

A District Court Split On Curing Copyright Timing Defects

By **Adam Wolek and Rashad Simmons** (August 15, 2019, 2:09 PM EDT)

Before the U.S. Supreme Court's holding in *Fourth Estate Public Benefit Corp. v. Wall-Street.com LLC*, [1] many circuit courts allowed plaintiffs to file copyright suits after merely filing copyright applications, without having to wait until the registrations actually issued. But then the Supreme Court in *Fourth Estate* held that plaintiffs had to wait until they received the copyright registrations (or denials) to sue. However, the Supreme Court did not address whether a plaintiff, who filed suit before obtaining a copyright registration, may cure that defect by amending the complaint after it received the registration.



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Now district courts are split on whether to allow parties to amend after registration, which, depending on the determination, may cause some pending cases to be dismissed and may also bar some claims if the statute of limitations has expired.

For instance, in *Izmo Inc. v. Roadster Inc.*, [2] the U.S. District Court for the Northern District of California held that a plaintiff could not amend its complaint to assert copyright infringement of photographs that were not registered at the time the plaintiff initiated its lawsuit. The *Izmo* court relied on an April 2019 decision from the U.S. District Court for the Southern District of New York in *Malibu Media LLC v. Doe*, [3] which barred the addition of infringement claims relating to copyrighted material registered after the commencement of the lawsuit. Both the *Izmo* and *Malibu* decisions stated that permitting an amendment to cure a plaintiff's failure to register its copyrights before suing would undermine the objectives animating from the Supreme Court's decision in *Fourth Estate*, which states that the registration requirement is akin to an administrative exhaustion requirement that a copyright owner must first satisfy before suing to enforce ownership rights.



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One month after the *Izmo* opinion, the U.S. District Court for the Central District of California reached the opposite conclusion of *Izmo* and *Malibu* when it allowed a plaintiff to amend its complaint in *Lang Van Inc. v. VNG Corp.* [4] In *Lang Van*, the plaintiff filed its complaint in 2014, alleging that the defendant infringed on thousands of plaintiff's copyrights in musical recordings that were covered by registrations that were issued at different times, including after the plaintiff filed its complaint.

After the Supreme Court's *Fourth Estate* opinion, the plaintiff filed a motion for leave to file an amended complaint to add its copyright registrations and an updated listing of the songs allegedly infringed by the

defendant that are now registered. The Lang Van court granted the plaintiff's motion for leave to file an amended complaint. While the defendant relied on *Izmo* as authority to deny the plaintiff's proposed amendment, the Lang Van court noted that the leading appellate authority when the plaintiff filed its case was *Cosmetic Ideas Inc. v. IAC/Interactive Corp.*,^[5] which allowed a copyright owner to file an infringement claim once the owner had submitted their registration application, materials and fee to the U.S. Copyright Office.

Accordingly, the Lang Van court determined that the administrative exhaustion principles from *Fourth Estate* should not apply where the plaintiff's original complaint was not premature under the existing law at the time of the plaintiff's filing. Additionally, the Lang Van court noted that it was particularly appropriate to allow the plaintiff opportunity to amend because the plaintiff filed its action in 2014 and disallowing the plaintiff's requested amendment would have implicated potential statute of limitations and equitable tolling issues.

But just a few weeks later, the Central District of California in *Washoutpan.com LLC v. HD Supply Construction Supply LTD.*^[6] reached the opposite decision of *Lang Van Inc.* when it determined that the plaintiff could not amend its complaint. In *Washoutpan.com*, the plaintiff filed a copyright infringement lawsuit alleging that the defendant had used copyrighted photographs of the plaintiff's work. At the time the plaintiff filed its initial complaint, it had filed copyright applications for the photographs, but the Copyright Office had not yet registered (or refused to register) the plaintiff's photographs.

Two months after initiating its lawsuit, the plaintiff filed an amended complaint. In the amended complaint, the plaintiff alleged that it would amend its complaint to add registrations to its copyrighted work once the Copyright Office issued the registrations. However, the *Washoutpan.com* court determined that the plaintiff, who improperly filed suit before registering its photographs, could not cure its defect by amending its complaint after the Copyright Office registered the works. The *Washoutpan.com* court cited and followed the principles in *Izmo* and *Malibu* that accepting an amended complaint as though it "instituted" a new action would fly in the face of the Copyright Act's registration requirement. It also stated that allowing amendment would "defeat Congress's purpose to 'maintain[] registration as prerequisite to suit' not just to liability." Accordingly, the *Washoutpan.com* court dismissed the plaintiff's copyright infringement claims.

The decisions barring plaintiffs from amending their claims like in *Izmo*, *Malibu* and *Washoutpan.com* will not only dismiss many pending claims but may bar other claims outright if any applicable statute of limitations expire. For instance, 17 U.S.C. Section 507(b) states that "[n]o civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued." So, if parties are forced to refile new suits rather than amend, and it has been more than three years since the claim accrued, their claims may now be barred.

Due to differing opinions from the district courts, parties will have to wait until appellate courts or the Supreme Court decide whether a plaintiff that filed suit before a work was registered can cure that defect by amending its complaint after the Copyright Office registered the copyright. While in many instances, a plaintiff may be able to file a new lawsuit to bring claims based on newly obtained registrations, these new claims could implicate potential statutes of limitations, equitable tolling and other procedural obstacles, making the issue of amendment ripe for judicial review.

The broader implications of the district court split is that some cases may be barred, dismissed or saved depending on how the lower court rules. Parties who have yet to file suit should wait until after they

received their registrations prior to filing suit and consider paying the expedited registration fee to accelerate the otherwise six- to seven-month wait at the Copyright Office.

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[1] Fourth Estate Pub. Benefit Corp. v. Wall-Street.com, LLC, 139 S. Ct. 881 (2019).

[2] Izmo, Inc. v. Roadster, Inc., 2019 WL 2359228 (N.D. Cal. June 4, 2019).

[3] Malibu Media, LLC v. Doe, 2019 WL 1454317 (S.D.N.Y. Apr. 2, 2019).

[4] Lang Van, Inc. v. VNG Corporation, SACV 14-00100 AG (C.D. Cal. July 12, 2019).

[5] Cosmetic Ideas, Inc. v. IAC/Interactive Corp., 606 F.3d 612, 614 (9th Cir. 2010).

[6] Washoutpan.com, LLC v. HD Supply Construction Supply LTD., 2:19-cv-00494-AB (C.D. Cal. August 5, 2019).