derivative works, e.g. recordings.
- Cox is an ISP that provides internet access and bandwidth to a large number of consumer users, some of whom engage in file sharing of songs whose copyright Sony owns.
- MarkMonitor (contracted by Sony to track potential infrigement) sent numerous notices to Cox of its users' activities that infringed works in Sony's catalog.

Sony Music Entertainment v. Cox Communications

- Cox adopted a multiple strike policy against its users for reported copyright violations. As applied, *a number Cox's subscribers were able to routinely violate Sony's copyrights*.
- Sony sued Cox for both vicarious liability and contributory copyright infringement.
- The jury found Cox both vicariously and contributorily liable for its users' infringing actions for over 10,000 copyrighted works.
- The jury further found the infringement willful, and awarded Sony a total of $1 billion in damages.

Sony Music Entertainment v. Cox Communications

- Cox appealed. Held:
  - Vicarious liability requires a direct benefit to an ISP from the infringing actions of its subscribers.
  - Continued receipt of monthly fees from users, *viz.* not terminating users on notice of copyright infringement to keep them as subscribers, was *insufficient* to establish a direct financial benefit from the infringing activities to Cox.
  - Cox had an interest in retaining customers regardless of infringing actions.

Sony Music Entertainment v. Cox Communications

- Holding, cont'd:
  - As to contributory infringement, the court upheld Cox's liability, as *it had direct knowledge of infringing acts*.
  - Cox received notice of specific acts identified to specific users, but nevertheless continued to provide internet access to those users, *which was essential for them to continue infringing actions*.
  - This evidence was sufficient to support the jury's finding of contributory infringement.

Fair use of memes in political campaigns

United States Court of Appeals

For the Eighth Circuit

Laney Marie Griner; Sam Griner

Plaintiffs - Appellees

v.

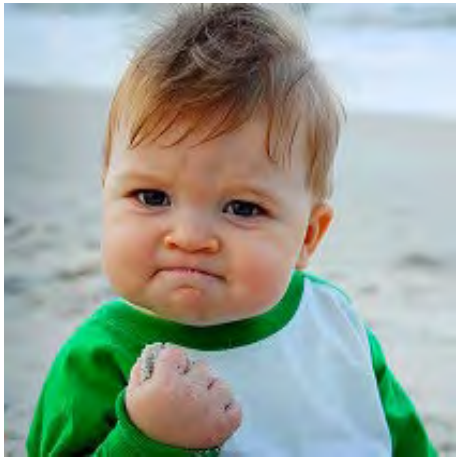
Steven Arnold King; King for Congress

Defendants - Appellants

Issue: Whether use of a meme template for political campaign purposes is fair use.

Griner v. King, et al.

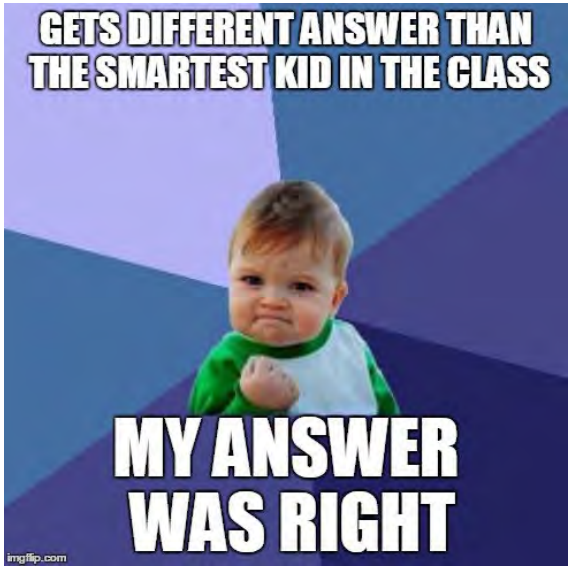
- Plaintiff Griner holds the copyright to a meme template that includes a picture of her 11-month old son, Sam. The meme is better known as “Success Kid”:



- Since originating in 2007, this meme has been used billions of times, and has been licensed to various companies for use in ads.

Griner v. King, et al.

- Examples:



Griner v. King, et al.

- Defendant Steve King ran for re-election to Congress in 2020, and his committee King for Congress created a meme incorporating Griner's template:

- Griner sued for copyright infringement

Griner v. King, et al.

- On appeal to the 8th Circuit, the primary issue is whether the Committee's use of the meme qualified as fair use. The court relied upon the *Andy Warhol* decision and held:
  - For factor 1, *purposes and character of use*, memes used commercially, including in fundraising, are subject to higher scrutiny. The test is *whether the user stands to profit from the exploitation, without paying the customary price*.
  - A compelling justification is needed when use is commercial. That the meme was repeated millions of times (e.g., everyone is doing it) is not sufficient justification. Factor 1 favors Griner.

Griner v. King, et al.

- Holding, cont'd:
  - King conceded the second factor (nature of the work) as favoring Griner.
  - The third factor, the substantial part of the work, favored Griner as well as it used the photo, which is almost the entire work.
  - The fourth factor, impact on commerciality, did not weigh towards either party, as it was unclear what sort of impact King's use may have had.
- The court held that King's use did not qualify as fair use.

slatermatsil

THANK YOU

FOR STAYING TO THE END

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