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IN THE UNITED STATES DISTRICT COURT

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FOR THE DISTRICT OF ARIZONA

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Societe Civile Succession Richard Guino,) )  
a French Trust, )

No. CV 03-1310-PHX-MHM

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Plaintiff, )

**ORDER**

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v. )

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Beseder, Inc., (dba Rima Fine Art), an) )  
Arizona corporation, Dror Darel and Tracy) )  
L. Penwell, husband and wife; Jean-) )  
Emmanuel Renoir, an Individual, )

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Defendants. )

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and Related Actions )

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Currently before the Court is Plaintiff's Motion for Award of Attorneys' Fees under  
20 17 U.S.C. § 505 and for Costs (Dkt.#656). After reviewing the motions and accompanying  
21 papers, the Court issues the following Order.

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Because the Court has recited the factual background underlying this litigation on  
23 several prior occasions, it will not do so again, except with respect to the pending motion for  
24 attorneys' fees. The pending motion derives primarily out of the jury's verdict on November  
25 2, 2006, which awarded copyright infringement damages in favor of Plaintiff against the  
26 Rima Defendants in the amount of \$5,000 for each of the ten Renoir-Guino works at issue,  
27 totaling \$50,000; and \$7,500 each for the same works against Defendant Renoir pursuant to  
28 17 U.S.C. § 504(c), totaling \$75,000. (Dkt.#548) Defendant Renoir prevailed on his

1 counterclaim of false advertising under the Lanham Act, 15 U.S.C. § 1125(a)(1)(B), against  
2 Plaintiff and was awarded \$90,000 in compensatory damages and \$30,000 in lost profits. On  
3 March 15, 2007, the Court, in its discretion pursuant to 17 U.S.C. § 117(a), increased the lost  
4 profits award from \$30,000 to \$45,000. (Dkt.#547) On October 31, 2007, the Court vacated  
5 Defendant Renoir's monetary judgment pursuant to his Lanham Act claim of \$90,000 while  
6 affirming the \$45,000 lost profits award. (Dkt.#635) While considering other motions  
7 regarding attorneys' fees, the Court denied without prejudice Plaintiff's Application for  
8 Award of Attorneys' Fees and Costs under 17 U.S.C. § 505 based on procedural irregularities  
9 contained in the application as well as the fact that the copyright claim was then being  
10 appealed to the Ninth Circuit. (Dkt.#635) Given that the Ninth Circuit has since affirmed  
11 this Court's granting of summary judgment in favor of Plaintiff with regard to the copyright  
12 claim, Societe Civile Succession v. Beseder, 549 F.3d 1182 (9<sup>th</sup> Cir. 2008), the time is now  
13 ripe for adjudicating Plaintiff's fee request.

14 Plaintiff moves the Court for attorneys' fees and costs pursuant to 17 U.S.C. § 505 of  
15 the Copyright Act, which provides the following:

16 In any civil action under this title, the court in its discretion may  
17 allow the recovery of full costs by or against any party other  
18 than the United States or an officer thereof. Except as otherwise  
provided by this title, the court may also award a reasonable  
attorney's fee to the prevailing party as part of the costs.

19 Specifically, Plaintiff seeks \$328,101.50 in attorneys' fees and \$12,922.17 in costs. Both the  
20 Renoir Defendants (including Jean-Emmanuel Renoir and Louise Renoir) and the Rima  
21 Defendants (including Beseder, Inc., d/b/a Rima Fine Art, Dror Darel and Tracy Penwell)  
22 oppose Plaintiff's request on several grounds that are discussed below.

23 Here, there appears to be no dispute that Plaintiff technically prevailed on its  
24 copyright claim. See, e.g., Fischer v. SJB-P.D. Inc., 214 F.3d 1115, 1118 (9th Cir.2000) ("a  
25 plaintiff 'prevails' when actual relief on the merits of his claim materially alters the legal  
26 relationship between the parties by modifying the defendant's behavior in a way that directly  
27 benefits the plaintiff."). However, merely prevailing on a copyright claim does not  
28 automatically entitle claimants to an award of attorneys' fees. Fogerty v. Fantasy, Inc., 510

1 U.S. 517, 534 (1994) (specifically rejecting the principle that prevailing copyright plaintiffs  
2 are automatically entitled to a fee award and instead holding that the court’s discretion should  
3 guide the determination of whether a fee award was appropriate on a case-by-case basis).

4 The Ninth Circuit has specified five factors that guide a district court’s discretion  
5 when determining whether to make a fee award to a prevailing party under 17 U.S.C. § 505.  
6 “These factors are (1) the degree of success obtained, (2) frivolousness, (3) motivation, (4)  
7 reasonableness of losing party's legal and factual arguments, and (5) the need to advance  
8 considerations of compensation and deterrence.” Wall Data Inc. v. Los Angeles County  
9 Sheriff's Dep't, 447 F.3d 769, 787 (9th Cir. 2006). Each factor is discussed below.

10 **A. Degree of Success Obtained**

11 While Plaintiff technically prevailed on its copyright claim, when viewed in the  
12 broader context of this litigation, it is clear that Plaintiff’s victory was Pyrrhic. The jury  
13 awarded a total of \$125,000 for Plaintiff’s copyright claims (\$50,000 + \$75,000) and a total  
14 of \$120,000 for Defendant’s Lanham Act claims (\$90,000 + \$30,000), demonstrating that  
15 in the end the jury believed that Plaintiff only deserved a \$5,000 net award for its trouble.  
16 While the amount awarded to Defendant was later reduced by this Court due to an  
17 evidentiary issue, the fact that the jury awarded Plaintiff a net of only \$5,000 demonstrates  
18 how close this case was in the eyes of the jury and how little Plaintiff had to show for its  
19 many years of litigation. This factor thus weighs against a fee award.

20 **B. Frivolousness**

21 An argument is frivolous if it is wholly without merit or the outcome is obvious.  
22 Hustler Magazine, Inc. v. Moral Majority, Inc., 796 F.2d 1148, 1156 (9<sup>th</sup> Cir. 1986).  
23 Plaintiff’s copyright claims were not frivolous; they were affirmed on appeal by the Ninth  
24 Circuit. Societe Civile Succession v. Beseder, 549 F.3d 1182 (9<sup>th</sup> Cir. 2008). Thus, this  
25 factor weighs in favor of a fee award.

26 **C. Motivation of the Parties**

27 Plaintiff argues that protecting copyrights is unquestionably a proper motivation, since  
28 this protection is “the very purpose of the Copyright Act”; Defendants do not argue that

1 Plaintiff's claim was improperly motivated; however, they point out that their own  
2 motivation was "always to raise what they believed to be good faith, meritorious arguments  
3 that would have absolved them from liability under the copyright laws." Because there is no  
4 evidence that either party was motivated by a desire to harass or otherwise abuse the  
5 litigation process, this factor counsels against a fee award.

6 **D. Reasonableness of Losing Party's Factual and Legal Arguments**

7 Here, while Defendants ultimately lost, their arguments were well-founded and  
8 meritorious; they involved important issues of copyright law that turned on whether the Ninth  
9 Circuit would uphold the Twin Brooks doctrine that had been rejected by the U.S. Copyright  
10 Office and criticized by leading copyright treatises. While Plaintiff argues that Defendants'  
11 arguments were not reasonable because they required the Court to defy or ignore the Twin  
12 Brooks precedent, the Ninth Circuit itself explained that this doctrine was surrounded by  
13 confusion. Societe Civile Succession v. Renoir, No. 07-15582 at 8 (9<sup>th</sup> Cir. Dec. 9, 2008),  
14 "[t]his was not a case of indisputable copyright infringement because of the confusion  
15 surrounding the application of Twin Brooks Corp v. Walt Disney Co., 83 F.3d 1162 (9<sup>th</sup> Cir.  
16 1996)." Thus, Defendants' arguments were reasonable based on a controlling question of  
17 law for which there was substantial grounds for difference of opinion, notwithstanding the  
18 fact that they ultimately lost.

19 Thus, this factor also weighs against a fee award.

20 **E. The Need to Advance Concerns of Compensation and Deterrence**

21 Plaintiffs argue that awarding fees would deter future infringements by penalizing the  
22 losing party. This argument fails not because it is wrong (a fee award to the losing party on  
23 a copyright claim would *always* deter future infringement); it fails because it is not specific  
24 to this case. As explained above, the Supreme Court has already held that fee awards to the  
25 prevailing party in copyright claims under 17 U.S.C. § 504(c) should not be automatic; yet  
26 Plaintiff has failed to provide a specific reason why there is a need for this case in particular  
27 to "send a message" of deterrence for future potential infringers. On the contrary, because  
28 of the cloud of ambiguity surrounding the Twin Brooks doctrine, the Court finds that this

1 case is exactly the sort where an area of law needed to be developed and where losing parties  
2 should not be subject to the additional penalty of attorneys' fees. In the Ninth Circuit's  
3 Order denying fees on appeal for this case, the Ninth Circuit explained that "given the special  
4 circumstances, these types of appeals should be encouraged, and not deterred." Societe  
5 Civile Succession Richard Guino v. Renoir, Nos. 07-15582, 07-15583 at 3 (9<sup>th</sup> Cir. July 29,  
6 2009). As such, this factor also weighs against a fee award.

7 Having determined that the majority of these factors weigh against a fee award, the  
8 Court need not determine whether the fees requested are reasonable, although it appears that  
9 Plaintiff failed to segregate its fees incurred in prosecuting its copyright claims from those  
10 incurred defending against the Lanham claims (which it lost), making it very likely that at  
11 least some of the requested fees would be unreasonable. Entertainment Research Group, Inc.  
12 v. Genesis Creative Group, Inc., 122 F.3d 1211, 1230 (9<sup>th</sup> Cir. 1997) ("It is well-established  
13 law that a party entitled to attorney's fees as a prevailing party on a particular claim, but not  
14 on other claims in the same lawsuit, can only recover attorney's fees incurred in defending  
15 against that one claim or any 'related claims.'") (internal citation omitted)

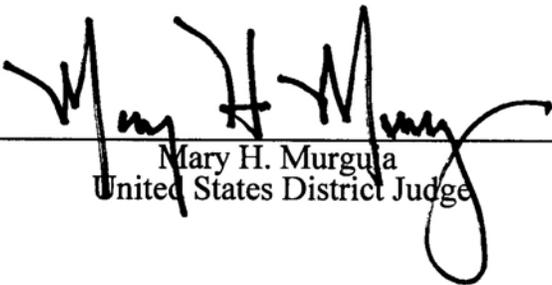
16 Plaintiff argues that Defendants' past fee award makes it inequitable for Plaintiff not  
17 to receive an award as well; however, whether fees have been awarded to the opposing party  
18 is not a factor identified by the Ninth Circuit as a factor that should guide the Court's  
19 discretion. The various reasons that justified an award of fees to Defendants are explained  
20 in the Court's Order dated October 31, 2007 and need not be recapitulated here (Dkt.# 635).  
21 Moreover, given that fee awards are not automatic, but based on situational determinants  
22 such frivolousness, degree of success obtained, motivation, reasonableness, and the need to  
23 advance considerations of compensation and deterrence, cases that award both sides  
24 attorneys' fees should theoretically be rare. The purpose of a fee award is not to put the  
25 parties into equal financial positions, but to achieve justice using the combined factors  
26 identified above. The fact that Defendants have already obtained a fee award thus is not a  
27 reason (let alone a compelling reason) that Plaintiff should be awarded its fees as well.

28 **Accordingly,**

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**IT IS HEREBY ORDERED** denying Plaintiff's Motion for Award of Attorneys' Fees under 17 U.S.C. § 505 and for Costs (Dkt.#656).

DATED this 25th day of September, 2009.



Mary H. Murgula  
United States District Judge