Fourth Estate Public Benefit Corp. v. Wall-Street.com: when can a copyright claimant sue for infringement? Supreme Court says not until the copyright has been registered

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On March 4, 2019, the United States Supreme Court decided an important issue of copyright law that had divided federal courts for years. In Fourth Estate Public Benefit Corp. v. Wall-Street.com, LLC, the question was: when can a copyright claimant sue for infringement – as soon as it files a complete copyright registration application with the US Copyright Office, or not until the Copyright Office issues a registration certificate? The Court answered: not until a registration issues. This decision will have an immediate impact on both pending and future copyright infringement lawsuits.

Section 411(a) of the Copyright Act says that a copyright plaintiff may not bring an infringement action until "registration of the copyright claim has been made" in accordance with provisions of the Act. Despite the simplicity of the quoted phrase, US Courts of Appeals could not agree on what it meant. Some courts, such as the Ninth Circuit, held that upon filing the application, a claimant could sue (the "application approach"). Others, such as the Second Circuit, held that the claimant must wait for the Copyright Office to issue a copyright registration (the
"registration approach").

Long delays in Copyright Office processing of registration applications (now an average of seven months from date of application) created an incentive for plaintiffs to bring their cases in application approach circuits, because they could sue at an earlier date. This split among US Courts of Appeals thus encouraged forum-shopping. The application approach also allowed some serial copyright plaintiffs to file infringement lawsuits at a rapid pace and, given the cost of litigation, force settlements before the defendants knew the fate of the application. If the Copyright Office later rejected the application – a key defense to a copyright claim – the settling defendant may have overpaid simply because the case was brought in an application approach circuit.

The Supreme Court's unanimous decision, written by Justice Ruth Bader Ginsburg, rejects the application approach because it violates a basic principle of statutory interpretation: a law must be read so as to give all of its provisions meaning.

For example, the Copyright Act allows certain works to be preregistered before they are released to the public (as with television shows) and for infringement suits to be brought immediately thereafter, before any registration issues. The Act also provides that if the Copyright Office refuses to register a work, a copyright claimant can still commence an infringement action (but the Copyright Office can ask to have the action dismissed).

The Court found that such provisions would be superfluous if a claimant could sue as soon as it files an application to register. The Court also noted that Congress had declined to adopt legislation that would have explicitly permitted suit to be brought after an application was filed.

Finally, while the Court recognized that the Copyright Office was now taking "many months" to process applications, it attributed this problem to Congress's failure to address staffing and budgetary shortages, which are problems that "courts cannot cure."

The Fourth Estate decision could have meaningful, real-world consequences. It is likely to cut down on forum-shopping in copyright litigation. It also will reduce the ability of owners of unregistered copyrights to threaten immediate infringement suits if their demands are not met. Plaintiffs who were facing the expiration of the Copyright Act's three-year statute of limitations within six to eight months often resorted to suing in application approach circuits. Those complaints will now be at risk of dismissal if the statute of limitations expired before a registration issued. And to obtain prompt injunctive relief against an ongoing infringement, plaintiffs in all circuits will have to pay an extra $800 "special handling" fee to the Copyright Office for expedited consideration of their applications.

We may see a renewed push to have Congress enact the application approach into law. However, the Copyright Office is likely to oppose this change. In its amicus brief in Fourth Estate, the Office argued that the registration approach has the benefit of allowing a court to know the Office's views of copyrightability at the outset of a lawsuit. The Office also argued that the registration approach creates a significant incentive for owners to seek registration immediately after publication, rather than waiting for an infringement dispute to arise.

Find out more about the implications of this decision by contacting the authors.

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