

# Supreme Court Settles Circuit Split on When a Plaintiff May Sue

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## 6th Edition: Trends in Marketing Communications Law

The Supreme Court handed down a unanimous copyright decision in March 2019 with implications for anyone involved in a copyright dispute, as well as for marketers and brands that create and use copyrighted materials. In *Fourth Estate Public Benefit Corporation v. Wall Street.com, LLC (Fourth Estate)*, the Court resolved a long-standing split among the circuits over the requirement to obtain a copyright registration before filing a lawsuit.

The creator of an original work of authorship, such as a photograph, musical composition or screenplay, automatically obtains copyright protection in his or her work, which includes the right to prevent others from reproducing or displaying the work. But under Section 411 of the Copyright Act, a copyright owner may not file an infringement lawsuit until registration of the copyright “has been made” with the Copyright Office. The question in *Fourth Estate* was: what does “has been made” mean?

Until recently, courts were divided on this question: some allowed a copyright owner to file a lawsuit as soon as an application was filed with the Copyright Office (the application approach); while others held that a pending application was insufficient and that the Copyright Office must either issue a copyright registration or reject the application before a lawsuit may be filed (the registration approach).

In *Fourth Estate*, the Supreme Court settled the issue in favor of the registration approach, ruling that a copyright owner may not file an infringement lawsuit until after the Copyright Office has acted on the application by either issuing a copyright registration or refusing to do so.

One practical consequence of this decision is that a copyright owner may need to delay filing suit for an extended period of time because the Copyright Office can take up to 15 months to act on an application (and longer if the application is filed by mail). For some, this may result in significant consequences — a long wait time could create the risk of missing the Copyright Act’s three-year statute of limitations. While seeking a registration on an expedited basis (approximately five business days) is available in certain circumstances (such as prospective litigation), the expedited handling fees (\$800 as of this writing, as opposed to the single basic registration fee of \$35) may be prohibitive for many parties. Moreover, if the Court’s decision results in an uptick in expedited registration applications, as is expected, even expedited review times could be delayed. This may be particularly problematic where a copyright owner is seeking an emergency court order, such as a preliminary injunction, to stop the sale of infringing goods and may need to rely on such expedited processing in order to commence a lawsuit.

There are also implications for those who post and share content online. The Digital Millennium Copyright Act (DMCA) provides safe harbor provisions protecting online service providers (such as YouTube and Facebook) from liability for copyright infringement for content posted by their users. If a copyright owner files a DMCA takedown notice, the user may file a counter-notice stating that they had the rights to post the content, at which point the service provider must reinstate the content. However, if the copyright owner still believes that the use of the content was infringing, it must file a lawsuit within 14 days in order to have the

content removed. Because of the Court's decision, a copyright owner who does not have a registration in hand could face an uphill battle in removing content under the DMCA process.

The decision further underscores the importance of applying to register copyrighted material on a timely basis. Awards of statutory damages and attorneys' fees are only available for infringements that occur after the registration date. Although the effective date of copyright registration is retroactive to the date on which the application was filed, it is worth remembering that failure to promptly apply to register a work with the Copyright Office may deprive the owner of significant potential remedies.

Savvy content creators should consider applying to register their copyrights regularly in the course of their business, so that they can act quickly in the event of an infringement and seek the recovery of statutory damages and attorneys' fees.

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## Key Takeaway

- Content creators should consider regularly filing copyright applications to avoid possible delays in the event of an infringement and maximize potential damages and the opportunity to seek the recovery of attorneys' fees and costs.
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