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# The race to register: Will copyright applicants win or lose?

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Anxious U.S. copyright owners need only wait until next year for a conclusive answer as to whether a plaintiff must have a certificate of copyright registration in hand before initiating a copyright infringement lawsuit, or whether the filing of application alone suffices. On the U.S. Supreme Court's docket for its new term set to begin the first Monday of October is *Fourth Estate Public Benefit Corp. v. Wall-Street.com, LLC* (17-571), an appeal of a decision by the 11th U.S. Circuit Court of Appeals. The high court's decision, which should issue by June 2019, will resolve a long-standing split of authority on this issue.

Petitioner Fourth Estate Public Benefit Corporation takes the position, endorsed by the 5th and 9th Circuits, that a litigant need only submit its application for registration prior to initiating a copyright infringement lawsuit. Respondent Wall-Street.com, LLC argues that the Copyright Office must act on the application, either by issuing a certificate of registration or by refusing the application, before suit can be brought. Joining the 10th Circuit, the 11th Circuit sided with Wall-Street and affirmed dismissal of Fourth Estate's claim.

Copyright is a critical component of intellectual property law and is the primary means through which creators of original works can protect their literary, intellectual, musical, software or artistic creations. Copyright owners have the exclusive right to reproduce, distribute, perform, and display their work, as well as the exclusive right to create derivative works. Copyright protection arises as soon as a protectable work is created and exists regardless of whether a certificate of registration is ever applied for or obtained. However, a certificate of registration can be applied for by submitting a form accompanied by a copy of the work and a modest filing fee ($55 if submitted online or $85 if submitted in hard copy). The Copyright Office reviews applications, and in most cases, issues registrations.

Although it is voluntary, registration of a copyright carries a number of benefits, including the right to bring an enforcement action. Section 411(a) of the Copyright Act states, in part, that "no civil action for infringement of the copyright in any United States work shall be instituted until ... registration of the copyright claim has been made in accordance with this title." Courts are divided on when "registration" occurs — when an application is filed or when a certificate of registration issues?

Turning to the case before the Supreme Court, Fourth Estate is a news organization that licenses articles to third-party websites. Wall- Street licensed articles from Fourth Estate. The terms of the license required Wall-Street to remove the articles if it cancelled its account but, after canceling its account, Wall-Street continued to display the articles. Fourth Estate filed a copyright application and, before a certificate of registration issued, sued Wall-Street for copyright infringement. Wall-Street moved to dismiss on the grounds that Fourth Estate could not sue until after a certificate of registration issued. The district court agreed and dismissed Fourth Estate's suit. Laying the groundwork for the Supreme Court to take up the issue, the 11th Circuit affirmed. *Fourth Estate Public Benefit Corp. v. Wall-Street.com, LLC*, 856 F.3d 1338 (11th Cir. 2017) (cert. granted).

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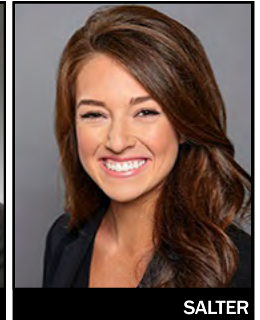
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Wall-Street's position is known as the "registration approach" and has been adopted by the 10th and 11th Circuits. Alternatively, Fourth Estate argues that "registration" occurs when a claimant discloses its claim of copyright to the Copyright Office by submitting an application, and that claimants can file a lawsuit on the same day the application is submitted. This approach — the "application approach" — has been adopted by the 5th and 9th Circuits.

Though it may appear to be hairsplitting, the Supreme Court's decision will have significant implications for copyright owners. Although the application process seems straightforward, it can take months, sometimes years, for the Copyright Office to act on an application. If an infringement action cannot be filed until after the Copyright Office acts, infringement may continue, unabated, while the copyright owner waits for the Copyright Office to act. Additionally, the Copyright Act's three-year statute of limitations could expire while copyright owners are forced to wait for Copyright Office action. For an additional $800, the Copyright Office will expedite an application, usually acting within 10 days. However, even 10 days can be a long time to wait. In these days of digital piracy and viral videos, 10 days could seem like an eternity.

The "application approach" is appealing; it *feels* like the correct outcome. If a copyright holder is entitled to sue even if its application is rejected, what purpose is served by forcing it to wait until the Copyright Office has acted? If most cases dismissed under the "registration approach" can simply be re-filed after a certificate of registration issues, what purpose is served by forcing the owner to wait until it receives the certificate of registration, particularly when that certificate will be dated as of the filing date? Further, forcing litigants to re-file after a certificate issues on their original application or a subsequent "expedited" application is inefficient for both courts and litigants. Moreover, the "application approach" avoids unnecessary delays and potentially harsh results that could result, such as the loss of access to attorney fees, statutory damages, or statutory presumptions, which is inconsistent with the Copyright Act's goal of broad copyright protection.

There seems to be no debate that the "application approach" produces a logical and desirable outcome. There also does not seem to be any debate that the outcome produced by the "registration approach" seems to elevate form

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over substance. However, statutory interpretation must begin with an examination of the statutory text, and if that text is clear and unambiguous, courts are bound to follow the text regardless of the outcome it produces.

The 11th Circuit and other proponents of the "registration approach" find that the text of the Copyright Act is unambiguous and that it "makes clear that the registration approach ... is correct." *Fourth Estate*, 856 F.3d at 1341; *see also La Resolana Architects, PA v. Clay Realtors Angel Fire*, 416 F.3d 1195, 1200 (10th Cir. 2005). Several provisions of the act suggest that Copyright Office action is required before registration occurs. Section 410(a) of the Copyright Act, titled "Registration of claim and issuance of certificate," states that "after examination" of an application, the "Register [of Copyrights] shall register the claim and issue to the applicant a certificate of registration." Arguably, this language, "makes explicit that an application alone is insufficient for registration." *Fourth Estate*, 856 F.3d at 1341. Further, Section 410(b) authorizes the Register of Copyrights to "refuse registration" and, if "registration occurred as soon as an application was filed, then the Register of Copyrights would have no power to 'refuse registration.'" *Id.*

While proponents of the "application approach" acknowledge that both Sections 410(a) and 411(a) of the Copyright Act contain language that suggests that "registration" requires that some affirmative steps be taken by the Copyright Office, they argue that the language of the statute is nonetheless ambiguous

because in other places "the Act suggests registration is accomplished by completing the process of submitting an application." *Cosmetic Ideas, Inc. v. IAC/ Interactivecorp*, 606 F.3d 612, 618-19 (9th Cir. 2010); *see also Apple Barrel Prods., Inc. v. Beard*, 730 F.2d 384, 386-87 (5th Cir. 1984). Thus, they reason, "registration" must be construed by a court and they look to the legislative history and purpose of the act, which was most recently overhauled in 1976, for guidance. *Id.* At that time, Congress made registration optional and eliminated notice and deposit requirements and other impediments to copyright protection, while including incentives to registration such as evidentiary presumptions for registrations issued within five years of first publication and recovery of statutory damages and attorney fees only in cases where the infringement commenced after registration. Congress' purpose, they concluded, was to provide "broad copyright protection while maintaining a robust federal register." *Cosmetic Ideas, Inc.*, 606 F.3d at 618-19. They further concluded that this purpose was better served by the "application approach," which avoids delays in enforcement litigation while still serving Congress' intent of having a robust register of copyrights. *Id.* Section 408(a) states that a copyright owner "may obtain registration ... by delivering" specified materials to the Copyright Office. Proponents of the "application approach" interpret this language as implying that the delivery is the sole requirement for obtaining registration. *Id.* In contrast, proponents of the "registration approach" say that Section 408(a) identifies the conditions a copyright owner must satisfy to obtain registration without speaking to the timing of the registration. *Fourth Estate*, 856 F.3d 1338.

Section 410(d) provides that the a registration is effective as of the day the application and accompanying materials are received by the Copyright Office, provided that they are "later determined by the Register [of Copyrights] or by a court of competent jurisdiction to be acceptable for registration." Proponents of the "registration approach" say that this language shows that action by the Copyright Office is required before registration can occur, while proponents of the "application approach" say it shows that the application is the critical event and, further, that it seems to allow "registration" to be effectuated by the court before which the action is pending examination if that court reviewed the materials submitted to the Copyright Office and determined that they were acceptable. In common usage, "registration" clearly has multiple meanings: the act of making a claim known or the validation of that claim by the body to which it was submitted. While the statutory language may not be entirely clear, and notwithstanding that the effective date of a registration will be backdated to the date on which the application was filed, the statute appears to clearly call for action by someone other than the copyright claimant (usually the Copyright Office, but in Section 408(a), a court) before registration occurs. As a number of courts have pointed out, if Congress wanted the threshold for filing suit to be the submission of an application and accompanying materials, it could have plainly stated this requirement. *See, e.g., Mays & Associates v. Euler*, 370 F. Supp. 2d 262 (D. Md. 2005). Instead, it required registration.

While the outcome is far from certain, Wall-Street and the "registration approach" camp have a slight edge over Fourth Estate and the proponents of the "application approach." However, if the Supreme Court adopts the "registration approach," look for legislation to amend the act to incorporate the "application approach."

As noted above, notwithstanding the text of the statute, the "application approach" is more practical and produces outcomes that better serve the purposes of the Copyright Act. Until then, copyright owners would be wise to apply early and have a certificate of registration in hand before going to court.

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