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## Ninth Circuit Widens Split on Copyright Registration Issue

By Mark S. Lee and Benjamin G. Shatz

The 9th U.S. Circuit Court of Appeals finally has chosen sides in a slowly developing dispute over a technical but important issue - namely, whether a copyright application or completed registration is needed to file suit for copyright infringement. In *Cosmetic Ideas Inc. v. IAC/InteractiveCorp*, 2010 DJDAR 7635 (9th Cir. May 25, 2010), it ruled that filing a copyright application alone was enough to give a plaintiff access to federal courts. The 9th Circuit's decision widens an already significant circuit split on exactly what a copyright plaintiff needs to do to satisfy the statutory prerequisites for filing suit.

There is a split only because the Copyright Act itself is not clear on the issue. 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 leaving unclear the issue of 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, 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.

When does "registration" occur for purposes of determining when a plaintiff can file suit? Courts have given different answers to that question. 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 and 7th Circuits, 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); *Chicago Bd. of Educ. v. Substance Inc.*, 354 F.3d 624, 631 (7th Cir. 2003); *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 generally 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, "*Nimmer on Copyright*," advocates the application approach as "the better point of view," and more consistent with "the statutory structure."

In contrast, the 10th Circuit, 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. *La Resolana Architects PA v. Clay Realtors Angel Fire*, 416 F.3d 1195 (10th Cir. 2005); *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 prior 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).

In *Cosmetic Ideas*, the 9th Circuit clearly joins the "application" camp. The plaintiff had filed suit after filing a copyright application but before the copyright Office issued a certificate of registration. The district court granted defendant's motion to dismiss the complaint for lack of subject matter jurisdiction.

On appeal, the 9th Circuit reversed the district court's jurisdictional ruling because an intervening Supreme Court decision held that the copyright registration requirement, while a prerequisite to filing suit, was not jurisdictional. *Reed Elsevier Inc. v. Muchnick*, 2010 DJDAR 3142. The 9th Circuit nevertheless considered whether plaintiff's complaint failed to state a claim for which relief can be granted because of the lack of a copyright registration.

It held that a completed registration was not necessary. Finding nothing in the language of the Copyright Act itself that clearly determined the issue, it evaluated the registration requirement in light of the "broader context" of the statute as a whole, and determined that the application approach better fulfilled Congress' purpose of providing broad copyright protection and avoiding unnecessary delay in copyright infringement litigation, while continuing to encourage registration.

Whatever approach is correct as a matter of statutory interpretation, the registration approach now governing the 10th and 11th Circuits arguably generates harsher and more anomalous results than the 5th, 7th and 9th Circuits' 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. In light of the growing circuit split in this area, 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.

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