

No. \_\_\_\_\_

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In The  
**Supreme Court of the United States**

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GEOPHYSICAL SERVICE, INCORPORATED,

*Petitioner,*

v.

TGS-NOPEC GEOPHYSICAL COMPANY,

*Respondent.*

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

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**PETITION FOR WRIT OF CERTIORARI**

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## QUESTIONS PRESENTED

1. This Court has never addressed the nature or scope of the defense of implied license to copyright infringement, and the circuits are split.

a. Is implied license a species of implied-in-fact contract requiring proof of the grantor's intent by concepts familiar to contract law, such as a "meeting of the minds"? Or, as the Fifth Circuit held, can a license later be implied by a court based on a "totality of the circumstances," irrespective of the grantor's intent?

b. Does the burden to establish that the scope of the implied license covers the infringing conduct remain with the defendant? Or, as the Fifth Circuit held, does a burden of proof shift to the copyright owner to show that it "objected" to a specific potential infringing use?

2. The basis for the implied license was the copyright owner's deposit of seismic works with a Canadian energy regulator. Are copies made as a result of foreign government compulsion "lawfully made under this title" within the meaning of 17 U.S.C. § 109, as discussed in *Kirtsaeng v. John Wiley & Sons, Inc.*, 568 U.S. 519 (2013)?

## **IDENTITY OF PARTIES**

The Petitioner is Geophysical Service, Incorporated, a non-governmental corporation, referred to herein as “GSI.” The Respondent is TGS-NOPEC Geophysical Corporation, a Delaware corporation with its principal place of business in Houston, referred to as “TGS.”

GSI states that: (1) it has no parent corporation; and (2) no publicly held company owns 10% or more of its stock. *See* Sup. Ct. R. 29.6.

## **RELATED CASES**

*Geophysical Services, Inc. v. TGS-NOPEC Geophysical Services*, No. 14-1368, Southern District of Texas (judgment entered Nov. 9, 2015).

*Geophysical Service, Inc. v. TGS-NOPEC Geophysical Co.*, No. 15-20706, United States Court of Appeals for the Fifth Circuit (judgment entered Mar. 10, 2017)

*Geophysical Services, Inc. v. TGS-NOPEC Geophysical Services*, No. 14-1368, Southern District of Texas (judgment entered June 19, 2018)

*Geophysical Service, Inc. v. TGS-NOPEC Geophysical Co.*, No. 18-20493, United States Court of Appeals for the Fifth Circuit (judgment entered Sept. 13, 2019)

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**OPINIONS BELOW**

The United States Court of Appeals for the Fifth Circuit has issued two opinions in this matter. The first opinion, which resulted in a remand that narrowed the issues, was reported at 850 F.3d 785 (5th Cir. 2017). The second opinion, after remand, is available at 784 Fed. Appx. 253; 2019 U.S. App. LEXIS 27807; Copy. L. Rep. (CCH) P31,519; 2019 U.S.P.Q.2D (BNA) 347124; 2019 WL 4410259 (5th Cir. 2019) (per curiam).

The Southern District of Texas entered two orders during the remand, culminating in a final judgment and this appeal. The first interpreted the phrase “under this title” in 17 U.S.C. § 109 as directed by the Fifth Circuit and is available at 2017 U.S. Dist. LEXIS 192803; 125 U.S.P.Q.2D (BNA) 1118; Copy. L. Rep. (CCH) P31,182; 2017 WL 5598593 (S.D. Tex. Nov. 21, 2017). The second concerned the license defense and is available at 2018 U.S. Dist. LEXIS 101781; Copy. L. Rep. (CCH) P31,288; 2018 WL 3032575 (S.D. Tex. Jun. 19, 2018).

**JURISDICTION**

The court of appeals issued its opinion and judgment on September 13, 2019. App. 1. No motion for rehearing was filed. This Court has jurisdiction to review the final judgment of a federal court of appeals upon a petition for writ of certiorari. 28 U.S.C. § 1254(1).



### **STATUTORY PROVISIONS INVOLVED**

The copyright claim rests on the statutory prohibition against the importation into the United States of any “copies . . . the making of which . . . would have constituted an infringement of copyright if this title had been applicable”:

“Importation into the United States or exportation from the United States, without the authority of the owner of copyright under this title, of copies or phonorecords, the making of which either constituted an infringement of copyright, or which would have constituted an infringement of copyright if this title had been applicable, is an infringement of the exclusive right to distribute copies or phonorecords under section 106, actionable under sections 501 and 506.

17 U.S.C. § 602(2). That aspect of the distribution right is qualified by the first-sale doctrine, as codified in § 109:

Notwithstanding the provisions of section 106(3), the owner of a particular copy or phonorecord lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord.

17 U.S.C. § 109(a).

The court below has interpreted the implied license defense to create tension with two other provisions:

“Ownership of a copyright, or of any of the exclusive rights under a copyright, is distinct from ownership of any material object in which the work is embodied. Transfer of ownership of any material object, including the copy or phonorecord in which the work is first fixed, does not of itself convey any rights in the copyrighted work embodied in the object; nor, in the absence of an agreement, does transfer of ownership of a copyright or of any exclusive rights under a copyright convey property rights in any material object.

17 U.S.C. § 202.

“Involuntary Transfer. When an individual author’s ownership of a copyright, or of any of the exclusive rights under a copyright, has not previously been transferred voluntarily by that individual author, no action by any governmental body or other official or organization purporting to seize, expropriate, transfer, or exercise rights of ownership with respect to the copyright, or any of the exclusive rights under a copyright, shall be given effect under this title, except as provided under title 11.

17 U.S.C. § 201(e).



**STATEMENT****A. The copyrighted seismic works at issue and the foreign law that required them to be deposited with a government regulator.**

The copyrighted works at issue were created from seismographic surveys of geological features, which were then interpreted and refined into a useful format (similar to a map) that is valuable to those who explore for energy resources. App. 88. A company such as GSI can either perform these surveys for specific clients or can invest its own resources to create works on a speculative basis, with the expectation that the works will be licensed to others in the energy industry. App. 88. The works at issue in this case, part of the NF-82 survey in 1982, were financed by GSI's predecessor on that speculative basis. App. 32. The works covered approximately 7,309.30 kilometers of 2D seismic data and 2,632.61 square kilometers of 3D seismic data, recorded around the offshore Newfoundland and Labrador area, within the Atlantic Ocean.<sup>1</sup>

Canadian law in effect at the time GSI's survey was undertaken required that firms who performed seismic surveys and created these works deposit a copy with the government agency responsible for managing its energy resources. App. 2; App. 89. This was during a period in which Canada revamped its energy regulations every few years. Before 1982, the agency in charge was the Resource Management Branch of the Department of Energy, Mines, and Resources (the

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<sup>1</sup> ROA.20 ¶15.

Branch). App. 17. In 1982, a new agency (the Canada Oil and Gas Lands Administration) was given responsibility for these energy resources. App. 18.

To conduct the seismic survey that resulted in the NF-82 seismic works, GSI's predecessor submitted a permit application to this new Administration. This one-page application was filled out on the form promulgated by the prior agency and, in a footnote, referenced an informational brochure the prior agency had published in 1979, titled "Offshore Exploration."<sup>2</sup> App. 39. There is no evidence that copyright issues were discussed during this permitting process.

As required by Canadian law, GSI's predecessor deposited a copy of its seismic works with this new Administration. App. 11. The law at that point required that the government keep these seismic works confidential for at least five years. App. 2. As industry stakeholders lobbied for changes in these laws, that confidentiality period was later extended to ten years. App. 103.

Under Canadian law, the government is not required to release any particular seismic work for inspection, even after a stated confidentiality period expired. Instead, it claimed discretion whether to do

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<sup>2</sup> This sentence asked the applicant to "confirm that the requisite notice has been provided to other Federal agencies concerned," dropping an asterisked footnote that reads, "The requirements and services of the Federal agencies concerned are outlined in the publication 'Offshore Exploration.'" ROA.2032 (quoted in part at App. 39).

so.<sup>3</sup> App. 28. Certain surveys for which the confidentiality period had expired were released and made available. App. 9. Over this period, GSI's predecessor continued its efforts to protect its intellectual property in these speculative seismic works, which depended on future licensing for their economic viability.<sup>4</sup> A Canadian court that evaluated these policies concluded that, rather than being fixed, these "so-called" rules of the regime "have changed somewhat over time, in the form of legislative changes and the discretionary decision over disclosure made by Ministers and Boards. . . ." <sup>5</sup> That court noted as well that a stated period of confidentiality was "in practice . . . routinely . . . lengthened by policy or was maintained in perpetuity for speculative data," such as the works at issue here.<sup>6</sup>

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<sup>3</sup> ROA.2704-05. As TGS's expert explained, Canadian law "did not and do[es] not compel the release of the information or the data after the expiration of the confidentiality period." ROA.2537.

<sup>4</sup> A Canadian court that reviewed evidence, including some of the same evidence submitted on summary judgment here, concluded that "[t]o suggest that [Geophysical] has 'consented' to the disclosure of its very valuable seismic data, impliedly or not, does not sit well with me. In my view, Geophysical has been forced to grant, in effect, a compulsory licence to permit its offshore seismic data to be released and used by the public." *Geophysical Service Incorporated v. Encana Corporation, et al.*, 2016 ABQB 230 ¶ 317 (ROA.2649)

<sup>5</sup> *Encana*, 2016 ABQB 230 ¶ 316 (ROA.2649).

<sup>6</sup> *Id.* ¶¶ 149, 160 (ROA.2624 & ROA.2626).

In 1987, Canada again changed the structure of its regulatory agencies and created the Canada-Newfoundland and Labrador Offshore Petroleum Board (the Board). App. 27. The copyright ownership of the NF-82 survey also changed hands, as the entity that created the works was acquired by another company and the ownership of the underlying copyrights was then later sold to an entity that is now the petitioner, GSI. App. 2.

**B. TGS imports into the United States a copy of GSI's copyrighted seismic works.**

Respondent TGS-NOPEC Geophysical Company (TGS) competes with GSI in the business of performing seismic surveys and licensing seismic data to energy companies.<sup>7</sup> App. 3; App. 88.

In 1999, TGS requested, by e-mail to the Board, copies of seismic lines from GSI's NF-82 seismic survey in the Board's possession. App. 11. At TGS's direction, copies were made and shipped to TGS's office in Houston, Texas. App. 11. GSI only learned about TGS's importation of its copyrighted works in 2013; this lawsuit followed. App. 12.

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<sup>7</sup> “[TGS] gathers, interprets, and markets seismic and geophysical data regarding subsurface terrains worldwide with sophisticated seismic equipment and software technology. TGS collects and stores this data in a master library and licenses various parts of the library to customers who use the licensed data to evaluate oil and gas formations for drilling operations.” *TGS-NOPEC Geophysical Co. v. Combs*, 340 S.W.3d 432, 435 (Tex. 2011).

## C. Proceedings

### 1. Initial Proceedings and an Initial Appeal That Narrowed the Issues in Dispute

GSI filed suit in Houston, TGS's place of business and the location to which it had imported the copyrighted works. App. 52. TGS filed a motion to dismiss arguing, *inter alia*, that the copyright claim against it was barred as an extraterritorial application of United States copyright law and under the act-of-state doctrine because one of the actors was the Canadian government. App. 104; App. 108. The district court granted the motion to dismiss, and that dismissal was appealed to the Fifth Circuit. App. 108.

The Fifth Circuit narrowed the issues by affirming in part, reversing in part, and remanding in part. With regard to the act-of-state doctrine, the court held that the question of whether a particular *copy* was lawfully made under § 109 was different in kind from determining whether a government entity that might have made that copy had behaved unlawfully in doing so. App. 106. "Evaluating the first sale defense in connection with TGS's importation of copies made by the Board does not decide whether the . . . Board is a copyright *infringer*, which *would* be a prohibited inquiry." App. 106.

With regard to extraterritoriality, the Fifth Circuit explained that "[i]t is undisputed that TGS imported the copies of Geophysical's seismic lines into Houston, Texas by causing the CNLOP Board to send



them there. Therefore, the act of importation occurred in the United States and is actionable under the Copyright Act depending on the resolution of TGS's first sale defense." App. 108. The court of appeals therefore reversed the dismissal of GSI's infringement-by-importation claim.

In offering guidance to the district court for the narrowed issues on remand, the Fifth Circuit observed that this case involves "a question left open by *Kirtsaeng I*. . . the difficult interpretive puzzle of what it means for a copy manufactured abroad to have been 'lawfully made under this title' within the meaning of § 109." App. 103 (citing *Kirtsaeng v. John Wiley & Sons, Inc.*, 568 U.S. 519 (2013)).

The Fifth Circuit then explained how "the facts of the instant case supply a good example of the puzzle":

[A]s in *Kirtsaeng I*, the copies imported into the United States here were manufactured abroad, but unlike in *Kirtsaeng I*, the parties dispute whether those copies were lawfully made. TGS would have us look to Canadian law to determine the lawfulness of the Board's making of the copies—it points to the fact that Canadian law appears to authorize the CNLOP Board to release copies of data submitted to it after ten years. Geophysical asks us instead to look to United States copyright principles. . . . Applying foreign law seems to contradict the plain language of § 109. . . . But applying United States law seems to foul the principle that the Copyright Act has no extra-territorial application, and creates some

conceptual awkwardness where, like here, the foreign-made copies were made pursuant to some legal regime that finds no analog in United States law.

App. 103-104. The court remanded for the district court to analyze this legal question in the first instance, and then to apply that statutory interpretation to the facts of this case. App. 104.

## **2. District Court Proceedings**

On remand, the district court took those two steps. First, it addressed the statutory question and held that, under *Kirtsaeng I*, the question of whether copies were lawfully made under this title abroad was controlled by United States copyright principles:

But *Kirtsaeng* did not provide an answer to the question here: what body of law applies to determine whether a copy was made lawfully in the first place? . . .

Geophysical and TGS dispute whether the copy of the seismic data that TGS requested and that the Canadian Board made and sent to TGS in the United States was lawfully made. The choice-of-law question left open in *Kirtsaeng* must be addressed.

App. 64-65. The district court on remand interpreted the phrase “lawfully made under this title” to “mean that a copy is lawful if it was made . . . in a foreign country in a manner that would comply with Title 17 if United States copyright law applied.” App. 73.

As its second step, the district court permitted limited discovery on the license defense,<sup>8</sup> and TGS eventually moved for summary judgment. App. 16.

Applying its view of *Kirtsaeng I*, the district court then granted summary judgment on a “license” defense, concluding that a company doing business in Canada’s energy sector during this time was necessarily granting a copyright license to the Canadian government, not just to use the works for its own purposes, but to make copies of those works for importation back into the United States by companies performing energy exploration such as TGS. App. 44.

TGS’s principal evidence was an affidavit from an expert on Canadian law, who gave his view of what participants in the regime during this general period of time “should have known” about what the Canadian government believed that legally it “could” do with materials that were deposited pursuant to its mandatory regime. App. 7; App. 44. Other than the one-page permit application discussed above, TGS offered no evidence specific to any transaction between GSI’s predecessor and the Canadian government.

The district court concluded that TGS’s evidence was conclusive to establish an implied license, leaving no fact question for trial. App. 48. Instead of asking whether GSI’s predecessor intended to convey permission to copy its works when it complied with the

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<sup>8</sup> Although GSI filed this suit in 2014, it has not yet been permitted to use discovery to learn how its copyrighted works were used by TGS after their importation into the United States.

*depository* requirements of Canadian energy law, the district court instead framed the dispute as whether under the “totality of the circumstances” GSI “should have known that by submitting an offshore program notice and participating in the seismic data submission regime, it was impliedly granting a license to the Board to copy and distribute the seismic data.” App. 45. The court reasoned that because the government had released certain seismic data in the past, any entity that later deposited seismic materials with the government was necessarily agreeing to a broad copyright license. App. 46.

With regard to the scope of this license, the district court effectively placed a burden to disprove the license on GSI, saying that the record contained no evidence that its predecessor had at the time “object[ed] to the copying, distributing, or importing of the seismic data it submitted to the Administration.” App. 44.

### **3. Court of Appeals**

The court of appeals affirmed.<sup>9</sup> To determine if these copies were lawfully made, the court focused solely on the question of implied license, rather than TGS’s theory of express license. App. 2.

The legal issue framed by the court of appeals was therefore, *in the absence of any express license*, did GSI’s compliance with the legal requirements of

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<sup>9</sup> The court of appeals had jurisdiction to consider the final judgment of the district court. 28 U.S.C. § 1291.

Canadian energy law of the era—by depositing copies of its seismographic works with a regulatory body in Canada—also convey an implied copyright license under United States copyright principles sufficiently broad to authorize TGS’s later request for a copy to be imported into the United States. App. 8.

Although participants in this industry were required by Canadian law to deposit these works, the court of appeals held that the act of making the deposit conveyed an implied license under United States law. App. 8-9. The court explained its view that GSI’s predecessor “should have known” about the government’s practices and that a license was formed absent evidence that it “object[ed] to the government’s practice of copying and releasing data when it submitted the GSI Works.” App. 7.

This petition for writ of certiorari followed.

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## ARGUMENT

### **I. This Petition Offers a Useful Vehicle to Address the “Puzzle” Left by *Kirtsaeng* While Resolving a Circuit Split Over the Nature and Scope of the Implied License Defense to Copyright Infringement.**

In *Kirtsaeng*, this Court identified but did not resolve a question that the court below calls a “puzzle”: when copies made abroad and imported into the United States qualify as “lawfully made under this title.” App. 103 (discussing *Kirtsaeng v. John Wiley &*

*Sons, Inc.*, 568 U.S. 519, 133 S. Ct. 1351, 1359 (2013)). The treatise writers have described this unanswered question in *Kirtsaeng* as adding “[a] whole new layer of uncertainty [to] this entire body of law, requiring yet a fourth Supreme Court opinion to elaborate.” 2 NIMMER ON COPYRIGHT § 8.13[B][3][c][v][I] (2019).

The implied-license issues in this case are unsettled under United States law and, as the Fifth Circuit correctly observed, directly bear on how such a license allegedly granted abroad fits within the framework established by *Kirtsaeng*, for which “the facts of the instant case supply a good example of the puzzle.” App. 103. In particular, when a foreign regulatory scheme compels the deposit of a copyrighted work with the government, are additional copies made years later at the direction of a third party “lawfully made under Title 17” such that the copyright owner cannot exclude their importation into the United States?

After the Fifth Circuit identified this question, it remanded to the district court for it to interpret the statute and apply it to the facts of this case. App. 114. The district court engaged in that analysis, ultimately holding that the statute required an examination of “whether the foreign-made copy would have violated Title 17, even if this means engaging in a ‘minute comparison . . . to answer the question whether the conduct validated abroad would be lawful. . . .’” App. 70 (quoting 2 NIMMER ON COPYRIGHT § 8.13[B][3][c][v][I], n.336). Both courts below acknowledged that this “creates some conceptual awkwardness where, like here, the foreign-made copies were made pursuant to some

legal regime that finds no analog in United States law.” App. 71; App. 104.

The district court initially resolved the puzzle by interpreting the phrase “lawfully made under this title” to mean that a foreign-made copy has been created “in a manner that would comply with Title 17 if United States copyright law applied.” App. 73. And because 17 U.S.C. § 109 speaks specifically about whether copies are lawful “under *this* title,” the key question is whether the copy would have been authorized by United States copyright principles, not by a different body of law. App. 74.

With that in mind, it is striking that the evidence of “license” offered by TGS on summary judgment was little more than a rehash of Canadian energy law of the era. TGS’s expert recounted what he understood those laws and practices to have been, and he opined that a typical industry participant “should have known” that the government asserted that it “could” make copies of seismic materials once any confidentiality period had expired. App. 44. In effect, TGS’s license theory was that *any* firm that deposited physical copies of its seismic works with Canadian regulators as required by Canadian energy law was impliedly conveying a *copyright* license to make and distribute additional copies. App. 45; App. 48.

But what this describes is a compulsory license. That is, indeed, how Canadian courts have described the effect of this regime. *Geophysical Service Incorporated v. Encana Corporation, et al.*, 2016 ABQB 230

¶ 321 (“the Regulatory Regime, in effect, creates a compulsory license over the data in perpetuity after the expir[ation] of the confidentiality or privileged period”). A company engaged in this industry was “forced to grant, in effect, a compulsory license. . . .” *Id.* ¶ 317 (ROA.2649-50).

This raises the puzzle left unresolved in *Kirstsaeng* because there is no analogous compulsory license in Title 17 or under United States copyright principles. Copies made pursuant to a foreign regime’s law—that are not *also* authorized by some principle familiar to United States copyright law—would not be “lawfully made under this title” under the interpretation of that language adopted by the courts below. 17 U.S.C. § 109; *see also* 2 NIMMER ON COPYRIGHT § 8.13[B][3][c][v][I] (discussing how this interpretation would apply to copies of records made under a foreign compulsory license scheme that differs from the scheme under Title 17); App. 73.

And the Fifth Circuit was correct that this case offers “a good example of the puzzle.” App. 103. What TGS has styled as a “license” defense is ultimately about this *compulsory* license. The court of appeals focused its analysis on whether there was evidence that GSI’s predecessor had “object[ed]” to the Canadian government’s potential future copying or distribution of its seismic works, in order to avoid granting an implied license. App. 7. But in the context of this foreign regulatory regime, lodging such an “objection” would have been an empty act.



Unlike a true “implied license” situation, this was not a contract negotiation between equals. GSI’s predecessor was required by Canadian law to deposit these seismic works. And under the analogous United States copyright principles, merely depositing a copy of the works would not convey a *copyright* license. 17 U.S.C. § 202 (“Transfer of ownership of any material object . . . does not of itself convey *any* rights in the copyrighted work embodied in the object . . .”) (emphasis added); *cf.* 17 U.S.C. § 201(e) (when copyright ownership “has not previously been transferred voluntarily . . . no action by any governmental body . . . shall be given effect”); *Veeck v. S. Bldg. Code Cong. Int’l, Inc.*, 293 F.3d 791, 803 (5th Cir. 2002) (“Section 201(e) of the Act reflects Congress’s intention to protect copyrights from involuntary appropriation by government entities.”).

## **II. The Courts of Appeals Are Split Over the Test to Prove the Existence of Implied Copyright Licenses.**

This Court has not addressed what is needed to show an “implied license” defense to copyright infringement. The contours of such a defense have been hinted at only in separate opinions. *Kirtsaeng I*, 568 U.S. 519 at 584 (Ginsburg, J., dissenting); *Fortnightly Corp. v. United Artists Television, Inc.*, 392 U.S. 390, 404 n.2, 88 S. Ct. 2084, 2091 n.2 (1968) (Fortas, J., dissenting); *White-Smith Music Pub. Co. v. Apollo Co.*, 209 U.S. 1, 20 (1908) (Holmes, J., concurring).

**A. Copyright principles demand a focus on the grantor’s intent to convey a license, rather than the expectations of the infringer.**

The courts of appeals are split over the fundamental nature of implied license in the copyright context. Some treat implied license as a type of implied-in-fact contract, analyzing it under principles familiar to the common law. Others analyze the license in terms that suggest an equitable reallocation of property rights based on what one side “should have known” about the other.

The doctrine traces its roots to the archetypal case for implied license: two parties—a creator on one hand, and a requestor on the other—who attempt to negotiate a work-for-hire arrangement but omit some formalities. *Effects Assocs. v. Cohen*, 908 F.2d 555, 558-59 (9th Cir. 1990). In that context, courts apply a three-element test, asking if “(1) a person (the licensee) requests the creation of a work, (2) the creator (the licensor) makes that particular work and delivers it to the licensee who requested it, and (3) the licensor intends that the licensee-requestor copy and distribute his work.” *I.A.E., Inc. v. Shaver*, 74 F.3d 768, 776 (7th Cir. 1996); *see also, e.g., Jacob Maxwell, Inc. v. Veeck*, 110 F.3d 749, 752 (11th Cir. 1997); *Effects Assocs.*, 908 F.2d 555 at 558-59. In that factual context, courts largely adhere to this three-element test and analyze whether, given those factors, “the licensor intends” the specific infringing use. Indeed, the First Circuit has made implied license available only in similarly “narrow

circumstances.” *John G. Danielson, Inc. v. Winchester-Conant Props., Inc.*, 322 F.3d 26, 40 (1st Cir. 2003).

But when fact patterns do not neatly fit the archetype, courts take widely divergent approaches. The Fifth Circuit, among others, has held that it is not strictly bound by this framework, and has instead embraced a broad “totality of the circumstances” test. *Baisden v. I’m Ready Prods., Inc.*, 693 F.3d 491, 501 (5th Cir. 2012).

On one side of the divide are courts that treat an implied license as a species of implied-in-fact contract. *E.g.*, *Effects Assocs.*, 908 F.2d at 559 n.7 (an implied copyright license is a species of implied-in-fact contract). These courts look for the familiar indicia of the grantor’s intent to convey a license, such as evidence that despite the lack of formality the parties had reached a “meeting of the minds.” *E.g.*, *Johnson v. Jones*, 149 F.3d 494, 502 (6th Cir. 1998) (“Without intent, there can be no implied license.”); *Foad Consulting Grp., Inc. v. Musil Govan Azzalino*, 270 F.3d 821, 828 (9th Cir. 2001) (looking to state contract-law principles, where the Copyright Act is silent); *Psihoyos v. Pearson Educ., Inc.*, 855 F. Supp. 2d 103, 124 (S.D.N.Y. 2012) (“the question comes down to whether there was a ‘meeting of the minds’ between the parties to permit the particular usage at issue”). This approach anchors copyright license in the common-law principle that “meeting of the minds is an essential element of an implied-in-fact contract.” *Excess Underwriters at Lloyd’s v. Frank’s Casing Crew & Rental Tools, Inc.*, 246 S.W.3d 42, 49 (Tex. 2008); *cf.* *Foad*, 270 F.3d at 826 n.9

(criticizing Fifth Circuit’s approach to “totality” as not explaining “the source of the principle”).

On the other side of the divide is the “totality of the circumstances” approach employed in the Fourth Circuit and Fifth Circuit. *Nelson-Salabes, Inc. v. Morningside Dev.*, 284 F.3d 505, 515 (4th Cir. 2002); *Baisden*, 693 F.3d at 501. As the Fifth Circuit framed its test below, what mattered was not intent but whether a “totality of the parties’ conduct” supported the ultimate “outcome” of implying a license. App. 6 (quoting *Baisden*, 693 F.3d at 501). The court did not discuss the grantor’s intent but, instead, looked to what the court believed a generic industry participant “should have known” based on the Canadian regulatory scheme. App. 7.

Certainly, this summary-judgment record would fall short of conclusively establishing a meeting of the minds about copyright issues to satisfy implied-in-fact contract principles. TGS offered an expert who disclaimed knowledge about the grantor’s intent. ROA.2535; ROA.2541. And with regard to the other side of the transaction, the Canadian government agency not only did not have internal policies in regard to copyright, but copyright was not even internally “raised as an issue that needed to be considered.” ROA.2751-52.

The petition thus offers a particularly useful vehicle to examine, and resolve, this split among the courts of appeals about the nature of implied license in copyright. The reason why is simple: this was a *mandatory* depository requirement under Canadian law.

Depositing seismic works in compliance with a command of Canadian law did not reflect the two parties attempting to consummate a work-for-hire arrangement or forming an implied-in-fact contract. The action was not voluntary in the nature of consent or license but was, instead, compulsory under Canadian law. If examined under the traditional three-element test of *Effects Associates*, it is apparent that the act of depositing these works does not support an implied license. The first element (“request”) is absent; the government did not commission this seismic survey. The second element (“delivery” of the work) was not something done voluntarily but, instead, was compelled under Canadian law. Compliance with a mandatory deposit system does not, under the traditional framework, establish the *grantor’s* intent.

Yet under the Fifth Circuit’s approach, compliance with Canadian law would also create an implied license under United States copyright principles.<sup>10</sup>

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<sup>10</sup> The Fifth Circuit’s “totality of the circumstances” test likely also violates the Berne “three-step test” contained in Article 13 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), which provides “Members shall confine limitations or exceptions to exclusive rights to [1] certain special cases [2] which do not conflict with a normal exploitation of the work and [3] do not unreasonably prejudice the legitimate interests of the right holder.” Agreement on Trade-Related Aspects of Intellectual Property Rights, Art. 13 (Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization), *available at* [https://www.wto.org/english/docs\\_e/legal\\_e/27-trips\\_04\\_e.htm](https://www.wto.org/english/docs_e/legal_e/27-trips_04_e.htm).

It fails step 2 because normal exploitation of these speculative seismic works depends on copies being provided only to paid licensees. It fails step 3 by rendering GSI’s works worthless, prejudicing GSI’s legitimate interests in its seismic works.

Its reasoning was that GSI's predecessor "should have known" that some future use or distribution of its work might have been desired by the Canadian government regulator and, in given that, it should have "object[ed] to the government's practice of copying and releasing data when it submitted the GSI Works." App. 7. But whether a party voices its "object[ion]" to a requirement of Canadian law does not remove the practical binding effect of such a regime on the parties. A firm's compliance with the regulations for its industry is not a meaningful manifestation of the *grantor's* intent to convey a copyright license.

**B. To imply a *copyright* license, permission to make and distribute additional copies of the work—not merely to use an already existing copy—must be essential to the transaction.**

The Fifth Circuit looked to what it "logical[ly]" assumed the Canadian government's intent would have been for its regulatory regime: "Because one of Canada's stated purposes of releasing the data was to facilitate additional oil exploration, the foreign companies doing such exploration would be among the data's logical recipients." App. 9 n.5.

But that approach to implied license is contrary to the contract law principles underpinning license more generally. The question is not if the Canadian government would have had a rational reason to have *wanted* a broad license. Instead, "[a]s one treatise states the

rule: “[t]erms are implied not because they are just or reasonable, but rather for the reason that the parties must have intended them and have only failed to express them . . . or because they are necessary to give business efficacy to the contract as written.” *Mann Frankfort Stein & Lipp Advisors, Inc. v. Fielding*, 289 S.W.3d 844, 850 (Tex. 2009) (quoting 2 Joseph M. Perillo & Helen Hadjiyannakis Bender, *Corbin on Contracts* § 5.27 (rev. ed. 1995)).

And the grant of a *copyright* license is not necessary to give meaning to the transaction in which GSI’s predecessor deposited these works. Canadian law required the deposit of a physical copy of certain seismic works. A regulator could use these materials internally, or even make the existing copies available for in-person inspection, without needing any copyright license at all. *SHL Imaging, Inc. v. Artisan House, Inc.*, 117 F. Supp. 2d 301, 317 (S.D.N.Y. 2000) (“The absence of an implied license to reproduce the photographs for catalogues and computer generated images does not render the C-prints useless; they are useful as sales tools without implying a license.”). Not only was *copying* of the works not necessary for internal use of the materials by the regulator, the long period of confidentiality against disclosure provided under Canadian energy law undermines the Fifth Circuit’s belief that a license to make and distribute copies must be implied. Indeed, evidence suggested that “in practice the [confidentiality] period routinely was lengthened by policy or was maintained in perpetuity for speculative data.” ROA.2626 ¶ 160; *see also* ROA.2624 ¶ 149. And the

legal regime did not require regulators to release any particular seismic survey even for public inspection. ROA.2537. Implying a copyright license to make and distribute copies of the work was not *necessary* to make sense of the deposit of seismic works with the government. And the record is that these agencies, for their part, were indifferent to copyright concerns.<sup>11</sup>

By looking merely at what it believes the regulator might have later found “logical” instead of what the grantor must have intended, the Fifth Circuit’s approach disregards the core principle of consent underpinning the license defense and stands in opposition to the “meeting of the minds” approach taken by other circuits.

### **III. The Courts of Appeals Are Also Split About Whether the Owner or the Putative Licensee Bears the Burden to Prove the Scope of an Implied Copyright License.**

With copyright terms exceeding the human lifespan, assigning which side bears the burden of proof to show the scope or existence of a copyright license can often be outcome determinative. The seismographic works at issue here, for example, were created nearly four decades ago by a company that subsequently merged out of existence; physical copies of certain

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<sup>11</sup> Asked if he recalled if “any of the policies or procedures in place at these agencies referred to copyright at all,” TGS’s expert testified they did not. ROA.2751-52 (“Not during any period that I was involved with COGLA or the drafting of the—subsequently, the drafting of the legislation.”).



works were deposited with an energy regulatory agency in Canada that no longer exists; and the underlying copyright interests and intellectual property was later transferred to a different corporate entity (the petitioner GSI).

By demanding that GSI come forward with evidence that its predecessor had “objected” to some specific use of the copyrighted works back in 1982-1983, the Fifth Circuit has improperly shifted the burden onto a copyright owner to *disprove* a license defense.

With an express copyright license, it is understood that “licenses are assumed to prohibit any use not authorized.” *SOS, Inc. v. Payday, Inc.*, 886 F.2d 1081, 1088 (9th Cir. 1989); *Universal Instruments Corp. v. Micro Sys. Eng’g, Inc.*, 924 F.3d 32, 44 (2d Cir. 2019) (“copyright licenses prohibit any use not authorized”). This principle is so fundamental to copyright policy that it has been held to trump more general canons of contract interpretation that might, in particular cases, have suggested the opposite result. *Id.* (holding this principle overrides a state-law canon that would have interpreted the contract “against the drafter”); *see also Gilliam v. ABC*, 538 F.2d 14, 21 (2d Cir. 1976) (holding it was copyright infringement to use works in a way “not specifically empowered” by a license).

By contrast, the Fifth Circuit and Eleventh Circuit have adopted a rule for implied licenses that is the opposite. They presume that a merely implied license is unbounded in scope unless the copyright owner can come forward with evidence that it had “objected” to

the work being used more broadly. *Latimer v. Roaring Toyz, Inc.*, 601 F.3d 1224, 1235 (11th Cir. 2010) (“an implied license will be limited to a specific use only if that limitation is expressly conveyed when the work is delivered”).

In effect, these circuits treat a license defense as transforming the plaintiff’s copyright claim into a kind of *contract* claim in which the owner must establish a “breach” of a license. The Second Circuit has made that thinking explicit. *Bourne v. Walt Disney Co.*, 68 F.3d 621, 631 (2d Cir. 1995) (“Copyright disputes involving only the scope of the alleged infringer’s license present the court with a question that essentially is one of contract. . . . Just as in an ordinary contract action, the party claiming a breach carries the burden of persuasion.”). In an express-license case, where there is a *text* defining a license over which the two sides can argue, the technical assignment of a “burden of persuasion” might not much matter. But cases built on the inferences of a purely *implied* license are fundamentally different. In implied-license cases, shifting the burden of *disproving* the defense onto copyright owners can be outcome determinative.

That is, indeed, what happened here. The Fifth Circuit placed the burden on GSI as the copyright owner to show that there had been some “object[ion]” made to a specific infringing use, decades ago, so as to “limit” the reach of any copyright license arguably held by the Canadian government. App. 7; App. 9; App. 44. When neither side offered evidence about such an “objection,” the Fifth Circuit applied its presumption to

hold that summary judgment was proper in favor of the license defense and against the copyright claim. App. 9 (“Geophysical fails to point to any evidence that it intended to so limit the implied license.”).

In contrast to the approach of the Fifth and Eleventh Circuits, the Seventh Circuit has held that the burden remains on the defendant to establish all the elements of its license defense—including the license’s scope. *Muhammad-Ali v. Final Call, Inc.*, 832 F.3d 755, 760-61 (7th Cir. 2016) (“a plaintiff is not required to prove that the defendant’s copying was unauthorized in order to state a prima facie case of copyright infringement; rather, the burden of proving that the copying was authorized lies with the defendant”) (cleaned up). Thus, even if a defendant can show that it has *some* implied license for *some* uses, that does not discharge its burden to show that the particular infringing use in question was authorized. *Id.* at 763 (citing *I.A.E., Inc. v. Shaver*, 74 F.3d 768, 775 (7th Cir. 1996) (holding that an implied license “simply permits the use of a copyrighted work *in a particular manner*”) (emphasis added)).

The Seventh Circuit’s approach in *Final Call* is the more faithful to the Copyright Act. This Court has described the “two elements” that a copyright plaintiff must prove to establish a claim for infringement: “ownership of a valid copyright, and . . . copying of constituent elements of the work that are original.” *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361, 111 S. Ct. 1282, 1296 (1991). Copyright infringement claims enforce a set of exclusive *statutory* property

rights, not rights derived from a contract between the parties. 17 U.S.C. § 106; 17 U.S.C. § 501(a); *Spinelli v. NFL*, 903 F.3d 185, 202 (2d Cir. 2018); 3 NIMMER ON COPYRIGHT § 10.15 (2018) (“More generally, when a license is limited in scope, exploitation of the copyrighted work outside the specific limits constitutes infringement.”). License is an affirmative defense that a defendant can raise or waive. FED. R. CIV. P. 8(c)(1).

This approach also better serves the author-protection goals of copyright. Implied licenses are by their nature informal and, as this case illustrates, can implicate transactions decades in the past. Given that, as the Seventh Circuit explained, keeping the burden on the putative licensee “makes sense: ‘proving a negative is a challenge in any context,’ *Vieth v. Jubelirer*, 541 U.S. 267, 311, 124 S. Ct. 1769, 158 L. Ed. 2d 546 (2004), and if there is evidence of a license, it is most likely to be in the possession of the purported licensee.” *Final Call*, 832 F.3d at 761 (citing *Bourne*, 68 F.3d at 631).

The Fifth Circuit’s approach does not keep the burdens of the affirmative defense of license on TGS. Instead, its presumption of a broad license scope effectively shifted the burden of proof onto the copyright owner GSI—and then from the relative paucity of details available about a transaction four decades past in which neither GSI or TGS were directly involved, the court concluded that a copyright claim could not succeed. The rule more faithful to the purposes behind copyright is the one followed by the Seventh Circuit in *Final Call*, keeping this burden of

“proving a negative” on the defendant and protecting the integrity of copyrights over their terms.



**CONCLUSION**

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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