

**Intersport Wins Right to Use
MARCH MADNESS on Mobile
Programming**

The NCAA has had great success in enforcing its trademark rights in MARCH MADNESS, a mark that has a contentious history of ownership. In 2003, the NCAA successfully stopped a sports marketing group from using the mark, and fended off allegations that the mark is generic. The present case involves Intersport, a Chicago-based company that, at one time, co-owned the mark with the Illinois High School Association (IHSA). In 1995, however, the IHSA was involved in a dispute with the NCAA over use of the term, at which time Intersport assigned its share of the rights in MARCH MADNESS to IHSA, in return for royalties. In that same arrangement, Intersport was licensed to use the mark in connection with the broadcast of its coaches' shows. Specifically, the license was granted for use (1) "in connection with entertainment services, namely the presentation of athletic and entertainment personalities in a panel forum; and" (2) "to advertise, promote, and sell publications, videos and media broadcasts in connection with" item (1). Eventually, MARCH MADNESS became co-owned by the IHSA and NCAA, through the entity March Madness Athletic Association (MMAA). The license agreement with Intersport was also assigned to the MMAA.

In recent years, Intersport sought to use the mark on mobile phone programming, which would include analysis, scores and highlights related to the NCAA tournament, as well as coaches' shows. The NCAA objected to Intersport's intended use of the mark on mobile programming and asked Intersport to limit its use to television shows, stating that NCAA would consider airing shows on wireless devices to be outside the scope of the licensing agreement. Intersport responded by filing suit and requesting judgment on its right to use the mark

on mobile programming, pursuant to the terms of its licensing agreement. (Intersport, Inc. vs. National Collegiate Athletic Association and March Madness Athletic Association, L.L.C.) Intersport's CEO, Charles Besser, has expressed that the intent was to confirm that the license included the right to distribute content using the mark MARCH MADNESS on any platform, not just on shows produced on television networks. The NCAA, in turn, claimed that Intersport actually had a very narrow license extending only to a specific range of broadcast distribution as it would have been defined at the time the agreement was executed in 1995, and not extending to distribution on mobile devices. The Circuit Court ruled for Intersport, finding that the license agreement was unambiguous. Although federal law clearly defines "media broadcasts" as those requiring distribution by television or radio, the wording "video" includes any type of visual production and is not limited to specific platforms of distribution.

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**Orphan Works Adopted by
Congress**

On March 13, 2008, House Subcommittee on Courts, the Internet and Intellectual Property held a hearing on the issue of orphan works to collect testimony from the interested parties before introducing new legislation to address the issue. It is expected that the new bill will be similar to the "Orphan Works Act of 2006" which was proposed but never enacted in the last Congress.

Orphan works are copyrighted works whose copyright holders cannot be identified or located. When a particular work becomes orphaned, the uncertainty surrounding its ownership stalls future use of that work by discouraging subsequent creators and users from incorporating the work in new creative efforts, or from making such works available to the public

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The following occurred after the issue date, but prior to publication of this newsletter and is being included due to its importance.

**New Patent Rules Voided by US
District Court**

The District Court has voided the Final Rules that the USPTO had attempted to put into force on November 1, 2007, and that had been subject to a temporary restraining order entered on October 31, 2007, by making the injunction permanent. The Court's reasoning followed the most cogent point made by the Plaintiffs Tafas and GlaxoSmithKline plc.—the USPTO has overstepped its rule-making authority and the Final Rules cannot be implemented without a change in the US patent law by the US Congress. The district court defined a "substantive rule" as any rule that "affect[s] individual rights and obligations;" and at least the prohibition in the now-void rules of more than two continuations and one Request for Continued Examination as well as the limitation placed on the number of claims were found to be substantive changes. The court did not address any other grounds or issues raised in the litigation, relying on the substantive point only for its decision.

The Injunction Order is broad in its reach: "Defendants Jon W. Dudas and the United States Patent and Trademark Office and their agents, servants, and employees are permanently enjoined from implementing the Final Rules." In the opinion explaining the Order rendered on April 1, 2008, formally a ruling on the Plaintiffs' Motion for Summary Judgment, U.S. District Court Judge Plato Cacheris stated: "Because the USPTO's rulemaking authority under 35 U.S.C. § 2(b)(2) does not extend to substantive rules, and because the Final Rules are substantive in nature, the Court finds that the Final Rules are void as 'otherwise not in accordance with law' and 'in excess of statutory jurisdiction [and] authority.' 5 U.S.C. § 706(2)."

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On appeal the NCAA argued that Intersport's shows still do not qualify as "selling videos" as defined in the licensing agreement, and that videos should be construed as defined in 1995, which requires "a physical object in the hand of the end user." These arguments were unsuccessful, and the Appellate Court affirmed the Circuit Court's ruling. The test is whether or not the use could "reasonably be said to fall within the medium as described in the license." This test dictates that if the new use is not "completely unknown" at the time the license was executed, the burden is on the licensor to ensure the exclusion. Following this test, the appeals court found that the definition of "video" has evolved since inception and does not mandate storage in a physical device. Furthermore, it was foreseeable in 1995 that video could be distributed on mobile wireless devices and it was incumbent on the licensor to explicitly limit "video" if intended. Furthermore, as the license is "perpetual" but has no clause on future technology, the terms should be interpreted broadly. The decision certainly raises questions on extent of the overlap between video and broadcast programming and mobile phone technology, and whether they are moving toward melding into one and the same.

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for fear of a copyright violation. Without locating the copyright holder of a work, users cannot obtain a license to use the work, which leaves them with the sole option of using the work in the limited manner permitted by the fair use and first sale doctrines.

"Orphan Works Act of 2006" permitted use of orphaned works, but gave legitimate copyright holders who resurfaced the right to bring an action for "reasonable compensation" against a "qualifying user"—a user who had conducted a good

faith, reasonably-diligent search for the copyright owner before commencing use of the work. The Bill defined "reasonable compensation" as the amount "a reasonable willing buyer and a reasonable willing seller in the positions of the owner and user would have agreed to at the time the use commenced." Injunctive relief was limited to cases where users have not added significant new expression.

Under the Bill, a copyright owner would only be able to recover statutory damages against new unauthorized users whose use commenced after the owner resurfaced, or as a result of subsequent uses by the original user. The Bill also included a safe-harbor provision for certain non-commercial uses where the user ceased infringement immediately after receiving a notice of a claim.

Visual artists had argued against the Bill because unlike written content, their works often do not contain copyright information and may be incorrectly perceived as orphans. The Bill, they argued, placed on visual artists the burden to identify their works if they wish to avoid forfeiting their rights. Another argument against the proposed legislation was grounded in perception of the legislation as an incentive to drum up excuses for failing to find the copyright owner. Critics argued that unscrupulous users would exploit the loophole by "attempting" to locate the copyright owner and using the work with the satisfaction of knowing that, if caught, they would only be liable for small "reasonable compensation." (Under current law, copyright owners who have registered their works prior to infringement or within three months of publication may collect substantial statutory damages.)

New Legislation is expected to address concerns of the visual artists and other opponents of the prior Bill. In a recent statement, Marybeth Peters, the Register of Copyrights, has indicated that the

new legislation will likely include search criteria incorporating "best practices," as judged by the relevant copyright community, to evaluate when a user has made a "diligent" search for the copyright owner. Thus, a user looking to find the owner of a sound recording would look to the recording industry for guidance. The Copyright Office has also stated that it is aware of several companies developing technology for matching users to owners, which could further ease and clarify the search process.

While it is probable the legislation will receive the support it did during the 109th Congressional session, it is yet to be seen whether the new bill will alleviate the concerns of visual artists, and pass into law.

New Patent Rules *(continued from page 1)*

The Patent Office has two ways to overcome the Injunction Order, and it is considering each of them. The first is the judicial route, and General Counsel for the USPTO James Toupin announced that the USPTO is considering an appeal to the Court of Appeals for the Federal Circuit (CAFC), hoping to at least partially overturn the broad injunction. Such an appeal, even if treated as an expedited matter, cannot be heard by the CAFC before the November election and more than likely the CAFC cannot decide the appeal sooner than a year from now, when a new administration will have taken over the reins of the USPTO. A second, legislative, avenue is the patent reform bill now pending in the US Congress, in which the USPTO may seek inclusion of a provision granting the substantive rulemaking authority denied it by the district court. That bill is considered by some Washington insiders as not likely to be put to a vote before the full Congress in this session, and substantive patent reform will most likely have to wait for a new administration that will want to influence the USPTO position in a new direction.