No. 15-375

IN THE
Supreme Court of the United States

SUPAP KIRTSAENG, DBA BLUECHRISTINE99,
Petitioner,

v.

JOHN WILEY & SONS, INC.,
Respondent.

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

BRIEF IN OPPOSITION

PAUL M. SMITH
Counsel of Record
ISHAN BHABHA
JENNER & BLOCK LLP
1099 New York Avenue, NW
Suite 900
Washington, DC 20001
(202) 639-6000
psmith@jenner.com

Counsel for Respondent

TABLE OF CONTENTS

TABLE OF AUTHORITIES

CASES

STATUTES

The petition for certiorari filed in this case offers no persuasive reason for the Court to review the Second Circuit's fact-specific decision to uphold the district court's discretionary denial of Petitioner's motion for attorney's fees. There is no basis for the claim that the circuits need guidance, or for the claim that the Second Circuit went wrong in emphasizing the objective reasonableness of the lawsuit pursued here by Respondent John Wiley & Sons, Inc.

STATEMENT

Section 505 of the Copyright Act provides that a district court "in its discretion may allow the recovery" of attorney's fees. 17 U.S.C. § 505. In *Fogerty v. Fantasy, Inc.*, this Court held that copyright infringement plaintiffs and defendants are to be treated in an "evenhanded" manner under section 505. 510 U.S. 517, 534 (1994). Relevant considerations include, but are not limited to, "frivolousness, motivation, objective unreasonableness (both in the factual and in the legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence." *Id.* at 534 n.19 (quoting *Lieb v. Topstone Indus., Inc.*, 788 F.2d 151, 156 (1986)). "[S]uch factors may be used to guide courts' discretion, so long as such factors are faithful to the purposes of the Copyright Act and are applied to prevailing plaintiffs and defendants in an evenhanded manner." *Id.*

The policies served by the Copyright Act are "complex" and "measured." *Id.* at 526. American courts have long relied on equitable principles and fact-intensive inquiries to be faithful to the Founders'

careful balance between protection for economic incentives to create and public access to the fruits of America's creativity. *See Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975) ("The limited scope of the copyright holder's statutory monopoly, like the limited copyright duration required by the Constitution, reflects a balance of competing claims upon the public interest: Creative work is to be encouraged and rewarded, but private motivation must ultimately serve the cause of promoting broad public availability of literature, music, and the other arts." (footnote omitted)). Congress explicitly protects the district courts' equitable discretion in the text of section 505. *See Fogerty*, 510 U.S. at 533 ("The statute says that 'the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.' The word 'may' clearly connotes discretion."). In *Fogerty*, this Court reaffirmed the equitable and fact-dependent nature of the district courts' inquiry: "'There is no precise rule or formula for making these determinations,' but instead equitable discretion should be exercised . . . ." *Id.* at 534 (quoting *Hensley v. Eckerhart*, 461 U.S. 424, 436-37 (1983)).

In this case, Petitioner sought more than $2 million in fees, nearly all of which had been incurred by Petitioner's Supreme Court counsel who had agreed to represent Petitioner without charging him anything. The district court considered all of the *Fogerty* factors, and additional factors raised by Petitioner, and determined that a fee award in favor of Petitioner, the prevailing defendant, was not warranted. Pet. App. at 12a-24a. A significant part of its analysis focused on the

conclusion that Respondent's decision to bring this suit was objectively reasonable. *Id.* at 12a-14a. Indeed, that was indisputable. The legal theory underlying this case—that it constituted copyright infringement for Petitioner to purchase copies of books in Thailand and resell them in the United States—was the subject of a recent case in which this Court had split 4-4. *See Costco Wholesale Corp. v. Omega S.A.*, 562 U.S. 40 (2010). Given the unsettled state of the law, it could hardly have been unreasonable to bring this case.

As a result, the district court concluded that an award of attorney's fees, where the amount at stake was relatively small and Respondent knew it had a substantial chance of not ultimately prevailing, would punish the decision to bring the case, which was in turn the linchpin of the sequence of events through which the legal issue at stake was finally clarified. Pet. App. at 12a. ("[A] court should not award attorneys' fees where the case is novel or close because such a litigation clarifies the boundaries of copyright law and neither prospective plaintiffs nor prospective defendants should be discouraged from litigating in such circumstances, regardless of which party ultimately prevails." (internal quotation marks and citation omitted)). After taking that reality into account and then weighing all of the other *Fogerty* factors and finding that they did not favor a fee award, the court quite reasonably decided that any such award would disserve the policies of the Copyright Act. Pet. App. at 12a-17a. The Second Circuit easily affirmed. Pet. App. at 5a (summary order).

Now Petitioner is asking this Court to grant review, claiming that the circuits need further guidance, and that the courts below should have given greater weight to the fact that Petitioner prevailed in this case. As we show, the argument for review here is completely unpersuasive.

REASONS FOR DENYING THE PETITION

Seeking to persuade the Court to review a fact-specific application of *Fogerty*, Petitioner spins out a description of an elaborate multi-faceted circuit split, combining a caricature of the law of the Second Circuit with exaggerated descriptions of differences with other circuits. Petitioner's disappointment with the district court's decision, and the resulting inability of his counsel to recoup the costs of the free representation they provided in this case, is perhaps understandable. But disappointment is not a basis for a grant of certiorari. And Petitioner's claimed circuit splits are largely imaginary results of Congress's grant of discretion to the district courts and this Court's elaboration of a multi-factor test to guide that discretion, combined with a deferential abuse-of-discretion standard of appellate review. Moreover, to the extent there is a real circuit split, this case would not be an appropriate vehicle for addressing it. The petition should be denied.

I. There Is No True Circuit Split for this Court to Resolve Here.

The petition tries unsuccessfully to repackage various courts' applications of a fact-intensive discretionary standard as an extensive series of circuit

splits. In so doing, Petitioner cites quite a few cases, but they amount to examples of district courts using their best judgment about how to further the interests of the Copyright Act in the equitable multi-factor manner approved by this Court in *Fogerty*. Moreover, the Second Circuit hardly stands out in the way it deals with these legal issues.

Petitioner's central assertion is that the Second Circuit is an outlier among federal appellate courts with regard to the substantial weight it places on the "objective reasonableness" factor from *Fogerty*. *See* Pet. at 2. But the Second Circuit explicitly derived this standard from examining the approaches of other federal appellate courts. The leading case applying section 505 and *Fogerty* in the Second Circuit is *Matthew Bender & Co. v. West Publishing Co.*, 240 F.3d 116 (2d Cir. 2001). In *Matthew Bender*, the Second Circuit observed that several of its sister circuits "have accorded the objective reasonableness factor substantial weight" when applying section 505. *Matthew Bender*, 240 F.3d at 121 (discussing decisions from the First, Fourth, Seventh, and Ninth Circuits). The court was persuaded by these decisions and concluded that "[t]his emphasis on objective reasonableness is firmly rooted in *Fogerty*'s admonition that any factor a court considers in deciding whether to award attorneys' fees must be 'faithful to the purposes of the Copyright Act.'" *Id.* at 122 (quoting *Fogerty*, 510 U.S. at 534 n.19). As a result, the Second Circuit's approach that places "substantial weight" on the objective reasonableness factor is not in a departure from other circuits but in line with them.

Indeed, a review of section 505 cases reveals that every circuit emphasizes objective reasonableness.[1] For example, the First Circuit frequently grounds its fee-award decisions in that consideration. *See, e.g.*, *Latin Am. Music Co. v. Am. Soc'y of Composers, Authors & Publishers*, 629 F.3d 262, 263 (1st Cir. 2010) ("A showing of frivolity or bad faith is not required; rather, the prevailing party need only show that its opponent's copyright claims or defenses were 'objectively weak.'"); *Airframe Sys., Inc. v. L-3 Comm'ns Corp.*, 658 F.3d 100, 108-09 (1st Cir. 2011) (explaining that fees should be awarded "if the opposing party's claims are 'objectively quite weak.'"); *Garcia-Goyco v. Law Envtl. Consultants, Inc.*, 428 F.3d 14, 20 (1st Cir. 2005) ("In the past, this court has applied the *Fogerty* factors in affirming awards of attorney's fees where the plaintiff's copyright claim was neither frivolous nor instituted in bad faith. Thus, the award of fees has been approved where the claim was 'objectively weak.'"); *Lotus Dev. Corp. v. Borland Int'l, Inc.*, 140 F.3d 70, 75 (1st Cir. 1998) ("When close infringement cases are litigated, copyright law benefits from the resulting clarification of the doctrine's boundaries. But because novel cases require a plaintiff to sue in the first place, the need to encourage meritorious defenses is a factor that a district court may balance against the potentially chilling effect of imposing a large fee award on a

[1]The D.C. Circuit is excepted because, from our research, the D.C. Circuit has not rendered more than a handful of decisions discussing section 505 and *Fogerty*, and none that is directly relevant.

plaintiff, who, in a particular case, may have advanced a reasonable, albeit unsuccessful, claim.").

Similarly, the Third Circuit, the origin of the *Lieb* factors approved in *Fogerty*, was the first to discuss "objective unreasonableness" under section 505 and has relied heavily on objective reasonableness in determining whether a fee award would serve the purposes of the Copyright Act. *See, e.g.*, *TDD Enters., Inc. v. Yeaney*, 83 F. App'x 492, 494 (3d Cir. 2003) (affirming an award of attorney's fees because the unsuccessful parties "lack[ed] an objectively reasonable or good-faith basis" for their arguments). And the Fourth Circuit has also adopted the four *Lieb* factors approved in *Fogerty*, including objective reasonableness, and has explained that a finding of objective unreasonableness is often decisive. *See, e.g.*, *Bond v. Blum*, 317 F.3d 385, 397-98 (4th Cir. 2003) (affirming a district court's award of attorney's fees against a party whose claims were "unreasonable" in multiple ways); *Diamond Star Bldg. Corp. v. Freed*, 30 F.3d 503, 506 (4th Cir. 1994) ("[T]he objective reasonableness factor strongly weighs in favor of awarding attorney's fees and costs to [the prevailing party]. Indeed, when a party has pursued a patently frivolous position, the failure of a district court to award attorney's fees and costs to the prevailing party will, except under the most unusual circumstances, constitute an abuse of discretion."); s*ee also Drive In Music Co. v. Killette*, 213 F.3d 631, 2000 WL 432365, at *4 n.7 (4th Cir. 2000) (unpublished table decision) (awarding attorney's fees against a party whose claims were "objectively unreasonable" in multiple ways).

The Fifth, Sixth, Eighth, and Ninth Circuits have also focused on the "objective reasonableness" factor both in deciding to award and to deny attorney's fees. *See, e.g.*, *Virgin Records Am., Inc. v. Thompson*, 512 F.3d 724, 726-27 (5th Cir. 2008) (affirming the district court's denial of attorney's fees to a prevailing defendant because "Plaintiffs' lawsuit was not frivolous or objectively unreasonable" and because "[t]hese Plaintiffs should not be deterred from bringing future suits to protect their copyrights because they brought an objectively reasonable suit"); *Bridgeport Music, Inc. v. WB Music, Corp.*, 520 F.3d 588, 593 (6th Cir. 2008) (balancing the "objective reasonableness" of an unsuccessful party's legal theory against all other factors and describing the case as "one of the rare instances in which a district court orders a party to pay attorney's fees and costs in spite of finding that the party advanced an objectively reasonable legal claim or theory"); *Zomba Enters., Inc. v. Panorama Records, Inc.*, 491 F.3d 574, 589 (6th Cir. 2007) (affirming an award of attorney's fees "given the unreasonableness of [the unsuccessful party's] positions and the need to deter such conduct"); *Action Tapes, Inc. v. Mattson*, 462 F.3d 1010, 1014 (8th Cir. 2006) (affirming a denial of attorney's fees because the unsuccessful plaintiffs "raised important and novel issues under [a] seldom-litigated" statutory provision); *Hendrickson v. Amazon.com, Inc.*, 181 F. App'x 692, 693 (9th Cir. 2006) ("We are not persuaded that [the plaintiff's] action was frivolous or objectively unreasonable, or that he or others will be deterred from baseless litigation by the award of attorney's fees in the unusual circumstances of this case. We therefore vacate the attorney's fees

awards [to the defendants]." (internal citations omitted)).

The Eleventh Circuit has emphasized the importance of the objective reasonableness of a plaintiff's claims, especially in an uncertain area of copyright law such as the first-sale doctrine at issue in this case: "The touchstone of attorney's fees under § 505 is whether imposition of attorney's fees will further the interests of the Copyright Act, *i.e.*, by encouraging the raising of objectively reasonable claims and defenses, which may serve not only to deter infringement but also to ensure 'that the boundaries of copyright law [are] demarcated as clearly as possible' in order to maximize the public exposure to valuable works." *MiTek Holdings, Inc. v. Arce Engineering Co.*, 198 F.3d 840, 842-43 (11th Cir. 1999 (citations omitted) (alternation in original)). And the Tenth Circuit has taken a similar approach in denying attorney's fees to a prevailing defendant: "Defendants' request for the costs and attorneys fees associated with this appeal is denied. . . . Far from being frivolous, this suit presents a novel and consequential question focused on the copyrightability of images in a relatively new technological medium." *Meshwerks, Inc. v. Toyota Motor Sales, Inc.*, 528 F.3d 1258, 1270 n.11 (10th Cir. 2008).

Even the Seventh Circuit, which stands out from all other circuits in applying a presumption in favor of attorney's fees, has emphasized objective reasonableness, in one case reversing a district court's failure to award attorneys' fees as an abuse of discretion when the unsuccessful party's claims were

"objectively unreasonable" in multiple ways. *See Budget Cinema, Inc. v. Watertower Assocs.*, 81 F.3d 729, 732-33 (7th Cir. 1996).

II. Petitioner Distorts the Decisions of the Second Circuit Applying *Fogerty*.

In an attempt to conjure up an argument for this Court's review, Petitioner also claims that the substantial weight the Second Circuit places on the *Fogerty* factor of "objective unreasonableness" is a departure from *Fogerty*. Pet. at 16. The reality is quite different. As the Second Circuit explained in *Matthew Bender*, its "emphasis on objective reasonableness is firmly rooted in *Fogerty*'s admonition that any factor a court considers in deciding whether to award attorneys' fees must be 'faithful to the purposes of the Copyright Act.'" 240 F.3d at 121-22 (quoting *Fogerty*, 510 U.S. at 534 n.19). Since deciding *Matthew Bender*, the Second Circuit has consistently applied the "objective reasonableness" factor only as a means to achieve the purposes of the Copyright Act under section 505, including in this case. Pet. App. at 4a. ("[A]s we explained [in *Matthew Bender*], 'the imposition of a fee award against a copyright holder with an objectively reasonable litigation position will generally not promote the purposes of the Copyright Act.'"). Because objectively *unreasonable* arguments do not serve the purpose of clarifying copyright law, it is no surprise that the Second Circuit—and many of its sister circuits—emphasize this factor among others when applying *Fogerty*. Therefore, the substantial weight the Second Circuit places on whether a party's actions and arguments were objectively unreasonable is, in that

court's own words, in compliance with *Fogerty*'s instruction to "further the purposes of the Copyright Act" by incentivizing parties to make reasonable arguments in areas of copyright law that are ambiguous or vague enough that reasonable minds can disagree. While Petitioner's defenses may have furthered these purposes, so did Respondent's claims, and it is within the district court's discretion to decide how to strike the right incentives balance under section 505.

Nor is it accurate to suggest that the "objective reasonableness" factor outweighs all others in the Second Circuit or creates some sort of improper presumption. That court has made clear that objective reasonableness can be outweighed by other factors and that awards may be granted because of factors other than objective reasonableness. *See Zalewski v. Cicero Builder Dev., Inc.*, 754 F.3d 95, 108 (2d Cir. 2014) (reversing a district court's award of fees on the basis that plaintiff's claims were objectively unreasonable but remanding because plaintiffs' "conduct might warrant an award of attorney's fees under the Copyright Act based on other factors"); *Matthew Bender*, 240 F.3d at 122 ("This [substantial weight] is not to say, however, that a finding of objective reasonableness necessarily precludes the award of fees. In an appropriate case, the presence of other factors might justify an award of fees despite a finding that the nonprevailing party's position was objectively reasonable."); *Viva Video, Inc. v. Cabrera*, 9 F. App'x 77, 80 (2d Cir. 2001) (explicitly affirming a fee award on the basis of bad faith rather than objective

unreasonableness); *cf. Effie Film, LLC v. Murphy*, No. 14-3367, ___ F. App'x ___, 2015 WL 6079993 at *1 (2d Cir. Oct. 16, 2015) (reversing a district court's fee decision that "cited no other factors [other than objective unreasonableness]"); *L.A. Printex Indus., Inc. v. Pretty Girl of Cal., Inc.*, 543 F. App'x 106, 106-07 (2d Cir. 2013) (approving the district court's application of multiple *Fogerty* factors); *Bauer v. Yellen*, 375 F. App'x 154, 156 (2d Cir. 2010) (same). And the Second Circuit has explicitly rejected the use of a presumption as contrary to the discretionary standard created by the language of section 505. *See, e.g.*, *Lava Records, LLC v. Amurao*, 354 F. App'x 461, 462-63 (2d Cir. 2009) ("[T]o create, as Amurao asks, a presumption that in a certain type of copyright case a prevailing defendant should receive attorneys fees as a matter of course would be contrary to the statutory language [of § 505] . . . as construed by the Supreme Court and this Court.").

Thus, here, the district court did not rely on "objective reasonableness" alone or rely on a presumption. The court specifically considered and applied all four *Fogerty* factors. Pet. App. at 12a-17a. This analysis was careful, fact-specific, and focused on how the facts and incentives at play in this case related to the purposes of the Copyright Act. *See, e.g.*, *id.* at 16a ("[C]onsiderations of compensation and deterrence also do not weigh in favor of a fee award in this case. With regard to compensation, the evidence shows that Kirtsaeng has not in fact paid, and is not obligated to pay, most of the legal fees sought. . . . Kirtsaeng's need for compensation for his legal defense in this case is tempered by his victory—he may now continue his

arbitrage business free of the fear of incurring copyright liability."). Then, in affirming the district court, the Second Circuit specifically cited that court's thorough analysis of the four factors and rejected Petitioner's claim that the district court had "fixated" on objective reasonableness. *Id.* at 4a ("Moreover, there is no merit to the appellant's contention that the district court 'fixated' on John Wiley & Sons' objective reasonableness at the expense of other relevant factors. . . . To the contrary, the district court expressly recognized that *Matthew Bender* 'reserved a space for district courts to decide that other factors may . . . outweigh the objective unreasonableness factor.'" (internal citation omitted) (ellipsis in original)).

Petitioner also claims that the Second Circuit has secretly returned to a pre-*Fogerty* dual standard for fee awards. Pet. at 24-25. But in fact, the weight the Second Circuit places on objective reasonableness is fully consistent with treating plaintiffs and defendants evenhandedly as *Fogerty* mandated. It encourages the presentation and litigation of reasonable arguments by both plaintiffs and defendants to clarify the law of copyright.

III. This Case Is not a Good Vehicle for Reviewing the Seventh Circuit's "Presumption" in Favor of Fee Awards.

As courts and commentators have observed, if any circuit departs from the others in its application of *Fogerty*, it is the Seventh Circuit, not the Second. The Seventh Circuit has explained that "'[s]ince *Fogerty* we have held that the prevailing party in copyright litigation is presumptively entitled to reimbursement of

its attorneys' fees." *Riviera Distrib., Inc. v. Jones*, 517 F.3d 926, 928 (7th Cir. 2008). But this case would not be a good vehicle for addressing that conflict. To begin with, Petitioner never argued below that a presumption in favor of awarding fees to prevailing parties is appropriate, so that issue is not properly presented. In the Second Circuit Petitioner noted his claims that the circuits diverge on these issues but did not urge that court to begin with a presumption in favor of an award.

Moreover, it is far from clear that the Seventh Circuit would come out differently in this case. Even if there were a presumption in favor of awarding fees to prevailing parties, it would only be a presumption, and such a presumption might very well be overcome in a case like this one. As noted, Respondent can hardly be faulted for raising a claim based on a legal theory that divided this Court 4-4. It did so in a case where the amount of money at stake was likely to be dwarfed by the cost of litigating the case. And it was Respondent's decision to bring this case, despite the legal uncertainty and the small stakes, that led to the clarification of the law. So if the Seventh Circuit's presumption is applied in a manner consonant with *Fogerty*'s call to further the purpose of the Act, it is likely to be overcome here.

In sum, the circuit splits described by Petitioner are vastly overstated. And to the extent there is a real circuit split, this would not be the case to address it.

CONCLUSION

For the foregoing reasons, the writ of certiorari should be denied.

Respectfully submitted,

PAUL M. SMITH
Counsel of Record
ISHAN BHABHA
JENNER & BLOCK LLP
1099 New York Avenue, NW
Suite 900
Washington, DC 20001
(202) 639-6000
psmith@jenner.com

Counsel for Respondent