



INTELLECTUAL PROPERTY

The Newsletter for the TBA's Intellectual Property Law Section

Letter from the Chair



By Steve Roth

It's with great pleasure that I announce the first ever statewide Intellectual Property Forum. The TBA's IP Section has joined forces with the Tennessee Intellectual Property Law Association ("TIPLA") in a jointly sponsored program set for April 22-23, 2004 in Nashville.

We'll present a day and a half of seminars. On the afternoon of Thursday, April 22nd, we'll kick off the IP Forum with a program on basics, which will cover all of the primary areas of IP law. On Friday, April 23rd, we'll gather for an entire day of advanced topics. The Friday agenda will include the following timely and useful presentations:

• Patent Opinions and Willfulness (this issue will be covered in *Knorr-Bremse Systeme v. Dana Corp.*, which was heard in the Federal Circuit on February 5);

• Trademark Fair Use and the likelihood of Confusion (the Supreme Court has just granted *cert.* in *KP Permanent Make-up, Inc. v. Lasting Impressions, Inc.* to resolve a dispute among the circuits);

- Trademark Law Update;
- International Patent Issues;
- The Protection of Licensing Revenues Through Risk Management;
- ADR in IP Cases;
- A View from Capitol Hill, and
- An hour of ethics (covering issues for trademark lawyers and the new PTO Rules of Professional Conduct).

In short, we will offer eleven hours of top-flight CLE, including an hour of Ethics. Spending a day and one-half with us in April will be worth your while.

We are also planning a cocktail reception on Thursday evening, so that attendees and Section members can network and get to know each other better.

I hope you can join me for the inaugural IP Forum. The programming and speakers will be excellent. I look forward to seeing you there.■

Stephen Roth

Baker, Donelson, Bearman, Caldwell & Berkowitz (Knoxville)
Chair, TBA IP Section
(865) 549.7000
sroth@bakerdonelson.com

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Sixth Circuit Rejects Tiger Woods' Claims

By John P. Williams

The Sixth Circuit Court of Appeals has rejected multiple claims by noted golfer Tiger Woods, who sought to protect his name and likeness from use in a painting by professional sports artist Rick Rush. *ETW Corp. v. Jireh Publishing, Inc.*, 332 F.3d 915 (6th Cir. 2003). Although the panel divided sharply, the petition for rehearing en banc was denied by the full court. The majority and dissenting opinions were filed on June 20, 2003, almost two years after oral argument by counsel in the Sixth Circuit--

evidence of the vigorous debate among the judges.

The plaintiff ETW Corp., chaired by Tiger Woods, has the exclusive right to exploit Woods' name, image, likeness, and signature, and to exercise all other rights of publicity possessed by Woods. ETW owns a U.S. trademark registration for the mark TIGER WOODS as used in connection with art prints, calendars, mounted photographs, notebooks, pencils, pens, posters, trading cards, and unmounted photographs.

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TBA Intellectual Property Section 2003-2004 Executive Council

Stephen Roth, **Chair**
Baker, Donelson, Bearman,
Caldwell & Berkowitz (Knoxville)
(865) 549-7000
sroth@bakerdonelson.com

Valerie Johnson,
Vice-Chair (Chair-Elect)
Baker, Donelson, Bearman,
Caldwell & Berkowitz (Memphis)
(901) 577-2180
vjohnson@bakerdonelson.com

Richard Myers, **Secretary**
Stites & Harbison (Nashville)
(615) 782-2333
richard.myers@stites.com

G. Andrew Barger
Thomas & Betts Corp. (Memphis)
(901) 252-5648
andy_barger@tnb.com

Mark Steven Graham
Luedeka, Neely &
Graham PC (Knoxville)
(865) 546-4305
mgraham@ing-patent.com

Michele Howard,
Chair of Copyright Committee
Williams, McDaniel, Wolfe &
Womack (Memphis)
(901) 767-8200
mhoward@wmww.com

Christopher A. Sloan
Boult, Cummings, Commers &
Berry, PLC (Nashville)
(615) 252-2392
csloan@boultcummings.com

Lea Speed, **Chair of Patent Law
Committee**
Baker, Donelson, Bearman,
Caldwell & Berkowitz (Memphis)

(901) 577-2336
lspeed@bakerdonelson.com

I. C. (Jack) Waddey, Jr.
Waddey & Patterson (Nashville)
(615) 242-2400
icw@iplawgroup.com

John Williams,
Chair of Trademark Committee
Tune, Entrekin & White
(Nashville)
(615) 244-2770
jwilliams@tewlawfirm.com

TBA Support
Lynn Pointer,
Sections Coordinator
lpointer@tnbar.org

Kate Jankowski,
Publications Coordinator
kjankowski@tnbar.org

Rethinking the Digital Millennium Copyright Act?

By Michele Howard

As many of you know, the Recording Industry Association of America ("RIAA") has been issuing subpoenas to Internet service providers ("ISPs") in order to track down accused online music pirates. Over the summer, the RIAA served more than 1,500 subpoenas on phone and cable companies and other Internet providers. The association is the first to use the subpoena provision in the Digital Millennium Copyright Act of 1998 ("DMCA"), 17 U.S.C. §512, to identify people who make files available for others to copy from their personal computers using file-sharing software. The statute allows copyright holders to issue subpoenas to ISPs demanding the names, addresses and telephone numbers of ISP subscribers suspected of illegally downloading copyrighted material. The subpoenas can be filed prior to any charges of infringement, are not subject to review by a judge, require no notice

to, or opportunity to be heard by the alleged infringer. RIAA served Verizon Internet Services ("Verizon") with a subpoena seeking the identity of an anonymous Internet user alleged to have infringed protected copyrights. Verizon moved to quash the subpoena presenting constitutional challenges. The court denied Verizon's motion to quash RIAA's subpoena. See *Recording Industry Association of America v. Verizon Internet Services*, 2003 LEXIS 681 (D.D.C. Jan. 21, 2003). Verizon argued that the subpoena authority provided under § 512(h) of the DMCA violated Article III of the Constitution because it authorized federal courts to issue binding process in the absence of a pending case or controversy and that § 512(h) violated the First Amendment rights of Internet users. The court held that § 512(h) did not violate Article III of the Constitution and did not abridge the First Amendment rights of Internet users.

"Over the summer, the RIAA served more than 1,500 subpoenas on phone and cable companies and other Internet providers."

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Bridgeport Music, Inc. v. Still N The Water Publishing

By Michele Howard

Music publishers Bridgeport Music, Inc. and Southfield Music, Inc. and record labels Wesbound Records, Inc. and Nine Records, Inc. (collectively "Bridgeport")¹ suffered another setback on May 5, 2003 when the Sixth Circuit Court of Appeals rendered its opinion in *Bridgeport Music, Inc. v. Still N The Water Publishing*, 327 F.3d 472 (6th Cir. 2003), cert. denied 124 S.Ct. 399 (Mem), 157 L.Ed.2d 279, 72 USLW 3261, 72 USLW 3266 (2003). The Sixth Circuit Court of Appeals affirmed the district court's decision to dismiss eleven individual actions for lack of personal jurisdiction over N-the-Water Publishing, Inc., individually and d/b/a Still N the Water Publishing, Inc. (collectively "NTWP").² However, Bridgeport was successful in overturning the district court's decision to dismiss eight individual actions for lack of personal jurisdiction over DM Records, Inc. ("DM")

In 2001, Bridgeport filed a complaint against several hundred entities and/or individuals associated with the rap or hip-hop music industry alleging infringement of their copyrights in several sound recordings and musical compositions. The massive complaint was subsequently severed into hundreds of separate lawsuits. Bridgeport alleged in the nearly 500 claims that were made against approximately 800 defendants that their copyrights had been infringed upon when the defendants sampled Bridgeport's recordings and/or musical compositions.

One of those entities was NTWP,³ a Texas corporation. NTWP is a music publisher. As such, it owns and exploits musical compositions through mechanical licensing.⁴ Bridgeport alleged that NTWP infringed on their copyrights by licensing infringing works and by sampling and distributing infringing works in Tennessee and elsewhere.

DM, an independent record company in Florida, acquires copyrights, produces and distributes sound recordings, and engages in publishing, administration of copyrights, and licensing. Bridgeport alleged that DM Records infringed on their copyrights by sampling their works in Tennessee and elsewhere.⁵

In order for jurisdiction to be proper, a three-part test must be met.⁶ First, the defendant must purposefully avail himself of the privilege of acting in the forum state or causing a consequence in the forum state.

Second, the cause of action must arise from the defendant's activities there. Finally, the acts of the defendant or consequence caused by the defendant must have a substantial enough connection with the forum state to make the exercise of jurisdiction over the defendant reasonable.

The district court found that neither NTWP nor DM had purposefully availed themselves of the privilege of acting in or causing a consequence in the forum state and, therefore, found personal jurisdiction lacking over both NTWP and DM. Findings on the remaining two parts of the test were unnecessary.

In rendering its opinion in this case, the Sixth Circuit officially adopted Justice O'Connor's approach to purposeful availment, known as the "stream of commerce 'plus'" theory. According to this theory, "[t]he placement of a product into the stream of commerce, without more, is not an act of the defendant purposefully directed toward the forum State."⁷ As a practice pointer, whenever personal jurisdiction becomes an issue, it would be prudent to ascertain any contacts that the defendant might have within the venue state. Once those contacts have been ascertained, each and every one of them should be given due consideration because, as explained below, just one contact could be sufficient to show purposeful availment.

With regards to NTWP, Bridgeport attempted to show purposeful availment by arguing that NTWP issued mechanical licenses to Rap-A-Lot Records ("RAL") and other entities for allegedly infringing compositions and had received royalties from those songs. Bridgeport argued that NTWP had a financial interest in RAL selling as many records as possible that contain NTWP's compositions, that NTWP did not desire to limit exploitation of its compositions to a "less-than-national" market, that NTWP had no objection to its compositions being sold in Tennessee, and that NTWP knew that RAL distributed nationally and was likely to exploit NTWP's compositions throughout the United States, including in Tennessee.

Bridgeport cited *Tobin v. Astra Pharm. Prods., Inc.*, 993 F.2d 528 (6th Cir. 1993) to support its position. In *Tobin*, the court found purposeful availment based on the existence of a nationwide distribution agreement. The court distinguished the Bridgeport case from its

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Dental Illustrations in Commercial Held to be *De Minimis* Use - *Gordon v. Nextel Communications*, 345

F.3d 922 (6th Cir. 2003)

By David Moser

In an October 6, 2003 decision, the 6th Circuit Court of Appeals held that a very brief use of copyrighted illustrations in a television commercial was a *de minimis* use and therefore not infringing. The plaintiff, Stephen F. Gordon, is an artist who created a booklet containing dental illustrations including the ever-popular root canal. Without obtaining permission, Nextel used two of Gordon's illustrations in a television commercial for Nextel's text messaging service featuring a man in a dentist's chair. Gordon sued Nextel and its advertising agency, Mullen Advertising, Inc., for copyright infringement. Nextel did not deny using Gordon's illustrations, but asserted the defenses of fair use and *de minimis* use. The 6th Circuit did not address the fair use defense, noting that courts usually examine the *de minimis* defense first and only examine the fair use defense if the *de minimis* defense is not successful.¹

To successfully assert the *de minimis* defense, an alleged infringer must prove that the protected material copied is so trivial that it fails the substantial similarity test used to determine copyright infringement. Factors that courts take into account to determine whether a use is *de minimis* include the amount of protected material copied, the length of time the copyrighted work appears in the allegedly infringing work, and the prominence of the defendant's use as revealed by the lighting and positioning of the copyrighted work.² Courts also look to a regulation issued by the Librarian of Congress which provides for royalties to be paid by public broadcasters for use of published pictorial and visual works.³ The regulation characterizes works as either a "featured" display (i.e., full-screen or substantially full screen display for more than three seconds) or a "background and montage" display (i.e., less than full-screen, or full-screen for three seconds or less).⁴

Although both of the copyrighted illustrations at issue appeared in Nextel's television commercial for more than three seconds and one of the illustrations depicting a root canal was viewed substantially full screen, the 6th Circuit held the use to be *de minimis*

since the illustrations appeared very briefly and were mostly out of focus. The 6th Circuit therefore granted the defendants' motion for summary judgment on the copyright infringement claim.

Gordon also claimed that the defendants violated section 1202(b) of the Copyright Act since the use of his illustrations did not include copyright management information. "Copyright management information" is defined as "the title and other information identifying the work including the information set forth in a notice of copyright."⁵ Section 1202(b) makes it illegal to intentionally remove or alter copyright management information or to distribute copies of works knowing that copyright management information has been

removed or altered without the copyright owner's consent knowing or having reasonable grounds to know that such removal or alteration would induce, enable, facilitate, or conceal an infringement.⁶ However, since Gordon did not offer any evidence that the defendants had intentionally removed or altered the copyright information or that they even knew that the copyright management information had been removed, the court granted the defendant's motion for summary judgment on this claim as well.⁷

Although the 6th Circuit ruled that the *de minimis* defense protected the defendants' unauthorized use of copyrighted works in *Gordon v. Nextel*, it is important to note that this defense only applies in very limited

circumstances where the use of a copyrighted work is extremely minimal and not of central importance to the work it is used within. Courts' application of the *de minimis* defense is likely to be somewhat inconsistent since a court must determine if a particular use of a copyrighted work or portion thereof is so small as to be trivial which is an inherently subjective determination.

It is also important to distinguish the *de minimis* defense from the fair use defense. While the fair use test requires courts to consider "the amount and substantiality of the portion used in relation to the copyrighted work as a whole"⁸ in addition to other factors, the *de minimis* defense is solely based on the amount copied which must be very minor. ■

"To successfully assert the de minimis defense, an alleged infringer must prove that the protected material copied is so trivial that it fails the substantial similarity test used to determine copyright infringement"

Sixth Circuit Addresses Jurisdiction Over Patent Ownership Disputes

E.I. Du Pont De Nemours & Co. v. Okuley, 344 F.3d 578, 68 USPQ.2d 1309 (6th Cir., Sept. 17, 2003).

By Shawn Sentilles

In 1992, Dr. John Okuley identified a gene known as FAD2. Okuley made his discovery while employed by Washington State University (WSU) and while conducting research under a collaboration agreement between WSU and Du Pont. Under the collaboration agreement, WSU assigned any inventions discovered during the collaboration to Du Pont. Okuley's inventions belonged to WSU in accordance with WSU's faculty manual. Du Pont filed a patent application on Okuley's invention. When Okuley refused to sign patent application papers, Du Pont brought suit seeking a declaratory judgment that it owned Okuley's invention and specific enforcement of Okuley's agreement to sign patent application papers. Okuley counterclaimed, seeking a declaratory judgment that he was the inventor of FAD2 and rescinding his assignment of patent rights to Du Pont. The district court granted summary judgment for Du Pont. Okuley appealed to the Sixth Circuit, but then moved to transfer his appeal to the Court of Appeals for the Federal Circuit. The Sixth Circuit affirmed.

The Sixth Circuit first considered whether it had jurisdiction. The Federal Circuit Court of Appeals has exclusive jurisdiction over appeals of patent cases that arise under 35 U.S.C. 1338(a). District court jurisdiction under 35 U.S.C. 1338(a) extends "only to those cases in which a well-pleaded complaint establishes either that federal patent law creates the cause of action or that the plaintiff's right to relief necessarily depends on resolution of a substantial question of federal patent law, in that patent law is a necessary element of one of the well-pleaded claims." *Christianson v. Colt Indus. Operating Corp.*... Citing the Federal Circuit's decision in *Beech Aircraft Corp. v. EDO Corp.*, 990 F.2d 1237, 1248 (Fed.Cir.1993), the Sixth Circuit held that the question of who owns legal title to a patent is not a question of federal patent law. The Sixth Circuit concluded that it had appellate jurisdiction unless Du Pont's complaint required resolution of the question of inventorship. The only claim in Du Pont's complaint relating to inventorship was a request for a declaratory judgment that Du Pont had "sole title to [the FAD2]

intellectual property." The Sixth Circuit noted that although this claim might theoretically require resolution of inventorship as to an unnamed co-inventor, the district court only had power to adjudicate the relative rights of the parties. The Sixth Circuit concluded that it need concern itself only with the relative rights of Du Pont and Okuley, regardless of the language of the complaint. Okuley could not use the over breadth of Du Pont's complaint to claim federal patent jurisdiction. The Sixth Circuit also held that Okuley's counter-claim concerning inventorship could not serve as a basis for federal patent jurisdiction, citing *Holmes Group, Inc. v. Vornado Air Circulation Sys.*, ("[A] counterclaim--which appears as part of the defendant's answer, not as part of the plaintiff's complaint--cannot serve as the basis for 'arising under' jurisdiction.").

After determining that it had jurisdiction, the Sixth Circuit turned to the issue of ownership of the patent. The Sixth Circuit first noted that ownership of a patent involves questions of property and contract law and therefore does arise under federal law, patent or otherwise. Because jurisdiction was based on diversity, the Sixth Circuit held that state substantive law applied to the patent ownership issues, citing 304 U.S. 64, 78, 58 S.Ct. 817, 82 L.Ed. 1188 (1938). Washington law applied to the contracts that WSU entered with Okuley and Du Pont in Washington, while Ohio law applied to the assignment that Okuley executed in Ohio.

The Sixth Circuit had little trouble concluding that ownership of Okuley's invention vested in WSU in accordance with the WSU faculty manual, and that WSU in turn transferred the patent to Du Pont under the WSU-Du Pont collaboration agreement. After reaching this conclusion, the Sixth Circuit considered and rejected various arguments by Okuley as to why he nonetheless owned the patent.

Okuley argued that he obtained valid title to the invention from Ohio State University (OSU). Okuley identified FAD2 while conducting research at OSU. Ohio Rev.Code § 3345.14(B) provides: "All rights to and interests in discoveries, inventions, or patents which result from research or investigation conducted in any ... facility of any state college or university, ... shall be the sole property of that college or university."

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The defendant Jireh Publishing, Inc. is the publisher of the artwork of Rick Rush, "America's sports artist," who had created a painting entitled *The Masters of Augusta* commemorating Woods' victory at the Masters Tournament in 1997. The painting has three views of Woods in different poses in the foreground, caddies on either side of him, the Augusta National Clubhouse behind these figures, six famous older golfers in a blue background behind the Clubhouse, and the Masters leader board behind all of these figures.

The limited edition prints of this painting were sold in a white envelope on the back of which are the words "Masters of Augusta" in _ inch letters and the words "Tiger Woods" in _ inch letters. Woods' name is mentioned twice in 28 lines of narrative text about the painting.

Upholding the district court's grant of summary judgment to the defendant, the Sixth Circuit first rejected Woods' claim of infringement of his registered trademark under the Lanham Act, 15 U.S.C. §1114, and under Ohio common law. The court found that Jireh's use of "TIGER WOODS" was protected by the fair use provision of the Lanham Act, 15 U.S.C. §1115(b)(4), because the words were used by Jireh in good faith in their descriptive sense. The court rejected Woods' dilution claim under 15 U.S.C. §1125(c) on the same basis.

The court then rejected Woods' claim that the defendant's painting infringes his unregistered trademark consisting of his image or likeness, which Woods asserted is protected by 15 U.S.C. §1125(a). The court described this claim as "untenable," remarking humorously that Tiger Woods was asking the court "to constitute Woods himself as a walking, talking trademark." 332 F.3d at 922. The court held that "as a general rule, a person's image or likeness cannot function as a trademark." *Id.*

The court then rejected Woods' claim under 15 U.S.C. §1125(a) that the use of his image in the painting impliedly contains a false endorsement of the product by him. The court also rejected his claim that the painting violates his common law right of publicity.

The majority opinion contains an extensive analysis of the leading cases which have balanced intellectual property rights against rights of free expression protected by the First Amendment. The opinion notes that,

in the ordinary false endorsement case, the court uses its eight-factor likelihood of confusion test to determine whether there is a violation of the Lanham Act. But the court did not use that test in this case because of the defendant's argument that his use of Tiger Woods' likeness in the painting is protected by the First Amendment. With respect to Tiger Woods' right-of-publicity claim, the court noted the "inherent tension between the right of publicity and the right to freedom of expression under the First Amendment." 332 F.3d at 931.

In the majority's opinion, the First Amendment defense prevails over Woods' claims. The court found that Woods' image in the painting has artistic relevance to the underlying work and does not explicitly mislead consumers as to the source of the work. The court concluded that the painting does not violate Woods' right of publicity because it "has substantial informational and creative content which outweighs any adverse effect on ETW's market." 332 F.3d at 937. The court found that the defendant's painting is expression which is entitled to the full protection of the First Amendment. In sum, the court concluded that Woods' right of publicity is "significantly outweighed by society's interest in freedom of artistic expression" and "must yield to the First Amendment." 332 F.3d. at 938.

The lengthy dissent differs from the majority opinion in two principal respects. The dissenting judge thought a jury should be allowed to decide Tiger Woods' infringement and dilution claims and to consider a consumer survey presented by the plaintiff showing consumer confusion. Even more significantly, the dissenting judge would have granted summary judgment for Woods on his claim that the defendant had violated his right of publicity, believing that this right was not outweighed by the right of free expression.

The two opinions cover 45 pages in Volume 332 of Federal Reporter 3d. They are an interesting read.■

John P. Williams is an attorney with Tune, Entreking & White, P.C. in Nashville and chair of the TBA Intellectual Property Section's Trademark Law Committee.

"The defendant Jireh Publishing, Inc. is the publisher of the artwork of Rick Rush, "America's sports artist," who had created a painting entitled The Masters of Augusta commemorating Woods' victory at the Masters Tournament in 1997."

The court reasoned "the clerk's issuance of a § 512(h) subpoena does not involve either the exercise of judicial power or the exercise by federal judges of Article I or Article II-type investigatory power. Indeed, the issuance of a § 512(h) subpoena cannot properly be considered an act of 'the court.'" Instead, Congress intended the issuance of a subpoena to be a ministerial function of the clerk. The court stated, "[i]n a real-world sense, no Article III judge takes any action with respect to a § 512(h) subpoena until the copyright holder moves to enforce the subpoena or the service provider moves to quash it – at which time there is a concrete controversy sufficient to confer jurisdiction under Article III of the Constitution."

Verizon pointed out that the subpoenas were issued in the name of the court and that failure to comply with the subpoenas could be construed as a violation of a court order, providing a basis for contempt sanctions. The court, however, responded by pointing out that subpoenas issued upon express order of a judge and subpoenas issued by the clerk of court were not equivalent.

The court also noted that similar subpoena powers were authorized by Congress under other laws despite the absence of a pending case or controversy, such as subpoenas for depositions in connection with proceedings in the House of Representatives and subpoenas for evidence to be used in connection with proceedings in the Patent and Trademark Office. The court also referred to criminal proceedings in which courts issue warrants, review applications for wire taps and assist grand juries in their investigative function by compelling testimony of witnesses, despite the absence of a traditional adversarial proceeding.

Finally, the court explained that Fed. R. Civ. P. Rule 27(a) closely paralleled § 512(h). Rule 27 allows a federal court to authorize a person to perpetuate testimony by deposition before an action is filed where doing so would "prevent a failure or delay of justice." Fed. R. Civ. P. 27(a)(3). Under both Rule 27(a) and § 512(h), private parties must satisfy a specific set of criteria and identify with particularity the information they seek to compel.

Verizon also argued that § 512(h) violated the First Amendment rights of Internet users by piercing their anonymity. While the court held there was some level of First Amendment protection that should be afforded to anonymous expression on the Internet, the degree of protection provided where alleged copyright infringement is the expression at issue is minimal because there

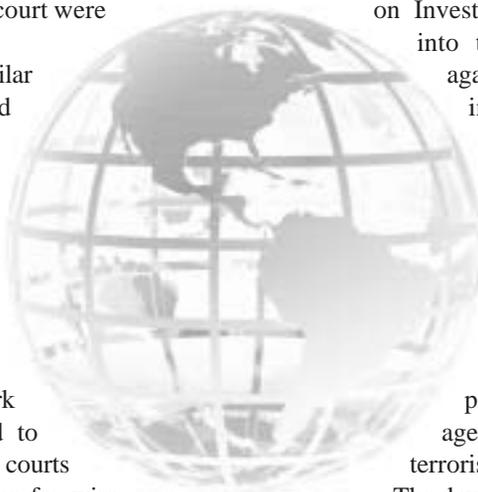
is no First Amendment defense to copyright violations. In any event, the court ruled that § 512(h) provided sufficient safeguards to protect Internet users' rights. The DMCA did not seek to restrain or regulate the underlying expression (sharing of the copyrighted material). Instead, it only requires the production of the identity of one who has engaged in unprotected conduct and merely governs unprotected copyright piracy.

Subsequently, Verizon appealed the decision and on September 16, 2003, the United States Court of Appeals for the D.C. Circuit heard oral arguments. During oral arguments, the appellate court questioned whether Congress had intended the subpoenas to be used in the way the RIAA had used them. At the same time, the court questioned whether Verizon profited from the file swapping. The appellate court's decision, expected later this fall, could have important consequences for the music industry's campaign against piracy.

Meanwhile, Senator Norm Coleman (R-Minn.), chairman of the Senate's Permanent Subcommittee on Investigations (PSI), began an inquiry into the music industry's crackdown against online music swappers, calling the campaign "excessive." Senators Sam Brownback (R-Kan.), Ron Wyden (D-Ore.) and Norm Coleman (R-Minn.) questioned the subpoena power provided by the Digital Millennium Copyright Act, with one suggesting that the DMCA subpoenas gave copyright holders more power than U.S. law enforcement agencies have to seek information on terrorists.

The day after oral arguments were heard in the *RIAA v. Verizon* appeal, Senator Brownback introduced legislation that would require the owners of digital media products to file an actual lawsuit in order to obtain the identifying information of an Internet service provider's subscriber.

A hearing of the Senate Permanent Subcommittee on Investigations, scheduled by Senator Coleman, was held on September 30, 2003. As chairman of the PSI, Senator Coleman expressed concern that nominal or unsuspecting downloaders were being targeted by the DMCA subpoenas and that fines of up to \$150,000 per downloaded song had potential to be out of proportion to the nature of the offense. However, the music industry complained publicly about the illegal downloading for quite some time before serving any subpoenas. In addition, the fines of up to \$150,000 are part of the statutory damages provided under the United States Copyright Act for copyright infringement. Congress



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would have to amend more than the DMCA to address Senator Coleman's concern regarding damages.

At the Senate hearing, Mitch Bainwol, chairman of the RIAA, announced that the music industry would contact future defendants before they are sued and give them a chance to make a cash payment as settlement or to prove that they have been mistakenly accused of copyright infringement.

Industry representatives told lawmakers that the future of the entertainment business depended on stopping online file sharing. According to Mr. Bainwol, sales of hit records, where labels make their biggest profits, fell from 60 million albums sold in 2000 to 34 million sold last year.

Software company representatives said the ideal solution to the problem would be to license music and movies online so users can buy them instead of getting them for free. A handful of online music stores, such as iTunes, have begun selling licensed copies of songs and albums, where artists and labels receive royalties just like they do from sales of compact discs.

A lobbying group of peer-to-peer software vendors ("P2P United") called on Congress to consider compulsory licensing of music, a system similar to the fees radio stations pay for music, so that the recording industry is forced to make its music avail-

able to them for a price. The record industry opposes having licensing rules imposed on it. Mr. Bainwol said that lawsuits could be avoided if peer-to-peer network operators instituted meaningful disclosure notices stating that unauthorized uploading and downloading is illegal, used available technology to filter and block such activity and changed default settings for users so that they do not unknowingly upload material."

After the hearing, Senator Carl M. Levin (D-Mich.) reportedly said, "I think they know very well that most of their downloads are violations of copyright." Yet, Senator Coleman vowed to push legislation this year to reduce legal penalties for people who downloaded copyrighted music off the Internet. He also said he would press for changes in federal law to curtail the subpoena power given under the DMCA.

Despite initial rumblings, however, observers say it appears that Congress may not revisit the Digital Millennium Copyright Act. Hill veterans say that lawmakers have too much on their plate to reconstruct the DMCA.■

Michele Howard is with the firm of Williams, McDaniel, Wolfe & Womack of Memphis, TN and is chair of the TBA Intellectual Property Law Section Copyright Committee.

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ruling in *Tobin*, however. The court explained, the *Tobin* defendants were not merely aware that their distributor was likely to market the product in all fifty states; rather, the parties' contract required it. Conversely, Bridgeport conceded in its brief that with respect to the RAL-NTWP licensing, "[h]ow the subject composition is exploited is 'pretty much out of [NTWP's] hands.'"

Bridgeport also asserted that NTWP engaged in advertising and marketing activities directed at Tennessee and that these activities required a finding of purposeful availment. Bridgeport argued that RAL advertised nationally, including in Tennessee, "on behalf of and to the financial benefit of NTW[P]" on national television and radio spots, and in national magazines. As evidence of NTWP's marketing activities, NTWP pointed to a single statement from the deposition of its CEO, that "[w]e attempt to market nationally."

Although advertising is among the activities that constitute 'reaching out' to forum state residents, the court held the record did not support a finding of purposeful availment based upon the single statement that NTWP "attempts to market nationally."⁸ No evidence was adduced to prove that RAL undertook advertising expressly on NTWP's behalf.

As eluded to above, the court noted that NTWP did have a contract with Bluewater, a Tennessee corporation. Bluewater collected foreign royalties related to NTWP's compositions. The contract between NTWP and Bluewater contained a choice of law and venue provision designating Tennessee law and venue. However,

Bridgeport did not assert this matter before the district court and, thus, the Sixth Circuit chose not to address the matter on appeal.

Bridgeport also attempted to show purposeful availment through NTWP's affiliation with ASCAP and



After Okuley's employment with WSU ended, OSU assigned the invention to Okuley. However, at the time of Okuley's discovery of FAD2, he was still employed by WSU and was working under the WSU-Du Pont collaboration agreement. Despite the fact that OSU's assignment expressly stated that it was subject to any rights of WSU and Du Pont, Okuley argued that the assignment transferred the invention to him free and clear of any obligation. The Sixth Circuit held that the Ohio statute did not abrogate Okuley's contract with WSU. The fact that Okuley was no longer employed by WSU at the time of the OSU assignment was irrelevant. Okuley's contractual obligation to assign the invention to WSU survived until fulfilled.

Okuley argued that his invention was not covered under the WSU faculty manual because at the time of his discovery, he was working at OSU and was using different methods than his WSU supervisor had suggested. However, at the time of the discovery, Okuley was an employee of WSU, was using WSU and Du Pont supplies, and was working on a project that had been assigned to him by his WSU supervisors. Okuley also immediately communicated his success to his WSU supervisor and to Du Pont. Therefore, Okuley's claim of independence from WSU failed.

Okuley argued that WSU forfeited the invention back to him by failing to timely follow the notification provisions of the WSU faculty manual. However, the faculty manual specifically exempted property developed under an agreement with an outside sponsor from the notification requirements of the faculty manual.

Okuley argued that the WSU-Du Pont collaboration agreement was not a "sponsorship agreement" under the WSU faculty manual because Du Pont did not provide funds for the research. However, both WSU and

Du Pont construed the agreement as a sponsorship agreement and Du Pont provided valuable consideration to WSU in the form of access to its database of genetic material.

Okuley contended that his invention was based on additional work that he performed after the end of the agreement between WSU and Du Pont. However, Okuley's additional work was merely used to confirm the identity and use of FAD2 covered under the original patent application. The work was a simple extension of the original patent application, and therefore fell under WSU's faculty manual.

Okuley's final argument was based on a reinterpretation of the WSU-Du Pont collaboration agreement. Under the collaboration agreement, almost all intellectual property rights arising from the research belonged to Du Pont. However, one clause provided that if Du Pont failed to isolate a gene within nine months of identification and WSU succeeded in doing so, the gene would belong to WSU. Relying upon what the Sixth Circuit characterized as "strained definitions of the conditions that start the nine-month period," Okuley argued that the nine month period expired before he even began his research. Du Pont and WSU agreed that Okuley's discovery of FAD2 started the nine month period, and that Du Pont was able to isolate the FAD2 gene almost immediately thereafter. The Sixth Circuit concluded: "Even if Okuley had standing to challenge the interpretation of a contract to which the parties agreed, and his interpretation were correct, which seems highly unlikely, the effect would be merely to vest the property in WSU, not Okuley." ■

Shawn Sentilles is an attorney with the firm of Wyatt, Tarrant & Combs, LLP in Memphis.

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Endnotes:

1. Citing *Ringgold v. Black Entertainment Television, Inc.*, 126 F.3d 70, 77 (2d Cir. 1997).
2. See *Ringgold* at 75.
3. 37 C.F.R. § 253.8.
4. *Id.*
5. 17 U.S.C. § 1202(c)(1).
6. 17 U.S.C. § 1202(b).
7. The Nextel commercial was produced by a third party production company hired by Mullen Advertising and the production company obtained a poster containing Gordon's illustrations from another third party. The production company's art director testified that he believed that the poster had been cleared for use in television commercials.

Gordon offered no evidence to contradict this assertion and there was therefore no proof that the defendants had any knowledge that the copyright management information had been removed or altered without the copyright owner's consent.
8. 17 U.S.C. § 107.

David Moser is a Nashville-based attorney practicing intellectual property and entertainment law. He is also a professor at the Mike Curb College of Entertainment & Music Business at Belmont University and the author of "Music Copyright for the New Millennium." Moser recently received a Fulbright Scholar Award which allowed him to visit the Philippines to conduct research on piracy of intellectual property

BMI. NTWP initially affiliated with ASCAP and BMI through the PROs' Tennessee offices. The court held that the existence of a contract alone was not enough to show purposeful availment, however. Rather, the parties' course of dealing, the terms of the contract, the prior negotiations and contemplated future consequences must be evaluated in determining whether the defendant purposefully established minimum contacts within the forum. Bridgeport did not assert that NTWP had any type of substantial contacts or negotiations specifically with the Tennessee offices of BMI and ASCAP, that the contracts' terms contained Tennessee forum or venue selection clauses, or that the parties' course of dealing implicated conduct in the Tennessee forum, other than by way of initial affiliation and the collection of royalties for songs performed in Tennessee. In addition, NTWP's contact with BMI and ASCAP was maintained through offices not based in Tennessee.

"The court held that the existence of a contract alone was not enough to show purposeful availment..."

Although the PROs collect royalties, monitor performances, and perform enforcement functions on behalf of their members and NTWP licensed its entire music composition catalog to ASCAP and BMI, which in turn re-licensed these compositions to third parties, the court simply held that the record did not support a finding of purposeful availment. Further, the court stated that the record did not reflect that BMI or ASCAP had any affirmative duty to license or market the subject compositions specifically in Tennessee or even nationally.

Finally, Bridgeport asserted that NTWP allowed and expected its compositions to be sold on the internet and, thus, availed itself of doing business in Tennessee. Although the operation of an Internet website can constitute the purposeful availment of the privilege of acting in a forum state "if the website is interactive to a degree that reveals specifically intended interaction with residents of the state,"⁹ Bridgeport did not assert that NTWP hosted or operated a website. Obviously, since there was no allegation that NTWP hosted or operated a website, there was no allegation that there was a website that was sufficiently interactive for a finding of purposeful availment.

Unlike NTWP, DM learned it would remain a defendant in the lawsuits brought against it by Bridgeport. The Sixth Circuit was persuaded by two arguments put forth by Bridgeport to show purposeful

availment with respect to DM.

First, DM entered into a distribution contract with Ryco Distribution Partners in which DM sought nationwide distribution of its records throughout "the United States, its territories, commonwealth, possessions...." In addition, DM's president testified in a deposition that his understanding was that DM's recordings would be distributed nationwide, "in all 50 states" pursuant to the parties' agreement. These facts supported a prima facie purposeful availment finding.

Second, DM operated a website, dmrecords.com, through which users could access DM's catalog and purchase DM's records. Through the DM site, users would select a recording of choice. They were then redirected to Amazon.com to complete their purchases. Evidence indicated the volume of business DM conducted through the internet for at least two of the allegedly infringing albums. This evidence was sufficient to support a prima facie finding of purposeful availment.■

Endnotes:

1. Bridgeport Music, Inc. and Southfield Music, Inc., Wesbound Records, Inc. and Nine Records, Inc. are Michigan corporations.
2. NTWP is one company operating under two names, N-the-Water Publishing, Inc. and N-the-Water Publishing, Inc. d/b/a Still N the Water Publishing, Inc. The only distinction between the two arms of the company is that they affiliate with different performing rights organizations ("PROs"). N-the-Water Publishing affiliates with the American Society of Composers, Authors and Publishers ("ASCAP"), while Still N the Water Publishing affiliates with Broadcast Music, Inc. ("BMI").
3. The eleven allegedly infringing compositions are: "Aggravated Monkeys," "Buddah Nature," "Bumbell," "Getos in the Mind," "Good Girl Gone Bad," "Havin' Thangs," "I Ain't Going Back," "Lettin' Em Know," "Straight Gangstaism," "Straight Madness" and "Two to the Head."
4. Under a typical license agreement, a publisher's compositions are incorporated into a record label's sound recordings. A "mechanical royalty" is the royalty generated from sales of the sound recording.
5. The eight allegedly infringing songs are: "BOBYA-HEAD a/k/a/ Bobbyhead" contained on DM's sound recording "The Best of Tag Team"; "Fool Get A Clue" contained on the "Future Rhythm" and "Fool Get A Clue" recordings; "Freestyle" contained on "Best of Tag Team"; "Funky Situation / Back From Another Mission" contained on DM's release, "The Best of Tag

TennBarU and the Intellectual Property Section Present ...

INTELLECTUAL PROPERTY FORUM

The Tennessee Bar Association's Intellectual Property Section is pleased to announce the inaugural IP Forum, which will take place on April 22nd and 23rd in Nashville. Co-sponsored by the the Tennessee Intellectual Property Law Association, the Forum is designed to benefit the beginner and the specialist alike. It will consist of a day and a half of programming on intellectual property law. The seminars will begin on the afternoon of April 22nd, with presentations on the basics of IP. On April 23rd, a panel of speakers will address a wide range of advanced topics, primarily geared to the intellectual property specialist. Over twelve hours of CLE credit (including an hour of ethics) will be provided for those who attend the entire Forum. For anyone with an interest in this dynamic area, it is not an event to be missed.

THE BASICS

CLE Credits: 11 general, 1 dual

Dates & Locations:

April 22 — Tennessee Bar Center

1:00 - 1:30 Registration, 1:30 - 4:45 Program

April 23 — Doubletree Hotel

8:00 - 8:30 Registration, 8:30- 5:00 Program

Program Producer: Steve Roth, Baker, Donelson, Bearman, Caldwell & Berkowitz, Knoxville

FACULTY

Jack Waddey IP Mediation

Peter Brewer Opinions and Willfulness (Knorr-Bremse; CAFC oral argument set for next week)

Steve Roth Trademark Fair Use and Likelihood of Confusion (KP Permanent Make-Up, Inc. v. Lasting Impression Inc.; the U.S. Supreme Court granted cert. on this question earlier this month).

Valerie Johnson Madrid/TM Update

Richard Myers &

Randy Michels Ethics Hour (New PTO Ethical Rules and Ethical Considerations for TM Lawyers)

Jim Cartiglia International Patent Issues/PCT

Mark Graham Claim Construction Issues

Craig Carothers Protecting Licensing Revenue through Risk Management.
(For those of you in TIPLA, you'll recall Craig spoke at the Fall Meeting about the market for IP insurance. For those of you who haven't met Craig, he is with Marsh, a worldwide insurance and consulting firm. Craig is a patent lawyer and an excellent speaker. I think a presentation about IP and the business marketplace would make the seminar more attractive for in-house IP counsel.)

COURSE REGISTRATION (up to three days prior to program)

\$300 for TBA Intellectual Property Section members

\$330 for TBA members

\$360 for nonmember attorneys

\$150 for law office personnel and other non-attorneys

No charge for judges, law-makers and law students who are TBA members



Tennessee Bar Association
221 Fourth Avenue North, Suite 400
Nashville, TN 37219



INTELLECTUAL PROPERTY

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Team"; "Get Nasty"; "It's Somethin'" contained on "The Best of Tag Team"; "Oregano Flow" on DM's re-release "Future Rhythm" and/or "Fool Get a Clue"; and "Pump It" on DM's release "Super Quad."

6. *Southern Machine Company v. Mohasco Industries, Inc.*, 401 F.2d 374, 381 (6th Cir. 1968).

7. *Asahi Metal Industry Company, Ltd. V. Superior Court*, 480 U.S. 102, 107 S.Ct. 1026, 94 L.Ed.2d 92 (1987).

8. The court took no position as to whether evidence of nationwide advertising was sufficient for a finding of purposeful availment, but noted that at least two sister circuits had determined that such conduct was insufficient.

9. *Bird v. Parsons*, 289 F.3d 865, 874 (6th Cir. 2002), quot-

ing *Neogen Corp. v. Neo Gen Screening, Inc.*, 282 F.3d 883, 890 (6th Cir. 2002).

Michele Howard is with the firm of Williams, McDaniel, Wolfe & Womack of Memphis, TN and is chair of the TBA Intellectual Property Law Section Copyright Committee.