

1
2 UNITED STATES COURT OF APPEALS
3 FOR THE SECOND CIRCUIT
4

5 August Term, 2013

6
7 (Argued: October 31, 2013 Decided: April 4, 2014)

8
9 Docket Nos. 12-4874-cv(L), 12-5069-cv(XAP)

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13 LOUIS PSIHOYOS,

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15 Plaintiff-Appellee-Cross-Appellant,

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17 v.

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19 JOHN WILEY & SONS, INC.,

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21 Defendant-Appellant-Cross-Appellee.
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25 Before: WALKER, CABRANES, and LOHIER, Circuit Judges.
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27 Photographer Louis Psihoyos sued publisher John Wiley & Sons, Inc.
28 (“Wiley”) for copyright infringement based on Wiley’s publication of
29 textbooks containing Psihoyos’s photographs. The United States District
30 Court for the Southern District of New York (Rakoff, L) determined that the
31 applicable three-year statute of limitations barred none of Psihoyos’s
32 infringement claims because Psihoyos, exercising reasonable diligence, did
33 not discover the infringements until fewer than three years prior to bringing
34 suit. The District Court nonetheless granted Wiley’s motion for summary
35 judgment as to several of the infringement claims on the ground that
36 Psihoyos had failed to register the relevant photographs with the Copyright

1 Office prior to instituting suit as required by 17 U.S.C. § 411(a). After a jury
2 trial in which the jury awarded statutory damages concerning three of the
3 remaining photographs, the District Court (Oetken, L) denied Wiley’s motion
4 for remittitur or, in the alternative, for a new trial. We AFFIRM.

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16 LOHIER, Circuit Judge:

17 Photographer Louis Psihoyos sued publisher John Wiley & Sons, Inc.
18 (“Wiley”) for copyright infringement under the Copyright Act of 1976, 17
19 U.S.C. § 101 et seq., based on Wiley’s publication of textbooks containing
20 eight of Psihoyos’s photographs. Although the United States District Court
21 for the Southern District of New York (Rakoff, L) determined that the
22 applicable three-year statute of limitations barred none of Psihoyos’s
23 infringement claims, it nonetheless granted Wiley’s motion for summary
24 judgment as to several of those claims, citing Psihoyos’s failure to register the
25 relevant works prior to instituting suit as required by 17 U.S.C. § 411(a). After
26 a jury trial in which the jury found willful infringement and awarded

1 statutory damages for three of the remaining four claims, the District Court
2 (Oetken, L) denied Wiley’s motion for remittitur or, in the alternative, for a
3 new trial. We affirm.

4 **BACKGROUND**

5 Psihoyos, a professional photographer, created eight photographs that
6 Wiley published in various textbooks from 2005 to 2009. In November 2010
7 Wiley sought a retroactive licensing arrangement with Psihoyos after
8 discovering that it had published in several textbooks and without a license a
9 pair of Psihoyos’s photographs of a Stanford University professor holding a
10 narcoleptic dog (the “Narcoleptic Dog photos”). After being notified of the
11 unlicensed publication of the photographs, Psihoyos requested full disclosure
12 of any other unauthorized use of Psihoyos’s photographs by Wiley. After
13 examining its records, Wiley responded that it had published without
14 permission one photograph of a Triceratops skeleton (“Triceratops photo”)
15 and one of an Oviraptor skeleton (“Oviraptor photo”),¹ in addition to the two
16 Narcoleptic Dog photos.

¹ Like the better known triceratops, the oviraptor was a non-avian dinosaur often described as “bird-like” in its features. See Gregory S. Paul, *Dinosaurs of the Air: The Evolution and Loss of Flight in Dinosaurs and Birds* 219-20 (2002).

1 In March 2011 Psihoyos filed a complaint alleging that Wiley had
2 infringed his copyright in eight photographs, including the Triceratops and
3 Oviraptor photos, along with two photographs of a narcoleptic dog that,
4 Psihoyos would later realize, were similar to but not the same as the
5 Narcoleptic Dog photos Wiley had admitted to using without authorization.
6 We refer to the four remaining photographs referenced in Psihoyos's
7 complaint as the "Dinamation," "Gastroliths," "Fossilized Dinosaur Tracks,"
8 and "Televisions" photos.

9 During discovery, Psihoyos acknowledged that his initial complaint
10 failed to refer to the copyrights in the two Narcoleptic Dog photos that Wiley
11 had actually infringed and mistakenly referred instead to the copyrights in
12 two other, similar photographs. However, he did not then move for leave to
13 amend the complaint to correct the error.

14 In August 2011, after discovery was complete, Wiley moved for
15 summary judgment on two grounds. First, Wiley argued that the Copyright
16 Act's three-year statute of limitations barred many of Psihoyos's infringement
17 claims, which arose from infringements that occurred over three years prior
18 to suit. See 17 U.S.C. § 507(b). Second, as relevant here, Wiley argued that

1 Psihoyos had failed to register the two Narcoleptic Dog photos and the
2 Dinamation photo with the Copyright Office prior to filing suit. See 17 U.S.C.
3 § 411(a).

4 Two days after Wiley filed its summary judgment brief, Psihoyos
5 finally moved for leave to amend his complaint to allege infringement of the
6 copyright in the correct two Narcoleptic Dog photos. Ten days later,
7 Psihoyos submitted applications for copyright registration of the Narcoleptic
8 Dog photos, as well as the Dinamation photo.

9 The District Court granted Psihoyos’s motion for leave to amend the
10 complaint only for the purpose of correcting “scrivener’s errors,” not for the
11 purpose of specifying the correct Narcoleptic Dog photos or adding
12 information about the newly filed applications for the Narcoleptic Dog photos
13 and the Dinamation photo. In explaining its partial denial of Psihoyos’s
14 motion for leave to amend, the District Court emphasized Psihoyos’s
15 significant delay in requesting leave to amend and in submitting applications
16 for registration of the relevant photographs, as well as the prejudice to Wiley
17 if the motion were granted at such a late stage in the litigation.

1 The District Court then turned to Wiley’s arguments for summary
2 judgment. First, it held that copyright infringement claims accrue upon
3 actual or constructive discovery of infringement and that Psihoyos did not
4 discover the infringements until 2010, well within three years of filing suit.
5 Second, the District Court concluded that Psihoyos’s pending copyright
6 registration applications for the Narcoleptic Dog and Dinamation photos
7 failed to satisfy the Act’s registration requirement under § 411(a).
8 Accordingly, the court granted partial summary judgment in Wiley’s favor as
9 to the infringement claims relating to the Narcoleptic Dog, Televisions and
10 Dinamation photos, leaving four infringement claims for trial.²

11 After trial on Psihoyos’s remaining four claims, the jury found no
12 infringement of the Gastroliths photo, non-willful infringement of the
13 Fossilized Dinosaur Tracks photo, resulting in an award of \$750 in damages,
14 and willful infringement of the Oviraptor and Triceratops photos, resulting in
15 an award of \$30,000 and \$100,000 in damages, respectively. Arguing

² Psihoyos does not challenge on appeal the District Court’s grant of summary judgment as to his claim relating to the Televisions photo. The four remaining claims relate to the Oviraptor, Triceratops, Gastroliths and Fossilized Dinosaur Tracks photos.

1 primarily that the jury’s award was excessive, Wiley moved for remittitur or,
2 in the alternative, a new trial. The District Court denied the motion.

3 Wiley appealed the District Court’s partial denial of summary
4 judgment as well as the denial of its motion for remittitur or a new trial.

5 Psihoyos cross-appealed the District Court’s partial grant of summary
6 judgment in Wiley’s favor in connection with the Narcoleptic Dog and
7 Dinamation photos.

8 DISCUSSION

9 We address first the issues relating to the District Court’s partial denial
10 and partial grant of summary judgment and second Wiley’s appeal relating to
11 damages.

12 1. Summary Judgment

13 We review de novo the District Court’s partial grant and partial denial
14 of summary judgment. Doninger v. Niehoff, 642 F.3d 334, 344 (2d Cir. 2011).
15 Summary judgment is proper only when, construing the evidence in the light
16 most favorable to the non-movant, “there is no genuine dispute as to any
17 material fact and the movant is entitled to judgment as a matter of law.” Fed.
18 R. Civ. P. 56(a).

1 a. Accrual of Copyright Infringement Claims

2 Civil actions for copyright infringement must be “commenced within
3 three years after the claim accrued.” 17 U.S.C. § 507(b). The District Court
4 held that an infringement claim does not “accrue” until the copyright holder
5 discovers, or with due diligence should have discovered, the infringement
6 (the so-called “discovery rule”). There is no dispute that under the discovery
7 rule none of Psihoyos’s claims are time-barred.

8 This Circuit has previously employed a discovery rule for copyright
9 claims under 17 U.S.C. § 507(b). See Merchant v. Levy, 92 F.3d 51, 56 (2d Cir.
10 1996); Stone v. Williams, 970 F.2d 1043, 1048 (2d Cir. 1992). Wiley strives to
11 distinguish the cases in which we have done so on the ground that they
12 involved co-ownership claims. We reject Wiley’s suggestion that we apply
13 different accrual rules for ownership and infringement claims, both of which
14 are governed by 17 U.S.C. § 507(b). In doing so, we join every Circuit to have
15 considered the issue of claim accrual in the context of infringement claims.³

³ See Diversey v. Schmidly, 738 F.3d 1196, 1200-01 (10th Cir. 2013); William A. Graham Co. v. Haughey, 568 F.3d 425, 433-37 (3d Cir. 2009); Warren Freedenfeld Assocs., Inc. v. McTigue, 531 F.3d 38, 44-46 (1st Cir. 2008); Comcast of Illinois v. Multi-Vision Elecs., Inc., 491 F.3d 938, 944 (8th Cir. 2007); Roger Miller Music, Inc. v. Sony/ATV Publ’g, LLC, 477 F.3d 383, 390 (6th Cir. 2007); Polar Bear Prods., Inc. v. Timex Corp., 384 F.3d 700, 705-07

1 In urging us to adopt an “injury rule” instead, Wiley relies on TRW Inc.
2 v. Andrews, 534 U.S. 19 (2001).⁴ In TRW, the Supreme Court held that “the
3 text and structure of [the Fair Credit Reporting Act (“FCRA”)] evince
4 Congress’ intent to preclude judicial implication of a discovery rule” for
5 FCRA claims. Id. at 28. Observing that the FCRA provides that the “statute
6 of limitations runs from ‘the date on which the liability arises,’ subject to a
7 single [statutory] exception,” the Court concluded that the “most natural
8 reading of [the FCRA] is that Congress implicitly excluded a general
9 discovery rule by explicitly including a more limited one.” Id. (quoting 15
10 U.S.C. § 1681p). The Court therefore reversed a decision of the Ninth Circuit,
11 which had employed the discovery rule as a default “unless Congress has
12 expressly legislated otherwise.” Id. at 27 (quoting Andrews v. TRW Inc., 225
13 F.3d 1063, 1067 (9th Cir. 2000)).

14 We agree with our sister Circuits that the text and structure of the
15 Copyright Act, unlike the FCRA, evince Congress’s intent to employ the

(9th Cir. 2004); Gaiman v. McFarlane, 360 F.3d 644, 653 (7th Cir. 2004); Lyons P’ship, L.P. v. Morris Costumes, Inc., 243 F.3d 789, 796 (4th Cir. 2001).

⁴ See Auscape Int’l v. Nat’l Geographic Soc’y, 409 F. Supp. 2d 235, 244 (S.D.N.Y. 2004) (holding that TRW’s reasoning supports application of an injury rule for claim accrual under the Copyright Act).

1 discovery rule, not the injury rule.⁵ Policy considerations also counsel in
2 favor of the discovery rule in this context. See William A. Graham Co. v.
3 Haughey, 568 F.3d 425, 434-37 (3d Cir. 2009) (“[U]se of the discovery rule
4 comports with the text, structure, legislative history and underlying policies
5 of the Copyright Act”). For substantially the reasons articulated by other
6 Circuits that have grappled with this issue after TRW was decided, see supra
7 note 3, we conclude that copyright infringement claims do not accrue until
8 actual or constructive discovery of the relevant infringement and that the
9 Act’s statute of limitations did not bar any of Psihoyos’s infringement claims.

10 b. Copyright Registration Prior to Institution of Suit

11 Under § 411(a) of the Act, “no civil action for infringement of the
12 copyright in any United States work shall be instituted until preregistration or
13 registration of the copyright claim has been made in accordance with” the
14 Act.⁶ 17 U.S.C. § 411(a). The District Court held that Psihoyos’s pending

⁵ It is for these reasons that we conclude that the Supreme Court’s decision in Gabelli v. S.E.C., which held, in the readily distinguishable context of securities law, that “the standard rule is that a claim accrues when the plaintiff has a complete and present cause of action,” 133 S. Ct. 1216, 1220 (2013), does not bar application of the discovery rule where precedent, structure and policy all favor such a rule.

⁶ “Preregistration” is not at issue in this appeal.

1 applications for registration of the Narcoleptic Dog and Dinamation photos
2 failed to satisfy § 411(a)'s registration requirement. On appeal, Psihoyos
3 counters that the mere act of submitting an application to the Copyright
4 Office satisfies § 411(a)'s registration requirement.

5 As both parties acknowledge, the Federal Courts of Appeals are
6 divided over whether a pending application satisfies § 411(a)'s requirement of
7 copyright registration as a precondition to instituting an infringement action.⁷
8 Compare Apple Barrel Prods., Inc. v. Beard, 730 F.2d 384, 386-87 (5th Cir.
9 1984) (Copyright Office's receipt of application suffices), with M.G.B. Homes,
10 Inc. v. Ameron Homes, Inc., 903 F.2d 1486, 1488-89 (11th Cir. 1990) (approving
11 district court's decision to allow suit to proceed only after plaintiff received
12 Copyright Office's response to registration application and amended the
13 complaint), Gaiman v. McFarlane, 360 F.3d 644, 655 (7th Cir. 2004) ("[A]n
14 application to register must be filed, and either granted or refused, before suit
15 can be brought"), and La Resolana Architects, PA v. Clay Realtors Angel Fire,
16 416 F.3d 1195, 1202-05 (10th Cir. 2005) (comparing the Fifth Circuit's

⁷ Under 17 U.S.C. § 411(a), the copyright holder may bring suit even if the Copyright Office determines that the work is not copyrightable, so whatever "registration" means for purposes of § 411(a), it does not require a finding of copyrightability by the Copyright Office.

1 “application approach” with the Eleventh Circuit’s “registration approach”
2 and adopting the latter) abrogated on other grounds by Reed Elsevier, Inc. v.
3 Muchnick, 559 U.S. 154 (2010). We need not resolve the dispute or otherwise
4 embroil ourselves in this circuit split because, even assuming arguendo that a
5 pending application constitutes a “registration” under § 411(a), Psihoyos had
6 not even filed the applications for registration of the relevant works prior to
7 instituting the action claiming infringement of the copyright in these works,
8 as required by the plain terms of the statute. See 17 U.S.C. § 411(a) (“[N]o
9 civil action for infringement of the copyright . . . shall be instituted until
10 preregistration or registration of the copyright claim has been made”).
11 Instead, Psihoyos submitted the applications after discovery had closed and
12 Wiley had filed its summary judgment brief. Accordingly, he failed to satisfy
13 the preconditions to suit under § 411(a).

14 In an effort to clear this hurdle, Psihoyos argues that the District Court
15 should have allowed him to amend his complaint “to assert claims related to”
16 his applications for copyright registration of both the correct Narcoleptic Dog
17 photos and the Dinamation photo once these applications were filed.
18 Appellee’s Br. 65. Psihoyos suggests that he would then have satisfied §

1 411(a)'s requirement of registration prior to the institution of suit regarding
2 those photographs. This argument ignores the wide discretion we accord
3 district courts in choosing to grant or deny leave to amend. As the District
4 Court pointed out, "[a]lthough liberal amendments are allowed in the typical
5 case, this is not a typical case." Joint App'x 859 (citation omitted). The
6 District Court explained its reasoning as follows:

7 Plaintiff and his counsel have been on notice since the outset of this
8 case that plaintiff had to produce registration numbers for the
9 photographs at issue. Not only did the Court so instruct plaintiff at the
10 early in-court hearing . . . , but plaintiff and his counsel were put on
11 notice even earlier when, . . . in another of plaintiff's copyright
12 infringement cases also originally before this Court, the Court ordered
13 plaintiff, on pain of contempt, to produce registration numbers
14 corresponding to the photographs pleaded in that complaint. Thus,
15 even though plaintiff was put on notice of this issue last year, he waited
16 until after the close of all discovery in this case . . . and after defendant
17 had filed its motion for summary judgment . . . to even submit
18 applications to the Copyright Office for his unregistered
19 photographs. . . . Now, necessary (and extensive) new discovery . . .
20 would be required To allow amendment here would prejudice
21 defendant with both significant delay and expense associated with
22 further, belated discovery on these issues.

23
24 Joint App'x 859-61 (citations and quotation marks omitted) (emphases in
25 original). For substantially these reasons, we conclude that the District Court
26 acted within its discretion in partially denying Psihoyos leave to amend his

1 complaint. See Longman v. Wachovia Bank, N.A., 702 F.3d 148, 151-52 (2d
2 Cir. 2012).

3 Accordingly, we affirm the District Court’s grant of summary judgment
4 dismissing Psihoyos’s claims relating to the Narcoleptic Dog and Dinamation
5 photos.

6 2. Statutory Damages

7 We review for abuse of discretion the District Court’s denial of Wiley’s
8 motion for remittitur or a new trial. See In re Methyl Tertiary Butyl Ether
9 (MTBE) Products Liability Litigation, 725 F.3d 65, 112 n.34 (2d Cir. 2013).

10 Where “the copyright owner sustains the burden of proving, and the court
11 finds, that infringement was committed willfully, the court in its discretion
12 may increase the award of statutory damages to a sum of not more than
13 \$150,000.” 17 U.S.C. § 504(c)(2). The jury found that Wiley had willfully
14 infringed Psihoyos’s copyright in the Triceratops and Oviraptor photos and
15 awarded Psihoyos \$100,000 and \$30,000, respectively.⁸

16 Wiley does not contest the jury’s finding of willful infringement and
17 concedes that the jury’s award of statutory damages was not against the

⁸ These are the only damages awards that Wiley challenges on appeal.

1 weight of the evidence under the instructions given to the jury.⁹ Rather,
2 Wiley contends that the District Court erred by failing to consider whether
3 the statutory damages award is reasonably related to the proven amount of
4 plaintiff's actual loss and complains that the jury's award "bears no rational
5 relationship to the plaintiff's actual loss" and is "an epitome of a run-away
6 award." Appellant's Reply Br. 50.

7 We have held that district courts employing their "wide discretion . . .
8 in setting the amount of statutory damages" should consider:

9 (1) the infringer's state of mind; (2) the expenses saved, and profits
10 earned, by the infringer; (3) the revenue lost by the copyright holder; (4)
11 the deterrent effect on the infringer and third parties; (5) the infringer's
12 cooperation in providing evidence concerning the value of the
13 infringing material; and (6) the conduct and attitude of the parties.

14
15 Bryant v. Media Right Prods., Inc., 603 F.3d 135, 143-44 (2d Cir. 2010)

16 (quotation marks omitted). Although revenue lost is one factor to consider,
17 we have not held that there must be a direct correlation between statutory
18 damages and actual damages. To suggest otherwise is to ignore the various
19 other factors a court may consider and the purposes of statutory damages in
20 the willful infringement context.

⁹ Insofar as Wiley also complains about the jury instructions relating to damages, we conclude that Wiley forfeited its objection by not raising it in the District Court.

