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INTELLECTUAL PROPERTY

ONE SLIP UP CAN COST YOU THE CASE: THE IMPACT OF THE SUPREME COURT'S DECISION ON COPYRIGHT INFRINGEMENT ACTIONS

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There are any number of reasons a lawsuit could be dismissed. However, if you are a copyright owner, the last thing you want is to have your case dismissed because of a problem with your registration. Unfortunately, the United States Supreme Court recently held that a copyright owner must have a decision from the Copyright Office on an application before filing a lawsuit for copyright infringement. The decision put to rest a long-standing circuit split regarding the "registration" requirement under the Copyright Act.

Fourth Estate Public Benefit Corp v. Wall-Street.com

In *Fourth Estate Public Benefit Corp. v. Wall-Street.com*, Fourth Estate sued Wall-Street.com for copyright infringement after Wall-Street failed to remove articles from its website following the cancellation of a licensing agreement. When it filed the suit, Fourth Estate had applications on the news articles at issue pending with the Copyright Office, but the Register of Copyrights had not yet issued decisions on the applications. Fourth Estate's position, supported by groups such as the Authors Guild and much of the music industry, was that it had standing to file copyright infringement because the applications had been filed, adopting the "application approach" favored by the Ninth Circuit. Wall-Street argued, on the other hand, that a "registration approach (e.g., requiring a copyright owner to wait to file suit until after a decision is rendered on an application) was required under the law, and the Supreme Court agreed.

The Supreme Court has now held that a copyright owner may only file a lawsuit for copyright infringement after complying with § 411(a)'s "registration" requirement. The "registration" requirement is met when the Copyright Office has either: (1) registered the copyright; or (2) refused the copyright. Under § 411(a), an applicant who is refused may still institute a lawsuit for infringement, but the Register of Copyrights must be served with a copy of the complaint, and the office may opt to become a party to the action regarding the registrability of the copyright.

The Implication of the Decision

With this decision, it is imperative that copyright owners comply with the registration requirements of the Copyright Act promptly. Registrations can take as long as seven (7) months to issue, although, for a rather exorbitant fee, an applicant can "expedite" the application.

However, applications for registration should not be filed without careful thought being paid to the a number of aspects that can also pose problems for copyright owners seeking to enforce their rights (e.g., authorship, assignments, works for hire, scope of rights claimed, excluded work, etc.). Moreover, failure to comply with the Copyright Act's strict timing requirements can result in a loss of an ability to recover statutory damages and attorneys' fees. Vigilance and accuracy are key.

One exception to the "registration" requirement that is available to works considered vulnerable to predistribution is "preregistration." A work is eligible for preregistration if it is both unpublished and in the process of being prepared for commercial distribution in either a physical or digital format, namely: (1) motion pictures; (2) sound recordings; (3) musical compositions; (4) literary works being prepared for publication in book form; (5) computer programs (can include videogames); and (6) advertising or marketing photos. However, to preserve the legal benefits of preregistration, the work must still be registered within one month after the copyright owner becomes aware of infringement, and no later than three months after the work's first publication. Provided the copyright owner has timely filed a preregistration application, an action for infringement will not be dismissed for lack of a registration.

Another "exception" to the registration requirement is one that confers an immediate right to sue for infringement of live broadcasts. Section 411(c)'s narrow exception allows the copyright author of a live broadcast to file an infringement action before applying for registration, and even before the broadcast has been fixed in a tangible medium. Furthermore, statutory damages and attorneys' fees may also be sought in such a situation, even though the claim is filed prior to the effective date of the work's registration. However, the copyright owner must have filed for the work within three months of the work's first transmission or lose these protections.

So long as a copyright owner has applied for registration and received a decision from the Copyright Office, the owner may recover damages for the past infringement, as well as the infringer's profits, assuming the three-year statute of limitations has been met. The copyright owner may also seek to obtain an injunction barring the infringer from continuing to violate any of the exclusive rights, and an order requiring the infringer to destroy infringing materials. And, presuming the application was filed in a timely manner, seek statutory damages and attorney's fees.

Conclusion

Notwithstanding the exceptions that allow a copyright owner to file an action for infringement without a registration, those exceptions

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do not allow the copyright owner to avoid registration entirely. Based upon the Supreme Court's decision in *Fourth Estate*, copyright owners should apply for and obtain registrations for their works as soon as practicable without delay. Otherwise, they will not be able to pursue an immediate action against an infringer and will have to wait until a registration is issued, possibly losing valuable time and revenue in the process.

This client alert is published by Dickinson Wright PLLC to inform our clients and friends of important developments in the field of copyright law. The content is informational only and does not constitute legal or professional advice. We encourage you to consult a Dickinson Wright lawyer if you have specific questions or concerns relating to any of the topics covered in here.

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