BEAT THE CLOCK: The Effect of Section 412 of the Copyright Act on Post-Infringement Registration*

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I. INTRODUCTION

Most practitioners of intellectual property law would agree that applying for copyright registrations is not difficult. What could be simpler: merely complete a pre-printed form and send it to the United States Copyright Office together with the appropriate deposit of the work to be registered and a check in the amount of ten dollars to cover the processing fee. Within three months, and usually with little or no further communication from the Copyright Office, a Certificate of Copyright Registration will be returned.

Given the relative simplicity of this application process, it seems surprising that many copyright registrations are sought only after infringement of the work has occurred. This is a major mistake, and should not be encouraged. As will be discussed, the Copyright Act of 1976 penalizes holders of post-infringement registrations in the recovery of statutory damages and attorney's fees in court.

II. THE POST-INFRINGEMENT REGISTRATION DILEMMA UNDER SECTION 412

The Copyright Act of 1976 is replete with powerful incentives to encourage the registration of both published and unpublished works. Registration is a prerequisite for maintaining an action for copyright infringement.[1] Additionally, registration constitutes prima facie evidence of the validity of the copyright as well as the facts stated in the registration certificate.[2] However, the single most important incentive to register (certainly the one with the most impact on a co-

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1. 17 U.S.C. § 411.

2. 17 U.S.C. 410(c). See *Apple Computer, Inc. v. Formula International, Inc.*, 725 F. 2d 521 (9th Cir. 1984).

pyright holder's wallet) is the availability of statutory damages[3] and attorney's fees[4] to a prevailing copyright owner in an infringement action.

To obtain statutory damages, a copyright owner need not offer *any* evidence of actual damages or profits.[5] With the adoption of the Berne Convention Implementation Act of 1988, statutory damages have been doubled, providing for the recovery of between $500.00 ($200.00 for innocent infringements) and $20,000.00, with a maximum of up to $100,000.00 if the infringement is found to be willful. Moreover, most courts have held that attorneys fees are generally awarded to a prevailing plaintiff in copyright infringement actions.[6]

Nonetheless, even if a copyright owner fully complies with the registration requirement of the Copyright Act, recovery of statutory damages and attorney's fees is still barred if the registration is not obtained in a timely fashion. This is the result of Section 412, a little known provision of the Copyright Act, which requires the copyright owner to register the work prior to the commencement of the infringement for which the statutory damages and attorney's fees are sought:

> In any action under this title, other than an action instituted under section 411(b), no award of statutory damages or of attorney's fees, as provided by sections 504 and 505, shall be made for—
>
> (1) any infringement of copyright in an unpublished work commenced before the effective date of its registration; or

3. 17 U.S.C. § 504(c).

4. 17 U.S.C. § 505.

5. "Recovery of actual damages and profits under Section 504(b) or of statutory damages under Section 504(c) is alternative and for the copyright owner to elect; as under the present law, the plaintiff in any infringement suit is not obliged to submit proof of damages and profits and may choose to rely on the provision for minimum statutory damages." H.R. Rep. No. 1476, 94th Cong., 2d Sess., p. 161 (1976)

6. *Roth v. Pritiken*, 787 F. 2d 54, 57 (2d Cir. 1986)("Because the Copyright Act is intended to encourage suits to redress copyright infringement, fees are generally awarded to a prevailing plaintiff"); *McCulloch v. Albert E. Price, Inc.*, 823 F. 2d 316, 323 (9th Cir. 1987)("Because Section 505 is intended in part to encourage the assertion of colorable copyright claims [citation omitted] and to make the plaintiff whole [citation omitted] fees are generally awarded to prevailing plaintiffs); *Sherry Mfg. Co. v. Towel King of Florida, Inc.*, 822 F. 2d 1031, 1034 (11th Cir. 1987)("[t]he only precondition to the award of attorney's fees is that the party be a prevailing one); *Leib v. Topstone Industries, Inc.*, 788 F.2d 151, 155-6 (3rd Cir. 1986); *Micromanipulator Co., Inc. v. Bough*, 779 F. 2d 255, 259 (5th Cir. 1985); *Warner Bros., Inc. v. Lobster Pot, Inc.*, 582 F. 2d 478, 484 (N.D. Ohio 1984); *Broadcast Music, Inc. v. Dendrinos*, 220 U.S.P.Q. 865, 870 (N.D. Ill. 1983); *Cohen v. Virginia Elec. & Power Co.*, 617 F. Supp. 619, 623 (E.D. Va. 1985), *aff'd* 788 F. 2d 747 (4th Cir. 1986).

(2) any infringement of copyright commenced after first publication of the work and before the effective date of its registration, unless such registration is made within three months after the first publication of the work.

Despite its all-encompassing nature, the language of Section 412 specifically exempts its preclusive effect in two very narrow types of cases: 1) Actions brought under Section 411(b) of the Copyright Act governing works consisting "of sounds, images, or both, the first fixation of which is made simultaneously with its transmission" and 2) actions involving works registered within the first three months of publication.

Section 412 was adopted by Congress, during its deliberations over the 1976 amendments to the Copyright Act, to encourage prompt registration of published works[7] and to penalize those who waited until only after infringement commenced to register. Congress was clearly concerned that with the elimination of compulsory copyright registration from the 1976 Act, copyright owners would not feel compelled to continue registering their works. Thus, it was felt, some built-in inducement was required. Since Congress considered the recovery of statutory damages and attorney's fees to be "extraordinary remedies," Section 412 was chosen as the most practical form of inducement.[8]

III. Judicial Application of Section 412

The courts have been generally unsparing in applying the provision of Section 412 to holders of post-infringement registrations in copyright actions. In *Oddo v. Ries*,[9] the Ninth Circuit vacated a judgment awarding the plaintiff $10,000.00 in statutory damages and $20,000.00 in attorney's fees on the basis of Section 412. Similarly, in *Evans Newton, Inc. v. Chicago Systems Software*,[10] the Seventh Circuit held that it was error, under Section 412, for the district to award $16,000.00 in attorney's fees to a plaintiff who registered its

7. The effects of Section 412 on unpublished works does not represent a significant change in the law as it existed prior to the 1976 Act. See *Nimmer On Copyrights*, ¶ 7.16[C], pp. 7-169.

8. *See*, H.R. Rep. No. 1476, 94th Cong., 2d Sess., p. 158, (1976) *See also, Singh v. Famous Overseas, Inc.*, 680 F. Supp. 533, 535-36 (E.D.N.Y. 1988).

9. 743 F. 2d 630, 634 (9th Cir. 1984).

10. 793 F. 2d 889, 896-97 (7th Cir. 1988), *cert. denied* 107 S. Ct. 434 (1986).

copyright after the infringement commenced. Other jurisdictions have applied Section 412 in a similar fashion.[11]

In many of these decisions, the dispute concerned the interpretation to be given to the tolling language of Section 412, i.e. "commencement of infringement." Time after time, copyright registrants have argued for a narrow interpretation allowing for recovery of statutory damages and attorney's fees for any infringement continuing *after* the date of registration. However, in every single case, the courts have opted for a broader approach, holding that Section 412 applies retroactively to the initial act of the infringement, regardless of whether it was before or after the date of registration.

In *Johnson v. University of Virginia*,[12] the plaintiff alleged that a state university and its employees infringed on plaintiff's copyright for certain photographs taken at university sporting events. Defendants asserted that plaintiff's claims for statutory damages and attorney's fees were prohibited by Section 412 on the ground that their allegedly infringing first use (January 1984) began before the registrations for the photographs issued (March 1984). Moreover, the defendants argued that the three month grace period afforded under Section 412 did not apply because the most recent date of first publication was September 3, 1983, more than *six* months before the date of registration. While plaintiff readily conceded that Section 412 barred the recovery of statutory damages and attorney's fees for infringements occurring prior to registration, he nonetheless argued that Section 412 did not apply in his case because the defendants continued to infringe even after the date of the registration. The district court rejected this argument, stating

> The alleged post-registration infringements involve only photographs which were first used by defendants prior to registration. Consequently, those alleged post-registration infringements commenced prior to registration, and thus pursuant to Section 412, they provide no basis for allowing statutory damages or attorneys' [sic] fees. Plaintiff seeks to escape the bar of Section 412 by arguing that a copyright infringement 'commenced' within the meaning of Section 412 each time

11. *See, Shapiro & Son Bedspread Corp. v. Royal Mills Assoc.*, 764 F.2d 69, 73, n. 4 (2d Cir. 1985); *Singh v. Famous Overseas, Inc.*, 680 F. Supp. 533, 535-36 (E.D.N.Y. 1988); *Hukafit Sportswear, Inc. v. Carizia International, Ltd.*, 9 U.S.P.Q. 2d 1414, 1416 (S.D.N.Y. 1988); *Aitken, Hazen, Hoffman, Etc. v. Empire Construction Co.*, 542 F. Supp. 252, 267-68 (D. Nebr. 1982); *Streeter v. Rolfe*, 491 F. Supp. 416, 422 (W.D. La. 1980); *Tannock v. Review Trading Corp.*, 231 U.S.P.Q. 798 (D.N.J. 1986); *Deltak, Inc. v. Advanced Systems, Inc.* 574 F. Supp. 400, 403 (N.D. Ill. 1983).

12. 606 F.Supp. 321 (D.C. Va. 1985).

defendants used any of the plaintiff's photographs. The court believes that ascribing such a meaning to the term "commenced" would totally emasculate Section 412.[13]

A similar argument was rejected in *Whelan Associates Inc. v. Jaslow Dental Laboratory*.[14] In *Whelan*, the defendant committed at least one act of infringement prior to the registration of the copyright with continuing acts of infringement occurring after the effective date. The district court concluded that this one pre-registration act of infringement tolled the provisions of Section 412:

> Case law as to what constitutes the "commencement" of infringement is quite sparse. Cases seem to recognize that a simple discrete act of infringement occurring before copyright registration bars attorney's fees under 17 U.S.C. § 412. [citation omitted] Unquestionably, one of the purposes of the present copyright act was to encourage registration. [citation omitted] Interpreting "commencement of infringement" as the time when the first act of infringement in a series of on-going discrete infringements occurs (i.e. the first infringing sale in a series of on-going separate sales) would best promote the early registration of a copyright. It would strongly encourage prompt registration.[15]

The preclusive effects of Section 412 have been extended to include not only the infringing act of copying itself, but to the mere *authorization* to commence the infringing act. In *Thomas v. Pansey Ellen Products, Inc.*,[16] plaintiff asserted that defendant had infringed her copyright on three designs, mostly cute animals, for use on nursery room accessories. Plaintiff registered all three designs on April 21 or 22, 1986. Defendant moved the court for partial summary judgment urging that plaintiff was not entitled to recover statutory damages and attorney's fees under Section 412 because the alleged infringement commenced prior to the date of plaintiff's registration. The court agreed and granted the motion. Both parties had previously stipulated that two of the three alleged infringing designs had been displayed by defendant at a trade show in October 1985 and that products bearing such designs were received in the United States from defendant's overseas manufacturer at least as early as January 1986. Applying the standard Section 412 analysis, the district court held

13. *Johnson*, supra note 10, 606 F. Supp. at 325.

14. 609 F.Supp. 1325 (D.C. Pa. 1985), *aff'd on other grounds*, 797 F.2d 1222 (3rd Cir. 1986), *cert. denied* 107 S. Ct. 877 1986.

15. *Whelan*, supra note 10, 609 F. Supp. at 1331. (Note also *Mason v. Montgomery Data Inc.*, S.D. Tex., No. CA-H-3135, 6/1/90, 40 BNA PTCJ 352, 8/23/90 - *Ed.*)

16. 672 F.Supp. 237 (W.D.N.C. 1987).

that as to these two designs, defendant's alleged infringement commenced prior to the date plaintiff's registrations were issued.[17]

As for the third allegedly infringing design, both parties agreed that defendant did not receive products bearing the design in the United States until *after* the date plaintiff's registration issued. However, defendant's Vice President of Marketing requested, by letter dated December 20, 1985, that an overseas manufacturer commence production of "a few samples" of products bearing the allegedly infringing third design. This letter, the district court determined, constituted the commencement of infringement as contemplated by Section 412 since it authorized defendant's overseas manufacturer to begin production:

> It is not necessary that a contract be executed in order for an infringing authorization to occur. It being undisputed that Defendant authorized reproduction of the 'Country Tradition' design in December, 1985, and that the act of authorizing such reproduction occurred in the United States, Plaintiff is precluded from recovering §§ 504 and 505 statutory damages and attorney's fees for Defendant's infringement of the 'Country Traditions' design.[18]

As can be seen from the above, there is no way for a post-infringement registrant to avoid the preclusive effects of Section 412, unless the registration falls within one of the statutory exceptions discussed above. Section 412 is unforgiving to those who do not promptly apply for copyright registrations.

IV. Application of Section 412 to "Berne Convention Works"

Section 412 applies equally to both American works and "Berne Convention works" as defined by the Copyright Act.[19] Thus, while "Berne Convention works" are otherwise exempt from the registration requirements of the Copyright Act,[20] registration is nonetheless a prerequisite to the recovery of statutory damages and attorney's fees in infringement actions.[21]

17. *Thomas*, supra note 10, 672 F. Supp. at 239-41.

18. *Id.*, 672 F. Supp. at 242.

19. See 17 U.S.C. § 101 for definition of "Berne Convention works." For additional information regarding the Berne Convention Implementation Act of 1988, see Strauss, *Don't Be Burned By Berne*, 71 J. Pat & Tm. Office Soc'y 374 (May 1989).

20. 17 U.S.C. § 411(a).

21. "[F]oreign authors must also register in order to obtain the important benefits of the presumption of validity and statutory damages." House Joint Explanatory Statement on House-Senate Compromise Incorporated In Senate Amendment 10 H.R. 4262, contained in 134 Cong. Rec. H10097 (daily ed. Oct. 12 1988).

This prerequisite is consistent with Congress' long-standing position of equating statutory damages and attorney's fees as "extraordinary remedies." In fact, in adopting the Berne Convention Implementation Act of 1988, Congress reiterated its stance, with regard to "Berne Convention works," by stating that "[s]tatutory damages and attorneys [sic] fees would represent a bonus given for registration."[22]

Clearly, the preclusive effects of Section 412 present a very serious problem to unwary foreign authors of "Berne Convention works." It is certainly understandable that such authors would be unfamiliar with the stringent requirements of Section 412, given the fact that the widely-accepted Berne Convention eschews all formalities to copyright protection. Nonetheless, it is apparent that the courts will continue to strictly apply Section 412, requiring foreign authors to diligently, if not painfully, comply with the Copyright Act's registration procedures.[23]

V. CONCLUSION

Given the far-reaching effects of Section 412, together with the strict and very broad application of this section by the Courts, intellectual property practitioners are well advised to encourage their clients to seek early registration of their copyrights.

In the case of Section 412, "Good things DO NOT come to those who WAIT."

22. Reg. Supp. Rep., p. 127.

23. As of the date of this writing, no court decision has issued applying Section 412 to "Berne Convention works."