

No. 23-565

IN THE
Supreme Court of the United States

HASBRO, INC. ET AL.,
Petitioners,

v.

MARKHAM CONCEPTS, INC. ET AL.,
Respondents.

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

BRIEF IN OPPOSITION

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QUESTION PRESENTED

Under 17 U.S.C. § 505, district courts “may” award attorney’s fees to prevailing parties in copyright cases. In *Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994), this Court rejected the view that fees should be awarded to prevailing parties “as a matter of course,” holding that fees awards are instead a “matter of a court’s discretion.” *Id.* at 533. The Court then provided a non-exclusive list of factors courts should consider, including “frivolousness, motivation, objective unreasonableness . . . and the need in particular circumstances to advance considerations of compensation and deterrence.” *Id.* at 534 & n.19. In *Kirtsaeng v. John Wiley & Sons, Inc.*, 579 U.S. 197 (2016), the Court further instructed that courts should give “substantial weight to the reasonableness of [the losing party’s] litigating position, but also tak[e] into account all other relevant factors.” *Id.* at 209.

Consistent with this guidance, and the consensus view of the courts of appeals, the First Circuit affirmed the denial of fees in this case after considering the *Fogerty* factors and giving “substantial weight to the objective reasonableness of the losing party’s position,” without applying any presumption against fee awards. Pet. App. 10a (citing *Kirtsaeng*, 579 U.S. at 199).

The question presented is:

Did the First Circuit err in affirming the district court’s denial of fees under Section 505 of the Copyright Act when both courts considered all of the *Fogerty* factors, gave “substantial weight” to objective reasonableness, and found that every factor weighed against a fee award?

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INTRODUCTION

Petitioners urge this Court to grant certiorari to review the First Circuit's supposed presumption against awarding fees to prevailing parties in copyright cases, a position they say conflicts with the law of multiple other circuits. *See* Pet. 3. The argument fails at its premise—the First Circuit applies no presumption one way or the other.

Nor is certiorari warranted to review the First Circuit's actual rule, which is consistent with the law of the vast majority of circuits to have considered the question. It is true that the Seventh Circuit applies a presumption in favor of awarding fees to prevailing defendants (but not prevailing plaintiffs). But petitioners do not defend that rule, no doubt because it is flatly precluded by this Courts' decision in *Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994). *See id.* at 534 ("Prevailing plaintiffs and prevailing defendants are to be treated alike."). There is every reason to think the Seventh Circuit will eventually correct itself without the Court's intervention.

Petitioners also claim that the Fifth Circuit applies a presumption in favor of fees to all prevailing parties. That is not correct, but even if there were a lopsided split on whether a presumption in favor of fees is permitted, this case would provide no vehicle to resolve it. The answer to the question would make no difference here because any presumption would be overcome—the district court found, and the First Circuit affirmed, that every relevant factor weighed against an award of fees. More importantly, petitioners did not argue for a presumption in favor of fees below and do not defend that position in their petition.

Indeed, although petitioners broadly ask this Court to decide “What is the appropriate standard for awarding attorneys’ fees to a prevailing party under Section 505 of the Copyright Act?,” Pet. i, they are notably cagey about what they think the answer to that question should be. The most they will say is that “[o]f the three approaches for applying the *Fogerty* factors, the First Circuit’s [supposed presumption against fees] is the most obviously wrong.” Pet. 13. They never say what approach they think is right, seemingly leaving open the door to arguing at the merits stage that the no-presumption rule the First Circuit actually applies is correct, but was misapplied to the facts of this case. Accordingly, even if this Court thought there was a certworthy conflict over the presumption in favor of fees, it could have no confidence in an adversarial presentation on that question if it granted review in this case. And even if petitioners ultimately defended the minority rule, the Court would have to deal with petitioners’ failure to press that position below or in their petition here.

If the question presented is as recurring and important as petitioners claim, a better vehicle will come along in due course. In the meantime, the Court should deny this petition.

STATEMENT OF THE CASE

I. Legal Background

The Copyright Act provides that a “court in its discretion may allow the recovery of full costs” and “may also award a reasonable attorney’s fee to the prevailing party.” 17 U.S.C. § 505. This Court established the “appropriate standard for awarding fees to a prevailing party under” this provision, Pet. i,

in *Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994), and *Kirtsaeng v. John Wiley & Sons, Inc.*, 579 U.S. 197 (2016).

In *Fogerty*, the Court rejected the argument that attorney’s fees “should be awarded” “as a matter of course” to the prevailing party. 510 U.S. at 533. The Court explained that in enacting fee provisions, “Congress legislates against the strong background of the American Rule,” under which parties pay their own fees. *Id.* at 533. So it was “impossible to believe that Congress, without more, intended to adopt” the so-called British Rule, under which fees are “regularly awarded to the prevailing party.” *Id.* at 534. Instead, the Copyright Act simply “modified the American Rule to allow an award of attorney’s fees in the court’s discretion.” *Id.* at 534. The Court then provided “several nonexclusive factors that courts should consider in” exercising this discretion. *Id.* at 534 n.19. “These factors include ‘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.* (quoting *Lieb v. Topstone Indus., Inc.*, 788 F.2d 151, 156 (1986)).

The Court also held that these factors must be “applied to prevailing plaintiffs and defendants in an evenhanded manner,” *id.* at n.19, rejecting circuit precedent that applied a presumption in favor of fee awards for plaintiffs, but not defendants. *See id.* at 522.

In *Kirtsaeng*, the Court clarified that although courts must “tak[e] into account all other relevant factors,” they should “giv[e] substantial weight to the

reasonableness of [the losing party's] litigating position." 579 U.S. at 209-210.

II. Factual and Procedural Background

1. Bill Markham was the game designer responsible for developing the popular board game, the Game of Life. He created the game at the request of Reuben Klamer, a toy developer, who knew that the toy company Milton Bradley was looking for a new game to mark its centennial. *Markham Concepts, Inc. v. Hasbro, Inc.*, 355 F. Supp. 3d 119, 122 (D.R.I. 2019).¹ Markham spent months developing the board, the game mechanics, and the rules. *Ibid.* After seeing the prototype, Milton Bradley's executives anticipated the game would be a commercial success. *Id.* at 124. So the company negotiated an agreement with Klamer, allowing it to manufacture and market the game in exchange for royalties. *Ibid.* Klamer then persuaded Markham to assign his rights to the game to Klamer's firm. Although the assignment agreement expressly recognized that Markham "invented, designed[,] and developed" the game, Markham was given less than a third of the royalties. *Id.* at 125.

The game debuted to enormous success and has been the second most popular board game ever since. Pet. App. 5a.

2. In 2015, after decades of receiving only a small fraction of the royalties for the game Markham invented, Markham's successors-in-interest brought

¹ Markham and Klamer have both since passed away. Unless otherwise specified, this brief uses "Markham" to refer to Markham and his successors-in-interest and similarly uses "Klamer" to refer to Klamer and his living trust.

suit against Klamer and Hasbro Inc. (the company that now holds rights to the Game of Life), alleging several claims, including one under the Copyright Act. Pet. App. 5a n.2. The majority of those claims settled prior to trial, leaving only the claim under Section 304(c) of the Copyright Act of 1976. That provision allowed “a work’s author the right to terminate a previously bestowed grant of copyright in that work” under certain conditions, in order “to give an author a second chance to negotiate the rights to her work.” *Markham Concepts, Inc.*, 355 F. Supp. 3d at 127. However, “such termination rights do not extend to works made for hire.” Pet. App. 6a (citing 17 U.S.C. § 304(c)) (internal quotation marks omitted).

In *Community for Creative Non-Violence v. Reid*, 490 U.S. 730 (1989), this Court held that works made by independent contractors like Markham do not qualify as works-for-hire under the 1976 version of the Act. The defendants here, however, argued that *Reid* did not abrogate prior First Circuit precedent holding that works by independent contractors can be works-for-hire under the predecessor version of the statute, which governed this case because the Game of Life was created before the effective date of the 1976 Act. Markham argued otherwise, taking a position the First Circuit later recognized had “expert support” from the leading copyright treatise. Pet. App. 11a (discussing Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 9.03[D] (2019)).

After a bench trial, the district court rejected Markham’s arguments and held that the Game of Life was a work-for-hire. Accordingly, Markham could not invoke the renegotiation rights under the 1976 Act. *Markham Concepts, Inc.*, 355 F. Supp. 3d at 130. After

the First Circuit affirmed, Markham sought review in this Court, supported by an array of amici, but this Court denied the petition. *See Markham Concepts, Inc. v. Hasbro, Inc.*, 1 F.4th 74, 77-78 (1st Cir. 2021), *cert. denied*, 142 S. Ct. 1414 (2022).

3. All that remains of this litigation is a dispute about attorney's fees. Following the First Circuit affirmance, Hasbro and Klamer applied for nearly \$4 million in attorney's fees under the Copyright Act's fee provision. Pet. App. 8a n.6. After considering the *Fogerty* factors and finding that all factors weighed against awarding fees, the district court denied petitioners' applications. *Id.* at 33a-42a. Hasbro and Klamer appealed. *See* Pet. App. 8a & n.7.

In a thirty-three page opinion, the First Circuit affirmed. Although the petition for certiorari claims the court of appeals "held" that "fees are available only if the plaintiff's position was 'objectively quite weak,'" Pet. i (quoting *Airframe Sys. v. L-3 Comms.*, 658 F.3d 100, 109 (1st Cir. 2011)), the First Circuit never even mentioned the "objectively quite weak" standard. Instead, it held that courts "must view all the circumstances of a case on their own terms," guided by the *Fogerty* factors. Pet. App. 9a-10a. Quoting *Kirtsaeng*, the First Circuit further explained that courts "considering fee requests 'should give substantial weight to the objective reasonableness of the losing party's position,' but 'must also give due consideration to all other circumstances relevant to granting fees,'" *id.* 9a-10a (quoting *Kirtsaeng*, 579 U.S. at 199, 200).

Applying these principles, the First Circuit affirmed the district court's conclusion that every one of the *Fogerty* factors weighed against awarding fees.

Pet. App. 13a-23a. Starting with objective reasonableness—the issue upon which petitioners placed the greatest emphasis—the court of appeals concluded that the law on work-for-hire “was not so black-and-white” that the district court abused its discretion in finding Markham’s legal arguments were objectively reasonable. *Id.* 13a-14a. Moreover, the First Circuit agreed that Markham’s “factual position” that he should prevail even under the prior First Circuit standard “was not wholly unreasonable.” *Id.* at 14a (pointing to “the 1959 Assignment Agreement and letter between Markham and Klamer . . . indicating that the two men viewed Markham as the prototype’s ‘creator’ such that he was the copyright holder”).

Proceeding to the other *Fogerty* factors, the First Circuit found no “critical flaw” in the district court’s “treatment of the motivation and deterrence factors.” *Id.* 19a. It agreed with the district court that Markham’s motivations were appropriate, including the desire to “restore credit to Bill Markham.” *Id.* at 20a. And it agreed “the outcome of this case on the merits . . . provides adequate deterrence” since the judgment would preclude any further copyright litigation over Markham’s rights in the Game of Life. *Id.* 21a. The court further rejected Klamer’s argument that considerations of compensation supported an award to him because he “proceeded through the litigation as a single individual.” *Id.* 22a. The First Circuit observed that given the “substantial overlap between Klamer’s arguments” and those of other defendants, “the district court reasonably could have

questioned the need for so much redundancy, at great cost.” *Ibid.*²

Although petitioners now claim that the First Circuit’s decision cemented a three-way split on the standard for copyright fees, neither sought panel rehearing or rehearing en banc.

REASONS FOR DENYING THE PETITION

Petitioners seek review of a ruling the First Circuit never made, asserting a three-way circuit conflict that does not exist. The First Circuit’s actual rule, which applies no presumption for or against fee awards in copyright cases, is consistent with the consensus view of the circuits and with this Court’s precedents. Even if there were a certworthy conflict on whether courts should apply a presumption *in favor* of fees (there is not), this case provides no vehicle to address it because the answer would make no difference to the outcome and because petitioners have never argued for such a presumption, either below or in their petition to this Court. Certiorari should be denied.

I. There Is No Circuit Conflict That Warrants This Court’s Review.

The decision in this case implicates no circuit conflict requiring this Court’s review.

² For substantially the same reasons, the First Circuit also denied petitioners’ motions for appellate fees. *Id.* at 23a, 30a-31a.

A. The First Circuit Is Aligned With The Majority Of Courts Of Appeals In Applying No Presumption In Favor Or Against Fees In Copyright Cases.

The petition’s central premise—that the First Circuit applies a presumption against fees—is manifestly false. The First Circuit has adopted the majority rule, which applies the *Fogerty* factors, giving substantial weight to the objective reasonableness of the losing party’s position as required by *Kirtsaen*, but without otherwise applying a presumption for or against fees.

1. The First Circuit Applies No Presumption.

Petitioners can point to nothing in the decision below adopting a presumption against fees. To the contrary, the First Circuit emphasized that “courts must view all the circumstances of a case on their own terms,” applying the *Fogerty* factors. Pet. App. 11a (quoting *Kirtsaeng*, 579 U.S. at 209) (internal modifications omitted). The First Circuit then carefully analyzed each *Fogerty* factor and affirmed the district court’s denial of fees not because petitioners failed to overcome some presumption but because it found that every factor weighed against fees. Pet. App. 13a-23a. To be sure, the First Circuit held that courts “should give substantial weight to the objective reasonableness of the losing party’s position,” but that is not a presumption against fees and, even if it was, it is one unambiguously mandated by this Court’s precedent. Pet. App. 10a (quoting *Kirtsaeng*, 579 U.S. at 199).

Petitioners nonetheless claim that in the decision below the “First Circuit expressly held that its pre-*Kirtsaeng* standard still governs: fees are available only if the plaintiff’s position was ‘objectively quite weak.’” Pet. i (quoting *Airframe Systems, Inc. v. L-3 Communications Corp.*, 658 F.3d 100 (1st Cir. 2011)). That argument misdescribes both the decisions.

Start with the decision in this case. The First Circuit never even mentioned the “objectively quite weak” language from *Airframe Systems*, much less “expressly held” that this pre-*Kirtsaeng* decision creates a standard that “still governs.” Pet. i; see Pet. App. 1a-33a. Nor did the Circuit’s only other post-*Kirtsaeng* decision. See *Small Just. LLC v. Xcentric Ventures LLC*, 873 F.3d 313, 326, 329 (1st Cir. 2017) (citing *Airframe Systems* only for the propositions that district court decisions are reviewed for abuse of discretion and that bad faith is not required for an award of fees).

Indeed, if the court of appeals had believed that circuit precedent made “fees available only if the plaintiff’s position was ‘objectively quite weak,’” Pet. i (citation omitted), it would have written a much shorter opinion. The court necessarily found that respondents’ position was not “objectively quite weak” when it affirmed the district court’s finding that respondents’ position was objectively reasonable. Pet App. 13a-19a. If, as petitioners claim, fees are available “only” if the plaintiff’s claims are “objectively quite weak,” Pet. i, that should have ended the analysis. But the court continued, going on to analyze the remaining *Fogerty* factors and affirming the denial of fees because all of the factors weighed against an award. *Id.* 19a-23a.

Nor did *Airframe Systems* impose a presumption against fees in any event. In the passage petitioners quote, the court was responding to the prevailing defendants' argument that the district court "abused its discretion in declining to award [the defendant] attorney's fees because Airframe's claims were in fact 'objectively quite weak.'" 658 F.3d at 109. The First Circuit rejected the argument that fees in such cases are mandatory, explaining that a "district court has discretion to decline to award attorney's fees *even when* the plaintiff's copyright infringement case is quite weak." *Ibid.* (emphasis added). Rather than treating significant objective weakness as a *prerequisite* for a fee award, the court was emphasizing the scope of the trial court's discretion. Consistent with that view, the First Circuit cited *Airframe Systems* in this case as exemplifying the Circuit's tradition of "applying the [*Fogerty*] factors without a predisposition toward granting fees," even as it aligned itself with the Eighth and Ninth Circuit's position on presumptions, Pet. App. 10a n.10, circuits petitioners acknowledge apply no presumption in either direction, Pet. 11-12.

Klamer notably took a different view of *Airframe Systems* below. In his brief to the First Circuit, Klamer argued the "First Circuit *has yet to rule* on whether it will adopt [a] presumption" in favor of fee awards to prevailing parties. Klamer C.A. Br. 24 (emphasis added). That, however, could not be true if, as petitioners now say, *Airframe Systems* established a presumption against fees decades earlier.

Petitioners ultimately acknowledge that the First Circuit did not "expressly stat[e] a presumption" against fees. Pet. 16. Instead, they try to gin up a

circuit conflict by claiming that the court of appeals “*effectively* created a presumption against awarding fees” by “placing *too much weight* on objective reasonableness and taking a *dismissive approach* to other reasons to award fees.” Pet. 16 (emphasis added); *see also id.* 9 (faulting the court of appeals for allegedly giving “near-dispositive” weight to objective reasonableness). But that is just another way of complaining that the First Circuit allegedly misapplied the correct legal standard to the facts of this particular case. That is no basis for certiorari and is wrong in any event. The court of appeals gave extensive consideration to factors other than objective reasonableness. *See* Pet. App. 19a-20a (addressing financial and non-financial motivations); 21a-22a (deterrence); 22a-23a (equitable considerations and compensation). Indeed, this Court would be hard pressed to find a more thorough analysis of the *Fogerty* factors in any appellate decision (certainly, petitioners have pointed to none). If the court of appeals spent significant time on objective reasonableness, it was only because petitioners’ briefs spent nearly four times as many pages contesting this factor as they did addressing all the other factors combined. *Compare* Hasbro C.A. Br. 23-48 *with id.* 48-54; Klamer C.A. Br. 24-38 *with id.* 38-41.

Finally, petitioners emphasize that the district court denied fees even while saying it was a “close call.” Pet. 2. But that hardly shows the court was applying a presumption against fees. In fact, given the court’s conclusion that all the *Fogerty* factors weighed against fees, this would have been an exceptionally easy case if the Circuit truly applied a presumption against fees.

2. *The Eighth, Ninth, Tenth, Eleventh, And D.C. Circuits Apply No Presumption.*

The First Circuit is in good company in declining to apply any presumption, joined by the substantial majority of circuits that have confronted the question.

As petitioners concede (Pet. 11), the Eighth and Ninth Circuits apply no presumption either way. *Designworks Homes, Inc. v. Thomson Sailors Homes, L.L.C.*, 9 F.4th 961, 965 (8th Cir. 2021); *Glacier Films (USA) v. Turchin*, 896 F.3d 1033, 1039 (9th Cir. 2018). And although Petitioners do not acknowledge it, the Second and Third Circuits apply the same rule in their post-*Kirstaeng* decisions. *See Leonard v. Stemtech Int’l Inc.*, 834 F.3d 376, 403 (3d Cir. 2016); *Mango v. BuzzFeed, Inc.*, 970 F.3d 167, 169 (2d Cir. 2020); *see also Morning Sun Books, Inc. v. Div. Point Models, Inc.*, 826 F. App’x 167, 170 (3d Cir. 2020).

The Tenth and Eleventh Circuits applied the same rule in pre-*Kirstaen* decisions. *See Palladium Music, Inc. v. EatSleepMusic, Inc.*, 398 F.3d 1193, 1200 (10th Cir. 2005); *Meshwerks, Inc. v. Toyota Motor Sales U.S.A., Inc.*, 528 F.3d 1258, 1270 n.11 (10th Cir. 2008); *MiTek Holdings, Inc. v. Arce Eng’g Co.*, 198 F.3d 840, 842 (11th Cir. 1999). Petitioners do not argue that anything in *Kirstaeng* supports a different rule or would otherwise cause either circuit to reconsider its position.

Finally, the D.C. Circuit followed the majority rule in a recent unpublished opinion. *Spanski Enters., Inc. v. Telewizja Polska, S.A.*, No. 18-7050, 2018 WL 11413156, at *1 (D.C. Cir. Nov. 27, 2018) (“In deciding whether to award fees, courts may consider ‘several

nonexclusive factors’ identified in *Fogerty v. Fantasy*, and reaffirmed in *Kirtsaeng*.”) (citation omitted).

B. In Practice, The Fifth Circuit Follows The Majority Rule, Applying The *Fogerty* Factors With No Meaningful Presumption For Or Against Fees.

Petitioners claim that the Fifth Circuit applies “a presumption in favor of awarding fees.” Pet. 10. But the only evidence they offer is language in two decisions quoting pre-*Kirtsaeng* precedent to the effect that fees to a prevailing party “is the rule rather than the exception and should be awarded routinely.” *Bell v. Eagle Mountain Saginaw Indep. Sch. Dist.*, 27 F.4th 313, 326 (5th Cir. 2022) (quoting *Virgin Records America, Inc. v. Thompson*, 512 F.3d 724, 726 (5th Cir. 2008) (quoting *McGaughey v. Twentieth Century Fox Film Corp.*, 12 F.3d 62, 65 (5th Cir. 1994))); see also *Digital Drilling Data Sys., L.L.C. v. Petrolink Servs., Inc.*, 965 F.3d 365 (5th Cir. 2020) (same). But other recent decisions omit this language, and there is no evidence it leads courts in that circuit to decide cases differently than courts in the majority camp.

The “rule/exception” language dates back to at least 1984, more than a decade before *Fogerty* and more than 30 years before *Kirtsaeng*.³ In the years since this Court’s intervening decisions, *some* Fifth Circuit decisions (but not others) have recited the old language, but without applying any discernable

³ See *Engel v. Teleprompter Corp.*, 732 F.2d 1238, 1241 (5th Cir. 1984) (observing that “[w]here a statute or contractual provision authorizes a fee award, such an award becomes the rule rather than the exception, and should be awarded routinely as are costs of suit.”).

presumption. For example, in *Digital Drilling*, the court repeated the “rule/exception” line but did not treat it as establishing the applicable standard governing fee awards. Instead, the court explained that fee awards are governed by the *Fogerty* factors and this Court’s then-recent guidance in *Kirtsaeng* that courts should not treat objective reasonableness as a “controlling” factor. *Digital Drilling*, 965 F.3d at 385-86 (quoting *Kirtsaeng*, 579 U.S. at 198). After noting that the Fifth Circuit had “not yet had occasion to apply *Kirtsaeng*,” the court vacated the district court’s fee order and remanded, not because the district court failed to apply a presumption, but because it failed to apply the *Fogerty* factors. *Id.* at 386.

Likewise, the Fifth Circuit’s brief discussion of fees in *Bell* quoted the “rule/exception” language while also emphasizing that “recovery of attorney’s fees is not automatic,” 27 F.4th at 326 (citation omitted), but instead is “a matter of the district court’s discretion,” guided by the *Fogerty* factors, *ibid.* (quoting *Fogerty*, 510 U.S. at 533). The court affirmed the fee award in that case because the district court “did not abuse its discretion” in applying the *Fogerty* factors, noting the plaintiff was a copyright troll for whom fees were “an appropriate deterrent.” *Ibid.*

Other Fifth Circuit cases confirm the Circuit applies the *Fogerty* factors without any significant thumb on the scale in favor of fees. In *Batiste v. Lewis*, 976 F.3d 493 (5th Cir. 2020), for example, the Fifth Circuit did not even mention the “rule/exception” language. Instead, it weighed the *Fogerty* factors, giving objective reasonableness “substantial weight,” just as other circuits do. *Id.* at 507 (quoting *Kirtsaeng*,

579 U.S. at 199). Rather than endorse a presumption in favor of fees, the court explained that Section 505 “clearly connotes discretion and eschews any precise rule or formula for awarding fees.” *Ibid.* (quoting *Kirtsaeng*, 579 U.S. at 202).

In *Galiano v. Harrah’s Operating Co.*, 416 F.3d 411 (5th Cir. 2005), the Fifth Circuit made even clearer that the “rule/exception” language is not part of the governing standard for fee awards. There, the court of appeals vacated a fee award because the district court relied too heavily on the “rule/exception” language, instructing the district court to “provide a *Fogerty* analysis” instead. *Id.* at 423.

Accordingly, if there is any conflict between the Fifth Circuit and other courts, it appears to be only a difference in rhetoric, not an actual dispute about the governing legal standard.

C. The Seventh Circuit’s Outlier Approach Does Not Create A Conflict Warranting This Court’s Review.

In contrast, the Seventh Circuit does seem to have a different rule, applying a presumption in favor of fees for prevailing defendants, but not for prevailing plaintiffs. *See, e.g., Live Face on Web, LLC v. Cremation Society of Ill., Inc.*, 77 F.4th 630, 632 (7th Cir. 2023). But petitioners do not ask this Court to grant certiorari to adopt this rule, having never pressed it below or defended it here. No doubt that is because the one-sided presumption is clearly wrong. *See Kirtsaeng*, 579 U.S. at 202 (“[A] district court may not award attorney’s fees as a matter of course; rather, a court must make a more particularized, case-by-case assessment.”) (cleaned up); *Fogerty*, 510 U.S. at 534

(“Prevailing plaintiffs and prevailing defendants are to be treated alike. . .”).

Given the palpable conflict with this Court’s precedents, there is reason to think that the Seventh Circuit may reconsider its position in due course without this Court’s intervention. Although the Seventh Circuit has reiterated its rule in decisions postdating *Fogerty* and *Kirtsaeng*, it has never squarely considered its rule’s consistency with those precedents. *See, e.g., Live Face*, 77 F.4th at 632 (citing *Fogerty* and *Kirtsaeng*, but not acknowledging potential conflict with presumption in favor of fees). As far as respondents can determine, no party has sought rehearing en banc on that question either. But that may change. Other circuits, and district courts within the Seventh Circuit, have recognized that the Seventh Circuit’s present rule requires reconsideration in light of this Court’s decisions. *See, e.g., Glacier Films (USA), Inc. v. Turchin*, 896 F.3d 1033, 1039 (9th Cir. 2018) (“We do not adopt [the Seventh Circuit’s] presumption because doing so would collide with Supreme Court guidance and is not consistent with the statute.”); *Bodyguard Prods, Inc. v. Does 1-25*, No. 17-cv-7667, 2019 WL 7900686 at *2 (N.D. Ill. Feb. 19, 2019) (questioning whether the Seventh Circuit presumption survived *Kirtsaeng*). It is only a matter of time before a party, or a panel, squarely raises the conflict and forces the issue.

That no one has yet asked the Seventh Circuit to reconsider its position suggests the presumption has little real effect in practice. The circuit has emphasized the presumption is not “insurmountable” and has instead “consistently required a fact-specific, case-by-case inquiry.” *Timothy B. O’Brien LLC v.*

Knott, 962 F.3d 348, 351 (7th Cir. 2020). District courts in the circuit have heeded this instruction, regularly denying fees to prevailing defendants after an analysis of the *Fogerty* factors. *See, e.g., Bodyguard Prods., Inc.*, 2019 WL 7900686 at *2-*3 (explaining that “a presumption does not equate to an obligation”); *see also Hebenstreit Tr. of Bell v. Merch. Bank of Ind.*, No. 18-cv-00056, 2022 WL 2527794 (S.D. Ind. July 6, 2022); *GC2 Inc. v. Int’l Gam Tech.*, 391 F. Supp. 3d 828 (N.D. Ill. 2019); *All. for Water Efficiency v. Fryer*, No. 14-C-115, 2017 WL 201358 (N.D. Ill. Jan. 18, 2017).

II. This Case Is A Poor Vehicle For Resolving Any Circuit Conflict.

This case provides no vehicle for resolving any circuit conflict in any event. Although petitioners pose a broadly worded question presented, the only rule they actually challenge is a presumption against fees that no circuit applies and no party in this case defends. *See* Pet. 4. Nor does this case present a vehicle for resolving any shallow, lopsided conflict over the validity of a presumption *in favor* of fees. Petitioners never argued for such a presumption below and do not advance that rule in their petition here. Moreover, the resolution of that question would make no difference to the outcome in this case because all the *Fogerty* factors weighed against awarding fees.

1. Before the First Circuit, Hasbro did not argue that the First Circuit should apply a presumption in favor of fees or fault the district court for failing to apply one. Instead, it argued only that the First Circuit should consider “the *Fogerty* factors” and give “substantial weight to the objective reasonableness of

the losing party's position."⁴ While Klamer stated that some circuits apply a presumption in favor of awarding fees, he did not argue that the First Circuit should adopt such a rule, much less provide any argument in support of that position.⁵ Instead, he concluded his circuit survey with the observation that the "First Circuit has yet to rule on whether it will adopt this presumption," and then launched into an argument that the district court erred in finding respondents' position objectively reasonable.⁶ That, no doubt, is why the First Circuit responded to Klamer's circuit survey in a footnote, Pet. App. 10a-11a n.10, and focused, instead, on the arguments the parties actually pressed.

In this Court, petitioners are similarly coy about what they would argue if this Court granted their petition. They say, for example, that the First Circuit's alleged presumption against fee is "the most obviously wrong," Pet. 13, but do not say whether they think any other circuit's rule is wrong, much less which circuit and why. Accordingly, even if this Court thought there were a certworthy conflict over whether a presumption in favor of fees should apply, there is no guarantee that the parties would be adverse on that question—again, petitioners never argued for a presumption in favor of

⁴ Hasbro C.A. Br. 19-21.

⁵ Klamer C.A. Br. 22-24, 22-24.

⁶ *Id.* at 24. In his Summary of Argument, Klamer stated that "even a 'close call' should have tipped the scales in Defendants' favor when the grant of fees is the 'rule' and should be awarded 'routinely.'" *Id.* at 14. But beyond noting there that his case would be stronger in a circuit that applied a presumption in favor of fees, Klamer never argued in the body of his brief that the First Circuit should adopt such a rule.

fees below and their petition is a study in ambiguity on the question here.

That, and the notable breadth of the Question Presented, suggests petitioners could very well be planning on embracing the no-presumption rule the First Circuit actually applied and simply claim that the First Circuit erred in applying that rule to the facts of this case. *Cf. City and County of San Francisco v. Sheehan*, 575 U.S. 600, 619 (2015) (Scalia, J., concurring in part and dissenting in part) (criticizing petitioners for “tak[ing] a position on a Circuit split that it had no intention of arguing” to “induce [the Court] to grant certiorari”); *Visa v. Osborn*, 580 U.S. 993 (mem.) (2016) (dismissing case as improvidently granted where “[a]fter ‘[h]aving persuaded us to grant certiorari’ on this issue . . . petitioners ‘chose to rely on a different argument’ in their merits briefing” (quoting *Sheehan*, 575 U.S. at 608)).

2. This case also would be a poor vehicle to decide any question about presumptions because the answer would not matter to the outcome of the case. The district court found, and the First Circuit affirmed, that each of the *Fogerty* factors weighed against awarding fees. And no court applies a presumption so strong as to render a denial of fees in those circumstances an abuse of discretion. *See, e.g., Timothy B. O’Brien LLC*, 962 F.3d at 351-52 (Seventh Circuit upholding denial of fees to prevailing defendant where just two of the *Fogerty* factors weighed against awarding fees).

III. The Court Of Appeals Decision Is Consistent With *Fogerty* And *Kirtsaeng*.

Petitioners spill much ink explaining why a presumption against fees would be inconsistent with this Court’s precedents and the policies underlying copyright law. But for the reasons already explained, the arguments are misdirected—the First Circuit has adopted no such rule. Having aimed at the wrong target, petitioners offer no critique of the rule the First Circuit actually applies (and, indeed, may even agree that it is correct).

Even if petitioners tried to defend a presumption in favor of fees for the first time in their reply brief, that argument would run headlong into *Fogerty* and *Kirtsaeng*. *Fogerty* explicitly rejected the contention that fees should be “regularly awarded to the prevailing party.” 510 U.S. at 533. And *Kirtsaeng* warned courts of appeals not to impose a “presumption” that would unduly “cabin[]” the district courts’ discretion. 579 U.S. at 209.

Petitioners warn that the law ought not to encourage “copyright trolls” who churn out “dubious copyright cases” and “pirates [who] take an image or a song with just a few clicks.” Pet. 19-20. But a presumption in favor of fees is unnecessary to discourage such abuses. Copyright trolls and large-scale infringers are unlikely to have objectively reasonable claims or satisfy the other *Fogerty* factors. Pet. 19-20. After all, “dubious” claims are by definition not objectively reasonable, and cases “filed with the intent of eliciting quick payouts” are improperly motivated. *Id.* 20. Circuits that apply no presumption routinely assess fees against such plaintiffs. *See, e.g., Designworks Homes, Inc. v. Thomson Sailors Homes,*

L.L.C., 9 F.4th 961, 964 (8th Cir. 2021) (affirming fee award against copyright troll); *Shame On You Prods., Inc. v. Banks*, 893 F.3d 661, 668 (9th Cir. 2018) (affirming award of fees when plaintiff “brought a claim in bad faith”).

CONCLUSION

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

Respectfully submitted,

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