

COPYRIGHT MISUSE

SAN FRANCISCO INTELLECTUAL PROPERTY LAW ASSOCIATION

FEBRUARY 21, 2008

HOWARD
RICE
NEMEROVSKI
CANADY
FALK
& RABKIN

A Professional Corporation

ROBERT SPOO

415.399.3047

rspoo@howardrice.com



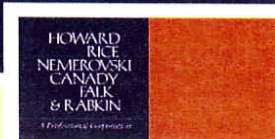
COPYRIGHT MISUSE

by
Robert Spoo

San Francisco Intellectual Property
Law Association

February 21, 2008

Copyright Misuse

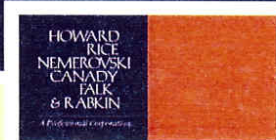


Basic Definitions

Two general approaches to copyright misuse: whether the plaintiff's use of its copyright (1) violates *antitrust laws* or (2) offends *public policy underlying copyrights*. The latter approach "has been applied to a greater range of conduct than the antitrust approach."

In re Napster, Inc. Copyright Litigation, 191 F. Supp. 2d 1087, 1103 (N.D. Cal. 2002).

Copyright Misuse

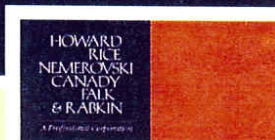


Basic Definitions

Copyright misuse is a judge-made equitable defense to a claim of copyright infringement, and has been held to be "inherent in the law of copyright just as a misuse of patent defense is inherent in patent law."

Lasercomb America, Inc. v. Reynolds, 911 F.2d 970, 973, 978 (4th Cir. 1990).

Copyright Misuse

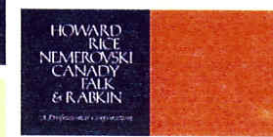


Basic Definitions

The "public policy" behind the grant of copyright protection "forbids the use of the [copyright] to secure an exclusive right or limited monopoly not granted by the [Copyright] Office and which it is contrary to public policy to grant."

Lasercomb, 911 F.2d at 977 (quoting and adapting *Morton Salt Co. v. G.S. Suppiger*, 314 U.S. 488, 492 (1942)).

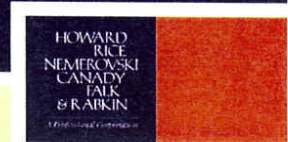
Copyright Misuse



Unclean Hands

Copyright misuse has historical and doctrinal ties to the equitable defense of unclean hands. In *Rosemont Enterprises, Inc. v. Random House, Inc.*, 366 F.2d 303 (2d Cir. 1966), Chief Judge Lumbard, concurring, concluded that an entity controlled by Howard Hughes had sullied its hands by using a copyright to try to stifle biographical discussion of Hughes.

Copyright Misuse

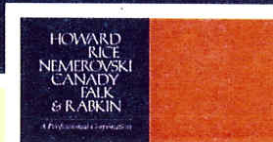


Types of Misuse

Use of a copyright to control competition in an area outside of the copyright: e.g., the idea of computer-assisted die manufacture.

Lasercomb, 911 F.2d at 973.

Copyright Misuse



Types of Misuse

The *Lasercomb* court specifically held that it was misuse for Lasercomb to have sought by means of its software copyright (1) to "control competition in an area outside of the copyright, i.e., the idea of computer-assisted die manufacture," and (2) to extend its monopoly from the expression embodied in the software to "the idea which [the software] expresses."

Lasercomb, 911 F.2d at 978, 979.

Copyright Misuse



Types of Misuse

De facto patent: e.g., seeking to extend the copyright in a software operating system to unpatented, uncopyrightable microprocessor cards, thus stifling competition in the cards.

Alcatel USA, Inc. v. DGI Technologies, Inc., 166 F.3d 772 (5th Cir. 1999).

Copyright Misuse

HOWARD
RICE
NEMEROVSKI
CANADY
FALK
& RABKIN

A Professional Corporation

Types of Misuse

Licensing the use of a copyrighted medical coding system in exchange for the licensee's promise not to use *any* competing coding system.

Practice Management Information Corp. v. American Medical Association, 121 F.3d 516 (9th Cir. 1997).

Copyright Misuse

HOWARD
RICE
NEMEROVSKI
CANADY
FALK
& RABKIN

A Professional Corporation

Types of Misuse

Entering into a license that permits the licensee to distribute sound recordings over the Internet but restricts the licensee's ability to negotiate any other licenses with the licensor's competitors.

Napster, 191 F. Supp. 2d at 1106-1110.

Copyright Misuse

HOWARD
RICE
NEMEROVSKI
CANADY
FALK
& RABKIN

A Professional Corporation

Types of Misuse

Censorship: *e.g.*, using a copyright license to prevent the dissemination of criticism or opinion.

Video Pipeline, Inc. v. Buena Vista Home Entertainment, Inc., 342 F.3d 191 (3d Cir. 2003).

Copyright Misuse

HOWARD
RICE
NEMEROVSKI
CANADY
FALK
& RABKIN

A Professional Corporation

Types of Misuse

Using a copyright infringement suit to obtain property protection over uncopyrightable data.

Assessment Technologies of Wisconsin, LLC v. WIREdata, Inc., 350 F.3d 640 (7th Cir. 2003) (dictum).

Copyright Misuse

HOWARD
RICE
NEMEROWSKI
CANADY
TALK
& RABKIN
A Professional Corporation

Types of Misuse

Seeking to protect the “privacy” of deceased historical figures by using one’s copyright to discourage scholarly use of materials either not protected by copyright or protected by a copyright not owned by the misuser.

Shloss v. Sweeney, 515 F. Supp. 2d 1068, 1079-81 (N.D. Cal. 2007).

Copyright Misuse

HOWARD
RICE
NEMEROWSKI
CANADY
TALK
& RABKIN
A Professional Corporation

Standing

A number of courts have stated something like the following: “A party may defend against copyright liability by asserting copyright misuse even if she herself was not injured by the misuse.”

Shloss, 515 F. Supp. 2d at 1081. See also *Practice Mgmt.*, 121 F.3d at 520-21; *Lasercomb*, 911 F.2d at 979.

Copyright Misuse

HOWARD
RICE
NEMEROWSKI
CANADY
TALK
& RABKIN
A Professional Corporation

Limitations

Courts generally require a “nexus”: (1) between “alleged anti-competitive actions and [the copyright owner’s] power over copyrighted material,” and/or (2) between “[the copyright owner’s] actions and the Copyright Act’s public policy of promoting creative expression.”

Napster, 191 F. Supp. 2d at 1108; *Shloss*, 515 F. Supp. 2d at 1080-81.

Copyright Misuse

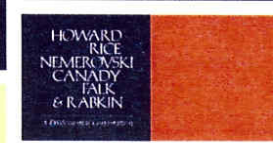
HOWARD
RICE
NEMEROWSKI
CANADY
TALK
& RABKIN
A Professional Corporation

Limitations

Copyright misuse can be asserted as a defense to a copyright infringement action, or as a basis for relief in a declaratory judgment action that results from threats of copyright infringement. But it cannot be asserted as a defense to a state-law claim or in the absence of an allegation of copyright infringement.

Practice Mgmt., 121 F.3d at 520-21; *Shloss*, 515 F. Supp. 2d at 1079-81; *Altera Corp. v. Clear Logic, Inc.*, 424 F.3d 1079 (9th Cir. 2005).

Copyright Misuse

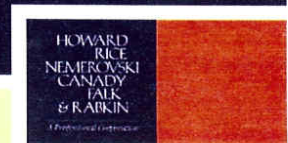


Limitations

Copyright misuse does not invalidate a copyright, but rather renders it unenforceable for the period of misuse—or, as some courts put it, until the misuse has been “purged.”

Lasercomb, 911 F.2d at 979 n.22.

Copyright Misuse

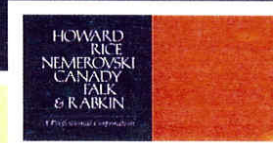


Limitations

Some courts have held that a defendant is precluded from asserting a copyright-misuse defense if its own hands are unclean. Other courts have suggested that this depends on the procedural posture of the defense.

Compare *Atari Games Corp. v. Nintendo of Am. Inc.*, 975 F.2d 832 (Fed. Cir. 1992) (misuse defense precluded and preliminary injunction upheld where defendant had lied to Copyright Office), with *Alcatel*, 166 F.3d at 794-95 (misuse defense permitted and permanent injunction reversed as to copyright infringement, despite jury determination of defendant's unclean hands in obtaining copies of plaintiff's software).

Copyright Misuse



Attorney's Fees

Some courts have taken a plaintiff's misuse of copyright into consideration in awarding attorney's fees to a prevailing defendant.

See, e.g., *Bond v. Blum*, 317 F.3d 385 (4th Cir. 2003); *Assessment Technologies of Wisconsin, LLC v. WIREdata, Inc.*, 361 F.3d 434, 437 (7th Cir. 2004).

Copyright Misuse



THE END

Robert Spoo
Howard Rice Nemerovski Canady Falk & Rabkin
A Professional Corporation
Three Embarcadero Center, 7th Floor
San Francisco, CA 94111-4024
Direct: 415.399.3047
rspoo@howardrice.com