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Lessons from *MMAS Research* about dispositive pitfalls in copyright litigation

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Last month, the District Court for the Central District of California confirmed longstanding Ninth Circuit law that a license granting a bare right to sue is invalid and does not confer standing to bring suit for copyright infringement. *MMAS Research LLC v. Charité*, No. 21-CV-1406-MWF, Dkt. 47 (C.D. Cal. Nov. 4, 2022). As a separate grounds for dismissal, the Court further found that the accused acts of infringement occurred entirely outside of the U.S., and the Ninth Circuit has repeatedly recognized that extra-territorial acts are non-actionable. *MMAS* serves as a stark reminder of many pitfalls copyright litigants must be aware of before filing suit.

The plaintiff *MMAS Research* owned the “Morisky Widget,” an electronic diagnostic assessment protocol that measures and identifies medication adherence behaviors by utilizing two separate tests, the *MMAS-4* and *MMAS-8*. Dr. Morisky was the original owner of the copyright registrations for these tests, while *MMAS Research* owned the copyright for the *Widget* and licenses the use of that device to pharmaceutical firms, hospitals, and universities for diagnostic assessments. Although the complaint identified Dr. Morisky in the caption, only *MMAS Research* sought relief from the asserted claims.

Germane to this article, *MMAS Research* alleged that the defendants had infringed its copyright by using the *Morisky Widget* by conducting multiple *MMAS-8* studies in Germany without authorization. *MMAS Research* contended that it could sue for copyright infringement by virtue of a licensing agreement between itself and

or beneficial owner of an exclusive right under a copyright’ has standing to sue for infringement of that right.” *Righthaven LLC v. Hoehn*, 716 F.3d 1166, 1169 (9th Cir. 2013) (quoting 17 U.S.C. § 501(b)). When a plaintiff “lacks standing ... the district court [does] not have subject matter jurisdiction and dismissal [is] ap-

propriate.” *Warren v. Fox Family Worldwide, Inc.*, 328 F.3d 1136, (9th Cir. 2003).

The court reached this conclusion by analyzing the agreements between the parties to discern what rights in the underlying copyrights *MMAS Research* held. Importantly, the licensing agreement between the two states that

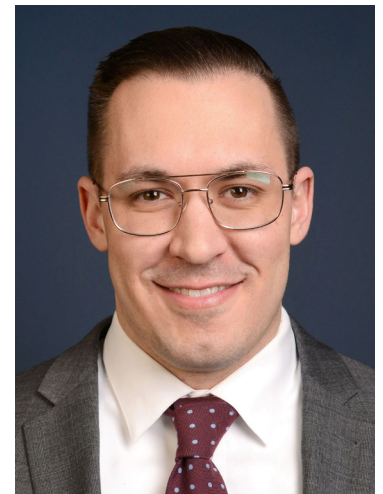
‘When identifying published works as evidence of infringement, those works must actually disclose, rather than just relate to, the infringed copyright.’

Dr. Morisky that permitted it to exploit his copyrights in creating the *Widget*, while Dr. Morisky would remain the owner of the copyrights and any associated derivatives. This understanding was further memorialized as part of an agreement to settle an unrelated lawsuit. A follow-up “Authorization Agreement” authorized *MMAS Research* to represent Dr. Morisky’s rights and litigate any claim he had for infringement of his copyrights.

Standing to Assert Copyright Claims

The trial court granted the defendants’ motion to dismiss, finding that *MMAS Research* did not own – and thus could not assert – the copyrights identified in its complaint. It is bedrock law that under the Copyright Act, “only the ‘legal

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Dr. Morisky is the “owner of the ... copyrights,” while the Settlement Agreement made clear that MMAS Research assigned “the Morisky Widget and any related copyright” to Dr. Morisky. Moreover, by permitting MMAS Research to sue for infringement on Dr. Morisky’s behalf, the Authorization Agreement was “an invalid attempt to transfer the bare right to sue.” The Ninth Circuit has repeatedly held that the copyright law does not favor non-owners of copyrights exercising a right to sue for infringement. *See Silvers v. Sony Pictures Ent., Inc.*, 402 F.3d 881, 886 (9th Cir. 2005) (holding that a party “could not assign an accrued claim for copyright infringement to [a party that] had no legal or beneficial interest in the copyright”). Because the Authorization Agreement did not transfer a corresponding exclusive right in the underlying copyright, it transferred only an invalid bare right to sue.

The court did leave the door open to revive the suit. In recognizing that Dr. Morisky is the holder of the asserted copyrights and that the complaint only made allegations on behalf of MMAS Research, the court advised that “should Dr. Morisky decide to sue for infringement of his copyrights, he should do so.” Thus, the court telegraphed that properly making allegations for infringement on Dr. Morisky’s behalf would at least resolve this threshold standing challenge.

Extraterritoriality

The court next addressed defendants’ argument that the alleged infringement occurred entirely outside the United States, and that copyright law does not extend to acts that occur exclusively overseas. Generally, “United States copyright laws do not have extraterritorial effect, and therefore, infringing actions that take place entirely outside the United States

are not actionable.” *Subafilms, Ltd. V. MGM-Pathe Communications Co.*, 24 F.3d 1088, 1091 (9th Cir. 1994). “[I]n order for U.S. copyright law to apply, at least one alleged infringement must be completed entirely within the United States.” *Allarcom Pay Television, Ltd. v. Gen. Instrument Corp.*, 69 F.3d 381, 387 (9th Cir. 1995).

In holding that MMAS Research’s complaint failed to sufficiently allege any acts of infringement occurring in the United States, the court found it insufficient that the plaintiff cited 12 publications on American servers that were related to studies that used Dr. Morisky’s copyrights. Importantly, the publications themselves did not reproduce or otherwise use the Morisky Widget source code allegedly owned by MMAS Research. The facts and conclusions presented within the articles did not themselves infringe any copyright, and MMAS Research could not identify a single act of

infringement occurring in the United States.

Reminders from MMAS Research

MMAS Research provides useful reminders for copyright holders to avoid dismissal of their claims. First, plaintiffs must be diligent to ensure they have standing to assert their copyright. This becomes more imperative as copyrights are assigned or subject to license agreements between the plaintiff and third-parties. This includes a careful review of any agreements to ensure the plaintiff has more than just a right to sue, as mere possessory rights will not suffice.

Second, the acts of infringement alleged in the complaint must not be purely extraterritorial. Further, when identifying published works as evidence of infringement, those works must actually disclose, rather than just relate to, the infringed copyright.