

No. 19-873

In The
Supreme Court of the United States

GEOPHYSICAL SERVICE, INCORPORATED,

Petitioner,

v.

TGS-NOPEC GEOPHYSICAL COMPANY,

Respondent.

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

REPLY TO BRIEF IN OPPOSITION

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SUMMARY OF THE REPLY

This petition presents an important split between the circuits about the standards for proving implied copyright license—and does so while also presenting a fact pattern that the Fifth Circuit called “a good example of the puzzle” this Court left in *Kirtsaeng v. John Wiley & Sons, Inc.*, 568 U.S. 519 (2013). App. 103-104.

TGS concedes that it does not, itself, hold any direct copyright license to these works. BIO 27. Rather, TGS contends that the copies it imported into the United States were made abroad under a license held by a third party. The “implied license” issues arise within that framework. They bear on whether these copies made abroad were “lawfully made under this title.” 17 U.S.C. § 109(a).

On implied license, the circuits are unquestionably split over the legal test. After the petition, a new opinion from the First Circuit confirmed the depth and persistence of this split. *Photographic Illustrators Corp. v. Orgill, Inc.*, 953 F.3d 56 (1st Cir. 2020). That court’s survey identified three groups of circuits. It described itself, along with the Fourth Circuit, as “rather demanding” in generally following a traditional three-element test for establishing an implied license. *Id.* at 62 (citing *Nelson-Salabes, Inc. v. Morningside Dev., LLC*, 284 F.3d 505, 516 (4th Cir. 2002)). In a second group, it placed “[a]t least two other circuits” that were even more strict about those same requirements, where those elements “seem to be absolute requirements.” *Id.* at 62 (citing *Muhammad-Ali v. Final Call*,

Inc., 832 F.3d 755, 763 (7th Cir. 2016); *SmithKline Beecham Consumer Healthcare, L.P. v. Watson Pharms., Inc.*, 211 F.3d 21, 25 (2d Cir. 2000)). Opposing those, it placed the Fifth Circuit with the courts of appeals that did not adhere to that same, strict implied-license test. *Id.* (citing *Baisden v. I'm Ready Prods.*, 693 F.3d 491, 500-01 (5th Cir. 2012)). The split exists, and it is persistent.

TGS suggests that a license was created here by what it euphemistically calls a “reservation of rights” by the Canadian board. BIO i, 9, 13, 16, 17, 23, 24, 30-32. But the Canadian board did not have any “right” under copyright law to be “reserved.” It is the copyright owner who holds a bundle of *exclusive* rights. 17 U.S.C. § 106. A third party does not have “rights” to “reserve” unless and until those rights are conveyed by license.

What TGS describes is not a reservation of rights but an assertion of government power. The courts of Canada have, indeed, described these regulations as creating a kind of compulsory license. *Geophysical Service Incorporated v. Encana Corporation, et al.*, 2016 ABQB 230 ¶ 317 (Can.) (“[t]o suggest that [Geophysical] has ‘consented’ to the disclosure of its very valuable seismic data, impliedly or not, does not sit well with me. In my view, Geophysical has been forced to grant, in effect, a compulsory licence . . . ”). ROA.2649-50.¹

¹ TGS tries to brush off this decision in a footnote. BIO 13. But this was a significant case, in which the CNLOPB (the Canadian board from which TGS obtained the copy it imported) was a defendant. ROA.2591. And it described the system as compulsory.

Because this license has no analogue in Title 17, TGS cannot avail itself of the first-sale defense to importing copies in the United States.

And with regard to the burdens of proof, TGS spots the key issue, but misses its meaning. TGS observes that when determining a license's scope, "it would be nonsensical to require *express* authorization in the context of *implied* licenses, because the very nature of an implied license is that it does not *expressly* authorize anything." BIO 33 (emphasis in original). What TGS has spotted is the jurisprudential reality that, where proof is apt to be difficult to acquire—such as an implied license alleged to be formed decades ago, by a different company, to a since-disbanded government agency—how the burdens of proof are allocated is effectively outcome determinative. That is why the Fifth Circuit's demand that a copyright owner come forward with evidence of a specific "objection" made decades ago to avoid forfeiture of its rights by a judicially implied license is so destructive to copyright.

The circuits that instead keep this burden of proving both the existence and scope of license on the defendant, even when that means a defendant cannot prove license, better serve the author-protection goals of copyright. In cases where some outcome might seem inequitable, the safety valve should be asking a defendant to employ one of the copyright doctrines tailored to considering equities, such as fair use or innocent infringement. The approach taken by this court of appeals and others—to simply presume that an implied license is unbounded in scope, unless a

specific future use is “objected to” at the moment that an implied license is allegedly create—undermines certainty for the property rights created by Title 17.

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ARGUMENT

I. This Petition Does, as the Fifth Circuit Noted, Raise the “Puzzle” Left Open by *Kirtsaeng*.

Like *Kirtsaeng v. John Wiley & Sons, Inc.*, 568 U.S. 519 (2013), this copyright dispute focuses on copies made abroad by a foreign entity and then imported into the United States. This case squarely presents the question not resolved by *Kirtsaeng*—how to determine whether the imported copies had been “lawfully made under this title.” App. 103.

A. The license defense is not a barrier to review but is instead integrated into the *Kirtsaeng* inquiry.

The brief in opposition begins with a legally incorrect, but highly instructive, misstatement of the relationship between its “license” theory and the *Kirtsaeng* issues. TGS urges that the courts below “ruled on license defenses as to which *Kirtsaeng* is immaterial—not a first-sale defense as to which it could conceivably be relevant.” BIO 10. TGS goes on to assert that license taken alone “provided an alternative, complete defense to Geophysical’s infringement claims, irrespective of any additional first-sale defense.” BIO 10.

But any mirage of an “alternative, complete” defense of license dissipates a few steps farther into the brief. As TGS later concedes, it does not claim to hold a license to copy or import these works. BIO 27. Rather, TGS’s position is that “[t]he entity that possessed the license is not TGS, but the Canadian government,” BIO 27; *see also* App. 6 n.3 (discussing which specific entity of the Canadian government is alleged to hold the license). There is no license *to TGS* that would authorize its importation of copies into the United States. Implied license is relevant precisely because it bears on the *Kirtsaeng* question of whether copies made abroad were “lawfully made under this title.” 17 U.S.C. § 109(a); App. 103.

TGS can label that step of its argument “license.”² But whatever the label, it is a first-sale defense. Without the first-sale doctrine as interpreted by *Kirtsaeng*, a license held by a non-party foreign entity to make copies of a work would not protect TGS against this claim of copyright infringement by importation into the United States. 17 U.S.C. § 602(a); *Kirstaeng*, 568 U.S. at 525.

² TGS also suggests in passing that the *Kirtsaeng* “issue is academic due to the presence of an express license.” BIO at 11. TGS argued below that a subset of the evidence on which it based its implied-license theory was sufficiently strong to also create an “express” license. App. 25 (district court). The court of appeals did not embrace such a theory, instead basing its decision solely on implied license. App. 2. However the license is characterized, the *Kirtsaeng* puzzle remains.

This issue is squarely presented.³ And the Fifth Circuit was right to identify the fact pattern here as “a good example of the puzzle” left by *Kirtsaeng*. App. 103-104.

B. The undisputed facts, with TGS’s concessions, clear a direct path to the *Kirtsaeng* puzzle.

TGS makes three important concessions that streamline reaching this issue. *See* Sup. Ct. R. 15.2. First, TGS does not dispute that these GSI seismic works deposited with the Canadian government are protected by copyright. BIO 2. The Court can take as given that GSI holds the rights protected by 17 U.S.C. § 106, including the exclusive right to import copies into the United States as part of the distribution right. 17 U.S.C. § 602(a).

Second, TGS concedes that it imported a copy of these works into the United States. BIO 7. The essential elements of GSI’s copyright infringement claim are thus conceded. The only question is whether TGS has a defense.

³ The brief in opposition suggests that the petition is limited only to situations in which a compulsory license is extracted. BIO 11. That is an unfairly blinkered reading. *Cf.* Sup. Ct. R. 14.1(a) (“The statement of any question presented is deemed to comprise every subsidiary question fairly included therein.”). The first sentence refers to “the implied license” found by the court of appeals. The second sentence merely characterizes that license as resulting from compulsion, while asking if it complies with *Kirtsaeng*.

Third, although TGS labels its defense as “license,” it concedes that it does not hold any such license in its own name that might complicate review. BIO 27; Sup. Ct. R. 15.2. As explained above, these license theories are an aspect of, not a barrier to reaching, the first-sale doctrine questions implicated by *Kirtsaeng*.

GSI brings only this single infringement claim. TGS’s concessions about its defenses further streamline this Court’s inquiry. What remains is pure *Kirtsaeng*: a claim of copyright infringement by importation, and a defense alleging that the copy imported from abroad was “lawfully made under this title” because of an alleged license.

C. TGS’s argument about domestic energy law puts a spotlight on the *Kirstaeng* puzzle: what it means for a copy to be lawfully made “under this title.”

The puzzle of *Kirtsaeng* is how to determine if a copy made abroad was “lawfully made under this title.” 17 U.S.C. § 109(a); App. 103; 2-8 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 8.13[B][3][c][v] (2016). This petition offers the perfect tool to unlock that puzzle, because what the court of appeals called an “implied license” was inferred from compulsory features of foreign energy law that have no analogue under Title 17. *See* Pet. 11-12, 19-21.

TGS joins issue on interpreting this provision of the statute. It suggests that the inquiry should be whether the United States government imposes a

similar depository requirement on energy companies.⁴ BIO 14. It finds such a requirement in Title 43, as part of the Outer Continental Shelf Lands Act, 43 U.S.C. § 1331, *et seq.* From that, TGS contends that a “[p]roper analysis of the *Kirstaeng* question” would “require” a comparison of the Canadian energy regime against this domestic regime. BIO 14.

TGS offers a wrong solution to the *Kirstaeng* puzzle. Among other things, looking to a depository requirement in Title 43 contradicts the text of the phrase “under *this* title.” 17 U.S.C. § 109(a) (emphasis added). But by renewing this argument in its brief in opposition, TGS has put to rest any doubt that this petition is a vehicle to reach the “question left open by *Kirtsaeng I.* . . . the difficult interpretive puzzle of what it means for a copy manufactured abroad to have been ‘lawfully made under this title’ within the meaning of § 109.” App. 103.

II. The Courts of Appeals Are Divided Over the Test for Implied Copyright Licenses.

A. The split over implied license is real, is persistent, and can only be resolved by this Court’s review.

The petition identified a split in how courts of appeals approach the test for implied copyright license. Pet. 18-20. TGS suggests that, from a certain point of

⁴ TGS took this position below; it was rejected by the district court in a prior order. ROA.823-24 (citing the same statute); App. 68-69.

view, every circuit applies “the same” test. BIO 17. But that is not the perspective of the circuits themselves. As recently as March, the First Circuit identified three different approaches. *Photographic Illustrators Corp. v. Orgill, Inc.*, 953 F.3d 56, 60-62 (1st Cir. 2020). It placed the Second and Seventh Circuits in a category of courts that require strict adherence to the traditional three-part framework for proving implied license. *Id.* at 62 (citing *Muhammad-Ali v. Final Call, Inc.*, 832 F.3d 755, 763 (7th Cir. 2016); *SmithKline Beecham Consumer Healthcare, L.P. v. Watson Pharms., Inc.*, 211 F.3d 21, 25 (2d Cir. 2000)). In the opposing extreme, it placed the Fifth Circuit in a group that recognizes implied licenses without requiring that formality. *Id.* at 62 (citing *Baisden v. I’m Ready Prods.*, 693 F.3d 491, 500-01 (5th Cir. 2012)). This split persists.

Although TGS makes much of the publication status of this opinion, that does not impede this Court’s review. That the Fifth Circuit considers this legal test to be a settled question makes the split all the more entrenched.

The court of appeals could not have been clearer about its formulation of the test as focusing on “totality” rather than traditional factors of contract formation. App. 6. Nor could the court have been clearer that the “totality” test it used was drawn from its published circuit precedent—quoting the same *Baisden* test that the First Circuit cited as diverging from its own. App. 6 (quoting 693 F.3d at 501); *Photographic Illustrators*, 953 F.3d at 62.

TGS's statement that all circuits apply "the same" test, BIO 17, blinks this reality. There is a persistent split between the courts of appeals about the legal test for the existence and scope of implied copyright licenses.

B. The express-license theory was not decided by the court of appeals, is not a basis to affirm, and need not complicate this Court's review.

TGS's brief makes fleeting reference to what it calls an "alternative" "express" license theory embraced by the district court but not by the court of appeals. BIO 11 & 26. TGS suggests that the existence of such a theory in the district court papers "would skew this Court's review." BIO 26. It would not.

Implied license was the framework through which the Fifth Circuit approached this case. App. 2. This Court can of course address implied license, whether or not TGS advanced an alternative theory in the district court. And as explained above, the license issues here are an integral part of—not predicate to—reaching the *Kirstaeng* issues. The presence of an express-license theory in the district court papers presents no barrier to this Court's review.

At the threshold, the brief in opposition does not "advance any specific argument" how the court of appeals' decision could be affirmed based on an express license theory if an implied license is not available. *Brumfield v. Cain*, 135 S. Ct. 2269, 2282 (2015). TGS

points to the district court’s certitude that its rationale had been correct, when it awarded attorney’s fees.⁵ BIO 26. But the brief offers no specific arguments to illuminate for the Court how the documents at the root of its supposed express-license theory might fall short of forming an implied license and yet, conclusively, prove summary judgment should be affirmed based on “express license.”

And as a matter of substance, there is nothing to the express-license theory. It is a weaker, more attenuated version of TGS’s implied-license theory. TGS argued below that two documents already central to its implied-license theory—the one-page application form filed by GSI’s predecessor and a government publication (*Offshore Exploration*) issued some year before, by a different agency – should be read together to form an “express” copyright license. App. 41 (district court).

But read alone, or read together,⁶ these documents do not expressly convey a copyright license. The

⁵ It is unremarkable for a district court to believe its own prior ruling was correct. It is more curious for a district court to base a fee award on a different substantive ground than had already been embraced by its court of appeals in the merits appeal. *Cf.* App. 2. Even so, the fee award is not at issue here. It is instead the subject of a separate pending appeal in the Fifth Circuit. *Geophysical Service, Inc. v. TGS-NOPEC Geophysical Co.*, No. 20-20168 (5th Cir.).

⁶ TGS does not explain in its brief in opposition how *Offshore Exploration* would be part of any express license. In the courts below, TGS argued that a footnote on the one-page application form was a formal incorporation by reference. *See* App. 41; *see also* Pet. at 5 (discussing this footnote). Read in context, that footnote merely refers to *Offshore Exploration*; it does not incorporate its

application form says nothing about granting permission to make copies. Nor does *Offshore Exploration*, which is the same publication central to TGS's theory of implied license. *Cf.* BIO 4 & 6; App. at 7 (discussing it). TGS's express-license theory rests on the same bundle of inferences as its implied-license theory. It is no basis to affirm a summary judgment in favor of a party, like TGS, that bore the ultimate burden of proof.

The Fifth Circuit saw no need to discuss the express-license theory. If the Court does not find it to be forfeited for these purposes, *see* Sup. Ct. R. 15.2, it can be easily disposed or remanded, as the Court prefers.



complete text by reference. TGS's incorporation-by-reference theory would not withstand scrutiny under contract or copyright law. *SOS, Inc. v. Payday, Inc.*, 886 F.2d 1081, 1088 (9th Cir. 1989) (federal copyright policy preempts a state law principle of contract interpretation that would have otherwise read a contract "against the drafter").

CONCLUSION

The petition for a writ of certiorari should be granted.

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