Annual Update

Significant Developments in U.S. and European Copyright Law

2015

COVINGTON

BEIJING BRUSSELS LONDON LOS ANGELES NEW YORK SAN FRANCISCO
SEOUL SHANGHAI SILICON VALLEY WASHINGTON

www.cov.com

Contents

Second Circuit rules Google Books product protected by fair use. 2

Ninth Circuit rules that DMCA takedown senders must first consider fair use.....3

Two circuits hold that actors and others do not have copyright interests in their contributions to a film. 4

CJEU holds that offer for sale—no transaction needed—can infringe distribution right. 5

Supreme Court's *Aereo* ruling not a "game-changer" for all streaming services, district court holds.....5

Altered physical works may not be subject to exhaustion, EU's Court of Justice holds. 6

New York district court issues extensive rulings in video-search fair use case. 7

Sixth Circuit rules graphic elements on cheerleading uniforms are separable and not utilitarian. 8

No copyright in yoga poses and breathing exercises, Ninth Circuit holds. 8

Florida court's rejection of state law performance rights in the *Flo & Eddie* cases sets up bigger decisions. 9

Recent Copyright and Trademark Publications by Covington Attorneys 10

Primary Contacts in Covington's Copyright and Trademark Practice.....11

Below are the selections of Covington's Intellectual Property Rights Practice Group for the "Top Ten" most significant and interesting developments in U.S. and European copyright law during 2015.

Second Circuit rules Google Books product protected by fair use.

In October, the Second Circuit issued its opinion in the long-running *Authors Guild v. Google, Inc.* copyright infringement dispute, ruling that the Google Books product is protected by fair use.

The plaintiffs in *Authors Guild* are authors of various copyrighted books. For its Google Books product, Google made digital copies of millions of physical books (including the plaintiffs' books), which it then indexed and made searchable. The search function, which was free and did not show any ads, lets users search all of the books in the Google Books database. Users cannot read entire works on the Google Books service. They can only see up to three snippets of text—each ordinarily about three lines long—around their searched-for terms. Google also permanently made unavailable for snippet view one snippet per page, and one complete page out of every 10. And as of 2005, Google has allowed rights holders to exclude works from snippet view, if they wish.

Separately from the search function, Google also allows libraries that participate in Google Books to download copies of imaged and machine-readable books that those libraries submitted to Google. These agreements require the libraries to abide by copyright law in utilizing the copies they download, and to take precautions as to those copies in order to prevent their dissemination to the public at large.

Based on the copying, search, and library partnership aspects of Google Books, the author-plaintiffs sued Google for copyright infringement. They moved for summary judgment on their infringement claims and lost because the trial court ruled that the uses Google made of the plaintiffs' copyrighted books were fair uses. The plaintiffs appealed.

In its opinion—authored by Judge Leval, one of the architects of transformative use doctrine in modern fair use law—the Second Circuit reemphasized the importance of transformative use to the first fair use factor. That factor considers the purpose and character of the defendant's use, including its commercial or non-profit purpose. A transformative use adds something new to the copied work, like criticism, commentary, or information about the work itself. Such uses do not supersede or substitute for the other work. The other three fair use factors ask courts to evaluate the nature of the copyrighted work, the amount and substantiality of the portion used in relation to the copyrighted work as a whole, and the effect of the new use on the potential market for or value of the copyrighted work.

As the Second Circuit explained, all of these factors are to be considered holistically, but the more transformative a new work is, the more it serves copyright's goal of enriching public knowledge, and thus the fairer the new use is likely to be.

Analyzing the Google Books search and snippet view functions under the fair use factors, the Second Circuit first ruled that those functions have a transformative function. Specifically, they provide information *about* books; they do not substitute for the books themselves. The search function let users find books relevant to their search results, and the snippet function let users determine whether the book in question was relevant to their interests. The court ruled that this was quintessentially transformative. Moreover, although the court noted that Google was ultimately a commercially motivated company, the court ruled that commercial motivation was not dispositive to fair use analysis because the more a new work is particularly transformative, the less important its commercial aspects will tend to be.

As to the second factor, the court again noted that due to the transformative nature of the Google Books product, the fact that some of the copied works in question were fictional—and thus somewhat more protectable than a work presenting factual matter—was not dispositive due to the product's transformative qualities.

For the third factor, the court ruled that even though Google copied entire books without changing them, it never reveals the *entire* book to the public. It limits searching and snippet viewing such that only 78 percent of a work could ever be accessible to a user, but realistically only 16 percent was ever *actually* accessible. And even if much more of a book were accessible by snippets, the court ruled that the search results could not be meaningful substitutes because they were too fragmentary and scattered to replace a book for a Google Books user.

Finally, as to the fourth factor, the court ruled that the scattered snippets did not significantly harm

the market for the plaintiffs' books in their entireties.

Separately from fair use, the court rejected the plaintiffs' other three arguments as to Google's alleged copyright infringement.

First, the court rejected the plaintiffs' argument that Google infringed their derivative rights to provide information from their books to companies like Google for search and snippet functions. The court ruled that authors have no such derivative rights to supply information from or about their works, such as search results or snippets. Such information is factual, not copyrightable expression.

Second, the court rejected the plaintiffs' argument that Google Books put their works at risk of being publicly disseminated through hacking, because, as the plaintiffs' own expert testified, Google's security systems were more than adequate to protect the plaintiffs' works.

Finally, the court rejected the plaintiffs' argument that Google's provision of digital copies of books to certain participating libraries was not fair use and exposed the plaintiffs to further risk of their books being publicly disseminated. The court ruled that on the facts before it, the libraries were only agreeing with Google to use their digital copies in ways consistent with copyright law, and concerns about what else they might do with those digital books (or what might happen to them due to a third party) were merely speculative.

The decision is a significant development in the application of copyright law to mass digitization, and was greeted with praise and criticism. The author-plaintiffs are seeking review from the Supreme Court, so another chapter in this long-running saga may yet be written.

Ninth Circuit rules that DMCA takedown senders must first consider fair use.

Addressing the issue of when copyright holders can be liable for sending improper takedown notices under the Digital Millennium Copyright Act ("DMCA"), the Ninth Circuit ruled in *Lenz v. Universal Music Corp.* that takedown senders must consider fair use before sending such a notice. Otherwise, they risk liability under Section 512(f) of the DMCA.

DMCA takedown notices must include a statement that the sender had a "good faith belief" that the content in question was not authorized by the copyright owner or the law. Under Section 512(f), if a takedown sender "knowingly materially misrepresents" that the content it targets is infringing, the sender could be liable for damages, including costs and fees.

The copyrighted material in question in *Lenz* was the Prince song "Let's Go Crazy." It appeared in the background of a video Stephanie Lenz posted on YouTube, showing her children dancing around the kitchen as the song plays.

A legal assistant for Universal, Prince's then-publisher, was tasked with monitoring YouTube for potentially infringing material. The assistant was not specifically tasked with considering fair use. He sent YouTube a takedown for Lenz's video because, in his opinion, the song was a focus of the video. Universal's notice included the DMCA's required "good faith belief" statement. After the parties exchanged counter-notifications and protests, Lenz sued Universal for misrepresentation under the DMCA.

First addressing whether the DMCA requires takedown senders to consider fair use before issuing a notification, the Ninth Circuit stated that a fair use is not just one excused by the law. It is expressly *authorized* by the Copyright Act, which provides that "the fair use of a copyrighted work . . . is not an infringement of copyright."

The court then considered whether, based on the facts of the case, there was a genuine issue of whether Universal knowingly misrepresented that it had a good faith belief the video was infringing—that is, did not constitute fair use. Universal contended that its procedures, as executed by its legal assistant, were tantamount to consideration of fair use even if not formally labeled as such.

The court held that "paying lip service" to fair use is insufficient to create a subjective good faith belief under the DMCA. But a copyright holder's consideration of fair use need not be searching or intensive. Recognizing that copyright holders face a "pressing crush of voluminous infringing content" in the digital age, the court held that deep investigation of content itself is unnecessary to form a subjective good faith belief as to whether a given use is fair. However, some initial review that incorporates the evaluation of fair use is necessary.

Such a review could include the use of a computer algorithm to detect potentially infringing works. Still, additional human review is probably necessary for the remaining content that a computer program does not cull, the Ninth Circuit explained.

It is not yet clear whether *Lenz* has given new strength to Section 512(f) claims, which may remain factually difficult to prove. But it does offer one unequivocal guideline to all copyright holders: before sending a takedown notice, consider fair use,

and don't rely entirely on automated tools without human oversight.

Two circuits hold that actors and others do not have copyright interests in their contributions to a film.

In a much anticipated en banc decision, *Garcia v. Google*, the Ninth Circuit held that an actress does not have a copyright interest in her performance in a film, reversing the prior panel decision.

Cindy Lee Garcia auditioned and was cast for a cameo role in what was ostensibly a historical adventure film titled *Desert Warrior*. Unbeknownst to Garcia, the writer-director of the film, Mark Basseley Youssef, intended to alter the film in post-production to create an anti-Islamic film. Youssef used the performance that Garcia and others had recorded for *Desert Warrior* to create a film called *Innocence of Muslims*, depicting the Prophet Mohammed as a murderer, pedophile, and homosexual. Garcia's original lines were dubbed over; one of her lines was replaced with the sentence "Is your Mohammed a child molester?" After a trailer for *Innocence of Muslims* became available on YouTube, Garcia was subject to death threats. The film also created outrage throughout the world and was linked to numerous violent protests.

After her takedown notices did not result in removal of the trailer from YouTube, Garcia sued Youssef and Google in federal district court, asserting copyright infringement and numerous state law claims. Garcia moved for a preliminary injunction on the copyright claim, seeking to bar Google from hosting *Innocence of Muslims* on YouTube and other Google-run sites. The district court denied Garcia's motion, and she appealed. A divided panel of the Ninth Circuit reversed, holding that Garcia would likely prevail in the copyright claim, because her performance was an independently copyrightable contribution to the film and was sufficiently creative to be protectable by copyright—and the death threats established she would suffer irreparable harm without an injunction. Google sought rehearing en banc.

Sitting en banc, the Ninth Circuit reversed the panel prior decision, finding that Garcia's copyright claim faced numerous statutory barriers under the Copyright Act. First, the Ninth Circuit credited the Copyright Office's decision to refuse Garcia's registration for her performance apart from the motion picture. It also noted that Garcia had specifically disclaimed joint authorship in the film.

Second, the Ninth Circuit held that Garcia was not an author of the work *Innocence of Muslims*, which the court categorized as a motion picture that was derivative of the script, neither of which Garcia claimed to have authored. Instead, Garcia's copyright claim was only for her performance in the film. Rejecting this theory, the Ninth Circuit noted that allowing such a copyright claim would "splinter a movie into many different 'works.'" Using as examples the films *Ben Hur*, which had a cast of 125,000 people, and the *Lord of the Rings* trilogy, which had 20,000 extras, the Ninth Circuit found that "[t]reating every acting performance as an independent work would not only be a logistical and financial nightmare, it would turn cast of thousands into a new mantra: copyright of thousands."

Finally, the Ninth Circuit held that Garcia had never fixed her acting performance in a tangible medium. Instead, Youssef and his crew—not Garcia herself—had undertaken the necessary fixation, whether in physical or digital form. The court further reasoned that because, as Garcia argued, she never agreed to her altered portrayal in the film, she could not now argue under the Copyright Act that her performance was fixed "by or under [her] authority."

The Ninth Circuit's opinion emphasized that copyright protection is intended to supply an economic incentive to create and disseminate ideas and to stimulate creation of creative works. Thus, while the Ninth Circuit expressed sympathy to Garcia for the harm and distress caused by her portrayal in *Innocence of Muslims*, it found that, to assert copyright protection, Garcia's harm "must stem from copyright—namely, harm to her legal interests as an author."

Strikingly, just a month later, a second Court of Appeals came to a parallel conclusion on essentially the same issue. The Second Circuit's *16 Casa Duse, LLC v. Alex Merkin* case involved a film director, Merkin, who sought copyright interest in the raw footage of a film that he had been hired to direct. The production company Casa Duse, which owned the rights to the screenplay, disputed Merkin's copyright interest in his contribution. In *Casa Duse*, the Second Circuit decided the broadened issue of whether "a contributor to a creative work whose contributions are inseparable from, and integrated into, the work [may] maintain a copyright interest in his or her contributions alone."

On that point, the Second Circuit distinguished between "works of authorship," amenable to copyright protection, and the *constituent parts* of "works of authorship," which it found not to be amenable to copyright protection. In so holding, the Second Circuit pointed to the legislative history of the Copyright Act and interpreted the Act's definition of "joint work" as

suggesting that contributions intended to be merged into an inseparable part of a whole are not copyrightable. The Second Circuit also echoed the concern in *Garcia v. Google* that allowing copyright for each individual contribution to a film would undermine the Copyright Act's definition of "works of authorship," because "filmmaking is a collaborative process typically involving . . . contributions from large numbers of people." The Second Circuit thus held that an inseparable and integrated contribution to a work does not give rise to a copyright interest.

CJEU holds that offer for sale—no transaction needed—can infringe distribution right.

In May, the Court of Justice of the European Union (CJEU) ruled that under Section 4(1) of the EU Copyright Directive, offering to sell an allegedly infringing work can infringe the rights holder's right to control distribution of its work—even if there is no actual sale of that work.

In *Dimensione Direct Sales SRL v. Knoll International SpA*, Knoll, the Italian furniture company, sued Dimensione Direct, a company that sells reproductions of famous pieces of furniture. Much of Knoll's furniture is quite famous, though not every country in the EU protects it under copyright law because furniture, which often is utilitarian, is not always protectable under every country's copyright laws. Knoll alleged that Dimensione Direct's offering certain pieces of Kroll furniture via German-language websites and catalogs in Germany —where the furniture is protected— infringed its copyrights. The German lower court ruled for Knoll even though Knoll's case was based just on offers for sale, not actual sales. The German appellate court certified to the CJEU the question of whether the distribution right under Article 4(1) of the Copyright Directive includes the right to offer works for sale.

Article 4(1) states that Member States must give authors "the exclusive right to authorise or prohibit any form of distribution [of their works, or copies of their works] to the public by sale or otherwise."

The CJEU stated that it was required to harmonize Article 4(1) with Article 6(1) of the WIPO Copyright Treaty. Article 6(1) states, "Authors of literary and artistic works shall enjoy the exclusive right of authorizing the making available to the public of the original and copies of their works through sale or other transfer of ownership." The CJEU focused on the phrase "through sale" in the WIPO treaty, as well as case precedent defining distribution to the public via sale as including the steps preceding the conclusion of a contract for sale. Based on those sources, the CJEU ruled that if a business offers works for sale—whether through a website, catalog, or otherwise—into a jurisdiction where those works are protected, then that business infringes the rights holder's distribution right under Article 4(1), even if no sale is completed.

The effects of the *Dimensione Direct* decision have already begun to spread through the EU. In November, the German Federal Court of Justice (BGH) ruled in three separate cases, one of which was the *Dimensione Direct* case post-CJEU ruling, that offering copyright-protected works for sale to the public via advertisements is enough to support a claim for violation of a copyright owner's distribution rights even without an actual sale.

Supreme Court's *Aereo* ruling not a "game-changer" for all streaming services, district court holds.

One of the key questions left open by the Supreme Court's 2014 decision in *American Broadcasting Cos. v. Aereo, Inc.* is how far the Court's reasoning extends beyond the facts of that case. In *Aereo*, the Court found infringing a service that remotely streams broadcast TV to users through individually assigned antennas. The Court's decision focused on the similarity between Aereo and early cable TV providers, whose actions had prompted Congress to revise the Copyright Act so as to clarify that unauthorized cable retransmissions constitute infringing "public performances." Yet the Court also emphasized the "limited" nature of its holding in *Aereo*, suggesting that the decision did not necessarily apply to "different kinds of providers in different contexts."

In *Fox Broadcasting Co. v. Dish Network LLC*, a California district court rejected Fox's contention that *Aereo* was a "game-changer" that rendered Dish's remote-streaming services infringing. The district court's holding suggests that courts will be cautious in applying *Aereo* to new cases, even ones that also involve streaming of broadcast TV without broadcasters' permission.

Dish Anywhere is a feature that enables Dish subscribers to stream live and recorded content from their home DVRs to their computers and mobile devices. In finding that Dish Anywhere does not "publicly perform" Fox's programs under Section 106 of the Copyright Act, the court observed that *Aereo* distinguished between "an entity that 'engages in activities like Aereo's' and one that 'merely supplies

equipment that allows others to do so.'" Dish Anywhere falls into the latter category, the court said, because, unlike Aereo, Dish licenses the right to retransmit TV broadcasts to its subscribers, meaning that "[a]ny subsequent transfer of the programming . . . takes place after the subscriber has validly received it." Accordingly, *Aereo*'s holding that "entities bearing an 'overwhelming likeness' to cable companies publicly perform" did not extend to Dish Anywhere.

The court also found that Dish could not be held directly liable for infringement because Dish does not engage in "volitional conduct." Rather, the actions involved in commencing a performance—"initiat[ing] the process, select[ing] the content, and receiv[ing] the transmission"—are all performed by the subscribers. Nor do the subscribers themselves directly infringe, the court held, as they do not perform any works "publicly": the subscribers are instead valid "possessors" of the copies stored on their DVRs and transmit those copies only to their own devices, not to "a large number of people who are unknown to each other."

In addition to Dish Anywhere, the court addressed other Dish services, including PrimeTime Anytime, which enables subscribers to record entire blocks of programming instead of having to select one show at a time, and Hopper Transfers, which allows subscribers "to transfer copies of recordings from a DVR to a tablet or smartphone for later viewing at any location with or without an Internet connection." In both instances, the court found that (a) Dish does not engage in volitional conduct giving rise to direct infringement and (b) Dish's subscribers use of such "time- and place-shifting" features are "paradigmatic" examples of fair use.

Notably, however, the court ruled that fair use did *not* protect Dish's use of quality-assurance ("QA") copies of TV programs for testing its AutoHop feature, which lets subscribers automatically skip commercials. Although Dish used the QA copies only "to manually confirm the time-stamps" indicating the start and stop times of a program's commercial breaks, the court found this use not "transformative" for purposes of the fair use analysis because the QA copies "are simply used to allow users to automatically skip commercials in the copyrighted programming rather than to create original programming or content." The court's holding in this respect appears in tension with other recent fair use decisions involving technologies that use expressive works for non-expressive purposes—for example, *Fox News Network, LLC v. TVEyes, Inc.* (discussed below), in which a New York district court held that fair use protected most features of a service that records the broadcasts of over 1,400 TV and radio stations to create a searchable database for its subscribers.

Altered physical works may not be subject to exhaustion, EU's Court of Justice holds.

The European Union's Directive 2001/29/EC (known as the "Copyright Directive") directs EU Member States to provide authors the exclusive rights to authorize or prohibit their works' reproduction and distribution. Article 4(2) of the Directive also provides that the distribution right shall not be "exhausted" within the European Community with respect to originals or copies of the work, unless the first sale or other transfer of that work within the European Community is made by or with the consent of the rights holder.

In *Art & Allposters International BV v. Stichting Pictoright*, the main question for the Court of Justice of the EU ("CJEU") was whether an authorized reproduction of a copyrighted work, distributed in an altered form, exhausts a copyright holder's right to limit the distribution of the *altered* work.

Many famous painters (or their heirs) have entered into licensing agreements with Pictoright, a Dutch copyright collecting society. Pictoright is mandated to exploit copyright on behalf of the painters or their estates through agreements with businesses like Allposters, whom Pictoright has licensed to sell reproductions of paintings printed on posters. But when Allposters began to sell "canvas transfers" of those paintings—essentially prints of paintings transferred via chemical process from a paper poster to a canvas—Pictoright sued, contending that Allposters was exceeding its reproduction license.

The Dutch trial court dismissed the action, but the Court of Appeals reversed, holding that older Dutch copyright doctrine rendered the canvas transfers "new publications" outside the scope of Allposters' original license, since Allposters obtained "new opportunities for exploitation" when it distributed licensed posters in the altered form of canvas transfers.

Allposters argued that this Dutch doctrine was outdated and did not accord with harmonized EU copyright law. Rather, Allposters contended, EU law requires Member States to permit exhaustion if a work originally offered for sale with a copyright holder's consent is altered only in its medium and then redistributed. The Dutch appellate court referred this question to the CJEU.

The CJEU found that exhaustion by first sale, under EU law, refers only to the exhaustion of a copyright holder's ability to control the resale of an individual, tangible object into which a protected work or its copy is incorporated with the copyright holder's consent. Because Allposters' licensed posters underwent subsequent alterations through the canvas transfer process, the court held that the replacement of the medium created an entirely *new* object that incorporated the copyrighted painting, such that the licensed poster itself ceased to exist.

The CJEU also observed that applying the rule of exhaustion to altered copies would contradict EU copyright law's objective of allowing authors to obtain appropriate rewards for their works, as Allposters charged more for canvas transfers than it did for posters. Accordingly, the CJEU found that Dutch copyright law conformed to EU copyright law.

The CJEU's decision in *Allposters* places a clear limit on the applicability of the exhaustion doctrine in cases involving "analog" works, but it remains to be seen whether the same reasoning will apply to digital works.

New York district court issues extensive fair use rulings in video-search case.

In *Fox News Network LLC. v. TVEyes, Inc.*, the broadcasting company Fox News sued TVEyes, a company that indexes and provides a searchable archive of huge quantities of television and radio broadcast content. Fox alleged that TVEyes's service infringed copyright in Fox's broadcast content. TVEyes contended that its indexing, search, and related capabilities—including archiving, downloading, and sharing—were all protected by fair use.

TVEyes's service is subscription only, and its users include Congress, several branches of the military, and the White House. In 2014, the U.S. District Court for the Southern District of New York had ruled that TVEyes's indexing and search functions were clearly protected by fair use because they enabled criticism and commentary, and because TVEyes only made available the past few weeks of broadcast content—not a complete historical archive. However, the court ruled that it required more evidence to determine whether TVEyes's other functions were similarly protected by fair use. So it asked for further briefing on TVEyes's functions of searching video by date and time broadcast, archiving videos, and allowing videos to be emailed, downloaded, or shared on social media.

In August, the court issued its opinion on those features, providing significant guidance for businesses that offer similar services. Parsing TVEyes's capabilities piece by piece, the court ruled that some of TVEyes's features that hewed closer to familiar territory—like established image search fair use cases—were protected by fair use. But other features that the court considered non-essential to those familiar functions were not protected by that defense.

Specifically, the court first ruled that the ability to archive videos was essential to TVEyes's users' ability to provide commentary or criticism on them. Although the fact that TVEyes did not offer all of its content for search at all times was important for finding that the service did not supersede Fox's own broadcast services, the court ruled that in order for TVEyes's users to compare recent broadcasts to old ones (for example), they needed to be able to save videos and review them later. So the archiving feature was protected by fair use.

However, the court ruled that TVEyes had not provided sufficient evidence of why its other functions were "essential" to the fair use purposes of its products. As to the date-and-time search capability, the court ruled that a TVEyes user could apply this function to reconstruct the actual broadcast sequence of a particular show, and therefore use TVEyes's service to substitute for the actual broadcast—so this feature was not fair use. And as to the emailing, downloading, and sharing functions, the court ruled that the "potential for abuse" rendered those functions not subject to fair use protection. However, regarding just the email function, the court ruled that if TVEyes showed that it could restrict what was emailed and to whom, that feature could be a permissible fair use.

Subsequently, the court issued a permanent injunction in the case, specifying among other provisions that TVEyes could continue to allow email sharing if it restricted the number of times a video could be shared outside its customers' domains, and if recipients registered non-Gmail email addresses with TVEyes before being able to view the clip. TVEyes was also required to implement social media blocking functions as to Fox's content. The court's rulings are now on appeal.

Although this is only a district court opinion, it offers significant insight into how trial courts might consider more novel technologies that resemble but are not identical to the types of search engines that are now more familiar to the courts.

Sixth Circuit rules graphic elements on cheerleading uniforms are separable and not utilitarian.

In September, the Sixth Circuit weighed in on a long-running dispute in copyright law: when and whether certain graphic elements on otherwise utilitarian objects, like uniforms, are separable enough from those objects' functional aspects to be copyrightable.

Copyright doctrine holds, in brief, that utilitarian objects—"useful articles"—are not generally copyrightable. But pictorial, graphic, or sculptural features of a utilitarian object can be copyrightable if they are physically or conceptually separable from the object's utilitarian elements. The long history of cases attempting to make sense of the question of separability reflects how complicated this process can really be.

In *Varsity Brands, Inc. v. Star Athletica, LLC*, the utilitarian objects in question were cheerleading uniforms. These uniforms included tops and skirts with various graphic elements like color blocks, stripes, chevrons, and other such designs that could be customized for the teams that ordered them. Varsity and Star both design cheerleading uniforms. Varsity sued Star because it alleged that Star's cheerleading uniforms were too similar to its own designs. Varsity also submitted evidence that its designers do not consider function or ease of production when sketching uniform concepts. All of Varsity's designs that were the subjects of the suit were registered as two-dimensional artworks, thus indicating the Copyright Office's conclusion that Varsity's designs were non-functional and separable from the uniforms' utilitarian aspects.

The trial court judge ruled on summary judgment that Star was entitled to summary judgment because the graphic elements of the uniforms were not separable from the uniforms' purposes as cheerleading uniforms—without them, the trial court found, the uniforms would not be recognizable as cheerleading uniforms. The court gave no deference to the Copyright Office's decision to register Varsity's designs.

On appeal, the Sixth Circuit first considered whether it owed deference to the Copyright Office's decision to register Varsity's uniforms. The court ruled that the Copyright Office's decision was entitled to *Skidmore* deference, a lower level of deference than *Chevron* deference—when an agency has been delegated the power to promulgate rules of law—but still persuasive because of the Copyright Office's specialized experience in considering copyrightability.

The court then assessed the issue of separability as to Varsity's uniform designs. As a threshold matter it declined to limit separability to *physical* separability, ruling as other circuits have that *conceptual* separability is sufficient. The court then ruled that the uniforms' function was not just to signify themselves as cheerleading uniforms, but to cover the body, wick sweat, and withstand the rigor of athletic movements. The designs on those uniforms were thus not utilitarian, by that definition. The court went on to hold that the designs did not enhance in any way the uniforms' functions as athletic wear, as the cheerleaders wearing those uniforms could perform just as well in completely blank uniforms. Last, the court ruled that Varsity's designs could exist separately from the uniforms themselves—in fact, the court stated, nothing stopped Varsity from framing its designs as art. So, the court concluded that Varsity's designs were copyrightable and remanded the case for further proceedings on Varsity's claims.

Star has filed a cert petition with the Supreme Court, so it is possible that 2016 will see a more definitive decision on the "useful article" doctrine.

No copyright in yoga poses and breathing exercises, Ninth Circuit holds.

In a decision that could affect rules on copyrightable subject matter beyond the unique facts of its case, the Ninth Circuit ruled in *Bikram's Yoga College of India, L.P. v. Evolation Yoga, LLC* that a sequence of yoga poses and breathing exercises meant to improve health was not copyrightable.

Section 102(b) of the Copyright Act excludes from copyright protection "any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work." Under the "idea/expression dichotomy," no ideas are copyrightable in themselves: only specific expressions of them are. This ensures that facts and ideas can be freely communicated while authors' unique expressions of them are protectable.

Bikram Choudhury, described as "Yogi to the stars" is the founder of "Bikram Yoga," a yoga practice centered around a particular sequence of twenty-six poses and two breathing exercises practiced in a very hot room. He published a book that included descriptions, photographs, and drawings of his poses and exercises and also licensed the sequence to "Bikram" yoga studios.

Choudhury claimed that the sequence of exercises was copyrightable—not just the written description of it in the book, but the sequence itself. He sued a competitor, Evolation, alleging that in practicing the same sequence it was infringing his copyright.

The Ninth Circuit held, first, that Choudhury's sequence is an uncopyrightable idea under Section 102(b) of the Act. The court pointed to Choudhury's book itself, which explained that the sequence is meant to improve health and heal injuries. The court stated that this explanation showed that the poses and exercises in the sequence, and the order of the sequence itself, are uncopyrightable ideas: they are all essentially healing methods, not expressive works.

Second, the court ruled that Choudhury's sequence was not copyrightable as either a compilation or a work of choreography. Compilation protection can extend to a collection or assemblage of preexisting materials or data selected, coordinated, or arranged in such a way that the resulting work is an original work of authorship. But the compilation itself must be original, and protection is limited to the particular selection or arrangement. The court held that Choudhury's "compilation" was simply a step-by-step breakdown of the healing method he developed—not an original, creative collection.

As to Choudhury's choreography claim, the court returned again to the idea/expression dichotomy as a way to police "the uncertain boundaries of copyrightable subject matter." The court ruled Choudhury's sequence not copyrightable as a choreographic work for the same reason it was not as a compilation. It was simply a method meant to achieve a certain result, even if it—like ballet, for example—was composed of "static and kinetic successions of bodily movement in certain rhythmic and spatial relationships."

The Ninth Circuit's focus on the functionality of the yoga sequence—its purported beneficial health effects—in denying protectability is notable. Although the case involved unusual facts, the principles applied in *Bikram's Yoga* have broader application and it will be interesting to see whether and how the decision is applied to other categories of works.

Florida court's rejection of state law performance rights in the *Flo & Eddie* cases sets up bigger decisions.

Over the last two years, courts, lawyers, and commentators have all paid close attention to the *Flo & Eddie* cases, which assess the limits of state law copyright protection for pre-1972 sound recordings. This year, a Florida district court declined to find a state law public performance right for pre-1972 sound recordings, creating a split with courts in New York and California that have found otherwise. The split potentially sets up this narrow issue for bigger appellate decisions in the coming year.

All of the *Flo & Eddie* cases have the same basic fact pattern. The plaintiff, Flo & Eddie Inc., owns the rights to the master recordings of the '60s rock group The Turtles. It licenses those rights, including the rights for certain digital uses, to others. The defendant, Sirius XM Radio, is a satellite radio provider that Flo & Eddie accuse of infringing its property rights in digital copies of The Turtles' music, including the public performance right. Because the Copyright Act does not provide for a public performance right in any sound recordings fixed before 1972, Flo & Eddie have relied on the fact that states can choose to protect pre-1972 works on their own, whether by statute or by common law, including by providing a public performance right in those recordings.

Flo & Eddie have sued Sirius in California, New York, and Florida. California provides statutory protection to pre-1972 sound recordings, including the public performance right, and also has substantial legislative history and case law supporting that right. New York has no statute, but does have a well-developed common law history of protecting pre-1972 sound recordings' public performance rights. Accordingly, California and New York federal district courts have ruled against Sirius, holding that Flo & Eddie has an exclusive right under state law to perform the sound recordings in question publicly—so Sirius infringes each time it plays digital copies of those recordings on its satellite radio stations in those states.

As the Florida court ruled, however, Florida has neither a statutory nor a common law regime for protecting public performance rights in sound recordings. The court, finding that it would be essentially creating a new property right if it ruled for Flo & Eddie, left the issue to the state legislature and held that Florida does not give Flo & Eddie a public performance right for their pre-1972 recordings.

Each of the Flo & Eddie cases has been appealed. Between those cases and the coming ruling from the Second Circuit in *Capitol Records, LLC v. Vimeo, LLC*—which considers whether DMCA safe harbors apply to pre-1972 sound recordings—2016 may be a very significant year for any business dealing in older sound recordings.

Recent Copyright and Trademark Publications by Covington Attorneys

- Aaron Cooper, *Important Examination of What a 21st Century Copyright Office Needs*, The Hill (February 26, 2015)
- Simon J. Frankel and Ethan Forrest, *How Does Livestreaming Video Fit into the DMCA's Safe Harbor?*, Bloomberg BNA Computer Technology Law Report (October 2015)
- Marie Lavalleye, Bingham Leverich, Kathleen Gallagher-Duff, Simon Frankel, Ethan Forrest, and former associate Katie Gasztonyi, *Supreme Court Holds that TTAB Decisions May Have Preclusive Effect in Federal Court Actions*, Covington E-Alert (April 2, 2015)
- Gina Vetere, Marty Hansen, Marney Cheek, and Jay Smith, "*What's New in the TPP's Intellectual Property Chapter*," Covington GlobalPolicyWatch Blog (November 24, 2015)

Primary Contacts in Covington's Copyright and Trademark Practice

Beijing

2301 Tower C Yintai Centre
2 Jianguomenwai Avenue
Chaoyang Dist., Beijing 100022

Jason Goldberg
+86 10 5910 0501
jgoldberg@cov.com

Brussels

Kunstlaan 44 Avenue des Arts
B-1040 Brussels

Lisa Peets
+44 20 7067 2031
lpeets@cov.com

London

265 Strand
London WC2R 1BH

Lisa Peets
+44 20 7067 2031
lpeets@cov.com

Morag Peberdy
+44 20 7067 2107
mpeberdy@cov.com

Los Angeles

2029 Century Park East
Suite 3100
Los Angeles, CA 90067

Mitchell A. Kamin
+1 424 332 4759
mkamin@cov.com

New York

The New York Times Building
620 Eighth Avenue
New York, NY 10018

Neil K. Roman
+1 212 841 1221
nroman@cov.com

Jonathan M. Sperling
+1 212 841 1153
jsperling@cov.com

San Francisco

One Front Street
San Francisco, CA 94111

Evan R. Cox
+1 415 591 7073
ecox@cov.com

Simon J. Frankel
+1 415 591 7052
sfrankel@cov.com

Clara J. Shin
+1 415 591 7058
cshin@cov.com

Seoul

Foreign Legal Consultant Office
22nd Floor, Meritz Tower
382, Gangnam-gu
Seoul 135-934, Korea

Charles Kim
+82 02 6281 0003
cskim@cov.com

Shanghai

2701 Two ifc, Shanghai ifc
No. 8 Century Avenue
Pudong New District
Shanghai 200120

Weishi Li
+86 21 6036 2502
wli@cov.com

Washington

One CityCenter
850 Tenth Street, NW
Washington, DC 20001

Ronald G. Dove Jr.
+1 202 662 5685
rdove@cov.com

Kathleen T. Gallagher-Duff
+1 202 662 5299
kgallagher-duff@cov.com

Marie A. Lavalleye
+1 202 662 5439
mlavalleye@cov.com

Bingham B. Leverich
+1 202 662 5188
bleverich@cov.com

Lee J. Tiedrich
+1 202 662 5403
ltiedrich@cov.com

Individual biographies and additional information about the firm and its practice appear on the firm's website, www.cov.com.

© 2016 Covington & Burling LLP. All rights reserved.