Copyright application or registration: Which is needed to bring suit?

by Rob Van Arnam

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By ROB VAN ARNAM, Special to Lawyers Weekly

rvanarnam@williamsmullen.com

Van Arnam

Although a copyright exists at the time a work is created, it cannot be enforced without taking steps to record that right in the U.S. Copyright Office. Whether a mere application for registration is sufficient to permit enforcement, however, remains unclear.

The federal courts remain divided on this issue, which the Supreme Court recently failed to clarify. The answer significantly impacts copyright holders, who may have to wait to initiate a suit the six to 22 months it can take the Copyright Office to act.

In March, the U.S. Supreme Court in *Reed Elsevier, Inc. v. Muchnick* clarified one aspect of this issue, but did not resolve the real dispute

The decision?

The factual issue in *Reed Elsevier* was whether the courts had authority to dismantle an $18 million, nationwide class-action settlement of copyright-infringement claims that authors made when their freelance articles or photos in major publications were made freely available in the publishers' electronic databases.

Some 99 percent of the claims covered by the settlement were by creators of unregistered works. The Southern District of New York certified the settlement, and the case was appealed.

During the 2nd Circuit proceedings, the court sua sponte asked the parties to brief the procedural issue of whether § 411(a) of the Copyright Act was a jurisdictional requirement. All parties filed briefs asserting that the district court had subject-matter jurisdiction to approve the settlement.

The 2nd Circuit was not satisfied and reversed, holding that pursuant to § 411(a), the court lacked subject-matter jurisdiction because the settlement covered both registered and unregistered works.

In a unanimous 8-0 decision (Justice Sotomayor recused), the Supreme Court reversed, holding that the registration requirement of § 411(a) was a claim processing rule and not a jurisdictional requirement.

While it confirmed that courts can adjudicate disputes involving unregistered works, the court declined to address the practical question copyright holders and their counsel were hoping to resolve - whether the registration requirement of § 411(a) is satisfied by filing an application, or otherwise whether the Copyright Office must either grant or reject the application before a claim for infringement may be brought.

Circuit courts, and in some cases district courts within the same circuit, remain divided on this issue.

Ongoing split

Under the "registration approach," the 10th Circuit in *La Resolana Architects v. Clay Realtors Angel Fire* (2005), the Court of Federal Claims in *Jennette v. United States* (2007) and several district courts have found that the grant or denial of an application by the Copyright Office is a precondition to bringing suit.

In *La Resolana*, the 10th Circuit analyzed the Copyright Act and reasoned that the act's plain language "requires a series of affirmative steps by both the applicant and the Copyright Office" and that "[n]o language in the Act suggests that registration is accomplished by mere receipt of copyrightable material by the Copyright Office."

While the 2nd Circuit has yet to address the issue, three recent district court cases in the Southern

District of New York have applied the registration approach in granting motions to dismiss.

Conversely, under the "application approach," simply filing an application is adequate to initiate suit, as long as all required elements are deposited with the Copyright Office. Courts adopting this model, both before and after Reed Elsevier was decided, include the 5th Circuit in *Positive Black Talk v. Cash Money Records* (2004), the 7th Circuit in *Chicago Bd. of Education v. Substance, Inc.* (2003), the 8th Circuit in *Action Tapes, Inc. v. Mattson* (2006), and several district courts in other circuits.

In the only circuit court opinion to consider the issue after *Reed Elsevier*, the 9th Circuit in *Cosmetic Ideas, Inc. v. IAC/Interactive Corp.* (May, 2010) identified practical reasons to adopt the application approach, finding that it "better fulfills Congress's purpose of providing broad copyright protection while maintaining a robust federal register." The court found that this approach avoids unnecessary delays in pursuing litigation, and the "legal limbo" parties would face from this "needless formality."

Further, the *Cosmetic Ideas* court held that the application approach would still ensure the policy goal of encouraging registrations, as it would still require a copyright owner "to submit the information necessary to add the copyright to the federal registry."

The 4th Circuit

The 4th Circuit has yet to interpret the meaning of "registration" under § 411(a), and district courts within this circuit are divided. Two district courts have adopted the application approach, Phoe*nix Renovation Corp. v. Rodriguez* (E.D. Va. 2005), aff'd, (4th Cir. 2007) and *Iconbazaar, L.L.C. v. America Online, Inc*. (M.D.N.C. 2004), and one has adopted the registration approach, *Mays & Assocs. v. Euler* (D. Md. 2005).

In the 4th Circuit opinion in *Phoenix Renovation*, the parties did not raise the § 411(a) issue. Prior to the Reed Elsevier ruling, however, the 4th Circuit had treated the registration requirement as jurisdictional. *Xoom, Inc. v. Imageline* (4th Cir. 2003).

Had the 4th Circuit concluded in *Xoom* that mere application was insufficient, it would have been obligated to raise the jurisdictional issue sua sponte and dismiss the case. *Lovern v. Edwards* (4th Cir. 1999). Because it did not, the 4th Circuit may have implicitly adopted the application approach.

Inconsistent application of § 411(a) has been a concern of copyright litigators for some time. Although the Copyright Office has alternative procedures to expedite the processing of applications, this processing is expensive, and it still takes a week to 10 days, or more, to receive a registration.

Even this shorter period may be insufficient when emergency or injunctive relief is necessary, or when a statutory deadline is looming.

To traverse this legal minefield, copyright holders should register their works and file applications soon after their works are created and published, rather than wait until an infringement is discovered. In addition to preserving a future right to sue, registration before infringement takes place affords additional remedies such as statutory damages and attorney's fees.

The Supreme Court may get another opportunity to end this debate as the defendant in *Cosmetic Ideas* filed a petition for certiorari, which was distributed for conference in late November. In the meantime, whether, when and where a copyright holder can bring suit will vary by jurisdiction, and will depend on the status of his application.

Editor's note: *Van Arnam focuses his practice at Williams Mullen on intellectual property licensing and litigation including matters involving copyrights, trademarks, patents and trade secrets.*