

## More Reasons to Register Copyrights Early: Owners Must Register Before They Sue

The U.S. Supreme Court's decision in *Fourth Estate Public Benefit Corp. v. Wall-Street.com, LLC*, 586 U.S. \_\_\_ (2019), issued March 4, 2019, resolves a longstanding circuit split regarding whether the Copyright Act of 1976 allows a copyright owner to file an infringement suit as soon as a copyright application has been filed or instead requires the owner to wait to initiate suit until the U.S. Copyright Office has acted on the application. Rejecting concerns about delays at the Copyright Office, the decision holds that the "registration approach," allowing suit to be filed only after the Copyright Office has acted on the application, is the only satisfactory reading of the statute. Significantly, *Fourth Estate* also clarifies that, if infringement occurs before a copyright owner applies for registration, the copyright owner can recover damages that occurred both before and after registration.

Petitioner Fourth Estate is a news organization producing online journalism, which licensed works to respondent Wall-Street.com, a news website. Following termination of a license agreement, Wall-Street was required to remove from its website licensed content provided by Fourth Estate. But Wall-Street failed to do so. Fourth Estate sued, alleging that it had *filed* copyright applications to register the articles. Because the register had not acted on the applications at the time suit was filed, the district court dismissed the case and the U.S. Court of Appeals for the Eleventh Circuit affirmed.

The Supreme Court granted Fourth Estate's petition for certiorari to resolve the circuit division amongst the U.S. Courts of Appeals as to when registration occurs within the meaning of §411(a) of the Copyright Act. In particular, the issue before the Supreme Court was whether registration occurs at the time that the "complete application" for registration is received by the Copyright Office or only after the register has issued a decision granting registration. Justice Ruth Bader Ginsberg delivered the opinion for a unanimous court, affirming the Eleventh Circuit. The case turned on statutory interpretation of the following provision:

[N]o civil action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made in accordance with this title. In any case, however, where the deposit, application, and fee required for registration have been delivered to the Copyright Office in proper form and registration has been refused, the applicant is entitled to institute a civil action for infringement if notice thereof, with a copy of the complaint, is served on the Register of Copyrights.

The Supreme Court reasoned that, although an author gains "exclusive rights" in her work immediately upon creation, and thereby owns rights apart from registration, "registration is akin to an administrative exhaustion requirement that the owner must satisfy before suing to enforce ownership rights." In reaching its conclusion, the Court reviewed the legislative history of the Copyright Act and conducted an analysis of the plain language of the statutory provision in the context of the Copyright Act, rejecting Fourth Estate's construction as "improbable" and holding that "[r]ead together, [Section 411(a)'s] opening sentences focus not on the claimant's act of applying for registration, but on action by the Copyright Office—namely, its registration or refusal to register a copyright claim."

## Practical Takeaways for Copyright Owners

- For any important work, copyright owners should conduct regularly scheduled internal audits to ensure that original and derivative works are registered in a timely manner. Currently, the average time for processing applications with the U.S. Copyright Office is seven months.
- If infringement arises, copyright owners should take advantage of the Copyright Act's provisions for expedited handling of applications in situations involving pending or prospective litigation.
- Where appropriate, copyright owners should take advantage of preregistration provisions of the Copyright Act that address works that are vulnerable to predistribution infringement (e.g., movies and musical compositions).
- Even in the case of non-United States works (e.g., works published first outside of the United States, which are exempt from the registration requirement of Section 411(a)), registration continues to be a prerequisite to obtaining statutory damages or attorneys' fees under 17 U.S.C. § 412, regardless of where the work is first published.

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