A Comparative (US/EU) Approach to Transnational Intellectual Property Disputes

Professor Tyler T. Ochoa
High Tech Law Institute
Santa Clara University School of Law

June 1, 2019

International IP Treaties/Agreements

- **Paris Convention for the Protection of Industrial Property (1883; rev. Stockholm 1967)**
  - Article 2: Nationals of any country of the Union shall, as regards the protection of industrial property, enjoy in all the other countries of the Union the advantages that their respective laws now grant, or may hereafter grant, to nationals; … provided that the conditions and formalities imposed upon nationals are complied with.
- **Berne Convention for the Protection of Literary and Artistic Works (1886; rev. Paris 1971)**
  - Article 5(1): Authors shall enjoy … in countries of the Union other than the country of origin, the rights which their respective laws do now or may hereafter grant to their nationals …

Santa Clara University

International IP Treaties/Agreements

- **Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS") (1994)**
  - Article 3: Each Member shall accord to the nationals of other Members treatment no less favourable than that it accords to its own nationals with regard to the protection of intellectual property.
  - Article 4: With regard to … intellectual property, any advantage, favour, privilege or immunity granted by a Member to the nationals of any other country shall be accorded immediately and unconditionally to the nationals of all other Members.
  - [Exceptions: International agreements of a general nature; exceptions in Berne and Rome Conventions; international IP agreements that entered into force before prior to WTO Agreement (Jan. 1, 1996).]

Santa Clara University

Jurisdiction in the United States

- State Courts
  - Typically, each state has trial courts, intermediate appellate courts, highest court. A state's highest court is the final authority on any issue of state law.
  - California: Superior Court, Courts of Appeal, Supreme Court
  - New York: Supreme Court, Appellate Division, Court of Appeals
- Federal Courts
  - 94 District Courts
  - 13 Courts of Appeals
  - U.S. Supreme Court is the final authority on any matter of federal law or Constitutional law.

Santa Clara University

Jurisdiction in the United States

- **Subject-Matter Jurisdiction:**
  - Constitutional Power (U.S. Const., Art. III)
  - Statutory Authorization (Title 28, U.S. Code)
    - 28 U.S.C. § 1331: Federal Question
    - 28 U.S.C. § 1332: Diversity of Citizenship (actions between citizens of different states, or between citizens of a state and foreign citizens)
    - 28 U.S.C. § 1338: Actions for patent infringement or copyright infringement (exclusive), or infringement of registered or unregistered trademark (non-exclusive)
- **Personal Jurisdiction:**
  - Constitutional Power (Due Process Clause)
  - Statutory Authorization ("long-arm" statute)
    - For federal courts, Fed. Rule Civ. Pro. 4(k)

Santa Clara University

Extraterritoriality: Patent Law

- 35 U.S.C. § 271:
  - §271(a): "[W]hoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent."
  - Deepsouth Packing Co. v. Laitram Corp., 406 U.S. 518 (1972): Making unassembled components in U.S. and exporting them for assembly abroad was not "making" or "selling" patented invention in U.S.
  - §271(f)(1): Prohibits supplying in or from the U.S. all or substantially all of components of patented invention, in such a manner as to actively induce the combination of such components outside the U.S., in a manner that would infringe if done in the U.S.

Santa Clara University

Extraterritoriality: Patent Law

- **35 U.S.C. § 271:**
  - §271(f)(1): Prohibits supplying in or from the U.S. all or substantially all of components of patented invention, in such a manner as to actively induce the combination of such components outside the U.S., in a manner that would infringe if done in the U.S.
  - Microsoft Corp. v. AT&T Corp., 550 U.S. 437 (2008): Although software could be a "component," copies made outside the U.S. from a master disk supplied from the U.S. were not supplied "in or from the U.S."
  - WesternGeco, LLC v. ION Geophysical Corp. 138 S.Ct. 2129 (2018): Damages (lost profits) may be recovered for use in foreign countries of invention patented in U.S. where export violated §271(f).

Santa Clara University

Extraterritoriality: Patent Law

- **35 U.S.C. § 271:**
  - §271(b): "Whoever actively induces infringement of a patent shall be liable as an infringer.
  - §271(c): "Whoever offers to sell or sells in the U.S. a component of a patented invention, constituting a material part of the invention, knowing the same to be especially made or adapted for infringement, … shall be liable as a contributory infringer."
  - DSU Medical Corp. v. JMS Co., 471 F.3d 1293 (Fed. Cir. 2006): D who made and sold components abroad for importation and sale in the U.S. could not be liable for contributory infringement (which is expressly limited to sales in U.S.), but could be liable for inducing infringement in U.S.

Santa Clara University

Extraterritoriality: Patent Law

- 35 U.S.C. § 271:
  - §271(g): Whoever imports, offers for sale, sells, or uses in the United States a product made by a process patented in the U.S. is liable as an infringer.
  - Bayer AG v. Housey Pharmaceuticals, Inc., 340 F.3d 1367 (Fed. Cir. 2003): Use in the U.S. of information obtained through use outside the U.S. of a process patented in U.S. does not fall within §271(g).

Santa Clara University

Extraterritoriality: Copyright Law

- Subafilms, Ltd. v. MGM-Pathé Comms. Co., 24 F.3d 1088 (9th Cir. 1994):
  - Subafilms (UK) made movie “Yellow Submarine” and licensed exhibition to UA. Successor MGM/UA later distributed movie on home video in U.S., and licensed international home video to Warner Bros.
  - U.S. Copyright Act gives copyright owner (S) exclusive right to reproduce and distribute movie.
  - HELD: U.S. Copyright Act only applies domestically, and does not apply extraterritorially. No action for damages for distribution of the movie outside U.S.
  - HELD: U.S. Copyright Act does not apply to conduct within the U.S. that contributes to infringement occurring outside the U.S.

Santa Clara University

Extraterritoriality: Copyright Law

- **Robert Stigwood Group, Ltd. v. O'Reilly, 530 F.2d 1096 (2d Cir. 1976):**
  - Unauthorized performances of concert version of *Jesus Christ, Superstar* in both U.S. and Canada.
  - HELD: Damages for infringement occurring outside U.S. cannot be recovered under U.S. Copyright Act, even if performances were planned in the U.S.
- **Jacobs v. Carnival Cruise Lines, 2009 U.S. Dist. LEXIS 31374 (S.D.N.Y. 2009)**
  - Unauthorized performances of Broadway shows on cruise lines departing from Florida.
  - HELD: Damages for infringement occurring outside U.S. territorial waters cannot be recovered under U.S. Copyright Act, even if planned in the U.S.

Santa Clara University

Extraterritoriality: Copyright Law

- **Update Art, Inc. v. Modiin Publishing, Ltd., 843 F.2d 67 (2d Cir. 1988):**
  - Allegedly infringing copies were manufactured in U.S. and subsequently distributed in Israel.
  - HELD: Damages for infringement occurring outside U.S. may be recovered under U.S. Copyright Act if there is "predicate act" of infringement in U.S.
- **Tire Eng'g & Dist., LLC v. Shangdong Linglong Rubber Co., 682 F.3d 292 (4th Cir. 2012)**
  - Defendants allegedly copied blueprints in the U.S. and used them to make infringing articles in China.
  - HELD: Damages for infringement occurring outside U.S. may be recovered under U.S. Copyright Act if there is "predicate act" of infringement in U.S.

Santa Clara University

Extraterritoriality: Copyright Law

- Los Angeles News Serv. v. Reuters Television Int'l, Ltd., 149 F.3d 987 (9th Cir. 1998):
  - Television footage copied on videotape in U.S., transmitted by satellite overseas, retransmitted to Reuters' subscribers in countries outside U.S.
  - HELD: Plaintiff may recover damages from exploitation abroad of the domestic acts of infringement committed by defendants.
- Los Angeles News Serv. v. Reuters Television Int'l, Ltd., 340 F.3d 926 (9th Cir. 2003)
  - HELD: Recovery based on "predicate act" of domestic infringement in U.S. is limited to the defendant's profits ("constructive trust"); but plaintiff cannot recover its actual damages.

Santa Clara University

Extraterritoriality: Trademark Law

- Steele v. Bulova Watch Co., 344 U.S. 280 (1952)
  - B owned registered trademark "Bulova" in U.S. U.S. citizen knowingly used mark in Mexico for sale of watches assembled in Mexico from parts bought in U.S. (Some were re-sold by others in U.S.)
  - HELD: Although U.S. legislation is presumed NOT to apply extraterritorially, U.S. Congress expressly extended Lanham Act to "all commerce that may lawfully be regulated by Congress," including both interstate and foreign commerce.
  - Ruling would not conflict with foreign law, because at time of decision, Mexican government had already canceled S's registration of "Bulova" in Mexico.

Santa Clara University

Territoriality: Trademark Law

- **Persons Co. v. Christman, 900 F.2d 1565 (Fed. Cir. 1990):**
  - U.S. citizen knowingly adopted mark of Japanese company used in Japan for same goods. When he applied to register mark, opposed by Japanese Co.
  - HELD: C had priority, because he was the first to adopt and use the mark within the U.S. Only two possible exceptions, neither of which applies here:
  - Paris Convention Art. 6*bis*: National authorities shall prevent registration of a mark that is already "well-known" in that country as the mark of a foreign national protected under the Paris Convention.
  - Mark is registered "in bad faith" only if plaintiff knows that foreign mark owner has imminent plans to commence use of the mark in the U.S.

Santa Clara University

Territoriality: Trademark Law

- Buti v. Impressa Perosa, S.R.L., 139 F.3d 98 (2d Cir. 1998):
  - HELD: Foreign mark owner that used mark “Fashion Café” only in Milan could not prevent registration and use of “Fashion Café” mark by another in U.S.
- Int’l Bancorp, LLC v. Societe de Bains des Mer et Cercle des Etrangers a Monaco, 329 F.3d 359 (4th Cir. 2008):
  - HELD: Foreign mark owner used mark in “foreign commerce” because U.S. tourists visited the casino at Monte Carlo and casino advertised in the U.S.
  - [Better rationale is that Casino de Monte Carlo falls within the foreign well-known marks doctrine]

Santa Clara University

Territoriality: Trademark Law

- **Grupo Gigante S.A. de C.V. v. Dallo & Co., 391 F.3d 1088 (9th Cir. 1998):**
  - Lanham Act recognizes foreign well-known marks doctrine. If Mexican grocery chain Gigante was already well-known in San Diego before defendant opened Gigante market there, it has priority.
- **ITC, Ltd. v. Punchgini, 482 F.3d 135 (2d Cir. 2007), after certif., 518 F.3d 159 (2d Cir. 2008):**
  - HELD: Lanham Act does not recognize foreign well-known marks doctrine, but it might be recognized under state common law of unfair competition.
  - HELD: Common-law unfair competition claim may be maintained if mark already had secondary meaning among consumers in the relevant market.

Santa Clara University

Cross-Border Infringement

- **Allarcom Pay Television, Ltd. v. General Instrument Co., 69 F.3d 381 (9th Cir. 1995):**
  - D made and sold in Canada descrambling devices to decode television signals broadcast from U.S.
  - HELD: No action for infringement under U.S. law. Alleged infringement was completed in Canada only when TV signal was received and viewed.
- **National Football League v. PrimeTime 24 Joint Venture, 211 F.3d 10 (2d Cir. 2000)**
  - D received TV signals in U.S. and retransmitted them via satellite into Canada.
  - HELD: Recovery allowed based on “predicate act” of domestic infringement in U.S.

Santa Clara University

Cross-Border Infringement

- **Litecubes, LLC v. Northern Light Prods., Inc., 523 F.3d 1353 (Fed. Cir. 2008):**
  - Seller located outside U.S. made and sold infringing goods "f.o.b." ("free on board") outside the U.S. Goods were then imported into and sold in the U.S.
  - HELD: D is liable for violating exclusive right of distribution to the public in the U.S.
- **Geophysical Service, Inc. v. TGS-NOPEC Geophysical Co., 850 F.3d 785 (5th Cir. 2017)**
  - D purchased allegedly infringing items from the Canadian government and imported them into U.S.
  - HELD: D may be liable for importation; U.S. court may determine whether copies were "lawfully made under this title" under U.S. law.

Santa Clara University

Cross-Border Infringement

- **Spanski Enterprises, Inc. v. Telewizja Polska, 883 F.3d 904 (D.C. Cir. 2018):**
  - TVP sold exclusive license to North/South America to Spanski. Later, TVP made its own programs available on its own website in Poland, which could be viewed over the Internet from the U.S.
  - Spanski argued that TVP was publicly performing programs in U.S. without its authorization. TVP argued that any such performance were in Poland.
  - HELD: D.Ct. found that TVP intentionally disabled the "geoblocking" feature required by a previous settlement between the parties, thereby "targeting" public performances into the U.S.

Santa Clara University

Foreign Infringement Claims

- **Voda v. Cordis Corp., 476 F.3d 887 (Fed. Cir. 2008):**
  - Plaintiff patent owner sued in U.S. for infringement occurring in U.S. and several foreign countries. Defendant sought declaration of invalidity.
  - HELD: Court declines to decide whether U.S. and foreign patent claims arise from a common nucleus of operative fact, such that one ordinarily would expect to try them together under 28 U.S.C. §1367.
  - HELD: Act of state doctrine prohibits courts of one country from judging the validity of acts of foreign government agencies. Because patent claims would necessarily implicate acts of foreign patent offices, claims for infringement occurring outside U.S. must be dismissed.

Santa Clara University

Foreign Infringement Claims

- **Boosey & Hawkes Music Publishers, Ltd. v. Walt Disney Co., 145 F.3d 481 (2d Cir. 1998):**
  - License to use music in "Fantasia" allegedly did not include home video use in 18 foreign countries. D.Ct. dismissed for *forum non conveniens*
  - HELD: District court erred in dismissing action. More convenient to determine entire dispute in a single forum; supplemental jurisdiction appropriate.
- **London Film Prods. v. Intercontinental Comm., 580 F. Supp. 47 (S.D.N.Y. 1984)**
  - HELD: Where diversity of citizenship exists, federal court may hear claims for copyright infringement that arose solely in a foreign country and are governed solely by that country's laws.

Santa Clara University

Forum Non Conveniens

- Under doctrine of *forum non conveniens*, a U.S. court may dismiss a case within its jurisdiction if a foreign jurisdiction is substantially more convenient to decide the dispute.
- Creative Technology, Ltd. v. Aztech System, Ltd., 61 F.3d 696 (9th Cir. 1995):
  - Singaporean plaintiff sued Singaporean defendant for the manufacture in Singapore and distribution in U.S. of allegedly infringing "sound cards."
  - HELD: Although P stated a claim for infringement of public distribution right in U.S., it would be substantially more convenient to hear the entire dispute in Singapore, including the claims for infringement of U.S. Copyright Act.

Santa Clara University

Choice of Law

- **Itar-Tass Russian News Agency v. Russian Kurier, Inc., 153 F.3d 82 (2d Cir. 1998):**
  - Kurier, Russian-language newspaper in U.S., copied articles from Russian newspapers without consent. Issue was whether newspapers had standing to sue for infringement (who owned the copyrights?).
  - HELD: Although principle of national treatment requires that infringement claims be determined by U.S. law, issue of ownership should be resolved by law of country with "most significant relationship" to the property and the parties (here, Russian law).
  - HELD: Under exception to work-for-hire doctrine in Russian law, individual authors own copyrights in news articles; newspapers own only copyrights in original selection or arrangement. (But work-for-hire doctrine applies to Itar-Tass News Agency.)

Santa Clara University

Exhaustion of Rights

- Kirtsaeng v. John Wiley & Sons, Inc., 133 U.S. 1351 (2013):
  - Kirtsaeng, a foreign graduate student in U.S., bought textbooks in Thailand and resold them in the U.S.
  - 17 U.S.C. §109(a): "Notwithstanding §106(3), the owner of a particular copy … lawfully made under this title ... is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy."
  - HELD: "Lawfully made under this title" means lawfully made under the standards of U.S. law; it does NOT mean lawfully made within the U.S.
  - §109(a) is also an exception to the importation right, so for purposes of copyright law, U.S. has a rule of international exhaustion.

Santa Clara University

Exhaustion of Rights

- Impression Prods., Inc. v. Lexmark Int'l, Inc., 137 S.Ct. 1353 (2017):
  - Lexmark sold printer cartridges outside the U.S. Defendant bought and refilled printer cartridges outside U.S. and imported and resold them in U.S.
  - HELD: Doctrine of exhaustion applies to printer cartridges made by U.S. patent owner and sold outside the U.S.
  - For purposes of patent law, U.S. has a rule of international exhaustion.

Santa Clara University

Exhaustion of Rights

- 19 C.F.R. § 133.23:
  - (c): "All restricted gray market goods imported into the United States shall be denied entry and subject to detention … except as provided …"
  - (d)(1): Foreign mark owner "is the same as the U.S. owner, a parent or subsidiary of the U.S. owner, or a party otherwise subject to common ownership or control with the U.S. owner"
  - (d)(2): For goods bearing a genuine mark applied under authority of [above], that the merchandise as imported is not physically and materially different
  - (b): If it bears a conspicuous and legible label … that: "This product is not a product authorized by the U.S. trademark owner for importation and is physically and materially different from the authorized product."

Santa Clara University

Enforcement of Foreign Judgments

- **Sarl Louis Feraud Int'l v. Viewfinder, Inc., 489 F.3d 474 (2d Cir. 2007):**
  - Defendants took photos at fashion shows in France and transmitted them to Philippines for dresses to be reproduced, then imported into and sold in U.S.
  - Dress designs are copyrightable under French law, but generally are not copyrightable under U.S. law. P obtained default judgment against D in France.
  - HELD: Foreign judgment is enforceable unless it would violate fundamental public policy of U.S.
  - Although First Amendment is a fundamental public policy, copying dress designs is not necessarily protected by the First Amendment. Remand to decide whether copying would have been fair use.

Santa Clara University

Trasnational IP Disputes

- Questions?

My email address: ttochoa@scu.edu

Santa Clara University