UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND

MARKHAM CONCEPTS, INC.; SUSAN GARRETSON; and LORRAINE MARKHAM, individually and in her capacity as Trustee of the Bill and Lorraine Markham Exemption Trust and the Lorraine Markham Family Trust, Plaintiffs, v. HASBRO, INC.; REUBEN KLAMER; DAWN LINKLETTER GRIFFIN; SHARON LINKLETTER; MICHAEL LINKLETTER; LAURA LINKLETTER RICH; DENNIS LINKLETTER; THOMAS FEIMAN, in his capacity as co-trustee of the Irvin S. and Ida Mae Atkins Family Trust; ROBERT MILLER, in his capacity as co-trustee of the Irvin S. and Ida Mae Atkins Family Trust; and MAX CANDIOTTY, in his capacity as co-trustee of the Irvin S. and Ida Mae Atkins Family Trust, Defendants.	C.A. No. 15-419 WES
REUBEN KLAMER, Counterclaim Plaintiff, v. MARKHAM CONCEPTS, INC., SUSAN GARRETSON and LORRAINE MARKHAM, Counterclaim-Defendants.	

MEMORANDUM AND ORDER

WILLIAM E. SMITH, District Judge.

Before the Court are Defendants' Motions for Attorneys' Fees and Costs, ECF Nos. 258, 259, 265, through which all Defendants[1] ask this Court to exercise its discretion under 17 U.S.C. § 505 to award them — the uncontested prevailing parties — reasonable attorneys' fees and costs.[2] After considering the submissions and carefully reexamining the record, and acknowledging that these Motions present a close call, the Court DENIES Defendants' Motions.

Rather than recount the facts of the case, this Order assumes familiarity with the ones that precede it. Fees and costs are not owed automatically,[3] and the Supreme Court has endorsed several factors to guide courts analyzing whether they are warranted. See Kirtsaeng v. John Wiley & Sons, Inc., 136 S.Ct. 1979, 1985 (2016). These include "frivolousness, motivation, objective unreasonableness (both in the factual and in the legal components

[1] Hasbro, Inc., Dawn Linkletter Griffin, Sharon Linkletter, Michael Linkletter, Laura Linkletter Rich, Dennis Linkletter, Thomas Feiman, Robert Miller, Max Candiotty, and Reuben Klamer.

[2] Defendants request fees and costs only as to Plaintiffs' third claim for relief.

[3] At least one circuit has gone as far as to hold that "the prevailing party in Copyright Act litigation is presumptively entitled to an award of fees under § 505," and that the presumption is stronger still if the defendant prevails. Mostly Memories, Inc. v. For Your Ease Only, Inc., 526 F.3d 1093, 1099 (7th Cir. 2008). The First Circuit has not adopted such a standard.

of the case)[,] and the need in particular circumstances to advance considerations of compensation and deterrence." Fogerty v. Fantasy, Inc., 510 U.S. 517, 534 n.19 (1994) (internal citation and quotation marks omitted). Each is considered alongside the unchanging purposes of the Copyright Act, which focus on "enriching the general public through access to creative works." Id. at 517-18. This is accomplished through "subsidiary aims" of the Act: "encouraging and rewarding authors' creations while also enabling others to build on that work." Kirtsaeng, 136 S.Ct. at 1986. The eventual question is whether the litigation furthered those purposes. No one factor is controlling, and neither is it a rigid formula, but objective unreasonableness is given "substantial weight," see id. at 1983, 1988, and the Court starts there.

Defendants say Plaintiffs advanced objectively unreasonable positions of law and fact, reflecting their "dubious" motivations[4] and justifying payment. See Def. Hasbro, Inc.'s Mot. for Att'ys' Fees and Costs ("Hasbro Mot.") 3, ECF No. 259. In the end, this case boiled down to two dispositive questions: did Bill Markham create the Prototype (such that he could fairly be considered its author); and was the Prototype a work made for hire? Plaintiffs said yes and no, respectively. They asked for both a declaration

[4] Bad faith is unnecessary. See Latin Am. Music Co. v. Am. Soc'y of Composers, Authors & Publishers (ASCAP), 642 F.3d 87, 91 (1st Cir. 2011).

that Markham was the author and a ruling that they could pursue a statutory right to termination, which they would use to renegotiate a royalty agreement they found lacking. A finding that the Prototype was a work made for hire would doom Plaintiffs' quest because these are excepted from termination rights, as would a finding that Markham was not the author. So success depended on proving both that Markham himself physically created the Prototype and that it was not made for another's use and benefit. See 17 U.S.C. § 304(c). This was a high bar to be sure, but the payoff if successful would no doubt have been substantial.

After a bench trial, this Court resolved those questions, finding that the Prototype was indeed a work made for Reuben Klamer's hire. It did so after applying the instance-and-expense test, which Plaintiffs argued did not hold post-Community for Creative Non-Violence v. Reid, 490 U.S. 730 (1989) ("CCNV"). Having successfully asserted that it did, Defendants argue now – as they did before – that the First Circuit's decision in Forward v. Thorogood, 985 F.2d 604 (1st Cir. 1993), foreclosed Plaintiffs' case from the start, and Plaintiffs' argument to the contrary amounted to a far-fetched mischaracterization of the law.

Throughout the case, Plaintiffs maintained that the Supreme Court's decision in CCNV abrogated the instance-and-expense test followed in Forward. While ultimately unpersuasive to both this Court and the First Circuit, and subject to formidable opposition

from Defendants, Plaintiffs' argument was not without support. See, e.g., Melville B. Nimmer & David Nimmer, Nimmer on Copyright § 9.03[D] (2019)[5]. And while this Court (and the Panel)[6] was bound by First Circuit precedent holding otherwise, see Mag Jewelry Co. v. Cherokee, Inc., 496 F.3d 108, 124 (1st Cir. 2007) (reversing district court decision denying attorneys' fees and costs where "the legal principle at the core of their argument [was], as noted earlier, well established"), the Court hesitates to say that Plaintiffs "argue[d] for an unreasonable extension of copyright protection," Matthews v. Freedman, 157 F.3d 25, 29 (1st Cir. 1998) (emphasis added). See Universal Instruments Corp. v. Micro Sys. Eng'g, Inc., 799 F. App'x 43, 46 (2d Cir. 2020) (holding that it was not unreasonable for a party "to try to push through the door

[5] Hasbro reduces Nimmer's take to merely his own "personal musings." Def. Hasbro, Inc.'s Reply in Supp. of Its Mot. for Att'ys' Fees and Costs 8, ECF No. 279. Generalist courts – including our Supreme Court – often cite Nimmer on Copyright when analyzing this niche and complex area of the law. See, e.g., Feist Publications, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340 (1991) (citing Nimmer on Copyright twelve times); Perea v. Ed. Cultural, Inc. 13 F.4th 43, 52 (1st Cir. 2021); Markham Concepts, Inc. v. Hasbro, Inc., 1 F.4th 74, 83 (1st Cir. 2021) (while remaining "skeptical" of Plaintiffs' position, acknowledging that Plaintiffs had at least one "influential adherent" on their side).

[6] Offering even more explanation, the First Circuit said that, even if not bound by precedent, it would be "disinclined to [abrogate a prior panel opinion] in this case," remaining "skeptical that the Supreme Court, in construing the 1976 Act, casually and implicitly did away with a well-established test under a different Act." Markham Concepts, 1 F.4th at 82-83 (citing circuit opinions holding similarly). This, however, does not necessarily mean that the position was unreasonable.

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