

INTELLECTUAL PROPERTY & TECHNOLOGY UPDATE

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Federal Circuit Opens the Door to More Reissue Patents



A recent federal circuit opinion reaffirmed a longstanding rule permitting patent owners to use a reissue proceeding (35 USC §251) in the United States Patent and Trademark Office (USPTO) as a hedge against future invalidity challenges.

In *In re Tanaka*, __ F.3d __, 2011 U.S. App. LEXIS 7739 (Fed. Cir. Apr. 11, 2011), the patentee filed a reissue application before the USPTO. Originally, the patentee sought to broaden the scope of the patent's independent claims. However, he later abandoned that attempt, choosing instead to leave the patent's original claims untouched, instead adding a new claim that was dependent on – and narrower in scope to – existing independent claim 1. The patentee's declaration stated “because I did not fully appreciate the process of claiming according to U.S. practice, I did not realize that I had claimed more or less than I was entitled to claim.” To the patentee, “more or less” meant he inadvertently failed to include certain dependent claims to which he was rightfully entitled – he was not speaking about the scope of the existing claims.

The USPTO rejected the patentee's argument, finding that he failed to specify an error that could be properly corrected through reissue. The patentee appealed, and the Board of Patent Appeals and Interferences (BPAI) affirmed. In its opinion, the BPAI held that the reissue statute “disallow[s] reissue applications that simply add narrow claims to the reissue patent when no assertion of inoperativeness or invalidity for the reasons set forth in §251 can be made by the patentee.”¹ The BPAI found that the patentee was impermissibly seeking an additional claim on reissue “in order to hedge against the possible invalidity of one or more of the original claims.”² The patentee appealed to the Federal Circuit.

The court first addressed the rule governing reissue applications. For a reissue to succeed, the court explained that two elements had to be met. First, the original patent had to be “wholly or partly inoperative or invalid.”³ Second, “the defective, inoperative, or invalid patent must have arisen through error without deceptive intent.”⁴ The court acknowledged that only the first element was at issue.

Citing a half century-old decision, the court stated that adding dependent claims as a hedge against possible invalidity of original claims “is a proper reason for asking that a reissue be granted.”⁵ The court explained that the term “inoperative” may properly mean “inoperative adequately to protect the invention,” and further that because the “term ‘less’ appears to have been used in the sense of fewer claims than he could properly have made, rather than in the statutory sense of subject matter included within the claims . . . the narrower appealed claims are simply a hedge against possible invalidity of the original claims.”⁶ This is a proper reason, the court held, for seeking a reissue.

The court reasoned that

[E]ach claim is a separate statement of the patented invention. And each claim of a patent has a purpose that is separate and distinct from the remaining claims. Claims of narrower scope can be useful to clarify the meaning of broader, independent claims under the doctrine of claim differentiation. And dependent claims are also less vulnerable to validity attacks given their more narrow subject matter. Thus, the omission of a narrower claim from a patent can render a patent partly inoperative by failing to protect the disclosed invention to the full extent allowed by law.⁷

Thus, because the patentee committed an error during prosecution – namely, that he “neglected to seek a narrower dependent claim to which he was entitled” – the patentee may properly apply for a reissue that adds only narrower claims without amending any of the original

claims.⁸ The court reversed the decision of the BPAI and remanded for further proceedings.

In the aftermath of the court's decision, we will likely see an increase in the number of reissue applications filed in the USPTO. This decision opens the door to patentees who wish to inoculate themselves from invalidity claims (and potentially costly litigation) by seeking a reissue to narrow claims long before such a validity challenge is made. Patentees may also try to use this procedure to claim new commercial embodiments discovered after issuance of the patent and that may not be fully covered by the broader existing claims.

Christopher D. Mays, associate, Palo Alto

1. *Decision*, 2009 Pat. App. LEXIS 24 at 32.
2. *Id.* at 26-27.
3. 2011 U.S. App. LEXIS 7739 at 7 (citing *Hewlett-Packard Co. v. Bausch & Lomb, Inc.*, 882 F.2d 1556, 1564 (Fed. Cir. 1989)).
4. *Id.*
5. *Id.* (citing *In re Handel*, 312 F.2d 943, 946 n.2 (CCPA 1963)).
6. *Id.* (internal quotations omitted).
7. *Id.* at 12 (internal citations omitted).
8. *Id.*

How Not To Enforce Intellectual Property Rights – Lessons From *MediaCAT Limited v. Adams & Ors*¹



The Facts

MediaCAT was an online monitoring company set up to make money by bringing copyright infringement claims (relating to adult content)

against users of Internet file sharing sites. The company claimed to have the right to enforce such copyrights on behalf of copyright owners, by virtue of certain agreements it had concluded with them.

MediaCAT's lawyers, ACS:Law, obtained the details of thousands of individual Internet users by getting disclosure orders against Internet service providers. ACS:Law then sent out thousands of aggressive letters to suspected file sharers, threatening court proceedings unless a settlement fee of £495 (approximately US\$815) was paid. Most recipients of the letters evidently paid up rather than face embarrassing litigation. Legal proceedings were started in the Patents County Court (PCC) against some recipients who did not pay.

By Christmas of 2010, no defense had been filed in most of the cases nor had any attempt been made by MediaCAT to proceed with them. Those cases were simply left hanging. In view of these odd circumstances, a PCC judge, Judge Birss, took the unusual step of making an order of the court's own motion to convene a case management conference in all 27 cases on the court's files at the time.

Just before the case management conference hearing, ACS:Law presented the court with 27 notices of discontinuance, stating that MediaCAT wanted to discontinue the actions and then re-issue all 27 claims because the company was concerned that the claim forms might not all have been served properly, and wanted to reconsider and reformulate its case.

The Issues

The key issues before the court were:

- (i) Whether section 102 of the Copyright, Designs and Patents Act 1988 (CDPA) meant that a claimant in a copyright case, who was claiming some form of license but was not the copyright owner, needed permission to discontinue the action.

Section 102 CDPA states that where an action for copyright infringement concerns concurrent rights of action, the copyright owner or the exclusive licensee, as the case may be, may not, without the leave of the court, proceed with the action unless the other is either joined in as a claimant or added as a defendant.

Judge Birss held that "proceed with the action" in Section 102 referred to proceeding with any step in a case including serving a notice of discontinuance. Thus, Judge Birss concluded that MediaCAT could not discontinue the action without leave of the court.

- (ii) How Civil Procedure Rule (CPR) 19.3 applied to the case. That rule of court procedure provides that where a claimant claims a remedy to which some other person is jointly entitled, all persons entitled to the remedy must be parties unless the court orders otherwise. Was it the case that the copyright owners had to be joined as parties?

Judge Birss held that CPR 19.3 was "clear and mandatory" – all the copyright owners, therefore, had to be parties. To take steps in the proceedings (including discontinuing) without joining the copyright owners would be a breach of this rule.

- (iii) Because MediaCAT had stated that it wished to reissue the claims, Judge Birss needed to know the effect of CPR 38.7, which states that where a defense has been filed, the claim cannot be re-issued after discontinuance without the court's permission.

MediaCAT argued that if the current cases were discontinued, although MediaCAT would need permission to restart them, the copyright owners

would not need permission as they were not parties to the claims. Judge Birss rejected that argument, saying that the copyright owners were not strangers to the case as they were parties to the agreements with MediaCAT, which purported to give MediaCAT the right to pursue infringement actions.

The court had inherent power to prevent a party from obtaining, by the use of its process, a collateral advantage that would be unjust for the party to retain.

Judge Birss held that the notices of discontinuance would give the copyright owners a collateral advantage stemming from a breach of statute (Section 102 of the CDPA) and from the circumvention of a mandatory rule (CPR 19.3). Further, the copyright owners would have avoided being parties to proceedings at the point the case was discontinued and, therefore, would avoid being subject to CPR 38.7. This was, Judge Birss said, an abuse of process and the notices of discontinuance should be set aside.

Case authorities showed, Judge Birss concluded, that discontinuing proceedings can, in certain circumstances, amount to an abuse of process. The court had inherent power to prevent a party from obtaining, by the use of its process, a collateral advantage that would be unjust for the party to retain and the termination of litigation can, like any other step in the litigation process, be used to obtain such an unjust advantage.

Judge Birss said that this was clearly a case which needed scrutiny by the courts and he highlighted in particular that:

- The claimant's case assumed that identifying an IP address linked to a particular adult content film and to a P2P network, at a particular point in time, established that the person who was connected to that IP address was an infringer. As the judge said, "Proof that a person owns a photocopier does not prove they have committed acts of copyright infringement."
- The quantum of damages claimed also deserved scrutiny. If all that was proved was one single download, then all that would have been lost was the profit on the sale of one copy of a work, the cost of which would amount only to a small fraction of the £495 claimed in the letters before action.
- The position of ACS:Law and its letter writing campaign also called for scrutiny. In the judge's view, "Media CAT and ACS:Law have a very real interest in avoiding public scrutiny of the cause of action because in parallel to the court cases, a wholesale letter writing campaign is being conducted from which revenues are being generated."

Comment

Having been forced to continue with 27 separate claims, all of which appeared to be very weak in light of the judge's cogent criticisms of them, it is perhaps hardly surprising that MediaCAT has now gone out of business. ACS:Law has also ceased to trade but the Solicitors Regulatory Authority in the UK has nonetheless opened a formal investigation into its erstwhile principal, Andrew Crossley.

Those who seek to enforce intellectual property rights by mass mailing Internet users should take note of this case and ensure that they get their house in order before they start their enforcement campaign.

The robust and proactive approach taken by Judge Birss was also a noteworthy feature of this case. Anyone thinking that the PCC, under its new judge Colin Birss, is going to be a soft touch with a *laissez faire* approach, is clearly wrong.

Andrew Clay, partner, Birmingham

1. [2011] EWPCC 006 (8 February 2011).

Claims for Damages for Violations of Open Source Licenses



Whoever commercially uses licensed open source software must specify the developer and source code or risk claims for damages, according to a recent decision of the District Court of Bochum, Germany.¹

This appears to be the first decision by a German court related to the violation of copyrights of a software developer that are anchored in the GNU Lesser General Public License (LGPL).

Introduction

Open source or free software refers to software whose source code is available to everyone. The official definition of the Open Source Initiative (OSI) lists four basic freedoms of use, which are attributed to the founder of the free software movement, Richard Stallmann.

Accordingly, a user may

- Use the software for any purpose;
- Study the source code in order to find out how the program functions;
- Distribute the software to others without restrictions; and
- Change and improve the software and publish the changes in order to make them available to the general public.

In recent years, open source software has not only become an integral part of the software environment in Germany, but also many companies are using Linux, OpenOffice and Mozilla as their servers on a daily basis. Additionally, more than a few software manufacturers turn to open source components when developing new software.

Although the almost 200 different open source license models have a common basis in terms of the rights of use,

modification and circulation of source codes, there are significant differences with regards to the conditions that are connected with exercising the rights granted. Different terms have been used for the commercial distribution of open source software and transmission as part of closed source software. While some licenses require, for example, that every application derived from free software will likewise itself be an open source (so-called strong copyleft) and will only be distributed under the same conditions that also apply for the original software, others have lesser requirements (so-called weak copyleft) or no requirements at all in this respect.

A strong copyleft should guarantee that a source code that has once been released as an open source truly remains free and cannot find its way into a proprietary product, whose code is kept under lock and key. The most prominent representative of this type of a strictly understood copyleft is the GNU General Public License (GPL). It allows the user to use, modify and distribute the source code as long as the recipient is also granted the same rights. Changes with respect to the original code must be explicitly designated. The distribution in binary form requires that the source code is either included or is available at any time.

A well-known example of a copyleft designed to be weaker is the GNU LGPL. In contrast to the GPL, all programs that use only LGPL licensed software externally, for example, as a program library, can retain their own licenses. The LGPL is, therefore, particularly suited as a license for libraries, which one would also like to permit programmers of proprietary programs to use.

Classification of Open Source Software Under German Copyright Law

Open source software is subject to copyright law in Germany – just like any other software. With regards to the GPL, it was, however, questionable in the past whether the licensing terms largely influenced by the United States would also withstand German law.

This uncertainty was eliminated in 2004 by the District Court of Munich. The judges determined that the GPL

represents valid general terms and conditions of business. If such terms and conditions are effectively included in the contracts on rights of use, they ensure that a violation of the GPL can lead to the automatic relapse of rights and, thus, to an expiration of the rights of use.

A user authorization under the LGPL only exists if the formal conditions are observed, even if the authorized use is free of charge.

The Court Decision

In the case before the District Court of Bochum, the main issue was the extent to which the developer of a certain software that is distributed under an LGPL is entitled to claims for injunctive relief and damages in the case of violations of the conditions of that LGPL. When distributing the program "WISO Mein Büro 2009," the defendant provided neither the licensing text of the LGPL nor the source code of the underlying software "FreeadhocUDF," contrary to the licensing terms, and failed to specify the name of its developer. "FreeadhocUDF" was published on the Internet under the conditions of the LGPL and had been made available at no charge. In a partial judgment, the 8th Civil Division of the District Court of Bochum recognized the merits of the claims by the plaintiff, Adhoc Dataservice, for information and compensation. The court decided that the marketer of the software collection, Buhl Data Service, violated the copyrights of the plaintiff by distributing the software contrary to the licensing terms.

The court initially clarified that a user authorization under the LGPL only exists if the formal conditions are observed, even if the authorized use is free of charge. Otherwise, the creators would have practically no rights. The determination regarding LGPLs in this case should be applicable to all open source programs that are made available under certain licensing conditions.

The Bochum court's decision can be seen as a clear strengthening of the legal position of free software developers. Economic interests are often not the most important issue for the creative individuals in the open

source field – specifying the name of the developer is much more important for insiders to, perhaps, gain recommendations for new job opportunities. Until now, open source developers in Germany have rarely tried to defend their copyrights in court in view of the imminent cost risk. The reluctance of developers may, however, no longer be an issue following this recent decision.

The amount of damages that the defendant in this case must pay and how such damages are to be calculated still need to be decided during the further course of legal action. The calculation is especially difficult here because the plaintiff did not develop the program alone and the plaintiff's share for adapting the software first needs to be determined. The final decision is eagerly awaited.

Practical Tips

When using open source software that is available at no charge on the Internet, it is advisable in all cases to thoroughly review the terms of the underlying open source licenses before commercially exploiting any new software products based on such open source software, in order to eliminate the risk of any copyright violations. In cases of doubt over the scope and content of licensing terms, legal advice should be obtained before marketing any new software products. Otherwise, developers run the risk of legal action.

Annette Demmel, senior associate, Berlin
Matei Ujica, associate, Berlin

1. District Court of Bochum, Case I-8 O 293/09, January 20, 2011.

The Patents County Court: Change for the Better?



The UK's Patents County Court has changed. On October 1, 2010, a simplified and shortened trial process was introduced and a cap imposed on the costs recoverable by the

winning party from the losing party. A couple of weeks earlier it was announced that Colin Birss QC, a respected and experienced barrister, had been appointed as the new Patents County Court (PCC) judge. Currently, some intellectual property owners (particular SMEs) are deterred from litigating to protect their rights because of the length and complexity of the trial process and the high costs usually involved. In light of the changes in the PCC, intellectual property owners should look again at their protection strategy and assess whether litigation to defend their rights is now a realistic option.

What is the Patents County Court?

The PCC was established in 1990 to serve the interests of SMEs by providing an affordable forum for intellectual property litigation. The High Court has long had a reputation for dispensing high quality justice in intellectual property disputes but the inevitable consequence is that the parties usually incur significant costs in getting the matter to trial. The PCC was created by Parliament to handle the smaller, less complex and important, lower value actions. It was to provide cheaper, speedier and more informal procedures than the High Court to ensure that SMEs and private individuals were not deterred from innovation by the potential cost of litigation to safeguard their rights.

Does It Work?

Since its creation, the PCC has been widely criticized for failing to achieve its objectives. There are probably two main reasons for this. First, until the changes last October, the PCC was not in any way differentiated from the High

Court. There was no formal threshold defining those cases that should be heard by the PCC and those by the High Court. There was simply an informal understanding amongst practitioners that the PCC was for the simpler, lower value disputes. The PCC had the same jurisdiction, rules and procedures as the High Court. Trials in the PCC and High Court would be managed in exactly the same way with full use of disclosure, witnesses, experts and cross examination. The result was that the procedures in the PCC were inherently costly. Second, smaller intellectual property owners were deterred from bringing proceedings because of the risk of having to meet a substantial and unpredictable adverse costs award if unsuccessful.

The Changes

Both the Intellectual Property Court Users' Committee (IPCUC) in its report of July 2009 and Lord Justice Jackson's wide-ranging review of civil litigation costs published in early 2010 highlighted concerns that SMEs and individuals were still being denied access to justice in intellectual property disputes because they were effectively priced out of the system.

The procedural changes introduced on October 1 are another attempt to reform the PCC to make it the affordable forum for intellectual property litigation it was meant to be.

In essence, the trial process in the PCC has been shortened and simplified. The parties are now subject to strict deadlines for filing their statements of case, which will only be extended for "good reason." The statements of case must contain all of the facts, arguments and evidence on which the parties rely because, in most cases, there will be no actual trial. The judge will make a decision on the papers. Where the interests of justice require there to be a trial it will last no more than two days with no skeleton arguments, witness statements, cross examination or expert evidence unless the court orders this. It will only do so where the value of this material in terms of resolving the issues in dispute justify the costs involved. There will be no disclosure of documents or experiments in patent cases in

the run up to the trial unless the court orders this. The trial will be held, or decision on paper made, within six months of proceedings being issued.

The PCC can hear all intellectual property disputes from passing off and trademark infringement to copyright issues. The PCC can also grant injunctions that have effect throughout Europe.

Capped Costs

In addition, the costs recoverable by the winning party from the losing party have been capped. Usually, the loser will pay around 70 percent of the winner's costs. In intellectual property disputes, where the costs of trial can be high, this sum can be substantial and some owners are not willing to run this risk. Now the costs recoverable by the winner are capped at £50,000 (approximately US\$82,000) or £25,000 (approximately US\$41,000) where the trial is about the level of damages to be paid rather than liability. The court retains discretion to award additional sums where a party has behaved unreasonably. Scaled costs have also been introduced. This means that not only is there a cap on the overall costs recoverable by the winner, but smaller caps on the sums that can be recovered for each stage of the action. For example, the maximum sum recoverable for drafting the Particulars of Claim is £6,125 (approximately US\$10,000) and £15,000 (approximately US\$25,000) for preparing for and attending trial (if there is one).

Has Anything Really Changed?

Is this good news for intellectual property owners? In short, yes. If the changes are implemented rigorously then litigation in the PCC should become quicker and cheaper. This is particularly welcome given that the PCC can hear all intellectual property disputes from passing off and trademark infringement to copyright issues. The PCC can also grant injunctions that have effect throughout Europe.

The strategic potential of PCC proceedings should not be overlooked. Cases can be transferred from the High Court to the PCC. A party to proceedings in the High Court could make an application for transfer to defeat a party holding

them to ransom on costs; that is, a party who has issued proceedings knowing that the pressure on costs is likely to lead to settlement.

Inevitably, some risks remain

Intellectual property owners should not, however, rush headlong into issuing proceedings. These changes do not eliminate all costs risks. Those that remain are:

- The possibility of being subject to an adverse costs order for up to £50,000 (still a significant sum for most SMEs).
- Liability for the additional costs of applications or appeals, neither of which are included in the £50,000 cap.
- The court's ability to make an adverse costs order for more than £50,000 where a party has behaved unreasonably. Pre-action conduct is likely to be scrutinized; parties will be expected to have clear, written letters prior to action and made attempts to settle via mediation or otherwise, all of which can incur significant additional cost.
- The possibility that the case will be transferred to the High Court (by the PCC itself or on request of one of the parties) with the result that the case falls back into the High Court costs regime. In deciding whether to transfer, the court will consider the value and complexity of the claim and whether a party can only afford to litigate in the PCC. Which of these criteria will prevail has yet to be determined.

(Note that there is no easy escape route for a claimant here as a claimant who "opts-out" on transfer and discontinues the claim will usually be liable to pay the other side's costs.)

- The likelihood of additional costs being incurred in any mini-trial to determine whether the transfer should happen. In certain circumstances, this issue could be hotly contested, for example, where a small start up business, wanting to clear

the path for its new product, brings proceedings against a major pharmaceutical company whose patent is vital to its market position.

- Will the new PCC procedure adversely affect the quality of justice? Can any but the simplest of patent infringement actions realistically be resolved without expert evidence? Will the court have available to it all of the facts and matters needed to reach a fair decision? Only time will tell.

Conclusions

Undoubtedly, the value of intellectual property rights is significantly diminished if they are not enforced in a cost effective and proportionate manner. The changes in the PCC open the door for smaller intellectual property owners to do this. With their lawyers, they should review now how the PCC fits into their future protection strategy.

Carl Rohsler, partner, London

The Japanese Supreme Court's Recent Rulings on Television Program Copyrights and Space-Shifting



In an ongoing battle between owners of television program copyrights and the entrepreneurs who develop innovative technologies to widely distribute their work to viewers, on January 18 and

20, 2011 the Supreme Court of Japan heard two cases involving the "space shifting" of streamed television programs, or the transfer of programs to remote receivers around the world for recording and viewing.¹

With many Japanese living outside Japan, including in the United States, a considerable number of these ex-patriots are eager to watch Japanese television programs in their homes. Until recently, rental videocassettes in overseas Japanese markets catered to this need. Typically, those cassettes contained dated programming, but new streaming technology provides a more technologically advanced and timely option.

Some years ago, Sony released "location free" devices that consist of a recorder/transmitter and a receiver/controller. The recorder electronically transfers the recorded content to a remote receiver controlled by a user. This constitutes "space-shifting." One of the defendants in the recent cases is an entrepreneur who used Sony's location free technology to enable users to watch television programs on demand via the Internet. The other defendant had developed an original space-shifting technology similar to Sony's and a new business model to meet the demand for streaming broadcasts. At first, these devices were intended for personal use, allowing users to watch programs not only in their living room, but in other locations in their homes. Programs could also be watched while travelling or at a location outside the home, such as a cafe or a hotel, using a wireless network through a laptop or hand-held gaming device, such as a portable Sony PlayStation.

Unlike other copyright systems, Japan's copyright law has no provision for fair use;² instead, it allows individual exemptions and private duplication of a copyrighted article. Therefore, Sony's location free technology, or similar technology, in and of itself is not illegal. Just like a video or DVD recorder, Sony's location free technology is perfectly legal.

Some entrepreneurs have commercialized the use of space-shifting technology internationally, allowing users to record television programs while abroad. Under this new business model, these entrepreneurs have made improvements to location free devices or have developed their own devices, and sold or leased these devices to Japanese families going abroad. Previously, and as long as purchasers left their recorders at a family member's house, for example, their use was deemed to be private and no cause for concern.

In the first stage of this business, a provider who was brought before the court kept the user's recorders (equipped with the transmitting functions) on its own business premise. In other words, the provider supplied an antenna, a splitter and a centralized network system, managed by the provider, on site. Users, on the other hand, took their receivers (with their control functions) abroad, set their recorders to record streamed programs via the Internet, downloaded the programs to their receivers and played them.

The Tokyo District court held that this enterprising business directly violated copyright law by supervising and facilitating users' duplication of copyrighted content, thereby earning a profit for its service.³ Under Japanese copyright law, direct infringement is eligible for injunction, whereas contributory infringement is hardly recognized. Thus, copyright holders wishing to pursue injunctive relief must sue infringers on the grounds of direct infringement.

Consequently, after studying several court cases, the entrepreneurs devised a new business model in which recording devices were sold or leased to users, and users controlled their recorders directly via their own remote control units, thereby enabling users to record programs at

will from the service provider's offerings. This eliminated the drawbacks of the previous centralized recording system. In this new plan, users operated their own recorders and controllers one-on-one, which is analogous to leaving a recorder in a family member's house while one is overseas. When hearing these types of cases, the lower courts' decisions have been inconsistent, but the recent Supreme Court rulings have at least for the moment resolved any ambiguity over the permissible use of recorders to capture and stream televised content.

The Supreme Court ... held that, because the provider received ground-based broadcasting and input data to the recorders on its site, and that without such assistance users could not duplicate programs, the provider played an instrumental role in the duplication of copyrighted content.

In one case, broadcasting companies insisted that their interactive transmission rights⁴ and rights of making contents transmittable⁵ had been infringed. In this case, on January 18, 2011, the Supreme Court held that by connecting to the Internet the recorders could automatically transmit content to the users on demand, and by inputting streaming content continuously to recorders the provider had directly infringed such rights. The case was remanded to the Tokyo High Court.⁶

In an earlier case, on January 27, 2009, the Tokyo High Court decided that the provider only aided users' legitimate private duplication based on the highly improved and developed new technology, and that no illegal acts were committed.⁷ But, on January 20, 2011, the Supreme Court overturned this decision and held that, because the provider received ground-based broadcasting and input data to the recorders on its site, and that without such assistance users could not duplicate programs, the provider played an instrumental role in the duplication of copyrighted content. Therefore, the provider was found to have directly infringed the owner's duplication rights and the case was remanded to the Tokyo High Court.⁸

Understandably, these decisions have disappointed entrepreneurs who provide space-shifting services and/or rental or sale of these devices. The new technology, admired by the Tokyo High Court in this area, will become less available because Sony has decided to withdraw location free technology from the market.

These recent Japanese Supreme Court decisions on space-shifting are facing criticism on the grounds that their range is still vague and the law will have negative effects on innovative business models by penalizing streaming content service providers. Additionally, the new case law appears to reward major television broadcasters for their chronic failure to innovate and develop new business models to meet the needs of the public whom they ostensibly exist to serve. This appears to be an area of the law where entrepreneurs will continually strive to develop new business models to implement space shifting technology and courts will struggle to keep up.

Kanako Inokuchi, national partner, Tokyo

1. Similar cases have been heard by the Tokyo District Court and the Osaka District Court, which are designated to hear technology copyright infringement cases in Japan.
2. An authorized committee is discussing new provisions regarding Japanese fair use.
3. See *Japan Broadcasting Corporation v. FAVision, Inc.*, Tokyo District Court, October 17, 2004, 1895 Hanrei-jiho 120.
4. *ixquater* of Article 2 of Chapter 1: "interactive transmission" means the public transmission made automatically in response to a request from the public, excluding the public transmission falling within the term "broadcasting" or "wire-diffusion."
5. *ixquiquies* of Article 2 of Chapter 1: "making transmittable" means the putting in such a state that the interactive transmission can be made by either of the acts set out below.
(a) to record information on a public transmission memory of an interactive transmission server already connected with telecommunication networks for the use by the public, (snip).
6. *Japan Broadcasting Corporation et al. v. K.K. Nagano Shoten*, Supreme Court, January 18, 2011, 1524 Saibansho-jiho 1. <http://www.courts.go.jp/hanrei/pdf/20110118164443.pdf>.
7. *Nihon Digital Co. Ltd. v. Japan Broadcasting Corporation et al.*, Tokyo High Court, January 27, 2009. <http://www.courts.go.jp/hanrei/pdf/20090224172114.pdf>.
8. *Japan Broadcasting Corporation et al. v. Nihon Digital Co. Ltd.*, Supreme Court, January 20, 2011, 1524 Saibansho-jiho 2. <http://www.courts.go.jp/hanrei/pdf/20110120144645.pdf>.

Contributor Profiles

Editor



Alicia M. Choi focuses her practice on the area of patent law. Her experience includes preparing and prosecuting utility patent applications in the areas of electrical and computer engineering including information technology, software systems, wireless communication, medical diagnostic devices, semiconductors, analog and digital circuitry, and consumer electronics such as optical storage media and audio devices for US and international clients. Her experience also includes conducting novelty, patentability, invalidity and infringement analyses for various electrical devices and systems. In addition Alicia has been involved in reissue and reexamination proceedings and provided litigation support in patent infringement claims.



Andrew Clay has a track record of taking his clients' intellectual property rights into new markets via licensing, joint ventures and other exploitation vehicles. Clients also come to Andrew in relation to intellectual property enforcement issues. He has a strong reputation

for patent, design, breach of confidence and trademark work in particular. He also has a healthy criminal law practice, which focuses on the enforcement of the criminal sanctions for intellectual property infringement against counterfeiters. Andrew also advises clients on how to develop and implement intellectual property strategies, which are aligned to and support their business strategies.



Annette Demmel advises national and international businesses in IT law, privacy and data protection, telecommunication law, copyright and media law as well as competition law. She also acts as an external Data Protection Officer for companies and represents our clients in contentious and noncontentious

issues frequently on a multijurisdictional basis. Ms Demmel is a certified specialist in Information Technology Law (*Fachanwältin für Informationstechnologierecht*) and in Copyright and Media Law (*Fachanwältin für Urheber- und Medienrecht*).



Kanako Inokuchi focuses her practice on intellectual property matters, litigation, dispute resolution and general corporate transactions, particularly involving information technology. Kanako advises clients on patent rights, trademark rights, design rights and copyrights. She also advises clients on corporate strategies related to the Unfair Competition Prevention Act as well as handling matters including license negotiations, contract compilation and an infringement lawsuit. Kanako has worked with US-based lawyers in handling patent infringement lawsuits simultaneously entered in the United States and Japan. She has also been involved in projects under Japan's Ministry of Economy, Trade and Industry and is a member of the working group of Software Information Center's Guidelines on Electronic Commerce and Information Trading Committee, the Current Status of OSS Committee and the Exploratory Committee on Promotion of Utilization of Software Alternative Dispute Resolution Center.



Christopher D. Mays is a registered patent attorney focusing his practice on intellectual property and complex commercial litigation. He has experience in high technology disputes concerning patent infringement. While in law school, Christopher competed in numerous advocacy competitions including the Carr Mock Trial, where he was a semifinalist, and the King Hall Negotiations competition. He is a member of the American Bar Association, the American Intellectual Property Law Association, and the San Francisco Intellectual Property Law Association.



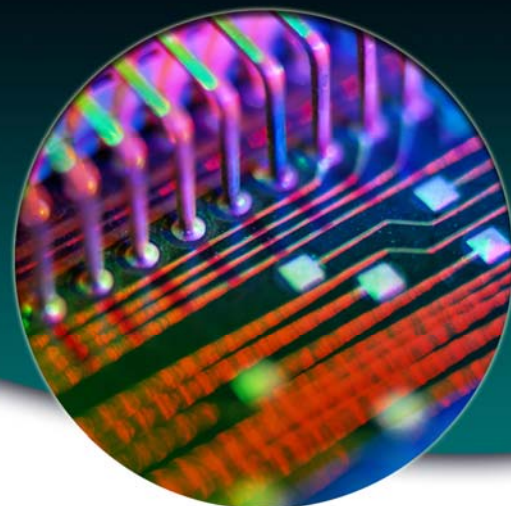
Carl Rohsler leads the Intellectual Property and Technology Practice Group in Europe. His practice covers the full range of intellectual work including patents, trademarks and designs, copyright and confidential information.

Although working on both contentious and noncontentious matters, Carl is best known for his work as a trial lawyer, having been involved in a number of leading cases in this field since 1995. He is a solicitor advocate (High Court: Civil 2001). Carl is also known as one of the UK's leading experts on gambling law, acting for a number of the leading online and bricks and mortar gambling operations in the UK and across the world. In addition to his expertise in intellectual property and gambling regulation, he has considerable experience in advertising and marketing regulation, data protection, e-commerce and labeling and packaging law.



Matei Ujica advises clients on data protection and media law. His practice focuses in particular on IT law, new media, intellectual property, competition and telecommunication law. Matei's experience also includes litigation and arbitration matters. His former experience

includes working as a legal trainee in law firms in Germany and the United States as well as in the office of a German data protection authority.



Squire Sanders Intellectual Property & Technology Practice

Alicia M. Choi

Intellectual Property & Technology Update Editor

Tysons Corner

+1.703.720.7896

alicia.choi@ssd.com

Jerry Dodson

San Francisco

+1.415.954.0358

gerald.dodson@ssd.com

Carl Rohsler

London

+44.20.7655.1662

carl.rohsler@ssd.com

Florian Traub

London

+44.20.7655.1091

florian.traub@ssd.com

David S. Elkins

Intellectual Property & Technology Practice Group Leader

Palo Alto

+1.650.843.3378

david.elkins@ssd.com

Contributors:

Andrew Clay

Birmingham

+44.121.222.3358

andrew.clay@ssd.com

Christopher D. Mays

Palo Alto

+1.650.843.3230

christopher.mays@ssd.com

Annette Demmel

Berlin

+49.0.30.72616.8208

annette.demmel@ssd.com

Matei Ujica

Berlin

+49.0.30.72616.8226

matei.ujica@ssd.com

Kanako Inokuchi

Tokyo

+81.3.5774.1800

kanako.inokuchi@ssd.com

Beijing
Berlin
Birmingham
Bratislava
Brussels
Budapest
Cincinnati
Cleveland
Columbus
Frankfurt
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