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Chester Rothstein



Benjamin Charkow

The interplay between U.S. and International copyright law: Why non-U.S. persons should consider registering in the U.S.A.

Chester Rothstein and Benjamin Charkow from Amster, Rothstein & Ebenstein, LLP explore some implications that an owner of a non-U.S. work must keep in mind when developing its copyright protection and enforcement strategies.

Since the United States revised its copyright law - effective on March 1, 1989 - after it joined the international Berne Convention, certain rules governing U.S. copyright protection and enforcement differ depending on whether the work is a “U.S. work” or not. The definition of a “U.S. Work” is fairly complicated but, generally, it covers works first (or simultaneously) published in the U.S.

This article briefly explores some implications that an owner of a non-U.S. work must keep in mind when developing its copyright protection and enforcement strategies. Specifically, while a federal copyright

registration is required to enforce a U.S. work, it is not required to enforce a non-U.S. work.

Based on this special rule covering non-U.S. works, some owners of such works may conclude that filing for U.S. copyright registration is not necessary or helpful. This article explains why such filings are often the only way to obtain meaningful protection in the U.S. Specifically, owners of non-U.S. works do not need a U.S. copyright registration to sue for normal damages or an injunction; however, if they do not have a registration prior to the commencement of infringing actions, such owner will not be entitled to seek either statutory damages or reimbursement of its attorney’s fees.

Résumé

Chester Rothstein and Ben Charkow: Partner & Associate

Chester Rothstein is a Partner and Ben Charkow is an Associate at Amster, Rothstein & Ebenstein LLP (“AR&E”), which for over sixty-five years has been one of the United States’ leading law firms focused exclusively on intellectual property law and practice. AR&E’s approximately 35 lawyers routinely handle all IP issues, including litigating patents, trademarks, copyrights, and other intellectual property; Obtaining and registering intellectual property in the United States and around the world; Providing validity, enforceability, and/or infringement opinions and right-to-use analyses; and Advising on proposed purchases of IP assets including assessing the strength of the underlying assets, their reasonable valuation, and how they would fit into clients’ IP portfolios. Chester has been practicing since 1990, representing clients in industries as diverse as fashion, toy, hospitality, and entertainment. Ben has been practicing since 2003, combining his technical degree in engineering with his litigation and counselling skills. An overview of AR&E can be found at www.arelaw.com.

Background and creation of rights

According to U.S. copyright law, U.S. copyright protection exists in any “original work of authorship fixed in any tangible medium”. No registration of the copyright is required to establish copyright in the work. This is consistent with non-U.S. copyright law.

However, just because the underlying rights exist as soon as the work is fixed in a tangible medium, the rules are not so simple when it comes to either enforcement of that copyright, or the potential remedies a successful plaintiff can obtain.

Damages

Under Section 504(a) of the U.S. Copyright Act, any prevailing copyright owner is entitled to collect as damages the normal monetary remedies of either



- (i) actual damages such as the copyright owner's lost profits; or
- (ii) "those profits of the defendant which are attributable to the infringement."

These ordinary remedies are often illusory - proving lost profits might be rejected as being "speculative"; and as for the defendants' profits, the statute allows the defendant to deduct the value which stems from aspects other than from the copyright (for example, an infringing designer necktie might have a large part of the profits attributable to the trademark of the defendant).

However, under Section 412 of the U.S. Copyright Act, the general rule is that if an application to register the copyright is filed before the "commencement of the infringement", the copyright owner may instead elect so-called statutory damages, defined in Section 504 of the U.S. Copyright Act as being up to \$30,000 for a standard infringement and up to \$150,000 for a willful infringement. Further, a prevailing owner who files within this time frame may also seek reimbursement of the reasonable attorney's fees it incurred in obtaining the relief.

Commencing litigation and implication of the Berne Convention

In order to commence a litigation and take advantage of either remedy, the rules differ depending on whether the work is "a U.S. work" or not. Specifically, the owner of a "U.S. work" must first apply to register the work before commencing suit. However, the owner of a non-U.S. work need not comply with the formality of registration.

This difference in treatment of U.S. and non-U.S. works is because of the United States' harmonization of its laws with the Berne Convention, an international convention governing copyrights, to which the United States signed on March 1, 1989. Article 5 of the Berne Convention requires that "the enjoyment and the exercise"

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of the copyright protections provided within the Berne Convention "shall not be subject to any formality."

Prior to signing onto the Berne convention, all copyright owners were required to register their works prior to filing a litigation. The U.S. Congress recognized that the requirement to register foreign works in the United States prior to commencing litigation was inconsistent with the Berne Convention's prohibition of formalities for "the enjoyment and the exercise" of the copyright protections. As a result, the U.S. Copyright Act was revised to relieve owners of non-U.S. works from the obligation to register a work prior to seeking relief from copyright infringement.

Owners of non-U.S. works are thus in a better position than owners of U.S. works, who are still required to register their works before they can enforce their rights in the federal courts. Interestingly, the Copyright Act was not amended to relieve the owner of non-U.S. works from the requirement of pre-infringement registration as a prerequisite for recovery of statutory damages or attorney's fees.

Thus, if the owner of a non-U.S. work failed to register its work in the United States prior to the infringement, it can seek relief in a U.S. federal court to enforce its rights and obtain an injunction and whatever ordinary damages it was entitled to. However, without that pre-infringement registration, even a successful owner of a non-U.S. work would not be entitled to either statutory damages or attorney's fees. While this requires a case-by-case analysis, it is safe to say that much legitimate enforcement by foreigners - who will be the predominant owners of non-U.S. works - may not make economic sense without these special remedies.

Some have argued that the "formality" of the early registration requirement for an award of statutory damages or attorney's fees violates the U.S.'s obligations as members of the Berne Convention, specifically its prohibition against formalities for "the enjoyment and the exercise" of copyright protections. After all, since two of the main purposes of copyright enforcement are either (i) the ability to obtain an injunction; and/or (ii) the ability to collect damages from an infringer, both of these purposes can be hindered if the cost of U.S. litigation no longer makes economic sense without these special remedies.

While the United States Senate recognized this tension during its legislative hearings for the amendment of the Copyright Act to fulfill its obligations under the Berne Convention, it came to the opposite conclusion, stating that the provision for statutory damages (among others) "substantially enhance[s] the relief available to the proprietor of a registered work, [but it does] not condition the availability of all meaningful relief on registration, and therefore [is] not inconsistent with Berne."

At least one commentator writing about this tension in a law journal, opined that, given the extended copyright term in the United States as compared to other countries (currently 95 years from publication or 120 years from creation), requiring U.S. registration of non-U.S. works to receive statutory damages serves as somewhat of a hedge to mitigate potential damages with respect to orphaned works, which may be under copyright protection but whose owners are impossible to determine.

In any event, potential legal theories aside, the U.S. law currently stands that owners of non-U.S. works may not obtain awards of either statutory damages or attorney's fees unless they have registered their infringed work prior to the infringement and followed the other timing rules.

Benefits to early registration of non-U.S. works

Given the inability to collect statutory damages or attorney's fees without a prior registration, owners of non-U.S. works should give careful consideration to early U.S. registration of their copyrights, even though the U.S. Congress concluded that it was not specifically required for the "enjoyment and the exercise" of their copyright. In U.S. litigation, even the threat of an award of attorney's fees will bring some infringers to the bargaining table and, commensurately, the absence of such threat may embolden some infringers to gamble that owners of a non-U.S. work won't assert their rights with vigilance. Further, knowing statutory damages are available can also bring infringers to the table - especially in a situation where the infringer knows actual damages are low. In some situations, these special remedies could mean the difference between a net monetary gain,

Knowing statutory damages are available can also bring infringers to the table - especially in a situation where the infringer knows actual damages are low.

and a net monetary loss from enforcement.

Thus, owners of non-U.S. works should consider registering - at the least - those works that it believes it may need to enforce at a later time. Government filing fees of \$55 and the relatively non-complicated registration requirements help to make filing copyrights less expensive than trademarks and much less complicated and expensive than filing patents.

In addition to the incentives provided by statutory damages and attorney's fees, the copyright office also provides an added incentive to apply early for a copyright registration in the form of a copyright collection. A copyright claimant seeking to register multiple works can group the works together as a "collection", provided the following five conditions are met:

1. The works are all unpublished;
2. The works within the collection are assembled in an orderly form;
3. A single title (e.g., "the Fall Collection") is used to identify the collection as a whole;
4. The same claimant is seeking protection for all the works; and
5. At least one author has contributed copyrightable authorship to each work within the collection.

When these five elements are met, the works can be registered as one collection, which can result in significant cost savings as only one filing fee is required for the collection. Once the collection is published, it can no longer be registered as a collection: instead, each work in the collection must be separately registered. Thus, the owner of non-U.S. works that have yet to be published should give serious consideration to filing to register these works before publication. Doing so is relatively inexpensive - given that many works could potentially be grouped together - and it provides both benefits of being able to take advantage of the right to collect statutory damages, as well as the ability to recover attorney's fees.

Conclusion

A copyright owner of non-U.S. works need not register those works in the United States to enforce them in federal court. However, given the relatively minor cost of obtaining such registrations, in particular when some works can be grouped as a collection, serious consideration should be given to registration of important new works to take advantage of the ability to collect both statutory damages and attorney's fees after a litigation.

For any questions about the specifics of copyright registrations in the United States, contact your U.S. copyright attorney.

AMSTER ROTHSTEIN & EBENSTEIN LLP

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