Q&A With Fenwick's Jennifer Stanley

October 17, 2011

Fenwick
FENWICK & WEST LLP

Q: What is the most challenging case you have worked on and what made it challenging?

A; I am a transactional lawyer (as opposed to a litigator) and my practice has two key prongs — (1) copyright counseling across a broad spectrum of industries, but with a focus on technology oriented companies, and (2) counseling clients in the "New Media/Consumer Technology" arena — which, in my view, encompasses all forms of content, communication and technology in the digital world, including websites, email, instant messaging, chat rooms, social networking, virtual reality environments, blogs, streaming audio and video, mobile content and computing, digital cameras, gaming and advertising networks and some things that have yet to be invented! I advise on virtually every conceivable type of transactional deal which a company in this industry can face.

The complex deals are the most challenging and most rewarding — particularly where a company is trying to do something that has not been done before. I was working with entrepreneurs years ago who were building the first applications for mobile devices — negotiating inbound licensing deals with content owners — when mobile applications were address books and wake-up alarms! I often see traditional content owners initially balk at terms that are typical in Internet deals but not in traditional entertainment deals — e.g., the sharing of advertising revenue instead of up-front licensing fees.

Negotiating video game development deals is interesting both from a legal perspective and a strategic business perspective. I generally represent game developers, and it is rewarding to help companies think through what the royalty structures should be for the deal — should the royalties payable to a game developer diminish over time, should they stay static or should they be upward reviewed depending on the popularity of the game? What happens to the game if the development partnership terminates midway through the development cycle? What happens if the game publisher is not entitled to use some of the content or intellectual property that it wants to have included in the game? Does it make sense for a game publisher to have access to a developer's tools and technology once the game is complete and for sale worldwide?

It is fun thinking through these issues and working with the players to bring something wonderful to market — like the Titan Quest franchise of games — you can check my name in the credits!

Q: What aspects of your practice area are in need of reform and why?

A: The Digital Millennium Copyright Act (DMCA) is arguably one of the most influential pieces of legislation for the businesses of many of my clients and plays a significant role in my copyright practice and in my transactional practice in general. Practically every company with presence on the Internet or mobile devices should consider whether or not the DMCA applies to its business.

For companies hosting user-generated content, from social networking companies which host a multitude of rich content, including photographs and blog postings submitted by users, to companies which permit the submission of content in form of user comments, it is almost always advisable for such companies to try to avail of the "storage safe harbor" under Section 512(c) of the DMCA, which essentially provides for immunity from copyright infringement liability for hosting infringing content posted by users, so long as certain conditions are met, and the hosting companies respond to take down notices received from copyright owners, in an "expeditious" manner.

The DMCA, like many laws however, is often unable to keep up with the fast pace at which technology moves. It has, without a doubt, been instrumental for many new business models — social networking services like Facebook and video services like YouTube benefit from the DMCAsafe harbors and may not exist without them. I have, however, heard companies indicate

that while they want to react to the number of DMCA take-down notices they receive as "expeditiously" as possible, it is often a resource issue given how ubiquitous sharing of content and information is in the present day, and consequently how many take-down notices they receive.

Q: What is an important case or issue relevant to your practice area and why?

A: Aside from the DMCA and related case law, of course, the following case had particular relevance for my clients in recent times:

In September 2010, the Ninth Circuit issued a ruling on appeal in Vernor v. Autodesk, addressing whether software purchasers are owners or licensees of the copies of the software in their possession. (9th Cir. No. 09-35969.) The court held that "a software user is a licensee rather than an owner of a copy of the software 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 distinction between owner and licensee can be critical to software publishers because owners have rights under the first sale doctrine (17 U.S.C. § 109(a)) and the "essential step defense" (§ 117(a)), whereas licensees and their transferees can be precluded from reselling software or engaging in other conduct a publisher may want to control.

Q: Outside your own firm, name an attorney in your field who has impressed you and explain why.
A: It is difficult to choose one person. Robert Clarke taught me intellectual property law when I was in law school at University College Dublin, in Ireland. Mr. Clarke is one of the lead copyright lawyers in Ireland and his classes are what sparked my interest in intellectual property law, and I often think about where my career would have ended up had I not taken his class!

I studied for my master's degree in international and comparative law in Brussels, in Belgium, and Jonathan Faull was my mentor there and guided me through writing my thesis on the European Software Directive. Mr. Faull is currently the director general for "Internal Market and Services" at the European Commission in Brussels. The application of intellectual property law to software is what originally sparked my interest in how technology and the law overlap, and the basis of the career I have today germinated then. I am grateful for Mr. Clarke and Mr. Faull for their guidance and their example, which illustrated for me how varied and interesting a career focused on intellectual property law and technology can be.

Q: What is a mistake you made early in your career and what did you learn from it?

A: I learned over the years, that one of the most important qualities in a good lawyer is to be a good listener — to pause and listen to what my client is asking for so that I can translate the request into what my client needs from a legal perspective. As a junior lawyer, it is often easy to forget this! I was also reluctant to admit that I didn't know the answer to a question for fear that my credibility would be undermined. I learned over the years that knowledge is sometimes something that I know and other times something that I need to learn. Given the focus of my practice, learning new things is of paramount importance!

This article was originally published in Law360, New York (September 23, 2011, 11:55 AM ET).

Jennifer Stanley is an associate in the intellectual property group in the San Francisco office of Fenwick & West LLP, where she is a member of the firm's transactional privacy and data security practice. Her practice concentrates on structuring, drafting and negotiating complex commercial transactions relating to intellectual property. She focuses on new media, including video game development agreements, video and user-generated content uploading and distribution agreements, copyright counseling, online advertising agreements, technology development and distribution agreements, inbound and outbound technology license agreements, strategic alliances, and intellectual property issues arising in mergers and acquisitions.