

No. 17-\_\_\_\_

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IN THE  
**Supreme Court of the United States**

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DRK PHOTO, a Sole Proprietorship,  
*Petitioner,*

v.

MCGRAW-HILL GLOBAL EDUCATION HOLDINGS, LLC  
and MCGRAW-HILL SCHOOL EDUCATION HOLDINGS, LLC,  
*Respondents.*

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**On Petition for a Writ of Certiorari to the  
United States Court of Appeals  
for the Ninth Circuit**

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**PETITION FOR A WRIT OF CERTIORARI**

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## QUESTIONS PRESENTED

1. The Copyright Act provides that the “legal or beneficial owner” of copyright “is entitled” to institute an action for infringement, 17 U.S.C. § 501(b), but Section 501(b) does not say whether an assignee of an accrued infringement claim, who is not a copyright owner, has standing. The Ninth Circuit in this case held that Petitioner, a stock photography agency authorized to issue licenses for use of photographs and share licensing revenue, is not a copyright owner and therefore lacks standing to sue its licensee for infringing copyright. The Ninth Circuit so held even though 74 of Petitioner’s contributing photographers executed assignments granting it “all copyright rights and complete legal title in the Images” at issue, together with accrued infringement claims.

The first question is: Whether an assignee of an accrued claim who is not a legal or beneficial owner of copyright has standing to sue for infringement, as the Fifth Circuit ruled in *Prather*,<sup>1</sup> or does not have standing, as the Ninth Circuit ruled in *Silvers*?<sup>2</sup>

2. The second question is: Whether an unequivocal transfer of copyright ownership, together with accrued claims, is effective to give the transferee the statutory right to sue as legal owner of copyright, even when the purpose of the transfer is to facilitate an infringement action?

3. The third question is: Whether “beneficial owner” – which the Copyright Act does not define – extends to an assignee of accrued claims who has pre-existing interests in the copyright and is injured by infringement?

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<sup>1</sup> *Prather v. Neva Paperbacks, Inc.*, 410 F.2d 698 (5th Cir. 1969).

<sup>2</sup> *Silvers v. Sony Pictures Entm’t, Inc.*, 402 F.3d 881 (9th Cir. 2005).

**PARTIES TO THE PROCEEDING AND  
CORPORATE DISCLOSURE**

There are no parties to the proceedings other than those listed in the caption. Petitioner DRK Photo was plaintiff in the district court and appellant in the court of appeals. Respondents McGraw-Hill Global Education Holdings, LLC and McGraw-Hill School Education Holdings, LLC were defendants in the district court and appellees in the court of appeals.

Petitioner DRK Photo, a sole proprietorship, is not subject to the corporate disclosure requirements of S. Ct. Rule 29.6.

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## **PETITION FOR A WRIT OF CERTIORARI**

DRK Photo respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit in this case.

### **OPINIONS BELOW**

The opinion of the United States Court of Appeals for the Ninth Circuit, App. 1a-27a, is reported at 870 F.3d 978. The opinion of the United States District Court for the District of Arizona, App. 30a-46a, is not reported but is available at 2014 WL 2584811.

### **JURISDICTION**

The district court had jurisdiction under 28 U.S.C. §§ 1331 and 1338, and Ninth Circuit had jurisdiction under 28 U.S.C. § 1291. The Ninth Circuit denied Petitioner's timely-filed petition for rehearing on November 7, 2017. App. 28a. This Court's jurisdiction rests on 28 U.S.C. § 1254(1).

### **STATUTORY PROVISIONS INVOLVED**

Section 501(b) of the Copyright Act provides:

The legal or beneficial owner of an exclusive right under a copyright is entitled, subject to the requirements of section 411, to institute an action for infringement of that particular right committed while he or she is the owner of it. The court may require such owner to serve written notice of the action with a copy of the complaint upon any person shown, by the records of the Copyright Office or otherwise, to have or claim an interest in the copyright, and shall require that such notice be served upon any person whose interest is likely to be affected by a decision in the case.

The court may require the joinder, and shall permit the intervention, of any person having or claiming an interest in the copyright.<sup>1</sup>

Other pertinent sections of the Copyright Act (17 U.S.C. §§ 101 (definitions), 106 (exclusive rights in copyright work), 201(d) (transfer of ownership), and 301(a) and (b) (preemption)) are reproduced in the Appendix.

## INTRODUCTION

This copyright case presents the “now often litigated issue of whether a stock photography agency ... has standing under the Copyright Act of 1976 to pursue infringement claims involving photographs from its collection.” App. 3a.

The Act’s core purpose is to encourage dissemination of creative works for the public benefit by making copyrights *enforceable* – not just in theory, but as a practical matter. The decision below applied three rigid standing rules – each meriting this Court’s review – which bar enforcement efforts by parties best situated to pursue them and allow infringers to escape accountability.

*First*, the decision below perpetuates a circuit split on the question whether a plaintiff to whom accrued copyright infringement claims have been assigned has standing to pursue the claims if the plaintiff is not also a “legal or beneficial owner of copyright” under 17 U.S.C. § 501(b). Constrained by the Ninth Circuit’s “bare-right-to-sue” rule in *Silvers v. Sony Pictures Entm’t, Inc.*<sup>2</sup> – split 7-2-2 with two dissents, and

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<sup>1</sup> 17 U.S.C. § 501(b).

<sup>2</sup> 402 F.3d 881 (9th Cir. 2005).

“wrongly decided,” in Judge Berzon’s view (App. 23a) – the decision below held Petitioner DRK Photo cannot rely on assignments of accrued claims for standing because DRK is neither a legal nor beneficial owner of copyright.

The *Silvers* bare-right-to-sue rule conflicts with *Prather v. Neva Paperbacks, Inc.*,<sup>3</sup> where the Fifth Circuit held an “assignee of all choses in action for infringement, whether a ‘proprietor’ [of copyright] or not, has standing to sue.”<sup>4</sup> *Silvers* also conflicts with this Court’s holding in *Sprint Communications Co. L.P. v. APCC Services, Inc.*<sup>5</sup> that assignees of aggregated, accrued claims under another federal statute (the Communications Act) had standing to pursue the claims.

*Second*, the decision below found that 74 photographers’ unambiguous assignments to DRK of “all copyright rights and complete legal title in the Images,” together with accrued claims, (App. 5a-6a) transferred only accrued claims and no copyright interest. Implementing the bare-right-to-sue rule, *Righthaven, LLC v. Hoehn*<sup>6</sup> held courts must second-guess and invalidate agreements purporting to transfer copyright ownership if the purpose of the transfer is to facilitate an infringement action. Constrained by *Righthaven*, the decision below held DRK cannot rely on crystal-clear assignments of copyright ownership for standing, because their purpose was to give DRK standing to

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<sup>3</sup> 410 F.2d 698 (5th Cir. 1969).

<sup>4</sup> *Id.* at 700.

<sup>5</sup> 554 U.S. 269 (2008).

<sup>6</sup> 716 F.3d 1166 (9th Cir. 2013).

sue, and the authors of the photographs retained some rights in them. App. 17a-19a.

*Silvers* and *Righthaven* together undermine the principles of free transferability and divisibility of copyright ownership that are hallmarks of the 1976 Copyright Act. 17 U.S.C. § 201(d)(2) authorizes unlimited subdivision and transfer of an owner’s “exclusive rights,” identified in 17 U.S.C. § 106, which can be co-owned.<sup>7</sup> There is no statutory limit on the number of co-owners of copyright, and no rule that *only* an “exclusive license” transfers copyright ownership.<sup>8</sup> Nor does the Act prohibit a transfer of copyright ownership for purposes of litigation. Rejecting these principles, the decision below invalidated the photographers’ transfer of an ownership interest sufficient to support DRK’s standing.

This result conflicts with the Ninth Circuit’s holding in *Alaska Stock, LLC v. Houghton Mifflin Harcourt Publishing Co.*<sup>9</sup> – at the urging of the Copyright Office and the United States as *amicus curiae* – that temporary transfers of copyright ownership are effective and support stock photography agencies’ registrations of copyright. Here, the very same assignments that supported DRK’s copyright registrations, as copyright owner, were held to be “shams” for purposes of prosecuting an infringement action.

*Third*, despite DRK’s undisputed interest in the copyrights (as grantor of the limited licenses at issue) and its injuries from serial infringements (lost licensing

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<sup>7</sup> See, e.g., 17 U.S.C. § 201 (“The authors of a joint work are coowners of copyright in the work.”).

<sup>8</sup> See 17 U.S.C. § 101 (defining “transfer of copyright ownership”).

<sup>9</sup> 747 F.3d 673, 685 (9th Cir. 2014).



revenue), the decision below held DRK does not have standing to sue as “beneficial owner” of copyright. App. 20a-21a. The Act does not define “beneficial owner,” and the lower courts consistently limit it to the single example in the legislative history (an author who parts with legal title in exchange for royalties).<sup>10</sup> The copyright holders’ transfer to DRK of the right to authorize others to use their copyrighted works, along with the right to share licensing proceeds, conveys beneficial ownership to DRK sufficient for standing under § 501(b). The extent of beneficial ownership of copyright under the 1976 Act is an important issue of federal law that this Court has not addressed, and should consider now.

## STATEMENT OF THE CASE

### A. Statutory background.

Copyright statutes have long recognized that copyright ownership is transferable.<sup>11</sup> But no act of Congress has expressly addressed, or prohibited, assignment of accrued infringement claims. Yet, “where Congress chooses to expressly prohibit assignment, it knows how to do so explicitly.”<sup>12</sup>

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<sup>10</sup> H.R. Rep. No. 1476, 94th Cong., 2d Sess. 159, reprinted in 1976 U.S. Code Cong. & Ad. News 5659, 5775.

<sup>11</sup> *See, e.g.*, Act of May 21, 1790, 1st Cong., 2d Session, 1 Stat. 124, § 1 (conferring rights upon authors and assigns who “legally acquired the copyright”); 17 U.S.C. § 28 (1909) (“Copyright secured under this title or previous copyright laws of the United States may be assigned, granted, or mortgaged by an instrument in writing signed by the proprietor of the copyright, or may be bequeathed by will.”).

<sup>12</sup> *Silvers*, 402 F.3d at 900 (Bea, J., dissenting).

**B. The fragmented decision in *Silvers* and the bare-right-to-sue rule.**

As Judge Berzon explained in her concurrence in this case, the holding that DRK lacks standing turned upon the *Silvers* bare-right-to-sue rule. App. 23a.

The plaintiff in *Silvers* alleged defendants' motion picture "Stepmom" infringed copyright in the television movie "The Other Woman," written by Silvers as a work-for-hire for Frank & Bob Films II. She asserted standing to sue because Frank & Bob, the copyright owner, "assigned to her the accrued cause of action."<sup>13</sup> The district court found Silvers had standing, citing Nimmer on Copyright § 12.02[B] (2000). Citing *Prather*, Nimmer stated that "the assignee of an accrued infringement cause of action has standing to sue without the need to join his assignor, even if the latter retains ownership of all other rights under the copyright." *Id.* Finding this "not a settled question of law," the district court certified interlocutory appeal.<sup>14</sup>

A three-judge Ninth Circuit panel affirmed.<sup>15</sup> It found "no court ha[d] squarely resolved the issue" whether "an accrued cause of action for copyright infringement may be assigned to a third party, without any other copyright rights accompanying the assignment."<sup>16</sup> It agreed with *Prather* – the "authority closest on point" – and held "an accrued cause of action

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<sup>13</sup> *Silvers v. Sony Pictures Entm't, Inc.*, 2001 WL 36127624, at \*1 (C.D. Cal. Jan. 25, 2001).

<sup>14</sup> 2001 WL 36127626, at \*1 (C.D. Cal. Mar. 29, 2001).

<sup>15</sup> 330 F.3d 1204 (9th Cir. 2003).

<sup>16</sup> *Id.* at 1206.

for copyright infringement may be assigned to a third party.”<sup>17</sup>

The three-judge panel found defendants’ reliance on *Eden Toys, Inc. v. Florelee Undergarment Co, Inc.*<sup>18</sup> misplaced, because there was no “bare right to sue” issue in *Eden Toys*. The standing problem in *Eden Toys* arose not from plaintiff’s lack of copyright ownership, but from the lack of any clear transfer to plaintiff of any right to sue on accrued causes of action.<sup>19</sup> The three-judge panel also “disagree[d] with *Eden Toys* to the extent that it suggests that 17 U.S.C. § 501(b) permits *only* the legal or beneficial owner of a copyright to bring an action for copyright infringement.”<sup>20</sup> “Nothing in the language of § 501(b) specifies or suggests that the legal or beneficial owners are the exclusive plaintiffs in copyright infringement cases.”<sup>21</sup> And “[n]othing in the statute prohibits the legal or beneficial owner of the exclusive rights under a copyright from assigning an accrued cause of action for infringement of that right. Such an assignment is like assignment of any other chose in action under contract theory.”<sup>22</sup>

The Ninth Circuit granted rehearing *en banc*.<sup>23</sup> Over two detailed and compelling dissents, divided 7-2-2, the Ninth Circuit reversed.<sup>24</sup> The majority held

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<sup>17</sup> *Id.*

<sup>18</sup> 697 F.2d 27 (2d Cir. 1982).

<sup>19</sup> *Silvers*, 330 F.3d at 1208.

<sup>20</sup> *Id.* (original emphasis).

<sup>21</sup> *Id.*

<sup>22</sup> *Id.*

<sup>23</sup> 370 F.3d 1252 (9th Cir. 2004).

<sup>24</sup> 402 F.3d 881 (9th Cir. 2005).

the “bare assignment of an accrued cause of action is impermissible under 17 U.S.C. § 501(b),” and found that is all the plaintiff held.<sup>25</sup>

The fractured end result in *Silvers* reflects three divergent views: (1) the majority’s absolute prohibition against assignments of the “bare right to sue” regardless of the assignee’s legitimate interest in the copyright, or the assignee’s injury as a result of infringement; (2) Judge Bea’s view (joined by Judge Kleinfeld) that there is nothing wrong with an entirely free “aftermarket in accrued causes of action for copyright infringement”;<sup>26</sup> and (3) the “middle course” advocated by Judge Berzon (joined by Judge Reinhardt) – specifically, that “*Silvers*, given her status as the original creator of the contested ‘work-for-hire,’ may pursue the accrued claims assigned by Frank & Bob Films, while a complete stranger to the creative process could not.”<sup>27</sup>

The Ninth Circuit judges deciding *Silvers en banc* could not even agree about how to avoid a circuit split.<sup>28</sup> The majority concluded, in error, that its holding was “parallel” with the Second Circuit’s decision in *Eden Toys*, and it wrongly brushed *Prather* aside as a 1909 Act case.<sup>29</sup> But in the view of Judges Bea and Kleinfeld, “*Eden Toys* is inapposite,” and to “avoid the

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<sup>25</sup> *Id.* at 890.

<sup>26</sup> *Id.* at 905 (Bea, J., dissenting).

<sup>27</sup> 402 F.3d at 891 (Berzon, J., dissenting).

<sup>28</sup> See 3 *Nimmer on Copyright* § 12.02[C] (2015) (two dissenters “forcefully characterized their views, rather than the majority’s, as avoiding a circuit conflict”), and n. 69.

<sup>29</sup> 402 F.3d at 889-90, and n. 2.

creation of a circuit split” the Ninth Circuit should have followed “the rationale of *Prather*.”<sup>30</sup>

In sum, *Silvers* created more confusion than it resolved.

The Ninth Circuit then made matters worse in *Righthaven*, which held “the purported transfer of legal title coupled with the transfer of accrued claims does not confer standing when the transaction, in substance and effect, merely transfers a bare right to sue.” App. 14a-15a. The bare-right-to-sue rule, as applied in *Righthaven*, has led courts to second-guess and invalidate *part* of assignments – only the part transferring copyright ownership – when the parties transfer copyright ownership for the purpose of facilitating an infringement action. But absent fraud, there is nothing wrong with transferring copyright ownership together with accrued claims for purposes of copyright infringement litigation. Justice Sotomayor, when she was a District Court judge in New York, found no fault in a “temporary assign[ment]” of copyright ownership “for purposes of ... litigation.”<sup>31</sup>

### **C. The parties and the transfers of copyright ownership and accrued claims at issue.**

DRK is a stock photography agency that licenses use of images created by its contributing photographers to publishing entities, including Respondents McGraw-

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<sup>30</sup> 402 F.3d at 907 (Bea, J., dissenting).

<sup>31</sup> *A. Brod, Inc. v. SK & I Co., L.L.C.*, 998 F.Supp. 314, 324 (S.D.N.Y. 1998); see also *Sygma Photo News, Inc. v. Globe Int'l, Inc.*, 616 F.Supp. 1153, 1155-58 (S.D.N.Y. 1985) (granting leave to amend based on photographer’s assignment of copyrights in photographs of Royal Family “for the sole and exclusive purpose of prosecuting” copyright infringement claims).

Hill Global Education Holdings, LLC and McGraw-Hill School Education Holdings, LLC (collectively, “McGraw-Hill”). App. 4a. Since its inception in 1981, DRK has built a collection of hundreds of thousands of photographs, primarily depicting worldwide wildlife, marine life, and natural history. *Id.* McGraw-Hill publishes K-12 educational, post-secondary, professional, and trade textbooks and publications. *Id.* From about 1992 to 2009, DRK granted hundreds of limited licenses to McGraw-Hill for use of images from DRK’s collection in McGraw-Hill’s textbooks. *Id.*

Before issuing licenses to McGraw-Hill, DRK entered into “Representation Agreements” with photographers whose images are in DRK’s collection. App. 4a-5a. With respect to the claims on appeal, DRK was appointed nonexclusive agent to license covered photographs. App. 4a, n. 1. Each Agreement empowered DRK to act as “agent with ... respect to the sale or leasing of the photographs or transparencies” delivered to DRK, and provide that DRK and the photographer split evenly the proceeds from licenses granted by DRK. App. 4a-5a.

Each photographer also executed a “Copyright Assignment, Registration, and Accrued Causes of Action Agreement” (“Assignment”), which provides in pertinent part:

The undersigned photographer ... grants to DRK all copyrights and complete legal title in the Images. DRK agrees to reassign all copyrights and complete legal title back to the undersigned immediately upon completion of the registration of the Images ... and resolution of infringement claims brought by DRK relating to the Images.

The undersigned agrees and fully transfers all right, title and interest in any accrued or later accrued claims, causes of action, choses of action ... or lawsuits, brought to enforce copyrights in the Images, appointing and permitting DRK to prosecute said accrued or later accrued claims, causes of action, choses in action or lawsuits, as if it were the undersigned.

App. 5a-6a. The Assignments also provide that DRK and the photographers will share equally the net proceeds of any litigation award or settlement. App. 6a.

As assignee of copyright ownership, and as copyright “claimant,”<sup>32</sup> DRK obtained 244 certificates of copyright registration for images at issue.

#### **D. The District Court proceedings.**

In May 2012, DRK sued McGraw-Hill, asserting it infringed copyright by printing and distributing more textbooks containing at-issue images than the DRK-issued licenses permitted. DRK asserted 1,120 claims of infringement regarding 636 unique photographs, created by 74 of DRK’s contributing photographers. App. 7a.<sup>33</sup>

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<sup>32</sup> 37 C.F.R. 202.3(a)(3) (“copyright claimant” includes “(ii) A person or organization that has obtained ownership of all rights under the copyright initially belonging to the author.”).

<sup>33</sup> McGraw-Hill is an adjudicated infringer of copyright in cases like this one. See *Grant Heilman Photography, Inc. v. McGraw-Hill Global Educ. Holdings, LLC*, 2015 WL 1279502, at \*3 (E.D. Pa. Mar. 20, 2015) (jury found McGraw-Hill infringed copyright 53 times by exceeding limited licenses issued by stock photography agency).

The district court granted partial summary judgment to McGraw-Hill, finding DRK lacks standing with respect to photographs taken by photographers for whom DRK was “nonexclusive agent.”<sup>34</sup> App. 30a. The district court found the Representation Agreements did not grant DRK any “exclusive rights” under Section 106 – even though the Agreements gave DRK the power “to authorize,” *i.e.*, grant licenses – and instead were non-exclusive licenses. App. 40a. Citing *Righthaven*, the district court found the Assignments, in substance and effect, conveyed to DRK nothing more than the “bare right to sue,” even though each Assignment grants to DRK “all copyrights and complete legal title in the Images.” App. 41a. The district court also found DRK is not a “beneficial owner” of copyright, which is “narrowly defined” in the Ninth Circuit as “only an individual who had legal title and parted with it in exchange for royalties.” App. 42a. And the district court rejected DRK’s argument that *Lexmark Intern., Inc. v. Static Control Components, Inc.*<sup>35</sup> requires consideration of whether DRK is within the “zone of interests” the Copyright Act is intended to protect and was injured by the infringements at issue. App. 42a-43a.

## **E. The Ninth Circuit proceedings.**

### **1. The panel decision.**

During briefing of DRK’s appeal in this case, *Minden Pictures, Inc. v. John Wiley & Sons, Inc.*<sup>36</sup> held the plaintiff, a stock photography agency, is a legal

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<sup>34</sup> The District Court’s judgment covered 978 of DRK’s 1,120 claims. App. 7a, n. 2.

<sup>35</sup> 134 S.Ct. 1377 (2014).

<sup>36</sup> 795 F.3d 997 (9th Cir. 2015).



owner of copyright with standing to sue for infringement of photographs in its collection. Like DRK, Minden entered into agency agreements with its contributing photographers that authorized Minden to issue licenses to third parties. *Minden* held the agency agreements there granted “exclusive licenses” of the Section 106 right “to authorize,” making Minden a “legal owner” of copyright with standing. *Minden* so held even though the photographers retained rights to authorize use of the photographs themselves. As *Minden* recognized, the word “exclusive” in Section 106 “cannot mean that only sole owners possess ‘exclusive rights.’”<sup>37</sup>

The decision below purported to distinguish *Minden* because the Representation Agreements at issue did not make DRK an “exclusive agent,” and did not limit the photographers’ ability to contract with other licensing agents. App. 10a-13a. The Ninth Circuit also rejected DRK’s arguments that it is a legal owner of copyright with standing because it holds a subdivided right “to authorize” others to exercise the exclusive rights listed in Section 106. App. 13a-14a. In this respect, the decision below conflicts with *Minden*, which held that a stock photography agency has “the right ‘to authorize’ both the distribution and display of the photographs by granting licenses to third parties,” and “[t]he right ‘to authorize’ these acts is also an ‘exclusive right’ under the Act.”<sup>38</sup>

With respect to the Assignments, the decision below followed *Silvers*, which “held that ‘an assignee who holds an accrued claim for copyright infringement, but

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<sup>37</sup> *Id.* at 1004 (quoting *Corbello v. DeVito*, 777 F.3d 1058, 1065 (9th Cir. 2015)).

<sup>38</sup> *Minden*, 795 F.3d at 1003.

who has no legal or beneficial interest in the copyright itself, [may not] institute an action for infringement.” App. 14a (quoting *Silvers*, 402 F.3d at 883). The decision perpetuated the circuit split with *Prather*, despite Judge Berzon’s concurring opinion that *Silvers* was “wrongly decided.” App. 23a.

Then, following *Righthaven*, the decision below disregarded the Assignments’ unambiguous language “grant[ing] to DRK all copyrights and complete legal title in the Images,” and instead considered “the Assignment Agreements in conjunction with the Representation Agreements and the ongoing relationship between DRK and the individual photographers” to decide that the transfer of copyright ownership was not genuine. App. 17a. Specifically, the court of appeals found the photographers “could continue to market and sell the covered photographs themselves” and “did not pay royalties or fees of any kind to DRK,” following execution of the Assignments. *Id.* This decision thus conflicts again with *Minden*, which held that photographers’ retained copyright interests in photographs they authored do not invalidate the transfer of a copyright ownership interest to a stock photography agency for purposes of an infringement action.<sup>39</sup>

The Ninth Circuit also rejected DRK’s argument that *Sprint* “implicitly override[s] the interpretive logic of *Silvers* and its progeny.”<sup>40</sup> In *Sprint*, this Court surveyed common law history and held an assignee of legal claims of payphone operators under 47 U.S.C. § 226 had standing, even though the assignee

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<sup>39</sup> 795 F.3d at 1005-06.

<sup>40</sup> S. Balganesch, *Copyright Infringement Markets*, 113 COLUM. L. REV. 2277, 2319 (2013) [hereinafter “Balganesch”].

promised to remit the proceeds of the litigation to the assignors.<sup>41</sup> *Sprint* begs the question why aggregation of small claims by assignment gave the plaintiff-assignees standing in *Sprint*, but photographer assignments of claims here do not similarly give DRK standing. The panel below declined to follow *Sprint*, reasoning that *Sprint* was not a copyright case. The Ninth Circuit instead deferred to prior circuit authority, “both *Silvers* and *Righthaven*.” App. 19a.

With respect to whether DRK is a “legal owner” of the at-issue copyrights, the decision below concluded:

Although we are certainly sympathetic to the practical challenges attendant to policing infringement of photographic art in the publishing industry, those practical considerations cannot override the Copyright Act’s ‘carefully circumscribed’ grant of the right to sue. *Silvers*, 402 F.3d at 885. The nonexclusive licenses and assignments of the bare right to sue present here do not render DRK a legal owner of the copyrights under controlling law and thus are insufficient to confer standing.

App. 20a.

The court also rejected DRK’s alternative argument that it is a “beneficial owner” of copyright. The Ninth Circuit conceded it has “not previously explored the full extent of who may qualify as a beneficial owner of copyright,” but found it “need not do so here,” essentially holding that DRK cannot be a “beneficial owner” because it is a “nonexclusive licensee,” not a “legal owner.” App. 20a-21a. The decision thus conflated legal and beneficial ownership, which are

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<sup>41</sup> *Sprint*, 554 U.S. at 271.

distinct bases for standing,<sup>42</sup> and failed the court’s “duty to give effect, if possible, to every clause and word of a statute.”<sup>43</sup>

## 2. Judge Berzon’s concurrence.

Judge Berzon wrote “separately to reiterate [her] view that *Silvers* was wrongly decided.” App. 23a. In her view, Section 501(b) “should not be read to exclude categorically *any* party not the ‘legal or beneficial owner’ from bringing an infringement claim, even if the legal or beneficial owner authorizes that party to sue and even if that party has an independent interest in enforcing the copyright other than assignment of the right to sue.” *Id.* (original emphasis). Judge Berzon identified an internal inconsistency in *Silvers*: the majority “acknowledged that a copyright owner may pursue claims accrued before he or she acquired the copyright.” App. 32a-24a. “A construction of § 501(b) that allows an accrued cause of action to transfer when copyright ownership transfers cannot be reconciled with a construction that always precludes assignment of the right to sue to any party not the legal or beneficial owner.” App. 24a.

In Judge Berzon’s view, “the question whether copyright claims are assignable should be ... informed by the overall purpose of the Copyright Act.” App. 24a. In other words, the question “is whether recognition of the assignment” in question “is consistent with

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<sup>42</sup> *Bandai America, Inc. v. Bally Midway Mfg. Co.*, 775 F.2d 70, 73-74 (3d Cir. 1985) (“both the legal and beneficial owners of copyrights have standing to sue infringers”); *Parker v. Winwood*, 2017 WL 6886076, at \* 7 (M.D. Tenn. Oct. 17, 2017) (“after the effective date of the 1976 Act, there is no requirement that a beneficial owner join the legal owner”).

<sup>43</sup> *Duncan v. Walker*, 533 U.S. 167, 174 (2001).

Congress' overall intent in enacting the 1976 Copyright Act." *Id.* (quoting *Silvers*, 402 F.3d at 893 (Berzon, J., dissenting)). This view accords with *Lexmark*, which held that a standing inquiry requires a court to determine – by reference to statutory purpose – whether a particular plaintiff falls within the “zone of interests” the statute is intended to protect.<sup>44</sup>

Judge Berzon explained:

DRK Photo, as the agency authorized to license photographs on behalf of the photographers, has a significant interest in the way the photographs it licenses are used that should be sufficient to confer standing. That interest arises not merely from the photographers' grant of the right to sue, but from DRK Photo's position as the licensing agent. The licenses in question were issued to McGraw-Hill by DRK, not by the individual photographers. And DRK negotiated with McGraw-Hill to determine the parameters of the permitted use, including the number of copies, geographic distribution area, language, and electronic use. Further, DRK received a portion of the royalties paid by McGraw-Hill.

App. 25a-26a. Judge Berzon “would find that DRK Photo could validly bring suit against McGraw-Hill”:

That approach would “remove what would otherwise be a significant practical disadvantage in seeking to protect a copyrighted work”: Given “the expenses of litigation” and “the burdens of coordination,” photographers

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<sup>44</sup> *Lexmark*, 134 S.Ct. at 1387-88.

may be reluctant “to bring suit individually, either in individual actions or in a single suit under Federal Rule of Civil Procedure 20.”

App. 26a-27a (quoting *Minden*, 795 F.3d at 1005).

Constrained by *Silvers*, however, Judge Berzon agreed with the panel’s holding that DRK lacks standing to sue for copyright infringement. App. 27a.

### **3. Denial of rehearing *en banc*.**

On September 26, 2017, DRK timely petitioned the Ninth Circuit to rehear the case *en banc*, overrule *Silvers*, and resolve confusion regarding legal and beneficial ownership of copyright. The Ninth Circuit denied DRK’s petition – doubling down on the bare-right-to-sue rule – but its Order stated Judge Berzon would have granted DRK’s petition. App. 28a. The Ninth Circuit stayed issuance of its mandate pending resolution of this Petition. App. 29a.

### **REASONS FOR GRANTING THE WRIT**

This Court should grant the petition because:

(I) the courts of appeals are hopelessly divided about the effectiveness, for standing, of assignments of accrued copyright infringement claims to non-owners of copyright, and the split is unlikely to resolve itself without this Court’s intervention;

(II) the Ninth Circuit in this case erred in adhering to the *Silvers* bare-right-to-sue rule, which conflicts with decisions of the Fifth and Second Circuits, and is at odds with the statutory text and this Court’s precedents;

(III) this case also involves important unsettled questions regarding “legal and beneficial ownership”

of copyright, which this Court has not previously addressed; and

(IV) this case presents an ideal vehicle to consider these important questions of federal law.

**I. THE PETITION SHOULD BE GRANTED TO RESOLVE A CIRCUIT-SPLIT REGARDING ASSIGNABILITY OF COPYRIGHT INFRINGEMENT CLAIMS TO A NON-OWNER OF COPYRIGHT, AND THE ASSIGNEE'S STANDING TO PURSUE THEM.**

**A. *Silvers* conflicts with decisions of the Fifth and Second Circuits.**

The circuit-level conflict over assignability of accrued claims of copyright infringement to non-owners of copyright is clear and well-recognized. *Silvers* itself reflects the split. The three-judge panel in *Silvers* affirmed the district court's finding that an assignee of accrued claims may sue for copyright infringement whether or not a copyright owner.<sup>45</sup> But the Ninth Circuit *en banc* reversed, over two compelling dissents, divided 7-2-2.<sup>46</sup> Judge Berzon also wrote separately in this case to reiterate her view that *Silvers* was "wrongly decided." App. 23a. The unsettled state of the law has been observed by courts<sup>47</sup> and commenta-

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<sup>45</sup> *Silvers*, 330 F.3d at 1208-09.

<sup>46</sup> *Silvers*, 402 F.3d at 890-911.

<sup>47</sup> *U.S. v. Chalupnik*, 514 F.3d 748, 753 (8th Cir. 2008) ("This may be an unsettled issue of copyright law.").

tors,<sup>48</sup> and is reflected in divergent views of leading treatises.<sup>49</sup>

The decision below conflicts most directly with the Fifth Circuit’s decision in *Prather v. Neva Paperbacks, Inc.*<sup>50</sup> In *Prather*, an author secured copyright in one book; his publisher in several others. After discovering infringement, the publisher assigned to the author its copyright and accrued causes of action; the author at the same time gave the publisher an exclusive license to publish the books.<sup>51</sup> The Fifth Circuit rejected the argument that this made the plaintiff a licensee without standing, rather than copyright “proprietor.”<sup>52</sup> *Prather* held that assignments of accrued copyright claims are valid, do not present public policy problems, and comply with the

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<sup>48</sup> Balganesch, at 2307 (“Courts today are divided on whether copyright law allows third parties to bring infringement actions when they acquire the bare right to sue....”).

<sup>49</sup> See 3 Nimmer on Copyright § 12.02[B] at 12-54 and n. 27 (2000) (stating, before *Silvers*, an “assignee of an accrued infringement cause of action has standing to sue without the need to join his assignor, even if the latter retains ownership of all other rights under the copyright”); 3 Nimmer on Copyright § 12.02[C] (2015) (stating, after *Silvers*, the “difficult question remains whether the assignee of solely an accrued claim and no other copyright interest has standing to sue”); 2 Party on Copyright § 5:104 (2017) (opining that the *en banc* majority in *Silvers* “does get the result right,” but through flawed analysis).

<sup>50</sup> 410 F.2d 698 (5th Cir. 1969).

<sup>51</sup> *Id.* at 699, n. 1.

<sup>52</sup> Under the 1909 Act, 17 U.S.C. § 101(b) (1909), “only the proprietor of a copyright [either the author or an assignee] had standing to sue for infringement in most cases,” and “a mere licensee rather than an assignee of the copyright did not have standing to sue for copyright infringement.” 3 Nimmer on Copyright § 12.02[A] (2015) (original emphases).



“real party in interest” rule.<sup>53</sup> *Prather* also squarely held that an “assignee of all choses in action for infringement, whether a ‘proprietor’ or not, has standing to sue.”<sup>54</sup>

*Prather* was a 1909 Act case, and the *Silvers* majority for this reason found it “unhelpful authority,” and concluded, in error: “we create no split with the Fifth Circuit, which has yet to decide anything about the meaning of 17 U.S.C. § 501(b), a provision that had no direct analogue in the earlier statute.”<sup>55</sup> But *Prather* has been cited as good law, even after enactment of the 1976 Copyright Act, by the Second Circuit<sup>56</sup> and *Nimmer*.<sup>57</sup> And even now “[i]n the [Fifth] Circuit, ownership of a copyright, and the attendant privileges, and ownership of an existing claim for copyright infringement may be separated by contract.”<sup>58</sup>

This is confirmed by the Fifth Circuit’s recent citation of *Prather* as binding authority in *Hacienda Records, L.P. v. Ramos*.<sup>59</sup> In *Hacienda Records*, Hugo Ruben Guanajuato, one of the plaintiffs, executed two

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<sup>53</sup> *Prather*, 410 F.2d at 700.

<sup>54</sup> *Id.* at 700 (emphasis added).

<sup>55</sup> *Silvers*, 402 F.3d at 890 and n. 2.

<sup>56</sup> *Davis v. Blige*, 505 F.3d 90, 99 (2d Cir. 2007) (citing *Prather* for “the effectiveness of an assignment of accrued causes of action for copyright infringement”).

<sup>57</sup> See 3 *Nimmer on Copyright* § 12.02[B] at 12-54 and n. 27 (2000).

<sup>58</sup> *Isbell v. DM Records, Inc.*, 591 F.Supp.2d 871, 875 (E.D. Tex. 2008), *reversed on other grounds*, 586 F.3d 334, 337-38 (5th Cir. 2009) (holding 50% owner of both copyrights and accrued claims had standing to sue for infringement).

<sup>59</sup> \_\_ Fed.Appx. \_\_, 2018 WL 297163 \*2 (5th Cir. Jan. 4, 2018) (unpublished), *citing Prather*.

assignments: one transferred a 50% interest in the copyrights to his attorney, Showalter; the other assignment gave Showalter the “exclusive right to enforce any legal rights in respect to the Works.”<sup>60</sup> Despite Guanajuato’s 50% ownership of the copyrights, the Fifth Circuit held he lacked standing to sue for copyright infringement, because he assigned to Showalter “exclusive” ability to enforce the copyrights.<sup>61</sup> This holding depends entirely upon continuing viability of *Prather*, which held that ownership of copyright, and ownership of accrued copyright infringement claims, are severable and may be assigned separately.

The decision below also conflicts with the Second Circuit’s decision in *ABKCO Music, Inc. v. Harrisongs Music, Ltd.*<sup>62</sup> Like *Prather*, *ABKCO* recognized that copyright ownership is divisible from ownership of an accrued infringement claim. “Thus, a copyright owner can assign its copyright but, if the accrued causes of action are not expressly included in the assignment, the assignee will not be able to prosecute them.”<sup>63</sup> The issue in *ABKCO* was what rights were at issue in certain 1980 settlements – *ABKCO*’s possession of copyright in the song “He’s So Fine,” or merely its ownership of the infringement claims. The Second Circuit found that “the claims had already accrued” in 1971 – long before *ABKCO* acquired the copyrights in 1978 – and *ABKCO*’s right to bring the claims thus arose “not out of its ownership of the copyright, but

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<sup>60</sup> *Id.* at \*6.

<sup>61</sup> *Id.* at \*8.

<sup>62</sup> 944 F.2d 971 (2d Cir. 1990).

<sup>63</sup> *Id.* at 980.

from its ownership of the claims themselves.”<sup>64</sup> As Judge Bea’s dissent in *Silvers* stated, *ABKCO* “clearly holds that copyright ownership is *not* the *sine qua non* of standing, but ... assignees of accrued causes of action may sue for copyright infringement.”<sup>65</sup>

*Prather* and *ABKCO* cannot be reconciled with the decision below, which perpetuates the *Silvers* bare-right-to-sue rule. Under *Silvers*, copyright ownership and standing to sue cannot be severed; hence, the assignment of the “bare-right-to-sue” to a non-owner of copyright is ineffective to give the assignee standing. But the opposite is true in Fifth Circuit, under *Prather* as recently confirmed in *Hacienda Records*. In the Fifth Circuit, copyright ownership and ownership of the right to pursue accrued claims are severable; hence, under *Prather* a non-owner of copyright can have standing as assignee of the claim alone, and under *Hacienda Records* a copyright owner can fully divest himself of the power to pursue claims. The same result would obtain in the Second Circuit, under *ABKCO*.

This is the classic circuit-split that justifies this Court’s review. DRK has standing under Fifth and Second Circuit authority, but its case was dismissed for lack of standing under the Ninth Circuit’s bare-right-to-sue rule.

This circuit split is entrenched and unlikely to be resolved without this Court’s intervention. The Ninth Circuit denied rehearing, declining an opportunity to overrule *Silvers* and resolve the circuit split. App. 28a.

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<sup>64</sup> 944 F.2d at 981-82; *see also Davis*, 505 F.3d at 99 (copyright owner may “convey his interest in prosecuting accrued causes of action for infringement,” citing *ABKCO* and *Prather*).

<sup>65</sup> *Silvers*, 402 F.3d at 910.

And in *Hacienda Records* the Fifth Circuit confirmed severability of copyright ownership and accrued claims under the holding in *Prather*.

**B. The Ninth Circuit’s bare-right-to-sue rule is erroneous, and conflicts with the statutory text and this Court’s precedents.**

*Silvers* held, over two compelling dissents, that an assignee of an accrued claim for copyright infringement, who has no legal or beneficial interest in the copyright, may not institute an action for infringement.<sup>66</sup> Under *Silvers*, “[t]he bare assignment of an accrued cause of action is impermissible under 17 U.S.C. § 501(b).”<sup>67</sup> *Silvers* was wrongly decided for the reasons stated in Judge Berzon’s Concurrence; in the dissents in *Silvers*; and as discussed below.

*Silvers* went astray at the get-go. As the decision below explained, *Silvers* found it “notable” that the “right to sue” is absent from Section 106’s list of “exclusive rights,” and then concluded that the only rights a copyright owner can transfer under Section 201(d) are those specifically identified in Section 106. App. 14a. But if Congress had intended to limit assignability of accrued *claims*, the *logical* place for it is in Section 501(b), which appears in Chapter 5 of the Copyright Act, regarding “Copyright Infringement and Remedies.”

And if Congress had intended to prohibit assignments of accrued claims to someone other than the “legal or beneficial owner” it could have said so. It could have added the word “only” to the first sentence

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<sup>66</sup> *Silvers*, 402 F.3d at 883.

<sup>67</sup> *Id.* at 890.

of Section 501(b), or expressly prohibited assignment of accrued claims to non-owners of copyright.

But Congress did not. Section 501(b) says “[t]he legal or beneficial owner of an exclusive right under a copyright is entitled ... to institute an action” for infringement, but is *silent* about the permissibility or effect of an assignment of a *claim* that has accrued in a legal or beneficial owner.<sup>68</sup>

*Silvers* erred when it strictly construed Section 501(b) – *adding* the word “*only*” to the statute as a judicial gloss – and the decision below erred in following *Silvers*. Since Congress did not expressly *prohibit* pursuit of accrued claims by assignees who do not own the copyright, there is no sound reason to judicially impose that restriction – with the unjust result in this case.

It is “notable” that the “right to sue” is not listed in Section 106, but for a reason *Silvers* missed – it confirms that assignability of accrued claims is outside the scope of the Copyright Act. Section 106 appears in Chapter 1 of the Act, regarding “Subject Matter and Scope of Copyright.” The items listed in Section 106 are ways of “copying”<sup>69</sup> a work that an owner alone may do or authorize. A photographer, for example, has exclusive rights to “copy” – to reproduce, distribute and display copies of her photographs, and authorize others to do so.

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<sup>68</sup> 17 U.S.C. § 501(b).

<sup>69</sup> See *S.O.S., Inc. v. Payday, Inc.*, 886 F.2d 1081, 1085 n. 3 (9th Cir. 1989) (“The word ‘copying’ is shorthand for the infringing of any of the copyright owner’s ... exclusive rights, described at 17 U.S.C. § 106.”).

But “suing” is not “copying,” and the “right to sue” therefore does not belong in Section 106. Prosecuting a lawsuit is not like reproducing a photograph, performing a musical composition, or creating a movie based on a book. The “right to sue” is not an intellectual property asset. It is “an asset separate from the copyright or the exclusive uses of the copyright.”<sup>70</sup>

Hence, the right to assign an accrued claim to a non-owner of copyright is outside the scope of the Copyright Act.<sup>71</sup> In other words, “assignments of claims (even copyright claims) are technically not actual transfers of copyright, and are therefore outside the scope of the statute to begin with.”<sup>72</sup>

Further, Congress legislates with knowledge of settled common law principles and this Court, when appropriate, fills interstices in the Act by reference to common law principles.<sup>73</sup> An accrued copyright infringement claim is therefore assignable under the general common law, just like claims arising under other federal statutes.

An important example is *Sprint*, in which this Court surveyed common law history and held that an assignee of payphone operator’s accrued claims under 47 U.S.C. § 226 had Article III standing, even though

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<sup>70</sup> *Silvers*, 402 F.3d at 901 (Bea, J., dissenting).

<sup>71</sup> See 17 U.S.C. § 301(a) (Copyright Act preempts rights “equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 ... within the subject matter of copyright”).

<sup>72</sup> Balganesch, at 2317.

<sup>73</sup> *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 740-41 (1989) (adopting common law definition of “employee” for Copyright Act’s work for hire provision).

the assignee promised to remit the proceeds of the litigation to the assignor.<sup>74</sup> Notably, *Sprint* involved the plaintiff's aggregation of 1,400 claims, by assignment. As this Court observed, cost-effective pursuit of disaggregated small claims is often impossible because "litigation is expensive," "the evidentiary demands of a single suit are often great," and "the resulting monetary recovery is often small."

*Sprint* begs the question why aggregation was endorsed there but barred here, especially since DRK as licensor had a pre-existing interest in the copyrights at issue, while the plaintiff in *Sprint* had no stake but for the assignments.<sup>75</sup> The decision below erred because it failed to recognize that *Sprint* "implicitly override[s] the interpretive logic of *Silvers* and its progeny."<sup>76</sup>

It is true, as the decision below found, that "*Sprint* did not involve the Copyright Act, and its standing analysis was not predicated on any statutory provision analogous to section 501(b)." App. 19a. But that misses the point. When a claim has accrued in a person who has the right to sue under a federal statute, and the statute does not prohibit assignment of the claim, *Sprint* holds that the assignee of the accrued claim has Article III standing to pursue the claim.

Claims arising under numerous federal statutes are assignable.<sup>77</sup> *Sprint* "explicitly approved the practice

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<sup>74</sup> *Sprint*, 554 U.S. at 271.

<sup>75</sup> *Sprint*, 554 U.S. at 271, 291.

<sup>76</sup> Balganesch, at p. 2319.

<sup>77</sup> See App. p. 25a (Berzon, J., Concurring); see also *Wallach v. Eaton Corp.*, 837 F.3d 356, 369 (3d Cir. 2016) ("the historical common-law rule that a chose in action could not be assigned has

of assigning claims for litigation purposes,” and courts “routinely permit assignees to bring securities fraud suits based on claims that have been assigned to them,” for example.<sup>78</sup>

There is no sound reason for a different copyright rule. As the Fifth Circuit held in *Prather*, assignments of accrued copyright claims are valid, do not present public policy problems, and comply with the “real party in interest” rule.<sup>79</sup> Nimmer agreed, prior to *Silvers*, that an “assignee of an accrued infringement cause of action has standing to sue without the need to join his assignor, even if the latter retains ownership of all other rights under the copyright.”<sup>80</sup>

In *ABKCO*, the Second Circuit similarly recognized that copyright ownership is divisible from ownership of an infringement claim, and found that the plaintiff’s right to bring the claims in *ABKCO* arose “not out of its ownership of the copyright, but from its ownership of the claims themselves.”<sup>81</sup> As Judge Bea’s dissent in *Silvers* stated, *ABKCO* “clearly holds that copyright ownership is *not* the *sine qua non* of standing, but ... assignees of accrued causes of action may sue for copyright infringement.”<sup>82</sup>

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largely disappeared;” assignee of direct purchaser antitrust claims had standing).

<sup>78</sup> *BG Litigation Recovery I, LLC v. Barrick Gold Corp.*, 180 F.Supp.3d 316, 329 (S.D.N.Y. 2016).

<sup>79</sup> *Id.*

<sup>80</sup> *Silvers*, 330 F.3d at 1207 (quoting 3 Nimmer on Copyright § 12.02[B] at 12-54 and n. 27 (2000)).

<sup>81</sup> 944 F.2d at 981-82.

<sup>82</sup> *Silvers*, 402 F.3d at 910. *Eden Toys* is not to the contrary. The problem in *Eden Toys* was the lack of any *assignment of accrued claims* to the plaintiff. See *Silvers*, 402 F.3d at 910 (Bea,



*Silvers* also erred in looking to patent law for a “presumption that, when we consider standing under a statutory scheme involving intellectual property, common law doctrine does not apply.”<sup>83</sup> In *Kirtsaeng v. John Wiley & Sons, Inc.*, this Court interpreted provisions of the Copyright Act by reference to the following “canon of statutory interpretation”: “[W]hen a statute covers an issue previously governed by the common law,’ we *must presume* that ‘Congress intended to *retain the substance of the common law*.’”<sup>84</sup> Since the Copyright Act is silent about assignability of accrued claims, *Kirtsaeng* calls for a presumption that Congress intended to leave the question to the common law.

Moreover, although there is a “historic kinship between patent law and copyright law,”<sup>85</sup> they are “not identical twins,” and this Court has urged “caution ... in applying doctrine formulated in one area to the other.”<sup>86</sup> Standing rules in patent law “have their source in the patent indivisibility doctrine,” and,

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J., dissenting) (“There was no assignment to Eden Toys of pre-existing causes of action.”).

<sup>83</sup> *Silvers*, 402 F.3d at 888 (citing *Crown Die & Tool Co. v. Nye Tool & Machine Works*, 261 U.S. 24 (1923)).

<sup>84</sup> 568 U.S. 519, 538 (2013) (citations omitted; emphases added); see also *Impression Products, Inc. v. Lexmark Intern., Inc.*, 137 S.Ct. 1523, 1536 (2017) (“courts may take it as given that Congress has legislated with an expectation that [a well-established common-law] principle will apply except when a statutory purpose to the contrary is evident.” (citation omitted)).

<sup>85</sup> *Impression Products*, 137 S.Ct. at 1536.

<sup>86</sup> *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 419 n. 19 (1984); see also *Eldred v. Ashcroft*, 537 U.S. 186, 216 (2003) (“Patents and copyrights do not entail the same exchange...”).

as a general rule, an owner of less than an undivided interest in the entire patent does not have standing to sue for infringement.<sup>87</sup>

The opposite is true in copyright law. The 1976 Act rejected indivisibility for copyrights, greatly easing transferability of ownership and standing to sue. Under Section 201(d), “exclusive rights may be chopped up and owned separately, and each separate owner of a subdivided exclusive right may sue to enforce that owned portion of an exclusive right, no matter how small.”<sup>88</sup> Patents are not similarly divisible, and it wrong to presume that what is good for patents is good for copyrights.

## **II. THE PETITION SHOULD ALSO BE GRANTED TO RESOLVE CONFUSION ABOUT TRANSFERS OF COPYRIGHT OWNERSHIP, AND THE EXTENT OF “BENEFICIAL OWNERSHIP” OF COPYRIGHT.**

### **A. The bare-right-to-sue rule leads to wasteful litigation invalidating crystal clear transfers of copyright ownership for purposes of litigation.**

*Silvers* gave lip service to the principle, stated in *ABKCO*, that copyright ownership and accrued claims can validly be assigned *together*, and the assignee can pursue claims for infringements that occurred when

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<sup>87</sup> See R. Blair & T. Cotter, *The Elusive Logic of Standing Doctrine in Intellectual Property*, 74 TUL.L.REV. 1323, 1336 (2000).

<sup>88</sup> *Silvers*, 402 F.3d at 887.

the assignee was not yet a copyright owner.<sup>89</sup> That is precisely what DRK’s photographers did; the photographers “grant[ed] DRK all copyrights and complete legal title in the Images,” and “transfer[red] all right, title and interest in any accrued or later accrued claims, causes of action, choses of action ... or lawsuits, brought to enforce copyrights in the Images.” App. 5a-6a.

Yet the decision below invalidated *part* of the Assignments – only the part transferring copyright ownership – because the bare-right-to-sue rule, as applied in *Righthaven*, leads courts to second-guess even unambiguous transfers if the parties express a desire to enforce the copyrights. Here, DRK – who undeniably has a legitimate interest in the copyrights, as issuer of the licenses at issue, and who is in the best position to enforce the copyrights as a practical matter – is barred from enforcing them, and McGraw-Hill – a serial infringer – escapes accountability.

This result is both illogical and unjust. It undermines the Copyright Act’s core purpose – to encourage dissemination of creative works for the public benefit by making copyrights *enforceable*.<sup>90</sup> It precludes those with legitimate interests in copyrights, like DRK, from enforcing them, even when they are best situated to

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<sup>89</sup> *Silvers*, 402 F.3d at 890 and n. 1 (citing *ABKCO*, 944 F.2d at 980).

<sup>90</sup> See *Mazer v. Stein*, 347 U.S. 201, 219 (1954) (“The copyright law ... is intended definitely to grant valuable, enforceable rights to authors, publishers, etc., without burdensome requirements; to afford greater encouragement to the production of literary (or artistic) works of lasting benefit to the world.” (citations and internal quotation marks omitted)).

prosecute an infringement action.<sup>91</sup> And it encourages and rewards serial infringers, by giving them a way to prevent the only practical means of cost-effective enforcement.

McGraw-Hill argued, and the decision below in effect found, that all the Assignments were “shams.” But it defies common sense to find that DRK and every one of 74 photographers conspired to perpetrate a massive fraud, and execute assignments that *say* they grant to DRK “all copyrights and complete legal title in the Images” but in fact transfer *no* ownership interest.

This is where the Ninth Circuit’s bare-right-to-sue rule, as applied in *Righthaven*, inevitably leads – to wasteful litigation about the *reasons* or *motivation* for an assignment of copyright ownership, with infringers arguing even crystal-clear transfers of ownership, together with accrued claims, are mere “shams” that convey only the bare right to sue.

The root of this problem is *Silvers*’ failure to interpret the pertinent statutory provisions with an eye to the Copyright Act’s overall purpose, and the impact its holding would have on those with a legitimate interest in the copyright. Both dissents in *Silvers* criticized the majority opinion for failure to account for statutory purpose.<sup>92</sup> As Judge Berzon said in her Concurrence in this case, “whether copyright claims are assignable should be ... informed by the overall purpose of the Copyright Act.” App. 24a. And under this Court’s

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<sup>91</sup> See *Broadcast Music, Inc. v. Columbia Broadcasting System, Inc.*, 441 U.S. 1, 19 n. 32 (1979) (considering that plaintiff alone had “effective way to enforce” copyright laws for composers).

<sup>92</sup> *Silvers*, 402 F.3d at 891-96, 902-03.

jurisprudence, a determination of who has the statutory right to sue “begin[s] with the statutory purposes.”<sup>93</sup>

Casting doubt upon the genuineness of a transfer because it was motivated in part to facilitate litigation serves no legitimate purpose. It matters not *why* a copyright owner assigns ownership where, as here, there is no fraud.<sup>94</sup> And it is entirely proper to aggregate small claims by assignment for cost-effective prosecution, as *Sprint* shows. Making it more difficult for copyright owners to find cost-effective ways to remedy infringement undermines the Act’s core purpose.

**B. The Court should take this opportunity to examine the important question of who qualifies as “beneficial owner” of copyright under the 1976 Copyright Act.**

Although this Court once addressed “equitable ownership” of copyright under the 1909 Act,<sup>95</sup> it has never addressed the meaning of “beneficial owner” under Section 501(b) of the 1976 Act. Its meaning is uncertain because Congress did not define “beneficial owner,” and the lower courts – like the decision below, App. 20a – reflexively and erroneously limit beneficial

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<sup>93</sup> *Ray Charles Foundation v. Robinson*, 795 F.3d 1109, 1122 (9th Cir. 2015) (citing *Lexmark*, 134 S.Ct. 1387).

<sup>94</sup> *Rawlings v. Nat’l Molasses Co.*, 394 F.2d 645, 648 (9th Cir. 1968) (assignment of patent was not a “sham” where it was not “void or voidable” as between contracting parties).

<sup>95</sup> See *Order of St. Benedict of N.J. v. Steinhauser*, 234 U.S. 640, 651-52 (1914).

ownership to the single, illustrative *example* of beneficial ownership in the legislative history.<sup>96</sup>

The decision below essentially held that DRK is not beneficial owner because it is a “nonexclusive licensee,” not a “legal owner.” This conflates legal and beneficial ownership, which are distinct bases for standing;<sup>97</sup> it renders beneficial ownership “insignificant, if not wholly superfluous;” and it fails the court’s “duty to give effect, if possible, to every clause and word of a statute.”<sup>98</sup> It is also circular. If the plaintiff is a legal owner there is no need to consider its beneficial ownership. And beneficial ownership is meaningless if it depends upon proof of legal ownership. Moreover, the one circuit court to consider the issue held that “beneficial ownership is not restricted to those in a copyright’s legal chain of title.”<sup>99</sup>

Determining whether DRK has the statutory right to sue as beneficial owner requires application of the “zone of interests” test, which applies to all statutory causes of action,<sup>100</sup> including the Copyright Act.<sup>101</sup> A court “begin[s] with the statutory purposes,”<sup>102</sup> and considers whether the plaintiff “alleges injuries to precisely the sorts of ... interests the Act protects,” and proximate cause – “whether the harm alleged has a

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<sup>96</sup> See note 10, *supra*.

<sup>97</sup> *Bandai*, 775 F.2d at 73-74 (“both the legal and the beneficial owners of copyrights have standing to sue infringers”).

<sup>98</sup> *Duncan*, 533 U.S. at 174.

<sup>99</sup> *Moran v. London Records, Ltd.*, 827 F.2d 180, 182 (7th Cir. 1987).

<sup>100</sup> *Lexmark*, 134 S.Ct. at 1388.

<sup>101</sup> *Ray Charles*, 795 F.3d 1109 at 1119-24 (examining zone of interests encompassed by 17 U.S.C. §§ 203 and 304(c)).

<sup>102</sup> *Id.*

sufficiently close connection to the conduct the statute prohibits.”<sup>103</sup>

Beneficial ownership is rooted in equity.<sup>104</sup> In equity, DRK’s relationship to the photographers and its legitimate interests in the copyrights, discussed in Judge Berzon’s Concurrence, App. 25a-26a, are sufficient to make DRK a beneficial owner of copyright, if not a legal owner.

**III. THIS CASE IS OF SUBSTANTIAL IMPORTANCE AND PRESENTS AN IDEAL VEHICLE FOR RESOLVING THE QUESTIONS PRESENTED.**

The questions presented are important.

DRK is one of over 150 members of the Picture Archive Council of America, the North America trade organization that represents the interests of stock archives of every size, from individual photographers to large corporations, like Getty Images, and Corbis Corporation (formerly owned by Bill Gates). Millions of stock photographs are held in the archives of stock photography agencies, and are available for licensing by all kinds of publishers.

This case alone impacts the interests of 74 photographers, involving 978 claims regarding use of 558 unique photographs in McGraw-Hill’s educational publications.<sup>105</sup> DRK’s parallel action against John

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<sup>103</sup> *Ray Charles*, 795 F.3d at 1121-23 (quoting *Lexmark*, 134 S.Ct. at 1393-94).

<sup>104</sup> See *Topolos v. Caldwell*, 698 F.2d 991, 994 (9th Cir. 1983) (citing *Wooster v. Crane & Co.*, 147 F. 515, 516 (8th Cir. 1906) (allowing “equitable owner” of copyright to sue)).

<sup>105</sup> App. 7a.

Wiley & Sons, Inc., pending in the Second Circuit,<sup>106</sup> involves another 224 infringement claims regarding 67 photographs. The plaintiff in *Wu v. Pearson Educ., Inc.* asserted the same kind of under-licensing scheme with respect to stock photos, and alleged that “potentially thousands of photographers were affected by Pearson’s practices.”<sup>107</sup>

Thus, the question whether multiple photographers’ small copyright infringement claims can be aggregated by assignment for cost-effective prosecution potentially implicates interests of scores of stock photography agencies, thousands of photographers, and many billion-dollar publishing companies like McGraw-Hill, Wiley, and Pearson, whose publications depend upon licensing of third-party content.

Whether assignees of copyright and/or accrued claims have standing has also arisen in the entertainment industry, as in *Silvers*,<sup>108</sup> and in the music industry, as in *ABKCO*,<sup>109</sup> *Hacienda Records*,<sup>110</sup> and other cases.<sup>111</sup>

This case is the ideal vehicle for reviewing and resolving the circuit split regarding the bare-right-to-sue rule. It is disputed that the Assignments

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<sup>106</sup> *John Wiley & Sons, Inc. v. DRK Photo*, Second Cir. Case No. 15-1134-cv.

<sup>107</sup> 277 F.R.D. 255, 261 (S.D.N.Y. 2011), 2012 WL 6681701 (S.D.N.Y. Dec. 21, 2012) (decertifying class).

<sup>108</sup> *Silvers*, 402 F.3d at 883.

<sup>109</sup> 944 F.2d at 974.

<sup>110</sup> 2018 WL 297163, at \*1.

<sup>111</sup> *Warner/Chappell Music, Inc. v. Blue Moon Ventures*, 2011 WL 662691, at \*4-5 (M.D. Tenn. Feb. 14, 2011) (deciding whether administrator of copyrights in musical compositions had standing as legal or beneficial owner of copyright).



transferred accrued claims to DRK: McGraw-Hill asserts that is all they did. Therefore, this case squarely presents the question whether accrued claims are assignable to a non-copyright owner and alone are sufficient to give the assignee standing to sue.

This case also cleanly presents the questions whether an unambiguous transfer of copyright ownership is valid despite its purpose of facilitating an infringement action, and whether plaintiff who has legitimate interests in the copyrights and is injured by infringement qualifies as a beneficial owner of copyright with standing to sue.

No better vehicle will emerge for addressing these questions.

### CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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February 2, 2018

## **APPENDIX**

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**APPENDIX A**

FOR PUBLICATION

UNITED STATES COURT OF APPEALS  
FOR THE NINTH CIRCUIT

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No. 15-15106

D.C. No. 3:12-cv-08093-PGR

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DRK PHOTO, a sole proprietorship,

*Plaintiff-Appellant,*

v.

McGraw-Hill Global Education Holdings, LLC;  
McGraw-Hill School Education Holdings, LLC,

*Defendants-Appellees.*

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Appeal from the United States District Court  
for the District of Arizona  
Paul G. Rosenblatt, Senior District Judge, Presiding

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Argued and Submitted December 14, 2016  
San Francisco, California

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Filed September 12, 2017

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Before: Michael Daly Hawkins, Marsha S. Berzon,  
and Mary H. Murguia, Circuit Judges

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Opinion by Judge Hawkins;  
Concurrence by Judge Berzon

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OPINION

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SUMMARY\*

Copyright

The panel affirmed the district court's summary judgment in favor of the defendants in a copyright infringement action brought by a stock photography agency.

The panel held that the plaintiff, a nonexclusive licensing agent for the photographs at issue, failed to demonstrate any adequate ownership interest in the copyrights to confer standing. Distinguishing *Minden Pictures, Inc. v. John Wiley & Sons, Inc.*, 795 F.3d 997 (9th Cir. 2015), the panel held that the plaintiff lacked standing as a legal owner because its representation agreements with the photographers did not grant the plaintiff an exclusive license to authorize use of the photographs. The panel held that under *Silvers v. Sony Pictures Entm't, Inc.*, 402 F.3d 881 (9th Cir. 2005) (en banc), the plaintiff's assignment agreements with the photographers did not confer standing because they merely transferred the right to sue on accrued claims. The panel held that the plaintiff also lacked standing as a beneficial owner of the copyrights.

The panel affirmed the district court's denial of the plaintiff's motion to modify the scheduling order for

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\* This summary constitutes no part of the opinion of the court. It has been prepared by court staff for the convenience of the reader.

leave to amend its complaint to join three photographers as plaintiffs.

Concurring, Judge Berzon wrote that *Silvers*, holding that the transfer of the right to sue to a nonowner or nonexclusive licensee of a copyright right can never confer standing to sue for a copyright violation, controlled but was wrongly decided.

#### COUNSEL

Maurice Harmon (argued), Christopher Seidman, and Gregory Albright, Harmon & Seidman LLC, New Hope, Pennsylvania, for Plaintiff-Appellant.

Christopher P. Beall (argued) and Thomas B. Kelley, Levine Sullivan Koch & Schulz LLP, Denver, Colorado, for Defendants-Appellees.

#### OPINION

HAWKINS, Circuit Judge:

This appeal raises the now often litigated issue of whether a stock photography agency—here, the Arizona-based agency DRK Photo (“DRK”)—has standing under the Copyright Act of 1976 to pursue infringement claims involving photographs from its collection. Ultimately, there is no bright line answer to this question. Here, we affirm the grant of summary judgment in favor of defendants, McGraw-Hill Global Education Holdings, LLC and McGraw-Hill School Education Holdings, LLC (collectively, “McGraw-Hill”), because DRK is a nonexclusive licensing agent for the photographs at issue and has failed to demonstrate any adequate ownership interest in the copyrights to confer standing. We also affirm the denial of DRK’s motion to modify the scheduling order for leave to amend its complaint.

## BACKGROUND

DRK is a stock photography agency that markets and licenses images created by others to publishing entities, including defendants McGraw-Hill. Since its inception in 1981, DRK has built a collection of hundreds of thousands of photographs, primarily depicting worldwide wildlife, marine life, and natural history. McGraw-Hill publishes K12 educational, post-secondary, professional, and trade textbooks and publications. From approximately 1992 to 2009, McGraw-Hill licensed photographs from DRK to use in its textbooks. Their agreements were reflected in invoices, which set forth, among other terms, the fee charged, the specific photographs licensed, and the number and form of reproductions and distributions authorized under each “[o]ne-time non-exclusive” license.

With regard to its own licensing of the photographs, DRK historically has entered into “Representation Agreements” with the photographers of the images that make up its collection. These Representation Agreements have generally taken two forms: (1) agreements appointing DRK as the “sole and exclusive agent” to license and sell the covered photographs, and (2) agreements appointing DRK as a nonexclusive agent to license and sell the covered photographs. Only the latter are at issue in this appeal.<sup>1</sup>

According to DRK’s owner, the majority of its arrangements with photographers are nonexclusive. In relevant part, those Representation Agreements

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<sup>1</sup> McGraw-Hill moved for summary judgment on claims involving photographs covered by DRK’s nonexclusive Representation Agreements. The parties subsequently settled all claims involving photographs covered by exclusive Representation Agreements and dismissed those claims with prejudice.

provide that DRK will act as the “agent with . . . respect to the sale or leasing of the photographs or transparencies” delivered to DRK. Many of the agreements further clarify:

DRK PHOTO will not require, nor ask a photographer or agency for exclusivity of an image until such time that DRK PHOTO has made an exclusive sale of that image. . . . Without this condition of an exclusive license/sale being made, all parties are free to promote and/or market all images without restriction.

They also provide that DRK and the photographer will split evenly the proceeds from all sales made by DRK.

In 2008, DRK endeavored to register copyrights for the photographs in its collection. To that end, each of the photographers whose images are involved in this litigation executed identical agreements entitled “Copyright Assignment, Registration, and Accrued Causes of Action Agreement” (the “Assignment Agreements”). In relevant part, the agreements provide:

The undersigned photographer . . . grants to DRK all copyrights and complete legal title in the Images. DRK agrees to reassign all copyrights and complete legal title back to the undersigned immediately upon completion of the registration of the Images . . . and resolution of infringement claims brought by DRK relating to the Images.

The undersigned agrees and fully transfers all right, title and interest in any accrued or later accrued claims, causes of action, choses of action . . . or lawsuits, brought to enforce copyrights in the Images, appointing and

permitting DRK to prosecute said accrued or later accrued claims, causes of action, choses in action or lawsuits, as if it were the undersigned.

The Assignment Agreements also provide that DRK and the photographers will share equally the proceeds of any litigation award or settlement.

According to DRK, “[t]he primary purpose of the assignments was to effect a transfer [of] copyright ownership to DRK that was sufficient to support its copyright enforcement efforts.” In an initial transmittal email to photographers, DRK explained that with the Assignment Agreements DRK would “receive the authorization necessary to initiate and settle copyright infringement claims.” In subsequent email correspondence, DRK discussed the scope and effect of the Assignment Agreement in response to questions from several photographers as to how the Agreement would affect their dealings with other agencies licensing the same or similar photographs. DRK consistently confirmed that the purpose of the Agreement was to put DRK “in a legal position to bring copyright infringement claims against infringers” and to have an agreement with the photographers as to how settlement proceeds would be divided, “nothing more.” It further clarified that the copyright registration would allow DRK to bring infringement suits and that DRK had “no intentions of using it in any other manner.” In another email exchange, DRK explained that there was no “‘rights grab’ going on here.” And in yet another exchange, DRK assured a photographer that he understood “correctly” that “the registration of copyright [would] be [the photographer’s] and not [DRK’s], only in case of infringement [would DRK] then use it.”



Following execution of the Assignment Agreements, photographers who were parties to nonexclusive Representation Agreements with DRK continued to market and sell their photographs on their own and through other means according to the terms of the Representation Agreements. DRK admits that the photographers had no duty to account to DRK for their sales of the photographs following execution of the Assignment Agreements.

#### PROCEDURAL HISTORY

In May 2012, DRK sued McGraw-Hill, asserting claims for copyright infringement premised on allegations that McGraw-Hill exceeded the scope of its licenses with DRK by printing and distributing more textbooks containing licensed images than authorized. In full, DRK alleged that McGraw-Hill made 1,120 infringing uses of approximately 636 unique photographs.

The parties eventually cross-moved for summary judgment, and the district court granted partial summary judgment to McGraw-Hill on the basis that DRK lacked standing to pursue infringement claims for photographs taken by photographers for whom DRK was acting as a nonexclusive agent.<sup>2</sup> In relevant part, the district court determined that the Representation Agreements covering those photographs were nonexclusive licenses such that DRK could not be deemed the legal owner of any exclusive right pertaining to the images. The district court further found that the Assignment Agreements in “substance and effect” assigned “to DRK nothing more than the ‘bare right to sue.’” Finally, the district court rejected DRK’s

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<sup>2</sup> The district court’s judgment covered 978 of the 1,120 alleged infringements identified in the complaint.

remaining contentions that it was a beneficial owner of the copyrights at issue and that recent case law had changed the landscape of our court's earlier precedent regarding the assignment of infringement claims and standing.

Following the district court's grant of partial summary judgment, and after the deadline set by the scheduling order, DRK sought leave to amend its complaint to join three photographers as plaintiffs. The district court denied the motion explaining that DRK had not shown good cause to amend the scheduling order, joinder of the photographers was not warranted under the circumstances, and DRK had not been diligent in pursuing the requested amendment. This appeal timely follows.

#### JURISDICTION AND STANDARD OF REVIEW

We have jurisdiction under 28 U.S.C. § 1291. Standing in a copyright case is a question of law we review de novo. *Minden Pictures, Inc. v. John Wiley & Sons, Inc.*, 795 F.3d 997, 1002 (9th Cir. 2015). We also review de novo a district court's grant of summary judgment and "determine, viewing the evidence in the light most favorable to the nonmoving party, whether there are any genuine issues of material fact and whether the district court correctly applied substantive law." *United States v. City of Tacoma*, 332 F.3d 574, 578 (9th Cir. 2003). We review a district court's denial of a motion to modify a scheduling order for abuse of discretion. *Noyes v. Kelly Servs.*, 488 F.3d 1163, 1174 n.6 (9th Cir. 2007).

#### DISCUSSION

Section 501(b) of the Copyright Act of 1976 establishes who has standing to sue for infringement: "The legal or beneficial owner of an exclusive right

under a copyright is entitled, subject to the [registration] requirements of section 411, to institute an action for any infringement of that particular right committed while he or she is the owner of it.” 17 U.S.C. § 501(b).<sup>3</sup> Section 106 sets forth an exhaustive list of those exclusive rights. *Id.* § 106; *Silvers v. Sony Pictures Entm’t., Inc.*, 402 F.3d 881, 887 (9th Cir. 2005) (en banc). “They are the rights ‘to do and to authorize’ others to do six things with the copyrighted work: to reproduce the work, to prepare derivative works based upon the work, to distribute copies of the work, to perform the work publicly, to display the work publicly, and to record and perform the work by means of an audio transmission.” *Minden*, 795 F.3d at 1002 (quoting 17 U.S.C. § 106).

Here, DRK contends that it has standing as either a legal owner or as a beneficial owner of the copyrights. We evaluate each argument in turn.

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<sup>3</sup> Contrary to DRK’s contention, *Lexmark International, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377 (2014), does not expand the class of plaintiffs with standing to sue for copyright infringement. When evaluating whether a plaintiff had standing under the Lanham Act, *Lexmark* explained that, despite a statute’s expansive wording, courts “presume that a statutory cause of action extends only to plaintiffs whose interests fall within the zone of interests protected by the law invoked.” *Id.* at 1388 (internal quotation marks omitted). Thus, the “zone of interests” test applies as a logical limitation on “who may invoke” a statutory cause of action that otherwise appears unfettered. *Id.* at 1388–89. It is not, as DRK suggests, a tool for expanding and overriding a clear statutory limitation on standing. The Copyright Act expressly limits standing to two types of plaintiffs: (1) legal owners, and (2) beneficial owners. 17 U.S.C. § 501(b). *Lexmark* does not alter that express limitation.

### I. Legal Ownership.

“Any of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by section 106, may be transferred . . . and owned separately.” 17 U.S.C. § 201(d)(2). “[E]ither an *assignment* (which transfers legal title to the transferee) or an *exclusive license* (which transfers an exclusive permission to use to the transferee) qualifies as a ‘transfer’ of a right in a copyright for the purposes of the Act.” *Minden*, 795 F.3d at 1003; *accord* 17 U.S.C. § 101. By contrast, a mere “nonexclusive license” does not constitute a “transfer of copyright ownership” and therefore cannot confer standing to assert an infringement claim. *See* 17 U.S.C. § 101.

To support its claim of legal ownership, DRK points to (1) the Representation Agreements, which grant DRK a license to authorize use of the photographs; and (2) the Assignment Agreements, which purport to transfer to DRK the legal title to and copyrights of the photographs along with accrued infringement claims.

#### A. *The Representation Agreements.*

We recently held in *Minden Pictures, Inc. v. John Wiley & Sons, Inc.* that a stock photography agency that served as the exclusive licensing agent for allegedly infringed photographs had standing to sue for infringement under the Copyright Act. 795 F.3d at 1004–05. DRK contends that *Minden* creates a bright line rule that stock photography agencies have standing to bring copyright infringement claims by virtue of their agency agreements with their contributing photographers. However, DRK reads *Minden* too broadly.

*Minden* indeed analyzed whether a stock photography agency, Minden Pictures, Inc. (“Minden”), had standing to sue a publisher for infringement after the

publisher exceeded the scope of its licensing agreement with Minden. *Id.* at 1001. Like DRK, Minden also entered into agency agreements with its contributing photographers under which the photographers authorized Minden to license and sell certain photographs to third parties. *Id.* at 999–1000. Importantly, in those licensing agreements, the photographers agreed to appoint Minden “as sole and exclusive agent and representative with respect to the Licensing of any and all uses of [specified photographs].” *Id.* at 1000. Although the agreements “permit[ted] the photographers to issue some licenses themselves,” the photographers were “prohibit[ed] . . . from hiring a licensing agent other than Minden.” *Id.* The publisher argued that Minden’s agreements with the photographers did not “grant ‘exclusive licenses’ to Minden to grant licenses to third parties, because the photographers retain[ed] the right to issue licenses themselves.” *Id.* at 1004.

*Minden* rejected that argument, and held that the agreements at issue granted exclusive licenses of the right to authorize, rendering Minden a “legal owner” with standing to sue. Relying on “the divisibility principle embodied by the 1976 [Copyright] Act,” *Minden* explained that the fact that the photographers retained some ability to authorize use did not render Minden’s license nonexclusive:

[W]e agree with the Seventh Circuit that the essence of an “exclusive” license under the Act is that “the copyright holder permits the licensee to use the protected material for a specific use and further promises that the same permission will not be given to others.” *I.A.E., Inc. v. Shaver*, 74 F.3d 768, 775 (7th Cir. 1996). Minden has been given just such

a promise. Under the Agency Agreements, Minden is the “sole and exclusive agent and representative with respect to the Licensing of any and all uses” of the photographs. That is, the photographers have promised that Minden, and only Minden, will have the power, as the photographers’ licensing agent, to authorize third parties to reproduce, distribute, and display the photographs. That the photographers have retained some limited degree of authority to grant licenses themselves does not eliminate Minden’s interest in the copyright as the sole entity to act as the photographers’ licensing agent. It merely means that *both* Minden and the photographers, under the terms of the Agreements, can prevent those third parties who have not received permission to use the photographs from using them.

*Id.* at 1004–05. As *Minden* explained, this concept of exclusivity as the right to exclude third parties, even when another entity can also exclude third parties, is consistent with patent law treatment of similar arrangements. *Id.*

In so holding, *Minden* declined to apply a rigid test to determine exclusivity and adopted a more flexible approach that allows for a license to be exclusive even if the copyright owner retains some subset of the rights at issue. *See id.* The key to determining whether Minden’s agency agreements conferred a nonexclusive or exclusive license thus was not whether the photographers retained some fractional right but instead that the photographers promised “that Minden, *and only Minden*, will have the power, as the photographers’ licensing agent, to authorize third parties to

reproduce, distribute, and display the photographs.” *See id.* at 1005 (emphasis added).

DRK’s Representation Agreements here at issue, on the other hand, are devoid of that key provision. They also lack any limitation whatsoever on the photographers’ authority to contract with other licensing agents.<sup>4</sup> In the absence of any such promise, DRK’s Representation Agreements confer nonexclusive licenses and do not render DRK a legal owner for standing purposes. *Cf. Bourne Co. v. Hunter Country Club, Inc.*, 990 F.2d 934, 937 (7th Cir. 1993) (non-exclusive licensing agent not a necessary party because it was neither a legal nor a beneficial owner of the copyright).

DRK suggests that it nevertheless possesses an ownership interest merely because the Representation Agreements pertain to the right “to authorize” as opposed to one of the exclusive rights listed in section 106. Neither the statutory text nor the analysis in *Minden* suggests that, having been given the right “to authorize” others to exercise the rights of copyright holders, a nonexclusive licensee becomes a legal owner with standing to sue. *Cf. Subafilms, Ltd. v. MGM-Pathe Commc’ns Co.*, 24 F.3d 1088, 1093 (9th Cir. 1994) (en banc) (“[W]e believe that “to authorize” [wa]s simply a convenient peg on which Congress chose to hang the antecedent jurisprudence of third party liability.” (quoting 3 David Nimmer & Melville

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<sup>4</sup> We therefore need not consider whether a licensing agency arrangement that limits the number of other licensing agents that will be permitted is an exclusive licensing arrangement sufficient to permit enforcement actions. *See id.* at 1004 (discussing authorities suggesting that an exclusive licensee need not be a sole licensee).

B. Nimmer, *Nimmer on Copyright* § 12.04[A][3][a], at 12–84 n.81 (1993)).

B. *The Assignment Agreements.*

DRK next contends that, even if it was not a legal owner originally by virtue of the Representation Agreements, it became the legal owner when the Assignment Agreements passed full legal title of each photograph and copyright along with all accrued claims to DRK. McGraw-Hill counters that the Assignment Agreements are nothing more than invalid attempts to transfer the bare right to sue.

In *Silvers v. Sony Pictures Entertainment*, 402 F.3d 881 (9th Cir. 2005) (en banc), we held that “an assignee who holds an accrued claim for copyright infringement, but who has no legal or beneficial interest in the copyright itself, [may not] institute an action for infringement.” *Id.* at 883. This conclusion naturally followed from the notable absence of the “right to sue” from the list of exclusive rights set forth in section 106 and was reinforced by the text and legislative history of the Copyright Act as a whole. *Id.* at 885–90.<sup>5</sup>

Later, we clarified that the purported transfer of legal title coupled with the transfer of accrued claims does not confer standing when the transaction, in

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<sup>5</sup> *Silvers* suggested that a subsequent legal owner may have standing to pursue accrued causes of action where the causes of action were transferred along with full ownership of the copyright. 402 F.3d at 890 n.1. *Silvers* noted that the holding of a Second Circuit case to that end “makes perfect sense, as it is consistent with the Act and with the constitutional purpose of encouraging authors and inventors by creating a limited monopoly on their works and inventions.” *Id.* (citing *ABKCO Music, Inc. v. Harrisongs Music Ltd.*, 944 F.2d 971, 980 (2d Cir. 1991)).



substance and effect, merely transfers a bare right to sue. *Righthaven LLC v. Hoehn*, 716 F.3d 1166, 1169–70 (9th Cir. 2013). There, the plaintiff Righthaven LLC “was founded, according to its charter, to identify copyright infringements on behalf of third parties, receive ‘limited, revocable assignment[s]’ of those copyrights, and then sue the infringers.” *Id.* at 1168. Righthaven asserted copyright infringement claims against two defendants for their allegedly unauthorized online posting of articles from the *Las Vegas Review-Journal*. *Id.* Righthaven was not the owner of the copyrights of those articles at the time of the alleged infringement. *Id.* Instead, the copyrights were owned by Stephens Media LLC, the company that owns the *Las Vegas Review-Journal*. *Id.* After the alleged infringement, Stephens Media and Righthaven executed a copyright assignment agreement for each article. *Id.* Those assignments provided that, “subject to [Stephens Media’s] rights of reversion, Stephens Media granted to Righthaven all copyrights requisite to have Righthaven recognized as the copyright owner of the Work for purposes of Righthaven being able to claim ownership as well as the right to seek redress for past, present, and future infringements of the copyright . . . in and to the Work.” *Id.* (internal quotation marks omitted).

Prior to executing the assignments, Righthaven and Stephens Media executed a Strategic Alliance Agreement (“SAA”), which clarified that following an assignment of copyright Stephens Media would retain “an exclusive license to exploit the copyrights for any lawful purpose whatsoever” and upon thirty days prior notice could “revert the ownership of any assigned copyright back to itself.” *Id.* at 1169 (internal quotation marks omitted). The SAA further provided that Righthaven

had no right to exploit the copyrights or participate in any royalties. *Id.* at 1168–69.

Both defendants moved to dismiss for lack of standing. *Id.* at 1169. Righthaven and Stephens Media then executed a “Clarification and Amendment to Strategic Alliance Agreement” in which they “purported to clarify that the parties’ intent in entering the SAA was to ‘convey all ownership rights in and to any identified Work to Righthaven through a Copyright Assignment so that Righthaven would be the rightful owner of the identified Work.’” *Id.* *Righthaven* held that, despite their language purporting to transfer title and ownership, the copyright assignments in their substance and effect did no more than transfer a right to sue. *Id.* at 1172. Looking to the combined effect of the assignment and the SAA, *Righthaven* recognized that Stephens Media retained all exclusive rights to the articles and Righthaven had little if any right to exploit the works absent Stephens Media’s consent. *Id.* at 1170–72. Thus, for all practical purposes, the assignments did nothing more than transfer a right to sue. *Id.*

Here, the parties similarly dispute whether the Assignment Agreements actually transferred ownership of the copyrights along with the accrued claims. As a preliminary matter, we reject DRK’s contention that McGraw-Hill is precluded from challenging the effect of the Assignment Agreements. Although a third party may not raise noncompliance with 17 U.S.C. § 204(a)’s writing requirement as a defense to a copyright transfer where the parties to the transfer do not dispute its existence, *Jules Jordan Video, Inc. v. 144942 Canada Inc.*, 617 F.3d 1146, 1157 (9th Cir. 2010), a third party is not foreclosed from challenging a plaintiff’s ownership for purposes of standing, *see*

*Righthaven*, 716 F.3d at 1169. Indeed, it is the plaintiff who has the burden of establishing a qualifying ownership interest both as a substantive element of the infringement claim, *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., Inc.*, 499 U.S. 340, 361 (1991), and as a necessary predicate for standing to bring the claim, 17 U.S.C. § 501(b). See *Urbont v. Sony Music Entm't*, 831 F.3d 80, 88 (2d Cir. 2016) (“[E]ven courts that have precluded third parties from challenging a plaintiff’s ownership rights under the statute of frauds provision in Section 204 have permitted those parties to challenge the validity of the underlying ownership transfer.”).

*Righthaven* instructs that the assignment agreements’ use of “language purporting to transfer ownership . . . is not conclusive . . . [and] [w]e must consider the substance of the transaction.” 716 F.3d at 1170. Thus, as in *Righthaven*, we must consider the Assignment Agreements in conjunction with the Representation Agreements and the ongoing relationship between DRK and the individual photographers. The alleged acts of infringement occurred prior to the execution of the Assignment Agreements. DRK concedes that following the execution of the Assignment Agreements, photographers who were parties to nonexclusive Representation Agreements could continue to market and sell the covered photographs themselves and through other means under the terms of the Representation Agreements. The photographers did not pay royalties or fees of any kind to DRK following execution of the Assignment Agreements. DRK’s admitted course of dealing with photographers following the execution of the Assignment Agreements demonstrates that each party retained the rights it had under the nonexclusive Representation Agreements—meaning the photographers retained the exclusive rights to the photographs

and DRK retained a nonexclusive license to authorize their use. As the district court recognized, the email exchanges surrounding execution of the Assignment Agreements further underscore this reality.<sup>6</sup>

DRK argues it was error to interpret the substance and effect of the Assignment Agreements contrary to DRK and the photographers' intent that DRK obtain the ownership interest necessary to register and pursue infringement claims on the copyrights at issue.<sup>7</sup> DRK relies upon declarations submitted in opposition to McGraw-Hill's motion for summary judgment, which, like the clarification agreement in *Righthaven*, stated that the photographers "intended to transfer the copyrights to all . . . photographs" with the "intent that DRK should retain an ownership interest in the images until the full resolution of any infringement claims relating to those images" and so that DRK could

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<sup>6</sup> DRK argues for the first time on appeal that evidence of its email correspondence with individual photographers submitted by McGraw-Hill in support of summary judgment is inadmissible under the parol evidence rule. DRK failed to raise any objection to the admissibility of this evidence before the district court. Under the circumstances, DRK's failure to raise any objection or argument on this issue before the district court precludes it from doing so on appeal. *See Getz v. Boeing Co.*, 654 F.3d 852, 868 (9th Cir. 2011).

<sup>7</sup> The validity of the registration of the copyrights or the effectiveness of the assignment for purposes of registration is not at issue in this case. A temporary transfer of ownership for the purpose of registering a collection is valid for purposes of that registration. *Alaska Stock, LLC v. Houghton Mifflin Harcourt Publ'g Co.*, 747 F.3d 673, 676–77, 685 (9th Cir. 2014). Although a certificate of registration may serve as "prima facie evidence of the validity of the copyright and of the facts stated in the certificate," the registrations here are entitled to no such presumption because they were filed more than five years after the first publication of the work. 17 U.S.C. § 410(c).

“protect, by lawsuits if necessary, against unpermitted uses.” As in *Righthaven*, however, “[t]he problem is not that the district court did not read the contract in accordance with the parties’ intent; the problem is that what the parties intended was invalid under the Copyright Act.” 716 F.3d at 1171. The undisputed evidence shows that for all practical purposes, the nonexclusive Representation Agreements continued to govern who controlled the exclusive rights associated with the photographs following execution of the purported copyright assignments; thus, the substance and effect of the Assignment Agreements was merely a transfer of the right to sue on accrued claims, which cannot confer standing. *See Silvers*, 402 F.3d at 890.

Finally, we reject DRK’s contention that *Silvers* has been implicitly overruled by *Sprint Communications Co. v. APCC Services, Inc.*, 554 U.S. 269 (2008). A three-judge panel is bound by prior circuit authority unless the authority is “clearly irreconcilable” with intervening Supreme Court precedent. *Miller v. Gammie*, 335 F.3d 889, 893 (9th Cir. 2003) (en banc). *Sprint* held that assignees of payphone operators’ accrued claims under the Communications Act had Article III standing to bring the collection suit at issue. 554 U.S. at 271, 275. *Sprint* did not involve the Copyright Act, and its standing analysis was not predicated on any statutory provision analogous to section 501(b). Consequently, *Sprint* does not undercut the reasoning of *Silvers*, which was grounded on the specific statutory language and history of the Copyright Act’s standing provision for infringement claims, and *Sprint* and *Silvers* are not “clearly irreconcilable.” *See Miller* 335 F.3d at 893. To be sure, *Righthaven*, which post-dates *Sprint*, also applied the rule of *Silvers*, and a three-judge panel of this court is bound by both *Silvers* and *Righthaven*.

Although we are certainly sympathetic to the practical challenges attendant to policing infringement of photographic art in the publishing industry, those practical considerations cannot override the Copyright Act's "carefully circumscribed" grant of the right to sue. *Silvers*, 402 F.3d at 885. The nonexclusive licenses and assignments of the bare right to sue present here do not render DRK a legal owner of the copyrights under controlling law and thus are insufficient to confer standing.

## II. Beneficial Ownership.

In the alternative, DRK contends that it is the beneficial owner of the copyrights for the photographs at issue.

Although section 501(b) provides that a beneficial owner of a copyright is entitled to bring an infringement action, the Copyright Act does not define the term "beneficial owner." The classic example of a beneficial owner is "an author who ha[s] parted with legal title to the copyright in exchange for percentage royalties based on sales or license fees." *Warren v. Fox Family Worldwide, Inc.*, 328 F.3d 1136, 1144 (9th Cir. 2003) (quoting H.R. Rep. No. 1476, at 159); *accord Broad. Music, Inc. v. Hirsch*, 104 F.3d 1163, 1166 (9th Cir. 1997) ("Beneficial ownership arises by virtue of section 501(b) for the purpose of enabling an author or composer to protect his economic interest in a copyright that has been transferred."). By contrast, an author who receives royalties for a work created under a work-for-hire agreement, and thus who never had ownership of the work, is not a beneficial owner. *Warren*, 328 F.3d at 1144–45.

We have not previously explored the full extent of who may qualify as a beneficial owner of copyright,

and we need not do so here. Indeed, to support its arguments that it is a beneficial owner, DRK once again points solely to the Representation Agreements and the Assignment Agreements. Yet, under those agreements, DRK is a nonexclusive licensing agent and an assignee of accrued causes of action. To hold that DRK is a beneficial owner simply on the very bases that it cannot be deemed the legal owner would effectively negate our holding in *Silvers* and render portions of section 501(b) superfluous. Thus, on the specific facts of this case, DRK has failed to demonstrate that it is a beneficial owner. *See Bourne*, 990 F.2d at 937 (recognizing that a nonexclusive licensing agent is not a beneficial owner).

### III. DRK's Motion to Amend.

Finally, DRK contends that the denial of its motion to amend was erroneous. Where, as here, a party seeks leave to amend after the deadline set in the scheduling order has passed, the party's request is judged under Federal Rule of Civil Procedure ("FRCP") 16's "good cause" standard rather than the "liberal amendment policy" of FRCP 15(a). *In re W. States Wholesale Nat. Gas Antitrust Litig.*, 715 F.3d 716, 737 (9th Cir. 2013). The central inquiry under Fed. R. Civ. P. 16(b)(4) is whether the requesting party was diligent in seeking the amendment. *Id.*

The district court did not abuse its discretion in determining that DRK was not diligent in seeking leave to amend. As the district court highlighted, McGraw-Hill raised standing as an affirmative defense in its answer less than one month after the litigation was initiated and nearly two years before DRK finally sought leave to amend. McGraw-Hill again raised its standing argument in the parties' Joint Case Management Report prior to the entry of the scheduling order.

And, DRK's claims were dismissed in a parallel litigation on the very standing theory that McGraw-Hill raised in this case. Yet, DRK waited until after the adverse grant of summary judgment to seek leave to amend. Given these facts, the district court's findings that DRK had ample notice of the defense and failed to exercise diligence are not clearly erroneous, and the district court's denial of leave to amend was not an abuse of discretion. *See Johnson v. Mammoth Recreations, Inc.*, 975 F.2d 604, 609 (9th Cir. 1992) (explaining that if party seeking amendment "was not diligent, the inquiry should end").<sup>8</sup>

#### CONCLUSION

Ultimately, DRK failed to demonstrate or otherwise create a genuine dispute of material fact whether it is a legal or beneficial owner of any exclusive right under the copyrights at issue. Accordingly, DRK failed to meet the standing requirements of section 501(b), and summary judgment in favor of the defendants was warranted. Further, the district court's determination that DRK failed to exercise reasonable diligence in seeking leave to amend its complaint was not erroneous, and thus, it was not an abuse of discretion to deny DRK's motion for leave to amend.

AFFIRMED.

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<sup>8</sup> Nor did the district court err by denying DRK's request to join the three photographers under FRCP 17(a). *See Commonwealth of Pa. Pub. Sch. Emps.' Ret. Sys. v. Morgan Stanley & Co., Inc.*, 814 F.3d 641, 643 (2d Cir. 2016) (affirming denial of FRCP 17 motion as untimely where the plaintiff waited until after the court granted summary judgment to defendants on standing grounds to seek joinder of additional plaintiffs even though the standing issue was raised in the defendants' pleadings more than one year earlier).



BERZON, Circuit Judge, concurring:

As the main opinion explains, under *Silvers v. Sony Pictures Entertainment, Inc.*, 402 F.3d 881 (9th Cir. 2005), the transfer of the right to sue to a nonowner or nonexclusive licensee of a copyright right can never confer standing to sue for a copyright violation, no matter the relationship of the transferee to the copyrighted material. Main Op. at 14–15. I write separately to reiterate my view that *Silvers* was wrongly decided. In *Silvers*, I would have concluded that Nancey Silvers, the creator of the copyrighted work, had an interest in infringement sufficient to confer standing. By the same logic, I would conclude that DRK photo has an interest in infringement sufficient to confer standing to pursue the causes of action here at issue. Because *Silvers* remains controlling, however, I am compelled to agree with the majority’s determination that DRK Photo lacks standing.

Section 501(b) provides that “[t]he legal or beneficial owner of an exclusive right under a copyright is entitled . . . to institute an action for any infringement of that particular right committed while he or she is the owner of it.” 17 U.S.C. § 501(b). That provision, in my view, should not be read to exclude categorically *any* party not the “legal or beneficial owner” from bringing an infringement claim, even if the legal or beneficial owner authorizes that party to sue and even if that party has an independent interest in enforcing the copyright other than assignment of the right to sue.

The *Silvers* majority impliedly recognized that the limitation on an owner of a copyright bringing suit “while he or she is the owner of it” should be read pragmatically. It acknowledged that a copyright owner may pursue claims accrued before he or she

acquired the copyright. Permitting the new owner to sue for accrued claims “makes . . . sense” because “[w]hen one acquires a copyright that has been infringed, one is acquiring a copyright whose value has been impaired,” and “[c]onsequently, to receive maximum value for the impaired copyright, one must also convey the right to recover the value of the impairment by instituting a copyright action.” *Silvers*, 402 F.3d at 890 n.1. A construction of § 501(b) that allows an accrued cause of action to transfer when copyright ownership transfers cannot be reconciled with a construction that always precludes assignment of the right to sue to any party not the legal or beneficial owner.

As my dissent in *Silvers* explained, I believe the question whether copyright claims are assignable should be similarly informed by the overall purpose of the Copyright Act. *Id.* at 893 (Berzon, J., dissenting). The issue in *Silvers* was whether an author of a script could bring an action for infringement when the work was created as a work-for-hire such that the author did not own the copyright. Disagreeing both with the majority’s conclusion that only the present legal or beneficial copyright owner has standing to bring a claim, and with Judge Bea’s assertion in a separate dissent that there ought to be “an entirely free market for accrued causes of action in copyright,” *id.* at 891 (Berzon, J., dissenting) (citing *id.* at 905 (Bea, J., dissenting)), I proposed that we chart a middle course. As I wrote, “I would hold that *Silvers*, given her status as the original creator of the contested ‘work-for-hire,’ may pursue the accrued claims assigned by Frank & Bob Films, while a complete stranger . . . could not.” *Id.*

In other contexts, this circuit looks to “the general goal of the statute” in deciding whether to recognize assignment of claims created by federal statute. *Misic v. Bldg. Serv. Emps. Health & Welfare Trust*, 789 F.2d 1374, 1377 (9th Cir. 1986) (per curiam). For example, in the ERISA context, we permit a health care provider, assigned accrued causes of action for health welfare benefits by patients, to pursue reimbursement claims, notwithstanding a statutory provision identifying only “participants, beneficiaries, fiduciaries, and the Secretary of Labor” as having standing. *Id.* at 1378 (citing 29 U.S.C. § 1132(a)); see *Silvers*, 402 F.3d at 892–93 (Berzon, J., dissenting). Derivative standing for the health care providers, we determined, was “consistent with Congressional intent.” *Simon v. Value Behavioral Health, Inc.*, 208 F.3d 1073, 1081 (9th Cir. 2000). We do not, however, allow “health care providers to whom the beneficiaries originally assigned their claims” to reassign claims; doing so would “allow third parties with no relationship to the beneficiary to acquire claims solely for the purpose of litigating them” and be “tantamount to transforming health benefit claims into a freely tradable commodity.” *Id.*

Applying that logic to the assignability of a copyright claim in *Silvers*, I maintained that “the relevant inquiry is whether recognition of the assignment to *Silvers* is consistent with Congress’ overall intent in enacting the 1976 Copyright Act.” 402 F.3d at 893 (Berzon, J., dissenting). Based on the fact that *Silvers* had “a significant interest” in “how her work was used,” I would have concluded that assignment was, in that case, consistent with the congressional purpose. *Id.* at 893–94.

In my view, DRK Photo, as the agency authorized to license photographs on behalf of the photographers,

has a significant interest in the way the photographs it licenses are used that should be sufficient to confer standing. That interest arises not merely from the photographers' grant of the right to sue, but from DRK Photo's position as the licensing agent. The licenses in question were issued to McGraw-Hill by DRK, not by the individual photographers. And DRK negotiated with McGraw-Hill to determine the parameters of the permitted use, including the number of copies, geographic distribution area, language, and electronic use. Further, DRK received a portion of the royalties paid by McGraw-Hill.

In contrast to patent law, the primary purpose of which is to encourage invention and innovation, the goal of the copyright system is to encourage the publication and dissemination of copyrighted works: "For the author seeking copyright protection, . . . disclosure is the desired objective." *Eldred v. Ashcroft*, 537 U.S. 186, 216 (2003). By serving as a licensing agent, DRK Photo promoted that objective of disclosure and so was not "a complete stranger," *Silvers*, 402 F.3d at 891 (Berzon, J., dissenting), to the process of "creation and publication of free expression," *Eldred*, 537 U.S. at 219.

Under the pragmatic approach to the assignability of infringement claims that I continue to favor, I would find that DRK Photo could validly bring suit against McGraw-Hill. That approach would "remove what would otherwise be a significant practical disadvantage in seeking to protect a copyrighted work": Given "the expenses of litigation" and "the burdens of coordination," photographers may be reluctant "to bring suit individually, either in individual actions or in a single suit under Federal Rule of Civil Procedure

20.” *Minden Pictures, Inc. v. John Wiley & Sons, Inc.*, 795 F.3d 997, 1005 (9th Cir. 2015).

For now, however, *Silvers*’ prohibition on assignment of claims to any party other than the “legal or beneficial owner” controls. Because I concur with the main opinion’s determination that DRK Photo is not the legal or beneficial owner, I must conclude that DRK Photo lacks standing to bring these claims.

**APPENDIX B**

UNITED STATES COURT OF APPEALS  
FOR THE NINTH CIRCUIT

[Filed Nov. 7, 2017]

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No. 15-15106

D.C. No. 3:12-cv-08093-PGR  
District of Arizona, Prescott

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DRK PHOTO, a sole proprietorship,

*Plaintiff-Appellant,*

v.

MCGRAW-HILL GLOBAL EDUCATION  
HOLDINGS, LLC and MCGRAW-HILL  
SCHOOL EDUCATION HOLDINGS, LLC,

*Defendants-Appellees.*

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**ORDER**

Before: HAWKINS, BERZON, and MURGUIA, Circuit  
Judges.

Judge Murguia has voted to deny Appellant's petition for rehearing en banc, and Judge Hawkins so recommends. Judge Berzon would grant the petition. The full court has been advised of the petition for rehearing en banc and no judge of the court has requested a vote on whether to rehear the matter en banc. Fed. R. App. P. 35.

Appellant's petition for rehearing en banc is  
**DENIED.**

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**APPENDIX C**

UNITED STATES COURT OF APPEALS  
FOR THE NINTH CIRCUIT

[Filed Nov. 15, 2017]

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No. 15-15106  
D.C. No. 3:12-cv-08093-PGR  
District of Arizona, Prescott

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DRK PHOTO, a sole proprietorship,  
*Plaintiff-Appellant,*

v.

McGraw-Hill Global Education  
Holdings, LLC and McGraw-Hill  
School Education Holdings, LLC,  
*Defendants-Appellees.*

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ORDER

Before: HAWKINS, BERZON, and MURGUIA, Circuit  
Judges.

Appellant's Motion to Stay the Mandate Pending  
Petition for a Writ of Certiorari is GRANTED. Fed. R.  
App. P. 41(b).

Therefore, it is ordered that the mandate is stayed  
pending the filing of the petition for writ of certiorari  
in the Supreme Court. The stay shall continue until  
final disposition by the Supreme Court.

**APPENDIX D**

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ARIZONA

[Filed June 10, 2014]

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CV 12-8093-PCT-PGR

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DRK PHOTO,

*Plaintiffs,*

v.

THE MCGRAW-HILL COMPANIES, INC., ET AL.,

*Defendants.*

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**ORDER**

Plaintiff DRK Photo (“DRK”), a stock photography agency, alleges that Defendant McGraw-Hill (“McGraw”), a textbook publisher, infringed DRK’s copyright by exceeding the scope of license restrictions pertaining to certain photographs or failing to obtain permission to use the photographs. (Doc.1.)

The parties have filed motions for partial summary judgment. (Docs. 79, 97.) Because the Court concludes that DRK lacks exclusive ownership of the photos at issue, and therefore lacks standing to sue, the Court will grant partial summary judgment in favor of McGraw and deny DRK’s motion.<sup>1</sup>

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<sup>1</sup> The parties’ requests for oral argument will be denied. The parties have fully briefed the issues and oral argument will not aid in the Court’s decision. *See Partridge v. Reich*, 141 F.3d 920, 926 (9th Cir. 1998).



## BACKGROUND

DRK executes agreements with photographers pursuant to which the photographers grant DRK the right to include certain of the photographers' works in DRK's collection of stock photographs. DRK then offers to license those images to publishers such as McGraw.

With respect to the images at issue here, DRK entered into agreements ("Representation Agreements") with photographers pursuant to which DRK would serve as the photographers' "agent with [] respect to the sale or leasing of the photographs or transparencies which [the photographer had] delivered to [DRK] and shall deliver to [DRK] in the future."<sup>2</sup> (Doc. 99-1, Ex. 3; *see* Doc. 98, ¶¶ 4–7.)

In 2008, DRK initiated a program to register copyrights for the photographs in its collection. DRK asked photographers to sign a form agreement ("Assignment Agreement"), under which the photographers would grant DRK the right to assert copyright infringement claims for those photographs in its collection. The agreement, entitled "Copyright Assignment, Registration, and Accrued Causes of Action Agreement," provided:

The undersigned photographer, the sole owner of the copyrights in the undersigned's images ("the Images") selected by DRK PHOTO ("DRK") and included in DRK's collection,

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<sup>2</sup> The Representation Agreements with photographers Tom Bean, Peter French, Wayne Lankinen, John Gerlach, George Sanker, M.P. Kahl, Dan Cheatham, Michael and Cynthia Ederegger provided that DRL acted a "sole and exclusive agent." (Doc. 98, ¶ 5.) McGraw does not move for summary judgment with respect to these photographs.

hereby grants to DRK all copyrights and complete legal title in the Images. DRK agrees to reassign all copyrights and complete legal title back to the undersigned immediately upon completion of the registration of the Images, as evidenced by DRK's receipt of a Certificate of Registration from the United States Copyright Office for such Images, and resolution of infringement claims brought by DRK relating to the Images.

The undersigned agrees and fully transfers all right, title and interest in any accrued or later accrued claims, causes of action, choses in action—which is the personal right to bring a case—or lawsuits, brought to enforce copyrights in the Images, appointing and permitting DRK to prosecute said accrued or later accrued claims, causes of action, choses in action or lawsuits, as if it were the undersigned.

Any proceeds obtained by settlement or judgment for said claims shall, after deducting all costs, expenses and attorney's fees, be divided and paid 50% for the undersigned and 50% for DRK.

(See Doc. 99-1, Ex. 7; Doc. 99-2, Ex. 9.)

DRK attached the Assignment Agreements to an email message explaining:

With the digitization of imagery, the added exposure of the internet, and the relative ease of obtaining (and distributing) digital copies of images, most importantly those images appearing on the DRK PHOTO website, we feel that addressing possible copyright

infringement is of the utmost importance. With a Certificate of Registration in hand (prior to a copyright infringement) we will be in a much stronger position with much more leverage for settling copyright infringement claims.

Please note that this Agreement is not a permanent assignment; per the Agreement “DRK agrees to reassign all copyrights and complete legal title back to the undersigned immediately upon completion of the registration of the Images, as evidenced by DRK’s receipt of a Certificate of Registration from the United States Copyright Office for such Images, and resolution of infringement claims brought by DRK relating to the Images.” The Agreement further explains that “Any proceeds obtained by settlement or judgment for said claims shall, after deducting all costs, expenses, and attorney’s fees, be divided and paid 50% for the undersigned and 50% for DRK.

We see this as a win / win situation with no cost to you, the photographer. You receive the piece [sic] of mind of knowing that many of your images will be registered with the United States Copyright Office, and with this Agreement we receive the authorization necessary to initiate and settle copyright infringement claims brought against would be infringers of DRK PHOTO Images.

(Doc. 99-2, Ex. 8.)

The Court must determine if these agreements confer standing to DRK.

## DISCUSSION

McGraw contends that DRK does not have an exclusive copyright interest in the photographs and therefore lacks standing to bring copyright infringement claims. DRK also argues that DRK is collaterally estopped from arguing that it has standing because the identical issue was litigated in *John Wiley & Sons, Inc. v. DRK Photo*, — F.Supp.2d —, 2014 WL 684829 (“*Wiley*”) (S.D.N.Y. February 21, 2014), where the court ruled against DRK on the standing issue. McGraw also contends that a number of the photos at issue are not properly registered. It seeks summary judgment with respect to 978 of the 1120 images.<sup>3</sup> (Doc. 97 at 17.)

## A. Summary Judgment Standard

Federal Rule of Civil Procedure 56(c) provides that summary judgment shall be rendered “if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issues as to any material fact and that the moving party is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(c). An issue of fact is genuine only if there is sufficient evidence for a reasonable jury to find for the nonmoving party. *See Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248–49 (1986). “The mere existence of a scintilla of evidence . . . will be insufficient; there must be evidence on which the jury could reasonably find for the [nonmoving party].” *Id.* at 252. At the summary judgment stage, evidence must be viewed in the light most favorable to the nonmoving party and all justifiable

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<sup>3</sup> This figure represents the photos taken by photographers for whom DRK was acting as the non-exclusive agent. (See Doc. 97 at 13.)

inferences are to be drawn in the nonmovant's favor. *Id.* at 255.

### B. Standing

Under the Copyright Act, only the “legal or beneficial owner of an exclusive right under a copyright” has standing to sue for infringement of that right. 17 U.S.C. § 501(b); see *Silvers v. Sony Pictures Entertainment, Inc.*, 402 F.3d 881, 890 (9th Cir. 2005) (en banc). Section 106 of the Copyright Act lists the “exclusive rights” that can be held, which include the right to reproduce the copyrighted work, to prepare derivative works based on the work, and to distribute copies of the work by selling, renting, leasing, or lending. See 17 U.S.C. § 106.

As the Ninth Circuit recently noted, “Absent from the list of exclusive rights is the right to sue for infringement.” *Righthaven LLC v. Hoehn*, 716 F.3d 1166, 1169 (9th Cir. 2013). Accordingly, “the assignment of the bare right to sue for infringement, without the transfer of an associated exclusive right, is impermissible under the Copyright Act and does not confer standing to sue.” *Id.* (citing *Silvers*, 402 F.3d at 890). When determining whether a contract has transferred exclusive rights, courts “look not just at the labels parties use but also at the substance and effect of the contract.” *Id.* (citing *Campbell v. Bd. of Trs. of Leland Stanford Junior Univ.*, 817 F.2d 499, 503–04 (9th Cir. 1987)).

DRK, as the plaintiff in this action, has the burden of establishing that it has standing. See *Minden Pictures, Inc. v. John Wiley & Sons, Inc.* (“*Minden II*”), — F.Supp.2d —, 2014 WL 295854, at \*3 (N.D.Cal. January 27, 2014) (citing *Wash. Evintl. Council v. Bellon*, 732 F.3d 1131, 1139 (9th Cir. 2013)).

C. *John Wiley & Sons, Inc. v. DRK Photo*

In *Wiley*, DRK asserted copyright infringement claims against the publisher John Wiley & Sons. The court considered and rejected each of the bases for standing asserted by DRK. DRK raises the same argument for standing here.

First, DRK claimed that its agency Representation Agreements with the photographers transferred a “co-ownership” interest in exclusive rights under 17 U.S.C. § 106. The court found that the record, including the language of the Agreements themselves, provided “uncontroverted proof that the Representation Agreements are nonexclusive licenses.” *Wiley*, 2014 WL 684829, at \*11. The court explained that it was “axiomatic that if the Representation Agreement did not specify that exclusive rights were being transferred, no such rights were in fact transferred.” *Id.* (contrasting Representation Agreements wherein DRK acted as “sole and exclusive agent”).

The court determined that “DRK’s contention that the Representation Agreements transferred exclusive rights to it fails not only as a factual matter, but also as a legal matter.” *Id.* The court explained that “Section 101 of the Copyright Act makes clear that transfer of ownership of an exclusive right cannot be accomplished by a nonexclusive license.” *Id.* It also noted that “there is not a single case finding standing based on a non-exclusive representation agreement” and cited *Minden II*, in which the court was “presented with a similar representation agreement between Wiley and another stock photography agency [and] rejected the agency’s argument that the nonexclusive representation agreement in that case conferred standing on the plaintiff.” *Id.*

The court concluded that the “Representation Agreements here granted DRK a nonexclusive license to engage in certain exclusive rights granted to the photographers under the Copyright Act; they did not—indeed, they could not have, by dint of their non-exclusivity—grant DRK ownership of exclusive rights under Section 106, as DRK contends, or the copyrights at issue.” *Id.*

The court next addressed DRK’s argument that it was a “beneficial owner” of the copyrights because the Representation Agreements entitled it to one-half of the proceeds under the licenses. *Id.*, at \*12. The court rejected this argument, finding that DRK did not have standing to sue as a beneficial owner because it “never possessed legal title in the first place.” *Id.* (citation omitted). “The Representation Agreements make clear that DRK is a nonexclusive licensing agent for the photographers. In that capacity, and having never owned the copyrights, DRK does not have standing to maintain a copyright infringement action.” *Id.*

Finally, the court rejected DRK’s argument that the Assignment Agreements conferred standing by authorizing DRK to sue or, alternatively, by transferring ownership in the copyrights. *Id.*, at \*13–14. The court explained that “the Copyright Act does not permit holders of rights under copyrights to choose third parties to bring suits on their behalf.” *Id.*, at \*13 (quoting *Eden Toys, Inc. v. Florelee Undergarment Co., Inc.*, 697 F.2d 27, 32 n. (2d Cir. 1982)).

The court also ruled that the Assignment Agreements did not confer standing because they were “no more than disguised assignments of the bare right to sue.” *Id.*, at \*16. In reaching this conclusion, the court reviewed the relevant case law, including the “substantively indistinct” *Minden Pictures, Inc. v. Pearson*

*Educ., Inc. (“Minden I”)*, 929 F. Supp. 2d 962, 968–70 (N.D. Cal. 2013). *Id.*, at \*15. In that case, as in *Wiley*, “under the terms of the agreement, the transferor retained all exclusive rights as to the copyright.” *Id.*

#### D. Analysis

##### 1. Collateral estoppel

McGraw contends that DRK is estopped from raising the standing arguments here that it litigated and lost in *Wiley*.

Collateral estoppel “preclude[s] relitigation of both issues of law and issues of fact if those issues were conclusively determined in a prior action.” *United States v. Stauffer Chem. Co.*, 464 U.S. 165, 170–71 (1984). The purpose of the doctrine is “[t]o preclude parties from contesting matters that they have had a full and fair opportunity to litigate.” *Montana v. United States*, 440 U.S. 147, 153–54 (1979).

Collateral estoppel applies if the following requirements are met: there was a full and fair opportunity to litigate the issue in the previous action, the issue was actually litigated in that action, the issue was lost as a result of a final judgment in that action, and the person against whom collateral estoppel is asserted in the present action was a party or in privity with a party in the previous action. *See Kendall v. Visa U.S.A., Inc.*, 518 F.3d 1042, 1050 (9th Cir. 2008).

Collateral estoppel may be used defensively against a plaintiff when the plaintiff had a “full and fair chance” to litigate the same issue against a different defendant. *Blonder-Tongue Lab., Inc. v. Univ. Ill. Found.*, 402 U.S. 313, 333 (1971); *see Parklane Hosiery Co.*, 439 U.S. at 329–31. “Findings made in one proceeding in which a party has had a full and fair



opportunity to litigate may be used against that party in subsequent litigation.” *Masson v. New Yorker Magazine, Inc.*, 85 F.3d 1394, 1400 (9th Cir. 1996); see *Minden Pictures*, 2013 WL 1995208, at \*7.

Only one of the collateral estoppel requirements is contested here. In *Wiley*, DRK raised the same arguments for standing that it advances in this case. (See Doc. 79 at 3–8.) DRK had a full and fair opportunity to litigate the standing issue in *Wiley*, and the issue was actually litigated. The only disputed question is whether the DRK’s loss on the standing issue was the result of a final judgment.

DRK contends that the ruling in *Wiley* was not final for collateral estoppel purposes. DRK relies on *St. Paul Fire & Marine Ins. v. F.H.*, 55 F.3d 1420 (9th Cir. 1995), for the proposition that a partial summary judgment order can never have preclusive effect for collateral estoppel purposes. In *St. Paul*, the court held that an adverse partial summary judgment ruling in a case that settled prior to entry of final judgment did not collaterally estop the plaintiff from re-litigating the same issue. *Id.* at 1425. Although other courts in this circuit have reached a different conclusion,<sup>4</sup> “the *St. Paul* decision, while stopping short of articulating

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<sup>4</sup> See, e.g., *Sec. People, Inc. v. Medeco Sec. Locks, Inc.*, 59 F.Supp.2d 1040, 1045 (N.D.Cal. 1999), *aff’d*, 243 F.3d 555 (Fed.Cir. 2000) (“A disposition by summary judgment is a decision on the merits, and it is as final and conclusive as a judgment after trial.”); *Wade v. Roper Industries, Inc.*, No. 13-cv-3885-NC, 2013 WL 6732071, at \*4 (N.D.Cal. December 20, 2013) (noting that state court’s partial summary judgment on order in wrongful termination case had preclusive effect “because although no final judgment was issued in the state court action, the issue of whether a causal link existed between Wade’s alleged protected activity and [the employer’s] termination of Wade was a final decision on the merits.”).

a black and white rule, strongly suggests that partial summary judgment orders by their very nature are not sufficiently firm to have a preclusive effect on any future proceedings.” *Householder Group, LLLP v. Van Mason*, Nos. CV-09-2370-PHX-MHM, CV-10-918-PHX-MHM, 2010 WL 5093117, at \*2 (D.Ariz. December 8, 2010).

The holding in *St. Paul* calls into question the preclusive effect of the partial summary judgment order in *Wiley*. Accordingly, the Court finds that collateral estoppel does not apply to the standing issue.

## 2. DRK does not have standing

Even without according the decision preclusive effect, the Court is persuaded by the analysis in *Wiley* and in other cases that have found similar assignment agreements insufficient to confer standing. *See Viesti Assocs., Inc. v. Pearson Educ., Inc.*, No. 12-cv-1431-PAB-DW, 2014 WL 1055975, (D.Colo. March 19, 2014); *Viesti v. Pearson Educ., Inc.*, No. 11-cv-1687-PAB-DW, 2014 WL 1053772 (D. Colo. March 19, 2014); *Minden II*, 2014 WL 295854, at \*5 (N.D.Cal. January 27, 2014); *Minden I*, 929 F.Supp.2d 962, 968–69 (N.D.Cal. 2013). These cases establish that DRK is neither a legal nor beneficial owner of the copyrights.

Neither the Representation Agreements nor the Assignment Agreements transfer legal ownership to DRK. The Representation Agreements are non-exclusive licenses. Section 101 of the Copyright Act defines “transfer of copyright ownership” as an “an assignment, mortgage, exclusive license, or any other conveyance, alienation, or hypothecation of a copyright or of any of the exclusive rights comprised in a copyright, whether or not it is limited in time or place of effect, *but not including a nonexclusive license.*” 17 U.S.C.

§ 101 (emphasis added); see *Wiley*, 2014 WL 684828, at \*11. The Agreement did not grant DRK any *exclusive* rights under 17 U.S.C. § 106. *Id.*; see *Minden II*, 2014 WL 295854, at \*5.

With respect to the Assignment Agreements, in “substance and effect,” *Righthaven*, 716 F.3d at 1169, they conveyed to DRK nothing more than the “bare right to sue.” *Wiley*, 2014 WL 684829, at \*16 (citing *Minden I*, 929 F.Supp.2d at 968). In *Minden I* the court detailed the factors it considered in finding the copyright assignments did not convey any exclusive rights for standing purposes:

The sole function of the copyright assignment is to grant an exclusive license to bring suit and divvy up any returns; there is no right to participate in any royalties apart from the litigation. Beyond the express terms, the parties’ intent is also evident from what is missing from the agreement: a term specifying the duration of the license. Instead, the copyright assignment terminates automatically upon conclusion of any litigation with the reassignment of “co-ownership” back to the copyright owners. If the parties genuinely intended to transfer co-ownership, under the terms of the contract *Minden* would retain that co-ownership in perpetuity if it failed to bring suit. Such a reading would put *Minden* on coequal footing with the copyright owners. The copyright assignments, however, cannot reasonably be read in this manner. Implicitly, the contracting parties intended for *Minden* to bring the instant suit and not for it to be a genuine, potentially-permanent owner of any of the exclusive rights under Section 501(b).

929 F.Supp.2d at 968–69. The same considerations apply to the Assignment Agreements in this case.

Nor is DRK a beneficial owner of the copyrights. “District courts in the Ninth Circuit have narrowly defined ‘beneficial owner’ as being only an individual who had legal title and parted with it in exchange for royalties.” *Minden II*, 2014 WL 295854, at \*10 (citing *Ray Charles Foundation v. Robinson*, 919 F.Supp.2d 1054, 1067 n.11 (C.D.Cal. 2013); see *Warren v. Fox Family Worldwide, Inc.*, 328 F.3d 1136, 1144 (9th Cir. 2003). Pursuant to the Representation Agreements, “DRK is a nonexclusive licensing agent for the photographers.” *Wiley*, 2014 WL 684829, at \*12. Having never owned the copyrights, DRK cannot be a “beneficial owner” with standing to sue. *Id.*; see *Minden I*, 2014 WL 295854, at \*8, 11 (noting that “a number of courts have found that licensing agents are neither legal nor beneficial owners of a copyright” and holding that plaintiff “is not a ‘beneficial owner’ in the images since it is not nor has it been a legal owner of the copyrighted works”).

DRK contends that the Supreme Court’s recent ruling in *Lexmark* calls into question the standing analysis undertaken in these cases. The Court disagrees.

First, the holding in *Lexmark* does not address, let alone alter, the test for standing under 17 U.S.C. § 501(b). See *Lexmark*, 134 S. Ct. at 1385 n.2 (“Other aspects of the parties’ sprawling litigation, including Lexmark’s claims under federal copyright and patent law . . . , are not before us. Our review pertains only to Static Control’s Lanham Act claim.”). In *Lexmark* the Court considered only whether the respondent fell “within the class of plaintiffs whom Congress has authorized to sue” for false advertising under the Lanham Act, 15 U.S.C. § 1125(a). *Id.* at 1387.

Section 1125(a)(1) authorizes suit by “any person who believes that he or she is likely to be damaged” by a defendant’s false advertising. In *Lexmark* the Court set out to the proper analytical framework for interpreting this broad statutory language. 34 S. Ct. at 1388. The Court concluded that “a direct application of the zone-of-interests test and the proximate-cause requirement supplies the relevant limits on who may sue.” *Id.* at 1391. Neither the formulation of this framework nor its application in *Lexmark* has the effect of expanding § 501(b) to grant standing to those without a legal or beneficial ownership of an exclusive right.

In *Lexmark* the Court characterized the zone-of-interests and proximate causation test as “supply[ing] the relevant background *limitations* on suit under 1125(a).” *Id.* (emphasis added). The Court’s holding cannot plausibly be viewed as expanding standing under a different statute. *Lexmark’s* zone of interest and proximate cause tests are of no assistance to DRK because DRK, as neither a legal nor beneficial copyright owner, does not have standing to sue under the plain language of 15 U.S.C. § 501(b). *Cf. Minden Pictures, Inc. v. John Wiley & Sons, Inc.*, No. C-12-4601-EMC, 2014 WL 1724478 (N.D.Cal. April 29, 2014) (discussing *Lexmark’s* effect on standing issue and noting that “Minden lacked a legal or beneficial interest in an exclusive right under 15 U.S.C. § 106.”)

DRK also cites *Alaska Stock, LLC v. Pearson Educ., Inc.*, No. 3:11-cv-00162-TMB, — F.Supp.2d —, 2013 WL 5496788, at \*5–7 (D.Alaska Sept. 11, 2013), and the decision in the parallel arbitration proceeding, in which the arbitrator held that DRK had standing to

sue. For the reasons pointed out by the *Wiley* court, neither of these decisions supports a finding that the Assignment Agreements conferred standing on DRK.

The court in *Alaska Stock* explained that standing would not be established “where the assignor labels an assignment a transfer of ownership, but expressly reserves the exclusive rights in the copyright to itself. These facts are not present here.” 2013 WL 5496788, at \*7. By contrast, in this case and in *Wiley*, “This is exactly what DRK sought to achieve, as evidenced by the terms of the proffered agreements and its correspondence with photographers.” *Wiley*, 2014 WL 684829, at \*25 n.16.

In the parallel arbitration proceeding, the arbitrator held that DRK had standing to sue because the Assignment Agreements conferred more than the bare right to sue and therefore the holding in *Righthaven* was inapplicable. (Doc. 112-1, Ex. B.) As the *Wiley* court noted, “the arbitrator expressly left open the potential for the Court to come to the opposite conclusion.” 2014 WL 684829, at \*16. The arbitrator explained that:

nothing in this Final Award should be construed to bar Wiley from attempting to develop a more complete factual record in the copyright infringement litigation between the parties currently pending in the Southern District of New York and to argue there that the assignments are a sham under *Righthaven*. I conclude only that the assignments are not rendered a sham under *Righthaven* given the record presented here, particularly in view of my hesitancy as an arbitrator to extend existing copyright law, a

task which more appropriately should be within the domain of the federal courts with full appellate review.

(Doc. 112-1, Ex. B at 3.)

The *Wiley* court departed from the arbitrator’s “narrow” reading of *Righthaven*, and instead followed “the Ninth Circuit’s admonition that courts should ‘consider the substance of the transaction’ to determine if any exclusive rights were granted to the licensee.” 2014 WL 684829, at \*16 (quoting *Righthaven*, 716 F.3d at 1170). The court reiterated that “no exclusive rights could have been granted to DRK because the photographers, except for Bean and French, had only granted DRK a nonexclusive license” and concluded that “[j]ust like the plaintiff in *Righthaven*, DRK, equipped with nothing more than a nonexclusive license, cannot obtain standing to sue under the Assignment Agreements that, in substance, convey nothing more than a bare right to sue.” *Id.*

### CONCLUSION

For the reasons set forth above, with respect to the images at issue in McGraw’s motion for partial summary judgment, the Court concludes that DRK is not the legal or beneficial owner of an exclusive right under a copyright and therefore does not have standing to sue for infringement of that right.<sup>5</sup>

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<sup>5</sup> McGraw also contends that certain photos taken by Stephen Krasemann and Doug Perrine were previously published works and improperly registered as unpublished. (Doc. 97 at 15–17.) DRK acknowledges the error but contends that the registrations are effective under 17 U.S.C. § 411(b) and the doctrine of “innocent error.” (Doc. 112 at 16.) Having determined that DRK does not have standing under 17 U.S.C. § 501(b), the Court does not address this issue.

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IT IS HEREBY ORDERED granting Defendant McGraw's motion for partial summary judgment (Doc. 97).

IT IS FURTHER ORDERED denying Plaintiff DRK's motion for partial summary judgment (Doc. 79).

DATED this 10th day of June, 2014.

/s/ Paul G. Rosenblatt

Paul G. Rosenblat

United States District Judge



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**APPENDIX E**

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ARIZONA

[Filed 01/08/15]

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No. CV-12-08093-PCT-PGR

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DRK PHOTO,

*Plaintiff,*

v.

MCGRAW-HILL COMPANIES INCORPORATED, ET AL.,

*Defendants.*

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**ORDER**

The Court having received and considered the parties' Stipulation for Partial Dismissal with Prejudice, and Motion for Entry of Final Judgment Regarding the Claims Dismissed by the Court's June 10, 2014, Order (Doc. 139), and finding good cause,

IT IS ORDERED that the Stipulation for Partial Dismissal with Prejudice, and Motion for Entry of Final Judgment Regarding the Claims Dismissed by the Court's June 10, 2014, Order (Doc. 139) is Granted.

IT IS FURTHER ORDERED that Judgment is Granted in favor of Defendants McGraw-Hill Global Education Holdings, LLC, and McGraw-Hill School Education Holdings, LLC, with respect to the claims dismissed by the Court's Order of June 10, 2014 (Doc. 120).

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IT IS FURTHER ORDERED that all other claims asserted in this action are Dismissed with Prejudice, with the parties to bear their own costs and attorneys' fees with regard to these claims.

IT IS FURTHER ORDERED that the Pretrial Conference set for January 26, 2015, the Jury Trial set for February 24, 2015, and all other hearings and deadlines in this matter, are Vacated.

Dated this 7th day of January, 2015.

/s/ Paul G. Rosenblatt

Paul G. Rosenblatt

United States District Judge

**APPENDIX F**

**STATUTORY PROVISIONS INVOLVED**

Section 101 of the Copyright Act defines the following:

“Copyright owner,” with respect to any one of the exclusive rights comprised in a copyright, refers to the owner of that particular right.

A “transfer of copyright ownership” is an assignment, mortgage, exclusive license, or any other conveyance, alienation, or hypothecation of a copyright or of any of the exclusive rights comprised in a copyright, whether or not it is limited in time or place of effect, but not including a nonexclusive license.

17 U.S.C. § 101.

\* \* \*

Section 106 of the Copyright Act provides:

Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

- (1) to reproduce the copyrighted work in copies or phonorecords;
- (2) to prepare derivative works based upon the copyrighted work;
- (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;

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(4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly;

(5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial graphic or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and

(6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.

17 U.S.C. § 106.

\* \* \*

Section 201(d) of the Copyright Act provides:

(1) The ownership of a copyright may be transferred in whole or in part by any means of conveyance or by operation of law, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession.

(2) Any of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by section 106, may be transferred as provided by clause (1) and owned separately. The owner of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the copyright owner by this title.

17 U.S.C. § 201(d).

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Sections 301(a) and (b) of the Copyright Act provide:

(a) On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

(b) Nothing in this title annuls or limits any rights or remedies under the common law or statutes of any State with respect to –

(1) subject matter that does not come within the subject matter of copyright as specified by sections 102 and 103, including works of authorship not fixed in any tangible medium of expression; or

(2) any cause of action arising from undertakings commenced before January 1, 1978;

(3) activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106; or

(4) State and local landmarks, historic preservation, zoning, or building codes, relating to architectural works protected under section 102(a)(8).

17 U.S.C. § 301.

\* \* \*