

Alert | Intellectual Property & Technology



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9 out of 9 Supreme Court Justices Agree: Registration (Not Application) Before Copyright Litigation

“Registration” really does mean . . . registration. Earlier this week, a unanimous U.S. Supreme Court resolved the long-simmering “application approach” vs. “registration approach” circuit split, affirming the Eleventh Circuit’s holding in *Fourth Estate Public Benefit Corp. v. Wall-Street.com, LLC*, 856 F.3d 1338 (11th Cir. 2017), that a copyright owner must have a registration certificate in hand before showing up at the courthouse steps. *Fourth Estate Public Benefit Corp. v. Wall-Street.com, LLC*, No. 17-571, 586 U.S. ____ (Mar. 4, 2019) (slip op.).

The case settles a circuit split that grew more pronounced following the Court’s 2010 decision in *Reed Elsevier, Inc. v. Muchnick*, 559 U.S. 154 (2010), in which the Court held that registration was a mandatory requirement for filing suit, but that it was not jurisdictional. *Muchnick* involved the class action settlement of claims by owners of both registered and unregistered copyrights in consolidated and coordinated multidistrict litigation, which the Second Circuit had vacated on jurisdictional grounds.

Following *Muchnick*, the Ninth Circuit held that merely applying to register a work was sufficient to permit a copyright owner to file suit, while the Eleventh Circuit in *Fourth Estate* ruled that an actual registration (or denial of registration by the Copyright Office) was required. Including pre-*Muchnick* case law, the split pitted the Fifth and Ninth Circuits, requiring merely an application, on the one hand, with the Tenth and Eleventh Circuits, requiring an actual determination by the Copyright Office granting or

denying the application, on the other hand. *Compare Apple Barrel Productions, Inc. v. Beard*, 730 F.2d 384 (5th Cir. 1984); *Cosmetic Ideas, Inc. v. IAC/Interactivecorp.*, 606 F.3d 612 (9th Cir. 2010); *with La Resolana Architects, PA v. Clay Realtors Angel Fire*, 416 F.3d 1195 (10th Cir. 2005); *M.G.B. Homes, Inc. v. Ameron Homes, Inc.*, 903 F.2d 1486 (11th Cir. 1990); *Fourth Estate Public Benefit Corp. v. Wall-Street.com, LLC*, 856 F.3d 1338 (11th Cir. 2017).

Nevertheless, the Court’s 9-0 holding that registration, and not merely an application for registration, is a mandatory prerequisite to filing suit, was foretold by influential dicta in *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. 663 (2014) – a decision also authored by Justice Ginsburg – that, “[a]lthough registration is ‘permissive,’ *both the certificate and the original work must be on file with the Copyright Office* before a copyright owner can sue for infringement.” *Id.* at 684 (emphasis added).

The *Fourth Estate* dispute stemmed from use by a news website (Wall-Street.com) of articles owned by, and originally licensed from, Fourth Estate. After Wall-Street terminated its license agreement with Fourth Estate, it did not remove the articles from its website. In response, Fourth Estate filed applications with the U.S. Copyright Office to register the articles and then sued Wall-Street and its owner for copyright infringement. The U.S. District Court for the Southern District of Florida granted Wall-Street’s motion to dismiss the lawsuit because Fourth Estate did not own registrations for the works at issue, and the Eleventh Circuit affirmed that decision.

In holding that registration – and not merely applying to register a work – is a precondition to filing suit, the Court in *Fourth Estate* construed the plain language of Section 411(a) of the U.S. Copyright Act, which states, in relevant part:

[N]o civil action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made in accordance with this title. In any case, however, where the deposit, application, and fee required for registration have been delivered to the Copyright Office in proper form and registration has been refused, the applicant is entitled to institute a civil action for infringement if notice thereof, with a copy of the complaint, is served on the Register of Copyrights.

See 17 U.S.C. § 411(a) (emphasis added).

Analyzing the language of Section 411(a), the Supreme Court concluded that “[t]he registration approach . . . reflects the only satisfactory reading of § 411(a)’s text.” (Slip op. at 4.) Focusing on the first two sentences of the statutory text, Justice Ginsburg noted that the first sentence sets out the rule, while the second provides an exception to that rule – an exception that would become superfluous if an application alone were sufficient for “registration” under the first sentence. Moreover, “[r]ead together, § 411(a)’s opening sentences focus not on the claimant’s act of applying for registration, but on action by the Copyright Office – namely, its registration or refusal to register a copyright claim.” (Slip op. at 5.)

The Court justified its reasoning by pointing out that the reading urged by proponents of the “application approach” would require incongruous interpretations of the word “registration” within the same statutory provision – which the Court deemed an “improbable construction,” (*id.*) – and that other Copyright Act provisions likewise use the word “registration” to mean action by the Copyright Office.¹ These observations, combined with a congressional history of resisted efforts to eliminate the Section 411(a)

¹ The Court’s acknowledgement that, in limited circumstances, copyright owners are permitted to file suit for infringement before obtaining a registration certificate only moved the needle further in favor of the “registration approach,” with the Court explaining that those circumstances are ones for which statutory exceptions are specifically prescribed and that those statutory provisions would be rendered meaningless if the “application approach” were adopted.

registration requirement, resulted in resolution of the long-standing circuit split in favor of the “registration approach.”

Practice Takeaways

The *Fourth Estate* decision underscores the benefits of timely registration (or preregistration) of works. In *Fourth Estate*, Justice Ginsburg acknowledged that “[r]egistration processing times have increased from one or two weeks in 1956 to many months today” because of “staffing and budgetary shortages that Congress can alleviate, but courts cannot cure.” (Slip op. at 12.) Today, it typically takes six to nine months (or an average of seven months) from the date of filing an application for a registration to issue, although the Copyright Office has launched a modernization initiative that hopefully should expedite processing time in the future.

Timely registration prior to infringement allows a copyright owner in most instances to recover statutory damages of between \$750 and \$30,000 per work infringed (or up to \$150,000 per work infringed where willfulness is shown) and, in the court’s discretion, attorneys’ fees, where infringement is established.¹⁷ U.S.C. § 412. Although the Court noted in its opinion in *Fourth Estate* that copyright owners may still sue for infringement that pre-dates registration, those plaintiffs would be limited to recovery of actual damages – which are not available in all cases – and they may not recoup their attorneys’ fees if they prevail (even though a prevailing defendant may still be able to do so). After *Fourth Estate*, timely registration also may be important to copyright owners in circumstances where they may want to seek preliminary injunctive relief.

In practice, the impact of the *Fourth Estate* decision may be limited (except on, potentially, copyright owners with limited means). Copyright plaintiffs can take advantage of the Copyright Office’s expedited processing option if applications are filed in anticipation of litigation, paying an \$800 “Special Handling” fee per application to get a registration certificate issued in about a week (barring additional communications with the Copyright Office), although in most such cases, the copyright owners would still be barred from recovering statutory damages or attorneys’ fees.

In addition, the Supreme Court’s unanimous decision in *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388 (2006) – which has since been extended to copyright cases – already raised the bar for injunctive relief, making it much more difficult to obtain an injunction absent evidence of irreparable injury. And the Supreme Court’s decision in *Petrella*, holding that laches generally cannot be invoked by a defendant to bar a plaintiff’s claim for damages, takes the sting out of any delay in filing suit because of the time needed to register a work after infringement is discovered.

By contrast, the Court’s *Fourth Estate* decision will end the practice of forum shopping by copyright owners who have not yet registered their works, bringing some uniformity and predictability to future copyright lawsuits.

The decision should also thwart copyright trolls, who in recent years have filed thousands of low-value cases with the goal of extracting quick but not insignificant monetary settlements from defendants after the lawsuits are filed. Now that a registration certificate is required in all jurisdictions, perhaps some of these copyright owners will switch tactics and reach out to alleged infringers in an effort to resolve disputes short of litigation.

At its core, *Fourth Estate* provides an even stronger incentive for copyright owners to promptly register (or preregister) their works. Timely registration – both to be able to file suit quickly and to recover statutory damages and attorneys’ fees – should be considered the “best practices” approach.

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