

# DECISIONS & DEVELOPMENTS

By Joseph S. Iandiorio, Patent Attorney • 260 Bear Hill Road, Waltham, MA 02451 • Rte 128 near Mass. Pike • (781) 890-5678

Patents • Trademarks • Copyrights • Trade Secrets • Antitrust • Government Contracts • Licensing • Litigation

VOLUME 26, NUMBER 2

MARCH 2005

## COPYING LIVE PERFORMANCE OK-ED: COPYRIGHT ANTI-BOOTLEGGING LAW HELD UNCONSTITUTIONAL

Martignon was indicted by a federal grand jury for violating §2319A (the anti-bootlegging law), for selling unauthorized recordings of live performances by certain musical artists through his business Midnight Records.

The Recording Industry Association of America (RIAA) with the support and assistance of law enforcement agencies, initiated an investigation into Martignon's business. Martignon was arrested by federal and state law enforcement agents, acting in conjunction with officials from RIAA. He was placed under arrest and was released on bail.

Martignon challenged the constitutionality of 18 U.S.C. §2319A on the grounds that it acceded the authority given to Congress by the Constitution in that it gave performing artists a perpetual rights against the recording of their performances without their permission whereas the Constitution required that such protection be for "limited times".

Historically, prior to 1994 and the enactment of 18 U.S.C. §2319A, no federal protection existed for the unrecorded live performances of musicians. Federal copyright law has, however, existed for musical compositions since 1831 and for sound recordings since 1971. Still no federal protection extended to unrecorded live performances, and the duplication of such performances, i.e., bootlegging. This apparent gap in copyright protection prompted Congress to enact the anti-bootlegging statute, §2319A a measure that would protect performers from the unauthorized duplication of their live performances.

This court dealt with the constitutional issue head on. It analyzed whether the anti-bootlegging statute falls within the purview of the Copyright Clause of the Constitution. After concluding that it does, it determined whether the anti-bootlegging statute was a proper exer-

cise of Congress' Copyright Clause powers and found that it was not. It found that it was not such a proper exercise because the anti-bootlegging statute violates both the fixation and durational limitations of the Copyright Clause. The court then entertained the question of whether Congress may enact Copyright-like legislation under its Commerce Clause authority when that legislation conflicts with express limitations imposed by the Copyright Clause and found that it may not. The court also went on to alternatively conclude that even if Congress could avoid the limitations of the Copyright Clause by enacting Copyright-like legislation under the Commerce Clause, it may not do so when such legislation is "fundamentally inconsistent" with the Copyright Clause's restrictions.

Since the anti-bootlegging statute is "fundamentally inconsistent" with the Copyright Clause's prohibition on perpetual regulation, the court concluded that the statute also fails on this alternative theory. United States v. Martignon, 72 USPQ2d 1421 (DC SNY)

## CLAWS: CAT LOST THEM, VETERINARIAN HAS THEM

Young, a veterinarian, obtained a patent for a cat declaw method using a laser, U.S. Patent No. 6,502,579. The patented procedure differs from the prior art because the previous practice was to perform a straight line amputation. Young's procedure involves at least two additional steps: (1) cutting the skin and pulling it back exposing the joint; and (2) removing the joint. The process leaves additional skin, the redundant epidermis, that may then be used to cover the wound, allowing the cat to walk on the paw very soon after surgery, decreasing the amount of pain, and improving the healing process.

Young filed a provisional patent application on January 19, 2000 and followed it with a complete patent application within a year.

The alleged infringer is an international manufacturer and seller of surgical instruments which may be used to perform Young's patented surgical procedure. Dr. Arza, an employee of Lumenis testified at deposition that he has performed all of the steps described in the patent, and that he did so beginning in December 1998 or January 1999, a full year before even the provisional patent was filed by Young. This if proved would invalidate the patent. However, the court pointed out that uncorroborated testimony is not sufficient to raise a substantial question of invalidity. There is a general rule in patent cases requiring corroboration of oral testimony asserting invalidity of a patent. Therefore, since Dr. Arza's testimony was uncorroborated, it could not invalidate the patent.

However, Arza's testimony is sufficient to allow Young to establish a reasonable likelihood of success on the merits of the infringement issue. Arza, an admitted employee of Lumenis, admits that he read each claim of the patent and admitted that he had performed each step described in the patent and he admitted to performing and teaching those steps currently. The court granted Young a preliminary injunction preventing Lumenis from teaching, demonstrating, performing or practicing the surgical procedures covered by the patent or distributing any materials that describe them. *Young v. Lumenis Inc.*, 70 USPQ2d 1060 (DC SOhio)

## BOOK REVIEWS

*Drafting Patent License Agreements*, 5<sup>th</sup> Edition, Brunsvold & O'Reilly, is a comprehensive work covering all aspects of license drafting. It begins with a background in the legal fundamentals, and progresses through the types of licenses and common ambiguities. It then treats each issue in turn from opening and definitions, through royalties and transferability to terms and termination. Also covered are foreign agreements and misuse issues. Many, many sample forms and clauses are provided in print and/on the accompanying CD, and the legal basis for the clauses and language are supplied through copious footnotes and citations. BNA Books, Washington, DC, 453 pp. \$175.00

## WEB PAGE CONSTITUTES USE OF TRADEMARK ON THE GOODS

It is well settled that in order to obtain a U.S. registration for a trademark the mark must be used on or in connection with the goods in commerce. The law also makes it clear that a mark is deemed to be used in commerce on the goods when it is placed in any manner on the goods or their containers or the *displays associated*

*therewith*.

The law requires that in order to prove use on the goods to the U.S. Patent and Trademark Office during the application for registration the registrant or the owner of the mark must submit a specimen showing the mark as used. When Dell sought to register its mark Quietcase for an internal computer case the Examiner rejected the specimen which was a printout of a page taken from its Website. Dell asserts this to be a display associated with the goods in compliance with law. The Examiner refused the specimen pointing out that *traditionally displays associated with the goods* have been banners, shelf-talkers and other point-of-sale material. However, courts have now held in a decision involving Lands' End that a catalog could also be a display associated with the goods.

Following the reasoning of the Lands' End decision the Board here held that a Website page which displays a product and provides a means of ordering the product, can constitute a *display associated with the goods*, as long as the mark appears on the web page in a manner in which the mark is associated with the goods. The Board indicated the basis for its reasoning saying that in today's commercial environment, we must recognize that the banners, shelf-talkers and other point of purchase displays that are associated with brick and mortar stores are not feasible to the on-line shopping setting.

*Web pages which display goods and their trademarks and provide for the on-line ordering of such goods are in fact electronic displays which are associated with the goods.* Such uses are not merely advertising, because in addition to showing the goods and the features of the goods, they provide a link for ordering the goods. In effect, the Website is an electronic retail store, and the web page is a shelf-talker or banner which encourages the consumer to buy the product. The consumer using the link on the web page to purchase the goods is the equivalent of a consumer seeing a shelf-talker and taking the item to the cashier in a brick and mortar store to purchase it. *In re Dell Inc.*, 71 USPQ2d 1725 (TTAB)

## MICROSOFT LIABLE FOR DAMAGES FOR GOODS PRODUCED AND SOLD OUTSIDE U.S.

When Eolas and the University of California brought suit for patent infringement against Microsoft, Microsoft moved to bar damages on units of Windows with an Internet Explorer produced and sold outside the United States.

The two provisions of the patent code which are applicable to this question are §271(a) and (f). Under §271(a) there is a requirement that there be an operable assembly of the infringing products here in the U.S.

before there can be liability. The court agreed with Microsoft that to be liable under §271(a) all of the parts that must be put together in order for Internet Explorer to become an operable assembly includes its installation onto the hard drive of a computer. Since this takes place outside of the United States there is no liability under §271(a).

However, §271(f) prohibits manufacturing all or a substantial part of the significant components of a patented invention here and then having those components assembled abroad. The intellectual property at issue, namely the Windows source code, is contained on a computer disk, known as the golden master. Microsoft provides this disk to foreign Original Equipment Manufacturers for their use in making and selling abroad computer products containing Windows. Microsoft argues that new units of Windows code are created abroad when the foreign OEMs, for each unit, replicate the Windows code in its manufacturing facility using the single golden master and there installs these new units of replicated code on a computer useable medium, such as a computer disk or hard drive, which is supplied by the foreign OEM. Microsoft argues that in this way the golden master is not a component of the foreign sales products within the meaning of §271(f).

The court disagreed. Where a code is installed on a disk or a hard drive to be put into a programmable machine, the court concluded that the source code in a computer product such as a laptop or a desk top is, in law, the legal equivalent of a piece of computer hardware. In a legal sense, the court said, a source code is a made part of a computer product. The court therefore refused to bar Eolas and the University of California from seeking damages for units of Windows with Internet Explorer which are produced and sold outside of the United States. Eolas Technologies Inc. v. Microsoft Corp., 70 USPQ2d 1937 (DC NIII) Microsoft ultimately lost 70 USPQ2d 1939, DC NIII, 2004 with the jury. The damages awarded by the jury were in absolute terms very large, but in relative terms modest in that they were \$1.47 on a \$60.00 selling price or approximately 2.5%. The pre-judgment *interest* award alone was \$45,332,558.

## PUFFING PASTA

Mueller's American has placed the phrase "America's Favorite Pasta" on the Mueller's packaging. New World sent American a letter demanding American cease and desist using the phrase "America's Favorite Pasta". American brought suit requesting a declaration that the use of that phrase was not false and misleading advertising under the Lanham Act. New World claims

American's use of the phrase is false or misleading advertising because the phrase conveys Mueller's is a national pasta brand or the nation's number one selling pasta. American and New World both agree that Barilla sells the most dried pasta in the United States and that American's brands are regional only.

American moved to dismiss on the grounds that the phrase is simply non-actionable puffery. The district court concluded that the phrase "America's Favorite Pasta" constitutes non-actionable puffery as a matter of law and the phrase is not actionable under the Lanham Act.

The court analyzed the phrase and came to the conclusion that standing alone it is not a statement of fact. The key term is "favorite" which is defined in the dictionary as "markedly popular especially over an extended period of time". "Popular" is further defined as "well liked or admired by a particular group or circle." Thus, Mueller's claim turns out to be "American claims Mueller's pasta has been well liked or admired over time by America, a non-definitive person."

For these reasons the court held that "America's Favorite Pasta" is not a specific, measurable claim and cannot be reasonably interpreted as an objective fact which is capable of misleading. American can continue to claim that it is "America's Favorite Pasta". American Italian Pasta Co. v. New World Pasta Co., 71 USPQ2d 1046 (CA 8)

## E-MAIL ARCHIVES COPYABLE

Diebold produces electronic voting machines which have been the subject of critical commentary. Both the reliability and verification procedures of the machines have been called into question. Internal e-mails exchanged among Diebold employees contain evidence that some employees have acknowledged problems associated with the machines.

Pavlosky and Smith, students at Swarthmore College using internet access provided by Swarthmore posted Diebold's e-mail archives on various websites. An on-line newspaper, IndyMedia, published an article criticizing Diebold's electronic voting machines and containing a hyperlink to the e-mail archive. Online Policy Group (OPG) provides IndyMedia's internet access. OPG in turn obtains internet access from an upstream ISP, Hurricane Electric.

Diebold sent cease and desist letters to many ISPs, including Swarthmore, OPG, and Hurricane, pursuant to the safe harbor provisions of the Digital Millennium Copyright Act (DMCA). Being advised that pursuant to these provisions Swarthmore, OPG and Hurricane would be shielded from copyright infringement suit by Diebold

if they disabled access to or removed the allegedly infringing material, Swarthmore required Pavlosky and Smith to remove the e-mail archive from their website and Hurricane notified OPG that it will be required to terminate OPG's internet access if IndyMedia's hyperlink to the e-mail archive was not removed.

Smith, Pavlosky and OPG filed suit to seek injunctive declaratory and monetary relief alleging in part that Diebold's claim of copyright infringement was based on knowing material misrepresentations.

The court acknowledged that the purpose, character, nature of the use, and the effect of the use upon the potential market for or value of the copyrighted work all indicate that at least part of the e-mail archive is not protected by copyright law. The e-mail archive was posted or hyperlinked for the purpose of informing the public about the problems associated with Diebold's electronic voting machines. It is hard to imagine a subject that discussion of which could be more in the public interest.

The court concluded that as a matter of law Diebold knowingly materially misrepresented that the use of the archival mail infringed Diebold's copyright interest, at least with respect to the portions of the e-mail archive clearly subject to the fair use exception. *No reasonable copyright holder could have believed that the portions of the e-mail archive discussing possible technical problems with Diebold's voting machines were protected by copyright*, and there is no genuine issue of fact that Diebold knew and, indeed, that it specifically intended, that its letters to OPG and Swarthmore would result in

prevention of publication of that content. The misrepresentations were material in that they resulted in removal of the content from websites and the initiation of the present lawsuit. Further, the fact that Diebold never actually brought suit against any alleged infringer suggests strongly that Diebold sought to use the DMCA's safe harbor provisions which were designed to protect ISPs, not copyright holders as a sword to suppress publication of embarrassing content rather than as a shield to protect its intellectual property. The court invited Pavlosky, Smith and OPG to file briefs addressing the monetary relief, including attorneys' fees and costs, to which they believe they are entitled. Online Policy Group v. Diebold Inc., 72 USPQ2d 1200 (DC NCalif)



## DECISIONS & DEVELOPMENTS

Joseph S. Iandiorio  
260 Bear Hill Road  
Waltham, MA 02451