

Supreme Court Allows Pro-Autodesk Decision to Remain Intact in Ninth Circuit

By Christopher Barnett

On October 3, 2011, the U.S. Supreme Court declined a request to grant certiorari in the case of *Vernor v. Autodesk*, in which the Ninth Circuit [found](#) that Autodesk could use copyright law to prevent an eBay user from re-selling its software products via the popular auction site. The Supreme Court's refusal to hear the case means that, at least in the Ninth Circuit, software publishers like Autodesk may continue to seek injunctions and other remedies against those who attempt to distribute copies of a copyrighted software product without a license.

In the trial court, Timothy Vernor filed suit against Autodesk seeking a declaratory judgment that his purchase of unopened packages of Autodesk's AutoCAD software, and subsequent resale of those packages via eBay, did not constitute a violation of Autodesk's copyright in the software, based on a copyright-law concept called the "first-sale doctrine" ("FSD"). Under the FSD, a copyright owner's exclusive distribution right is exhausted after the owner's first sale of a particular copy of the copyrighted work. The trial court found in favor of Vernor's argument. However, Autodesk appealed that decision to the Ninth Circuit, which reversed the trial court, holding that "a software user is a licensee rather than an owner of a copy where the copyright owner (1) specifies that the user is granted a license; (2) significantly restricts the user's ability to transfer the software; and (3) imposes notable use restrictions." The court found that all three of those conditions weighed in Autodesk's favor, rendering Vernor's resale via eBay a violation of Autodesk's copyright interests under U.S. law.

It is important to keep in mind that the Supreme Court's refusal to hear the case does not mean that the Vernor decision is the law of the land across the entire U.S. Rather, it means that trial courts within the Ninth Circuit (Washington, Oregon, California, Arizona, Nevada, Idaho and Montana) will be required to apply the decision in similar cases. The Vernor decision may be persuasive in other circuits, but trial courts and appellate courts in those circuits will not be required to follow it. The possibility thus exists for different results in different circuits – which could make it more likely that the Supreme Court would decide to take up the issue in another matter – though that possibility currently seems to be fairly remote.

In addition, one item that the Ninth Circuit expressly left undecided in its decision was an argument raised by Vernor at the trial court that Autodesk was committing "copyright misuse" by attempting to shut down his sales of Autodesk software via eBay. Under the copyright misuse doctrine, a copyright holder can be prevented from enforcing its copyright during a period of time in which it uses that copyright offensively for purposes not contemplated in U.S. law. It will be interesting to see if the Vernor trial court – or some other court in a different matter – holds that Autodesk's license-enforcement practices constitute copyright misuse, especially as they relate to very old software products (like the 15-year-old version of AutoCAD that was at issue in Vernor). These issues remain ones to watch for business owners and practitioners who have concerns about the legitimacy of Autodesk's practices and those of industry groups like the Business Software Alliance and the Software & Information Industry Association.

Read [Another Court Ruling Against Autodesk in Software Dispute](#)



About the author Christopher Barnett:

Christopher represents clients in a variety of business, intellectual property and IT-related contexts, with matters involving trademark registration and enforcement, software and licensing disputes and litigation, and mergers, divestments and service transactions. Christopher's practice includes substantial attention to concerns faced by media & technology companies and to disputes involving new media, especially the fast-evolving content on the Internet.

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