



RECENT COPYRIGHT CASE DEVELOPMENTS— AUGUST 5, 2011

Two recent opinions illustrate how changing rules of statutory construction can completely alter previously settled interpretations of the Copyright Act.

Ninth Circuit Conclusively Overrules Precedent Permitting a Presumption of Irreparable Harm on a Showing of Copyright Infringement

In *Perfect 10 v. Google*, No. 10-56316, D.C. No. 2:04-cv-09484-AHM-SH (9th Cir. Aug. 3, 2011), the Ninth Circuit conclusively jettisoned the presumption of irreparable harm upon a showing of copyright infringement. Perfect 10, a nude photo web site, has been embroiled in a long-running battle with Google over infringement of Perfect 10's copyrighted images cached by Google. Perfect 10 has twice unsuccessfully sought a preliminary injunction against Google. Appealing the second denial of injunctive relief, Perfect 10 argued that it did not have to show irreparable harm because it showed a likelihood of success on the merits. A Ninth Circuit panel of Judges Kozinski, Hawkins, and Ikuta firmly rejected this argument in a published opinion. Acknowledging

Ninth Circuit precedent allowing a presumption of irreparable harm for copyright infringement, the court held that the law had changed due to *eBay v. MercExchange, LLC*, 547 U.S. 388 (2006). Per *eBay*, the courts could not apply a presumption, but had to evaluate all factors for each preliminary injunction on a case-by-case basis. Citing the Second Circuit, the opinion explained that nothing in the Copyright Act evidenced intent by Congress to depart from the equitable principle that injunctions are not granted with a "thumb on the scale" in favor of relief. The court held, "[O]ur longstanding rule ... [of] a presumption of irreparable harm, ... has therefore been effectively overruled." In a footnote, the Ninth Circuit left open the possibility that the presumption may continue to exist under the Lanham Act.

Practice Pointers: Copyright holders in the Ninth Circuit should fully flesh out their grounds for irreparable harm prior to filing for injunctive relief, and they should expect to have to present substantive evidence on that point. Accused copyright infringers should highlight the *Perfect 10* decision and demand

a rigorous showing of irreparable harm. For trademark holders, the *Perfect 10* opinion highlights the uncertainty regarding the status of the irreparable harm presumption under the Lanham Act. Anyone seeking injunctive relief under the Lanham Act should be prepared to address the reasoning in *Perfect 10*.

New York District Court Revives Application of “Discovery” Rule to the Statute of Limitations for Copyright Act Claims in the Second Circuit

Zalewski v. T.P. Builders, Inc., No. 1:10-cv-876 (GLS/RFT) (N.D.N.Y. Aug. 02, 2011) may signal a change of course for courts in the Second Circuit on applying the “discovery” rule to the statute of limitations under the Copyright Act. In *Zalewski*, defendants moved to dismiss a copyright infringement action, claiming it was time-barred by the three-year limitations period in 17 U.S.C. 507(b) because any cause of action accrued at the time of alleged infringement, more than three years before the suit was filed. Defendants relied on the Supreme Court decision in *TRW Inc. v. Andrews*, 534 U.S. 19 (2001), and a line of New York district court decisions holding that the statute of limitations for copyright infringement began running when the infringement occurred. Plaintiffs, relying on contrary rulings in other circuits, argued that the “discovery” rule governed, and the statute of limitations did not start running until the plaintiff knew or had reason to know of the infringement.

In his opinion, Magistrate Judge Sharpe noted that historically, courts applied the discovery rule in the copyright context and wherever a statute was silent on when a cause of action accrued. However, the Supreme Court ruled in *TRW Inc.* that the discovery rule did not apply to the statute of limitations in the Fair Credit Reporting Act, casting doubt on the continued viability of this discovery rule presumption. In response to *TRW*, courts in the Southern and Eastern District of New York held that the statute of limitations

period in copyright cases commenced upon infringement. The majority of the courts in other circuits, however, continued to apply the discovery rule. Despite the New York case law, Judge Sharpe decided that the majority rule in other circuits was more persuasive and that the statute of limitations period should commence when the plaintiff knew or had reason to know of infringement. He reasoned: “as to civil copyright claims, the discovery rule best comports with the text and structure of the Copyright Act.”

Practice Pointers: For copyright holder plaintiffs with statute of limitations concerns, the Northern District may be the best New York venue. For accused infringers, remember that a limitations period argument may be successful in the Southern or Eastern District of New York even where the discovery rule would preclude such a defense in other circuits.

LAWYER CONTACTS

For further information, please contact your principal Firm representative or one of the lawyers listed below. General email messages may be sent using our “Contact Us” form, which can be found at www.jonesday.com.

John G. Froemming

Washington
+1.202.879.4693
jfroemming@jonesday.com

Susan M. Kayser

Washington
+1.202.879.4694
skayser@jonesday.com

Meredith M. Wilkes

Cleveland
+1.216.586.7231
mwilkes@jonesday.com