

For Artists With Original Works, It's Buy Now or Pay Later

By Matthew W. Clanton

For those in the entertainment industry, the Academy Awards provided somewhat of a respite from all the bad news lately. Now that the Oscars are over, it's back to reality. The pressure to cut production costs for media works is larger than ever. One expense that should not be slashed, however, is the expense of registering a copyright in the work soon after it is created — whether that work is a written script, motion picture, a television episode, a commercial or a song. Considering that the standard Copyright Office filing fee for registration is between \$35 (if filing electronically) and \$45 (if filing the old fashion way on paper, which many still do), registration arguably provides a substantial dollar-to-dollar return on investment.

In this economic environment, is it really necessary to spend the time and money to register soon after a work is published? It's a fair question. The U.S. Copyright Act of 1976 (as amended) does not require express registration to secure a copyright in a work. The simple act of fixing the work in any tangible medium of expression is all that is required. You can even use the "(c)" symbol without formally registering a copyright. But these statutory perks do little to protect the intrinsic value of the work itself.

The Overarching Benefits

There are definite benefits to registering one's work after publication. For instance, early registration ensures that the jurisdictional requirements for bringing a copyright infringement claim are satisfied. Unlike in other countries, a plaintiff must first register the infringed work with the U.S. Copyright Office before bringing a lawsuit in U.S. federal court. 17 U.S.C. Section 411. There are also statutory benefits for registering early, including statutory damages (in lieu of actual damages) and attorney fees (subject to the court's discretion). 17 U.S.C. Sections 412, 504-505. In this regard, early registration — at least within three months of publication — can arguably be viewed as a kind of cheap form of multi-media insurance for copyright owners who may one day need to protect their works. As an added bonus, registering within five years of a work's publication serves as prima facie evidence of the validity of the copyright itself and the facts stated

in the certificate. 17 U.S.C. Section 410. Those who wait until after the five-year window leave the validity of their alleged copyright subject to the discretion of the court.

Unfortunately, copyright registration is all too often addressed at the eleventh hour when litigation is imminent. This typically entails a mad rush to complete the copyright registration form, track down the correct deposit material, and hand deliver the materials to the Copyright Office for processing — all under the pressure of "we've got to file the lawsuit now!" Since many courts require that the certificate be "in hand" as opposed to merely pending, and since the Copyright Office is currently experiencing a 12 to 13 month backlog on paper filings (and a shorter four- to six-month processing time for electronic filings), claimants who do not want to wait a seeming eternity to bring suit are forced to file on a "special handling" basis to speed up the processing time. The special handling fee is presently \$685, in addition to the \$35 to \$45 registration filing fee, meaning that the copyright owner has just spent more than 15 times the filing fees it probably would have spent had it simply filed when the work was initially published.

The Reconstruction Problem

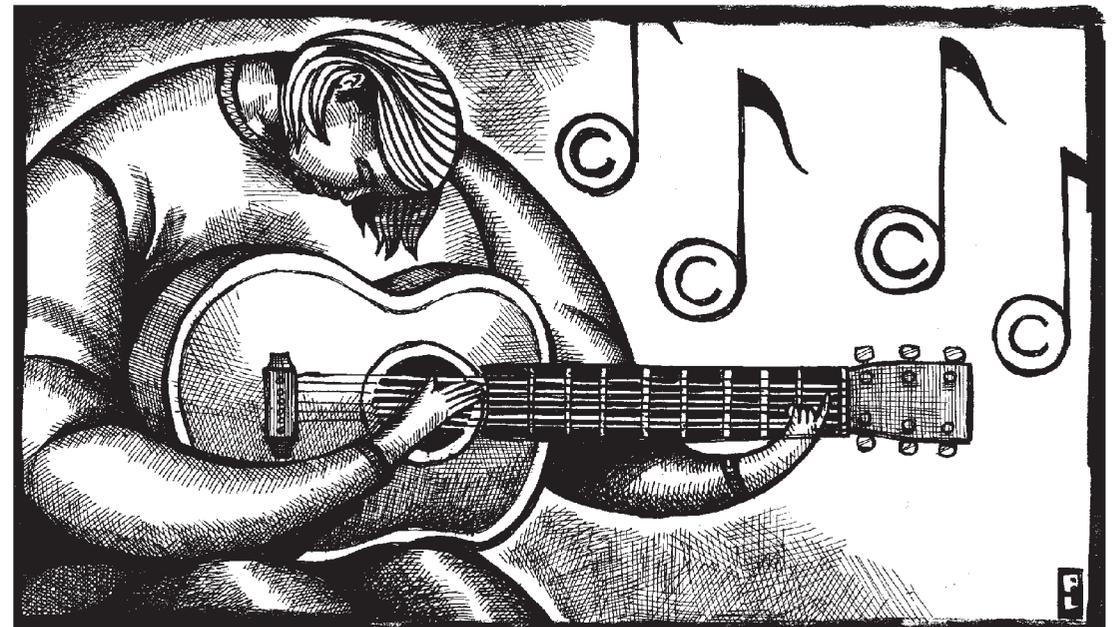
Early registration also potentially avoids an even larger issue — the ravages of father time and the risk of misplacing the original work itself. Copyright registration requires, among other things, the deposit of the original work or a bona fide copy with the Copyright Office. 17 U.S.C. Section 408. At first blush, this seems fairly straightforward — just produce the work. But delaying registration for a long period of time can make tracking down originals or "bona fide" copies extremely difficult, particularly in the case of original software programs that undergo frequent changes revisions. See, e.g., *Tavory v. NTP Inc.*, 495 F. Supp. 2d 531 (E.D. Va. 2007), where copyright registration in a software program was held invalid; deposit copy was reconstructed, was not the original version or copied from the original version, and did not function as the original version of the software. When registration is finally attempted, neither the original work nor an actual "bona fide" copy may be available, leaving the plaintiff in the tight spot of having to "reconstruct" the work

from memory. Relying on a reconstructed work poses significant risks to the lawsuit long before trial — much to the disappointment of clients who may blame the lawyer for failing to warn them of this possible outcome.

The U.S. deposit requirement serves two key purposes: to provide objective evidence that a work is copyrightable and to build a reliable evidentiary record that can be used to test infringement claims. The Copyright Office does not normally delve into questions of whether the work is an original, a bona fide copy or even a reconstructed copy. In theory, reconstructing a work from memory may allow the claimant to complete the registration process (assuming the deposit is filed in good faith) and overcome the jurisdictional hurdle to filing a lawsuit. But you can bet that the issue will be the subject of extensive discovery. Courts are increasingly reluctant to accept reconstructions because of an underlying concern for protecting the integrity of the U.S. copyright system. Basing an infringement claim on the claimant's "memory" of the salient facts in the case (the characteristics of the infringed work) might be viewed as too imprecise, especially if reconstruction occurs after the claimant views the alleged infringing work.

Consider, for instance, the 9th Circuit's decision in *Seiler v. Lucasfilm Ltd. et al.*, 808 F.2d 1316 (9th Cir. 1987). There, the plaintiff alleged that the Imperial Walker battle machines featured in "Star Wars: Episode V — The Empire Strikes Back" infringed on plaintiff's science fiction creatures called Garthian Striders. Unfortunately, the plaintiff's case was based on "reconstructions" of his works that he made after the film had already been released. The 9th Circuit affirmed summary judgment to Lucasfilms, holding that the reconstructions failed to satisfy the "best evidence" rule. See also *Kodadek v. MTV Networks Inc.*, 152 F.3d 1209 (9th Cir. 1998), which affirmed summary judgment against a plaintiff who alleged "Beavis and Butt-Head" series infringed on his characters after it was discovered that the plaintiff reconstructed his works by drawing them from memory after seeing the series.

The 1st Circuit similarly dismissed a copyright infringement claim in *Torres-Negron v. J&N Records LLC*, 504 F.3d 151 (1st Cir.



2007). The plaintiff wrote a song and recorded it for a friend who was in a band. Both the original words and the cassette were turned over to the band and never copied, retained or copyrighted. Approximately 11 years and several recordings, band iterations and record releases later, the plaintiff decided to register his copyright in the song. Since the plaintiff did not have the original recording and never retained any copies, he was forced to "reconstruct" the lyrics and re-recorded himself singing the song from memory. The 1st Circuit held that the plaintiff's registration certificate was invalid because it failed to comply with the deposit requirement, noting that the requirement could only be satisfied by submitting the original work or an actual copy made from the original. See also *Coles v. Stevie Wonder*, 283 F.3d 798, 802 (6th Cir. 2002), which held that the plaintiff's registration was invalid because the deposit copy, a song that the plaintiff claimed he had written in 1982, was merely "reconstructed" from memory as part of his registration in 1990.

Not all reconstructions will be held invalid. A reconstructed copy may serve as a valid deposit if it was reproduced from a "bona fide" copy of the original work. The reconstructed copy must be made by directly referring to the bona fide copy of the original. In that event, the reconstructed copy could serve as a valid deposit even if it contains minor errors or discrepancies from the bona fide copy. *Three Boys Music Corp. v. Bolton*, 212 F.3d 477 (9th Cir. 2000). But as pointed out by the 9th Circuit, there must

first be a bona fide copy, one that is "virtually identical to the original and ... produced by directly referring to the original." If there is not, the proffered deposit and resulting copyright registration may run the risk of being declared invalid.

The Transaction Angle

Aside from litigation, early registration also serves important commercial interests. The "eleventh hour filing" scenario may not be as exciting as in litigation, but delaying registration until a deal is imminent raises similar issues. From a due diligence perspective, verifying that all copyrights in an IP portfolio are registered is vital to verifying the value of the deal for all the reasons enumerated above.

From a transactional perspective, copyright registration substantiates the seller's claim of valid copyright ownership. Motion picture studios and record producers will (and rightly should) demand that the would-be licensee or seller of a work represents and produces evidence of valid copyright ownership as a condition of doing business. Companies wishing to acquire stock or assets of other businesses will (and rightly should) demand to see evidence of copyright registrations for all creative works that are going with the deal. Producing a valid copyright certificate (as well as a clear chain of title) is often the only objective way to verify that the seller truly owns the work(s) in question. "Getting around to" registration when the work is ready to be licensed or the underlying business sold does a great disservice to

one's IP portfolio and suggests poor business management. If the passage of time renders it impossible to find the original work or a bona fide copy, the perceived value of the work may be impaired.

Fortunately, the above scenarios can easily be avoided. Copyright creators or owners need only promptly register their copyrights after creation, keep originals or bona fide copies safely tucked away for easy retrieval, and ensure that corporate retention records adequately ensure that originals and bona fide copies are retained. At the very least, copyright creators and owners should retain one original copy of every work, and any related materials, which can then be used to make supportable copyright filings at a later date should litigation or other business needs arise.

The recession certainly makes the budget process difficult. But from a value-preservation standpoint, copyright registration is just as, if not even more, important now than in better economic times. Dollar for dollar, it offers an important array of arsenals to protect the value of one's creative work. It all comes down to a simple question: Do you believe that your work (and the time and effort to create it) is worth \$35 to \$45? If so, the expenses associated with registration may well be worth it, budget pressures notwithstanding.

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