

# Buchalter

## CLIENT ALERT

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### Ninth Circuit Decision Solidifies the Importance of Adhering to Registration Formalities

A recent decision from the Ninth Circuit Court of Appeals is likely to have a significant impact on both copyright infringement matters and copyright registration practices in the Ninth Circuit, if not nationwide. The case, *Unicolors v. H&M*, 2020 U.S. App. LEXIS U.S. App. LEXIS 17097 (9<sup>th</sup> Cir. May 29, 2020) involved claims for copyright infringement brought by Unicolors, Inc. ("Unicolors") against retailer H&M Hennes & Mauritz, L.P. ("H&M"). Unicolors, a company that creates textile designs for use on fabric and apparel, alleged that a design appearing on a jacket sold by H&M infringed upon its copyrighted design. Unicolors had applied for and obtained a copyright registration certificate for its design in February 2011. Notably, Unicolors' copyright registration included not just the work Unicolors alleged was infringed, but included thirty other textile designs as well. While the U.S. Copyright Office usually requires works to be registered individually, in certain circumstances, such as the one before the *Unicolors* court, a single copyright registration can be used to register multiple works. One such circumstance is a "unit of publication" registration. Under this type of registration, multiple previously published works can be registered as part of a single registration if the works are, among other things, included in a "single unit of publication," i.e. the works are made available to the public for sale "in a singular, bundled collection." Examples of works typically covered in a "unit of publication" registration include a board game with playing pieces, game board, and written instructions; a compact disk containing multiple sound records packaged together with liner notes and cover artwork; or a package of greeting cards.

When the underlying *Unicolors v. H&M* case went to trial, H&M elicited testimony from Unicolors' witnesses which demonstrated that the thirty-one works included in Unicolors' registration were not all published at the same time, as the statute requires. As a result, H&M argued that Unicolors lacked a valid copyright registration, which is a prerequisite to bringing a copyright-infringement suit. The district court disagreed and found that Unicolors' copyright registration was valid. Judgment was entered in Unicolors' favor for \$266,209.33, with an additional \$514,565.47 awarded in attorney's fees and costs.

On appeal, H&M argued that the district court erred in holding that the Unicolors registration was valid in light of Unicolors' failure to comply with the "unit of publication" rule. The Ninth Circuit reversed the district court judgment, but not because the Unicolors registration was invalid. Instead, the Ninth Circuit held that once presented with evidence of an error in the copyright

registration certificate, i.e. the inclusion of works that were not all published together, the Court should have referred the matter to the Register of Copyrights to advise the court as to whether the error, if known, would have caused the Copyright Office to refuse registration. The Ninth Circuit remanded the case to the district court with instructions to refer the matter to the copyright office. The *Unicolors* opinion is noteworthy for a number of reasons.

## 1. Mandatory Referral to the Copyright Office.

Section 411(b) of the Copyright Act is intended to address situations where the copyright registration upon which an infringement action is based contains inaccurate information or errors. Section 411(b) provides that a registration certificate that contains inaccurate information or errors can still serve as the basis for a lawsuit unless: “the inaccurate information was included on the application for copyright registration with knowledge that it was inaccurate” and “the inaccuracy of the information, if known, would have caused the Register of Copyrights to refuse registration.” See, 17 U.S.C. § 411(b)(1). Section 411(b)(2) contains a mechanism by which a district court can seek the advice from the Register of Copyrights with respect to this second element, i.e. whether the inaccuracy of the information would have caused the Register of Copyrights to refuse registration.

In practice, district courts rarely seek such advice from the Register of Copyrights. That should change (at least in the Ninth Circuit) based on the *Unicolors* opinion. The *Unicolors* opinion makes clear that such a referral is required once a defendant alleges that the registration certificate contains inaccurate information and that the inaccurate information was included on the copyright registration application with knowledge that it was inaccurate. The timing of such a request, and when a defendant adequately “alleges” that the registration contains errors that were known to the copyright claimant, will likely be the focus of future decisions as courts work to interpret and implement the *Unicolors* holding.

## 2. Intent to Defraud is Not Required to Invalidate a Copyright Registration.

Previously, a number of cases, in the Ninth Circuit and elsewhere, have either stated outright or implied that errors in a copyright registration do not invalidate the registration unless the copyright claimant intended to defraud the copyright office when the error was made. While prior Ninth Circuit authority, *Gold Value Int’l Textile, Inc. v. Sanctuary Clothing, LLC*, 925 F.3d 1149 appeared to indicate that establishing an intent to defraud was not required to invalidate a registration, the *Unicolors* court resolved any lingering ambiguity on this issue and held that a finding of an intent to defraud is not required to invalidate a copyright registration.

## 3. Impact on Use of Unit of Publication Registrations

The *Unicolors* opinion does not specifically address the importance of adhering to the requirements of a unit of publication registration, or the impact on the registration if the claimant fails to do so. But the language of the opinion, together with rules and regulations promulgated by the Copyright Office shed light on what the Copyright Office might say in response to a referral from a district court on this issue. By all accounts it appears that strict adherence to the specific requirements of

this type of registration may well foreclose its further use in the textile industry. Careful consideration should be given to the guidance provided by the Copyright Office and the courts when making decisions on how to register works with the Copyright Office.

The *Unicolors* decision is likely to have a significant impact on both the registration of multiple works in a single application and litigation predicated on these registrations. Content creators and those that find themselves in copyright infringement actions would be well advised to seek counsel knowledgeable of these evolving issues and how they impact decisions regarding the registration of works with the Copyright Office and the defense of infringement claims.

Matthew Seror and Aaron Levine have extensive experience advising clients in connection with copyright matters, including both the pre-litigation protection of works and defending clients against claims of copyright infringement through trial.



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