



INTELLECTUAL PROPERTY LITIGATION

Expert Analysis

Suit Over Copyright in Litigation Filings Explores Known Principles, New Questions

Many litigators spend hours honing to perfection the language of briefs and pleadings. Once those papers are filed in court, their authors typically assume that only professional norms—not rights created by the Copyright Act—prohibit other lawyers from copying the text. And many lawyers use Westlaw and Lexis services that allow full text searching and copying of memoranda filed in state and federal actions.

A purported class action filed against Westlaw and Lexis on Feb. 22 in the Southern District of New York (assigned to Judge Jed Rakoff) challenges those assumptions and practices. The plaintiffs in *White v. West Publishing Corp.* (12-CV-1340), two attorneys based in New York and Oklahoma, argue that the “unabashed wholesale copying” by Westlaw and Lexis of legal filings violates the copyrights of “the attorneys and law firms who authored them.” Seeking to represent broad classes including all attorneys and law firms in the United States who authored works included in the “searchable databases” of Westlaw or Lexis, plaintiffs demanded injunctive relief and actual and statutory damages.

Some of the material in litigation filings—quotes from court decisions, excerpts from discovery materials and stock descriptions of legal doctrine—is not copyrightable. The vast majority of filings, however, are likely to contain original material that is protectable. Other fundamental questions raised by the *White* complaint, however, remain unsettled.

When an attorney chooses to file his work with a court, it becomes part of a public record considered by public officials—trial and appellate judges—and access to it may be necessary for the public to determine what was decided in a case and how the judiciary went about its work. Since the Supreme Court’s opinion in *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591 (1834), it has been clear that the “law”—judicial opinions and the text of statutes—cannot be copyrighted. That principle has sometimes overridden claimed rights in materials authored by private parties.

For example, the en banc Fifth Circuit in *Veeck v. Southern Building Code Congress International*,

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293 F.3d 791 (5th Cir. 2002), held that the operator of an informational website was allowed to republish model building codes that had been adopted into law by several municipalities, despite the fact that the material had been authored by a private code-writing organization. Relying on *Wheaton* and the merger doctrine in section 102(b) of the Copyright Act, which provides that ideas and information in the public domain cannot be copyrighted, the court held that, to the extent they were adopted into law, the model codes lost their copyright protection.

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But federal courts—prominently including the Second Circuit—have been cautious in extending this principle. In *CCC Information Services v. Maclean Hunter Market Reports Inc.*, 44 F.3d 61 (2d Cir. 1994), the court sustained copyright claims based on a copyrighted list of projected automobile values that had been adopted by state law as one of several standards to be used by insurance companies to determine payments on claims. Mere reference to the list was insufficient to vitiate copyright protection.

In *County of Suffolk v. First American Real Estate Solutions*, 261 F.3d 179 (2d Cir. 2001), the Second Circuit reversed and remanded dismissal of a copyright claim brought by a county that had copyrighted its official tax maps. The court directed the district court to evaluate the claim by considering “(1) whether the entity or individual who created the work needs an economic incentive to create or has a proprietary interest in creating the work and (2) whether the pub-

lic needs notice of this particular work to have notice of the law.”

History shows that lawyers don’t need the incentive of copyright protection to create court papers. Whether the public needs access to the precise words of legal filings in order to “have notice of the law,” however, is less clear. Briefs and pleadings are not themselves “the law.” On the other hand, they are a crucial part of the legal process to which the public is allowed access. Federal and many state courts require litigants to upload court papers to publicly available databases, and it might be argued that lawyers practicing in those courts have consented to public dissemination of their work. Westlaw and Lexis can also be expected to assert a fair use defense, stressing the nature of the works at issue and the need for public access and arguing that the fully searchable databases they provide are transformative.

If plaintiffs’ claims survive these defenses, additional issues will arise. Certification of a broad class is likely to be a challenge, because many litigators may not assert copyright claims. And if attorneys are entitled to charge license fees to Westlaw and Lexis, will clients who pay legal fees claim a share of those revenues?

Copyright

When it entered into the Berne Convention, the United States was required to grant copyright protection to certain foreign works that had fallen into the public domain before the nation’s entry into the Convention in 1989. *Golan v. Holder*, 132 S.Ct. 873 (U.S. Jan. 18, 2012), turned aside a constitutional challenge to the 1994 statute that implemented the Convention and extended protection to those works. A 6-2 majority of the Court held that nothing in the Constitution’s Copyright Clause, including the requirement that protection be granted only for “limited times,” prevents the reinstatement of copyright for works that had become freely usable.

The Court pointed out that protection has repeatedly been extended to works previously in the public domain, including in the Copyright Act of 1790, establishing that Congress has never “view[ed] the public domain as inviolate.” The Court also rejected a First Amendment challenge, finding that some restriction on speech is an “inherent and intended effect of every grant of copyright.”

T-Peg Inc. v. Vermont Timber Works Inc., 2012 WL 502714 (1st Cir. Feb. 16, 2012), held that “overly aggressive litigation tactics” may result in an award of attorney fees, even where the claims of the sanctioned party are objectively valid. In 2003, plaintiff, an architectural firm, sued a competing firm and an individual client for infringing plaintiff’s designs, seeking approximately \$66,000 in damages.

The district court initially granted summary judgment to the defendants, but the U.S. Court of Appeals for the First Circuit reversed in 2006. After “considerable delay” involving motions, mediation and appeals, a 2009 jury trial resulted in a verdict for the defendant. The victorious defendant sought more than \$200,000 in fees, receiving a \$35,000 award from the district court. Concurring with the Sixth and Seventh circuits, the First Circuit sustained the award, holding that under Section 505 of the Copyright Act, which authorizes an award of attorney fees to a prevailing party, a defendant need not show that plaintiff brought the action in bad faith. Examining the factors governing fee awards established in *Fogarty v. Fantasy Inc.*, 510 U.S. 517 (1994), the court determined that deterrence of scorched-earth tactics in such low-stakes litigation is an appropriate rationale for an award, even when the basis of the suit was objectively reasonable.

Digital Sin v. Does 1-176, 2012 WL 263491 (S.D.N.Y. Jan. 30, 2012), made clear that privacy issues are a concern in file-sharing litigation, but that when appropriate safeguards are taken, significant *ex parte* discovery may be permitted. Plaintiff, a producer of adult films, detected 176 IP addresses using BitTorrent clients to download one of its works. It sought *ex parte* expedited discovery of the names and addresses of the individuals associated with the IP addresses from the records of internet service providers (ISPs).

The district court expressed concern over harassment and embarrassment of the individuals, particularly given the nature of the film (titled “My Little Panties 2”) and the possibility that individuals named by the ISP had not actually downloaded the work. Plaintiff satisfied these concerns by stating that it would not object to a protective order allowing defendants to litigate anonymously, would not ask for the individuals’ phone numbers and would treat the information as confidential. On that basis, the court authorized discovery.

Trademark

Century 21 Real Estate LLC v. Destiny Real Estate Properties LLC, 2011 WL 6736060 (N.D. Ind. Dec. 19, 2011) adds another voice to a circuit split regarding the line separating trademark infringement and counterfeiting under the Lanham Act. Defendant, calling itself Century 21 Destiny Real Estate, was a franchisee of national brokerage Century 21. After defendant allegedly failed repeatedly to meet its obligations under the franchise agreement, the national organization terminated the contract, but Destiny continued to use the Century 21 name. Century 21 sued under the Lanham Act, claiming both trademark infringement and counterfeiting, the latter claim permitting an award of treble damages and attorney fees.

The court identified the critical issue as whether “continued use of a formerly authorized mark” by a terminated franchisee constitutes the use of a counterfeit mark. Recognizing that the U.S. Court of Appeals for the Seventh Circuit has not yet ruled on this question, the court noted a circuit split. The Sixth Circuit held in 1997 that continued use of the franchisor’s marks is not counterfeiting under the Lanham Act, and the Ninth Circuit held to the contrary in 2005. The district court sided with the Ninth Circuit, questioning why an ex-franchisee should escape enhanced liability simply because of the former relationship, and found the defendant liable for counterfeiting, materially raising the stakes for Destiny.

In *Naked Cowboy v. CBS*, 2012 WL 592539 (S.D.N.Y. Feb. 23, 2012), the Southern District of New York addressed a suit by a local celebrity who claimed that others were capitalizing on his well-known persona. In 2010, CBS posted a clip from a soap opera on YouTube. The clip featured a character dressed only in his underwear and a cowboy hat. CBS titled the clip “Naked Cowboy,” tagged it with the terms “naked” and “cowboy” and purchased “adword” advertising using the search term “naked cowboy.” The owner of the registered trademark, a Times Square street performer famous for performing as a mostly nude cowboy, sued CBS under the Lanham Act for claims arising from the use of the Naked Cowboy mark.

In ‘MySpace Inc. v. Graphon Corp.’ the majority concluded that, in the same way that federal courts hesitate to decide constitutional questions, courts hearing patent claims should ordinarily “insist that litigants initially address patent invalidity issues in terms of the conditions of patentability defenses as the statute provides, specifically §§102, 103, and 112.”

The district court dismissed the complaint, holding that CBS’s use of the trademark was not in commerce. The court found that tagging the video with the separate phrases “naked” and “cowboy” is not use of the “Naked Cowboy” mark. Buying the adword “naked cowboy” was not use in commerce because the mark did not appear on goods or containers and was not used to indicate source or sponsorship. The “Naked Cowboy” title of the YouTube video also was non-trademark use. The title described the contents of the video, a (mostly) naked cowboy, and did not signify the source of the clips.

A long-running trademark dilution dispute recorded its latest chapter in *Starbucks Corp. v. Wolfe’s Borough Coffee Inc.*, 2011 WL 6747431 (S.D.N.Y. Dec. 23, 2011). In 2001, the coffee chain Starbucks sued Black Bear Micro Roastery, a local New Hampshire coffee roaster selling a brew named “Charbucks.” Starbucks alleged that the use of “Charbucks” blurred its own famous mark; it demanded an injunction. The district court twice rejected Starbucks’ dilution claim, and twice was overturned by the Second Circuit. Most recently, in 2009 the Second Circuit emphasized that sub-

stantial similarity and likelihood of confusion were not necessary elements to obtain an injunction and directed the trial court to reconsider the case.

Considering the case for a third time, the district court again rejected the dilution claim. While the court noted that “Charbucks” was used on a similar product, it was presented very differently in commerce from the Starbucks mark. Charbucks was never used in isolation; it was always accompanied by elements (such as Black Bear’s own logo) that indicated to consumers that the mark was not affiliated with Starbucks. The court acknowledged but placed little weight on a survey conducted by Starbucks in which 30 percent of respondents associated “Charbucks” with “Starbucks.” Therefore, the Charbucks mark’s association with the “minimally similar” Starbucks mark did not constitute actionable dilution.

Patents

Abstract ideas are not patentable under Section 101 of the Patent Act. While that rule may be easy to state, it can be notoriously difficult to apply, especially in the case of business method patents. The Supreme Court has repeatedly grappled with the abstract idea issue and will consider it again when it issues its opinion in *Mayo Collaborative Servs. v. Prometheus Labs.*, No. 10-1150, which was argued in December.

In *MySpace Inc. v. Graphon Corp.*, 2012 WL 716435 (Fed. Cir. March 2, 2012), the U.S. Court of Appeals for the Federal Circuit affirmed summary judgment finding that patents covering the storage of database records over a computer network were invalid as anticipated or obvious. The panel majority resolutely refused to address patentability under Section 101 because the case could be decided on alternative grounds. The majority wrote that “[o]ur opinions spend page after page revisiting our cases and those of the Supreme Court, and still we continue to disagree vigorously over what is or is not patentable subject matter.”

Instead of debating “universal truths” that “are necessarily applicable to the scope of patents generally,” the majority concluded that, in the same way that federal courts hesitate to decide constitutional questions, courts hearing patent claims should ordinarily “insist that litigants initially address patent invalidity issues in terms of the conditions of patentability defenses as the statute provides, specifically §§102, 103, and 112.” The majority noted that there is “no shortage of judicial dicta” calling the subject matter eligibility requirements contained in §101 “an ‘antecedent question’ that must be addressed before the court can reach” issues of obviousness and anticipation. Indeed, a dissenting judge in *MySpace* reached just that conclusion, arguing that a “robust application” of §101 requirements is necessary to insure that unpatentable ideas are not removed from the public domain.