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Copyright Licensing

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Copyright Owner's Narrow Interpretation of Implied License Rejected

Addressing the scope of an implied copyright license in *LimeCoral Ltd. v. CareerBuilder, LLC*, Case No. 17-1733 (7th Cir., May 8, 2018) (Rovner, J), the U.S. Court of Appeals for the Seventh Circuit affirmed a district court's grant of summary judgment because the accused copyright infringer had an unconditional and irrevocable license to use the graphics created by the copyright owner.

Background

In 2008, LimeCoral entered into a six-month written agreement with CareerBuilder, in which CareerBuilder agreed to pay LimeCoral for graphics used in CareerBuilder's premium job postings. The agreement stated that all graphics created by LimeCoral would be CareerBuilder's sole and exclusive property. After the agreement expired, the parties did not enter into a new written agreement. Nevertheless, CareerBuilder

and LimeCoral continued to work together. Over the next six years, LimeCoral prepared more than 2,000 graphics, and CareerBuilder paid LimeCoral for those graphics.

Because there was no written agreement between the parties, it was undisputed that LimeCoral retained ownership of the copyright of the graphics and granted CareerBuilder an implied license to use those graphics. LimeCoral contended that the implied license was conditioned upon CareerBuilder's agreement to pay LimeCoral an annual renewal fee for every graphic. Because CareerBuilder failed to pay an annual renewal fee, LimeCoral argued that it had the power to revoke the license. LimeCoral purported to revoke the license in 2014 and demanded that CareerBuilder remove LimeCoral's graphics from its Web site.

CareerBuilder did not comply with LimeCoral's demands, and LimeCoral sued CareerBuilder for copyright infringement and failure to pay annual renewal fees. The district court granted summary judgment in favor of CareerBuilder, finding that CareerBuilder had acquired an implied, nonexclusive license to use LimeCoral's graphics, and that there was no evidence that CareerBuilder had ever

agreed to pay LimeCoral an annual renewal fee. LimeCoral appealed.

Decision Affirmed

The Seventh Circuit agreed with the district court's reasoning. The Court determined that CareerBuilder's implied, nonexclusive license was also irrevocable because CareerBuilder had paid LimeCoral for the graphics. There was no evidence that CareerBuilder had ever agreed to pay LimeCoral renewal fees for the graphics, that CareerBuilder had ever made such payments for the more than 2,000 graphics LimeCoral created for Career Builder, or that the implied license was conditioned on the payment of these renewal fees. Rather, the evidence indicated that LimeCoral had expressly understood that CareerBuilder would not pay renewal fees. Because LimeCoral granted CareerBuilder an unconditional, irrevocable license to use its graphics, LimeCoral's copyright infringement and breach of contract claims failed.

Mary Hallerman is a partner in the law firm of McDermott Will & Emery LLP, based in the Firm's Washington, DC office. She focuses her practice on trademark, false advertising, and copyright litigation and counseling, having represented numerous companies in issues involving intellectual property licensing.

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