



# Register This Warning, Copyright Holders:

## Get Claims on File or Lose Infringement Actions on Summary Judgment

By Jeremy J. Beck

A recent unreported decision in the Eastern District of Kentucky makes clear - and should serve as a warning - that a copyright owner's claim of infringement will be dismissed absent proper registration.<sup>1</sup>

### The Case: *Natl. Info. & Commun. Equip. Network Inc. v. Willigan*

In *Willigan*, the plaintiff provided “consulting services to the insurance and transit industries, assisting in the evaluation of high value equipment loss claims.”<sup>2</sup> One of its employees, a vice president of the company, relocated to the East coast but continued to work as a claims consultant for the plaintiff. However, while continuing to work for the plaintiff, this vice president simultaneously and surreptitiously started up his own, competing enterprise.<sup>3</sup> After the vice president resigned, the plaintiff discovered this betrayal and immediately filed claims for civil conspiracy, breach of fiduciary duty, conversion, misappropriation of trade secrets, copyright violations, and tortious interference with business relationships.<sup>4</sup>

In specific reference to the copyright claims, the plaintiff argued that it held “a copyright to certain materials, including specialized proprietary software, a computerized claims tracking file management system, and a portfolio of proprietary forms, which gave [it] a competitive edge in the marketplace.”<sup>5</sup> The plaintiff further alleged that the defendant intentionally and willfully infringed its copyrighted materials and was thus “subject to statutory damages in the amount of \$150,000 for each “work” infringed.”<sup>6</sup>

It is useful to note here that the plaintiff was seeking statutory damages as defined and permitted under the Copyright Act (“the Act”).<sup>7</sup> However, as the Act makes clear, registration of copyright

is a prerequisite to certain remedies for infringement, including an award of statutory damages or of attorney’s fees “as provided by sections 504 and 505[.]”<sup>8</sup> Even more importantly, the Act is unequivocal that “**no action for infringement** of the copyright in any United States work shall be instituted **until registration** of the copyright claim has been made in accordance with this title.”<sup>9</sup>

In the Eastern District case, the plaintiff admitted at oral argument that its materials had never been registered, but attempted to argue to the Court that registration was a “technical requirement that does not affect the existence of the cause of action[.]”<sup>10</sup> In response, the defendant stated the lack of a valid registration was “a jurisdictional bar” to maintaining a claim of infringement.<sup>11</sup>

The Court agreed with the defendant, finding the plaintiff’s “concession that it has neither applied for nor received copyright registrations for any of the materials that it claims were infringed dooms its federal copyright claim.”<sup>12</sup> Citing the Sixth Circuit case of *Murray Hill Publications, Inc. v. ABC Comm., Inc.*, 264 F.3d 622 (6th Cir. 2001), the Court noted “the Sixth Circuit has stated that registration is a prerequisite to filing any copyright infringement suit.”<sup>13</sup> Therefore, the Court held “Plaintiff’s admitted failure to register any of its alleged materials compels the dismissal of its copyright claim. ... Defendant’s motion for summary judgment on Plaintiff’s copyright claims is granted.”<sup>14</sup>

### Down, But Not Necessarily Out

The Court’s decision in *Willigan* conforms to the position taken by other federal courts recently facing the same or similar issues.<sup>15</sup> Still, depending on the circumstances of a given case, it may be helpful to observe that such holdings include a possible safe harbor, in that a

premature claim of copyright infringement – one that is dismissed for lack of registration – should be dismissed, as in *Willigan*, “without prejudice.”<sup>16</sup> For example, in a recent unpublished case on appeal in the Seventh Circuit, a public school employee who had developed some educational materials filed a copyright infringement claim against her employer in state court.<sup>17</sup> The employer removed the suit to federal court where the employee’s claim was dismissed with prejudice.<sup>18</sup> On appeal, while the Seventh Circuit agreed that “[r]egistration is a condition to copyright-infringement litigation[.]” significantly, it also held that

Failure to satisfy a condition to litigation does not imply, however, that the plaintiff loses outright. A suit that is premature because a condition to litigation remains unsatisfied must be dismissed **without prejudice**. If the condition can be satisfied while time remains in the statute of limitations, then a new suit may be filed and resolved on the merits. ... [Where] [p]otentially infringing use of ... materials is ongoing ..., and each new copy is a fresh wrong, with its own [statutory] three-year period of limitations[,] ... the distinction between dismissal with and without prejudice may be vital to [a claimant’s] entitlements.<sup>19</sup>

### Conclusion

General information about copyright and copyright registration is available online at the Copyright Office’s website.<sup>20</sup> The current basic fee to register a copyright using the Copyright Office’s new online eCO system is \$35.00.<sup>21</sup> In addition, when a copyright holder has numerous items in need of registration, there are various methods of limiting the potential expense involved. Given (a)

the Copyright Act's bright line governing the right to bring a suit for infringement; (b) the courts' unwavering enforcement of that bright line; and (c) the relative ease with which one may satisfy the predicate of that line, it would be prudent for copyright holders to make it a general practice to obtain valid registrations for their work. In this regard, even given the potential of a safe harbor, the recent judgment in the Eastern District should register as a warning that failing to so act could lead to a similar unfavorable result if litigating a claim of copyright infringement. ①

2007 WL 3144852, \*1 (5<sup>th</sup> Cir. Oct. 24, 2007) (unreported) (motion to dismiss complaint of copyright infringement upheld where plaintiff "failed to allege that she had even applied for copyright registration."); *Balzer & Associates, Inc. v. Union Bank and Trust Co.*, 2009 WL 1675707, \*\*2-3 (E.D. Va. June 15, 2009) (slip op.) ("Because Plaintiff has neither alleged nor shown that it registered the copyright at issue here, and in fact argues that registration is not required at all to bring suit for

injunctive relief, the Court does not have jurisdiction to hear Plaintiff's claim for copyright infringement[.]").

16. *See Willigan*, 2007 WL 2979928 at \*10.
17. *Brooks-Ngwenya v. Thompson*, 202 Fed. Appx. 125, 126 (7<sup>th</sup> Cir. Oct. 17, 2006) (unreported).
18. *Id.*
19. *Id.* at 126-27 (emphasis added) (citations omitted).
20. *See* <http://www.copyright.gov/> (last accessed June 26, 2009).
21. *See* <http://www.copyright.gov/eco/index.html>

#### ENDNOTES

1. *See Natl. Info. & Commun. Equip. Network Inc. v. Willigan*, 2007 WL 2979928 (E.D. Ky. Oct. 11, 2007) (unreported).
2. *Id.* at \*1.
3. *Id.*
4. *Id.* at \*2.
5. *Id.* at \*9 (quotations omitted).
6. *Id.* (quotations in original).
7. *See* 17 U.S.C. § 504(c).
8. *Id.* at § 412.
9. *Id.* at § 411(a) (emphasis added).
10. *Willigan*, 2007 WL 2979928 at \*9 (quoting the plaintiff).
11. *Id.*
12. *Id.*
13. *Murray Hill Publications, Inc. v. ABC Comm., Inc.*, 264 F.3d 622, 630 (6<sup>th</sup> Cir. 2001) (also citing *Lexmark Intl. Inc. v. Static Control Components, Inc.*, 387 F.3d 522, 533-34 (6<sup>th</sup> Cir. 2004) (Ky. case; same)).
14. *Willigan*, 2007 WL 2979928 at \*10.
15. *See e.g. Starr v. DaimlerChrysler Corp.*,



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