

No.

IN THE
Supreme Court of the United States

RIMINI STREET, INC.,

Petitioner,

v.

ORACLE USA, INC., ORACLE AMERICA, INC., AND
ORACLE INTERNATIONAL CORPORATION,

Respondents.

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

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

The jury found petitioner’s copyright infringement to have been “innocent,” meaning that petitioner “did not know” and “had no reason to know” that its conduct was infringing. In violation of the Seventh Amendment’s Reexamination Clause, the district court instead found that petitioner acted in “conscious disregard” of respondents’ copyrights—and on that basis entered a permanent injunction. The Ninth Circuit excused that constitutional error as “harmless” on the ground that consideration of an infringer’s mental state is “not necessary” under the equitable framework of *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006). The question presented is:

Whether courts must take into account a jury’s finding of an infringer’s mental state in considering injunctive relief under the Copyright Act.

**PARTIES TO THE PROCEEDING AND
RULE 29.6 STATEMENT**

In addition to the parties named in the caption, Seth Ravin, an individual, was a defendant in the district court, but was not a party before the Ninth Circuit in the judgment under review.

Pursuant to this Court's Rule 29.6, undersigned counsel state that petitioner Rimini Street, Inc. is a publicly traded Delaware corporation. Rimini Street, Inc. has no parent company. GP Investments, Ltd. is a Bermuda corporation that is publicly traded on certain non-U.S. stock exchanges and indirectly owns 10% or more of Rimini's stock. No other publicly held company owns 10% or more of Rimini's stock.

RULE 14.1(b)(iii) STATEMENT

- *Oracle USA, Inc., et al. v. Rimini St., Inc.*, No. 18-16554 (9th Cir.) (judgment and memorandum disposition entered August 16, 2019; mandate issued September 9, 2019).
- *Oracle USA, Inc., et al. v. Rimini St., Inc., et al.*, No. 2:10-cv-00106-LRH-VCF (D. Nev.) (judgment on award of attorneys' fees and order granting permanent injunction entered August 14, 2018).
- *Rimini St., Inc., et al. v. Oracle USA, Inc., et al.*, No. 17-1625 (U.S.) (opinion issued March 4, 2019; judgment entered April 5, 2019).
- *Oracle USA, Inc., et al. v. Rimini St., Inc., et al.*, Nos. 16-16832, 16-16905 (9th Cir.) (judgment and opinion entered January 8, 2018; mandate issued March 13, 2018).
- *Oracle USA, Inc., et al. v. Rimini St., Inc., et al.*, No. 2:10-cv-00106-LRH-VCF (D. Nev.) (final judgment entered October 18, 2016).
- *Rimini St., Inc. v. Oracle Int'l Corp.*, No. 2:14-cv-01699-LRH-DJA (D. Nev.) (judgment not yet entered).

There are no additional proceedings in any court that are directly related to this case.

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PETITION FOR A WRIT OF CERTIORARI

Petitioner Rimini Street, Inc. respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit.

OPINIONS BELOW

The memorandum disposition of the court of appeals (Pet. App. 1a–6a) is unreported. The district court’s post-trial opinions (Pet. App. 14a–37a, 38a–67a) are reported at 324 F. Supp. 3d 1157 and 209 F. Supp. 3d 1200; the district court’s judgments (Pet. App. 7a–8a, 9a–13a) are unreported.

JURISDICTION

The judgment of the court of appeals was entered on August 16, 2019. Pet. App. 1a–6a. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

Relevant provisions of the Constitution and the Copyright Act are reproduced in the Appendix. Pet. App. 134a–39a.

STATEMENT

An intentional lawbreaker poses a greater risk of future violations, and courts have thus traditionally considered the violator’s mental state highly relevant to whether and how to enjoin future violations. But when a party *innocently* transgresses the law—not knowing or having reason to know that its conduct was unlawful—courts historically withhold injunctive relief because the likelihood of future violations is low. Since the dawn of the Republic, in copyright and other cases, courts have adhered to these common-sense principles, taking into account an infringer’s mental state in considering injunctive relief.

In this case, the jury found that Rimini’s copyright infringement was “innocent”—meaning that Rimini did not know, and had no reason to know, that its conduct was unlawful. Because that finding should have precluded injunctive relief, the district court *contradicted* the jury’s verdict to find instead that Rimini acted with “conscious disregard” for Oracle’s copyrights. That contradictory finding, which provided the district court with its justification for issuing the injunction, was in clear violation of the Seventh Amendment’s Reexamination Clause. To avoid reversing on account of that constitutional error, and also to avoid grappling with the jury’s finding of innocent infringement, the Ninth Circuit held that the district court’s disregard of the jury verdict was “harmless” by categorically declaring that “Rimini’s mental state was not necessary to the ... weighing of the” traditional factors for an injunction. Pet. App. 4a. This holding was contrary to centuries of historical practice and this Court’s precedents.

This Court has already reversed the Ninth Circuit in this very case for disregarding historical practice

with respect to post-trial relief. *See Rimini St., Inc. v. Oracle USA, Inc.*, 139 S. Ct. 873 (2019). Once again, the Court should grant Rimini’s petition for a writ of certiorari and reverse the Ninth Circuit.

1. Rimini engages “in lawful competition” with the Oracle respondents by, among other things, providing third-party support for various enterprise software programs. *Oracle USA, Inc. v. Rimini St., Inc.*, 879 F.3d 948, 952 (9th Cir. 2018). “[U]nlike the off-the-shelf consumer software used by individuals in everyday life, enterprise software employed by large organizations is customized around the organizations’ specific needs.” *Id.* at 955. Thus, for instance, “[w]hile producers of consumer software generally design updates around standard use cases and make them available for end users to download and install directly, updates to enterprise software must be tested and modified to fit with bespoke customizations before being put to actual use.” *Ibid.* The ongoing support necessary to run the software can be performed either by Oracle or by a third-party support provider, such as Rimini. Much as one can take a car to an independent auto mechanic rather than the car manufacturer dealership for maintenance, so too, Oracle’s licensees can shop around for aftermarket support, and sometimes they choose Rimini.

In 2010, Oracle filed suit in federal district court against Rimini and Rimini’s CEO, Seth Ravin, alleging twenty-four causes of action. In addition to copyright infringement, Oracle asserted a series of intentional torts and claims for computer hacking and unfair competition. 879 F.3d at 952.

Every one of Rimini’s clients had a valid license from Oracle that undisputedly permitted the customer to make support copies of the software and to

hire a third party to provide that support. 879 F.3d at 952 n.1. As a result, the question whether Rimini's support processes were infringing turned not simply on whether copies were made, but rather on the meaning of certain terms in the software licenses and whether Rimini's support processes fell within the scope of those licenses, as properly interpreted.

At summary judgment in 2014, the district court construed exemplary license agreements and held that two of Rimini's support processes (which Oracle calls "local hosting" and "cross-use") fell outside the scope of those licenses. The Court then scheduled a jury trial on a number of factual questions and on damages. 879 F.3d at 952.

Immediately following the summary judgment decision (and long before trial), Rimini spent millions of dollars to fundamentally alter the way in which it provided its support services, including eliminating the forms of "local hosting" and "cross-use" accused in this case. Pet. App. 83a–102a. Rimini then brought a separate declaratory judgment action to have Rimini's revised processes declared non-infringing. *See Rimini St., Inc. v. Oracle Int'l Corp.*, No. 2:14-cv-10699-LRH-DJA (D. Nev.). Cross-motions for summary judgment are pending in the second case.

2. A major theme at trial in this case was Rimini's mental state related to the infringement, with Oracle arguing the infringement was *willful* and Rimini arguing the infringement was *innocent*.

Oracle's core theory was that Rimini and Ravin "knew that [Rimini's previous processes infringed] the copyright[s]" at issue. Pet. App. 132a. Oracle argued to the jury that Rimini and Ravin were "willful" in in-

fringing and acted with “conscious disregard” for Oracle’s copyrights, “deliberately” stealing Oracle’s intellectual property. Pet. App. 132a–33a. Although copyright infringement is a strict liability claim, Oracle argued that the infringement was willful in connection with its intentional tort claims, and in order to obtain heightened statutory damages for infringement (17 U.S.C. § 504), attorneys’ fees, an injunction, and punitive damages under its state-law claims. Pet. App. 132a–33a.

Rimini, by contrast, argued that, even if its former support processes infringed under the district court’s license constructions, Rimini’s interpretation of the Oracle licenses (and determination that its processes were authorized) had been reasonable, and thus any infringement was innocent. For instance, Mr. Ravin testified at trial that Rimini had examined the licenses and determined that “the contracts have in them the right for a third party to help with a customer who asks for assistance from a third party.” Pet. App. 122a. Rimini had concluded that its support processes were consistent with standard industry practices and the scope of the licenses (Pet. App. 124a–30a), and argued to the jury that its determination was reasonable.

The jury was asked to make findings on Rimini’s mental state. The verdict form asked whether Rimini’s infringement was “willful” or “innocent.” Pet. App. 108a–10a. “Willful infringement” meant that Rimini “knew that [its] acts infringed.” Pet. App. 119a. “Innocent infringement” meant that: “1. [Rimini] was not aware that its acts constituted infringement of the copyright; and 2. [Rimini] had no reason to believe that its acts constituted an infringement of the copyright.” *Ibid.*

Oracle abandoned the majority of its claims before or at trial, lost others before the jury, and had still others reversed on appeal—ultimately failing on 23 of its 24 original claims, including every single claim requiring a finding of intentional conduct. 879 F.3d at 952–53. As to the one claim on which Oracle did ultimately prevail—copyright infringement against Rimini—the jury expressly found that the infringement was “innocent.” Pet. App. 108a–09a. Oracle recovered \$35.6 million in damages for copyright infringement.

3. Following the trial, Oracle sought and was awarded \$22.5 million in interest, \$28.5 million in fees, and \$3.4 million in costs, for a total judgment (after appellate adjustments) of approximately \$90 million. See 879 F.3d at 952–53; Pet. App. 16a–18a. Rimini paid this amount in full, and the monetary aspects of this case are not at issue in this petition.

Oracle also sought and received an “extensive permanent injunction.” 879 F.3d at 952–53. Rimini opposed Oracle’s request for injunctive relief, relying on (among other things) the jury’s finding of innocent infringement. Pet. App. 75a–77a. Oracle argued that “the jury’s finding of innocent copyright infringement” could not “thwart Oracle’s request for an injunction” (Pet. App. 70a), but Oracle *also* directly invited the district court to contradict the jury’s finding, arguing—as it had unsuccessfully argued to the jury—that “[t]he volume of infringing copies,” “the scale of” infringing use, and “Rimini’s efforts to conceal its infringement” “amply demonstrate” that Rimini had *not* acted innocently at all, but had acted in “‘callous disregard’ for Oracle’s copyright rights.” *Ibid.* (quoting *Jackson v. MPI Home Video*, 694 F. Supp. 483, 492–93 (N.D. Ill. 1988)). Rimini responded that adopting Oracle’s position would contradict the jury’s finding in

violation of the Seventh Amendment’s Reexamination Clause. Pet. App. 76a.

The district court, without a single mention of the jury’s finding of innocent infringement, adopted Oracle’s position *in haec verba*, finding, contrary to the jury’s verdict, that “the evidence in this action established Rimini’s callous disregard for Oracle’s copyrights ... when it engaged in the infringing conduct,” calling the infringement “egregious.” Pet. App. 44a.

Rimini appealed, and the Ninth Circuit vacated the injunction after reversing the judgment on several state-law claims. 879 F.3d at 960–66. On remand, Oracle moved for, effectively, the same injunction on substantially the same grounds. Rimini again opposed, arguing that, in equity, no injunction could issue, and that the jury’s finding of innocence bound the district court under the Seventh Amendment. Pet. App. 79a–80a.

The district court, again, failed to mention the jury’s finding of innocent infringement, and made its contrary finding that “the evidence in this action established” that Rimini had infringed, not innocently, but with “*conscious disregard* for Oracle’s software copyrights.” Pet. App. 21a (emphasis added).

Rimini again appealed. As relevant here, the Ninth Circuit affirmed:

[A]s part of its weighing of the *eBay* factors, the district court stated that Rimini had “conscious disregard” for Oracle’s software copyrights. Rimini argues that this contradicted the jury’s finding that Rimini was an “innocent” infringer. Assuming, without deciding, that the district court violated the Seventh Amendment’s Reexamination Clause, *see*

Teutscher v. Woodson, 835 F.3d 936, 944 (9th Cir. 2016) (explaining that trial judges must “follow the jury’s implicit or explicit factual determinations in deciding the equitable claims” in order to avoid contravening the Reexamination Clause) (quoting *L.A. Police Protective League v. Gates*, 995 F.2d 1469, 1473 (9th Cir. 1993)), any error was harmless. *Rimini’s mental state was not necessary to the district court’s determination of irreparable injury, nor to the broader weighing of the eBay factors.* The district court’s decision would stand precisely the same without this statement.

Pet. App. 3a–4a (emphasis added).

REASONS FOR GRANTING THE PETITION

The equitable analysis compelled by *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006), requires that a jury’s finding on an infringer’s mental state be considered, and indeed given great weight, before an injunction can be entered or affirmed. The Ninth Circuit’s holding to the contrary—*i.e.*, that consideration of an infringer’s mental state “[is] not necessary” to “the broader weighing of the *eBay* factors” (Pet. App. 4a)—represents a “major departure from the long tradition of equity practice” in the federal courts, and thus constitutes legal error. *eBay*, 547 U.S. at 391. Courts have *always* found an infringer’s mental state to be important to both the issuance and scope of injunctive relief. *See, e.g., United States v. U.S. Gypsum Co.*, 340 U.S. 76, 89–90 (1950). And the Ninth Circuit’s departure from this precedent was particularly egregious here because its sole purpose was to excuse the district court’s clear violation of the Reexamination Clause.

This Court should grant the petition and reverse the court of appeals' erroneous and unprecedented decision that a jury's finding as to mental state is irrelevant to the appropriateness of injunctive relief in copyright cases. The jury's factual finding that Rimini's infringement was innocent, coupled with the undisputed fact that Rimini had ceased the infringing acts before trial even began, precludes any injunction on this record.

I. THE NINTH CIRCUIT CAST ASIDE CENTURIES OF EQUITABLE PRACTICE IN HOLDING THAT AN INFRINGER'S MENTAL STATE IS IRRELEVANT TO INJUNCTIVE RELIEF.

Historically, the infringer's mental state was a necessary, and often decisive, consideration when courts of equity weighed whether to issue an injunction. That approach follows directly from the structure of the Copyright Act. But here, to excuse a blatant violation of the Seventh Amendment, the court of appeals manufactured a categorical rule that consideration of "mental state [is] not necessary" to the "weighing of the *eBay* factors." Pet. App. 4a. That cannot be squared with *eBay* itself, other relevant precedents from this Court, and established principles of equity.

A. Equity Has Always Afforded Great Weight to an Infringer's Mental State.

The Copyright Act authorizes injunctive relief as a court "may deem reasonable to prevent or restrain infringement of a copyright." 17 U.S.C. § 502(a). But Section 502 did not "replace traditional equitable" principles (*eBay*, 547 U.S. at 392–93), and "[d]iscre-

tion is not whim” (*id.* at 395 (Roberts, C.J., concurring) (quoting *Martin v. Franklin Capital Corp.*, 546 U.S. 132, 139 (2005))).

To the contrary, “this Court has long recognized” that the Copyright Act embodies historical practice and principles and that any “major departure from the long tradition of equity practice” under the Act would be impermissible. *eBay*, 547 U.S. at 391. That observation is unassailable, resting on well over a century’s worth of consensus that copyright injunctions may be issued only “in accordance with the course and principles of Courts of Equity.” *Weil on Copyright* § 1406, at 513 (1917).

1. The “purpose of an injunction is to prevent future violations” of the law. *United States v. W.T. Grant Co.*, 345 U.S. 629, 633 (1953); *see also Rondeau v. Mosinee Paper Co.*, 422 U.S. 49, 59 (1975) (“the usual basis for injunctive relief [is] that there exists some cognizable danger of recurrent violation” (quotation marks omitted)). And the mental state of the infringer has always been held to bear on numerous forms of post-judgment relief. *See Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1933 (2016) (“The subjective willfulness of a patent infringer, intentional or knowing, may warrant enhanced damages....”); *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 554 (2014) (mental state relevant to award of attorneys’ fees under Patent Act).

In the case of a *willful* infringer, there is often good reason to believe, and courts thus frequently find, that there is a serious risk of future infringement. And such a likely ongoing injury to the plaintiff’s exclusive rights may warrant injunctive relief. *E.g., FTC v. Nat’l Lead Co.*, 352 U.S. 419, 429 (1957) (FTC “correctly considered” the fact that actions were

taken “in utter disregard of law” in issuing injunctive order); *Gypsum*, 340 U.S. at 89–90 (“Acts in disregard of law call for repression by sterner measures than where the steps could reasonably have been thought permissible”).

Conversely, in the case of an *innocent* infringer, as the U.S. Patent and Trademark Office and the Copyright Office have concluded, someone “who was not aware and had no reason to believe that she was infringing will not need to be deterred from future infringements.” *White Paper on Remixes, First Sale, and Statutory Damages*, U.S. Patent & Trademark Office, at iii, 91 (Jan. 2016); *see also* Jiarui Liu, *Copyright Injunctions After eBay: An Empirical Study*, 16 Lewis & Clark L. Rev. 215, 280 (2012) (concluding that “[a]n injunction could hardly create any marginal deterrence to an innocent infringer”). Just as an innocent trespasser will steer clear of the boundary line once informed of it, Rimini promptly conformed its conduct to the district court’s interpretation of the licenses after the summary judgment order was entered. *See* Pet. App. 83a–102a.

In the circumstances of this case, the jury’s innocent infringement finding precluded injunctive relief. The verdict itself indicates that Rimini is unlikely to infringe in the future, and the undisputed evidence that Rimini ceased the challenged processes before judgment confirms as much. But rather than giving fair (or indeed, any) consideration to the jury’s finding of innocence, the district court instead made a contrary finding in order to justify an otherwise unjustifiable injunction; and then the Ninth Circuit made the further erroneous ruling that mental state is not relevant to the issuance or scope of an injunction.

2. Innocent infringement has always received special treatment under America’s copyright laws. Under previous versions of the Copyright Act, no action in law or equity could even be brought against someone who innocently infringed, which, at the time, largely meant someone who copied material from which the copyright notice had been omitted. *Thompson v. Hubbard*, 131 U.S. 123, 150 (1889). “The purpose of the statute’s requirement as to notice [was] to prevent *innocent persons* who [were] unaware of the existence of the copyright from suffering for making use of the copyrighted article.” *Fleischer Studios v. Ralph A. Freundlich, Inc.*, 73 F.2d 276, 277 (2d Cir. 1934) (emphasis added). Copyright law historically sought to avoid “punish[ing] [someone] who ignorantly and innocently reproduces” a copyrighted work. *Sarony v. Burrow-Giles Lithographic Co.*, 17 F. 591, 592 (C.C.S.D.N.Y. 1883), *aff’d*, 111 U.S. 53 (1884).

To be sure, copyright *liability* has nearly always been *strict*—meaning infringement is actionable irrespective of one’s mental state. *Buck v. Jewell-La Salle Realty Co.*, 283 U.S. 191, 198 (1931) (“Intention to infringe is not essential under the act” for liability). “The fact that infringement is ... ‘innocent’ does not affect *liability*.” *Repp v. Webber*, 132 F.3d 882, 889 (2d Cir. 1997) (emphasis added). But the mental state of the infringer unquestionably has “bearing on *remedies*.” *Ibid.* (emphasis added); *see also Costello Publ’g Co. v. Rotelle*, 670 F.2d 1035, 1044 n.13 (D.C. Cir. 1981) (“Intent is not an element of ... copyright infringement ... [but] it would be relevant in formulating a remedy, since the remedy is equitable in nature.”).

Thus, Congress structured the Copyright Act in a way that, for instance, permits increased statutory

damages when the “infringement was committed willfully” and reduced statutory damages in cases when the “infringer was not aware and had no reason to believe that his ... acts constituted an infringement of copyright.” 17 U.S.C. § 504(c). Similarly, the Digital Millennium Copyright Act permits reduced damages for innocent infringement. *See* 17 U.S.C. § 1203. And while 17 U.S.C. § 405(b) permits injunctions against certain innocent infringers who are misled by the omission of a copyright notice, it also permits the alternative remedy of a compulsory license. *See also* Liu, *supra*, at 276.

Consistent with the Copyright Act’s acknowledgement of the importance of an infringer’s mental state, federal courts have recognized for centuries the unsurprising principle that “equity will not interpose by injunction to prevent further [infringing] use ... if there is no proof of bad motive.” *Lawrence v. Dana*, 15 F. Cas. 26, 61 (C.C.D. Mass. 1869) (No. 8,136). “Evidence of innocent intention ... would doubtless have some probative force in a court of equity in determining whether an application for an injunction should be granted or refused.” *Id.* at 60. Whether the infringer acted “without any intent on their part to” infringe the relevant copyright was a “[c]onsideration[]” “entitled to great weight” when deciding whether to issue an injunction. *Hanson v. Jaccard Jewelry Co.*, 32 F. 202, 204 (C.C.E.D. Mo. 1887) (denying injunction). A mere unsupported “claim” or contention of innocence would not sway the outcome, but “proof” establishing “innocent” infringement (like a jury verdict) could in fact “defeat an application for an injunction” in equity. *Weil, supra*, at 514 (noting that injunctions were often denied when “the infringement was innocent”); *see also Smith v. Wilkinson*, 97 F.2d 506, 507 (1st Cir.

1938) (when an “innocent infringer” had “ceased infringing,” there was simply “no occasion” in equity “for granting an injunction” under the Copyright Act).

The scholarly literature, too, recognizes that “[t]he infringer’s state of mind is ... relevant” in deciding an injunction under *eBay*. Liu, *supra*, at 280. Historically, “[w]ith respect to injunctive relief, courts could refuse to issue a permanent injunction against an innocent infringer.” R. Anthony Reese, *Innocent Infringement in U.S. Copyright Law: A History*, 30 Colum. J.L. & Arts 133, 180 (2007); *see also* Hon. James L. Oakes, *Copyrights and Copyremedies: Unfair Use and Injunctions*, 18 Hofstra L. Rev. 983, 993 (1990) (recognizing the importance of “innocent” infringement in fashioning injunctive relief).

The Ninth Circuit cast all this aside when it ruled—to avoid taking the district court to task for brazenly violating the Reexamination Clause—that mental state is not relevant to injunctive relief.

B. The Decision Below Conflicts with Other Circuits.

The decisions of other circuits confirm the traditional understanding that an infringer’s mental state, whether willful or innocent, must play a role in the equitable analysis for the issuance and scope of an injunction. The Ninth Circuit’s decision conflicts with various circuit court decisions.

1. The conscious disregard or knowing violation of another’s intellectual property rights *must* be relevant to injunctive relief, as a matter of sheer common sense, because, if present, it bears on the likelihood of future bad acts, ongoing irreparable injury, and a complete remedy for the successful plaintiff. This Court has already held that the fact that violations of

the law were done in “disregard of law” is relevant to injunctive relief. *Gypsum*, 340 U.S. at 89–90. It is therefore unsurprising that circuit courts, in the intellectual property context, have affirmed (or ordered) injunctions *because of* the presence of willfulness on the part of the defendant.

For instance, in *Bridgeport Music, Inc. v. Justin Combs Publishing*, 507 F.3d 470 (6th Cir. 2007), the “jury ... found that [the] defendants’ [copyright] infringement was willful.” *Id.* at 480. The district court found that the defendant “[would] continue to use” the copyrighted music “unless precluded by” an injunction. Injunction and Impoundment Order at 2, No. 3:05-cv-0155, Dkt. 369 (M.D. Tenn. Mar. 20, 2006). And the Sixth Circuit agreed, holding that there was an “established ... threat of continuing infringement,” and thus affirmed the injunction. 507 F.3d at 492.

Similarly, in *Walt Disney Co. v. Powell*, 897 F.2d 565 (D.C. Cir. 1990), the D.C. Circuit affirmed a permanent injunction against the defendant, who had been held liable for copyright infringement. The district court also found that the defendant had infringed “recklessly, willfully and knowingly.” *Id.* at 568. Unsurprisingly, the court found that it was therefore “[l]ikely that [the defendant] would attempt to infringe Disney’s copyrights in the future,” thereby justifying a permanent injunction. *Ibid.* Indeed, the district court felt that “[a]n injunction [was] ... *necessary*” to stop the brazen and intentional infringement. 698 F. Supp. 10, 13 (D.D.C. 1988) (emphasis added).

In *Cadence Design Systems, Inc. v. Avant! Corp.*, 125 F.3d 824 (9th Cir. 1997), the Ninth Circuit reversed the denial of a copyright injunction, in part, *because* the defendant “deliberately copied [the plain-

tiff's] software code,” and “was not an innocent infringer that believed that it had purchased the right to use [the plaintiff's] copyrighted work.” *Id.* at 829. *Cadence* relied in part on a presumption of irreparable injury later abrogated in *eBay*. But that fact does not diminish the importance the court placed on the infringer's mental state. Indeed, the *Cadence* court expressly assumed that the presumption could be *rebutted* if “the defendant acted with innocent intent.” *Ibid.*

2. On the other end of the spectrum, it is no surprise that courts treat *innocent* infringement of intellectual property rights as an important and, at times, decisive factor for denying or limiting injunctive relief. On this point, too, this Court has already held that where, as here, a violation of the law “could reasonably have been thought permissible,” that is also relevant to injunctive relief. *Gypsum*, 340 U.S. at 89–90. Innocence, like willfulness, weighs on the likelihood of future infringement as well as harm to the innocent infringer from the “extraordinary remedy of injunction.” *Weinberger v. Romero-Barcelo*, 456 U.S. 305, 312 (1982); *see also* Liu, *supra*, at 276 (commenting on the “undue hardship” of enjoining someone who “was an innocent infringer,” and acknowledging that “the Copyright Act explicitly recognizes the harshness of enjoining innocent infringers in certain cases”). It is therefore equally unsurprising that courts have weighed innocence on the part of the defendant in deciding whether to enter injunctive relief.

In *Reader's Digest Association, Inc. v. Conservative Digest, Inc.*, 821 F.2d 800 (D.C. Cir. 1987), for example, the D.C. Circuit affirmed the decision to issue a substantially narrower injunction than had been requested because the evidence showed that the defendants “did not intend to infringe again.” *Id.* at 807; *see*

also 642 F. Supp. 144, 147 (D.D.C. 1986) (underlying district court decision, noting lack of intent to infringe); *see also Costello*, 670 F.2d at 1044 n.13 (“[i]ntent” is “relevant in formulating a remedy [for copyright infringement], since the remedy is equitable in nature”).

In *Westinghouse Electric Corp. v. General Circuit Breaker & Electric Supply Inc.*, 106 F.3d 894 (9th Cir. 1997), “the defendants were innocent infringers.” *Id.* at 903. As the district court there explained, “[t]he jury found them to be innocent infringers, and they changed their labeling practices six years ago.” *In re Circuit Breaker Litig.*, 860 F. Supp. 1453, 1456 (C.D. Cal. 1994). That finding was a major factor in the district court’s denial of the injunction, and in the court of appeals’ later decision to affirm that denial. *See* 106 F.3d at 894.

3. The cases cited above uniformly recognize that an infringer’s mental state is relevant to injunctive relief. Without citing any contrary authority, Oracle argued below that Rimini’s mental state was irrelevant to the issuance or scope of the injunction here. Resp. C.A. Br. 12–13. Oracle thus invited the error that is the focus of this petition—the Ninth Circuit’s erroneous decision to take mental state off the table as a consideration. That error is particularly egregious because the court of appeals ignored the jury’s finding of innocence solely to avoid remedying the district court’s unconstitutional reexamination of that factual finding.

Because Oracle sought a finding of willful infringement, pursuant to the Seventh Amendment, the jury’s findings on “willful[ness]” and “innocen[ce]” were binding (*Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340, 345–46 (1998)), including as to any

subsequent decision regarding “equitable” relief (*e.g.*, *Teutscher v. Woodson*, 835 F.3d 936, 944 (9th Cir. 2016)). And the Constitution’s plain text prohibited “any Court of the United States” from “re-examin[ing]” those findings, except “according to the rules of the common law.” U.S. Const. Amend. VII.

Oracle cannot dispute that the district court’s finding contradicts (and is irreconcilable with) the jury’s findings. “[A]ct[ing] in ... *conscious disregard* of [intellectual property] rights” is the very definition of “*willful infringement*.” *Del Mar Avionics, Inc. v. Quinton Instrument Co.*, 836 F.2d 1320, 1328 (Fed. Cir. 1987) (quotation marks omitted; emphases added). Indeed, this Court has acknowledged that it is well-settled that “willful, wanton, malicious, bad-faith, deliberate, consciously wrongful, [or] flagrant” infringement are all synonymous. *Halo*, 136 S. Ct. at 1932; *see also Safeco Ins. Co. of Am. v. Burr*, 551 U.S. 47, 57 (2007) (noting long “common law usage, which treated actions in ‘reckless disregard’ of the law as ‘willful’ violations”).

The court of appeals acknowledged that, in “weighing ... the *eBay* factors,” the district court “stated that Rimini had ‘conscious disregard’ for Oracle’s software copyrights.” Pet. App. 3a. The court of appeals further acknowledged that this appeared to “contradict[] the jury’s finding that Rimini was an ‘innocent’ infringer.” *Ibid.* But rather than reverse the district court based on that unconstitutional reexamination of the jury’s verdict, the court of appeals took the unprecedented step of holding that “any error was harmless” because “Rimini’s mental state was not nec-

essary to the district court’s determination of irreparable injury, nor to the broader weighing of the *eBay* factors.” Pet. App. 4a.¹

* * *

The Ninth Circuit’s holding that mental state is irrelevant is “a major departure from the long tradition of equity practice.” *eBay*, 547 U.S. at 391. “Evidence of innocent intention” historically had “probative force in a court of equity in determining whether an application for an injunction should be granted or refused.” *Lawrence*, 15 F. Cas. at 60. Yet in order to avoid remedying a constitutional violation, the Ninth Circuit held that innocent infringement is entirely *irrelevant* to the weighing of the *eBay* factors, in conflict with apposite court of appeals decisions. Pet. App. 3a—

¹ We have not located a published decision in which either this Court or any court of appeals has held that a violation of the Reexamination Clause is subject to harmless error review. As this Court explained nearly 190 years ago, the “[Reexamination] [C]lause ... is still more important” than the jury trial right and must be read “as a substantial and independent clause.” *Parsons v. Bedford, Breedlove & Robeson*, 28 U.S. (3 Pet.) 433, 447 (1830) (Story, J.); *see also Gasperini v. Ctr. for Humanities, Inc.*, 518 U.S. 415, 432–33 (1996) (distinguishing between “the first Clause of the Amendment” and “the second”). Regardless, the question is not whether the district court *could* have reached the same outcome absent its finding of “conscious disregard,” but rather, whether it *would have* done so. All indications are that the district court viewed this finding as central to its injunction decision, going out of its way to characterize Rimini as a serial, willful infringer throughout its opinion. Pet. App. 21a; *see also id.* at 32a–33a (using a “conscious disregard” finding to support attorneys’ fees and criticizing Rimini’s claim of innocent infringement). Thus, the Ninth Circuit could not have affirmed the injunction without disregarding the mental state component, which is the error presented in this petition.

4a. The Court should grant review and reverse the Ninth Circuit.

**II. THIS CASE IS AN IDEAL VEHICLE FOR
RESOLVING THE IMPORTANT QUESTION
PRESENTED.**

1. This case raises an important and far-reaching question about the role of an infringer’s mental state in granting or denying injunctive relief in intellectual property cases. The Ninth Circuit is *the* hub of copyright infringement litigation in this country. *See Federal Judicial Caseload Statistics, 2017, U.S. Dist. Cts.—Civil Cases Commenced, by Nature of Suit and Dist.*, Tbl. C-3 at 5–6 (Mar. 31, 2017). The Court should grant certiorari to resolve this important question and to reverse the Ninth Circuit’s unprecedented holding.

This Court routinely grants certiorari to address and clarify issues related to remedies under the federal intellectual property laws. *E.g., Allen v. Cooper*, 139 S. Ct. 2664 (2019) (granting certiorari to review Copyright Remedy Clarification Act); *Rimini St., Inc. v. Oracle USA, Inc.*, 139 S. Ct. 873, 876 (2019) (scope of “full costs” under remedial provision of the Copyright Act); *Kirtsaeng v. John Wiley & Sons, Inc.*, 136 S. Ct. 1979 (2016); (attorneys’ fees under Copyright Act); *Halo*, 136 S. Ct. at 1923 (willfulness test for treble damages under Patent Act); *Octane Fitness*, 572 U.S. at 545 (attorneys’ fees under Patent Act); *eBay*, 547 U.S. at 390 (injunctions under the Patent Act); *Feltner*, 523 U.S. at 342 (attorneys’ fees under Copyright Act); *Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994) (attorneys’ fees under Copyright Act). Indeed, the Court has granted review for this upcoming Term in a case that concerns the relevance of “willfulness”

for infringer profits under the Lanham Act. *Romag Fasteners, Inc. v. Fossil, Inc.*, 139 S. Ct. 2778 (2019).

Similarly, this Court has often granted certiorari to settle broadly applicable principles governing district courts' discretion to issue injunctions. The Court has done this to ensure that lower courts avoid any "major departure[s] from the long tradition of equity practice." *Weinberger*, 456 U.S. at 320; *see also, e.g., eBay*, 547 U.S. at 388; *Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 20–30 (2008); *N.Y. Times Co. v. Tasini*, 533 U.S. 483, 505 (2001); *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578 n.10 (1994).

The principles governing injunctive relief are self-evidently important in intellectual property cases. *See* David Nimmer, *Codifying Copyright Comprehensibly*, 51 UCLA L. Rev. 1233, 1286–88 & Tbl. A (2004) (identifying 17 U.S.C. § 502 as "nationally significant"). "An injunction is a drastic and extraordinary remedy" (*Monsanto Co. v. Geerston Seed Farms*, 561 U.S. 139, 165 (2010); *see also Nken v. Holder*, 556 U.S. 418, 428 (2009); *United States v. Oakland Cannabis Buyers' Coop.*, 532 U.S. 483, 498 (2001)) that can be wielded to enforce legitimate rights or to unjustly burden, or even destroy, a business, drastically impacting companies and individuals nation-wide. Injunctions control "the conduct of a party" with "full coercive powers" (*Nken*, 556 at 428), including the sword of Damocles wielded in a contempt proceeding. It is thus no answer to say that an injunction is harmless to a party who obeys it.

2. Federal courts are routinely presented with intellectual property cases in which the mental state of an infringer, innocent or willful, is decided. And this case presents an ideal vehicle for resolving the ques-

tion presented. A jury finally determined that although Rimini infringed Oracle’s copyrights through certain software support processes, Rimini “was not aware” and “had no reason to believe that its acts constituted an infringement of the copyright.” Pet. App. 119a. The parties fully litigated the question (twice) before the district court and the Ninth Circuit. The case has already once been before the Court (*see* 139 S. Ct. at 873), making the Court familiar with the parties, their counsel, and the record. *Compare Kirtsaeng*, 136 S. Ct. at 1979, *with Kirtsaeng v. John Wiley & Sons, Inc.*, 568 U.S. 519 (2013).

Moreover, the question presented is outcome-determinative, as the Ninth Circuit was able to affirm the injunction here only by disregarding the longstanding principle that an infringer’s innocence bears on both the scope and issuance of an injunction. Under basic principles of equity, no injunction could issue on this record.

In the lower courts, Oracle was unable to identify a single case in which an appellate court affirmed a permanent injunction against an adjudicated innocent infringer under the Copyright Act.² The district

² Oracle relied below on *D.C. Comics Inc. v. Mini Gift Shop*, arguing that the Second Circuit affirmed a permanent injunction against an innocent infringer under the Copyright Act. 912 F.2d 29, 36 (2d Cir. 1990). But there, the defendants *consented* to the injunctions at the beginning of trial at the suggestion of the court. *Id.* at 32. Indeed, the district court, *before* “instruct[ing] Warner to begin its case,” noted that “it would enter an injunction against all defendants.” *Ibid.* Oracle has also relied on *MAI Systems Corp. v. Peak Computer, Inc.*, 991 F.2d 511 (9th Cir. 1993), but that case involved a “clear” “threat” of future infringement. *Id.* at 520. Here, the district court never made such a finding. Oracle’s reliance on *Williams Electronics, Inc. v. Artic*

court’s opinion does not cite a single case that would justify the injunction under these circumstances, nor did it attempt to distinguish any of the cases Rimini cited. Rather, the district court cited one district court case that involved *willful* infringers (see Pet. App. 22a–23a (citing *Metro-Goldwyn-Mayer Studios v. Grokster, Ltd.*, 518 F. Supp. 2d 1197 (C.D. Cal. 2007))), and found Rimini equivalent to a *willful* infringer, contrary to the jury’s verdict. The Ninth Circuit’s opinion, in turn, fails to cite *any* case for its remarkable and unprecedented conclusion that a finding of innocent infringement is *irrelevant* under *eBay*. Pet. App. 3a–4a.

The Court should seize the opportunity to correct the Ninth Circuit’s errant view before it can take hold in the most important venue for copyright litigation in the country. When this case was previously before the Court, the Ninth Circuit had adopted—and Oracle defended—an approach to post-judgment remedies under the Copyright Act that could not be reconciled with centuries of precedent. This Court unanimously

International, Inc., is also inapposite. The case holds that “injunctions may be issued without a showing of willful or deliberate infringement.” 685 F.2d 870, 878 (3d Cir. 1982). This is true, but beside the point. Infringement can be—and most often is—*neither* willful nor innocent, and injunctions may issue when that is so. See 17 U.S.C. § 502. But that offers no basis for concluding that Rimini—having been adjudicated an innocent infringer—should have been enjoined here. Other cases Oracle has relied on have involved New York law (*De Acosta v. Brown*, 146 F.2d 408 (2d Cir. 1944)), and a handful of district court cases either involving an express finding of a threat of future infringement or no finding of innocence at all (e.g., *Columbia Pictures Indus., Inc. v. Prado Pacheco*, No. 87-cv-1543, 1990 WL 29787 (D.P.R. Feb. 27, 1990); *Wales Indus. Inc. v. Hasbro Bradley, Inc.*, 612 F. Supp. 510 (S.D.N.Y. 1985); *Broad. Music, Inc. v. Coco’s Dev. Corp.*, No. 79-cv-391, 1981 WL 1364 (N.D.N.Y. Apr. 9, 1981)).

reversed that experiment. Once again, in the decision below, the Ninth Circuit adopted—at Oracle’s request—an approach to post-judgment remedies under the Copyright Act that cannot be reconciled with centuries of precedent. Without correction, the Ninth Circuit’s errant decision, having already been before the Court once, may be treated as carrying additional prominence among the lower courts.

Settled historical practice accords with common sense in affording great weight to the mental state of an infringer when considering the issuance or scope of an injunction. By ruling that consideration of petitioner’s “mental state” is “not necessary” under the *eBay* factors, the court of appeals not only allowed a Seventh Amendment violation to stand unaddressed, but also embarked on a dangerous new approach to copyright injunctions.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted.

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