

News & Types: Intellectual Property & Technology Update

U.S. Supreme Court Issues Decisions Resolving Two Major Copyright Law Issues

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Earlier this year, the U.S. Supreme Court issued two unanimous decisions resolving two deceptively simple, but nevertheless significant, questions of copyright law, namely, when a copyright is considered to be “registered” under section 411(a) of the Copyright Act of 1976 (“Copyright Act”) and what categories of costs are included in the “full costs” authorized under the Copyright Act.

FOURTH ESTATE PUBLIC BENEFIT CORP. V. WALL-STREET.COM, LLC, ET AL.

Although a copyright author gains exclusive rights in his or her work immediately upon the work’s creation, section 411(a) of the Copyright Act bars a copyright owner from pursuing a civil action for infringement of those rights until the “registration of the copyright” is made, with limited exceptions. Prior to the Supreme Court’s decision in *Fourth Estate Public Benefit Corp. v. Wall-Street.com, LLC, et al.*, 139 S. Ct. 881 (2019), the U.S. Courts of Appeals were split on the issue of when a work could be considered “registered” such that a copyright infringement claim could be initiated by the copyright owner. The Tenth and Eleventh Circuits, following the “registration approach,” required the registration of a work with the U.S. Copyright Office before a copyright infringement suit could be filed. In contrast, the Fifth and Ninth Circuits, following the “application approach,” deemed the filing of a copyright application, materials, and fee required for registration as sufficient to file a copyright infringement suit.

In *Fourth Estate*, the Supreme Court held that “registration” of a work is made when the work is registered with the U.S. Copyright Office. The Supreme Court observed that, if application alone sufficed to “ma[ke] registration” under the Copyright Act, other provisions of the Act, including, but not limited to, provisions allowing a copyright infringement suit to proceed upon refusal of registration of a work and allowing the U.S. Copyright to “become a party to the action with respect to the issue of the registrability of the copyright claim,” would be superfluous or have little utility. Accordingly, the registration approach, not the application approach, was the correct approach.

The Supreme Court was unconvinced by arguments that the registration approach would deprive a copyright owner of his or her rights during the period he or she is waiting for registration or some other action by the U.S. Copyright Office. The Court noted that the Copyright Act contained explicit carve-outs from section 411(a)’s general registration rule, which demonstrated that Congress had already addressed this concern. The Court

was also not persuaded by the argument that the registration approach may lead to a copyright owner losing the ability to enforce his or her rights if the Copyright act's three-year statute of limitations runs out before the U.S. Copyright Office acts on the application for registration. The Court, observing that the average processing time for registration applications is seven months, stated that a copyright owner had ample time to sue after the U.S. Copyright Office's decision, even for infringement that began before the submission of an application.

RIMINI STREET, INC., ET AL. V. ORACLE USA, INC., ET AL.

On the same day that the Supreme Court decided *Fourth Estate*, the Supreme Court also reviewed the issue of what constitutes "full costs" that federal courts have the discretion to provide under the Copyright Act. Pursuant to 28 U.S.C. §§ 1821 and 1920, the general "costs" statute, a U.S. district court has the authority to award the following six categories of litigation expenses as "costs: (1) fees of the clerk and marshal; (2) fees for printed or electronically recorded transcripts necessarily obtained for use in the case; (3) fees and disbursements for printing and witnesses; (4) fees for exemplification and the costs of making copies of any materials were the copies are necessarily obtained for use in the case; (5) docket fees under 28 U.S.C. § 1923; and (6) compensation of court appointed experts, compensation of interpreters, and salaries, fees, expenses, and costs of special interpretation services under 28 U.S.C. § 1828.

In *Rimini Street, Inc., et al. v. Oracle USA, Inc., et al.*, however, a U.S. district court, after determining that the defendant had infringed various copyrights of the plaintiff, awarded the plaintiff certain "costs" that did not fall into any of these six categories, i.e. \$12.8 million for litigation expenses such as expert witnesses, e-discovery, and jury consulting. The defendant appealed, and the Ninth Circuit affirmed the decision of the district court, stating that, although the \$12.8 million covered expenses not included within the six categories of costs identified in 28 U.S.C. §§ 1821 and 1920, the Copyright Act gave federal district courts discretion to award "full costs" to a party in a copyright litigation, which included costs beyond the usual six categories.

The Supreme Court disagreed with the Ninth Circuit. According to the Court, the "full costs" allowed by the Copyright Act only encompassed the original six categories of costs under 28 U.S.C. §§ 1821 and 1920. Oracle argued, among other things, that the presence of the adjective "full" in front of the term "costs" meant that all expenses, including those beyond the original six categories, could be awarded under the Copyright Act as costs because any other interpretation of "full costs" would render the adjective "full" redundant. The Supreme Court was unpersuaded by this argument, stating that the adjective "full" did not alter the meaning of the word "costs," which indicated the original six categories under 28 U.S.C. §§ 1821 and 1920. The Court humorously noted that "the 'full' operates in the phrase 'full costs' just as it operates in other common phrases: A 'full moon' means the moon, not Mars. A 'full breakfast' means breakfast, not lunch. A 'full season ticket plan' means tickets, not hot dogs. So too, the terms 'full costs' means costs, not other expenses."

CONCLUSION AND RECOMMENDATION

In light of the Supreme Court's decision in *Fourth Estate*, copyright owners should give serious consideration to registering their copyrights with the U.S. Copyright Office sooner rather than later. A copyright owner seeking to file suit immediately after discovering that his or her rights have been infringed may be dismayed to find that he or she must wait seven months or more for the U.S. Copyright Office to render a decision with respect to

the work infringed. Considering the relatively low cost of registration, it may be advantageous to register a work prior to infringement.

Additionally, owners of certain international copyrights may not be required to register these copyrights with the U.S. Copyright Office prior to filing suit, however, doing so may be beneficial for other reasons. While expenses beyond the original six categories of costs under 28 U.S.C. §§ 1821 and 1920 may not be awarded, pre-infringement registration can still provide certain pecuniary benefits, including the option of statutory damages and the qualification for attorney's fees.