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License to Sublicense: The Legal Possibility of Impliedly Sublicensing a Copyrighted Work

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LICENSE TO SUBLICENSE: THE LEGAL POSSIBILITY OF IMPLIEDLY SUBLICENSING A COPYRIGHTED WORK

Abstract: On March 13, 2020, in *Photographic Illustrators Corp. v. Orgill, Inc.*, the U.S. Court of Appeals for the First Circuit held that, within copyright law, an implied sublicense is legally possible where a licensee’s nonexclusive license permits unrestricted sublicensing. This was an issue of first impression among the federal courts of appeals. This Comment argues that the First Circuit correctly concluded that implied sublicenses are legally possible and that the legal test for determining whether an implied sublicense exists must consider the relationship between the licensee and sublicensee. Nevertheless, because sublicensing necessarily excludes the copyright owner, applying a modified form of the stringent three-element test the court eschewed would serve as a better guide for future cases analyzing this issue. This tripartite formula, incorporating request, delivery, and intent, creates a framework that would ensure that the intent portrayed by the licensee is deliberate and that privity exists between the two parties to the sublicensing agreement.

INTRODUCTION

To protect ownership of original works by creators, Congress enacted the Copyright Act of 1976.¹ Although the Copyright Act sets forth a detailed regulatory framework for enforcing copyrights, gaps remain.² For example, because the Act does not provide the elements of an implied sublicense, courts have been forced to do so instead.³ In 2020, in *Photographic Illustrator’s*

¹ See 17 U.S.C. §§ 101–1401 (codifying protections for copyrighted works); U.S. COPYRIGHT OFF., GENERAL GUIDE TO THE COPYRIGHT ACT OF 1976, at 1:1 (1977), <https://www.copyright.gov/reports/guide-to-copyright.pdf> [<https://perma.cc/7SL8-RNB5>] (explaining that copyright legislation has historically sought to reward creators for their creative contributions). The U.S. Constitution grants Congress the power to establish federal copyright protections for original works. U.S. CONST. art. I, § 8, cl. 8. In copyright law, an original work is any work that an author creates independently and possesses at least a minimal amount of creativity. *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 345 (1991). As long as the work is not copied, it qualifies as an original—meaning novelty is not a requirement for originality. *Id.* Thus, the author or creator is the person who generates the work by contributing at least a minimal amount of creativity into its creation. See *id.* (holding that authorship is tied to originality in determining the copyrightability of a work).

² 1 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 2:1 (2020).

³ See *id.* (explaining that the courts fill in some of the critical gaps left by the Copyright Act). In copyright law, federal common law answers the questions the Copyright Act leaves unaddressed. See 17 U.S.C. § 301 (preempting all state law that falls within the scope of 17 U.S.C. § 102 and § 103); see also *Sybersound Recs., Inc. v. UAV Corp.*, 517 F.3d 1137, 1150 (9th Cir. 2008) (stating that federal law preempts any state law that conflicts with federal copyright law); *Foad Consulting Grp., Inc.*

Corp. v. Orgill, Inc. (PIC III), the U.S. Court of Appeals for the First Circuit considered the legal possibility of implied sublicensing in copyright law.⁴ The First Circuit, in this case of first impression, held that implied sublicenses are legally possible where a licensee has a nonexclusive license that allows for unrestricted sublicensing.⁵

This Comment argues that the First Circuit's holding that implied sublicenses are a legal possibility is correct but that the legal standard should be modified to guide future cases effectively.⁶ Part I provides an overview of the legal and factual background of *PIC III*.⁷ Part II discusses the First Circuit's holding and the existing framework of implied licensing law that guided the court's reasoning.⁸ Lastly, Part III argues that although the First Circuit's conclusion is correct, a more explicit three-part test that incorporates the delivery, request, and intent factors would better serve as the guiding precedent for whether an implied sublicense exists between a licensee and sublicensee.⁹

I. LEGAL AND FACTUAL BACKGROUND OF *PIC III*

In 2020, in *Photographic Illustrator's Corp. v. Orgill, Inc. (PIC III)*, the U.S. Court of Appeals for the First Circuit held that a copyright licensee with an unrestricted right to sublicense a work may convey this right impliedly, without express permission.¹⁰ Section A of this Part discusses the concept of licensing under both the Copyright Act and common law.¹¹ Section B evaluates the relevant facts and procedural history of *PIC III*.¹²

v. Azzalino, 270 F.3d 821, 824 (9th Cir. 2001) (holding that federal law decides whether an implied copyright license exists). Other examples of judge-created copyright law include: (1) whether the work in question is original; (2) the copyright's scope; (3) whether an alleged author's contributions qualify for author status; and (4) the elements of an infringement claim. 1 PATRY, *supra* note 2, § 2:1. A sublicense grants a third party either all or some portion of the rights granted to the licensee under the master license. *Sublicense*, BLACK'S LAW DICTIONARY (11th ed. 2019).

⁴ *Photographic Illustrator's Corp. v. Orgill, Inc. (PIC III)*, 953 F.3d 56, 58 (1st Cir. 2020).

⁵ *Id.* A license serves as permission from the copyright owner to use the copyrighted work. 2 PATRY, *supra* note 2, § 5:118; *see also License*, BOUVIER'S LAW DICTIONARY (desk ed. 2012) (explaining that a license gives the authorization to do something which could not be done without that license). By extension, a sublicense conveys some or all of the licensee's rights onto a third-party. *Sublicense*, BLACK'S LAW DICTIONARY, *supra* note 3.

⁶ *See infra* notes 10–109 and accompanying text.

⁷ *See infra* notes 10–54 and accompanying text.

⁸ *See infra* notes 55–79 and accompanying text.

⁹ *See infra* notes 80–109 and accompanying text.

¹⁰ *Photographic Illustrator's Corp. v. Orgill, Inc. (Pic III)*, 953 F.3d 56, 58 (1st Cir. 2020).

¹¹ *See infra* notes 13–37 and accompanying text.

¹² *See infra* notes 38–54 and accompanying text.

A. Licensing in Copyright Law

Despite the U.S. Constitution establishing Congress's power to grant protections to authors and inventors to promote the advancement of arts and science, Congress did not enact the Copyright Act until 1790.¹³ According to the 1976 revision of the Copyright Act, a copyright owner may transfer ownership of the copyright by operation of law or through a writing signed by the owner.¹⁴ Although the 1976 Act provides robust regulatory requirements for the transfer of copyright ownership, many aspects of copyright law are judge-made.¹⁵ For example, the Act only vaguely addresses licensing.¹⁶ Specifically, the Act does not discuss nonexclusive licenses.¹⁷ Instead, it explicitly limits ownership of a

¹³ See U.S. CONST. art. I, § 8, cl. 8 (empowering Congress to grant exclusive rights to authors and inventors); Copyright Act of 1790, Pub. L. 1-15, 1 Stat. 124, 124–26 (current version at 17 U.S.C. §§ 101–1401) (codifying federal copyright legislation); U.S. COPYRIGHT OFF., *supra* note 1, at 1:1 (stating that Congress first enacted copyright legislation in 1790). In 1790, the first U.S. Congress implemented the copyright clause in the U.S. Constitution into the Copyright Act. *Copyright Timeline: A History of Copyright in the United States*, ASS'N OF RSCH. LIBRS., <https://www.arl.org/copyright-timeline> [<https://perma.cc/7D9P-WMW6>]. The 1790 Act granted authors of copyrighted works the right to print, duplicate, or publish their work for up to fourteen years with an option to renew for a second fourteen-year term. *Id.* In 1909, Congress broadened the Act's scope to include all works of authorship, and it extended the protection term to twenty-eight years with the possibility to renew for another term of twenty-eight years. See Copyright Act of 1909, Pub. L. 60-349, 35 Stat. 1075, 1084 (current version at 17 U.S.C. §§ 102, 302) (adding that the 1909 Act protected all writings and artwork, including periodicals and orally delivered addresses, such as sermons and lectures). Finally, in 1976, Congress significantly revised the Act to address the substantial impacts of technological advancements on copyright law and to align the United States with international copyright practices. See U.S. COPYRIGHT OFF., *supra* note 1, at 1:1, 2:2 (observing that technological growth necessitated a revision to the Act and that the 1976 Act conformed with international copyright law); *Copyright Timeline: A History of Copyright in the United States*, *supra* (stating that the 1976 Act sought to incorporate the impact of technological developments on copyrighted works and adhere to the Berne Convention). The 1976 Act further expanded the scope of the Act by preempting all previous copyright law and extending the term of protection to the life of the author plus fifty years. 17 U.S.C. §§ 301–302; see also U.S. COPYRIGHT OFF., *supra* note 1, at 2:1–2:3 (explaining that federal preemption and duration of the copyright are two critical changes the 1976 Act made).

¹⁴ 17 U.S.C. § 201(d). Ownership of a copyright initially vests in the author of the work. *Id.* § 201(a). The copyright holder may transfer that ownership through “an assignment, mortgage, exclusive license, or any other conveyance, alienation, or hypothecation of a copyright or of any of the exclusive rights comprised in a copyright . . . but not including a nonexclusive license.” *Id.* § 101.

¹⁵ 1 PATRY, *supra* note 2, § 2:1.

¹⁶ See 17 U.S.C. §§ 101, 204(a) (indicating only that an exclusive license, which must be in writing, can transfer copyright ownership); *Effects Assocs., Inc. v. Cohen*, 908 F.2d 555, 558 (9th Cir. 1990) (stating that the Copyright Act necessarily excludes nonexclusive licenses from § 204's scope because they are not in writing). The Ninth Circuit has interpreted the Copyright Act's silence on the creation, interpretation, and assignability of exclusive licenses to mean that this type of license must be evidenced by writing, but even a “one-line pro forma statement will do.” *Effects Assocs.*, 908 F.2d at 557.

¹⁷ *Cf.* 17 U.S.C. § 101 (referencing nonexclusive licenses only to state that they cannot transfer ownership); see also *Effects Assocs.*, 908 F.2d at 558 (stating that § 204's writing requirement for ownership transfers excludes nonexclusive licenses).

copyright to owners of an exclusive right.¹⁸ Similarly, the Act's definition of ownership transfer excludes nonexclusive licenses.¹⁹ In other words, a nonexclusive license, which an owner may grant to multiple licensees, does not convey an ownership interest to the licensee; it only permits the licensee to use that work as specified by the license agreement.²⁰ Unless the licensee exceeds the scope of the license, the copyright owner who grants a nonexclusive license generally waives the right to sue the licensee for infringement.²¹

¹⁸ See 17 U.S.C. § 101 (stating that an exclusive license, but not a nonexclusive license, can transfer ownership of a copyright); see also 2 PATRY, *supra* note 2, § 5:127 (explaining that § 101 of the Copyright Act limits copyright ownership to one who holds an exclusive right). Copyright ownership and real personal property ownership each carry with it similar rights, including the right of the owner to prevent others from using their property. 18 AM. JUR. 2D, *Copyright and Literary Property* § 3 (2020) (citing *Sprinkler Warehouse, Inc. v. Systematic Rain, Inc.*, 859 N.W.2d 527, 534 (Minn. Ct. App. 2015), *aff'd*, 880 N.W.2d 16 (Minn. 2016)). Moreover, the owner of a copyright has the exclusive right to reproduce or authorize the reproduction of the work. 17 U.S.C. § 106(1). Courts have also affirmed that an exclusive license conveys an ownership interest because the agreement grants the licensee an exclusive right to use the work, which necessarily impairs the value of the copyright to the owners who can no longer use or exploit any rights to the work. See *Davis v. Blige*, 505 F.3d 90, 101 (2d Cir. 2007) (reasoning that an exclusive license confers an ownership interest which destroys the copyright's value to the owners because nobody but the exclusive licensee can use the work); *Campbell v. Bd. of Trs.*, 817 F.2d 499, 504 (9th Cir. 1987) (stating that an exclusive license transfers the property interest to the licensee).

¹⁹ See 17 U.S.C. § 201(d) (stating that only exclusive rights may be transferred in a transfer of ownership); see also *Beastie Boys v. Monster Energy Co.*, 983 F. Supp. 2d 338, 347 (S.D.N.Y. 2013) (stating that the owner preserves ownership over the copyright even after granting a nonexclusive license).

²⁰ *Muhammad-Ali v. Final Call, Inc.*, 832 F.3d 755, 762 (7th Cir. 2016); *Beastie Boys*, 983 F.3d at 347. A license agreement gives the licensee permission to use the copyright work and provides a defense against an infringement claim as long as that use is within the scope of the agreement. See *Ticketmaster L.L.C. v. RMG Techs. Inc.*, 507 F. Supp. 2d 1096, 1106–07 (C.D. Cal. 2007) (defining a license as giving the licensee permission or authority and explaining that use of the license beyond the scope of the agreement may give rise to copyright infringement liability). Further reinforcing the non-exclusive licensee's lack of copyright ownership, § 501 limits standing to sue on an infringement action to owners of an exclusive right and beneficial owners of those rights, meaning a nonexclusive licensee may not bring an infringement action. See 17 U.S.C. § 501(b) (stating that only an owner (legal or beneficial) with an exclusive right can institute an infringement action); see also *Saregama India Ltd. v. Mosley*, 635 F.3d 1284, 1297 (11th Cir. 2011) (holding that a nonexclusive licensee did not have the statutory standing to sue on a copyright infringement claim); *Latin Am. Music Co. v. Archdiocese of San Juan*, 499 F.3d 32, 41 (1st Cir. 2007) (stating that the lower court correctly ruled that a nonexclusive licensee's lack of standing precluded it from bringing a copyright infringement claim).

²¹ See *MDY Indus., L.L.C. v. Blizzard Ent., Inc.*, 629 F.3d 928, 939 (9th Cir. 2010) (stating that by granting a nonexclusive license, a copyright owner waives the right to sue the licensee for infringement), *amended by* No. 09-15932, 2011 WL 538748 (9th Cir. 2011); *Harris v. Emus Recs. Corp.*, 734 F.2d 1329, 1334 (9th Cir. 1984) (concluding that a copyright license is an agreement not to sue for infringement). See generally *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991) (establishing the elements of a copyright infringement claim as (1) ownership of a copyright and (2) illegal copying of that original work). Even if the nonexclusive license bars the copyright owner from bringing an infringement claim, the owner may still sue for breach of contract. See *MDY Indus.*, 629 F.3d at 939 (stating that if the owner grants a nonexclusive license, the licensor generally waives the right to sue for copyright infringement but may still sue for breach of contract); *accord* *Ticketmas-*

Similar to the issue of nonexclusive licenses, the Copyright Act is silent on implied licensing, leaving courts to chart the parameters of those licenses.²² Courts, in turn, have concluded that where the license is nonexclusive and there is no transfer of ownership, the transfer of copyright need not be in writing.²³ Rather, a licensor may grant a nonexclusive license orally or by implication if the circumstances demonstrate that the parties intended to enter into a license.²⁴ This implied license is limited in scope, and it only permits the use of the copyrighted work in an acceptable manner under the license agreement.²⁵ Accordingly, any use of a copyrighted work within the terms of an implied license does not infringe the copyright.²⁶

ter L.L.C. v. Prestige Ent., Inc., 306 F. Supp. 3d 1164, 1172 (C.D. Cal. 2018) (reasoning that by granting a nonexclusive license, a copyright owner waives any infringement claims and may sue solely for breach of contract).

²² See 17 U.S.C. §§ 101–1401 (discussing licensing in the context of exclusive licenses which are necessarily express, not implied); see also 2 PATRY, *supra* note 2, § 5:131 (noting that implied licenses are “creatures of [the] courts”).

²³ See John G. Danielson, Inc. v. Winchester-Conant Props., Inc., 322 F.3d 26, 40 (1st Cir. 2003) (concluding that the requirement to convey transfers of copyright in writing does not apply to nonexclusive licenses where ownership of the copyright is not transferred); see also 3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 10.03[A][7] (Matthew Bender ed., rev. ed. 2020) (explaining that an owner may grant a nonexclusive copyright license orally or impliedly through their conduct). The doctrine of implied licensing emerged from implied-in-fact contracts, which do not require an agreement to be in writing. See *Interscope Recs. v. Time Warner, Inc.*, No. CV 10-1662, 2010 WL 11505708, at *3 (C.D. Cal. June 28, 2010) (stating that the issue of implied licensing is a contract law question); *Implied-in-Fact Contract*, BLACK’S LAW DICTIONARY, *supra* note 2 (defining an implied-in-fact contract as a contract that is inferred through the parties’ conduct); Orit F. Afori, *Implied License: An Emerging New Standard in Copyright Law*, 25 SANTA CLARA COMPUT. & HIGH TECH. L.J. 275, 276–77 (2009) (discussing how the implied license doctrine was imported from contract law to copyright law). *But see* Christopher M. Newman, “What Exactly Are You Implying?”: *The Elusive Nature of the Implied Copyright License*, 32 CARDOZO ARTS & ENT. L.J. 501, 504, 517 (2014) (arguing that property law, not contract law, should drive implied licensing law). Implied-in-fact contracts are borne from the parties’ exhibition of “mutual agreement and intent to promise, when the agreement and promise have . . . not been expressed in words.” 1 SAMUEL WILLISTON, WILLISTON ON CONTRACTS § 1:5 (4th ed. 2020). Mutual assent, or a meeting of the minds, is the most fundamental precursor to forming a contract. *Smith v. Jenkins*, 732 F.3d 51, 75 (1st Cir. 2013) (citing *Nash v. Trs. of Bos. Univ.*, 946 F.2d 960, 966 (1st Cir. 1991)).

²⁴ See *Estate of Hevia v. Portrio Corp.*, 602 F.3d 34, 40–41 (1st Cir. 2010) (stating that a licensor can grant a nonexclusive license by implication); *Korman v. HBC Fla., Inc.*, 182 F.3d 1291, 1293 (11th Cir. 1999) (concluding that a nonexclusive license may form from an oral transaction); *Effects Assocs., Inc. v. Cohen*, 908 F.2d 555, 558 (9th Cir. 1990) (reasoning that a nonexclusive license can be implied through conduct or granted orally). See generally *License*, BOUVIER’S LAW DICTIONARY, *supra* note 5 (stating that an implied license may manifest through the parties’ conduct, even without any words of assent).

²⁵ *Estate of Hevia*, 602 F.3d at 41; see also *Danielson*, 322 F.3d at 40 (stating that staying within the bounds of a nonexclusive license immunizes licensees from copyright infringement suits).

²⁶ See *Estate of Hevia*, 602 F.3d at 41 (reasoning that use of a copyrighted work within the scope of the nonexclusive, implied license does not infringe the copyright). Once a proponent raises an implied license as a defense to an infringement claim, that proponent has the burden of proving its existence. *Id.*

Although circuit courts have acknowledged the legal possibility of implied licenses, they are divided on whether elements beyond intent, including request and delivery, are required to establish an implied license.²⁷ Some circuits, like the Second and Seventh Circuits, have construed implied licenses in limited circumstances by relying on a three-factor test.²⁸ This tripartite formula, derived from the U.S. Court of Appeals for the Ninth Circuit's 1990 decision in *Effects Associates, Inc. v. Cohen*, requires that (1) the licensee request the creation of the work; (2) the licensor create and deliver that work to the requestor; and (3) the licensor intend that the licensee distribute the work.²⁹ Conversely, other circuits, like the Fifth and Ninth Circuits, have held that implied licenses can exist even when the three elements are not satisfied.³⁰ Going further than the Fifth and Ninth Circuits, the First Circuit ruled that the touchstone for finding an implied license is intent, suggesting that neither request nor delivery are necessary.³¹

²⁷ Compare *Muhammad-Ali v. Final Call, Inc.*, 832 F.3d 755, 762 (7th Cir. 2016) (stating that request, delivery, and intent must be established to infer an implied license), and *SmithKline Beecham Consumer Healthcare, L.P. v. Watson Pharms., Inc.*, 211 F.3d 21, 25 (2d Cir. 2000) (noting that courts have construed implied licenses where request, delivery, and intent were established), with *Falcon Enters., Inc. v. Publishers Serv., Inc.*, 438 F. App'x 579, 581 (9th Cir. 2011) (mem.) (concluding that an implied license existed where all three factors were not fully satisfied), and *Baisden v. I'm Ready Prods., Inc.*, 693 F.3d 491, 501 (5th Cir. 2012) (observing that the Fifth Circuit has never concluded that an implied license cannot exist where all three factors were not met), and *Estate of Hevia*, 602 F.3d at 41 (stating that intent is the critical factor in establishing an implied license).

²⁸ See *Muhammad-Ali*, 832 F.3d at 762 (relying strictly on the delivery, request, and intent factors); *SmithKline*, 211 F.3d at 25 (observing that courts have inferred an implied license where the three elements, delivery, request, and intent, were met); see also *Atkins v. Fischer*, 331 F.3d 988, 991–92 (D.C. Cir. 2003) (concluding that request, delivery, and intent must be established).

²⁹ See Justin Hughes, *Actors as Authors in American Copyright Law*, 51 CONN. L. REV. 1, 56 (2019) (stating that *Effects Associates, Inc. v. Cohen* established the three-factor test and listing out its requirements (citing *Effects Assocs.*, 908 F.2d at 558–59)). In 2011, in *Falcon Enterprises, Inc. v. Publishers Service, Inc.*, the Ninth Circuit departed from its tripartite formula and indicated that an implied license could exist even where request was not established. 438 F. App'x at 581. The Second and Seventh Circuits still adhere to the three-factor test. See *SmithKline*, 211 F.3d at 25 (stating and applying the *Effects Associates* standard); *I.A.E., Inc. v. Shaver*, 74 F.3d 768, 776 (7th Cir. 1996) (reiterating the *Effects Associates* test).

³⁰ See *Baisden*, 693 F.3d at 501 (clarifying that an implied license can arise when the totality of the parties' conduct supports that outcome and the tripartite formula need not be met); *Falcon Enters.*, 438 F. App'x at 581 (stating that an implied license existed where the licensor delivered the work and intended for the licensee to copy and distribute it). Some scholars have similarly suggested that an implied license can exist even when one or more of the elements are not met. See 3 NIMMER & NIMMER, *supra* note 23, § 10.03[A][7] (stating that it is questionable for courts to strictly use three factors as the only test for an implied license); 2 PATRY, *supra* note 2, § 5:131 (noting that the three factors are not exhaustive of the elements for finding an implied license).

³¹ See *John G. Danielson, Inc. v. Winchester-Conant Props., Inc.*, 322 F.3d 26, 41 (1st Cir. 2003) (glossing over request and delivery and focusing on the intent of the copyright owner); see also *Estate of Hevia*, 602 F.3d at 41 (clarifying that intent is the touchstone for establishing an implied license). Adding a different interpretation to the intent analysis, the U.S. Court of Appeals for the Fourth Circuit, in 2002, in *Nelson-Salabes, Inc. v. Morningstar Development*, chose to focus its inquiry on "the totality of the circumstances." 284 F.3d 505, 515 (4th Cir. 2002). The *Nelson-Salabes* court further

In the context of copyright sublicensing, the Copyright Act dictates neither the terms nor the medium to convey a sublicense.³² A sublicense grants a third party, the sublicensee, all or some portion of the rights granted to the licensee under the original license.³³ Unlike for implied licenses, common law is relatively underdeveloped in the context of copyright sublicensing.³⁴ The few circuit courts to have weighed in on this subject have assessed sublicenses precipitating from exclusive licenses.³⁵ These circuits have indicated that, for acts within the scope of the sublicense, a copyright owner may not assert an infringement claim against a sublicensee if the owner granted the licensee permission to sublicense.³⁶ Within the realm of implied sublicensing, however, the U.S. District Court for the District of Oregon stands as the lone court to have addressed this

specified that the question of intent focuses on whether: (1) the parties engaged in a temporary, discrete transaction that was not a part of an ongoing relationship; (2) the creator used a written contract specifying that the copyrighted work could only be used with the creator's express permission or involvement; and (3) the creator's conduct indicated that the copyrighted material could be permissibly used without the creator's involvement or consent. *Id.* at 516. The Fifth Circuit has also inferred intent through permission from the licensor or the absence of an objection. *See Baisden*, 693 F.3d at 500 (reasoning that either the licensor's permission or lack of objection can evince consent for an implied license); *see also* Geophysical Serv., Inc. v. TGS-NOPEC Geophysical Co., 784 F. App'x 253, 256 (5th Cir. 2019) (*per curiam*) (inferring intent from the creator's lack of objection).

³² *See* 17 U.S.C. §§ 101–1401 (stating copyright protections that noticeably do not address sublicenses).

³³ *Sublicense*, BLACK'S LAW DICTIONARY, *supra* note 2; *see also* Spinelli v. NFL, 903 F.3d 185, 203 (2d Cir. 2018) (stating that a sublicensee cannot obtain the rights to a copyrighted work if the licensee did not have the right to sublicense); *Sinclair v. Ziff Davis*, L.L.C., 454 F. Supp. 3d 342, 344 (S.D.N.Y. 2020) (barring a copyright holder who permitted a licensee to grant a sublicense from prevailing on an infringement claim against the sublicensee).

³⁴ *See* Photographic Illustrator's Corp. v. Orgill, Inc. (*PIC III*), 953 F.3d 56, 60 (1st Cir. 2020) (noting that only one other court has opined on implied sublicensing); *Catalogue Creatives, Inc. v. Pac. Spirit Corp.*, No. CV 03-966, 2005 WL 1950231, at *2 (D. Or. Aug. 15, 2005) (holding, in a case of first impression, that an implied license cannot give rise to an implied sublicense).

³⁵ *See* Spinelli, 903 F.3d at 197 (assessing whether a sublicense can arise from an exclusive license); *Gardner v. Nike*, 279 F.3d 774, 780 (9th Cir. 2002) (addressing whether an exclusive licensee may sublicense without the copyright owner's permission). In 2002, in *Gardner v. Nike*, the Ninth Circuit held that a copyright licensee does not have the right to sublicense under an exclusive license without the licensor's consent. 279 F.3d at 781. Some courts, scholars, and authors have criticized the *Gardner* decision for misinterpreting the Copyright Act and improperly analogizing to patent law. *See, e.g.*, Traicoff v. Digit. Media, Inc., 439 F. Supp. 2d 872, 877 (S.D. Ind. 2006) (concluding that the *Gardner* decision was unpersuasive because the Copyright Act actually allows exclusive licensees to confer a downstream sublicense); 3 NIMMER & NIMMER, *supra* note 23, § 10.02[B][4][b] (stating that copyright law's constitutional roots debunk *Gardner*'s reasoning); Peter H. Kang & Jia Ann Yan, *Doctrine of Indivisibility Revived?*, 18 SANTA CLARA COMPUT. HIGH TECH L.J. 365, 371–73 (2002) (critiquing *Gardner* for being inconsistent with congressional intent); Kate Williams, Note, *Gardner v. Nike*, 18 BERKELEY TECH. L.J. 371, 372 (2003) (arguing that the *Gardner* court ignored precedent, misread the Copyright Act, and inappropriately analogized to patent law).

³⁶ *See* Sinclair, 454 F. Supp. at 344 (establishing that a license permitting sublicensing bars the owner from suing the sublicensee for infringement); *cf.* Spinelli, 903 F.3d at 203 (indicating that a sublicense cannot exist when the exclusive licensee does not have the right to sublicense); *Gardner*, 279 F.3d at 780 (holding that an exclusive licensee cannot sublicense without permission from the copyright owner).

question, and, in 2004, the court ruled in *Catalogue Creatives, Inc. v. Pacific Spirit Corp.* that an implied license cannot give rise to an implied sublicense.³⁷

B. Factual and Procedural History of PIC III

In *PIC III*, a case of first impression, the First Circuit assessed a licensee's right to impliedly sublicense a photograph of an industrial product to its distributor.³⁸ The plaintiff, Photographic Illustrators Corporation (PIC), through its photographer, Paul Picone, offers commercial photography services, including photographs of consumer products, to its clients.³⁹ PIC's client, Osram Sylvania, Inc. (Sylvania), is a lightbulb manufacturer that uses many of PIC's copyrighted photographs of lightbulbs to market and sell its products through its dealers and distributors.⁴⁰ After a dispute arose regarding the scope of Sylvania's rights to use the photos, PIC and Sylvania entered into a three million dollar nonexclusive license agreement with a provision permitting Sylvania to sublicense PIC's photographs.⁴¹ Defendant Orgill, Inc. (Orgill)

³⁷ See *Catalogue Creatives*, 2005 WL 1950231, at *2 (ruling that an implied license cannot spawn an implied sublicense).

³⁸ *PIC III*, 953 F.3d at 58. Prior to Photographic Illustrators Corporation's (PIC) lawsuit against Orgill, only the U.S. District Court for the District of Oregon had considered the issue of whether an implied license can exist, but that court analyzed whether an implied sublicense can be derived from an implied, nonexclusive license, rather than from an express, nonexclusive license. See *Catalogue Creatives*, 2005 WL 1950231, at *2 (stating that the defendant failed to offer case law supporting the contention that a party holding an implied license can impliedly sublicense to a third party).

³⁹ *PIC III*, 953 F.3d at 58.

⁴⁰ *Id.* In North America, Sylvania sells LED lamps, traditional light sources, standardized luminaires, and connected lighting solutions. *General Lighting Products*, SYLVANIA, <https://www.sylvania.com/products/Pages/General-Lighting-Products.aspx> [<https://perma.cc/95SZ-XA5V>]. The U.S. Supreme Court first considered photographs within the scope of copyright law in 1884. See *Burrow-Giles Lithographic Co. v. Saroni*, 111 U.S. 53, 54, 55 (1884) (assessing whether photographs are copyrightable). In 1884, in *Burrow-Giles Lithographic Co. v. Saroni*, the Court rejected distinguishing photographs from maps, charts, or prints, all of which the Copyright Act of 1790 and its subsequent revisions protected. *Id.* at 57, 60. The Court held that photographs could be considered writings if they represented "original intellectual conceptions of the author." *Id.* at 58. Under the Copyright Act, copyright protection covers "original works of authorship" of pictorial works. 17 U.S.C. § 102(a).

⁴¹ *PIC III*, 953 F.3d at 58. The sixteen-page licensing agreement granted Sylvania a "non-exclusive, worldwide license . . . to freely Use, sub-license Use, and permit Use, in its sole and absolute discretion, in perpetuity, anywhere in the world." *Id.* The PIC-Sylvania agreement gave "the greatest possible interpretation" to the term "Use" and defined it to include "copy[ing], edit[ing] . . . reproduce[ing], transmit[ing], display[ing], broadcast[ing], print[ing], publish[ing], use in connection with any media (including . . . advertising, packaging, promotional and collateral materials)." Brief of Appellee Orgill, Inc. at 5, *id.* (No. 19-1452). Sylvania also agreed to an attribution restriction requiring it, when reasonably possible, "to include a copyright notice indicating PIC as the copyright owner and/or . . . [crediting] Paul Picone as the photographer." *PIC III*, 953 F.3d at 58. The United States has very few protections for copyright attribution. Greg Lastowka, *Digital Attribution: Copyright and the Right to Credit*, 87 B.U.L. REV. 21, 69 (2007). The Visual Artist Rights Act of 1990, for example, limits its protection to visual artists' right to assert ownership of their work. *Id.* (citing scattered sections of 17 U.S.C.). See generally 17 U.S.C. § 101 (defining a visual artwork as a single copy of a photograph,

is a hardware distributor that markets and sells Sylvania's lightbulbs through a network of dealers.⁴² After Orgill requested PIC's lightbulb photographs to use in its electronic and paper catalogs, Sylvania sent some photos to the distributor and then directed Orgill to its website, from which Orgill copied and pasted photos for its use.⁴³ Sylvania did not enter into a written agreement with Orgill and did not inform Orgill of the attribution restriction in Sylvania's license with PIC.⁴⁴ Orgill also did not seek PIC's permission to use the copyrighted photographs.⁴⁵

In response, PIC filed a lawsuit in the U.S. District Court for the District of Massachusetts, bringing claims against Orgill and one of Orgill's dealers, Farm & City Supply, L.L.C., for copyright infringement under 17 U.S.C. § 501.⁴⁶ After PIC filed this lawsuit, Sylvania and Orgill entered into an ex-

print, drawing, painting, or sculpture). The Digital Millennium Copyright Act (DMCA) also incorporates attribution related provisions by prohibiting any "alteration or removal of 'copyright management information' (CMI) expressed in association with a work." Lastowka, *supra* at 69–70 (quoting 17 U.S.C. § 1202). CMI refers to certain identifying information in relation to the work, including the title of the work, the name of the author(s) and/or copyright owners of the work, and the terms and conditions allowing for the use of the work. 17 U.S.C. § 1202(c). The DMCA's provisions outlaw "the knowing distribution of false CMI that enables copyright infringement, as well as intentional removal or alteration of CMI with knowledge that this will facilitate copyright infringement." Lastowka, *supra* at 70–71 (citing 17 U.S.C. § 1202(a)–(b)).

⁴² *PIC III*, 953 F.3d at 58. Orgill's customer base includes "more than [six-thousand] retail hardware stores, home centers, pro lumber dealers, and farm stores" in over fifty countries, including the United States. *About Us*, ORGILL, <https://www.orgill.com/index.aspx?tab=667> [<https://perma.cc/5DDE-ZQJY>]. The distributor's inventory includes approximately one thousand Sylvania products. *PIC III*, 953 F.3d at 58.

⁴³ *PIC III*, 953 F.3d at 58.

⁴⁴ *Id.*

⁴⁵ See *Photographic Illustrators Corp. v. Orgill, Inc. (PIC II)*, 370 F. Supp. 3d 232, 239 (D. Mass. 2019), *aff'd*, 953 F.3d 56 (1st Cir. 2020) (noting that Orgill did not have contact with PIC prior to this lawsuit).

⁴⁶ *Photographic Illustrators Corp. v. Orgill, Inc. (PIC I)*, 118 F. Supp. 3d 398, 400 (D. Mass. 2015), *summary judgment denied by and granted by* 370 F. Supp. 3d 232 (D. Mass. 2019), *aff'd*, 953 F.3d 56 (1st Cir. 2020). See generally 17 U.S.C. § 501(a) (identifying a copyright infringer as "anyone who violates any of the exclusive rights of the copyright owner"); *supra* note 21 (outlining the elements of a copyright infringement claim). Under its copyright infringement claim, PIC asserted that Orgill used its photos without a license and without attributing the photos to PIC or its photographer in violation of the attribution requirement in the PIC-Sylvania license. Plaintiff's Opposition to Defendant's Motion for Summary Judgment at 4, *PIC I*, 118 F. Supp. 3d 398 (No. 1:14-CV-11818). PIC also sued Orgill for violations of the DMCA and false designation of origin and advertising under the Lanham Act. *PIC II*, 370 F. Supp. 3d at 240. See generally 17 U.S.C. § 1202 (prohibiting anyone from providing false CMI with the knowledge or intent to enable or conceal infringement); Lanham Act, 15 U.S.C. § 1125(a) (describing the liability of a party who falsely designates the origin of a good or service). In addition, PIC filed more than thirty separate lawsuits against other Sylvania dealers and distributors alleging a violation of the PIC-Sylvania license. *PIC III*, 953 F.3d at 58–59. Seven of the other cases, also filed in the U.S. District Court for the District of Massachusetts, were consolidated and referred to arbitration. *PIC II*, 370 F. Supp. 3d at 240–41. Sylvania intervened as an interested party in these cases. *PIC III*, 953 F.3d at 59. The district court, however, denied Sylvania's motion to intervene in the instant case. *Id.*

press sublicense agreement, effective *nunc pro tunc*, or retroactively.⁴⁷ Thereafter, Orgill moved for summary judgment on all claims.⁴⁸ The district court held that Orgill had a sublicense from Sylvania to use the photos, but it did not determine the scope of the sublicense.⁴⁹ Orgill subsequently renewed its motion for summary judgment on the sublicense defense and on a new claim of defensive, nonmutual issue preclusion.⁵⁰ Ultimately, the court granted summary

⁴⁷ *PIC I*, 118 F. Supp. 3d at 401. Orgill and Sylvania's "Confirmatory Copyright Sublicense Agreement" stated that the parties "wish[ed] to confirm the terms upon which [Sylvania] ha[d] permitted and sublicensed Orgill to Use the [PIC] images." Appellant's Opening Brief at 5, *PIC I*, 953 F.3d 56 (No. 19-1452) (alteration in original). The retroactive sublicense specified that the agreement confirmed and regranted a sublicense dating back to June 2006, the effective date of the PIC-Sylvania license. *Id.*

⁴⁸ *PIC I*, 118 F. Supp. 3d at 400. Summary judgment is appropriate when the movant is entitled to judgment as a matter of law and no genuine dispute exists relating to any material fact. FED. R. CIV. P. 56(a). A factual dispute is material if it could affect the outcome of the lawsuit, and a dispute about a material fact is genuine if a reasonable jury could find in favor of the nonmoving party after considering the evidence. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986).

⁴⁹ *PIC III*, 953 F.3d at 59. The district court also granted Orgill's motion for summary judgment on the DMCA and Lanham Act claims. *Id.* Furthermore, the court decided that Farm & City Supply, L.L.C. was "an innocent infringer," prompting PIC to drop it from the case. *PIC III*, 953 F.3d at 59. Finally, the court granted the parties' motion to stay proceedings pending the decision of a separate arbitration. *Id.* A court may choose to stay a case while waiting for the outcome of another proceeding, such as a related arbitration, due to the "difficulties of anticipating the claim or issue-preclusion effects" of the pending proceeding. *Curtis v. Citibank, N.A.*, 226 F.3d 133, 138 (2d Cir. 2000); *see also* *Manganella v. Evans-ton Ins. Co.*, 700 F.3d 585, 591 (1st Cir. 2012) (concluding that for claim and issue preclusion, arbitral decisions are treated similar to judicial decisions). In the separate arbitration proceedings, the arbitrator determined that the attribution restriction was a covenant and not a condition and that by allowing its distributors to duplicate these photos without attribution, Sylvania breached this covenant. *PIC III*, 953 F.3d at 59. A covenant is a promise by one party to do something for the other party, whereas a condition is an event or occurrence that will trigger one or more obligations under a contract. *Condition*, BLACK'S LAW DICTIONARY, *supra* note 2; *Covenant*, *id.* The distinction between a condition and covenant matters because "a licensee who violates a condition of a license (and thus exceeds its scope) cannot claim the license as a defense to copyright infringement," but if the licensee violates a covenant, then the licensor can only sue for breach of contract. *PIC III*, 953 F.3d at 59; *accord* *MDY Indus., L.L.C. v. Blizzard Ent., Inc.*, 629 F.3d 928, 939 (9th Cir. 2010); *see also* *Graham v. James*, 144 F.3d 229, 236 (2d Cir. 1998) (stating that a breach of covenant by the licensee provides a cause of action for the licensor's breach of contract claim). In addition, the arbitrator, relying on PIC's concession, decided that Sylvania had a sublicense with its other distributors. *PIC III*, 953 F.3d at 59.

⁵⁰ *PIC III*, 953 F.3d at 59; *see also* Brief of Appellee Orgill, Inc., *supra* note 41, at 28–29 (asserting that the arbitrator's decision precluded PIC from arguing that implied sublicenses are a legal impossibility). A defendant may invoke defensive, nonmutual issue preclusion to preclude a plaintiff from relitigating an identical issue it unsuccessfully litigated against another party. *See Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 328–29 (1979) (stating that the Court has held that a plaintiff is estopped from relitigating an unsuccessful claim it brought against another party). The mutuality of parties is not required, and, instead, the question rests on whether a party received the opportunity to reach a full resolution on that same issue. *Rodriguez-Garcia v. Miranda-Marin*, 610 F.3d 756, 771 (1st Cir. 2010). Courts treat arbitral decisions similarly to judicial judgments in the context of issue preclusion. *Manganella*, 700 F.3d at 591; *see also* *FleetBoston Fin. Corp. v. Alt*, 638 F.3d 70, 79 (1st Cir. 2011) (stating that an arbitral award has a preclusive effect on all claims the arbitrator hears).

judgment to Orgill and reaffirmed its previous ruling that Sylvania granted Orgill an implied sublicense with an attribution restriction that was a covenant.⁵¹

Thereafter, PIC appealed to the First Circuit on the grounds that a sublicense to use a copyrighted work must be express, whereas Sylvania's sublicense to Orgill was at best implied.⁵² PIC additionally asserted that there were genuine issues of fact as to whether a jury could find that Orgill obtained permission, either express or implied, to use PIC's photographs.⁵³ The First Circuit held that where a licensee has an unrestricted right to sublicense, a sublicense between the licensee and sublicensee may be implied by the actions between the two parties.⁵⁴

II. DISCUSSION OF THE FIRST CIRCUIT'S RULING IN *PIC III*

Agreeing to hear PIC's appeal, the U.S. Court of Appeals for the First Circuit, in 2020, in *Photographic Illustrator's Corp. v. Orgill, Inc. (PIC III)*, considered whether an implied sublicense is a legal possibility.⁵⁵ Although exploring new territory in copyright law, implied sublicensing, the First Circuit

⁵¹ *PIC III*, 953 F.3d at 59–60. Because the parties to the arbitration did not raise or contest the assumption that, under the PIC-Sylvania license, Sylvania could impliedly grant a sublicense, the district court allowed PIC to argue that, as a matter of law, copyright sublicenses are effective only when granted expressly. *Id.* at 59; *cf. supra* note 50 (explaining how issue preclusion applies after an arbitrator's decision). Unlike the issue of an implied sublicense, the district court concluded that the arbitral award precluded PIC from relitigating the construction of the PIC-Sylvania license. *PIC II*, 370 F. Supp. 3d at 247. In coming to this conclusion, the court emphasized that it had no difficulty applying the factors for issue preclusion to the arbitrator's decision because the arbitrator wrote a thorough decision detailing and analyzing all of the parties' claims and counterclaims. *Id.* at 243. In fact, the arbitrator even highlighted that, despite PIC's contentions, there was no requirement to convey sublicenses through writing in the PIC-Sylvania license. *Id.* at 244. Furthermore, the attribution restriction issue related to Sylvania and Orgill's Confirmatory Sublicense, which Orgill argued included an attribution requirement that was a condition, not a covenant. *Id.* at 248; *see supra* note 49 (explaining the difference between a covenant and a condition). The court concluded that the language of the agreement indicated that Orgill and Sylvania viewed the requirement as a covenant, which, if violated, would trigger a breach of contract, rather than as a condition that affected the validity of the sublicense. *PIC II*, 370 F. Supp. 3d at 248–49. Finally, in granting summary judgment to Orgill, the district court focused its analysis on the intent requirement and highlighted that implied licenses are a type of implied-in-fact contract. *Id.* at 246–47. *See generally supra* note 23 (defining implied-in-fact contract).

⁵² *PIC III*, 953 F.3d at 60.

⁵³ *Id.* Although the district court relied on a supposed concession by PIC in its ruling that Sylvania did grant a sublicense, PIC argued on appeal that it did not, in fact, concede this point. *PIC III*, 953 F.3d at 64; Appellant's Reply Brief at 16, *PIC III*, 953 F.3d 56 (No. 19-1452). The First Circuit noted the ambiguity in whether PIC actually waived this argument based on the hearing transcripts and, accordingly, chose to "assume without deciding" that no waiver existed. *PIC III*, 953 F.3d at 64. Generally, a counsel's in-court admission may be binding, but the statement "must be clear and unambiguous." *Butynski v. Springfield Terminal Ry. Co.*, 592 F.3d 272, 277 (1st Cir. 2010); *accord Lima v. Holder*, 758 F.3d 72, 79 (1st Cir. 2014).

⁵⁴ *PIC III*, 953 F.3d at 64; *see also infra* notes 55–79 and accompanying text (discussing the First Circuit's ruling in *PIC III*).

⁵⁵ *Photographic Illustrator's Corp. v. Orgill, Inc. (PIC III)*, 953 F.3d 56, 60 (1st Cir. 2020) (noting that no circuit court has assessed whether a sublicense agreement must be express).

drew its reasoning from familiar legal standards relating to implied licensing between a copyright owner and a licensee.⁵⁶ Section A of this Part discusses the First Circuit's rationale for why implied sublicenses can exist.⁵⁷ Section B describes the First Circuit's application of the implied licensing framework to sublicensing agreements.⁵⁸

A. The Legal Possibility of an Implied Sublicense

Considering the objectives of the Copyright Act of 1976, the First Circuit concluded that implied sublicensing is permissible.⁵⁹ The court specified that implied sublicensing does not undermine the policy reasons behind the Copyright Act, as the original licensor is still permitted to control the confines of any downstream sublicense when executing a license agreement with the licensee.⁶⁰ As the court explained, although the Copyright Act seeks to encourage the production of original expression for the public, the right of the creator to control this work must be balanced with supporting the public's access to it.⁶¹

The First Circuit also acknowledged that, in 2005, the U.S. District Court for the District of Oregon also considered the issue of implied sublicensing in *Catalogue Creatives, Inc. v. Pacific Spirit Corp.*⁶² The First Circuit distinguished that case, however, as it involved the grant of an implied sublicense from an implied license.⁶³ In contrast, PIC negotiated a written license with

⁵⁶ *Id.* at 61–62. See generally *supra* note 27 and accompanying text (outlining the different circuits' requirements for establishing implied licenses).

⁵⁷ See *infra* notes 59–65 and accompanying text.

⁵⁸ See *infra* notes 66–79 and accompanying text.

⁵⁹ See *PIC III*, 953 F.3d at 60, 62–64 (concluding that nothing in the Copyright Act requires an express agreement in sublicensing). See generally 17 U.S.C. §§ 101–1401 (codifying protections for copyrighted works); U.S. COPYRIGHT OFF., *supra* note 2, at 1:1 (explaining that the Copyright Act seeks to balance rewarding the creator with allowing the public access to the work).

⁶⁰ *PIC III*, 953 F.3d at 62–63. In PIC's case, PIC had a written, nonexclusive license with Sylvania, and, as the First Circuit emphasized, PIC had ample opportunity to control the requirements of Sylvania's future sublicenses. *Id.* at 63. Due to this opportunity for control, the First Circuit concluded that there was no unpredictability factor that could undermine the Copyright Act's objective to enforce the certainty behind copyright ownership. *Id.*

⁶¹ *Id.* at 63. In 1994, in *Fogerty v. Fantasy, Inc.*, the U.S. Supreme Court established that the Copyright Act's primary purpose is to support the public's "access to creative works." 510 U.S. 517, 527 (1994); accord *Kirtsaeng v. John Wiley & Sons, Inc.*, 136 S. Ct. 1979, 1986 (2016) (quoting *Fogerty*, 510 U.S. at 527); see also U.S. CONST., Art. I, § 8, cl.8 (stating that the Constitution seeks "to promote the Progress of Science and useful Arts"). To achieve this purpose, the Copyright Act must balance the interests of the creators while still allowing the public to access the works. *Kirtsaeng*, 136 S. Ct. at 1986 (citing *Fogerty*, 510 U.S. at 527).

⁶² *PIC III*, 953 F.3d at 62–63 (citing *Catalogue Creatives, Inc. v. Pac. Spirit Corp.*, No. CV 03-966, 2005 WL 1950231, at *2 (D. Or. Aug. 15, 2005)).

⁶³ *Id.* In *Catalogue Creatives, Inc. v. Pacific Spirit Corp.*, decided by the U.S. District Court for the District of Oregon in 2005, the plaintiff alleged that the defendant's use of certain photographs infringed its copyrights in those works. 2005 WL 1950231, at *1. The defendant countered that it had received an implied sublicense derived from an implied license. *Id.* at *1–2. Ultimately, the U.S. District Court for

Sylvania that expressly permitted sublicensing.⁶⁴ Accordingly, the First Circuit in *PIC III* concluded that a sublicense need not be express where the licensee has an unrestricted right to sublicense.⁶⁵

B. The First Circuit's Focus on Intent in Implied Sublicensing

In developing the legal standard for implied sublicensing, the First Circuit recognized that circuit courts have developed different tests for determining whether an implied license exists.⁶⁶ The court emphasized, however, that, for implied licenses, it has historically glossed over the first two elements, request and delivery, and instead focused its inquiry on intent.⁶⁷ Specifically, in its focus on intent, the First Circuit noted that it has evaluated whether (1) the parties engaged in a short-term deal or a continuing relationship; (2) the original licensor used a written contract stipulating that the work could only be used with their express permission; and (3) the creator's acts during creation or delivery suggested that use of the material without consent was permissible.⁶⁸ Correspondingly, in *PIC III*, the First Circuit concluded that intent is the critical requirement, and it rejected applying the request and delivery prongs of the three-factor test to Sylvania and Orgill's alleged sublicense agreement.⁶⁹ The court reasoned that strict adherence to the three-prong test would ensure that sublicenses were seldom implied because an alleged sublicensee predominantly interacts with the licensee and rarely with the copyright owner to request the work.⁷⁰

the District of Oregon held that an implied licensee does not have the authority to grant an implied sublicense, thereby concluding that implied sublicenses are legally impossible when granted under an implied license. *Id.* at *2.

⁶⁴ *PIC III*, 953 F.3d at 58, 63; see also Brief of Appellee Orgill, *supra* note 41, at 5 (quoting the terms in PIC's license with Sylvania which explicitly permitted licensing). PIC also agreed that it had an express license with Sylvania and that the license allowed Sylvania to sublicense its rights to a third party. Appellant's Opening Brief, *supra* note 47, at 3.

⁶⁵ *PIC III*, 953 F.3d at 58.

⁶⁶ *Id.* at 61–62; see *supra* note 27 and accompanying text (comparing the different circuit courts' approaches to establishing an implied license).

⁶⁷ *PIC III*, 953 F.3d at 61–62 (citing *Estate of Hevia v. Portrio Corp.*, 602 F.3d 34, 41 (1st Cir. 2010)). In 2010, in *Estate of Hevia v. Portrio Corp.*, a case analyzing a possible implied license of an architectural design, the First Circuit chose to sidestep the request and delivery factors to focus on the creator's intent. 602 F.3d at 41 (citing *John G. Danielson, Inc. v. Winchester-Conant Props., Inc.*, 322 F.3d 26, 41 (1st Cir. 2003)).

⁶⁸ *PIC III*, 953 F.3d at 61. The First Circuit further noted that *Estate of Hevia* repeated the same framework that it followed in 2003 in *John G. Danielson, Inc. v. Winchester-Conant Properties*, including bypassing the delivery and request elements. *Id.* (citing *Estate of Hevia*, 602 F.3d at 41).

⁶⁹ *Id.* (“The touchstone for finding an implied license . . . is intent.” (quoting *Danielson*, 322 F.3d at 40)).

⁷⁰ *Id.* at 62. The First Circuit analogized this situation to the assignment of mortgages because an assignment of a mortgage to a third party does not need to meet the same requirements as those that apply to the granting of a mortgage. *Id.* See generally RESTATEMENT (THIRD) OF PROP.: MORTGS. §§ 1.5, 5.4 (AM. L. INST. 1997) (describing the creation and transfer of mortgages).

After establishing intent as the key factor in this issue, the court explained that Sylvania and Orgill's conduct could evince an implied sublicense.⁷¹ First, the court reasoned that Sylvania, as a manufacturer, would undoubtedly want its distributor to use the photos to sell its products.⁷² The court explained that it did not make sense for Sylvania to expect Orgill to successfully sell lightbulbs without using photos of the product.⁷³ Second, Sylvania purchased a three million dollar license from PIC for the right to sublicense those photos to its dealers to use in selling its lightbulbs.⁷⁴ Third, an employee of Orgill requested copies of the photos to use, and Sylvania either delivered them or directed the employee to a location where he could retrieve them, constituting delivery.⁷⁵ Fourth, Sylvania was aware that Orgill was using the photos, as Orgill sent the manufacturer a copy of its catalog twice a year, and Sylvania never challenged this use of the photos.⁷⁶ Fifth, Orgill and Sylvania signed a sublicense agreement after the start of the litigation, clearly signifying Sylvania's prior intent to grant a sublicense.⁷⁷ Finally, during an arbitration proceeding, PIC succeeded in holding Sylvania liable for breach of covenant because the manufacturer gave its dealers and distributors permission to use PIC's photos without attributing them to PIC or its photographer.⁷⁸ Per the First Circuit, it followed logically that Orgill was one of the distributors that received permission to use the photos.⁷⁹

⁷¹ *PIC III*, 953 F.3d at 65–66. Specifically, the First Circuit ruled that there was no dispute as to a material fact on whether Sylvania granted an implied sublicense to Orgill. *Id.* at 67. Consequently, the court granted summary judgment to Orgill on this issue. *Id.*; see also *supra* note 49 (explaining the summary judgment standard).

⁷² *PIC III*, 953 F.3d at 65.

⁷³ *Id.* Generally, images shape a customer's decision to purchase a product, and many companies use photographs as a key marketing technique. See Alexander Nicolaidis, *How Product Photos & Videos Influence Consumer Purchasing*, LOGICBLOCK (July 30, 2018), <https://www.logicblock.com/how-photos-videos-influence-consumer-purchases> [<https://perma.cc/SAK8-8D9R>] (explaining how photos influence consumers in their purchasing choices).

⁷⁴ *PIC III*, 953 F.3d at 65. In other words, Sylvania purchased a license to sublicense. See *id.*

⁷⁵ *Id.* at 65–66. The First Circuit clarified that delivery alone does not indicate a right to use a copyrighted work, but it can be a factor that helps establish an implied license. *Id.* at 65. In particular, it was Sylvania's delivery of the photos in conjunction with the context of the delivery that indicated to the court that Sylvania intended to permit Orgill to use the photos. *Id.* at 65–66.

⁷⁶ *Id.* at 66.

⁷⁷ *Id.* The Copyright Act itself does not indicate whether a retroactive sublicense is valid, but courts have concluded that retroactive licenses can undermine the Copyright Act. See, e.g., *Davis v. Blige*, 505 F.3d 90, 97–98 (2d Cir. 2007) (concluding that retroactive licenses compromise the Copyright Act's policies). In *PIC III*, however, the First Circuit emphasized that the issue was not whether the agreement was a valid sublicense but rather whether Sylvania had the prior intent to permit a sublicense. 953 F.3d at 66.

⁷⁸ *PIC III*, 953 F.3d at 66.

⁷⁹ *Id.*

III. A MODIFIED THREE-FACTOR TEST WOULD SOLIDIFY THE FIRST CIRCUIT'S CORRECT RULING

Although the U.S. Court of Appeals for the First Circuit correctly concluded that implied sublicenses can exist depending on the relationship between the licensee and sublicensee, the standard for an implied sublicense should mirror the three-element test derived from the U.S. Court of Appeals for the Ninth Circuit's 1990 decision in *Effects Associates, Inc. v. Cohen* rather than the sole requirement of intent.⁸⁰ Section A of this Part discusses why the First Circuit correctly ruled that implied sublicenses can exist within the framework of the Copyright Act and copyright common law.⁸¹ Section B explains that the First Circuit correctly substituted the licensee for the copyright holder in testing for an implied sublicense.⁸² Section C argues, contrary to the First Circuit's holding, that intent alone is insufficient to establish an implied sublicense and the request and delivery factors are necessary to the analysis as well.⁸³

A. Implied Sublicenses Are a Legal Possibility

Despite the lack of direct guidance on this issue, the First Circuit correctly concluded that implied sublicensing is legally possible.⁸⁴ Above all, any issue invoking copyright law must fit within the policies of the Copyright Act, even if the Act is silent on the specific issue.⁸⁵ Where a licensee has a license expressly permitting sublicensing, implied sublicensing meets the dual objectives of the Act: it maintains the copyright owner's right to control the work and

⁸⁰ See *Photographic Illustrator's Corp. v. Orgill, Inc. (PIC III)*, 953 F.3d 56, 58 (1st Cir. 2020) (holding that intent alone establishes an implied sublicense); *Effects Assocs., Inc. v. Cohen*, 908 F.2d 555, 558–59 (9th Cir. 1990) (concluding that request, delivery, and intent can establish an implied license). Whereas the Ninth Circuit has determined that an implied license exists where not all factors were met, the Second and Seventh Circuits still adhere to the strict three-element test. *Cf. Muhammad-Ali v. Final Call, Inc.*, 832 F.3d 755, 762 (7th Cir. 2016) (relying strictly on the delivery, request, and intent factors), *with SmithKline Beecham Consumer Healthcare, L.P. v. Watson Pharms., Inc.*, 211 F.3d 21, 25 (2d Cir. 2000) (acknowledging that implied licenses can arise when the three elements are met); *see also Atkins v. Fischer*, 331 F.3d 988, 991–92 (D.C. Cir. 2003) (concluding that request, delivery, and intent must be established).

⁸¹ See *infra* notes 84–88 and accompanying text.

⁸² See *infra* notes 89–93 and accompanying text.

⁸³ See *infra* notes 94–109 and accompanying text.

⁸⁴ See *PIC III*, 953 F.3d at 58 (holding that implied sublicenses are legally possible); *infra* notes 85–88 and accompanying text (arguing that implied sublicensing frustrates neither the Copyright Act's intent nor the copyright owner's value of the work).

⁸⁵ See *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 527 (1994) (establishing that the Copyright Act's primary purpose is to support the dissemination of creative work to the public); U.S. COPYRIGHT OFF., *supra* note 2, at 1:1 (stating that the Copyright Act aims to reward the creator while still allowing for the public to access the work).

allows for the dissemination of the work.⁸⁶ Indeed, while negotiating the license, the licensor can determine the parameters of any downstream sublicense and still maintain the value of the work.⁸⁷ Furthermore, circuit courts have already accepted implied licensing in copyright law, and it is reasonable for courts to accept implied sublicensing because sublicenses are byproducts of licenses.⁸⁸

B. Courts Should Substitute the Licensee in Place of the Copyright Owner in a Test for an Implied Sublicense

Although sublicenses are definitionally a derivative of licenses, the First Circuit was correct to reason that requiring a relationship between the copyright owner and the sublicensee to find an implied sublicense would render implied sublicensing virtually impossible.⁸⁹ Sublicensees generally do not interact with the copyright holder because the agreement to use the copyrighted work is between the sublicensee and the licensee.⁹⁰ Moreover, the licensee does not have ownership of the copyright, so it is illogical to impose the exact legal test for establishing an implied license.⁹¹ It follows that the licensee can

⁸⁶ See 17 U.S.C. § 106(1) (stating that the copyright holder has the exclusive right to reproduce or authorize the reproduction of the work); U.S. COPYRIGHT OFF., *supra* note 2, at 1:1 (explaining the dual purpose of the Copyright Act is to reward creators while still encouraging the public's access to copyrighted work).

⁸⁷ See *PIC III*, 953 F.3d at 63 (noting that PIC had the opportunity to constrict any subsequent sublicensing while negotiating the original license agreement with Sylvania); *Effects Assocs. v. Cohen*, 908 F.2d 555, 557 (9th Cir. 1990) (reasoning that written agreements force parties to negotiate with one another, allowing them to clearly determine their respective rights). Even though some copyright owners have argued that they will lose full control of their work through implied sublicensing, courts can safeguard against this by applying the strict *Effects Associates* standard to test for an implied sublicense. See *PIC III*, 953 F.3d at 63 (specifying that PIC could have limited or prohibited downstream sublicenses when negotiating with Sylvania); *Effects Assocs.*, 908 F.2d at 557 (reasoning that written agreements force parties to explicitly determine their respective rights when negotiating).

⁸⁸ See 2 PATRY, *supra* note 2, § 5:118 (defining a license as permission from the copyright owner to use the copyrighted work); see, e.g., *Muhammad-Ali v. Final Call, Inc.*, 832 F.3d 755, 762 (7th Cir. 2016) (stating that request, delivery, and intent must be established to infer an implied license); *Falcon Enters., Inc. v. Publishers Serv., Inc.*, 438 F. App'x 579, 581 (9th Cir. 2011) (mem.) (concluding that an implied license existed where all three factors were not fully satisfied); *Estate of Hevia v. Portrio Corp.*, 602 F.3d 34, 41 (1st Cir. 2010) (stating that intent is the critical factor in establishing an implied license).

⁸⁹ See *PIC III*, 953 F.3d at 62 (stating that strict adherence to the three-part test based on the conduct of the copyright owner would effectively make all implied sublicenses impossible); *Sublicense*, BLACK'S LAW DICTIONARY, *supra* note 2 (explaining that a sublicense grants some or all of a licensee's rights onto a third party).

⁹⁰ See *PIC III*, 953 F.3d at 62 (reasoning that strictly requiring a relationship between the copyright owner and sublicensee does not make sense); *Sublicense*, BLACK'S LAW DICTIONARY, *supra* note 2 (stating that a sublicensee's rights are rooted in the licensee's rights); see also Appellant's Opening Brief, *supra* note 47, at 2 (arguing that a sublicensee inherently lacks a relationship with the licensor); Appellant's Reply Brief, *supra* note 53, at 15 (characterizing a sublicense as a "downstream deal between [the] licensee and sublicensee").

⁹¹ See *Beastie Boys v. Monster Energy Co.*, 983 F. Supp. 2d 338, 347 (S.D.N.Y. 2013) (citing *Davis v. Blige*, 505 F.3d 90, 101 (2d Cir. 2007)) (stating that nonexclusive licensees have no owner-

substitute for the copyright owner in any precipitating sublicense agreement.⁹² Additionally, replacing the licensee for the copyright owner in this scenario does not frustrate the intent of the Copyright Act because, from the outset, the owner has the ability to dictate the terms of any subsequent sublicenses when creating the underlying license agreement.⁹³

C. Intent Cannot Serve as the Sole Benchmark for an Implied Sublicense

Having concluded that implied sublicensing is legally possible when the licensee serves as a substitute for the copyright owner, the more complicated question of how to test for an implied sublicense remains.⁹⁴ Intent is undeniably the most important factor in establishing an implied sublicense, as implied licensing law stems from the contract law notion of inferring implied-in-fact

ship of the copyright); *see also* 17 U.S.C. § 101 (explaining that only an exclusive license transfers ownership rights).

⁹² *See* *Interscope Recs. v. Time Warner, Inc.*, No. CV 10-1662, 2010 WL 11505708, at *3 (C.D. Cal. June 28, 2010) (stating that the existence of an implied license is a contract law question and, to answer this question, courts look to the conduct between the parties allegedly a part of the contract). *See generally* Charles Duan, *Internet of Infringing Things: The Effect of Computer Interface Copyrights on Technology Standards*, 45 RUTGERS COMPUT. & TECH. L.J. 1, 36 n.130 (2019) (noting that, generally, in cases where courts have found an implied license, the relevant parties were in privacy); *see also* Monika I. Jasiewicz, Comment, *Copyright Protection in an Opt-Out World: Implied License Doctrine and News Aggregators*, 122 YALE L.J. 837, 845 (2012) (stating that courts commonly infer implied licenses “when there is a *direct dealing* between” the parties (emphasis added)). Privacy is “the *connection or relationship* between two parties,” who have the same legal interest in the matter. *Privacy*, BLACK’S LAW DICTIONARY, *supra* note 2 (emphasis added). Sublicense agreements are relatively removed from the crux of the Copyright Act, which focuses on the copyrightability of a work, yet the issue of copyright infringement is still the central inquiry here, so any legal standard for an implied sublicense must respect the purpose of the Copyright Act. *See* 17 U.S.C. §§ 102(a)(5), 106(1), 501(a)–(b) (stating that copyright protection covers photographs and violation of the exclusive right of the owner to copy or authorize copies of the work is an infringement of copyright for which a legal owner can institute action); *PIC III*, 953 F.3d at 63 (first citing *Star Athletica, L.L.C. v. Varsity Brands, Inc.*, 137 S. Ct. 1002, 1016 (2017) (analyzing whether cheerleading uniforms could receive copyright protections); then citing *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 58–60 (1884) (analyzing the copyrightability of photographs); and then citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 594 (1994) (assessing whether musical parodies were copyrightable)).

⁹³ *See* 17 U.S.C. § 106(1) (stating that the copyright holder has the exclusive right to reproduce or authorize the reproduction of the work in copies); *Kirtsaeng v. John Wiley & Sons, Inc.*, 136 S. Ct. 1979, 1986 (2016) (stating that the Copyright Act’s goals seek to support the public’s use of the works while also rewarding the creators); *PIC III*, 953 F.3d at 63 (noting that PIC had the opportunity to control downstream sublicenses when negotiating the underlying license agreement with *Sylvania*); *Effects Assocs., Inc. v. Cohen*, 908 F.2d 555, 557 (9th Cir. 1990) (reasoning that written agreements force parties to spell out and clarify the terms of the deal).

⁹⁴ *See PIC III*, 953 F.3d at 58 (stating that the question of whether implied sublicensing is legally possible is an issue of first impression); *supra* notes 84–93 and accompanying text (concluding that copyright law allows for implied sublicensing and the relevant relationship to consider is between the licensee and sublicensee).

contracts through the parties' mutual assent.⁹⁵ Nevertheless, intent is a murky standard that requires courts to speculate as to the licensor's mindset.⁹⁶ It arises out of the assumption that the licensor's acts are deliberate and can evoke the assent to a license.⁹⁷ Yet, in the context of implied sublicenses, the licensee does not have ownership over the copyright, so it is illogical to impose the exact requirements that establish an implied license onto an implied sublicense.⁹⁸ In licensing, the copyright licensor has ownership of the work and is incentivized to protect its copyright value, ensuring that the licensor will be vigilant in its conduct with potential licensees.⁹⁹ This deliberate conduct can then serve as

⁹⁵ See *PIC III*, 953 F.3d at 61 (stating that the touchstone for finding an implied license is intent); Afori, *supra* note 23, at 276–77 (discussing how copyright law imported the implied license doctrine from contract law); see also *Interscope Recs. v. Time Warner, Inc.*, No. CV 10-1662, 2010 WL 11505708, at *3 (C.D. Cal. June 28, 2010) (stating that the issue of implied licensing is a contract law question). Implied-in-fact contracts are contracts that are inferred through the parties' conduct. *Implied-in-Fact Contract*, BLACK'S LAW DICTIONARY, *supra* note 2. Despite explicating the singular importance of the intent element, the First Circuit still utilized the request and delivery elements by embedding them in its assessment of intent, indicating that these factors do play an important role in establishing an implied sublicense. See *PIC I*, 953 F.3d at 65–66 (indicating that the court considered Orgill requesting the photos and Sylvania delivering those photos as relevant facts in inferring intent). Because these factors were important points in the First Circuit's assessment, they should not be disregarded in any future cases assessing implied sublicensing. See *id.* (stating that the request and delivery of the photos helped establish intent).

⁹⁶ See Craig P. Bloom, Note, *Hangover Effect: May I See Your Tattoo, Please?*, 31 CARDOZO ARTS & ENT. L.J. 435, 462 (2013) (stating that in attempting to establish intent, courts must speculate as to the licensor's thought process). Although in 2019, in *Nelson-Salabes v. Morningside Development, L.L.C.*, the U.S. Court of Appeals for the Fourth Circuit listed three non-exhaustive factors that demonstrate intent, courts have alternatively found intent from other factors including the lack of an objection from the licensor. See *Geophysical Serv., Inc. v. TGS-NOPEC Geophysical Co.*, 784 F. App'x 253, 257 (5th Cir. 2019) (per curiam) (concluding that the copyright owner's failure to object to the purported licensees use of the work constituted its intent to license); *Nelson-Salabes v. Morningside Dev.*, 284 F.3d 505, 516 (4th Cir. 2002) (stating that courts look at the following factors when inferring an implied license: (1) whether there was a short-term or ongoing relationship between the parties; (2) whether there was a written contract that dictated the copyrighted work could only be used with the creator's consent or involvement; and (3) whether the conduct of the creator during delivery or creation suggested that the material could be used without the creator's consent or involvement); see also *Baisden v. I'm Ready Prods., Inc.*, 693 F.3d 491, 500 (5th Cir. 2012) (noting that an implied license can arise from the licensor's permission or lack of objection).

⁹⁷ See *Geophysical Serv.*, 784 F. App'x at 257 (inferring an implied license from the licensor's lack of objection); *Baisden*, 693 F.3d at 500 (establishing that consent for an implied license can arise from the licensor's permission or the absence of objection); *Nelson-Salabes*, 284 F.3d 505, 515 (4th Cir. 2002) (examining "the totality of the circumstances" framing the owner's conduct).

⁹⁸ See *Davis v. Blige*, 505 F.3d 90, 101 (2d Cir. 2007) (explaining that exclusive licensees have ownership over the copyright); *Beastie Boys v. Monster Energy Co.*, 983 F. Supp. 2d 338, 347 (S.D.N.Y. 2013) (contrasting exclusive licenses with nonexclusive licenses and explaining that the latter do not transfer ownership); see also 17 U.S.C. § 101 (explaining that only an exclusive license transfers ownership rights).

⁹⁹ See 17 U.S.C. § 201 (stating that ownership of a copyright vests in the creator); *Estate of Hevia v. Portrio Corp.*, 602 F.3d 34, 42 (1st Cir. 2010) (reasoning that the owner created the work with the expectation that the licensee would use it); see also U.S. COPYRIGHT OFF., *supra* note 1, at 1:1 (indi-

the exclusive benchmark of the intent to license.¹⁰⁰ On the other hand, in a sublicensing situation, the licensee does not have ownership of the work and is not motivated to protect the property value of the copyright.¹⁰¹ Instead, the licensee may take a careless approach to interacting with the putative sublicensee, thereby easily establishing intent.¹⁰² Setting the legal standard to comport with the stringent three-part test would ensure that courts accurately interpret an implied sublicense only where the licensee intended to sublicense.¹⁰³

Furthermore, although adherence to the policies of the Copyright Act is critical, the issue of implied sublicensing is further removed from the crux of copyright law and requires a deeper dive into contract law.¹⁰⁴ When considering copyright sublicensing in relation to contract law, the intent element's

cating that Congress amended the Copyright Act with respect to the original owner's desire to further safeguard their work).

¹⁰⁰ See *John G. Danielson, Inc. v. Winchester-Conant Props., Inc.*, 322 F.3d 26, 41 (1st Cir. 2003) (outlining the elements that could establish intent for an implied license).

¹⁰¹ See 17 U.S.C. § 201(a), (d) (stating that ownership of a copyright vests in the creator and it can be transferred through an exclusive license); *Baisden*, 693 F.3d at 500 (stating that permission or even lack of objection can establish an implied license). Furthermore, because the nonexclusive licensee lacks standing to sue on an infringement claim against a sublicensee, the licensee does not relinquish any infringement claims when sublicensing, providing even less of an incentive to protect the property value of the copyright. See 17 U.S.C. § 501(b) (limiting standing to sue in an infringement action to owners of exclusive rights or beneficial owners of those rights); *Saregama India Ltd. v. Mosley*, 635 F.3d 1284, 1297 (11th Cir. 2011) (holding that a nonexclusive licensee did not have statutory standing to sue on a copyright infringement claim); *Latin Am. Music Co. v. Archdiocese of San Juan*, 499 F.3d 32, 41 (1st Cir. 2007) (stating that the nonexclusive licensees could not bring a copyright infringement claim because they lacked standing).

¹⁰² See 17 U.S.C. § 201(a), (d) (establishing that the creator initially receives the rights to their creation and can transfer those rights through an exclusive license); *Beastie Boys*, 983 F. Supp. 2d at 347 (concluding that a nonexclusive license allows the owner to retain ownership over the copyright); cf. *Estate of Hevia*, 602 F.3d at 43 (ruling that the owner granted an implied license because he created the work in preparation for the licensee's use).

¹⁰³ See *SmithKline Beecham Consumer Healthcare, L.P. v. Watson Pharms., Inc.*, 211 F.3d 21, 25 (2d Cir. 2000) (stating that courts have inferred implied licenses "in 'narrow' circumstances" using the three-factor test (quoting *Effects Assocs., Inc. v. Cohen*, 908 F.2d 555, 558 (9th Cir. 1990))).

¹⁰⁴ See *Photographic Illustrator's Corp. v. Orgill, Inc. (PIC III)*, 953 F.3d 56, 63 (1st Cir. 2020) (stating that sublicensing is further removed from the core of copyright law). Some scholars argue that implied license doctrine should stem from property law rather than the judge-imported contractual elements. See, e.g., Newman, *supra* note 23, at 504, 517 (arguing that implied licensing is rooted in property law, not contract law); David A. Dana & Nadav Shoked, *Property's Edges*, 60. B.C. L. REV. 753, 816 (2019) (noting that some scholars analogize copyright law to the trespass protections of property law). Nonetheless, if contractual remedies are available for licensing disputes, i.e., a copyright owner who grants a nonexclusive license has the right to sue the putative licensee for breach of contract, then contractual doctrine can serve as the basis for the formation of a sublicense when it does not conflict with the Copyright Act. See *MDY Indus., L.L.C. v. Blizzard Ent., Inc.*, 629 F.3d 928, 939 (9th Cir. 2010) (characterizing copyright licensing as sitting at the nexus of copyright and contract law); *Ticketmaster L.L.C. v. Prestige Ent., Inc.*, 306 F. Supp. 3d 1164, 1172 (C.D. Cal. 2018) (stating that a copyright holder who grants a nonexclusive license may sue for breach of contract).

greatest flaw is that it neglects to assess the mutuality of the agreement.¹⁰⁵ Although the delivery prong is insufficient by itself to establish an implied sublicense, delivery, combined with request, gets to the heart of mutuality.¹⁰⁶ Specifically, request for the work from the sublicensee and delivery of the work by the licensee objectively show both parties' assent to the sublicense.¹⁰⁷ Incorporating the delivery and request elements into intent, as the First Circuit did in *PIC III*, misses the mutuality mark, but explicitly naming them as factors would ensure that courts do not overlook mutual intent.¹⁰⁸ Ultimately, all three elements must be in place to truly evince an implied sublicense.¹⁰⁹

CONCLUSION

The Copyright Act of 1976's silence on the issue of sublicensing leaves an abundance of room for judge-made laws. Placed in such a situation, the U.S. Court of Appeals for the First Circuit, in *Photographic Illustrators Inc. v. Orgill, Inc.*, sought guidance from cases discussing implied licensing in copyright law and properly held that implied sublicenses are legally possible. The court also properly tested for an implied sublicense by considering the rela-

¹⁰⁵ Boryana Zeitz, Comment, "How High Is Up": *Interstitial Dilemmas in Nonexclusive Copyright Licensing Cases in the Ninth Circuit*, 11 UCLA ENT. L. REV. 429, 447 (2004) (noting that "the intent element misses the mutuality of the agreement"); see also *Utle v. Donaldson*, 94 U.S. 29, 47 (1876) (stating that no contract can exist without mutual assent); *Mutuality*, BOUVIER'S LAW DICTIONARY, *supra* note 5 (defining mutuality as a quid pro quo where each party receives either a "reciprocal benefit or detriment"). Although consideration is a key component of contract formation, copyright law does not require it to transfer a copyright. See 3 NIMMER & NIMMER, *supra* note 23, § 10.03 (stating that consideration is not necessary to execute a transfer of a copyright). See generally *Consideration*, BLACK'S LAW DICTIONARY, *supra* note 2 (defining consideration as a bargained-for exchange between a promisor and promise).

¹⁰⁶ See Zeitz, *supra* note 105, at 447 (observing that delivery, along with request, can indicate the parties' mutual intent).

¹⁰⁷ See *id.* (noting that the combination of request and delivery demonstrates mutual assent). Requiring mutual assent in implied sublicense dovetails with the general notion that agreements should be written. See *Effects Assocs.*, 908 F.2d at 557 (noting that "common sense tells us that agreements should routinely be put in writing"). By detailing the agreed-upon terms, a written agreement prevents many potential misunderstandings. *Id.* Although nonexclusive licenses and sublicenses need not be in writing, mutuality similarly eliminates many misunderstandings that may arise regarding the right to use the copyrighted work because both parties have to either affirmatively seek or give the work. See *id.* (indicating that by transcribing an agreement, parties can potentially prevent future misunderstandings); *Mutuality*, BOUVIER'S LAW DICTIONARY, *supra* note 5 (defining mutuality as a transaction between the parties).

¹⁰⁸ See *PIC III*, 953 F.3d at 65–66 (ruling that intent alone establishes an implied sublicense); Zeitz, *supra* note 105, at 447 (suggesting that delivery and request get at the heart of mutuality).

¹⁰⁹ See *SmithKline Beecham Consumer Healthcare, L.P. v. Watson Pharms., Inc.*, 211 F.3d 21, 25 (2d Cir. 2000) (stating that "courts have found implied licenses only in 'narrow' circumstances" using the three-factor test (quoting *Effects Assocs.*, 908 F.2d at 558)); *Effects Assocs.*, 908 F.2d at 558 (reasoning that nonexclusive licenses are "a narrow exception to the writing requirement" and can arise from a finding of delivery, request, and intent); Zeitz, *supra* note 105, at 447 (indicating that, together, delivery and request can demonstrate mutual assent).

tionship between the licensee and sublicensee. Although the First Circuit was correct in stating that the touchstone for implied sublicensing is intent, request and delivery are critical to the issue as well. Indeed, the stricter, modified three-element standard, which requires request, delivery, and intent, creates a framework that will ensure that the intent portrayed by the licensee is deliberate and privity exists between the two parties to the sublicensing agreement.

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