



# Virginia Association of Broadcasters Legal Review



Brooks, Pierce, McLendon, Humphrey & Leonard, LLP  
Counsel to VAB • (919) 839-0300

250 West Main Street, Suite 100  
Charlottesville, VA 22902 • (434) 977-3716

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## **CALIFORNIA FEDERAL COURT RESOLVES FOX’S COPYRIGHT AND CONTRACT CLAIMS RELATED TO DISH’S HOPPER TECHNOLOGIES**

After several years, the long-running litigation over DISH’s “Hopper” technologies is nearing conclusion in the trial court. In May 2012, Fox sued DISH Network for copyright infringement and breach of contract related to DISH’s introduction of two related services, PrimeTime Anytime (“PTAT”) and “AutoHop.” Together, PTAT and AutoHop allow DISH subscribers to record blocks of prime-time television programming on all four major networks and automatically skip over commercials during playback using DISH’s set-top box, the “Hopper” DVR. In late 2012, a California federal court denied Fox’s request for a preliminary injunction to prevent DISH from offering PTAT and AutoHop to its subscribers.

While Fox’s appeal of that ruling was underway, DISH launched its next-generation set-top box, the “Hopper with Sling,” along with two new services: “DISH Anywhere,” which allows subscribers to watch live programming or programs recorded on their Hopper DVRs on other authenticated devices, and “Hopper Transfers,” which allows subscribers to copy recorded programs onto their smartphones, tablets, and computers for later viewing. The district court refused to enjoin the new services, and Fox filed a second appeal. The Ninth Circuit Court of Appeals agreed with both decisions, allowing DISH to operate PTAT, AutoHop, “DISH Anywhere,” and “Hopper Transfers” while the lawsuit proceeded.

In a lengthy order entered in January under seal (a proposed redacted version of which has been filed by the parties), the district court resolved Fox’s claims on the merits. Although Fox prevailed on only one of its copyright infringement claims, several of its contract claims were successful:

- **PTAT:** The court reiterated that PTAT does not infringe Fox’s copyrights. Instead, the court found, “PTAT is essentially a more targeted version of a

DVR” that DISH subscribers use to make copies of Fox’s programs. The court similarly ruled that PTAT does not breach the “no-distribution” provision of the parties’ 2002 retransmission consent agreement because it does not “distribute” Fox’s programs but is simply “a mechanism for recording a specific sub-set of programming that has already been permissibly streamed to a subscriber.”

- AutoHop: The court also reaffirmed its preliminary injunction ruling that AutoHop, standing alone, does not infringe Fox’s copyrights, because it merely allows viewers to skip over ads during playback. The court found, however, that copies made to test and ensure proper functioning of the AutoHop feature do infringe Fox’s copyrights and that the test copies also do breach the “no copying” provision of the Fox/DISH retransmission consent agreement.
- “DISH Anywhere”: The court ruled that “DISH Anywhere” does not infringe Fox’s exclusive right of public performance and does not breach a 2010 Letter Agreement that governed DISH’s use of “other technologies” to retransmit or distribute Fox’s programming. The court concluded, however, that “DISH Anywhere” does breach the parties’ retransmission consent agreement, which prohibits DISH from *authorizing* the recording, copying, or retransmission of Fox programs without permission, other than “by consumers for private home use,” because it allows DISH users to retransmit Fox programs to their electronic devices outside the home—a key factor stations may wish to take into account in drafting their retransmission consent agreements.
- “Hopper Transfers”: The court found that the “Hopper Transfers” feature does not infringe Fox’s copyrights, because DISH subscribers, not DISH itself, use the feature to make and transfer copies of Fox’s programming to other devices. The court found, however, that the “Hopper Transfers” feature does breach the no-copying provision of parties’ retransmission consent agreement.

Because Fox prevailed on its breach-of-contract claims with respect to “DISH Anywhere,” “Hopper Transfers,” and the AutoHop test copies (and its copyright infringement claim as to the test copies), the court ruled that Fox will have an opportunity to prove the amount of its damages or the royalties it would have received for the right to copy and use its programs.

In the meantime, the current retransmission consent agreement between Fox and DISH will expire on October 29, 2015. According to a joint filing earlier this month, Fox and DISH anticipate that their negotiation of a new agreement is likely to resolve the issues raised in Fox’s lawsuit. For that reason, on January 16, just days after it entered its summary judgment order, the California court entered an order staying the Fox AutoHop litigation until October 1, 2015. (Other lawsuits against DISH related to its Hopper technologies have been resolved in similar fashion. A lawsuit filed by ABC/Disney was dismissed in March 2014, and CBS and DISH stipulated to the dismissal of their lawsuit in December 2014.)

As this case and the other proceedings involving DISH's Hopper features and services make clear, these and similar new technologies are of significant concern to broadcasters. Because Fox's copyright claims were almost uniformly unsuccessful while the majority of the network's contract claims prevailed in the litigation against DISH, the California district court's ruling underscores the importance of well-drafted contractual protections for broadcasters in retransmission consent agreements.

*by Julia C. Ambrose*

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If you should have any questions concerning the information discussed in this memorandum, please contact your communications counsel or any of the undersigned.

*Stephen Hartzell, Editor*

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