UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

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

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

SCHNADER HARRISON SEGAL & LEWIS LLP
140 Broadway, Suite 3100
New York, New York 10005-1101
Telephone: (212) 973-8000
Facsimile: (212) 972-8798
Attorneys for Plaintiff-Appellee

On the Brief:
Daniel J. Brooks, Esq.
Eric A. Boden, Esq.

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PRELIMINARY STATEMENT

Plaintiff-Appellee, Patrick Cariou, respectfully submits this memorandum of law in reply to the memorandum of law of Defendants-Appellants, Richard Prince, Gagosian Gallery, Inc., and Lawrence Gagosian ("Appellants"), and in further support of his motion to dismiss this appeal, without prejudice, on the grounds that the issues sought to be raised by Appellants are moot. Specifically, the orders of the district court which form the predicate for this interlocutory appeal have been superseded by a contract (the "Stipulation") which Appellants freely entered into with Cariou on March 24, 2011. The constraints on their "commercial activities" cited in Appellants' memorandum of law in opposition to Cariou's motion to dismiss this appeal ("App. Memo.") derive not from the district court's orders, but from the Stipulation, which supplants those orders. Given that mootness is a jurisdictional limitation (*see* U.S. Const. art. III, § 2, cl. 1), the absence of a live controversy surrounding the district court's orders requires the dismissal of this appeal even if Appellants elected to enter into the Stipulation in order to comply with the district court's orders or, as they suggest, even because they felt coerced to do so by virtue of those orders. Simply put, Appellants' motivation for entering into the Stipulation – rather than seeking a stay from the district court or this Court – is irrelevant.

ARGUMENT

POINT I

ALL ISSUES ARISING FROM THE DISTRICT COURT'S ORDERS ARE MOOT

In its March 18, 2011 Decision, after finding Appellants liable for copyright infringement and rejecting their fair use defense, the district court entered orders: permanently

enjoining them from infringing Cariou's copyright; requiring the infringing Paintings and related items to be delivered to Cariou, for impoundment, destruction or other disposition; and requiring that known owners of the Paintings be notified that those artworks were not lawfully made and could not lawfully be displayed. Declaration of Daniel J. Brooks, dated May 19, 2011 ("Brooks Dec."), Ex. A, at 36-37. Each of these orders is moot, mandating the dismissal of this appeal.

A. The Permanent Injunction is Moot

It is not the permanent injunction which is preventing Appellants from infringing Cariou's copyright. Even if Appellants wanted, for instance, to exhibit or sell infringing Paintings, they are prevented from doing so not by the injunction, but, rather, by the Stipulation, which sequesters the Paintings and other infringing materials from which additional infringing artworks could be created in a secure storage facility from which they may not be removed without Cariou's consent pending "final determination of [this] Appeal, or any other final disposition or resolution of this action." Brooks Dec. Ex. B, ¶ 1. It is for that reason that Cariou, the party who requested a permanent injunction in his complaint, contends the injunction is no longer needed. Appellants incorrectly assert that Cariou's willingness to rely on the Stipulation, in lieu of the permanent injunction, has no bearing on the issue of mootness. *See* App. Memo. at 5. In fact, however, as this Court has stated: "The hallmark of a moot case or controversy is that the relief sought can no longer be given **or is no longer needed**." *Martin-Trigona v. Shiff*, 702 F.2d 380, 386 (2d Cir. 1983) (emphasis supplied).[1]

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[1] "The Constitution limits the jurisdiction of Article III courts to matters that present actual cases or controversies. See U.S. Const. art. III, § 2, cl.1." *Altman v. Bedford Central School District*, 245 F.3d 49, 69 (2d Cir. 2001). The mootness doctrine applies in cases like this one,

...*Continued*

Appellants argue that, because the Stipulation is temporary and will automatically expire with the determination of the appeal or final disposition of this action, the appeal cannot be moot. In that regard, Appellants note that, if the district court's Decision were to be reversed or vacated, Appellants would then be able to resume the activities which have been enjoined, providing them with a stake in the outcome of this appeal. App. Memo. at 1, 5, 7, 9. As Appellants would have it: "A party does not lose the right to appeal an injunction when it agrees – or is forced – to comply with the injunction temporarily, until its appeal is decided." App. Memo. at 7. In support of this proposition, Appellants cite only one Second Circuit case, *New York SMSA Ltd. P'ship v. Town of Clarkstown*, 612 F.3d 97, 103 (2d Cir. 2010), in which the issue of mootness was neither raised by any party nor discussed by this Court. Conversely, in *Harrison & Burrowes Bridge Constructors v. Cuomo*, 981 F.2d 50, 58-59 (2d Cir. 1992), a demand for injunctive relief was deemed moot when a state agency's emergency regulation temporarily suspended enforcement of a challenged program pending further study; as the Court

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"for 'the usual rule in federal cases is that an actual controversy must exist at stages of appellate or certiorari review, and not simply at the date the action is initiated.'" *Id.* (citation omitted). "A case becomes moot '**when the issues presented are no longer "live"** or the parties "lack a legally cognizable interest in the outcome.'" *New York City Employees' Ret. Sys. v. Dole Food Co., Inc.*, 969 F.2d 1430, 1433 (2d Cir. 1992) (emphasis supplied) (internal citations omitted); *see Irish Lesbian and Gay Org. v. Giuliani*, 143 F.3d 638, 647 (2d Cir. 1998) ("A case becomes moot when interim relief or events have eradicated the effects of the defendant's act or omission, and there is no reasonable expectation that the alleged violation will recur."). "A moot action therefore must be dismissed, even if the case was live at the outset but later events rendered it moot on appeal." *New York City Employees' Ret. Sys.*, 969 F.2d at 1433. Even if the entire case is not moot, a particular issue can become moot on appeal if it no longer presents a live controversy. *See Univ. of Tex. v. Camenisch*, 451 U.S. 390, 394 (1981) (issue being appealed was moot even though "the case as a whole remains alive because other issues have not become moot."); *Knaust v. City of Kingston*, 157 F.3d 86, 88 (2d Cir. 1998) ("It cannot be gainsaid that the preliminary injunction aspect of the case - - the springboard for and sole subject of this appeal - - no longer presents a live controversy and is therefore moot.").

stated: "We think the district court correctly regarded this part of the litigation as moot." Similarly, in *Kuklachev v. Gelfman*, 629 F. Supp. 2d 236, 252 & n.18 (E.D.N.Y. 2008), *aff'd,* 361 F. App'x 161 (2d Cir. 2009) (summary order, affirming "[s]ubstantially for the reasons stated in the District Court's thorough and careful memorandum and order"), a request for injunctive relief was moot because certain defendants provided affidavits stating that "they will not host future performances until the ownership of the production is determined[,]" presumably meaning that if it was determined that the plaintiff did not own the production, the allegedly infringing performances could resume. Finally, in *Consumers Union v. Gen. Signal Corp.*, 724 F.2d 1044, 1052 (2d Cir.1983), *cert. denied*, 469 U.S. 823 (1984), injunctive relief was moot because a commercial had been changed, although it does not appear that the defendant was foreclosed from changing the commercial back to its original version.

Nor is it true that Appellants "agree[d] – or [were] forced – to comply with the injunction temporarily," as they assert in their opposition. App. Memo. at 7. Nowhere in the Stipulation is there an agreement on the part of Appellants to comply with the injunction. *See* Brooks Dec. Ex. B. As they concede (App. Memo. at 4), Appellants only entered into the Stipulation in order to avoid the potential destruction of their infringing artworks, as authorized by the order of impoundment, not by the injunction. The Stipulation, however, while not expressly requiring compliance with the injunction, does have the effect of preventing Appellants from making use of the already-created artworks in order to infringe Cariou's copyright, thereby superseding the injunction and rendering it moot given that, in the absence of a "cognizable danger of recurrent violation," the "mere possibility" that Appellants would go back to square one and create new infringing artworks is too remote to keep the controversy alive. *Robert Stigwood Group Ltd. v. Hurwitz*, 462 F.2d 910, 913 (2d Cir. 1972).

Even if the Stipulation constitutes an agreement to comply with the permanent injunction, and even if Appellants were "forced" to enter into that agreement, the injunction is nevertheless moot. As this Court stated in *New York City Employees' Ret. Sys.*, 969 F.2d at 1434: "Nor does the fact that Dole included the proposal in the proxy statement in order to comply with the injunction keep the dispute alive." *See also Univ. of Tex. v. Camenisch*, 451 U.S. 390, 393-94 (1981) (appeal was rendered moot by a party's compliance with an injunction); *United States v. Board of Educ.*, 543 F.2d 1, 3 (2d Cir. 1976) (same). As this Court explained in *New York City Employees' Ret. Sys.*, 939 F.2d at 1434, "the reasons this case became moot are not somehow invalidated or rendered irrelevant merely because Dole obeyed the court's order." The Court added: "Dole's motivation for taking the action is irrelevant." *Id.*

Appellants' implication that they were forced or compelled to enter into the Stipulation is, in any event, wide of the mark. Plainly, instead of choosing to negotiate and sign the Stipulation, Appellants could have sought a stay of the district court's orders from that court or from this Court and/or they could have expedited their appeal. Appellants seek to circumvent this point by claiming, without citation to any authority, that: "As a matter of law, there is no requirement that Appellants seek a stay before pursuing their appeal under 28 U.S.C. § 1292(a)(1). Likewise, Appellants are not required to 'expedite' the appeal." App. Memo. at 6, n.2. This misses the point; although Appellants were not "required" to seek a stay or expedite the appeal, their choice not to do so is highly relevant to the mootness analysis. *See In re Kurtzman*, 194 F.3d 54, 56, 58-59 (2d Cir. 1999) (dismissing appeal as moot because party "failed to seek an appropriate stay in the Bankruptcy Court and an expedited appeal."); *Arthur v. Manch*, 12 F.3d 377, 380-81 (2d Cir. 1993) (dismissing appeal as moot because of "the passage of time, and by the Mayor's failure to seek a stay of the order or an expedited appeal"; and

stating: "Had the Mayor moved for a stay of the district court's order pending appeal, or an expedited appeal, the outcome of his appeal may have been different."); *New York City Employees' Ret. Sys.*, 969 F.2d at 1435 ("While we would not ordinarily expect a party to court contempt in order to keep a controversy alive, in the instant case Dole did not even seek a stay pending appeal.")

Even though they failed to seek a stay or an expedited appeal, Appellants attempt to explain their need immediately to appeal these interlocutory orders by asserting: "For each additional day that the Injunctions are in effect, Appellants are prevented from possessing, controlling, copying, displaying, publishing, advertising, promoting, selling, marketing, or distributing the Paintings, with sales prices ranging up to millions, or the Catalogs." App. Memo. at 11-12. This attempt to imbue their appeal with urgency is not persuasive. Prior to the district court's grant of summary judgment – **before** any finding that Appellants were liable and that their appropriation of Cariou's photographs was not fair use, let alone any injunction against continued acts of infringement – Appellants represented to the court in their summary judgment motion that "upon learning of this lawsuit, defendants pulled the remaining Paintings pending resolution of this lawsuit out of respect for the judicial process." *See* Reply Declaration of Daniel J. Brooks, dated June 10, 2011 ("Brooks Reply Dec."), Ex. A, at 17. As support, Appellants cited Richard Prince's moving affidavit, in which he averred: "Larry Gagosian and I withdrew the balance of the *Canal Zone* paintings that remained for sale from the market pending the resolution of this lawsuit." Brooks Reply Dec., Ex. B, ¶ 28. Whether "out of respect for the judicial process" or in order to avoid exposing themselves to additional millions of dollars in damages, it is extremely implausible that Appellants would try to sell any Paintings if this Court were to uphold the district court's rulings on liability and fair use, but vacate the

permanent injunction for some procedural reason. In these circumstances, the Appellants' election to enter into the Stipulation rather than seeking a stay or expediting their appeal has rendered moot their appeal of the permanent injunction.

B. The Order of Impoundment is Moot[2]

Appellants assert that they complied with the order of impoundment. "The Stipulation recites that its purpose is to comply with the district court order requiring 'impounding, destruction, or other disposition. . . . By entering the Stipulation, Appellants were assured that the Items would be preserved intact until this appeal could be heard, rather than irreversibly destroyed." App. Memo. at 4. This is questionable. The Stipulation does not recite that its purpose is to comply with the order of impoundment. It would be more accurate to say that the Stipulation has displaced the order of impoundment, derogating from Cariou's right, in his own unfettered discretion, to destroy the artworks if he sees fit to do so. In that way, as with the permanent injunction, the Stipulation has supplanted, rather than implemented, the order of impoundment.

Even assuming, however, that the Stipulation complies with the order of impoundment, that does not prevent the appeal from that order from being moot. As pointed out in the previous section of this reply memorandum, *supra*, at 5, an issue can become moot by

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[2] We acknowledge, and apologize to the Court for, incorrectly contending that the order of impoundment is not an injunction. As Appellants point out, the amendment to Rule 65, Fed. R. Civ. P. to add Rule 65(f) specifies that Rule 65 applies to copyright-impoundment proceedings. Even in the absence of controlling case law applying 28 U.S.C. § 1292(a)(1) to appeals from orders of impoundment (and Appellants have cited no such cases), we believe that our argument that an order of impoundment is not immediately appealable appears to be incorrect. We continue to contend, however, that the order of impoundment is moot.

virtue of a party's compliance with an order and "the reasons [the issue] became moot are not somehow invalidated or rendered irrelevant merely because [the party] obeyed the court's order." *New York City Employees' Ret. Sys.*, 969 F.2d at 1434. Here, the Stipulation has rendered the order of impoundment moot by negating any possibility, pending the final determination of this appeal or any other final disposition or resolution of this case, of the Paintings and other materials being "irreversibly destroyed," as Appellants feared.

C. The Order Requiring Notification to the Owners is Moot

This order has been complied with. As discussed above, compliance with an order does not, in and of itself, prevent the order from becoming moot. This particular order is moot inasmuch as the letters (reciting the district court's ruling and Appellants' disagreement with that ruling) have been sent. *See United States v. Board of Educ.*, 543 F.2d 1, 3 (2d Cir. 1976) (appeal rendered moot when school principals "complied with or [were] in the process of complying with the District Court's order" to complete and submit survey forms to the federal government); *see also New York City Employees' Ret. Sys.*, 969 F.2d at 1434 (*citing United States v. Board of Educ.* and other similar cases). Any (highly improbable) harm the owners of the Paintings suffered as the result of being informed of the district court's Decision is not before this Court because the owners are not parties to this case. Even assuming, *dubitante*, that these sophisticated and wealthy art collectors did not already know about this well-publicized Decision, any harm to Appellants' relationships with the owners from the sending of the letters has already occurred. Moreover, the notification order does not foreclose Appellants from orally reassuring the owners that everything will be fine. Not only does the order not prohibit such oral reassurances, but any such restraint on speech would be unconstitutional. To insist, as Appellants do, that the notification order should nevertheless result in an immediate appeal of the

district court's detailed and well-reasoned analysis of the four fair use factors, the elements of copyright infringement, and the concepts of contributory and vicarious infringement is truly to ask that the tail be permitted to wag the dog.

CONCLUSION

For the foregoing reasons, and those set forth in Cariou's opening memorandum of law, the appeal should be dismissed as moot. This will cause no prejudice to Appellants and will advance the interest of judicial economy inasmuch as Appellants will have the opportunity to argue all appealable issues after a damages trial can be held and a final judgment is entered.[3]

Dated: New York, New York
June 10, 2011

SCHNADER HARRISON SEGAL & LEWIS LLP

By: _____

Daniel J. Brooks
Eric A. Boden
140 Broadway, Suite 3100
New York, New York 10005
(212) 973-8000
Attorneys for Plaintiff-Appellee Patrick Cariou

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[3] Should the Court dismiss the appeal, we believe it would be in the Court's discretion whether to vacate one or more of the district court's three interlocutory orders. Courts contemplating how to exercise their discretion in this area "often look to the source of mootness." *Penguin Books USA Inc. v. Walsh*, 929 F.2d 69, 73 (2d Cir. 1991). Generally, an order should be vacated where the issue has become moot through "happenstance" (*United States v. Munsingwear, Inc.*, 340 U.S. 36, 40 (1950)) and not due to the "voluntary act of the losing party." *Mfrs. Hanover Trust Co. v. Yanakas*, 11 F.3d 381, 383 (2d Cir. 1993), *citing Karcher v. May*, 484 U.S. 72, 82-83 (1987) (judgment below should not be vacated if the case has become moot due to the voluntary act of the losing party). Where, however, mootness is not attributable to happenstance, or to one party but not the other, the appellate court has discretion as to whether to order a vacatur. *Mfrs. Hanover*, 11 F.3d at 384. Cariou takes no position as to how this Court's discretion should be exercised in the event it dismisses the appeal.