

05-2924-cv

To Be Argued By:
ERIC VAUGHN-FLAM

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

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THOMAS ALEXANDER DALLAL,

Plaintiff-Appellant,

v.

THE NEW YORK TIMES COMPANY, THE NEW YORK TIMES
ELECTRONIC MEDIA COMPANY, TIMES COMPANY DIGITAL, INC.
THE NEW YORK TIMES INFORMATION SERVICE INC. and NEW
YORK TIMES NEWS SERVICE,

Defendants-Appellees.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK
No. 03 Civ 10065 (AKH)

**REPLY BRIEF FOR PLAINTIFF-APPELLANT
THOMAS ALEXANDER DALLAL**

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SUMMARY OF ARGUMENT

This action concerns the ability of an individual author, in this case a freelance photographer, to retain legal rights in his copyrightable work, and the conduct of the Defendants, ¹ a media giant, to appropriate, without justification or compensation, these photographic works for use in its internet business. This appropriation was accomplished by creating and implementing special software which automatically transferred photographic and literary content from the printed newspaper to Defendants' internet sites. The Defendants experienced significant increases in revenue from their internet activities, which were, in essence, founded upon the infringement of the copyrights of individual freelancers.

At all times, Dallal took all feasible steps to protect his copyrights, by limiting use by written license, registering his copyrights, consistently objecting, and finally filing suit. According to the Graphic Artists Guild and the ASMP, Dallal did everything right ² to preserve his rights. Defendants' sheer refusal to acknowledge these rights is, to say the least, surprising since the very same Defendants were previously chastised for similar conduct by both this Court, *see* Tasini v. New York

¹ The terms and definitions found in the Brief for Plaintiff-Appellant Thomas Alexander Dallal, dated September 21, 2005, (the "Plaintiff's Brief") are incorporated herein.

² See the Brief of Amici Curiae Graphic Artists Guild and American Society of Media Photographers, Inc. In Support of Reversal, dated November 4, 2005, (the "Amicus Brief").

Times Co., Inc., 206 F.3d 161 (2nd Cir. 2000), and the Supreme Court of the United States, *see* New York Times Co., Inc. v. Tasini, 533 U.S. 483, 121 S.Ct. 2381, 150 L.Ed.2d 500 (U.S. 2001).

Whether Defendants acknowledge it or not, the present case stands for the proposition that by accepting an assignment, an author forfeits his copyright. Defendants' asserted justification for the appropriation of Dallal's photographs is a collateral attack of this Court's, and the United States Supreme Court's decisions in Tasini v NY Times, *supra*. This case concerns the involuntary forfeiture of an author's exclusive rights granted under the Copyright Act, and allowing the Order on Appeal to stand, which undermines the very essence of the Constitutional and statutory rights granted. Further, given Mr. Dallal's consistent reservation of rights through registrations, objections, and written licenses, the Order on Appeal reverses all the presumptions of ownership of a copyright holder so as to mandate a forfeiture of copyright.

In defending this action, Defendants' attorneys have asserted a number of legal and factual positions. None of these assertions has *any* basis in the record of credible evidence in this case. Further, and more egregiously, Defendants' opposition to this

appeal³ is replete with intentional misrepresentations of the facts and misstatements of the law, apparently under the theory that if a falsehood is repeated sufficiently it will become fact. Ironically, these misrepresentations actually serve to highlight issues of fact, which would preclude a finding of summary judgment, rather than affirm such a finding in the current action.

POINT I

THE DEFENDANTS' BRIEF IS BASED UPON MISSTATEMENTS AND MISREPRESENTATIONS OF LAW AND FACT

An analysis of Defendants' misrepresentations follow:

A. Defendants' Claims Regarding the Enforceability of the Licenses Ignores the Record on Appeal and Binding Case Law.

As articulated in Dallal's Brief, the existence of the Licenses in this action raises clear issues of fact as to the issue of estoppel. In response, Defendants argue that the Licenses are not binding, and that summary judgment is appropriate since Defendant NY Times (1) treated the Licenses as "bills that need to be paid",⁴ and (2)

³ See Brief for Defendants-Appellees, dated November 21, 2005, in the current appeal, (the "Defendants' Brief")

⁴ See pages 21 of the Defendants' Brief.

never delivered signed copies of the Licenses to Dallal.⁵ As demonstrated below, these claims are without basis as a matter of fact and law.

1. The Invoices Are Valid Contracts.

With regard to the factual misrepresentations of Defendants, the Record clearly provides that the Licenses were contracts. Dallal uniformly viewed his Licenses as binding written exclusive agreements under the Copyright Act,⁶ consistent with the industry standard.⁷ Further, a simple review of the Licenses precludes any conclusion that they were merely “bills”. On each and every License, the only description of the job billed was directly incorporated into the license language.⁸ Therefore, to know what they were paying for, Defendants’ agents had to read the license language of each License. Moreover, each License was headlined in extraordinarily large text, “INVOICE/ LICENSE OF RIGHTS.”

Defendants’ claims are also wrong as a matter of law. First, Defendants simply ignore the following well settled law cited in Mr. Dallal’s Appeal Brief: (1) the

⁵ See pages 18-24 of the Defendants’ Brief.

⁶ Dallal Afd. ¶ 4 - 5 (A 494); Dallal EBT p. 105, line 18 - p. 106, line 5 [“I should make it very clear that these licenses were very narrow and confined to print use.... no one ever asked me, can you – can we use this on the net from now until, you know, forever.”], p. 114, line 18 - p. 115, line 3 (A 197 - A 198); p. 119, line 15-22 (A 202).

⁷ See Dallal EBT p. 49, line 16 - p. 57, line 9 (A 141 - A 149); ¶ 4 of the Dallal Afd (A 494).

⁸ See representative License samples: A504-601.

conclusive presumption that parties who sign a writing are presumed to know and consent to the contents and terms found therein,⁹ and (2) the established and binding case law that determinations of whether parties intend to enter into contracts are issues of fact precluding summary judgment.¹⁰ Therefore, Defendants' unsupported claim that "[b]oth sides understood [Dallal's Licenses] to be bills needing to be paid, and not written agreements between the parties"¹¹ is contrary to the clear record and black letter contract law.

Second, Defendants' own case law precludes their argument. As provided in Intercontinental Monetary Corp. v. Performance Guarantees, Inc., 705 F.Supp 144, 148 (S.D.N.Y. 1989) (cited by Defendants), there is no universal rule in New York requiring delivery of contracts other than those concerning conveyances of land. Rather, the

“general rule in New York, applicable to most written agreements, is that the intent of the parties determines

⁹ See p. 25, ¶1 of the Plaintiff's Brief. See also Tangorre v. Mako's, Inc., 2003 WL 470577 at 11 (S.D.N.Y. 2003) (Cited by Defendants) [“Under New York law, a party who executes a contract is presumed to know its contents and to assent to them.... It is incumbent upon the signor of a contract to read it and his claim that he failed to do so will not generally serve to invalidate the contract.”]. Defendants' reliance upon Tangorre for the claim that terms of an invoice are not necessarily binding upon a party is completely misplaced. (See Defendants' Brief page 19-20). In Tangorre, the court properly denied summary judgment where questions of fact existed as to whether all pages of a signed contract had been received. 2003 WL 470577 at 2 and 11. In the current action, there is no question that the Licenses were received, reviewed, approved, signed, paid and performed.

¹⁰ See p. 22, ¶ 2 of the Plaintiff's Brief.

¹¹ See p.4, ¶2 of the Defendants' Brief.

whether they are enforceable immediately upon their execution or only upon delivery.” Intercontinental Monetary Corp., 705 F.Supp at 148 (Citation Omitted).

See also Bohlen Industries of North America, Inc. v. Flint Oil & Gas, Inc., 483 N.Y.S.2d 529, 530, 106 A.D.2d 909, 910 (4th Dept. 1984); Manhattan Theatre Club, Inc. v. Bohemian Benev et ano., 478 N.Y.S.2d 274, 277, 102 A.D.2d 788, 791 (1st Dept. 1984); Krofft Entertainment, Inc. v. CBS Songs, a Div. of CBS, Inc., 653 F.Supp. 1530, 1533 (S.D.N.Y. 1987); Taub v. Hariton, 1995 WL 373504 at 2 (S.D.N.Y. 1995); Meyer v. Cessna Realty Associates, 643 N.Y.S.2d 446, 446, 227 A.D.2d 929 (4th Dept. 1996).

In the current action, the Licenses expressly provide that payment by the Defendants acts as an acceptance, and creates a valid and binding contract.¹² The Defendants legally effectuated the Licenses by making payment, without any counter-offer or reservation. As a result, Defendants’ signatures (each License was signed by one to three senior editors) were not even necessary to make the Licenses conclusively binding.¹³ As stated by the Trial Court at oral arguments on the Defendants’ Motion for Summary judgment, there is a clear basis in the record for a jury to find that each and everyone of the Licenses is a binding contract:

¹² Each of the Licenses clearly states: “Description and License of Copyright Granted: Contingent upon receipt of payment in full...” (See A504-601).

¹³ Id.

“... a jury could fairly conclude that the course of conduct each time... an invoice with a term is a request for payment set out a continuing offer by the plaintiff, which by payment The Times accepted, it never submitted its own form disclaiming obligation with regard to the terms that Mr. Dallal set out.”¹⁴

2. Licenses Were Almost Always Submitted Before Publication.

Defendants, in a clear attempt to fabricate a basis to discredit the Licenses and distinguish the current matter from the case law found in Dallal’s Appeal Brief, have asserted that Dallal submitted most of his Licenses to the Defendants for payment after Defendants published his Photographic Works in the Newspaper and on their web-sites.¹⁵ In actual fact, the record demonstrates that *of the 96 Licenses at issue in this Action,*¹⁶ *only 11 Licenses were issued on the same day as or after publication in the Newspaper.*¹⁷ As stated by Dallal at his deposition:

“The invoices were generally submitted after the photographs, but before Defendant NY Times published its newspaper, especially by 2000 when I was shooting more feature oriented work.”¹⁸

¹⁴ See A 1310, Lines 15-20.

¹⁵ See page 2, ¶4; page 4, ¶1; page 12, ¶1; page 18, ¶1; and page 20, ¶2 of Defendants’ Brief.

¹⁶ See A504-601.

¹⁷ See Licenses Numbered 1392 (A 376 & 512); 1441 (A 373); 1444 (A 396 & 523); 1466 (A 391 & 535); 1496 (A 367 & 545); 1497 (A 370 & 546); 1522 (A 386 & 552); 1534 (A 364 & 558); 1535 (A 361); 1542 (A 381 & 561); and 1608 (A 358 & 581).

¹⁸ ¶ 4 of the Dallal Afd (A 494).

Therefore, Defendants' categorical description of the Licenses as having been submitted after the fact is a clear misrepresentation of the Record on Appeal.¹⁹

3. The Terms of the Licenses Were Consistent.

In another attempt to misrepresent the Record, Defendants assert that Dallal unilaterally changed the terms of the working relationship between the parties by "inserting various boilerplate legal terms into" the Licenses.²⁰ Once again the Defendants misrepresent the facts in this action. The Record on Appeal demonstrates that Dallal's Licenses have, from the beginning of his freelance relationship with Defendants, included industry standard rights retention language that reflect longstanding industry custom.²¹

In actual fact, it was the *Defendants*, and not *Dallal*, who "unilaterally" and without authorization changed their use of the Photographs submitted by Dallal. To

¹⁹ Similar to the afore-stated categorical claim, Defendants also assert that no new infringements commenced after Dallal's letter of November 25, 2002. [See page 30, ¶ 2 of Defendants' Brief]. The Record on Appeal clearly reflects that in actual fact, Defendants extracted from their archive and published at least one of Dallal's Photographs both in the Newspaper and the internet on December 22, 2002. [See Complaint ¶ 14 (A 13); A 910-916; Dallal's letter to Ms. O'Connor, dated January 27, 2003 (A 658)]. Unfortunately, because of Defendants' willful destruction of documents, neither Plaintiff or this Court will ever know how many other Photographs were in actual fact published by Defendants after November 25, 2002.

²⁰ See page 4, ¶ 2; See also Defendant's Brief - page 12, ¶ 1, page 20-21, page 21, ¶ 2, page 24, ¶ 2, page 27, ¶ 2, and page 34, ¶ 2 of Defendants' Brief.

²¹ See Dallal EBT p. 49, line 16 - p. 57, line 9 (A 141 - A 149); ¶ 4 of the Dallal Afd (A 494); See also Amicus Brief.

be clear, it was the Defendants who, in January 1996, secretly began to post photographs created by Dallal on Web-sites owned and operated by Defendants.²² Defendants did not inform Dallal of these uses or of any of their other unauthorized print uses or sales.²³

B. Defendants' Arguments Regarding the Statute of Frauds Have No Legal or Factual Basis.

As argued in detail in the Appeal Brief, a finding of equitable estoppel in this Action is precluded by the New York Statute of Frauds.²⁴ As demonstrated below, the two arguments submitted by Defendants in response to the clear language of the Statute of Frauds are each without legal or factual basis.

1. The Issue of Applicability of the New York Statute of Frauds Is Properly Before this Court.

Defendants have asserted that Dallal failed to preserve the issue of Statute of Frauds.²⁵ As demonstrated below, Defendants' claim is once again without basis and misstates the Record on Appeal.

²² See Meddahi Decl. ¶2-4 (A 94); Dallal EBT p. 60-2 (A 153-154); Dallal Affd. ¶ 16-20 (A 497-99).

²³ See A154-160, Dallal EBT p. 62 lines 8-18, p. 64 lines 6-18, pp. 66-69.

²⁴ See p. 25-28 of the Plaintiff's Brief.

²⁵ See p. 24-25 of the Defendants' Brief.

As stated in a leading treatise on Federal Practice, it is the long standing rule in the Federal Court of Appeals that

“in order to be reviewable on appeal, a claim, issue or argument must have been ‘pressed or passed upon below.’ The reason for such a rule is obvious: ‘[analyzing] the facts of a particular [issue] without the benefit of a full record or lower court determination is not a sensible exercise.’ A claim or an issue is ‘pressed or passed upon below’ when it fairly appears in the record as having been raised or decided.” 19-205 Moore’s Federal Practice - Civil § 205.05 (2005) (Citation Omitted).

In the current action, the issue of the New York Statute of Frauds was clearly raised in the Record on Appeal. First, it was alluded to in Dallal’s memorandum of law in opposition to the Motion for Summary Judgment.²⁶ Second, it was expressly raised at the oral arguments on said Motion.²⁷ As provided in F.R.A.P. Rule 10(a)(2), the transcript of said arguments and the issues raised therein are a part of the Record on Appeal, and therefore preserved on Appeal.

At the oral arguments on the Motion for Summary Judgment, the Lower Court sought further analysis from the attorneys for both sides concerning the decision in Encyclopedia Brown Productions, Ltd. v. Home Box Office, Inc., 1994 U.S. Dist.

²⁶ See pages 16-17 of Plaintiff’s Memorandum of Law in Opposition to Defendants’ Motion for Summary Judgment and In Support of Plaintiff’s Cross-Motion for Adverse Inference (A487-488).

²⁷ See A 1327 - A 1330.

LEXIS 21372, 1998 WL 734355 (S.D.N.Y. 1994), since said case was cited in the parties' memorandums of law for entirely opposite results.²⁸ The issue of the statute of frauds was expressly referenced and analyzed by Dallal's Counsel when asked about the issue of estoppel:

Mr. Vaughn-Flam: "In the instant case"—I'm quoting from the [Encyclopedia Brown Productions, Ltd.] decision. "In the instant case, the agreement clearly called for all modifications to be in writing and signed by both of the parties. Therefore, an oral amendment is unenforceable by operation of the New York Statute of Frauds, New York General Obligations Law, Section 15-301."²⁹

Since the issue of Statute of Limitations was indeed raised before the Lower Court and preserved in the Record on Appeal, Defendants' claim is baseless and yet another misrepresentation of the Record.

2. The Written Licenses Preclude the Application of the Doctrine of Equitable Estoppel in the Current Action.

Defendants have asserted in their Brief that "[e]ven if Dallal's invoices could be construed as binding agreements between the parties, equitable estoppel would

²⁸ See A 1327 - A 1330.

²⁹ See p. 28, lines 15-20 of the Oral Arguments Regarding the Motion for Summary Judgment (A 1328); See Id at p. 30, lines 9-13 (A 1330).

continue to bar Dallal's claim.”³⁰ As demonstrated below, Defendants' claim is utterly erroneous.

The only “analysis” provided by Defendants is an attempt to limit Encyclopedia Brown Productions, Ltd. for the proposition that N.Y. Gen. Obl. § 15-301(1) is limited to claims of *promissory estoppel*, and does not concern *equitable estoppel*. This argument ignores the clear language of Encyclopedia Brown Productions, Ltd. which provides:

“In the instant case, the Agreement clearly called for all modifications to be in writing and signed by both parties, therefore an oral amendment is unenforceable by operation of the New York Statute of Frauds. N.Y. Gen. Oblig. Law § 15-301(1) (McKinney 1989) (“A written agreement . . . which contains a provision to the effect that it cannot be changed orally, cannot be changed by an executory agreement unless such executory agreement is in writing and signed by the party against whom enforcement of the change is sought”). Thus any reliance on oral statements would be unreasonable.” 1994 U.S. Dist. LEXIS 21372 at 33.

It was only after the afore-stated holding regarding estoppel *in general* that the Court discussed the particulars about N.Y. Gen. Obl. § 15-301(1) and promissory estoppel. 1994 U.S. Dist. LEXIS 21372 at 33-34.

Defendants then cite to DeCarlo v. Archie Comic Publications, Inc., 127

³⁰ See page 24, ¶ 3 of Defendants Brief.

F.Supp.2d 497 (S.D.N.Y. 2001) for the proposition that equitable estoppel is applicable in contract actions. However, it is inapplicable to the current action since the Licenses contain rights retention language subject to N.Y. Gen. Obl. § 15-301(1). What the Defendants failed to disclose to this Court is that since the Licenses contained language subject to § 15-301(1), the law requires an added element, which can not be satisfied in the current action, for any analysis of equitable estoppel. N.Y. Gen. Obl. § 15-301(1) bars the application of equitable estoppel, as a matter of law, unless the conduct of the party against whom estoppel is sought is “not otherwise... compatible with the agreement as written.” Rose v. SPA Realty Associates, et al., 42 N.Y.2d 338, 344, 366 N.E.2d 1279, 1283, 397 N.Y.S.2d 922, 927 (N.Y. 1977); *See also* Irving O. Farber, PLLC v. Kamalian, 16 A.D.3d 506, 791 N.Y.S.2d 609 (2nd Dept. 2005); Merrill Lynch Interfunding v. Argenti, 155 F.3d 113, 122 (2nd Cir. 1998); Club Haven Inv. Co., LLC v. Capital Co. of Am., LLC, 160 F. Supp. 2d 590, 592 (S.D.N.Y. 2001). Since the conduct of Dallal, namely his continuing to accept freelance assignments from the Defendants and issuing express written Licenses for said assignments, is in compliance with the express terms of the Licenses, equitable estoppel is precluded in the current action as a matter of law. Rose, 42 N.Y.2d at 344.

C. There Is No Basis to Find Equitable Estoppel on Summary Judgment.

In an effort to fabricate a basis for the Lower Court’s determination of Equitable Estoppel, Defendants have asserted that (1) Dallal never objected to their

infringing internet use of his Photographs until 2002;³¹ and (2) Defendants only posted Dallal's photographic works on their internet pages in reliance upon the representations by Dallal.³² As demonstrated below, said claims are patently false, contradicted by the Record on Appeal, and preclude a finding of summary judgment.

1. Since 1997 Dallal Repeatedly Objected to The Defendants' Infringement of His Copyrights.

In support of the current Appeal, Dallal provided a detailed analysis of his repeated and continual written and oral objections to Defendants' infringement of his Photographic Works from 1997 through 2002,³³ as well as his efforts to consistently retain his rights to his copyrights in his Photographs via his written Licenses.³⁴ *See also Pavlica*, 2005 U.S. Dist. LEXIS 2286. Dallal continued to submit his Photographic Works to Defendants based upon the representations made by Ms. O'Connor, the photo department head of the Newspaper, that the Newspaper would address his concerns, (see page 34, ¶ 1 of the Plaintiff's Brief; see also ¶ 12-13 of the Dallal Afd. [A 496]). It should be noted that it is Dallal, and not Defendants, who in actual fact has a claim for equitable estoppel. After all, Dallal continued to submit

³¹ See p. 1, ¶ 3; p. 8, ¶ 3; p. 11, ¶ 1-2; p. 16; p 29-31 of Defendants' Brief.

³² See pp. 26-28 of the Defendants' Brief.

³³ For a detailed account of the Dallal's repeated oral and written objections, see pp. 7-14 of the Plaintiff's Brief.

³⁴ See A504-601.

Photographs to the Newspaper in reliance upon the October 2000 representations of Ms. O'Connor, that additional compensation would be paid for electronic use, to his detriment. Thus, Defendants' repeated mantra that "from 1996 to 2002 nothing changed" (see Defendants' Brief, page 34, par. 2) is particularly insidious in light of the foregoing unrefuted representations, not to mention this Court's decision in 2000 in Tasini v NY Times, *supra*. It should be emphasized that this Action only concerns infringements first commenced in May 2001, after the law was settled in Tasini and after the October 2000 dinner.

As provided in the Amicus Brief, Dallal:

"did everything 'right' as far as the customs and practices of the trade for freelance creators are concerned. He used the right paperwork; he protested unilateral changes in the long-standing relationship between his client and himself; he changed his paperwork to avoid misunderstanding; and he eventually went to the extreme that most freelance creators cannot afford: he filed suit."³⁵

In response, Defendants have ignored and belittled Dallal's written and oral objections, and repeatedly assert that Dallal only objected for the first time in 2002. Defendants' dispute as to the meaning of Dallal's objections merely highlights the existence of triable issues of fact. It is black letter law that issues of fact, such as Dallal's objections to the Defendants' infringing uses of his Photographic Works,

³⁵ See p. 13, ¶2 of the Amicus Brief.

should be resolved in favor of Dallal, the party opposing summary judgment. Ramseur v. Chase Manhattan Bank, 865 F.2d 460 (2nd Cir. 1989); The Proctor & Gamble Company v. Quality King Distributors, Inc., et al., 123 F. Supp. 2d 108 (E.D.N.Y. 2000). Therefore, notwithstanding the self-serving and baseless analysis of the Defendants, the Record on Appeal must be viewed in the light most favorable to Dalla, and requires a finding for summary judgment purposes that he continually and repeatedly objected to the Defendants' infringements of his Works and consistently preserved all rights beyond first exclusive print use. As provided in detail on page 32-37 in the Appeal Brief, Dallal's objections foreclose a finding of equitable estoppel on summary judgment.

2. There Is No Evidence of Reliance by Defendants Upon Dallal, Precluding Summary Judgement.

Dallal demonstrated in his Appeal Brief that there was no reliance by Defendants regarding the publication of Dalla's Photographs on the internet, or subsequent print re-use. Indeed, the utilization of photographic content on the internet and elsewhere was automatic and strictly a matter of a software program employed by the Defendants, and not based on any human response, and certainly not in response to any representation by Dalla.³⁶ Reliance is nothing more than a fiction created by Defendants' counsel. Specifically, the Newspaper's senior photo managers, Ms.

³⁶ See A630-631, Wilson EBT p. 13, line 9 - p. 17, line 9.

O'Connor and Mr. Wilson, both testified in their depositions to their belief that Defendants' web-site publications were permissible revisions, following a 17 U.S.C. 201(c) analysis,³⁷ *not* that Defendants had secured any implicit license or consent from Dallal for their Web-site publications. As provided in the deposition of Mr. Wilson:

Wilson: "...I believe[d] that the Web had permission from him at various points to use those pictures."
Question: "What [was] the source of your knowledge that the Web had permission?"
Wilson: "Let me think about this for a second...Our policy process, procedure, whatever, we consider the Web to be a different edition of the New York times that had the right and authority to use the photographs and that is my source."³⁸

Defendants, citing the above quoted deposition testimony, claim that Mr. Wilson's testimony stands for the proposition that Defendants relied upon Dallal's representations.³⁹ This is yet another clear misrepresentation of the facts and the Record on Appeal of this case. Nowhere in the Record on Appeal is there any testimony which provides that Defendants relied upon any representations by Dallal. Defendants merely implemented software protocols which automatically transferred

³⁷ See A606-07, O'Connor EBT p. 16 line 14 - p. 18 line 9; A633, Wilson EBT p. 27 lines 14-20.

³⁸ See p.26, line 16 - p.27, line 18 of the Wilson EBT (A241-242).

³⁹ See p.9, ¶ 2 of the Defendants' Brief.

content to their internet sites.

The existence of the Licenses in the current action also serves to preclude any finding of reliance, particularly on summary judgment. Within the last 30 days, Judge Chin in Pavlica v Behr et al., ___ F.Supp.2d ___, 2005 U.S. Dist. LEXIS 2286, 2005 WL 2878157 (S.D.N.Y. Nov. 4, 2005), made the most recent decision concerning equitable estoppel in copyright. In that case, the Court held that summary judgment was precluded. “Defendants’ estoppel claim fails, at least at the summary judgment stage[,]” where copyrighted material was provided to the defendants with written rights reservation language, *to wit*, “any reproduction is prohibited unless permission is granted by the author.” Judge Chin held that this rights reservation language “... creates a triable issue of fact whether defendants were ‘ignorant of the true facts.’” 2005 U.S. Dist. LEXIS 26686 at 17-18. Analogously here, Dallal’s Photographs were provided to Defendants with written rights retention language, and this creates triable issues of fact.

Simply stated, there is no foundation for any determination of reliance on the part of Defendants upon any conduct by Dallal, precluding summary judgement in this Action.

D. Issues Not Expressly Reached Below.

In footnote 5 of Defendants' Brief, Defendants invite this Court to determine issues not expressly reached by the Lower Court in the Order on Appeal, namely issues regarding 17 USC § 201(c) and implied license.⁴⁰ Dallal submits that any determination of said issues must include a detailed analysis of the applicable facts and law. While the parties apparently agree that these issues have been fully briefed in the Record,⁴¹ Dallal respectfully requests notice if this Court wishes to review said issues at oral arguments on this Appeal to allow the parties to inform the Court of any further developments in the law.⁴²

⁴⁰ See page 33, footnote 5 of Defendants' Brief.

⁴¹ See Plaintiff's Memorandum of Law in Opposition to Defendants' Motion for Summary Judgment and in Support of Plaintiff's Cross-Motion for Adverse Inference (A 467 - A 492) and Plaintiff's Reply Memorandum of Law in Further Support of Plaintiff's Cross-motion for Adverse Inference (A 1285 - A1300).

⁴² For instance, in Pavlica, 2005 U.S. Dist. LEXIS 26686, a case decided after Plaintiff's Brief was filed, Judge Chin determined that "[e]ven assuming there was an implied license" defendants were "not entitled to summary judgment on a theory of implied license . . ." where "a genuine issue of fact exists as to whether plaintiff revoked this license when he withdrew his consent to use his materials. An implied license is freely revocable absent consideration. See Keane Dealer, 968 F. Supp. at 947." 2005 U.S. Dist. LEXIS 26686 at 16-17. Analogously here, the Record on Appeal clearly reflects that Mr. Dallal had no intention to grant Defendants any implied license, nor did he receive any consideration. Moreover, even assuming *arguendo* that any such license could somehow be found, it is undisputed that Mr. Dallal revoked any such purported implied license no later than November 25, 2002 (See Dallal letter to O'Connor dated November 25, 2002, A656-57). Despite this unambiguous revocation, Defendants not only continued to infringe Mr. Dallal's copyrights until May, 2003, (see Plaintiff's Brief, Footnote 37), but, in fact, initiated new infringements of at least one of his Photographs, which infringement continued until at least February 2003 (See A910-16; Dallal letter to O'Connor dated January 27, 2003 (A658)).

E. An Adverse Inference Is Necessary in Light of the Willful Discovery Misconducts of Defendants.

On Appeal, Dallal has previously demonstrated that in response to his demands that Defendants cease their infringement and provide an accounting, Defendants not only failed to institute a litigation hold, but willfully destroyed relevant documents and records.⁴³ In response, Defendants continue to assert that Dallal requested the destruction.⁴⁴ To be clear, Dallal expressly instructed Defendants to preserve and account for all infringing use - not destroy all evidence of infringing use.

Defendants' willful destruction of their own records was in direct breach of the uncontested obligation to place a litigation hold on matters Defendants knew would be litigated, such as their infringements of Dallal's Copyrights. Zubulake v. UBS Warburg LLC, 2004 WL 1620866 (S.D.N.Y. 2004).

Incredibly, Defendants argue that Dallal has suffered no prejudice from their destruction of relevant and necessary documents to this action, since Dallal has been diligent in recording all known infringements.⁴⁵ The simple fact is that because of Defendants' conduct, Dallal will never know the true extent of the Defendants'

⁴³ See pages 40-42 of Plaintiff's Brief.

⁴⁴ See pages 35-36 of Defendants' Brief.

⁴⁵ See pages 36 of Defendants' Brief.

infringement.⁴⁶ Indeed, Dallal is now limited to sue only upon those Photographs for which he has definitive proof were infringed. He will never know the extent other of his Photographs were infringed.

Defendants also attempt to shrug off their discovery misconduct regarding producing witnesses responsive to Rule 30(b)(6) deposition demands. Defendants simply claim that Dallal was free to seek to locate and depose other officers of Defendants who were more familiar with the specific matters expressly set forth on the Rule 30(b)(6) demands.⁴⁷ However, this is not the duty of Dallal under Fed.R.Civ.Pro. Rule 30(b)(6). As explained in detail in Plaintiff's Brief, it is the Plaintiff, who is obligated to locate and produce competent witnesses familiar with the subject matter of the Rule 30(b)(6) deposition demands.⁴⁸

⁴⁶ See pages 38-40 of Plaintiff's Brief.

⁴⁷ See pages 36-37 of the Defendants' Brief.

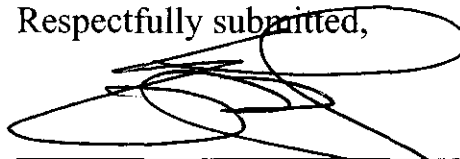
⁴⁸ See pages 44-45 of Plaintiff's Brief. *See also* Reilly v. Natwest Mkts. Group Inc., 181 F.3d 253, 268-269 (2d Cir. 1999); Twentieth Century Fox Film Corp. v. Marvel Enters., 2002 WL 1835439 at 2-3 (S.D.N.Y. 2002).

CONCLUSION

For the foregoing reasons, Dallal respectfully requests that the Order on Appeal finding summary judgment be reversed, that this Court vacate the order of the District Court denying Dallal's application for an adverse inference and remand with instructions to permit Dallal to renew his application for an adverse inference, and such further and other relief as Court shall deem appropriate in the premises.

Dated: December 5, 2005

Respectfully submitted,



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CERTIFICATE OF COMPLIANCE

The attorney for Dallal hereby certifies that the current brief complies with the type-volume limitations of FRAP and Local Rule 32(a)(7)(B)(ii) of the Second Circuit Court of Appeal. The number of words in this brief are: 5907.

This document has been printed on recycled paper.

Dated: December 5, 2005

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Eric Vaughn-Flam", written over a horizontal line.

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AFFIRMATION OF SERVICE

MARC JONAS BLOCK, being duly admitted to practice law before the Courts of the State of New York, hereby affirms the following to be true under penalties of perjury:

I am over 18 years of age, not a party to the within action, and reside in the County and State of New York. On

December 5, 2005


I served two copies of:

**REPLY BRIEF FOR PLAINTIFF-APPELLANT
THOMAS ALEXANDER DALLAL**

upon:

**Robert Penchina, Esq.
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via messenger.



Marc Jonas Block