

Outsized Influence: IP Enforcement Affected by California's Federal Courts

WUERSCH & GERING

**18th Annual International IP Conclave of
MarkPatent.ORG**

*Driving Innovations and Empowering
Growth*

Our Special State: California

World's 5th Largest Economy 3.9T USD (US at 27T; CA is 14.4% of US)

CA Population 42 million (US at 347.2m; CA is 12.2% of US)

California's Federal Courts

Appellate Court Ninth Circuit 8,145 cases annually (vs. 39,788 or 20.4%)
(incl. Hawaii, Alaska, Guam)

District Courts (CA) 36,692 IP cases

Central District	25,311 pending IP cases
Northern District	4,707 pending IP cases
Southern District	3,802 pending IP cases
Eastern District	2,872 pending IP cases

Copyright: Enforcement of Images

U.S. Copyright Act, 17 U.S.C. §§ 101, et seq.

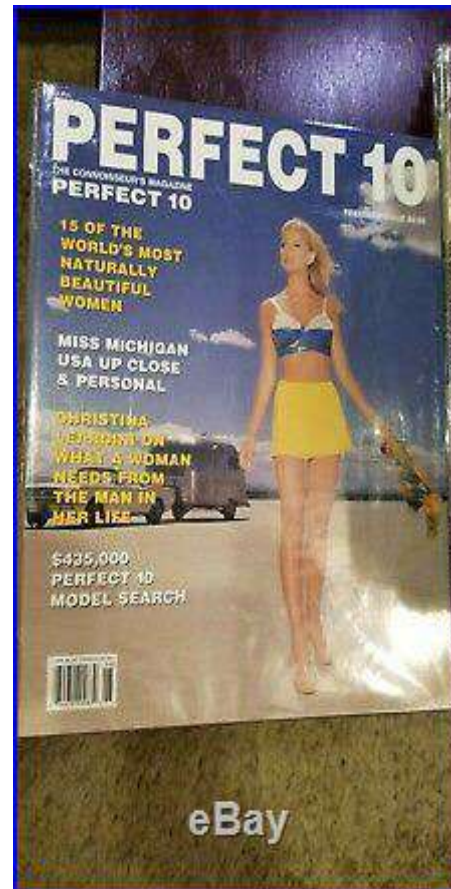
- Gives exclusive right to creators of literary, graphic, pictorial and other works;
- Prevents others from “display” of the work, meaning “to show a copy”
- A work must be sufficiently “fixed” from which the work can be “perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.”
- Display must therefore include using a computer to fill the screen with a copy of the image.

Copyright: Enforcement of Images (cont'd)

Perfect 10 v. Amazon.com (9th Cir. 2007) – the Server Test

- Google sued for copyright infringement as it posted thumbnail images from Perfect10's website. But it never stored those images. Instead, it provides HTML instructions to direct the user to the copyright creators' site.
- Not a display because HTML instructions are not an image.
- Not a distribution but instead an “indexing” of available files.
- In addition, offering the images was a “fair use.”
 - Transformative because the image is turned into a pointer.
 - Outweighed commercial benefit of advertising.
 - Thumbnails are not sellable photos.

Copyright: Enforcement of Images (cont'd)



Copyright: Enforcement of Images (cont'd)

Server Test Alive and Well

Hunley v. Instagram (9th Cir. 2023)(en banc)

- Photographers separately posted photos of protesters and Hillary Clinton to their Instagram pages.
- *Buzzfeed* and *Time* embedded the photos in online articles without their consent
- Held, embedding a photo is not a display or a reproduction, as copies are not retained on either the Buzzfeed or Time websites, but rather with Instagram who was impliedly licensed to display and distribute.

Copyright: Subjecting your Company to Personal Jurisdiction

- Limited by Constitution and Rules of Civil Procedure
 - Must purposefully avail oneself of U.S. laws, i.e., be subject to “general jurisdiction” in the U.S. state where sued;
- OR
- Must have sufficient contacts with U.S. states generally, and purposefully avail itself of the U.S. market generally. Rule 4(k)(2).

Copyright: Subjecting your Company to Personal Jurisdiction (cont'd)

Long Van, Inc. v. VNG Corporation (9th Cir. 2022)

- Vietnam music producer sued for distributing music to U.S. market.
- District court (CD) dismissed twice, but each time the case was restored on appeal.
- 9th Circuit looked at the purposeful targeting of American companies, and the number of downloads in U.S. (320,000).
- VNG also distributed its app on Google Play and Apple App Store.

Trademark: Injunctive Relief

Most Powerful Level in IP - Court Order Ending Alleged Infringement

Party Moving for Relief Must Show:

- Likelihood of Success on the Merits;
- Substantial and Irreparable Harm;
- Balance of the Equities
 - Harm of Stopping Alleged Infringement Fair
 - Granting Relief in Public Interest.
- Movant Must Post a Reasonable Bond

Ninth Circuit Eliminates the Presumption

- No presumption for a permanent injunction in patent cases. *eBay v. MercExchange* (2006).
- No presumption for preliminary injunction in patent cases. *Winter v. Nat'l Resources Defense Council, Inc.* (2008)
- Ninth Circuit rejects the presumption in copyright for permanent injunctions. *Perfect 10, Inc. v. Google, Inc.*, 9th Cir. 2011) and for preliminary injunctions. *Flexible Lifeline Sys., Inc. v. Precision Lift, Inc.* (9th Cir. 2011).
- *Herb Reed Enters., LLC v. Fla. Ent. Mngt, Inc.* (9th Cir. 2013) – No presumption of irreparable harm for trademark cases. Must show actual harm has been suffered by trademark infringement.

False Advertising

LANHAM ACT, 15 U.S.C. section 1125(a)

- prohibits the false designation of origin, false or misleading description of fact likely to cause customer confusion about the affiliation or sponsorship of goods or services:

OR

- In commercial promotion misrepresents the nature, characteristics, qualities or geographic origin of goods, services, or commercial activities.

False Advertising in California

- Unfair Competition Law, Business and Professions Code sections 17200, et seq.
- False Advertising Law; Business and Professions Code sections 17500, et seq.
- Consumer Legal Remedies Act, California Civil Code sections 1750, et seq.

Plaintiff has to show that the defendant acted unlawfully or with deceptive intent about the goods or services offered.

Types of False Advertising

- Inaccurate Photographs;
- Misleading Ingredients;
- False Origin; and
- Deceptive Pricing.

Case Study

- Plaintiff investigates client's website for 15 minutes
- Finds same prices for wallets but also discounts
- Buys the wallet he likes anyway.
- Goes back on the wayback machine and says he found same wallets at same prices, and that everything always on sale.
- Alleges that list prices were a fiction and that there really was no list price.

Tips

- Keep a price book. Make sure it's accurate. Keep your products at list price for 3 months straight without a discount.
- Do not say your products or services are “always on sale.”
- Make sure when you compare your products, you have a specific comparison and that 30% off means 30% off a list price that you actually have sold.
- Generally, when accessing California, make sure that you have a CA attorney or one familiar with CA law review your website.

QUESTIONS ?