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## Copyright and Trademark Case Review: Who's on First?, Virtual Lockers and Lanham Act Fee-Shifting

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### Copyright Opinions

**Second Circuit Permits Distribution of Cloud-Based Samples, But Declines to Consider “Novel” Cloud Storage Infringement Issue: *Smith v. Barnesandnoble.com, LLC*, No. 15-3508 (2d Cir. October 6, 2016)**

*Jacobs, J.* In a copyright infringement suit, the Second Circuit affirmed the district court's summary judgment for defendant on a contract defense. A customer accessed a book that defendant Barnes & Noble had uploaded to a cloud-based digital “locker” pursuant to a distribution agreement, after termination of the agreement. Barnes & Noble prevailed on summary judgment in the district court on the ground that providing access to the book sample did not constitute direct or contributory infringement under *Cartoon Network, LP, LLP v. CSC Holdings, Inc.*, 536 F.3d 121, 131–33 (2d Cir. 2008) and the “*Sony-Betamax* rule” of *Sony Corp of America v. Universal City Studios, Inc.*, 464 U.S. 417, 442 (1984). The Second Circuit “decline[d] to decide the infringement issue in the novel context of cloud storage, particularly given the sparse facts of the case,” instead affirming on the basis that plaintiff's distribution agreement explicitly permitted distribution of samples and did not provide for termination of the license upon termination of the distribution agreement.

**Use of “Who's on First?” Was Not Fair Use, But Routine Is in Public Domain: *TCA Television Corp. v. McCollum*, No. 16-134-cv (2d Cir. October 11, 2016)**

*Raggi, J.* In a copyright infringement action involving Abbott and Costello's iconic *Who's on First?* routine, the district court dismissed the action on the grounds that defendants' verbatim incorporation in their play of more than a minute of *Who's on First?* was fair use as a matter of law. The Second Circuit rejected those grounds for dismissal, holding that all four statutory factors of 17 U.S.C. § 107 weighed against a defense of fair use. In particular, the Second Circuit held that the use was not “transformative,” concluding that defendants' play “may convey a dark critique of society, but it does not transform Abbott and Costello's [r]outine so that it conveys that message” (emphasis in original). The Second Circuit nevertheless affirmed the district court's dismissal on the ground that plaintiffs had failed plausibly to plead ownership of a valid copyright, holding that—as a consequence of various contracts relevant to rights in *Who's on First?*—the routine had lapsed into the public domain.

**Second Circuit Rejects DMCA Safe Harbor Judgments for MP3Tunes: *EMI Christian Music Group, Inc. v. MP3tunes, LLC*, Nos. 14-4369-cv, 14-4509-cv (2d Cir. October 25, 2016)**

*Lohier, J.* In a copyright infringement suit involving an internet service provider (ISP)—which provided a digital “locker storage” service and a related searchable index of free music on the internet—the Second Circuit affirmed in part, vacated in part and reversed in part various rulings of the district court. First, the Second Circuit vacated the district court’s grant of partial summary judgment for defendants under the Digital Millennium Copyright Act’s (DMCA) ISP safe harbor provisions, specifically addressing the safe harbor’s requirement that an ISP “adopt[] and reasonably implement[]” a policy for terminating accounts of “repeat infringers”—which the district court limited to mean “blatant” or willful infringers. The Second Circuit rejected this definition of “repeat infringers” as “too narrow” in view of the DMCA’s text, structure and legislative history, and held that a reasonable jury could have found that defendants did not meet the repeat infringer policy requirement. Second, where the jury had found that defendants had “red-flag knowledge” or willful blindness with respect to certain categories of plaintiffs’ songs and were thereby barred from safe harbor protection, the Second Circuit reversed the district court’s grant of JMOL for defendants as to the categories of “MP3s from major labels issued before 2007, and all songs by the Beatles,” finding sufficient evidence from which the jury could have inferred knowledge by defendants that digital copies of such songs had not been authorized. The Second Circuit further rejected the district court’s reasoning that barring safe harbor protection on these grounds would—in contravention of the DMCA—impose a duty to monitor or affirmatively seek out infringement.

**Trademark Opinions**

**570-Word List of Character Names Does Not Function as Trademark: *In re Light*, Nos. 2014-1597, 2014-1598 (Fed. Cir. October 7, 2016) (non-precedential)**

*Lourie, J.* The Federal Circuit affirmed the Trademark Trial and Appeal Board’s (TTAB) rejection of applications to register two marks—each of which consisted of stylized wording accompanied by a list of fanciful names of fictional characters comprising over 500 words in columnar format—on the grounds that the marks “merely convey[ed] information” and did not function as source-identifying trademarks. Where the TTAB found that the “sheer number and visual display of the words in the applied-for matter” would make it “significantly more difficult” for the public to perceive the putative marks as “unitary trademark[s],” the Federal Circuit held that “[a]lthough there is no limit on the number of words that can make up a trademark, the Board correctly found here that the exhaustive list of characters . . . weighs in favor of finding no registrable trademark.” The court further rejected the applicant’s claims of acquired distinctiveness, on the ground that she had not presented sufficient evidence that she had promoted the matter as a trademark. Finally, the court affirmed the TTAB’s rejection of certain proposed amendments to the marks as “materially altering the original subject matter.”

**En Banc Ninth Circuit Applies Octane Fitness and Highmark to Fee-Shifting Under Lanham Act: *SunEarth, Inc. v. Sun Earth Solar Power Co., Ltd.*, Nos. 13-17622, 15-16096 (9th Cir. October 24, 2016)**

*Per curiam.* Without discussing the underlying case, the Ninth Circuit en banc adopted the Supreme

Court's fee-shifting analysis of *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014)—a case under the Patent Act—in the context of the Lanham Act's provision for awarding attorney fees in “exceptional cases”: “[D]istrict courts analyzing a request for fees under the Lanham Act should examine the ‘totality of the circumstances’ to determine if the case was exceptional . . . , exercising equitable discretion in light of the nonexclusive factors identified in *Octane Fitness* and [*Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994)], using a preponderance of the evidence standard.” The Ninth Circuit further held, following the rule of *Highmark Inc. v. Allcare Health Management System, Inc.*, 134 S. Ct. 1744 (2014)—also addressing the Patent Act—that its “review of [a] district court's decision on fees awarded under the Lanham Act is for abuse of discretion.”

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