Copyright Infringement: A Primer for the General Litigator

by Stephen Hall

Most good litigators will tell you that they can handle just about any type of case, whether it relates to securities, consumer class actions, mass tort, or intellectual property. While a large majority of the overall discovery process, court procedures, and case strategy may be the same, there are obviously nuances for each substantive subject matter. This is certainly true for copyright infringement cases. For litigators that do not handle a substantial amount of copyright litigation, understanding a few specific copyright infringement nuances can lead to more efficient, and more positive, outcomes for their clients.

An in-depth discussion of what a plaintiff must prove (1) direct copying or (2) access and substantial similarity, of protectable expression), the various tests that a court may use to evaluate alleged infringement (which vary by Circuit), and the arcane aspects of common law copyright infringement are beyond the scope of this article. Rather, the article focuses on a few specific, and often misunderstood, copyright litigation tools that can often lead to a cost-effective resolution for copyright defendants.

For the uninitiated, we start with the most basic question of “what is copyright?” Copyright is a form of federal protection provided by the United States to authors of “original works of authorship” fixed in a tangible medium of expression. In fact, Article I, Section 8 of the United States Constitution empowers Congress “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” The statutory framework is codified in the Copyright Act in Title 17 of the U.S. Code. Common copyrightable works include literary works (including software), musical works, dramatic works, motion pictures and other audiovisual works, sculptural works, sound recordings, and architectural works.

Section 106 of the Copyright Act provides copyright owners with the exclusive right to do and authorize the following:

1. Reproduce the work;
2. Prepare derivative works based upon the work;
3. Distribute copies of the work to the public by sale or other transfer of ownership, rental, lease, or lending;
4. Publicly perform the work;
5. Publicly display the work; and
6. In the case of sound recordings, to perform the work publicly by means of a digital audio transmission.

Any third party that exercises any of the copyright owner’s exclusive rights without permission, and which is not subject to a proper defense or exclusion, infringes the owner’s copyright. When notified that a client has been accused of violating one of these exclusive rights, an analysis of the following potential defenses and strategies may lead to a quick and efficient resolution of the dispute.

A. Is the work subject to copyright at all?

As outlined above, copyright protection extends to “original works of authorship” that are “fixed” in a tangible medium of expression. Thus, one of the first things to consider is whether the work is, in fact, an original work of authorship. While it can be difficult to show that a work is not “original” to the author, an internet search, a review of similar works from others in the particular market space, or an inquiry to
certain industry groups or industry experts may uncover that the work was not original, but rather copied from another work. In one particular case the author was involved in, a work that predated, and was nearly identical to, the plaintiff's alleged copyrighted work was located through a state Freedom of Information Act request. When faced with the predated, and nearly identical work, created by another author in the same "small" market, the case was quickly resolved.

Additionally, to be subject to federal copyright protection, the work must be fixed in a tangible medium of expression, i.e., it can be in written or electronic form, as long as it can be communicated with the aid of a machine or device. While this is a relatively rare "defense", some types of works may not meet the fixation requirement. For example, choreographic works that have not been noted or recorded, or improvisational speeches or performances that have not been recorded or written, would not be "fixed."

There are other additional categories of "works" that are simply excluded by the Copyright Act from protection. They include:

1. Titles, names, short phrases, slogans, and familiar symbols or designs;
2. Ideas, procedures, methods, systems, processes, concepts, principles, discoveries, or devices; and
3. Works consisting of common property and containing no original authorship (for example, standard calendars, height and weight charts, etc.).

B. Is the plaintiff the true owner of the copyright?

While this may seem like an obvious question to ask, there are commonly misunderstood copyright principles that often trap the unwary copyright litigant. Initially, copyright ownership resides with the author who creates the work. However, the Copyright Act also provides that an "employer" will be deemed the author in the case of a "work made for hire." A "work made for hire" can arise in two contexts:

1. A work prepared by an employee within the scope of his or her employment; or
2. A work specifically ordered or commissioned, if the work falls into one of nine (9) specifically enumerated categories ((a) contribution to a collective work; (b) part of a motion picture or other audiovisual work; (c) translation; (d) supplementary work; (e) compilation; (f) an instructional text; (g) test; (h) answer material for a test; or (i) an atlas), and if the parties expressly agree in writing that the work shall be considered a work made for hire.

Thus, if the alleged copyright owner is the employer of the original author, the nature of employee's job responsibilities may reveal that creation of this type of work was not within the line and scope of their normal job responsibilities. For example, if the Director of Human Resources independently writes a new computer program to track inventory, creation of such work will likely be outside of the scope of his or her employment. On the other hand, if the Director of IT writes software to better manage the company's network, it is likely within the scope of his or her employment. It is also worth noting that in some limited cases, after considering a number of factors, an apparent subcontractor or independent author, that is not formally an employee of a company, can still be deemed to constitute an "employee" in the context of a work made for hire. This analysis often turns on the extent that the commissioning party exercised control over the work during its creation.

For the second category of the "work made for hire", it is crucial to ensure that the alleged copyright owner has indeed met all of the requirements, namely: (1) that the work be specifically ordered or commissioned; (2) it fall into one of the nine enumerated categories; and (3) the parties expressly agree in writing that the work be a work made for hire. Many copyright plaintiffs simply assume that if they request and pay for a particular work, that they own the copyright to it. That is simply not the case. In fact, in many, many cases, the original author maintains the copyright to the work, and the commissioning party merely owns their particular copy of the work. If you don't believe me, ask the photographer taking your family picture for the electronic digital images from the photo session; I would be surprised if you get it.

A party alleged to infringe a work is also well-advised to evaluate whether the work qualifies as a "joint work", i.e., was created by more than one author. While a detailed description of what constitutes a "joint work" is beyond the scope of this article, very small contributions to a much larger work can still constitute
a "joint work." In the context of a joint work, the co-authors are deemed to be co-owners of the copyright to the work. Thus, an alleged infringer may be able to license certain rights from a co-owner without the permission of the party or person that is asserting infringement. The identities of the authors can be found on the copyright registration certificate discussed below. A copyright defendant should also review the online copyright assignment records at the U.S. Copyright Office to determine if any assignments, liens, or licenses have been recorded. In some cases, there may be a break in the chain of title, or an outright assignment, that strips the plaintiff from any enforceable rights.

C. Has the copyright owner registered the work with the U.S. Copyright Office, and if so, when?

Unlike many other forms of protection for intellectual property, copyright subsists in a work once it is created and fixed in a tangible form of expression. Thus, an author is not required to actually register the copyright with the United States Copyright Office. However, there is a significant distinction between obtaining copyright in a work, and actually enforcing the copyright.

Perhaps most notably, before a copyright infringement suit can be filed enforcing the copyright in a work, the work must be registered with the Copyright Office. Indeed, Section 411 of the Copyright Act provides, with some relatively limited exceptions, "no civil action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made in accordance with this title." Thus, if the work has not been registered with the Copyright Office, a motion to dismiss should immediately be considered.

Although filing a copyright registration form is relatively inexpensive and simple, many authors do not register their works shortly after creation or publication. Rather, many copyright owners wait to file a copyright application until after they believe someone infringes their copyright. For a copyright defendant, the timing of the copyright owner's registration can have a significant impact on the leverage of the copyright owner.

1. If registration occurs within five years of publication, the registration itself establishes prima facie evidence in federal court of the validity of the copyright in the work, and the information stated in the copyright application.

2. If registration is made within three months of publication, or prior to the actual infringement of the work begins, the copyright owner has the option of seeking statutory damages and attorney's fees related to prosecution of the action.

Thus, if a copyright owner did not register the copyright within three months of publication, or before the infringement begins, the copyright owner is foreclosed from seeking attorney's fees or statutory damages. The potential recovery for attorney's fees is often the "hammer" that a copyright owner holds over a defendant's head, and without this leverage, a defendant can often reach a more "reasonable" settlement.

D. Has the copyright owner asserted any related state law claims?

Another tool in copyright defendant's arsenal is Section 301 of the Copyright Act, which, with some limited exceptions, is designed to preempt equivalent state law causes of action. Section 301 provides:

On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

Generally, if the work on which the cause of action is based is subject to copyright, and the claim is "equivalent" to the exclusive rights granted by the Copyright Act, the claim is preempted. Each case has its own set of facts, but claims that have been found to be preempted include claims for conversion, unfair competition, right of publicity, and claims under certain state statutes. In order to survive preemption, a copyright owner is often required to show that its claim requires proof of an "extra element," i.e., some element in addition to proving a violation of one of the copyright owner's exclusive rights granted under
Section 106. However, a careful analysis of the copyright owner's claims often reveals the purported "extra element" is just artful pleading that is subject to a motion to dismiss.

**E. Did the copyright owner provide a copyright notice?**

The Copyright Act has undergone some substantial changes over the past 100 or so years, and the various rights and remedies available to a copyright owner may depend on when the work was created. One important aspect that affects litigation related to older works was the requirement that works published prior to March 1, 1989, include a copyright notice. Copyright owners publishing works without the required notice are at risk of losing their copyrights to the work. Thus, in any litigation related to older copyrighted works, a careful examination of the published copies may bear significant fruit.

Even though a copyright notice was not required after March 1, 1989, whether the copyright owner included a copyright notice can still be an important factor. While copyright infringement is still a strict liability offense, if the copyright owners did not use a copyright notice on published works, an alleged infringer may be able to provide evidence of "innocent infringement" in an effort to minimize actual or statutory damages.

**F. Is there a statute of limitation defense?**

While evaluation of a statute of limitation defense does not qualify as a "secret" litigation tool, careful evaluation of the defense in copyright cases is required. Otherwise, a defendant may otherwise ignore what may, after more careful analysis, serve as grounds to immediately dismiss a plaintiff's claim.

Section 507 of the Copyright Act provides a three year statute of limitations "after the claim accrued" for all claims arising under the Act. Unfortunately, the law is unsettled as to whether the claim accrues at the time the infringing conduct occurs, or when the infringement is, or should be, discovered by the copyright owner. This distinction, depending on your jurisdiction, could be case dispositive. Some courts also apply a "continuing wrong" doctrine that allows a plaintiff to seek damages for all infringing acts so long as there is a "last act" of a "continuing wrong" within the last three years. Needless to say, a copyright infringement defendant should analyze the most recent case law in their jurisdiction to seek to limit, or even dismiss, and plaintiff's claims based on conduct that occurred more than three years ago.

**G. Are there defenses based on how the work was used, or how much was used?**

Two common defenses that are often considered include the "fair use" defense and the "de minimis" defense. In both cases, a defendant is essentially admitting to use of a copyright owner's work, but that such use is not actionable. Unfortunately, there is no bright line rule to how much is too much.

The fair use doctrine allows for certain use of a work without consent of the copyright owner for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research. Whether use constitutes "fair use" is evaluated on a case-by-case basis using the following factors:

1. the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
2. the nature of the copyrighted work;
3. the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
4. the effect of the use upon the potential market for or value of the copyrighted work.

While a fair use defense is less likely to be resolved on a motion to dismiss or at summary judgment than some of the other defenses discussed above, it can still be a persuasive defense in the right cases. However, the more "commercial" in nature the use, and the larger the amount of the original work used, the more likely that the fair use doctrine will not apply.

An alleged infringer is also well advised to evaluate a potential "de minimis" defense. While this defense is obviously unavailable if a client has wholesale copied a work, many copyright claims involve use of excerpts or small pieces of a work. As with fair use, there is unfortunately no bright line test describing how much use is too much, and each case stands on its own. The cases have ranged from finding infringement when just a few lines of a work are used, to no infringement despite the use of dozens of lines of a work.
H. Is there a strategic advantage to providing a Rule 68 offer of judgment?

As all litigators know, Rule 68 is generally designed to provide an incentive to a plaintiff to accept a reasonable settlement offer. The “teeth” of Rule 68 provides that if a plaintiff rejects a proper Rule 68 offer, and then recovers a judgment less favorable than offered, the plaintiff must pay the “costs” incurred after the offer is rejected. These “costs” are traditionally things like court costs, court reporter fees, and maybe expert witness fees. For many cases, involving hundreds of thousands, if not millions of dollars, the threat of having to pay such "costs" offers little real incentive to a plaintiff to settle.

Most litigators probably cringe even thinking about providing an offer of judgment. It seems contrary to our very core, and goes against our zealous representation of our client. Why make an offer a judgment in a copyright case, when you have never realized an advantage of doing so in other cases? The answer lies in a very simple, but often overlooked, part of the Copyright Act. Section 505 of the Copyright Act provides:

> In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

(emphasis added). Thus, the question is whether Rule 68 "costs" include attorneys' fees in a copyright infringement matter? The answer is, well, maybe. While the Supreme Court has not weighed in on this question specifically for the Copyright Act, in *Marek v. Chesney*, 473 U.S. 1 (1985), the Court did suggest that a federal statute could provide that Rule 68 "costs" include attorney's fees. Relying on the express language of Rule 68 and *Marek*, the Eleventh Circuit has awarded costs, including attorney's fees, to a defendant when the plaintiff recovered an amount less than the Rule 68 offer of judgment. *Jordan v. Time, Inc.*, 111 F.3d 102 (11th Cir. 1997). Unfortunately, not all Circuits have the same view. For example, the Seventh Circuit specifically considered and rejected the *Jordan* decision, finding that only prevailing parties can receive attorney's fees under Rule 68. *Harbor Motor Co. v. Arnell*, 265 F.3d 638 (7th Cir. 2001).

While the treatment of attorney's fees as costs may depend on the applicable jurisdiction, making a Rule 68 offer of judgment in a copyright case should certainly be evaluated, particularly in those cases where liability is reasonably certain.

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