

Copyright Registration as a Precondition of Infringement Suit

November 7, 2017

RESOLUTION:

WHEREAS, copyright law can serve as a valuable supplement to trademark law when brand owners are seeking to protect rights in subject matter protected by both trademark and copyright, including logos and designs;

WHEREAS, U.S. law does not require trademark owners to obtain or even apply for a trademark registration in order to bring a legal action for trademark infringement;

WHEREAS, for many years federal courts have split over whether the U.S. Copyright Act requires a copyright owner to have a certificate of registration issued by the U.S. Copyright Office as a precondition to bringing an action for copyright infringement; **WHEREAS**, some circuit courts of appeals and district courts within those circuits favor a “registration approach” requiring the copyright claimant to own a certificate of registration issued by the U.S. Copyright Office prior to instituting a legal action for infringement, even though registrations can take several months to issue;

WHEREAS, other circuit courts and district courts within those circuits favor an “application approach” requiring the copyright claimant only to have filed a copyright application with the U.S. Copyright Office, with the appropriate deposit and fee, prior to instituting legal action for infringement;

WHEREAS, other circuit courts and district courts have not decided the question conclusively with the result that district courts within multiple single circuits disagree on which approach is required by the Copyright Act;

WHEREAS, many brand owners do not obtain U.S. copyright registrations for logos and other copyrightable subject matter that are protected by both trademark and copyright law as a matter of course, but would benefit from the ability to bring prompt legal action for copyright infringement of such subject matter; and

WHEREAS, clarity and certainty would benefit both plaintiffs and defendants in litigating copyright infringement claims and avoid a loss of rights to copyright owners who have claims of

infringement, and have filed copyright applications, but do not have certificates of registration prior to instituting suit for copyright infringement;

BE IT RESOLVED that the International Trademark Association recommends that U.S. courts should allow a copyright claimant to file and prosecute a copyright infringement suit upon submitting an application, deposit and fee to the Copyright Office (i.e., “application approach”), without awaiting the issuance of a registration certificate.

BACKGROUND:

I. The Treatment of Copyright Registration as a Precondition for Suit

U.S. circuit and district courts have split on whether a copyright registration is required as a precondition to suit, with different courts relying upon language from different parts of the U.S. Copyright Act, as well as policy considerations, to justify their approach. Some courts favor the “application approach,” requiring only a pending application with the Copyright Office prior to institution of suit. Others favor the “registration approach,” requiring the copyright owner to obtain a registration certificate from the Copyright Office prior to instituting suit.

A. Statutory Language (requirement of “registration” before institution of suit, when registration is effective (deposit, application, fee))

The Copyright Act refers to registration in several places relevant to the issue presented. Section 411(a) of the Act provides that “no civil action for infringement of the copyright in any United States work shall be instituted until...registration of the copyright has been made” with the Copyright Office.ⁱ The Copyright Act also allows an applicant whose registration has been refused to bring an action for copyright infringement so long as the applicant has delivered to the Copyright Office the deposit, application and fee required for registration.ⁱⁱ By its terms, section 411(a) of the Act is inapplicable in multiple scenarios: for example, when artists’ moral rights under section 106A are infringed; to works that are not U.S. works; when a suit under the Digital Millennium Copyright Act is brought; and when a suit is brought for a declaration of copyright ownership. When none of these exceptions (and the others set forth in the statute) apply, section 411(a) must be satisfied as a precondition to bringing an infringement suit. Section 410(a) details the role of the Register of Copyrights, who, after examination of the application, determines whether “the material deposited constitutes copyrightable subject matter and that the other legal and formal requirements” of the Act have been satisfied. If so, the Register “shall register the claim and issue to the applicant a certificate of registration.”ⁱⁱⁱ Elsewhere the Copyright Act states that “[T]he owner of copyright or of any exclusive right in the work may obtain registration... by delivering to the Copyright Office the deposit specified by this section [for the work to be registered], together with the application and fee specified. ...”^{iv}

Relying on statutory language favoring their desired approach, courts split over whether “registration” refers merely to the filing with the Copyright Office of the appropriate application, deposit and fee, or the actual issuance from the Copyright Office of a registration certificate. It complicates matters that, according to the U.S. Supreme Court, lack of a registration does not deprive a federal court of subject matter jurisdiction,^v which some courts have relied upon to support their holdings in favor of the application approach.

Additionally, the Register of Copyrights’ position, set forth in the *Compendium of Copyright Practices*, is relevant to the analysis, as it states, “registration is required in order to institute a lawsuit for the infringement of a U.S. work.”^{vi}

B. Divergent Circuit Court Interpretation

The Third, Seventh, Tenth and Eleventh Circuits have adopted the registration approach. v ii The Fifth and Ninth Circuits have adopted the application approach. v iii The First, ix Second, x Fourth, xi Sixth xii and Eighth xiii Circuits have not ruled on the meaning of the word “registration” in the statute, so district courts within those circuits may themselves split.

II. The Importance of this Issue to Brand Owners

Given the judicial division on the issue of whether a claimant of copyright infringement must own a copyright registration, or merely file an application for registration, to prosecute a case in federal court, having a bright-line rule is important for brand owners because copyright law can often serve as a valuable supplement to trademark law when brand owners are enforcing their rights. There is often overlap, especially with respect to logos, between copyright and trademark protection. Notably, a given work may be protected by independent copyright and trademark rights. For instance, the leading treatise on trademark law notes that “[t]he courts have generally held that patent, trademark and copyright are separate and independent forms of protection. As a general principle, the presence or absence of one does not automatically preclude protection under another.” xiv

Brand owners can thus benefit from asserting both copyright and trademark claims in the same lawsuit when seeking to enforce their rights. Copyright law, for instance, allows for statutory damages in some cases and does not require a showing of likelihood of confusion. xv It is therefore important that brand owners, who often neglect to seek copyright registrations for their logos and other content protected by trademark law, be able to file copyright applications and expeditiously pursue companion copyright claims when enforcing their trademark rights, rather than having to wait several months or more for registration to issue.

III. Summary of Subcommittee Deliberations

While deliberating, some members of the subcommittee felt a “bright-line” rule choosing one of the two alternatives was appropriate, but others argued for a more nuanced approach

depending on the facts of a case. Ultimately the subcommittee sided with the “bright-line” rule, adopting the application approach. In no event should a court dismiss a case when an application has been properly filed but a registration has not yet been issued or denied. Rather, courts should allow infringement actions to proceed when the party making a claim of infringement has filed a copyright application.

A. What are the Benefits of the Application Approach?

1. Statute of Limitations

The split among courts as to whether a registration is a precondition to suit is relevant only when an infringement is discovered either before the copyright owner has applied to register its copyright or when its application is pending. The statute of limitations for copyright infringement runs from three years after a claim has accrued.^{xv i} Accrual is deemed to have occurred when an infringement is discovered by the copyright owner or other interested party bringing the claim (e.g., exclusive licensee).^{xv ii} However, the U.S. Supreme Court has recently clarified that a copyright owner can recover damages for only the three-year period leading up to suit.^{xv iii} Should courts require issuance of a registration certificate prior to the institution of suit, and examination is delayed, the statute of limitations might run before the copyright owner has a registration in hand, or damages might be limited depending on the scope of infringement in the three years prior to issuance of the registration and concomitant institution of suit.

Consider this scenario: A copyright owner applies for registration and brings suit almost three years after discovering an infringement, but before the registration is issued. Its suit is dismissed by a court favoring the registration approach. Meanwhile, the infringer ceases its infringement and the three-year statute of limitations expires or is near expiry. When the copyright owner does have a registration in hand and re-files its infringement action, even if the claims are not time-barred, the copyright owner’s monetary recovery would be limited to a period including time after the infringement had ceased. The availability of special handling by the Copyright Office (even of an already pending application) may not be sufficient to obviate this outcome if the copyright owner has neared the very end of the limitations period (as even “expedited” examination requires five working days), and if any issues arise during examination, an indeterminate (albeit “reasonable”) amount of time longer.^{xix} The application approach enables the copyright owner to avoid the loss of rights or potential loss of monetary damages, as it would be entitled to bring suit immediately upon filing a copyright application with the accompanying deposit and fee.

2. Right to Temporary Restraining Order/Preliminary Injunctive Relief

If a registration is required prior to commencement of suit, and even a short delay occurs due to a request to the Copyright Office for special handling of a pending or new application, a

copyright owner will forfeit the right to an immediate temporary restraining order or preliminary injunctive relief.

Consider this scenario: A brand owner has developed a world-famous advertising campaign for a seasonal product (say, sunscreen); a competitor copies it and is preparing to launch the infringing campaign. The brand owner does not have a registration in hand, and even with a request to the Copyright Office for special handling, is forced to wait one or two weeks (or longer if the Copyright Office has questions during special handling). Meanwhile, the infringing campaign is launched and the damage is done, with potential sales diverted from the brand owner. Under the application approach, the copyright claimant can quickly file an application and seek injunctive relief before the infringing ad campaign is released, without having to wait for the Copyright Office to act.

A. The Potential Benefits of the Registration Approach Do Not Outweigh the Benefits of the Application Approach

The subcommittee acknowledges the potential benefits of the registration approach, but finds that such benefits do not outweigh the clear advantages of the application approach. The primary benefit of the registration approach is that the court and litigants, at the time a suit is commenced, will have an opinion from the Copyright Office as to whether or not the material at issue meets the requirements of copyrightability (original work of authorship, fixed in tangible medium of expression, not an idea, process, etc.) and to address technical aspects of the scope of a claim (e.g., claim exclusions resulting from public domain material or stock imagery).xx While a claimant can still file a lawsuit for copyright infringement even if the examiner denies its application for registration,xxi the examiner's determination can arguably be valuable in cases where copyrightability or the scope of a claim or claim exclusion is in question.

However, these advantages are undermined by a simple statistic: copyright registrations are issued in response to 98 to 99 percent of applications submitted to the Copyright Office.xxii When one considers the chilling effect of the registration requirement on claimants who are wrongly denied registration, the registration approach loses its appeal.

B. Copyright Office Procedures for Expediting Registrations Are Not Sufficient to Address the Drawbacks of Not Having an Issued Registration at Time of Suit in a Jurisdiction Following the Registration Approach

Under standard registration processes, the Copyright Office issues registration certificates between 6 and 15 months after an application is made.xxiii As noted, in jurisdictions following the registration approach, the delay can be problematic for parties wishing to pursue injunctive relief, or when the Copyright Act's three-year statute of limitations is about to expire. One way to circumvent the delay is to pay an additional fee for "special handling."

When litigation is likely or pending, the Copyright Office allows applicants to apply for special handling of an application.^{xxiv} Special handling may be requested at the time an application is filed or at any time while it is pending. When special handling is requested, the Copyright Office endeavors to process an application and issue a registration (or denial) within five working days, although it does not guarantee a five-day turnaround.^{xxv} The special handling costs \$800 as compared to the \$55 fee for a standard application due to the expedited nature of the application.^{xxv} I the drawbacks of the registration approach? But is the special handling option sufficient to address the drawbacks of the registration approach.

While a special handling fee may be small compared to the attorneys' fees and other costs a copyright claimant is likely to incur in pursuing copyright claims in federal court, the fee could still discourage individuals, non-profits, pro se parties and other claimants with limited resources from timely pursuing claims. Moreover, whereas claimants with limited resources have some hope of recovering their attorneys' fees and costs incurred pursuing their claims should they prevail (see 17 U.S.C. § 505), they have no hope of recovering a steep special handling fee in litigation. The special handling fee therefore has the potential to discourage, or at least impose an unnecessary burden on, the pursuit of meritorious claims in some cases.

Additionally, even though the Copyright Office endeavors to process special handling requests within five working days,^{xxv} ii even a five-day delay can be catastrophic in some cases. When the statute of limitations will expire in two days, an infringing television advertisement will cause irreparable harm if allowed to air in four days, or a shipment of infringing videos will be sold or moved out of the jurisdiction in three days if not seized and impounded, five-day special handling provides little relief. While an application can be submitted electronically at any time from any place with Internet access, special handling can take five working days—a delay which in some circumstances can foreclose the enforcement of valid copyright interests.

While it is true that expedited handling will alleviate the drawbacks of the registration approach for most claimants and in most circumstances, it is not a universal cure. Some claimants will be discouraged by or cannot afford the fee, and in some circumstances even a five-day delay in filing suit will cause irreparable harm. Therefore the Copyright Office's special handling procedures do not, in all cases, appear to solve the problems with the registration approach.

C. The Application Approach is Consistent with the Berne Convention

Importantly, adopting the application approach better aligns U.S. law with the Berne Convention. The registration approach is inconsistent with the basic idea of the Berne Convention, namely to make the attachment of protection under copyright and the enforcement of copyright as simple as possible. To avert a violation of Article 5(2) of the Berne Convention, Sec. 411 (a) of the U.S. Copyright Act exempts owners of non-U.S. works from the obligation to obtain a copyright registration before filing an infringement action. The application approach thus better honors the

spirit of the Berne Convention, and avoids discrimination against the owners of copyrights in U.S. works in comparison to owners of copyrights in non-U.S. works.

IV. Conclusion

It is important to the enforcement and development of U.S. copyright law for courts to apply a uniform set of rules when determining whether a case can proceed when an application, deposit, and fee have been filed, but a certificate of copyright registration has not yet issued or has been denied. While there are certainly policy considerations favoring both the application and the registration approaches, the application approach would be best for the advancement and enforcement of copyright law. Moreover, the application approach adequately and fairly addresses the policy considerations currently being applied inconsistently among the circuits, and that adopting a uniform approach would benefit the advancement and enforcement of copyright law.

Accordingly, given judicial division on the issue of whether a claimant of copyright infringement must own a copyright registration, or merely file an application for registration in order to prosecute a case in federal court, the Enforcement Subcommittee of the Copyright Committee requests that the INTA Board of Directors adopt a resolution urging courts to follow the “application approach” in allowing a claim of copyright infringement.

i. 17 U.S.C. 411(a).

ii. *Id.*

iii. 17 U.S.C. § 410(a) (emphasis added).

iv. 17 U.S.C. § 408 (emphasis added).

v. *Reed Elsevier, Inc. v. Muchnick*, 559 U.S. 154, 166 (2010).

vi. Compendium of U.S. Copyright Office Practices, § 623.1 (3rd Edition 2014) (available at <https://www.copyright.gov/comp3/chapter600.html>).

vii. See, e.g., *Dawes-Lloyd v. Publish America, LLLP*, 441 Fed.Appx 956, 957 (3d Cir. 2011) (per curiam) (non-precedential, plaintiff could not establish prima facie case because it did not hold “registered” copyright); *Gaiman v. McFarlane*, 360 F.3d 644, 655 (7th Cir. 2004) (“an application to register must be filed, and either granted or refused, before suit can be brought”); *La Resolana Architects, PA v. Clay Realtors Angel Fire*, 416 F.3d 1195, 1202-05 (10th Cir. 2005) abrogated on other grounds

by Reed Elsevier, Inc. v. Muchnick , 559 U.S. 154, 175 (2010); Fourth Estate Public Benefit Corp. v. Wall-street.com, LLC, 856 F.3d 1338 (11th Cir. 2017).

viii. See, e.g., Apple Barrel Prods. v. Beard, 730 F.2d 384, 386-387 (5th Cir. 1984) (“One need only prove payment of the required fee, deposit of the work in question, and receipt by the Copyright Office of a registration application”); Cosmetic Ideas, Inc. v. IAC/InteractiveCorp., 606 F.3d 612 (9th Cir. 2010), cert. denied, 2010 WL 4811301 (U.S. 2010).

ix. Latin Am. Music Co. Inc. v. Media Power Grp., Inc., 705 F.3d 34, n. 11 (1st Cir. 2013) (“we do not weigh in on the issue because, as the district court noted, LAMCO (sic) failed even to show that it had submitted all the necessary application materials for registration”); see also Alicea v. Machete Music, No. 10-CV-30002-MAP, 2012 WL 603590 at *2 (D. Mass. Feb. 23, 2012) (“[t]he First Circuit has not considered this issue”).

x. A Star Grp., Inc. v. Manitoba Hydro, 621 Fed. Appx. 681, 683 (2nd Cir. 2015) (not deciding whether a “pending application for registration satisfies the Act’s requirement that a work be registered before a related infringement suit is filed”); Psihoyos v. John Wiley & Sons, Inc., 748 F. 3d 120, 125 (2nd Cir. 2014) (Although “the Federal Courts of Appeals are divided over whether a pending application satisfies [section] 411(a)’s requirement of copyright registration as a precondition to instituting an infringement action,” the Second Circuit has declined to “resolve the dispute or otherwise embroil [itself] in this circuit split.”).

xi. A 1978 Fourth Circuit decision held “the 1976 Amendments [to the Copyright Act] eliminate any need to secure registration as a prerequisite to an infringement suit and authorize suit for infringement, despite the Register’s denial, so long as the Register is notified. Eltra Corp. v. Ringer, 579 F.2d 294, 296 n. 4 (4th Cir. 1978). However, the district courts within the Fourth Circuit split. Compare Patrick Collins, Inc. v. Gillispie, 2012 WL 440888, at *2 (D. Md. Feb. 9, 2012) (“[M]ere application for a copyright does not qualify as either registration or preregistration”) with Iconbazaar, L.L.C. v. Am. Online, Inc., 308 F.Supp.2d 630, 634 (M.D.N.C. 2004) (adopting application approach).

xii. The Sixth Circuit has not yet settled on a definition for “registration,” but district courts within the Circuit have tended towards the registration approach. See, e.g., Doyle Homes, Inc. v. Signature Grp. of Livingston, Inc., 69 F. Supp. 3d 674, 679 (E.D. Mich. 2014); Hawaiian Vill. Computer Inc. v. Print Mgmt. Ptnrs., Inc., 501 F. Supp. 2d 951, 954 (E.D. Mich. 2007).

xiii. TVI, Inc. v. INFOSoft Techs., Inc., No. 4:06CV00697JCH, 2006 WL 2850356, at *3 (E.D. Mo. Sept. 29, 2006) (“the Eighth Circuit has not interpreted the meaning of registration”).

xiv. 1 J. Thomas McCarthy, McCarthy on Trademarks & Unfair Competition § 6:5 (4th ed. 2016); see also In re DC Comics, Inc., 689 F.2d 1042, 1052 (C.C.P.A. 1982) (“If the [drawing or design are] copyrightable subject matter, these rights of limited duration are not the totality of rights Congress has provided for the subject product designs but merely part of them. Thus, their existence does not afford a basis for refusing to grant a registration for [design] as a trademark, if it would otherwise qualify for registration under the Lanham Act.”); Frederick Warne & Co., Inc. v. Book Sales, Inc., 481 F. Supp. 1191 (S.D.N.Y. 1979) (“Because the nature of the property right conferred by copyright is significantly different from that of trademark, trademark protection should be able to co-exist, and possibly overlap, with copyright protection without posing preemption difficulties.”). The leading treatise on copyright law agrees that “[a]

visual art work that is used as a trademark, logo, or label may be registered [with the Copyright Office] if it satisfies ‘the requisite qualifications for copyright,’ i.e. that it has ‘some creative authorship in its delineation or form.’” Melville B. Nimmer, Nimmer on Copyright, § 913.1 (quoting 37 C.F.R. § 202.10) (2016). Thus, there are many instances in which trademarks can also be subject to copyright protection.

xv. See 17 U.S.C. § 504(c); *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991) (elements of copyright infringement are “(1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original.”)

xvi. 17 U.S.C. § 507.

xvii. See *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962, 1969 n.4 (2014) (although not passing on the issue, noting that nine Courts of Appeals have adopted the discovery rule in copyright infringement cases).

xviii. See *id.* at 1973 (“[A] successful [copyright] plaintiff can gain retrospective relief only three years back from the time of suit. No recovery may be had for infringement in earlier years. Profits made in those years remain the defendant’s to keep.”); see also, *Wu v. John Wiley & Sons, Inc.*, No. 1:14-cv-6764, 2015 WL 5254885, at *4-7 (S.D.N.Y. Sept. 10, 2015) (affirming discovery rule, but limiting plaintiff to damages incurred in three years preceding filing of suit).

xviii. *Compendium of U.S. Copyright Office Practices* (Third Ed. 2014), § 623.4 (“[i]f there are questions or issues that prevent the Office from registering the work...the Office generally will notify the party that submitted the application or document within five working days. If the applicant responds to this communication, the Office will provide its response to the applicant’s communication(s) within a reasonable amount of time.”)

xix. 17 U.S.C. § 102.

xx. 17 U.S.C. § 411(a).

xxi. Melville B. Nimmer, Nimmer on Copyright, § 7.16[B][3][b][ii] (citing *Brief of the United States, Reid Elsevier v. Muchnick* 4

n.2 (United States Supreme Court, filed June 8, 2009); see also, U.S. Copyright Office, *Fiscal 2015 Annual Report*, at (2015) (in fiscal year 2015, the Copyright Office denied on 11,940 applications, while issuing 443,823 registrations).

xxii. See Copyright.gov, <https://www.copyright.gov/help/faq/faq-what.html#certificate> (last visited Jan. 12, 2017).

xxiii. See Copyright.gov, <https://www.copyright.gov/help/faq/faq-special.html> (last visited Jan. 12, 2017).

xxiv. See Copyright.gov, <https://www.copyright.gov/help/faq/faq-special.html> (last visited Jan. 12, 2017).

xxv. Copyright.gov, <https://www.copyright.gov/about/fees.html#handling> (last visited Jan. 31, 2017).

xxvi. See Copyright.gov, <https://www.copyright.gov/help/faq/faq-special.html> (last visited Jan. 12, 2017).