

No. 17-1025

In The
Supreme Court of the United States

FROST-TSUJI ARCHITECTS,

Petitioner,

v.

HIGHWAY INN, INC., *et al.*,

Respondents.

**On Petition For A Writ Of Certiorari
To The United States Court Of Appeals
For The Ninth Circuit**

REPLY BRIEF FOR PETITIONER

RANDALL K. SCHMITT
Counsel of Record
MCCORRISTON MILLER MUKAI MACKINNON LLP
Five Waterfront Plaza, 4th Floor
500 Ala Moana Boulevard
Honolulu, Hawai'i 96813
(808) 529-7300
schmitt@m4law.com
Counsel for Petitioner

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REPLY BRIEF FOR PETITIONER

Respondents Highway Inn, Inc. (“HII”) and J. Kadowaki, Inc. (“JKI”) raised two new issues in their joint Brief in Opposition to Frost-Tsuji Architects’ (“Frost-Tsuji”) Petition for Writ of Certiorari (“Petition”) filed on February 23, 2018 (“HII/JKI Opposition”). Neither issue is pertinent to whether the Petition itself should or should not be granted. Instead, both highlight key problems with the decisions made by the District Court and the Ninth Circuit Court of Appeals, along with the disparity between the various Federal Circuits. Specifically, the HII/JKI Opposition shows that the core principle in reviewing a motion for summary judgment was *not* followed and that the Ninth Circuit is *not* following this Court’s principles for reviewing and awarding fees in copyright infringement cases.

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ARGUMENT

I. THE LOWER COURTS FAILED TO APPLY THE APPROPRIATE STANDARD FOR REVIEWING CROSS MOTIONS FOR SUMMARY JUDGMENT

The HII/JKI Opposition asserts as pertinent to the decision to grant Frost-Tsuji’s Petition the principle that state law controls in the interpretation of contract law. That principle is well established but is irrelevant here. *See, e.g., Volt Information Sciences Inc. v. Board of Trustees of Leland Stanford Junior Univ.*, 489 U.S. 468,

474, 109 S.Ct. 1248, 103 L.Ed. 488 (1969). The pertinent principle which was not followed by the District Court is that on a motion for summary judgment all inferences must be given to the non-moving party. As the District Court noted in its own initial order regarding summary judgment standards:

All evidence and inferences must be construed in the light most favorable to the nonmoving party. *T.W. Elec. Serv., Inc.*, 809 F.2d at 631. Inferences may be drawn from underlying facts not in dispute, as well as from disputed facts that the judge is required to resolve in favor of the nonmoving party. *Id.* When “direct evidence” produced by the moving party conflicts with “direct evidence” produced by the party opposing summary judgment, “the judge must assume the truth of the evidence set forth by the nonmoving party with respect to that fact.” *Id.*

See Pet. App. 21-22. These standards were not applied. *See also Hevia v. Portrio Corp.*, 602 F.3d 34, 40 (1st Cir. 2010) for the appropriate review standard for simultaneous cross motions for summary judgment.

Further, the HII/JKI Opposition fails to account for the decisions in *Nelson-Salabes, Inc. v. Morningside Development, LLC*, 284 F.3d 505 (4th Cir. 2002) and *Johnson v. Jones*, 149 F.3d 494 (6th Cir. 1998) on this precise point. As in *Johnson* and *Morningside*, it is irrelevant here that the AIA contract was not executed. The unexecuted contract is compelling evidence of Frost-Tsuji’s intent that its plans were not to be used

without its future involvement or its express consent. This shows that Frost-Tsuji never intended to grant any implied license as the draft “greenmarked” contract language at section 7.4 stated that “[e]xcept for the license granted in this Article 7, no other license or right shall be deemed granted or implied.” This key provision was not even cited by the District Court. This failure by the District Court was not in accordance with the legal standards for reviewing a motion for summary judgment. Frost-Tsuji never indicated that HII’s use of its design, layout or any form of modification to the attribution and Plans without Frost-Tsuji’s continued involvement to completion or consent was permissible. Neither party nor Frost-Tsuji made any changes to the specific clause that no implied license would be granted. The application of state law is irrelevant to this analysis as the application of the summary judgment review principles dictated that Frost-Tsuji be granted this inference. Further, in copyright cases, where the Plaintiff proves valid registration, access and substantial similarity, which FTA did, and was fully acknowledged by the District Court, the burden of proof for further use, shifts to the Defendants to prove their claims.

II. THERE IS NO EVIDENCE OF MISCONDUCT BY FROST-TSUJI

The inference that Frost-Tsuji engaged in litigation misconduct is not only unsupported – a “red herring” – but it is essentially an admission that the lower courts failed to abide by this Court’s directions

in *Kirtsaeng v. Wiley & Sons*, 579 U.S. ___, 136 S.Ct. 1979, 2016 WL 3317564.

HII and JKI fail to note to this Court that during the October 2014 – January 2015 time period, a February 2015 jury trial was looming with all of its pre-trial deadlines and disclosures. Frost-Tsuji’s discovery efforts were focused on the remaining claims in the case after its copyright claims had been dismissed by way of summary judgment. These included: (1) Frost-Tsuji’s breach of contract claim against HII; and (2) the two counterclaims asserted against Frost-Tsuji by both HII and Bargreen Ellison of Hawaii, Inc. (“Bargreen”) (collectively “Counterclaims”). HII’s Counterclaim alleged that Frost-Tsuji had breached its contract with HII, tortiously interfered with HII’s contractual relations, and that Frost-Tsuji had filed an improper and erroneous copyright application related to the design and layout of the Highway Inn Restaurant (“Restaurant”). Bargreen’s Counterclaim asserted and misrepresented that Frost-Tsuji was infringing on Bargreen’s purported copyright of “its” design of the Restaurant.

HII and JKI also failed to acknowledge the fact that throughout this pre-trial period, they and the other Defendants were maintaining that they were not using Frost-Tsuji’s design or other copyrighted architectural works but were using a “fresh new design.” They maintained this false position up until the briefing on the appeal to the Ninth Circuit when they finally changed their course to claim that they had in fact used FTA’s work.

It was during this pre-trial discovery period that Frost-Tsuji proved several key elements of its defense on the Counterclaims. First, Bargreen had previously admitted (in response to written request for admissions) that it had removed Frost-Tsuji's Title Block and copyright management information ("CMI") from Frost-Tsuji's CAD materials (a fact which the District Court repeatedly failed to acknowledge). During this pre-trial period, Skip Elkins, Bargreen's Hawaii principal, admitted under oath during his deposition that he had not only removed Frost-Tsuji's Title Block and CMI but then copied, distributed and used those same altered works in the development and construction of the Restaurant. Elkins further admitted that he did not design the kitchen or the space, and that it was the work of FTA. As the District Court had already acknowledged Frost-Tsuji's ownership of a valid copyright of the design and layout of the Restaurant, this was not only a clear admission of copyright infringement of Frost-Tsuji's "bundle of rights" under the Architectural Works Copyright Protection Act ("AWCPA") but also constituted violations of the Digital Millennium Copyright Act ("DMCA") for removal of FTA's titleblock, including CMI copyright symbols, and denying all attribution, prior to the first publication of construction of the design.

Second, Bryce Uyehara, the architect who replaced Frost-Tsuji on the project and a principal of Defendant Bryce E. Uyehara, AIA, Inc. ("Uyehara"), admitted under oath during his deposition that: (a) he did *not* prepare the design and layout of the

Restaurant but rather had received the altered CAD drawings, then placed his own architectural stamp on the plans; and (b) he had received Frost-Tsuji's "cease and desist" letter in which all recipients (involving all the Defendants) were notified that they did not have permission to use Frost-Tsuji's work in any form or manner. Despite this unequivocal notice, he nonetheless, copied and distributed those altered plans to the other Defendants, governmental entities and HII's own landlord, Kamehameha Schools Bishop Estate ("KSBE") all the while knowing that Frost-Tsuji's Title Block and CMI had been removed and that he did not have permission to use these materials. The fact that his contract for the project contained an indemnification for this improper usage is further proof that both he and HII knew that they were using copyright protected materials without a license to do so. Again, these instances all violated Frost-Tsuji's exclusive rights under the AWCPA. The Ninth Circuit Courts are disregarding and not enforcing these congressional protections by imposing "non-exclusive licenses" over architectural works. This practice is not countenanced in the First, Third, Fourth, Sixth and Eleventh Circuits.

The most damning evidence of the Defendants' own litigation misconduct uncovered during this pre-trial period, was the third-party KSBE revelatory "April Emails." These clearly showed that HII's and JKI's principals knew that they did not have a license to use Frost-Tsuji's architectural works and had engaged in a cover up during much of the litigation

by failing to produce key facts and documents. Following Frost-Tsuji's termination and for over a year earlier, in 2013 the colluding Defendants actively and consistently denied using Frost-Tsuji's work throughout the lease negotiations, public hearings, building permit application and construction phases of the project. In fact, they were constructing the Restaurant for five months without a building permit. They continued these denials, obfuscations and knowing misrepresentations up until their briefing in the Ninth Circuit appeal. The District Court refused to acknowledge this misconduct when called on to do so by Frost-Tsuji in its January 2015 reconsideration motion. *See* Pet. App. 82-93.

This conduct was deceitful, plaguing and improper. Pertinent for the granting of Frost-Tsuji's Petition is the fact that no consideration was made of this misconduct or the many other instances of litigation misconduct by the Defendants in the decisions made by the District Court or the Ninth Circuit Panel. This failure to consider this key factor was not in accord with the principles detailed in the *Kirtsaeng* decision. Acceptance of Frost-Tsuji's Petition and ultimately a remand would rectify this situation and send a clear message to all the circuits concerning the award of fees and copyright infringement cases.



CONCLUSION

For the foregoing reasons, we respectfully request that the Supreme Court should grant the Petition for a Writ of Certiorari.

Respectfully submitted,

RANDALL K. SCHMITT

Counsel of Record

MCCORRISTON MILLER MUKAI

MACKINNON LLP

Five Waterfront Plaza, 4th Floor

500 Ala Moana Boulevard

Honolulu, Hawai'i 96813

(808) 529-7300

schmitt@m4law.com

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