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**March 4, 2019**

## **U.S. Supreme Court Issues Rulings in Two Key Copyright Cases**

*By Eric R. Moran*

Today, the U.S. Supreme Court issued unanimous opinions in two important copyright cases: *Fourth Estate Public Benefit Corp. v. Wall-Street.com, LLC, et al.*, No. 17-571, and *Rimini Street, Inc., et al. v. Oracle USA, Inc., et al.*, No. 17-1625. Both cases involve interpretation of sections of the Copyright Act. The first relates to when a party may initiate a copyright suit, and the second relates to the types of litigation expenses that a prevailing party may recover in such a suit.

### ***Fourth Estate Public Benefit Corp. v. Wall-Street.com, LLC:***

In *Fourth Estate*, Justice Ginsburg wrote for the Court, which held that a copyright claimant cannot bring an infringement suit until the Copyright Office registers a copyright. In doing so, the Court rejected the view that a claimant can bring a suit once the claimant files a copyright application but before the Copyright Office issues a registration.

Copyright protection attaches to “original works of authorship” upon fixation in “any tangible medium of expression.” 17 U.S.C. § 102(a). Such fixation immediately grants a copyright owner certain exclusive rights, see 17 U.S.C. § 106, but section 411(a) governs the conditions under which a copyright owner may bring litigation to enforce those rights:

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. In any case, however, where the deposit, application, and fee required for registration have been delivered to the Copyright Office in proper form and registration has been refused, the applicant is entitled to institute a civil action for infringement if notice thereof, with a copy of the complaint, is served on the Register of Copyrights.

*Fourth Estate* largely presented questions of statutory interpretation of the section 411(a) phrases “registration . . . has been made” and “registration has been refused.” The question presented by *Fourth Estate* was whether copyright litigations could be initiated upon (i) the filing of an application with the U.S. Copyright Office (the “application approach”) or (ii) only upon the U.S. Copyright Office either granting or refusing registration of a copyright (the “registration approach”). *Fourth Estate*, slip op. at 2.

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The Court adopted the “registration approach,” looking primarily to the first two sentences of section 411(a). According to the Court, “[i]f application alone sufficed to ‘ma[ke]’ registration, § 411(a)’s second sentence—allowing suit upon refusal of registration—would be superfluous.” *Fourth Estate*, slip op. at 5.

Despite the ruling, the Court appeared sympathetic to the policy concerns that the “application approach” addresses. Such concerns include delayed injunctive relief, potential wide dissemination of infringing works, and the harmonization of U.S. copyright laws with related laws in the United States and elsewhere. In its penultimate paragraph, the Court stated:

True, the statutory scheme has not worked as Congress likely envisioned. Registration processing times have increased from one or two weeks in 1956 to many months today. . . . Delays in Copyright Office processing of applications, it appears, are attributable, in large measure, to staffing and budgetary shortages that Congress can alleviate, but courts cannot cure. . . . Unfortunate as the current administrative lag may be, that factor does not allow us to revise § 411(a)’s congressionally imposed text.

*Fourth Estate*, slip op. at 12.

The Court also confirmed that 17 U.S.C. § 504 provides for eventual recovery of damages for pre-registration infringement, and sections 502 and 503(b) allow a claimant to seek injunctions to stop continued infringement and destruction of infringing materials, respectively, even upon refusal of registration by the Register of Copyrights. *Fourth Estate*, slip op. at 10.

#### ***Rimini Street, Inc. v. Oracle USA Inc.:***

Justice Kavanaugh delivered the opinion for the Court in *Rimini*, which held that a prevailing copyright litigant is not entitled to a more expansive determination of costs than set forth in 28 U.S.C. §§ 1920 and 1821. As a result, the Court rejected Oracle’s position that it was authorized to receive an award of expenses that included expert witness fees, electronic discovery expenses, and jury consultant fees.

By way of background, Oracle brought copyright and other federal and state claims against Rimini, alleging that Rimini violated Oracle copyrights in providing software support services to Oracle customers. Oracle prevailed at district court, and a jury awarded Oracle \$50 million in damages. The U.S. District Court for Nevada then ordered defendants to pay an additional \$28.5 million in attorney’s fees, \$4.95 million (reduced to \$3.4 million) in costs, and \$12.8 million for litigation expenses that included expert witness fees, electronic discovery expenses, and jury consulting fees. *Rimini*, slip op. at 2.

At issue before the Court was the \$12.8 million award under 28 U.S.C. §§ 1920 and 1821. Section 1920 sets out six discrete categories of “taxable costs”:

- fees for the clerk and marshal;
- transcript fees;
- disbursements for printing and witnesses;
- fees for making copies;
- docketing fees; and
- the compensation of court-appointed experts and certain special interpretation services.

28 U.S.C. § 1920(1) – (6). Section 1821, in turn, delineates witness attendance rates (\$40-per-day) as well as per diem rules for witness travel expenses. 28 U.S.C. § 1821(a) – (f). All other cost categories or amounts in excess of the fixed rates are considered “non-taxable.”

The U.S. Court of Appeals for the Ninth Circuit acknowledged that the \$12.8 million award fell outside of sections 1920 and 1821. *Rimini*, slip op. at 1. Nevertheless, the Ninth Circuit held that the District Court’s award was appropriate because 17 U.S.C. § 505 of the Copyright Act allows for recovery of “full costs”:

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.

*Rimini*, slip op. at 1; 17 U.S.C. § 505.

Circuit Courts had split over whether the term “full costs” in section 505 authorizes the award of expenses outside of those set forth in sections 1920 and 1821. The Court resolved the split by looking to precedent and holding that only Congress may authorize such awards. And Congress, in the Copyright Act, had not done so:

Here, the Copyright Act does not explicitly authorize the award of litigation expenses beyond the six categories specified in §§ 1821 and 1920. And §§ 1821 and 1920 in turn do not authorize an award for expenses such as expert witness fees, e-discovery expenses, and jury consultant fees, which were expenses encompassed by the District Court’s \$12.8 million award to Oracle here.

*Rimini*, slip op. at 6. Accordingly, “full costs” in 17 U.S.C. § 505 of the Copyright Act are limited to the costs specified in 28 U.S.C. §§ 1920 and 1821. *Rimini*, slip op. at 12.

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The opinions can be found at [https://www.supremecourt.gov/opinions/18pdf/17-571\\_e29f.pdf](https://www.supremecourt.gov/opinions/18pdf/17-571_e29f.pdf) (*Fourth Estate Pub. Benefit Corp. v. Wall-Street.com*) and [https://www.supremecourt.gov/opinions/18pdf/17-1625\\_lkhn.pdf](https://www.supremecourt.gov/opinions/18pdf/17-1625_lkhn.pdf) (*Rimini Street, Inc. v. Oracle USA, Inc.*).

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