

No.

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

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THE ESTATE OF THOMAS STEINBECK, GAIL  
KNIGHT STEINBECK, AND THE PALLADIN GROUP,  
INC., PETITIONERS,

*v.*

WAVERLY SCOTT KAFFAGA, AS EXECUTOR OF THE  
ESTATE OF ELAINE ANDERSON STEINBECK

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*PETITION FOR A WRIT OF CERTIORARI  
TO THE UNITED STATES COURT OF APPEALS  
FOR THE NINTH CIRCUIT*

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**PETITION FOR WRIT OF CERTIORARI**

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## QUESTION PRESENTED

The Copyright Acts of 1976 and 1998 granted an author and certain heirs a contingent “right of termination” that allows the author or the heirs to terminate a previous license to the copyrighted work. *See* 17 U.S.C. §§ 203, 304. The right to terminate a copyright license is a contingent right that can enable authors and their heirs to capture the full value of the copyrighted works. To ensure that authors and their heirs did not prematurely assign away contingent rights, Congress specified that the rights will not vest until certain actions are undertaken during particularly specified time periods. Congress also instructed that “[t]ermination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.” 17 U.S.C. § 304(c)(5).

Termination rights are frequently exercised decades after the original license of the copyrighted work. A single copyrighted work can lead to different termination rights that vest at different times and may be owned by different heirs, once vested. The unique statutory scheme presents a challenge for traditional principles of estoppel, including *res judicata* and collateral estoppel.

The question presented is:

Whether collateral estoppel bars an affirmative defense based on 17 U.S.C. § 304(c)(5) in a second litigation, when the first litigation involving different copyright termination rights never decided if the agreement at issue—purporting to transfer control

over future termination rights before those rights vested—is unenforceable under § 304(c)(5).

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

The parties to the proceedings include those listed on the cover of this Petition.

None of The Estate of Thomas Steinbeck, Gail Steinbeck, and The Palladin Group, Inc. has a parent corporation, and no publicly held company owns 10 percent or more of any of their stock.

**LIST OF RELATED PROCEEDINGS**

Pursuant to Supreme Court Rule 14.1(b)(iii),  
Petitioners state that there are no proceedings  
directly related to this case in this Court.

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

Petitioners The Estate of Thomas Steinbeck, Gail Steinbeck, and The Palladin Group, Inc. respectfully submit this petition for a writ of certiorari to review the judgment of the United States Court of the Appeals for the Ninth Circuit.

### **OPINIONS AND ORDERS BELOW**

The decisions of the District Court are unreported. App. 29a, 34a. The Ninth Circuit's opinion is reported at 938 F.3d 1006. App. 1a. The Ninth Circuit's order denying rehearing en banc is unreported. App. 27a.

### **STATEMENT OF JURISDICTION**

The Ninth Circuit entered its order denying rehearing on October 17, 2019. On January 3, 2020, Associate Justice Kagan extended the time to file a petition for a writ of certiorari to and including March 10, 2020. The district court's jurisdiction was invoked under 28 U.S.C. § 1331. The appeals court's jurisdiction was invoked under 28 U.S.C. § 1291. This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).

### **STATUTORY PROVISIONS INVOLVED**

Sections 203 and 304 of Title 17, United States Code are reprinted at App. 76a and App. 80a.

### **STATEMENT**

This petition concerns an issue critical to the proper interpretation of U.S. copyright termination

rights and whether collateral estoppel principles can trump the plain meaning of the copyright statute. The Ninth Circuit answered in the affirmative, thereby depriving defendants of an affirmative defense based on a copyright issue no prior litigation had decided. The underlying copyright issue is critical for a consistent interpretation of the Copyright Act's grant of termination rights—rights that both Congress and this Court have recognized as “inalienable.”

Framed in the context of collateral estoppel, the Ninth Circuit's decision authorized the alienation of inalienable termination rights. The outcome condones the encumbrance of termination rights long before they vest under “the delicate balance Congress has labored to achieve.” *Stewart v. Abend*, 495 U.S. 207, 230 (1990). It did so even though no court has ever determined whether the 1983 Agreement—purporting to transfer termination rights years before they vested—was an enforceable agreement under 17 U.S.C. § 304(c)(5).

The correct interpretation of the termination rights clauses was necessary to determine if collateral estoppel forecloses an affirmative defense based on § 304(c)(5). Here, the appeals court merely referenced earlier court decisions—none of which decided the issue of whether the 1983 Agreement was an “agreement to the contrary” and thus proscribed by the Copyright Act.

The legal approach and outcome here represent a serious threat to Congress’s carefully structured goal to safeguard the ability of authors’ and their heirs’ to benefit from the fair value of the full copyright term. The legal uncertainty about the interplay between copyright termination rights and federal preclusion doctrines warrants this Court’s review.

## **I. Legal Background**

### **A. Copyright Termination Rights**

Under the 1909 Copyright Act, authors and their families could capture the value of the copyrighted works at two times throughout the lifetime of the work. *See* Act of Mar. 4, 1909, ch. 320, § 23, 35 Stat. 1075 (1909) (“the 1909 Act”). The 1909 Act granted copyright protection for a first term of 28 years, followed by a renewal term of the same duration, for a total of 56 years. 35 Stat. 1075, 1080–81. In theory, “[t]he renewal term permit[ted] the author, originally in a poor bargaining position, to renegotiate the terms of the grant once the value of the work ha[d] been tested.” *Stewart*, 495 U.S. at 218–19. Congress believed that “[i]t should be the exclusive right of the author to take the renewal term” so that the author “could not be deprived of that right.” H.R. Rep. No. 60–2222, at 14 (1909).

Simple in theory but complicated in reality, publishers easily undermined Congress’s renewal term scheme by requiring authors to assign, in the

first instance, their rights in both 28-year copyright terms. This Court’s decision in *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643 (1943), upheld that questionable practice, thereby effectively defeating Congress’s plan to have two temporally distinct property rights that would allow authors to capture the full value of their creative works.

Congress responded with the Copyright Act of 1976, Pub. L. No. 94–553, 90 Stat. 251 (“1976 Act”), which enacted two changes relevant here. First, Congress extended the copyright term. For works copyrighted before January 1, 1978, the renewal term increased by 19 years—extending the total copyright protection to 75 years. 17 U.S.C. § 304(a)–(b) (1982).<sup>1</sup>

Second, in response to *Fred Fisher*, Congress wanted to ensure that authors and certain heirs benefited from the extended copyright term, so it granted an “inalienable” right to terminate prior copyright transfers and licenses. 17 U.S.C. §§ 203(a), 304(c). For works copyrighted before January 1, 1978, an author can terminate a copyright assignment or license at the end of the 56th year. *Id.* § 304(c). If the author has died, the termination right

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<sup>1</sup> Prospectively, for works copyrighted on or after January 1, 1978, the 1976 Act changed the copyright term to the life of the author plus 50 years. *See* 17 U.S.C. § 302(a) (1982).

would vest in specific family members— notwithstanding any will or other testamentary transfer. *Id.* § 304(c)(1)–(2). *See generally* Melville B. Nimmer, *Termination of Transfers Under the Copyright Act of 1976*, 125 U. Pa. L. Rev. 947, 947–48 (1977) (noting that “[o]ne of the most significant and most complex departures from prior law contained in the new Act relates to the termination of transfers”).

Congress thus ensured that authors and specific family members would have the chance to regain full ownership of the copyright and capture the value of the 19-year extended term, *i.e.*, years 57 through 75 of federal copyright protection. To prevent publishers from repeating their undermining of the 1909 Act’s renewal term, Congress specified that the new termination right in the 1976 Act could be exercised “notwithstanding any agreement to the contrary.” *Id.* § 304(c)(5). In other words, Congress legislatively overruled the *Fred Fisher* decision and created a right that was “inalienable.” *See Stewart*, 495 U.S. at 230.

Moreover, under the statute, the termination right itself does not come into existence and vest until a particular time. The termination “may be effected” during a specific time period. 17 U.S.C. § 304(c)(1), (2). The termination notice also must be served within a specific timeframe. *Id.* § 304(c)(4)(A); *see also Baldwin v. EMI Feist Catalog, Inc.*, 805 F.3d 18, 26 (2d Cir. 2005) (explaining that “an author’s (or his statutory heirs’) interest vests immediately upon

service of a termination notice, it becomes possessory—i.e., it entitles the author (or his statutory heirs) to ownership of the copyright—only if the notice is recorded before the termination date” (citing 17 U.S.C. § 304(c)(4)(A)). Congress established the statutory schedule to ensure that the *Fred Fisher* scenario would not repeat itself—whereby an author or heir would assign away the termination right before ascertaining the actual value of the extended copyright term.

When the author has passed, the statutory heirs will own and be able to exercise the termination right, once vested, but it will depend on which heirs are living when the termination right vests. For instance, a termination right vests during a specific five-year window. During that five-year period, some heirs may die, and other heirs may be born. If an heir dies before the right vests, the heir who dies may not assign (through a will) the unvested termination right to a non-statutory heir. The heir’s contingent interest in the termination right expires with the heir, and the remaining heirs (if any) then have a larger percentage of the termination right.<sup>2</sup>

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<sup>2</sup> Section 203 creates analogous termination rights for transfers made by the author in or after 1978, which also includes the “notwithstanding any agreement to the contrary” limitation. 17 U.S.C. § 203(a), (a)(5). Thus, resolving the present dispute about the collateral estoppel and the meaning of an

In 1998, Congress again extended the copyright term. *See* Sonny Bono Copyright Term Extension Act of 1998 (“1998 Act”), Pub. L. No. 105–298, 111 Stat. 2827. The term for pre-1978 works lengthened to 95 years. The 1998 Act again provided authors and certain family members a termination right for the newly extended portion of the copyright term. 17 U.S.C. § 304(d). Authors of pre-1978 works (or certain family members if the author had passed) could terminate existing grants or licenses when the termination right vested at the end of the 75th year of the copyright term, but only if they had not already exercised the termination right provided under 1976 Act. *Id.* § 304(d).

As with the 1976 Act, the 1998 Act’s text captured Congress’s goal that the author or the heirs could not prematurely bargain away the value of the contingent termination right and the recaptured copyright term. The 1998 Act specified that the author or statutory heirs could exercise the termination right “notwithstanding any agreement to the contrary.” *Id.* § 304(d)(1). The 1998 Act similarly structured the termination rights so that they were contingent and could not vest until a future date. *Id.* § 304(d)(1).

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“agreement to the contrary” in § 304 would likely apply equally to § 203’s prohibition on such agreements.

With copyright termination rights, Congress balanced two competing interests. On one hand, publishers gain the benefits they bargained for—that is, the amount of copyright protection available when the publisher originally negotiated for and obtained the copyright license. On the other, authors are fairly compensated by providing them and their families the ability to regain full ownership of the copyrights and capture the financial value of the extended copyright term. By providing authors with an “inalienable termination right,” *Stewart*, 495 U.S. at 230, Congress struck a “practical compromise” to serve both authors and publishers, H.R. Rep. No. 94–1476, at 124 (1976).

In some ways, Congress’s creation of contingent termination rights (as well as the older renewal rights) is extraordinary. If the copyright term is viewed as a single property right, the termination right is a statutory tool to disrupt settled private dealings pursuant to otherwise enforceable contracts or wills. Moreover, because a contingent termination right will often vest years or decades after a contractual agreement or related litigation governing the copyrights at issue, courts have struggled to reconcile if traditional estoppel principles operate notwithstanding the text of the statute that prevents “any agreement to the contrary” from encumbering the contingent termination right.

The contingent termination right is specific to each copyright assignment or license. A given work,

such as *The Grapes of Wrath*, will have a single copyright registration. The author can then license some or all of the rights appurtenant to the copyright, to the same or different parties, at the same or different times. One license may grant the right of reproduction under 17 U.S.C. § 106(1), and another may grant the right to prepare a derivative work, such as a screenplay, under 17 U.S.C. § 106(2).

A single copyrighted work may lead to multiple grants or licenses to rights. Each separate grant or license of a right under the copyright will create a different contingent termination right that *may* vest at a future date. While the deadline for exercising the multiple rights are triggered off the same deadline, such as the copyright registration date, *see* 17 U.S.C. § 304(c)(4), the distinct termination rights are independent of each other. Thus, a cause of action over a termination right for a license to publish a work can be a different cause of action over a termination right for a license to produce and distribute a movie based on the underlying work.

Congress's statutory scheme of termination rights is well-intentioned, aiming to protect the authors and their heirs. But the statute and process for securing the contingent termination rights are extraordinarily complex. *See, e.g.,* Edward E. Weiman, et al., *Copyright Termination for Noncopyright Majors: An Overview of Termination Rights and Procedures*, 24 *Intell. Prop. & Tech. L.J.* 3, 4 (Aug. 2012) ("Not since anyone studied the Rule

against Perpetuities in law school has there been so much confusion over the operation of what might seem to be a nearly impenetrable set of rules, subrules, exceptions, and complicated timing issues.”).

## **B. Principles of Collateral Estoppel**

Less complicated is issue preclusion, which “bars ‘successive litigation of an issue of fact or law actually litigated and resolved in a valid court determination essential to the prior judgment,’ even if the issue recurs in the context of a different claim.” *Taylor v. Sturgell*, 553 U.S. 880, 892 (quoting *New Hampshire v. Maine*, 532 U.S. 742, 748 (2001)). “It is basic that the principle of collateral estoppel ‘must be confined to situations where the matter raised in the second suit is identical in all respects with that decided in the first proceeding and where the controlling facts . . . remain unchanged.’” *Montana v. United States*, 440 U.S. 147, 165 (1979) (quoting *Commissioner v. Sunnen*, 333 U.S. 591, 599–600 (1948)).

Issue preclusion “applies to a question, issue, or fact when four conditions are met: (1) the issue at stake was identical in both proceedings; (2) the issue was actually litigated and decided in the prior proceedings; (3) there was a full and fair opportunity to litigate the issue; and (4) the issue was necessary to decide the merits.” *Oyeniran v. Holder*, 672 F.3d 800, 806 (9th Cir. 2012) (citing *Montana*, 440 U.S. at

153–54). Issue preclusion cannot apply if the issue was not actually litigated and not actually decided. *See, e.g.*, Restatement (Second) of Judgments § 27, cmt. e, at 257 (1982); *id.* § 51 cmt. f.

Collateral estoppel of course applies to copyright law, but the statutory ability to unravel agreements per § 304(c) complicates the legal role of collateral estoppel in resolving disputes about termination rights. In a sense, Congress’s grant of termination rights upsets the concept of finality, as those rights enable the creation of new rights in different people subsequent to the original contractual arrangement governing the copyrights. And those new rights may vest in people who were not a party to the original agreement. Deciding how collateral estoppel applies to copyright termination rights is important.

Even though collateral estoppel is generally less complicated, the intersection of collateral estoppel and intellectual property rights presents particular challenges to the consistent and fair administration of the law. Multiple litigations between the same parties over the same or similar intellectual property rights are not uncommon. Those litigations, as here, present distinct causes of action based on similar yet discrete and separate rights. It is thus no surprise that the Court is adding clarity to these legal questions with its grant of the petition for a writ of certiorari in *Lucky Brands Dungarees, Inc. v. Marcel Fashions Group, Inc.*, No. 18–1086 (S. Ct. argued Jan. 13, 2020).

## **II. Factual Background**

### **A. The Steinbeck Works and the Parties' Dispute**

John Steinbeck was a prolific writer known for many classics of American literature. He won the Nobel Prize for Literature in 1962. During Steinbeck's lifetime, the 1909 Copyright Act was the operative law. He died in 1968.

Through his will, Steinbeck passed to his third wife Elaine his copyright interests (the "Works" or the "Steinbeck Works") and the royalty payments from prior license agreements with publishers. To his sons Thom and John IV, he left money but no intellectual property rights. *Id.* Even so, under the law at the time, the sons would necessarily obtain ownership in some of the Works that had not yet been renewed for the second 28-year term (the Late Works) when they entered the renewal period. The status of copyright ownership would become more complicated when the 1976 Act extended the copyright term and created termination rights.

The Early Works, which included *The Grapes of Wrath*, were owned outright by Elaine, and she had the sole right to royalties derived from the Early

Works.<sup>3</sup> In contrast, the Late Works were those for which the copyright had not yet been renewed for the second 28-year term, as the first term had not expired before John's death. With the Late Works, once renewed, thereby creating a second property interest in the copyright, Elaine, Thom, and John IV, would share the "renewal" rights. *See* 17 U.S.C. § 304(a)(1)(C).

Given John Steinbeck's prolific body of work and the increasing complexity of copyright law, it should surprise no one that protracted litigation has ensued over the dozens, if not hundreds, of various grants and licenses for the Steinbeck Works. Each specific license created the potential for a new right to terminate that was potentially shared by multiple Steinbeck heirs.

## **B. The 1983 Agreement**

In 1974, because of uncertainty about royalty splits, Elaine, Thom, and John IV entered into a royalty distribution agreement ("1974 Distribution Agreement") under which Elaine received 50 percent and Thom and John IV each received 25 percent of the Late Works royalties. Two years later, Congress changed the copyright law with the 1976 Act, the key

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<sup>3</sup> The Early Works are the works for which Steinbeck had renewed the copyrights before he died in 1968.

relevant changes being, as noted above, the extension of the copyright term and the creation of contingent termination rights. With the new law and the new contingent termination rights came the disruption of Steinbeck heirs' settled expectations.

Thom and John IV sued Elaine in 1981 over the 1974 Distribution Agreement, arguing that it stemmed from fraud and misrepresentation. The resulting settlement among the parties is captured in the 1983 Agreement. App. 5a. The 1983 Agreement purported to transfer control of Thom's and John IV's rights in the Steinbeck Works to Elaine, including his future contingent termination rights, in exchange for a higher percentage of royalties. *Id.*

The 1983 Agreement was later analyzed by the Second Circuit in the context of a copyright dispute among the several parties. *See Steinbeck v. Steinbeck Heritage Found.*, 400 Fed. App'x 572, 575 (2d Cir. 2010) (App. 59a). One state-law issue was whether the agreement created an agency relationship between Elaine and the Steinbeck sons, which would have imposed fiduciary obligations on Elaine. *Id.* at 575.<sup>4</sup> No agency relationship was formed, the appeals

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<sup>4</sup> The Second Circuit's 2010 decision was the last of five opinions stemming from New York litigation about different termination notices. *See also Penguin Grp. (USA) Inc. v. Steinbeck*, No. 06 Civ. 2438, 2009 WL 4588748 (S.D.N.Y. Dec. 2, 2009); *Steinbeck v. McIntosh & Otis, Inc.*, No. 04 Civ. 5497,

court said, because the agreement “forecloses any argument that the parties intended the Steinbeck sons to retain control over Elaine Steinbeck’s exercise of the authority conferred upon her, as would be necessary to create an agency relationship.” *Id.* at 575. While the Second Circuit rejected certain specific state-law arguments contesting the 1983 Agreement’s validity, the appeals court never decided the federal questions of whether the encumberment of the future contingent termination rights was enforceable under 17 U.S.C. § 304(c)(5). *Id.*

Further developments occurred between 1983 and 2004. After John IV died in 1991, his daughter Blake Smyle and his former wife Nancy Steinbeck started receiving his share of the royalties.

In 1995–1996, Thom married Gail, and they formed Palladin Group Inc., a management and production company (and one of the named Petitioners). Thom’s health later declined, and he executed powers of attorney, appointing Gail as his

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2009 WL 928189 (S.D.N.Y. Mar. 31, 2009); *Penguin Grp. (USA) Inc. v. Steinbeck*, 537 F.3d 193 (2d Cir. 2008); *Steinbeck v. McIntosh & Otis, Inc.*, 433 F. Supp. 2d 395 (S.D.N.Y. 2006). None of those decisions decided if the 1983 Agreement was an enforceable transfer of future contingent termination rights under § 304(c)(5)’s “notwithstanding any agreement to the contrary” limitation.

attorney-in-fact to manage his business and his existing ownership interests in the Steinbeck Works.

In 2003, Elaine passed away and left her interests in the Steinbeck Works to her daughter from a prior marriage Waverly Scott Kaffaga and other named beneficiaries. After Elaine's death, Thom and Blake were the only heirs under § 304 who could exercise the termination rights in accordance with the statute. 17 U.S.C. § 304(c)(2). When Thom died in 2016, all of John Steinbeck's children had passed. Blake Smyle, as the only surviving grandchild of the author, is now the only heir authorized by the statute to exercise the termination right. *Id.*<sup>5</sup>

In June 2004, Thom Steinbeck and Blake Smyle (the two remaining statutory heirs) and Respondent (and other defendants) brought claims against each other over the different termination notices that Thom and Blake filed. The New York litigation resulted in several court opinions. *See supra*, note 4. The opinions concerned multiple claims, including breach of fiduciary duty, promissory estoppel, and unjust enrichment. Importantly, the New York litigation did not address the issue of whether the

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<sup>5</sup> Respondent's position has been that the 1983 Agreement trumps the statute and therefore Elaine (who does not fall into any of the statutory heir categories) now has the sole right to terminate any Steinbeck copyright licenses.

1983 Agreement was “an agreement to the contrary.”  
*See infra.*

### **III. The Proceedings Below**

Around 2014, new disputes arose about different Steinbeck licenses and different termination rights, most notably certain film rights associated with *The Grapes of Wrath* and *East of Eden*. App. 61a; App. 29a. The grants of film rights and the associated termination rights turned on specific licensed rights had not been litigated or decided in any previous case.

Because no court had ruled that the specific licenses and termination rights at issue were controlled by the 1983 Agreement, and because no court had determined if the 1983 Agreement was enforceable under § 304(c)(5), Petitioners maintained that they were authorized to negotiate potential deals concerning *The Grapes of Wrath*, *East of Eden*, and certain other Steinbeck Works. For instance, in 2013, Petitioners learned that McIntosh & Otis (the literary agent) had granted a license to the movie studio DreamWorks to produce a motion picture based on *The Grapes of Wrath*. To shore up any perceived concerns with possible termination rights

over the license, DreamWorks engaged Thom and Gail in executive producer roles.<sup>6</sup>

Continuing to operate under their understanding about the termination rights, Thom and Gail brought a copyright action against Respondent and other defendants in the Central District of California. Complaint, *Steinbeck v. Kaffaga*, No. 2:14-cv-08681-TJH-FFM (C.D. Cal. filed Nov. 7, 2014) (“the Parallel Litigation”). The Parallel Litigation involved a number of copyright licenses and termination rights that had not been litigated in the New York cases. As part of the Parallel Litigation, Thom and Gail sought a declaration that “the 1983 Agreement was an ‘agreement to the contrary’ under 17 U.S.C. §§ 304(c) and (d) and therefore could not prevent them from exercising termination rights.” App. 6a.

Shortly thereafter, Respondent sued Petitioners for breach of contract and tort claims (slander of title and intentional interference with prospective economic relationships) based on Petitioners’ discussions and engagements with the movie studios and others (including DreamWorks). As noted, Petitioners believed that they were conducting themselves as authorized statutory heirs because, in

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<sup>6</sup> At trial, Chris Floyd of DreamWorks explained that Steven Spielberg “immediately thought that it was a great idea” to have Thom Steinbeck on board and “how great it would be for the project.”

part, their termination rights had not vested at the time of the 1983 Agreement.

Petitioners' primary defense to the contract and tort claims was that their actions were neither violative of the contract nor tortious because, if the 1983 Agreement applied to termination rights at issue, the 1983 Agreement was unenforceable under § 304(c)(5). Petitioners repeatedly pressed their position that no court had yet decided this specific issue and, as such, they should be allowed to raise this undecided copyright issue as an affirmative defense to the new contract and tort claims.

Both the present contract/tort case and the related Parallel Litigation were before Judge Hatter in the Central District of California. In the Parallel Litigation, Respondent moved to dismiss the copyright infringement action, but it never asserted that the question of § 304(c)(5)'s application to the 1983 Agreement was previously decided. As Respondent explained to the district court, "the Second Circuit had expressly declined to rule on the question of whether the 1983 Settlement Agreement was an 'agreement to the contrary,' concluding that the issue was 'immaterial to the resolution of th[e] appeal.'" Memorandum of Points and Authorities in Support of the Estate Defendants' Motion to Dismiss, *Steinbeck v. Kaffaga*, No. 2:14-cv-08681 (C.D. Cal. June 1, 2015), ECF No. 60, Ex. 1 at 22 (quoting *Penguin Grp.*, 537 F.3d at 203 n.5).

Nonetheless, the district court in the Parallel Litigation applied collateral estoppel in favor of the defendants (including Respondent), even though the defendants did not assert collateral estoppel as dismissing the case. *See* App. 74a; Order, *Steinbeck v. Kaffaga*, No. CV 14-08681 TJH (C.D. Cal. Aug. 11, 2015), Dkt. No. 80. The district court stated that “Plaintiffs have litigated these claims *ad nauseum*,” citing the two Second Circuit decisions without further explanation. The district court did not identify a single court decision that answered the question about whether the 1983 Agreement was an enforceable restraint on future unvested termination rights under § 304(c)(5). The whole of the district court’s “analysis” was the following sentence: “This action is barred by collateral estoppel.” *Id.* That decision was subsequently appealed by Thom pro se, and the Ninth Circuit affirmed. App. 36a.

Like the underlying district court decision, the Ninth Circuit’s affirmance in the Parallel Litigation offered no analysis of whether the 1983 Agreement was an enforceable restraint on future termination rights under § 304(c)(5). App. 38a; *Steinbeck v. Kaffaga*, 702 Fed. App’x 618, 619 (9th Cir. 2017). The appeals court simply accepted the district court’s “*ad nauseum*” characterization.

While the Parallel Litigation was proceeding, Petitioners continued their effort to obtain a judicial resolution of the § 304(c)(5) issue as a defense to the contract and tort claims, but the district denied their

efforts. Petitioners went to trial without having the ability to argue that their negotiations with the movie studios and other entities were proper in view of their belief that the 1983 Agreement was an “agreement to the contrary” under § 304(c)(5). Without that defense, the jury returned a verdict in favor of Respondent, finding liability of \$13 million, which included a punitive damages award of \$7.9 million. App. 9a–10a.

On appeal, the Ninth Circuit reversed the award of punitive damages and affirmed the other rulings. The appeals court held that Respondent failed to meet her burden of introducing sufficient evidence to justify a \$7.9 million award. App. 21a–23a. The court affirmed the district court’s grant of summary judgment for breach of contract and slander, and that it was not an abuse of discretion for the district court to exclude evidence concerning the 1983 Agreement. App. 12a. Lastly, the Ninth Circuit affirmed the award of compensatory damages for each of the causes of action presented to the jury, noting that, while the similarity of amounts awarded for the causes of action were “suspicious,” it nevertheless found substantial evidence supported the jury verdict. App. 13a–14a.

For the reasons stated below, Petitioners now respectfully petition this Court for certiorari.

## REASONS FOR GRANTING THE PETITION

### I. The Ninth Circuit's Decision Creates A Split Within Issue Preclusion Precedent And Causes Confusion About Termination Rights

Issue preclusion applies only when there was an identity of an issue that was actually decided and actually litigated in a prior litigation. *See, e.g., Montana*, 440 U.S. at 153–54. Here, the legal issue is whether collateral estoppel can preclude an affirmative defense based on § 304(c)(5), in a second litigation asserting non-copyright claims about one set of termination rights, when a prior litigation, involving different termination rights, never decided the controlling § 304(c)(5) issue.

The importance of this issue extends beyond the Ninth Circuit's apparent incongruous application of collateral estoppel in this case. The case presents an opportunity for the Court to decide if and how collateral estoppel can defeat Congress's clear statutory mandate that no "agreement to the contrary" can encumber an author's or statutory heir's right to terminate a copyright license. The issue is all the more important here, where Petitioners sought to raise this previously undecided issue as an affirmative defense to distinct contract and tort claims.

**A. The Decision Conflicts with the “Actually Litigated” and “Actually Decided” Requirements**

Precedent is clear that collateral estoppel applies only if the dispositive issue in the later case was “actually litigated” and “actually decided” in a prior litigation. Outside the context of copyright termination rights, this Court has reaffirmed that established principle time and again. *Montana*, 440 U.S. at 157–58; *Sunnen*, 333 U.S. at 598 (“Since the cause of action involved in the second proceeding is not swallowed by the judgment in the prior suit, the parties are free to litigate points which were not at issue in the first proceeding, even though such points might have been tendered and decided at that time.”); *Mercoird Corp. v. Mid-Continent Inv. Co.*, 320 U.S. 661, 671 (1944) (“[W]here the second cause of action between the parties is upon a different claim the prior judgment is res judicata not as to issues which might have been tendered but ‘only as to those matters in issue or points controverted, upon the determination of which the finding or verdict was rendered.’”); *Tait v. W. Md. Ry. Co.*, 289 U.S. 620, 623 (1933) (in applying collateral estoppel, “the inquiry is whether the point or question to be determined in the later action is the same as that litigated and determined in the original action”); *Baltimore S.S. Co. v. Phillips*, 274 U.S. 316, 319 (1927) (same); *United States v. Moser*, 266 U.S. 236, 241 (1924) (same).

These settled principles ought to apply equally to issues in copyright disputes. There is no reason why copyright law (or the issue of termination rights) warrants a special exception to the federal principles of estoppel. Nor has the Ninth Circuit explained why the settled requirements of collateral estoppel did not apply in this case. Indeed, to this day, no court has explained how the 1983 Agreement comports with the clear mandate of § 304(c)(5)'s text and purpose.

The Ninth Circuit's opinion reflected a fundamental misconception about the inherent potential of recurring disputes over contingent termination rights. The appeals court accused Petitioners of conducting "recidivist litigation." But that characterization does not appreciate that the independent nature of different termination rights linked to a single copyrighted work. Nor is it an accurate description of the varied nature of different termination rights that can be litigated over decades—all different causes of action yet stemming from a single copyrighted work.

**B. The Decision Conflicts with the Second Circuit's Decision in *Marvel Characters***

The Ninth Circuit's application of collateral estoppel also conflicts with the Second Circuit's application of collateral estoppel. The Second Circuit requires that any previous litigation over copyright termination rights—even if that suit ends as a result of a joint stipulation—must have decided the

dispositive issue in order for collateral estoppel to preclude an author or heir from raising that issue. As evinced by the present case, the Ninth Circuit does not.

In *Marvel Characters Inc. v. Simon*, 310 F.3d 280 (2d Cir. 2002), the plaintiff sought to apply collateral estoppel in the context of copyright termination rights based on an earlier settlement agreement in an action involving renewal rights. The issue in the second action was whether termination rights were unavailable to the original author because he admitted his work was “for hire” in a prior settlement agreement. 310 F.3d at 288–90. That settlement agreement contained an explicit acknowledgment as part of the settlement agreement that the author created the work while employed. *Id.*

Event with that explicit acknowledgment, the Second Circuit rejected the application of collateral estoppel because the stipulation filed with the court did not contain the necessary specific findings to hold that the issue was precluded. *Id.* at 288–89. The court explained that, “where a stipulation of settlement is ‘unaccompanied by findings,’ it does ‘not bind the parties on any issue . . . which might arise in connection with another cause of action.’” *Id.* at 289 (quoting *Lawlor v. Nat’l Screen Serv. Corp.*, 349 U.S. 322, 327 (1955)). The Second Circuit went on to explain that the defendant was “not bound by the statement in the Settlement Agreement that he created the Works as an employee for hire.” *Id.* The

plaintiff was thus free to litigate the underlying issue of whether he could “exercise § 304(c)’s termination right.”

As in *Marvel Characters*, the stipulation in the Steinbeck Second Circuit litigation should not have precluded Petitioners from raising the § 304(c)(5) issue as a defense to a different cause of action alleging different legal claims, namely tort and contract claims. Any reliance on the settlement agreement lays bare that the issue of termination rights and whether the 1983 Agreement was an unenforceable “agreement to the contrary” was not fully litigated. Petitioners explained as much to the Ninth Circuit, particularly in their petition for rehearing en banc.

If the Court does not grant this Petition, authors and their heirs will be left with conflicting legal approaches in the Second Circuit and the Ninth Circuit. In the Second Circuit, a termination rights issue raised but not litigated or actually decided will not have preclusive effect in a later dispute. In the Ninth Circuit, in contrast, an issue raised but not decided will now have preclusive effect. This division between the Second and Ninth Circuits is particularly problematic “given the importance of those two circuits in interpreting copyright law generally.” Allison M. Scott, *Oh Bother: Milne, Steinbeck, and an Emerging Circuit Split over the Alienability of Copyright Termination Rights*, 14 J. Intell. Prop. L. 357, 360 (2007). This Court should

grant certiorari to bring national uniformity to collateral estoppel's role in the adjudication of the inalienable termination right granted to authors and their families by Congress in 17 U.S.C. § 304(c).

**C. No Court Has Decided If the 1983 Agreement is an “Agreement to the Contrary” in Violation of § 304(c)(5)**

The Ninth Circuit's decision rests on the premise that the Second Circuit decided that the 1983 Agreement was “valid and enforceable” under 17 U.S.C. § 304(c)(5). While the Second Circuit rejected certain challenges to the 1983 Agreement in a litigation involving different causes of action, the § 304(c)(5) issue was not “actually litigated” or “actually decided.” *See* App. 65a–67a. Collateral estoppel should not have prevented Petitioners from raising their defenses based on correct interpretation and application of § 304(c)(5).

To be sure, there is no reasonable dispute that the Second Circuit never decided whether the 1983 Agreement is an “agreement to the contrary.” Indeed, Respondent argued this precise point to the district court in the Parallel Litigation:

Moreover, the Second Circuit expressly declined to rule on the question of whether the 1983 Settlement Agreement was an “agreement to the contrary,”

concluding that the issue was “immaterial to the resolution of this appeal.”

Memorandum of Points and Authorities in Support of the Estate Defendants’ Motion to Dismiss, *Steinbeck v. Kaffaga*, No. 2:14-cv-08681 (C.D. Cal. June 1, 2015), ECF No. 60, at 11–20 (quoting *Penguin Grp.*, 537 F.3d at 203 n.5). Respondent and the other defendants in the Parallel Litigation devoted pages of the motion to dismiss and the reply brief, arguing that the 1983 Agreement is not an “agreement to the contrary.” *See id.*; *see also* Reply Memorandum of Points and Authorities in Support of the Estate Defendants’ Motion to Dismiss, *Steinbeck v. Kaffaga*, No. 2:14-cv-08681-TJH-FFM (C.D. Cal. July 15, 2015), Dkt. No. 75. Respondent could not have been clearer: Whether the 1983 Agreement violated § 304(c)(5) was and still is a live, undecided issue.

Beyond Respondent’s own arguments, the only opinion in the Second Circuit litigation to address the “agreement to the contrary” issue for the 1983 Agreement observed that the 1983 Agreement would be void if read to “limit[] or extinguish[] Thom’s and Blake’s statutory termination rights.” *Steinbeck v. McIntosh & Otis, Inc.*, 433 F. Supp. 2d 295, 404 n.30 (S.D.N.Y. 2006). Judge Owen also explained:

Disturbingly, the settlement agreement also purported to grant Elaine the exclusive right to exercise Thom

and John IV's termination rights over the Steinbeck works.

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If this theory is meant to suggest that the terms of the 1983 Settlement Agreement void all of Thom's and Blake's termination rights—that Elaine successfully contracted away the rights of these statutory heirs when she settled litigation with them—it is barred by the plain language of 17 U.S.C. § 304(c)(5) and (d)(1). Any portion of the settlement agreement which limits or extinguishes Thom's and Blake's statutory termination rights is invalidated as a statutorily-prohibited “agreement to the contrary.”

*Id.* at 404 n.28, n.30.

Judge Owen's decision was appealed, but only part of it, and the appeals court held that the “Penguin Termination Notice” was invalid. *Penguin Grp.*, 537 F.3d at 200, 202. It also held that a separate license agreement (“the 1994 Agreement”) with Penguin was not an “agreement to the contrary” under § 304(c)(5) because that phrase should not be read “so broadly that it would include any agreement

that has the effect of eliminating a termination right.” *Id.* at 202. And the Second Circuit noted that, although it was “unclear” whether the 1983 Agreement limited Thom and Blake’s ability to send any termination notice, that issue was “immaterial to the resolution of th[e] appeal.” *Id.* at 203 n.5.<sup>7</sup>

On remand, the matter was assigned to Judge Daniels, who granted Respondent’s motion for summary judgment on some of their remaining claims. *Steinbeck*, 2009 WL 928189, at \*12. In dismissing Thom and Blake’s claims on remand, Judge Daniels recognized that, as for the 1983 Agreement, the “agreement to the contrary” “issue was not resolved by the Second Circuit.” *Id.* at \*7 n.10.

Judge Daniels’s decision was then appealed based on stipulations which excluded from appeal any issues relating to *The Grapes of Wrath* or *East of Eden*. Again, that case was addressing licenses and/or termination rights that are different from those at issue here. The Second Circuit ultimately affirmed. 400 Fed. App’x 572, 579 (2d Cir. 2010). The Second Circuit’s 2010 decision reached only state law

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<sup>7</sup> The Second Circuit also observed that, “[a]lthough [Elaine Steinbeck] possessed a power of attorney to exercise the Steinbeck Descendants’ termination rights as a result of a 1983 settlement, it is unclear that her exercise of those rights would have been valid.” 537 F.3d at 203 n.5.

issues—breach of fiduciary duty, promissory estoppel, unjust enrichment, constructive trust, and possible termination of the literary agent. *Id.* at 575–79. The court did not rule on the federal question of if the 1983 Agreement was an “agreement to the contrary” and thus unenforceable per § 304(c)(5). *See id.*

Despite the above analysis and Respondent’s representation in the Parallel Litigation that the § 304(c)(5) issue was live, Judge Hatter ruled in the Parallel Litigation that Gail’s copyright action was barred by collateral estoppel.

Further underscoring the lack of any § 304(c)(5) decision for the 1983 Agreement, the Second Circuit did hold that a separate license agreement (“the 1994 Agreement”) was not an agreement to the contrary and thus not in violation of § 304(c)(5). *Penguin Grp.*, 537 F.3d at 200. The appeals court concluded that the heirs used that agreement to reach a better financial arrangement with the publisher for licensing certain copyrights. As the Second Circuit noted, “the 1994 Agreement obligated Penguin to pay larger guaranteed advance payments and royalties calculated from the ‘invoiced retail price of every copy sold by the Publisher,’ rather than ‘the amount which the Publishers charge for all copies sold.’” *Id.* at 200. “The 1994 Agreement also modifies the geographic limits of the publication rights as to the covered works and imposes a requirement on Penguin to keep a greater number of Steinbeck

works in print.” *Id.* at 201. In the court’s view, with the 1994 Agreement, the Steinbeck heirs used their one opportunity to exercise termination rights against the publisher to obtain a financially more lucrative deal. The 1994 Agreement was therefore not an agreement to the contrary. *Id.*

With all of this, it is difficult to understand how the district court and the Ninth Circuit here concluded that Petitioners “have litigated these claims *ad nauseum*.” *See* App. 38a. The actions in California concerned different termination rights and licenses than those in the New York litigation. The Ninth Circuit failed to recognize that disputes about different licenses and termination rights are different causes of action, for purposes of collateral estoppel. For the Ninth Circuit, the Second Circuit’s resolution of state-law issues about the 1983 Agreement was enough to preclude an affirmative defense based on the undecided federal question under § 304(c)(5).

## **II. The Question Presented Is Exceptionally Important, Particularly for the Consistent Interpretation of U.S. Copyright Law**

Understanding how collateral estoppel applies in disputes over copyright termination rights is exceptionally important to both the creative artist community and the businesses that produce, market, and sell creative works. The correct legal rule for collateral estoppel also requires an understanding of

why the current interpretation of § 304(c)(5) is incorrect.

**A. This Court Has Yet to Address the Interpretation of the Termination Rights Statute at Issue Here**

This Court has only infrequently considered the copyright termination provisions. When it has, the Court has recognized the purpose and inalienable nature of these rights. In *Stewart v. Abend*, the Court stated: “The 1976 Copyright Act provides a single, fixed term, but provides an inalienable termination right.” 495 U.S. at 230 (citing 17 U.S.C. §§ 203, 302); *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 172–73 (1985) (“[T]he termination right was expressly intended to relieve authors of the consequences of ill-advised and unremunerative grants that had been made before the author had a fair opportunity to appreciate the true value of his work product.”).

Even so, courts and commentators have noted both the importance of the legal issues and complexity of termination rights. *E.g.*, Kike Aluko, *Terminating the Struggle Over Termination Rights*, 10 Harv. J. of Sports & Ent. L. 119, 119 (2019) (“Copyright termination rights, also known as copyright reversion rights, are an important yet confusing set of rights reserved to authors of

copyrighted works.”); Dylan Gilbert, et al., *Making Sense of the Termination Right: How the System Fails Artists and How to Fix It*, at i (Dec. 2019)<sup>8</sup> (noting that the termination right “is complex to execute, and that has allowed problems to take root as artists struggle to fulfill obscure eligibility, timing, and filing formalities which together create significant hurdles that are difficult (if not impossible) to overcome without expensive legal representation”).

Beyond the sheer complexity of termination rights—or perhaps because of the complexity—Judge Sutton, writing for the Sixth Circuit, also recognized the percolating disagreement by legal scholars with how the courts have interpreted the termination rights provisions:

The alert reader may wonder why we decline to reject Robert’s defense on another ground—that the 1979 agreement, if construed to assign or extinguish Goldie’s termination rights, would amount to an impermissible “agreement to the contrary.” 17 U.S.C. § 304(c)(5) (In full: “Ter-

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<sup>8</sup> Available at <https://www.publicknowledge.org/wp-content/uploads/2019/12/Making-Sense-of-the-Termination-Right-1.pdf>.

mination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.”). Two answers: The siblings have not argued the point, and it would not affect the outcome anyway given our interpretation of the 1979 agreement. The parties appear to accept the decisions of the Second and Ninth Circuits that termination rights, once vested after 1978, may be extinguished or bargained away. *See Steinbeck*, 537 F.3d at 204; *Milne*, 430 F.3d at 1044–45. While the caselaw on this issue appears to be one-sided, it deserves mention that *Nimmer on Copyright . . .* takes a contrary view. *See* M. Nimmer & D. Nimmer, 3 *Nimmer on Copyright* § 11.07[A] (2015); *see also* Peter S. Menell & David Nimmer, *Pooh-Poohing Copyright Law’s ‘Inalienable’ Termination Rights*, 57 *J. Copyright Soc’y U.S.A.* 799, 824–25 (2010).

*Brumley v. Brumley & Sons*, 822 F.3d 926, 933 (6th Cir. 2016).

As Judge Sutton recognized, the leading copyright scholars have disagreed with the courts’ disregard of the statute’s textual prohibition on

contracts that encumber an author's or heir's future termination rights. *See also* Adam R. Blankenheimer, *Of Rights and Men: The Re-Alienationability of Termination of Transfer Rights in Penguin Group v. Steinbeck*, 24 Berkeley Tech. L.J. 321, 322 (2009) (explaining how the 2008 Steinbeck decision "illustrates the tension between Congress's intent to prevent authors and their heirs from selling future copyright interests and courts' unwillingness to curtail freedom of contract").

The question about the correct interpretation of "an agreement to the contrary" has percolated long enough. This Court's definitive resolution of the question is warranted, and it will bring much needed clarification and certainty to authors, their heirs, the publishing and movie industry, and all those involved in the creative arts.

**B. The Outcome is Wrong Because the Text of the Statute Proscribes "Any Agreement to the Contrary," Such as the 1983 Agreement**

The Court should grant the petition also because the Ninth Circuit's decision approves of an incorrect interpretation and application of § 304(c)(5). The outcome advances an interpretation that prioritizes a court's interpretation of the legislative history over the clear and unambiguous text of the statute.

The plain text of § 304(c)(5) is unambiguous. The statute overrides any agreement that purports to

encumber the termination right. 17 U.S.C. § 304(c)(5). The statute expressly nullifies any agreement “to make any future grant.”

Following the definitions in 17 U.S.C. § 101, “the term ‘including’ is ‘illustrative’ not ‘limitative’” and thus “the term ‘agreement[s] to the contrary’ under § 304(c)(5) [must be interpreted] as inclusive of agreements other than the two examples Congress explicitly mentioned.” *Classic Media, Inc. v. Mewborn*, 532 F.3d 978, 938 (9th Cir. 2008). And, as this Court has explained, the term “any” is all inclusive. *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1351 (2018) (“[T]he word ‘any’ ordinarily implies every member of a group.”); *United States v. Gonzales*, 520 U.S. 1, 5 (1997) (“Read naturally, the word ‘any’ has an expansive meaning, that is, ‘one or some indiscriminately of whatever kind.’” (quoting *Webster’s Third New International Dictionary* 97 (1976))). Under the statute’s plain meaning, a statutory heir to termination rights may exercise those rights despite any contract purporting to encumber those inalienable rights.

The unambiguous text should be the end of the analysis. The language creates an inalienable right, and § 304(c)(5)’s text therefore reflects Congress’s objective to create a non-transferrable opportunity for authors and their successors to recapture a new property right. See Peter S. Menell & David Nimmer, *Judicial Resistance to Copyright Law’s Inalienable Right to Terminate Transfers*, 33 *Columbia J.L. &*

Arts 227, 229–30 (2009) (explaining that Congress “explicitly made those rights inalienable and unwaivable when it granted the termination of transfer right under the current Act in 1976 and again via an amendment in 1998”).

Notwithstanding the unambiguous text, courts, including the Ninth Circuit, have frequently deemphasized the importance of the statutory text and taken a narrower view of the scope of § 304(c)(5)’s prohibition on encumbrances by relying primarily on the legislative history. *See, e.g., Milne v. Stephen Slesinger, Inc.*, 430 F.3d 1036, 1044 (9th Cir. 2005); *Marvel Characters*, 310 F.3d at 290 (“[W]e find it necessary to go beyond the mere text and consider the legislative intent and purpose of § 304(c) to ascertain the statute’s meaning.”).

But even the legislative intent supports the statute’s clear text. “[T]he clear Congressional purpose behind § 304(c) was to prevent authors from waiving their termination right by contract.” *Marvel Characters*, 310 F.3d at 290 (citing *Stewart*, 495 U.S. at 230). The provision’s purpose is “expressly intended to relieve authors of the consequences of ill-advised and unremunerative grants that had been made before the author had a fair opportunity to appreciate the true value of his work product.” *Mills Music*, 469 U.S. at 172–73 (footnote omitted). “That general purpose is plainly defined in the legislative history and, indeed, is fairly inferable from the text of § 304 itself.” *Id.*

The congressional purpose was to remedy what was seen as a deficiency created by *Fred Fisher*. That case was seen as thwarting the 1909 Act's intent to grant authors and their families a future copyright interest. See *Mills Music*, 469 U.S. at 185 (White, J., dissenting).

Current precedent has reached differing outcomes when applying the Copyright Act's "agreement to the contrary" provisions, depending on the particular circumstances and the wording of the agreement at issue. In *Classic Media*, the Ninth Circuit held that a termination right was preserved, even though a post-1978 agreement purported to transfer later-vesting rights. 532 F.3d at 989. The Ninth Circuit's approach in *Classic Media* recognized that it was questionable whether an author or heir could transfer rights to the copyright before the rights had vested. Indeed, the court observed that the "assignment would be void as an 'agreement to the contrary' pursuant to § 304(c)(5)" if construed to cover rights subject to defendant's future termination rights. *Id.* at 986.

The court's reasoning in *Classic Media* supports Petitioners' position that the 1983 Agreement did not validly transfer control over future contingent termination rights. When the 1983 Agreement was executed, Thom and John IV had no current interest in some of the copyrights, and they could not validly encumber future contingent termination rights which they might or might not gain—depending on whether

they lived long enough to exercise the termination rights.<sup>9</sup>

The *Classic Media* court also highlighted why the temporal statutory requirements are critical to knowing if an author or heir can validly contract away termination rights. It did so by explaining why the copyright agreement in *Milne v. Stephen Slesinger, Inc.*, 430 F.3d 1036 (9th Cir. 2005), was not an “agreement to the contrary.”

*Milne* presented quite a distinct factual scenario with very different statutory implications. Whereas Mewborn in 1978 did not even have the right to serve an advance notice of termination so as to vest her termination rights as to the Lassie Works, and could not have served advance notice for another six years as to the story and eight for the novel, the heir in *Milne* had the present right to serve an advance notice of termination, and could exercise it at any moment. Thus when the Milne

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<sup>9</sup> The appeals court left open the question of whether future termination rights can be assigned. *Classic Media*, 532 F.3d at 986 n.4. The court observed that the same issue implicated here—whether an author or heir could validly assign unvested termination rights—was an unresolved question. *See id.*

heir chose to use the leverage of imminent vesting to revoke the pre-1978 grant and enter into a highly remunerative new grant of the same rights, *see id.* at 1044–45, it was tantamount to following the statutory formalities, and achieved the exact policy objectives for which § 304(c) was enacted.

*Classic Media*, 532 F.3d at 987.

Other courts have taken a more textual approach to interpreting and applying the “agreement to the contrary” provisions. In *The Ray Charles Foundation v. Robinson*, 919 F. Supp. 2d 1054 (C.D. Cal. 2013), the singer Ray Charles made agreements with his twelve children about his copyrighted songs, trying to limit his children’s statutory rights, including future termination rights. *Id.* at 1060, 1065. The court rejected the proposed interpretation, concluding that, “if the agreements are interpreted to waive [the children’s] rights to recapture the copyrights at issue, then they are plainly ‘agreement[s] to the contrary’ . . . and are unenforceable to that extent.” *Id.* at 1066.

### **III. This Case Is An Appropriate Vehicle To Resolve The Question Presented**

This case is an appropriate vehicle for deciding the question presented. The case presents the clean

legal issue of determining whether traditional collateral estoppel requirements apply to disputes about copyright termination rights.

The case also offers the Court the chance to decide if courts must construe § 304(c)(5) based on the statute's unambiguous text, or if courts are free to bypass the text and rely on clues from the legislative history about competing policy objectives.

**IV. At A Minimum, The Court Should Grant, Vacate, and Remand in View *Lucky Brands Dungarees, Inc. v. Marcel Fashion Group, Inc.***

Alternatively, the Court should grant, vacate, and remand this case so that the Ninth Circuit can properly apply issue preclusion in light of this Court's expected decision in *Lucky Brands Dungarees, Inc. v. Marcel Fashions Group, Inc.*, No. 18-1086 (argued Jan. 13, 2020). That case, now pending before the Court, raises a similar issue about the correct understanding of federal preclusion principles in the context of successive intellectual property litigation between the same parties.

In *Lucky Brands*, the Court granted a petition for writ of certiorari on the following question: "Whether, when a plaintiff asserts new claims, federal preclusion principles can bar a defendant from raising defenses that were not actually litigated and resolved in any prior case between the parties."

A decision in that case is expected sometime this Term.

In several respects, the issue in *Lucky Brands* is similar to the issue here. Both cases involve multiple litigations between the same (or overlapping) parties. Both cases concern intellectual property rights that spawned similar yet distinct causes of actions. And both cases concern a defendant trying to raise an affirmative defense based on a precise legal issue that was not actually decided in a prior litigation.

For these reasons, if the Court does not grant outright the petition, the Court should grant, vacate, and remand so that the Ninth Circuit can reconsider the outcome so it is consistent with the Court's decision in *Lucky Brands*.

### CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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