

Justices Urged To Solve Copyright 'Puzzle' In Oil Data Fight

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Law360 (January 16, 2020, 4:50 PM EST) -- A Canadian oil exploration company has urged the [U.S. Supreme Court](#) to resolve the "puzzle" of whether its infringement suit against a U.S. competitor for obtaining its copyrighted seismic data from Canadian regulators is trumped by the regulators' implied license to distribute the data.

In a Jan. 10 petition, Calgary-based Geophysical Service Inc. asked the justices to resolve a question left open by the high court's 2013 *Kirtsaeng* ruling that copyright law's first-sale doctrine — which permits the resale of individual books, albums and other copyrighted works — applies to copies lawfully made abroad.

Geophysical was dealt a blow in September when the Fifth Circuit [rejected its bid](#) to sue geographic data firm TGS-NOPEC Geophysical Co. for allegedly infringing its copyrighted seismic data by obtaining it from Canadian oil regulators, finding that Geophysical gave the regulators an implied license to distribute its reports.

The justices should take on the case to address the scope and nature of implied licenses under the *Kirtsaeng* ruling, Geophysical said in its petition, pointing out that the circuit courts are split over whether an implied license is enough.

"In *Kirtsaeng*, this court identified but did not resolve a question that the court below calls a 'puzzle': when copies made abroad and imported into the United States qualify as 'lawfully made,'" it said. "The petition thus offers a particularly useful vehicle to examine, and resolve, this split among the courts of appeals about the nature of implied license in copyright."

An attorney for Geophysical, Joel B. Rothman of [Schneider Rothman Intellectual Property Law Group](#), told Law360 in a Thursday email that in establishing the scope of the implied license, the Fifth Circuit's decision puts the burden on a copyright owner to prove that it "objected" to a specific and potential infringing use.

"The Fifth Circuit held that a license can be implied by a court years after the work was created based on the poorly defined and amorphous 'totality of the circumstances' test irrespective of the creator's intent and divorced of traditional contract law principles," Rothman said. "This decision has significant negative consequences for creators worldwide who exploit their works in the U.S. but now, as a consequence of the Fifth Circuit's decision, may have unknowingly and unintentionally granted an implied license in their home country by fiat."

Counsel for TGS could not immediately be reached for comment Thursday.

A trial court tossed Geophysical's lawsuit against TGS in 2015, finding that the Canadian petroleum board was a lawful holder of the copyrighted material and was thus entitled to distribute it without asking Geophysical for permission. The court found that the act-of-state doctrine — which prevents U.S. courts from deciding questions of Canadian law — barred it from ruling on whether or not Canadian regulators had legally handed over the reports.

A Fifth Circuit panel disagreed in 2017, finding that while the act-of-state doctrine barred U.S. courts from invalidating the actions of foreign governments, it did not extend to questions of rightful ownership of copyrighted material. The judges were unconvinced that a legal principle intended to protect amicable relations with other countries extended to a "discrete, ministerial act" like preparing a copy of a report.

TGS prevailed again in the trial court in June 2018, arguing that Geophysical had granted the Canadian petroleum board both an express and an implied license to distribute its data after the confidentiality period had lapsed. In her ruling, U.S. District Judge Lee H. Rosenthal cited evidence that Geophysical knew its reports could be disclosed when it applied for permits with the petroleum board.

On appeal, Geophysical argued that its evidence raised a genuine dispute of fact over whether the company knew that "speculative" data it provided to the board could be disclosed. The panel in its September decision was not convinced, finding that testimony from Geophysical indicated that the company knew regulators made copies of reports for third parties.

Geophysical is represented by Joel B. Rothman of Schneider Rothman Intellectual Property Law Group and Don Cruse of the Law Office of Don Cruse.

TGS was represented at the Fifth Circuit by Melanie B. Rother and Peter C. Tipps of [Norton Rose Fulbright](#).

The case is Geophysical Service Inc. v. TGS-NOPEC Geophysical Co., case number [19-873](#), before the U.S. Supreme Court.

--Additional reporting by Jack Queen. Editing by Marygrace Murphy.

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