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3B Copyright Law Session. Copyright Potpourri

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**TWENTY-EIGHTH ANNUAL CONFERENCE
INTERNATIONAL INTELLECTUAL PROPERTY
LAW & POLICY**

Thursday, April 8, 2021 – 1:00 p.m.

**SESSION 3: COPYRIGHT LAW
3B. *Copyright Potpourri***

Moderator:

Ron Lazebnik

Fordham University School of Law, New York

Speakers:

Umair Kazi

The Authors Guild, New York

***Stealing from Peter to Lend to Paul: How the Internet Archive Used the
Pandemic to Encroach on Authors' Rights***

Sepehr Shahshahani

Fordham University School of Law, New York

***Designs of Useful Articles in Copyright Law: Where Do We Go After Star
Athletica?***

Paolo Catalozzi

Supreme Court of Italy, Rome

IP Rights Protection in the Digital Environment: Dynamic Injunctions

Steven J. Shapiro

Federal Bureau of Investigation (FBI), New York

IP Attorney to Supervisory Special Agent: An Overview of the Journey

Panelists:

Christine Storry

University of Melbourne, Melbourne

Ann Bartow

University of New Hampshire, School of Law, Concord

Susan Scafidi

Fordham University School of Law, New York

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RON LAZEBNIK: This is a very interesting panel because the *Copyright Potpourri* panel has no set theme other than copyright. The discussions we're going to have today are certainly going to run the gamut. It should be a very interesting discussion. We have four speakers covering different topics today. I'm going to try as best I can to keep us on time so that everybody has a chance to share their views, and that we can get to questions from the audience as much as possible.

Just quickly running through who is with me today, is Umair Kazi from the Authors Guild, Sepehr Shahshahani from Fordham University, Paolo Catalozzi from the Supreme Court of Italy, Stephen Shapiro from the FBI. Then we have panelists, Christine Storry from the University of Melbourne, and Ann Bartow from the University of New Hampshire, and Susan Scafidi from Fordham University. This is a very Fordham University heavy panel. No bias there whatsoever, though.

With that, Umair, you have the floor.

UMAIR KAZI: Thank you, Ron. Thanks for the invitation. It's a real pleasure being with Fordham, though, remotely. I've been an attendee at past conferences, so it's really an honor to be presenting here.

My name is Umair Kazi. I'm the Director of Policy and Advocacy at the Authors Guild. The Authors Guild is the oldest and largest professional organization of authors in the U.S. Since 1912, the Guild has been advocating on behalf of authors for fair terms in publishing contracts, copyright protection, tax benefits. We gained some notoriety, I think over a decade ago, before my time at the Guild, because the Authors Guild sued Google for the Google Books digitization project.¹ Little known case, that did not change anything for fair use. I'm kidding. Changed a lot of things.

Today, I'll be talking about the National Emergency Library, when using the National Emergency Library, to talk more about Open Library, which is Internet Archive's other project, and just basically the marriage of the argument for making copy digitizing books and lending them on the internet as under the controlled digital lending theory.

Last March, as we all know, we were all grappling with the pandemic, not sure whether we would continue going to offices and work. Authors, certainly, were facing a very dramatic uncertainty. A lot of authors had books coming out that they weren't sure whether they would be able to get the promotion or have bookstores close down.

Amid all of that, the National Emergency Library emerged in the scene. It allowed anyone to borrow from among a catalog of around, I think, 1.4 million scanned copies of books that Internet Archive has, and hundreds of thousands of them. I don't want to put a number on it, but a great proportion of them are books

¹ Authors Guild v. Google, Inc., 804 F.3d 202 (2d Cir. 2015).

still under copyright. As the publishers' complaint against the Internet Archive alleges, a great proportion of the books were also published within the last decade.

Internet Archive launched the National Emergency Library, claiming, without evidence, that it was addressing the need for students to access books when physical libraries were closed. Even though, as an industry, this need wasn't quite ascertained at that point, because at the same time, Internet Archive launched the National Emergency Library, but even before that, a lot of publishers had already been talking to libraries and loosening the terms of their licenses for at-home education. There were also limitations made into the TEACH Act.² As an industry, the publishing industry, and certainly the authors were very much aware that there would be a necessary pivot from the way books circulated, in the way authors engaged with their readers, especially children and young adults. The industry as a whole was responding to that.

When the National Emergency Library came on the scene, it really and rightly angered a lot of authors and publishers who were engaged in these measures to make sure that books continue to get readers. The Authors Guild at the time launched a public campaign, and we got 6,000 signatories to an open letter calling on Brewster Kahle and the Internet Archive to shut down the National Emergency Library. We didn't get a response from that, continued our campaign, and I think a couple of months later, the publishers — I'm hazy on the timeline, but I think it was — the National Emergency Library was launched in March, and the publishers' suit started in June. Right around that time, Internet Archive decided to scrap the National Emergency Library.

We certainly saw this as an effort by the Internet Archive to use a crisis to push copyright law further out to the edges. There's no question that it violated federal law. Its impact on authors was clearly palpable, especially at a time when the authors' incomes from the pandemic were already going down.

There's no basis in the law, as also is very detailed articulation of that in the publishers' complaint. There's no basis in the law for scanning and making copies of entire books, verbatim copies of entire books available to the public, which Internet Archive has been doing for years through the Open Library program. Whether you have the one copy per user limitation on it or not. This was reaffirmed in *ReDigi*³ where the Second Circuit found that the market harm was likely because under the fourth fair use factor, for digital resales essentially because the lower price resales were sold to the same customers who would have otherwise purchased new licenses.

I understand that in *ReDigi*, it was a commercial market, but the point still stands. Publishers sell licenses to libraries, and authors earn income from those licenses. Moreover, the practice of controlled digital lending really threatens the market for books that are currently out of print. It assumes that the out of commerce books have no value for the authors. We help a lot of authors get reversion of rights from publishers when their books go out of print and republish them.

One of the arguments the Internet Archive has made is that these books are out of print; they have no commercial value. Well, actually, they have a lot of

² Technology, Education and Copyright Harmonization Act, 17 U.S.C. § 110,112.

³ Capitol Records, LLC v. ReDigi Inc., 910 F.3d 649 (2d Cir. 2018).

commercial value — books come back into print, and we try to constantly emphasize that just because the book is out of print doesn't mean it has lost commercial value.

RON LAZEBNIK: You mentioned a few things in there. The TEACH Act, for those of you who are not well versed in American copyright law, is a separate exception to the exclusive rights of the author, a type of fair use that revolves mainly around the classroom setting.

Ann, I'll start with you as a reaction from a U.S. copyright professor perspective. Any thoughts on Umair's view of the— I guess the fair use elements here – with regard to this?

ANN BARTOW: Well, as you know, fair use in the United States has been on a bit of a wild ride in the last couple of days. That's one way to put it, right? Of course, the *Oracle vs. Google* case⁴ was — I was frankly surprised. I don't know anyone else pleasantly surprised. I was happy. I was mostly happy. Of course, I'm a bit of a crank, so I have to complain. I would've liked to have seen the 102(b),⁵ I would've liked them to say it was uncopyrightable under 102(b). I do want it to be clean and done, is what I definitely would've preferred instead of fair use, although we have to — That's okay, but then at the same time, the *Warhol* case,⁶ which seems to suggest the *Acuff-Rose*⁷ undermining, rethinking retrenchment, and it's really hard. It's complicated, right?

When I teach *Acuff-Rose*, the students all have a really hard time understanding the — Justice Souter sets out the satire versus parody distinction, and it doesn't even make any sense then, but really over time, it makes no sense.

Every time you want it to come out for fair use, you just say it's a parody, even though it doesn't fit within the definition either. At the end of the day, is evolution something that is a good thing even when it veers in directions we don't like, is there a way to have more bright lines in context. I think I have a lot of questions, but no answers.

RON LAZEBNIK: It's definitely something to think about. As you pointed out, we have a recent Supreme Court case as of this week. As part of it noting that the list of factors is non-exhaustive, but there are other factors, and I think that's what Internet Archive here would probably be pushing for, that there's some other factor that needs to be dealt with.

We have international panelists here. Christine, I'll turn to you if you're comfortable speaking about this kind of fact pattern from your perspective as to would this be fair use or fair dealing in Australia, or how would this be handled differently?

CHRISTINE STORRY: Yes, so in Australia, it would be fair use,⁸ and from a creative perspective, fair use in the *Oracle* case is a better outcome than losing copyright altogether.

⁴ Google LLC v. Oracle America, Inc., 141 S.Ct. 1183 (2021).

⁵ 17 U.S.C. § 102(b).

⁶ Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith, 992 F.3d 99 (2d Cir. 2021).

⁷ Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569 (1994).

⁸ Australia has a fair dealing exemption for libraries, research and other uses. The Australian Law Reform Commission (16082012) states the current law on the dealing exemption:

RON LAZEBNIK: Umair, any quick reaction before we turn to our next speaker?

UMAIR KAZI: I think we also talk about fair use generically, but we have to also think about the particular factors. There may be new factors coming in. I guess large sweeps and vacillations don't help creators because they just don't know, often creators are the after talks of these debates. The use is made, in this case, from my perspective, it's obvious where if it's a verbatim digital scan of a book, then it's not transformative, there's nothing being added to that, what's the sort of aim of copyright we're advancing there. I think that the broader fair use, without really getting the nuances, it just creates a lot of confusion.

RON LAZEBNIK: Yes, thank you for that. I guess the one final thought I'll add to that is, as a person on the sidelines, I appreciate when these big overtures are taken only because it's more likely to resolve into an actual court opinion to help clarify the law. Whereas, if it's smaller stakes, it's far more likely to be settled, and then you're still operating in the shadow of the law rather than a clearly articulated opinion. Let's now turn our attention to Paolo.

PAOLO CATALLOZZI: Thank you. First of all, I want to say that it's a pleasure and an honor to be with you today. In the next seven minutes, I will be talking about a specific judicial, non-criminal, remedy to address copyright infringements and, in general, IP rights infringements in the digital environment.

We all know that there are websites that host sport events, movies, music, magazines and photos uploaded by the manager or by third parties, or offer streaming services to those events, without the consent of the copyright owner, as well we see online selling of goods which bear registered trademarks, without the consent of the trademark owner, whether they are counterfeited products or products sold outside a close distribution network.

We have traditional injunctions — blocking injunction or injunction to remove these illicit contents, but these injunctions are easy to circumvent by means of making the illicit content available immediately after the issuing of the injunction with a different IP address or URL or through different streaming servers.

We see that the protection of IP rights is not effective and the courts of many States — European and non-European — started to look at a way to address the issue, and the answer can be found in the dynamic injunction.

What is a dynamic injunction?

It is an order to the intermediary to adopt the most appropriate measures to block access to a specific website or streaming server, and also to all the different

“The Copyright Act does not define a ‘fair dealing.’ Rather, specific ‘fair dealing’ exemptions exist for the purposes of research or study; criticism or review; parody or satire; reporting the news; and a legal practitioner, registered patent attorney or registered trade marks attorney giving professional advice...Not all these exemptions are available for all types of copyright material. The Copyright Act provides that ‘fair dealings’ for these specified purposes may be made with the following copyright material: literary, dramatic, musical or artistic works; adaptations of literary, dramatic or musical works; and audiovisual items - defined as sound recordings, cinematographic films, sound broadcasts or television broadcasts.” *Fair Dealing Exceptions*, AUSTL. LAW REFORM COMM’N, <https://www.alrc.gov.au/publication/copyright-and-the-digital-economy-ip-42/fair-dealing-exceptions/> (last visited July 28, 2021).

websites and streaming servers where the same infringement may be committed, without the need for a new judicial procedure to obtain a new injunction.

Those kinds of injunctions have been issued by some European national courts, but also by national courts of different States from different continents: India, Mexico, Singapore, just to name a few; and that even if there's no statutory provision in those countries' legislation.

Also, the Court of Justice of the European Union in 2019, in a defamation claim⁹ said that the use of a dynamic injunction is non-conflicted with European law if the content of the information is equivalent to the one that was previously declared to be a law.

Now, quickly, we have some issues raised by the dynamic injunctions and let me focus on those issues.

First of all, which websites can be targeted without a new judicial order? I can offer you some criteria: (a) The websites that display the same illicit content. Is that enough? Or is it also necessary that (b) the illegal activity comes from the same infringer or that there is any evidence of a link between different infringers? That's the first point.

The second, who controls over the respect of that scope of application? The court, the intermediaries, the copyright holders or a third authority? If I'm correct, an Indian Court appointed a non-judicial authority to control that aspect.

Third point, who is unable to assert his rights before the court? The intermediaries because the burden of the implementation of the measure is on them? Or the internet users, because the injunction may interfere with their rights of expression and information through the web, so with their fundamental rights? Or the alleged infringers because the injunction interferes with their right to conduct their business?

Another issue is the cost allocation: Who bears the cost of implementation of the dynamic injunction? The intermediaries? Actually, they are not responsible, but they get revenue from illegal activity. The copyright holder? Or both of them?

Last but not least, the confidentiality issue: Can the court keep the injunction confidential, or, anyway, avoid disclosing the list of the targeted website? That, in particular, is important when the injunction is related to a live event that is going to be uploaded or broadcasted through the web.

RON LAZEBNIK: Let's start with Steven, you're a speaker but I'm going to call on you as a panelist because you, in the FBI, deal with enforcement. How does this strike you, this concept of a dynamic injunction?

STEVEN J. SHAPIRO: I'm very jealous because I haven't heard of such an application here in the States. It sounds like that's more on the civil side but it would definitely help us in our criminal enforcement as well.

RON LAZEBNIK: Paolo, let me ask you, with that regard, is there an easy way to assert authority over the intermediaries in these? It's like, is it part of a statute that the court can essentially not only go after the alleged infringers but the intermediaries? How does that function in the end?

⁹ Case C-18/18, *Eva Glawischnig-Piesczek v. Facebook Ir. Ltd.*, ECLI:EU:C:2019:821 (Oct. 3, 2019).

PAOLO CATALLOZZI: I can talk about European legislation and intermediaries. They play an essential role, obviously. You can order the intermediary to block access, for example, even if they're not responsible. Also, a telephone company is an intermediary. The intermediary has no general obligation to actively seek illegal activity on the web, but whether a judge or administrative authority orders them to block access, they have to obey even if there is no responsibility by them. It's not a problem.

I think the key issue is to balance the copyright holder rights with the rights of internet users, with the right of the website manager, because different fundamental rights come into play: rights to conduct a business, rights to freedom of expression — so you have to be careful and try to assess your rights before the court in civil judgments. You have to use these instruments very carefully. I think they can be very useful to the copyright holders and IP rights holders in general.

RON LAZEBNIK: Susan, you're a person who not only looks at copyright but trademark, and there's plenty of injunctions that go around there. What's your reaction to this concept of the dynamic injunction? Do you think it could expand to the U.S.?

SUSAN SCAFIDI: My greatest reaction is one of curiosity. I too, along with Steven, have my eyes open when I hear about this because particularly when you have so many anonymous individuals running websites, it's very difficult. One of the things that is, of course, happening in the U.S. is a focus on platforms, but also on payment providers and that sort of thing as a way to address these issues.

My biggest question for Paolo, hence the curiosity, comes back to the point about confidentiality or privacy. It's become increasingly difficult to identify infringers when they are hidden behind the GDPR¹⁰ in Europe, or behind a new succession of privacy statutes in various U.S. jurisdictions or elsewhere in the world. I wonder how dynamic injunctions in this way might get past that privacy concern if you're focusing primarily on content or is that concern about whom you're enjoining as still a very key issue. If I could turn the time back to Paolo, with Ron's permission, I would love to hear more about that.

RON LAZEBNIK: Sure.

PAOLO CATALLOZZI: Yes, maybe I ran too quickly, that's my first time at Fordham, I'm a rookie. First of all, in Europe, as I was saying before, I'm inclined to say that the copyright holder has the responsibility to inform the court of the IP addresses and URLs that are infringing his rights. They have to notify those data to the intermediaries because, as I said before, the intermediaries have no general obligation to actively seek facts indicating illegal activity.

I don't know if I answer your question, but the point I want to point out is that the copyright holders know who is infringing. In Europe, we move from that point. The copyright holder is the claimant, goes to the court and says, I know that A, B, C, are infringing, or they're going to infringe. *That's the second point.*

They know from their records that some websites are going to offer streaming servers, for example, for football matches or live sport events. Say, in a way, there will be great sporting events, like the Olympic Games, or just say that I have the reason to think that those websites are going to offer some service to this

¹⁰ General Data Protection Regulation.

event without any authorization. I would say, please, give the injunction against those lists of websites, but don't disclose the list because otherwise your injunctions could be less effective than they should be. The disclosure should be on this part of the injunction: the name of the website, the domain name that are reasonably going to infringe their rights.

I don't know if I answered your question, Susan.

SUSAN SCAFIDI: Yes, I think it was more to find the individual behind the website than identifying the website itself, but thank you, that was helpful.

PAOLO CATALLOZZI: Yes, that's another problem. In Italy, for example, say, you have to give evidence of who is behind and that he is linked with the first website that is infringing. Other countries, they just say I go after the infringement, not the infringer. There are so many open questions.

RON LAZEBNIK: It's very different from the regime we have in the U.S. Although, interestingly, in the trademark realm, there is the concept of in-rem jurisdiction over a website separate from the person behind the website, potentially, but the same thing doesn't occur in the copyright realm.

We're basically out of time for our discussion. Paolo, it might have been your first time at this conference, but you did fabulously. Thank you so much.

PAOLO CATALLOZZI: Thank you.

SEPEHR SHAHSHAHANI: It's my pleasure to be able to participate for the first time in this lively and important conference. I'll speak very briefly today about the U.S. federal copyright law governing the designs of useful articles, or DUA, for short. My main pitch is this, it's that designs of useful articles should be copyrightable if copywriting the design would not give the holder any exclusive rights to functional features of the article.

Those who are familiar with the *Star Athletica*¹¹ recent decision might say that *Star Athletica* forecloses such an approach, but I'm going to argue that it does not. Mainly, the work that I think, as a matter of intellectual property principle, should be done by the DUA doctrine can still be done even after *Star Athletica* under the banner of the idea of expression dichotomy and the merger doctrine.

I'm going to skip over the statutory background in the interest of time. The main point is that the statute has the separability criteria that it's easy to state but was very difficult to apply and it inspired the jumble of contradictory and inconsistent case law, and so the Supreme Court intervened in 2017 in the hopes of clarifying this one.

The Court adopted a plain meaning approach with a test that basically repeated what's in Section 101 of the Copyright Act. The court erected two requirements for copyrightability of designs of useful articles: first, separate identification, which the court said is easy to satisfy, and second, independent existence, which the court said is ordinarily more difficult to satisfy.

Now, there is some ambiguity about what the court's test actually is, and I'm happy to go over that in the Q&A more, but I think with a little help from the dissent, we can actually arrive at some intelligible understanding of what the test is, and the test, as I understand it, is that the court seems to be saying that any design feature that an observer can imagine separately from the useful article as a pictorial

¹¹ *Star Athletica, L.L.C. v. Varsity Brands, Inc.*, 137 S.Ct. 1002 (2017).

graphic or soft sculpture world, without bringing along with it the useful article itself, passes the DUA test.

To apply it to the facts of this case, the court said that certain lines and chevrons on a cheerleading uniform do pass the DUA test because you can imagine the chevrons and the lines independently as PGS¹² work, and in imagining them independently, they don't bring along — they don't conjure up also the uniform itself. By contrast, the shape, cut and dimensions of the uniform do not pass the DUA test because if you imagine the shape cut and dimensions of the uniform, in your imagination, you'd also be bringing along the uniform itself.

How do we assess *Star Athletica*? I think it's fair to say that it left many observers cold. In particular, some people criticized it for being ambiguous. To me, that's actually the least of the sins of *Star Athletica*. I think you can actually arrive at some coherent understanding with the help of the dissent of what the opinion means.

To me, the much more important difficulty with the opinion is that it is not grounded in any IP principles, it's not grounded in any copyright or broadly in any IP principles. Notably, the court says nothing at all about what this doctrine that they are elucidating is for, what the point of the doctrine is. Quite the contrary, and remarkably for doctrine that's extensively concerned with utilitarian functionality, the court actually explicitly says that whether the article left when you remove the design is functional or not, actually has no bearing on the DUA question.

What can we do? Where does this leave us? How can we have a more principled and workable DUA doctrine? Well, to me, the first step to such a workable doctrine would be to step back and ask what this doctrine is for. What is it that's special about useful articles that they require a special purpose doctrine for their designs?

I think the answer is straightforward – useful articles are special because they're useful. They have to work, they have to function, and this requirement constrains their design choices. The only kinds of designs that work for useful articles are designs that still preserve the functionality of the article.

The danger — and here's really what's special about the DUA doctrine — is that copyrighting the design might actually be tantamount to copyrighting the underlying function, and if you know the first thing about copyright, you know that that can't be.

Under the idea-expression dichotomy, which is a longstanding principle now codified in Section 102(b), copyright extends to expression, but not to ideas, the idea can be an aesthetic idea, but it can also be, as the case law recognizes, the functional idea.

In addition to the idea-expression dichotomy, and as part of it, we have this merger doctrine that says you can't even copyright expression if copywriting expression would be tantamount to copywriting the underlying idea, which can happen if the underlying idea can be expressed in only one or a few ways.

To me, as a matter of IP principle, the DUA doctrine is a proto-idea-expression merger doctrine, specifically adapted to useful articles. Its purpose is to channel the protectional function from copyright to the utility patent question.

¹² Pictorial, graphic, and sculptural.

That's, I think, the principle approach to the DUA, and this is an argument I laid out in an article I wrote a while ago in the *Journal of the Copyright Society*, and I'm plugging shamelessly now, but you might say, well, *Star Athletica* forecloses. I think it's fair to say, "Okay, it forecloses that as a matter of DUA doctrine, but it doesn't foreclose it in general, because after all, just because a design passes the DUA test doesn't mean that the design is actually copyrightable." It doesn't mean that it passes the other requirements of copyrightability as well. In fact, in the majority opinion, *Star Athletica*, Justice Thomas explicitly says, "We're not passing on whether the separately identified PGS work is or is not copyrightable."

I think the work that in principle, the DUA doctrine should do, but can't do perhaps because of *Star Athletica*, can and still should be done as a matter of the idea-expression dichotomy and the merger doctrine. I think doctrinally the path is open, and normatively as a matter of IP principle, it's the path that you should follow.

I'll just conclude by asking, well, what are the chances of that? I'm mildly optimistic. I'm optimistic because I think the Supreme Court appreciates the importance of not extending copyright to function. If you just look at the recently released decision in *Oracle vs. Google*, it's clear that the fact that computer code is primarily functional, plays an important role in the decision in that case.

Now, of course, that decision is not about the DUA doctrine, nor is it about idea-expression dichotomy. It's about fair use, but still, I think the discussion shows that the court is alert to the dangers of extending copyright to function, and I think hopefully with some prodding by like-minded people, it's fair to hope that the courts will bring the same principles to bear on cases involving designs of useful articles. I'll stop here, and I look forward to your questions.

RON LAZEBNIK: All right, thank you Sepehr. Christine, I think you had some thoughts on this. I know Susan Scafidi and Ann will most definitely have thoughts about this, but I'll start with the non-US view.

CHRISTINE STORRY: Yes, absolutely. It's a very interesting case because it does two things. In Australia, there's a design-copyright overlap, and so the thinking in *Star Athletica* actually follows that principle to a certain extent, in that we would consider the design of the chevrons to be applied, to be ornamentation and to be on the surface. That's consistent with getting copyright protection under Australian law.¹³

Even more interesting is the U.S. history of the *Mazer* case,¹⁴ which underlies the concept of separability, and if you think about it in comparable terms with the Italian case of the Arco lamp.¹⁵ They're both lamps, but the way that they've

¹³ See *JUMPERGATE: Port Confirms Indigenous Guernsey Design was Copied*, AFL (May 21, 2021), <https://www.afl.com.au/news/616916/jumper-design-rip-off-port-adelaide-investigating-social-media-claim>.

¹⁴ *Mazer v. Stein*, 347 U.S. 201 (1954). See also *Stein v. Expert Lamp Co.*, 188 F.2d 611 (1951).

¹⁵ Trib. di Milano, 3 settembre 2012, n. 74660/06, http://www.corteappello.milano.it/ArchivioPubblico/B_241.pdf (It.). The Italian Copyright Act at art. 2, para. 1, no. 10 states that works of industrial design which have per se creative character and artistic value are protected by copyright.

been dealt with under copyright is remarkably different. The American case is viewing function and sculpture as two separate elements, but in the Arco case, they're recognizing that there's a high creative value within the design itself as an object that can't be separated from function.

RON LAZEBNIK: Ann, I see your hand. Once again as Sepehr pointed out that much like in *Oracle*, the Court kind of punted on the copyrightability question that you wanted resolved, but please share your thoughts.

ANN BARTOW: The thing about that case that really troubles me the most actually is the paucity of discussion. There's a little bit in the dissent by Breyer. Breyer comes the closest, but my inner sexist comes out because the women justices did not talk about this. I was really startled actually honestly, but it is my inner sexist that Breyer got and the women didn't, which is, how functional the designs were. When you look at the cheerleading uniforms— First of all, I am not a fashion player, I don't even pretend to be, but even I know basic things, right? We know black is slimming. We know horizontal versus vertical stripes were the ones that make you look taller, ones that'll make you look wider, different things like that.

Even basic, like fashion designers, know a lot of tricks and things like the chevrons and things. The entire design of the cheerleading uniforms is to make the waist look small and to draw attention to certain areas in the body, and to make— Particularly the ones that were copyrighted were entirely designed to draw attention to the women and then sexualize the women's bodies, at least the body when they were cheerleading, and for whatever body, in a sexualized way. It's a really easy argument to make out. I think the functionality argument is very powerful in that, and with choices that were made with the stripes and chevrons, and so on and so forth. I was just disappointed that it wasn't more of a presence in the case.

SEPEHR SHAHSHAHANI: I was disappointed too. I think that's what the DUA doctrine should be about. My pitch is, so they screwed that up, they failed to do that. That doesn't mean that these considerations are now out of copyright and that functional things are copyrighted. I think my argument here is that the work that as you correctly point out should have been done by the DUA doctrine and the Supreme Court failed miserably to do under the DUA doctrine can still be done in copyright jurisprudence. We should just be more creative in doing it under idea-expression and merger. Again, just because some design passes the DUA doctrine doesn't mean that it's otherwise copyrightable. It doesn't mean it, for example, passes the originality requirement too, or that it fits/passes idea-expression too.

RON LAZEBNIK: Susan, let's not delay you.

SUSAN SCAFIDI: Yes, with our moderator's kind permission, I'm about to jump through the screen. Full disclosure, for those of you who don't know, this is in some sense my case. I served as an expert below and then the Sixth Circuit picked up one of my analogies, and then as the Fashion Law Institute, we wrote an amicus that told the court to do exactly what it did. That is, scrape everything away and look to the statute. That being said, it has become a bit of a punching bag and so Sepehr's comments about its sins or its unprincipled nature are probably the kindest thing that have been said lately. I want to start actually by addressing Ann, and yes, woman to woman, absolutely, there are ways to create an hourglass where no hourglass exists in terms of the figure. That being said, that form of functionality is

the conveyance of information. The body underneath looks good, is the information being conveyed by those visual tricks by designers, and therefore, I don't think that actually presents a copyright issue. Coming back to Sepehr's point—

SEPEHR SHAHSHAHANI: You don't think it's a useful article at all? If what—

SUSAN SCAFIDI: I think that—

SEPEHR SHAHSHAHANI: -you're saying is correct then you don't even apply the DUA because it's not even—

SUSAN SCAFIDI: Actually, probably the best way to look at it would have been Justice Ginsburg's way, and that is actually what the respondent argued, that this is a 113(a) problem.¹⁶ This is applied art. This is the Australian version, not a one-on-one problem. No, I actually do think there is a useful article and that's the plain white version if you took off the chevrons and the color-blocking, which is the technical term. That being said, I don't think the Court was entirely unprincipled in the sense that the Court was still attempting to police that functionality line between copyright and patent.

Redesigning the IP system as a full system and not a conglomerate of different areas, we might question whether that line should even exist, or whether we should look at design the way the public looks at design in a more holistic way. Given that that line does exist and is the bedrock of the way we divide IP into different areas, I'm not sure Sepehr, that you give the court enough credit for bearing that in mind in the way that they went back to the statute.

Of course, as you pointed out, the Sixth Circuit underneath had collected nine different ways of engaging in this separability or conceptual separability, as it was at the time, testing and then created a tenth of its own.¹⁷ The Sixth Circuit almost had a request to the court to engage in some creation of clarity. I think that the court did its level-best by engaging in a conservative strategy, not politically, but judicially, although there's some overlap there by saying, “Let's go back to the statute. Let's almost think like civilians and go back to the code, since we're in an international context.” I better yield the floor.

RON LAZEBNIK: All right. Thank you. I'm sure you can find Susan and maybe Sepehr at the table later on to further this discussion, we're certainly not done here. Steven, you get to introduce our last topic for the panel. Steven, please.

SUSAN SCAFIDI: While Steven is sharing, I want to just point out for people's interest, it was in the *Star Athletica* that Justice Breyer wrote the dissent, and of course Justice Thomas the opinion, exactly the reverse in *Oracle* against *Google*. There's a question of whose version of copyright will carry the U.S. Supreme Court going forward.

STEVEN J. SHAPIRO: It's an honor to be here. I'm a squad supervisor in the FBI in New York's field office. We look into about every kind of white-collar crime from money laundering, bank fraud, to intellectual property. I also jokingly refer to myself as a “retired intellectual property attorney.” I'm going to go over my journey, how my experience as an attorney impacts my team's cases, the FBI's focus on intellectual property matters, and the latest trends on criminal copyright

¹⁶ 17 U.S.C § 113(a).

¹⁷ *Varsity Brands, Inc. v. Star Athletica, LLC*, 799 F.3d 468 (6th Cir. 2015).

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infringement, specifically on illicit streaming. Lastly, how you and your clients may be able to assist us in mitigating this threat.

I was one of those nerds from high school or law school, but once I got there, I wasn't quite sure I wanted to be an attorney. I wasn't sure I wanted to practice. I did want to graduate and sat for a couple of bars. I loved my clients. I loved my work, but I felt like a brain in a jar. I wanted something a little bit more dynamic. Maybe it was Judge Catalozzi's dynamic injunction, but I felt like I wasn't grappling with the law in a way that I wanted to in my practice.

I tracked down a college alum who was a longtime FBI agent, and he put me in touch with a recruiter. Nine months later, I show up at the FBI Academy in Quantico. At the academy, as well as my first assignment in a two-agent office in the Middle of Nowhere, Oklahoma, I learned the basics of law enforcement. How to run a financial investigation, how to run a cyber investigation, how to collect evidence, how to testify in court. All of this was definitely helped by my law degree, but I really started leaning on it when I was promoted to headquarters and started overseeing our intellectual property rights investigations. A little different from practicing IP law.

In my practice, I felt like I was developing and forecasting to protect my clients' burgeoning brands. Whereas, as an agent, we were enforcing the rights of established content that obviously criminals thought there was value in copying. We usually draw the distinction between being an intellectual property attorney and being an intellectual property rights investigator. IPR rights already exist as far as we're concerned, once we begin working on an investigation. This goes to a larger focus of what I see myself, and what I see fraud investigators doing in general. We're keeping criminals from using and developing lucrative, illegal income streams to finance other illicit activity.

Our mission in this space is to disrupt and dismantle criminal organizations and other individuals that are trying to benefit from the infringement of IP owners' rights. The three areas that we look at in this space are the theft of trade secrets, whether that's state-sponsored economic espionage, or company-to-company industrial espionage; hazardous counterfeit goods in the trademark space, including counterfeit pharmaceuticals, counterfeit auto and aviation parts, or other department of defense supply chain counterfeit infiltration; and lastly, other forms of infringement that finance terror affiliates or transnational organized crime networks, which is obviously what we're going to be focusing on it for the rest of my time. Obviously, the goal here is to put butts behind bars and get criminals in jail, but beyond that, we're looking at a larger strategic piece. How do you put up barriers to make this a less attractive option for criminals to make money?

We do this by partnering with the national intellectual property rights coordination center, which is a multi-agency fusion center based in Crystal City, Virginia, right outside of D.C. that focuses on deconfliction of cases, developing joint investigations, and doing outreach and training like this. Most of the partners are federal and international law enforcement, but we did this past year take on one of the sponsors of this conference, The Motion Picture Association of America, as well as Michigan State University, the first private sector and academic partner in the group.

As I mentioned, there is a lot of money in this. Open-source estimates between 2003 and 2016 show IP crime generates \$509 billion, which is significantly more than drug trafficking, narcotics trafficking, and every other form of the illicit economy combined. The ROIs¹⁸ on this are insane for software piracy. For a thousand dollars spent pirating software, you'll get a hundred thousand dollars back for software piracy, 9900% ROI on this. There is a lot of money in IPR infringement.

In terms of copyright trends, we have a storied tradition, if you remember this from the old Blockbuster and video days. We're seeing a lot of traditional modem cloning and signal theft, but streaming has changed the game and content piracy has increased exponentially because of it. Criminals have three main ways they're making money from illicit streaming. First, the subscription services. Second is ad-based revenue. Third is malware.

Criminals are greedy. They're getting \$10 a month from some people, but that's not enough for them. They're also figuring out ways to automate rack and stack and launder impressions in the ad space. We're working closely with the industry to raise awareness of this, and to get ad companies to look at this in a different way and make sure that they're not being exploited. They're using premium blue-chip brands to do this with the idea that the Fords and the Coca-Cola's of the world aren't going to want to be associated with something illicit.

But again, criminals are greedy. They're also developing malware to inject into these streams and inject into these devices. They're incredibly sophisticated. They're co-opting everything that's connected to a network once that malware infiltrates a network. From the phones we keep in our pockets to other IoT devices you have around your house, or bank accounts, everything along those lines. Anything that they can do to blackmail, to conduct extortion or identity theft with, they're trying. The question is, is illicitly streaming the Snyder cut of Justice League worth exposure to blackmail, extortion, and identity theft? As a Marvel zombie, I would argue I have my own answer on that one.

One of the things I do love about IPR cases is the unique collaboration we have with rights holders. Oftentimes, they testify as expert witnesses. They join us on search warrants to confirm authenticity of goods, and they testify as to the valuation of content and products.

I am running out of time. Just in summation, there are many things you can do with a law degree. Don't be afraid to contact law enforcement for guidance on criminal referrals. As I said, I'm a retired attorney, but I love dealing in hypotheticals. Call me and we'll discuss. Ad-based revenue and malware intrusions make a lot of money for criminals and they're super hazardous for consumers. It's a supply and demand issue, and we can do a lot to reduce the supply that's out there, but if you have consumers seeking infringing content out or don't know any better, that's the demand side we should also work to reduce. That's the thing we could really use some help with. Thank you for your time, I look forward to your questions.

RON LAZEBNIK: Thank you, Steven. Before I turn it to the panel, I do know there's a question in the Q&A for you, which is how do you feel about civil

¹⁸ Returns on investment.

plaintiffs who assert civil RICO¹⁹ claims based on criminal copyright infringement? How does that, I guess, connect to your work?

STEVEN J. SHAPIRO: I'm surprised that doesn't happen more often, to be honest. Intellectual property infringement is a RICO predication and it certainly is an avenue worth exploring on the civil side going forward.

RON LAZEBNIK: Ann, any reactions? I know you've..., well, I'll leave it at that. Any initial thoughts that you want to share regarding the FBI's involvement in IP enforcement.

ANN BARTOW: It's a lot of interesting data. One thing I talk about with my students in both trademark and copyright is that counterfeit bags can make you look tacky, but they're not going to kill you. Counterfeit pharmaceuticals are going to kill you. That's where we need to put our attention. The stuff that's going to kill you is where most of the focus needs to be.

I guess I'll just make that point, but I'm uneasy with the criminalization of copyright generally. Always have been because of the power imbalances and the people they get. With counterfeiting, it's the people that are sitting on the blankets selling the stuff that get arrested, not the people making the big money, the factories, or whatever. I have some social justice concerns I guess, but you have a job to do. I understand that.

STEVEN J. SHAPIRO: I actually completely agree with you. The one thing I would push back on is there is this idea that, well, it's just bags on the street corner. We've seen Charlie Hebdo attacks, for example, the Atlanta Olympic events where these items that seem like they're innocuous and it's just something to throw away, are being used to finance terror events.

ANN BARTOW: Yes, but so are other things that are even worse.

STEVEN J. SHAPIRO: You're absolutely right that the person on Canal Street is not the person that's ultimately benefiting from this. Counterfeit trafficking is a transnational organized crime network thing. Because there is so much money generated from IP crime, there needs to be better tools in place to stop these networks and put up barriers to keep people from using infringement as an opportunity to advance other illicit activity.

ANN BARTOW: I'm going to push back just very briefly which is, it's true that, okay, maybe the bags, the counterfeit bags finance terrorism, but I would rather have terrorists finance themselves with counterfeit bags than the sex trafficking. Do you know what I mean? If they're going to do something illegal to make money there's actually less harm from counterfeit bags than there are from other kinds of stuff, mugging, robbery, breaking into my house.

RON LAZEBNIK: I guess on that point, well, I guess a side tangent from that point, not directly on it. Steven, we have in the recent past examples at a bit of a higher level of abuse of copyrights. I'm thinking of something like the Prenda law firm and the Prenda litigation, where essentially people set up a honeypot for would-be infringers for the purposes of extorting them as you mentioned. Does your office see any of that? Is this still a concern or is Prenda more just an aberration, and we don't have to worry about such things?

¹⁹ Racketeer Influenced and Corrupt Organizations Act.

STEVEN J. SHAPIRO: It crops up now and again. If there was a way to defraud, criminals will. These situations involve illicit businessmen, emphasis on the *businessmen*. If there is a way to make money doing it, somebody is out there trying to make money doing it.

UMAIR KAZI: This is really interesting Steven, because at the Guild I see a lot of piracy and just all kinds of insane piracy. There are websites that have been in existence for a decade, like LibGen, Sci-Hub, that serve as repositories. It's very much an area that we monitor and look at in the book space. It's also interesting that you said that there is a lot of shrouding or cloaking of pirate book websites, at least that are visible to us, that is often done in a principled social justice way too. We dealt with a pretty massive site owned by— it was started by a Canadian gentleman, who was also a member of the Canada Pirate Party – eBook Bike. These websites generally start as pretending to be libraries, but what they're doing is, at least the book spaces, they're letting people download infringing copies of books and thousands of them. My question is, do you see that and is this just something that maybe is restricted to the book space, or do you also see that pretension of providing a public good in other content areas that you look for?

STEVEN J. SHAPIRO: I've seen it specifically in the book space and specifically in the textbook area as well. In my experience, I haven't seen other content, video games, TV, movies. I have seen these sites marketed as content should be free, open, and copyright law should be abolished. Infringers market these sites to consumers as if they are free and fully loaded. The way these sites are operating, they're trying to go under the radar. They're trying to operate as consumers should not think or worry about it, just click and watch. Again, if there's malware code in this, they don't want you to make that higher-level analysis on whether this is legal or not, just go and watch what you want for free, even if something nasty gets downloaded from it.

RON LAZEBNIK: Good call. Paolo, I want to bring you into this conversation as the only judge on our panel today. As Steven pointed out, this is an international issue. It's not just the U.S., and the proceeds and whatnot are for funding international endeavors. As a judge, are you seeing a lot of this in your court? Do you think the criminal prosecution versus the civil remedies is the way to go there?

PAOLO CATALLOZZI: As far as I can see in my country and I think I can say in Europe in general, criminal prosecution investigation is more focused on who makes the money. In copyrights, it's difficult, you have a big loss for copyright holders. It's just a loss of value because money doesn't go from the copyright holders to another person or other group of people. On trademark, for example, on the counterfeit goods, you have our trademark infringements, money that goes to people who sell counterfeit goods. Especially if you look at the counterfeited medicines for example. It's a huge phenomenon, and you have shifted money. It's easier to follow the money and follow the guilty.

While in the copyright infringements, and especially through the web, it's difficult to get the infringer. That's one of the reasons because of the dynamic injunctions. It's a way to skip the search of the infringer because he probably has the server in an offshore country and it's difficult to go to the infringer, so you block

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the infringement. While in trademark cases, you can go easily to the infringer. That's why probably the investigation is more focused on counterfeiting good selling. I don't know if Steven agrees with my reconstruction. I think that's the trend in Europe.

RON LAZEBNIK: Well, I think we're about out of time, unfortunately. Although these have been great discussions. I'm going to give Sepehr a chance. If you want Sepehr, to give one final thought because I feel like I didn't let you speak as much as everybody else.

SEPEHR SHAHSHAHANI: No, not at all. Surely, it was a pleasure to participate. It's good to have Susan here as one of the few people who like this decision, because the IP academic community, it's not very diverse in viewpoint and I'd fall on the consensus majority side of it. It's always good, and it helps one refine one's own arguments when we talk to someone on the other side. Thank you, Susan. It was great.

SUSAN SCAFIDI: I think we're on the same side. We're on the side of creativity however we get there.

RON LAZEBNIK: I want to thank you all. Indeed, the IP Institute's Conference very often allows a variety of views to be shared in one panel as we saw here today. It's a great discussion. Thank you all so much. This has been a very interesting discussion. I'll see some of you around this conference, but I do hope to see all of you in New York next year. Take care everybody.