

No. _____

IN THE

Supreme Court of the United States

DRK PHOTO,

Petitioner,

—v.—

JOHN WILEY & SONS, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES
COURT OF APPEALS FOR THE SECOND CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. 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 under 17 U.S.C. § 501(b), even when the purpose of the transfer is to facilitate an infringement action;
2. 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*,¹ or does not have standing, as the Ninth Circuit ruled in *Silvers*;² and
3. Whether, under 17 U.S.C. § 501(b), the term “beneficial owner”—which the Copyright Act does not define—extends to third parties who have been granted the right to authorize §106 rights and derive income from their exploitation.

PARTIES TO THE PROCEEDING AND CORPORATE DISCLOSURE

There are no parties to the proceedings other than those listed in the caption. Petitioner DRK Photo (“DRK”) was the defendant and counter-claimant in the district court, and the appellant in the court of appeals. Respondent John Wiley & Sons, Inc. (“Wiley”) was the defendant in the district court and the appellee in the court of appeals.

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

² *Silvers v. Sony Pictures Entertainment, Inc.*, 402 F.3d 881 (9th Cir. 2005).

Petitioner DRK Photo, a sole proprietorship, is not subject to the corporate disclosure requirements of Supreme Court 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 Second Circuit in this case.

OPINIONS BELOW

The opinion of the United States Court of Appeals for the Second Circuit, App. 1a-57a, is reported at 882 F.3d 394. The opinion of the United States District Court for the Southern District of New York, App. 58a-119a, is reported at 998 F.Supp.2d 262.

JURISDICTION

The district court had jurisdiction under 28 U.S.C. §§ 1331 and 1338, and Second Circuit had jurisdiction under 28 U.S.C. § 1291. The Second Circuit denied Petitioner's timely-filed petition for rehearing *en banc* on April 12, 2018. App. 120a-121a. 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.³

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

INTRODUCTION

The central purpose of the Copyright Act is to encourage dissemination of creative works for the public benefit by making copyrights enforceable—not just in theory, but as a practical matter. This case presents a crucial, frequently litigated question about assignment of accrued claims for copyright infringement—namely, whether a stock photography agency has standing to pursue copyright infringement claims involving photographs from its collection under the Copyright Act of 1976.

This issue remains subject to substantial litigation and inter-circuit disagreement. Various District Courts, Federal Appellate Courts, and legal scholars have considered this issue and reached conflicting conclusions.

³ 17 U.S.C. § 501(b).

The Second Circuit’s decision below perpetuates this split of authorities. The majority’s opinion held that “the Copyright Act does not permit prosecution of infringement suits by assignees of the bare right to sue that are not and have never been a legal or beneficial owner of an exclusive right under copyright.” App. 2a. In so ruling, the Panel found that DRK was not a “beneficial owner” of an exclusive right, yet failed to define the term. App. 39a-41a. However, as Judge Parker noted in his 19-page dissent in this case, “nothing in the 1976 Act bars the assignment of the right to sue because a central purpose of the 1976 modifications was to expand the ability to bring suits for infringement.” App. 47a.

This Court should grant DRK’s petition in order to (1) resolve the split of authorities regarding assignability of copyright infringement claims to a non-owner of copyright, and the assignee’s standing to pursue them; (2) resolve confusion about transfers of copyright ownership; and (3) address the important question of who qualifies as “beneficial owner” of copyright under the 1976 Copyright Act.

While this petition alone affects the interests of dozens of photographers, the Second Circuit’s ruling impacts tens of thousands of others who are now effectively without a way to redress copyright infringements. In essence, the Panel’s decision contravenes the core purpose of the Copyright Act by barring enforcement efforts by parties best situated to pursue them, thus allowing infringers to escape accountability.

STATEMENT OF THE CASE

A. Statutory Background.

Copyright statutes have long recognized that copyright ownership is transferable.⁴ No act of Congress has expressly addressed, let alone prohibited, assignment of accrued infringement claims. Yet, “Congress unquestionably knows how to bar assignments of claims when that is its intention.” App. 47a.

B. The Parties.

DRK is a stock photography agency that licenses use of images created by its contributing photographers to publishing entities, including Respondent John Wiley & Sons, Inc. (“Wiley”). App. 59a. 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. App. 59a-60a. Wiley is a publisher of textbooks and other materials. App. 68a. Between 1997 and 2009, DRK granted limited licenses to Wiley for use of images from DRK’s collection in Wiley’s textbooks. App. 68a-70a.

⁴ 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.”).

C. The transfers of copyright ownership and accrued claims at issue.

DRK entered into “Representation Agreements” with the photographers whose images are in DRK’s collection at the beginning of DRK’s relationship with each contributor. App. 62a. These Representation Agreements 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. 62a-63a.

DRK’s contributing photographers subsequently executed Copyright Assignment, Registration, and Accrued Cases of Action Agreements (the “Assignments”), which provide 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. 65a. The Assignments also provide that DRK and the photographers will share equally the net proceeds of any litigation award or settlement. App. 65a-66a.

As assignee of copyright ownership, and as copyright “claimant,”⁵ the Copyright Office issued 41 Certificates of Copyright Registration to DRK. As Judge Parker noted in his dissenting opinion below,

[S]tock photography companies like DRK Photo are in the business of aggregating copyright infringement claims that have accrued to their clients. Aggregation provides . . . a practical means of affording redress to the photographers and compensating them for repeated small infringements of their copyrights.

App. 42a.

D. The District Court Proceedings.

Wiley initiated this action in August 2011 seeking a declaration that it did not commit copyright infringement when it exceeded the scope of DRK-issued licenses. App. 58a-59a.

Wiley’s Amended Complaint identified 316 instances of alleged non-infringement (the “Wiley Non-Infringement Instances”) for which it sought declaratory relief. App. 71a. DRK filed an Answer and Counterclaim against Wiley for copyright infringement with respect to 295 of the Wiley Non-Infringement Instances. App. 71a-72a.

⁵ 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.”).

As Judge Parker summarized in his dissent,

John Wiley & Sons, Inc. purchased from photographers for relatively small amounts of money the right to use their works in various of its publications. Wiley then proceeded to use the photographs in additional instances for which it had not obtained permission and for which it did not pay the photographers. The crux of this lawsuit is whether the Copyright Act permits this misappropriation.

App. 42a.

In a published February 21, 2014 Opinion and Order, Honorable Katherine Polk Failla granted DRK's motion for summary judgment in part, finding that Wiley committed copyright infringement. App. 109a. But the District Court also found that DRK lacked standing to pursue many of its claims, finding DRK was not a "beneficial owner" of copyright, and the photographer assignments did not effect a transfer of legal ownership. App. 119a.

The District Court cited the Second Circuit's decision in *Eden Toys, Inc. v. Florelee Undergarment Co, Inc.*⁶ for the proposition that the Copyright Act "does not permit 'holders of rights under copyrights to choose third parties to bring suits on their behalf.'" App. 90a. The District Court's decision also looked to *Righthaven LLC v. Hoehn*,⁷ a readily distinguishable Ninth Circuit case, to conclude that the Assignments did not confer standing. App. 95a.

⁶ 697 F.2d 27 (2d Cir. 1982).

⁷ 716 F.3d 1166 (9th Cir. 2013).

E. The Second Circuit Proceedings.**1. The Panel’s Decision.**

On February 16, 2018, the Second Circuit issued an opinion affirming the judgment of the District Court, finding that DRK did not have statutory standing to pursue accrued claims of copyright infringement, despite the Assignments’ clear and unequivocal transfer of copyright ownership. *See* App. 1a-57a. In its opinion below, the Panel majority acknowledged the “equitable merit in allowing stock photography companies like DRK to aggregate copyright infringement claims otherwise accrued to their clients.” App. 40a. Ultimately, however, the Panel found “that DRK is not and has never been the holder of an exclusive right in the photographs,” App. 2a, and concluded that “a bare assignee that does not hold and has never held any other exclusive rights in copyright, may not bring a cause of action for copyright infringement.” App. 41a.

The Panel read the language of § 501(b) to limit actions for infringement to owners of *exclusive* rights when the infringement was committed. App. 3a. This interpretation, as Judge Parker observed in his dissent, “prevents even holders of one of the exclusive section 106 rights from suing unless the alleged infringement occurred ‘while he or she [was] the owner of it.’” App. 49a. Further relying upon the maxim “*expressio unius est exclusio alterius*,” the Panel found that because the language of Section 106 of the Copyright Act does not expressly mention assignments, they cannot be part of the exclusive rights listed. App. 46a.

The majority held that with respect to the Assignments, “the Copyright Act does not permit

prosecution of infringement suits by assignees of the bare right to sue that are not and have never been a legal or beneficial owner of an exclusive right under copyright.” App. 2a. Its opinion relied largely on *Crown Die & Tool Co. v. Nye Tool & Machine Works*⁸—“a single example of patent law” from 1923⁹—to bolster its assertion that the common law right to assignability of claims does not extend to copyright law. App. 25a-27a. The Panel also relied upon the Ninth Circuit’s decision in *Silvers v. Sony Pictures Entertainment, Inc.*, 402 F.3d 881 (9th Cir. 2005). App. 14a, 19a, 21a-27a. Under *Silvers*, “[t]he bare assignment of an accrued cause of action is impermissible under 17 U.S.C. § 501(b).”¹⁰

Finally, the Panel found that “DRK is not a . . . beneficial owner” of an exclusive right, but failed to define the term. App. 41a.

2. Judge Parker’s Dissent.

Honorable Judge Barrington Parker dissented from the majority’s ruling below, authoring a separate, 19-page opinion:

The dispositive legal issue in this appeal is whether the copyright laws forbid the assignment of a bare right to sue on copyright claims to entities such as DRK. Because I conclude that the law does not forbid such assignments, I respectfully dissent.

App. 42a.

⁸ 261 U.S. 24, 40 (1923).

⁹ App. 52a.

¹⁰ 402 F.3d at 880.

Judge Parker carefully considered the history of the Copyright Act, canons of statutory construction, principles of common law, Supreme Court opinions, and decisions from other circuit courts, ultimately finding that “nothing in the Copyright Act precludes DRK from prosecuting claims on its non-exclusive licenses as an assignee of a bare right to sue.” App. 55a.

The dissent first examined the history of the Copyright Act and the interpretation of its provisions by various circuit courts :

It is clear that prior to the enactment of the 1976 Act, the bar to suit on assigned claims erected by the majority did not exist . . . Under the Copyright Act of 1909 (the “1909 Act”), the “proprietor” of a copyright was afforded the right to sue for copyright infringement. Even though the 1909 Act granted standing solely to the “proprietor” of the entire copyright, courts nevertheless allowed assignees of an accrued cause of action for copyright infringement to sue for infringement . . .

As Judge Bea noted, “[t]he infringement claim, like any other contingent asset, could be sold, much like the copyright holder’s claim against a trade debtor or a coupon clipped from the copyright holder’s bond portfolio,” and all defenses against the assignor were valid against the assignee who stood in the shoes of the assignor. *Silvers*, 402 F.3d at 897.

This conclusion concerning the general assignment of causes of action is congruent with unusually well-established law.

App. 43a-44a (internal citations omitted).

Judge Parker also discussed how the Panel's decision conflicts with precedent established by this and other courts. Looking to the majority's interpretation of section 501(b), he found that the decision could not be reconciled with the Second Circuit's earlier decision in *ABKCO v. Harrisongs Music, Ltd.*,¹¹ "which held that the owner of rights under a copyright can sell the rights and, at the same time, sell claims for infringement that had accrued when the (now former) owner possessed the rights." App. 49a.

The majority's reading of § 501(b) would preclude such a transaction, because the subsequent owner would then be permitted to sue for infringement that occurred when he or she was not the owner of the copyright. But, where the majority extracts a charter for such a carve-out is elusive. The text does not reveal, and the majority does not proffer, any explanation for why a former copyright owner who transferred ownership but not claims is entitled under § 501(b) to institute an infringement suit.

Id.

The dissent also considered the assignability of causes of action in other areas of law. Citing a string of cases upholding transfers of accrued claims, the dissent noted "numerous other cases have applied this principle and treat the right to bring a cause of action as a right separate from the particular property that gave rise to the right." App. 44a.

¹¹ 994 F.2d 971 (2d Cir. 1991).

Significantly, Judge Parker examined this Court’s decision in *Sprint Communications Co. v. APCC Services, Inc.*,¹² which held that, under 47 U.S.C. § 226, the plaintiff assignee’s aggregation of 1400 claims provided standing to pursue the assigned claims in federal court—even where the assignee promised to remit the proceeds of the litigation to the assignor, *and* even though the statute was silent on that question. *See* App. 45a-46a. There, the Court “emphasized that ‘history and precedent are clear . . . Assignees of a claim . . . have long been permitted to bring suit.’” App. 45a (citing *Sprint*, 544 U.S. at 275).

Then, turning to the language of the 1976 Copyright Act, Judge Parker observed that while the 1976 Act enacted major changes to the 1909 regime with respect to standing and access to the courts, “. . . nothing in the 1976 Act eliminated the rights of copyright owners under Section 101 of the Act to their remedies, nor the right of property owners to enjoy the property rights granted by the statute including the assignment and enforcement of accrued causes of action.” App. 46a (quoting *Silvers*, 402 F.3d at 898-99).

The dissent took particular issue with the Panel’s rejection of well-established principles of common law and statutory construction.

The majority’s analysis . . . proceeds under the assumption that if assignments are not mentioned in § 106 then they cannot be a part of the exclusive rights listed. But, this analysis collides head on with the fact that the common law of assignments is law and

¹² 554 U.S. 269, 285-86 (2008).

... law trumps canons of statutory interpretation.

App. 46a-47a.

Judge Parker further noted “statutes that invade the common law must be read with a presumption favoring the retention of longstanding principles of common law ‘except when a statutory purpose to the contrary is evident.’ From the text of the statute.” App. 47a “[T]o abrogate [sic] a common law principle, the statute must ‘speak directly’ to the question addressed by the common law.” *Id.* (quoting *United States v. Texas*, 507 U.S. 529, 535 (1993)).

In Judge Parker’s view, the majority’s analysis inverted this principle in their analysis and rejection of DRK’s Assignments. App. 47a. “There is no question that the 1976 Act did not ‘speak directly’ to the common law of assignment and no intention to repeal that longstanding principle of law is anywhere ‘evident.’” *Id.*

Judge Parker also reasoned, “nothing in the 1976 Act bars the assignment of the right to sue because a central purpose of the 1976 modifications was to expand the ability to bring suits for infringement . . . it is far from clear to us that § 501(b) is even reasonably susceptible to the majority’s interpretation.” App. 47a. “Congress unquestionably knows how to bar assignments of claims when that is its intention.” *Id.* And, in Judge Parker’s view, it was not Congress’s intention to do so here. *Id.*

Finally, the dissent disputed the applicability of patent law to the present copyright dispute.

The majority’s main support for its contention that the common law right to

assignability of claims does not extend to copyright law is the Supreme Court's decision in *Crown Die & Tool Co. v. Nye Tool & Machine Works*, 261 U.S. 24, 40 (1923), which was not even a copyright case. This difference is important because while patent and copyright law are related, the Supreme Court has emphasized that caution must be exercised in applying doctrine formulated in one area to the other because major differences exist . . .

In my view, *Crown Die* has little relevance to this appeal for a number of reasons . . . First, it cannot be seriously disputed that Chief Justice Taft's view, formed from the single example of patent law, that in the absence of express Congressional authorization, pre-existing common law does not carry over into comprehensive statutory regulatory schemes is both directly contrary to modern Supreme Court doctrine that recognizes the vitality of the common law in modern statutory schemes and is in significant tension with prior Supreme Court precedent governing the assignability of claims.

App. 51a-52a (internal citations omitted).

3. Petition for Rehearing *En Banc*.

On March 2, 2018, DRK timely petitioned the Second Circuit to rehear the case *en banc*, resolve the circuit conflicts, analyze and define the term "beneficial owner," and recognize the assignability of accrued claims for copyright infringement. The Second Circuit denied DRK's petition on April 12, 2018. App. 120a-121a.

REASONS FOR GRANTING THE WRIT

This Court should grant the petition because:

- (I) The courts of appeals are divided on the issue of standing under 17 U.S.C. 501(b) of assignees of accrued copyright infringement claims, and the split is unlikely to resolve itself without this Court's intervention;
- (II) The Panel's decision regarding assignment of the bare right to sue in copyright infringement cases is erroneous and conflicts with the text of the Act, with this Court's precedents, and decisions of other courts of appeals;
- (III) This case involves important unsettled questions regarding "legal and beneficial ownership" of copyright, which this Court has never addressed; and
- (IV) The facts here provide a good opportunity to resolve these important questions of copyright law.

I. The petition should be granted to resolve the split of authority regarding assignability of copyright infringement claims to a non-owner of copyright, and the assignee's standing under 17 U.S.C. § 501(b) to pursue them.

The circuit-level conflict over assignability of accrued claims of copyright infringement to non-owners of copyright is entrenched, and unlikely to be resolved without this Court's intervention. The Fifth Circuit's decision *Prather v. Neva Paperbacks, Inc.* holds, contrary to the Panel's decision below, that "assignee[s] of all choses in action for

infringement, whether a ‘proprietor’ [of copyright] or not, ha[ve] standing to sue.”¹³ The Ninth Circuit, on the other hand, has issued a collection of conflicting decisions that relate to the assignability of accrued infringement claims and standing of an assignee to pursue them.

In *Alaska Stock v. Houghton Mifflin Harcourt Publishing Co.*, the Ninth Circuit held temporary assignments of copyright ownership were effective for stock photography agencies’ registrations of copyright.¹⁴ And, in *Minden Pictures, Inc. v. John Wiley & Sons, Inc.*, the court found that an agency with authority to issue licenses has standing to sue on behalf of its contributing photographers.¹⁵

But the Ninth Circuit’s earlier decision in *Silvers v. Sony Pictures Entertainment, Inc.*—a case Judge Berzon found to be “wrongly decided”¹⁶—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.¹⁷ The Ninth Circuit recently affirmed its *Silvers* decision in the *McGraw-Hill* case,¹⁸ ruling that a “mere assignee of accrued causes of action . . . lacked standing to bring action.”¹⁹

¹³ 410 F.2d at 700.

¹⁴ 747 F.3d 673, 678, 685 (9th Cir. 2014).

¹⁵ 795 F.3d 997, 1002-06 (9th Cir. 2015).

¹⁶ *DRK Photo v. McGraw-Hill Global Educ. Holdings, LLC* (“*McGraw-Hill*”), 870 F.3d 978, 989 (9th Cir. 2017) (cert. denied).

¹⁷ 402 F.3d at 881.

¹⁸ *McGraw-Hill*, 870 F.3d at 988.

¹⁹ *Id.* at 978.

The Second Circuit's decision below followed the Ninth Circuit's *Silvers* approach, determining that "the Copyright Act does not permit prosecution of infringement suits by assignees of the bare right to sue that are not and have never been a legal or beneficial owner of an exclusive right under copyright." App. 2a. In so ruling, the Panel departed from its earlier ruling in *ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, which held that "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."²⁰

A. The Second Circuit's bare-right-to-sue rule conflicts with the Fifth Circuit's decision in *Prather*.

The majority's decision below conflicts most directly with the Fifth Circuit's decision in *Prather v. Neva Paperbacks, Inc.* In *Prather*, an author secured copyright in one book; his publisher in several others.²¹ 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.²²

The Fifth Circuit rejected the argument that this made the plaintiff a licensee without standing, rather than copyright "proprietor."²³ *Prather* held

²⁰ 944 F.2d at 980.

²¹ 410 F.2d at 699.

²² *Id.* at n. 1.

²³ 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

that assignments of accrued copyright claims are valid, do not present public policy problems, and comply with the “real party in interest” rule.²⁴ The decision also squarely held that an “assignee of all choses in action for infringement, whether a ‘proprietor’ or not, has standing to sue.”²⁵ While *Prather* fell under the purview of the 1909 Act, it has been cited as good law by the Second Circuit²⁶ and Nimmer after enactment of the 1976 Copyright Act.²⁷ *Prather* was recently affirmed as binding authority in *Hacienda Records, L.P. v. Ramos*.²⁸

Thus, while DRK has standing under Fifth Circuit authority, its case was dismissed for lack of standing in the Second Circuit as it would have in

licensee rather than an *assignee* of the copyright did not have standing to sue for copyright infringement.” 3 Nimmer on Copyright § 12.02[A] (2013) (original emphases).

²⁴ *Prather*, 410 F.2d at 700.

²⁵ *Id.* at 700 (emphasis added).

²⁶ *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”).

²⁷ See 3 Nimmer on Copyright § 12.02[B] at 12-54 and n. 27 (2000).

²⁸ 718 Fed.Appx. 223, 232 (5th Cir. 2018). In *Hacienda Records*, Hugo Ruben Guanajuato, one of the plaintiffs, executed two 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.” *Id.* at 233. 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. *Id.* at 234. 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 Ninth Circuit. This is the classic circuit-split that justifies this Court’s review.

B. The Second Circuit’s decision conflicts with Ninth Circuit’s rulings about the temporary transfer of copyright ownership and standing of stock photography agencies.

In *Alaska Stock v. Houghton Mifflin Harcourt Publishing Co.*, the Ninth Circuit held temporary assignments of copyright ownership were effective for stock photography agencies’ registrations of copyright.²⁹ Here, it is undisputed that DRK obtained copyright registrations for the images at issue, as copyright owner. App. 6a-7a. Yet the very same Assignments granting ownership for DRK’s copyright registrations were deemed insufficient by the Panel for standing to sue. Either DRK had ownership or it did not. It is nonsensical to say that DRK sufficiently owned copyrights for registration, but not for bringing infringement actions.

Further, the Ninth Circuit in *Minden Pictures, Inc. v. John Wiley & Sons, Inc.*, found that an agency with authority to issue licenses has standing to sue on behalf of its contributing photographers.³⁰ Yet here, the Panel held the opposite, finding that because DRK was not its photographers’ “exclusive” agent, it lacked standing. *See* App. 8a, 30a, 39a.

However, the question is not whether DRK’s agency was “exclusive,” but whether DRK holds a sufficient copyright ownership interest to support

²⁹ 747 F.3d at 678, 685.

³⁰ 795 F.3d at 1002-06.

standing. To answer this question “no,” as the Panel did, conflicts with the Ninth Circuit’s decision in *Corbello v. DeVito*, which held “the word ‘exclusive’ in [the Act] cannot mean that only sole owners possess ‘exclusive rights.’”³¹ There is no limit on the number of co-owners, and no rule that only an “exclusive license” transfers copyright ownership.³²

The unsettled state of the law is well-recognized. It has been observed by courts³³ and commentators,³⁴ and reflected in divergent views of leading treatises.³⁵ It warrants the review of this Court.

³¹ 777 F.3d 1058, 1065 (9th Cir. 2015).

³² See 17 U.S.C. § 202(d)(2) (authorizing “subdivision” and transfer of “section 106” rights); 17 U.S.C. § 101 (defining “transfer of copyright ownership”).

³³ *U.S. v. Chalupnik*, 514 F.3d 748, 753 (8th Cir. 2008) (“This may be an unsettled issue of copyright law.”).

³⁴ S. Balganesh, *Copyright Infringement Markets*, 113 COLUM. L. REV. 2277, 2307 (2013) (hereafter “Balganesh”) (“Courts today are divided on whether copyright law allows third parties to bring infringement actions when they acquire the bare right to sue....”).

³⁵ 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).

II. The petition should be granted because the Second Circuit’s decision conflicts with Supreme Court precedent and the language of the Copyright Act.

As Judge Parker explained in his dissent below, “nothing in the Copyright Act precludes DRK from prosecuting claims on its non-exclusive licenses as an assignee of a bare right to sue.” App. 55a. Nevertheless, the Second Circuit majority ruled that assignees of accrued copyright claims lack standing to bring suit for infringement. This determination contravenes principles of statutory construction, and conflicts with this Court’s ruling in *Sprint*.

A. The Panel’s decision on standing in copyright infringement actions is at odds with this Court’s decision in *Sprint*.

The Panel’s decision is erroneous and should be overruled because it conflicts with this Court’s decision in *Sprint Communications Co. L.P. v. APPC Services, Inc.*³⁶ In *Sprint*, this Court thoroughly surveyed common law history and tradition, and concluded “courts have long found ways to allow assignees to bring suit.”³⁷

The *Sprint* Court found that under 47 U.S.C. § 226, plaintiff assignee’s aggregation of 1400 claims provided standing to pursue the assigned claims in federal court—even though the assignee promised to remit the proceeds of the litigation to

³⁶ 554 U.S. 269.

³⁷ *Id.* at 285.

the assignor.³⁸ And, as the dissent notes below, “[n]umerous other cases have applied this principle and treat the right to bring a cause of action as a right separate from the particular property that gave rise to the right.”³⁹

Sprint permits assigned claims in part because “litigation is expensive,” “the evidentiary demands of a single suit are often great,” and “the resulting monetary recovery is often small.”⁴⁰ Under Judge Parker’s analysis, “this common law principle applies with full force to comprehensive statutory regulatory schemes fashioned by Congress.” App. 45a.

The majority declined to follow *Sprint*, reasoning that *Sprint* was not a copyright case and thus inapplicable. App. 23a. Paradoxically, the Panel instead deferred to *patent* law and Ninth Circuit decisions to support its decision. App. 9a, 13a-27a. *Sprint* begs the question why aggregation was endorsed there but barred here, especially since

³⁸ *Id.* at 271.

³⁹ App. 44a (citing *ABKCO*, 944 F.2d at 980 (“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”); *Bluebird Partners, L.P. v. First Fidelity Bank, N.A. N. J.*, 85 F.3d 970, 974 (2d Cir. 1996) (federal securities law claims may be assigned but the assignment must be express, instead of automatic, upon the sale of the underlying security). “And even antitrust claims have long been held to be assignable, even though the federal antitrust laws, such as the Sherman Act, do not expressly permit assignment.” App. 44a-45a (citing *D’Ippolito v. Cities Serv. Co.*, 374 F.2d 643, 647 (2d Cir. 1967); *Cordes & Co. Fin. Servs., Inc. v. A.G. Edwards & Sons, Inc.*, 502 F.3d 91, 100, 103 (2d Cir. 2007)).

⁴⁰ *Sprint*, 554 U.S. at 271.

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.⁴¹ The decision below erred because it failed to recognize that *Sprint* “implicitly override[s] the interpretive logic of *Silvers* and its progeny.”⁴²

It is true, as the *McGraw-Hill* court stated, that “*Sprint* did not involve the Copyright Act, and its standing analysis was not predicated on any statutory provision analogous to section 501(b).”⁴³ But this interpretation 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.⁴⁴

Claims arising under numerous federal statutes are assignable,⁴⁵ and there is no sound reason for a different copyright rule. *Sprint* “explicitly approved the practice 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.⁴⁶

⁴¹ *Sprint*, 554 U.S. at 271, 291.

⁴² Balganesh at 2319.

⁴³ *McGraw-Hill*, 870 F.3d at 988.

⁴⁴ 554 U.S. at 271.

⁴⁵ See *McGraw-Hill*, 870 F.3d at 990 (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 largely disappeared;” assignee of direct purchaser antitrust claims had standing).

⁴⁶ *BG Litigation Recovery I, LLC v. Barrick Gold Corp.*, 180 F.Supp.3d 316, 329 (S.D.N.Y. 2016).

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.⁴⁷ 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.”⁴⁸

B. The Panel’s decision contravenes the principles of statutory construction articulated in Supreme Court decisions like *United States v. Texas*.

The Panel’s opinion, “essentially based on the maxim *expressio unius est exclusio alterius*,”⁴⁹ rests on the assumption that because the language of § 106 does not expressly mention assignments, they cannot be part of the exclusive rights listed. App. 46a-48a. However, as Judge Parker observes, “this analysis collides head on with the fact that the common law of assignments is law and, as Judge Bea correctly notes, law trumps canons of statutory interpretation.” App. 46a-47a.

In *United States v. Texas*, this Court affirmed the longstanding principle that “[s]tatutes which invade the common law . . . are to be read with a presumption favoring the retention of long-established and familiar principles, except when a statutory purpose to the contrary is evident” from

⁴⁷ 410 F.2d at 700.

⁴⁸ *Silvers*, 330 F.3d at 1207 (quoting 3 Nimmer on Copyright § 12.02[B] at 12-54 and n. 27 (2000)).

⁴⁹ App. 46a.

the statutory language itself.⁵⁰ “To abrogate a common law principle, the statute must ‘speak directly’ to the question addressed by the common law.”⁵¹ As the dissent below points out:

There is no question that the 1976 Act did not “speak directly” to the common law of assignment and no intention to repeal that longstanding principle of law is anywhere “evident.” In light of these conspicuous omissions, *expressio unius* cannot be enlisted to override otherwise applicable common law.

App. 47a. Judge Parker also notes:

We know for certain that when Congress crafts laws such as the 1976 Act, silence on a fundamental common-law principle indicates an intention for that principle to remain in force as part of the statutory scheme, especially since Congress has broken its silence many times explicitly to prohibit suits on assigned claims. In my view, the case ends once these principles are acknowledged and applied.

App. 42a-43a.

Under the principles articulated in *Texas*, the relevant provision in § 501(b) must “speak directly” to Congress’s intention to overrule common law, and that intention must be “evident.”⁵² As the

⁵⁰ 507 U.S. 529, 534 (1993) (quoting *Isbrandtsen Co. v. Johnson*, 343 U.S. 779, 783 (1952); *Astoria Federal Savings & Loan Assn. v. Solimino*, 501 U.S. 104, 108, 111 (1991)).

⁵¹ *Texas*, 507 U.S. at 535.

⁵² 507 U.S. at 535.

dissent ultimately found, “[t]he text does not support [the majority’s] reading.” App. 48a.

C. The Panel’s decision also conflicts with the Supreme Court’s rulings in *Sony* and *Kirtsaeng* by erroneously comparing Copyright Act provisions to nineteenth-century patent law.

The Panel’s majority opinion below relied largely on *Crown Die & Tool Co. v. Nye Tool & Machine Works*⁵³—“a single example of patent law”⁵⁴—to bolster its assertion that the common law right to assignability of claims does not extend to copyright law. Yet, as Judge Parker’s dissent argues, such a comparison is not only misleading, it also contravenes Supreme Court precedent.

In *Kirtsaeng v. John Wiley & Sons, Inc.*, this Court interpreted provisions of the Copyright Act following the canon: “[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.*’”⁵⁵ 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.

⁵³ 261 U.S. 40 (1923).

⁵⁴ App. 52a.

⁵⁵ *Kirtsaeng v. John Wiley & Sons, Inc.*, 568 U.S. 519, 538 (2013) (internal citations omitted) (emphases added). See also *Impression Prods., 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)).

Although there is a “historic kinship between patent law and copyright law,”⁵⁶ they are “not identical twins,” and this Court has urged “caution . . . in applying doctrine formulated in one area to the other.”⁵⁷ Looking to this Court’s decision in *Sony*, Judge Parker noted,

[T]he difference between copyright and patent laws are important because while patent and copyright law are related, the Supreme Court has emphasized that caution must be exercised in applying doctrine formulated in one area to the other because major differences exist.⁵⁸

Standing rules in patent law “have their source in the patent indivisibility doctrine,” and, as a general rule, an owner of less than an undivided interest in the entire patent does not have standing to sue for infringement.⁵⁹ 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

⁵⁶ *Impression Prods.*, 137 S.Ct. at 1536.

⁵⁷ *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 . . .”).

⁵⁸ App. 51a (citing *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 439 n.19 (1984); *Mazer v. Stein*, 347 U.S. 201, 217 (1954) (declining to apply patent law to copyright law due to differences in the two bodies of law, as, for example, “[u]nlike a patent, a copyright gives no exclusive right to the art disclosed; protection is given only to the expression of the idea—not the idea itself”)).

⁵⁹ See R. Blair & T. Cotter, *The Elusive Logic of Standing Doctrine in Intellectual Property*, 74 TUL.L.REV. 1323, 1336 (2000).

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.”⁶⁰ Patents are not similarly divisible, and it is erroneous to presume that what is good for patents is also good for copyrights.

III. The petition should also be granted to define “beneficial ownership” of copyright and to resolve confusion about transfers of copyright ownership.

A. The Court should take this opportunity to examine the important question of who is a “beneficial owner” of copyright under the 1976 Copyright Act.

Although this Court once addressed “equitable ownership” of copyright under the 1909 Act,⁶¹ it has never addressed the meaning of “beneficial owner” under Section 501(b) of the 1976 Act. The Copyright Act does not define “beneficial owner,” and no court has yet comprehensively examined Congress’s intent in granting the right to sue to a “beneficial,” as opposed to a “legal,” copyright owner.⁶² Its meaning is further clouded by the

⁶⁰ *Silvers*, 402 F.3d at 887.

⁶¹ See *Order of St. Benedict of New Jersey v. Steinhauser*, 234 U.S. 640, 651-52 (1914).

⁶² “The statute does not define the phrase ‘beneficial owner,’ and the circumstances in which a person or entity becomes a beneficial owner with a cause of action for infringement have not been explored by our Court in much detail. The paradigmatic—and only—example of an approved ‘beneficial owner’ suit is set forth in the legislative history of the Copyright Act, which describes the term ‘beneficial owner’ as

lower courts reflexively and erroneously limiting beneficial ownership to the single, illustrative *example* of beneficial ownership in the legislative history.⁶³ The Panel’s ruling that DRK was not a beneficial owner—even though DRK had the power to license rights granted to copyright holders under § 106 and obtain financial gain from exploiting those rights—is unduly narrow and not supported by the overarching scheme of divisibility under the Copyright Act.

Beneficial ownership is rooted in equity,⁶⁴ and as the Panel’s majority states, there is “equitable merit in allowing stock photography companies like DRK to aggregate copyright infringement claims otherwise accrued to their clients.” App. 40a. Yet it essentially held that DRK is not beneficial owner because it is a “nonexclusive licensee,” not a “legal owner.” App. 2a, 37a-41a. Beneficial ownership is meaningless if it depends upon proof of legal ownership, and as the Seventh Circuit found in *Moran v. London Records, Ltd.*, “beneficial ownership is not restricted to those in a copyright’s legal chain of title.”⁶⁵

Here, the Panel’s decision conflates legal and beneficial ownership, which are distinct bases

⁶³ includ[ing], for example, an author who had parted with legal title to the copyright in exchange for percentage royalties based on sales or license fees.” H.R. Rep. No. 94-1476, at 159; App. 38a.

⁶⁴ H.R. Rep. No. 94-1476, at 159

⁶⁵ See *Topolos v. Caldeway*, 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)).

⁶⁵ 827 F.2d 180, 182 (7th Cir. 1987).

for standing.⁶⁶ It renders beneficial ownership “insignificant, if not wholly superfluous,” and fails “to give effect, if possible, to every clause and word of a statute.”⁶⁷ It is also circular: if the plaintiff is a legal owner there is no need to consider its beneficial ownership.

The Panel also improperly applied a legal ownership analysis to determine beneficial ownership. The majority held that “[b]ecause DRK is only one of potentially numerous entities that potentially [sic] can generate revenue from use of the images, DRK’s interest does not make DRK a beneficial owner of an exclusive right.” App. 40a. This analysis is surely wrong, since it would mean that one of the co-owners of copyright could be precluded from bringing a claim for infringement because the other has the power to also license that right. This would be squarely at odds with the divisibility of ownership provided in the Act.

Further, why does the Panel conclude that Congress has not acted, when § 501(b) created standing to sue in an additional group of interested parties who do not have legal ownership? Beneficial owners are, *by definition*, not legal owners of copyrights. It is self-evident that the inclusion of beneficial owners was meant to broaden those entitled standing to bring infringement suits.

In *Righthaven LLC v. Wolf*,⁶⁸ the court defined beneficial owners as “ . . . parties who stand to

⁶⁶ *Bandai America, Inc. v. Bally Midway Mfg. Co.*, 775 F.2d 70, 73-74 (3d Cir. 1985) (“both the legal and the beneficial owners of copyrights have standing to sue infringers”).

⁶⁷ *Duncan v. Walker*, 533 U.S. 167, 174 (2001).

⁶⁸ 813 F.Supp.2d 1265 (D. Colo. 2011).

benefit from the legal dissemination of copyrighted material ('beneficial owners') have the right to sue for infringement under § 501(b) of the Copyright Act."⁶⁹ How is DRK not a party who stands to benefit from the legal dissemination of copyrighted material?

The Panel strains to avoid the most obvious and clear interpretation of § 501(b): that because Wiley's copyright infringements directly deny DRK a benefit—money it is entitled to otherwise receive by its relationship with the copyright holder—DRK is a beneficial owner with standing to sue Wiley for its copyright infringement.

Although the Panel pays lip-service to its empathy with the individual photographers' plight here, blaming Congress, in reality it looks away from the path provided by the 1976 Act to right this wrong.

B. The bare-right-to-sue rule undermines the Copyright Act's core purpose and leads to wasteful litigation invalidating crystal-clear transfers of copyright ownership.

The bare-right-to-sue rule undermines Copyright Act's core purpose—to encourage dissemination of creative works for the public benefit by making copyrights *enforceable*.⁷⁰ And, it precludes those

⁶⁹ 813 F.Supp.2d at 1271.

⁷⁰ 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)).

with legitimate interests in copyrights, like DRK, from enforcing them, even when they are best situated to prosecute an infringement action.⁷¹ The rule also encourages and rewards serial infringers, by giving them a way to prevent the only practical means of cost-effective enforcement. In turn, the bare-right-to-sue rule 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 “disguis[ing] assignments of the bare right to sue.” App. 99a.

The root of this problem is courts’ 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.⁷² As Judge Berzon said in her Concurrence in *McGraw-Hill*, “whether copyright claims are assignable should be . . . informed by the overall purpose of the Copyright Act.”⁷³ And under this Court’s jurisprudence, a determination of who has the statutory right to sue “begin[s] with the statutory purposes.”⁷⁴

Casting doubt upon the genuineness of a transfer because it was motivated in part to facilitate

⁷¹ 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).

⁷² *Silvers*, 402 F.3d at 891-96, 902-03.

⁷³ *McGraw-Hill*, 870 F.3d at 990.

⁷⁴ *Ray Charles Foundation v. Robinson*, 765 F.3d 1109, 1122 (9th Cir. 2015) (citing *Lexmark*, 134 S.Ct. 1387).

litigation serves no legitimate purpose. It does not matter *why* a copyright owner assigns ownership where, as here, there is no fraud.⁷⁵ 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.

IV. This case is of substantial importance and presents an ideal vehicle for resolving the questions presented.

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 dozens of photographers and involves 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."⁷⁶ Thus, the question whether multiple photographers' small copyright infringement

⁷⁵ *Rawlings v. National 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).

⁷⁶ 277 F.R.D. 255, 261 (S.D.N.Y. 2011), 2012 WL 6681701 (S.D.N.Y. 2012) (decertifying class).

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 Wiley, McGraw-Hill, 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*,⁷⁷ and in the music industry, as in *ABKCO*,⁷⁸ *Hacienda Records*,⁷⁹ and other cases.⁸⁰

This case is the ideal vehicle for reviewing and resolving the circuit splits regarding the bare-right-to-sue rule, and 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.

⁷⁷ *Silvers*, 402 F.3d at 883.

⁷⁸ 944 F.2d at 974.

⁷⁹ 718 Fed.Appx. 223.

⁸⁰ *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).

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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July 11, 2018

APPENDIX

Appendix A

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

August Term, 2015

(Argued: February 1, 2016
Decided: February 16, 2018)

Docket No. 15-1134

JOHN WILEY & SONS, INC.,

Plaintiff-Appellee,

—v.—

DRK PHOTO,

Defendant-Appellant.

B e f o r e :

PARKER, CHIN, and CARNEY, *Circuit Judges.*

In this copyright case, DRK, a purported assignee of photographers' rights to sue for infringement, seeks statutory damages from Wiley, a licensee,

for exceeding its licensed use of certain photographs as to which DRK non-exclusively represents the photographers. Invoking our precedent in *Eden Toys v. Florelee Undergarment, Co.*, 697 F.2d 27 (2d Cir. 1982), the District Court granted summary judgment to Wiley, concluding in part that DRK lacked statutory standing to sue Wiley for copyright infringement. Consistent with *Eden Toys*, we too conclude as a matter of law that the Copyright Act does not permit prosecution of infringement suits by assignees of the bare right to sue that are not and have never been a legal or beneficial owner of an exclusive right under copyright. In addition, because we also conclude that DRK is not and has never been the holder of an exclusive right in the photographs, we AFFIRM the judgment of the District Court.

Judge Parker dissents in a separate opinion.

ROBERT PENCHINA, Levine Sullivan Koch & Schulz, LLP, New York, NY, for *Plaintiff-Appellee*.

MAURICE HARMON, Harmon & Seidman, LLC, (Christopher Seidman and Gregory N. Albright, *on the brief*), Grand Junction, CO, for *Defendant-Appellant*.

SUSAN L. CARNEY, *Circuit Judge*:

In this copyright case, DRK Photo (“DRK”), an Arizona sole proprietorship and a non-exclusive

agent of numerous photographers, attempts to assert infringement claims against John Wiley & Sons, Inc. (“Wiley”), a licensee of the photographers’ images, for exceeding the scope of its licenses. DRK’s rights with respect to the infringement claims rest on agreements between it and the photographers. These purport to assign to DRK the right to sue on accrued causes of action. The parties dispute whether they also convey any exclusive right under a copyright. The District Court granted summary judgment for Wiley, concluding that DRK did not have statutory standing under the Copyright Act, 17 U.S.C. §§ 101 *et seq.*, to sue Wiley for infringement. On appeal, the primary question presented is whether the Act permits DRK, as a putative assignee of the bare right to sue for infringement, and who neither has, nor has ever had, an exclusive right under copyright in any of these photographs, may pursue an infringement claim against Wiley. Like the District Court, we conclude that it may not.

The text of the statute directs this result. In relevant part, the Act 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 while he or she is the owner of it.” 17 U.S.C. § 501(b). An assignee of the bare right to sue who does not hold, and has never held, an exclusive right under a copyright, is not such an owner. The statute nowhere provides that such an assignee may sue, and we think, in view of its designation of who *may* sue, that the omission signals that Congress did not so intend.

Supplementing that reading, the District Court here (Failla, J.) interpreted our 1982 decision in *Eden Toys, Inc. v. Florelee Undergarment, Co.*, 697 F.2d 27 (2d Cir. 1982), as requiring that any conveyance of the right to sue for infringement carry with it also an exclusive right under the copyright if it is to be effective as a basis for an infringement suit. *John Wiley & Sons, Inc. v. DRK Photo*, 998 F. Supp. 2d 262, 280 (S.D.N.Y. 2014). We think the import of our decision in *Eden Toys* may not be quite so conclusive on this score as the District Court understood, but if not necessarily controlling, it is at least strongly supportive of our textual reading here.

Because we also concur with the District Court that the agreements between DRK and the photographers that it represented as a non-exclusive agent do not convey such an exclusive right, nor did DRK hold such a right when Wiley is alleged to have committed the infringing acts, we AFFIRM that court's entry of summary judgment in Wiley's favor.

BACKGROUND

The factual background of this case is largely undisputed.¹

DRK Photo is operated by Daniel Krasemann. It maintains a collection of stock photographs

¹ As an evidentiary matter, the parties debate whether certain material extraneous to the operative agreements may appropriately be considered in conjunction with them. We refer to and identify that evidence in our narrative, below, and address the evidentiary challenge separately.

available for licensing, for a fee, by various users, including textbook publishers such as John Wiley & Son. Wiley, based in New York, is a global company that focuses on publishing educational materials for undergraduate and graduate students.

The parties' relationship began in 1992, when DRK first licensed Wiley to reproduce certain images for use in its educational materials. A typical DRK license granted to Wiley a one-time, non-exclusive right to use specified images not to exceed a certain number of copies, usually numbering in the tens of thousands. The cost to Wiley of a license typically ranged from approximately \$80 to \$500. DRK appears to have been generally open to amending a license after issuance to cover uses in larger production runs than originally authorized.

DRK does not directly employ photographers. Instead, it enters into "Representation Agreements" in which photographers grant to DRK, for a share of the licensing proceeds, the rights to include images in its collection and to license those images to third parties for a fee. The Representation Agreements relevant here establish non-exclusive agency relationships, in that they allow the photographers to enter into similar arrangements with other agents as well. In relevant part, the DRK non-exclusive license typically provides, "I desire that you [DRK] act as my agent with respect to the sale or leasing of the photographs or transparencies which I have delivered to you and shall deliver to you in the future." J.A. 294. DRK executed most of the Representation Agreements of concern here in the 1980s and '90s.

In 2008, DRK undertook what it called a “copyright registration program.” J.A. 205. As part of the program, DRK asked its photographers to execute a single-page document entitled “Copyright Assignment, Registration, and Accrued Causes of Action Agreement” (the “Assignment Agreement”). *Id.* at 205; *see also*, e.g., *id.* at 411. DRK explained in contemporaneous correspondence with the photographers that the Assignment Agreements were “necessary as DRK Photo is initiating a copyright registration program with the United States Copyright Office to officially register many of the images in its collection.” *Id.* at 205. DRK further explained that, “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.” *Id.* at 205. “[W]ith this Agreement,” it advised, “we receive the authorization necessary to initiate and settle copyright infringement claims brought against would be infringers of DRK Photo Images.” *Id.* at 205.²

The Assignment Agreements contain two pertinent provisions. The first, the “Granting Clause,” provides in relevant part:

The undersigned photographer, the sole owner of the copyrights in the undersigned’s images (“the Images”) selected by [DRK] and included in DRK’s collection, hereby grants to DRK all copyrights and

² The parties dispute both the propriety of considering this correspondence in conjunction with construing the agreements, as well as the import of the material.

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.

J.A. 411. The second, the “Right-to-Sue Clause,” provides in relevant part:

The undersigned agrees and fully transfers [to DRK] 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

Id. The agreements further call for DRK to divide any recovery obtained from infringement lawsuits evenly with the affected photographer.

Approximately one hundred photographers eventually executed Assignment Agreements with DRK. And, between 2009 and 2010, DRK registered the covered images in its collection with the United States Copyright Office. The related Certificates of Registration denote the relevant photographer as the “author” and DRK as the “copyright claimant.” *Id.* at 342–43.

In August 2011, Wiley filed the instant action for declaratory judgment in the United States District Court for the Southern District of New York, alleging that DRK threatened to bring infringement lawsuits against it for exceeding the usage limits set in its licenses. Wiley sought a declaration exonerating it from liability related to

316 particular instances of alleged infringement in which it used images in DRK's collection. (Some images were subject to multiple instances of alleged infringement. *DRK Photo*, 998 F. Supp. 2d at 271. Like the District Court, we use "instances" to refer to an image's *use*, and not to a distinct image. *Id.*) DRK counterclaimed, alleging that Wiley engaged in copyright infringement in 295 of those instances. Of those, 45 involved images for which DRK was the "sole and exclusive" agent of the photographer; the remaining 250 were subject to agreements of the non-exclusive type just described. Special App. 80–82.

The parties each moved for summary judgment. DRK prevailed with respect to images subject to its exclusive representation agreements, and Wiley does not appeal that judgment here. *DRK Photo*, 998 F. Supp. 2d at 286–88. But, as to the images for which DRK was a non-exclusive agent, the District Court granted summary judgment to Wiley and dismissed DRK's infringement claims. It reasoned, first, that because the Representation Agreements did not render DRK the sole and exclusive agent of the photographers, section 501 of the Act did not permit DRK to prosecute the claim. *Id.* at 275–84. Second, the court found that the Assignment Agreements, too, fell short of providing DRK an adequate basis to sue Wiley because they conveyed nothing more than the right to sue for infringement. *Id.* at 280. Pointing to the statutory origins of copyright and our Court's decision in *Eden Toys, Inc. v. Florelee Undergarment Co.*, the District Court explained that the photographers could not "authorize[] DRK [merely] to bring suit on their behalf." *Id.*

(citing *Eden Toys, Inc. v. Florelee Undergarment Co.*, 697 F.2d 27, 32 n.3 (2d Cir. 1982), superseded by rule on other grounds as recognized in *Fed. Treas. Enterp. Sojuzplodoimport v. SPI Spirits Ltd.*, 726 F.3d 62, 84 (2d Cir. 2013)). Pointing also to a line of Ninth Circuit cases beginning with its decision en banc in *Silvers v. Sony Pictures Entertainment, Inc.*, 402 F.3d 881 (9th Cir. 2005), the court ruled that “disguised assignments of the bare right to sue . . . cannot confer [statutory] standing.” *DRK Photo*, 998 F. Supp. 2d at 284 (internal quotation marks omitted).

DRK timely appealed the court’s grant of summary judgment to Wiley on these claims. On appeal, DRK urges us to conclude that, even with respect to its non-exclusive agency relationships, its Representation and Assignment Agreements sufficed to support its suit against Wiley under the Act and that it is therefore entitled to recover statutory damages for Wiley’s allegedly infringing uses.

DISCUSSION

We review *de novo* a district court’s grant of summary judgment, resolving all factual ambiguities and drawing all reasonable factual inferences in favor of the nonmoving party. *Davis v. Blige*, 505 F.3d 90, 97 (2d Cir. 2007).

DRK offers two theories in support of its position that the Act authorizes it to sue Wiley for copyright infringement. First, pointing to the Assignment Agreements’ transfer to it of the photographers’ rights to sue for infringement, DRK contends that it may bring any action for

infringement that the photographers might have pursued. Second, it argues that even if the Copyright Act does not permit suit by an assignee that is not and has never been a legal or beneficial owner of the copyrighted work, the Assignment and Representation Agreements make it sufficiently such an owner to allow it, under the Act, to institute suit.

I. If it is merely an assignee of the right to sue for infringement, can DRK prosecute a copyright infringement action?

DRK first argues that it is entitled to sue Wiley for infringement of the photographs under the Right-to-Sue Clause of the Assignment Agreements. As we have noted, that clause states that the photographers “fully transfer[] [to DRK] all right, title and interest in any accrued or later accrued claims, causes of action, choses in action . . . or lawsuits, brought to enforce copyrights in the Images.” J.A. 411. Wiley accepts that DRK and the photographers may have intended in this clause to convey to DRK the right to sue for infringement. It nevertheless contends that a purported assignment of that right, standing alone, is inadequate to allow DRK to assert a claim under section 501(b) of the Act.

Section 501(b) provides in part 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). None dispute that the “exclusive right[s] under a copyright” to which section 501(b) refers are those six “[e]xclusive rights in

copyrighted works” enumerated in section 106 of the Act: the right to reproduce the work, prepare derivative works, distribute the work to the public, perform the work, display the work, and perform the work by means of digital transmission. 17 U.S.C. § 106.³

Wiley contends and DRK disputes that, in our decisions in *Eden Toys and ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 944 F.2d 971 (2d Cir. 1991), we definitively interpreted section 501(b) to preclude suit under the Act by assignees of the

³ In full, section 106, “Exclusive rights in copyrighted works,” 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;
- (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.

bare right to sue that have never held exclusive ownership rights. As discussed below, we are not convinced that these cases compel the conclusion that Wiley claims. We therefore return to the statutory text to determine whether, as DRK submits, it may sue under section 501(b). We address these arguments in turn.

A. *Eden Toys* and *ABKCO*

We first consider whether these decisions compel dismissal of DRK's infringement action for want of statutory standing.⁴ The District Court agreed with Wiley that they do. *See DRK Photo*, 998 F. Supp. 2d at 280. We think, on balance, that neither is dispositive.

First, our decision in *Eden Toys* is fairly susceptible to more than one reading on this score. In *Eden Toys*, Paddington and Company, Limited ("Paddington"), the owner of the copyright in the fictional character Paddington Bear, executed a license with Eden Toys, Inc. ("Eden") that made Eden (1) an exclusive licensee for some uses of the primary copyright, and (2) an owner of Eden's derivative works in the copyright. The license granted Eden "the right, at its option, . . . to

⁴ We recognize that, to ensure that the right to sue is not confused with Article III standing, the Supreme Court has discouraged the use of the term "statutory standing." *See Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1387 n.4 (2014). We use the phrase "statutory standing" here for historical reasons, to refer to a plaintiff's right to pursue a cause of action under the Copyright Act. *See, e.g., Buday v. N.Y. Yankees P'ship*, 486 F. App'x 894, 899 (2d Cir. 2012); *Fed. Treasury Enter. Sojuzplodoimport v. SPI Spirits Ltd.*, 726 F.3d 62, 72 (2d Cir. 2013).

institute appropriate legal action against [an] infringer [of the primary copyright]," but only in the event that the copyright owner, Paddington, "elect[ed] to take no legal action." *Eden Toys*, 697 F.2d at 30 n. 2. Our Court concluded that Eden could state a cause of action for infringement of its own derivative works and licensed uses, *id.* at 33–37, but not for infringing uses of the primary Paddington Bear copyright, as to which the licensor Paddington retained the right to sue, *id.* at 32–33. In a footnote, we stated that the Copyright Act does not permit "holders of rights under copyrights to choose third parties to bring suits on their behalf." *Id.* at 32 n.3. We noted in brief explanation that "while F[ed]. R. Civ. P. 17(a) ordinarily permits the real party in interest to ratify a suit brought by another party, the Copyright Law is quite specific in stating that only the 'owner of an exclusive right under a copyright' may bring suit." *Id.* (internal citations omitted) (quoting 17 U.S.C. § 501(b)). It is on this language that Wiley's stare decisis argument rests.

Competing views of the *Eden Toys* footnote have emerged since we decided the case more than thirty years ago. Some have read the opinion as merely precluding prosecution of an infringement suit by a copyright holder's agent, and offering nothing of substance about the legitimacy of suit based on only an outright assignment. *See Silvers*, 402 F.3d at 910 (Bea, J., dissenting); 3 Melville Nimmer & David Nimmer, *Nimmer on Copyright* § 12.02[C]. Because Eden Toys' license permitted it to sue only subject to a condition—that is, only when the copyright holder elected to forgo its own

(primary) right to sue—*Eden Toys* can be read to hold that a license *in the form presented there* is insufficient to convey a cause of action for all infringements of the copyright. In other words, as to infringements of the original copyrighted work, Eden held a mere secondary right to sue, and under the Copyright Act, that assignment was insufficient to allow Eden Toys to sue for infringement. *See Eden Toys*, 697 F.2d at 32 n.3. As some have observed, this reading of the opinion leaves open “[t]he more difficult question . . . whether the assignee of solely an accrued claim and no other copyright interest has standing to sue.” 3 Nimmer & Nimmer § 12.02[C].

On the other hand, some have read *Eden Toys* as precluding infringement actions like DRK’s. *See DRK Photo*, 998 F. Supp. 2d at 280. This reading, too, has been endorsed by commentators. *See* 6 William Patry, *Patry on Copyright* § 21:5 (citing *Eden Toys* for proposition that “section 501(b) does not permit the copyright owner to retain the copyright, but convey the mere right to sue”). And this was the reading adopted by the Ninth Circuit majority in *Silvers*. In fact, the *Silvers* majority drew partial support for its decision by characterizing it as maintaining consistency with the law of our Circuit. 402 F.3d at 889–90 (“We think it important to parallel the Second Circuit. . . .”). We appreciate the consideration it gave to our prior decision and to the need for a uniform regime.

We need not resolve here which is the better reading of this *Eden Toys* footnote, however, because, as we explain below, we simply read the text of the Copyright Act to preclude infringement

suits by assignees of merely the right to sue who do not hold and have not yet held any of the listed exclusive rights. *Eden Toys* at least supports our decision, and no reading of *Eden Toys* prevents us now from adopting that view.

Second, our decision in *ABKCO* does not directly address whether the Copyright Act permits suit by a mere assignee of the right to sue. In *ABKCO*, we evaluated the basis for ABKCO's 1980 settlement with George Harrison for his allegedly infringing use of the song "He's So Fine." *See ABKCO*, 944 F.2d at 980–81. ABKCO acquired exclusive rights in the song in 1978, when it purchased the copyright together with "any and all rights assertable under copyright against the Infringing Composition . . . which may have heretofore arisen or which may hereafter arise." *Id.* at 980. That acquisition occurred eight years after the claims accrued in 1970 and four years after the district court had found liability on the claims at issue. *See id.* at 975.

We decided that ABKCO's rights in the 1980 settlement were based on the owner's transfer to ABKCO of accrued claims for infringement, and not simply on ABKCO's concurrent ownership of exclusive rights under the copyright in "He's So Fine." *Id.* at 981. We explained, "[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." *Id.* at 980. We further noted that "the Copyright Act does not permit copyright holders to choose third parties to bring suits on their behalf." *Id.* In the event that accrued claims are not expressly included in the assignment, "the

assignor retains the right to bring actions accruing during its ownership of the right, even if the actions are brought subsequent to the assignment.” *Id.* ABKCO, we concluded, was entitled to participate in the 1980 settlement because it had obtained the right to sue for past infringement. *Id.* at 981.

We acknowledge that some of the language in *ABKCO* seems in tension with the text of section 501(b). But that language must be understood in the context of the complex factual and procedural history of that case. In *ABKCO*, we treated ownership of accrued claims for infringement as assets separate from ownership of an exclusive right, in the sense that assignment of the latter did not necessarily imply assignment of the former. Because ABKCO possessed both the exclusive right allegedly infringed and the accrued claim for infringement (as to which liability had already been adjudicated), that decision did not necessarily resolve the question whether one assigned merely the right to sue for infringement and who has never held any of the exclusive rights listed in section 106 has statutory standing to sue.

In light of the ambiguity of these decisions on this question, we return to the text of the Copyright Act to determine afresh whether it allows such plaintiffs to pursue infringement suits.

B. Whether the Copyright Act permits suit by mere assignees of the bare right to sue

Our analysis begins with the statutory language. See *In re Ames Dep’t Stores, Inc.*, 582 F.3d 422, 427 (2d Cir. 2009) (“Statutory interpretation always

begins with the plain language of the statute” (internal quotation marks omitted)). Section 501(b) 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 any 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.

17 U.S.C. § 501(b).

The most natural reading of this provision, it seems to us, is that by identifying who may bring suit under the Act, Congress signaled that others may not. As the District Court correctly observed, “This right [in copyright] ... does not exist at common law [in the United States]—it originated, if at all, under the acts of [C]ongress.” *DRK Photo*, 998 F. Supp. 2d at 276 (quoting *Wheaton v. Peters*, 33 U.S. 591, 663–64 (1834)). A suit for infringement is thus a “creature of statute.” *Silvers*, 402 F.3d at 883–84. This being so, Congress may

determine—and limit, if it so chooses—who may enforce the rights it has created.

Further, the interpretive canon of *expressio unius est exclusio alterius* instructs that Congress's expression of one or several items in an enumerated list typically reflects an intent to "exclude[] another left unmentioned." *N.L.R.B. v. SW Gen., Inc.*, 137 S. Ct. 929, 940 (2017) (internal quotation marks omitted). In the Copyright Act, Congress expressly provided a cause of action for infringement only for "legal or beneficial owner[s]" of one of the six enumerated "exclusive right[s] under a copyright." 17 U.S.C. § 501(b). The right to sue is conspicuously absent from the list of exclusive rights. *See* 17 U.S.C. § 106. The plain language of the Act does not authorize infringement actions by mere assignees of the bare right to sue – entities that do not hold and indeed never held any section 106 exclusive right in the allegedly infringed-upon work.

The special features of copyright make the application of the *expressio unius* canon especially appropriate. In enacting and amending the Copyright Act, Congress legislates regarding a property interest that carries special and deep-rooted public policy concerns. *See Eldred v. Ashcroft*, 537 U.S. 186, 219 (2003) (noting that "copyright's purpose is to promote the creation and publication of free expression" (emphasis omitted)); *see also* U.S. Const. art. I, § 8, cl. 8 (establishing congressional power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries"). The copyright regime that Congress had adopted and

over time amended reflects a legislative balancing of rights and duties with unique features. *See Eldred*, 537 U.S. at 219. For example, an action for infringement is not simply one for a readily ascertainable debt for a sum certain: copyright infringement claims are multifaceted and complex. We are reluctant to risk disturbing the balance that Congress settled on by reading into the Act features that Congress has not expressly adopted.

Our reluctance in this respect takes on particular importance in section 501(b), where Congress appears to have taken care to craft limits on the right to sue. For example, section 501(b) prevents even holders of one of the six exclusive section 106 rights from suing unless the alleged infringement occurred “while he or she [was] the owner of it.” 17 U.S.C. § 501(b). We read this “durational limitation,” as did the *Silvers* majority, as reflecting an effort to “carefully circumscribe[]” the right to sue for infringement, marking an additional reason not to inject an additional untethered right to sue into the congressional silence. *Silvers*, 402 F.3d at 885; *see also DRK Photo v. McGraw-Hill Glob. Educ. Holdings, LLC* (“*McGraw-Hill*”), 870 F.3d 978, 988 (9th Cir. 2017)).⁵

⁵ Following oral argument in this appeal, the Ninth Circuit decided that DRK lacked standing in a similar case, in which DRK sued McGraw-Hill, another publisher, for infringement. *DRK Photo v. McGraw-Hill Glob. Educ. Holdings, LLC*, 870 F.3d at 988. Wiley (here, the plaintiff publisher seeking declaratory judgment against DRK) brought the decision to our attention through a Rule 28(j) letter and argued that the Ninth Circuit ruling moots the instant appeal by application of collateral estoppel principles against DRK with regard to DRK’s statutory standing to assert infringement counter-claims against Wiley.

We also find persuasive the observation that Congress failed entirely in section 501(b) to make any mention of or accommodation for entities that are mere assignees of the right to sue and whose rights are divorced from all of the exclusive rights. Thus, in addition to setting out who may sue, section 501(b) contains notice and joinder provisions intended to ensure in infringement suits that “other owners whose rights may be affected are notified and given a chance to join the action.”

Collateral estoppel may apply when “(1) the issues in both proceedings are identical, (2) the issue in the prior proceeding was actually litigated and actually decided, (3) there was full and fair opportunity to litigate in the prior proceeding, and (4) the issue previously litigated was necessary to support a valid and final judgment on the merits.” *Transaero, Inc. v. La Fuerza Aerea Boliviana*, 162 F.3d 724, 731 (2d Cir. 1998). Courts are not obligated, however, to apply collateral estoppel to bar the affirmative assertion of claims. *See, e.g., Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 331 (1979) (“We have concluded that the preferable approach for dealing with these problems in the federal courts is not to preclude the use of offensive collateral estoppel, but to grant trial courts broad discretion to determine when it should be applied.”); *SEC v. Monarch Funding Corp.*, 192 F.3d 295, 303–04 (2d Cir. 1999) (“When the efficiency rationale for collateral estoppel fails, however, courts have understandably declined to adopt the doctrine.”); *Olegario v. United States*, 629 F.2d 204, 215 (2d Cir. 1980) (declining to apply doctrine because “case raises important issues of national concern”).

Here, exercising our discretion, we decline to apply collateral estoppel against DRK for several reasons. First, this case presents an issue of importance in this Circuit, worthy of independent consideration. Second, the issues have already been fully briefed and argued, so judicial efficiency would not be served by estopping DRK from proceeding. Third, DRK may yet choose to challenge the Ninth Circuit decision through a petition for certiorari: the Ninth Circuit decision, as of this writing, is not yet final.

H.R. Rep. No. 94-1476, at 159 (1976). The statute thus allows courts to “require the joinder . . . of any person having or claiming an interest in the copyright,” or to require that a plaintiff alleging infringement “serve written notice of the action with a copy of the complaint upon any person shown . . . to have or claim an interest in the copyright.” 17 U.S.C. § 501(b). Notice and joinder, however, are expressly invited only in suits brought by a “legal or beneficial owner” of an enumerated copyright right under the Act. *Id.* As already noted, the right to sue is not one of those enumerated rights. *See id.* § 106. Silence in this provision, too, provides further evidence of Congress’s anticipation of suit only by those it named.

Finally, we recognize that a central thrust of the 1976 modifications to the Copyright Act, which enacted section 106, was to abandon the prohibition on divisibility of copyright that courts had read into the 1909 version of the Act. *See H.R. Rep. No. 94-1476*, at 61 (noting that section 106 creates a “bundle of rights” that is a copyright,” which “may be subdivided indefinitely”). The introduction of section 106 suggests to some that Congress has invited, or at least not forbidden, further unbundling of manifold rights, such as would permit recognition of rights to sue in mere assignees of the right to sue that hold none of the exclusive rights. *Silvers*, 402 F.3d at 896–99 (Bea, *J.*, dissenting). But, although the 1976 modification certainly effected an expansion of actionable rights under the Act and the House report includes a phrase heralding “indefinite[]” subdivision, the expansion was accomplished primarily through the enactment of section 106. That section—as apparent from its

text—identifies only six particular alienable elements. Given the importance of this section in effectuating Congress’s goal to render copyrights divisible, Congress’s omission from it of the right to sue for infringement as a separate exclusive right strikes us as especially significant.

C. Whether background principles of federal common law overcome the plain reading of the Act

DRK argues that our reading of the Act ignores background common law principles that permit the free assignability of federal claims. It asserts, in particular, that our holding “is not valid” after *Sprint Communications Co. v. APCC Services, Inc.*, 554 U.S. 269 (2008). Appellant’s Br. at 59. We cannot agree.

In *Sprint*, the Supreme Court considered whether an assignee of an injured party’s claim for monies owed under the Federal Communications Act had constitutional standing to pursue that claim. 554 U.S. at 271. As part of its reasoning, the Court undertook an analysis of the history of the assignability of claims, ultimately finding that “throughout the 19th century, American courts regularly exercised their powers in favor of the assignee” of a chose in action.⁶ *Id.* at 278 (internal

⁶ A chose in action is “an interest in property not immediately reducible to possession.” *Sprint*, 554 U.S. at 275. It includes “a financial interest such as a debt, a legal claim for money, or a contractual right.” *Id.* The Fifth Circuit has construed copyright infringement claims as choses in action. *See Prather v. Neva Paperbacks, Inc.*, 410 F.2d 698, 699–700 (5th Cir. 1969).

quotation marks omitted). This trend toward assignability, the Court concluded, provided a basis for conferring standing on the aggregators of claims for purposes of collection. *Id.* at 285. Although the Supreme Court’s decision in *Sprint* focused on constitutional and prudential standing, the majority opinion hints at the Court’s recognition of a generally permissive regime for the assignment of federal causes of action, at least for some categories of statutory claims. *See id.* at 285–86; *see also United States v. Texas*, 507 U.S. 529, 534 (1993) (noting that federal statutes should be “read with a presumption favoring the retention of long-established and familiar principles”).

But whether any trend toward assignability should apply in the copyright context is a different matter. Even assuming that congressional silence may, in general, reflect an intention not to preclude suit on assigned claims, we do not think it follows that such an interpretive principle would govern copyright claims. To the contrary, we see reason to conclude that the trend towards liberal assignability of claims reflected in *Sprint* should not reach copyright infringement claims. *See McGraw-Hill*, 870 F.3d at 988 (“*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”).

Despite what may be modern expansions of the right to sue, assignability of litigation claims is not universally countenanced. It remains constrained in many jurisdictions by common law prohibitions on

maintenance,⁷ champerty,⁸ and barratry⁹—doctrines that developed to ensure the authenticity of lawsuits and the bona fides and commitment of the parties prosecuting them. *See Sprint*, 554 U.S. at 306 (Roberts, *C.J.*, dissenting) (discussing champerty and maintenance); *see also* Anthony J. Sebok, *The Inauthentic Claim*, 64 Vand. L. Rev. 61, 62, 107 (2011) (reporting that only twenty-eight states “permit maintenance in some form” and that of these, only “sixteen explicitly permit maintenance for profit”); Susan Lorde Martin, *Syndicated Lawsuits: Illegal Champerty or New Business Opportunity?*, 30 Am. Bus. L.J. 485, 488 (1992)

⁷ Blackstone defined maintenance as the “officious intermeddling in a suit that no way belongs to one, by maintaining or assisting either party, with money or otherwise, to prosecute or defend it.” 4 William Blackstone, *Commentaries on the Laws of England*, at *134–35 (1765) (William Draper Lewis, ed., 1922); *see also* *Sprint*, 554 U.S. at 306 n.3 (Roberts, *C.J.*, dissenting). At common law, maintenance was considered to be “an offence against public justice, as it keeps alive strife and contention, and perverts the remedial process of the law into an engine of oppression.” *Sprint*, 554 U.S. at 306 n.3 (Roberts, *C.J.*, dissenting) (internal quotation marks omitted).

⁸ Champerty is “a species of maintenance . . . being a bargain with a plaintiff or defendant *campum partire*, to divide the land or other matter sued for between them, if they prevail at law; whereupon the champertor is to carry on the party’s suit at his own expense.” 4 Blackstone, *Commentaries*, at *135; *see also* *Sprint*, 554 U.S. at 306 n.3 (Roberts, *C.J.*, dissenting).

⁹ Barratry is “frequently exciting and stirring up suits and quarrels.” 4 Blackstone, *Commentaries*, at *154; *see also* Susan Lorde Martin, *Syndicated Lawsuits: Illegal Champerty or New Business Opportunity?*, 30 Am. Bus. L.J. 485 (1992) (discussing state laws concerning barratry).

(noting that “[a]t least ten states have statutes which . . . prohibit barratry” and “[i]n Maine and Mississippi, champerty is a crime”).

Even in the context of congressionally created causes of action, federal law does uniformly not permit suit based on a bare assigned claim. Indeed, such suits are not permitted under patent law, an area by tradition seen as closely related to copyright. *See Impression Prods., Inc. v. Lexmark Int'l, Inc.*, 137 S. Ct. 1523, 1536 (2017) (noting that patent law and copyright “share a ‘strong similarity . . . and identity of purpose’” (quoting *Bauer & Cie v. O'Donnell*, 229 U. S. 1, 13 (1913))). In its seminal decision in *Crown Die & Tool Co. v. Nye Tool & Machine Works*, the Supreme Court held that the right to sue for past patent infringement is not a chose in action that is freely assignable under common law principles. 261 U.S. 24, 40 (1923). As the *Crown Die* Court explained, “It is the fact that the patentee has invented or discovered something useful and thus has the common-law right to make, use and vend it himself which induces the government to clothe him with the power to exclude every one else from making, using or vending it.” *Id.* at 36. Accordingly, the right to exclude other patent uses is merely the “chief incident of” the patent holder’s own common law rights, which flow from the discovery or invention. *Id.* The “incident of exclusive ownership,” the Court explained, “can not be enjoyed save with the common-law right.” *Id.* Moreover, the right to sue for patent infringement is not otherwise transferable as a chose in action at common law, the Court taught, because “[p]atent property is the creature

of statute law and its incidents are equally so and depend upon the construction to be given to the statutes creating it and them, in view of the policy of Congress in their enactment.” *Id.* at 40. In absence of congressional authorization, the monopoly created by the Patent Act—including, chiefly, the right to exclude others from using it—“cannot be regulated by the rules of the common law.” *Id.*

The Supreme Court has long recognized patent law’s strong and “historic kinship” with copyright law, a kinship that is reflected in the Constitution. *Sony Corp. of Am. v. Universal City Studios*, 464 U.S. 417, 439 (1984); *accord Impression Prod., Inc.*, 137 S. Ct. at 1536; *Bauer & Cie*, 229 U.S. at 13. Applying the logic of *Crown Die*, we are inclined, despite the age of that decision, to see the right to sue for copyright infringement still as an incidental privilege of ownership of a right to a copyrightable work. Absent express congressional authorization for suit by a transferee of the bare right to sue for infringement, this “incidental privilege” of copyright ownership strikes us as, similar to a patent holder’s right, not independently transferable under the current congressionally enacted copyright regime.

Some have argued against applying an analogy to patent law in this context, correctly observing that the patent law regime differs from copyright law in that the exclusive rights under a patent are not divisible. *See e.g., Silvers*, 402 F.3d at 904–05 (Bea, *J.*, dissenting). The Supreme Court in *Crown Die*, however, acknowledged the non-divisibility of the rights under a patent, 261 U.S. at 37, and we think its holding in that case did not rest in any

fundamental way upon this observation. Instead, its holding rested on: (1) the Court’s characterization of the right to exclude other patent users (through suit, if necessary) as incident to—that is, coupled with—the common law rights flowing from the invention or discovery itself, *id.* at 36, and (2) the absence of any statutory provision authorizing the transfer of the right to sue for patent infringement as a chose in action, *id.* at 40.

We are also unconvinced by the argument that we must disclaim any analogy to patent law because in patent law, disclosure is “the *quid pro quo* of the right to exclude,” whereas in copyright law, disclosure is the “desired objective.” *Silvers*, 402 F.3d at 894 (Berzon, *J.*, dissenting) (internal quotation marks omitted). In our view, that difference does not suffice to convert the “incidental privilege” that is the right to sue (in the patent law context) into an independent and fully transferable interest (in the copyright context). Rather, in each case, disclosure and protection are aimed at accomplishing the goals set out in the Constitution: “To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” U.S. Const. art. I, § 8, cl. 8. At the least, *Crown Die* suggests to us that the realm of intellectual property law has special characteristics that place it outside of any generally permissive regime for the assignment of federal claims. *See Crown Die*, 261 U.S. at 40 (“[I]t is not safe . . . in dealing with a transfer of rights under the patent law to follow implicitly the rules governing a transfer of rights in a chose in action at common law.”).

We are persuaded from our reading of the Act, as informed by long-adhered-to practices in the

intellectual property realm, that the Act does not permit a plaintiff assignee to bring a claim for infringement without also having or having had a legal or beneficial ownership in some exclusive right under part of the allegedly infringed copyright.

II. Whether DRK is a legal or beneficial owner of an exclusive right

Finally, DRK contends that it should be permitted to sue Wiley for infringement because the Representation Agreements and the Assignment Agreements make it either a legal owner or a beneficial owner of an exclusive right in copyright in the images. We conclude that neither argument carries the day.

A. Legal ownership

Legal ownership of the exclusive rights under a copyright initially vests in the author of the copyrighted work. 17 U.S.C. § 201(a). The author may transfer all or a subset of these rights “by any means of conveyance or by operation of law.” *Id.* § 201(d)(1).¹⁰ After transfer, the new owner of a

¹⁰ Section 201(d) of title 17 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).

particular exclusive right is “entitled, to the extent of that right, to all of the protection and remedies accorded to the copyright owner.” *Id.* § 201(d)(2).

Owners of exclusive rights may grant essentially two types of licenses, exclusive and non-exclusive, authorizing others to use their rights. *Blige*, 505 F.3d at 99–100. The type of license conferred has important implications for the scope of the licensee’s privileges under the Copyright Act. An exclusive licensee holds “the exclusive right—superior even to copyright owners’ rights—to use the copyrighted work in a manner as specified by the license agreement,” and may exclude others entirely from using the copyrighted work. *Id.* at 99. Although an exclusive licensee “is capable of breaching the contractual obligations imposed on it by the license,” it “cannot be liable for infringing the copyright rights conveyed to it.” *U. S. Naval Inst. v. Charter Commc’ns, Inc.*, 936 F.2d 692, 695 (2d Cir. 1991). In contrast, a non-exclusive license merely permits the licensee “to use the copyrighted material.” *Blige*, 505 F.3d at 99. Such licenses “may be granted to multiple licensees,” *id.*, and serve only to “immunize[] the licensee from a charge of copyright infringement, provided that the licensee uses the copyright as agreed with the licensor,” *id.* at 100. Accordingly, an exclusive licensee is a “legal owner” of an exclusive right for purposes of a copyright infringement action under section 501(b), *see id.* at 100 n.10, whereas a non-exclusive licensee is not, *see Eden Toys*, 697 F.2d at 32.

DRK argues that, by making it the photographers' licensing agent, the Representation Agreements convey the exclusive right to authorize reproduction of the images. *See, e.g.*, J.A. 294. Further, DRK says, the Granting Clause of the Assignment Agreements unambiguously conveys "all copyrights and complete legal title in the Images." *See, e.g.*, *id.* at 411. In our view, neither set of agreements gives DRK a sufficient legal ownership interest to satisfy section 501.

1. The Representation Agreements

We can dispense in short order with the Representation Agreements as a potential source of legal ownership. These agreements merely make DRK one of potentially many agents of each photographer. They provide only that "[the photographer] desire[s] that [DRK] act as [the photographer's] agent with respect to the sale or leasing of the photographs or transparencies." J.A. 294. Nothing in the agreements purports to establish an exclusive principal-agent relationship with respect to either photographer or image. In contrast, other DRK agreements, not at issue here, make DRK the "sole and exclusive agent" of the relevant photographers. *Id.* at 292. Thus, the Representation Agreements here fail on their face to convey an exclusive right in copyright to DRK, as section 501 requires. *See McGraw-Hill*, 870 F.3d at 984–85.

2. The Assignment Agreements

The import of the Assignment Agreements is not so evident.¹¹ The Granting Clause of these agreements purports to convey not just some of the exclusive rights under the copyrights in the images, but “*all* copyrights and *complete* legal title.” J.A. 411 (emphasis added). Thus, the agreements on their face appear designed to convey to DRK *all* of the exclusive rights under copyright in the images.

The District Court heavily discounted this contractual language, concluding that the actual effect of the agreements was merely to convey the bare right to sue for infringement. *DRK Photo*, 998 F. Supp. 2d at 280–84. In doing so, it relied on the Granting Clause’s requirement that DRK reassign the copyright to the photographers

¹¹ The reader will recall that the Assignment Agreements contain a Granting Clause and a Right-to-Sue Clause. The Granting Clause provides:

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, 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 . . . and resolution of infringement claims brought by DRK relating to the Images.

J.A. 411. The Right-to-Sue Clause provides:

The undersigned agrees and fully transfers [to DRK] 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 . . .

Id.

“immediately upon . . . resolution of infringement claims” brought by DRK; it also cited persuasive and extensive extrinsic evidence in the form of DRK’s contemporaneous emails with the photographers. *Id.* at 281–82. But DRK convincingly argues that the court failed to consider adequately whether it was entitled to look beyond the plain language of the contracts in conducting its analysis.¹² Nevertheless, undertaking that analysis, we conclude that applicable state law permits consideration of extrinsic evidence in this case, and that the evidence, coupled with the re-conveyance language in the Agreements, demonstrates beyond any genuine dispute that DRK lacks legal ownership of an exclusive right.¹³

¹² Wiley complains that DRK failed to argue before the District Court that the parol evidence rule bars consideration of the extrinsic evidence here, and argues that DRK has forfeited the argument. Although we could treat the argument as forfeited, our forfeiture rule is prudential.

We elect to consider DRK’s contention. *Baker v. Dorfman*, 239 F.3d 415, 420 (2d Cir. 2000) (explaining that our Court generally “does not consider an issue not passed upon below,” but that we “retain broad discretion to consider issues not raised initially in the District Court”).

¹³ The District Court did not consider whether the parol evidence rule would prevent it from relying on extrinsic evidence when determining the intent of the parties in executing the Assignment Agreements. Rather, the court simply referred to the principle—adopted by many other Circuits—that federal courts interpreting copyright transfer agreements should “look not just at the labels parties use but also at the substance and effect of the contract.” *DRK Photo*, 998 F. Supp. 2d at 280 (quoting *Righthaven LLC v. Hoehn*, 716 F.3d 1166, 1169 (9th Cir. 2013)); *see also HyperQuest, Inc. v. N’Site Solutions, Inc.*, 632 F.3d 377, 383 (7th Cir. 2011) (collecting cases). But this principle does not

It is well settled that state law rules of contract construction govern the interpretation of copyright transfer agreements, notwithstanding the federal statutory source of the rights at issue. *Graham v. James*, 144 F.3d 229, 237 (2d Cir. 1998).

Accordingly, to the extent that state law follows the parol evidence rule, federal courts should apply that rule in interpreting copyright transfer agreements. We must thus consider which state's rules of contract construction apply here.

The Assignment Agreements contain no choice of law provision, and it is an open question whether federal common law or the law of the forum state—here, New York—supplies the correct choice of law framework in the context of copyright-related agreements. *See generally Pescatore v. Pan Am. World Airways, Inc.*, 97 F.3d 1, 12 (2d Cir. 1996). But we need not settle the issue now. The Restatement (Second) of Conflict of Laws, to which both New York and federal courts look, declares that courts will apply the laws of the state that “has the most significant relationship to the transaction and the parties.” Restatement (Second) of Conflict of Laws § 188 (1971); *see also Pescatore*, 97 F.3d at 12; *Zurich Ins. Co. v. Shearson Lehman Hutton, Inc.*, 84 N.Y.2d 309, 317–18 (1994).

contemplate the use of extrinsic evidence. *See Righthaven*, 716 F.3d at 1171 (declining to consider extrinsic evidence of the parties' intent because the agreement “was not ambiguous”). Although the District Court's decision did not address whether the parol evidence rule would prevent it from relying on evidence outside the document's four corners, we may affirm on any ground appearing in the record. *See Gmurzynska v. Hutton*, 355 F.3d 206, 210 (2d Cir. 2004) (per curiam).

In this case, the state of Arizona has the most significant relationship to the assignment transaction and the parties. The photographers resided in various locations around the globe when they executed the agreements, *see, e.g.*, J.A. 411 (United Kingdom), 415 (New York), but DRK was always located in Arizona, where sole proprietor Daniel Krasemann does business. DRK executed the agreements in Arizona and performed its obligations under the Registration Agreements—registering the images with the Copyright Office and bringing any infringement lawsuits—from its base of operations there. In contrast, other than transferring copyright ownership to DRK by signing the document, the photographers had no responsibilities under the agreements. Moreover, the subject matter of the agreements—photographs contained in DRK’s collection—was physically located in Arizona, under DRK’s control. No single jurisdiction has a closer tie to the agreements.¹⁴ Therefore, Arizona law governs.

Arizona follows a modified version of the parol evidence rule. *See Taylor v. State Farm Mut. Auto. Ins. Co.*, 175 Ariz. 148, 154 (1993). In its standard formulation, the parol evidence rule prohibits consideration of extrinsic evidence unless a contract’s written terms manifest a facial ambiguity. *See, e.g., W.W.W. Assocs., Inc. v. Giancontieri*, 77 N.Y.2d 157, 162–63 (1990) (New York law). Under the Arizona rule, by contrast, a court may consider extrinsic evidence as a preliminary matter to

¹⁴ Wiley’s location in New York has no bearing on the issue, of course, because Wiley was not a party to the Assignment Agreements.

determine whether the “contract language is reasonably susceptible to the interpretation asserted by its proponent.” *Taylor*, 175 Ariz. at 154. As we understand it, if, based on extrinsic evidence, the (Arizona) judge finds the contract ambiguous as a preliminary matter, then “the evidence is admissible to determine the meaning intended by the parties.” *Id.*

Wiley proposes, based on extrinsic evidence, that the Registration Agreements should be read as transferring title to the copyrights for purposes of registration and filing suit, but leaving ownership and control of the exclusive rights that accompany copyright ownership entirely with the photographers. *See Morris v. Bus. Concepts, Inc.*, 259 F.3d 65, 69–71 (2d Cir. 2001) (concluding that the owner of a copyright for registration purposes may be different than the owner of an exclusive right under copyright), *abrogated on other grounds by Reed Elsevier, Inc. v. Muchnick*, 559 U.S. 154, 166 (2010). We think the Granting Clauses are reasonably susceptible to Wiley’s interpretation. Under Arizona law, therefore, we may examine the extrinsic evidence to determine the parties’ intentions.

The record evidence viewed as a whole tends to confirm that the Assignment Agreements were not actually intended to convey to DRK any of the photographers’ exclusive rights in copyright. For example, DRK explained in its cover email transmitting the Assignment Agreements to the photographers that the documents’ purpose was for the photographers to “receive the piece [sic] of mind of knowing that many of your images will be

registered with the United States Copyright Office,” and for DRK to “receive the authorization necessary to initiate and settle copyright infringement claims brought against would be infringers of DRK Photo images.” J.A. 205. Additionally, DRK informed one photographer in a related email exchange that the agreement would not alter the photographer’s relationship with other stock photography agencies, *id.* at 217, and told another that “there is no ‘rights grab’ going on here,” *id.* at 224.¹⁵ Indeed, DRK’s proprietor testified in his deposition that he believed DRK had a “non-exclusive” relationship with the photographers, under which the latter were entitled to license their images independently of DRK. *Id.* at 260–62.

In light of this evidence, we see no genuine dispute that the language of the Assignment Agreements was intended to, and did, convey only (1) an interest in the images for registration purposes, and (2) the bare right to sue for infringement. Neither of these rights is among the exclusive rights set forth in section 106. Accordingly, their transfer to DRK does not make DRK a legal owner of an exclusive right for purposes of the private right of action section, section 501(b). The Ninth Circuit recently held the

¹⁵ DRK objects that much of the extrinsic evidence submitted by Wiley relates merely to *some* of the photographers with whom it executed Assignment Agreements—intimating that the scope of the agreements might vary by photographer. We are not persuaded: DRK points to no record evidence suggesting that its intent in obtaining the Assignment Agreements varied from client to client.

same when faced with a meaningfully similar agreement. *McGraw-Hill*, 870 F.3d at 987 (“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.”).

Because neither the Representation Agreements nor the Assignment Agreements transfer an exclusive right in copyright to DRK, it does not have a legal ownership interest sufficient under the statute to assert a cause of action for infringement.

B. Beneficial ownership

DRK next contends that, legal ownership aside, the Representation Agreements and Assignment Agreements make it a beneficial owner of exclusive rights in the images. In support, DRK argues that by virtue of the agreements, it has a “legitimate and important role” to play in protecting the copyrights in the images; a “direct interest” in how the copyrights are used; and an effective position from which to “efficiently prosecute” infringement suits. Appellant’s Br. at 48–49. Although we sympathize with the practical concerns raised by DRK, in our view, these circumstances do not suffice under the Act to create out of whole cloth and recognize a novel beneficial ownership interest with the goal of permitting DRK to sue for copyright infringement

on its own behalf or on behalf of the photographers.¹⁶

The statute does not define the phrase “beneficial owner,” and the circumstances in which a person or entity becomes a beneficial owner with a cause of action for infringement have not been explored by our Court in much detail. The paradigmatic—and only—example of an approved “beneficial owner” suit is set forth in the legislative history of the Copyright Act, which describes the term “beneficial owner” as “includ[ing], for example, an author who had parted with legal title to the copyright in exchange for percentage royalties based on sales or license fees.” H.R. Rep. No. 94-1476, at 159. Our Court has endorsed this example and explained that the beneficial ownership provision protects a person from having his or her equitable interest in a copyright “diluted or lessened by a wrongdoer’s infringement,” affording the holder of the equitable interest the right to seek damages under the Act. *Cortner v. Israel*, 732 F.2d 267, 271 (2d Cir. 1984).

¹⁶ We note that the concern raised by DRK—the need to afford small copyright holders a viable and cost-effective means to secure their interests and protect their words—is well-recognized, and has been explored recently by the Copyright Office, which has proposed various legislative and administrative solutions. The Register of Copyrights, U.S. Copyright Office, *Copyright Small Claims* 3–4 (2013), <https://www.copyright.gov/docs/smallclaims/usco-smallcopyrightclaims.pdf>. A promising solution—a regulated market for copyright claims—has also been touted by some scholars. See, e.g., Shyamkrishna Balganesh, *Copyright Infringement Markets*, 113 Colum. L. Rev. 2277, 2306 (2013). As currently framed, however, the Act as we read it simply does not authorize the remedy proposed by DRK.

We have not had occasion to decide whether beneficial ownership may extend beyond the circumstance of an author transferring exclusive rights in exchange for royalty payments. Assuming without deciding that it may, we nonetheless conclude that DRK does not have such a beneficial ownership interest here. Even an expansive definition of beneficial ownership must have limits. At least one limit is readily supplied by the Act itself, which recognizes a cause of action only in the “beneficial owner of an *exclusive right*.” 17 U.S.C. § 501(b) (emphasis added). Accordingly, at most, a person would become a “beneficial owner” for purposes of section 501(b) upon obtaining an equitable interest in an *exclusive* right under a copyright. *See Cortner*, 732 F.2d. at 270–71. It is therefore not enough that a putative beneficial owner obtains a mere interest in a copyright, even if that interest is valuable. The interest must be one that derives its value directly from another person’s use of an exclusive right, such that the interest is necessarily “diluted” by infringement. *See id.* at 271.

Here, as discussed above, neither the Representation Agreements nor the Assignment Agreements convey any exclusive rights. Instead, under those agreements DRK simply acts as a non-exclusive agent of the photographers in granting licenses to publishers. Nothing prevents the publishers from obtaining licenses to use the images from other agents, or, indeed, from the photographers themselves. DRK’s interest is, of course, ultimately traceable to the photographers’ exclusive rights, insofar as DRK is permitted to

license uses of the images only because the photographers holding the exclusive rights in their works allow DRK to act as their agent. But DRK is not entitled to any proceeds from the photographers' own use of their retained rights or those fees obtained by other agents. Indeed, DRK is not entitled to *any* proceeds at all unless it is directly responsible for issuing a license. Because DRK is only one of potentially numerous entities that potentially can generate revenue from use of the images, DRK's interest in the images does not make DRK a beneficial owner of an exclusive right.

Section 501 therefore does not allow it to sue Wiley based on Wiley's alleged infringement. *See McGraw-Hill*, 870 F.3d at 988 (concluding under similar circumstances that to find DRK a beneficial owner would "render portions of section 501(b) superfluous").

In sum, we see equitable merit in allowing stock photography companies like DRK to aggregate copyright infringement claims otherwise accrued to their clients. Aggregation could provide a practical means of forestalling and compensating for repeated small infringements and Congress might reasonably have chosen to permit such aggregation by assignment. But, as drafted, the Copyright Act does not, in our reading, permit DRK to assert those claims when it has received nothing more than the bare right to sue for infringement and has never held an exclusive right under copyright in the photographs. It is for Congress, not our Court, to say otherwise.

CONCLUSION

We have considered DRK's remaining arguments and find them to be without merit. We conclude that the District Court correctly held that a bare assignee that does not hold and has never held any other exclusive rights in copyright, may not bring a cause of action for copyright infringement. Further, we decide that DRK is not a legal or beneficial owner of an exclusive right under a copyright in the photographers' images. We therefore AFFIRM the judgment of the District Court.

BARRINGTON D. PARKER, Circuit Judge,
dissenting:

John Wiley & Sons, Inc. purchased from photographers for relatively small amounts of money the right to use their works in various of its publications. Wiley then proceeded to use the photographs in additional instances for which it had not obtained permission and for which it did not pay the photographers. The crux of this lawsuit is whether the Copyright Act permits this misappropriation. Stock photography companies like DRK Photo are in the business of aggregating copyright infringement claims that have accrued to their clients. Aggregation provides, as the majority acknowledges, a practical means of affording redress to the photographers and compensating them for repeated small infringements of their copyrights. The dispositive legal issue in this appeal is whether the copyright laws forbid the assignment of a bare right to sue on copyright claims to entities such as DRK. Because I conclude that the law does not forbid such assignments, I respectfully dissent.

The majority and I are in accord that § 501(b) of the 1976 Copyright Act, 17 U.S.C. § 101 *et seq.* (the “1976 Act”), does not directly address whether a copyright holder may assign the right to sue and that the Act is silent on the assignability of claims. That section was included in the 1976 Act in the context of a long history grounded in common law and modern federal law permitting the assignment of claims as an essential component of property ownership. As discussed below, we know for certain that when Congress crafts laws such as

the 1976 Act, silence on a fundamental common-law principle indicates an intention for that principle to remain in force as part of the statutory scheme, especially since Congress has broken its silence many times explicitly to prohibit suits on assigned claims. In my view, the case ends once these principles are acknowledged and applied.

I agree with the majority on other points. We agree that the District Court erred by concluding that this Court's prior precedent—*Eden Toys, Inc. v. Florelee Undergarment Co.*, 697 F.2d 27 (2d Cir. 1982)—dictates the outcome of this appeal. We agree that § 501(b) is silent on the question of the assignability of claims and that our main disagreement is about how to interpret that silence.

It is clear that prior to the enactment of the 1976 Act, the bar to suit on assigned claims erected by the majority did not exist. *See Silvers v. Sony Pictures*, 402 F.3d 881, 896 (9th Cir. 2005) (Bea, J., dissenting). Under the Copyright Act of 1909 (the “1909 Act”), the “proprietor” of a copyright was afforded the right to sue for copyright infringement. Even though the 1909 Act granted standing solely to the “proprietor” of the entire copyright, courts nevertheless allowed assignees of an accrued cause of action for copyright infringement to sue for infringement. *Id.*; *see also Prather v. Neva Paperbacks, Inc.*, 410 F.2d 698, 700 (5th Cir. 1969) (assignee of accrued cause of action had standing to sue for copyright infringement). As Judge Bea noted, “[t]he infringement claim, like any other contingent asset, could be sold, much like the copyright holders’s claim against a trade debtor or a coupon clipped from the copyright

holder's bond portfolio," and all defenses against the assignor were valid against the assignee who stood in the shoes of the assignor. *Silvers*, 402 F.3d at 897.

This conclusion concerning the general assignment of causes of action is congruent with unusually well-established law. In *Welch v. Mandeville*, 14 U.S. (1 Wheat.) 233 (1816) (Story, J.), for example, the Supreme Court held that "[c]ourts of law, following . . . the rules of equity, now take notice of assignments of choses in action, and exert themselves to afford them every support and protection. . . ." *Id.* at 236. Numerous other cases have applied this principle and treat the right to bring a cause of action as a right separate from the particular property that gave rise to the right. *See, e.g., ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 944 F.2d 971, 980 (2d Cir. 1991) ("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"); *Bluebird Partners, L.P. v. First Fidelity Bank, N.A. New Jersey*, 85 F.3d 970, 974 (2d Cir. 1996) (federal securities law claims may be assigned but the assignment must be express, instead of automatic, upon the sale of the underlying security). And even antitrust claims have long been held to be assignable, even though the federal antitrust laws, such as the Sherman Act, do not expressly permit assignment. *See, e.g., D'Ippolito v. Cities Serv. Co.*, 374 F.2d 643, 647 (2d Cir. 1967) ("Antitrust claims have been held assignable. The most frequent example seems to be the assignment of claims by members of a non-profit trade association to the association.");

Cordes & Co. Fin. Servs., Inc. v. A.G. Edwards & Sons, Inc., 502 F.3d 91, 100, 103 (2d Cir. 2007) (noting that antitrust claims are generally assignable and holding that an assignment of class representative status in an antitrust action is permissible and does not constitute champerty). Further, under the Restatement (Second) of Contracts § 317(2)(b) (1981), contract rights are assignable unless the assignment is forbidden by statute.

This common law principle applies with full force to comprehensive statutory regulatory schemes fashioned by Congress. In *Sprint Communications Co. v. APCC Services, Inc.*, 554 U.S. 269, 285–86 (2008), the Supreme Court held that the assignee of an injured party’s claim for monies owed to the injured party under the Federal Communications Act could sue for the injured party’s claims even though the statute was silent on that question. The Court emphasized that “history and precedent are clear. . . . Assignees of a claim . . . have long been permitted to bring suit.” *Sprint*, 554 U.S. at 275; *see also, e.g.*, *Lerman v. Joyce Int’l, Inc.*, 10 F.3d 106, 112 (3d Cir. 1993) (Alito, J.) (RICO claims are assignable, and, because the civil RICO statute was modeled after Section 4 of the Clayton Act, 15 U.S.C. § 15, for which an express assignment is required, an assignment of a RICO claim must also be express); *Montefiore Medical Ctr. v. Teamsters Local 272*, 642 F.3d 321, 328-29 (2d Cir. 2011) (an ERISA beneficiary may assign his or her claim to a health-care provider even though ERISA § 502(a)(1)(B) (29 U.S.C. § 1132(a)(1)(B)) provides that a civil action may be brought “by a participant or beneficiary” of

an ERISA plan, and even though that provision is generally “narrowly construed to permit only the enumerated parties to sue directly for relief”).

The 1976 Act effected major changes to the 1909 regime in response to a wide variety of new techniques for capturing printed matter, sounds, and images. Congress undertook to divide and subdivide copyright uses in light of the wide variety of new methods of reproduction and distribution. Congress concluded that achieving this goal required a mechanism whereby previously-barred owners of exclusive licenses could sue for copyright infringement. To accomplish this result, Congress enacted § 501 to provide access to the courts for the owner of one or more rights to “exclusive” use. But, tellingly, Congress did not mention the right of the owner of the overall copyright to sue. *Silvers*, 402 F.3d at 898 (Bea, J., dissenting). As Judge Bea correctly observed, “. . . nothing in the 1976 Act eliminated the rights of copyright owners under Section 101 of the 1909 Act to their remedies, nor the right of property owners to enjoy the property rights granted by the statute including the assignment and enforcement of accrued causes of action.” *Id.* at 898-99.

The majority’s analysis—essentially based on the maxim *expressio unius est exclusio alterius*—proceeds under the assumption that if assignments are not mentioned in § 106 then they cannot be a part of the exclusive rights listed. But, this analysis collides head on with the fact that the common law of assignments is law and, as Judge Bea correctly notes, law trumps canons of

statutory interpretation. As the Supreme Court has held, statutes that invade the common law must be read with a presumption favoring the retention of longstanding principles of common law “except when a statutory purpose to the contrary is evident” from the text of the statute. *See, e.g., United States v. Texas*, 507 U.S. 529, 535 (1993) (collecting cases). Specifically, the Supreme Court stated that, “to abrogate a common law principle, the statute must ‘speak directly’ to the question addressed by the common law.” *Id.* at 534; *see also, e.g., United States v. Federative Republic of Brazil*, 748 F.3d 86, 95-96 (2d Cir. 2014) (same); *Attorney General of Canada v. R.J. Reynolds Tobacco Holdings, Inc.*, 268 F.3d 103, 127-28 (2d Cir. 2001) (same). The majority’s analysis inverts this principle. There is no question that the 1976 Act did not “speak directly” to the common law of assignment and no intention to repeal that longstanding principle of law is anywhere “evident.” In light of these conspicuous omissions, *expressio unius* cannot be enlisted to override otherwise applicable common law.

Further, as Judge Bea noted, Congress unquestionably knows how to bar assignments of claims when that is its intention. *Silvers*, 402 F.3d at 900 (citing the Federal Anti-Assignment Act of 1862, 41 U.S.C. § 15; the Federal Assignment of Claims Act of 1940, 31 U.S.C. 3727; and the Employee Retirement Income Security Act of 1974 (“ERISA”), 29 U.S.C. § 1056). It is hardly surprising to us that nothing in the 1976 Act bars the assignment of the right to sue because a central purpose of the 1976 modifications was to expand the ability to bring suits for infringement.

Moreover, it is far from clear to us that § 501(b) is even reasonably susceptible to the majority's interpretation. Under that section, an owner of a 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). The majority concludes that "the most natural reading of this provision . . . is that by identifying who may bring suit under the Act, Congress signaled that others may not," Op. at 14. And, the majority says that application of the *expressio unius* canon to the list of six "exclusive rights under a copyright" set out in § 106, which does not include the right to sue, means that Congress did not intend to permit suits by assignees of the right to sue for infringement.

The text does not support this reading. First, § 501(b) provides that owners of an exclusive right under a copyright are "entitled" to bring an infringement action. To entitle a party to do something is to grant that party a legal right. But an "entitlement" does not limit the set of plaintiffs who may sue. Because A is entitled to sue does not, after all, mean that B is not entitled to sue. More, importantly, as we have seen, to serve as the vehicle for overruling common law, the relevant provision—§ 501 (b)—must "speak directly" to Congress's intention to do so and that intention must be "evident," *Texas*, 507 U.S. at 535. Section 501 does not address the common law of assignment at all, much less directly, and no intention on the part of Congress to repeal the common law of permitting the assignability of claims is "evident."

Second, the majority reads § 501(b)'s language "to institute an action for any infringement of that

particular right committed while he or she is the owner of it” to limit actions for infringement to owners of the rights when the infringement was committed. According to the majority, “section 501(b) prevents even holders of one of the exclusive section 106 rights from suing unless the alleged infringement occurred ‘while he or she [was] the owner of it.’” Op. at 15 (quoting § 501(b)).

This reading cannot be reconciled with our Court’s decision in *ABKCO*, which held that the owner of rights under a copyright can sell the rights and, at the same time, sell claims for infringement that had accrued when the (now former) owner possessed the rights. *ABKCO*, 944 F.2d at 980. The majority’s reading of § 501(b) would preclude such a transaction, because the subsequent owner would then be permitted to sue for infringement that occurred when he or she was *not* the owner of the copyright. But, where the majority extracts a charter for such a carve-out is elusive. The text does not reveal, and the majority does not proffer, any explanation for why a *former* copyright owner who transferred ownership but not claims is entitled under § 501(b) to institute an infringement suit. And, neither the text, nor the majority, explain why the *subsequent* owner, if he or she is transferred the accrued claim even with ownership rights, may institute an infringement action for infringement that was committed *before* he or she became the owner of the rights.

The majority contends that § 106 defines a closed set of the exclusive rights under a copyright such that the list’s silence on whether the right to sue for copyright infringement is a separate right

under a copyright means it meant to eliminate such a right. As the majority acknowledges, the legislative history of § 106 was intended to create a “bundle of rights” that “may be subdivided indefinitely.” *See Op.* at 17 (quoting H.R. Rep. No. 94-1476, at 61). But, the Congressional Report on § 106 goes on to state that, when subject to a whole or partial transfer under § 201, “each subdivision of an exclusive right may be owned and enforced separately.” H.R. Rep. No. 94-1476, at 61. The separate enforcement of subdivided rights, such as when a former owner decouples an accrued infringement actions from a sale of copyright rights, is a strong indication that a rights holder can assign enforcement rights to others.

The majority goes on to distinguish copyright from numerous other federal rights for which assignability is permitted, essentially by asserting that copyright is different. *See Op.* at 18 (“[W]hether any trend toward assignability should apply in the copyright context is a different matter. Even assuming that congressional silence may, in general, reflect an intention not to preclude suit on assigned claims, we do not think it follows that such an interpretive principle would govern copyright claims.”).

We all readily accept the proposition that a copyright may be “different.” However, the majority never explains what those differences are and, more importantly, how whatever differences may exist require the excision of the assignment of claims from Congress’s copyright scheme. Instead of identifying any specific characteristic of copyright that would make the assignment of

copyright claims problematic, the majority generally claims that “the realm of intellectual property law has special characteristics that place it outside of any generally permissive regime for the assignment of federal claims.” Op. at 22. But this “generally permissive regime” cannot be dismissed offhandedly because, as we have seen, it is law—common law—and this Court is obligated to follow that law when, as here, the statute does not “speak directly” to the issue of assignability.

The majority’s main support for its contention that the common law right to assignability of claims does not extend to copyright law is the Supreme Court’s decision in *Crown Die & Tool Co. v. Nye Tool & Machine Works*, 261 U.S. 24, 40 (1923), which was not even a copyright case. This difference is important because while patent and copyright law are related, the Supreme Court has emphasized that caution must be exercised in applying doctrine formulated in one area to the other because major differences exist. *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 439 n.19 (1984); *see also Mazer v. Stein*, 347 U.S. 201, 217 (1954) (declining to apply patent law to copyright law due to differences in the two bodies of law, as, for example, “[u]nlike a patent, a copyright gives no exclusive right to the art disclosed; protection is given only to the expression of the idea—not the idea itself”).

Suffice it to say, the world of intellectual property has turned over many times since *Crown Die* was written nearly a hundred years ago by Chief Justice Taft. There, the Supreme Court held that an accrued cause of action for patent infringement was not

assignable under the 1874 Patent Act. Chief Justice Taft reasoned that the common law doctrine of assignment of a cause of action does not apply to patent law because patent law is a creation of Congress and “no rights can be acquired in it unless authorized by statute, and in the manner the statute prescribes.” *Crown Die*, 261 U.S. at 40 (quoting *Gayler v. Wilder*, 51 U.S. 477, 494 (1850) (referring to patent rights)). He further reasoned that there was no legislative intent to permit splitting a patent claim from the underlying right because to do so would result in an aftermarket in patent claims because there was no indication that Congress intended to permit patent holders to create “several monopolies to be made out of one” because such subdivision would facilitate fraud against users of the patented device. *Id.* at 38.

In my view, *Crown Die* has little relevance to this appeal for a number of reasons. See *Silvers*, 402 F.3d at 903–05. First, it cannot be seriously disputed that Chief Justice Taft’s view, formed from the single example of patent law, that in the absence of express Congressional authorization, pre-existing common law does not carry over into comprehensive statutory regulatory schemes is both directly contrary to modern Supreme Court doctrine that recognizes the vitality of the common law in modern statutory schemes and is in significant tension with prior Supreme Court precedent governing the assignability of claims, see *Welch*, 14 U.S. (1 Wheat.) at 236.

Sprint Communications addressed this precise point and came out the other way, enabling claims under the Federal Communications Act to be

assigned in the absence of express statutory authorization. *Sprint*, 554 U.S. at 285-86. And, as discussed above, *see supra*, 4-5, common law rights remain in force unless Congress speaks directly to the question addressed by the common law.

Second, as Judge Bea noted, *Crown Die* painstakingly explained why Congress would have disfavored claim assignments in the 1874 given the prevailing views of the functioning of the intellectual property marketplace. *See Silvers*, 402 F.3d at 904-05 (explaining that the 1874 Congress that passed the Patent Law, in contrast to the 1976 Congress that passed the Copyright Act, feared “several monopolies to be made out of one, and divided among different persons within the same limits”). Judge Bea also noted that concerns about the possibilities of fraud resulting from multiple assignments do not arise in the copyright context. The threat of such suits is addressed in both the 1909 and the 1976 Acts by the fact that suits for infringement are not permitted unless the registration provisions of the Acts had been complied with.

Third, the concern expressed in *Crown Die*—that assignments would generate a multiplicity of suits because of the existence of several owners of copyright uses—has been expressly overcome by allowing suit by the owner of “an” exclusive § 501(b) right to bring suit. Rather than supply any especially useful analogies to modern copyright law, *Crown Die*, in my view, highlights the many fundamental differences that exist between copyright and nineteenth century patent law—differences that make comparisons entirely problematic.

In sum, the key inquiry is not whether copyright and patent share a legal kinship, for of course they do, but whether their similarities extend to the matter germane here—whether the assignment of claims impacts both in the same way, a question the majority does not address. This omission is telling because the assignment of patent claims raises significant issues that do not arise when copyright claims are assigned. As a leading commentator has noted, “The fact that patent cases almost invariably entail judicial determination of validity argues for the presence in court of the patent owner in a way that copyright does not.” 3 Paul Goldstein, *Goldstein on Copyright* § 15.5, at 15:42.2; *see also id.* (noting that the *Silvers* decision “rests on a reading of the 1976 Act’s standing provision—that in giving standing to copyright owners to institute actions for infringement, section 501(b) intended to exclude those to whom the owners may have chosen, for good reason or ill, to assign their cause of action—that is supported neither by the noncommittal legislative history, nor by the cited policy to protect good faith transferees”). The majority acknowledges that there is “equitable merit in allowing stock photography companies like DRK to aggregate copyright infringement claims otherwise accrued to their clients. Aggregation could provide a practical means of forestalling and compensating for repeated small infringements and Congress might reasonably have chosen to permit such aggregation by assignment. But, as drafted, the Copyright Act does not, in our reading, permit DRK to assert those claims. . . .” Op. at 32.

Tellingly, the Supreme Court reached the opposite conclusion in *Sprint* even though the statute contained no express authorization of assignability. Payphone operators could assign their claims “[b]ecause litigation is expensive, because the evidentiary demands of a single suit are often great, and because the resulting monetary recovery is often small,” *Sprint*, 554 U.S. at 271. In light of these substantial benefits that even the majority acknowledges, it is puzzling that it offers not one reason why the 1976 Congress would have disfavored assignment of claims. As Goldstein observed, “under what appears to be the majority view—and in any event the better view—an assignee who holds an accrued claim for copyright infringement, but has neither a legal nor beneficial interest in the copyright itself, may institute an action for infringement.” *Id.* at 15:42-15:42.1.

Because I conclude that nothing in the Copyright Act precludes DRK from prosecuting claims on its non-exclusive licenses as an assignee of a bare right to sue, I would reverse on this ground alone and would not reach the question of whether DRK had beneficial ownership of a copyright interest.

Nor would I reach the question of the applicability of Arizona law to the Assignment Agreements. The majority, after an extended discussion, concludes that under Arizona law, DRK does not have a legal ownership interest sufficient to assert a cause of action for infringement. Op. at 29-30. I do not believe that the record permits us to resolve this issue with any confidence. The Agreements have no choice of law provisions and the issues of what law applies and what its relevant provisions are

were never briefed. The majority's conclusions about the factual circumstances surrounding the execution of the Agreements, while plausible, are purely conjectural because there is nothing in the record to support them. Even if Arizona law does apply, I believe it is highly doubtful that the extrinsic evidence the majority relies on would be admissible. *Taylor v. State Farm Mutual Auto Insurance Co.*, 854 P.2d 1134 (Ariz. 1993), which appears to be the leading case, is decisive. It stands for the proposition that extrinsic evidence may not be used to "contradict or vary the meaning of the agreement." *Id.* at 1141. Other Arizona Supreme Court cases indicate that ambiguity in the language of a contract is required to admit extrinsic evidence. See *Johnson v. Earnhardt's Gilbert Dodge, Inc.*, 132 P.3d 825, 828 (Ariz. 2006) ("Under Arizona's parol evidence rule, where an ambiguity exists on the face of a document or the language admits of differing interpretations, parol evidence is admissible to clarify and explain the document." (internal alterations and quotation marks omitted)); *In re Marriage of Zale*, 972 P.2d 230, 232 (Ariz. 1999) ("[A]mbiguity is the prerequisite to the admission of extrinsic or parol evidence."); *Abrams v. Horizon Corp.*, 669 P.2d 51, 57 (Ariz. 1983) ("Where the contract is ambiguous, it is appropriate to look to parol evidence to resolve the ambiguity.").

Here, the critical provision of the Assignment Agreements states that "[t]he undersigned photographer . . . hereby grants to DRK all copyrights and complete legal title in the Images." J.A. 411. By any reasonable calculus this statement is unambiguous. Wiley is using extrinsic evidence to extract

another meaning from this provision by urging us to conclude that the photographers granted DRK something other than complete legal title. This approach is barred under Arizona law.

For these reasons, I respectfully dissent.

Appendix B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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11 Civ. 5454 (KPF)

JOHN WILEY & SONS, INC.,
Plaintiff/Counter-Defendant,

—v.—

DRK PHOTO,
Defendant/Counter-Plaintiff.

OPINION AND ORDER

KATHERINE POLK FAILLA, District Judge:

On August 5, 2011, Plaintiff/Counter-Defendant John Wiley & Sons, Inc. (“Plaintiff” or “Wiley”), commenced this action against Defendant/Counter-

Plaintiff DRK Photo (“Defendant” or “DRK”) under the Declaratory Judgment Act, 28 U.S.C. § 2201, seeking a declaration that Wiley had not infringed the copyrights on certain stock photographs that DRK had previously licensed to Wiley. In response, on May 31, 2012, DRK counterclaimed against Wiley for infringement under the Copyright Act of 1976, 17 U.S.C. §§ 101-810, as to a subset of these photographs.

The parties have filed cross-motions for summary judgment. For the reasons set forth in the remainder of this Opinion, Wiley’s motion for summary judgment is granted in part and denied in part; DRK’s motion for partial summary judgment is also granted in part and denied in part.

BACKGROUND¹

A. DRK’s Stock Photography Business

DRK is a stock photography agency that licenses photographic images to publishers. (DRK 56.1 Statement ¶ 1). Daniel Krasemann has owned DRK

¹ Rule 56.1 of the Local Civil Rules of the United States District Courts for the Southern and Eastern Districts of New York (the “Local Rules”) requires a party moving for summary judgment to submit a “separate, short and concise statement, in numbered paragraphs, of the material facts as to which the moving party contends there is no genuine issue to be tried.” Local Rule 56.1(a). The movant’s asserted facts are deemed to be admitted unless specifically controverted by the statement served by the opposing party. Local Rule 56.1(c).

The parties have submitted a considerable record in support of their cross-motions. The facts in this Opinion are drawn from Wiley’s Statement of Undisputed Material Facts (“Wiley’s 56.1 Statement”) (Dkt. #55), DRK’s Response to

as a sole proprietorship since 1981. (D. Krasemann Decl. ¶ 1). Rather than employ photographers, 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's Counterstatement ¶¶ 3-4). Once the photographers' images are included in DRK's collection, DRK offers to license those images to publishers, like Wiley, and other users of photographs. (*Id.* at 4).

Wiley's Statement of Allegedly Undisputed Material Facts ("DRK's 56.1 Counterstatement") (Dkt. #70), Wiley's Reply Statement of Undisputed Material Facts ("Wiley's 56.1 Reply Statement") (Dkt. #82), DRK's Separate Statement of Facts in Support of Its Motion for Partial Summary Judgment ("DRK's 56.1 Statement") (Dkt. #77), Wiley's Response to DRK's Separate Statement of Facts in Support of Its Motion for Partial Summary Judgment ("Wiley's 56.1 Counterstatement") (Dkt. #90), DRK's Reply on Separate Statement of Facts in Support of Its Motion for Partial Summary Judgment ("DRK's 56.1 Reply Statement") (Dkt. #94), and various declarations, which are identified using the convention "[Name] Decl.," as well as exhibits thereto (Dkt. #54, 67-69, 75, 76, 84, 91, 92, 95, 96).

The Court will refer to the parties' memoranda of law as follows: Wiley's Memorandum of Law in Support of Its Motion for Summary Judgment as "Pl. Br." (Dkt. #53); DRK's Opposition to Plaintiff John Wiley & Sons, Inc.'s Motion for Summary Judgment as "Def. Opp." (Dkt. #66); Wiley's Reply Memorandum of Law in Support of Its Motion for Summary Judgment as "Pl. Reply" (Dkt. #83); DRK's Memorandum of Law in Support of Its Motion for Partial Summary Judgment as "Counter-Pl. Br." (Dkt. #74); Wiley's Memorandum of Law in Opposition to DRK's Motion for Partial Summary Judgment as "Counter-Def. Opp." (Dkt. #89); and DRK's Reply Brief in Support of Its Motion for Partial Summary Judgment as "Counter-Pl. Reply" (Dkt. #99).

DRK employs an internal numbering system to track the images that DRK includes in its collection. (D. Krasemann Decl. ¶ 7). Using this system, DRK assigns each image an internal number when that image is received from a photographer and added into DRK's collection. (*Id.*). The images are numbered sequentially from the date on which the image was received. (*Id.*). This number allows DRK to identify when the image was first released into its collection, and consequently, when the image is deemed published under copyright law. (*Id.*; Penchina Decl., Exh. 31 at 66).

This procedure was applied to all images at issue in this case, except for certain images received from Stephen Krasemann, a photographer and Daniel Krasemann's brother. (See D. Krasemann Decl. ¶ 8). Although internal numbers were assigned to Stephen Krasemann's images at the time DRK received them, the images were often not simultaneously released into DRK's collection. Instead, the images were released, and thus published at later dates. (*Id.*).² Consequently, according to DRK, the internal numbers assigned to Stephen Krasemann's photographs may not

² DRK followed a different procedure for these images for various reasons, including the facts that (i) Stephen Krasemann would sometimes send images to DRK for storage purposes while traveling, which images he would then review and approve for publication upon his return; (ii) he may have requested first publication rights in certain images; and (iii) he may have previously promised the rights to the image to another publisher. (D. Krasemann Decl. ¶ 8).

reliably indicate the date on which the image was released for publication. (*Id.* at ¶ 9).

B. DRK's Agreements with Photographers

DRK entered into a form representation agreement (the “Representation Agreement”) with each photographer for whom DRK maintained images in its collection. (D. Krasemann Decl. ¶ 3, Exh. 1). Pursuant to the Representation Agreements for all images at issue, except those by photographers Tom Bean (“Bean”) and Peter French (“French”), 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.” (*Id.*). In contrast, under the Bean and French Representation Agreements, DRK agreed to act as Bean’s and French’s *“sole and exclusive* agent with respect to the sale or leasing of the photographs or transparencies which [Bean or French had] delivered to [DRK] and shall deliver to [DRK] in the future.” (*Id.* (emphasis added)).

The Representation Agreements also provided, in relevant part:

I understand that the best possible care will be taken of my material and agree that you assume no liability for any loss or damage to the items so delivered to you. In the event that any transparency is lost, destroyed or damaged by others, then I give you full and complete authority to make claim or bring suit for redress or compromise said claim without my permission.

I understand that there will be a 50/50 split between DRK PHOTO and myself regarding all sales made and received. Payment is to be made within ninety (90) days of receipt. DRK PHOTO shall notify me on a regular monthly basis if any sales activity occurred during that time.

I understand that the terms and compensation of the sales or leasing of my photographs or transparencies shall be solely in your discretion.

In the event of termination of this agreement DRK PHOTO retains the right to its normal commission on all sales which might arise from a user who has made duplicates of those transparencies, photographs, or other materials submitted to it during the terms of this agreement and then, after term hereof, the user wishes to utilize such duplicate materials. DRK PHOTO shall have the right to grant such usage and collect 50% of the net sale from usage. DRK PHOTO shall also retain the right to collect 50% of the net sale from all subsequent pick-ups or reprints on photos that were originally placed with the client during the term of this agreement, and then reprinted or picked-up after expiration of this agreement.

(*Id.*). Although DRK contends otherwise, the record before the Court conclusively establishes that all Representation Agreements, except those with Bean and French, granted DRK nonexclusive rights for the photographers' images in DRK's

collection. (See, e.g., Penchina Decl., Exh. 3, 30 at 166-67, 33 at 21).³

The Representation Agreement is not the only operative agreement between DRK and the photographers whose images are at issue here. In 2008, DRK initiated a program to register copyrights for the photographs in its collection. (Wiley 56.1 Statement ¶ 20). To that end, beginning in June 2008, DRK asked photographers to sign a form agreement, pursuant to which the photographers would grant DRK the right to assert copyright

³ Wiley has submitted testimonial and documentary evidence to support its statement that “[a]ll of the photographers whose works are identified in Exhibit 1 to DRK’s Counterclaims, with the exception of Tom Bean and Peter French, granted only non- exclusive rights to DRK.” (Wiley 56.1 Statement ¶ 6). DRK has offered no conflicting testimonial or documentary evidence, but rather offers (i) a conclusory statement that the Representation Agreements and other assignment agreements that it had with photographers granted DRK “exclusive rights as recognized by the Copyright Act,” coupled with (ii) an argument (ultimately unpersuasive, *see infra*) that “Wiley is confusing ‘exclusive ownership’ with ‘exclusive rights.’” (DRK 56.1 Counterstatement ¶ 6). Because Wiley has supported its statement with testimonial and documentary evidence, and DRK has not submitted conflicting evidence, the Court accepts Wiley’s statement as true. *See* S.D.N.Y. Local Rule 56.1(c) (“Each numbered paragraph in the statement of material facts set forth in the statement required to be served by the moving party will be deemed to be admitted for purposes of the motion unless specifically controverted by a corresponding numbered paragraph in the statement required to be served by the opposing party.”); *id.* at 56.1(d) (“Each statement by the movant or opponent ... controverting any statement of material fact[] must be followed by citation to evidence which would be admissible, set forth as required by Fed. R. Civ. P. 56(c).”).

infringement claims for those photographs in its collection (the “Assignment Agreement”). (*Id.* at ¶¶ 21, 24). The Assignment Agreement, entitled “Copyright Assignment, Registration, and Accrued Causes of Action Agreement,” provided:

The undersigned photographer, the sole owner of the copyrights in this undersigned’s images, (the “Images”) selected by DRK PHOTO (“DRK”) and included in DRK’s collection, 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.

(*Id.* at ¶ 22).⁴

The purpose of the Assignment Agreement was to allow DRK to register photographs with the United States Copyright Office "as the copyright holder by assignment" so that DRK would have — at least as DRK understood it — "legal standing with the courts to pursue would be infringers."

⁴ All Assignment Agreements at issue in this case contain this language except for the second assignment agreement executed between DRK and Stephen Krasemann (the "Stephen Krasemann Second Assignment Agreement"), which was executed to cover certain images that Stephen Krasemann had already registered with the Copyright Office. (DRK 56.1 Counterstatement ¶ 22; D. Krasemann Decl., Exh. 2). The Court, however, may not consider the Stephen Krasemann Second Assignment Agreement because it was not produced by DRK during discovery. Instead, it was produced to Wiley for the first time in response to Wiley's motion for summary judgment. *See Melie v. EVCI/TCI Coll. Admin.*, No. 08 Civ. 5226 (HB), 2009 WL 1404325, at *1 n.4 (S.D.N.Y. May 20, 2009) ("Plaintiff may not rely on this document [in] his opposition to summary judgment, as he did not provide a copy of it to Defendants in discovery."), *aff'd*, 374 F. App'x 150 (2d Cir. 2010) (summary order); *see also Stengel v. Black*, No. 03 Civ. 0495 (GEL), 2004 WL 1933612, at *4 (S.D.N.Y. Aug. 30, 2004) ("These documents, however, are not part of the evidentiary record, and may not be considered by the Court."); Fed. R. Civ. P. 37(c) ("If a party fails to provide information ... as required by Rule 26(a) or (e), the party is not allowed to use that information ... to supply evidence on a motion, at a hearing, or at a trial, unless the failure was substantially justified or is harmless."). The Court notes that consideration of the Stephen Krasemann Second Assignment Agreement would not alter the outcome reached herein.

(Wiley 56.1 Statement ¶ 27). Indeed, when transmitting the Assignment Agreement to photographers, DRK informed them that the purpose of the agreement was for DRK to register the photographers' images in its collection with the United States Copyright Office so that DRK would be "in a much stronger position with much more leverage for settling copyright infringement claims." (Penchina Decl., Exh. 4). In those e-mails to photographers, DRK confirmed that the Assignment Agreement was "not a permanent assignment." (*Id.*). Rather, and as provided for in the Assignment Agreement, DRK "agree[d] to reassign all copyrights and complete legal title back" to the photographers "immediately upon completion of the registration of the images, as evidenced by DRK's receipt of a Certificate of Registration from the United Stated Copyright Office for such images, and resolution of infringement claims brought by DRK relating to the images." (*Id.*). When one photographer expressed his concern in signing the agreement, based on his unwillingness to allow the copyright registration to his image to be in DRK's name, DRK "assure[d]" the photographer that there was "no rights grab going on here. We simply want to register our website/database of images so the images are protected under copyright law, and so we can pursue infringers." (*Id.* at Exh. 9). In another e-mail exchange, one photographer, upon realizing how many images that DRK had registered with the Copyright Office, e-mailed DRK to clarify: "I have not assigned copyright to any of these images other than temporarily to DRK Photo in order for you to pursue your infringement lawsuit. I have however sold non-exclusive

rights to some of these pictures. I expect re-assignment of full copyright in the very near future when your lawsuit is concluded." (*Id.* at Exh. 12).

C. DRK's Relationship with Wiley

Wiley is a publisher of textbooks and other educational materials. (Wiley 56.1 Statement ¶ 1). Beginning around 1992, DRK began licensing photographs to Wiley for inclusion in textbooks and related products published by Wiley. (*Id.* at ¶ 9). In general, Wiley would submit a letter to DRK for each transaction that would identify which particular stock photographs from DRK's collection Wiley desired to use. (*Id.* at ¶ 10). Wiley would also inform DRK which textbook or publication the photographs would be included in, and the number of print runs that Wiley intended to complete. (*Id.*).

Once Wiley's request was approved, DRK would issue an invoice to Wiley that set forth the terms applicable to Wiley's use of the licensed photographs. (Wiley 56.1 Statement ¶ 11). For example, the invoices specified the terms of the "Media Usage and Type Allowed" as follows:

One-time, non-exclusive, North American, English language reproduction and distribution rights for publication inside the print version of the copyright 1997 John Wiley's & Sons, Inc. COLLEGE LEVEL TEXTBOOK publication titled THE SCIENCE, 2ND EDITION, by Trefil; the total number of copies to be printed is not to exceed 20,000. No other rights

granted or implied. No electronic publishing rights granted.

(Second D. Krasemann Decl., Exh. 2-A, 2-B). The invoices also contained standard form language under the heading “Rights Granted” that stated:

One-time, non exclusive reproduction rights to the photographs listed below, solely for the uses and specifications indicated and limited to the individual edition, volume series, show event or the like contemplated for this specific transaction (unless otherwise indicated in writing).

(*Id.*).⁵ Invoices that used a revised standardized form also included additional restrictions on the use of the images beyond the terms of the agreement:

If [Wiley] desires to reuse an image or extend previous usage, then Recipient must request and pay for additional rights prior to publication. [Wiley] agrees not to make, authorize or permit any use of an image or its derivative ... except as authorized by the invoice. In the event [Wiley] use[s] an image for any use other than that indicated on the invoice, including but not limited to the number of

⁵ Two invoices do not include this language, but those documents appear to be anomalies. This is purportedly because when they were produced during discovery, they were not produced on DRK’s standardized form that included the “Rights Granted” language. (Second Krasemann Decl. ¶ 12, Exh. 2-A). This variance in language is immaterial to the Court’s analysis.

uses, the publication using, or the size of reproduction, DRK PHOTO agrees to forego its rights to sue for copyright infringement and breach of contract if [Wiley] pay[s], as liquidated damages, a sum equal to ten (10) times the maximum price [DRK] would have charged for such use, within 10 (ten) days of [DRK] billing such fee.

(Second Krasemann Decl., Exh. 2-B, Invoices 8795 and 9243).

In addition to the aforementioned agreements, for the period 2000 through 2001, DRK and Wiley entered into a separate pricing agreement that set forth the prices that DRK would charge Wiley for use of photos licensed by DRK (the “Pricing Agreement”). (See Wiley 56.1 Statement ¶¶ 13-14). Pursuant to the Pricing Agreement, “DRK charged Wiley \$170 for the right to print and distribute in North America (with up to 10% of the distribution permitted to be sent abroad) up to 40,000 copies of a book (printed in the English language) in which DRK’s photos comprised up to half a page; and DRK charged an additional 10% [(i.e., \$17)] to increase the permitted print run up to 80,000 copies.” (*Id.* at ¶ 14).

D. The Alleged Instances of Copyright Infringement

1. Background and Nomenclature

At issue in this case are a number of photographs, and an even greater number of alleged instances of copyright infringement with respect to those photographs. Certain photographs are the

subject of multiple instances of alleged infringement. Consequently, when referring to “instances” of alleged infringement, the Court is not necessarily referring to different photographs. Rather, the Court is identifying particular uses of a photograph by Wiley as to which DRK has claimed copyright infringement.

To capture the instances of alleged infringement, the parties have submitted three summary charts, included as exhibits to the parties’ submissions; these charts detail information about each instance, such as the photograph used by Wiley and the publication in which it appeared. When referring to an instance of alleged infringement, the Court has adopted the parties’ convention of referring to a line on one of the summary charts where the instance is identified. There are a total of 316 instances of alleged copyright infringement for which Wiley seeks a declaration of non-infringement (the “Wiley Non-Infringement Instances”). These Instances are set forth in Exhibit A to Wiley’s amended complaint (“Wiley’s Chart”). (Dkt. #23).⁶

⁶ Exhibit A does not include the alleged instances of infringement related to certain Stephen Krasemann’s photographs listed at lines 230 and 253 of Exhibit 1 to DRK’s Counterclaim. (Dkt. #26-1). It is clear from Wiley’s complaint, however, that these instances of alleged infringement were inadvertently excluded from Wiley’s Chart because Wiley moves for a declaratory judgment as to all “316 instances of infringement alleged by DRK” (Compl. ¶¶ 21-22), which necessarily includes these instances of alleged infringement. For this reason, the Court incorporates by reference lines 230 and 253 of Exhibit 1 to DRK’s counterclaims into Wiley’s Chart.

In its counterclaims against Wiley for copyright infringement, DRK isolated 295 of the 316 Wiley Non-Infringement Instances, and listed them in Exhibit 1 to DRK's counterclaims. (Dkt. #26-1).⁷ For clarity, the Court will refer to these instances as the "DRK Counterclaim Instances." In DRK's pending motion, it has further narrowed the scope of instances of alleged infringement as to which DRK seeks summary judgment in its favor, identifying only 88 instances (the "DRK Summary Judgment Instances"). The DRK Summary Judgment Instances are identified in Exhibit A to the Second Declaration of Autumn Witt Boyd ("DRK's Chart"). (Dkt. #76-1).

2. The Stephen Krasemann Photographs

There are six photographs by Stephen Krasemann as to which the parties raise specific issues. The images are covered by two registrations that Stephen Krasemann personally obtained. (Wiley 56.1 Statement ¶ 35). The first registration, Registration No. VAu 175-200, has an effective date of February 1, 1990. (*Id.* at ¶ 56). The second registration, Registration No. VAu 516-002, has an effective registration date of March 13, 2001. (*Id.* at ¶ 44). The specific images at issue include the following: (i) Masai Livestock Tanzania, image number 902499; (ii) Wind Generators and Mountains Gorgonio Pass, California, image number 905268; (iii) Red Fox in winter leaping after mouse, image number 902839; (iv) Aerial view Cape Cod and surf, image number 904674; (v) Lunch Creek Waterfall,

⁷ DRK's Counterclaim Instances are also identified at lines 1-292, 295, 297, and 298 of Wiley's Chart.

Montana, image number 905367; (vi) Aerial Permafrost Polygons, image number 901854 (collectively, the “Krasemann Images”); as well as (v) image numbers 127141 to 134177; and (vi) image numbers 100001 to 112610. (*See id.* at ¶¶ 45-57).⁸

3. The Tom Bean and Peter French Photographs

Separately, there are 43 instances of alleged infringement related to photographs by Tom Bean (the “Bean Instances”), and one instance related to a photograph by Peter French (the “French Instance”). DRK seeks summary judgment as to only 16 of the Bean Instances, and thus only those 16 are listed among the DRK Summary Judgment Instances.⁹ The parties do not dispute that, unlike the other photographs at issue in this case, DRK held an exclusive license to the photographs by Bean and French. (*See* Wiley 56.1 Statement ¶ 6). The parties agree that all 16 Bean Instances were published, sold, or distributed prior to August 5, 2008, except for those instances at lines 6, 7, and

⁸ The parties dispute the exact date of publication for most of Stephen Krasemann’s photographs. The Court need not address this dispute in order to resolve the pending motions.

⁹ The 16 Bean Instances on which DRK moves for partial summary judgment are identified at lines 29, 30, 39, 41, 43, 45, 46, 53, 54, 57, 73, 76, 85, 86, 111, and 278 of Wiley’s Chart. The other instances of infringement related to Bean and French photographs are identified at lines 3, 10, 12, 13, 17, 38, 117, 120, 137, 140, 149, 150, 160, 163, 192, 210, 213, 224, 225, 233, 236, 247, 248, 265, 278, 287, 290, 298, 313, and 314 of Wiley’s Chart.

75 of DRK's Chart. (Counter-Def. Opp. 8-9; Counter-Pl. Reply 12).

E. The Instant Litigation

On August 5, 2011, Wiley filed suit against DRK seeking a declaratory judgment of non-infringement for any use by Wiley of any image that DRK had licensed to Wiley; these potential instances of infringement are referred to herein as the Wiley Non-Infringement Instances. (Dkt. #1). Wiley alleged that (i) it was entitled to a declaration of non-infringement because DRK lacked copyright ownership or a valid copyright registration; (ii) many of Wiley's Non-Infringement Instances occurred outside of the applicable statute of limitations; and (iii) the Wiley Non-Infringement Instances involved the re-use of the same images that DRK had licensed to Wiley to use in a later edition or revised version of the work. (*Id.*). Wiley also sought a declaration that it was not liable to DRK for any claim sounding in fraud. (*Id.*).

A few weeks after Wiley commenced suit in this District, DRK filed a mirror-image action against Wiley in the United States District Court for the District of Arizona (the "Arizona Action"). (Dkt. #22). The Wiley Non-Infringement Instances were first identified by DRK in its complaint in the Arizona Action. (Dkt. #23 at ¶ 21). On August 26, 2011, DRK moved to dismiss the complaint in this action, citing both alleged deficiencies in pleading and the existence of the Arizona Action. (Dkt. #4, 5).

By order dated October 13, 2011, the Honorable George B. Daniels, the District Judge then presiding over this case, dismissed Wiley's request for declaratory relief as to any fraud claim, and any

copyright infringement claims prior to June 18, 1997, because those claims were subject to arbitration; he also dismissed Wiley's claims for declaratory relief as to alleged instances of infringement occurring after June 18, 1997, because Wiley had failed to put DRK on notice of the photographs at issue. (Dkt. #16, 22). Judge Daniels then denied DRK's cross-motion to dismiss the complaint in favor of the Arizona Action pursuant to the "first filed" rule, under which a district court may dismiss an action in favor of a previously filed lawsuit "concerning the same parties and issues." (Dkt. #22).¹⁰ At the same time, the Court granted Wiley leave to amend its complaint. (Dkt. #16).

On May 14, 2012, Wiley filed an amended complaint in which it sought a declaratory judgment as to the Wiley Non-Infringement Instances that were implicated by the Arizona Action. (Dkt. #23). Specifically, Wiley sought an order declaring that:

- (i) for each of the instances in which Wiley's alleged infringement occurred more than three years prior to August 2011, declarations that DRK's claim is barred by the statute of limitations and Wiley is not liable to DRK for copyright infringement;

¹⁰ On June 11, 2012, the Arizona Action was transferred to the Southern District of New York, and remains pending before the Court as a related case. *See DRK Photo, a sole proprietorship v. John Wiley & Sons, Inc. and John Doe Printers 1-10*, No. 12 Civ. 4538 (KPF).

- (ii) for each of the instances in which DRK lacks copyright ownership or a valid copyright registration for the photograph at issue in DRK's claim, declarations that DRK lacks standing and Wiley is not liable to DRK for copyright infringement; and
- (iii) for each of the instances in which Wiley simply included the same photograph in a later edition or revised version of a work for which DRK originally licensed Wiley to use the photograph, declarations that such inclusion was permissible under Section 201(c) of the Copyright Act and Wiley is not liable to DRK for copyright infringement.

(*Id.*). Attached to the amended complaint was Wiley's Chart, a summary chart that identified the 316 instances of alleged copyright infringement. (*Id.*).

On May 31, 2012, DRK filed an answer and asserted counterclaims for copyright infringement, contributory infringement, and vicarious infringement as to the DRK Counterclaim Instances that DRK had identified in Exhibit 1 to its Answer and Counterclaim. (Dkt. #26, 26-1). DRK further sought an order declaring that any use of DRK's photographs by Wiley beyond the limits of the parties' applicable license agreement constituted copyright infringement. (*Id.*).

Having concluded with discovery, the parties have filed the pending cross-motions for summary judgment. Wiley filed its motion for summary

judgment on May 23, 2013, requesting that the Court (i) dismiss all of DRK's counterclaims for copyright infringement (except for those claims relating to photographs by Bean and French); and (ii) issue a declaration of non-infringement for the Wiley Non-Infringement Instances. (Dkt. #52).¹¹ DRK filed its opposition on June 24, 2013 (Dkt. #66), and on July 11, 2013, the motion was fully submitted when Wiley filed its reply (Dkt. #83).

On June 28, 2013, DRK moved for partial summary judgment, requesting that the Court enter judgment of liability for copyright infringement against Wiley as to the DRK Summary Judgment Instances. (Dkt. #73). Wiley filed its opposition on July 26, 2013 (Dkt. #89), and on August 9, 2013, the motion was fully submitted when DRK filed its reply (Dkt. #93-2). Between August 18, 2013, and January 28, 2014, the parties submitted supplemental authority in support of their respective motions. (See Dkt. #98, 100-02, 105).

DISCUSSION

A. Applicable Law

Under Federal Rule of Civil Procedure 56(c), summary judgment may be granted only if all the submissions taken together "show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." *See Celotex Corp. v. Catrett*, 477 U.S. 317, 322 (1986); *Anderson v. Liberty Lobby, Inc.*, 477

¹¹ Although Wiley styles its motion as one for "summary judgment," it seeks less than full relief from the Court.

U.S. 242, 247 (1986). The moving party bears the initial burden of demonstrating “the absence of a genuine issue of material fact.” *Celotex*, 477 U.S. at 323. A fact is “material” if it “might affect the outcome of the suit under the governing law,” and is genuinely in dispute “if the evidence is such that a reasonable jury could return a verdict for the nonmoving party.” *Anderson*, 477 U.S. at 248; *see also Jeffreys v. City of New York*, 426 F.3d 549, 553 (2d Cir. 2005) (citing *Anderson*). The movant may discharge this burden by showing that the nonmoving party has “fail[ed] to make a showing sufficient to establish the existence of an element essential to that party’s case, and on which that party will bear the burden of proof at trial.” *Celotex*, 477 U.S. at 322; *see also Selevan v. N.Y. Thruway Auth.*, 711 F.3d 253, 256 (2d Cir. 2013) (finding summary judgment appropriate where the non-moving party fails to “come forth with evidence sufficient to permit a reasonable juror to return a verdict in his or her favor on an essential element of a claim” (internal quotation marks omitted)).

If the moving party meets this burden, the nonmoving party must “set forth specific facts showing a genuine issue for trial” using affidavits or otherwise, and cannot rely on the “mere allegations or denials” contained in the pleadings. *Anderson*, 477 U.S. at 248; *see also Celotex*, 477 U.S. at 323-24; *Wright v. Goord*, 554 F.3d 255, 266 (2d Cir. 2009). The nonmoving party “must do more than simply show that there is some metaphysical doubt as to the material facts,” *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586 (1986) (internal quotation marks omitted), and cannot rely on “mere

speculation or conjecture as to the true nature of the facts to overcome a motion for summary judgment,” *Knight v. U.S. Fire Ins. Co.*, 804 F.2d 9, 12 (2d Cir. 1986) (quoting *Quarles v. Gen. Motors Corp.*, 758 F.2d 839, 840 (2d Cir. 1985).

The standard used to decide cross-motions for summary judgment, such as the motions pending before the Court, “is the same as that for individual summary judgment motions[,] and a court must consider each motion independent of the other.” *Worldwide Home Products, Inc. v. Time Inc.*, No. 11 Civ. 3633 (LTS) (MHD), 2013 WL 5477480, at *6 (S.D.N.Y. Sept. 30, 2013) (internal quotation marks omitted); *Auscape Intern. v. Nat'l Geographic Soc.*, 409 F. Supp. 2d 235, 238 (S.D.N.Y. 2004) (“A court faced with cross-motions for summary judgment need not ‘grant judgment as a matter of law for one side or the other,’ but ‘must evaluate each party’s motion on its own merits, taking care in each instance to draw all reasonable inferences against the party whose motion is under consideration.’” (quoting *Heublein, Inc. v. United States*, 996 F.2d 1455, 1461 (2d Cir. 1993)).

B. Analysis

1. DRK’s Motion for Partial Summary Judgment and the Issue of Standing

DRK moves the Court to enter a judgment of liability for copyright infringement against Wiley on Count I of its Counterclaims — which, as noted, pertain to the 88 DRK Summary Judgment Instances listed in DRK’s Chart. Included within the DRK Summary Judgment Instances are 16 Bean Instances for which, as discussed above,

DRK was granted an exclusive license. DRK does not move with respect to the remaining 207 instances of alleged copyright infringement that it alleges in its counterclaims. Accordingly, the Court need not address those instances at the present time.

Wiley contends that DRK's motion should be denied for three reasons: (i) the record presents a genuine issue of material fact as to whether Wiley exceeded the scope of its licenses relating to the DRK Summary Judgment Instances; (ii) DRK lacks standing to assert any copyright infringement claims; and (iii) DRK's claims are barred by the statute of limitations. (Counter-Def. Br. 4-9). Because resolution of whether DRK has standing is dispositive of nearly all instances of infringement, except the Bean Instances, and because "federal courts are under an independent obligation to examine their own jurisdiction," including whether standing is established, the Court will first focus on whether DRK has standing to bring its claims against Wiley. *Cf. United States v. Hayes*, 515 U.S. 737, 742 (1995) ("The federal courts are under an independent obligation to examine their own jurisdiction, and standing 'is perhaps the most important of the jurisdictional doctrines.'" (quoting *FW/PBS, Inc. v. Dallas*, 493 U.S. 215, 230-31 (1990)).¹²

¹² In this regard, while using the term "standing" throughout this Opinion, the Court agrees with the following standing analysis offered by the Seventh Circuit:

The Copyright Act restricts the set of people who are entitled to bring a civil action for infringement to those who qualify as "[t]he legal or beneficial owner of an exclusive right under a copyright...." 17 U.S.C. § 501(b).

a. DRK Does Not Have Standing to Assert Copyright Infringement Claims for the Non-Bean Instances¹³

“Copyright ... is a creature of statute, and the only rights that exit under copyright law are those granted by statute.” *Silvers v. Sony Picture Entm’t, Inc.*, 402 F.3d 881, 883-84 (9th Cir. 2005); *accord Stone v. Williams*, 970 F.2d 1043, 1051 (2d Cir. 1992). This general tenet was acknowledged by the Supreme Court over 180 years ago, and remains true today. *Wheaten v. Peters*, 33 U.S. 591, 663-64 (1834) (“This right [in copyright] ... does not exist at common law — it originated, if at all, under the acts of congress. No one can deny that when the legislature are about to vest an exclusive right in an author or an inventor, they have the power to prescribe the conditions on which such right shall be enjoyed.”); *Stewart v.*

Some courts (including this one in years past) have seen this as a limitation derived from Article III’s standing requirement . . . , but we believe that it is preferable to be more precise in our language. . . . [O]ne could keep it simple and say that the Copyright Act spells out who has enforceable rights under the statute; someone who does may sue, and someone who does not has failed to state a claim upon which relief may be granted. Our understanding of the law as it now stands, particularly in light of the Supreme Court’s decision in *Reed Elsevier, Inc. v. Muchnick*, [559 U.S. 154] (2010), is that [this approach] is the correct one.

HyperQuest, Inc. v. N’Site Solutions, Inc., 632 F.3d 377, 381 (7th Cir. 2011) (internal citations omitted).

¹³ The Court’s discussion excludes reference to the French Instance because DRK did not move for summary judgment with respect to that instance of alleged infringement.

Abend, 495 U.S. 207, 251 (1990) (“Since copyright is a creature of statute and since the statute gives the author only a contingent estate, with the widow, widower, or children as remaindermen, the author has only an expectancy to assign for the second term.” (internal quotation marks omitted)).

Section 501(b) of the Copyright Act establishes who may sue for infringement of a copyright, authorizing:

The *legal or beneficial owner* of an exclusive right under a copyright ... 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) (emphasis added); *see also Russian Entm’t Wholesale, Inc. v. Close-Up Intern., Inc.*, 482 F. App’x 602, 604 (2d Cir. 2012) (“[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.” (emphasis in original)) (summary order).

As it must, the Second Circuit enforces Section 501(b) by holding that “[t]he Copyright Act authorizes only two types of claimants to sue for copyright infringement: [i] owners of copyrights, and [ii] persons who have been granted exclusive licenses by owners of copyrights.” *Eden Toys, Inc. v. Florelee Undergarment Co., Inc.*, 697 F.2d 27, 32 (2d Cir. 1982), *superseded on other grounds by* Fed. R. Civ. P. 52(a). The “exclusive rights” referenced in Section 501(b) are set out in Section 106 of the Copyright Act, and include, as pertinent to the pending claims:

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 of phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending ... [and] (5) in the case of ... pictorial ... works ... to display the copyrighted work publicly.

17 U.S.C. § 106; *Davis v. Blige*, 505 F.3d 90, 98 (2d Cir. 2007) (“These rights include ‘reproducing,’ ‘preparing derivative works,’ ‘distributing,’ ‘performing,’ or ‘displaying’ a creative work.” (quoting 17 U.S.C. § 106)). Although “[t]he right to prosecute an accrued cause of action for infringement is also an incident of copyright ownership,” *Davis*, 505 F.3d at 99, it is “not an exclusive right under § 106,” *Silvers*, 402 F.3d at 884.

As discussed below, the record conclusively demonstrates that DRK is neither an owner of the copyrights at issue nor an entity that has been granted an exclusive license by the owners. For that reason, DRK does not have standing to sue for copyright infringement for the DRK Summary Judgment Instances, except for the Bean Instances. Accordingly, DRK’s motion for summary judgment as to the Non-Bean Instances is denied.

**i. The Representation Agreements
Do Not Confer Standing on
DRK**

DRK contends that the Representation Agreements between it and the photographers transferred co-ownership to DRK of three Section 106 exclusive rights, namely the rights to authorize others to reproduce, distribute, and display photographs. (Def. Opp. 10). From this premise, DRK argues that because it is the owner of those exclusive rights (even though it is not the exclusive owner of any one of those rights), it is entitled to sue Wiley for copyright infringement. (*Id.* at 10-11). DRK further argues that it qualifies as a beneficial owner because, under the Representation Agreement, it receives one-half of the proceeds from the licenses it issues. (*Id.* at 12). Wiley takes the opposite position, contending that the Representation Agreements establish that DRK is neither an “owner” nor a “beneficial owner” under the Copyright Act. (Pl. Br. 7).

Owners may grant a license to others to exercise Section 106 rights or assign those rights to others. *Davis*, 505 F.3d at 98. Two general categories of licenses are granted: nonexclusive licenses and exclusive licenses. *Id.* at 99. A nonexclusive license “permits[s] licensees to use the copyrighted material and may be granted to multiple licensees.” *Id.* In contrast, an exclusive license “grant[s] to the licensee the exclusive right — superior even to the copyright owners’ rights — to use the copyrighted material in a manner as specified by the license agreement.” *Id.* “A valid license of either sort immunizes the licensee from a charge of copyright infringement, provided that

the licensee uses the copyright as agreed with the licensor.” *Id.* at 100; *see also Graham v. James*, 144 F.3d 229, 236 (2d Cir. 1998) (“A copyright owner who grants a nonexclusive license to use his copyrighted material waives his right to sue the licensee for copyright infringement.”).

A key distinction between the rights granted by nonexclusive and exclusive licenses — and one that is critical to the claims pending before this Court — is that “[a nonexclusive] license conveys no ownership interest, and the holder of a non-exclusive license may not sue others for infringement.” *Davis*, 505 F.3d at 100; *see Broadcast Music, Inc. v. CBS Inc.*, No. 83 Civ. 5004- CSH, 1983 WL 1136, at *5 (S.D.N.Y. July 20, 1983) (holding that plaintiff, as a nonexclusive licensee of the works at issue, lacked standing to bring claims against defendant for copyright infringement); *see also Sybersound Records, Inc. v. UAV Corp.*, 517 F.3d 1137, 1146 (9th Cir. 2008) (“We hold that because [Plaintiff] is neither an exclusive licensee nor a co-owner in the nine copyrights, it lacks standing to bring the copyright infringement claims alleged in the FAC, and, thus, its copyright infringement claims fail.”); *I.A.E., Inc. v. Shaver*, 74 F.3d 768, 775 (7th Cir. 1996) (“[A] person holding a nonexclusive license has no standing to sue for copyright infringement.”); *Eden Toys*, 697 F.2d at 32 (“The Copyright Act authorizes only two types of claimants to sue for copyright infringement: [i] owners of copyrights, and [ii] persons who have been granted exclusive licenses by owners of copyrights.”). On the other hand, an exclusive license “conveys an ownership interest.” *Davis*, 505 F.3d at 100.

The record provides uncontested proof that the Representation Agreements are nonexclusive licenses. (*See, e.g.*, Penchina Decl., Exhs 3, 30 at 166, 33 at 21). For starters, DRK admitted that the Representation Agreements were nonexclusive licenses. (*Id.*, Exh. 30 at 135 (“It is a nonexclusive arrangement.”)). This is in addition to the fact that the Representation Agreement itself does not indicate that it grants DRK any exclusive rights. Considering the preeminence of exclusive rights in copyright cases, it is axiomatic that if the Representation Agreement did not specify that exclusive rights were being transferred, no such rights were in fact transferred. To further underscore this point, one need only look to the Representation Agreements with Bean and French, which were the only ones that authorized DRK to “act as [Bean’s or French’s] *sole and exclusive agent.*” (D. Krasemann Decl., Exh. 1 (emphasis added)).

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. Section 101 of the Copyright Act makes clear that transfer of ownership of an exclusive right cannot be accomplished by a nonexclusive license. This section 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). Moreover, as Wiley notes, “DRK has not cited, and there is not, a single case finding standing based

on a non-exclusive representation agreement.” (Pl. Reply 1). Not surprisingly, when presented with a similar representation agreement between Wiley and another stock photography agency, a district court in the Northern District of California rejected the agency’s argument that the nonexclusive representation agreement in that case conferred standing on the plaintiff. *Minden Pictures, Inc. v. John Wiley & Sons, Inc.* (“*Minden I*”), No. C-12-4601 EMC, 2014 WL 295854, at *5 (N.D. Cal. Jan. 27, 2014) (“Because the agency agreements do not make Minden a legal or beneficial owner of any exclusive right under the Copyright Act, Minden lacks standing to pursue this action.”). 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 nonexclusivity — grant DRK ownership of exclusive rights under Section 106, as DRK contends, or the copyrights at issue. *Sybersound Records*, 517 F.3d at 1146 (“Although the [Copyright Act] permits *exclusive* rights to be chopped up and owned separately, to be effective, the assignment or other type of alienation permitted ... must be *exclusive*.” (emphases in original)).¹⁴ Execution of the Assignment Agreements is itself further indication that the parties

¹⁴ DRK acknowledged as much when it relied exclusively on the Assignment Agreements to argue that it had standing in a related arbitration (Supplemental Penchina Decl., Exh. A), while maintaining that the Representation Agreements were not “relevant to the issues in [that arbitration]” (*id.* at Exh. M).

did not consider the Representation Agreements to be a conveyance of any ownership interest in the copyrights at issue. *See Minden I*, 2014 WL 295854, at *9 (recognizing that the execution of analogous assignment agreements underscored the conclusion that the agency agreements did not convey an ownership interest in the photographs at issue so as to confer standing on the plaintiff).

DRK argues that even if it is not the legal owner of the copyrights at issue, it is the “beneficial owner” because, under the Representation Agreements, it is entitled to one-half of the proceeds under the licenses. (Def. Br. 12). This argument is equally unavailing, and the cases on which DRK relies in support do not prove otherwise. *See, e.g., Hearn v. Meyer*, 664 F. Supp. 832, 844 (S.D.N.Y. 1987) (recognizing that a beneficial owner could be an author, i.e., a current or former owner of the copyright, and “one who retained a present financial interest in exploitation of [the author’s] work”). *Cortner v. Israel*, on which DRK also relies, is distinguishable on its facts. There, the court held that “[a] beneficial owner ... would include, for example, an author who had parted with legal title to the copyright in exchange for percentage royalties based on sales or license fees.” 732 F.2d 267, 271 (2d Cir. 1984). In stark contrast, DRK never “possessed legal title in the first place,” and therefore, does not qualify as a beneficial owner entitled to sue. *Poindexter v. EMI Record Grp., Inc.*, No. 11 Civ. 559 (LTS) (JLC), 2012 WL 1027639, at *3 (S.D.N.Y. Mar. 27, 2012) (“Plaintiff advances three arguments in support of his claim that he has standing to sue based on the infringement of the *Thin Line* sound recording:

[i] he has ownership rights in the master by virtue of his role as co-producer; [ii] his continued entitlement to royalties makes him a beneficial owner; and [iii] the 2011 Agreement grants him the right to sue for copyright infringements of the musical composition and the master. None of these arguments is availing.”).

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 for the DRK Summary Judgment Instances, except the Bean Instances. *See Bourne Co. v. Hunter Country Club, Inc.*, 990 F.2d 934, 937 (7th Cir. 1993) (“A licensing agent is neither the legal nor beneficial owner of the copyright and has no interest in the copyright.”); *Ctr. City Music v. Kisner*, 23 F.3d 400, 1994 WL 159769, at *4 (4th Cir. 1994) (same) (per curiam table decision); *Minden I*, 2014 WL 295854, at *8 (“[A] number of courts have found that licensing agents are neither legal nor beneficial owners of a copyright.” (collecting cases)); *id.* at 11 (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”); *cf. Psihoyos v. Pearson Educ., Inc.*, 855 F. Supp. 2d 103, 114 (S.D.N.Y. 2012) (acknowledging that a plaintiff may be a beneficial owner where it retained exclusive rights and was entitled to receive a majority of the license fees and any awards or judgments for infringements); *Silberman v. Innovation Luggage, Inc.*, No. 01 Civ. 7109 (GEL), 2003 WL 1787123, at *7 n.5 (S.D.N.Y. Apr. 3, 2003) (noting that plaintiff could sue as a

beneficial owner where plaintiff had transferred ownership of the exclusive right at issue “based on royalties received or other indicia of control”).

**ii. The Assignment Agreements
Do Not Confer Standing on
DRK**

DRK alternatively argues that the Assignment Agreements convey both ownership interest in the copyright and the sole right to bring and resolve accrued, and later-accruing, claims relating to the photographs at issue. (Def. Opp. 13). Wiley responds that the Assignment Agreements are “sham” agreements that cannot confer standing because those agreements do not convey ownership, but rather only the bare right to sue. (Pl. Br. 7-8).

The Second Circuit rejected the exact argument DRK advances here in *Eden Toys*. The Court in *Eden Toys* indicated that the Copyright Act does not permit “holders of rights under copyrights to choose third parties to bring suits on their behalf.” 697 F.2d at 32 n.3. This principle has been followed in numerous subsequent decisions in the Second Circuit and courts throughout this Circuit. *See, e.g., ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 944 F.2d 971, 980 (2d Cir. 1991) (“[T]he Copyright Act does not permit copyright holders to choose third parties to bring suits on their behalf.”); *Plunket v. Doyle*, No. 99 Civ. 11066 (KMW), 2001 WL 175252, at *5 (S.D.N.Y. Feb. 22, 2001) (“The *Eden* Court noted that it did not believe that the Copyright Act permits holders of rights under copyrights to choose third parties to bring suits on their behalf.” (internal quotation marks omitted)); *Yong Ki Hong v. KBS Am., Inc.*,

951 F. Supp. 2d 402, 430 (E.D.N.Y. 2013) (“*Eden Toys* makes clear that a copyright owner cannot, by contract or otherwise, grant a non-exclusive licensee the right to sue for copyright infringement.”). Consequently, DRK’s claim that it has standing because the photographers, by execution of the Assignment Agreements, authorized DRK to bring suit on their behalf, fails as a matter of law. *See Eden Toys*, 697 F.2d at 32 n.3 (rejecting plaintiff’s argument that a “third basis for standing under the Copyright Act existed, namely authorization by the copyright holder of suit by a person *other* than an exclusive licensee” (emphasis in original)); *see also ABKCO Music, Inc.*, 944 F.2d at 980; *Fed. Treasury Enter. Sojuzplodoimport v. SPI Spirits Ltd.*, 726 F.3d 62, 84 (2d Cir. 2013) (“While Federal Rule of Civil Procedure 17(a) ordinarily permits the real party in interest to ratify a suit brought by another party, the Copyright Law is quite specific in stating that only the owner or an exclusive right under a copyright may bring suit.” (internal quotation marks omitted)); *Wu v. Pearson Educ., Inc.*, 377 F.R.D. 255, 266 (S.D.N.Y. 2011) (“To the extent that the licensing agreements or the contracts between the photo bureaus and the photographers specifies that only the photo bureaus may bring suit, they are likely unenforceable.”).

DRK’s parallel argument that the Assignment Agreements confer standing on DRK because they transfer to it ownership in the copyrights, albeit temporary, is also meritless. Although there is no case in this Circuit directly on point, courts in other Circuits have held in analogous circumstances that similar — indeed, nearly identical —

agreements did not confer standing. The Court finds these decisions analytically sound, and adopts their reasoning here.

When determining whether an agreement confers standing, courts look to “the substance of the agreement, not the labels it uses.” *HyperQuest*, 632 F.3d at 383; *Righthaven LLC v. Hoehn*, 716 F.3d 1166, 1169 (9th Cir. 2013) (“When determining whether a contract has transferred exclusive rights, we look not just at the labels parties use but also at the substance and effect of the contract.”). Where, as here, an agreement transfers “nothing more than a bare right to sue … [it] cannot be the basis for standing under the Copyright Act.” *Minden Pictures, Inc. v. John Wiley & Sons, Inc.* (“*Minden II*”), No. C-12- 4601 EMC, 2013 WL 1995208, at *7 (N.D. Cal. May 13, 2013); *see Silvers*, 402 F.3d at 890 (“The bare assignment of an accrued cause of action is impermissible under 17 U.S.C. § 501(b).”); *see also Righthaven*, 716 F.3d at 1169 (holding that plaintiff did not have standing to sue where the substance of the parties’ agreement transferred only the right to sue); *Russian Entm’t Wholesale, Inc. v. Close-Up Intern.*, 767 F. Supp. 2d 392, 401 n.13 (E.D.N.Y. 2011) (noting that a license between the parties that purported to give one party the right to sue, but did not provide the party with the right to reproduce or distribute copies of the work, was “not a valid licensing agreement because a party cannot assign exclusive rights solely for the purpose of having the licensee bring suit”), *aff’d*, 482 F. App’x 602 (2d Cir. 2012) (summary order). DRK’s argument that the Assignment Agreement transfers the copyrights at issue is obviated by the

rationale of these decisions and the factual record before this Court.

Minden Pictures, Inc. v. Pearson Educ., Inc. (“Pearson”), is particularly instructive. 929 F. Supp. 2d 962 (N.D. Cal. 2013). In that case, the plaintiff, a stock photography agency, alleged that the defendant had breached its license agreement, thereby engaging in copyright infringement. *Id.* at 963. Like DRK, the plaintiff in *Pearson* argued that its assignment agreements, containing nearly identical language as the Assignment Agreement before the Court, conferred standing. *Id.* at 968. The court held that “[w]hen the contract is viewed as a whole, the clear and unambiguous intent of the parties was to assign to [plaintiff] the bare right to sue. ‘Co-ownership’ was merely a label intended to disguise the assignment of the cause of action as something else.” *Id.*

Support for this holding was found in the agreement itself, which (i) granted a license to “bring suit and divvy up any return,” and (ii) did not include any duration of the license, but rather specified that it would terminate automatically upon conclusion of any litigation. *Id.* at 969. The court reasoned that if transfer of ownership had truly been contemplated by the agreement, plaintiff would have been granted “co-ownership in perpetuity [even] if it failed to bring suit.” *Id.* In short, the court recognized that “the contracting parties intended for [plaintiff] to bring the instant suit and not for it to be a genuine, potentially-permanent owner of any exclusive rights under Section 501(b).” *Id.* The court also relied on e-mails submitted by the parties in which the plaintiff stated to photographers, in regard to the assignment agreement:

What this amendment does is assign [plaintiff] co-ownership of copyrights of images we represent solely for actions or lawsuits brought by [plaintiff] to address unauthorized image use by our clients. *My understanding is this is the sole purpose this assignment of co-ownership may be used for.*

929 F. Supp. 2d at 970 (emphasis in original). All of this led the court to conclude that the agreements were nothing “more than disguised assignments of the bare right to sue” that did not provide the plaintiff with standing to sue on behalf of the individual photographers. *Id.*¹⁵

The present case is substantively indistinct from *Pearson*. Except for the reference to “co-owners,” the agreements in both cases contain identical text and, just like the plaintiff in *Pearson*, DRK assured its photographers that the sole basis for entering into the Assignment Agreements was to allow DRK to bring suit on the photographers’ behalf. DRK’s e-mails to the photographers confirm that the Assignment Agreements transferred nothing more than a blanket right for DRK to

¹⁵ In a related case, where plaintiff sought to rely on the same assignment agreements, the court agreed with the earlier court’s decision in *Pearson*, stating:

In the alternative, even if collateral estoppel does not apply as to these four photographers, this Court finds Judge Alsup’s reasoning [in *Pearson*] on the effect of these agreements persuasive, and follows *Pearson* in finding that these agreements convey nothing more than a bare right to sue, and thus cannot be the basis for standing under the Copyright Act.

Minden II, 2013 WL 1995208, at *7.

pursue copyright infringement claims. Indeed, Dan Krasemann, the sole proprietor of DRK, assured one photographer that there was “no rights grab going on here. We simply want to register our website/database of images so the images are protected under copyright law, and so we can pursue infringers.” (Penchina Decl., Exh. 9).¹⁶

The Ninth Circuit’s decision in *Righthaven* provides still further support for the Court’s conclusion that the Assignment Agreement does not confer standing. 716 F.3d at 1166. The assignment agreement at issue in *Righthaven* stated that Plaintiff received “all copyrights requisite to have [Plaintiff] recognized as the copyright owner of the Work for purposes of [Plaintiff] 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.* at 1168. The Court held that describing plaintiff as the “owner” of the copyright did not prove that plaintiff actually owned any exclusive rights, as required to bring a lawsuit. *Id.* at 1170. A substantive review of the arrangement between the parties showed that the assignment agreement granted only the “bare right to sue” because, under the terms of the agreement, the

¹⁶ It is for this reason that the district court’s decision in *Alaska Stock, LLC v. Pearson Educ., Inc.*, No. 12-cv-01927-WHO, 2013 WL 5496788, at *5-7 (D. Alaska Sept. 11, 2013), offered by DRK, does not alter the Court’s decision. In that case, the court recognized 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.” This is exactly what DRK sought to achieve, as evidenced by the terms of the proffered agreements and its correspondence with photographers.

transferor retained all exclusive rights as to the copyright. *Id.*¹⁷

The same is unquestionably true here. DRK embarked on a campaign to register its photographers' copyrights for the simple reason that copyrights need to be registered to bring suit. Section 411(a) of the Copyright Act makes this clear: "no civil action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made in accordance with this title." 17 U.S.C. § 411(a). Indeed, "[t]he absence of a valid copyright registration ... would bar a plaintiff from bringing a viable copyright infringement action." *L.A. Printex Indus., Inc. v. Le Chateau, Inc.*, No. 11 Civ. 4248 (LTS), 2012 WL 987590, at *3 (S.D.N.Y. Mar. 23, 2012); *see also Reed Elsevier, Inc. v. Muchnick*, 559 U.S. 154, 157 (2010) ("[Section 411(a)] establishes a condition —

¹⁷ Courts in cases related to *Righthaven* interpreting the same assignment agreement have similarly held that such agreements did not confer standing. *See, e.g., Righthaven LLC v. Eiser*, No. 2:10-cv-3075-RMG-JDA, 2012 WL 527571, at *6 (D.S.C. Jan. 13, 2012) (holding that plaintiff did not have standing to bring a claim for copyright infringement where the substance of the agreement only granted plaintiff a bare right to sue); *Righthaven LLC v. Hush-Hush Entm't, Inc.*, No. 2:10-cv-01404-LRH, 2012 WL 688429, at *2-3 (D. Nev. Mar. 1, 2012) ("This court concurs with these well-reasoned decisions" that hold that the agreement "does not confer [plaintiff] standing to sue for copyright infringement because the [agreement] deprives [plaintiff] of any of the rights normally associated with ownership of an exclusive right and grants [plaintiff] only the bare right to sue."); *Righthaven LLC v. Computer Servs. One LLC*, No. 2:11-cv-00721-LRH-PAL, 2012 WL 694468, at *2 (D. Nev. Mar. 1, 2012) (same).

copyright registration — that plaintiff ordinarily must satisfy before filing an infringement claim and invoking the Act’s remedial provisions.”). DRK proceeded under the belief, albeit a misguided one, that if it registered the photographers’ copyrights, it would have standing to sue. The record before the Court is clear: the sole purpose of the Assignment Agreement was to grant DRK the right to bring suit. This conclusion is further solidified by e-mails between DRK and the photographers, such as the e-mail from one photographer who made clear that:

I have not assigned copyright to any of these images other than temporarily to DRK Photo in order for you to pursue your infringement lawsuit. I have however sold non-exclusive rights to some of these pictures. I expect re-assignment of full copyright in the very near future when your lawsuit is concluded.

(*Id.* at Exh. 12).

DRK directs the Court to the decision in the parallel arbitration proceeding, in which the arbitrator held that DRK had standing to sue because the Assignment Agreements did not only confer the bare right to sue. (Boyd Decl., Exh. 1). As an initial matter, the arbitrator’s decision is not binding authority on the Court. Yet even if it were, the arbitrator expressly left open the potential for the Court to come to the opposite conclusion:

Nevertheless, 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.

(*Id.* at 3).

The arbitrator's determination that *Righthaven* was inapplicable was premised on the view that critical to the decision in *Righthaven* was "the fact that the assignee had no real ability to monetize the copyrights except through copyright infringement actions." (Boyd Decl., Exh. 1 at 2). The arbitrator reasoned that the same was not true with respect to DRK, because DRK had the right to license the copyrighted images to publishers without seeking the photographers' permission. (*Id.*). The Court does not read *Righthaven* so narrowly, but rather heeds 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. *Righthaven*, 716 F.3d at 1170. As the Court has already held, no exclusive rights could have been granted to DRK because the photographers, except for Bean and French, had only granted DRK a nonexclusive license. The arbitrator did not explore whether DRK had been granted exclusive

rights, but rather left this, and the standing issue, to the Court to adjudicate more fully.¹⁸ Just 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.

In short, DRK's Assignment Agreements are "no more than disguised assignments of the bare right to sue" that cannot confer standing. A contrary holding would be inconsistent with the standing limitation first recognized in *Eden Toys* and subsequently adopted throughout this Circuit, because such a decision would enable parties to circumvent the prohibition against allowing "holders of rights under copyrights to choose third parties to bring suits on their behalf." *Eden Toys*, 697 F.2d at 32 n.3. Put somewhat differently, authorizing DRK to use the Assignment Agreement to establish standing in this case would endorse a practice incongruous with Second Circuit precedent — something this Court cannot condone. Accordingly, DRK's summary judgment motion as to the DRK Summary Judgment

¹⁸ An arbitrator in a similar case against Wiley, *Visuals Unlimited, Inc. v. John Wiley and Sons, Inc.*, Case No. 11 143 Y 00658 13, came to the opposite conclusion, holding that the claimant in that case did not have standing pursuant to an assignment agreement that contained nearly identical language to the Assignment Agreement before the Court. (Dkt. #98). The arbitrator, relying on *Pearson*, held that the agreement was "insufficient, alone or in combination with non-exclusive Representation Agreements, to establish that [the claimant] is a co-owner of an exclusive right for purposes of standing under Section 501(b) of the Copyright Act." (*Id.*).

Instances, except the Bean Instances, is denied, and its counterclaims as to those instances are dismissed.

b. Claims Involving the Instances Contained at Lines 8 to 56, 87, and 88 of DRK's Chart Are Barred by the Statute of Limitations

An additional basis for denying DRK's partial summary judgment motion (at least as to a majority of the DRK Summary Judgment Instances) is that claims involving those Instances are barred by the statute of limitations. Wiley makes just this argument with respect to the instances at lines 8 to 56, 87, and 88 of DRK's Chart. (Counter-Def. Br. 8). This subset of the DRK Summary Judgment Instances includes instances that the Court has already dismissed on standing grounds, as well as additional Bean Instances.

A civil action under the Copyright Act must be "commenced within three years after the claim accrued." 17 U.S.C. § 507(b) ("No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued."). The parties dispute whether the Court should apply an "injury rule," under which "a claim accrued at the time of each act of infringement, regardless of the copyright holder's knowledge of the infringement," *Urbont v. Sony Music Entm't*, 863 F. Supp. 2d 279, 281 (S.D.N.Y. 2012), or the "discovery rule," under which "a claim for copyright infringement does not accrue until the aggrieved party knows or has reason to know of the injury that forms the basis of the

claim,” *id.* Wiley argues that the injury rule applies, and that because each work identified at lines 8 to 56, 87, and 88 of DRK’s Chart was published prior to August 3, 2008 (i.e., three years before DRK instituted the present action), those claims are barred by the statute of limitations. (Counter-Def. Br. 8-9). In the alternative, Wiley maintains that even if the discovery rule applied, the claims are either barred, or at minimum, an issue of fact is raised so as to foreclose summary judgment. (*Id.* at 9). Conversely, DRK contends that the discovery rule applies, and that under this rule, its claims were timely filed. (Counter-Pl. Reply 7).

“Neither the Supreme Court nor the Second Circuit has ruled on the appropriate accrual rule for federal copyright infringement claims.” *Urbont*, 863 F. Supp. 2d at 282; *see also TufAmerica, Inc. v. Diamond*, No. 12 Civ. 3529 (AJN), 2013 WL 4830954, at *17 (S.D.N.Y. Sept. 10, 2013) (same). The majority of the courts in this Circuit had initially applied the discovery rule in infringement cases based on their interpretation of the Second Circuit’s holdings in *Stone v. Williams*, 970 F.2d 1043, 1048 (2d Cir. 1992), and *Merchant v. Levy*, 92 F.3d 51, 56 (2d Cir. 1996). *See Muench Photography, Inc. v. Houghton Mifflin Hardcourt Pub. Co.*, No. 09 Civ. 2669 (LAP), 2013 WL 4464002, at *5 (S.D.N.Y. Aug. 21, 2013) (recounting history). But, beginning with the Supreme Court’s decision in *TRW Inc. v. Andrews*, 534 U.S. 19 (2001), and particularly after Judge Lewis A. Kaplan’s decision in *Auscape Int’l v. Nat’l Geographic Soc’y*, 409 F. Supp. 2d 235 (S.D.N.Y. 2004), the pendulum has swung in the

other direction. A “majority of courts” in this District now apply the injury rule to infringement claims. *TuftAmerica, Inc.*, 2013 WL 4830954, at *17 (“Since *Auscape*, a growing majority of the courts in the Southern District of New York to address this question have followed Judge Kaplan’s lead and applied the injury rule to infringement claims.” (collecting cases)).

In *TRW*, the Supreme Court, in determining the accrual of claims under the Fair Credit Reporting Act (“FCRA”), made clear that the discovery rule had limited application. It did so by identifying that it had recognized the discovery rule only in “two contexts, latent disease and medical malpractice cases ‘where the cry for such a rule is loudest.’” *TRW*, 534 U.S. at 27 (quoting *Rotella v. Wood*, 528 U.S. 549, 555 (2000)). In *Auscape*, Judge Kaplan began by observing that

In light of these considerations, two things are clear in the aftermath of *TRW*. First, it is uncertain whether *Stone* and *Merchant* remain good law even in the co-ownership context, as both were premised upon the automatic application of the discovery rule that the Supreme Court rejected in *TRW*. Second, regardless of whether *Stone* and *Merchant* continue to govern in the co-ownership context, *TRW* demonstrates that uncritical extension of those cases to the infringement context would be unwarranted. Instead, *TRW* requires examination of the statutory structure and legislative history in determining whether a discovery or injury

rule should apply where, as here, the statute itself is silent on the issue.

409 F. Supp. 2d at 244. He then proceeded to elucidate how subsequent courts had neglected to account for two critical distinctions present in *Stone* and *Merchant*. First, Judge Kaplan noted, those two cases had “rest[ed] entirely on then prevalent views regarding the accrual of federal claims generally,” pursuant to which “federal courts long applied a discovery rule, in absence of any authority to the contrary, in determining when claims under a plethora of federal statutes accrued.” *Id.* at 243-44. Second, he observed, *Stone* and *Merchant* had involved copyright *ownership* rather than *infringement* claims. *Id.* After (i) considering the limitations of *Stone* and *Merchant*, and how *TRW* had “altered [the] landscape”; (ii) holding that the discovery rule was not the default accrual rule; and (iii) conducting a comprehensive examination of the limitations period under the Copyright Act, Judge Kaplan held that infringement claims under the Copyright Act should be governed by the injury rule. *Id.* at 244-48.

The Supreme Court’s subsequent decision in *Merck & Co. v. Reynolds*, 559 U.S. 633 (2010), would appear to confirm the correctness of Judge Kaplan’s decision. In *Merck*, the Court stated that the discovery rule is “an exception to the general limitations rule that a cause of action accrues once a plaintiff has a complete and present cause of action.” *Id.* at 644 (internal quotation marks omitted). The Court went on to explain that the genesis of the discovery rule was found in fraud cases, acknowledging that the “Court long ago recognized that something different was needed in

the case of fraud, where a defendant's deceptive conduct may prevent a plaintiff from even *knowing* that he or she has been defrauded." *Id.* (emphasis in original). The Second Circuit, in turn, has recognized that "[a]s a general matter, [the discovery rule] does not govern the accrual of most claims because most claims do not involve conduct that is inherently self-concealing." *SEC v. Gabelli*, 653 F.3d 49, 59 (2d Cir. 2011), *rev'd on other grounds*, 133 S. Ct. 1216 (2013).

In sum, *Auscape* and other decisions following *TRW* make clear that the Court should follow the majority rule in this District, and apply the injury rule to DRK's infringement claims. Doing so requires that DRK's claims as to the instances of alleged infringement at lines 8 to 56, 87, and 88 of DRK's Chart be dismissed as untimely filed.¹⁹ Indeed, DRK concedes that application of the injury rule bars these instances of alleged infringement. (Counter-Pl. Reply 12). As for DRK's argument that *Stone* and *Merchant* are binding precedent (Counter-Pl. Reply 8), the succeeding decisions outlined earlier in this section thoroughly undercut DRK's position. Similarly, DRK's argument that this case necessitates application of the discovery rule because Wiley's alleged infringements were concealed is unavailing. (Counter-Pl. Reply 11). DRK has not established that it could not uncover, or that it would be very difficult for it to uncover, the alleged instances of infringement, such that this Court should recognize an exception to the

¹⁹ Because the Court holds that the injury rule applies, it need not assess whether DRK's claims would likewise be barred under the discovery rule.

principle, articulated by the Supreme Court and endorsed by the Second Circuit, that the discovery rule is applied to limited cases sounding in fraud. As the legislative history of the Copyright Act confirms, “Congress was well aware that the statute of limitations it was enacting would not necessarily allow a remedy for every wrong. It at least implicitly acknowledged ‘that the passage of time must leave some wrongs without a remedy.’” *Auscape*, 409 F. Supp. 2d at 246 (quoting *Pearl v. City of Long Beach*, 296 F.3d 76, 77 (2d Cir. 2002)).

Accordingly, DRK’s motion for partial summary judgment as to the instances of alleged infringement at lines 8 to 56, 87, and 88 in DRK’s Chart is denied, and those claims are dismissed, with the non-Bean Instances already dismissed on standing grounds dismissed on this alternate basis.

c. Wiley Infringed on the Bean Instances at Lines 6, 7, and 75 of DRK’s Chart

Having dismissed claims for the majority of the DRK Summary Judgment Instances on standing or timeliness grounds, the Court is left to determine whether DRK is entitled to summary judgment on the Bean Instances identified at lines 6, 7, and 75 of DRK’s Chart (the “Three Bean Instances”). DRK contends that its licenses with Wiley for the images at issue in these instances were limited in scope in terms of the print run, media, and/or geographic distribution, and that Wiley violated the license terms by printing more units than authorized, selling the photographs beyond the licensed geographic distribution areas,

and/or using the photographs electronically without permission. (Counter-Pl. Br. 12-14).²⁰ Wiley responds that summary judgment cannot be granted in DRK's favor because there are material issues of fact as to whether Wiley exceeded the scope of its licenses as to the Three Bean Instances. (Counter-Def. Br. 4-5). Here, Wiley raises only one potential issue of material of fact: Wiley argues that it did not exceed the print run for the alleged instance of infringement at line 75 of DRK's Chart because pursuant to the Pricing Agreement, Wiley had the right to print up to 40,000 copies at the price paid, and it printed fewer than this amount. (*Id.* at 6).

"To establish an infringement of a copyright, a plaintiff must show both ownership of a copyright and that defendant copied the protected material without authorization." *Rogers v. Koons*, 960 F.2d 301, 306 (2d Cir. 1992); *Hamil Am. Inc. v. GFI*, 193 F.3d 92, 98 (2d Cir. 1999); *TechnoMarine SA v. Jacob Time, Inc.*, No. 12 Civ. 790 (KBF), 2013 WL 5231471, at *7 (S.D.N.Y. July 16, 2013). The Court need not address the first element for proving copyright infringement because Wiley does not dispute that DRK owns a valid copyright as to the Bean photographs pursuant to the exclusive license granted to DRK. Turning to the

²⁰ DRK advances these arguments as to all of the DRK Summary Judgment Instances. Having dismissed all other DRK Summary Judgment Instances, however, the Court need only address whether DRK has established that there is no genuine issue of material fact as to whether Wiley engaged in copyright infringement with respect to the Three Bean Instances.

second element, the Court finds that no issue of material fact exists.

“It is black-letter law that a claim for copyright infringement lies when a party’s use of copyrighted material exceeds the scope of its license.” *Harrell v. Van der Plas*, No. 08 Civ. 8252 (GEL), 2009 WL 3756327, at *2 (S.D.N.Y. Nov. 9, 2009); *see Bean v. John Wiley & Sons, Inc.*, No. CV 11-08028-PCT-FJM, 2012 WL 1078662, at *2 (D. Ariz. Mar. 30, 2012) (“A licensee can infringe a copyright by exceeding the scope of a license.”); *see also E. Broadcasting Am. Corp. v. Universal Video, Inc.*, No. 04 Civ. 5654 (DGT), 2006 WL 767871, at *2 (E.D.N.Y. Mar. 24, 2006) (finding that where a party uses copyrighted material in a way that exceeds the duration or scope of a previously-granted license, the resulting claim is for copyright infringement, not breach of contract); *Marshall v. New Kids on the Block P’ship*, 780 F. Supp. 1005, 1008 (S.D.N.Y. 1991) (finding that existence of a prior license is no bar to copyright claim because a copyright licensee can make itself a “stranger” to the licensor by exceeding the duration or scope of the license).

The license for the Bean Instances at lines 6 and 7 is dated January 6, 1999; it limits Wiley’s use of the Bean photographs to use in “one (1) print version of the copyright 1999 John Wiley & Sons, Inc. TEXTBOOK publication titled BLUE PLANET, 2ND EDITION, by Skinner; the total number of copies to be printed is not to exceed 30,000 copies,” and specifies that “[n]o other rights known or unknown to mankind are granted or implied,” and that “[n]o electronic publishing rights [are] granted.” (Second Krasemann Decl., Exh. 2-A). The invoice for the Bean Instance at

line 75, dated March 27, 2003, contains the same language with respect to Wiley's use of the image in a different textbook publication. (*Id.* at Exh. 2-B). Wiley does not dispute that it exceeded the scope of the licenses governing the Three Bean Instances. (Counter-Def. Br. 5-6). Instead, Wiley takes issue with only the Bean Instance at line 75, arguing that under the Pricing Agreement it was allowed to print up to 40,000 copies, which Wiley did not exceed. (*Id.* at 6 n.6).

"[D]etermining whether a defendant's activities fall within the scope of an existing license essentially involves a question of contract interpretation." *Reinhardt v. Wal-Mart Stores, Inc.*, 547 F. Supp. 2d 346, 352 (S.D.N.Y. 2008); *see also Bourne v. Walt Disney Co.*, 68 F.3d 621, 631 (2d Cir. 1995). "If the contract language is unambiguous and conveys a definite meaning, its interpretation is a question of law for the court." *Reinhardt*, 547 F. Supp. 2d at 352. The language of the relevant licenses is clear and unambiguous. As DRK argues, and the record supports, the Pricing Agreement was in place from July 1, 2000, to July 1, 2001, and consequently could not govern the Bean Instance at line 75. Wiley has not submitted evidence to refute the limited temporal application of the Pricing Agreement. Indeed, Wiley conceded this much when it submitted that "[p]ursuant to the pricing agreement *in place during 2000 and 2001*, DRK charged Wiley \$170 for the right to print and distribute in North America ... up to 40,000 copies." (Wiley 56.1 Statement ¶ 14 (emphasis added)).

The record establishes that Wiley infringed on DRK's copyrights for the Three Bean Instances.

See Gilliam v. Am. Broadcasting Co., Inc., 538 F.2d 14, 21 (2d Cir. 1976) (“We find, therefore, that unauthorized editing of the underlying work, if proven, would constitute an infringement of the copyright in that work similar to any other use of a work that exceeded the license granted by the proprietor of the copyright.”); *J.S. Nicol, Inc. v. Peking Handicraft, Inc.*, No. 03 Civ. 1548 (GBD) (AJP), 2008 WL 4613752, at *7 n.25 (S.D.N.Y. Oct. 17, 2008) (“Neither party contests the basic tenet that use of J.S. Nicol’s copyrighted works would constitute copyright infringement if used in violation of the License Agreement.”); *Leutwyler v. Royal Hashemite Court of Jordan*, 184 F. Supp. 2d 303, 306 (S.D.N.Y. 2001) (“[A] copyright owner may bring a claim for infringement against a licensee whose actions exceed the scope of the license.... The question thus reduces to an interpretation of the license that [plaintiff] concedes was granted.” (internal citation omitted)); *Wood v. Houghton Mifflin Harcourt Publ’g Co.*, 589 F. Supp. 2d 1230, 1241 (D. Colo. 2008) (granting partial summary judgment where licensee used copyright beyond the scope of the license); *Bean*, 2012 WL 1078662, at *2 (same).

Because Wiley has failed to raise any issue of material fact as to whether it exceeded the scope of its license for the Three Bean Instances, summary judgment is granted in DRK’s favor for these instances.

2. Wiley’s Motion for Summary Judgment

Turning now to Wiley’s motion for summary judgment, the company advances three principal grounds for relief. First, Wiley seeks an order dismissing with prejudice all the DRK Counter-

claim Instances, except the Bean and French Instances, on the ground that DRK lacks standing. Wiley also requests that DRK's claims as to the Krasemann Images be dismissed because DRK lacks valid copyright registrations for these images. Second, Wiley seeks a declaratory judgment of non-infringement as to the Wiley Non-Infringement Instances (other than the Bean and French Instances) on the ground that DRK lacks standing. With respect to the 21 Wiley Non-Infringement Instances as to which DRK did not assert counterclaims, Wiley argues in the alternative that a declaration of non-infringement should issue precisely because DRK did not counterclaim. Finally, Wiley also requests declaratory relief as to the Krasemann Images on the same ground that it requests dismissal, *viz.*, that DRK lacks a valid copyright registration.

a. DRK Does Not Have Standing to Maintain Its Counterclaims as to the Non-Bean and Non-French Instances

As an initial matter, DRK seeks to voluntarily dismiss its claims for the instances of alleged infringement that were previously resolved in arbitration, as well as claims related to photographs by Michael Collier that are included in the DRK Counterclaim Instances. (Counter-Pl. Reply 1). These instances are identified at lines 1, 32, 33, 48, 49, 73, and 79 of DRK's Chart. Voluntary dismissal of these claims, however, "is improper at this stage of the proceedings." *Muench Photography, Inc.*, 2013 WL 4464002, at *4; Fed. R. Civ. Proc. 41. Accordingly, Wiley's motion for summary judgment as to these

instances is granted. *See Muench Photography, Inc.*, 2013 WL 4464002, at *4 (granting summary judgment in the defendant's favor where plaintiff sought to voluntarily withdraw claims after defendant served its summary judgment motion).²¹

Putting the Bean and French Instances aside, as discussed at length above, DRK lacks standing to maintain its counterclaims against Wiley as to the DRK Summary Judgment Instances. The parties do not dispute that the same Representation Agreements and Assignment Agreements govern the photographs at issue. Just as those two agreements could not confer standing as to the DRK Summary Judgment Instances, they similarly cannot confer standing as to the broader category of the DRK Counterclaim Instances. For that reason, Wiley's motion for summary judgment as to the DRK Counterclaim Instances (less the French and Bean Instances) is granted.

b. Wiley's Declaratory Judgment Claims as to the Non-Bean and Non-French Instances Must Be Dismissed

Wiley seeks a declaratory judgment under the Declaratory Judgment Act for non-infringement as to the more comprehensive group of Wiley Non-Infringement Instances, except the Bean and French Instances, arguing that DRK lacks standing as to these instances. (*See* Pl. Br. 6-12). Wiley also argues that it is entitled to declaratory relief for the additional reasons that DRK failed to

²¹ Even if DRK had not sought to voluntarily dismiss these claims, summary judgment would still have been granted in Wiley's favor for the reasons set forth herein.

file counterclaims as to 22 instances included in Wiley's complaint, and that the Krasemann Images' copyright registrations are invalid. (*Id.* at 12-18). In response, DRK relies on the same Representation Agreements and Assignment Agreements to argue that it has standing to sue (Def. Opp. 13-18); it claims that not opposing the 21 instances does not equate to a declaration of non-infringement in Wiley's favor (*id.* at 27); and it contends that the copyright registrations for the Krasemann Images are valid (*id.* at 19-26).²²

The Court has held that neither the Representation Agreements nor the Assignment Agreements confer standing on DRK to sue for copyright infringement. Accordingly, because the same agreements govern the Wiley Non-Infringement Instances (except, as noted, the Bean and French Instances), the Court agrees with Wiley that DRK lacks standing to sue as to these instances. DRK's lack of standing, however, does not equate to Wiley's entitlement to a declaration of non-infringement. Quite the opposite: DRK's lack of standing to sue Wiley requires dismissal of Wiley's claims as to the non-Bean and non-French Wiley Non-Infringement Instances.

²² Because the Court resolves the issue on standing grounds, it need not determine whether the copyright registrations for the Krasemann Images are valid. Similarly, as to the Non-Bean Instances within the 21 instances, those too are resolved on standing grounds and need not be separately addressed. The 21 instances not related to photographs by Bean include instances at lines 293, 294, 296, 299 to 312, and 315 to 316 of Wiley's Chart.

The Declaratory Judgment Act provides:

In a case of actual controversy within its jurisdiction, ... any court of the United States, upon the filing of an appropriate pleading, may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought.

28 U.S.C. § 2201(a). “[T]he phrase ‘case of actual controversy’ in the [Declaratory Judgment] Act refers to the type of ‘Cases’ and ‘Controversies’ that are justiciable under Article III.” *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (2007) (quoting *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 240 (1937)). “It is a basic principle of Article III that a justiciable case or controversy must remain ‘extant at all stages of review, not merely at the time the complaint is filed.’” *United States v. Juvenile Male*, 131 S. Ct. 2860, 2864 (2011) (quoting *Arizonaans for Official English v. Arizona*, 520 U.S. 43, 67 (1997)); *see also Alvarez v. Smith*, 558 U.S. 87, 92 (2009) (“The Constitution permits this Court to decide legal questions only in the context of actual ‘Cases’ or ‘Controversies.’ An ‘actual controversy must be extant at all stages of review, not merely at the time the complaint is filed.’” (quoting *Preiser v. Newkirk*, 422 U.S. 395, 401 (1975) (internal citation omitted))). “[T]he question in each case is whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.” *MedImmune, Inc.*, 549 U.S. at 127.

“Throughout the litigation, the party seeking relief must have suffered, or be threatened with, an actual injury traceable to the defendant and likely to be redressed by a favorable judicial decision.” *Juvenile Male*, 131 S. Ct. at 2864. “As with any federal action, courts may not entertain actions for declaratory judgment ‘when the parties are asking for an advisory opinion, when the question sought to be adjudicated has been mooted by subsequent developments, and when there is not standing to maintain the action.’” *Velvet Underground v. Andy Warhol Found. for the Visual Arts, Inc.*, 890 F. Supp. 2d 398, 403 (S.D.N.Y. 2012) (quoting *Flast v. Cohen*, 392 U.S. 83, 95 (1968)).

“To have standing to pursue a declaratory relief action regarding copyright infringement, a plaintiff must show that ‘under all the circumstances of the case, there is a substantial controversy between parties having adverse legal interests, and that the controversy is of sufficient immediacy and reality to warrant declaratory relief.’” *Amaretto Ranch Breedables v. Ozimals Inc.*, 907 F. Supp. 2d 1080, 1084-85 (N.D. Cal. 2012) (quoting *Hal Roach Studios, Inc. v. Richard Feiner & Co.*, 896 F.2d 1542, 1555-56 (9th Cir. 1989)). The party must have “a real and reasonable apprehension that he will be subject to liability if he continues the allegedly infringing conduct.” *Id.*; see also *Velvet Underground*, 890 F. Supp. 2d at 403-04 (“Under the Declaratory Judgment Act, a party who wishes to engage in conduct that may infringe another’s intellectual property rights may seek a declaration that those rights are invalid without first exposing itself to

liability. But the dispute must be presented in the context of a specific live grievance that justifies invoking the protection of the courts to shield the plaintiff against the defendant's actual interference with its legal interests." (internal citations and quotation marks omitted)).

The Court's determination that DRK lacks standing effectively moots the controversy between the parties. In light of the Court's holding, Wiley is no longer confronted with a reasonable apprehension that it will be subject to liability *to DRK* for the alleged infringement, if it continues to engage in the allegedly infringing conduct. Although Wiley argues that a determination that DRK lacks standing under the copyright law equates to a declaration of non-infringement in its favor (Pl. Reply 11), such a result is not tenable under Article III. DRK's inability to sue Wiley for copyright infringement for the non-Bean and non-French Instances strips this Court of subject matter jurisdiction. *Amaretto Ranch Breedables*, 907 F. Supp. 2d at 1086 (holding that plaintiff lacked standing for declaratory relief where the defendants lacked standing to sue for copyright infringement; finding that the court would not exercise its discretion to grant declaratory relief even if standing was established; and denying plaintiff's motion for summary judgment as to the declaratory judgment claims and dismissing those claims for lack of subject matter jurisdiction); *see also Fina Research S.A. v. Baroid Drilling Fluids, Inc.*, 98 F.3d 1357 (Table), 1996 WL 521465, at *2-3 (Fed. Cir. 1996) (upholding district court's dismissal of plaintiff's declaratory judgment complaint for lack

of “case of actual controversy,” where defendant, an alleged patentee, did not have standing to sue); *cf. Velvet Underground*, 890 F. Supp. 2d at 404 (“Accordingly, in intellectual property cases, when a declaratory judgment plaintiff seeks a declaration that an asserted right is invalid or otherwise unenforceable and the declaratory defendant provides the plaintiff with a covenant not to sue for infringement of that right, that covenant can ‘extinguish any current or future case or controversy between the parties, and divest the district court of subject matter jurisdiction.’” (quoting *Dow Jones & Co. v. Ablaise Ltd.*, 606 F.3d 1338, 1348 (Fed. Cir. 2010))); *Orion Elec. Co., Ltd. v. Funai Elec. Co., Ltd.*, No. 01 Civ. 3510 (AGS) (JCF), 2001 WL 1506009, at *3 (S.D.N.Y. Nov. 26, 2001) (recognizing that if defendant did not have standing to bring a claim against the plaintiff, it would not be a proper defendant in a declaratory judgment action).²³

Wiley’s motion for summary judgment for a declaration of non-infringement for the non-Bean and non-French Wiley Non-Infringement Instances is denied, and its claims as to those instances are

²³ The Court’s reliance on cases concerning patent law is entirely appropriate here. See *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 439 (1984) (“There is no precedent in the law of copyright for imposition of vicarious liability on such a theory. The closest analogy is provided by the patent law cases to which it is appropriate to refer because of the historic kinship between patent law and copyright law.”); *Davis*, 505 F.3d at 104 (“We find support for this holding in the law of patents. Although patents and copyright law function somewhat differently, courts considering one have historically looked to the other for guidance where precedent is lacking.”).

likewise dismissed for lack of subject matter jurisdiction.²⁴

c. Wiley Is Not Entitled to a Declaration of Non-Infringement as to the Remaining Bean Instances

Remaining before the Court are the Bean Instances not included in DRK's Counterclaim Instances, and identified at lines 313 and 314 of Wiley's Chart (the "Remaining Bean Instances"). Wiley argues that a declaration of non-infringement should issue as to these Instances because DRK has "presented no evidence of infringement for [these] instances." (Pl. Br. 18). Wiley offers neither citation to case law nor evidentiary support to establish its entitlement to a declaratory judgment. Yet it is Wiley who carries "at a minimum the risk of non-persuasion, if not the actual burden of proof" on its motion for summary judgment. *See Thompson v. Cnty. of Franklin*, 314 F.3d 79, 80 (2d Cir. 2002) ("Nevertheless, [Plaintiff] commenced this action for a declaratory judgment in an effort to establish her claim and sought summary judgment toward that end. In so doing, she carried 'at a minimum the risk of non-persuasion, if not the actual burden of proof.'") (quoting *NRT Metals, Inc. v. Manhattan Metals*

²⁴ The Court's conclusion here does not conflict with its prior Opinion rejecting Defendant's argument that Plaintiff lacked standing to bring a declaratory judgment action. (Dkt. #36). That decision was predicated on Defendant's argument that Plaintiff needed to plead ownership and, more importantly, was decided without the record now before the Court, from which it can assess whether Plaintiff lacked standing to assert a claim for copyright infringement.

(*Non-Ferrous*), Ltd., 576 F. Supp. 1046, 1052 n.17 (S.D.N.Y. 1983)); *Cont'l Assur. Co. v. Sanasee*, No. 04 Civ. 412 (ILG), 2006 WL 335419, at *2 (E.D.N.Y. Feb. 13, 2006) (“[T]he burden of proof rests upon the plaintiff, as it generally would in a declaratory judgment action, to establish its entitlement to judgment as a matter of law.”).

“A party seeking summary judgment on a claim of non-infringement of copyright must establish that at least one element of the alleged infringement cannot be proven as a matter of law.” *Bill Diodata Photography, LLC v. Kate Spade, LLC.*, 388 F. Supp. 2d 382, 394 (S.D.N.Y. 2005); *Jean v. Bug Music, Inc.*, No. 00 Civ. 4022 (DC), 2002 WL 287786, at *4 (S.D.N.Y. Feb. 27, 2002). Wiley admits that DRK’s Representation Agreements with Bean were exclusive licenses that accorded to DRK the right to assert a claim for copyright infringement. (Pl. Br. 7 n.5). In doing so, Wiley implicitly concedes that DRK has established the first element necessary to prove copyright infringement. *See Davis*, 505 F.3d at 101 (“An exclusive license ... conveys an ownership interest.”); *see also U.S. Naval Inst. v. Charter Commc’n, Inc.*, 936 F.2d 692, 695 (2d Cir. 1991) (“An exclusive license granted by the copyright owner constitutes a transfer of ownership of the copyright rights conveyed in the license.”).

As for the second element, “copy[ing] the protected material without authorization,” *Rogers*, 960 F.2d at 306, Wiley has not submitted evidence to establish that it used the Remaining Bean Instances within the scope of its license agreement. Thus, Wiley has not demonstrated that at least one element of the alleged infringement

cannot be proven as a matter of law. Accordingly, Wiley's motion for summary judgment for a declaration of non-infringement as to the Remaining Bean Instances is denied.

CONCLUSION

For the foregoing reasons, DRK's motion for partial summary judgment is denied as to the DRK Summary Judgment Instances except the Three Bean Instances, and DRK's claims as to those instances are dismissed; DRK's motion for partial summary judgment as to the Three Bean Instances is granted; Wiley's motion for summary judgment dismissing the non-Bean and non-French DRK Counterclaim Instances is granted, and DRK's claims as to those instances are dismissed; Wiley's motion for summary judgment for declaratory relief of non-infringement is denied; and its claims for declaratory relief as to the Wiley Non-Infringement Instances are dismissed except for the French and Bean instances at lines 3, 117, 120, 137, 140, 149, 150, 160, 163, 192, 210, 213, 224, 225, 233, 236, 247, 248, 265, 287, 290, 313, and 314 of Wiley's Chart.

The Clerk of Court is directed to terminate Docket Entries 52 and 73.

A pretrial conference will be held on March 21, 2014, at 2:30 p.m. to discuss scheduling trial in this matter.

SO ORDERED.

Dated: February 21, 2014
New York, New York

/s/
KATHERINE POLK FAILLA
United States District Judge

Appendix C

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

At a stated term of the United States Court of Appeals for the Second Circuit, held at the Thurgood Marshall United States Courthouse, 40 Foley Square, in the City of New York, on the 12th day of April, two thousand eighteen.

Docket No: 15-1134

JOHN WILEY & SONS, INC.,
Plaintiff/Counter-Defendant-Appellee,

—v.—

DRK PHOTO,
Defendant/Counter-Plaintiff-Appellant.

ORDER

Appellant, DRK Photo, filed a petition for panel rehearing, or, in the alternative, for rehearing *en banc*. The panel that determined the appeal has

considered the request for panel rehearing, and the active members of the Court have considered the request for rehearing *en banc*.

IT IS HEREBY ORDERED that the petition is denied.

FOR THE COURT:

/s/

Catherine O'Hagan Wolfe, Clerk

[SECOND CIRCUIT,
US COURT OF
APPEALS SEAL with
Catherine O'Hagan Wolfe
SIGNATURE]

Appendix D

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;

- (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).

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

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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.