

**United States Court of Appeals  
FOR THE SECOND CIRCUIT**

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August Term, 2015

(Argued: February 1, 2016 Decided: February 16, 2018)

Docket No. 15-1134

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JOHN WILEY & SONS, INC.,

*Plaintiff-Appellee,*

–v.–

DRK PHOTO,

*Defendant-Appellant.*

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Before:

PARKER, CHIN, and CARNEY, *Circuit Judges.*

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2  
3 In this copyright case, DRK, a purported assignee of photographers' rights to sue  
4 for infringement, seeks statutory damages from Wiley, a licensee, for exceeding its  
5 licensed use of certain photographs as to which DRK non-exclusively represents the  
6 photographers. Invoking our precedent in *Eden Toys v. Florelee Undergarment, Co.*, 697  
7 F.2d 27 (2d Cir. 1982), the District Court granted summary judgment to Wiley,  
8 concluding in part that DRK lacked statutory standing to sue Wiley for copyright  
9 infringement. Consistent with *Eden Toys*, we too conclude as a matter of law that the  
10 Copyright Act does not permit prosecution of infringement suits by assignees of the

1 bare right to sue that are not and have never been a legal or beneficial owner of an  
2 exclusive right under copyright. In addition, because we also conclude that DRK is not  
3 and has never been the holder of an exclusive right in the photographs, we AFFIRM the  
4 judgment of the District Court.

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6 Judge Parker dissents in a separate opinion.

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8 ROBERT PENCHINA, Levine Sullivan Koch & Schulz, LLP,  
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11 MAURICE HARMON, Harmon & Seidman, LLC, (Christopher  
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13 Junction, CO, *for Defendant-Appellant*.

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SUSAN L. CARNEY, *Circuit Judge*:

14 In this copyright case, DRK Photo (“DRK”), an Arizona sole proprietorship and a  
15 non-exclusive agent of numerous photographers, attempts to assert infringement claims  
16 against John Wiley & Sons, Inc. (“Wiley”), a licensee of the photographers’ images, for  
17 exceeding the scope of its licenses. DRK’s rights with respect to the infringement claims  
18 rest on agreements between it and the photographers. These purport to assign to DRK  
19 the right to sue on accrued causes of action. The parties dispute whether they also  
20 convey any exclusive right under a copyright. The District Court granted summary  
21 judgment for Wiley, concluding that DRK did not have statutory standing under the  
22 Copyright Act, 17 U.S.C. §§ 101 *et seq.*, to sue Wiley for infringement. On appeal, the  
23 primary question presented is whether the Act permits DRK, as a putative assignee of  
24 the bare right to sue for infringement, and who neither has, nor has ever had, an  
25 exclusive right under copyright in any of these photographs, may pursue an  
26 infringement claim against Wiley. Like the District Court, we conclude that it may not.

1 The text of the statute directs this result. In relevant part, the Act provides that  
2 “[t]he legal or beneficial owner of an exclusive right under a copyright is entitled . . . to  
3 institute an action for any infringement of that particular right while he or she is the  
4 owner of it.” 17 U.S.C. § 501(b). An assignee of the bare right to sue who does not hold,  
5 and has never held, an exclusive right under a copyright, is not such an owner. The  
6 statute nowhere provides that such an assignee may sue, and we think, in view of its  
7 designation of who *may* sue, that the omission signals that Congress did not so intend.

8 Supplementing that reading, the District Court here (Failla, *J.*) interpreted our  
9 1982 decision in *Eden Toys, Inc. v. Florelee Undergarment, Co.*, 697 F.2d 27 (2d Cir. 1982),  
10 as requiring that any conveyance of the right to sue for infringement carry with it also  
11 an exclusive right under the copyright if it is to be effective as a basis for an  
12 infringement suit. *John Wiley & Sons, Inc. v. DRK Photo*, 998 F. Supp. 2d 262, 280  
13 (S.D.N.Y. 2014). We think the import of our decision in *Eden Toys* may not be quite so  
14 conclusive on this score as the District Court understood, but if not necessarily  
15 controlling, it is at least strongly supportive of our textual reading here.

16 Because we also concur with the District Court that the agreements between DRK  
17 and the photographers that it represented as a non-exclusive agent do not convey such  
18 an exclusive right, nor did DRK hold such a right when Wiley is alleged to have  
19 committed the infringing acts, we AFFIRM that court’s entry of summary judgment in  
20 Wiley’s favor.

## 21 BACKGROUND

22 The factual background of this case is largely undisputed.<sup>1</sup>

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<sup>1</sup> As an evidentiary matter, the parties debate whether certain material extraneous to the operative agreements may appropriately be considered in conjunction with them. We refer to

1 DRK Photo is operated by Daniel Krasemann. It maintains a collection of stock  
2 photographs available for licensing, for a fee, by various users, including textbook  
3 publishers such as John Wiley & Son. Wiley, based in New York, is a global company  
4 that focuses on publishing educational materials for undergraduate and graduate  
5 students.

6 The parties' relationship began in 1992, when DRK first licensed Wiley to  
7 reproduce certain images for use in its educational materials. A typical DRK license  
8 granted to Wiley a one-time, non-exclusive right to use specified images not to exceed a  
9 certain number of copies, usually numbering in the tens of thousands. The cost to Wiley  
10 of a license typically ranged from approximately \$80 to \$500. DRK appears to have been  
11 generally open to amending a license after issuance to cover uses in larger production  
12 runs than originally authorized.

13 DRK does not directly employ photographers. Instead, it enters into  
14 "Representation Agreements" in which photographers grant to DRK, for a share of the  
15 licensing proceeds, the rights to include images in its collection and to license those  
16 images to third parties for a fee. The Representation Agreements relevant here establish  
17 non-exclusive agency relationships, in that they allow the photographers to enter into  
18 similar arrangements with other agents as well. In relevant part, the DRK non-exclusive  
19 license typically provides, "I desire that you [DRK] act as my agent with respect to the  
20 sale or leasing of the photographs or transparencies which I have delivered to you and  
21 shall deliver to you in the future." J.A. 294. DRK executed most of the Representation  
22 Agreements of concern here in the 1980s and '90s.

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and identify that evidence in our narrative, below, and address the evidentiary challenge separately.

1 In 2008, DRK undertook what it called a “copyright registration program.” J.A.  
2 205. As part of the program, DRK asked its photographers to execute a single-page  
3 document entitled “Copyright Assignment, Registration, and Accrued Causes of Action  
4 Agreement” (the “Assignment Agreement”). *Id.* at 205; *see also, e.g., id.* at 411. DRK  
5 explained in contemporaneous correspondence with the photographers that the  
6 Assignment Agreements were “necessary as DRK Photo is initiating a copyright  
7 registration program with the United States Copyright Office to officially register many  
8 of the images in its collection.” *Id.* at 205. DRK further explained that, “with a Certificate  
9 of Registration in hand (prior to a copyright infringement) we will be in a much  
10 stronger position with much more leverage for settling copyright infringement claims.”  
11 *Id.* at 205. “[W]ith this Agreement,” it advised, “we receive the authorization necessary  
12 to initiate and settle copyright infringement claims brought against would be infringers  
13 of DRK Photo Images.” *Id.* at 205.<sup>2</sup>

14 The Assignment Agreements contain two pertinent provisions. The first, the  
15 “Granting Clause,” provides in relevant part:

16 The undersigned photographer, the sole owner of the copyrights in the  
17 undersigned’s images (“the Images”) selected by [DRK] and included in  
18 DRK’s collection, hereby grants to DRK all copyrights and complete legal  
19 title in the Images. DRK agrees to reassign all copyrights and complete  
20 legal title back to the undersigned immediately upon completion of the  
21 registration of the Images . . . and resolution of infringement claims  
22 brought by DRK relating to the Images.

23 J.A. 411. The second, the “Right-to-Sue Clause,” provides in relevant part:

24 The undersigned agrees and fully transfers [to DRK] all right, title and  
25 interest in any accrued or later accrued claims, causes of action, choses

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<sup>2</sup> The parties dispute both the propriety of considering this correspondence in conjunction with construing the agreements, as well as the import of the material.

1 in action—which is the personal right to bring a case—or lawsuits,  
2 brought to enforce copyrights in the Images . . . .

3 *Id.* The agreements further call for DRK to divide any recovery obtained from  
4 infringement lawsuits evenly with the affected photographer.

5 Approximately one hundred photographers eventually executed Assignment  
6 Agreements with DRK. And, between 2009 and 2010, DRK registered the covered  
7 images in its collection with the United States Copyright Office. The related Certificates  
8 of Registration denote the relevant photographer as the “author” and DRK as the  
9 “copyright claimant.” *Id.* at 342–43.

10 In August 2011, Wiley filed the instant action for declaratory judgment in the  
11 United States District Court for the Southern District of New York, alleging that DRK  
12 threatened to bring infringement lawsuits against it for exceeding the usage limits set in  
13 its licenses. Wiley sought a declaration exonerating it from liability related to 316  
14 particular instances of alleged infringement in which it used images in DRK’s collection.  
15 (Some images were subject to multiple instances of alleged infringement. *DRK Photo*,  
16 998 F. Supp. 2d at 271. Like the District Court, we use “instances” to refer to an image’s  
17 use, and not to a distinct image. *Id.*) DRK counterclaimed, alleging that Wiley engaged  
18 in copyright infringement in 295 of those instances. Of those, 45 involved images for  
19 which DRK was the “sole and exclusive” agent of the photographer; the remaining 250  
20 were subject to agreements of the non-exclusive type just described. Special App. 80–82.

21 The parties each moved for summary judgment. DRK prevailed with respect to  
22 images subject to its exclusive representation agreements, and Wiley does not appeal  
23 that judgment here. *DRK Photo*, 998 F. Supp. 2d at 286–88. But, as to the images for  
24 which DRK was a non-exclusive agent, the District Court granted summary judgment  
25 to Wiley and dismissed DRK’s infringement claims. It reasoned, first, that because the

1 Representation Agreements did not render DRK the sole and exclusive agent of the  
2 photographers, section 501 of the Act did not permit DRK to prosecute the claim. *Id.* at  
3 275–84. Second, the court found that the Assignment Agreements, too, fell short of  
4 providing DRK an adequate basis to sue Wiley because they conveyed nothing more  
5 than the right to sue for infringement. *Id.* at 280. Pointing to the statutory origins of  
6 copyright and our Court’s decision in *Eden Toys, Inc. v. Florelee Undergarment Co.*, the  
7 District Court explained that the photographers could not “authorize[] DRK [merely] to  
8 bring suit on their behalf.” *Id.* (citing *Eden Toys, Inc. v. Florelee Undergarment Co.*, 697  
9 F.2d 27, 32 n.3 (2d Cir. 1982), *superseded by rule on other grounds as recognized in Fed. Treas.*  
10 *Enterp. Sojuzplodoimport v. SPI Spirits Ltd.*, 726 F.3d 62, 84 (2d Cir. 2013)). Pointing also to  
11 a line of Ninth Circuit cases beginning with its decision en banc in *Silvers v. Sony*  
12 *Pictures Entertainment, Inc.*, 402 F.3d 881 (9th Cir. 2005), the court ruled that “disguised  
13 assignments of the bare right to sue . . . cannot confer [statutory] standing.” *DRK Photo*,  
14 998 F. Supp. 2d at 284 (internal quotation marks omitted).

15 DRK timely appealed the court’s grant of summary judgment to Wiley on these  
16 claims. On appeal, DRK urges us to conclude that, even with respect to its non-exclusive  
17 agency relationships, its Representation and Assignment Agreements sufficed to  
18 support its suit against Wiley under the Act and that it is therefore entitled to recover  
19 statutory damages for Wiley’s allegedly infringing uses.

## 20 DISCUSSION

21 We review *de novo* a district court’s grant of summary judgment, resolving all  
22 factual ambiguities and drawing all reasonable factual inferences in favor of the  
23 nonmoving party. *Davis v. Blige*, 505 F.3d 90, 97 (2d Cir. 2007).

24 DRK offers two theories in support of its position that the Act authorizes it to sue  
25 Wiley for copyright infringement. First, pointing to the Assignment Agreements’

1 transfer to it of the photographers' rights to sue for infringement, DRK contends that it  
2 may bring any action for infringement that the photographers might have pursued.  
3 Second, it argues that even if the Copyright Act does not permit suit by an assignee that  
4 is not and has never been a legal or beneficial owner of the copyrighted work, the  
5 Assignment and Representation Agreements make it sufficiently such an owner to  
6 allow it, under the Act, to institute suit.

7 **I. If it is merely an assignee of the right to sue for infringement, can DRK**  
8 **prosecute a copyright infringement action?**

9 DRK first argues that it is entitled to sue Wiley for infringement of the  
10 photographs under the Right-to-Sue Clause of the Assignment Agreements. As we have  
11 noted, that clause states that the photographers "fully transfer[] [to DRK] all right, title  
12 and interest in any accrued or later accrued claims, causes of action, choses in  
13 action . . . or lawsuits, brought to enforce copyrights in the Images." J.A. 411. Wiley  
14 accepts that DRK and the photographers may have intended in this clause to convey to  
15 DRK the right to sue for infringement. It nevertheless contends that a purported  
16 assignment of that right, standing alone, is inadequate to allow DRK to assert a claim  
17 under section 501(b) of the Act.

18 Section 501(b) provides in part that "[t]he legal or beneficial owner of an  
19 exclusive right under a copyright is entitled . . . to institute an action for any  
20 infringement of that particular right committed while he or she is the owner of it." 17  
21 U.S.C. § 501(b). None dispute that the "exclusive right[s] under a copyright" to which  
22 section 501(b) refers are those six "[e]xclusive rights in copyrighted works" enumerated  
23 in section 106 of the Act: the right to reproduce the work, prepare derivative works,



1 distribute the work to the public, perform the work, display the work, and perform the  
2 work by means of digital transmission. 17 U.S.C. § 106.<sup>3</sup>

3 Wiley contends and DRK disputes that, in our decisions in *Eden Toys* and *ABKCO*  
4 *Music, Inc. v. Harrisongs Music, Ltd.*, 944 F.2d 971 (2d Cir. 1991), we definitively  
5 interpreted section 501(b) to preclude suit under the Act by assignees of the bare right to  
6 sue that have never held exclusive ownership rights. As discussed below, we are not  
7 convinced that these cases compel the conclusion that Wiley claims. We therefore return  
8 to the statutory text to determine whether, as DRK submits, it may sue under section  
9 501(b). We address these arguments in turn.

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<sup>3</sup> In full, section 106, “Exclusive rights in copyrighted works,” provides:

Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

- (1) to reproduce the copyrighted work in copies or phonorecords;
- (2) to prepare derivative works based upon the copyrighted work;
- (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
- (4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly;
- (5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and
- (6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.

17 U.S.C. § 106.

1           **A. *Eden Toys and ABKCO***

2           We first consider whether these decisions compel dismissal of DRK’s  
3 infringement action for want of statutory standing.<sup>4</sup> The District Court agreed with  
4 Wiley that they do. *See DRK Photo*, 998 F. Supp. 2d at 280. We think, on balance, that  
5 neither is dispositive.

6           *First*, our decision in *Eden Toys* is fairly susceptible to more than one reading on  
7 this score. In *Eden Toys, Paddington and Company, Limited* (“Paddington”), the owner  
8 of the copyright in the fictional character Paddington Bear, executed a license with Eden  
9 Toys, Inc. (“Eden”) that made Eden (1) an exclusive licensee for some uses of the  
10 primary copyright, and (2) an owner of Eden’s derivative works in the copyright. The  
11 license granted Eden “the right, at its option, . . . to institute appropriate legal action  
12 against [an] infringer [of the primary copyright],” but only in the event that the  
13 copyright owner, Paddington, “elect[ed] to take no legal action.” *Eden Toys*, 697 F.2d at  
14 30 n. 2. Our Court concluded that Eden could state a cause of action for infringement of  
15 its own derivative works and licensed uses, *id.* at 33–37, but not for infringing uses of  
16 the primary Paddington Bear copyright, as to which the licensor Paddington retained  
17 the right to sue, *id.* at 32–33. In a footnote, we stated that the Copyright Act does not  
18 permit “holders of rights under copyrights to choose third parties to bring suits on their  
19 behalf.” *Id.* at 32 n.3. We noted in brief explanation that “while F[ed]. R. Civ. P. 17(a)  
20 ordinarily permits the real party in interest to ratify a suit brought by another party, the  
21 Copyright Law is quite specific in stating that only the ‘owner of an exclusive right

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<sup>4</sup> We recognize that, to ensure that the right to sue is not confused with Article III standing, the Supreme Court has discouraged the use of the term “statutory standing.” *See Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1387 n.4 (2014). We use the phrase “statutory standing” here for historical reasons, to refer to a plaintiff’s right to pursue a cause of action under the Copyright Act. *See, e.g., Buday v. N.Y. Yankees P’ship*, 486 F. App’x 894, 899 (2d Cir. 2012); *Fed. Treasury Enter. Sojuzplodoimport v. SPI Spirits Ltd.*, 726 F.3d 62, 72 (2d Cir. 2013).

1 under a copyright' may bring suit." *Id.* (internal citations omitted) (quoting 17 U.S.C.  
2 § 501(b)). It is on this language that Wiley's stare decisis argument rests.

3         Competing views of the *Eden Toys* footnote have emerged since we decided the  
4 case more than thirty years ago. Some have read the opinion as merely precluding  
5 prosecution of an infringement suit by a copyright holder's agent, and offering nothing  
6 of substance about the legitimacy of suit based on only an outright assignment. *See*  
7 *Silvers*, 402 F.3d at 910 (Bea, J., dissenting); 3 Melville Nimmer & David Nimmer,  
8 *Nimmer on Copyright* § 12.02[C]. Because Eden Toys' license permitted it to sue only  
9 subject to a condition—that is, only when the copyright holder elected to forgo its own  
10 (primary) right to sue—*Eden Toys* can be read to hold that a license *in the form presented*  
11 *there* is insufficient to convey a cause of action for all infringements of the copyright. In  
12 other words, as to infringements of the original copyrighted work, Eden held a mere  
13 secondary right to sue, and under the Copyright Act, that assignment was insufficient  
14 to allow Eden Toys to sue for infringement. *See Eden Toys*, 697 F.2d at 32 n.3. As some  
15 have observed, this reading of the opinion leaves open "[t]he more difficult question . . .  
16 whether the assignee of solely an accrued claim and no other copyright interest has  
17 standing to sue." 3 Nimmer & Nimmer § 12.02[C].

18         On the other hand, some have read *Eden Toys* as precluding infringement actions  
19 like DRK's. *See DRK Photo*, 998 F. Supp. 2d at 280. This reading, too, has been endorsed  
20 by commentators. *See* 6 William Patry, *Patry on Copyright* § 21:5 (citing *Eden Toys* for  
21 proposition that "section 501(b) does not permit the copyright owner to retain the  
22 copyright, but convey the mere right to sue"). And this was the reading adopted by the  
23 Ninth Circuit majority in *Silvers*. In fact, the *Silvers* majority drew partial support for its  
24 decision by characterizing it as maintaining consistency with the law of our Circuit. 402  
25 F.3d at 889–90 ("We think it important to parallel the Second Circuit . . ."). We

1 appreciate the consideration it gave to our prior decision and to the need for a uniform  
2 regime.

3 We need not resolve here which is the better reading of this *Eden Toys* footnote,  
4 however, because, as we explain below, we simply read the text of the Copyright Act to  
5 preclude infringement suits by assignees of merely the right to sue who do not hold and  
6 have not yet held any of the listed exclusive rights. *Eden Toys* at least supports our  
7 decision, and no reading of *Eden Toys* prevents us now from adopting that view.

8 *Second*, our decision in *ABKCO* does not directly address whether the Copyright  
9 Act permits suit by a mere assignee of the right to sue. In *ABKCO*, we evaluated the  
10 basis for *ABKCO*'s 1980 settlement with George Harrison for his allegedly infringing  
11 use of the song "He's So Fine." *See ABKCO*, 944 F.2d at 980–81. *ABKCO* acquired  
12 exclusive rights in the song in 1978, when it purchased the copyright together with "any  
13 and all rights assertable under copyright against the Infringing Composition . . . which  
14 may have heretofore arisen or which may hereafter arise." *Id.* at 980. That acquisition  
15 occurred eight years after the claims accrued in 1970 and four years after the district  
16 court had found liability on the claims at issue. *See id.* at 975.

17 We decided that *ABKCO*'s rights in the 1980 settlement were based on the  
18 owner's transfer to *ABKCO* of accrued claims for infringement, and not simply on  
19 *ABKCO*'s concurrent ownership of exclusive rights under the copyright in "He's So  
20 Fine." *Id.* at 981. We explained, "[A] copyright owner can assign its copyright but, if the  
21 accrued causes of action are not expressly included in the assignment, the assignee will  
22 not be able to prosecute them." *Id.* at 980. We further noted that "the Copyright Act does  
23 not permit copyright holders to choose third parties to bring suits on their behalf." *Id.* In  
24 the event that accrued claims are not expressly included in the assignment, "the  
25 assignor retains the right to bring actions accruing during its ownership of the right,

1 even if the actions are brought subsequent to the assignment." *Id.* *ABKCO*, we  
2 concluded, was entitled to participate in the 1980 settlement because it had obtained the  
3 right to sue for past infringement. *Id.* at 981.

4 We acknowledge that some of the language in *ABKCO* seems in tension with the  
5 text of section 501(b). But that language must be understood in the context of the  
6 complex factual and procedural history of that case. In *ABKCO*, we treated ownership  
7 of accrued claims for infringement as assets separate from ownership of an exclusive  
8 right, in the sense that assignment of the latter did not necessarily imply assignment of  
9 the former. Because *ABKCO* possessed both the exclusive right allegedly infringed and  
10 the accrued claim for infringement (as to which liability had already been adjudicated),  
11 that decision did not necessarily resolve the question whether one assigned merely the  
12 right to sue for infringement and who has never held any of the exclusive rights listed  
13 in section 106 has statutory standing to sue.

14 In light of the ambiguity of these decisions on this question, we return to the text  
15 of the Copyright Act to determine afresh whether it allows such plaintiffs to pursue  
16 infringement suits.

17 **B. Whether the Copyright Act permits suit by mere assignees of the bare right**  
18 **to sue**

19 Our analysis begins with the statutory language. See *In re Ames Dep't Stores, Inc.*,  
20 582 F.3d 422, 427 (2d Cir. 2009) ("Statutory interpretation always begins with the plain  
21 language of the statute . . . ." (internal quotation marks omitted)). Section 501(b)  
22 provides:

23 The legal or beneficial owner of an exclusive right under a copyright is  
24 entitled, subject to the requirements of section 411, to institute an action  
25 for any infringement of that particular right committed while he or she  
26 is the owner of it. The court may require such owner to serve written  
27 notice of the action with a copy of the complaint upon any person shown,

1 by the records of the Copyright Office or otherwise, to have or claim an  
2 interest in the copyright, and shall require that such notice be served  
3 upon any person whose interest is likely to be affected by a decision in  
4 the case. The court may require the joinder, and shall permit the  
5 intervention, of any person having or claiming an interest in the  
6 copyright.

7 17 U.S.C. § 501(b).

8 The most natural reading of this provision, it seems to us, is that by identifying  
9 who may bring suit under the Act, Congress signaled that others may not. As the  
10 District Court correctly observed, “This right [in copyright] . . . does not exist at  
11 common law [in the United States]—it originated, if at all, under the acts of [C]ongress.”  
12 *DRK Photo*, 998 F. Supp. 2d at 276 (quoting *Wheaton v. Peters*, 33 U.S. 591, 663–64 (1834)).  
13 A suit for infringement is thus a “creature of statute.” *Silvers*, 402 F.3d at 883–84. This  
14 being so, Congress may determine—and limit, if it so chooses—who may enforce the  
15 rights it has created.

16 Further, the interpretive canon of *expressio unius est exclusio alterius* instructs that  
17 Congress’s expression of one or several items in an enumerated list typically reflects an  
18 intent to “exclude[] another left unmentioned.” *N.L.R.B. v. SW Gen., Inc.*, 137 S. Ct. 929,  
19 940 (2017) (internal quotation marks omitted). In the Copyright Act, Congress expressly  
20 provided a cause of action for infringement only for “legal or beneficial owner[s]” of  
21 one of the six enumerated “exclusive right[s] under a copyright.” 17 U.S.C. § 501(b). The  
22 right to sue is conspicuously absent from the list of exclusive rights. *See* 17 U.S.C. § 106.  
23 The plain language of the Act does not authorize infringement actions by mere  
24 assignees of the bare right to sue – entities that do not hold and indeed never held any  
25 section 106 exclusive right in the allegedly infringed-upon work.

26 The special features of copyright make the application of the *expressio unius*  
27 canon especially appropriate. In enacting and amending the Copyright Act, Congress

1 legislates regarding a property interest that carries special and deep-rooted public  
2 policy concerns. *See Eldred v. Ashcroft*, 537 U.S. 186, 219 (2003) (noting that “copyright’s  
3 purpose is to promote the creation and publication of free expression” (emphasis  
4 omitted)); *see also* U.S. Const. art. I, § 8, cl. 8 (establishing congressional power “[t]o  
5 promote the Progress of Science and useful Arts, by securing for limited Times to  
6 Authors and Inventors the exclusive Right to their respective Writings and  
7 Discoveries”). The copyright regime that Congress had adopted and over time amended  
8 reflects a legislative balancing of rights and duties with unique features. *See Eldred*, 537  
9 U.S. at 219. For example, an action for infringement is not simply one for a readily  
10 ascertainable debt for a sum certain: copyright infringement claims are multifaceted and  
11 complex. We are reluctant to risk disturbing the balance that Congress settled on by  
12 reading into the Act features that Congress has not expressly adopted.

13         Our reluctance in this respect takes on particular importance in section 501(b),  
14 where Congress appears to have taken care to craft limits on the right to sue. For  
15 example, section 501(b) prevents even holders of one of the six exclusive section 106  
16 rights from suing unless the alleged infringement occurred “while he or she [was] the  
17 owner of it.” 17 U.S.C. § 501(b). We read this “durational limitation,” as did the *Silvers*  
18 majority, as reflecting an effort to “carefully circumscribe[.]” the right to sue for  
19 infringement, marking an additional reason not to inject an additional untethered right  
20 to sue into the congressional silence. *Silvers*, 402 F.3d at 885; *see also DRK Photo v.*  
21 *McGraw-Hill Glob. Educ. Holdings, LLC* (“*McGraw-Hill*”), 870 F.3d 978, 988 (9th Cir.  
22 2017)).<sup>5</sup>

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<sup>5</sup> Following oral argument in this appeal, the Ninth Circuit decided that DRK lacked standing in a similar case, in which DRK sued McGraw-Hill, another publisher, for infringement. *DRK Photo v. McGraw-Hill Glob. Educ. Holdings, LLC*, 870 F.3d at 988. Wiley (here, the plaintiff publisher seeking declaratory judgment against DRK) brought the decision to our attention

1           We also find persuasive the observation that Congress failed entirely in section  
2 501(b) to make any mention of or accommodation for entities that are mere assignees of  
3 the right to sue and whose rights are divorced from all of the exclusive rights. Thus, in  
4 addition to setting out who may sue, section 501(b) contains notice and joinder  
5 provisions intended to ensure in infringement suits that “other owners whose rights  
6 may be affected are notified and given a chance to join the action.” H.R. Rep. No. 94-  
7 1476, at 159 (1976). The statute thus allows courts to “require the joinder . . . of any  
8 person having or claiming an interest in the copyright,” or to require that a plaintiff  
9 alleging infringement “serve written notice of the action with a copy of the complaint  
10 upon any person shown . . . to have or claim an interest in the copyright.” 17 U.S.C.  
11 § 501(b). Notice and joinder, however, are expressly invited only in suits brought by a

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through a Rule 28(j) letter and argued that the Ninth Circuit ruling moots the instant appeal by application of collateral estoppel principles against DRK with regard to DRK’s statutory standing to assert infringement counter-claims against Wiley.

Collateral estoppel may apply when “(1) the issues in both proceedings are identical, (2) the issue in the prior proceeding was actually litigated and actually decided, (3) there was full and fair opportunity to litigate in the prior proceeding, and (4) the issue previously litigated was necessary to support a valid and final judgment on the merits.” *Transaero, Inc. v. La Fuerza Aerea Boliviana*, 162 F.3d 724, 731 (2d Cir. 1998). Courts are not obligated, however, to apply collateral estoppel to bar the affirmative assertion of claims. *See, e.g., Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 331 (1979) (“We have concluded that the preferable approach for dealing with these problems in the federal courts is not to preclude the use of offensive collateral estoppel, but to grant trial courts broad discretion to determine when it should be applied.”); *SEC v. Monarch Funding Corp.*, 192 F.3d 295, 303–04 (2d Cir. 1999) (“When the efficiency rationale for collateral estoppel fails, however, courts have understandably declined to adopt the doctrine.”); *Olegario v. United States*, 629 F.2d 204, 215 (2d Cir. 1980) (declining to apply doctrine because “case raises important issues of national concern”).

Here, exercising our discretion, we decline to apply collateral estoppel against DRK for several reasons. First, this case presents an issue of importance in this Circuit, worthy of independent consideration. Second, the issues have already been fully briefed and argued, so judicial efficiency would not be served by estopping DRK from proceeding. Third, DRK may yet choose to challenge the Ninth Circuit decision through a petition for certiorari: the Ninth Circuit decision, as of this writing, is not yet final.



1 “legal or beneficial owner” of an enumerated copyright right under the Act. *Id.* As  
2 already noted, the right to sue is not one of those enumerated rights. *See id.* § 106.  
3 Silence in this provision, too, provides further evidence of Congress’s anticipation of  
4 suit only by those it named.

5 Finally, we recognize that a central thrust of the 1976 modifications to the  
6 Copyright Act, which enacted section 106, was to abandon the prohibition on  
7 divisibility of copyright that courts had read into the 1909 version of the Act. *See* H.R.  
8 Rep. No. 94-1476, at 61 (noting that section 106 creates a “‘bundle of rights’ that is a  
9 copyright,” which “may be subdivided indefinitely”). The introduction of section 106  
10 suggests to some that Congress has invited, or at least not forbidden, further  
11 unbundling of manifold rights, such as would permit recognition of rights to sue in  
12 mere assignees of the right to sue that hold none of the exclusive rights. *Silvers*, 402 F.3d  
13 at 896–99 (Bea, *J.*, dissenting). But, although the 1976 modification certainly effected an  
14 expansion of actionable rights under the Act and the House report includes a phrase  
15 heralding “indefinite[.]” subdivision, the expansion was accomplished primarily  
16 through the enactment of section 106. That section—as apparent from its text—  
17 identifies only six particular alienable elements. Given the importance of this section in  
18 effectuating Congress’s goal to render copyrights divisible, Congress’s omission from it  
19 of the right to sue for infringement as a separate exclusive right strikes us as especially  
20 significant.

21 **C. Whether background principles of federal common law overcome the plain**  
22 **reading of the Act**

23 DRK argues that our reading of the Act ignores background common law  
24 principles that permit the free assignability of federal claims. It asserts, in particular,  
25 that our holding “is not valid” after *Sprint Communications Co. v. APCC Services, Inc.*, 554  
26 U.S. 269 (2008). Appellant’s Br. at 59. We cannot agree.

1           In *Sprint*, the Supreme Court considered whether an assignee of an injured  
2 party’s claim for monies owed under the Federal Communications Act had  
3 constitutional standing to pursue that claim. 554 U.S. at 271. As part of its reasoning, the  
4 Court undertook an analysis of the history of the assignability of claims, ultimately  
5 finding that “throughout the 19th century, American courts regularly exercised their  
6 powers in favor of the assignee” of a chose in action.<sup>6</sup> *Id.* at 278 (internal quotation  
7 marks omitted). This trend toward assignability, the Court concluded, provided a basis  
8 for conferring standing on the aggregators of claims for purposes of collection. *Id.* at  
9 285. Although the Supreme Court’s decision in *Sprint* focused on constitutional and  
10 prudential standing, the majority opinion hints at the Court’s recognition of a generally  
11 permissive regime for the assignment of federal causes of action, at least for some  
12 categories of statutory claims. *See id.* at 285–86; *see also United States v. Texas*, 507 U.S.  
13 529, 534 (1993) (noting that federal statutes should be “read with a presumption  
14 favoring the retention of long-established and familiar principles”).

15           But whether any trend toward assignability should apply in the copyright  
16 context is a different matter. Even assuming that congressional silence may, in general,  
17 reflect an intention not to preclude suit on assigned claims, we do not think it follows  
18 that such an interpretive principle would govern copyright claims. To the contrary, we  
19 see reason to conclude that the trend towards liberal assignability of claims reflected in  
20 *Sprint* should not reach copyright infringement claims. *See McGraw-Hill*, 870 F.3d at 988  
21 (“*Sprint* does not undercut the reasoning of *Silvers*, which was grounded on the specific

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<sup>6</sup> A chose in action is “an interest in property not immediately reducible to possession.” *Sprint*, 554 U.S. at 275. It includes “a financial interest such as a debt, a legal claim for money, or a contractual right.” *Id.* The Fifth Circuit has construed copyright infringement claims as choses in action. *See Prather v. Neva Paperbacks, Inc.*, 410 F.2d 698, 699–700 (5th Cir. 1969).

1 statutory language and history of the Copyright Act's standing provision for  
2 infringement claims”).

3         Despite what may be modern expansions of the right to sue, assignability of  
4 litigation claims is not universally countenanced. It remains constrained in many  
5 jurisdictions by common law prohibitions on maintenance,<sup>7</sup> champerty,<sup>8</sup> and barratry<sup>9</sup>—  
6 doctrines that developed to ensure the authenticity of lawsuits and the bona fides and  
7 commitment of the parties prosecuting them. *See Sprint*, 554 U.S. at 306 (Roberts, C.J.,  
8 dissenting) (discussing champerty and maintenance); *see also* Anthony J. Sebok, *The*  
9 *Inauthentic Claim*, 64 Vand. L. Rev. 61, 62, 107 (2011) (reporting that only twenty-eight  
10 states “permit maintenance in some form” and that of these, only “sixteen explicitly  
11 permit maintenance for profit”); Susan Lorde Martin, *Syndicated Lawsuits: Illegal*  
12 *Champerty or New Business Opportunity?*, 30 Am. Bus. L.J. 485, 488 (1992) (noting that  
13 “[a]t least ten states have statutes which . . . prohibit barratry” and “[i]n Maine and  
14 Mississippi, champerty is a crime”).

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<sup>7</sup> Blackstone defined maintenance as the “officious intermeddling in a suit that no way belongs to one, by maintaining or assisting either party, with money or otherwise, to prosecute or defend it.” 4 William Blackstone, *Commentaries on the Laws of England*, at \*134–35 (1765) (William Draper Lewis, ed., 1922); *see also Sprint*, 554 U.S. at 306 n.3 (Roberts, C.J., dissenting). At common law, maintenance was considered to be “an offence against public justice, as it keeps alive strife and contention, and perverts the remedial process of the law into an engine of oppression.” *Sprint*, 554 U.S. at 306 n.3 (Roberts, C.J., dissenting) (internal quotation marks omitted).

<sup>8</sup> Champerty is “a species of maintenance . . . being a bargain with a plaintiff or defendant *campum partire*, to divide the land or other matter sued for between them, if they prevail at law; whereupon the champertor is to carry on the party’s suit at his own expense.” 4 Blackstone, *Commentaries*, at \*135; *see also Sprint*, 554 U.S. at 306 n.3 (Roberts, C.J., dissenting).

<sup>9</sup> Barratry is “frequently exciting and stirring up suits and quarrels.” 4 Blackstone, *Commentaries*, at \*154; *see also* Susan Lorde Martin, *Syndicated Lawsuits: Illegal Champerty or New Business Opportunity?*, 30 Am. Bus. L.J. 485 (1992) (discussing state laws concerning barratry).

1 Even in the context of congressionally created causes of action, federal law does  
2 uniformly not permit suit based on a bare assigned claim. Indeed, such suits are not  
3 permitted under patent law, an area by tradition seen as closely related to copyright. *See*  
4 *Impression Prods., Inc. v. Lexmark Int'l, Inc.*, 137 S. Ct. 1523, 1536 (2017) (noting that patent  
5 law and copyright “share a ‘strong similarity . . . and identity of purpose’” (quoting  
6 *Bauer & Cie v. O’Donnell*, 229 U. S. 1, 13 (1913))). In its seminal decision in *Crown Die &*  
7 *Tool Co. v. Nye Tool & Machine Works*, the Supreme Court held that the right to sue for  
8 past patent infringement is not a chose in action that is freely assignable under common  
9 law principles. 261 U.S. 24, 40 (1923). As the *Crown Die* Court explained, “It is the fact  
10 that the patentee has invented or discovered something useful and thus has the  
11 common-law right to make, use and vend it himself which induces the government to  
12 clothe him with the power to exclude every one else from making, using or vending it.”  
13 *Id.* at 36. Accordingly, the right to exclude other patent uses is merely the “chief incident  
14 of” the patent holder’s own common law rights, which flow from the discovery or  
15 invention. *Id.* The “incident of exclusive ownership,” the Court explained, “can not be  
16 enjoyed save with the common-law right.” *Id.* Moreover, the right to sue for patent  
17 infringement is not otherwise transferable as a chose in action at common law, the  
18 Court taught, because “[p]atent property is the creature of statute law and its incidents  
19 are equally so and depend upon the construction to be given to the statutes creating it  
20 and them, in view of the policy of Congress in their enactment.” *Id.* at 40. In absence of  
21 congressional authorization, the monopoly created by the Patent Act—including,  
22 chiefly, the right to exclude others from using it—“cannot be regulated by the rules of  
23 the common law.” *Id.*

24 The Supreme Court has long recognized patent law’s strong and “historic  
25 kinship” with copyright law, a kinship that is reflected in the Constitution. *Sony Corp. of*  
26 *Am. v. Universal City Studios*, 464 U.S. 417, 439 (1984); accord *Impression Prod., Inc.*, 137 S.

1 Ct. at 1536; *Bauer & Cie*, 229 U. S. at 13. Applying the logic of *Crown Die*, we are inclined,  
2 despite the age of that decision, to see the right to sue for copyright infringement still as  
3 an incidental privilege of ownership of a right to a copyrightable work. Absent express  
4 congressional authorization for suit by a transferee of the bare right to sue for  
5 infringement, this “incidental privilege” of copyright ownership strikes us as, similar to  
6 a patent holder’s right, not independently transferable under the current  
7 congressionally enacted copyright regime.

8         Some have argued against applying an analogy to patent law in this context,  
9 correctly observing that the patent law regime differs from copyright law in that the  
10 exclusive rights under a patent are not divisible. *See e.g., Silvers*, 402 F.3d at 904–05 (Bea,  
11 *J.*, dissenting). The Supreme Court in *Crown Die*, however, acknowledged the non-  
12 divisibility of the rights under a patent, 261 U.S. at 37, and we think its holding in that  
13 case did not rest in any fundamental way upon this observation. Instead, its holding  
14 rested on: (1) the Court’s characterization of the right to exclude other patent users  
15 (through suit, if necessary) as incident to—that is, coupled with—the common law  
16 rights flowing from the invention or discovery itself, *id.* at 36, and (2) the absence of any  
17 statutory provision authorizing the transfer of the right to sue for patent infringement  
18 as a chose in action, *id.* at 40.

19         We are also unconvinced by the argument that we must disclaim any analogy to  
20 patent law because in patent law, disclosure is “the *quid pro quo* of the right to exclude,”  
21 whereas in copyright law, disclosure is the “desired objective.” *Silvers*, 402 F.3d at 894  
22 (Berzon, *J.*, dissenting) (internal quotation marks omitted). In our view, that difference  
23 does not suffice to convert the “incidental privilege” that is the right to sue (in the  
24 patent law context) into an independent and fully transferable interest (in the copyright  
25 context). Rather, in each case, disclosure and protection are aimed at accomplishing the  
26 goals set out in the Constitution: “To promote the Progress of Science and useful Arts,

1 by securing for limited Times to Authors and Inventors the exclusive Right to their  
2 respective Writings and Discoveries.” U.S. Const. art. I, § 8, cl. 8. At the least, *Crown Die*  
3 suggests to us that the realm of intellectual property law has special characteristics that  
4 place it outside of any generally permissive regime for the assignment of federal claims.  
5 See *Crown Die*, 261 U.S. at 40 (“[I]t is not safe . . . in dealing with a transfer of rights  
6 under the patent law to follow implicitly the rules governing a transfer of rights in a  
7 chose in action at common law.”).

8 We are persuaded from our reading of the Act, as informed by long-adhered-to  
9 practices in the intellectual property realm, that the Act does not permit a plaintiff  
10 assignee to bring a claim for infringement without also having or having had a legal or  
11 beneficial ownership in some exclusive right under part of the allegedly infringed  
12 copyright.

## 13 **II. Whether DRK is a legal or beneficial owner of an exclusive right**

14 Finally, DRK contends that it should be permitted to sue Wiley for infringement  
15 because the Representation Agreements and the Assignment Agreements make it either  
16 a legal owner or a beneficial owner of an exclusive right in copyright in the images. We  
17 conclude that neither argument carries the day.

### 18 **A. Legal ownership**

19 Legal ownership of the exclusive rights under a copyright initially vests in the  
20 author of the copyrighted work. 17 U.S.C. § 201(a). The author may transfer all or a  
21 subset of these rights “by any means of conveyance or by operation of law.” *Id.*  
22 § 201(d)(1).<sup>10</sup> After transfer, the new owner of a particular exclusive right is “entitled, to

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<sup>10</sup> Section 201(d) of title 17 provides:

1 the extent of that right, to all of the protection and remedies accorded to the copyright  
2 owner.” *Id.* § 201(d)(2).

3 Owners of exclusive rights may grant essentially two types of licenses, exclusive  
4 and non-exclusive, authorizing others to use their rights. *Blige*, 505 F.3d at 99–100. The  
5 type of license conferred has important implications for the scope of the licensee’s  
6 privileges under the Copyright Act. An exclusive licensee holds “the exclusive right—  
7 superior even to copyright owners’ rights—to use the copyrighted work in a manner as  
8 specified by the license agreement,” and may exclude others entirely from using the  
9 copyrighted work. *Id.* at 99. Although an exclusive licensee “is capable of breaching the  
10 contractual obligations imposed on it by the license,” it “cannot be liable for infringing  
11 the copyright rights conveyed to it.” *U. S. Naval Inst. v. Charter Commc’ns, Inc.*, 936 F.2d  
12 692, 695 (2d Cir. 1991). In contrast, a non-exclusive license merely permits the licensee  
13 “to use the copyrighted material.” *Blige*, 505 F.3d at 99. Such licenses “may be granted to  
14 multiple licensees,” *id.*, and serve only to “immunize[] the licensee from a charge of  
15 copyright infringement, provided that the licensee uses the copyright as agreed with the  
16 licensor,” *id.* at 100. Accordingly, an exclusive licensee is a “legal owner” of an exclusive

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(1) The ownership of a copyright may be transferred in whole or in part by any means of conveyance or by operation of law, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession.

(2) Any of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by section 106, may be transferred as provided by clause (1) and owned separately. The owner of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the copyright owner by this title.

17 U.S.C. § 201(d).

1 right for purposes of a copyright infringement action under section 501(b), *see id.* at 100  
2 n.10, whereas a non-exclusive licensee is not, *see Eden Toys*, 697 F.2d at 32.

3 DRK argues that, by making it the photographers' licensing agent, the  
4 Representation Agreements convey the exclusive right to authorize reproduction of the  
5 images. *See, e.g.*, J.A. 294. Further, DRK says, the Granting Clause of the Assignment  
6 Agreements unambiguously conveys "all copyrights and complete legal title in the  
7 Images." *See, e.g., id.* at 411. In our view, neither set of agreements gives DRK a  
8 sufficient legal ownership interest to satisfy section 501.

### 9 **1. The Representation Agreements**

10 We can dispense in short order with the Representation Agreements as a  
11 potential source of legal ownership. These agreements merely make DRK one of  
12 potentially many agents of each photographer. They provide only that "[the  
13 photographer] desire[s] that [DRK] act as [the photographer's] agent with respect to the  
14 sale or leasing of the photographs or transparencies." J.A. 294. Nothing in the  
15 agreements purports to establish an exclusive principal-agent relationship with respect  
16 to either photographer or image. In contrast, other DRK agreements, not at issue here,  
17 make DRK the "sole and exclusive agent" of the relevant photographers. *Id.* at 292.  
18 Thus, the Representation Agreements here fail on their face to convey an exclusive right  
19 in copyright to DRK, as section 501 requires. *See McGraw-Hill*, 870 F.3d at 984–85.

### 20 **2. The Assignment Agreements**

21 The import of the Assignment Agreements is not so evident.<sup>11</sup> The Granting  
22 Clause of these agreements purports to convey not just some of the exclusive rights

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<sup>11</sup> The reader will recall that the Assignment Agreements contain a Granting Clause and a Right-to-Sue Clause. The Granting Clause provides:



1 under the copyrights in the images, but “*all* copyrights and *complete* legal title.” J.A. 411  
2 (emphasis added). Thus, the agreements on their face appear designed to convey to  
3 DRK *all* of the exclusive rights under copyright in the images.

4 The District Court heavily discounted this contractual language, concluding that  
5 the actual effect of the agreements was merely to convey the bare right to sue for  
6 infringement. *DRK Photo*, 998 F. Supp. 2d at 280–84. In doing so, it relied on the  
7 Granting Clause’s requirement that DRK reassign the copyright to the photographers  
8 “immediately upon . . . resolution of infringement claims” brought by DRK; it also cited  
9 persuasive and extensive extrinsic evidence in the form of DRK’s contemporaneous  
10 emails with the photographers. *Id.* at 281–82. But DRK convincingly argues that the  
11 court failed to consider adequately whether it was entitled to look beyond the plain  
12 language of the contracts in conducting its analysis.<sup>12</sup> Nevertheless, undertaking that

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The undersigned photographer, the sole owner of the copyrights in the undersigned’s images (“the Images”) selected by DRK Photo (“DRK”) and included in DRK’s collection, hereby grants to DRK all copyrights and complete legal title in the Images. DRK agrees to reassign all copyrights and complete legal title back to the undersigned immediately upon completion of the registration of the Images . . . and resolution of infringement claims brought by DRK relating to the Images.

J.A. 411. The Right-to-Sue Clause provides:

The undersigned agrees and fully transfers [to DRK] all right, title and interest in any accrued or later accrued claims, causes of action, choses in action—which is the personal right to bring a case—or lawsuits, brought to enforce copyrights in the Images . . . .

*Id.*

<sup>12</sup> Wiley complains that DRK failed to argue before the District Court that the parol evidence rule bars consideration of the extrinsic evidence here, and argues that DRK has forfeited the argument. Although we could treat the argument as forfeited, our forfeiture rule is prudential.

1 analysis, we conclude that applicable state law permits consideration of extrinsic  
2 evidence in this case, and that the evidence, coupled with the re-conveyance language  
3 in the Agreements, demonstrates beyond any genuine dispute that DRK lacks legal  
4 ownership of an exclusive right.<sup>13</sup>

5 It is well settled that state law rules of contract construction govern the  
6 interpretation of copyright transfer agreements, notwithstanding the federal statutory  
7 source of the rights at issue. *Graham v. James*, 144 F.3d 229, 237 (2d Cir. 1998).

8 Accordingly, to the extent that state law follows the parol evidence rule, federal courts  
9 should apply that rule in interpreting copyright transfer agreements. We must thus  
10 consider which state’s rules of contract construction apply here.

11 The Assignment Agreements contain no choice of law provision, and it is an  
12 open question whether federal common law or the law of the forum state—here, New  
13 York—supplies the correct choice of law framework in the context of copyright-related  
14 agreements. *See generally Pescatore v. Pan Am. World Airways, Inc.*, 97 F.3d 1, 12 (2d Cir.

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We elect to consider DRK’s contention. *Baker v. Dorfman*, 239 F.3d 415, 420 (2d Cir. 2000)  
(explaining that our Court generally “does not consider an issue not passed upon below,” but  
that we “retain broad discretion to consider issues not raised initially in the District Court”).

<sup>13</sup> The District Court did not consider whether the parol evidence rule would prevent it from  
relying on extrinsic evidence when determining the intent of the parties in executing the  
Assignment Agreements. Rather, the court simply referred to the principle—adopted by many  
other Circuits—that federal courts interpreting copyright transfer agreements should “look not  
just at the labels parties use but also at the substance and effect of the contract.” *DRK Photo*, 998  
F. Supp. 2d at 280 (quoting *Righthaven LLC v. Hoehn*, 716 F.3d 1166, 1169 (9th Cir. 2013)); *see also*  
*HyperQuest, Inc. v. N’Site Solutions, Inc.*, 632 F.3d 377, 383 (7th Cir. 2011) (collecting cases). But  
this principle does not contemplate the use of extrinsic evidence. *See Righthaven*, 716 F.3d at 1171  
(declining to consider extrinsic evidence of the parties’ intent because the agreement “was not  
ambiguous”). Although the District Court’s decision did not address whether the parol  
evidence rule would prevent it from relying on evidence outside the document’s four corners,  
we may affirm on any ground appearing in the record. *See Gmurzynska v. Hutton*, 355 F.3d 206,  
210 (2d Cir. 2004) (per curiam).

1 1996). But we need not settle the issue now. The Restatement (Second) of Conflict of  
2 Laws, to which both New York and federal courts look, declares that courts will apply  
3 the laws of the state that “has the most significant relationship to the transaction and the  
4 parties.” Restatement (Second) of Conflict of Laws § 188 (1971); *see also Pescatore*, 97 F.3d  
5 at 12; *Zurich Ins. Co. v. Shearson Lehman Hutton, Inc.*, 84 N.Y.2d 309, 317–18 (1994).

6 In this case, the state of Arizona has the most significant relationship to the  
7 assignment transaction and the parties. The photographers resided in various locations  
8 around the globe when they executed the agreements, *see, e.g.*, J.A. 411 (United  
9 Kingdom), 415 (New York), but DRK was always located in Arizona, where sole  
10 proprietor Daniel Krasemann does business. DRK executed the agreements in Arizona  
11 and performed its obligations under the Registration Agreements—registering the  
12 images with the Copyright Office and bringing any infringement lawsuits—from its  
13 base of operations there. In contrast, other than transferring copyright ownership to  
14 DRK by signing the document, the photographers had no responsibilities under the  
15 agreements. Moreover, the subject matter of the agreements—photographs contained in  
16 DRK’s collection—was physically located in Arizona, under DRK’s control. No single  
17 jurisdiction has a closer tie to the agreements.<sup>14</sup> Therefore, Arizona law governs.

18 Arizona follows a modified version of the parol evidence rule. *See Taylor v. State*  
19 *Farm Mut. Auto. Ins. Co.*, 175 Ariz. 148, 154 (1993). In its standard formulation, the parol  
20 evidence rule prohibits consideration of extrinsic evidence unless a contract’s written  
21 terms manifest a facial ambiguity. *See, e.g., W.W.W. Assocs., Inc. v. Giancontieri*, 77 N.Y.2d  
22 157, 162–63 (1990) (New York law). Under the Arizona rule, by contrast, a court may  
23 consider extrinsic evidence as a preliminary matter to determine whether the “contract

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<sup>14</sup> Wiley’s location in New York has no bearing on the issue, of course, because Wiley was not a party to the Assignment Agreements.

1 language is reasonably susceptible to the interpretation asserted by its proponent.”  
2 *Taylor*, 175 Ariz. at 154. As we understand it, if, based on extrinsic evidence, the  
3 (Arizona) judge finds the contract ambiguous as a preliminary matter, then “the  
4 evidence is admissible to determine the meaning intended by the parties.” *Id.*

5 Wiley proposes, based on extrinsic evidence, that the Registration Agreements  
6 should be read as transferring title to the copyrights for purposes of registration and  
7 filing suit, but leaving ownership and control of the exclusive rights that accompany  
8 copyright ownership entirely with the photographers. *See Morris v. Bus. Concepts, Inc.*,  
9 259 F.3d 65, 69–71 (2d Cir. 2001) (concluding that the owner of a copyright for  
10 registration purposes may be different than the owner of an exclusive right under  
11 copyright), *abrogated on other grounds by Reed Elsevier, Inc. v. Muchnick*, 559 U.S. 154, 166  
12 (2010). We think the Granting Clauses are reasonably susceptible to Wiley’s  
13 interpretation. Under Arizona law, therefore, we may examine the extrinsic evidence to  
14 determine the parties’ intentions.

15 The record evidence viewed as a whole tends to confirm that the Assignment  
16 Agreements were not actually intended to convey to DRK any of the photographers’  
17 exclusive rights in copyright. For example, DRK explained in its cover email  
18 transmitting the Assignment Agreements to the photographers that the documents’  
19 purpose was for the photographers to “receive the piece [*sic*] of mind of knowing that  
20 many of your images will be registered with the United States Copyright Office,” and  
21 for DRK to “receive the authorization necessary to initiate and settle copyright  
22 infringement claims brought against would be infringers of DRK Photo images.” J.A.  
23 205. Additionally, DRK informed one photographer in a related email exchange that the  
24 agreement would not alter the photographer’s relationship with other stock  
25 photography agencies, *id.* at 217, and told another that “there is no ‘rights grab’ going

1 on here,” *id.* at 224.<sup>15</sup> Indeed, DRK’s proprietor testified in his deposition that he  
2 believed DRK had a “non-exclusive” relationship with the photographers, under which  
3 the latter were entitled to license their images independently of DRK. *Id.* at 260–62.

4 In light of this evidence, we see no genuine dispute that the language of the  
5 Assignment Agreements was intended to, and did, convey only (1) an interest in the  
6 images for registration purposes, and (2) the bare right to sue for infringement. Neither  
7 of these rights is among the exclusive rights set forth in section 106. Accordingly, their  
8 transfer to DRK does not make DRK a legal owner of an exclusive right for purposes of  
9 the private right of action section, section 501(b). The Ninth Circuit recently held the  
10 same when faced with a meaningfully similar agreement. *McGraw-Hill*, 870 F.3d at 987  
11 (“The undisputed evidence shows that for all practical purposes, the nonexclusive  
12 Representation Agreements continued to govern who controlled the exclusive rights  
13 associated with the photographs following execution of the purported copyright  
14 assignments; thus, the substance and effect of the Assignment Agreements was merely a  
15 transfer of the right to sue on accrued claims, which cannot confer standing.”).

16 Because neither the Representation Agreements nor the Assignment Agreements  
17 transfer an exclusive right in copyright to DRK, it does not have a legal ownership  
18 interest sufficient under the statute to assert a cause of action for infringement.

## 19 **B. Beneficial ownership**

20 DRK next contends that, legal ownership aside, the Representation Agreements  
21 and Assignment Agreements make it a beneficial owner of exclusive rights in the

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<sup>15</sup> DRK objects that much of the extrinsic evidence submitted by Wiley relates merely to *some* of the photographers with whom it executed Assignment Agreements—intimating that the scope of the agreements might vary by photographer. We are not persuaded: DRK points to no record evidence suggesting that its intent in obtaining the Assignment Agreements varied from client to client.

1 images. In support, DRK argues that by virtue of the agreements, it has a “legitimate  
2 and important role” to play in protecting the copyrights in the images; a “direct  
3 interest” in how the copyrights are used; and an effective position from which to  
4 “efficiently prosecute” infringement suits. Appellant’s Br. at 48–49. Although we  
5 sympathize with the practical concerns raised by DRK, in our view, these circumstances  
6 do not suffice under the Act to create out of whole cloth and recognize a novel  
7 beneficial ownership interest with the goal of permitting DRK to sue for copyright  
8 infringement on its own behalf or on behalf of the photographers.<sup>16</sup>

9         The statute does not define the phrase “beneficial owner,” and the circumstances  
10 in which a person or entity becomes a beneficial owner with a cause of action for  
11 infringement have not been explored by our Court in much detail. The paradigmatic—  
12 and only—example of an approved “beneficial owner” suit is set forth in the legislative  
13 history of the Copyright Act, which describes the term “beneficial owner” as  
14 “includ[ing], for example, an author who had parted with legal title to the copyright in  
15 exchange for percentage royalties based on sales or license fees.” H.R. Rep. No. 94-1476,  
16 at 159. Our Court has endorsed this example and explained that the beneficial  
17 ownership provision protects a person from having his or her equitable interest in a  
18 copyright “diluted or lessened by a wrongdoer’s infringement,” affording the holder of

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<sup>16</sup> We note that the concern raised by DRK—the need to afford small copyright holders a viable and cost-effective means to secure their interests and protect their words—is well-recognized, and has been explored recently by the Copyright Office, which has proposed various legislative and administrative solutions. The Register of Copyrights, U.S. Copyright Office, *Copyright Small Claims* 3–4 (2013), <https://www.copyright.gov/docs/smallclaims/usco-smallcopyrightclaims.pdf>. A promising solution—a regulated market for copyright claims—has also been touted by some scholars. See, e.g., Shyamkrishna Balganesh, *Copyright Infringement Markets*, 113 Colum. L. Rev. 2277, 2306 (2013). As currently framed, however, the Act as we read it simply does not authorize the remedy proposed by DRK.

1 the equitable interest the right to seek damages under the Act. *Cortner v. Israel*, 732 F.2d  
2 267, 271 (2d Cir. 1984).

3 We have not had occasion to decide whether beneficial ownership may extend  
4 beyond the circumstance of an author transferring exclusive rights in exchange for  
5 royalty payments. Assuming without deciding that it may, we nonetheless conclude  
6 that DRK does not have such a beneficial ownership interest here. Even an expansive  
7 definition of beneficial ownership must have limits. At least one limit is readily supplied  
8 by the Act itself, which recognizes a cause of action only in the “beneficial owner of an  
9 *exclusive right*.” 17 U.S.C. § 501(b) (emphasis added). Accordingly, at most, a person  
10 would become a “beneficial owner” for purposes of section 501(b) upon obtaining an  
11 equitable interest in an *exclusive* right under a copyright. See *Cortner*, 732 F.2d. at 270–71.  
12 It is therefore not enough that a putative beneficial owner obtains a mere interest in a  
13 copyright, even if that interest is valuable. The interest must be one that derives its  
14 value directly from another person’s use of an exclusive right, such that the interest is  
15 necessarily “diluted” by infringement. See *id.* at 271.

16 Here, as discussed above, neither the Representation Agreements nor the  
17 Assignment Agreements convey any exclusive rights. Instead, under those agreements  
18 DRK simply acts as a non-exclusive agent of the photographers in granting licenses to  
19 publishers. Nothing prevents the publishers from obtaining licenses to use the images  
20 from other agents, or, indeed, from the photographers themselves. DRK’s interest is, of  
21 course, ultimately traceable to the photographers’ exclusive rights, insofar as DRK is  
22 permitted to license uses of the images only because the photographers holding the  
23 exclusive rights in their works allow DRK to act as their agent. But DRK is not entitled  
24 to any proceeds from the photographers’ own use of their retained rights or those fees  
25 obtained by other agents. Indeed, DRK is not entitled to *any* proceeds at all unless it is  
26 directly responsible for issuing a license. Because DRK is only one of potentially

1 numerous entities that potentially can generate revenue from use of the images, DRK's  
2 interest in the images does not make DRK a beneficial owner of an exclusive right.  
3 Section 501 therefore does not allow it to sue Wiley based on Wiley's alleged  
4 infringement. *See McGraw-Hill*, 870 F.3d at 988 (concluding under similar circumstances  
5 that to find DRK a beneficial owner would "render portions of section 501(b)  
6 superfluous").

7 In sum, we see equitable merit in allowing stock photography companies like  
8 DRK to aggregate copyright infringement claims otherwise accrued to their clients.  
9 Aggregation could provide a practical means of forestalling and compensating for  
10 repeated small infringements and Congress might reasonably have chosen to permit  
11 such aggregation by assignment. But, as drafted, the Copyright Act does not, in our  
12 reading, permit DRK to assert those claims when it has received nothing more than the  
13 bare right to sue for infringement and has never held an exclusive right under copyright  
14 in the photographs. It is for Congress, not our Court, to say otherwise.

### 15 CONCLUSION

16 We have considered DRK's remaining arguments and find them to be without  
17 merit. We conclude that the District Court correctly held that a bare assignee that does  
18 not hold and has never held any other exclusive rights in copyright, may not bring a  
19 cause of action for copyright infringement. Further, we decide that DRK is not a legal or  
20 beneficial owner of an exclusive right under a copyright in the photographers' images.  
21 We therefore AFFIRM the judgment of the District Court.



BARRINGTON D. PARKER, Circuit Judge, dissenting:

1           John Wiley & Sons, Inc. purchased from photographers for relatively small  
2 amounts of money the right to use their works in various of its publications.

3           Wiley then proceeded to use the photographs in additional instances for which it  
4 had not obtained permission and for which it did not pay the photographers.

5           The crux of this lawsuit is whether the Copyright Act permits this  
6 misappropriation. Stock photography companies like DRK Photo are in the  
7 business of aggregating copyright infringement claims that have accrued to their  
8 clients. Aggregation provides, as the majority acknowledges, a practical means  
9 of affording redress to the photographers and compensating them for repeated  
10 small infringements of their copyrights. The dispositive legal issue in this appeal  
11 is whether the copyright laws forbid the assignment of a bare right to sue on  
12 copyright claims to entities such as DRK. Because I conclude that the law does  
13 not forbid such assignments, I respectfully dissent.

14           The majority and I are in accord that § 501(b) of the 1976 Copyright Act, 17  
15 U.S.C. § 101 *et seq.* (the “1976 Act”), does not directly address whether a  
16 copyright holder may assign the right to sue and that the Act is silent on the  
17 assignability of claims. That section was included in the 1976 Act in the context

1 of a long history grounded in common law and modern federal law permitting  
2 the assignment of claims as an essential component of property ownership. As  
3 discussed below, we know for certain that when Congress crafts laws such as the  
4 1976 Act, silence on a fundamental common-law principle indicates an intention  
5 for that principle to remain in force as part of the statutory scheme, especially  
6 since Congress has broken its silence many times explicitly to prohibit suits on  
7 assigned claims. In my view, the case ends once these principles are  
8 acknowledged and applied.

9 I agree with the majority on other points. We agree that the District Court  
10 erred by concluding that this Court's prior precedent—*Eden Toys, Inc. v. Florelee*  
11 *Undergarment Co.*, 697 F.2d 27 (2d Cir. 1982)—dictates the outcome of this appeal.  
12 We agree that § 501(b) is silent on the question of the assignability of claims and  
13 that our main disagreement is about how to interpret that silence.

14 It is clear that prior to the enactment of the 1976 Act, the bar to suit on  
15 assigned claims erected by the majority did not exist. See *Silvers v. Sony Pictures*,  
16 402 F.3d 881, 896 (9th Cir. 2005) (Bea, J., dissenting). Under the Copyright Act of  
17 1909 (the "1909 Act"), the "proprietor" of a copyright was afforded the right to  
18 sue for copyright infringement. Even though the 1909 Act granted standing

1 solely to the “proprietor” of the entire copyright, courts nevertheless allowed  
2 assignees of an accrued cause of action for copyright infringement to sue for  
3 infringement. *Id.*; see also *Prather v. Neva Paperbacks, Inc.*, 410 F.2d 698, 700 (5th  
4 Cir. 1969) (assignee of accrued cause of action had standing to sue for copyright  
5 infringement). As Judge Bea noted, “[t]he infringement claim, like any other  
6 contingent asset, could be sold, much like the copyright holders’s claim against a  
7 trade debtor or a coupon clipped from the copyright holder’s bond portfolio,”  
8 and all defenses against the assignor were valid against the assignee who stood  
9 in the shoes of the assignor. *Silvers*, 402 F.3d at 897.

10 This conclusion concerning the general assignment of causes of action is  
11 congruent with unusually well-established law. In *Welch v. Mandeville*, 14 U.S. (1  
12 Wheat.) 233 (1816) (Story, J.), for example, the Supreme Court held that “[c]ourts  
13 of law, following . . . the rules of equity, now take notice of assignments of choses  
14 in action, and exert themselves to afford them every support and protection. . . .”  
15 *Id.* at 236. Numerous other cases have applied this principle and treat the right to  
16 bring a cause of action as a right separate from the particular property that gave  
17 rise to the right. See, e.g., *ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 944 F.2d  
18 971, 980 (2d Cir. 1991) (“a copyright owner can assign its copyright but, if the

1 accrued causes of action are not expressly included in the assignment, the  
2 assignee will not be able to prosecute them"); *Bluebird Partners, L.P. v. First*  
3 *Fidelity Bank, N.A. New Jersey*, 85 F.3d 970, 974 (2d Cir. 1996) (federal securities  
4 law claims may be assigned but the assignment must be express, instead of  
5 automatic, upon the sale of the underlying security). And even antitrust claims  
6 have long been held to be assignable, even though the federal antitrust laws,  
7 such as the Sherman Act, do not expressly permit assignment. *See, e.g., D'Ippolito*  
8 *v. Cities Serv. Co.*, 374 F.2d 643, 647 (2d Cir. 1967) ("Antitrust claims have been  
9 held assignable. The most frequent example seems to be the assignment of  
10 claims by members of a non-profit trade association to the association."); *Cordes*  
11 *& Co. Fin. Servs., Inc. v. A.G. Edwards & Sons, Inc.*, 502 F.3d 91, 100, 103 (2d Cir.  
12 2007) (noting that antitrust claims are generally assignable and holding that an  
13 assignment of class representative status in an antitrust action is permissible and  
14 does not constitute champerty). Further, under the Restatement (Second) of  
15 Contracts § 317(2)(b) (1981), contract rights are assignable unless the assignment  
16 is forbidden by statute.

17 This common law principle applies with full force to comprehensive  
18 statutory regulatory schemes fashioned by Congress. In *Sprint Communications*

1 *Co. v. APCC Services, Inc.*, 554 U.S. 269, 285–86 (2008), the Supreme Court held  
2 that the assignee of an injured party’s claim for monies owed to the injured party  
3 under the Federal Communications Act could sue for the injured party’s claims  
4 even though the statute was silent on that question. The Court emphasized that  
5 “history and precedent are clear. . . . Assignees of a claim . . . have long been  
6 permitted to bring suit.” *Sprint*, 554 U.S. at 275; *see also, e.g., Lerman v. Joyce Int’l,*  
7 *Inc.*, 10 F.3d 106, 112 (3d Cir. 1993) (Alito, J.) (RICO claims are assignable, and,  
8 because the civil RICO statute was modeled after Section 4 of the Clayton Act, 15  
9 U.S.C. § 15, for which an express assignment is required, an assignment of a  
10 RICO claim must also be express); *Montefiore Medical Ctr. v. Teamsters Local 272,*  
11 *642 F.3d 321, 328-29* (2d Cir. 2011) (an ERISA beneficiary may assign his or her  
12 claim to a healthcare provider even though ERISA § 502(a)(1)(B) (29 U.S.C. §  
13 1132(a)(1)(B)) provides that a civil action may be brought “by a participant or  
14 beneficiary” of an ERISA plan, and even though that provision is generally  
15 “narrowly construed to permit only the enumerated parties to sue directly for  
16 relief”).

17 The 1976 Act effected major changes to the 1909 regime in response to a  
18 wide variety of new techniques for capturing printed matter, sounds, and

1 images. Congress undertook to divide and subdivide copyright uses in light of  
2 the wide variety of new methods of reproduction and distribution. Congress  
3 concluded that achieving this goal required a mechanism whereby previously-  
4 barred owners of exclusive licenses could sue for copyright infringement. To  
5 accomplish this result, Congress enacted § 501 to provide access to the courts for  
6 the owner of one or more rights to “exclusive” use. But, tellingly, Congress did  
7 not mention the right of the owner of the overall copyright to sue. *Silvers*, 402  
8 F.3d at 898 (Bea, J., dissenting). As Judge Bea correctly observed, “. . . nothing in  
9 the 1976 Act eliminated the rights of copyright owners under Section 101 of the  
10 1909 Act to their remedies, nor the right of property owners to enjoy the property  
11 rights granted by the statute including the assignment and enforcement of  
12 accrued causes of action.” *Id.* at 898-99.

13 The majority’s analysis—essentially based on the maxim *expressio unius est*  
14 *exclusio alterius*—proceeds under the assumption that if assignments are not  
15 mentioned in § 106 then they cannot be a part of the exclusive rights listed. But,  
16 this analysis collides head on with the fact that the common law of assignments  
17 is law and, as Judge Bea correctly notes, law trumps canons of statutory  
18 interpretation. As the Supreme Court has held, statutes that invade the common

1 law must be read with a presumption favoring the retention of longstanding  
2 principles of common law “except when a statutory purpose to the contrary is  
3 evident” from the text of the statute. *See, e.g., United States v. Texas*, 507 U.S. 529,  
4 535 (1993) (collecting cases). Specifically, the Supreme Court stated that, “to  
5 abrogate a common law principle, the statute must ‘speak directly’ to the  
6 question addressed by the common law.” *Id.* at 534; *see also, e.g., United States v.*  
7 *Federative Republic of Brazil*, 748 F.3d 86, 95-96 (2d Cir. 2014) (same); *Attorney*  
8 *General of Canada v. R.J. Reynolds Tobacco Holdings, Inc.*, 268 F.3d 103, 127-28 (2d  
9 Cir. 2001) (same). The majority’s analysis inverts this principle. There is no  
10 question that the 1976 Act did not “speak directly” to the common law of  
11 assignment and no intention to repeal that longstanding principle of law is  
12 anywhere “evident.” In light of these conspicuous omissions, *expressio unius*  
13 cannot be enlisted to override otherwise applicable common law.

14 Further, as Judge Bea noted, Congress unquestionably knows how to bar  
15 assignments of claims when that is its intention. *Silvers*, 402 F.3d at 900 (citing  
16 the Federal Anti-Assignment Act of 1862, 41 U.S.C. § 15; the Federal Assignment  
17 of Claims Act of 1940, 31 U.S.C. 3727; and the Employee Retirement Income  
18 Security Act of 1974 (“ERISA”), 29 U.S.C. § 1056). It is hardly surprising to us

1 that nothing in the 1976 Act bars the assignment of the right to sue because a  
2 central purpose of the 1976 modifications was to expand the ability to bring suits  
3 for infringement.

4 Moreover, it is far from clear to us that § 501(b) is even reasonably  
5 susceptible to the majority’s interpretation. Under that section, an owner of a  
6 right under a copyright is “entitled” “to institute an action for any infringement  
7 of that particular right committed while he or she is the owner of it.” 17 U.S.C. §  
8 501(b). The majority concludes that “the most natural reading of this provision  
9 . . . is that by identifying who may bring suit under the Act, Congress signaled  
10 that others may not,” Op. at 14. And, the majority says that application of the  
11 *expressio unius* canon to the list of six “exclusive rights under a copyright” set out  
12 in § 106, which does not include the right to sue, means that Congress did not  
13 intend to permit suits by assignees of the right to sue for infringement.

14 The text does not support this reading. First, § 501(b) provides that owners  
15 of an exclusive right under a copyright are “entitled” to bring an infringement  
16 action. To entitle a party to do something is to grant that party a legal right. But  
17 an “entitlement” does not limit the set of plaintiffs who may sue. Because A is  
18 entitled to sue does not, after all, mean that B is not entitled to sue. More,



1 importantly, as we have seen, to serve as the vehicle for overruling common law,  
2 the relevant provision—§ 501 (b)—must “speak directly” to Congress’s intention to  
3 do so and that intention must be “evident,” *Texas*, 507 U.S. at 535. Section 501  
4 does not address the common law of assignment at all, much less directly, and no  
5 intention on the part of Congress to repeal the common law of permitting the  
6 assignability of claims is “evident.”

7         Second, the majority reads § 501(b)’s language “to institute an action for  
8 any infringement of that particular right committed while he or she is the owner  
9 of it” to limit actions for infringement to owners of the rights when the  
10 infringement was committed. According to the majority, “section 501(b)  
11 prevents even holders of one of the exclusive section 106 rights from suing unless  
12 the alleged infringement occurred ‘while he or she [was] the owner of it.’” *Op.*  
13 at 15 (quoting § 501(b)).

14         This reading cannot be reconciled with our Court’s decision in *ABKCO*,  
15 which held that the owner of rights under a copyright can sell the rights and, at  
16 the same time, sell claims for infringement that had accrued when the (now  
17 former) owner possessed the rights. *ABKCO*, 944 F.2d at 980. The majority’s  
18 reading of § 501(b) would preclude such a transaction, because the subsequent

1 owner would then be permitted to sue for infringement that occurred when he or  
2 she was *not* the owner of the copyright. But, where the majority extracts a  
3 charter for such a carve-out is elusive. The text does not reveal, and the majority  
4 does not proffer, any explanation for why a *former* copyright owner who  
5 transferred ownership but not claims is entitled under § 501(b) to institute an  
6 infringement suit. And, neither the text, nor the majority, explain why the  
7 *subsequent* owner, if he or she is transferred the accrued claim even with  
8 ownership rights, may institute an infringement action for infringement that was  
9 committed *before* he or she became the owner of the rights.

10 The majority contends that § 106 defines a closed set of the exclusive rights  
11 under a copyright such that the list’s silence on whether the right to sue for  
12 copyright infringement is a separate right under a copyright means it meant to  
13 eliminate such a right. As the majority acknowledges, the legislative history of §  
14 106 was intended to create a “bundle of rights” that “may be subdivided  
15 indefinitely.” *See Op.* at 17 (quoting H.R. Rep. No. 94-1476, at 61). But, the  
16 Congressional Report on § 106 goes on to state that, when subject to a whole or  
17 partial transfer under § 201, “each subdivision of an exclusive right may be  
18 owned and enforced separately.” H.R. Rep. No. 94-1476, at 61. The separate

1 enforcement of subdivided rights, such as when a former owner decouples an  
2 accrued infringement actions from a sale of copyright rights, is a strong  
3 indication that a rights holder can assign enforcement rights to others.

4 The majority goes on to distinguish copyright from numerous other federal  
5 rights for which assignability is permitted, essentially by asserting that copyright  
6 is different. *See Op.* at 18 (“[W]hether any trend toward assignability should  
7 apply in the copyright context is a different matter. Even assuming that  
8 congressional silence may, in general, reflect an intention not to preclude suit on  
9 assigned claims, we do not think it follows that such an interpretive principle  
10 would govern copyright claims.”).

11 We all readily accept the proposition that a copyright may be “different.”  
12 However, the majority never explains what those differences are and, more  
13 importantly, how whatever differences may exist require the excision of the  
14 assignment of claims from Congress’s copyright scheme. Instead of identifying  
15 any specific characteristic of copyright that would make the assignment of  
16 copyright claims problematic, the majority generally claims that “the realm of  
17 intellectual property law has special characteristics that place it outside of any  
18 generally permissive regime for the assignment of federal claims.” *Op.* at 22. But

1 this “generally permissive regime” cannot be dismissed offhandedly because, as  
2 we have seen, it is law—common law—and this Court is obligated to follow that  
3 law when, as here, the statute does not “speak directly” to the issue of  
4 assignability.

5 The majority’s main support for its contention that the common law right  
6 to assignability of claims does not extend to copyright law is the Supreme  
7 Court’s decision in *Crown Die & Tool Co. v. Nye Tool & Machine Works*, 261 U.S. 24,  
8 40 (1923), which was not even a copyright case. This difference is important  
9 because while patent and copyright law are related, the Supreme Court has  
10 emphasized that caution must be exercised in applying doctrine formulated in  
11 one area to the other because major differences exist. *Sony Corp. of America v.*  
12 *Universal City Studios, Inc.*, 464 U.S. 417, 439 n.19 (1984); *see also Mazer v. Stein*, 347  
13 U.S. 201, 217 (1954) (declining to apply patent law to copyright law due to  
14 differences in the two bodies of law, as, for example, “[u]nlike a patent, a  
15 copyright gives no exclusive right to the art disclosed; protection is given only to  
16 the expression of the idea—not the idea itself”).

17 Suffice it to say, the world of intellectual property has turned over many  
18 times since *Crown Die* was written nearly a hundred years ago by Chief Justice

1 Taft. There, the Supreme Court held that an accrued cause of action for patent  
2 infringement was not assignable under the 1874 Patent Act. Chief Justice Taft  
3 reasoned that the common law doctrine of assignment of a cause of action does  
4 not apply to patent law because patent law is a creation of Congress and “no  
5 rights can be acquired in it unless authorized by statute, and in the manner the  
6 statute prescribes.” *Crown Die*, 261 U.S. at 40 (quoting *Gayler v. Wilder*, 51 U.S.  
7 477, 494 (1850) (referring to patent rights)). He further reasoned that there was  
8 no legislative intent to permit splitting a patent claim from the underlying right  
9 because to do so would result in an aftermarket in patent claims because there  
10 was no indication that Congress intended to permit patent holders to create  
11 “several monopolies to be made out of one” because such subdivision would  
12 facilitate fraud against users of the patented device. *Id.* at 38.

13 In my view, *Crown Die* has little relevance to this appeal for a number of  
14 reasons. *See Silvers*, 402 F.3d at 903–05. First, it cannot be seriously disputed that  
15 Chief Justice Taft’s view, formed from the single example of patent law, that in  
16 the absence of express Congressional authorization, pre-existing common law  
17 does not carry over into comprehensive statutory regulatory schemes is both  
18 directly contrary to modern Supreme Court doctrine that recognizes the vitality

1 of the common law in modern statutory schemes and is in significant tension  
2 with prior Supreme Court precedent governing the assignability of claims, *see*  
3 *Welch*, 14 U.S. (1 Wheat.) at 236.

4 *Sprint Communications* addressed this precise point and came out the other  
5 way, enabling claims under the Federal Communications Act to be assigned in  
6 the absence of express statutory authorization. *Sprint*, 554 U.S. at 285-86. And, as  
7 discussed above, *see supra*, 4-5, common law rights remain in force unless  
8 Congress speaks directly to the question addressed by the common law.

9 Second, as Judge Bea noted, *Crown Die* painstakingly explained why  
10 Congress would have disfavored claim assignments in the 1874 given the  
11 prevailing views of the functioning of the intellectual property marketplace. *See*  
12 *Silvers*, 402 F.3d at 904–05 (explaining that the 1874 Congress that passed the  
13 Patent Law, in contrast to the 1976 Congress that passed the Copyright Act,  
14 feared “several monopolies to be made out of one, and divided among different  
15 persons within the same limits”). Judge Bea also noted that concerns about the  
16 possibilities of fraud resulting from multiple assignments do not arise in the  
17 copyright context. The threat of such suits is addressed in both the 1909 and the

1 1976 Acts by the fact that suits for infringement are not permitted unless the  
2 registration provisions of the Acts had been complied with.

3 Third, the concern expressed in *Crown Die*—that assignments would  
4 generate a multiplicity of suits because of the existence of several owners of  
5 copyright uses—has been expressly overcome by allowing suit by the owner of  
6 “an” exclusive § 501(b) right to bring suit. Rather than supply any especially  
7 useful analogies to modern copyright law, *Crown Die*, in my view, highlights the  
8 many fundamental differences that exist between copyright and nineteenth  
9 century patent law—differences that make comparisons entirely problematic.

10 In sum, the key inquiry is not whether copyright and patent share a legal  
11 kinship, for of course they do, but whether their similarities extend to the matter  
12 germane here—whether the assignment of claims impacts both in the same way,  
13 a question the majority does not address. This omission is telling because the  
14 assignment of patent claims raises significant issues that do not arise when  
15 copyright claims are assigned. As a leading commentator has noted, “The fact  
16 that patent cases almost invariably entail judicial determination of validity  
17 argues for the presence in court of the patent owner in a way that copyright does  
18 not.” 3 Paul Goldstein, *Goldstein on Copyright* § 15.5, at 15:42.2; see also *id.* (noting

1 that the *Silvers* decision “rests on a reading of the 1976 Act’s standing  
2 provision—that in giving standing to copyright owners to institute actions for  
3 infringement, section 501(b) intended to exclude those to whom the owners may  
4 have chosen, for good reason or ill, to assign their cause of action—that is  
5 supported neither by the noncommittal legislative history, nor by the cited policy  
6 to protect good faith transferees”). The majority acknowledges that there is  
7 “equitable merit in allowing stock photography companies like DRK to aggregate  
8 copyright infringement claims otherwise accrued to their clients. Aggregation  
9 could provide a practical means of forestalling and compensating for repeated  
10 small infringements and Congress might reasonably have chosen to permit such  
11 aggregation by assignment. But, as drafted, the Copyright Act does not, in our  
12 reading, permit DRK to assert those claims. . . .” Op. at 32.

13 Tellingly, the Supreme Court reached the opposite conclusion in *Sprint*  
14 even though the statute contained no express authorization of assignability.  
15 Payphone operators could assign their claims “[b]ecause litigation is expensive,  
16 because the evidentiary demands of a single suit are often great, and because the  
17 resulting monetary recovery is often small,” *Sprint*, 554 U.S. at 271. In light of  
18 these substantial benefits that even the majority acknowledges, it is puzzling that



1 it offers not one reason why the 1976 Congress would have disfavored  
2 assignment of claims. As Goldstein observed, “under what appears to be the  
3 majority view—and in any event the better view—an assignee who holds an  
4 accrued claim for copyright infringement, but has neither a legal nor beneficial  
5 interest in the copyright itself, may institute an action for infringement.” *Id.* at  
6 15:42-15:42.1.

7 Because I conclude that nothing in the Copyright Act precludes DRK from  
8 prosecuting claims on its non-exclusive licenses as an assignee of a bare right to  
9 sue, I would reverse on this ground alone and would not reach the question of  
10 whether DRK had beneficial ownership of a copyright interest.

11 Nor would I reach the question of the applicability of Arizona law to the  
12 Assignment Agreements. The majority, after an extended discussion, concludes  
13 that under Arizona law, DRK does not have a legal ownership interest sufficient  
14 to assert a cause of action for infringement. *Op.* at 29-30. I do not believe that the  
15 record permits us to resolve this issue with any confidence. The Agreements  
16 have no choice of law provisions and the issues of what law applies and what its  
17 relevant provisions are were never briefed. The majority’s conclusions about the  
18 factual circumstances surrounding the execution of the Agreements, while

1 plausible, are purely conjectural because there is nothing in the record to support  
2 them. Even if Arizona law does apply, I believe it is highly doubtful that the  
3 extrinsic evidence the majority relies on would be admissible. *Taylor v. State*  
4 *Farm Mutual Auto Insurance Co.*, 854 P.2d 1134 (Ariz. 1993), which appears to be  
5 the leading case, is decisive. It stands for the proposition that extrinsic evidence  
6 may not be used to “contradict or vary the meaning of the agreement.” *Id.* at  
7 1141. Other Arizona Supreme Court cases indicate that ambiguity in the  
8 language of a contract is required to admit extrinsic evidence. *See Johnson v.*  
9 *Earnhardt’s Gilbert Dodge, Inc.*, 132 P.3d 825, 828 (Ariz. 2006) (“Under Arizona’s  
10 parol evidence rule, where an ambiguity exists on the face of a document or the  
11 language admits of differing interpretations, parol evidence is admissible to  
12 clarify and explain the document.” (internal alterations and quotation marks  
13 omitted)); *In re Marriage of Zale*, 972 P.2d 230, 232 (Ariz. 1999) (“[A]mbiguity is  
14 the prerequisite to the admission of extrinsic or parol evidence.”); *Abrams v.*  
15 *Horizon Corp.*, 669 P.2d 51, 57 (Ariz. 1983) (“Where the contract is ambiguous, it is  
16 appropriate to look to parol evidence to resolve the ambiguity.”).

17 Here, the critical provision of the Assignment Agreements states that  
18 “[t]he undersigned photographer . . . hereby grants to DRK all copyrights and

1 complete legal title in the Images.” J.A. 411. By any reasonable calculus this  
2 statement is unambiguous. Wiley is using extrinsic evidence to extract another  
3 meaning from this provision by urging us to conclude that the photographers  
4 granted DRK something other than complete legal title. This approach is barred  
5 under Arizona law.

6 For these reasons, I respectfully dissent.

7