

SCOTUS Agrees to Consider Whether Copyright Act Section 411 Requires an Intent to Defraud

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The U.S. Supreme Court recently granted *certiorari* to tackle a technical copyright registration question: when a defendant alleges knowing inaccuracies in a copyright registration, does 17 U.S.C. § 411 require referral to the Copyright Office where there is no indicia of fraud or material error as to the work at issue in the subject copyright registration?

A copyright registration is a precondition to bringing an action for copyright infringement; thus, a finding that such a registration is void is fatal to an infringement suit. Under 17 U.S.C. § 411(b), a certificate of registration can serve as a basis of an infringement

lawsuit, “regardless of whether the certificate contains any inaccurate information,” unless the inaccurate information was included by the registrant with knowledge it was inaccurate, and the inaccurate information, if known, would have caused the Register of Copyrights to refuse the registration. If such inaccurate information is alleged by a defendant, 17 U.S.C. § 411(b)(2) instructs a court to request the Register of Copyrights to advise on whether such information would have caused it to refuse the registration. At issue in *Unicolors, Inc. v. H&M Hennes & Mauritz, L.P.* is whether a court must find that the registrant acted with intent to defraud the U.S. Copyright Office before referring the matter to the Register of Copyrights.

Unicolors, Inc., a fabric designer, first sued fashion-giant H&M Hennes & Mauritz, L.P. in the Central District of California in April 2016, alleging that H&M had infringed its copyright-protected design. A jury returned a verdict in favor of Unicolors, awarding it \$846,720 in disgorgement and lost profits. H&M then renewed its motion for judgment as a matter of law, or, in the alternative, a new trial, arguing in part that Unicolors’ copyright registration was invalid because it contained knowingly false information. Specifically, H&M argued that although Unicolors registered the design at issue as part of a “single unit” registration with a publication date of January 15, 2011, not all of the artworks registered as part of the single unit registration were published on that same date. The district court rejected this argument, finding that H&M had not shown that the copyright registration included inaccuracies which would have caused the Register of Copyrights to refuse registration, and that H&M had no evidence that Unicolors had intended to defraud the Copyright Office. The district court did conditionally grant H&M’s request for a new trial on the issue of damages, but Unicolors instead agreed to a reduction of its damages award. After Unicolors was awarded more than \$500,000 in attorneys’ fees and costs, H&M appealed the decision to the Ninth Circuit.

On appeal, a three-judge Ninth Circuit panel reversed and remanded, finding both that the district court erred in concluding that the copyright registration did not contain inaccuracies, and in imposing an “intent-to-defraud requirement” before referring the copyright registration to the Register of Copyrights. On the first point, the appellate court conceded that “several opinions from this Court have implied that there is an intent-to-defraud requirement for registration invalidation”, but then firmly stated that “we recently clarified that there is no such intent-to-defraud requirement.”

On the second point, the Ninth Circuit held that the plain meaning of the Copyright Act requires that when an applicant seeks a “single unit” registration, all works in the unit must have been published on the same date “as part of some singular bundled collection.” Thus, it was inaccurate for Unicolors to register a collection of works as a single unit publication when the works were not published in a singular published collection on the same date. Further, the “undisputed evidence adduced at trial” showed that “Unicolors included the inaccurate information ‘with knowledge that it was inaccurate.’” The court stated that just because there were known inaccuracies in Unicolors’ application does not mean that H&M was entitled to judgment as a matter of law. But the district court was required to request the Register of Copyright to advise the court on whether the inaccurate information, if known, would have caused the Register to

refuse registration. After the case was remanded, on September 4, 2020, the district court did just that - the Register of Copyrights has yet to respond to the court's inquiry.

Following the Ninth Circuit's decision, Unicolors appealed to the Supreme Court, arguing, in part, that the Ninth Circuit's rejection of an intent-to-defraud requirement under 17 U.S.C. § 411(b) created a circuit split which the Supreme Court should resolve. According to Unicolors' petition, the Prioritizing Resources and Organization for Intellectual Property Act of 2008, which added the language in 17 U.S.C. § 411(b), was meant to stop courts from invalidating copyright registrations based on immaterial registration errors, but the Ninth Circuit panel instead did the opposite – by “ruling that the PRO-IP Act did not require the long-applied fraud or bad faith standard... [it] consequently made it *easier* for courts to invalidate copyright owner's registrations.”

If the Supreme Court finds there is no intent-to-defraud standard in 17 U.S.C. § 411, we should expect to see more defendants coming up with copyright registration inaccuracies and more of those inaccuracies being referred to the Register of Copyrights – something copyright registrants would do well to bear in mind before submitting their application for registration.