When Does a Copyright Owner's Right to Sue Attach?

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On June 28, 2018, the United States Supreme Court granted a petition for writ of certiorari in *Fourth Estate Public Benefit Corporation v. Wall-Street.com, LLC*, 856 F.3d 1338 (11th Cir. 2017), to address what constitutes "registration" of a copyrighted work. The Copyright Act makes "registration" a prerequisite to a suit for infringement. 17 U.S.C. § 411(a). Circuit courts have interpreted this seemingly straightforward term in two conflicting ways. The Fifth and Ninth Circuits follow the "application" approach, which permits a copyright holder to bring an infringement suit upon submitting an application to the Copyright Office. The Tenth and Eleventh Circuits follow the "registration" approach, under which the Copyright Office must first *act* on an application before suit may be brought, and the Solicitor General has filed an amicus brief favoring this approach. The Supreme Court's decision in *Fourth Estate* stands to have great practical significance for copyright holders, as it will affect the timing of infringement actions, along with the availability of preliminary relief and the applicability of defenses such as the statute of limitations.

Legal Background

The Copyright Act of 1976 (the Act) grants protection to all "original works of authorship fixed in any tangible medium of expression."[1] While a copyright arises automatically, the Act requires registration with the Copyright Office before the copyright holder may institute an infringement action. Section 411(a) provides that "no 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."[2] Neither Section 411(a) nor any other provision of the Act defines "registration" for these purposes, and a circuit split has arisen concerning the meaning of this term.[3]

The Fifth and Ninth Circuits have adopted the "application" approach, under which a copyright holder satisfies Section 411(a) by submitting the application, deposit, and fee to the Copyright Office.[4] The Fifth and Ninth Circuits found support for this rule in the context and purpose of the statute, and agreed with Professor Nimmer that the rule

[1] 17 U.S.C. § 102(a).

[2] 17 U.S.C. § 411(a). Preregistration is available for "any work that is in a class of works that the Register determines has had a history of infringement prior to authorized commercial distribution." 17 U.S.C. § 408(f)(2).

[3] *See Cosmetic Ideas, Inc. v. IAC/Interactivecorp.*, 606 F.3d 612, 616-17 (9th Cir. 2010) (holding that § 411(a) "gives no guidance in interpreting the meaning of 'registration,'" and finding the "language of the statute as a whole" to be ambiguous).

[4] *See Positive Black Talk Inc. v. Cash Money Records Inc.*, 394 F.3d 357, 365 (5th Cir. 2004), abrogated in part on other grounds by *Reed Elsevier, Inc. v. Muchnick*, 559 U.S. 154, 160 n.2 (2010); *Lakedreams v. Taylor*, 932 F.2d 1103, 1108 (5th Cir. 1991); *Apple Barrel Prods., Inc. v. Beard*, 730 F.2d 384, 386-87 (5th Cir. 1984); *Cosmetic Ideas, Inc. v. IAC/Interactivecorp.*, 606 F.3d 612, 621 (9th Cir. 2010).

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promotes both judicial efficiency and copyright owners' substantive rights.[5]

In contrast, the Tenth and Eleventh Circuits follow the "registration" approach, under which a copyright holder must both submit an application *and* obtain registration by the Copyright Office before suing.[6] The Tenth Circuit reasoned: "[n]o language in the Act suggests that registration is accomplished by mere receipt of copyrightable material by the Copyright Office." [7]

The First and Second Circuits have declined to adopt a specific approach,[8] while the Seventh Circuit has taken differing positions in dicta.[9]

Case Summary

Plaintiff Fourth Estate Public Benefit Corporation is a news organization that produces online content and articles, which it licenses to other websites. While Defendants Wall-Street.com and its owner initially published Fourth Estate's articles online pursuant to a license, Fourth Estate alleged that Wall-Street.com continued to display articles on its website without permission after cancelling its account. In March 2016, Fourth Estate sued Wall-Street in the Southern District of Florida, seeking an injunction and damages. Before doing so, Fourth Estate filed a copyright registration application, but did not wait for the Copyright Office to act on that application, nor did it request expedited processing of its claim. With the application still pending, the district court applied the "registration" approach and dismissed the complaint for failure to meet the requirements of Section 411(a).

The Eleventh Circuit affirmed. Holding the statutory language to be clear, the Circuit held that the Copyright Office must first act upon an application before suit may be filed, and thus filing an application "does not amount to registration." Aligning with the Tenth Circuit, the court concluded that "registration" refers to the registration, memorialized by a certificate, that is granted by the Register after examination.

In its petition for certiorari, Fourth Estate argued that the Eleventh Circuit erred because the statutory phrase "registration . . . has been made" refers to actions of the copyright holder in following the procedures to register a claim. Fourth Estate also asserted that the Eleventh Circuit's holding was inconsistent with the Act's scheme of rights and remedies, under which copyright owners' rights do not derive from an affirmative government grant.

The Supreme Court invited a response from the Solicitor General, who urged the Court to adopt the Eleventh Circuit's interpretation.

Implications

A decision by the Supreme Court on what constitutes "registration" under Section 411(a) stands to have great practical significance for copyright holders and the

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[5] *See Apple Barrel*, 730 F.2d at 386-87 (citing 2 *Nimmer on Copyright* § 7.16[B][1] (2013)).

[6] *La Resolana Architects, PA v. Clay Realtors Angel Fire*, 416 F.3d 1195, 1200-01 (10th Cir. 2005). In the event the Copyright Office refuses registration, an applicant may at that point commence an infringement action so long as notice thereof is served on the Register of Copyrights. 17 U.S.C. § 411(a).

[7] *Id* at 1200.

[8] *See Psihoyos v. John Wiley & Sons, Inc.*, 748 F.3d 120, 125 (2d Cir. 2014); *Alicea v. Machete Music*, 744 F.3d 773, 779 & n.7 (1st Cir. 2014).

[9] *See Brooks-Ngwenya v. Indianapolis Pub. Sch.*, 564 F.3d 804, 806 (7th Cir. 2009) (per curiam).

courts. A decision will not just create a single standard nationwide concerning when infringement actions may be brought, it will also impact the substantive rights and defenses available in such actions.

For instance, if the Supreme Court were to side with the Eleventh Circuit, content owners could experience a time lag in their ability to bring a suit for infringement. The Solicitor General's brief notes that the average time for the Copyright Office to process an application is approximately eight months. Fourth Estate's petition for certiorari notes that the Copyright Office still has not acted on its application, *nineteen* months after submission. If the "registration" approach were to prevail, argued Fourth Estate, copyright holders could find themselves in a state of limbo, and be unable to seek preliminary remedies. And, if a combination of delay in submitting the application and action by the Copyright Office were to exceed the three-year statute of limitations, a copyright owner could conceivably lose his remedies altogether. This would provide a strong incentive toward prompt and even preemptive registration of copyrighted works. For urgent cases, the Copyright Office offers an expedited registration process called "special handling" for an additional $800 per claim, which is many times the standard registration fee. For copyright owners with limited financial resources or a large number of works to register, this option could prove cost-prohibitive. Given the relative ease of creating copyrightable works, and the speed with which infringing works can be propagated in the digital age, such an outcome could prove detrimental to content holders' ability to enforce their rights.

In contrast, if the Supreme Court were to adopt the Fifth and Ninth Circuit's "application" approach, this would allow infringement actions to be filed nationwide, and preliminary remedies to be sought, without first awaiting action by the Copyright Office. However, it could remove an incentive to copyright holders promptly and proactively registering their works prior to becoming aware of infringing acts. Such a rule could also lead to greater uncertainty in litigation about the validity of some registrations, where litigation proceeds without the benefit of the Copyright Office's conclusion as to registrability.

It bears repeating that the case will turn on the interpretation of the statutory term "registration" under Section 411(a) of the Copyright Act. If Congress were dissatisfied with the Supreme Court's ultimate ruling, it could present an opportunity for amending the statute and providing clarity concerning when, and under what circumstances, Congress intends for copyright infringement actions to proceed, and how best to effectuate the various objectives of the Copyright Act.

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