

PIPLA NEWS

The official newsletter of the Pittsburgh Intellectual Property Law Association

Personal Jurisdiction Under the Digital Millennium Copyright Act: A Cautionary Note for Copyright Holders

Anderson Bailey, Jones Day

Recent decisions from federal courts of appeals threaten to expand copyright owners' vulnerability to declaratory judgment actions in distant fora. In *Dudnikov v. Chalk & Vermilion Fine Arts*, 514 F.3d 1063 (10th Cir. 2008), the Tenth Circuit held that courts have personal jurisdiction over defendants whose sole contact with the forum stems from a notice of copyright infringement sent pursuant to the Digital Millennium Copyright Act (DMCA). As a result, copyright holders must now hesitate before acting to halt the online distribution of infringing material.

A plaintiff's right to the forum of her choice ordinarily depends on the connections between that forum and the defendant. Due process prevents courts from asserting jurisdiction over unwilling defendants with insufficient "minimum contacts" to the forum state. In the intellectual property context, this principle has traditionally helped limit where infringers may claim invalidity: As the Federal Circuit has consistently held, "cease-and-desist letters alone do not suffice to justify personal jurisdiction." *Red Wing Shoe Co. v. Hockerson-Halberstadt, Inc.*, 148 F.3d 1355, 1361 (1998). Cease-and-desist letters therefore allow copyright owners to assert their right against infringement, but do not, by themselves, permit attacks on the validity of that right in the infringer's home state. *Id.*

But in *Dudnikov*, the court found differently with regard to notices of claimed infringement (NOCI). The NOCI is a product of the DMCA, which grants safe harbor to online service providers who unknowingly facilitate the distribution of infringing material. The elements of a NOCI include those generally found in a cease-and-desist letter: The complainant must identify the copyright at issue

and the allegedly infringing material, and certify in good faith that the use of the material complained of is unauthorized. 17 U.S.C. §512(c)(3). Service providers are exempt from monetary liability for copyright infringement if, after receiving a NOCI, they "expeditiously" block access to the allegedly infringing material. 17 U.S.C. §512(c)(1). Once access is blocked, the subscriber who originally posted the material may file a counter notice arguing that the copyright claim is erroneous. 17 U.S.C. §512(g). The complainant then has ten days to file a court action to resolve the dispute. Otherwise, the service provider may restore access to the allegedly infringing material. 17 U.S.C. §512(g).

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In *Dudnikov*, the internet site eBay had hosted plaintiffs' auctions for fabric bearing images to which defendants claimed exclusive rights. Defendants sent a NOCI to eBay's California offices and eBay cancelled the auctions. Plaintiffs then served a counter notice contesting the validity of defendants' copyright claim and also brought suit in their home state, Colorado, seeking a declaration that the auctions were non-infringing. The district court found the NOCI "closely akin to . . . cease and desist letters [and] insufficient to create personal jurisdiction," and dismissed the case. The Tenth Circuit reversed. Because defendants "took the intentional act of sending a NOCI specifically

designed to terminate plaintiffs' auction," they had sufficient minimum contacts with Colorado and were subject to suit there. Defendants' NOCI was distinguishable from a cease-and-desist letter because it was sent to a third party and compelled action adverse to plaintiffs' business interests.

The NOCI is the DMCA's equivalent of a cease-and-desist letter, which is also an intentional effort to interfere with business interests. Thus, it is difficult to see why Congress' attempt to immunize neutral online service providers should make copyright holders more susceptible to declaratory judgment actions. Indeed, only a few days after the Tenth Circuit issued its opinion in *Dudnikov*, a district court in California held that it could not assert personal jurisdiction over defendants solely on the basis of a NOCI. *Doe v. Geller*, 533 F. Supp. 2d 996 (N.D. Cal. 2008). As the *Geller* court recognized, any other conclusion would lead to unreasonable consequences by dramatically expanding the law of personal jurisdiction. *Id.* at 1009. However, the Federal Circuit recently cited *Dudnikov* for the proposition that, as communications to a third party, NOCI are distinguishable from cease-and-desist letters and support assertions of personal jurisdiction. The *Campbell Pet Co. v. Miale*, ___ F.3d ___, 2008 WL 4249767 (Fed. Cir. 2008). This implicit endorsement may very well steer judges away from *Geller's* line of reasoning.

Dudnikov therefore places copyright owners and practitioners in a difficult position. Where the distribution of infringing material occurs over the internet, using the DMCA to put an immediate halt to the illicit conduct may force copyright owners to defend the validity of their claim in a distant forum. While the alternative—asserting intellectual property rights through cease-and-desist letters—may protect the copyright owner from litigation in the infringer's home state, the distribution of infringing material will likely continue over the short term. In effect, *Dudnikov* forces copyright owners to more carefully weigh the value of their property rights against the cost of remote litigation.

NOVEMBER MEETING REMINDER

Just a reminder that the November PIPLA meeting will be a luncheon gathering at the Engineer's Society on November 19th. The speaker will be announced in the formal meeting notice at the beginning of next month.

IMPROPER REVIVAL NOT A DEFENSE OF INVALIDITY OR NON-INFRINGEMENT

Ying Cao, University of Pittsburgh School of Law 3L Student

In *Aristocrat Technologies Australia Pty, Ltd. v. International Game Technology* (Fed. Cir. 2008), a Federal Circuit panel (Judges Newman, Bryson, and Linn) held that "improper revival" is not a cognizable defense in an action involving the validity or infringement of a patent.

Aristocrat Technologies Australia (*Aristocrat*) missed the deadline to pay its U.S. national stage filing fee for its PCT application by one day. The USPTO granted *Aristocrat's* petition to revive its abandoned application based on *Aristocrat's* claim that the delay in paying the national stage filing fee was "unintentional." In the infringement suit *Aristocrat* filed against *International Game Technology* (*IGT*), the district court, however, concluded that the Patent Act permitted revival of an abandoned patent application only upon a showing of "unavoidable delay." Also the district court allowed *IGT* to raise the PTO's improper revival as a defense to infringement. After finding *Aristocrat* abandoned the patent application and failed to meet the "unavoidable delay" standard when attempting to revive it, the district court held that *Aristocrat's* patent was invalid. Alternatively, the district court also concluded that it possessed authority to review the PTO's revival under the Administrative Procedure Act (APA).

On appeal, the Federal Circuit panel reversed and remanded the case for further proceedings, concluding that improper revival may not be a defense in an action involving validity or infringement of a patent.

The panel's conclusion is based on its interpretation of 35 U.S.C. §282 defenses that recite:

- (1) Noninfringement ...,
- (2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability,
- (3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title.
- (4) Any other fact or act made a defense by this title.

Because IGT asserted §282(2) and (4) as bases for its invalidity defenses, the Federal Circuit panel addressed each in turn. The Federal Circuit panel gave “conditions for patentability” in §282(2) a narrow interpretation. The panel acknowledged that many factors bear on the validity or the enforceability of a patent such as §112 requirements, but interpreted §282(2) narrowly that only utility, patent eligibility, novelty and nonobviousness are conditions for patentability. Thus, the panel held that §282(2) does not encompass a defense based on the alleged improper revival of a patent application. Next, the panel held that §282(4) requires a “fact or act” actually be made a defense. The panel noted that Congress made it clear in various provisions of the statute when it intended to create a defense of invalidity or noninfringement, but indicated no such intention in the statutes pertaining to revival of abandoned applications. Thus, the panel concluded that improper revival may not be asserted as a §282(4) defense.

Furthermore, the panel found support in precedents that improper revival is not a defense. Citing *Magnivision, Inc. v. Bonneau Co.*, 115 F.3d 956 (Fed. Cir. 1997), the panel concluded that procedural lapse or other irregularities may not create a defense of invalidity or non-infringement. The panel, however, stressed that some procedural irregularities may rise to the level of inequitable conduct and is thus redressible under equitable defenses.

Notably, the panel explicitly refused to decide whether the Patent Act permits revival of an application only upon a showing of unavoidable delay. As for IGT's arguments under the APA, the panel brushed them off by stating “[u]nder the circumstances of this case, the APA provides no relief to IGT.”

The outcome of this case indicates that an accused infringer may not seek to invalidate a patent on the basis that the patent was issued as a result of prosecution irregularities such as procedural lapses.



Organizers Patty Olosky and Nate Prepelka of The Webb Law Firm pose before teeing off at the 2008 PIPLA golf outing.

2008 PIPLA GOLF OUTING

On Thursday, September 25th, 31 golfers braved an afternoon out of the office to compete in the 2008 PIPLA golf outing at Alcoma Golf Course in Penn Hills. On a sunny, early Fall afternoon, Kirk Houser led the crew with a low round of 82. Other winners included Rick Byrne's victory in the straightest drive competition on number 18, and Kent Baldauf Sr.'s near hole-in-one on number 17 left him only three feet from the hole to garner him the closest to the pin prize. Special thanks to all of the organizers and everyone who participated for a very successful event!

THE CUTTING EDGE

In The Cutting Edge, we break down the best of the best pending patent applications to give you a preview of the next great invention that is coming soon to your neighborhood. For example...

Resurrection Burial Tomb

(U.S. Patent Application Publication No. 2005/0027316)

Reverend Daniel Robert Izzo discloses a resurrection burial tomb in U.S. Patent Publication 2005/0027316. His tomb includes a means to preserve and revive Human Beings and provide power and power systems for the same. A preferred embodiment of Reverend Izzo's tomb is shown in Figure 1.

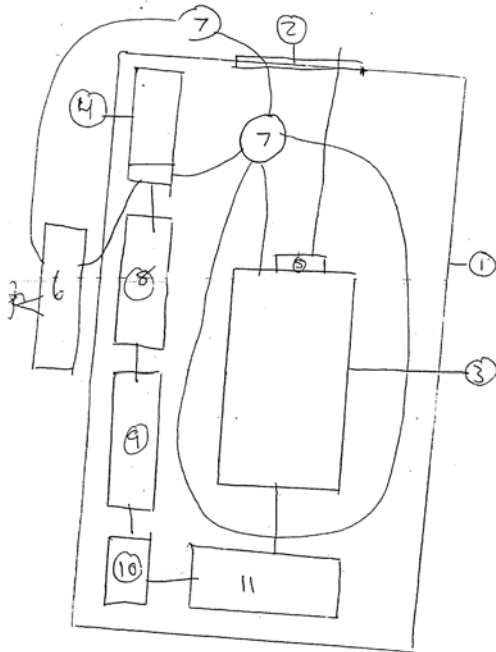


Figure 1

Figure 1 depicts the resurrection tomb 1 for holding a container of preservative that holds a dead person's body while keeping the body connected to electrical and energy apparatuses contained in the tomb. The tomb has an entrance 2 and a double walled, vacuum sealed container 3 that contains a preservative medium that prevents decay of human tissue. The container also contains means for maintaining tissue nutrition and oxygen. The tomb further includes a power source 4 that may be a portable nuclear powered engine and electric generator and batteries for storage of electric

power. The tomb may also include a radio and communication system with an antenna 5 for communication between the dead person and the outside world. A turbine system 6 converts water and/or wind power into electric/energy for the intelligent robot maintenance worker shown at 7.

Figure 2 depicts a cross section of the double walled, vacuum sealed container, further depicting interaction of the dead person with the burial tomb.

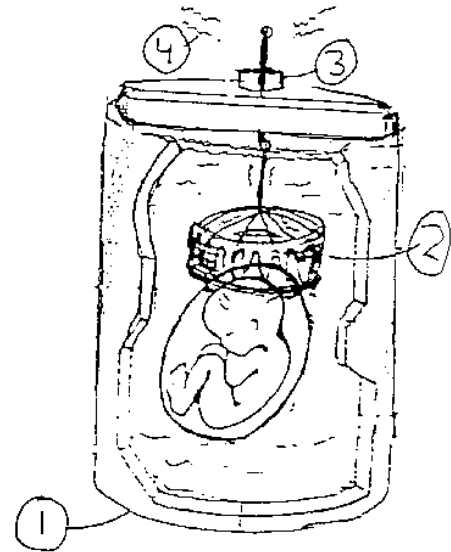


Figure 2 depicts a dead human being inside of a container 1 containing tissue preservative fluid, where the dead body is wearing a radio wave crown 2. The radio wave crown 2 is connected to an electric powered or crystal radio antenna 3 that can collect and store radio wave energy. Reference number 4 depicts radio waves interacting with the antenna 3.

Application 10/161,974 that is associated with this publication was abandoned, presumably because of concerns that the scope of 4000 word claim 1 was too narrow. However, Reverend Izzo continues pursuit of patent protection on his resurrection burial tomb through continuation case 12/011,007, which has not yet received a first Office action.

If you have a suggestion for an invention that should receive recognition in The Cutting Edge, please e-mail the patent publication number to mwjohanson@jonesday.com.

FROM THE NEWSLETTER COMMITTEE

We hope you've enjoyed the first issue of the 2008/2009 PIPLA News, an informative and hopefully entertaining look at the goings on in IP law. We invite our entire readership to contribute to this endeavor with articles, announcements, and job postings of your own. If you have something you would like included in PIPLA News or have questions about how you can contribute, please contact Matt Johnson at 412-394-9524 or at mwjohanson@jonesday.com.

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