

**COPYRIGHT LAW**

**SUPREME COURT HEARS ARGUMENT IN *UNICOLORS***

By Robert W. Clarida and Thomas Kjellberg

First things first, this column is delighted to welcome Thomas Kjellberg as a regular co-author, stepping into the shoes filled so memorably these past few decades by Robert J. Bernstein.

In July, we reported on the U.S. Supreme Court’s grant of *certiorari* in *Unicolors, Inc. v. H&M Hennes & Mauritz, L.P.*, 959 F.3d 1194 (9<sup>th</sup> Cir. 2020) (“*Unicolors*”) for the October 2021 term, docket no. 20-915. Briefing was completed in mid-October (briefs can be found at [www.scotusblog.com](http://www.scotusblog.com)) and oral argument was held November 8 (recording available at [www.c-span.org](http://www.c-span.org)). This column will describe some of the major issues the Court addressed in that argument, and will identify some questions that are likely to remain open no matter the outcome.

The issue in *Unicolors* is a pure question of statutory construction. 17 U.S.C. § 411(b) states:

(1) A certificate of registration satisfies the requirements of this section and section 412, regardless of whether the certificate contains any inaccurate information, unless—

(A) the inaccurate information was included on the application for copyright registration with knowledge that it was inaccurate; and

(B) the inaccuracy of the information, if known, would have caused the Register of Copyrights to refuse registration.

(2) In any case in which inaccurate information described under paragraph (1) is alleged, the court shall request the Register of Copyrights to advise the court whether the inaccurate information, if known, would have caused the Register of Copyrights to refuse registration.

On its face, the language in § 411(b) commands that where information is included on an application for registration “with knowledge that it was inaccurate” the court “shall” seek the advice of the Copyright Office in every case in which such inaccurate information “is alleged.” But prior to the Ninth Circuit ruling now on appeal in *Unicolors*, a number of courts had grafted a degree of discretion onto the statutory language, leaving it to the District Court to determine, *inter*

*alia*, whether there were sufficient indicia of fraudulent intent on the applicant’s part to warrant soliciting the view of the Copyright Office. This interpretation is arguably consistent with the origin of the statutory language, which was added to the Act in 2008 as part of the so-called PRO IP Act; the Copyright Office annual report for that year states that this legislation “amended section 411 of the copyright law to codify the doctrine of fraud on the Copyright Office.” The Eleventh Circuit, *inter alia*, agreed in *Roberts v. Gordy*, 877 F.3d 1024 (2017), requiring a showing of “intentional or purposeful concealment of relevant information” before consulting the Copyright Office under § 411(b). The Ninth Circuit rejected this intent-based approach.

The dispute in *Unicolors* was a routine infringement case: plaintiff Unicolors, a fabric designer, sued fast-fashion retailer H&M for selling clothing made with a fabric pattern created and registered by plaintiff in 2011. A jury found for plaintiff, but H&M argued in a motion for JMOL that plaintiff’s registration was invalid because it included an incorrect publication date and improperly sought to register multiple works on a single application. Unicolors filed an application to register 31 separate fabric designs using a Copyright Office administrative accommodation that allows for multiple works that were included in a so-called “single unit of publication” – *i.e.*, the works were published for the first time “bundled together” as a unit – to be registered as a single work, on a single application, for a single application fee.

The undisputed evidence showed that nine of the 31 works registered, including the design at issue, had previously been sold separately to individual customers; *i.e.*, the design had not been part of the “single unit of publication” that Unicolors registered via a single application.

Citing Ninth Circuit precedent, the district court rejected the attack on plaintiff’s registration, because there was no showing at trial of fraudulent intent by plaintiff. On appeal, the Ninth Circuit reversed, holding that the district court erred even by considering the question of

plaintiff's intent: "once a defendant alleges" known inaccuracies in the registration, the district court "is required to submit a request to the Register of Copyrights."

In Unicolors' January 2021 petition for *certiorari*, it stated the question presented as follows: "Did the Ninth Circuit err in breaking with its own prior precedent and the findings of other circuits and the Copyright Office in holding that 17 U.S.C. § 411 requires referral to the Copyright Office where there is no indicia of fraud or material error as to the work at issue in the subject copyright registration?" By singling out "no indicia of fraud," the petition highlighted what it called a "dire circuit division" between the Ninth Circuit's ruling and prior cases, specifically *Roberts v. Gordy*, which it urged the Court to resolve.

When Unicolors filed its merits brief in August, however, it reframed the question presented, omitting any reference to the registrant's intent. Instead, the question was "whether that 'knowledge' element [in § 411(b)(1)(A)] precludes a challenge to a registration where the inaccuracy resulted from the applicant's good-faith misunderstanding of a principle of copyright law?" Respondent H&M and its *amici* did not fail to notice, nor did the Justices at oral argument. There was significant questioning about the switch, with Justice Clarence Thomas asking at one point why the Court should not dismiss the case as improvidently granted, and Justice Samuel Alito skeptically asking Unicolors' counsel about the allegedly "dire circuit division" asserted in the petition.

The bulk of the argument, though, focused on the re-framed question about what "knowledge" means in the context of § 411(b): is it only actual, "subjective" knowledge, as Unicolors argued, such that a registrant's good faith misunderstanding about Copyright Office formalities will not jeopardize the registration? Or, as H&M asserted, does it also encompass constructive knowledge, under the venerable principle that ignorance of the law is no excuse? The

parties and the Justices appeared to agree that willful blindness would qualify as “knowledge” for purposes of § 411 but otherwise there was no clear consensus.

The parties also clashed about what sorts of inaccuracies, exactly, the registrant had to have knowledge about, in order to trigger § 411(b): whether the Unicolors works in suit were all in fact published together, on the same day (a “factual” inaccuracy), and/or whether the works qualified for group registration under Copyright Office regulations (a mistake of law)? Justice Stephen Breyer addressed the fact/law distinction with a hypothetical about misidentifying a bird that hypothetically flew into the courtroom, which seemed to signal that the Court was not likely to rest its decision on what particular kind of inaccuracy the registrant might have included.

The Solicitor General’s office, representing the Copyright Office, rejected H&M’s contention that the registrant’s belief in the accuracy of its filing must have a “reasonable basis,” but acknowledged that a “manifestly unreasonable” position would be akin to willful blindness, and would thus justify questioning the validity of the registration. The SG’s office took no position on the controversy surrounding the change in the “question presented,” but did confirm that it believed the Ninth Circuit decision was wrong and that it had split with the Eleventh Circuit’s position in *Roberts v. Gordy*. The proper resolution, it argued, would be to remand the case for the Ninth Circuit to determine if the district court had applied the proper knowledge standard.

## CONCLUSION

The Court’s decision is expected by June of this year. Whatever the result, a number of issues posed by § 411(b) will likely remain open. For example, when the applicant is a corporation, is the relevant “knowledge of inaccuracy” the subjective knowledge of the individual who filled

out the application, or the collective knowledge of the corporation, as reflected in its records? More generally, how might a litigation play out if a court issues a request to the Register under § 411(b)? If the Register advises the court that the inaccurate information would have caused the Register to refuse registration – *i.e.*, is material – the court to all appearances is free to disagree (and indeed could treat the Register’s advice as a refusal to register under § 411(a), and allow the case to go forward on that basis). And if the Register’s advice is that the asserted inaccurate information would not have caused the Register to refuse registration, it remains the plaintiff’s burden to prove, and the court’s role to determine, copyright validity and ownership. As is so often true, even a clear Supreme Court decision will not likely be the last word.

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