



*Shimokaji IP* specializes in the litigation and registration of patent, trademark, and copyright matters. We serve start-ups, Fortune 100 companies, government entities, and universities. Our expertise and representation extends across the US and throughout Asia.

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## "Increased" Damages for Patent Infringement - Are You the Winner or Loser Under the New Law?

The Patent Act provides that a "court may increase the damages up to three times the amount found or assessed."

In *Halo v. Pulse*, the patent owner Halo sent Pulse offers to license the former's patents. A Pulse engineer determined that Halo's patents were invalid. Pulse declined the license and continued to sell the infringing products.

The US Supreme Court began by noting that the Patent Act above "contains no explicit limit or condition" and that the use of the word "may" connotes "discretion."

The Court observed that a "principal problem" in the past has been the requirement of "objective recklessness" for increased damages. This is so, because the requirement excludes from punishment "many of the most culpable offenders".

Therefore, the Court found that the "subjective willfulness of a patent infringer, intentional or knowing, may warrant enhanced damages, without regard to whether his infringement was objectively reckless."

Otherwise, according to the Court, "someone who plunders a patent - infringing it without any reason to suppose his conduct is arguably defensible - can nevertheless escape any come-uppance under Â§284 solely on the strength of his attorney's ingenuity."

Thus, the Supreme Court held that there is no "rigid formula for awarding enhanced damages under Â§284." Instead, the trial courts are to "be guided by [the] sound legal principles developed over nearly two centuries" and "channel the exercise of discretion, limiting the award of enhanced damages to egregious cases of misconduct beyond typical infringement."

### COMMENT:

Neither patent owners nor infringers may be the "winners" here. In the absence of concrete guidelines, both patent owners and infringers will find it difficult to determine whether conduct is "egregious" or just "typical infringement."

## For Rock n' Roll Fans - Led Zeppelin's "Stairway to Heaven" Does Not Infringe Copyright

In a Los Angeles trial, Jimmy Page and Robert Plant of Led Zeppelin convinced a jury that they did not copy the song "Taurus" when creating their song "Stairway to Heaven."

The lawsuit was brought by the estate of Randy Wolfe who played with the group Spirit. \$40 million was believed to be owed.

Infringement was based on Spirit's song "Taurus". Page and Plant said they did not remember ever hearing "Taurus." That was countered by the claim that Led Zeppelin toured with Spirit.

### COMMENT

This lawsuit was another example of one party claiming a "rip off" and the other claiming the use of well known musical passages from a long time ago. What may have hindered the plaintiff was that the original recordings of "Stairway to Heaven" and "Taurus" were not allowed to be played for the jury.

## What Entitles You to Attorney Fees in Copyright Infringement Lawsuits

The Copyright Act, §505 states that the court "may . . . award a reasonable attorney's fee to the prevailing party" - either the copyright owner or infringer.

In *Kirtsaeng v. Wiley*, the former imported the latter's books into the US and resold them. Upon being sued for copyright infringement, Kirtsaeng invoked the defense of the "first sale doctrine" which allows the owner of a book to resell it. The US Supreme Court decided that the defense applied to foreign-made books.

With a victory in hand, Kirtsaeng returned to the trial court and sought \$2M in attorney's fees as the prevailing party. The matter returned to the US Supreme Court.

Before the high Court, the parties agreed that courts have "wide latitude to award attorney's fees based on the totality of circumstances."

The Court stated that the issue was "whether giving substantial weight to the objective (un)reasonableness of a losing party's litigating position - or, alternatively, to a lawsuit's role in settling significant and uncertain legal issues - will predictably encourage such useful copyright litigation."

The decision, by the Court, was that "substantial weight" should be given to a party's litigating position, while taking into account "all other relevant factors" viewed "in light of the Copyright Act's essential goals."

### COMMENT

In contrast to *Halo*, discussed in this newsletter and which was decided at the same time as *Kirtsaeng*, the US Supreme Court carved out a factor - reasonableness of the litigating position - as a substantial factor in reaching a decision. It is unknown if the Court made a distinction between damages in *Halo* and attorney's fees in *Kirtsaeng*.

## More for Music Fans - Madonna's "Vogue" Does Not Infringe Copyright

In *Salsoul v. Madonna*, the Ninth Circuit ruled that a 0.23 second sampling from another song was not copyright infringement.

The music producer of "Vogue" copied a "horn hit" from the Salsoul Orchestra song "Ooh I Love It."

The court described Salsoul's claim as having "copied one quarter-note of a four-note chord, lasting 0.23 seconds; he isolated the horns by filtering out the other instruments playing at the same time; he transposed it to a different key; he truncated it; and he added effects and other sounds to the chord itself."

The copying was found to be "de minimis" and not infringing.

### COMMENT

Though not articulated, the finding of no infringement may have been helped by the "transformation" of the original material copied.

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