

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

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MICHAEL BAISDEN,

Petitioner,

v.

I'M READY PRODUCTIONS, INC.;
IMAGE ENTERTAINMENT, INC.;
A.L.W. ENTERTAINMENT, INC.;
GARY SHERRELL GUIDRY; and
JE'CARYOUS FRANKNEQUE JOHNSON,

Respondents.

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

—◆—
**BRIEF IN OPPOSITION TO
PETITION FOR WRIT OF CERTIORARI**

—◆—
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QUESTION PRESENTED

This case involves an author who asked a stage play producer to create and tour a play based on the author's book. The author promoted the play, attended performances, and accepted payment of royalties arising from the play. But years later, the author sued the producer for copyright infringement. At trial, the producer contended that it had an implied nonexclusive license to use the copyrighted material.

It is well established that a nonexclusive license may arise when the totality of the parties' conduct indicates an intent to grant such permission. Several circuit courts and the leading treatise on copyrights rely on this test, and no circuit court has ever rejected it. A nonexclusive license is not required to be in writing under § 204(a) of the Copyright Act.

The question presented by the Petitioner is:

Whether § 204(a)'s requirement that all transfers of copyright ownership, including exclusive licenses, be in writing can be evaded by the simple expedient of treating alleged oral exclusive licenses as implied nonexclusive licenses based on the "totality of the parties' conduct."

CORPORATE DISCLOSURE STATEMENT

Respondent I'm Ready Productions, Inc. has no parent corporation, and no public company owns 10% or more of the corporation's stock.

Respondent Image Entertainment, Inc. has a parent company that owns more than 10% of its stock, RLJ Entertainment, Inc.

Respondent A.L.W. Entertainment, Inc. has no parent corporation, and no public company owns 10% or more of the corporation's stock.

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STATUTORY PROVISIONS INVOLVED

There are two relevant statutory provisions: 17 U.S.C. § 204(a) and 17 U.S.C. § 101. 17 U.S.C. § 204(a) states: “A transfer of copyright ownership, other than by operation of law, is not valid unless an instrument of conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed or such owner’s duly authorized agent.” 17 U.S.C. § 101 states, in pertinent part: “A ‘transfer of copyright ownership’ is an assignment, mortgage, exclusive license, or any other conveyance, alienation, or hypothecation of a copyright or of any of the exclusive rights comprised in a copyright, whether or not it is limited in time or place of effect, but not including a nonexclusive license.”



STATEMENT OF THE CASE

Respondent I’m Ready Productions, Inc. (“IRP”) is a stage play production company. In 2001, an author and radio personality named Michael Baisden, asked IRP to turn his book, *Men Cry in the Dark* (“*Men Cry*”), into a play. Baisden and IRP operated under a written agreement, which gave IRP a license to create and tour the play and sell play-related merchandise for a three-year period. The agreement also gave IRP a license to continue selling play-related merchandise outside of the three-year period as long as IRP had a merchandising agreement with a third party.

In 2002, IRP toured *Men Cry* across the country. During the tour, IRP filmed a live production of the play. It then sold copies of the recording in video and DVD format. At the latest, Baisden knew about the videos and DVDs by April of 2003, when he purchased 500 copies and had them shipped to his address. Baisden then gave away more than 60 copies of the recordings at a promotional event and advertised and sold them on his website.

In 2005, Baisden asked IRP to take the *Men Cry* stage play on a second tour so that Baisden could gain recognition in different cities where his radio show was not already syndicated. Because the parties' original three-year written license agreement had already expired, Baisden and IRP orally agreed to renew or extend the prior license agreement.

Consistent with his plan, Baisden fully supported the second tour of *Men Cry*. He promoted the tour on his radio show and website, attended two performances, and autographed merchandise for fans. But despite Baisden and IRP's efforts, the second tour of *Men Cry* was not profitable. Although IRP lost money on the second tour, it honored its obligations to Baisden. IRP paid Baisden a \$44,145.00 royalty for the second tour pursuant to the parties' oral agreement, which Baisden accepted without any complaint.

Before the end of the second tour of *Men Cry*, and while the oral license agreement between Baisden and IRP was in effect, IRP reached an agreement with a new distributor for the DVDs, a company

called Image Entertainment. Under IRP's oral license agreement with Baisden, which included the same merchandising terms as the parties' prior written agreement, IRP and Image could continue distributing the DVDs as long as the agreement with Image was in effect.

In late 2006, Baisden learned that Image planned to release the DVDs. Baisden complained to IRP that the plays were "small and behind him," but he did not contend that the DVDs violated his copyrights, and Baisden did not instruct Image and IRP not to distribute the DVDs. With no indication that Baisden found the DVDs to be legally objectionable, Image released the DVDs on February 7, 2007.

As Baisden's success grew, he became concerned that the DVDs would begin to interfere with his ability to make a movie based on one of his books. So on May 7, 2007, Baisden sent IRP cease and desist letters, in which he claimed for the first time that the DVDs infringed his copyrights. Then, Baisden sued IRP for copyright infringement. Baisden also sued Image, IRP's two founders, Gary Guidry and Je'Caryous Johnson, as well as a company called A.L.W., which promoted and financed the plays (collectively, "the Respondents"). Baisden's lawsuit alleged, among other things, that the Respondents infringed his copyrights by touring *Men Cry* in 2005 and by selling the Image

DVDs.¹ In an attempt to defeat IRP's defense of license, Baisden contended for the first time that he never orally authorized the second tour of *Men Cry* and never orally extended the *Men Cry* agreement.

At trial, a wealth of evidence disproved Baisden's story. For example, the jury saw a July 2005 email from Baisden's representative regarding the second tour of *Men Cry*, which stated that "Michael envisioned taking his play into southern markets, primarily that weren't affiliated yet." The jury heard audio clips from 2005 in which Baisden promoted the second tour on his radio show and encouraged his listeners to attend. The jury also saw screenshots from Baisden's website from 2005 posting the schedule of the second tour. Baisden admitted on the witness stand that he promoted the tour on his show and attended two performances, including the opening night performance. A non-party witness testified that he saw Baisden autographing DVDs at the performances for fans. At the conclusion of the second tour, Baisden accepted, signed, and deposited a check for \$44,145.00 that said "*Men Cry in the Dark* Fall 2005 Royalties (Paid in Full)."

¹ The lawsuit also concerned a second stage play, which was based on Baisden's novel, *The Maintenance Man*. The claims arising from that play are not the subject of Baisden's Petition, so Respondents do not discuss them here for the sake of brevity. The Fifth Circuit's opinion in this case includes a more thorough statement of facts, and Respondents incorporate that statement by reference. Pet. App. 2-6.

After hearing this evidence, the jury rejected Baisden's story. The jury found that no defendant infringed Baisden's copyright. The jury also separately found that Baisden expressly orally agreed to renew or extend the *Men Cry* Agreement during 2005, thus authorizing IRP to tour the play and distribute the DVDs.

The district court rendered a final take-nothing judgment, which vindicated all Respondents of any wrongdoing. Baisden appealed to the Fifth Circuit. In his appellant's brief, Baisden presented a multitude of issues and sub-issues, many of which were barely briefed. Buried within Baisden's lengthy appellant's brief was a half-page argument that the jury charge improperly instructed the jury on the test for implied licenses. This was the only mention of implied licenses in Baisden's appellant's brief.

The Fifth Circuit affirmed the district court's take-nothing judgment in every respect. As to Baisden's argument about implied licenses, the Fifth Circuit found "the majority of Baisden's arguments on implied nonexclusive license waived" because most were raised for the first time in his reply brief. Pet. App. 12. The court stated that it would address the issue anyway merely "to clarify and reaffirm" its past precedent on implied licenses. Pet. App. 13. The Court then quoted the "totality of the parties' conduct" test that it established in its 1997 decision in *Lulirama Ltd., Inc. v. Axxess Broad. Servs., Inc.*, 128 F.3d 872, 879 (5th Cir. 1997). That test states that, "[w]hen the totality of the parties' conduct indicates an intent to

grant such permission, the result is a legal nonexclusive license.” Pet. App. 13 (citing *Lulirama*, 128 F.3d at 879). The Court acknowledged that in *Lulirama*, it also considered three factors that many courts apply to determine whether there is an implied license in a work-for-hire context, but that it has “never held that an implied license could not arise in other circumstances.” Pet. App. 13.

Now, in his Petition for Writ of Certiorari, Baisden contends that the Fifth Circuit’s opinion established a new test for forming implied nonexclusive licenses, which threatens the writing requirement of § 204(a). Baisden is incorrect for many reasons.



REASONS FOR DENYING THE PETITION

I. Introduction.

In an effort to create an issue worthy of certiorari where there is none, Baisden has tangled and confused several concepts concerning implied and oral licenses, exclusive and nonexclusive licenses, and the requirements of § 204(a) of the Copyright Act. But this Court need not reach Baisden’s theories because the sole issue presented in Baisden’s petition is waived. In its opinion in this case, the Fifth Circuit briefly noted that Baisden waived his arguments about implied license, and addressed the issue only to “clarify and reaffirm” its past holdings concerning implied licenses. This Court should not grant

certiorari on an issue that the lower court already deemed to be waived.

Even if the issue of waiver could somehow be overlooked, the arguments in Baisden’s petition fail for multiple reasons. To reach his conclusion that the Fifth Circuit’s “newly minted” test for implied nonexclusive licenses will threaten the writing requirement of the Copyright Act, Baisden piles one misguided contention on top of another. In actuality, there is nothing new about the Fifth Circuit’s fifteen-year-old “totality of the parties’ conduct” test. Many other circuit courts rely on the same test, and no circuit court has rejected it. Moreover, the test for a nonexclusive implied license could never affect the writing requirement of the Copyright Act, which only applies to exclusive licenses.

Baisden is also mistaken in his contention that the “totality of the parties’ conduct” test directly conflicts with the test used by other circuits. Baisden argues that the proper test is the three-part test used in work-for-hire contexts and first established in *Effects Associates, Inc. v. Cohen*, 908 F.2d 555, 557 (9th Cir. 1990), but no circuit court has ever held that the *Effects Associates* test is the exclusive way to establish an implied nonexclusive license. In fact, several of the courts in the alleged split actually apply the “totality of the parties’ conduct” test, just like the Fifth Circuit.

Additionally, the decision of the Fifth Circuit in this case can be affirmed on an independent ground.

The jury found an express oral license, and this finding was separate from its consideration of whether there was an implied license. Thus, any opinion from this Court concerning the proper test for implied licenses will not affect the ultimate outcome of this case.

For all of these reasons, this Court should deny certiorari.

II. Baisden waived the issue presented in his petition.

Baisden's Petition can be quickly disposed of because Baisden waived the issue presented by failing to adequately raise it in his appellant's brief in the Fifth Circuit. Baisden's appellant's brief barely touched upon whether Baisden gave IRP an implied license. It was not until Baisden's reply brief that he devoted any attention to whether IRP met the test for an implied nonexclusive license. Because Baisden raised the issue for the first time in a reply brief, the Fifth Circuit found that he waived it. Pet. App. 12-13.

Given the Fifth Circuit's finding of waiver, its discussion about the test for implied licenses was all *dicta*. The Fifth Circuit stated, "Although we find the majority of Baisden's arguments on implied nonexclusive license waived, we address them to clarify and reaffirm our holding in *Lulirama*." Pet. App. 12-13. The Court then quoted the holding of its 1997 decision in *Lulirama* that an implied nonexclusive license arises "[w]hen the totality of the parties'

conduct indicates an intent to grant such permission.” Pet. App. 13. The Court also acknowledged that it considered the three-part *Effects Associates* test in *Lulirama*, but it has “never held that an implied license could not arise in other circumstances where the totality of the parties’ conduct supported such an outcome.” Pet. App. 13-14. This summary of existing Fifth Circuit law was unremarkable because it said nothing new, and in any event, was all *dicta*.

Because Baisden waived the sole issue presented in his Petition, this Court can deny certiorari without considering the merits of the case.

III. The “totality of the parties’ conduct” test poses no threat to the writing requirement contained in § 204(a) of the Copyright Act or to copyright ownership.

In any event, Baisden’s arguments on the merits of the case all fail. The long-established “totality of the parties’ conduct” test poses no threat to the writing requirement of § 204(a) of the Copyright Act, which does not apply to nonexclusive licenses. The test also cannot affect copyright ownership, because a nonexclusive license does not transfer copyright ownership.

A. The “totality of the parties’ conduct” test is well established.

Baisden contends that the “totality of the parties’ conduct” test is “newly minted” and is a “dramatic

expansion” of existing law which will “bulldoze” the writing requirement of § 204(a). Pet. at 2, 10, 15. But there is nothing revolutionary about the “totality of the parties’ conduct” test.

The Fifth Circuit articulated this uncontroversial test in its 1997 opinion in *Lulirama Ltd., Inc. v. Access Broadcast Servs., Inc.*, 128 F.3d 872, 879 (5th Cir. 1997). The court held that an implied nonexclusive license to use copyrighted material arises “when the totality of the parties’ conduct indicates an intent to grant such permission.” *Id.* The Court quoted the test verbatim from the leading treatise on copyrights, *Nimmer on Copyright*. There was nothing earth-shattering about the test then, nor is there now.

Courts across the country have been applying the test for the last fifteen years without any of the fallout predicted by Baisden. *See, e.g., Estate of Hevia v. Portrio Corp.*, 602 F.3d 34, 41 (1st Cir. 2010) (applying a “totality of the parties’ conduct” test); *Nelson-Salabes, Inc. v. Morningside Dev., LLC*, 284 F.3d 505, 516 (4th Cir. 2002) (applying a “totality of the circumstances” test); *John G. Danielson, Inc. v. Winchester-Conant*, 322 F.3d 26, 40 (1st Cir. 2003) (stating that a nonexclusive license may be “implied from conduct which indicates the owner’s intent to allow a licensee to use the work”). As it did in 1997 when the Fifth Circuit decided *Lulirama*, *Nimmer on Copyright* continues to use the “totality of the parties’ conduct” test as the overarching standard for establishing implied nonexclusive licenses. 3 Melville B. Nimmer & David

Nimmer, NIMMER ON COPYRIGHT § 10.03[A][7]. Thus, Baisden’s characterization of the “totality of the parties’ conduct” test as a “dramatic expansion” of existing law is ill-informed and unfounded.

B. The test for implied nonexclusive licenses does not impact the writing requirement contained in § 204(a), which applies only to exclusive licenses.

Baisden is also mistaken about his contention that the “totality of the parties’ conduct” test for implied nonexclusive licenses threatens the writing requirement in § 204(a) of the Copyright Act, because § 204(a) does not apply to implied nonexclusive licenses. It is universally accepted that the writing requirement in § 204(a) applies only to exclusive licenses. *Johnson v. Jones*, 149 F.3d 494, 500 (6th Cir. 1998). A nonexclusive license is an exception to the writing requirement of § 204(a). *I.A.E., Inc. v. Shaver*, 74 F.3d 768, 775 (7th Cir. 1996). This is because § 204(a) states only that a “*transfer* of copyright ownership” must be in writing, and a nonexclusive license is not a transfer of copyright ownership. 17 U.S.C. § 204(a) (emphasis added); *Shaver*, 74 F.3d at 775; *Jones*, 149 F.3d at 500; *see also* 17 U.S.C. § 101 (defining a “transfer of copyright ownership” as “not including a nonexclusive license.”).²

² 17 U.S.C. § 204(a) states: “A transfer of copyright ownership . . . is not valid unless an instrument of conveyance, or a
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Baisden’s petition plows over this foundational principle of copyright law, so it is necessary to explain the meaning of exclusive and nonexclusive licenses. In an exclusive license, the copyright owner does two things: (1) he permits the licensee to use the copyrighted material for a specific use, thereby providing an affirmative defense to copyright infringement; and (2) he promises that the same permission will not be given to others, thereby transferring copyright ownership. *Shaver*, 74 F.3d at 775.

A nonexclusive license is a “smaller bundle of rights” which includes only permission to use the protected material for a particular use, creating an affirmative defense to copyright infringement (in other words, Part 1 of an exclusive license, but not Part 2). *Shaver*, 74 F.3d at 775; *Lulirama*, 128 F.3d at 880. Unlike the holder of an exclusive license, the holder of a nonexclusive license cannot prevent others from using the copyrighted material and cannot sue for copyright infringement. *Shaver*, 74 F.3d at 775. Thus, it is “well-settled that a non-exclusive license is not a transfer of ownership, and is not, therefore, subject to the writing requirement of § 204.” *Jones*, 149 F.3d at 500.

note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed or such owner’s duly authorized agent.” 17 U.S.C. § 101 states: “A ‘transfer of copyright ownership’ is an assignment, mortgage, exclusive license, or any other conveyance, alienation, or hypothecation of a copyright, whether or not it is limited in time or place of effect, but not including a nonexclusive license.”

Here, the evidence showed that Baisden gave IRP, at the very least, the “smaller bundle of rights” included in a nonexclusive license, because Baisden gave IRP his permission to use the copyrighted material in *Men Cry*. IRP founder Gary Guidry testified that Baisden and IRP orally agreed to tour *Men Cry* a second time under the terms of the written *Men Cry* agreement that they had used for the first tour, except with a more favorable 3% royalty to Baisden. Additionally, the evidence showed that Baisden asked IRP to tour the play in 2005 to expand awareness of his show in new markets, and he promoted the second tour to a national audience on his radio show and on his website. Baisden attended at least two performances of the second tour, including opening night. At the conclusion of the tour, he accepted and deposited, without question or objection, a check for \$44,145.00 that stated it was for “*Men Cry in the Dark Fall 2005 Royalties (Paid in Full)*.” Baisden also failed to object that the DVDs violated his copyrights until five years after he learned about them. He even ordered and distributed the DVDs himself and signed copies of the DVDs during the second tour of the play. Because Baisden gave IRP permission to use the copyrighted material in *Men Cry*, IRP had a non-exclusive license that provided an affirmative defense to copyright infringement.³ It was not necessary that this nonexclusive license be in writing.

³ Baisden repeatedly states in his brief that he vigorously disputed that he orally agreed to tour *Men Cry* a second time
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Baisden claims that the license could have only been exclusive, but he is mistaken. Contrary to Baisden's arguments, Respondents did not insist that the license was exclusive. Rather, they argued consistently in the trial court and in the Fifth Circuit that the 2005 license that allowed IRP to do the second tour and produce the DVDs could have been either exclusive or nonexclusive, and it did not matter which.⁴ IRP does not claim that it had the sole right to tour a play based on *Men Cry* or produce DVDs based on *Men Cry*, and it has not tried to sue anyone for copyright infringement of *Men Cry*. The only issue relating to license at trial was whether IRP's actions were authorized and therefore shielded from infringement liability, not whether the license was exclusive or nonexclusive. Therefore, the only license

and that there were no third parties to corroborate Respondent's allegations. But a mountain of evidence showed that Baisden agreed to the second tour. In any event, the jury found that Baisden did indeed orally agree to extend the *Men Cry* agreement in 2005. See *Liberty Mut. Ins. Co. v. Falgoust*, 386 F.2d 248, 253 (5th Cir. 1967) (holding that jury findings on conflicting evidence are binding on a court of appeals). At times, Baisden's Petition seems to complain about the role of juries in resolving disputed issues of fact as much as about the test applied by the Fifth Circuit.

⁴ For example, IRP stated in its original answer that "at a minimum Baisden granted IRP an irrevocable nonexclusive license." IRP continued to make the same arguments in its subsequent answers and in their summary judgment briefing, pretrial memorandum of authorities, and motion for judgment as a matter of law.

implicated in this case concerns the “smaller bundle of rights” included in a nonexclusive license.

Even if Baisden and IRP had meant to create an exclusive license when they orally agreed to extend or renew the written *Men Cry* agreement, circuit courts have long held that the parties’ intention to create an exclusive license does not foreclose the existence of a nonexclusive license. *Lulirama*, 128 F.3d at 880; *Jacob Maxwell, Inc. v. Veeck*, 110 F.3d 749, 753 (11th Cir. 1997). As the Fifth Circuit explained in its 1997 opinion in *Lulirama*, a copyright owner who intends to convey all of the rights associated with an exclusive license necessarily intends to convey the lesser-included set of rights associated with a nonexclusive license. 128 F.3d at 880-81. The Eleventh Circuit has reached the same conclusion, and no circuit court has ever rejected this logic. *See Veeck*, 110 F.3d at 753. The Fifth Circuit correctly applied this principle in this case as well.

Therefore, there is nothing new or “dramatic” about what the Fifth Circuit did in this case. Rather, the Court applied fifteen-year-old case law, which has been unchallenged by any circuit court, to find a non-exclusive license, which is not subject to the writing requirement of § 204(a).

C. The “totality of the parties’ conduct” test does not impact copyright ownership, because nonexclusive licenses do not transfer copyright ownership.

For many of the same reasons, Baisden’s arguments that the Fifth Circuit’s opinion in this case will present a “serious and widespread threat to all copyright ownership” are erroneous. (Pet. at 25.) The court’s decision could not threaten copyright ownership, because it is well established that a nonexclusive license cannot transfer copyright ownership. *Shaver*, 74 F.3d at 775; *Jones*, 149 F.3d at 500. Even the definition of “transfer of copyright ownership” in the Copyright Act expressly excludes nonexclusive licenses. 17 U.S.C. § 101. Therefore, Baisden’s dire predictions about the future of copyright law will not come to pass.

In reality, this case shows why public policy supports the long-established “totality of the parties’ conduct” test. A copyright owner should not be able to invite and encourage another to use his work, benefit from it, and then sue the user for copyright infringement. In a situation such as this, a nonexclusive license provides an appropriate remedy that adequately protects both parties. The user of the copyrighted material has an affirmative defense from infringement, but there is no transfer of ownership of the copyrighted material. No owner’s copyright – including Baisden’s copyright – has been diminished by the outcome of this case.

IV. There is no circuit split regarding the test for an implied license.

Unable to show that the “totality of the parties’ conduct” test conflicts with the Copyright Act, Baisden argues that the “totality of the parties’ conduct” test directly conflicts with the *Effects Associates* tests applied by the First, Second, Fourth, and Sixth Circuits, citing *John G. Danielson, Inc. v. Winchester-Conant Properties, Inc.*, 322 F.3d 26, 40-41 (1st Cir. 2003); *SmithKline Beecham Consumer Healthcare, L.P. v. Watson Pharms., Inc.*, 211 F.3d 21, 25 (2d Cir. 2000); *Nelson-Salabes, Inc. v. Morningside Development, LLC*, 284 F.3d 505, 514-15 (4th Cir. 2002); *Johnson v. Jones*, 149 F.3d 494, 500-02 (6th Cir. 1998). Once again, Baisden is mistaken. To reach this conclusion, Baisden misconstrues several circuit court opinions and mischaracterizes the Fifth Circuit’s opinion in this case.

A. The *Effects Associates* test does not conflict with the “totality of the parties’ conduct” test.

The overarching standard for whether an implied nonexclusive license exists is whether the totality of the parties’ conduct indicates an intent to grant such permission. *Estate of Hevia v. Portrio Corp.*, 602 F.3d 34, 41 (1st Cir. 2010); *Nelson-Salabes, Inc. v. Morningside Dev., LLC*, 284 F.3d 505, 516 (4th Cir. 2002); *Lulirama Ltd., Inc. v. Axxess Broadcast Servs., Inc.*, 128 F.3d 872, 879 (5th Cir. 1997); 3 Melville B. Nimmer & David Nimmer, NIMMER ON COPYRIGHT

§ 10.03[A][7]. Circumstances establishing permission, or even lack of objection, can establish a nonexclusive license. *Shaver*, 74 F.3d at 775; *Lowe v. Loud Records*, 126 Fed. App'x 545, 547 (3d Cir. 2005). Although circuit courts sometimes articulate the test differently, the central idea is the same. “[T]he copyright owner’s intent is the touchstone for determining whether such an implied license has been granted.” *Estate of Hevia*, 602 F.3d at 41; accord *John G. Danielson*, 322 F.3d at 41.

The *Effects Associates* test is a set of factors that can be used to determine whether the parties’ conduct supports an implied license, particularly in a work-for-hire context. See 3 Melville B. Nimmer & David Nimmer, NIMMER ON COPYRIGHT § 10.03[A][7]. Under *Effects Associates*, an implied nonexclusive license exists where: (1) a licensee requests the creation of a work; (2) the licensor makes that particular work and delivers it to the licensee; and (3) the licensor intends that the licensee copy and distribute the work. 908 F.2d 555, 557 (9th Cir. 1990).

In addition to the *Effects Associates* factors for work-for-hire contexts, circuit courts have developed other non-exhaustive factors to be used in different contexts. For example, several circuit courts look to a different non-exhaustive list of factors when architectural drawings are at issue. See *John G. Danielson*, 322 F.3d at 41; *Nelson-Salabes*, 284 F.3d at 516. All of these non-exhaustive factors – both for works for hire and architectural drawings – can complement the “totality of the parties’ conduct” test by providing

additional guidance for determining the parties' intent.

Thus, the “totality of the parties’ conduct” test and the *Effects Associates* factors are not in conflict. The consistency between the two tests is evidenced by the fact that many of the courts that apply the “totality of the parties’ conduct” test also look to the *Effects Associates* factors for guidance. *See, e.g., Estate of Hevia*, 602 F.3d at 41; *Nelson-Salabes*, 284 F.3d at 515; *Lulirama*, 128 F.3d at 879. One of these courts is the Fifth Circuit, which Baisden accuses of applying the wrong test. *Lulirama*, 128 F.3d at 879. And two of these courts are the First Circuit and Fourth Circuit, which Baisden contends apply the proper test. *Estate of Hevia*, 602 F.3d at 41; *Nelson-Salabes*, 284 F.3d at 515. In actuality, all three courts apply the “totality of the parties’ conduct” test and sometimes look to the *Effects Associates* factors for additional guidance. These courts are not at all split.

B. No circuit court holds that the *Effects Associates* test is the only way to establish an implied nonexclusive license.

In fact, none of the circuit court decisions that Baisden contends make up the alleged split hold that the *Effects Associates* test is the only way to establish an implied nonexclusive license. *See John G. Danielson*, 322 F.3d at 41 (examining other cases that relied on *Effects Associates* and ultimately relying on the non-exhaustive factors used for architectural drawings);

SmithKline, 211 F.3d at 25 (mentioning that courts have applied the *Effects Associates* test, but declining to decide whether it is exclusive, and deciding the case on other grounds); *Nelson-Salabes*, 284 F.3d at 514-15 (examining the *Effects Associates* factors and crafting new factors for architectural drawings); *Jones*, 149 F.3d at 500-02 (distinguishing the facts of *Effects Associates* without addressing its test).

In the same vein, none of the circuit courts in the alleged split have rejected a “totality of the parties’ conduct” test applied by the Fifth Circuit. *John G. Danielson*, 322 F.3d at 40-41; *SmithKline*, 211 F.3d at 25; *Nelson-Salabes*, 284 F.3d at 514-15; *Jones*, 149 F.3d at 500-02.

Even the Ninth Circuit – which first adopted the *Effects Associates* factors – has not found the *Effects Associates* factors to be the exclusive test for finding an implied license. See *Evergreen Safety Council v. RSA Network Inc.*, 697 F.3d 1221, 1228 (9th Cir. 2012) (holding that there was evidence of an implied license outside of a work-for-hire context where the copyright owner was provided with the allegedly infringing material before publication, the owner did not object, and the owner advertised his involvement with the makers of the allegedly infringing material). In fact, after deciding *Effects Associates*, the Ninth Circuit concluded that state law rather than federal law should determine whether a copyright holder has granted a nonexclusive license because Congress did not choose to regulate this area. *Foad Consulting Group, Inc. v. Azzalino*, 270 F.3d 821, 827 (9th Cir.

2001). No other circuit court has opined on this issue, but the Ninth Circuit's position further shows that this issue is not appropriate for Supreme Court review.

C. The Fifth Circuit did not acknowledge a conflict.

Baisden attempts to create the appearance of a split by mischaracterizing the Fifth Circuit's opinion in this case. Baisden contends that "the Fifth Circuit expressly acknowledged that its newfound 'totality of the parties' conduct' test directly conflicts with 'other circuits,'" but this is not what the Court said. (Pet. at 2).

In actuality, the Fifth Circuit stated that it was clarifying and reaffirming its longstanding holding in *Lulirama* that an implied license arises "[w]hen the totality of the parties' conduct indicates an intent to grant such permission." Pet. App. 13. The Court then directly quoted *Lulirama*, which stated that "other courts" have found an implied nonexclusive license when the three *Effects Associates* factors are met. Pet. App. 13. The Fifth Circuit then concluded that, "To be sure, we applied those three elements in *Lulirama*. But we have never held that an implied license could not arise in other circumstances where the totality of the parties' conduct supported such an outcome." Pet. App. 13.

Thus, the Fifth Circuit's benign use of the words "other courts" was actually a direct quotation from its

1997 decision in *Lulirama*, not an acknowledgement that its opinion in this case created a conflict with other circuits. No circuit court has ever acknowledged a split on the test for implied licenses, because none exists.

V. The Fifth Circuit's opinion can be affirmed on other grounds.

In any event, a decision about whether the *Effects Associates* test is the exclusive test for establishing an implied nonexclusive license is purely academic in this case because the jury separately found that Baisden granted IRP an express nonexclusive oral license. The *Effects Associates* test applies to implied licenses, not to express oral license. Therefore, the question of whether the *Effects Associates* test is the exclusive test for implied licenses does not have any bearing on the ultimate outcome of this case.

In its verdict, the jury separately considered whether Baisden granted IRP an implied license and whether Baisden granted IRP an express oral license. Question 1 of the verdict form asked the jury whether Respondents infringed upon Baisden's copyrights. The charge of the court instructed the jury that it could consider an implied license in answering this question. The jury found that there was no infringement. This was the only question in which the jury considered the existence of an implied license.

Question 23 of the verdict form asked the jury whether Baisden and IRP entered into an oral agreement in the summer or fall of 2005 to renew or extend their written 2001 *Men Cry* agreement. The jury found that Baisden did enter into this oral agreement. This express oral agreement contained a license that allowed IRP to tour the play for a second time and produce DVDs of the plays for the duration of its third-party agreement with Image. Thus, the jury found that Baisden gave IRP an express non-exclusive oral license independently of its determination about whether there was an implied license.

The Fifth Circuit found that the jury's finding of an oral agreement in Question 23 established a non-exclusive license. The Court stated:

Most importantly, the jury heard, and found credible, testimony by Johnson and Guidry that Baisden and IRP orally agreed to continue their relationship under the terms of the 2001 *Men Cry* Agreement. This was more than sufficient for the jury to find that Baisden had granted IRP a nonexclusive license to continue engaging in the sale of DVDs.

Pet. App. 12. This finding completely forecloses Baisden's copyright infringement claim.

Accordingly, whether or not Baisden granted IRP an implied license, he also granted IRP an express nonexclusive oral license, which is a complete defense to copyright infringement. *See Gracen v. Bradford*

Exchange, 698 F.2d 300, 303 (7th Cir. 1983). Because the express oral license was nonexclusive, it did not have to be in writing. *Id.*; 17 U.S.C. § 204(a); 17 U.S.C. § 101.

Additionally, Respondents proved their affirmative defenses of equitable estoppel and laches as a matter of law at trial. During trial, Defendants moved for judgment as a matter of law that their defenses of equitable estoppel and laches barred Baisden's copyright claim. The district court announced that it would take the motion under advisement, and clarified that it was not yet granted or denied. After the jury found in favor of Defendants on all of Baisden's claims (and therefore did not reach Defendants' affirmative defense questions in the jury charge), the district court denied the motion as moot. Respondents raised the issue in the Fifth Circuit as a cross-point, but the Fifth Circuit did not reach it because it decided the case on other grounds. Even if the finding of license in this case was reversed, the case could still be affirmed based on these affirmative defenses.

Therefore, even if the *Effects Associates* test was the only test for establishing implied licenses, this case would still be affirmed. Accordingly, this Court should deny certiorari.



CONCLUSION

Because the issue presented in this case is waived, incorrect on the merits, and not relevant to the ultimate disposition of this case, this Court should deny certiorari.

Respectfully submitted,

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