

## Attys React To High Court's Copyright Attys' Fees Ruling

Law360, New York (June 17, 2016, 11:00 AM ET) -- The [U.S. Supreme Court Thursday](#) decided in [Kirtsaeng v. John Wiley & Sons](#) that to determine the award of attorneys' fees to successful copyright litigants a heavy emphasis should be placed on whether the case is "objectively unreasonable." Here, attorneys tell Law360 why the decision is significant.

### Peter Afrasiabi, [One LLP](#)



“This decision is a practical decision with useful guidance for litigants and trial judges in the copyright trenches. By making clear that the fee balancing test must account primarily for the reasonableness of the litigation stance, and by eliminating discretion for trial judges to consider the precedential impact of their decisions within the world of copyright, this opinion ultimately makes settlement more likely in a whole range of copyright cases. A plaintiff with a clear infringement case where there is no real defense will secure fees and a defendant with no defense will pay them. This encourages early settlement. Importantly, although not stated in the decision, it is in fact a vindication of the Ninth Circuit, because the Supreme Court’s mandate to focus on reasonableness primarily is how the courts in the Ninth Circuit had evolved since *Fogerty* anyway.”

### John G. Bisbikis, [Lathrop & Gage LLP](#)



“This case is significant because having a ‘reasonable defense’ to an infringement claim or bringing a ‘reasonable claim’ of infringement is not enough to avoid an award of fees in a copyright case. District courts must also consider other ‘relevant factors.’ For example, if a court finds there has been litigation misconduct or overaggressive assertions of infringement claims, it may award attorneys’ fees against a losing party, regardless of the reasonableness of its claims or defenses. This cautions parties to act reasonably throughout the course of litigation to avoid having their conduct be used against them when a district court decides whether to award fees.”

**Jason Bloom, [Haynes and Boone LLP](#)**



“The court’s decision does not appear to substantially modify the law in the Second Circuit, but it will likely modify the application of it by causing lower courts to give serious consideration to factors other than the (un)reasonableness of the losing party’s position rather than considering reasonableness to be dispositive of the issue. Although *Kirtsaeng* involved a fee request by a defendant, the Supreme Court has reaffirmed that courts should apply the same consideration when awarding fees to prevailing plaintiffs and defendants. Thus, in those jurisdictions where fees are routinely awarded to prevailing plaintiffs in copyright cases with little consideration for the reasonableness of the defendant’s position, courts will now have to take a different approach, and may end up awarding fees to prevailing plaintiffs less routinely. That being said, the Supreme Court has still left lower courts very broad discretion in deciding whether to award fees to prevailing parties in copyright cases.”

**Lee Brenner, [Kelley Drye & Warren LLP](#)**



“To the extent that there was any confusion among the district courts across the nation about how they should exercise their broad discretion in making attorneys’ fees award decisions in copyright cases, there is more clarity now. And for parties, it provides even more clarity and predictability in assessing risks that they will be hit with an attorney’s fees award. In reviewing the Supreme Court’s opinion, it is clear that the chances that Wiley will be hit with having to pay the other side’s attorneys’ fees are just about nil. In making its decision, the district court already went through all of the appropriate factors that the Supreme Court identified today, laid out its reasoning in great detail, and determined that Wiley was not required to pay the other party’s attorneys’ fees. There is no reason to think that the district court will reach a different conclusion now, and the Supreme Court explicitly mentioned that it was not intimating that Wiley should pay its opponent’s fees.”

**Dale Cendali, [Kirkland & Ellis LLP](#)**



“The Supreme Court in *Wiley* clarified the test for fee awards in copyright cases by endorsing *Wiley*’s position that an objectively reasonable test is more in keeping with the purposes of copyright law over *Kirtsaeng*’s argument in favor of rewarding those who attempt to advance changes to the law. The court also noted that an objectively reasonable approach would be easier for a court to administer as it relates more closely to the merits of the case. But the court also noted that while substantial weight should be given to this factor, other consideration case be taken into account as well, such as litigation misconduct. As a practical matter, the decision aids copyright lawyers as it gives nationwide clarity as to the appropriate test. It also should give comfort to lawyers and their clients that they should not be at risk of a fee-shifting award if they are taking reasonable positions based on existing law and do not otherwise engage in some form of litigation misconduct. Also, the court took pains to note the test applied to both plaintiffs and defendants.”

**Michelle Ciotola, [Cantor Colburn LLP](#)**



“In ruling that a court should give ‘substantial weight to the objective reasonableness of the losing party’s position,’ *Kirtsaeng* gives a level of certainty to copyright holders and encourages cases which will settle significant and uncertain issues of copyright law. The ‘objective reasonableness approach’ serves to ‘encourage parties to stand on their rights’ but still acts as a deterrent to those with weak claims. The Supreme Court strikes a balance between two competing aims of the Copyright Act — encouraging and rewarding authors’ creations, and allowing others to build on that work.”

**Craig J. Cox, [Bell Nunnally & Martin LLP](#)**



“In *Kirtsaeng*, the Supreme Court gives more latitude to trial courts when deciding whether to award attorneys’ fees under the Copyright Act. The court found that the objective reasonableness of the losing parties arguments should carry significant weight when deciding when to awarding fees, however, it cannot be the controlling factor. Courts may consider other circumstances, including litigation misconduct, repeated infringement, or overaggressive assertion of claims when determining whether to award fees. Copyright litigants, therefore, must look beyond the reasonableness of legal arguments and consider conduct as a whole when assessing the risk or reward of an award of

legal fees.”

**Linda Friedman, [Bradley Arant Boult Cummings LLP](#)**



“It is somewhat surprising that the Supreme Court rejects consideration of whether the suit clarified the law by resolving an important and close legal issue. Mr. Kirtsaeng incurred over \$2 million in fees to successfully defend himself against infringement claims based on reselling books he had purchased abroad. The 2013 decision resolved a conflict among the circuits, but Kirtsaeng may never recoup any fees. Otherwise, the court’s decision in *Kirtsaeng v Wiley & Sons* is not surprising or particularly new, in its affirmance of the trial court’s wide discretion in deciding whether to award attorneys’ fees.”

**Harvey Geller, [Carlton Fields](#)**



“While Congress provided in 17 U.S.C. Section 505 that a court may award reasonable attorneys’ fees to the prevailing party in a copyright litigation, the factors to be considered by that court in deciding whether an award is appropriate have always been rather malleable, thus creating a rather murky area of the law. This has led to inconsistency in fee awards. But the one serious factor that seemed to find the most support was that if the losing party’s position was objectively reasonable then an award of fees was not appropriate. Today’s decision in *Kirtsaeng* weakens that factor by allowing an award even when the losing party’s position was found to be objectively reasonable. Thus, rather than clarifying the discretion that judges may exercise in determining fee awards, the decision actually makes that discretion even more discretionary.”

**Joseph Grasser, [Squire Patton Boggs LLP](#)**



“*Kirtsaeng* ostensibly clarifies how district courts determine whether to award attorneys’ fees under the Copyright Act. In reality, the court followed its recent trend in patent cases of eschewing clear tests and imbuing district courts with greater discretion. A district court must put ‘substantial weight’ into the objective reasonableness of the parties’ positions. No longer should all factors be treated equally. At the same time, the prevailing party is not presumed entitled to fees, nor is the ‘objective reasonableness’ factor dispositive. The court has therefore

increased district court discretion such that a court has the discretion to award fees even where the losing party's position was reasonable and vice-versa."

**Michael D. Hobbs Jr., [Troutman Sanders LLP](#)**



"Ultimately, the court confirmed that over 200 years of jurisprudence under the American legal system applies to the Copyright Act and its fee shifting provisions. Unless a party brings or defends an unreasonable case or commits misconduct, each party should bear its own legal fees. We simply don't have a loser-pays British model. I think this should give some comfort to parties to a copyright case that unless they litigate an objectively unreasonable case or litigate in bad faith, even if they lose the decision, they shouldn't also have to pay the prevailing parties' fees."

**Judy Jennison, [Perkins Coie LLP](#)**



"The Supreme Court has clarified the standard for awarding attorneys' fees in copyright cases. The district court must consider whether the losing party's legal position was objectively reasonable or unreasonable. But reasonableness alone is not dispositive. District courts must also consider other factors that could outweigh objective reasonableness, such as litigation misconduct, repeated infringements or multiple overly aggressive filings. The decision provides needed clarity, but is not a huge departure from existing standards. Fee awards are unlikely to either increase or decrease significantly as a result."

**Rajit Kapur, [Banner & Witcoff Ltd.](#)**



"In ruling that it is appropriate for a court to give substantial weight to the reasonableness of the losing party's position when deciding whether to award attorneys' fees as long as 'all other relevant factors' are taken into account, the court's decision seems consistent with its approach to fee awards in other types of IP cases, including Monday's ruling in Halo concerning fee awards in patent cases. In particular, as in Halo, the court's decision in Kirtsaeng elevates the discretion of a trial court over hard and fast rules that would otherwise limit discretion in deciding issues related to fee awards. Going forward, it may be more difficult for litigants to

predict whether fees will be awarded in a particular case, however, because courts will have more discretion in taking additional considerations into account.”

**Jeff Kobulnick, [Brutzkus Gubner Rozansky Seror Weber LLP](#)**



the cited objectives of the Act.”

“The court’s ruling today is not inconsistent with precedent in other areas of law when it comes to attorneys’ fees awards, typically predicated on a losing party’s unreasonable conduct. Still, this does raise a question of whether parties like Kirtsaeng who may have the stronger legal position in copyright cases may now be more reluctant to incur the great expense — here, over \$2 million — associated with proving their case. This case suggests that if a case is a ‘close call’ warranting an ultimate decision by the Supreme Court neither party should expect to recover its attorneys’ fees and costs, which as a practical matter may yield unintended results that are inconsistent with

**Edwin Komen, [Sheppard Mullin Richter & Hampton LLP](#)**



“The Supreme Court’s decision in *Kirtsaeng*, affirming the importance of the ‘objective reasonableness’ approach in awarding attorneys’ fees in a copyright action, is significant in at least four respects. First, the decision was unanimous, something exceptionally rare in Supreme Court IP jurisprudence. We can, thus, discern that the Supreme Court really means what it says. Second, by deciding a case dealing primarily with a statutory remedy — in this case attorneys’ fees — the Supreme Court is acknowledging the importance of the remedy as a tool in encouraging meritorious copyright claims and defenses. Without access to attorneys’ fees, most copyright infringements would not be worth pursuing. Conversely, most defendants would be discouraged from standing firm against purely frivolous claims. Third, and flowing from the second, the court emphasizes the need for evenhandedness and predictability. Accordingly, the ‘objective reasonableness’ of a claim or defense should be given substantial weight in assessing entitlement to an attorneys’ fee award. Such standard encourages both parties to carefully weigh the merits of their respective claims and defenses before committing to potentially protracted and costly litigation. Fourth, although ‘objective reasonableness’ should be given ‘substantial’ weight, it should not be considered ‘dispositive.’ Other factors may also have a bearing including those enunciated by the court in *Fogerty v. Fantasy, Inc.*, including frivolousness, motivation and the need to advance considerations of compensation and deterrence.”

**David Leichtman, [Robins Kaplan LLP](#)**



circumstances.”

**Aaron Moss, [Greenberg Glusker Fields Claman & Machtinger LLP](#)**



"This opinion offers a little something for everyone — the court has clarified that plaintiffs can be awarded fees even when a defendant's position is objectively reasonable, but defendants can take solace in the fact that their objective reasonableness will be awarded substantial weight. I predict that, overall, the ruling is likely to help defendants more than plaintiffs. This is especially true in cases that often involve gray areas, like fair use."

**R. Gregory Parker, [Bass Berry & Sims PLC](#)**



“The Supreme Court’s decision in *Kirtsaeng* adopts an ‘objective-reasonableness approach’ to Section 505 of the Copyright Act and resolves disagreement in the lower courts about how to address an application for attorneys’ fees in a copyright case. Going forward, courts must give substantial weight to the reasonableness of the losing party’s position. While courts must also consider a range of factors beyond the reasonableness of litigation positions, the key question is whether the losing party advanced an objectively reasonable claim or defense. The answer to that question more often than not will be outcome determinative on whether to award fees.”

**Glenn Pudelka, [Locke Lord LLP](#)**



“Today’s decision is significant in that it provides more certainty and clarity to the risks involved by a party in a copyright infringement case. Where the threat of an award of attorneys’ fees and costs may deter a party from bringing or fighting an infringement action, today’s decision

provides some guidance to a party that reasonably believes that its position is justified under the Copyright Act. The holding that courts should give ‘substantial weight’ to the ‘objective reasonableness’ will better define a party’s risk in cases where the law is unclear or unsettled.”

**Paul Reilly, [Baker Botts LLP](#)**



“The Supreme Court decision in *Kirtsaeng* cleared up what had been viewed as a circuit split on the application of the standard for awarding attorneys’ fees in copyright litigations. The court generally sided with the Second Circuit in holding that substantial weight should be given to the objective reasonableness of the losing party’s position, but that it is not controlling and the district courts should also take into account all other relevant factors; as a result, the court vacated the decision below so that the district court could take another look at the fee issue in light of its holding.”

**Peter S. Sloane, [Leason Ellis LLP](#)**



“The *Kirtsaeng* decision should not have much impact on copyright litigation. It did not change the standard for awarding attorneys’ fees in as much as the Supreme Court previously held that district courts must consider several nonexclusive facts including objective unreasonableness. In *Kirtsaeng*, the court merely clarified that district courts should give ‘heavy emphasis’ or ‘substantial weight’ to the ‘objective unreasonableness’ of the losing party’s position while still taking into account all other relevant factors, but there was not much in the way of evidence that district courts were doing otherwise. As the prevailing party, *Kirtsaeng*’s argument that special consideration should be given as to whether a lawsuit ‘meaningfully clarified copyright law’ seemed to come out of left field and was rightly shot down by the court.”

**Janice Ta, [Vinson & Elkins LLP](#)**



“With *Octane Fitness*, *Highmark*, and the recent *Halo* decision, the Supreme Court has shown an interest in providing more guidance on fee shifting. Where the Federal Circuit has preferred bright-line rules, the Supreme Court has opted for flexible tests, giving the district courts a bit more discretion to consider factors such as litigation misconduct, degree of willfulness, and the broader purposes of rewarding innovation. The *Kirtsaeng* decision holds that objective reasonableness should be one measuring stick for awarding attorneys’ fees in copyright cases – but it’s not the ‘controlling factor.’ This is consistent with the

court's rulings in Octane Fitness and Halo. While the decision is not that surprising, it will likely lead to even more appeals on attorneys' fees issues."

**Bruce Turkle, [Phillips Nizer LLP](#)**



"The court took a correct and fairly practical approach in rejecting Kirtsaeng's position that special consideration be given to whether a suit resolved an important and close legal issue. The court understood that such an approach is less 'administrable' because the trial judge does not know whether a newly decided issue might ultimately prove to be of legal significance. The court was on target in recognizing this as something a judge could know only in retrospect."

**Bryan Wheelock, [Harness Dickey & Pierce](#)**



"Today's Supreme Court decision in Kirtsaeng, denying attorneys' fees to Kirtsaeng in his successful defense of a copyright infringement claim by Wiley, properly focuses like a lens the coercive effect of an attorneys' fee award. Both copyright owners and accused infringers can litigate reasonable positions without minimal risk of a fee award if they turn out to be wrong, while the cost of successfully battling an unreasonable position will likely be shifted to the party who took that unreasonable position."

**Jennifer Zourigui, [Ingram Yuzek Gainen Carroll & Bertolotti LLP](#)**



"The Supreme Court's ruling in Kirtsaeng gives substantial weight to the 'objective reasonableness' of a losing party's position in a copyright case as an important factor in assessing fee applications, but also requires district courts to consider other factors. The emphasis on whether a losing plaintiff's case was 'objectively unreasonable' will likely bring some modicum of comfort to copyright plaintiffs who might otherwise have been deterred from bringing potentially meritorious cases that are on the cusp of copyright law and where the lawsuit itself may be essential to test and set the boundaries of copyright law."