

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

**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,

*Respondent.*

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ON APPLICATION FOR EXTENSION OF TIME TO FILE A  
PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES  
COURT OF APPEALS FOR THE NINTH CIRCUIT

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PETITIONERS' APPLICATION TO EXTEND TIME TO  
FILE A PETITION FOR A WRIT OF CERTIORARI

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To the Honorable Elena Kagan, Associate Justice of the Supreme Court of the United States and Circuit Justice for the United States Court of Appeals for the Ninth Circuit:

Pursuant to Supreme Court Rule 13.5, Petitioners respectfully request that the time to file a petition for a Writ of Certiorari in this matter to be extended for fifty-five days to and including March 10, 2020. On October 17, 2018, the U.S. Court of Appeals for the Ninth Circuit issued its order on petition for rehearing en banc (*see* App. B, *infra*). Absent an extension of time, the Petition would be due on January 15, 2020. Petitioner is filing this Application at least ten days before that date. *See* S. Ct. R. 13.5. This Court would have jurisdiction over the judgment under 28 U.S.C. § 1254(1).

### **BACKGROUND**

This case raises an important question of the application of collateral estoppel in the context of an equally important issue under U.S. copyright law, all involving literary works of one of America's most revered authors, John Steinbeck. Federal courts have struggled with the correct application of both collateral estoppel and copyright termination rights under 17 U.S.C. § 304(c)(5). This Court's guidance is needed to ensure that the termination rights of authors and artists are not impaired by an incorrect application of collateral estoppel.

In 2014, a dispute arose about various Steinbeck copyrights, most notably certain film rights associated with *The Grapes of Wrath* and *East of Eden*. The dispute resulted in litigation between Thomas Steinbeck (one of John Steinbeck's sons), his wife Gail Steinbeck, and their company The Palladin Group, Inc., on the

one hand (collectively, Petitioners), and the Estate of Elaine Steinbeck, who was John Steinbeck's third and last wife. In view of an earlier settlement agreement (the 1983 Agreement) and earlier litigation involving the Steinbeck heirs, the Estate sued Petitioners in 2014 for breach of contract and tort claims. Petitioners' primary defense to those claims was that the agreement was unenforceable under 17 U.S.C. § 304(c)(5) because, in the words of the statute, it was an unenforceable "agreement to the contrary."

With the 1976 Copyright Act, Congress established termination rights, *see, e.g.*, 17 U.S.C. § 304(c), to permit authors or their heirs to terminate a prior assignment or license of copyrighted works. The statute's purpose is to allow the author or heirs to capture the increased value of the protected works. Termination rights also enabled authors and their heirs to improve their financial licensing arrangements, given the additional twenty years of copyright term added with the 1976 Act. Some have viewed the plain text of the § 304(c)(5) as evincing Congress's intent to create an absolute, inalienable opportunity for authors and their successors to recapture a completely new property right by termination. *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).

Some courts have taken a narrower view of § 304(c)'s text, looking to the legislative history. *See, e.g., Milne v. Stephen Slesinger, Inc.*, 430 F.3d 1036, 1044 (9th Cir. 2005); *Marvel Characters Inc. v. Simon*, 310 F.3d 280, 290 (2d Cir. 2002) ("[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.”). This Court has yet to decide the precise issue of the correct meaning of 17 U.S.C. § 304(c)(5), in particular the meaning of an “agreement to the contrary.”

In the present case, one issue that was critical to Petitioners’ defense to the tort and contract claims was whether the 1983 Agreement is unenforceable under 17 U.S.C. § 304(c)(5). That section states: “Termination 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.” In other words, an author’s right to terminate a prior license could not be encumbered, “notwithstanding any agreement to the contrary.”

In a non-precedential decision in related litigation among the parties, the Ninth Circuit held that collateral estoppel applied to Petitioner’s separate copyright claims against the Estate. *See Steinbeck v. Kaffaga*, 702 F. App’x 618, 619–20 (9th Cir. 2017). The Ninth Circuit made this ruling based on litigation in the Second Circuit, but the Ninth Circuit did not identify any court decision that actually decided the issue at the heart of Petitioners’ defense, *i.e.*, whether 1983 Agreement is unenforceable under 17 U.S.C. § 304(c)(5).

In the present matter, the Ninth Circuit again applied collateral estoppel, relying on the court’s earlier non-precedential decision. App. A at 13a–14a. The appeals court affirmed “the district court’s summary judgment and evidentiary rulings” as “consistent” with the court’s prior holding. App. A at 14a. Even so, the appeals court did not identify any decision that actually decided whether or not the

1983 Agreement is an “agreement to the contrary” under § 304(c)(5). *See* App. A at 13a–14a. To this day, not a single court decision has interpreted and applied § 304(c)(5) to determine—one way or the other—whether the 1983 Agreement is a permissible restraint on termination rights.

On September 23, 2019, Petitioners filed a petition for rehearing en banc. In the petition, Petitioners argued that the panel decision conflicts with Supreme Court and Ninth Circuit precedent that limits collateral estoppel to only those issues actually litigated and actually decided. Petitioners identified *Montana v. United States*, 440 U.S. 147 (1979), and *Oyeniran v. Holder*, 672 F.3d 800 (9th Cir. 2012), as being in conflict with the Ninth Circuit’s decision. The Ninth Circuit denied the petition for rehearing with an order issued on October 17, 2019. App. B, *infra*.

#### **REASONS FOR GRANTING AN EXTENSION OF TIME**

The time to file a Petition for Writ of Certiorari should be extended for fifty-five days for these reasons:

1. This case presents extraordinarily important issues warranting a carefully prepared Petition. The proper interpretation of 17 U.S.C. § 304(c)(5) is an issue with which the federal courts have struggled. *See, e.g.*, 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) (noting that “[t]he *Steinbeck* decision carves out an exception to the statutory inalienability of termination of transfer rights, and it 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 Ninth Circuit’s

unwillingness to independently assess the proper application of 17 U.S.C. § 304(c)(5) in the present case will continue the uncertainty surrounding the proper application of termination rights for authors and artists.

2. This Petition also raises an issue that is currently before the Court in *Lucky Brands Dungarees, Inc. v. Marcel Fashions Group, Inc.*, No. 18-1086. In that case, 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.” The correct application of collateral estoppel lies at the heart of what Petitioners see as the error in the Ninth Circuit’s decision. Given the upcoming oral argument in *Lucky Brands* scheduled for January 13, 2020, Petitioners respectfully submit that the preparation of the petition for writ of certiorari will benefit from questions presented by the Justices during the *Lucky Brands* oral argument.

3. An extension is required because undersigned counsel is in the process of identifying additional counsel who can provide additional assistance with the preparation and filing of the petition for a writ of certiorari. While undersigned counsel represented Petitioners during the appeal to the Ninth Circuit, the complexity and importance of the issues presented warrant the assistance of additional counsel.

4. An extension is further warranted because the impact of the decision has had a significantly adverse effect on Gail Steinbeck’s personal and financial condition.

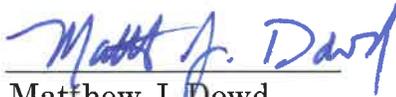
The Ninth Circuit's decision affirmed a multimillion-dollar judgment—far beyond the financial wherewithal of Ms. Steinbeck. Thom Steinbeck passed away during the pendency of the district court litigation. The final judgment has impaired Ms. Steinbeck's ability to prepare the petition by the current deadline. The grant of the extension will enable Ms. Steinbeck to prepare and file a well-researched petition, given Ms. Steinbeck's limited financial resources. Absent some relief from the judgment, the outcome of this case will be a life-altering result for Ms. Steinbeck.

### CONCLUSION

For the foregoing reasons, Petitioners respectfully request that the time to file Petition for a Writ of Certiorari in this matter be extended by fifty-five days to and including March 10, 2020.

Date: January 2, 2020

Respectfully submitted,



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