No. 23-565

IN THE

Supreme Court of the United States

HASBRO, INC. and DIANE J. PETERS, in her capacity as successor trustee of the Reuben B. Klamer Living Trust,
Petitioners,

v.

MARKHAM CONCEPTS, INC.; LORRAINE MARKHAM, individually and in her capacity as trustee of the Bill and Lorraine Markham Exemption Trust and the Lorraine Markham Family Trust; SUSAN GARRETSON,
Respondents.

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

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INTRODUCTION

Respondents concede that the circuits are split over the standard for awarding attorneys' fees under the Copyright Act. But they contend the split either isn't cert-worthy or that this case is a poor vehicle. On both counts, respondents are wrong. This case readily checks all the boxes for further review.

First, respondents attempt to downplay the split. They say, for example, that the First Circuit applies no presumption at all—meaning that the entire split is between the "no presumption" circuits and the "presumptive fees" circuits. But whatever the label, the First Circuit's law is clear: Section 505 "allow[s] an award of attorney's fees to a prevailing party if the opposing party's claims are 'objectively quite weak.'" *Airframe Sys. v. L-3 Comms.*, 658 F.3d 100, 108 (1st Cir. 2011); Pet. App. 10a-11a n.10. The First Circuit has repeatedly emphasized this baseline requirement. *See infra* 5.

Tellingly, respondents do not cite (nor could petitioners find) a *single decision* post-*Airframe* awarding fees in the absence of objective weakness. Just as in *Kirtsaeng*, district courts in the First Circuit "appear to have overly learned the Court of Appeals' lesson," wrongly giving this one factor "nearly 'dispositive' weight." *Kirtsaeng v. John Wiley & Sons, Inc.*, 579 U.S. 197, 209 (2016). The First Circuit accordingly stands alone in maintaining its pre-*Kirtsaeng* focus on objective weakness.

Respondents also say the split will resolve itself. They apparently believe the Seventh Circuit will see the light and reverse its presumption in favor of fees. This, they say, will leave the circuits in harmony. Never mind that actually there is a three-way split here. Forget as well

that the Fifth Circuit also applies a presumption in favor of fees. Even spotting respondents those things, they are egregiously wrong. They say the Seventh Circuit "has never squarely considered its rule's consistency with" *Kirtsaeng*. Br. 17. In fact, the Seventh Circuit has done just that: "We believe our existing caselaw is consistent with *Kirtsaeng*, as both aim to ensure that businesses are not dissuaded from defending their rights against anti-competitive copyright claims." *Timothy B. O'Brien LLC v. Knott*, 962 F.3d 348, 352 n.1 (7th Cir. 2020). There is no chance this split resolves itself.

This intractable circuit conflict cries out for the Court's review. The availability of fees under the Copyright Act should not depend on the circuit in which the case happens to be filed.

Second, respondents make vehicle arguments, but these are frivolous. Most notably, they call us "cagey" about the rule we're actually advocating and suggest there won't be "an adversarial presentation" on the merits. Br. 2. This move is tactically slick, but ultimately just a sleight of hand. Given the First Circuit's impermissible focus on objective weakness, petitioners prevail under two of the three rules that this Court could adopt—no presumption or a presumption in favor of fees. Petitioners have thus preserved both arguments and will press them in the alternative on the merits.

Even if respondents were right that the First Circuit falls in the "no presumption" camp, petitioners would still prevail under a presumptive fee rule. Petitioners thus have and would defend that position on the merits—just as the Seventh Circuit has consistently done since *Kirtsaeng*. There is nothing cagey about petitioners' approach here; it is the natural result of the circuit courts having adopted conflicting rules.

Respondents also contend that the question presented is not outcome determinative. That is even more obviously wrong. The district court expressly found that this was a "close call." Pet. App. 33a. Petitioners would certainly have won with a presumption in favor of fees. And at bare minimum petitioners would be entitled to remand for the lower courts to apply the *Fogerty* factors without presumptive weight being placed on any one of them, just as this Court ordered in *Kirtsaeng*. 579 U.S. at 209-10. This case is accordingly an ideal vehicle to resolve the question presented.

The petition should be granted.

ARGUMENT

I. Respondents concede that there is a circuit split but mischaracterize its breadth and depth.

Respondents concede that the circuits are split over the question presented. Br. 1. But they say the split is not cert-worthy because it is narrow and shallow. According to respondents, the First Circuit sides with the "no presumption" circuits, so the split really has only two sides: no presumption or a presumption in favor of fees. Respondents also contend that, notwithstanding the Fifth Circuit's repeated insistence that attorneys' fees are "the rule" and should be "awarded routinely," that court *also* somehow falls in the "no presumption" camp. This would leave only the Seventh Circuit defending a presumption in favor of fees. And surely, respondents say, the Seventh Circuit will one day make an about face and join the others.

Respondents are wrong across the board. Whatever you label it, the First Circuit stands alone in placing dispositive weight on "objective weakness"—the exact approach this Court rejected in *Kirtsaeng*. The Fifth Circuit means what it says; by making fees the "rule," it

has by definition created a presumption in favor of fees. And the Seventh Circuit has repeatedly and explicitly reaffirmed its presumption after *Kirtsaeng*.

A. Whether called a presumption or not, the First Circuit applies a rule disfavoring fees.

Petitioners explained that the First Circuit applies the same rule this Court rejected in *Kirtsaeng*: fees are effectively available only if the plaintiff's position was "objectively quite weak." *Airframe*, 658 F.3d at 109. Whether called a presumption or not, that approach goes "too far in cabining how a district court must structure its analysis" under Section 505. *Kirtsaeng*, 579 U.S. at 209. Respondents offer literally no response to this key premise, focusing instead on whether the First Circuit applies the "presumption" label to its rule. But the label doesn't matter. What matters is the First Circuit's insistence that objective weakness is required to award fees. And on that critical point, respondents' arguments fall apart.

First, respondents contend that the decision below did not reaffirm the First Circuit's pre-*Kirtsaeng* standard for awarding fees. Br. 10. But that's exactly what it did. After setting out the competing approaches in other circuits, the court explained that it saw "no reason to depart from [the] approach" set forth in *Airframe*. Pet. App. 10a-11a n.10 (citing *Airframe*). There can be no serious dispute that the decision below reaffirmed the First Circuit's pre-*Kirtsaeng* law. And even were there ambiguity on this question, respondents certainly do not contend that the decision below overturned prior circuit law.

Second, respondents misdescribe *Airframe* itself. They say that, in using the "objectively quite weak" language, *Airframe* was "emphasizing the scope of the

trial court's discretion" in evaluating fees. Br. 11. That is half way right, but all the way misleading. *Airframe* held that objective weakness was required for fees to be *awarded*—but that courts still had discretion to *deny* fees even in the face of objective weakness. First Circuit law, in other words, "*permits* a court to award attorney's fees when the opposing party's claims are objectively weak, [but] it does not *require* the court to do so." *Airframe*, 658 F.3d at 109.

The trial court's discretion under *Airframe* thus runs in one direction. Fees can be denied even where the opponent's arguments were objectively weak. But they cannot be awarded absent objective weakness. *See id.*; *Latin Am. Music Co. v. Am. Soc. of Composers Authors & Publishers*, 629 F.3d 262, 263 (1st Cir. 2010) ("the prevailing party need only show that its opponent's copyright claims or defenses were 'objectively weak'"). This only confirms the First Circuit's adherence to the rule this Court rejected in *Kirtsaeng*.

Airframe indeed reiterated the overwhelming First Circuit authority requiring that claims be objectively weak for fees to be awarded. 658 F.3d at 108-09 & n.11 (citing *Garcia-Goyco v. Law Envtl. Consultants, Inc.*, 428 F.3d 14, 20-21 (1st Cir. 2005) (holding that fees may be awarded in the district court's discretion "where the claim was 'objectively weak'"); *Latin Am. Music Co.*, 629 F.3d at 263 (same); *InvesSys, Inc. v. McGraw-Hill Cos. Ltd.*, 369 F.3d 16, 20-21 (1st Cir. 2004) (same)).

In practice, moreover, district courts have heeded the First Circuit's admonition. Respondents have not cited (and petitioners have not found) *a single court* post-*Airframe* that has awarded fees absent objective weakness. The *only* decisions awarding fees are those finding that the opponent's position was objectively weak.

Certainly, as *Kirtsaeng* prescribed, objective weakness should hold "substantial weight" in the Section 505 analysis. 579 U.S. at 199. But the First Circuit has taken that too far. Just as in *Kirtsaeng*, district courts in the First Circuit "appear to have overly learned the Court of Appeals' lesson, turning 'substantial' into more nearly 'dispositive' weight." *Id.* at 209.[1]

The rule in the First Circuit is thus clear. Fees can be awarded only if the opponent's arguments were objectively weak. By effectively placing presumptive weight on this factor, the First Circuit—alone among the courts of appeals—makes the same mistake that this Court attempted to correct in *Kirtsaeng*.

B. The Fifth and Seventh Circuits continue to apply a presumption in favor of fees.

Respondents acknowledge that, at minimum, the Seventh Circuit applies a presumption in favor of fees. Br. 16 ("the Seventh Circuit does seem to have a different rule, applying a presumption in favor of fees"). But respondents contend that the Fifth Circuit "in practice" does not. Br. 14. Respondents are incorrect.

As respondents are forced to admit, two published decisions post-*Kirtsaeng* have reaffirmed the Fifth Circuit's view that fees are "the rule" and should be "awarded routinely." *Bell v. Eagle Mountain Saginaw Indep. Sch. Dist.*, 27 F.4th 313, 326 (5th Cir. 2022); Br. 14. By making fees the "rule," the court has on its face

[1] It appears only one First Circuit district court has *ever* awarded fees absent objective weakness, and that was before *Airframe*. *See T-Peg, Inc. v. Vt. Timber Works, Inc.*, No. 3-cv-462-SM, 2010 WL 3895715 (D.N.H. Sept. 30, 2010).

established a presumption. And respondents make no headway in arguing no presumption exists in practice.

To start, respondents overpromise, claiming "other recent decisions"—plural—omit language stating a presumption for fees. Br. 14. But respondents cite only a single post-*Kirtsaeng* decision, which said nothing one way or the other about a presumption. Br. 15 (citing *Batiste v. Lewis*, 976 F.3d 493 (5th Cir. 2020)). Failing to discuss the Fifth Circuit's longstanding rule is far from disregarding or overturning it—particularly where the court *affirmed a fee award*. *Batiste*, 976 F.3d at 507-08. That respondents hang their hat on a decision upholding a fee award shows just how little support their argument has.

Respondents indeed do not cite a single Fifth Circuit decision reversing a fee award (let alone one post-*Kirtsaeng*). They offer only a single case vacating and remanding because the district court did not even "mak[e] a substantive ruling of its own" on the fee question. *Galiano v. Harrah's Operating Co.*, 416 F.3d 411, 423 (5th Cir. 2005); *see* Br. 16. That in no way undermines the Fifth Circuit's view that fees are "the rule." *Bell*, 27 F.4th at 326. No matter how hard one squints, there is no daylight between the Fifth and Seventh Circuit's positions—both require district courts to apply a presumption in favor of fee awards.

C. Other circuits apply no presumption.

Respondents agree that at least five circuits apply no presumption one way or another. Br. 13-14. Thus, at bare minimum, there is a conceded conflict between these circuits and the Seventh Circuit. And in reality, there is a three-way split: the First Circuit gives presumptive weight to objective weakness; the Fifth and Seventh Circuits apply a presumption in favor of fees; the other

circuits apply no presumption at all. This intractable circuit conflict warrants this Court's immediate intervention.

II. The circuit split is entrenched and will not resolve itself.

Respondents' main argument against certiorari is not that the split doesn't exist, but that it will resolve itself. Respondents apparently believe, without a shred of evidence or a single citation in support, that the Seventh Circuit is likely to reverse course and reject its presumption in favor of fees. Respondents are wrong on multiple levels.

To start, their premise is off. As discussed, there is a three-way split over the question presented, and two circuits (not one) apply a presumption in favor of fees. So resolving the split would actually require three circuits, holding two different rules, to change their minds and overturn decades of precedent. That is not going to happen.

But even if the Seventh Circuit were the lone outlier, there is virtually no chance it would change course. Respondents say the Seventh Circuit "has never squarely considered its rule's consistency with" *Kirtsaeng*. Br. 17. That grossly misstates the truth. In the Seventh Circuit's own words: "We believe our existing caselaw is consistent with *Kirtsaeng*, as both aim to ensure that businesses are not dissuaded from defending their rights against anti-competitive copyright claims." *Timothy B. O'Brien*, 62 F.3d at 352 n.1. In other words, the Seventh Circuit *has* squarely addressed *Kirtsaeng*, and it has decided *not* to change its rule.[2]

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[2] According to Westlaw, there are four Seventh Circuit cases that have cited *Kirtsaeng*. It is hard for petitioners to believe

Three other Seventh Circuit panels, also in published opinions, have likewise interpreted *Kirtsaeng* as consistent with a presumption in favor of fees. *See Live Face on Web, LLC v. Cremation Soc'y of Illinois, Inc.*, 77 F.4th 630, 631-32 (7th Cir. 2023) (citing *Kirtsaeng* for the proposition that "discretion is rarely without limits" in applying presumption in favor of fees); *Design Basics, LLC v. Kerstiens Homes & Designs, Inc.*, 1 F.4th 502, 503 (7th Cir. 2021) (citing *Kirtsaeng* as consistent with presumption in favor of fees); *Bell v. Lantz*, 825 F.3d 849, 852 (7th Cir. 2016) (similar).

Never has the Seventh Circuit waivered in adhering to a presumption in favor of fees. On the contrary, its most recent decision on the issue explained that "[s]o strong is this presumption that we have repeatedly reversed district courts who refused to award a prevailing defendant his attorney's fees," and it has "affirmed the contrary result just once." *Live Face*, 77 F.4th at 632. The Seventh Circuit's rule could hardly be more firmly entrenched.

Respondents' sheer speculation that the Seventh Circuit might one day change its mind—speculation based on an obvious misstatement of circuit law—should not be taken seriously. There is an intractable circuit conflict here that only this Court can resolve.

III. This case is an ideal vehicle, and respondents' arguments to the contrary are frivolous.

As respondents must be aware, this case presents a textbook cert-worthy question. The circuits are deeply divided over an important question of federal law that

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respondents missed that one of these cases—which they cite elsewhere in their opposition—explicitly reaffirmed the Seventh Circuit's presumption in the face of *Kirtsaeng*.

arises constantly. The issues have been vetted; the circuits have considered and reconsidered their views; yet the split remains. And it is simply intolerable for the availability of fees in copyright cases to differ between circuits.

Respondents thus resort to vehicle arguments, but those arguments are frivolous.

A. Respondents' principal vehicle argument rests on baseless accusations about what petitioners did and would argue on the merits. They say petitioners preserved and defended only the "no presumption" rule, and call us "cagey" (Br. 2) and "coy" (Br. 19) about what we would argue on the merits here. This is all just baseless tactical maneuvering.

There are three approaches this Court could adopt on the merits: no presumption, a presumption in favor of fees, or the First Circuit's presumptive focus on objective weakness. Petitioners win under two of them. Petitioners have thus preserved—and will press on the merits—both arguments. *E.g.* Pet. 13 (explaining that petitioners would have won under any rule but the First Circuit's). There is nothing cagey about arguing that we win under the majority rule (no presumption), but in the alternative we win under the better of the two minority rules (presumption in favor of fees). *See id.* What respondents are complaining about is the inevitable result of having divergent approaches among the lower courts, not some nefarious impact of strategic brief-writing.

The argument for a presumption in favor of fees, moreover, is properly before this Court. As respondents are forced to admit (at 19 n.6), Klamer expressly argued below that "the grant of fees is the 'rule' and [fees] should be awarded 'routinely.'" Klamer C.A. Br. 24. And as respondents likewise must admit, the First Circuit passed

upon the issue. Br. 19; *see* Pet. App. 10a-11a n.10 (declining to adopt a presumption in favor of fees).

It is not clear what else respondents could want—the argument was both pressed *and* passed upon below. That is more than enough for the issue to be preserved for this Court's review. *E.g.*, *Lebron v. Nat'l R.R. Passenger Corp.*, 513 U.S. 374, 379 (1995) (this Court reviews issues "pressed" *or* "passed upon" below); *United States v. Williams*, 504 U.S. 36, 41 (1992) (This Court's precedent "precludes a grant of certiorari only when 'the question presented was not pressed or passed upon below.' . . . [T]his rule operates (as it is phrased) in the disjunctive[.]").

B. Respondents' half-hearted secondary argument is that the question presented is not outcome determinative here. That is obviously frivolous. The district court said this was a "close call." Pet. App. 33a. If the First Circuit followed the majority rule, rather than placing presumptive weight on objective weakness, petitioners likely would have won below. Just as in *Kirtsaeng*, the proper course would be to vacate and remand for the lower courts to apply the correct standard. *See* 579 U.S. at 209-10. And certainly petitioners would have won if the First Circuit had applied a presumption in favor of fees. There is no basis to say that the question presented is not outcome determinative here.

CONCLUSION

The petition should be granted.

Respectfully submitted,

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