UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

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PATRICK CARIOU,	:	Docket No. 11-1197
Plaintiff-Appellee,	:	S.D.N.Y. 1:08-cv-11327-DAB
-against-	:	
RICHARD PRINCE, GAGOSIAN GALLERY, INC. and LAWRENCE GAGOSIAN,	:	
Defendants-Appellants.	:	

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MEMORANDUM OF LAW OF PLAINTIFF-APPELLEE IN SUPPORT OF MOTION TO DISMISS THE APPEAL

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PRELIMINARY STATEMENT

This is an action for copyright infringement. This appeal is from a Memorandum & Order dated March 18, 2011 (the "Decision") in which the district court (Hon. Deborah A. Batts) granted the motion of plaintiff-appellee, Patrick Cariou, for summary judgment, finding the defendants-appellants Richard Prince, Gagosian Gallery, Inc. and Lawrence Gagosian ("Appellants") liable for copyright infringement and rejecting their affirmative defense of fair use. After analyzing the fair use defense and finding that all four of the statutory factors enumerated in 17 U.S.C. § 107 weighed against fair use, the court entered a permanent injunction and two equitable orders, one requiring the impoundment of the unsold infringing works and related materials and the other requiring notification to the purchasers of the artworks that were sold that those works infringed Cariou's copyright and could not publicly be displayed.

The appeal from these interlocutory orders is brought pursuant to 28 U.S.C. § 1292(a)(1), which is an exception to the final-judgment rule, permitting, in pertinent part, immediate appeals of orders "granting, continuing, modifying, refusing or dissolving injunctions . . ." While the district court did enter a permanent injunction, as discussed below, the issues arising from that injunction are moot. The orders of impoundment and notification to the owners of the artworks are, likewise, moot even if those orders were immediately appealable under § 1292(a)(1) (which they are not). This memorandum of law is respectfully submitted in support of Cariou's motion for an order dismissing this appeal without prejudice to Appellants' right to raise all appealable issues after the entry of a final judgment. Factual support for the motion is contained in the accompanying declaration of Daniel J. Brooks, dated May 19, 2011 ("Brooks Dec.") and the exhibits thereto.

STATEMENT OF FACTS

The three rulings of the district court which Appellants challenge on this appeal are set forth below:

> That, pursuant to 17 U.S.C. § 502, Defendants, their directors, officers, agents, servants, employees, and attorneys, and all persons in active concert or participation with them, are hereby enjoined and restrained permanently from infringing the copyright in Photographs, or any other of Plaintiff's works, in any manner, and from reproducing, adapting, displaying, publishing, advertising, promoting, selling, offering for sale, marketing, distributing, or otherwise disposing of the Photographs or any copies of the Photographs, or any other of Plaintiff's works, and from participating or assisting in or authorizing such conduct in any way.
>
> That Defendants shall within ten days of the date of this Order deliver up for impounding, destruction, or other disposition, as Plaintiff determines, all infringing copies of the Photographs, including the Paintings and unsold copies of the Canal Zone exhibition book, in their possession, custody, or control and all transparencies, plates, masters, tapes, film negatives, discs, and other articles for making such infringing copies.
>
> That Defendants shall notify in writing any current or future owners of the Paintings of whom they are or become aware that the Paintings infringe the copyright in the Photographs, that the Paintings were not lawfully made under the Copyright Act of 1976, and that the Paintings cannot lawfully be displayed under 17 U.S.C. § 109(c).

Brooks Dec. Ex. A, at 36-37.

At the conclusion of its Decision, the district court scheduled a status conference for May 6, 2011 "regarding damages, profits, and Plaintiff's costs and reasonable attorney's fees." *Id.* at 37-38.

Shortly after the Decision, counsel for Appellants contacted Cariou's counsel, expressing concern that the infringing Paintings, if delivered for impounding, might be

destroyed, which would cause irreparable harm if the Decision were later reversed. Brooks Dec. ¶ 5. At the urging of Appellants' counsel, the parties entered into an agreement (the "Stipulation"), dated March 24, 2011. *Id.* The Stipulation provides that, pending final determination of this appeal, the Photographs, Paintings and other related materials are to be stored at a mutually agreeable location, from which they may not be moved without written consent of all the parties. Brooks Dec. Ex. B, ¶ 1. Although the Stipulation was not "So Ordered" by the district court, it may only be vacated upon application, with written notice to all parties, to the district court. *Id.* ¶ 4.

On May 10, 2011, counsel for the Appellants notified Cariou's counsel that all of the Paintings and other materials had been moved to a storage facility in Long Island City, from which they may not be removed without the consent of Cariou's counsel or by order of the district court. Brooks Dec. ¶ 6 & Ex. C.

With respect to the other equitable order, requiring notification to the owners of the Paintings, on March 28, 2011, counsel for Appellants wrote letters, as required by the Decision, to each of the owners of the Paintings that were sold, advising them that, "in the opinion of the [district court], the Paintings . . . 'infringe the copyright in the Photographs . . ., were not lawfully made under the Copyright Act of 1976, and . . . cannot lawfully be displayed under 17 U.S.C. § 109(c)' in the public." Brooks Dec. ¶ 7 & Ex. D.

Appellants never sought a stay, either from the district court or this Court, of the permanent injunction, order of impoundment or requirement that the owners of the Paintings which had been sold be notified in accordance with the Decision. Brooks Dec. ¶ 8. Although Appellants never sought a stay of those three orders, they did seek a stay of the damages trial. On April 20, 2011, the district court denied the request for a stay of the

proceedings and reiterated that the parties were to appear before the court on May 6, 2011, as previously scheduled. Brooks Dec. ¶ 9 & Ex. E.

On April 25, 2011, this Court issued an order confirming that appellants' opening brief is due by June 30, 2011. Brooks Dec. ¶ 10 & Ex. F. Thereafter, on May 4, 2011, the district court issued an order *sua sponte* stating: "In light of the fact that Defendants have appealed this Court's [Decision], and the fact that briefing in the appeal is due on June 30, 2011, the conference previously set for May 6, 2011 is adjourned sine die. Parties are to notify the Court when the appeal in this matter has been resolved." Brooks Dec. ¶ 11 & Ex. G.

Appellants have not expedited this appeal. The notice of appeal was filed on March 25, 2011. The Civil Appeal Transcript Information form (Form D) was not filed until April 8, 2011. Appellants waited until April 22, 2011, the full 14 days permitted under Local Rule 31.2(a)(1)(A), to notify the Clerk of the deadline for their brief. The date selected, June 30, 2011, is 83 days after the "ready date" of April 8, 2011 (almost the entire 91 days after the ready date that is permitted by Local Rule 31.2(a)(1)(A)).

ARGUMENT

POINT I

ALL ISSUES RELATING TO THE DISTRICT COURT'S GRANT OF INJUNCTIVE RELIEF ARE MOOT BECAUSE THE PARTIES HAVE ENTERED INTO A BINDING AND ENFORCEABLE AGREEMENT WHICH NEGATES ANY COGNIZABLE DANGER OF RECURRENT VIOLATIONS OF PLAINTIFF-APPELLEE'S COPYRIGHT

In holding that an appeal from an order relating to injunctive relief had become moot, this Court stated: "Although it is true that a voluntary cessation of illegal conduct does not

itself render the issue of injunctive relief moot, [internal citation omitted], it is 'some cognizable danger of recurrent violation, something more than the mere possibility which serves to keep the case alive.'" *Robert Stigwood Group Ltd. v. Hurwitz*, 462 F.2d 910, 913 (2d Cir. 1972) (*quoting United States v. W.T. Grant Co.*, 345 U.S. 629, 633 (1953)). *See Consumer Union of United States, Inc. v. General Signal Corp.*, 724 F.2d 1044, 1052 (2d Cir. 1983) (issue of preliminary injunctive relief was moot because defendant not only "offered to change the commercial, but it has actually done so. CU's argument that an offer to change does not moot an injunction is inapposite"); *Kuklachev v. Gelfman*, 629 F. Supp. 2d 236, 252 & n. 18 (E.D.N.Y. 2008) (defendants' sworn affidavits stating that they would not host future performances until the ownership of the production was determined rendered the application for a preliminary injunction moot and constituted an "enforceable assurance that the alleged infringement will not be repeated"); *American Express Travel v. MasterCard Int'l Inc.*, 776 F. Supp. 787, 790 (S.D.N.Y. 1991) ("A suit for injunctive relief is moot when the offending conduct ceases and the court finds 'that there is no reasonable expectation that it will resume.'" (citations omitted). *See also Allee v. Medrano*, 416 U.S. 802, 810-11 (1974) ("It is settled that an action for an injunction does not become moot merely because the conduct complained of has terminated, if there is a possibility of recurrence, since otherwise the defendants 'would be free to return to' [their] old ways.'" (citation omitted).

Because the parties to this action entered into a Stipulation on March 24, 2011 which provides that, "[p]ending final determination of the Appeal, or any other final disposition or resolution of this action" (Brooks Dec. Ex. B, ¶ 1), no party may unilaterally remove from a secure storage facility any of the infringing artworks or the materials needed to create additional infringing works, there can be no reasonable expectation that Appellants will resume their

infringing activities. The Stipulation, which accords Cariou less protection than the district court's order of impoundment (which would have permitted Cariou to destroy or otherwise dispose of the artworks and other materials), may only be revoked upon written application to the district court. *Id.* ¶ 4. The "mere possibility" that Appellant Prince might nevertheless create new, additional infringing works by going back to scratch and purchasing another copy of Cariou's book of photography is too far-fetched to constitute a "cognizable danger of recurrent violation." *Robert Stigwood v. Hurwitz*, 462 F.2d at 913. Clearly, even more than the defendants' affidavits in *Kuklachev v. Gelfman*, 629 F. Supp. 2d at 252, the Stipulation is an "enforceable assurance that the alleged infringement will not be repeated."

Appellants, however, may assert that they only entered into the Stipulation as the result of the district court's Decision (which they contend was erroneous). That does not change the current posture of the case, in which there is no longer any cognizable danger of recurrent acts of infringement. Moreover, Appellants entered into the Stipulation voluntarily (indeed, they urged Cariou's counsel to agree to the Stipulation (Brooks Dec. ¶ 5)) instead of pursuing other alternatives, such as seeking a stay of the permanent injunction from the district court or this Court, or at least expediting their appeal, which they have not done.

Accordingly, in the absence of any realistic possibility of recurring infringement of Cariou's copyright pending the final disposition of this action, the preliminary injunction is no longer necessary and Appellants' appeal of that injunction is moot.

The dismissal of this appeal, while furthering the interest of judicial economy and minimizing the expense to the parties of duplicative appeals, will not prejudice Appellants in any way. It is settled that an interlocutory appeal is permissive rather than mandatory and that

interlocutory orders merge into the final judgment. Thus, the appeal from the final judgment in this action will bring up for review the preliminary injunction and all other interlocutory orders entered by the district court. 19 James Wm. Moore, et al., *Moore's Federal Practice – Civil* § 203.32[3][b] (2011); *Arthur v. Nyquist*, 547 F.2d 7, 9 (2d Cir. 1976).

POINT II

THE ORDERS OF IMPOUNDMENT AND REQUIRING NOTIFICATION TO THE OWNERS OF THE ARTWORKS ARE ALSO MOOT AND ARE NOT, IN ANY EVENT, IMMEDIATELY APPEALABLE UNDER 28 U.S.C. § 1292(a)(1)

The order requiring Appellants "within ten days . . . [to] deliver up for impounding, destruction, or other disposition, as Plaintiff determines, all infringing copies of the Photographs, including the Paintings and unsold copies of the Canal Zone exhibition book [and other materials] for making such infringing copies" is not being enforced. Before the ten-day period elapsed, the parties entered into the Stipulation, whereby the artworks and other materials are being stored under the parties' joint control until all of the appellate proceedings have concluded. Until the final conclusion of this case, nothing will be destroyed or otherwise disposed of. Thus, the order of impoundment is moot.

The requirement that Appellants notify the owners of the Paintings that were sold is also moot inasmuch as the letters have been sent. Brooks Dec. ¶ 7 & Ex. D.

Moreover, neither of these orders qualifies for immediate review. Impoundment is authorized, in the district court's discretion, by 17 U.S.C. § 503(a). The exercise of this discretionary power is not immediately appealable. *Midway Mfg. Co. v. Omni Video Games,*

Inc., 668 F.2d 70, 71-72 (1st Cir. 1981); *see also RSO Records, Inc. v. Peri*, 596 F. Supp. 849, 863 (S.D.N.Y. 1984) (whether to order destruction "lies within the discretion of the district court"). Normally, questions as to whether a district court abused its discretion are not immediately appealable. *Macewen Petroleum, Inc. v. Tarbell*, 136 F.3d 263, 264 (2d Cir. 1998), *citing Donlon Industries, Inc. v. Forte*, 402 F.2d 935, 937 (2d Cir. 1968) (Friendly, J.). Both of these orders were issued in the district court's exercise of its discretion.

Appellants may argue, however, that these equitable orders are tantamount to mandatory injunctions and, therefore, should be immediately appealable under 28 U.S.C. § 1292(a)(1). That is not the law. Section 1292(a)(1) only applies to "orders that have the practical effect of granting or denying injunctions **and** have 'serious, perhaps irreparable, consequence.'" *Gulfstream Aerospace Corp. v. Mayacamas Corp.*, 485 U.S. 271, 287-88 (1988) (emphasis supplied), *quoting Carson v. American Brands, Inc.*, 450 U.S. 79, 84 (1981). In *Carson*, 450 U.S. at 84, the Supreme Court explained:

> For an interlocutory order to be immediately appealable under § 1292(a)(1), however, a litigant must show more than that the order has the practical effect of refusing an injunction. Because § 1292(a)(1) was intended to carve out only a limited exception to the final-judgment rule, we have construed the statute narrowly to ensure that appeal as of right under § 1292(a)(1) will be available only in circumstances where an appeal will further the statutory purpose of 'permit[ting] litigants to effectually challenge interlocutory orders of serious, perhaps irreparable, consequence. [Citation omitted]. Unless a litigant can show that an interlocutory order of the district court might have a 'serious, perhaps irreparable, consequence,' and that the order can be 'effectually challenged' only by immediate appeal, the general congressional policy against piecemeal review will preclude interlocutory appeal.

The orders of impoundment and requiring notification to the owners of the Paintings clearly lack serious, perhaps irreparable, consequence. In fact, those orders have no ongoing consequences since one has been modified by the Stipulation and the other has been complied with.

CONCLUSION

For the foregoing reasons, it is respectfully requested that the appeal be dismissed, without prejudice, on the grounds that the issues being appealed are moot.

Dated: New York, New York
May 19, 2011

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