IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

BOB KRIST,	:	
Plaintiff,	:	
	:	**CIVIL ACTION**
v.	:	**No. 16-6178**
	:	
PEARSON EDUCATION, INC.,	:	
Defendant.	:	

McHUGH, J. **DECEMBER 2, 2019**

MEMORANDUM

This is an action for copyright infringement. Plaintiff Bob Krist is a professional photographer who licenses the use of his photographs through an agency, Corbis, under agreements allowing Corbis to sublicense those photographs to third parties. Pearson Education, Inc. is a long-time Corbis customer, and is one of the third-parties to whom Corbis has sublicensed Krist's work. Krist contends that Pearson made use of the photographs at issue here in ways that exceeded the scope of its agreements with Corbis.

Krist filed suit against Pearson for one count of copyright infringement embracing 359 separate claims. Of the 359 claims Krist asserts, 352 of them arise from the licenses granted to Pearson through Corbis. The remaining seven claims involve licenses Krist issued directly to Pearson.

The parties now each move for summary judgment. For the reasons that follow, I will deny summary judgment to both parties. Rather than provide a detailed recitation of the facts involved at the outset, I will instead address the facts relevant to each issue below.

I. STANDARD OF REVIEW

A. Summary Judgment Motions

The parties' Motions are governed by the well-established standard for summary judgment set forth in Fed. R. Civ. P. 56(a), as amplified by *Celotex Corporation v. Catrett*, 477 U.S. 317, 322-23 (1986). That standard does not change when the parties cross-move for summary judgment. *Auto-Owners Ins. Co. v. Stevens & Ricci Inc.*, 835 F.3d 388, 402 (3d Cir. 2016). When both parties move for summary judgment, "'[t]he court must rule on each party's motion on an individual and separate basis, determining, for each side, whether a judgment may be entered in accordance with the Rule 56 standard.'" *Id*. (quoting 10A Charles Alan Wright et al., *Federal Practice & Procedure* § 2720 (3d ed. 2016)).

B. Copyright Infringement

Preliminarily, it is necessary to address the controlling standard because the parties appear to dispute it. To establish copyright infringement, a plaintiff must prove by a preponderance of the evidence: "(1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original." *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991) (citing *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 548 (1985)); *see also Whelan Assocs. v. Jaslow Dental Lab., Inc.*, 797 F.2d 1222, 1231 (3d Cir. 1986). A valid license is a defense to a claim of copyright infringement. *MacLean Assocs., Inc. v. Wm. M. Mercer-Meidinger-Hansen, Inc.*, 952 F.2d 769, 778-79 (3d Cir. 1991).

Pearson cites the Third Circuit's decision in *Kay Berry, Inc. v. Taylor Gifts, Inc.*, 421 F.3d 199, 203 (3d Cir. 2005) for the proposition that under the second element of the infringement analysis, a plaintiff must prove that the defendant's copying was "unauthorized." Def. Mot. for Summ. J., ECF 59-1, at 21. But the Third Circuit recently repudiated this formulation. *See In re McGraw-Hill Glob. Educ. Holdings LLC*, 909 F.3d 48, 66 (3d Cir. 2018).

Of particular note here, the Third Circuit observed that the inclusion of the word "unauthorized" was at odds with the Supreme Court's explication of the elements in *Feist*. *Id.* Bearing the Third Circuit's analysis in mind, I employ the Supreme Court's formula as expressed in *Feist* to decide the dispute between the parties here, leaving Pearson to assert that it was authorized to use the works as an affirmative defense.[1]

II. DISCUSSION

A. Pearson's Motion for Summary Judgment

Pearson's Motion raises four grounds on which it seeks summary judgment. First, it argues Krist's claims are barred by the Copyright Act's three-year statute of limitations, and that the "discovery rule" fails to save them, because Krist discussed his claims with an attorney more than three years before filing suit. Second, Pearson contends Krist abandoned or waived more than half of his claims when he failed to include them in a discovery response and then ratified that abandonment during his deposition testimony. Third, Pearson asserts that Krist has sought the incorrect remedy by filing an action for copyright infringement when in fact his claims sound in breach of contract. Finally, Pearson contends that twenty-one of the claims are barred because the underlying registrations are invalid.

1. Statute of Limitations

The Copyright Act provides that "[n]o civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued." 17 U.S.C. § 507(b). A copyright claim accrues "at the moment at which each of its component elements has come into being as a matter of objective reality, such that an attorney with

[1] Judge Rufe of our Court recently considered this issue, and she also concluded that *Feist* controls. *Krist v. Scholastic, Inc.*, 2019 WL 6133861, at *10-11 (E.D. Pa., Nov. 18, 2019).

knowledge of all the facts could get it past a motion to dismiss for failure to state a claim." *William A. Graham Co. v. Haughey*, 646 F.3d 138, 150 (3d Cir. 2011) (*Graham II*); *see also Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. 663, 670 (2014) ("A claim ordinarily accrues 'when [a] plaintiff has a complete and present cause of action.'" (internal citation omitted)). Thus, if Krist's claim accrued more than three years before he brought suit, as Pearson contends, it would be barred by the statute of limitations.

The controlling question is when the three-year period started to run. That is because nine courts of appeals, including the Third Circuit, have adopted "a 'discovery rule,' which starts the limitations period when 'the plaintiff discovers, or with due diligence should have discovered, the injury that forms the basis for the claim.'" *Petrella*, 572 U.S. at 671 n.4 (2014) (citing and quoting *William A. Graham Co. v. Haughey*, 568 F.3d 425, 433 (3d Cir. 2009) (*Graham I*)). [2] A court's first step in applying the discovery rule is to determine when the act constituting the alleged injury actually occurred. *Graham I*, 568 F.3d at 438. Next, the court must ascertain whether that injury could have been discovered immediately or whether the statute of limitations must be tolled until the time that it reasonably could have been discovered. *Id*.

In evaluating whether Krist's injury could have been discovered, the initial inquiry is whether Krist "should have known of the basis for [his] claims," and that, in turn, requires me to determine when Krist "had sufficient information of possible wrongdoing [to be placed] on inquiry notice or to excite storm warnings of culpable activity." *Id*. (citing *Benak ex rel. Alliance Premier Growth Fund v. Alliance Capital Mgmt. L.P.*, 435 F.3d 396, 400 (3d Cir. 2006))

[2] For clarity's sake, I refer to the Third Circuit's two opinions addressing the discovery rule as "*Graham I*" and "*Graham II*" to distinguish them from each other and from the Second Circuit's decision in *Graham v. James*, 144 F.3d 229, 236 (2d Cir. 1998), discussed *infra*. I will refer to the Second Circuit's opinion as "*Graham*."

(internal quotation marks omitted). Pearson bears the initial burden to show the presence of storm warnings; if Pearson succeeds, the burden shifts to Krist to show that despite the exercise of reasonable diligence, he was unable to discover the injury. *Id*. (citing *Mathews v. Kidder, Peabody & Co.*, 260 F.3d 239, 252 (3d Cir. 2001)).

The parties do not dispute that the claims asserted here arose more than three years before Krist filed suit. Thus, as *Graham I* requires, I turn to the question of Krist's ability to discover his injury. To do so, I must first examine whether Pearson has put forward evidence to show Krist "had sufficient information of possible wrongdoing [to be placed] on inquiry notice or to excite storm warnings of culpable activity." *Graham I*, 568 F.3d at 438.

This suit was filed on November 23, 2016. Ordinarily therefore, any of Krist's claims that accrued before November 23, 2013 would be barred by the statute of limitations. To support its statute defense, Pearson cites two meetings between Krist and his attorney, Maurice Harmon, that took place on November 14, 2013 and November 22, 2013 respectively, as well as email communications between Krist and Harmon about the same matter. ECF 59-1, at 12-13 (citing Def. Ex. 2 to Decl. of Karl Schweitzer, ECF 59-5). Pearson also points me to Krist's deposition testimony that he was aware Pearson had a "track record" of infringement. Krist Dep. Tr., at 76:1-77:14; 113:13-114:15; 320:12-321:22. Krist further testified in his deposition that Harmon informed him that Krist's "name kept coming up" in searches Harmon conducted and that Krist might have "a goodly number of infringements[.]" *Id*. at 257:10-17. Pearson would therefore have me find that the statute of limitations began to run on November 23, 2013, the day after Krist's second conversation with Harmon.

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