Intellectual Property Developments in 2008

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The following summary reviews some recent developments of interest in intellectual property (IP) law from November 2007 through December 2008 and points to resources for further study of these cases and issues. I hope that readers will find the material interesting and useful for possible application in courses, lectures, and articles.

Table of Contents

1 Unauthorized Disclosure

1.1 DOCUMENTS REVEALED BY ACCIDENT NOT PROTECTED BY ATTORNEY-CLIENT PRIVILEGE
2008-06-09

During the discovery phase of a court case, a defendant inadvertently included 165 documents among the files which they later claimed were privileged communications between themselves and their attorneys. The judge ruled the admissible.< http://www.mdd.uscourts.gov/Opinions/Opinions/VictorStanley052908.pdf >

2 Music Piracy

2.1 UNIVERSITY OF OREGON FIGHTS RIAA SUBPOENAS
2007-11-02

The Recording Industry Association of America (RIAA) sent a subpoena to the University of Oregon (UO) demanding the names of 17 students accused of trafficking in illegal copies of their intellectual property. The UO refused to cooperate, arguing that it could not guarantee solid authentication of the identities of 16 of the 17 user-IDs involved "without conducting interviews or doing forensic investigations…." and protesting the RIAA's misrepresentation claiming that the UO might not preserve the log-file data needed for the case.< http://government.zdnet.com/?p=3474 >

2.2 CHINESE "BAIDU" WEB SITE CONTINUES WIDESPREAD PIRACY OF MUSIC FILES
2008-06-04

In June 2008, a number of intellectual property organizations criticized the Chinese Baidu search engine for systematic, high-volume violation of intellectual property laws. < http://www.networkworld.com/news/2008/060408-music-industry-groups-denounce-incorrigible.html >

3 Movie Piracy

3.1 AUSTRALIAN TASK FORCE SHUT DOWN MASSIVE DVD-MOVIE PIRACY GANG
2008-01-24

Australian authorities shut down a DVD-movie-piracy ring in Melbourne in early January 2008< http://www.afact.org.au/pressreleases/AFACT_Media_Release_20080122.doc >, seizing "over 250,000 pirated DVDs and 100 DVD burners. Information gathered at the scene led to raids on a further two 'burner labs' and the seizure of another 150,000 pirated DVDs and 70 burners…. Capable of producing over 4 million DVDs [a year]

with an estimated street value of US$12 million."< http://www.networkworld.com/news/2008/012408-piracy-bust-bigger-than-ben.html >

4 Prosecutions and Convictions

SIIA'S AUCTION ENFORCEMENT TOOL IDENTIFIES IDENTITY THIEF WHO USED AUCTIONS FOR FRAUD
2008-07-24

Using their Auction Enforcement Tool (AET), the Software and Information Industry Association (SIIA) cooperated with the US Department of Justice in identifying a criminal who used dozens of fake and stolen identities to sell more than $1M of counterfeit software for profits of at least $400K from December 2005 to October 2007. He used a keylogger to steal personally-identifiable information from victims' computers in identity thefts.

Jeremiah Joseph Mondello, 23, of Eugene OR will be spending the next four years in federal prison for felony copyright infringement, identity theft and mail fraud. Judge Ann Aiken of the US District Court for the District of Oregon also confiscated $225K of the young criminal's ill-gotten gains resulting from his auction scams and tacked on 450 hours of community service once he leaves jail.

5 Organizations, cooperation, treaties for law enforcement

PROPOSED I.P. TRADE AGREEMENT SPARKS ALARM DUE TO LACK OF TRANSPARENCY
2008-09-16

The Center for Democracy & Technology issued a warning in September 2008 about the current negotiations for an Anti-Counterfeiting Trade Agreement (ACTA) among countries including Australia, Canada, the European Union, Japan, Mexico, the United States and South Korea that began at the end of 2007. The CDT summarized the goals of the negotiations < http://cdt.org/publications/policyposts/2008/14 > and warned: "In sum, the specifics of ACTA could well raise issues of broad concern or impact - perhaps much broader than negotiators or drafters may initially anticipate. There is no substitute for a transparent process that allows for careful scrutiny and input by the full range of potentially interested parties. . . . The negotiators of ACTA, and in particular USTR, need to open up the process."

6 Trademarks vs DNS

ICANN IF I WANT TO: ICANN PROPOSES GENERIC TOP-LEVEL DOMAINS 2008-12-15

The Internet Corporation for Assigned Names and Numbers (ICANN) has proposed creating hundreds of generic top-level domains that would permit companies to use their own trademarks as the last part of an Internet domain (e.g., ".microsoft" or ".cbs"). However, businesses responded with a flood of complaints about the proposal, which had a Dec 15, 2008 deadline for public comment. < http://www.networkworld.com/news/2008/121508-icann.html >

Apart for exorbitant costs, the greatest fear seems to be that trademark owners will be forced to register domains for all their trademarks -- and possibly for variant spellings -- to preclude cybersquatting by criminals intent on fraud such as phishing scams or sale of counterfeit products.

7 Digital-Rights Management (DRM); e.g., Copy Protection, Digital Watermarks

7.1 REAUTHORIZATION NOT WORTH A DRM FOR PURCHASERS OF PROTECTED MUSIC 2008-07-25

In April 2008, Microsoft announced that music bought from MSN Music would no longer be reauthorized. < http://www.networkworld.com/news/2008/072508-yahoo-burn-your-drmed-tracks.html > After an uproar and cries of breach-of-contract Microsoft announced that it would wait until 2011 to decide what to do.< http://tinyurl.com/69hcr5 >

In July 2008, Yahoo announced that it would shut down its reauthorization servers as of Sep 30, 2008. A week after its announcement, Yahoo offered its customers full refunds for their purchases.< http://tinyurl.com/6y6oj2 >

7.2 PRIVACY PRINCIPLES FOR DIGITAL WATERMARKING 2008-06-02

The Center for Democracy & Technology published a significant policy proposal < http://cdt.org/publications/policyposts/2008/8 >"offering a set of principles for addressing potential privacy considerations when deploying digital watermarking technology. . . . Digital watermarking is a general-purpose technology with a variety of possible applications. Like many technologies, it could raise privacy issues if deployed in ways that fail to take privacy into account. CDT's paper is intended to promote awareness by those developing digital watermarking applications and to provide guidance on how to steer clear of possible privacy risks."

8 Copyrights

8.1 CDT POSTS MUSIC DOWNLOAD "WARNING LIST 2007-12-26

Center For Democracy and Technology (CDT) has created a list to alert consumers about music download Web sites that charge fees and claim a large selection, but do not appear to have obtained licenses to ensure that users' downloads from the site are legal. Consumers looking to download music lawfully for the new computers and MP3 players they receive this holiday season may want to check CDT's list before paying money to unfamiliar but legitimate-looking music services. CDT hopes that warning consumers about these sites can help avoid confusion and promote the continued growth of the lawful online music market.< http://www.cdt.org/headlines/1077 >

8.2 BELGIAN NEWSPAPERS CHALLENGE GOOGLE'S RIGHT TO PUBLISH & CACHE THEIR PAGES 2008-05-28

A long-standing issue in intellectual property law of the Web has been how search engines such as Google can legally keep caches of other people's Web pages without explicit permission. Another question is whether showing extracts of news article violates copyright laws. Mikael Ricknäs, writing for IDG News Service, explained that in 2006, Copiepresse, a group of Belgian newspaper publishers filed suit in the Court of First Instance in Brussels to demand that Google "remove the Belgian websites from Google News and its main search engines, which it did. The court reaffirmed its decision in February 2007, but Google appealed." The decision was confirmed in February 2007 by the courts< http://www.networkworld.com/news/2007/021307-belgian-newspapers-welcome-ruling-against.html > but Google challenged it on appeal. In May 2008, Copiepresse filed a new lawsuit against Google demanding €49.2M (~U$77.5M) in damages.

8.3 HIGHER EDUCATION ACT 2008 IMPOSES PENALTIES ON UNIVERSITIES WHO FAIL TO DETER ILLEGAL FILE-SHARING BY STUDENTS 2008-08-01

Newly reauthorized legislation will ask U.S. universities to deter students from illegal file-sharing, a controversial provision that has drawn concern from educators and praise from copyright holders. . . . [T]he House of Representatives and the Senate overwhelmingly voted to pass the Higher Education Act 2008 (H.R. 4137). . . .Among its new provisions are rules asking universities and colleges to develop 'plans to effectively combat the unauthorized distribution of copyrighted material, including through the use of a variety of technology-based deterrents.' " < http://news.cnet.com/8301-1023_3-10005089-93.html?tag=mncol >

8.4 PRO-IP: PRIORITIZING RESOURCES AND ORGANIZATION FOR INTELLECTUAL PROPERTY ACT PASSES INTO LAW
2008-10-13

In September 2008, the House passed the PRO-IP Act ("Prioritizing Resources and Organization for Intellectual Property Act," originally called the "Enforcement of Intellectual Property Rights Act of 2008") 341 to 41 after it had passed unanimously in the Senate. The bill became Public Law 110-403 on October 13, 2008. < http://thomas.loc.gov/cgi-bin/bdquery/z?d110:s.03325: >

The Electronic Freedom Foundation published a critical analysis of the bill in December 2007 < http://tinyurl.com/3crfnt > in which Richard Esguerra criticized the act for the exorbitant penalties imposed for minor, noncommercial violations of copyright.

8.5 YOUTUBE PROVIDES CONTENT-SCANNING TECHNOLOGY TO IDENTIFY OWNERS OF UPLOADED VIDEOS
2008-11-25

YouTube has developed a method for scanning uploaded video clips and comparing them with elements of a library of originals supplied by copyright owners. With a minimum of 20 seconds of material, the system can make a match even if the upload is of poor quality (e.g., recorded from a TV screen). Armed with information about provenance, Martyn Williams of IDG News Service writes that YouTube offers the intellectual-property owners "three options: block the content, simply track it to get insight into who is watching it and when, or run ads around it to make money.< http://www.networkworld.com/news/2008/112508-youtube-offers-japanese-content-owners.html >

8.6 FREE SOFTWARE FOUNDATION SUES CISCO SYSTEMS FOR COPYRIGHT INFRINGEMENT
2008-12-11

In a reversal of the usual sequence, the Free Software Foundation sued Cisco Systems for infringing its copyrights over many elements of the Linksys GNU/Linux software in the WRT54G Wireless Router.< http://www.networkworld.com/news/2008/121108-cisco-copyright-lawsuit.html > The FSF accused Cisco of failing to distribute the complete source code for "GCC[GNU Compiler Collection< http://www.gnu.org/software/gcc/ >], binutils[binary utilities for "linking and managing archives, including handling object code, libraries, profile data, and symbol names"< http://directory.fsf.org/project/binutils/ >]and the GNU C Library.< http://www.gnu.org/software/libc/ >

9 Patents

9.1 USPTO FINALLY GETS BUDGET INCREASE
2008-01-03

The Bush Administration granted the US Patent and Trademark Office a 9% increase in funding for the 2008 fiscal year, much to the relief of technical companies and trade associations in the high-tech sector. Critics of the USPTO have complained that the Office is underfunded and doing shoddy work in screening patent applications because of a lack of resources.

9.2 HARRY&DAVID SUE IBM FOR CONCEALING UNLICENSED SOFTWARE IN WEBSPHERE
2008-03-14

IBM sold WebSphere and Net Commerce software to the well-known fruit merchants Harry&David< http://www.harryanddavid.com/ > and never told them that their product contained unlicensed components owned by Charles E. Hill & Assoc. and by NCR.

NCR informed Harry&David of their infringement of its patents in June 2005 and the company was forced to buy a separate license for the components. In June 2007, Hill & Assoc. sued Harry&David and the hapless merchants settled once again.

In March 2008, Harry&David filed suit and demanded a minimum of $6M in damages from IBM.

9.3 PATENT TROLLS BEWARE: HIGH-TECH GIANTS BANDING TOGETHER TO DEFEAT TECHNO-PARASITES
2008-07-01

Cisco, Google, Verizon and HP were reported in July 2008 to be forming an alliance called the Allied Security Trust < http://www.alliedsecuritytrust.com/ > to buy up patents in an effort to defeat the charming people (mostly lawyers who form "patent holding" companies) who troll for obscure, unexploited patents and then sue successful companies for huge sums despite having contributed nothing whatever to technological progress. < http://www.networkworld.com/news/2008/070108-patent-troll-alliance.html >

9.4 2008-07-03VISTO PATENT-INFRINGEMENT LAWSUIT AGAINST RESEARCH IN MOTION CONTINUES INTO THIRD YEAR

In July 2008, Judge Charges Everingham of the US District Court for the Eastern District of Texas granted a temporary stay of a trial which began in 2006 when Visto Corp. < http://www.visto.com/ > sued Research in Motion (RIM) < http://www.rim.net/ >, makeres of the phenomenally successful Blackberry personal digital assistant/phone

device. Visto accused RIM of patent infringement; however, RIM successfully won re-examination of Visto's patents by the US Patent and Trademark Office (USPTO).

9.5 2008-08-08LINUX DEFENDERS CONTINUE FIGHT AGAINST PATENT TROLLS

The Open Invention Network < http://www.openinventionnetwork.com/ >, the Software Freedom Law Center < http://www.softwarefreedom.org/ > and The LINUX Foundation < http://www.linux-foundation.org/ >) are sponsoring an organization called the LINUX DEFENDERS < http://linuxdefenders.org/ > which has three key:

- Peer to Patent < http://linuxdefenders.org/projects?tab=1 >: Peer-to-Patent is a historic initiative by the United States Patent and Trademark Office (USPTO) that opens the patent examination process to public participation for the first time. . . .

- Post-Issue Peer to Patent < http://linuxdefenders.org/projects?tab=2 >: Post-Issue Peer-to-Patent takes a community-based approach to peer review for issued patents. . . .

- Defensive Publications < http://linuxdefenders.org/projects?tab=3 >: Defensive publications, which are endorsed by the USPTO as an IP rights management tool, are documents that provide descriptions and artwork of a product, device or method so that it enters the public domain and becomes prior art upon publication. . . .< http://www.networkworld.com/news/2008/080808-linux-patent-pool-to-push.html >

9.6 LARGEST PATENT INFRINGEMENT AWARD IN HISTORY REVERSED ON APPEAL
2008-09-26

In February 2007, Alcatel-Lucent won a court case claiming patent infringement against Microsoft for using MP3 encoding and compression technology. The $1.5B award was the largest in history for patent infringement. In August 2007, a judge in the U.S. District Court for San Diego reversed the ruling. In September 2008, the U.S. Court of Appeals for the Federal Circuit in Washington, D.C. confirmed the lower courts reversal of the award.< http://www.networkworld.com/news/2008/092608-alcatel-lucent-loses-15b-award-in.html >

9.7 BROADCOM SUES QUALCOMM UNDER THEORY OF PATENT EXHAUSTION
2008-10-08

Qualcomm has been aggressively double-charging for use of its patents; for example, Nokia sued the high-tech integrated circuit maker for charging royalties on the chips it sold to phone makers. In October 2008, Broadcom sued Qualcomm under the theory of patent exhaustion.< http://www.networkworld.com/news/2008/100808-broadcom-says-

qualcomms-licensing-breaks.html > This legal theory prevents a patent holder from pursuing purchasers of a product made by a company that has licensed the plaintiff's patent.

9.8 FIRM TO BUY UP PATENTS TO WARD OFF 'PATENT TROLLS' 2008-11-24

RPX out of San Francisco, is providing a kind of insurance policy for companies to protect their intellectual property. "RPX will sell memberships to companies for a fixed annual fee that could range from $35,000 to $4.9 million, depending on the member company's operating income. For the price of the annual membership, companies will receive the patent licenses purchased by RPX." RPX will protect client firms against such opportunistic patent lawsuits. < http://news.cnet.com/8301-13578_3-10106953-38.html >

10 Reverse Engineering and the DMCA

10.1 TIPPINGPOINT RESEARCHERS INFILTRATE KRAKEN BOTNET BUT DECIDE NOT TO CLEAN ZOMBIES 2008-04-30

In April 2008, TippingPoint researchers Pedram Amini and Cody Pierce reverse-engineered the code of the Kraken botnet, the largest network of zombies used for spam; they developed code to destroy the bot but TippingPoint management wisely interdicted any distribution of the anti-Kraken code because (a) doing so would be illegal and (b) it could harm some of the systems on which it was installed without permission.< http://www.networkworld.com/news/2008/043008-researchers-infiltrate-kraken-botnet-could.html >

10.2 U.S. FED. CIRCUIT COURT OF APPEALS, JULY 25, 2008 BLUEPORT CO. V. US, NO. 2007-5140 2008-07-25

The United States Air Force stole one of its employee's intellectual property and the courts were unable to grant redress because of the doctrine of sovereign immunity. The government is immune to prosecution of violations of copyright laws and of the Digital Millennium Copyright Act.< http://caselaw.lp.findlaw.com/data2/circs/fed/075140p.pdf > If the government of the USA steals your IP you are out of luck.

11 End-User License Agreements (EULAs)

11.1 WORLD OF WARCRAFT MAKER SUES MAKER OF GLIDER UNATTENDED-PLAY TOOL
2008-05-08

Blizzard Entertainment, makers of World of Warcraft (WoW), sued Michael Donnelly , creator of the MMO Glider < http://www.mmoglider.com/ > tool that allows unattended play in violation of the end-user license agreement (EULA) for WoW. A win for Blizzard could spell legal trouble for any software maker that creates tools (e.g., plugins) that interoperate with other software without clearance from the original manufacturers.< http://www.networkworld.com/columnists/2008/050808backspin.html >

12 Trademarks

12.1 CAN SEARCH ENGINES USE TRADEMARKS IN THEIR PAID TARGETED ADVERTISING?
2008-06-04

Trademark holders such as Le Meridien Hotels< http://www.ih-ra.com/html-ihra/ihra30/I30_AlerteLe_Mer.htm > and Louis Vuitton< http://goyami.corante.com/archives/2005/02/08/louis_vuitton_vs_google.php > have challenged Google's AdWords system which uses searchers' keywords to pop up appropriate paid ads. < http://adwords.google.com/ >. The high-end merchants dislike having searches for their brands result in ads for their competitors – or for knockoffs. Google lost these cases but an appeal before the European Court of Justice in Luxembourg is tentatively scheduled for 2009.

12.2 ONLINE AUCTIONS: WARNINGS TO AUCTION SITES
2008-08-18

Despite its willingness to shut down auctions that trademark and copyright holders *complain* about, the online auction company eBay has lost European lawsuits against its policy of not *searching* its auctions for trademark violations such as non-licensed sales and offerings of counterfeits by Rolex < http://uk.reuters.com/article/internetNews/idUKN2736988920070727 >, Hermes.< http://www.forbes.com/2008/06/09/ebay-counterfeit-hermes-tech-enter-cx_vr_0609ebay_print.html >, and a group including Christian Dior, Guerlain, Givenchy Kenzo, Louis Vuitton and Christian Dior< http://www.computerworld.com/action/article.do?command=viewArticleBasic&articleId=9105158 >.

However, in a July 2008 court ruling in the US District Court for the Southern District of New York, the judge ruled *against* Tiffany & Co and in favor of eBay < http://www.eff.org/files/filenode/tiffany_v_ebay/tiffany-v-ebay-dct.pdf >arguing that the

trademark owners are responsible for identifying fraud and notifying the auctioneer of the auctions to close down.

13 Fair Use Doctrine

13.1 DO STUDENT NOTES INFRINGE PROFESSOR'S COPYRIGHT? 2008-04-04

Professor Michael Moulton of University of Florida and his publisher, Faulkner Press, sued Einstein's Notes< http://howigotana.com/uf/ > in civil court in Florida in April 2008 for publishing notes taken by students in Moulton's classes. The lawsuit describes the students' notes as derivative works published without license.< http://thefutureofhighered.org/media/Complaint.pdf > The professor's attorney stated that student notes in themselves are consistent with Fair Use Doctrine.< http://blog.wired.com/27bstroke6/2008/04/prof-sues-note.html >

13.2 GOOGLE THUMBNAILS VIOLATE GERMAN COPYRIGHT LAWS 2008-10-14

In lawsuits in the US over the use of thumbnails of copyrighted images used in search results, courts have ruled that the tiny images qualified as fair use because they were used to direct users to the original Web sites. However, a German court ruled the opposite way in October 2008 in two lawuits by German artists against Google. < http://www.networkworld.com/news/2008/101408-google-will-appeal-german-copyright.html >

14 Trade Secrets

CALIFORNIA SUPREME COURT FINDS NON-COMPETITION CLAUSES INVALID 2008-08-07

In August 2008, the California Supreme Court affirmed an 1872 law that forbids noncompete clauses preventing employees from gainful employment in their own field after leaving their current employer.< http://news.cnet.com/8301-1001_3-10010724-92.html?tag=mncol >

