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The Supreme Court Agrees to Decide Whether Immaterial Registration Errors Can Serve as the Basis for Invalidating Copyright Registrations

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On June 1, 2021, the U.S. Supreme Court granted certiorari in a case that will likely determine once and for all whether courts are empowered to void copyright registrations based on immaterial registration errors, or whether a showing of bad faith or an intent-to-defraud is required.

The underlying case, *Unicolors v. H&M*, 2020 U.S. App. LEXIS U.S. App. LEXIS 17097 (9th 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 Unicolors’ copyrighted design. Unicolors had applied for and obtained a copyright registration certificate for the design at issue in the case 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* case went to trial, H&M elicited testimony 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 action. 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 attorneys' 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's judgment, but not because the Unicolors registration was invalid. Rather, the Ninth Circuit held that once presented with evidence of an error in the copyright registration certificate (regardless of whether the error was intentional), the District 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 further held that the district court erred in imposing an intent-to-defraud or "knowing falsehood" requirement for registration invalidation. The case was remanded to the district court with instructions to refer the matter to the copyright office.

On January 4, 2021, Unicolors filed a petition for writ of certiorari urging the high court to consider whether the Ninth Circuit erred by remanding the case for referral to the Copyright Office where there had been no indicia of fraud or material error as to the work at issue in the subject copyright registration. In support of its position, Unicolors relied heavily on the Prioritizing Resources Organization for Intellectual Property ("PRO-IP Act"), a 2008 statute that was "enacted to stop courts from invalidating copyright registrations based on immaterial registration errors." Unicolors argued that "many courts, legislative and administrative authorities, and the leading copyright treatise have uniformly interpreted the [PRO-IP Act] to codify the doctrine of fraud on the Copyright Office and thus to allow invalidation under section 411(b) **only when the registrant is shown to have acted in bad faith or intended to defraud the Copyright Office.**" Because no such showing was made in the *Unicolors* court, Unicolors argued that the Ninth Circuit's decision would create a circuit split as to the correct application of 17 U.S.C. § 411(b)(1). Unicolors urged the Court to provide its guidance and "conclusively establish if the PRO-IP Act codifies the doctrine of fraud on the Copyright Office."

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 Supreme Court's decision in *Unicolors* could turn that ruling on its head and confirm once and for all that an intent to defraud is required to invalidate a copyright registration. This ruling could significantly impact future litigation insofar as defendant accused of copyright infringement will have a more difficult time defending themselves by seeking invalidation of a plaintiff's registration.

A decision by the Supreme Court is expected by the end of June 2022.

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