



STATE BAR OF MICHIGAN

Michigan IT Lawyer

A Publication of the State Bar of Michigan Information Technology Law Section

<http://www.michbar.org/it>

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Bits and Bytes from the Section

By Michael Gallo, 2012-2013 IT Law Section Secretary

Welcome to summer!

During July, the Privacy Law Committee of the IT Law Section held an organizational meeting, and about 20 persons attended. The committee plans to meet quarterly to discuss current topics as well as deep-dive into some aspect of privacy. Section members interested in joining the Privacy Law Committee can express their interest in participating by sending an 'I want to join' message to one of the committee Co-Chairs: Bob Rothman, rothman@privassoc.com and Keith Cheresko, kcheresko@privassoc.com.

The final submission date for the '2013 Edward F Langs Writing Award', and essay competition sponsored by the Section, was June 30, 2013, and 27 entries were received by the Section! Over the next few months, under the guidance of David R. Syrowik, a team of Section members will complete the challenging process of reviewing and ranking the entries. The top entries will receive a cash award and will be published in an upcoming issue of the Michigan IT Lawyer.

On LinkedIn, the group 'IT Law Section of the State Bar of Michigan' has about 170 members. If you are not a member, you are welcome to join the group. If already a member, please use this resource to connect with your peers. You are welcome to post to 'Discussions' or 'Jobs', initiate a 'Poll' or request creation of a 'Subgroup'. Your participation is welcome and desired!

Lastly, but most importantly, the 6th Annual Information Technology Law Seminar, presented in cooperation with ICLE (The Institute of Continuing Legal Education) will take place Wednesday, September 25, 2013, at The Inn at St. John's, in Plymouth, Michigan. This year's seminar is titled 'Core Legal Issues in a High-Tech Business World', and will include six presentations, including:

- Designing Privacy Notices for Mobile Devices and Applications

Continued on next page





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Bits and Bytes . . .

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- Basics of Computer IP Protection
- Maintaining Privacy Policies and Responding to Security Breaches
- International Privacy Update
- E-Discovery Almost a Decade after Sedona
- Ten Tips for Navigating Cloud Computing

In addition to the presentations listed above, the IT Law Section's annual Section Meeting will take place, and the day will close with a complimentary networking reception. For more information, or registration, visit www.icle.org/ITLaw. Hope to see you there!

Regards,

Michael Gallo

2012-2013 Section Secretary



6th Annual Information Technology Law Seminar

'Core Legal Issues in a High-Tech Business World'

September 25, 2013 • The Inn at St. Johns, Plymouth

Photo: St. John Inn and Conference Center

The *Michigan IT Lawyer* is pleased to present “Why Do All Casinos Seem to be the Same? A Glance Into Casino Games, Gambling Machines and the Doctrine of Fair Use” by Eric D. Gorman. The article was previously published in the *North Dakota Law Review*, Volume 87, Number 3 (2011), <http://law.und.edu/law-review/issues/87/87-3.cfm>, and is reprinted here by permission of the author.

The statements made and opinions expressed in this essay are strictly those of the author, and not the State Bar of Michigan or the Information Technology Law Section. Comments regarding this article can be forwarded to the Michigan IT Lawyer, care of michael@gallo.us.com. Enjoy!

Why Do All Casinos Seem to be the Same? A Glance Into Casino Games, Gambling Machines and the Doctrine of Fair Use

By Eric D. Gorman*



Eric D. Gorman

I. Introduction

Card tables, slot machines, the massive bar with live music, the cashier, all the sounds and lights. This is typical of the interior layout of a classic casino, but doesn't it seem like all casinos are the same? Don't all casinos have to be different, otherwise it would be unfair and against the law to “copy” something from another . . . right?! Casino equipment, such as slot machines and

card games, cannot be copied from its creator unless it is fair to use the product. At the same time, casinos seem so similar to one another. In order to have a unique casino, there must be protection of original and innovative casino games and machines for the creators and owners. The only way to achieve this originality in gambling equipment and innovations is by implementing proper law as guidance for casinos to follow and abide by.

This article examines what it should take for casino games and machines to be protected by the doctrine of fair use and how this defense might be altered to potentially allow more protection for creators/inventors of casino games and machines. The background of this article defines the aspects to the doctrine of fair use and copyright infringement. The analysis discusses how to obtain the defense of “fair use” when one casino uses the same gambling game and/or machine as another casino. The proposal discusses possible alternatives and solutions to help copyrighted gambling games and machines become distinct in certain

casinos. In order to give each casino a special appeal with copyrighted gambling games and machines, there needs to be a protection from one another to minimize, and hopefully eliminate, the copying of gambling ideas and concepts by creating more rigid elements to the doctrine of fair use, with the goal that this defense cannot be used so “easily.” Finally, the conclusion suggests possible solutions on how to protect gambling games and machines in one casino from being wrongfully copied by other casinos. These suggestions are merely guidelines to follow if the gaming industry ever wanted to explore the idea of protection for specific casino games and machines.

Overall, this article examines what it takes to be considered “fair use” when it comes to casinos’ intellectual property for gambling games and machines. Without the doctrine of fair use, no two casinos would be able to have the same technology, machinery, and overall interior. “In most betting shops you will see three windows marked ‘Bet Here,’ but only one window with the legend ‘Pay Out,’”² and the only way each casino can have that very same setting is through fair use. Original casino games and machines, however, should be allowed to exist freely, if desired by the creator/inventor, without the concern of copying by other casinos.

II. Background

This section discusses the elements of copyright infringement and the four factors of the doctrine of fair use. An in-depth explanation is given for each fair use factor and how that particular part pertains to copyright infringement.

Hit or Bust—Just Borrowing or Copyright Infringement

To examine casino technology, such as card games and slot machines, in the context of the doctrine of fair use, one must first understand what some of the terms mean. In order to argue whether the defense of fair use is relevant for gambling technology, a casino must first prove it has something worthy of protection.³ Violation of any of the exclusive rights of the copyright owner constitutes infringement.⁴ These exclusive rights include the right to reproduce the work, the right to prepare derivative works based on the work, the right to distribute copies of the work to the public, and the right to display the work publicly.⁵ Thus, some “exclusive rights” relating to casinos can pertain to items such as card shufflers, slot machines, and unique poker games, just to name a few.

To establish copyright infringement, a party must show he or she had valid ownership of a copyright for his or her original work and the constituent elements of the work that are original were copied by another party.⁶ Furthermore, a plaintiff with a valid copyright must demonstrate the defendant has actually copied the plaintiff’s work and the copying is illegal because a substantial similarity exists between the defendant’s work and the plaintiff’s protectable elements.⁷ In addition to these elements, a party must demonstrate the defendant’s copying of protected elements of the original copyrighted work occurred for his or her use.⁸ Each element, along with a brief history of copyright law, is set forth below.

Copyright Protection

The United States Constitution grants copyright protection.⁹ The Constitution gives Congress the power “[t]o promote the [p]rogress of [s]cience and useful [a]rts, by securing for limited [t]imes to [a]uthors and [i]nventors the exclusive [r]ight to their respective [w]ritings and [d]iscoveries”¹⁰ The primary purpose of copyright law is “to secure ‘the general benefits derived by the public from the labors of authors,’”¹¹ while its secondary purpose may motivate authors and inventors by giving them a reward.¹² The Copyright Act of 1790 was the first federal copyright act instituted in the United States.¹³ Today, the Copyright Act of 1976 is the most recent enactment by Congress.¹⁴ The Copyright Act gives legal protection to the authors of original works that are “fixed in any tangible medium of expression.”¹⁵ Furthermore, the Copyright Act preempts state law and any conflicting state law is considered invalid.¹⁶

Original Ownership

To qualify for copyright protection, a work must be original to a party.¹⁷ Original, as the term is used in copyright, means

only that the work was independently created and that it possesses at least some minimal degree of creativity.¹⁸ To be original, the requisite level of creativity is extremely low; even a slight amount will suffice, no matter how crude, humble, or obvious it might be.¹⁹ A work may be original even though it closely resembles other works so long as the similarity is fortuitous, not the result of copying.²⁰ However, copyright law protects an author’s or artist’s original expression; facts and ideas within a work are not protected.²¹ For a casino, it must demonstrate that its technology is new and inventive, thus giving it protection from copying by other parties in the industry.

Copying Occurred

Absent copying, there can be no infringement of copyright.²² Copying may be inferred where the alleged infringing party had access to the copyrighted work and the accused work is substantially similar to the copyrighted work.²³ Hence, for a casino to get protections for its products, the casino needs to show its industry technology is both original and the original item was copied.²⁴ But even if this protection can be granted, infringement of the protected item can still be reproduced in a similar fashion due to the doctrine of fair use.²⁵

Copying can be illustrated by either direct or indirect proof.²⁶ Direct proof is evidenced by the defendant admitting to copying the work or through eyewitness testimony that the defendant copied the work.²⁷ Direct admission is not common in copyright infringement cases; the plaintiff usually must show indirect proof.²⁸ Indirect proof of copying is shown through circumstantial evidence that the defendant had access to the plaintiff’s work,²⁹ the work was widely disseminated,³⁰ or there is a sufficient similarity between the two works.³¹ Access to the plaintiff’s work may involve proving the defendant viewed the work or had knowledge of the work.³² If evidence of access and similarities exist between the two works, then it may be enough for a court or jury to find there was copying.³³

Misappropriation

The third and final element of copyright infringement is unlawful appropriation or misappropriation.³⁴ Misappropriation is shown by establishing substantial similarity between the two works.³⁵ There are several tests used among the circuit courts to establish substantial similarity, which include, but are not limited to, the average lay observer test,³⁶ the recognizeability test,³⁷ and fragmented literal similarity.³⁸ Unlawful appropriation lies at the heart of proving copyright infringement.³⁹

In order to prove unlawful appropriation, the plaintiff must demonstrate the use of his work by the defendant was substantial and material.⁴⁰ In order to determine whether there is unlawful use of the plaintiff's work, courts typically utilize the "substantial similarity" standard.⁴¹ Under the substantial similarity standard, courts will determine whether the defendant's use of the plaintiff's original work is reasonably recognizable to a lay listener in the defendant's work.⁴² If it is found that the copying is substantial and material, the defendant's work may infringe.⁴³ If the defendant's work is not found to be "substantial and material" under the substantial similarity standard, then the defendant's use is *de minimis*.⁴⁴ When the defendant's work is *de minimis*, it means the copied portion of the original work is too small and immaterial.⁴⁵ However, *de minimis* use is only one way to avoid copyright infringement. The most popular way to avoid copyright infringement is the fair use exception.

All in—The Fair Use Breakdown

To examine the doctrine of fair use as related to casino technology, one must first understand its definition. The doctrine of fair use permits other people to use copyrighted material,⁴⁶ without the owner's consent, in a reasonable manner for certain purposes.⁴⁷ The doctrine is important because it helps to determine if a copied work is created legally.⁴⁸

With extensive copying or paraphrasing of the original work or physically appropriating the original research, use of copyrighted material without the owner's consent generally will not be considered reasonable.⁴⁹ Under the Copyright Act,⁵⁰ fair use prevents copyright owners from restricting distribution of their copyrighted works to the public.⁵¹ Determination of fair use hinges upon the consideration of the following four factors:⁵² (1) the purpose and character of the use, (2) the nature of the copyrighted work, (3) the amount copied in relation to the work as a whole, and (4) the effect of the use upon the potential market.⁵³ These factors, however, are not exhaustive in determining fair use.⁵⁴

The fair use exception is a defense to copyright infringement.⁵⁵ The doctrine of fair use provides that the use or reproduction of a copyrighted work is "not an infringement of copyright" if it is used "by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research."⁵⁶ One of the first significant copyright infringement cases in the United States was *Folsom v. Marsh*⁵⁷ in 1841.⁵⁸ In *Folsom*, the Circuit Court of Massachusetts held a concern of copyright infringement is "the degree [that] the [defendant's] use may prejudice the sale, or diminish the

profits, or supersede the objects, of the [plaintiff's] original work."⁵⁹ *Folsom* also held copyright infringement is found by "look[ing] to the nature and objects of the selections made, [along with] the quantity and value of the materials used."⁶⁰ Later, the *Folsom* holding was codified in the Copyright Act of 1976, 17 U.S.C. § 107.⁶¹ Today, § 107 is known as the doctrine of fair use.⁶²

The doctrine of fair use will only be applied after the court has found copyright infringement.⁶³ The *de minimis* defense, on the other hand, is applied at the time of examining whether copyright infringement has taken place. Therefore, the *de minimis* analysis used in an infringement case is separate from the fair use exception because *de minimis* use is found when substantial similarity has not been met.⁶⁴

The equitable doctrine of fair use permits others to use copyrighted material without the owner's consent in a reasonable manner for certain purposes.⁶⁵ Section 107 provides an illustrative, but not exhaustive, list of factors for determining when a use is "fair."⁶⁶ Each is considered below.

Purpose and Character

When it comes to the defense of fair use with regard to the "purpose and character" of the copying, a court should examine (1) the degree to which the challenged use has transformed the original and (2) the profit or nonprofit character of the use.⁶⁷ In other words, the factor entails whether and to what extent the new work is transformative and if the transformed work is used for commercial value.⁶⁸

Commercial Value. The doctrine of fair use uses the "purpose and character" factor to ask whether the original was copied in good faith to benefit the public, or primarily for the commercial interests of the infringer.⁶⁹ Therefore, in determining whether fair use exists, the question is whether the alleged infringer's use of the owner's works is of a commercial nature, or a nonprofit educational purpose.⁷⁰ In a fair use analysis, the critical question is "whether [the alleged party] stands to profit from exploitation of the [protected work]."⁷¹

Copies made for commercial or profit-making purposes are presumptively unfair.⁷² In fair use analysis, the "crux of the profit/nonprofit distinction is not whether the sole motive of the use is monetary gain but whether the [alleged infringer] stands to profit from exploitation of the copyrighted material without paying the customary price."⁷³ Thus, an alleged infringer cannot profit from exploitation of another's copyrighted material without paying a customary price for it, regardless of claims that there was no harm because there was no market for the original.⁷⁴ Knowingly exploiting copyrighted work(s) "for personal gain militates against a finding

of fair use.”⁷⁵ While commercial motivation and fair use can exist side-by-side, one may consider whether the alleged infringing use was primarily for public benefit or for private commercial gain.⁷⁶ To counter a showing of commercial motivation, parties who make a profit from copying original work have the burden to show their conduct falls within fair use.⁷⁷

Transformative Work. A stronger consideration for determining a work’s nature and purpose is whether the accused, challenged work has transformed the original into something new.⁷⁸ A transformative work supersedes the original creations, adds a different character, or adds something new to further the purpose, all while altering the first work with new expression, meaning, or message.⁷⁹ Such transformative use is not absolutely necessary for a finding of fair use.⁸⁰

Indeed, “the goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works.”⁸¹ Works that merely copy the original are more likely to be copyright infringement.⁸² There must be an alteration or change of the original works into something new and creative.⁸³ Otherwise, the use of the original work is unfair because a transformative expression was not constructed.⁸⁴

Transformation is a key ingredient to fair use.⁸⁵ Consequently, the definition of a transformative inquiry can be expanded in four ways: (1) defining transformative purpose beyond examples to include creative works; (2) considering a secondary work’s expressive purpose, not just its functional purpose; (3) considering minimal aesthetic changes as sufficient for transformation; and (4) deemphasizing any market harm once transformation is found.⁸⁶ Basically, transforming a work means to give it a different meaning than the original intended.

Nature of Copyrighted Work

The second fair use factor deals with the intention of the alleged infringer when comparing the “copied” work to the original work. According to the Copyright Act, there is analysis that requires one to examine “the nature of the copyrighted work”⁸⁷ through recognition “that some works are closer to the core of intended copyright protection than others.”⁸⁸ Where the original work is fictional rather than factual, the scope of fair use is broader,⁸⁹ meaning original, creative works have broader copyright protection compared to factual works that have limited protection. Indeed, “a use is less likely to be deemed fair when the copyrighted work is a creative product.”⁹⁰

By copying original and unique works, the very nature of the work is being taken away for the protected owner. Essen-

tially, the work being used is at the core of intended copyright protection.⁹¹ Therefore, the defense of fair use is difficult to establish and should not be applied when creative works are copied.⁹²

Amount Copied

The third factor of fair use looks at the amount substantiality copied from the original.⁹³ In general, this means the less of the original work that is copied, the more likely the use will be fair.⁹⁴ The factor can be taken as a quantitative analysis.⁹⁵ An impermissible level of copying may occur when the original is copied more than necessary.⁹⁶ Additionally, this factor is interpreted to allow fragmentary copying, which is more likely to have a transformative purpose (positive fair use factor), than wholesale copying (copyright infringement).⁹⁷

Where the amount of copying exceeds permissible levels, summary judgment has been upheld for copyright infringement because there was no fair use.⁹⁸ It is not fair use when more of the original is copied than necessary.⁹⁹ However, one should not look solely at the quantitative aspect of copying; a qualitative analysis must also take place.¹⁰⁰ The qualitative degree of the copying is the degree of the essence of the original that is copied in relation to its whole.¹⁰¹ There is not a single authority which can lend any support to the proposition wholesale copying and publication of copyrighted material can ever be fair use.¹⁰² The key issue is the amount of the infringing work that is copied verbatim from the copyrighted work.¹⁰³ Essentially, this third factor examines whether the “heart” of the original work was taken.¹⁰⁴

Effect on Potential Market

Finally, there is one more statutory factor to consider with fair use.¹⁰⁵ The fourth factor examines the market harm caused by the alleged infringer’s copying.¹⁰⁶ One should measure harm by analyzing whether the infringer’s work usurps or softens the market demand of the original.¹⁰⁷ However, suppressing market value is allowed.¹⁰⁸ Fair use, therefore, is limited to an author’s work, “which does not materially impair the marketability of the work which is copied.”¹⁰⁹

A party’s use should not affect the owner’s potential market or replace its demand.¹¹⁰ In determining harm, not only is the potential harm to the original works considered, “but . . . harm to the market for derivative works” is considered, as well.¹¹¹ A concern exists when there is an excessively widespread dissemination of derivative works that will cause a potential harm to any work’s market.¹¹² Hence, a balance must be struck between the benefit gained by the copyright owner when the copying is found to be an unfair use and the benefit

gained by the public when the use is held to be fair.¹¹³ If the unauthorized use becomes “widespread,” then a copyright owner only needs to demonstrate it would prejudice the potential market for his work.¹¹⁴ “Yet where the use is intended for commercial gain[,] some meaningful likelihood of future harm is presumed.”¹¹⁵ The doctrine of fair use, as a whole, helps to prevent potential market harm.¹¹⁶

III. Analysis

Double or Nothing—Strategies for Protection of Casino Games and Machines

After learning about the doctrine of fair use and what it takes to obtain protection, one might ask why would a casino even want to make itself distinct from every other casino, rather than just be alike? After all, in the world of gaming, “[t]he concept of idea sharing and collaboration is one of interest and significance.”¹¹⁷ But one recurring question is whether these gaming ideas and concepts should be allowed such protection if so desired by the creator/owner of the casino games and machines.

The option of copyright protection for casinos should be present if game creators wish to have it. Gaming ideas, such as new computer-controlled gaming devices¹¹⁸ or games like Double Exposure,¹¹⁹ Spanish 21,¹²⁰ Three Card Poker,¹²¹ Let It Ride,¹²² and Caribbean Stud,¹²³ are great new concepts that can bring in “big money” for casino game creators and casinos. These twists on blackjack and variations on poker might be worth millions of dollars, so a casino game creator might want protection on the new, brilliant gambling idea, as would the casino that owns the gambling game. This is where the doctrine of fair use for casino games and machines would come into play.

There is a need for guidelines and examples to follow in order for a casino game or machine creator to be allowed stronger protection from the fair use defense. The next sections of this article discuss model guidelines, rules, and regulations to mimic as possible options to give casino games and machines protection from allegedly “fair use” copying, such as adding a component to the fourth factor of the doctrine of fair use. A few examples are cited to show how these guidelines would be helpful in certain situations.

Push—Possible Guidelines to Pursue for Protection Under the Doctrine of Fair Use

In order to obtain protection from the doctrine of fair use, “use” needs to be properly defined for items that can be protected. For example, rather than being “used” in another casino without the original casino’s permission, there should

be protection against unwarranted “fair use” of a protected slot machine. At the same time, the owner of the unique casino game or machine must be the owner of the copyright, similar to the aforementioned factors of the doctrine of fair use. Currently, casino logos are protected, but common casino equipment, such as slot machines, card games, and dice games, are not protected.

“The Lanham Act¹²⁴ was intended to make ‘actionable the deceptive and misleading use of marks’ and ‘to protect persons engaged in . . . commerce against unfair competition.’”¹²⁵ The same can be applied to “fake” or “fairly used” games and machines in various casinos that mimic or copy the actual unique games and machines from a specific casino. Using the intentions of the Lanham Act, casino games and machines will be protected to allow for a shield to new and innovative gambling concepts that may be created by a casino. Thus, casinos can potentially receive protection for ideas and not worry about another casino making a replica of their concept.

“In order to be registered, a mark must be capable of distinguishing the applicant’s goods from those of others.”¹²⁶ In other words, a mark must be “inherently distinctive” or identify a particular source of origin.¹²⁷ For instance, the rule can apply to special games and machines that are “inherently distinctive” for that specific casino. Again, instead of a merely protecting a mark, the law can now protect a gambling concept. In the end, the “famous” casino game or machine can then be associated with only the casino that created (or owns) the concept.

Moreover, the issue of whether the similarities in packaging create a likelihood of confusion is determined by “the total . . . impression” of the packaging, not by whether defendants’ packaging imitates plaintiffs’ packaging in every detail.¹²⁸ Thus, any slight change in the “packaging” of new slot machines and card games might not warrant protection for the creators of the new gambling amenities according to these rules, or the doctrine of fair use. For this reason, more stringent constraints need to be applied to the doctrine of fair use, such as adding a component to the fourth fair use factor relating to the effect on the potential market.

All of these safeguards lead to the ultimate goal of protection against public confusion.¹²⁹ When a patron plays a certain card game or slot machine, that person knows it is from a particular casino only. Public perception is important to casinos as is evident by their attempts to look the same both inside and out. However, this universal appearance still does not make casinos distinct. There needs to be protection of new and innovative gambling machines and games, so a

casino may be able to stand out and profit from its original concepts, knowing it is the only casino to have a special game or machine. A patron might chose to go to a certain casino to play the original card game or slot machine, and the exclusivity of having such can be accomplished through protections, such as a stricter fair use factor or rigid laws.

Insurance—The Fourth Fair Use Factor: Effect on Potential Market

Because there are limits on what can be done under copyright infringement for casino games and machines, an additional component for the fourth fair use factor relating to market effect needs to be implemented to the doctrine of fair use. The proposed additional component for the fourth fair use factor will give the guidance needed to determine what is and what is not copyright infringement with regard to casino games and machines. The additional analysis to the fourth fair use factor is meant to be broad, rather than exact and precise, in order to encompass a great extent.

Additional Component for the Fourth Fair Use Factor and Casino Technology

Infringement of a copyrightable expression, such as a casino game or machine image, could be justified as “fair use” based on the alleged infringer’s claim to a different use.¹³⁰ Without insuring public awareness of the original work, there would be no practicable boundary to the doctrine of fair use.¹³¹ Thus, there must be a supplementary component added to the fourth fair use factor for slight variations to casino games or machine images, such as theme changes to the depicted slot machine.

As in *Blanch v. Koons*,¹³² *Rogers v. Koons*,¹³³ and *Dr. Seuss Enterprises, Ltd. Partnership v. Penguin Books USA, Inc.*,¹³⁴ reader recognition of the defendant’s “different perspective on context” mediates any potential conflict between a reader-response view of transformativeness and the derivative work right.¹³⁵ Not giving a casino compensation or credit when using its game or machine is a problem that needs to be resolved.

The change must subject one to liability when use of another person’s name, likeness, or other indicia of identity is appropriated for commercial value without consent.¹³⁶ Hence, use of an original casino game or machine will make the copying casino liable for copyright infringement under the additional component to the fourth fair use factor.

A Need for an Additional Component Applied to the Fourth Fair Use Factor

“One cannot transform something one doesn’t adapt or comment on.”¹³⁷ In order to be transformative, the work must use the preexisting work for a different purpose from its creator.¹³⁸ Having a transformative work would be hard to accomplish with regard to a casino machine, such as a slot machine, when the sole purpose of gambling is for the user.

A gambling machine in one casino, using the same image from the original casino, cannot “serve[] an entirely different function” than the indicia associated with the original gambling machine in the original casino.¹³⁹ A gambling machine with indicia in a casino is used for one reason: to obtain monetary gain through the use and fame of original casino machine and game indicia. Thus, a replicated gambling machine (alleged infringer) would then have the same function as the original gambling machine to gain money. The proposed additional component to the fourth fair use factor would not allow for this copyright infringement of original casino games and machines. Further, indications of the additional component would significantly outweigh the “transformative” machine indicia fair use protection because it is an added component to the “effect on the potential market” factor.

Expanding upon the Fourth Fair Use Factor to Help Protect Casino Games and Gambling Machines Needs to Happen

It is not necessary the indicia of a casino game or gambling machine contain a completely different image or appeal itself, so long as the indicia are distinguishable enough to make consumer confusion unlikely.¹⁴⁰ This would never happen when indicia are used in an original casino game or machine because the whole point of using the indicia is to entice people and get their attention. The additional component to the fourth fair use factor would eliminate this possible flaw in the doctrine of fair use and would not allow copyright infringement of original casino technology, such as a game or machine. After all, the “‘Spectrum of Fair Use’ analysis has qualities that many might see as fatal flaw: uncertainty, subjectivity, and arbitrariness.”¹⁴¹

There is a copyrightable interest in casino technology, yet use of these games and machines cannot be done without consequences. With consumer confusion, for example, the right of publicity protects celebrities from possible copyright infringement of their image, so the next step in copyright protection must be taken by adjoining an additional component to the fourth fair use factor.

IV. Proposal

After learning about the different prongs and factors that need to be established in order to apply the doctrine of fair use, one thing is clear: there are ways to protect new and innovative casino games and machines. In particular, there can be protection provided for casinos and their new specialty gambling games and machines if rules and regulations are put in place, similar to the doctrine of fair use and the Lanham Act. For instance, there must be a doctrine of fair use factor that is helpful to the copyright for original casino games and machines. Casinos should have their new, innovative games protected with rules, just like how a copyright is protected, but there should also be a factor set in place within the doctrine of fair use specifically which can cater casino games and machines. If the doctrine of fair use and Lanham Act guidelines are followed, then there will be the necessary and adequate protection that is needed for casinos with original games and machines.

Doubling Down—Include an Additional Component in the Fourth Fair Use Factor to Better Protect Casinos

The proposed added component to the fourth fair use factor deals with casino technology protection, mainly games and machines. This additional component for the fourth fair use factor is not designed to conflict or challenge any of the statutory considerations. This component is intended merely to provide further guidance on the application of general common law principles of excuse and justification¹⁴² in conjunction with statutory protection for fair use.¹⁴³ The additional section to the fourth fair use factor is meant not to be exact and precise, but rather to be broad in order to encompass a great extent. Adding a supplementary component for the fourth fair use factor is another step in the right direction for the history of fair use.

“[T]he true purpose of copyright [is] to benefit the public by getting new work.”¹⁴⁴ Yet, use of a gambling game or machine from the original casino in a different, unauthorized casino does not fulfill that purpose, but rather infringes on the copyright. A secondary casino that contains a gambling machine or game from the original casino must contribute something more than a mere trivial variation. In order to qualify for legal protection, a secondary casino must create something that is recognizable as its own.¹⁴⁵ Even if a work is considered transformative and fits within the current four fair use factors, it is difficult to say that a re-creation of an original casino machine or game indicia is considered one’s own work and not the original in general. With the proposed additional component to the fourth fair use factor, even if a

recreation of an original casino machine or game indicia is considered transformative, the edited fourth fair use factor still considers the work of the creator to be copyright infringement because re-creation of an original casino machine or game indicia in order to benefit one’s work is not fair use and infringes on the copyrighted casino technology.

Example

This supplementary analysis to include in the fourth fair use factor will protect against unwarranted use of an original casino machine or game indicia and concept or function, and not the original casino machine or game itself. For example, original casino machines and games, along with their indicia, could include such casino technology as GPMax operating system,¹⁴⁶ QuikTicket,¹⁴⁷ and Lord of the Rings microgaming.¹⁴⁸

The fourth fair use factor needs to be altered in order to protect against unlawful use of casino machine or game indicia in casino technology. The additional component to the fourth fair use factor will provide the much-needed protection from others who try to capitalize on the currently defenseless original casino machine or game creator and its casino technology. This section added to the fourth fair use factor will not allow others to use casino machines and games for their own personal commercial benefit. Such protection of original casino machines and games is essential.

Conclusion

Suppose one depicted a mechanical robot of a dark-haired, tan-skinned, Caucasian male with a stubble beard wearing a leather flight jacket, messenger bag, Sam Browne belt,¹⁴⁹ waist belt with holster, khaki shirt, and trousers having a pistol revolver gun. What if this mechanical robot even had a whip and wide-brimmed fedora hat? If this mechanical robot, with precise physical attributes and identifications, was then to be used in a commercial, can any particular person claim that the mechanical robot is using his identity?¹⁵⁰ Is it fair to use this “generic robot” to sell products without the thought of any repercussions or ramifications?¹⁵¹

As one can see, an additional component to the fourth fair use factor dealing with marketability needs to be implemented immediately. Adding a component to the fourth fair use factor that will protect original casino technology, mainly gambling games and machines, from copyright infringement will help to advance the doctrine of fair use in the proper direction.

“Gambling has a long history of both prohibition and regulation.”¹⁵² Such regulation is done primarily by the individual

states with supporting legislation by the federal government.¹⁵³ So, why not apply this same history and regulations to newly created, original casino games and machines, too? This article has not attempted to analyze or refute such an argument due to the inherently fact-based determinations that a proper fair use analysis requires. However, the argument should give courts pause . . . to think. ■

Endnotes

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1. Jeffrey Bernard, *Quotations about Gambling*, QUOTE GARDEN, <http://www.quotegarden.com/gambling.html> (last modified Sept. 9, 2010).
 2. Michael J. Thompson, *Give Me \$25 on Red and Derek Jeter for \$26: Do Fantasy Sports Leagues Constitute Gambling?*, 8 SPORTS LAW J. 21, 42 (2001).
 3. 17 U.S.C. § 501(a) (2006).
 4. *Id.* § 106(1)-(3), (5).
 5. S. Bell Tel. & Tel. Co. v. Associated Tel. Directory Publishers, 756 F.2d 801, 810 (11th Cir. 1985).
 6. Fisher-Price, Inc. v. Well-Made Toy Mfg. Corp., 25 F.3d 119, 122-23 (2d Cir. 1994).
 7. See Entm't Research Grp., Inc. v. Genesis Creative Grp., Inc., 122 F.3d 1211, 1217 (9th Cir. 1997).
 8. U.S. CONST. art. I, § 8, cl. 8; Mary B. Percifull, Note, *Digital Sampling: Creative or Just Plain "Cheez-Oid?"*, 42 CASE W. RES. L. REV. 1263, 1270 (1992).
 9. U.S. CONST. art. I, § 8, cl. 8; see also 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 1.02 (2007) [hereinafter NIMMER ON COPYRIGHT] (citing U.S. CONST., art. I, § 8, cl. 18, the Necessary and Proper Clause, to show that the Copyright Clause could have been created at a later time for copyrights and patents); Percifull, *supra* note 8, at 1270; John Schietinger, Note, *Bridgeport Music, Inc. v. Dimension Films: How the Sixth Circuit Missed a Beat on Digital Music Sampling*, 55 DEPAUL L. REV. 209, 216 (2005).
 10. NIMMER ON COPYRIGHT, *supra* note 9, § 1.03[A] (quoting *New York Times Co. v. Tasini*, 533 U.S. 483, 519 (2001) (Stevens, J., dissenting)).
 11. See *Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984); *Mazer v. Stein*, 347 U.S. 201, 219 (1954) (discussing how the Copyright Clause encourages individuals by rewarding them through economic personal gain, which then advances the public welfare); *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 820 (9th Cir. 2003) (stating the Copyright Act's purpose is to promote creativity, which will in turn benefit the artist and the public); see also *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 359-60 (1991) (holding "sweat of the brow" from one's labor does not provide copyright protection); Lucille M. Ponte, *The Emperor Has No Clothes: How Digital Sampling Infringement Cases Are Exposing Weaknesses in Traditional Copyright Law and the Need for Statutory Reform*, 43 AM. BUS. L.J. 515, 521 (2006) (discussing how Congress enacted the Copyright Amendment to promote creativity and reward artists for their labor by granting them copyright ownership); Percifull, *supra* note 8, at 1270 (discussing how the primary benefit of a copyright owner obtaining a copyright are for economic reasons because artists are granted a limited monopoly for their work, which leads to artists continuing their creativity to create a public good); Schietinger, *supra* note 9, at 216 (discussing how the two main purposes of copyright law are to encourage people to create art for society and to protect the artist's work from theft).
 12. NIMMER ON COPYRIGHT, *supra* note 9, app. 7-41.
 13. 17 U.S.C. §§ 101-1332 (2006); see Percifull, *supra* note 8, at 1271.
 14. 17 U.S.C. § 102(a). Congress enacted the first copyright act in 1790, which merely granted protection to authors of maps, charts, and books for fourteen years. 1 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 1:19 (2008) [hereinafter PATRY ON COPYRIGHT]. The next copyright act was in 1909. *Id.* § 1.20.
 15. 17 U.S.C. § 301(a) ("On and after January 1, 1978 . . . no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State."); see PATRY ON COPYRIGHT, *supra* note 14, § 1:82 (discussing how preemption of state law is one of the most important aspects in the passage of the Copyright Act of 1976); see also Schietinger, *supra* note 9, at 216.
 16. *Feist Publ'ns, Inc.*, 499 U.S. at 346.
 17. *Id.*; *Mid Am. Title Co. v. Kirk*, 59 F.3d 719, 721 (7th Cir. 1995).
 18. *Feist Publ'ns Inc.*, 499 U.S. at 346.
 19. *Id.*
 20. *Shaw v. Lindheim*, 908 F.2d 531, 533 (9th Cir. 1990).
 21. *Mazer v. Stein*, 347 U.S. 201, 217 (1954).
 22. *Gentieu v. Tony Stone Images/Chi., Inc.*, 255 F. Supp. 2d 838, 847 (N.D. Ill. 2003).
 23. *Id.* at 860.
 24. 17 U.S.C. § 107 (2006) (providing a defense for an alleged infringer).
 25. *Arnstein v. Porter*, 154 F.2d 464, 468 (2d Cir. 1946) (stating that copying can be found by the defendant admitting to copying or circumstantial evidence); *Jarvis v. A&M Records*, 827 F. Supp. 282, 289 (D.N.J. 1993); Ponte, *supra* note 11, at 526; Percifull, *supra* note 8, at 1272; Schietinger, *supra* note 9, at 218; see *Tuff 'N' Rumble Mgmt., Inc. v. Profile Records, Inc.*, 42 U.S.P.Q.2d 1398, 1401 (S.D.N.Y. 1997).
 26. Ponte, *supra* note 11, at 526-27; Percifull, *supra* note 8, at 1273; Schietinger, *supra* note 9, at 217; see also *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 817 (9th Cir. 2003) (stating the defendant conceded that the plaintiff established a prima facie case of infringement); *Williams v. Broadus*, 60 U.S.P.Q.2d 1051, 1051 (S.D.N.Y. 2001) (revealing defendants admitted to using part of the plaintiffs' song); *Grand Upright Music Ltd. v. Warner Bros. Records, Inc.*, 780 F. Supp. 182

- (S.D.N.Y. 1991) (providing an example of how courts have found direct admission of unauthorized copying).
27. Schietinger, *supra* note 9, at 218.
 28. *Id.*; see Percifull, *supra* note 8, at 1273.
 29. *Tuff 'N' Rumble Mgmt., Inc.*, 42 U.S.P.Q.2d at 1402 (discussing how access may also be found through a particular chain of events where the defendant came across the plaintiff's work); see Ringgold v. Black Entm't Television, Inc., 126 F.3d 70, 74 (2d Cir. 1997); Bright Tunes Music v. Harrisongs Music, 420 F. Supp. 177, 179 (S.D.N.Y. 1976).
 30. *Tuff 'N' Rumble Mgmt., Inc.*, 42 U.S.P.Q.2d at 1402.
 31. See *Selle v. Gibb*, 741 F.2d 896, 901 (7th Cir. 1984) (discussing how, if the plaintiff presents evidence of striking similarity between the two works, it is presumed that there was copying); *Tuff 'N' Rumble Mgmt., Inc.*, 42 U.S.P.Q.2d at 1402 (citing *Favia v. Lyons P'ship*, 1996 WL 194306, at *3 (S.D.N.Y. 1996), "[a]s proof of access, a plaintiff may show that '(1) the infringed work has been widely disseminated or (2) a particular chain of events exists by which the defendant might have gained access to work'"); Schietinger, *supra* note 9, at 218.
 32. *Arnstein v. Porter*, 154 F.2d 464, 468 (2d Cir. 1946); see *Tuff 'N' Rumble Mgmt., Inc.*, 42 U.S.P.Q.2d at 1401.
 33. See *Williams v. Broadus*, 60 U.S.P.Q.2d 1051, 1053 (S.D.N.Y. 2001); *Tuff 'N' Rumble Mgmt., Inc.*, 42 U.S.P.Q.2d at 1402.
 34. *Williams*, 60 U.S.P.Q.2d at 1053; *Tuff 'N' Rumble Mgmt., Inc.*, 42 U.S.P.Q.2d at 1402; see *Newton v. Diamond*, 349 F.3d 591, 594 (9th Cir. 2003); see, e.g., *Bright Tunes Music v. Harrisongs Music*, 420 F. Supp. 177, 180-81 (S.D.N.Y. 1976) (finding unconscious misappropriation).
 35. See *Tuff 'N' Rumble Mgmt., Inc.*, 42 U.S.P.Q.2d at 1402 (stating the test for the Second Circuit).
 36. Percifull, *supra* note 8, at 1276.
 37. *Id.*
 38. *Ponte*, *supra* note 11, at 527; see Percifull, *supra* note 8, at 1274; Schietinger, *supra* note 9, at 217.
 39. *Newton*, 349 F.3d at 594 (discussing that there will be no legal consequences for copying unless the copying is substantial); Percifull, *supra* note 12, at 1274; see also *Williams*, 60 U.S.P.Q.2d at 1053; *Tuff 'N' Rumble Mgmt., Inc.*, 42 U.S.P.Q.2d at 1402.
 40. Percifull, *supra* note 8, at 1274 (discussing how the substantial similarity test is vague and presents a difficult question in copyright law); see *Newton*, 349 F.3d at 594-95; *Ponte*, *supra* note 11, at 528-29 (discussing how substantial similarity examines the total concept and feel of disputed works). *But see* *Bridgeport Music, Inc. v. Dimension Films*, 383 F.3d 390, 397 (6th Cir. 2004) (holding that use of the substantial similarity test was not required since the owner of the sound recording had the exclusive right to sample his own recording).
 41. *Tuff 'N' Rumble Mgmt., Inc.*, 42 U.S.P.Q.2d at 1402; see *Newton*, 349 F.3d at 594 (citing *Fisher v. Dees*, 794 F.2d 432, 434 n.2 (9th Cir. 1986)); see also *Williams*, 60 U.S.P.Q.2d at 1053; *Ponte*, *supra* note 11, at 528; Percifull, *supra* note 8, at 1274; Schietinger, *supra* note 9, at 219 (referring to the average listener test instead as the "ordinary observer test").
 42. *Ponte*, *supra* note 11, at 528; see *Newton*, 349 F.3d at 594.
 43. *Ringgold v. Black Entm't Television, Inc.*, 126 F.3d 70, 74 (2d Cir. 1997) (defining *de minimis* as a "technical violation of a right so trivial that the law will not impose legal consequences"); Schietinger, *supra* note 9, at 219-20 (stating that *de minimis* is "copying so trivial that it does not gain copyright protection"); see *Newton*, 349 F.3d at 594-95 (discussing how the legal term, *de minimis non curat lex* means that "the law does not concern itself with trifles"); *Bridgeport Music, Inc.*, 230 F. Supp. 2d at 841, *rev'd* 383 F.3d 390 (6th Cir. 2004); see also *Ponte*, *supra* note 11, at 528.
 44. See Percifull, *supra* note 8, at 1281.
 45. 17 U.S.C. § 107 (2006) (explaining fair use is a defense to copyright infringement); see also 17 U.S.C. § 501(a) (stating violation of any of the exclusive rights of the copyright owner constitutes copyright infringement); cf. THE RANDOM HOUSE DICTIONARY OF THE ENGLISH LANGUAGE 449 (2d ed. 1987) (1966) (defining "copyright" as "the exclusive right to make copies, license, and otherwise exploit a literary, musical, or artistic work").
 46. See, e.g., 17 U.S.C. § 107 ("The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors."); *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 549 (1985) (holding respondents' unauthorized use of quotations from a public figure's unpublished manuscript was not sanctioned by the Copyright Act's doctrine of fair use); *Tiffany Design v. Reno-Tahoe Specialty, Inc.*, 55 F. Supp. 2d 1113, 1123 (D. Nev. 1999) (holding copyright protection gives an exclusive right to reproduce copyrighted works); see also HORACE G. BALL, THE LAW OF COPYRIGHT AND LITERARY PROPERTY § 125, at 260 (1944) ("[T]he author's consent to a reasonable use of his copyrighted works [had] always been implied by the courts as a necessary incident of the constitutional policy of promoting the progress of science and the useful arts . . .").
 47. See 17 U.S.C. § 107 (providing the four factors for determining whether use of a work constitutes fair use).
 48. *MCA, Inc. v. Wilson*, 677 F.2d 180, 183 (2d Cir. 1981); *Rosemont Enters., Inc. v. Random House, Inc.*, 366 F.2d 303, 310 (2d Cir. 1966) (holding a narrow interpretation of fair use, with regard to insubstantial copying, does not constitute copyright infringement); *Universal City Studios, Inc. v. Sony Corp. of Am.*, 480 F. Supp. 429, 454 (C.D. Cal. 1979) (holding noncommercial home-use recording of broadcast material does not constitute copyright infringement); see *Walt Disney Prods. v. Air Pirates*, 581 F.2d 751, 758 (9th Cir. 1978) (stating "[b]y copying [plaintiff's] images in their entirety, defendants took more than was necessary to place firmly in the reader's mind the parodied work and these specific attributes that [were] to be satirized" and held "[b]ecause the amount of defendants' copying exceeded permissible levels, summary judgment was proper" as to the copyright infringement claims).
 49. 17 U.S.C. § 107.
 50. *Id.* (stating fair use of a work including commentary, news reporting, criticism, or other uses does not constitute copyright infringement).
 51. *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 822 (9th Cir. 2003); Percifull, *supra* note 8, at 1278; Schietinger, *supra* note 9, at 220.

52. 17 U.S.C. § 107(1)-(4); *On Davis v. Gap, Inc.*, 246 F.3d 152, 173-75 (2d Cir. 2001); *MCA Inc.*, 677 F.2d at 182-83 (determining that defendants plagiarized plaintiff's copyrighted song, substituted their own lyrics, and performed it for commercial gain, thus defendants did not make fair use of plaintiff's song); *Meeropol v. Nizer*, 560 F.2d 1061, 1069 (2d Cir. 1977) (applying the four factors to an investigation of copyright infringement involving *The Implosion Conspiracy*, a book about the Rosenberg trial); *Tiffany Design, Inc. v. Reno-Tahoe Speciality, Inc.*, 55 F. Supp. 2d 1113, 1123-24 (D. Nev. 1999) (applying the four factors to determine whether a computerized precursor image of Law Vegas constituted infringement); *Storm Impact, Inc. v. Software of the Month Club*, 13 F. Supp. 2d 782, 787-90 (N.D. Ill. 1998) (applying the four factors to a fair use inquiry regarding software and shareware); *Dr. Seuss Enters., Ltd. P'ship v. Penguin Book USA, Inc.*, 924 F. Supp. 1559, 1566 (S.D. Cal. 1996) (applying the four factors to a copyright infringement inquiry concerning mimicked Dr. Seuss' style of O.J. Simpson trial); *Horn Abbot, Ltd. v. Sarsaparilla, Ltd.*, 601 F. Supp. 360, 367 (N.D. Ill. 1984) (applying four factors in an inquiry revolving around the game "Trivial Pursuit"); *Metro-Goldwyn-Mayer, Inc. v. Showcase Atlanta Coop. Prods., Inc.*, 479 F. Supp. 351, 358 (N.D. Ga. 1979) (applying the four factors to a claim alleging infringement of *Gone With the Wind*); see also Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1111-25(1990) (commenting on how the more copyrighted matter is at the center of the protected concerns of the copyright law, the more the other factors, including justification, must favor the secondary user in order to earn a fair use finding); Matt Williams, *Recent Second Circuit Opinions Indicate That Google's Library Project is Not Transformative*, 25 CARDOZO ARTS & ENT. L.J. 303, 311-12 (2007) (elaborating on how Google and its proponents may still convince judges in the Second Circuit that the doctrine of fair use should protect its Library Project as an innovative technological use of copyrighted material that will increase public access to information and creative expression); Percifull, *supra* note 8, at 1278; Schietinger, *supra* note 9, at 220.
53. 17 U.S.C. § 107; *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 560 (1985) ("Fair use is a mixed question of law and fact.").
54. 17 U.S.C. §§ 106-07; see *Kelly*, 336 F.3d at 817.
55. 17 U.S.C. § 107; *Ty, Inc. v. Publ'ns Int'l*, 292 F.3d 512, 522 (7th Cir. 2002); *Storm Impact Inc.*, 13 F. Supp. 2d at 787; see Percifull, *supra* note 8, at 1278 (discussing how Congress's use of the words "such as" provides that the statute only has a list of examples and there may be other permitted purposes that later come to light).
56. 9 F. Cas. 342 (D. Mass. Oct. 1841).
57. This case dealt with whether the use of letters written by President Washington constituted piracy. *Id.* at 345. Three hundred fifty-three out of 866 pages of the defendant's book were identical to the plaintiff's book. *Id.* Plaintiff acquired an interest in President Washington's letters, and the court held the plaintiff owned these letters along with the exclusive copyright, which was infringed upon by the defendant. *Id.* at 345-46.
58. *Id.* at 348.
59. *Id.*
60. 17 U.S.C. § 107; see Percifull, *supra* note 8, at 1278.
61. 17 U.S.C. § 107.
62. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 594 (1994) (holding hip-hop group 2 Live Crew's song "Pretty Woman" was a parody that did not infringe upon the copyright of Roy Orbison's song, "Oh Pretty Woman" according to the doctrine of fair use); *Kelly v. Soft Corp.*, 336 F.3d 811, 817 (9th Cir. 2003) (discussing how fair use is an exception to copyright infringement and later holding the defendant's use was fair); *Fisher v. Dees*, 794 F.2d 432, 440 (9th Cir. 1986) (holding the works were substantially similar, but they did not infringe because the work was found to be a parody under the doctrine of fair use); Schietinger, *supra* note 13, at 220; see Ponte, *supra* note 11, at 528 (discussing how instances of parodies in disputes have brought out the "fair use" defense).
63. Schietinger, *supra* note 9, at 220; see, e.g., *Ringgold v. Black Entm't Television, Inc.*, 126 F.3d 70, 77 (2d Cir. 1997) (showing once the *de minimis* threshold has been crossed, then a defendant's next possible defense is fair use).
64. 17 U.S.C. § 107 (stating that under § 107, the fair use of a copyrighted work is not copyright infringement, even if such use technically violates § 106).
65. *Id.*
66. *Storm Impact, Inc. v. Software of the Month Club*, 13 F. Supp. 2d 782, 787-88 (N.D. Ill. 1998).
67. *Id.* at 788.
68. See 17 U.S.C. § 107 (stating fair use does not make light of the importance of commercial value); *Rogers v. Koons*, 960 F.2d 301, 308 (2d Cir. 1992) (holding that copies of a sculpture created from a copyrighted photograph was made primarily for commercial benefit).
69. *On Davis v. Gap, Inc.*, 246 F.3d 152, 174 (2d Cir. 2001).
70. *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 562 (1985).
71. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 447 (1984).
72. *Harper & Row Publishers, Inc.*, 471 U.S. at 562; *On Davis*, 246 F.3d at 167 (noting the court must compare actual profits gained from infringement with potential profits defendant could have made if he or she did not infringe); *Rogers*, 960 F.2d at 309 (stating "[k]nowing exploitation of a copyrighted work for personal gain militates against a finding of fair use").
73. *Rogers*, 960 F.2d at 309, 312.
74. *Id.* at 309.
75. See *MCA, Inc. v. Wilson*, 677 F.2d 180, 182 (2d Cir. 1981) (holding substantial similarity and the four fair use factors ruled in favor of copyright infringement); *Meeropol v. Nizer*, 560 F.2d 1061, 1069 (2d Cir. 1977) (holding the defendant's book might have been published for commercial gain); *Rosemont Enters., Inc. v. Random House, Inc.*, 366 F.2d 303, 307-09 (2d Cir. 1966) (finding information used in a biography of Howard Hughes constituted a fair use as it served a public interest), *cert. denied*, 385 U.S. 1009 (1967); *Schuchart & Assocs., Prof'l Eng'rs, Inc. v. Solo Serv. Corp.*, 220 U.S.P.Q. 170, 181 (W.D. Tex. 1983) (finding defendants' use of plaintiffs' drawings was for commercial purposes, not

for educational or non-profit use); *Publ'ns Int'l, Ltd. v. Bally Mfg. Corp.*, 215 U.S.P.Q. 861, 862 (N.D. Ill. 1982) (holding a book giving instructions on how to win a video game was strictly commercial and non-educational, and as such, not protected by the doctrine of fair use); *Marvin Worth Prods. v. Superior Films Corp.*, 319 F. Supp. 1269, 1275 (S.D.N.Y. 1970) (finding distribution of the film at issue did not appear to serve the public interest).

76. *Princeton Univ. Press v. Mich. Doc. Servs. Inc.*, 99 F.3d 1381, 1386 (6th Cir. 1996).
77. *Storm Impact, Inc. v. Software of the Month Club*, 13 F. Supp. 2d 782, 788 (N.D. Ill. 1998) (“[T]he more transformative the new work, the less will be the significance of other factors which may weigh against a finding of fair use.”).
78. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579-81 (1994) (holding that a parody’s commercial character is only one element to consider for fair use, but that element alone does not determine whether a parody is fair use); *Blanch v. Koons*, 467 F.3d 244, 256, 259 (2d Cir. 2006) (affirming there is no infringement where an appropriation of the copyrighted material is “transformative” because there is neither commercial exploitation nor bad faith analysis of transformation of an original creation). For example, in *Blanch*, Koons intended his appropriation of the photograph to be “transformative” because the exhibition of the painting could not fairly be described as commercial exploitation and there was a lack of bad faith. *Blanch*, 467 F.3d at 256. Koons altered the borrowed work “with new expression, meaning, or message” by completely inverting the legs orientation, painting them to surreally dangle or float over the other elements of the painting. *Id.* at 256, 248. Koons also changed the coloring and added a heel to one of the feet, which had been completely obscured in the original photograph. *Id.* at 248; see also *On Davis v. Gap, Inc.*, 246 F.3d 152, 174 (2d Cir. 2001).

“If the goal is to move the focus in the transformativeness inquiry from author to reader and then to determine how those readers interpret the works at issue—whether a discursive community has been created around a work—what evidence might courts consider?” Laura Heymann, *Everything Is Transformative: Fair Use and Reader Response*, 31 *COLUM. J.L. & ARTS* 445, 456 (2008). “[T]he better test of whether a second work has contributed a ‘new expression, meaning, or message’ to the first is to turn to the reader, the one who ‘holds together in a single field all the traces by which the written text is constituted.’” *Id.* at 448. Thus, the best way to determine whether the new work is “transformative” would be to examine evidence from the viewpoint of the reader. *Id.* at 447-51; see also Williams, *supra* note 52, at 314 (discussing the Supreme Court’s articulation of the transformative standard).

79. *Campbell*, 510 U.S. at 579; *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 455 n.40 (1984) (“assum[ing] that the category of ‘fair use’ is rigidly circumscribed by a requirement that every such use must be ‘productive’”); Williams, *supra* note 52, at 318-19.
80. *Campbell*, 510 U.S. at 579; Heymann, *supra* note 78, at 451, 466.
81. *Campbell*, 510 U.S. at 579. However, “the more transforma-

tive the new work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use.” *Id.*

82. See 17 U.S.C. § 107 (2006).
83. See *id.* “[N]o copier may defend the act of plagiarism by pointing out how much of the copy he has not pirated.” *Rogers v. Koons*, 960 F.2d 301, 308 (2d Cir. 1992) (citing *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49, 56 (2d Cir. 1936)). “[W]here substantial similarity is found [between works of different makers], small changes here and there made by the copier are unavailing.” *Id.*
84. See 17 U.S.C. § 107 (relating to factor #1).
85. See *Blanch v. Koons*, 467 F.3d 244, 251-53 (2d Cir. 2006). By recontextualizing the image, Koons altered and “transformed” Blanch’s photograph in an attempt to force viewers to see the original work and its significance differently. *Id.* at 251. Koons was using Blanch’s image as fodder for his commentary on the social and aesthetic consequences of mass media, rather than for purposes of making money. *Id.* at 253; accord *Roxana Badin, An Appropriate(d) Place in Transformative Value: Appropriation Art’s Exclusion From Campbell v. Acuff-Rose Music, Inc.*, 60 *BROOK. L. REV.* 1653, 1660 (1995) (stating an artist may not assert a “fair use” defense to protect the work as publicly useful communication and criticism once the piece fails to meet the definition of a parody); see also *Bill Graham Archives v. Dorling-Kindersley Ltd.*, 448 F.3d 605, 607 (2d Cir. 2006) (holding the defendants’ complete reproduction of seven of the plaintiff’s graphic images in a biographical book constituted fair use because all seven images were transformative in reduced size, text and placement); Jeannine M. Marques, *Fair Use in the 21st Century: Bill Graham and Blanch v. Koons*, 22 *BERKELEY TECH. L.J.* 331, 333-34 (2007) (noting the general disagreement over which factor should weigh more heavily in the fair use analysis—the transformative or productive nature of the secondary use or the economic effects on a copyright holder—while focusing on expanding the definition of transformative in four ways).
86. 17 U.S.C. § 107(2) (stating the nature of the copyrighted work).
87. *On Davis v. Gap, Inc.*, 246 F.3d 152, 175 (2d Cir. 2001) (quoting *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 586 (1994) (stating “plaintiff’s copyrighted work [was] in the nature of an artistic creation that falls close to the core of the copyright’s protective purposes”); see also *Storm Impact, Inc. v. Software of the Month Club*, 13 F. Supp. 2d 782 (N.D. Ill. 1998).
88. *New Era Publ’ns Int’l v. Carol Publ’g Grp.*, 729 F. Supp. 992, 998 (S.D.N.Y. 1990).
89. *Stewart v. Abend*, 495 U.S. 207, 237-38 (1990) (claiming fair use is more likely to be found in factual works than in fictional works).
90. *Campbell*, 510 U.S. at 586.
91. *Id.*
92. 17 U.S.C. § 107(3) (2006).
93. Leval, *supra* note 52, at 1122.
94. See *New Era Publ’ns Int’l v. Carol Pub. Grp.*, 904 F.2d 152, 158 (2d Cir. 1990) (stating the third factor has a quantitative component).

95. *Rogers v. Koons*, 960 F.2d 301, 311 (2d Cir. 1992); see *New Era Publ'ns Int'l*, 904 F.2d at 158 (discussing that courts have found use was not fair where the quoted material formed a substantial percentage of the copyrighted work); *Salinger v. Random House, Inc.*, 811 F.2d 90, 97 (2d Cir.), *reh'g denied*, 818 F.2d 252 (2d Cir.), *cert. denied*, 484 U.S. 890 (1987).
96. 17 U.S.C. § 107(3) (stating the amount and substantiality of the portion used in relation to the copyrighted work as a whole); *Rogers*, 960 F.2d at 310-11 (stating that where the amount of copying exceeds permissible levels, summary judgment has been upheld for copyright infringement because there was no fair use); *Walt Disney Prods. v. Air Pirates*, 581 F.2d 751, 758 (9th Cir. 1978) (upholding summary judgment motion because defendant copied more than was necessary to produce parody of original work); *Leon v. Pac. Tel. & Tel. Co.*, 91 F.2d 484, 486 (9th Cir. 1937) (stating the infringer's counsel was unable to disclose a single authority, nor was the copyright owner's counsel able to find one, which lent any support to the proposition that wholesale copying and publication of copyrighted material can ever be fair use); *Tiffany Design, Inc. v. Reno-Tahoe Specialty, Inc.*, 55 F. Supp. 2d 1113, 1124 (D. Nev. 1999) (holding defendant did not present triable issue of fact as to third factor because defendant admitted he had scanned all or most of original work); *Eveready Battery Co. v. Adolph Coors Co.*, 765 F. Supp. 440, 447-48 (N.D. Ill. 1991) (finding the plaintiff did not demonstrate a claim for copyright infringement because the defendant established "fair use" defense due to the fact that the defendant's commercial did not borrow an impermissible amount of plaintiff's commercial).
97. *Walt Disney Prods.*, 581 F.2d at 758.
98. *Salinger*, 811 F.2d at 98-99.
99. *Nihon Keizai Shimbun, Inc. v. Comline Bus. Data, Inc.*, 166 F.3d 65, 73 (2d Cir. 1999).
100. *Rogers*, 960 F.2d at 308; *Salinger*, 811 F.2d at 98-99 (stating the degree can also reveal the amount of transformative character and purpose); see *New Era Publ'ns Int'l*, 904 F.2d at 159 (analyzing the quotations in the book's text, which amount to the bulk of the allegedly infringing passages, do not take essentially the heart of the original works).
101. *Leon*, 91 F.2d at 486.
102. *Salinger*, 811 F.2d at 97; NIMMER ON COPYRIGHT, *supra* note 9, § 13.03[A].
103. *Dr. Seuss Enters., Ltd. P'ship v. Penguin Book USA, Inc.*, 924 F. Supp. 1559, 1567 (S.D. Cal. 1996); see Jonathan Fox, *The Fair Use Commercial Parody Defense and How to Improve It*, 46 IDEA 619, 627 (2006) (expanding a stark difference between the classic literary definition of parody and the legal definition of parody, with significant help from such cases as *Berlin v. E. C. Publications, Inc.* and *Campbell v. Acuff-Rose Music, Inc.*).
104. See *Twin Peaks Prods., Inc. v. Publ'ns Int'l, Ltd.*, 996 F.2d 1366, 1373 (2d Cir. 1993) (mandating the court to consider four enumerated factors when determining if a use is fair).
105. 17 U.S.C. § 107(4) (2006) (stating the court shall consider the effect of the use upon the potential market for or value of the copyrighted work); *Storm Impact, Inc. v. Software of the Month Club*, 13 F. Supp. 2d 782, 789 (N.D. Ill. 1998) (claiming the fourth fair use factor specifically examines whether the conduct of copying, if unrestricted and widespread, would adversely affect the copyright owner's potential market).
106. *Eveready Battery Co. v. Adolph Coors Co.*, 765 F. Supp. 440, 448 (N.D. Ill. 1991).
107. See *id.*
- In assessing the economic effect of the parody, the parody's critical impact must be excluded. Through its critical function, a parody may quite legitimately aim at garroting the original, destroying it commercially as well as artistically. Accordingly, the economic effect of a parody with which we are concerned is not its potential to destroy or diminish the market for the original . . . but rather whether it *fulfills the demand* for the original. Biting criticism suppresses demand; copyright infringement usurps it.
- Id.* (quoting *Fisher v. Dees*, 794 F.2d 432, 437 (9th Cir. 1986)) (internal quotations omitted).
108. *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 566 (1985); *Storm Impact Inc.*, 13 F. Supp. 2d at 789.
109. See 17 U.S.C. § 107 (relating to factor #4).
110. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 590 (1994) (citing *Harper & Row Publishers, Inc.*, 471 U.S. at 568).
111. *Id.* (finding the defendant's "fair use" defense to copyright infringement was impaired because they did not address the potential for their work to harm the market for derivative works the plaintiffs had exclusive right to prepare); see *Harper & Row Publishers, Inc.*, 471 U.S. at 567; *Storm Impact Inc.*, 13 F. Supp. 2d at 788.
112. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 431-32 (1984); *MCA, Inc. v. Wilson*, 677 F.2d 180, 183 (2d Cir. 1981); *Publ'ns Int'l, Ltd. v. Bally Mfg. Corp.*, 215 U.S.P.Q. 861, 862 (N.D. Ill. 1982) (concluding the publisher stole the cover of the copyright holder's arcade game; because illustrations on the covers of one of the publisher's books were non-educational and were only meant to lure buyers, they infringed the copyright and the fair use exception did not apply).
113. *Harper & Row Publishers, Inc.*, 471 U.S. at 568; *Sony Corp. of Am.*, 464 U.S. at 451.
114. *Rogers v. Koons*, 960 F.2d 301, 312 (2d Cir. 1992) (ruling in favor of copyright infringement because it was determined that the infringer copied the original material for its own commercial purposes, without paying for it); see also *Sony Corp. of Am.*, 464 U.S. at 449 (noting commercial use is "presumptively" unfair use).
115. See *Sony Corp. of Am.*, 464 U.S. at 450 (noting "the purpose of copyright is to create incentives for creative effort").
116. Peter DeRaedt, *A Message from the President*, GAMING STANDARDS ASS'N (Winter 2004), <http://www.gamingstandards.com/newsletter/winter04/presidentsmessage.html>.
117. Anthony N. Cabot & Robert C. Hannum, *Gaming Regulation and Mathematics: A Marriage of Necessity*, 35 J. MARSHALL L. REV. 333, 358 (2002) (discussing different game products).

118. *Double Exposure*, WIZARD OF ODDS, <http://www.wizardofodds.com/games/double-exposure> (last updated Oct. 23, 2009) (providing the rules and strategy to this casino game).
119. *Spanish 21*, WIZARD OF ODDS, <http://www.wizardofodds.com/games/spanish-21> (last updated Aug. 10, 2010) (providing the rules, strategy, house edge, potential bonus, rule variations, and methodology to this casino game).
120. *Three-Card Poker*, GAMBLING IL DADO, http://www.ildado.com/three_card_poker.html (last visited Dec. 19, 2011) (providing the game summary to this casino game); *Three Card Poker*, WIZARD OF ODDS, <http://www.wizardofodds.com/games/three-card-poker/> (last updated Feb. 26, 2011) (providing the rules, ante, analysis, bonus, strategy, and variations to this casino game); *Three Card Poker—How To Play*, ABOUT.COM, <http://www.casinogambling.about.com/od/othergames/a/3cardpoker.htm> (last visited Dec. 19, 2011) (providing the rules, ante, strategy, and payout to this casino game).
121. *.Let It Ride—Analysis and Expert Strategy*, WIZARD OF ODDS, <http://www.wizardofodds.com/games/let-it-ride/> (last updated Jan. 31, 2011) (providing the rules, payout warning, strategy, house edge, betting format, and a method to seeing extra cards for this casino game); *Let It Ride—How To Play*, ABOUT.COM, <http://www.casinogambling.about.com/od/othergames/a/LIR.htm> (last visited Dec. 19, 2011) (providing the rule, strategy, and betting process to this casino game); *Let It Ride Poker*, GAMBLING IL DADO, http://www.ildado.com/let_it_ride_poker.html (last visited Dec. 19, 2011) (providing the game summary, house advantage, recommended strategy, and betting scheme to this casino game).
122. Cabot & Hannum, *supra* note 117, at 358 (discussing card games and computer-controlled gaming devices located in a casino).
123. 15 U.S.C. § 1051 (2006).
124. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 767-68 (1992) (quoting 15 U.S.C. § 1127).
125. *Id.* at 768 (citing 15 U.S.C. § 1052).
126. *Id.* at 768-69.
127. See *Chesebrough Mfg. Co. v. Old Gold Chem. Co.*, 70 F.2d 383 (6th Cir. 1934); *Bulk Mfg. Co. v. Schoenbach Prods. Co.*, 208 U.S.P.Q. 664, 668 (S.D.N.Y. 1980); 1 J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 8.1, at 231 (1973).
128. *Cf. Conopco, Inc. v. Campbell Soup Co.*, 95 F.3d 187, 193 (2d Cir. 1996) (“[B]ecause the Lanham Act universally protects against consumer confusion, we see no distinction between trademark cases and misleading advertisement cases for the purpose of laches.”).
129. Heymann, *supra* note 78, at 461; see *Rogers v. Koons*, 960 F.2d 301 (2d Cir. 1992).
130. Heymann, *supra* note 78, at 461; see *Rogers*, 960 F.2d at 301.
131. 467 F.3d 244 (2d Cir. 2006).
132. 960 F.2d 301 (2d Cir. 1992).
133. 109 F.3d 1394, 1401 (9th Cir. 1997).
134. *Blanch*, 476 F.3d at 257 (describing how defendant was not held liable for copyright infringement since the artist’s incorporation of plaintiff photograph in a collage painting constituted fair use); *Dr. Seuss Enters., Ltd. P’ship*, 109 F.3d at 1401 (stating distribution of a publication, not owned by the distributing party, is a demonstration copyright infringement); *Rogers*, 960 F.2d at 309-10 (describing how sculptor’s use of copyright protected photograph constituted copyright infringement due to the commercial benefit and blatant copying that occurred); Heymann, *supra* note 78, at 464; see Laura R. Bradford, *Parody and Perception: Using Cognitive Research to Expand Fair Use in Copyright*, 46 B.C. L. REV. 705, 764 (2005) (“It may be that consumers are perfectly capable of contextualizing reworkings of expressive texts if they have sufficient information about the source.”).
135. *Parks v. LaFace Records*, 329 F.3d 437, 458 (6th Cir. 2003); *Seale v. Gramercy Pictures*, 949 F. Supp. 331, 339 (E.D. Penn. 1996); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 46 (1995).
136. Brief of Petitioner-Appellant at 12, *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605 (2d Cir. 2006) (No. 05-2514); Williams, *supra* note 52, at 321.
137. Williams, *supra* note 52, at 327 (stating the court cited the *Bill Graham Archives* opinion on this point).
138. *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 818 (9th Cir. 2003) (concluding such copying was transformative because the thumbnail copies of the photographs the search engine produced and displayed did not “supersede[] the object” of the original photos in that they “served an entirely different function”).
139. 15 U.S.C. § 1125 (2006); *Waits v. Frito-Lay, Inc.*, 978 F.2d 1093, 1110-11 (9th Cir. 1992) (stating a false association claim requires the misuse or other distinguishing device to confuse consumers as to the origin, approval, or endorsement of the product); see also *Cliffs Notes, Inc. v. Bantam Doubleday Dell Publ’g Grp., Inc.*, 886 F.2d 490, 494 (2d Cir. 1989).
140. Daniel Austin Green, *Gulliver’s Trials: A Modest Proposal to Excuse and Justify Satire*, 11 CHAP. L. REV. 183, 210 (2007).
141. *Id.* at 193-95.
142. *Id.* at 208.
143. Mark Hamblett, *Koons’ “Transformative” Use of Photo Affirmed by 2d Circuit*, N.Y.L.J., Oct. 31, 2006, at 1, 2 (quoting Koons’ lawyer, John B. Koegel); see also *Blanch v. Koons*, 467 F.3d 244, 250, 259 (2d Cir. 2006) (affirming that Koons did not infringe the copyright of Blanch’s photograph because Koons’ incorporation of the photograph in a collage painting constituted fair use, pursuant to 1976 Copyright Act); Williams, *supra* note 52, at 329.
144. *Winter v. DC Comics*, 69 P.3d 473, 480-81 (Cal. 2003) (declaring that when an artist’s skill and talent is manifestly subordinated to the overall goal of creating a conventional portrait of a celebrity so as to commercially exploit his or her fame, the artist’s right of free expression is outweighed by the right of publicity); *Comedy III Prods., Inc. v. Saderup*, 21 P.3d 797, 810-11 (Cal. 2001).
145. *GameTech International, Inc. Announces Montana Gambling Control Approval of New Software Suite and Op-*

- erating System, PR NEWSWIRE (Aug. 5, 2011), <http://www.prnewswire.com/news-releases/gametech-international-inc-announces-montana-gambling-control-approval-of-new-software-suite-and-operating-system-100067599.html> (discussing the new GTMC operating system that will be implemented for twenty-one newly designed games in Montana casinos).
146. *Global Case Access Gets Gaming Approval in Nevada*, CASINO CITY TIMES (July 27, 2010), <http://www.casinocity-times.com/news/article/global-cash-access-gets-gaming-approval-in-nevada-194494> (discussing how the newest GCA technology product, by unanimous approval from the Nevada Gaming Control Board, will allow casino patrons to have the choice of receiving either cash or a slot ticket when conducting an ATM transaction).
147. *Lord of the Rings Coming to Microgaming Powered Online Casinos*, CASINO GAMBLING WEB (Feb. 5, 2010), http://www.casinogamblingweb.com/gambling-news/online-casino/lord_of_the_rings_coming_to_microgaming_powered_online_casinos_53816.html (discussing the partnership between Microgaming and The Lord of the Rings trilogy in order to create video slot machines).
148. A wide belt, usually leather, which is supported by a strap going diagonally over the right shoulder.
149. See *INDIANA JONES AND THE KINGDOM OF THE CRYSTAL SKULL* (Paramount Pictures 2008); *INDIANA JONES AND THE LAST CRUSADE* (Paramount Pictures 1989); *INDIANA JONES AND THE RAIDERS OF THE LOST ARK* (Paramount Pictures 1981); *INDIANA JONES AND THE TEMPLE OF DOOM* (Paramount Pictures 1984).
150. *Cf.* *White v. Samsung Elecs. Am. Inc.*, 971 F.2d 1395, 1399 (9th Cir. 1992) (declaring the identities of the most popular celebrities are not only the most attractive for advertisers, but also the easiest to evoke without resorting to obvious means such as name, likeness, or voice). Suppose one depicted a mechanical robot of a bald, African-American male wearing a baggy black uniform with red trim jumping through the air with a basketball in one hand, stiff-armed, legs extended open like scissors. *Id.* What if this mechanical robot even had the number twenty-three on his uniform and had his mechanical tongue hanging out? *Id.*
151. Katherine A. Valasek, *Winning the Jackpot: A Framework for Successful International Regulation of Online Gambling and the Value of the Self-Regulating Entities*, 2007 MICH. ST. L. REV. 753, 754 (2007) (providing a historical discussion of the evolution of federal regulation and the states' roles in gambling). See generally James H. Frey, *Federal Involvement in U.S. Gaming Regulation*, 556 ANNALS AM. ACAD. POL. & SOC. SCI. 138 (1998).
152. Valasek, *supra* note 151, at 754 (discussing the history of gambling regulation and changes made through the decades); see Christine Hurt, *Regulating Public Morals and Private Markets: Online Securities Trading, Internet Gambling, and the Speculation Paradox*, 86 B.U. L. REV. 371, 431-34 (2006).



Publicly Available Websites for IT Lawyers

Following are some publicly available websites relating to varying aspects of information technology law practice. Some of these websites may require payment for certain services. Neither the State Bar of Michigan nor the IT Law Section endorses these websites, the providers of the website, or the goods or services offered in connection therewith. Rather these websites are provided for information purposes only and as possible useful tools for your law practice.

Please provide any feedback or recommendations for additional websites to michael@gallo.us.com.

Legal Sites

- <http://labs.creativecommons.org/demos/termination/faq.php> - Copyright 'Termination of Transfer' questions and tool from 'Creative Commons', a nonprofit organization that enables the sharing and use of creativity and knowledge through free legal tools.
- <http://www.uspto.gov/trademarks/law/tmlaw.pdf> - U.S. Trademark Rules of Practice and Federal Statutes. A current list of Federal statutes related to U.S. Trademark law.
- <http://tmep.uspto.gov/RDMS/detail/manual/TMEP/Apr2013/d1e2.xml> - The 'Trademark Manual of Examining Procedure' (TMEP) from the U.S. Patent and Trademark Office, which is a reference work on the practices and procedures relative to prosecution of applications to register marks in the USPTO.
- <http://www.uspto.gov/trademarks/process/search/#heading-1> - Trademark Electronic Search System (TESS), which enables search of the USPTO's database of registered trademarks and prior pending applications to find marks that may prevent registration due to a likelihood of confusion.
- <http://www.uspto.gov/dashboards/trademarks/main.dashxml> - U.S. Patent and Trademark Office 'Trademarks Dashboard', an executive dashboard of statistic for USPTO actions. ■

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The Information Technology (IT) Law Section of the State Bar of Michigan is pleased to announce the formation of the **Privacy Law Committee**. The Privacy Committee is a forum for discussing this new and developing area of the law affecting a broad range of practices at the state, national and international levels. It also works to help educate members of the bar about the privacy and security obligations of both their own organizations and those of their clients.

Who Should Join? Whether you are in-house counsel or a member of a firm, if you are active in any of the following areas, you may benefit from becoming a member of the Privacy Committee:

- Advertising and marketing law
- Corporate governance
- Employment law
- Financial services law
- Healthcare law
- IT law
- International litigation
- Mergers & Acquisitions (domestic or international)

Who is Eligible for Membership? Membership in the Privacy Committee is free of charge and open to all members of the SBM IT Law Section.

How Do I Sign-up? It's easy. Email one of the Co-Chairs at the address listed below and express your interest in participating. An "I want to join" message is sufficient.

Bob Rothman, Co-Chair
rrothman@privassoc.com
Privacy Law Committee

Keith Cheresko, Co-Chair
kcheresko@privassoc.com
Privacy Law Committee

This is a great opportunity to become involved in what is quickly developing into the next new legal specialty. We look forward to your participation!



Information Technology Law Section, State Bar of Michigan Mission Statement

The purposes of the Section are to review, comment upon, and appraise members of the State Bar of Michigan and others of developments in the law relating to information technology, including:

- (a.) the protection of intellectual and other proprietary rights;
- (b) sale, leasing, distribution, provision, and use of, hardware, software, services, and technology, including computer and data processing equipment, computer software and services, games and gaming, information processing, programming, and computer networks;
- (c.) electronic commerce
- (d.) electronic implementation of governmental and other non-commercial functions;
- (e.) the Internet and other networks; and
- (f.) associated contract and tort liabilities, and related civil and criminal legal consequences.

The Information Technology Law Section's bylaws can be viewed by accessing <http://www.michbar.org/it/councilinfo.cfm> and clicking the 'Bylaws' link.



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4. Essay must include the submitter's name, email address, mailing address, telephone number, and school attended.
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6. The Information Technology Section of the State Bar of Michigan reserves the right to make editorial changes, and to publish award winning essays in the Section's newsletter, the *Michigan IT Lawyer*. (Previous issues of the *Michigan IT Lawyer* can be accessed at <http://www.michbar.org/it/newsletters.cfm>.)
7. Essay must be submitted as a Microsoft Word document, postmarked by June 30, 2014, and emailed to dsyrowik@brookskushman.com.

Recent Developments in Information Technology Law

By David R. Syrowik, *Brooks Kushman PC*

PATENTS – Case Law – U.S. Supreme Court

As reported at 86 BNA's PTCJ 118, on May 13, 2013, the U.S. Supreme Court ruled that seeds harvested from one crop are "additional copies" of Monsanto Co.'s patented invention and thus are not subject to the patent exhaustion doctrine. The decision represents a victory for Monsanto, whose patents on Roundup Ready transgenic seeds have withstood attacks from farmers for more than a decade. *Bowman v. Monsanto*.

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As reported at 85 BNA's PTCJ 695, on March 19, 2013, the U.S. Supreme Court in a 6-3 ruling held that the first sale doctrine, as codified in the federal copyright statute, applies to copies of works legally made overseas and imported into the United States without the permission of the copyright holder. *Kirtsaeng d/b/a Bluechristine 99 v. John Wiley & Sons Inc.*

PATENTS – Case Law – U.S. Courts of Appeal

As reported at 85 BNA's PTCJ 545, on February 13, 2013, the U.S. Court of Appeals for the Federal Circuit ruled that Google does not infringe website advertising patents that implicates its AdWords and AdSense products. *Function Media v. Google*.

As reported at 85 BNA's PTCJ 676 on March 8, 2013, in a non-precedential ruling, the U.S. Court of Appeals for the Federal Circuit affirmed the rejection of claims under 35 U.S.C. § 112 to inventing the Internet. *In re Hartman*.

As reported at 86 BNA's PTCJ 13, on May 1, 2013, the U.S. Court of Appeals for the Federal Circuit ruled that the record supported a \$345 million award for software patent infringement by SAP America Inc. in an unusual situation in which a defendant succeeded in getting a second damages trial, but the second jury increased the award by more than \$200 million. *Versata Software v. SAP America*.

As reported at 86 BNA's PTCJ 18, on April 26, 2013, in a non-precedential opinion, the U.S. Court of Appeals for the Federal Circuit upheld the ruling that a patent on online airline and venue seat selection as anticipated by Expedia. *Ceats Inc. v. Continental Airlines Inc.*

As reported at 86 BNA's PTCJ 120, on May 10, 2013, an *en banc* U.S. Court of Appeals for the Federal Circuit ruled that

computer method and computer-readable medium claims on the formulation and trading of risk management contracts are not eligible for patent protection under 35 U.S.C. § 101 as drawn to mere "abstract ideas." The court is divided 5-5 as to whether the computer system claims at issue are patent eligible. *CLS Bank International v. Alice Corp.*

As reported at 105 USPQ2d 1879, on February 20, 2013, the U.S. Court of Appeals for the Federal Circuit ruled that accused time interval analyzers, which detect timing errors in digital signals of high-speed microprocessors, do not literally infringe asserted claims; however, patentee's theory of infringement by equivalents does not vitiate requirement that "first current circuit" and "capacitor" recited in claims be separate elements, and genuine issue of material fact exists as to whether accused products infringe under doctrine of equivalents. *Brilliant Instruments Inc. v. GuideTech LLC*.

As reported at 105 USPQ2d 1948, on March 4, 2013, the U.S. Court of Appeals for the Federal Circuit ruled that accused system does not directly infringe claim for computerized method of locating real estate properties; however, liability for induced infringement may arise when steps of method claim are performed by more than one entity, and district court erred by not conducting indirect infringement analysis. *Move Inc. v. Real Estate Alliance Ltd.*

As reported at 106 USPQ2d 1442, on April 16, 2013, the U.S. Court of Appeals for the Federal Circuit in an unpublished opinion, ruled that district court, in action alleging infringement of patent for computer filing system in which data storage is linked to assigned categories, did not abuse its discretion in holding that defendant was not judicially estopped from arguing that disputed claim term "category description" cannot consist solely of numerical identifiers, despite seemingly contrary position taken by defendant in requesting reexamination by U.S. Patent and Trademark Office. *Speedtrack Inc. v. Endeca Technologies Inc.*

As reported at 86 BNA's PTCJ 342, on June 5, 2013, in an opinion designated as nonprecedential, the U.S. Court of Appeals for the Federal Circuit ruled that an Internet-based patent application on getting cash loan at an ATM when funds were insufficient was obvious. *In re Bayse*.

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As reported at 85 BNA's PTCJ 748, on March 21, 2013, the U.S. Court of Appeals for the Ninth Circuit held that a BitTorrent

website operator's invitations to users to upload specific infringing content supplied the intent necessary to hold him culpable for users' infringements under an inducement of copyright infringement theory. *Columbia Pictures Industries Inc. v. Fung*.

As reported at 85 BNA's PTCJ 751, on March 25, 2013, the U.S. Court of Appeals for the Ninth Circuit held that AT&T, Verizon, Sprint Nextel, and T-Mobile not liable for copyright infringement based on their subscribers' alleged unauthorized sharing of copyrighted content on the carriers' multimedia messaging services. *Luvdarts v. AT&T Mobility*.

As reported at 85 BNA's PTCJ 799, on April 1, 2013, the U.S. Court of Appeals for the Second Circuit ruled that Aereo Inc.'s use of individual antennas allowing subscribers to watch television programs online at nearly the same time as they are being broadcast, does not constitute a public performance under *Cablevision*. *WNET v. Aereo Inc.*

COPYRIGHTS/DMCA – Case Law – U.S. Courts of Appeal

As reported at 85 BNA's PTCJ 698, on March 14, 2013, the U.S. Court of Appeals for the Ninth Circuit ruled that actual knowledge and "red flag" knowledge of infringement by users of an online service are two ways that a service provider can lose protection of a safe harbor, but both require knowledge of specific instances of infringement, not a generalized awareness that infringement might be taking place, superseding a 2011 opinion for reconsideration in light of another federal appeals court's ruling on similar issues. *UMG Recordings Inc. v. Shelter Capital Partners L.L.C.*

TRADE SECRETS – Case Law – U.S. Courts of Appeal

As reported at 106 USPQ2d 1796, on May 15, 2013, the U.S. Court of Appeals for the Fifth Circuit ruled that once plaintiff makes out *prima facie* case for existence of trade secret, burden is on defendant to show that patent covers same subject matter, and therefore discloses, claimed trade secret; in present case, in which plaintiff's patents were not introduced into record, plaintiff presented sufficient evidence to support jury's finding that plaintiff's software for estimating well construction costs in oil and gas industry contained trade secrets. *Welllogix Inc. v. Accenture LLP*.

RIGHT OF PUBLICITY – Case Law – U.S. Courts of Appeal

As reported at 86 BNA's PTCJ 183, on May 21, 2013, the U.S. Court of Appeals for the Third Circuit held that a video game maker's "realistic representation[]" of a Rutgers University quarterback is not transformative, and therefore the use of the player's likeness is not protectable expression under the First Amendment. *Hart v. Electronic Arts*.

PATENTS – Case Law – U.S. District Courts

As reported at 85 BNA's PTCJ 585, on February 21, 2013, the U.S. District Court for the District of Delaware ruled that Skype is not compelled to disclose its source code in patent infringement litigation in Germany and Luxembourg. *Via Vadis Controlling G.m.b.H. v. Skype, Inc.*

As reported at 86 BNA's PTCJ 19, on April 25, 2013, the U.S. District Court for the Western District of Washington ruled that Motorola Inc.'s offer to Microsoft Corp. to license patents essential to two widespread computing standards is dramatically higher than the companies would have agreed to in a typical licensing negotiation. Consequently, the Court said that Motorola's patents were valued up to 76¢, not \$6.00. *Microsoft v. Motorola*.

COPYRIGHTS – Case Law – U.S. District Courts

As reported at 106 USPQ2d 1931, on April 22, 2013, the U.S. District Court for the Northern District of California ruled plaintiff's claim for unfair business practices under California law is preempted by Copyright Act, since claim alleges that defendant company created and sold products that were substantially similar to plaintiff's copyrighted software, and that products included plaintiff's proprietary information by way of direct copies and derivative works acquired through alleged theft and copying of software, and since reproduction of copyrighted works, preparation of derivative works, and distribution of copies to public are all rights granted under Copyright Act. *Metabyte Inc. v. NVIDIA Corp.*

As reported at 85 BNA's PTCJ 802, on March 30, 2013, the U.S. District Court for the Southern District of New York held that the operators of an online music marketplace that allows users to buy and sell their legally downloaded music tracks are liable for direct and secondary copyright infringement. The court rejects ReDigi Inc.'s argument that the resale of the digital tracks is protected by the first-sale doctrine. *Capitol Records L.L.C. v. ReDigi Inc.*

As reported at 85 BNA's PTCJ 942, on April 16, 2013, the U.S. District Court for the Southern District of New York ruled that the Copyright Act preempts Yahoo! idea-stealing suit. *Factor v. Yahoo! Inc.*

As reported at 86 BNA's PTCJ 165, on May 15, 2013, the U.S. District Court for the Southern District of New York stated that copyright claims are "poor candidates for class-action treatment," as it denies class certification to a worldwide group of plaintiffs claiming their works had been uploaded to YouTube Inc. without their consent. *Football Association Premier League v. YouTube*.

As reported at 106 USPQ2d 1773, on February 19, 2013, the U.S. District Court for the Central District of California denied plaintiff recording artists and copyright owners preliminary injunction in action alleging that defendants induced infringement of copyrights through use of peer-to-peer file sharing software, since there is no evidence of any ongoing distribution of any file-sharing software by defendants with object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement. *David v. CBS Interactive Inc.*

As reported at 105 USPQ2d 1718, on January 29, 2013, the U.S. District Court for the Northern District of California ruled that a claim for restitution under theory of breach of contract implied in law/quantum meruit, based on alleged unauthorized copying and use of plaintiff's copyrighted structural steel detailing software, is pre-empted by federal copyright law, since claim based on implied-in-law contract includes no "extra element" in addition to defendant's unauthorized use of copyrighted work, and is therefore equivalent to rights protected by Copyright Act. *Design Data Corp. v. Unigate Enterprise Inc.*

As reported at 105 USPQ2d 1723, on January 29, 2013, the U.S. District Court for the Southern District of California ruled that plaintiff's claim alleging that defendant was negligent in either failing to secure his internet connection or permitting someone to use his internet connection, resulting in infringement of copyright in plaintiff's video, is preempted by Copyright Act, since claim is equivalent to contributory infringement claim to extent it rests on theory of knowing facilitation of infringement; claim also fails to extent it is based on purported "duty" to properly secure internet connection or to monitor use of secured connection by others. *AF Holdings LLC v. Rogers.*

As reported at 106 USPQ2d 1509, on March 21, 2013, the U.S. District Court for the Southern District of New York ruled that purpose and character of use of copyrighted news articles weighs against finding of fair use by defendant online news monitoring service, which uses computer program to "scrape" articles and provide excerpts thereof to daily reports sent to subscribers, and plaintiff news cooperative is granted summary judgment on fair-use defense. *Associated Press v. Meltwater U.S. Holdings Inc.*

COPYRIGHTS/DMCA – Case Law – U.S. District Courts

As reported at 105 USPQ2d 1635, on January 24, 2013, the U.S. District Court for the Northern District of California ruled that defendants copyright owners, in action alleging that they made material misrepresentations in issuing Digital Millennium Copyright Act "takedown" notice that caused plaintiff's home video to be removed from video-hosting website, have failed to establish that plaintiff is precluded from recovering any damages

under 17 U.S.C. § 512(f), since plaintiff could potentially recover minimal expenses, such as costs of electricity used to power her computer while attempting to have her video reinstated, even though such costs are not substantial economic damages. *Lenz v. Universal Music Corp.*

As reported at 85 BNA's PTCJ 916, on April 10, 2013, the U.S. District Court for the District of Massachusetts ruled that a blogger's DMCA challenge to rival's posting of her gesture photo not actionable. *Tuteur v. Crosley-Curcuran.*

As reported at 85 BNA's PTCJ 975, on April 18, 2013, the U.S. District Court for the Southern District of New York held that an internet service provider only forfeits protection under the Digital Millennium Copyright Act if it "influence(s) or participate(s)" in infringement activities perpetrated by its users. The court says that YouTube Inc.'s general awareness of infringing clips on its servers does not impose upon the company an affirmative duty to search for and remove infringing material. *Viacom International Inc. v. YouTube Inc.*

As reported at 86 BNA's PTCJ 62, on May 7, 2013, the U.S. District Court for the Northern District of California ruled that DMCA takedown notices need not be in most convenient forms for a service provider in order to comply with Federal law. *Perfect 10 Inc. v. Yandex N.V.*

As reported at 86 BNA's PTCJ 114, on May 14, 2013, the U.S. District Court for the Southern District of New York "reluctantly" agrees to reconsider MP3tunes' red flag liability under DMCA. *Capitol Records, Inc. v. MP3tunes L.L.C.*

COPYRIGHTS/CRIMINAL – Case Law – U.S. District Courts

As reported at 85 BNA's PTCJ 918, on April 10, 2013, the U.S. District Court for the Eastern District of Virginia sentenced a member of a major movie piracy group to 23 months in prison. *United States v. Ferrer.*

COPYRIGHTS/JURISDICTION – Case Law – U.S. District Courts

As reported at 85 BNA's PTCJ 662, on March 7, 2013, the U.S. District Court for the Southern District of New York ruled that failure to show "substantial revenue" dooms copyright infringement claim against website for lack of personal jurisdiction. *Penguin Group (USA) Inc. v. American Buddha.*

As reported at 85 BNA's PTCJ 671, on March 5, 2013, the U.S. District Court for the Southern District of Texas ruled that a company subject to jurisdiction in Texas for accessing server to evaluate program. *Rhapsody Solutions LLC v. Cryogenic Vessel Alternatives, Inc.*

COPYRIGHTS/DISCOVERY – Case Law – U.S. District Courts

As reported at 85 BNA's PTCJ 861, on March 21, 2013, the U.S. District Court for the Northern District of California ruled that a defendant in a copyright infringement proceeding may subpoena from Google Inc. nine months' worth of internet protocol address information linked to a plaintiff's Gmail account. *Obodai v. Indeed Inc.*

TRADEMARKS – Case Law – U.S. District Courts

As reported at 85 BNA's PTCJ 823, on April 1, 2013, the U.S. District Court for the Northern District of Illinois ruled that evidence that a social media company generically used the word "timeline" to drive traffic to its website and discontinued the practice after such gains were optimized does not amount to a showing of such repeated use of the term that the company renders its registered "TimeLines" trademarks generic through its own actions. *Timelines Inc. v. Facebook Inc.*

As reported at 85 BNA's PTCJ 938, on April 9, 2013, the U.S. District Court for the Eastern District of Michigan ruled that a company whose authorized distributors allegedly bought a competitor's registered trademark as a Google adword could be held contributorily liable for federal and state trademark infringement. *Elcometer Inc. v. TQC-USA Inc.*

As reported at 86 BNA's PTCJ 7, on April 30, 2013, the U.S. District Court for the Northern District of California ruled that Craigslist's trademark infringement, breach of contract, and Computer Fraud and Abuse Act claims against services that allegedly scraped user-generated content from Craigslist's local classified ads and redistributed the data through their own proprietary systems survive dismissal. *Craigslist v. 3Taps.*

As reported at 86 BNA's PTCJ 135, on May 8, 2013, the U.S. District Court for the Southern District of New York ruled that a group of publishing companies asserting unregistered trademark rights in the term "ibooks" against Apple Inc. fails to establish that it had any enforceable trademark rights or that Apple's use of "iBooks" for its e-reader software would create a likelihood of reverse confusion. *J.T. Colby & Co. d/b/a Brick Tower Press v. Apple.*

As reported at 86 BNA's PTCJ 188, on May 7, 2013, the U.S. District Court for the District of Colorado ruled that Armstrong Steel Corp.'s use of a competitor's trademarked term as a keyword in its Google AdWords campaign does not constitute trademark infringement because it was not likely to confuse consumers. *General Steel Domestic Sales v. Chumley.*

As reported at 105 USPQ2d 1899, on January 16, 2013, the U.S. District Court for the Northern District of Illinois granted a preliminary injunction to plaintiff alleging infringement of its

"UGG" trademarks for footwear against defendant anonymous entities selling counterfeit products on internet; pursuant to TRO already in effect, defendants' "PayPal" and other accounts associated with accused internet domain names will remain frozen. *Deckers Outdoor Corp. v. Does 1-100.*

As reported at 106 USPQ2d 1425, on March 11, 2013, the U.S. District Court for the District of Maryland ruled that plaintiffs have failed to allege facts demonstrating that they hold exclusive ownership of nine domain names at issue, since plaintiffs' registration of domain names in 2006 was not sufficient, by itself, to establish ownership over alleged marks, and plaintiffs have not alleged that they engaged in continuous commercial use of marks during months and years preceding initiation of instant action in 2011. *Kerodin v. ServiceMagic Inc.*

As reported at 106 USPQ2d 1405 on March 4, 2013, the U.S. District Court for the District of Massachusetts ruled that infringement plaintiff is not likely to succeed on merits of claim that defendant e-commerce lingerie retailer's use of term "True" infringes plaintiff's "Find Your True Fit," "True Fit," and "True to You" trademarks, and preliminary injunction that would prohibit defendant from using marks containing word "True" in connection with personalized fit-matching software and services is denied. *True Fit Corp. v. True & Co.*

As reported at 106 USPQ2d 1582, on March 19, 2013, the U.S. District Court for the Northern District of California denied summary judgment to plaintiffs that defendant has not satisfied Lanham Act's use-in-commerce requirement for service marks that are subject of defendant's infringement counterclaim, even though defendant has created website that describes its proposed retail business, but has not sold accessories, apparel, or other products, and has not opened boutiques or stores referenced on its site, since defendant owns federal registrations for marks, and there are disputed issues of material fact as to whether defendant's sales- and nonsales-related activities suffice to meet use-in-commerce requirement. *Macy's Inc. v. Strategic Marks LLC.*

International Trade Commission

As reported at 86 BNA's PTCJ 277, on June 4, 2013, the International Trade Commission issued an exclusion order barring Apple from importing older iPhone and iPad models used on AT&T network. *In the Matter of Certain Electronic Devices, Including Wireless Communication Devices.*

PATENTS – U.S. Patent and Trademark Office

As reported at 86 BNA's PTCJ 335, on June 11, 2013, the Patent Trial and Appeal Board issued its first decision on a post-

issuance patent challenge enabled by the America Invents Act. The board holds that the challenged claims of a “covered business method” patent were ineligible for a patent under 35 U.S.C. § 101. *SAP America Inc. v. Versata Development Group Inc.*

TRADEMARKS – U.S. Patent and Trademark Office

As reported at 106 USPQ2d 1668, on April 26, 2013, the TTAB ruled that respondent management company, in cancellation proceeding, has failed to demonstrate that it has ever used disputed term “TreasuryNet” as mark in commerce in connection with recited services of providing financial information, since respondent claims that it provides financial information directly to its employees through “TreasuryNet” database on its intranet site, but primary beneficiary of such services is respondent itself, not employees who are accessing database in order to perform their jobs. *City National Bank v. OPGI Management GP Inc.,/ Gestion OPGI Inc.*

As reported at 105 USPQ2d 1825, on February 14, 2013, the Trademark Trial and Appeal Board (TTAB) ruled that applicant facing claim of likelihood of confusion in opposition proceeding has established successful defense, under 15 U.S.C. § 1068, based on amended description of goods and services in its applications for registration of “RStudio” mark for software and related services. *Embarcadero Technologies Inc. v. RStudio Inc.*

As reported at 106 USPQ2d 1546, on March 20, 2013, the TTAB ruled that fact that parties’ marketing efforts for their respective “3 Palms” hotels “overlap” on internet does not mean that relevant territory, for purposes of concurrent use proceeding, is entire United States, since hotel services are by definition rendered in particular geographic location, even if they are also offered, by same ultimate source, in other locations under same

mark, since creation of internet has not rendered Lanham Act’s concurrent-use provisions moot, and since fact that both parties’ services are promoted and offered online is not sufficient to result in likelihood of confusion. *America’s Best Franchising Inc. v. Abbott.*

State Courts – Wisconsin

As reported at 85 BNA’s PTCJ 570, on February 21, 2013, a Wisconsin state appeals court ruled that a law firm that purchased the names of rival law firm partners as invisible search advertising keywords did not “use” the individuals’ names in violation of Wisconsin’s invasion of privacy statute. *Habush v. Cannon.*

State Courts – New York

As reported at 86 BNA’s PTCJ 9, on April 23, 2013, the New York Supreme Court, Appellate Division ruled that the Digital Millennium Copyright Act’s safe harbor provision does not apply to internet service providers’ user-directed infringement of sound recordings made before February 15, 1972. *UMG Recordings v. Escape Media Group.*

Foreign Courts – United Kingdom

As reported at 85 BNA’s PTCJ 915, on April 17, 2013, the UK Supreme Court, recognizing the transnational dimension and important implications of the matter for internet users, referred to the European Court of Justice a case exploring the copyright implications of viewing copyrighted material on a computer screen. *Public Relations Consultants Association Limited v. Newspaper Licensing Agency Limited.* ■