

# IP Law Year in Review

**Ryan C. Morris**

# IP YEAR IN REVIEW - Overview

## Patent:

1. *EcoFactor v. Google*
2. *Lashify v. ITC*
3. *Recentive Analytics v. Fox*
4. *Ex Parte Desjardins*
5. *Ingenico v. IOENGINE*
6. *Kroy v. Groupon*
7. *Hikma v. Amarin*

## Trademark:

1. *Dewberry Group v. Dewberry Engineers*
2. *In re Brunetti*
3. *Yuga Labs Inc. v. Ryder Ripps*
4. *Jaime Rogozinski v. Reddit Inc.*
5. *Eicher Motors (Schedule A cases)*
6. *RiseandShine Corp. v. PepsiCo Inc.*

## Copyright:

1. *Cox Communications v. Sony Music*
2. *Bartz v. Anthropic PBC*
3. *Kadrey v. Meta Platforms*
4. *Carroll Shelby Licensing Inc. v. Halicki*
5. *Romanova v. Amilus Inc.*

**PATENT**



# EcoFactor v. Google, 137 F.4th 1333 (Fed. Cir. 2025)

## Issue

- Whether the district court should have excluded EcoFactor's damages expert from testifying about a reasonable royalty rate based on three comparable lump sum licenses between EcoFactor and third parties

## Background

- EcoFactor owned a patent related to smart thermostat technology
- Before trial in W.D. Tex., Google filed a motion under FRE 702 and *Daubert* to exclude testimony from EcoFactor's damage expert, David Kennedy, arguing that his testimony concerning reasonable royalty rates was unsupported by reliable methodology or sufficient facts
- The district court denied the motion
- At trial, the jury found Google infringed EcoFactor's patent and awarded approximately \$20,000,000 in lump sum damages
- Google filed a renewed JMOL motion of noninfringement and a motion for a new trial on damages based on Kennedy's testimony. The district court denied both motions.

# EcoFactor v. Google

## Decision

- En Banc Federal Circuit reversed and remanded, holding that the district court abused its discretion in denying a new trial
  - Kennedy should not have been admitted because his testimony was unreliable and not based on sufficient facts or data
  - Kennedy based his reasonable royalty rate opinion on lump-sum settlement licenses between EcoFactor and three licensees
  - The plain language of the licenses did not provide a basis for Kennedy to opine that the parties agreed to a \$X per unit rate in agreeing to the lump sum payment amount. These agreements had language stating:
    - “such a lump-sum is not based upon sales and does not reflect or constitute a royalty,” and
    - “whereas EcoFactor represents that it has agreed to the payment set forth [ ] based on what EcoFactor believes is a reasonable royalty calculation of \$[X] per unit”
  - Based on the contract language, Kennedy went too far in saying this amount reflected the royalty that the licensee agreed to and that the licensee agreed that \$X per unit is a reasonable royalty

# EcoFactor v. Google

## Decision cont'd:

- Because a fundamental premise of Kennedy's testimony concerning a reasonable royalty rate for \$X rate was untethered from the license and unsupported by the evidence, his entire testimony should have been excluded

## Concurring in part, dissenting in part (Reyna, J., joined by Stark, J.):

- The en banc court's decision focuses on contract interpretation as a question of law, which was not the question presented to the court. The issue here was to what extent district courts have the discretion to decide fact-based questions of admissibility under Rule 702 and *Daubert*
- The three licenses bind the contracting parties to a lump sum, not a reasonable royalty rate. The question that should've been asked was whether, even though three parties are not legally bound to \$X rate, there are sufficient facts to support Kennedy's testimony that \$X is a reasonable royalty rate
- By exclusively focusing its analysis on whether the licensees agreed to \$X, the en banc court finds fault with only a subset of Kennedy's testimony—the remedy should not have been wholesale exclusion of Kennedy's testimony

# Lashify v. ITC, 130 F.4th 948 (Fed Cir. 2025)

## Issue

- Whether an ITC complainant can satisfy the economic prong of the domestic industry requirement through significant investment in sales, marketing, warehousing, quality control, and distribution alone

## Background

- Lashify appealed an adverse ITC decision which found that Lashify did not satisfy the economic prong of the domestic industry requirement with respect to three patents
- Lashify's patents (one utility patent and two design patents) relate to lash extensions that have clusters of artificial hairs arrayed along a base which can be applied under the user's natural lashes
  - The clusters can be formed with a "hot melt method" which involves heating the hairs to a temperature that causes the individual lashes to begin to melt as a means to fuse the hairs together
  - This process was claimed in Lashify's '984 patent

# Lashify v. ITC

## Background cont'd:

- ALJ held that there was no violation of Section 337 because Lashify could not satisfy the economic-prong of the domestic industry requirement or the technical prong requirement
  - Economic prong: ALJ excluded expenses related to sales, marketing, warehousing, and quality control and found that Lashify did not satisfy its burden to establish significant qualifying expenses in other areas
  - Technical prong: ALJ found that Lashify's lash extensions do not satisfy the "heat fused" claim limitation as construed by the court in the '984 patent because the overseas manufacturers use different heating processes
- ITC agreed to review the findings by the ALJ—it was unanimous as to the technical prong issue but split on the economic prong issue. Majority found that (a) sales and marketing activities cannot alone satisfy the domestic industry requirement. ITC came to the same conclusion with respect to expenses related to warehousing, quality control, and distribution because those expenses are akin to those incurred by mere importers

# Lashify v. ITC

## Decision

- Federal Circuit affirmed the ITC's technical prong conclusions and reversed and remanded the ITC's domestic prong decision
- The text of 337(a)(3)(B) ("significant employment of labor or capital") is without limitation on the use within an enterprise to which those items are put, i.e., the enterprise function they serve.
  - There is no carve-out of employment of labor or capital for sales, marketing, warehousing, quality control, or distribution
  - There is also no suggestion that such uses, to count, must be accompanied by significant employment for other functions such as manufacturing
- Specifically, 337(a)(3)(B) "allows a complainant to satisfy the economic prong of the domestic industry requirement by showing employment of a large enough stock of accumulated goods or of a significant amount of human activity for producing goods or providing the services in demand in an economy." There is no requirement that the stock of accumulated goods be manufactured domestically, and there is no reason to exclude the associated labor costs or those related to sales, marketing, quality control, and distribution

# Recentive Analytics v. Fox, 134 F.4th 1205 (Fed. Cir. 2025)

## Issue

- Whether claims that do no more than apply established methods of machine learning to a new data environment are patent eligible

## Background

- Recentive owns several patents aimed at solving problems within the entertainment industry, namely optimizing the scheduling of live events. The patents at issue fall into two groups:
  - Machine learning training patents: method containing (i) a collecting step (receiving event parameters and target features); (ii) an iterative training step for the machine learning model (identifying relationships within the data); (iii) an output step (generating an optimized schedule); and (iv) an updating step (detecting changes to the data inputs and iteratively generating new and further optimized schedule). The specification makes clear that this method employs “any suitable machine learning technique”
  - Network map patents: method containing (i) a collecting step (receiving current broadcasting schedules); (ii) an analyzing step (creating a network map for broadcasters); (iii) an updating step (incorporating real-time changes to the data inputs); and (iv) a using step (determining program broadcasts using the optimized network map)
    - Uses training data in conjunction with a machine learning model to generate optimized network maps

# Recentive Analytics v. Fox

## Background cont'd:

- In November 2022, Recentive sued Fox in the District of Delaware alleging patent infringement
  - Fox moved to dismiss for failure to state a claim on the ground that the patents were ineligible under § 101
  - In its opposition, Recentive acknowledged that the concept of preparing network maps has existed for a long time and that the patents were not claiming the machine learning technique itself, but instead the application of machine learning techniques to specific contexts of event scheduling and network map creation
- The district court granted Fox's motion to dismiss, concluding that the patents were ineligible under *Alice*.

# Recentive Analytics v. Fox

## Decision

- The Federal Circuit affirmed the district court
  - In the context of software patents (which includes machine learning patents), *Alice* step one requires determining whether the claims focus on the asserted improvement in computer capabilities or instead focus on a process that qualifies as an abstract idea and only use computers as tools
    - Recentive conceded it was not claiming machine learning itself but rather the invention uses machine learning techniques to carry out the claimed methods of generating event schedules and network maps
    - Recentive also conceded its patents do not claim a specific method for improving the mathematical equation or making machine learning better
    - Even if it hadn't conceded the lack of technological improvement, neither the claims nor the specification describe how the machine learning technology achieves an improvement. "Allowing a claim that functionally describes a mere concept without disclosing how to implement that concept risks defeating the very purpose of the patent system"
    - Recentive's patents are directed to abstract ideas

# Recentive Analytics v. Fox

## Decision cont'd

- The patents also fail *Alice* step two
- Recentive claims that the inventive concept in its patents is “using machine learning to dynamically generate optimized maps and schedules based on real-time data and update them based on changing conditions.”
  - This is no more than claiming the abstract idea itself

# Ex Parte Desjardins Appeal No. 2024-000567 (P.T.A.B. Sept. 26, 2025) (precedential).

## Issue

- Whether a patent that claims a technological improvement on machine learning itself is patent ineligible under § 101 and *Alice*

## Background

- In January 2019, Google filed a patent application related to methods and systems to training machine learning models, aimed at tackling the issue where a model trained on multiple tasks loses knowledge of a previous task when a new one is learned
- During prosecution, the USPTO rejected the application on § 103 grounds
- Google appealed to the PTAB, the PTAB affirmed the rejection and entered a new ground of rejection under § 101
- The PTAB denied Google's request for rehearing
- An ARP was then convened to review Google's request for rehearing

# Ex Parte Desjardins Appeal No. 2024-000567 (P.T.A.B. Sept. 26, 2025) (precedential).

## Decision

- The claims at issue recite an abstract idea (a mathematical concept) under *Alice* step one
  - “computing ... an approximation of posterior distribution over possible values of the plurality of parameters”
- However, under *Alice* step one, the claims are directed to a technological improvement. The patent identifies improvements in training the machine learning model itself
  - One improvement identified in the specification is to “effectively learn new tasks in succession whilst protecting knowledge about the previous tasks.”
  - Another improvement identified allows AI systems to use less of their storage capacity which enables “reduced system complexity”
- “Categorically excluding AI innovations from patent protection in the United States jeopardizes America's leadership in this critical emerging technology. Yet, under the panel's reasoning, many AI innovations are potentially unpatentable — even if they are adequately described and nonobvious— because the panel essentially equated any machine learning with an unpatentable ‘algorithm’ and the remaining additional elements as ‘generic computer components,’ without adequate explanation. Examiners and panels should not evaluate claims at such a high level of generality.”
- The claims at issue still stand rejected under  $\square$  103

# Ingenico v. IOENGINE, 136 F.4th 1354 (Fed. Cir. 2025)

## Issue

- Whether IPR estoppel precludes a petitioner from asserting that a claimed invention was known or used by others, on sale, or in public use in the district court

## Background

- Patents at issue are directed to a portable device, like a USB thumb drive, which includes a processor that causes communications to be sent to a network server in response to user interaction with an interface on a terminal
- In March 2018, IOENGINE sued PayPal. Because it supplied PayPal's accused products, Ingenico filed a DJ action against IOENGINE
- Before trial, Ingenico filed IPR petitions challenging IOENGINE's asserted patents. The Board found most of the challenged claims unpatentable
- At summary judgment, IOENGINE moved to preclude Ingenico from relying on documentation related to the DiskOnKey Upgrade software because Ingenico reasonably could have been expected to raise it in the IPR proceeding
- District court ruled that Ingenico was estopped from relying on those documents to prove invalidity except to the extent that they form part of a substantively different combination of references that could not reasonably have been raised at the IPR proceeding

# Ingenico v. IOENGINE

## Background cont'd

- At trial, Ingenico introduced evidence of a prior art USB device, the DiskOnKey. Ingenico argued that the DiskOnKey invalidated the asserted claims as anticipated or obvious because it was either “on sale” or “in public use”
  - DiskOnKey was manufactured and sold in the early 2000s by M-Systems and was offered with various software applications, including a Firmware Upgrader
- Jury returned a verdict that the claims were infringed but invalid as anticipated and obvious
- IOENGINE filed a renewed JMOL motion of no invalidity or alternatively, a motion for a new trial
- The district court denied both motions
- On appeal, IOENGINE challenged the jury’s implicit finding that the Firmware Upgrader portion of the DiskOnKey system was either “on sale” or “in public use” under 35 U.S.C. §102(a) or (b). IOENGINE also argued that Ingenico should have been estopped from presenting the Firmware Upgrader at trial

# Ingenico v. IOENGINE

## Decision

- The only anticipation and obviousness challenges that a petitioner can make during an IPR are that the claims were patented or described in a printed publications. IPR estoppel precludes these challenges in the district court if they were raised or reasonably could have been raised during the IPR.
  - IPR estoppel does not preclude a petitioner from relying on the same patents and printed publications as evidence in asserting a ground that could not have been raised during the IPR, such as the claimed invention was known or used by others, on sale, or in public use.
- The court's decision turned on the interpretation of “ground” in Section 315(e)
  - A ground is a theory of invalidity available to challenge a claim under Sections 102 and 103
- Here, Ingenico challenged that the DiskOnSystem was used by others, on sale, or in public use—grounds that could not have been raised during the IPR. The printed publications that Ingenico relied on were evidence to support these grounds.

# Kroy v. Groupon, 127 F.4th 1376 (Fed. Cir. 2025)

## Issue

- Whether, under the AIA, decisions of the PTAB determining that particular claims are unpatentable have collateral estoppel effect in district court infringement litigation so that patentably indistinct claims are barred

## Background

- Kroy sued Groupon in district court for infringement of 115 claims of the '660 patent
- The Federal Circuit affirmed a decision of the PTAB that twenty-one of the 115 claims were unpatentable as obvious
- Kroy then filed a second amended complaint, alleging infringement of fourteen different claims of the same patent, none of which was included in the original complaint and none of which were involved in the IPR proceeding
- The new claims repeat the limitations of the claims held unpatentable—in fact, some of the new claims are virtually identical to the originally asserted, unpatentable claims

# Kroy v. Groupon

## Background

- Groupon moved to dismiss the amended complaint, arguing Kroy was collaterally estopped from asserting the remaining claims because of the Board's IPR rulings
- The District of Delaware agreed and granted Groupon's motion to dismiss

## Decision

- Federal Circuit reversed the district court's motion to dismiss
  - Held that a IPR determination finding certain patent claims unpatentable under a preponderance of the evidence standard did not collaterally estop Kroy from asserting other unreviewed claims in the same district court litigation
- One exception to collateral estoppel is that the second action involves application of a different legal standard, such as a different burden of proof
  - In IPRs, the petitioner has the burden to prove unpatentability by a preponderance of the evidence, whereas the district court requires clear and convincing evidence
- Federal Circuit's decision in *XY* does not require a different outcome
  - There, the Court established a limited exception to the general principle that collateral estoppel does not apply when there are different burdens
    - Once the Federal Circuit affirms a Board's unpatentable decision, the same claim cannot be asserted in district court

# Kroy v. Groupon, 146 F.4th 1360 (Fed. Cir. 2025)

## Decision on Rehearing

- Federal Circuit denied Groupon's petition for rehearing

## Concurrence (Moore, C.J., jointed by Stoll, J.)

- The Supreme Court has repeatedly reprimanded the Federal Circuit for creating patent-specific departures from well-established doctrine
- Collateral estoppel is a well-established doctrine, and it doesn't apply where the second action involved application of a different legal standard, such as the burden of proof
- Patents are invalidated in an IPR proceeding by preponderance of evidence whereas in district court, patents are invalidated by clear and convincing evidence

## Dissent (Dyke, J.)

- In holding that collateral estoppel does not apply here, the panel contradicted the Federal Circuit's earlier decision, *XY, LLC v. Trans Ova Genetics, L.C.*, 890 F.3d 1282, 1294 (Fed. Cir. 2018)

# Kroy v. Groupon

Dissent (Dyke, J.) cont'd:

- The Supreme Court itself has held that traditional rules of collateral estoppel must be tailored to take account of statutory structure and purpose such that the application of collateral estoppel under federal statute depends on congressional intent
  - One of the central purposes of the AIA was to allow the USPTO to reconsider patent grants through IPRs and post-grant review proceedings
  - These procedures were designed to be more efficient and a less expensive alternative to costly district court litigation
  - Congressional objectives in creating these proceedings would be undermined if, as under the panel decision, IPR final decisions affirmed by this court are not given the same effect in district court proceedings
  - This panel decision effectively allows re-litigation of the same claims so long as they add other indistinct limitations

# Hikma Pharmaceuticals USA Inc. v. Amarin Pharma, Inc., No. 24-889 (S.Ct.)

- Questions presented
  - When a generic drug label fully carves out a patented use, are allegations that the generic drugmaker calls its product a “generic version” and cites public information about the branded drug (e.g., sales) enough to plead induced infringement of the patented use?
  - Does a complaint state a claim for induced infringement of a patented method if it does not allege any instruction or other statement by the defendant that encourages, or even mentions, the patented use?

# Hikma v. Amarin

- Background
  - Amarin sells icosapent ethyl under the brand name Vascepa
    - Vascepa has two indications
      - To treat severe hypertriglyceridemia (SH indication)
      - To reduce cardiovascular risk (CV indication)
  - Hikma received FDA approval to market generic version of drug with “skinny label” that includes only SH indication
  - After Hikma launched its generic product, Amarin sued Hikma for inducing infringement of patents covering the CV indication
    - Amarin alleged that Hikma’s label, press releases, and website together induced infringement
  - District Court dismissed the complaint
  - The Federal Circuit reversed

# Hikma v. Amarin

- Background cont'd
  - The Federal Circuit concluded that the totality of the allegations, taken as true, plausibly allege inducement sufficient to survive a motion to dismiss
  - What the case is not
    - Not a Hatch-Wasman case
    - Not a section viii case based solely on label
  - Here, the label does not provide implied or express instruction to prescribe for CV indication
    - But the label plus public statements is sufficient
      - Website promotes product as “equivalent to Vascepa” or “generic Vascepa”
      - Press releases referred to Vascepa as indicated in part for SH
      - Press releases referred to figures that Hikma allegedly knew were largely attributable to off-label CV indication
  - Undisputed that healthcare providers directly infringe by prescribing for off-label CV indication and that Hikma had requisite knowledge and intent

# Hikma v. Amarin

- Hikma petitioned for cert.
  - The Supreme Court called for the views of the Solicitor General
  - The Solicitor General supported cert.
    - The SG's view is that Hikma's skinny label was largely dictated by the Hatch-Waxman Amendments, and that Hikma's description of its drug as "generic equivalent" of Vascepa is central to Hatch-Waxman scheme
      - Section viii cannot function as Congress intended if a generic manufacturer's description of its product create a serious risk of massive patent liability
- Supreme Court granted cert.
  - Hikma filed its opening brief on Feb. 18, 2026

**TRADEMARK**



# Dewberry Group, Inc. v. Dewberry Engineers Inc., No. 23-900 (S.Ct.)

- Issue
  - Whether an award of the “defendant’s profits” under the Lanham Act can include an order for the defendant to disgorge the profits of legally separate non-party corporate affiliates
- Background
  - Dewberry Engineers provides real-estate development services for commercial entities
    - It owns the registered trademark DEWBERRY
  - Dewberry Group is a commercial real-estate company owned by John Dewberry
    - It provides services solely to other, separately incorporated affiliates in John Dewberry’s portfolio
    - Each affiliate owns a piece of commercial property for lease, but none has employees to carry out business functions
      - Dewberry Group provides that role

# Dewberry Group v. Dewberry Engineers

- Background cont'd
  - Dewberry Group provides financial, legal, operational, and marketing services to affiliates so affiliates can generate rental income
    - Rental income goes on affiliates books
    - Dewberry Group receives only agreed-upon fees (which are less than market rates)
      - According to tax returns, Dewberry Group has operated at a loss for decades
      - It survives solely through occasional cash infusion from John Dewberry
    - Affiliates, on the other hand, have racked up tens of millions in profit
  - Success of John Dewberry's overall business has come in part from infringement of the DEWBERRY trademark
  - Dewberry Engineers sued for trademark infringement and won
    - The lawsuit was brought against Dewberry Group alone

# Dewberry Group v. Dewberry Engineers

- Background cont'd
  - District court found willful infringement
  - Lanham Act allows recovery of “defendant’s profits,” but Dewberry Group reports no profits
    - District court found that profits from the Group’s illicit conduct show up exclusively on the property-owning affiliates books
    - To reflect that “economic reality,” the court treated Dewberry Group and affiliates “as a single corporate entity” for purposes of calculating a profits award
    - Awarded nearly \$43 million
  - Court of Appeals affirmed, reiterating the “economic reality” of Dewberry Group and its affiliates

# Dewberry Group v. Dewberry Engineers

- Decision
  - The Supreme Court vacates and remands, holding that under Section 1117(a), a court can award only profits properly ascribable to the defendant itself
  - Statutory text offers no support for the lower courts' approach
    - Under Section 1117(a), plaintiff is entitled to recover the "defendant's profits"
      - "Defendant" is not defined, so it has its usual legal meaning
        - A "defendant" is "the party against whom relief or recovery is sought in an action or suit"
      - The only defendant named in the complaint is Dewberry Group
        - Plaintiff chose not to add the affiliates, so the affiliates' profits are not the "defendant's profits" under the statute

# Dewberry Group v. Dewberry Engineers

- Decision cont'd
  - Background principles of corporate law do not change the result
    - Such principles might factor into an interpretation of “defendant,” but here the usual rule supports the Court’s reading
      - Long settled that separately incorporated organizations are separate legal units with distinct legal rights and obligations
  - To support the decisions below, Dewberry Engineers points to another sentence in Section 1117(a):
    - “If the court shall find that the amount of the recovery based on profits is either inadequate or excessive[,] the court may in its discretion enter judgment for such sum as the court shall find to be just”
    - But district court did not rely on this “just-sum” provision
      - There was no two-step process; just a single step - the calculation of profits

# Dewberry Group v. Dewberry Engineers

- Decision cont'd
  - In remanding for new award proceeding, the Court leaves several questions unaddressed
    - Court expresses no view on Dewberry Engineers' understanding of the just-sum provision
      - Whether or how the court could have used the provision is not before the Court (just that it didn't use the provision)
    - Court expresses no view on the Government's position that courts can look behind the defendant's tax or accounting records to consider the economic realities of the transaction and identify the defendant's true financial gain
    - Court expresses no view on whether corporate veil-piercing is an available option on remand

# In re Brunetti, 151 F.4th 1367 (Fed. Cir. 2025)

- Issue

- Whether the Trademark Trial and Appeal Board properly refused to register the F-word as a trademark because it failed to function as a trademark

- Background

- Brunetti sought to register the F-word as a mark for
  - 1) Sunglasses and carrying cases for cell phones, laptops, glasses, jewelry, watches, and related products, backpacks, wallets, luggage, and other bags; and
  - 2) Retail store services featuring the above goods and other consumer goods
- Examining attorney refused to register
  - Applied-for mark is a slogan or term that does not function as a trademark to indicate the source of applicant's goods or services and to identify and distinguish them from others

# In re Brunetti

- Background cont'd
  - The Board affirmed the refusal
    - Mere commonality (that is, common use) is not the test for failure to function
    - Instead, the Board must assess whether the relevant public would perceive the proposed mark as identifying the source or origin of such goods
    - However, the Board stated that matter may be merely informational and fail to function as a mark if it is a common term or phrase that consumers of the goods are accustomed to seeing used by various sources to convey ordinary, familiar, or generally understood concepts
    - The Board concluded that the F-word expresses well-recognized familiar sentiments and consumers are accustomed to seeing it in widespread use
      - Term does not create the commercial impression of a source indicator

# In re Brunetti

- Decision
  - The Federal Circuit vacates and remands
  - The Federal Circuit reaffirms that a mark must serve as a source identifier to be registered and that the source-identifier inquiry typically focuses on how the mark is used in the marketplace and how it is perceived by consumers
  - The court rejects Brunetti's argument that the Board misconstrued the failure-to-function doctrine in holding that marks cannot be registered if they are widely-used commonplace terms
    - The Board made no such holding
    - Refusal was based on the applied-for mark's failure to indicate the source of applicant's goods and to identify and distinguish them
    - The Board made clear that commonality is not the test
    - This is correct under Federal Circuit precedent

# In re Brunetti

- Decision cont'd
  - The Board focused on the applied-for mark as an “all-purpose word”
    - No error in that determination
  - **But** Brunetti argued that the Board erred by allowing some all-purpose word marks while inexplicably denying registration of others (including registration for the F-word) without any explanation
    - PTO did not dispute other registrations, but argued that case law does not require the PTO to reconcile all past cases with the case under consideration
  - The Court holds that the Board must provide rational guidance that is sufficiently explained
    - The guidance is missing here
    - The Board rejected Brunetti’s reliance on third-party registrations by indicating that Brunetti failed to meet a standard
      - But the Board did not articulate what that standard would be

# In re Brunetti

- Decision cont'd
  - The Board's reasoning suggests the Board concluded it need not articulate a viable registration standard
    - Sounds very much like an "I know it when I see it" approach
    - Such an approach is inconsistent with reasoned decisionmaking under the Administrative Procedure Act
  - Concludes the Board failed to provide sufficient precision in its rationale for why some commonplace words can serve as a mark, but others cannot
- Dissent
  - Judge Lourie dissents
  - Anyone can readily tell that the F-word does not indicate the source of goods
  - If the Board's analysis needs sharpening, this is not the case for it
  - There will be better cases in which to provide guidance

# Yuga Labs Inc. v. Ryder Ripps, 144 F.4th 1137 (9th Cir.)

- Issues
  - Whether NFTs can be trademarked, and whether the district court properly granted summary judgment of trademark infringement
- Background
  - An NFT is an intangible, fully virtual, authenticating software code that is associated with separate digital or physical content
    - Like other non-fungible assets, each NFT is unique
    - Association of an NFT with otherwise fungible digital content transforms content into a unique asset (this is called “tokenizing”)
      - Analogy to an autographed baseball - the signature on the baseball transforms the mass-produced ball into something with greater value
      - For NFTs, the authenticating software code on digital art is the autograph
    - When an NFT is minted, it is stored on a “blockchain,” a digital ledger that keeps track of who owns what

# Yuga Labs Inc. v. Ryder Ripps

- Background cont'd
  - Yuga created the Bored Ape Yacht Club (BAYC) NFT collection, one of the most widely recognized NFT collections in the world
    - There are 10,000 NFTs in the BAYC collection, each associated with its own original artwork featuring a cartoon Bored Ape



# Yuga Labs Inc. v. Ryder Ripps

- Background cont'd
  - Ryder Ripps is an artist who began criticizing Yuga for neo-Nazi symbolism, alt-right dog whistles, and racist imagery
  - Ripps and an associate partnered to create the NFT collection Ryder Ripps Bored Ape Yacht Club (RR/BAYC)
    - RR/BAYC NFTs are linked to the same page images and corresponding Ape IDs as Yuga's BAYC NFT counterparts
    - RR/BAYC was ultimately hosted on an Ethereum blockchain
  - Yuga sued asserting 11 claims, including trademark infringement
  - Defendants raised numerous defenses, including that Yuga does not have enforceable trademark rights, and that RR/BAYC is protected under the nominative fair-use doctrine
    - They also raised counterclaims
  - The district court granted summary judgment in favor of Yuga on Defendants' defenses and DMCA counterclaim

# Yuga Labs Inc. v. Ryder Ripps

- Background cont'd
  - District court concluded Defendants' use of BAYC Marks would likely cause confusion and that Defendants intentionally infringed Yuga's marks
  - After a bench trial on equitable remedies, the district court
    - Found BAYC Marks are unregistered trademarks
    - Awarded Yuga disgorgement of Defendant's profits
    - Awarded statutory damages under the Anticybersquatting Consumer Protection Act
    - Found the case exceptional
    - Issued a permanent injunction

# Yuga Labs Inc. v. Ryder Ripps

- Decision

- Defendants appealed, among other things, the finding of trademark infringement
- Threshold issue is whether NFTs are protected by the Lanham Act
  - Defendants argued that NFTs are not a “good”
    - Text of Lanham Act does not define “goods” or “service”
    - USPTO has concluded NFTs are goods covered by the Lanham Act; not binding
    - NFTs exist only in the digital world, and they are associated only with digital files
      - They are marketed and actively traded in commerce
      - Customers experience BAYC NFTs as more than a digital deed to or authentication of artwork - BAYC NFTs also function as membership passes
  - This is different from digital content associated with a tangible product
    - In *Dastar Corp. v. Twentieth Century Fox*, the Supreme Court held that the “origin” of a video cassette is the manufacturer of the cassette, not the creator of footage on the cassette, so the intangible footage is not a “good” (copyright protected the intangible)
    - NFTs are not contained in or even associated with tangible goods

# Yuga Labs Inc. v. Ryder Ripps

- Decision cont'd
  - Whether Yuga has enforceable trademarks
    - Defendants argued that Yuga does not have trademark priority because
      - It engaged in unlawful conduct by using BAYC Marks to sell unregistered securities
      - It gave up trademark rights when selling NFTs
  - Unlawful conduct
    - Only lawful use in commerce can give rise to trademark priority
      - Exceptions to this if unlawful conduct is immaterial or if unlawful conduct is collateral to use
        - There must be sufficient nexus between unlawful behavior and the use of the mark in commerce
    - Defendants argued that Yuga sold BAYC Marks as unregistered securities because it marketed the NFTs as investment contracts coupled with grant of cryptocurrency
    - Here, there is an insufficient nexus between Yuga's use of BAYC Marks and its purported securities violations to withhold trademark protection
    - Yuga's failure to register NFTs as securities does not impact the source-indicating or goods-describing functions of trademarks

# Yuga Labs Inc. v. Ryder Ripps

- Decision cont'd
  - Ownership
    - Defendants argued that Yuga assigned all rights via the terms and conditions governing the NFT sale
      - Terms and conditions stated that buyers own the NFT and underlying art, and granted a worldwide, royalty-free license to the purchased art for personal, non-commercial use, and creating derivative works for commercial use
      - But BAYC Marks are distinct from the artwork, and the terms and conditions are silent as to trademark rights
    - Defendants also argued Yuga abandoned its marks by failing to exercise adequate quality control
      - But argument rests on notion that terms and conditions granted a naked license
      - The court already held that Yuga did not grant any trademark license

# Yuga Labs Inc. v. Ryder Ripps

- Decision cont'd
  - Ownership cont'd
    - Defendants argued that Yuga failed to adequately police unlicensed, commercial uses of the marks
      - A mark may become unenforceable as a result of a trademark owner's failure to police the mark
      - But a few examples of copycats using the BAYC Marks is insufficient to create a question regarding whether marks have ceased to function as a symbol of quality and a controlled source
  - Infringement
    - Nominative fair use
      - Defendants not protected by nominative fair use
      - Nominative fair use applies where defendant uses plaintiff's mark to describe plaintiff's product
      - Here, Defendants did not use BAYC Marks merely to describe or otherwise reference Yuga's NFTs; they used the marks as marks

# Yuga Labs Inc. v. Ryder Ripps

- Decision cont'd
  - Infringement cont'd
    - First Amendment
      - First Amendment exception to trademark infringement protects expressive speech
      - But exception does not apply where alleged infringer uses a trademark in a way the Lanham Act most cares about: as a designation of source of infringer's own goods
      - Here, Defendants used Yuga's marks as source identification for their RR/BAYC NFTs
        - When a use of plaintiff's mark is at least in part for source identification, the First Amendment exception is foreclosed, citing *Jack Daniel's*
    - Likelihood of confusion
      - Applying the *Sleekcraft* factors, the Ninth Circuit concluded that viewing the facts and reasonable inferences in the light most favorable to Defendants, it could not conclude as a matter of law that there is no likelihood of confusion

# Jaime Rogozinski v. Reddit Inc., 2025 WL 1650019 (9th Cir. 2025)

- Issue

- Whether the creator and moderator of a reddit page could state a trademark claim based on the name of that reddit page

- Background

- Reddit is a social media platform where people around the world post, vote, and comment in communities organized around their interests
- Rogozinski launched the “r/WallStreetBets” subreddit, serving as the forum’s first moderator
  - Purpose of subreddit is to exchange information related to the financial industry
  - Rogozinski created the logo and developed the overall design of the site
- Rogozinski sought trademark registration for WALLSTREETBETS, and Reddit suspended his account for attempting to monetize the community; he was no longer permitted to moderate
- Rogozinski sued for trademark infringement

# Jaime Rogozinski v. Reddit Inc.

- Background cont'd
  - The district court dismissed for failure to state a claim
  - Rogozinski appealed to the Ninth Circuit
- Decision
  - The Ninth Circuit affirmed dismissal
  - Rogozinski failed to adequately plead ownership over the WALLSTREETBETS mark
    - Core of the services at issue are the provision and hosting of r/WallStreetBets (an online forum-based community)
    - No allegation that Rogozinski has previously used WALLSTREETBETS in commerce prior to its use on the subreddit
      - By Rogozinski's own allegations, Reddit was the one to create and provide the services that enabled Reddit's users to contribute to the subreddit
    - Even if Rogozinski played a prominent role, he has not stated a valid ownership claim

# Eicher Motors Ltd v. Associations Identified on Schedule A, No. 25-cv-02937 (N.D. Ill.)

- Sounding the alarm on Schedule A cases
  - Recent decision from Judge Kness on the US District Court for the Northern District of Illinois
    - *Eicher Motors Ltd. v. Partnerships and Unincorporated Associations Identified on Schedule A, No. 25-cv-02937*
- Background
  - Schedule A cases typically involve a plaintiff filing a high-level complaint against a voluminous list of defendants identified on Schedule A attached to the complaint
    - The plaintiff also files motions to restrain the defendants' assets held in online marketplace accounts (e.g., Amazon) and to enter a TRO barring further infringement
    - The plaintiff typically proceeds under seal and ex parte
    - Scheme originated from the threat of foreign competitors (often from China) misappropriating domestic IP through online marketplaces

# Eicher Motors

- Background cont'd
  - After surveying the propriety of the Schedule A mechanism, the court denies the motion for temporary restraining order
- Decision
  - TRO is unwarranted
    - Ex parte proceedings ought to be reserved for extraordinary circumstances not typically present in Schedule A cases
      - TROs are extraordinary and drastic remedy
      - Rule 65 requires specific facts clearly showing immediate and irreparable injury, loss, or damage will result
        - Schedule A cases rarely, if ever, meet this requirement with respect to *each Defendant*
          - Typically address infringement en masse
        - It might be possible for a plaintiff to show, with specific facts, that it was highly probable a particular infringer would dispose of infringing goods before the TRO hearing, but not routine

# Eicher Motors

- Decision cont'd
  - Rule 65 also has a certification requirement - attorney certifies efforts made to give notice and reasons why it should not be required
    - Schedule A cases typically have boilerplate and raise questions about attorneys meeting their obligation under Rule 65
  - Broader concerns about procedural due process
    - A party faced at the outset with a secretly-imposed asset restraint starts the case with a significant disadvantage
    - If primary goal of case is to stop infringement, a public declaration, not a secret one, does a better job
  - A prejudgment, ex parte asset restraint is unwarranted
    - This is typically requested to preserve assets for later equitable accounting
      - But an examination of this has shown it almost never happens
        - Rather, plaintiffs typically get an asset freeze, seek default judgment, and then ask for statutory damages, not equitable relief
        - Because plaintiffs typically receive a remedy at law, not equity, there is no justification for an asset freeze

# Eicher Motors

- Decision cont'd
  - Plaintiff not entitled to a TRO
    - Schedule A TROs should fail at the outset because it is virtually impossible for the Court to discern likelihood of success from a one-sided presentation of evidence
    - Even assuming the likelihood of success, irreparable harm, and adequate remedy factors are met, the Court is not persuaded the Schedule A mechanism satisfies the balance of interests
      - Difficult to see how balancing can be done on sparse and one-sided presentation typical in Schedule A cases
    - Significant doubt that Schedule A mechanism serves the public interest
      - Mechanism may force settlement where defendants might otherwise prefer to litigate (but cannot because of asset freeze and/or injunction)
  - Final concern is joinder - typically not enough to simply allege that multiple defendants have infringed to meet Rule 20 requirements

# Cert Petition to Watch

- *RiseandShine Corporation, dba Rise Brewing v. PepsiCo, Inc.*, 24-1016
  - Question presented: Whether trademark strength—in the likelihood of confusion analysis—is a question of fact
    - Rise contends that twelve Circuits treat the conceptual strength factor in assessing likelihood of confusion as a question of fact for the jury
      - Only the Second Circuit treats it as a question of law
  - On October 6, 2025, the Supreme Court called for the views of the Solicitor General

**COPYRIGHT**



# Cox Communications v. Sony Music, No. 24-171 (S.Ct.)

- Questions Presented:
  - Whether an internet service provider that continues to provide internet access to particular subscribers, after being notified that those subscribers' accounts have been used to commit copyright infringement, is contributorily liable for future infringement on those accounts.
  - Whether a contributory copyright infringer “willfully” violates the Copyright Act when it acts with knowledge that the direct infringers' actions are unlawful but reasonably and in good faith believes that its own conduct is lawful.

# Cox Communications v. Sony Music

- Background
  - Cox Communications is an internet service provider
    - Certain Cox users committed copyright infringement by downloading or distributing songs over the internet
  - Sony Music (and the rest of the record industry) sued Cox to hold it responsible for its customer's copyright infringement
  - Recording Industry Association of America hired an anti-piracy company, which sent bots to crawl peer-to-peer networks in search of copyright infringement
    - When the company discovered an internet user downloading or distributing a copyrighted music file, it notified the user's internet service provider
  - Cox emphasizes that the music industry was flooding ISPs with millions of notices per year

# Cox Communications v. Sony Music

- Background cont'd
  - Cox's system for copyright complaints (Cox Abuse Tracking System)
    - Phase 1 - provide a warning and educational resources on copyright
    - Phase 2 - automatically suspend internet services
    - Phase 3 - consider termination of the user
  - Prior lawsuit - *BMG Rts. Mgmt (US) LLC v. Cox Commc'ns, Inc.* - addressed issue of vicarious and contributory infringement for subscriber copyright infringement
    - Court concluded that Cox did not qualify for the safe harbor under the Digital Millennium Copyright Act (DMCA) because its repeat infringer policy as implemented was inadequate
      - Cox's three strikes policy had turned into 13 strikes, while simultaneously watering down consequences (from termination to stern warning)
    - Jury rejected vicarious liability but found contributory infringement
    - Fourth Circuit overturned contributory infringement, ruling at a minimum that an ISP must have actual knowledge of, or be willfully blind, to specific instances of infringement
    - Parties settled on remand

# Cox Communications v. Sony Music

- Background cont'd
  - In *Sony v. Cox*, Sony attacked the time period that the *BMG* court said the DMCA safe harbor was inapplicable
  - Sony presented the same vicarious and contributory infringement theories as in *BMG*
    - That is, Cox materially contributed to infringement by customers by continuing to provide general internet access to customers previously accused of infringement
      - Once Cox received 2 notices/accusations, it knew that someone at the connection would infringe again
      - Accordingly, Cox either had to terminate the connection or be liable for subsequent infringement
  - At summary judgment, the district court held that notices alleging infringement established the knowledge element of contributory infringement as a matter of law
  - Jury found liability for both vicarious and contributory infringement
  - Jury also found willfulness

# Cox Communications v. Sony Music

- Background cont'd
  - US Court of Appeals for the Fourth Circuit
    - Reversed vicarious liability because Cox did not profit directly from subscriber copyright infringement
    - Affirmed contributory infringement
      - Intent may be shown by knowledge that infringement was substantially certain to occur
        - Cox had substantial certainty based on notices
        - But also internal emails imply that Cox provided internet service to certain habitual infringers despite believing they would infringe again
      - Supplying a product with knowledge that the recipient will use it to infringe is the sort of culpable conduct sufficient for contributory infringement

# Cox Communications v. Sony Music

- Core Arguments
  - Cox principally relies on *Metro-Goyldwyn-Mayer Studios Inc. v. Grokster, Ltd.* for the principle that contributory infringement requires “culpable intent”
    - Knowledge of another’s wrong and
    - Proof that the defendant intentionally induced or encouraged direct infringement
      - This at a minimum requires purposeful, culpable conduct with the object of promoting infringement
    - According to Cox, merely providing general use technology to the public is not culpable conduct
  - The Solicitor General on behalf of the United States supports Cox
    - According to the SG, the Supreme Court’s cases provide two ways a seller can be shown to have the requisite culpable intent for contributory infringement
      - Direct evidence of unlawful purpose
      - Inference of culpable intent by showing defendant sold a product that is not capable of commercially significant noninfringing uses

# Cox Communications v. Sony Music

- Core Arguments cont'd
  - Sony frames the case differently
    - Not a case about whether providing general purpose products and services to public knowing some may misuse
    - The law is different when it comes to one who supplies a good or service to known serial infringers knowing that they will likely continue using it to infringe
    - Relies on pre-*Grokster* decision (*Henry v. AB Dick*) for the principle that those who provide goods to a specific customer with the expectation that they would be used to infringe are contributorily liable
    - Sony emphasizes the factual record to show that when confronted with evidence that specific subscribers were misusing their connection to infringe and were likely to keep doing so, Cox decided to continue providing them instead of making any meaningful effort to stop infringement
      - This is the very reason the DMCA safe harbor would not apply
      - They knew habitual infringers would infringe again and allowed them because “we need the customers”

# Bartz v. Anthropic PBC, 787 F. Supp. 3d 1007 (N.D. Cal. 2025)

- Issue
  - Whether use of copyrighted books to train an AI LLM (large language model) qualifies as “fair use” under Section 107 of the Copyright Act
- Background
  - Anthropic offers an AI software product called Claude
  - Anthropic trained Claude (and prior LLMs) using books and texts from a central library Anthropic had assembled
    - Anthropic kept the library copies as a permanent, general-purpose resource (even if it would not use certain copies to train LLMs)

# Bartz v. Anthropic PBC

- Background cont'd
  - Anthropic populated its library by downloading for free millions of copyrighted books in digital form from pirate internet sites
  - Anthropic also purchased copyrighted books (some of which overlap with the pirated books)
    - It would tear off the bindings, scan every page, and store them in digitized, searchable files
  - Anthropic moved away from using pirated books, but kept them in the database anyway
  - Anthropic's library was used to train LLMs
  - Each work selected for training an LLM was copied in 4 ways
    - Copied from central library to create a working copy
    - Each work was cleaned to remove a small amount of lower-value text (headers, footers, page numbers)
    - Each copy was translated into a “tokenized” copy (characters grouped into sequences and translated into number sequences)
    - Each LLM retained “compressed” copies of the works it was trained on

# Bartz v. Anthropic PBC

- Anthropic moved for summary judgment on fair use
  - The Court addressed each use of the copyrighted work separately
  - Copies used to train LLMs are a fair use
    - Purpose and character of using copyrighted works was transformative, favoring fair use
      - Authors challenged only the inputs (not the outputs of the LLMs)
        - Different case if challenging outputs
      - Analogy to teaching someone to read
    - Nature of the work is expressive and so weighs against fair use
    - Amount and substantiality of portion used - copying was reasonably necessary to the transformative use, favoring fair use
    - Effect of use on market for or value of work - copies used for training will not displace demand, favoring fair use

# Bartz v. Anthropic PBC

- Copies purchased and converted to digital are a fair use
  - Challenge is to change from print to digital
  - Purpose and character of use is transformative
    - purchased print copies were copied to save storage space and enable searchability
  - Nature of copyrighted works is expressive, weighing against fair use
  - Amount and substantiality of works used was reasonable to purpose, favoring fair use
  - Effect of use (format change) did not usurp Authors' entitlement, so factor is neutral
- Copies pirated to build a central library not a fair use
  - Purpose and character of use not transformative
    - Pirating copies to build research library without paying was its own use, not transformative
  - Nature of copyright works is expressive, weighing against fair use
  - Amount and substantiality of works used not reasonable because Anthropic lacked any entitlement to copies, weighing against fair use
  - Effect of use plainly displaced demand for Authors' works, weighing against fair use

# Bartz v. Anthropic PBC

- Conclusion
  - Court grants summary judgment to Anthropic on
    - Copies used to train LLMs as fair use
    - Copies purchased and converted to digital library as fair use
  - Court denies summary judgment for Anthropic on
    - Pirated copies used to build library
  - Court also denies summary judgment for any copies made from library but not used for training
    - Hundreds of engineers could access copies for uses other than training LLMs
    - Cannot determine on this record whether there is fair use
- After summary judgment, the parties settled

# Kadrey v. Meta Platforms, Inc., 788 F. Supp. 3d 1026 (N.D. Cal. 2025)

- Issue
  - Whether Meta's use of copyrighted books to train its LLM was unlawful
- Outcome and warning
  - Court concluded Meta's use of copyrighted works to train LLM is lawful
  - But it warns that this ruling is case specific
    - Not a class action; only rights of 13 authors
    - Ruling "stands only for the proposition that these plaintiffs made the wrong arguments and failed to develop a record in support of the right one."

# Kadrey v. Meta Platforms

- Background

- Meta is the developer of a series of large language models (“LLMs”) called Llama
- Llama models are free to download, but Meta estimates that total revenue from generative AI will range from \$2 to \$3 billion in 2025, and \$460 billion not \$1.4 trillion over next 10 years.
- Meta cast a wide net for text to train the LLM
  - Two-thirds came from Common Crawl (a nonprofit that collects and provides free access to website data, metadata, and text)
  - Some came from websites and databases including Wikipedia, GitHub, ArXiv, StackExchange, and a combination of Project Gutenberg and Books3 (book databases)
  - None of these sources contained any copyrighted material at issue in case
- But Meta wanted more

# Kadrey v. Meta Platforms

- Background cont'd
  - Meta eventually used “shadow libraries” to download books and other texts for training
    - Library Genesis (“LibGen”) database
    - Anna’s Archive, a compilation of shadow libraries, including LibGen, Z-Library, and others
  - To download more quickly, Meta “torrented” the books
    - A filesharing technique essentially downloading small pieces of work from many other computer systems containing that file and participating in the torrenting network
  - Meta post-trained models to prevent them from “memorizing” and outputting certain text from training data
  - Plaintiffs are thirteen published authors who hold copyrights in various works
    - All books in which plaintiffs hold copyright can be found in datasets Meta downloaded
    - Meta downloaded at least 666 copies of books whose copyrights plaintiff hold

# Kadrey v. Meta Platforms

- Background cont'd
  - After discovery, Plaintiffs moved for summary judgment, arguing they had made a facial claim for copyright infringement and Meta's fair use defense could not negate claim
  - Meta did not dispute Plaintiffs facial case of infringement
    - Opposed Plaintiffs' motion and filed its own cross-motion on fair use
- Decision
  - Purpose and Character of Use
    - Favors Meta because use of books had a further purpose and different character, i.e., it was highly transformative
      - Used to train LLM; purpose of books by contrast is to read for entertainment and education
    - The fact that Meta will make money does not tilt factor in Plaintiffs' favor
    - The fact that books were pirated does not tilt this factor

# Kadrey v. Meta Platforms

- Decision cont'd
  - Nature of the Copyrighted Work
    - This factor favors plaintiffs
    - The works (books, including novels, memoirs, and plays) are highly expressive
  - Amount and Substantiality of Portion Used
    - This factor favors Meta
    - Amount copied was reasonable given relationship to transformative purpose
  - Effect of Use on Potential Market for or Value of Copyrighted Work
    - Single most important element of fair use
    - Three possible harms
      - LLM might regurgitate their works
      - Harm to market for licensing their works
      - Even if LLM cannot regurgitate works, it can generate works similar enough that they will compete with originals

# Kadrey v. Meta Platforms

- Decision cont'd
  - Harm from regurgitating work fails because Meta's LLM does not allow users to generate any meaningful portion of Plaintiff's books
  - Harm to market for licensing their books - Plaintiffs' primary argument
    - Not a market Plaintiffs' are allowed to monopolize
    - Harm from loss of fees paid to license a work for a transformative purpose is not cognizable
  - Harm from LLMs generating competing works
    - Court finds this harm the most compelling
    - But Plaintiffs have not made a sufficient factual record to create a genuine factual dispute of material fact
      - No evidence of harm to books sales
      - Meta's expert found no discernible effect on plaintiffs' sales
      - Plaintiffs presented no empirical evidence

# Carroll Shelby Licensing Inc. v. Halicki, 138 F.4th 1178 (9th Cir. 2025)

- Issue
  - Whether “Eleanor”—a Ford Mustang featured in the film *Gone in 60 Seconds* and other films—is a copyrightable character
- Ninth Circuit holds that Eleanor is not a character, much less a copyrightable one
- Background
  - Eleanor is a Ford Mustang featured in four films
    - *Gone in 60 Seconds* (1974)
    - *The Junkman* (1982)
    - *Deadline Auto Theft* (1983)
    - The remake of *Gone in 60 Seconds* (2000)
  - Halicki owns the copyrights to the first three films and merchandising rights to Eleanor as it appears in the remake film

# Carroll Shelby Licensing Inc. v. Halicki

- Background cont'd
  - After remake, Shelby licensed a custom car shop to produce GT-500E Mustangs
    - Halicki believed the car unlawfully copied Eleanor's design and filed suit against Shely and the car shop
    - Halicki and Shelby settled in 2009
  - After settlement, Shelby licensed CR to produce "GT-500CR" Mustangs
  - Halicki viewed this as a violation of the settlement agreement
    - Halicki contacted GT-500E owners and auction houses to assert copyright interest in the vehicles
    - Halicki demanded CR cease and desist production of GT-500CRs
  - Shelby sued for breach of the settlement agreement and declaratory judgment
  - Halicki counterclaimed for copyright infringement and breach of the agreement

# Carroll Shelby Licensing Inc. v. Halicki

- Ninth Circuit Decision
  - Copyright Act is silent on protection of characters within literary works, motion pictures, etc.
    - Long history of extending copyright protection to graphically-depicted characters
    - Not every character is entitled to protection
  - Test to determine whether a character is entitled to copyright protection
    - Character must have physical as well as conceptual qualities
    - Character must be sufficiently delineated to be recognizable as the same character whenever it appears and display consistent, identifiable character traits and attributes
    - Character must be especially distinctive and contain some unique elements of expression
  - Eleanor fails each prong

# Carroll Shelby Licensing Inc. v. Halicki

- Ninth Circuit Decision cont'd
  - Physical and conceptual qualities
    - Eleanor lacks any conceptual qualities
      - No anthropomorphic traits; never acts with agency or volition
      - Expresses no sentience, emotion, or personality
  - Sufficiently delineated to be recognizable as the same character
    - Eleanor lacks consistent traits
    - Physical appearance changes throughout films (yellow and black, gray and black, rusty, paintless)
  - Especially distinctive and contain some unique elements of expression
    - Eleanor is not especially distinctive; nothing distinguishes Eleanor from any number of sports cars appearing in car-centric action films
    - Eleanor is a stock sports car

# Carroll Shelby Licensing Inc. v. Halicki

- Some take aways
  - Decision offers some instructive guidance
  - Issue of what qualifies as a character may become more important as AI creates and puts characters into new situations

# Romanova v. Amilus Inc., 138 F.4th 104 (2d Cir. 2025)

- Significance
  - Second Circuit's first significant fair use decision after the Supreme Court's *Andy Warhol Foundation for the Visual Arts v. Goldsmith* decision
  - Decision was authored by Judge Leval, who is considered the godfather of fair use and transformativeness
- Background
  - Romanova is a professional photographer, who authored a photo of a woman with two snakes
    - Licensed the photo to National Geographic for a single use, in an article entitled "Intimate Photos of People and Their Beloved Pet Snakes"
  - Defendant copied Romanova's work from the National Geographic publication
    - Used in article on Defendant's website, which requires a subscription and monthly membership

# Romanova v. Amilus Inc.

- Background cont'd
  - Romanova filed suit for copyright infringement
  - Defendant defaulted
  - After hearing on motion for default judgment, district court ordered Romanova to show cause why the case should not be dismissed on fair use grounds
  - District court then dismissed the complaint with prejudice
    - Fair use was clearly established from face of complaint

# Romanova v. Amilus Inc.

- Decision
  - Fair use's first factor: Purpose and Character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes
    - In *Campbell v. Acuff-Rose*, the Supreme Court identified the first factor as whether the copy supplants the original
      - Whether it supersedes or adds something new - in other words, whether and to what extent the new work is transformative
    - *Campbell* also stressed the important to fair use of "justification" for copying the original
      - *Campbell* expressed the point in terms of parodies, and courts at first thus assumed justification was only a concern for parodies
    - The Supreme Court's *Warhol* decision made clear that *Campbell*'s requirement of justification is not applicable only in cases of parody, but applies generally to all claims of fair use

# Romanova v. Amilus Inc.

- Decision cont'd
  - In *Warhol*, the majority reaffirmed what the Court had said in *Campbell* concerning the importance of commentary as justification for copying
  - Critique or commentary on the original are not the only justification qualifying as fair use
    - Other justifications include
      - Providing the public with information about the works or authors
      - Copying provided a service related to the copyrighted work
      - Furnishing of valuable information on a subject of public interest or a service important to the public
    - There may well be other effective justifications
      - It is a case-by-case analysis

# Romanova v. Amilus Inc.

- Decision cont'd
  - Ninth Circuit finds two (2) errors with district court's reasoning
    - The first relates to the Supreme Court's explanations in *Campbell* and *Warhol* stressing the importance of a transformative purpose for the copying
      - Copy should transmit a message that differs from the message communicated by the original
      - In district court's view, the copy communicated the fact that there was a growing trend on the internet to publish pet photos—a message not communicated by the original
        - This misunderstands the test—the test turns on whether the copying communicates a message that differs from original, not whether the copier declares such a message

# Romanova v. Amilus Inc.

- Decision cont'd
  - The second error relates to the importance to fair use of a justification for the copying, as explained in *Campbell* and *Warhol*
    - Justification is often found when copying serves to critique, or otherwise comment on the original or its author (but can be found in other circumstances)
      - Observation that there was a growing trend on internet to publish photos of people with pets does not justify unauthorized copying and distribution
  - The second, third, and fourth fair use factors do not support fair use
    - Photo is an artistic work, and Defendant copied identically
    - Defendant took the entire work
    - Unauthorized distribution diminished value of copyrighted work by diminishing likelihood that others would seek and pay for a license to publish the photo