Moritt Hock & Hamroff LLP
ATTORNEYS AT LAW
STRENGTH IN PARTNERSHIP®

ALERT

March 2019


Michael J. Schwab

Supreme Court Decides Two Copyright Cases---Limits Fee Awards & Clarifies That A Copyright Registration Is A Prerequisite To Sue For Infringement

On March 4, 2019 the United States Supreme Court issued two unanimous decisions settling differences in how the circuit courts interpret two provisions of the Copyright Act (the "Act"). It is now clear that the costs that may be awarded to a victorious party in a copyright litigation are limited to the categories of costs specifically authorized in the general cost statute applicable to all federal courts and that, in most cases, a copyright owner cannot sue for infringement until its copyright is registered with the Copyright Office.

Recoverable Costs in a Copyright Litigation --- *Rimini Street, Inc. v. Oracles USA, Inc.*

Rimini provides software maintenance services to businesses that utilize software developed by and licensed from Oracle. Oracle sued Rimini for copyright infringement and violations of certain state computer access laws claiming that in the course of providing its services Rimini, without a license, copied Oracle's software. A jury found in favor of Oracle and Oracle was awarded over $90 million in damages and costs including $12.8 million for "litigation expenses" such as expert witnesses, e-discovery and jury consulting (the "Expense Award").

Rimini appealed the Expense Award claiming it was improper because it encompassed expenses not defined as "costs" in 28 U.S.C. §§ 1821 and 1920, the general cost statutes applicable to all federal courts. Section 1821 provides for reimbursement of *per diem* and mileage expenses for witnesses and section 1920 sets forth the following six categories of reimbursable costs: (1) clerks and marshals; (2) transcripts; (3) printing and witnesses; (4) exemplification and copying; (5) docketing; and (6) court-appointed experts and interpreters. The Ninth Circuit acknowledged that the Expense Award covered expenses not included within the categories set forth in sections 1821 and 1920, but affirmed the Expense Award on the basis that section 505 of the Act (17 U.S.C. § 505) permits an award of "full costs," which expanded reimbursable costs beyond those expressly set forth in sections 1821 and 1920.

The Supreme Court, in a unanimous decision by Justice Kavanaugh, reversed finding that, absent express statutory authority, a court may not award costs "beyond the six categories listed in §§1821 and 1920" and that the term "full costs" does not manifest an express

authorization from Congress to expand recoverable costs in copyright matters beyond those set forth in sections 1821 and 1920.

> The adjective 'full' in §505 therefore does not alter the meaning of the word 'costs.' Rather, 'full costs' are all the 'costs' otherwise available under the law. The word '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 term 'full costs' means *costs*, not other expenses.

A Copyright Registration is Required to Sue for Copyright Infringement --- *Fourth Estate Public Benefit Corp. v. Wall-Street.com LLC.*

Fourth Estate, a journalism collective, claimed Wall-Street.com infringed its copyrights in news articles by displaying the articles without its permission. Fourth Estate filed an application to register 244 articles with the Copyright Office, but did not wait for the Copyright Office to issue a registration before it sued Wall-Street.com for copyright infringement. Wall-Street.com sought dismissal on the basis that Section 411(a) of the Act (17 U.S.C. §411(a)), with a few limited exceptions not applicable in this case, requires a copyright owner to register its copyright with the Copyright Office before it can sue for infringement. The District Court agreed and dismissed Fourth Estate's complaint. The Eleventh Circuit affirmed. The Supreme Court, in a unanimous decision by Justice Ginsburg, affirmed.

Section 411(a) of the Act provides that no party can bring a civil action for copyright infringement "until . . . registration of the copyright claim has been made" with the Copyright Office. Federal Courts disagree on whether the requirement that "registration. . . has been made" allows a party to initiate suit after merely filing an application to register a copyright, or if the Copyright Office must issue a registration before a suit can be filed. The Supreme Court has now decided the issue holding that a registration, not an application, is required before a suit can be filed. In her opinion Justice Ginsburg after analyzing the statutory language and other sections of the Act concluded that in context "§411(a) permits only one sensible reading: The phrase 'registration . . . has been made' refers to the Copyright Office's act granting registration, not the copyright claimant's request for registration." She, therefore, held that "registration occurs, and a copyright claimant may commence an infringement suit, when the Copyright Office registers a copyright. Upon registration of the copyright however, a copyright owner can recover for infringement that occurred before and after registration."

Conclusions

These decisions settle differences among the circuit courts and provide clear guidance to litigants. There is now no dispute that a victorious party in a copyright litigation is only

Moritt Hock & Hamroff LLP
ATTORNEYS AT LAW
STRENGTH IN PARTNERSHIP®

ALERT

entitled to recover the costs that are specifically set forth in sections 1821 and 1920 and that, absent an express statutory exception, a copyright owner must register its copyright with the Copyright Office before filing an action for infringement. This should prompt copyright owners to consider registering their copyrighted works on creation.

Any issues raised in this Alert may be addressed to Mr. Schwab who can be reached at (516) 873-2000 or by email at mschwab@moritthock.com.

◆ ◆ ◆ ◆ ◆

This Alert is published solely for the interests of friends and clients of Moritt Hock & Hamroff LLP for informational purposes only and should in no way be relied upon or construed as legal advice.

This Alert was written by Michael J. Schwab.

Mr. Schwab, counsel to the firm, concentrates his practice in all facets of complex intellectual property and licensing matters.

Moritt Hock & Hamroff LLP is a broad based commercial law firm with more than 75 lawyers and a staff of patent agents and paralegals. The firm's practice areas include: alternative dispute resolution; commercial lending & finance; construction; copyrights, trademarks & licensing; corporate & securities; creditors' rights & bankruptcy; cybersecurity, privacy & technology; employment; equipment & transportation leasing and finance; healthcare; landlord & tenant; litigation; marketing, advertising & promotions; mergers, acquisitions & private equity; not-for-profit; patents; real estate; tax; and trusts & estates.

Attorney Advertising