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Copyright Registration Issue Widens Split Among Circuits

Focus Column - By Benjamin G. Shatz and Monica Youn - Under the 1976 Copyright Act, copyright protection automatically attaches when a work is created. 17 U.S.C. Section 102(a). Formal registration of the work with the Copyright Office - which requires the deposit of a copy of the work, an application and payment of a fee - "is not a condition of copyright protection." 17 U.S.C. Section 408(a).

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Under the 1976 Copyright Act, copyright protection automatically attaches when a work is created. 17 U.S.C. Section 102(a). Formal registration of the work with the Copyright Office - which requires the deposit of a copy of the work, an application and payment of a fee - "is not a condition of copyright protection." 17 U.S.C. Section 408(a).

Registration, however, is required for certain benefits and remedies under the Copyright Act. Chief among these is that registration is a precondition for bringing a copyright infringement action. 17 U.S.C. Sections 411 and 412. Further, the timing of registration affects the amount of recoverable damages. Specifically, statutory damages and attorneys' fees generally are not recoverable for actions commenced before the effective date of registration. 17 U.S.C. Sections 411, 412, 501 and 504.

Accordingly, a copyright's registration date is of crucial importance to the copyright holder. There is, however, uncertainty about how to determine that date.

The Copyright Act itself provides little guidance on when registration occurs because the act defines "registration" in circular terms: "registration ... means a registration of a claim in the original or the renewed and extended term of copyright." 17 U.S.C. Section 101.

Section 410(d) of the act compounds the confusion by providing: "The effective date of a copyright registration is the day on which an application, deposit, and fee which are later determined by the Register of Copyrights or by a court of competent jurisdiction to be

acceptable for registration, have all been received in the Copyright Office." This provision leaves unclear whether registration is deemed to occur on the effective date of registration, or only on the later determination - by the Copyright Office or by a court - that the material may be registered.

Language in Section 411(a) even further complicates matters by providing that "[i]n 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 an action for infringement if notice thereof, with a copy of the complaint, is served on the Register of Copyrights." Accordingly, regardless of whether the Copyright Office issues a registration certificate or not, a plaintiff who has submitted all registration materials is entitled to litigate a copyright infringement claim. The question that has split the courts, however, is when.

There are four basic steps in the copyright registration process, any one of which could be deemed to be the triggering moment when "registration" occurs. First, an applicant submits an application and necessary fees, and deposits a copy of the work. Second, the Copyright Office examines the work to determine whether it is copyrightable. Third, the Copyright Office registers, or refuses to register, the work. Fourth, the Copyright Office issues a certificate of registration.

In answering the question "when does registration occur," courts have adopted divergent views. See 2 Melville B. Nimmer, Nimmer on Copyright, Section 7.16[B][1][a] at 7-154-56. Under the "application approach," copyright registration occurs when the copyright owner submits all necessary registration materials to the Copyright Office. The 5th Circuit and various district courts in other circuits have adopted this view, deeming registration to have occurred at the first step of the registration process - that is, when the copyright applicant has submitted all registration materials to the Copyright Office. *Positive Black Talk Inc. v. Cash Money Records Inc.*, 394 F.3d 357 (5th Cir. 2004); *Lakedreams v. Taylor*, 932 F.2d 1103 (5th Cir. 1991); *Apple Barrel Products Inc. v. Beard*, 730 F.2d 384 (5th Cir. 1984); *Iconbazaar L.L.C. v. America Online Inc.*, 308 F.Supp.2d 630 (M.D.N.C. 2004); *Foraste v. Brown University*, 248 F.Supp.2d 71 (D.R.I. 2003); *Well-Made Toy Manufacturing Corp. v. Goffa International Corp.*, 210 F.Supp.2d 147 (E.D.N.Y. 2002), *affirmed on other grounds*, 354 F.3d 112 (2d Cir. 2003).

Application approach courts rely on Sections 410(d) and 411(b) of the Copyright Act, which indicate the effective date of registration is the date on which proper application materials are delivered to the Copyright Office. These courts find it immaterial whether registration ultimately is granted because an applicant may sue for infringement either way, as long as a proper application was made.

A leading copyright treatise advocates the application approach as "the better point of view," and more consistent with "the statutory structure." Nimmer.

In contrast, the 11th Circuit and a number of district courts follow a "registration approach," under which registration occurs only after the third step, i.e., when the Copyright Office actually approves or rejects an application. *M.G.B. Homes v. Ameron Homes Inc.*, 903 F.2d 1486 (11th Cir. 1990); *Mays & Associates v. Euler*, 470 F.Supp.2d 362 (D. Md. 2005); *Capitol Records Inc. v. Wings Digital Corp.*, 218 F.Supp.2d 280 (E.D.N.Y. 2002).

Still other district courts have taken a "certificate approach," in which registration is deemed to have occurred only at the fourth step of the registration process - when the applicant receives the certificate of registration from the Copyright Office. *Loree Rodkin Management Corp.*, 315 F.Supp.2d 1053 (C.D. Cal. 2004); *Strategy Source Inc. v. Lee*, 233 F.Supp.2d 1 (D.D.C. 2002).

In the absence of an explicit ruling by the 9th Circuit, federal courts in California have split on the issue. Compare *Loree Rodkin Management Corp.*, 315 F.Supp.2d at 1055 (certificate approach) with *Tabra Inc. v. Treasures de Paradise Designs Inc.*, 20 U.S.P.Q.2d 1313 (N.D. Cal. 1992) (application approach); see also *RDF Media Limited v. Fox Broadcasting Co.*, 372 F.Supp.2d 556 (C.D. Cal. 2005) (defendant's motion to dismiss for failure to register copyright was moot in light of affidavit that Copyright Office had advised plaintiff that registrations had issued).

This summer the 10th Circuit joined the fray with *La Resolana Architects PA v. Clay Realtors Angel Fire*, 416 F.3d 1195 (10th Cir. 2005); the court adopted the "registration approach" and thus widened the developing split of authority.

In *La Resolana*, plaintiff La Resolana developed architectural drawings for townhouses that it showed to defendant Clay in 1997. No deal was reached, and the parties went their separate ways. Six years later, in October 2003, La Resolana discovered that townhouses built by Clay bore a striking similarity to those depicted in La Resolana's plans. La Resolana then applied to register its drawings with the Copyright Office, and submitted the requisite applications, fees and deposits on Nov. 6, 2003.

After receiving confirmation that its registration materials were received (but before receiving confirmation of registration by the Copyright Office), La Resolana filed suit for copyright infringement in the District of New Mexico on Nov. 20, 2003.

Clay moved to dismiss the complaint, arguing that La Resolana could not sue for infringement until it had obtained a certificate of copyright registration. La Resolana argued that the effective registration date was Nov. 19, 2003, based on a March 10, 2004, letter from the Copyright Office stating that the Copyright Office had approved registration on Jan. 22, 2004, with a backdated effective date of Nov. 19, 2003. The district court rejected the letter as unauthenticated hearsay. The court concluded that the drawings were not registered, and dismissed the case without prejudice.

The 10th Circuit affirmed, finding the "registration approach" most consistent with the Copyright Act. Relying on what it deemed to be the "plain meaning" of certain provisions of the Copyright Act, the court reasoned that the copyright registration process required affirmative acts by both the applicant and the Copyright Office.

In the 10th Circuit's view, "[n]o language in the Act suggests that registration is accomplished by mere receipt of copyrightable material by the Copyright Office." The court relied on Sections 408, 410 and 501(b), which it found implicitly required action by the Copyright Office. Thus, the court concluded that copyright registration should not follow automatically from mere submission of application materials.

Whichever approach is correct as a question of statutory interpretation, the registration approach now governing the 11th and 10th Circuits arguably generates harsher and more anomalous results than the 5th Circuit's application approach. In *La Resolana*, for example, five months after the submission of plaintiff's copyright application, the Copyright Office still had not determined whether or not to grant copyright registration. If a copyright holder cannot sue for infringement until the Copyright Office acts on a registration application, swift preliminary injunctive relief may be unavailable to owners of newly created works. A suit for damages from infringement may be the only recourse for such plaintiffs.

This result seems inconsistent with the spirit of the 1976 Copyright Act, which sought to extend copyright protections even to unregistered works. As near-instantaneous publication and dissemination of works become more commonplace in the digital age, this problem may grow. Only Congress or the Supreme Court can definitively prevent creators from losing a crucial set of copyright protections.

In the meantime, copyright owners should consider registering their works as soon as possible to position themselves as strongly as possible in potential infringement litigation. Additionally, copyright owners should consider paying an additional fee to the Copyright Office for "special handling," which may expedite examination of new or pending copyright applications when litigation is pending or anticipated.