

No. _____

In the
Supreme Court of the United States

GOLD VALUE INTERNATIONAL TEXTILE, INC.,
DOING BUSINESS AS "FIESTA FABRIC," A CALIFORNIA
CORPORATION,

Petitioner,

v.

SANCTUARY CLOTHING, LLC, ET AL.,

Respondents.

**On Petition for Writ of Certiorari to the
United States Court of Appeals
for the Ninth Circuit**

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Can a court invalidate a copyright registration – and thus terminate a pending case – on the basis of a good-faith inclusion of inaccurate information on a copyright registration application, particularly when the putatively inaccurate information was not proven to be “included on the application for copyright registration with knowledge that it was inaccurate,” as required by 17 U.S.C. § 411(b)(1)(A)?

2. Is a mistake as to the “publication” status of a work the type of mistake that “would have caused the Register of Copyrights to refuse registration” of the *work* had it known the correct “publication” status, as contemplated by 17 U.S.C. § 411(b)(1)(B)?

3. If a court invalidates a copyright registration, should it terminate the action or shift the burden back to the copyright holder of providing ownership and originality of the copyrighted work at issue?

4. Should attorneys’ fees be awarded under 17 U.S.C. § 505 to an alleged infringer who “prevailed” only because of a technical mistake in a copyright registration?

PARTIES TO THE PROCEEDINGS

Petitioner Gold Value International Textile, Inc., doing business as “Fiesta Fabric,” was the plaintiff and the appellant in the proceedings below.

Respondents Sanctuary Clothing, LLC, Amazon.com, Inc., Bloomingdales, Inc., Dillards, Inc., Macy’s, Inc., Nordstrom, Inc. and Zapos IP, Inc. were Defendants and Appellees in the proceedings below.

CORPORATE DISCLOSURE STATEMENT

Gold Value International Textile, Inc. has no parent corporation, and no publicly held company owns 10% or more of its stock.

STATEMENT OF RELATED PROCEEDINGS

District Court for the Central District of California:

Gold Value Int’l Textile, Inc. v. Sanctuary Clothing, LLC, No. LACV1600339JAKFFMX, 2017 WL 2903180, C.D. Cal. Mar. 24, 2017, reconsideration denied, No. LACV1600339JAKFFMX, 2017 WL 3477746 (C.D. Cal. May 12, 2017), judgment entered January 4, 2018.

9th Circuit Court of Appeals:

Gold Value Int’l Textile, Inc. v. Sanctuary Clothing, LLC, 925 F.3d 1140 (9th Cir. 2019). Judgment entered June 4, 2019. The decision denying Fiesta’s petition for rehearing *en banc* issued on July 30, 2019 and is unreported.

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OPINIONS BELOW

The initial order deferring the decision giving rise to this appeal is reported at *Gold Value Int'l Textile, Inc. v. Sanctuary Clothing, LLC*, No. LACV1600339JAKFFMX, 2017 WL 2903180, C.D. Cal. Mar. 24, 2017), reconsideration denied, No. LACV1600339JAKFFMX, 2017 WL 3477746 (C.D. Cal. May 12, 2017)

The district court decision giving rise to the appeal is reported at *Gold Value Int'l Textile, Inc. v. Sanctuary Clothing, LLC*, No. LACV1600339JAKFFMX, 2017 WL 8236267 (C.D. Cal. Dec. 5, 2017).

The decision by the Ninth Circuit Court of Appeals denying Fiesta's appeal is reported at *Gold Value Int'l Textile, Inc. v. Sanctuary Clothing, LLC*, 925 F.3d 1140 (9th Cir. 2019).¹ The decision denying Fiesta's petition for rehearing *en banc* issued on July 30, 2019 and is unreported.

JURISDICTION

The Court of Appeals for the Ninth Circuit issued its opinion on June 4, 2019. On October 21, 2019 Associate Justice Kagan extended the deadline to file a petition for a writ of certiorari to November 27, 2019. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

¹ The opinion was written by the Honorable George Caram Steeh III, United States District Judge for the Eastern District of Michigan, sitting by designation.

STATUTORY PROVISIONS INVOLVED

The following statutes are at issue in this petition:

17 U.S.C. § 411(b), which 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.

(3) Nothing in this subsection shall affect any rights, obligations, or requirements of a person related to information contained in a registration certificate, except for the institution of and remedies in infringement actions under this section and section 412.

17 U.S.C. § 505, which states:

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.

INTRODUCTION AND STATEMENT OF THE CASE

This case is ripe for review because it is a matter of first impression for this court and involves a direct circuit split and interpretation of a federal statute that is not uniform amongst the circuits.

The facts are straightforward and relatively undisputed: a Los Angeles-based fabric design company named Gold Value International Textile, Inc. which does business as “Fiesta Fabric” (“Fiesta”), created an original fabric design (“Subject Design”).² A Fiesta

²The copyright registration that includes the Subject Design bears number VAu 1-151-509 and has an effective date of registration of October 24, 2013. The Subject Design was included on the copyright registration with thirty-two other two-dimensional pieces of artwork, each owned by the Fiesta, that comprised the registered “Grp. 029-Spring/Summer 2014” collection. The registration’s box for “publication date” was not completed, making it one for an unpublished collection under Copyright Office Practices. See U.S. COPYRIGHT OFFICE, COMPENDIUM OF U.S. COPYRIGHT OFFICE PRACTICES (3d ed. 2017) (“COMPENDIUM III”) § 1106, *et seq.* (cited by the lower courts); and U.S. COPYRIGHT OFFICE, COMPENDIUM OF U.S. COPYRIGHT OFFICE PRACTICES (2d ed. 1984)

customer named Sanctuary Clothing, LLC obtained a sample of the Subject Design from Fiesta and sent it to China to be copied onto garments that were then sold in the United States. The merits of the case were not reached because the district court terminated the case based on a putative technical mistake on Fiesta's copyright registration.

Fiesta had mistakenly overlooked the completion of a single box on the copyright registration form for the Subject Design. Because this box went unchecked, Fiesta's designs were registered as "unpublished" works instead of "published" works.

Fiesta's vice-president testified that, prior to the effective date of registration, Fiesta distributed samples of fabric featuring the Subject Design to prospective customers for the purpose of securing full production contracts for the production of fabric printed with the Subject Design. Fiesta's vice-president also testified that while he knew that such limited sampling had occurred, he did *not* know that limited sampling constituted legal publication for the purposes of registration for the Subject Design.

The Copyright Act states that a registration will only be invalidated if "inaccurate information was included on the application for copyright registration with knowledge that it was inaccurate[.]" 17 U.S.C.

("COMPENDIUM II") § 607.02 (in effect at the time of the registration of the Subject Design).

§ 411(b)(1)(A).³ It also states that a registration will only be invalidated if the error is of the type that would have resulted in the U.S. Copyright Office refusing to register the work had the correct information been known. 17 U.S.C. § 411(b)(1)(B).

Here, there was insufficient evidence at the summary judgment stage to conclude that Fiesta, at the time of completing its registration, knew that its non-completion of the “publication” box constituted the inclusion of “inaccurate” information on its registration. Thus, it was not shown that inaccurate publication information was included “with knowledge that it was inaccurate,” as is required for invalidation by 17 U.S.C. § 411(b)(1)(A) And the evidence reflected that a “publication” error is not of the type that “if known” would have caused a rejection of registration for the *work*, as is required for invalidation by 17 U.S.C. § 411(b)(1)(B).

Despite the forgoing, the Ninth Circuit contravened decades of its own case law and created a split with the Eleventh Circuit and most others by invalidating Fiesta’s registration, terminating its case, and awarding against it \$121,423.01 in attorneys’ fees and costs. If this decision is left extant, it puts in danger hundreds of thousands of copyrights across the country and establishes as precedential a ruling that directly conflicts with the spirit and letter of the statute.

³ In 2008, Congress passed this section, which was named The Prioritizing Resources and Organization for Intellectual Property Act of (the “PRO IP Act”), to close a loophole through which infringers were evading infringement liability on the basis of good-faith copyright registration mistakes.

This ruling was erroneous because, *inter alia*, courts have routinely interpreted the language of Section 411(b) to allow invalidation only when the registrant is shown to have acted in bad-faith or intended to defraud the Copyright Office by knowingly including inaccurate information in its copyright application. This accorded with the intent of the PRO IP Act, which was to stop courts from invalidating copyright registrations based on registration errors. But, the courts below did the opposite, ruling that the PRO IP Act removed the long-applied fraud or bad-faith standard and made it *easier* for courts to invalidate copyright owner's registrations.

The district court held as a matter of law that Fiesta, despite being ignorant of the legal definition of "publication," which differs from the lay definition and is incredibly complex, had "knowingly" included an inaccurate statement in its registration due to Fiesta's non-completion of the "publication" box. The entire basis for this "knowledge" finding was that Fiesta testified that it was aware that it had sampled the design at the time of its registration. This was an erroneous interpretation of Section 411(b)(1)(A) of the Copyright Act.

As a result of this error, the district court referred the matter to the Copyright Office under 17 U.S.C. § 411(b)(2) to resolve the question of whether the Copyright Office considered a "publication" mistake one that would have precluded registration under Section

411(b)(1)(B). The question posed to the Copyright Office was:

Would the Register of Copyrights have rejected Plaintiff's Registration No. VAu 1-151-509 for 2-dimensional artwork ("Grp.029-Spring/Summer 2014," filed October 24, 2013) with respect to Design 1461? Thus, would it have done so if, at the time of the application, the Register of Copyrights had known that, although Plaintiff had characterized the work as an unpublished collection that included the 1461 Design, Plaintiff **previously had published** the 1461 Design when it sold to its customers fabric samples that used the 1461 Design, without limiting further distribution or sale by those customers?

(Appendix G, App. 111, emphasis added).

The Copyright Office responded by stating:

[H]ad the Office been aware that the 1461 Design had been previously published, the Office would have refused registration of that work using the unpublished collections option because the work was registered as unpublished when in fact it had been published. The Office notes, however, that it is not unusual for the examiner to correspond with an applicant about factual assertions if the assertions appear to conflict with other information provided in the application materials. [...] The Register's response herein is thus premised on the fact that

the error identified in the Court's question was not timely corrected through such a process.

(Appendix F, App. 107-108.) (emphasis added). The Copyright Office response states only that the Subject Design would not have been registered as part of an "unpublished collection." The Copyright Office does *not* state that it would not have registered the Subject Design. To the contrary, it notes the Office's long-standing procedure of corresponding with applicants to correct basis technical errors before registering their work. Thus, the Copyright Office would have corresponded with Fiesta and would have registered the Subject Design despite the initial "publication" mistake. Indeed, the Copyright Office later registered the Subject Design as "published."

Following the issuance of the Copyright Office's response, the district court granted the motion for summary judgment, dismissed Fiesta's claims with prejudice, and ultimately awarded defendants' attorneys' fees as prevailing parties under 17 U.S.C. § 505. The district court awarded fees despite the sole basis for the decision being a technical error in the copyright registration. This error has been remedied by re-registering the Subject Design and instituting a separate action against respondents, which is currently stayed.

Fiesta timely appealed its case to the Ninth Circuit. In affirming the district court's orders, the Ninth Circuit repudiated its prior line of cases holding invalidation of a copyright registration under 17 U.S.C. § 411(b) can only occur after showing of bad-faith or an intent to defraud the Copyright Office on the part of

the applicant. Instead, the Ninth Circuit held that Fiesta's vice-president's knowledge of the facts giving rise to the mistake – that the Subject Design was sampled in limited quantities prior to the effective date of registration – established Fiesta's non-completion of the "publication" box as a knowing inclusion of inaccurate information, sufficient to satisfy the first prong of 17 U.S.C. § 411(b).

In doing so, the Ninth Circuit effectively overturned its prior binding precedent without *en banc* review and denied Fiesta's request for such review. It also explicitly created a Circuit division with the Eleventh Circuit and others.

This Court has yet to review Section 411(b) of the PRO IP Act since its 2008 passage into law and the lack of uniformity in its interpretation requires review. As it stands today, copyrighted works have different values in different circuits given the varying scrutiny that each gives to registrations for those copyrighted works.

Fiesta respectfully petitions this Court to issue a *writ of certiorari* to resolve the circuit division and to provide clarity as to the application of the PRO IP Act.

REASONS FOR GRANTING THE PETITION

I. The Ninth Circuit misinterpreted 17 U.S.C. § 411, contravened decades of precedent, and created a circuit division.

The Ninth Circuit misinterpreted both clauses of 17 U.S.C. § 411(b)(1), which amended the Copyright Act to establish that a “certificate of registration satisfies the [registration requirement of § 411(a)], regardless of whether the certificate contains any inaccurate information,” unless: (1) “the inaccurate information was included on the application for copyright registration with knowledge that it was inaccurate,” **and** (2) “the inaccuracy of the information, if known, would have caused the Register of Copyrights to refuse registration.” 17 U.S.C. § 411(b)(1)(A)-(B). The Ninth Circuit misinterpreted both prongs of this conjunctive test, and entered a decision that overturned decades of precedent and created a circuit split, as set forth below.

A. The Ninth Circuit misapplied the “knowing inaccuracy” prong of the test.

Per 17 U.S.C. § 411, only the inclusion of “inaccurate” information on a registration with “knowledge” of its inaccuracy will suffice to invalidate the registration. Courts across the nation have interpreted this language to require proof of fraud or bad-faith or at the very least an intentional attempt to mislead the Copyright Office. The Ninth Circuit carved its own path here by requiring no such evidence and instead imported, for the first time in copyright jurisprudence, an “ignorance of the law” exception to a “knowledge” requirement.

a. Ninth Circuit law requires a showing of fraud or bad faith to invalidate a copyright registration.

For decades, the Ninth Circuit required a showing of bad faith or fraud to invalidate a copyright registration. Indeed, before the Ninth Circuit’s opinion in *Sanctuary*, “[t]he [Ninth Circuit] case law [was] overwhelming that inadvertent mistakes on registration certificates do not invalidate a copyright and thus do not bar infringement actions, unless the alleged infringer has relied to its detriment on the mistake, or the claimant intended to defraud the Copyright Office by making the misstatement.” *Urantia Found. v. Maaherra*, 114 F.3d 955, 963 (9th Cir. 1997), citing, e.g., *Nimmer*, § 7.20 at 7–201 and n. 6 (“[A] misstatement or clerical error in the registration application if unaccompanied by fraud will not invalidate the copyright or render the registration certificate incapable of supporting an infringement action.”)(remainder of citations omitted); *accord S.O.S, Inc. v. Payday*, 886 F.2d 1081 (9th Cir. 1989)(noting fraud requirement); *Harris v. Emus Records Corp.*, 734 F.2d 1329, 1335 (9th Cir. 1984)(“Absent intent to defraud and prejudice, inaccuracies in copyright registration do not bar actions for infringement.”).

Over the last decade, no fewer than *four* Ninth Circuit opinions reaffirmed that fraud or bad-faith is required to invalidate a registration. In 2010, a registration that included the wrong *name* for the author of the registered work was found valid because the registrant “simply made a []mistake in listing

himself as the author['] on the copyright registration forms. That mistake does not constitute a basis to invalidate the copyright.” *Jules Jordan Video, Inc. v. 144942 Canada Inc.*, 617 F.3d 1146, 1156 (9th Cir. 2010). This copyright holder knew of the underlying facts from which the mistake arose (i.e., the correct author name), but the Ninth Circuit there did not imply an “ignorance of the law” exception (i.e., the applicant should have known that the law required the correct author name) and allowed the claim to proceed. The registration challenge ultimately failed because there was no evidence that the plaintiff “ever intend[ed] to defraud the Copyright Office.” *Id.*, 617 F.3d at 1156.

In 2011, the Ninth Circuit rejected a challenge to a registration based on an error in the publication section “because, in the absence of fraud on the Copyright Office, such errors are not cause for invalidation.” *United Fabrics Int’l, Inc. v. C&J Wear, Inc.*, 630 F.3d 1255, 1259 (9th Cir. 2011) (“Because [defendant] has not shown fraud on the Copyright Office, its argument on this issue fails.”).

In 2012, the Ninth Circuit reiterated that mistakes will not invalidate a registration “unless the alleged infringer has relied to its detriment on the mistake, or the claimant intended to defraud the Copyright Office by making the misstatement.” *L.A. Printex Indus., Inc. v. Aeropostale, Inc.*, 676 F.3d 841, 853 (9th Cir. 2012), *as amended on denial of reh’g and reh’g en banc* (June 13, 2012) (citations omitted).

In 2017, the Ninth Circuit again rejected a registration challenge, holding that “[g]ood faith mistakes in copyright applications do not preclude an infringement action.” *Unicolors, Inc. v. Urban Outfitters, Inc.*, 853 F.3d 980, 991 (9th Cir. 2017).

Here, however, the Ninth Circuit rejected this precedent and found for the *first time* that a copyright registration may be invalidated even in the absence of evidence of fraud or bad faith. The Ninth Circuit affirmed a finding that Fiesta knowingly included inaccurate information in its copyright application despite Fiesta’s vice-president’s testimony that he believed that Fiesta’s limited sampling of the Subject Design did *not* amount to legal “publication.” Appendix A, App. 13. The Ninth Circuit noted that the district court correctly characterized Fiesta’s position as one of “ignorance of the law,” which is “no excuse,” and determined that a showing of fraudulent intent is not required to invalidate a copyright registration under § 411(b)(1). *Id.* at App. 14. The Ninth Circuit agreed, finding “the term ‘knowingly’ does not necessarily have any reference to a culpable state of mind or to knowledge of the law[.]” thus holding that “Fiesta’s argument is foreclosed by the plain language of § 411(b), which does not require a showing of fraud[.]” *Id.* at App. 16.

The Ninth Circuit materially departed from decades of precedent and, for the first time, affirmed the termination of a copyright holder’s claim on the basis of a mistake that has not been shown to be a result of fraud or bad-faith. This decision requires review.

b. The Ninth Circuit mistakenly concluded that Fiesta’s registration error was sufficient for invalidation under 17 U.S.C. § 411(b)(1)(A).

Even without the fraud or bad faith requirement, it was never established that Fiesta knowingly included inaccurate information on its registration.⁴ Even if Fiesta knew that it had sampled the Subject Design in limited quantities, there is no evidence that Fiesta knew its sampling constituted “publication” of the Subject Design. And even if it did, it was not conclusively established that sampling in fact qualifies as legal publication, or that Fiesta *knew it was inaccurate* when it submitted the registration application without completing the “publication” box.

As this Court has noted in the context of another statute involving a “knowing” error based on a reasonable interpretation of the particular statute at the time of the error:

Where, as here, the statutory text and relevant court and agency guidance allow for more than one reasonable interpretation, it would defy history and current thinking to treat a [party] who merely adopts one such interpretation as a knowing or reckless violator. Congress could not

⁴ Technically, while the statute states that evidence that “inaccurate information was included on the application” may invalidate a registration, here Fiesta did not *include* any inaccurate information but is alleged to have failed to include *complete* information in the “publication” section. See 17 U.S.C. § 411(b)(1)(A).

have intended such a result for those who followed an interpretation that could reasonably have found support in the courts, whatever their subjective intent may have been.

Safeco Ins. Co. of America v. Burr, 551 U.S. 47, 70 n.20 (2007).

Fiesta testified that it had distributed samples of the Subject Design before the effective date of the registration, but also that it believed such sampling did not amount to legal publication. Legal publication is “the distribution of copies or phonorecords of a work to **the public** by sale or other transfer of ownership, or by rental, lease, or lending. The offering to distribute copies or phonorecords to a **group of persons for purposes of further distribution**, public performance, or public display, constitutes publication.” 17 U.S.C. § 101(emphasis added). Fiesta distributed samples to its customers (not the public) and the samples were not distributed “for the purposes of further distribution.” Thus, it is at least arguable that the Subject Design was unpublished at the time of registration.

Indeed, there is a long-standing doctrine that not all distributions amount to general publication under the Copyright Act. *See e.g. American Tobacco Co. v. Werckmeister*, 207 U.S. 284 (1907) (holding that the test of general publication is whether the exhibition of the work is under such conditions as to show dedication to the public without reservation of rights).

The Copyright Office itself advises that the limited distributions of copyrighted works in certain circumstances amounts to “limited publication” that does qualify as “publication” under the Copyright Act. See COMPENDIUM II § 905.02 (“In order for publication to occur by the distribution of copies or phonorecords, such distribution must be “to the public” rather than a more limited distribution.”); COMPENDIUM III § 1905.1 (“The courts created the doctrine of “limited publication” to distinguish certain distributions from a “general publication” and to avoid the divestive consequences of publication without notice when it was clear the author (or copyright proprietor) restricted both the purpose and the recipients of the distribution.”). Thus, Fiesta’s limited distribution of fabric samples was not “publication” at all.

This is borne out by the Compendium in effect at the time of Fiesta’s registration and the current Compendium include sections providing examples in which distributions to the public of the work at issue do not amount to legal general publication per the Copyright Act. See U.S.COPYRIGHT OFFICE,COMPENDIUM OF U.S.COPYRIGHT OFFICE PRACTICES (2d ed. 1984) (“COMPENDIUM II”) § 905; and COMPENDIUM III § 1905.1.

COMPENDIUM III provides a list of illustrative examples of limited publication that do not rise to the level of general publication under the Copyright Act, including the following: “[s]ending copies of a manuscript to prospective publishers in an effort to secure a book contract does not constitute publication

(regardless of whether the copies are returned).” COMPENDIUM III § 1905.1. Distributing a limited number of fabric samples in an effort to secure orders is certainly analogous.

There is no bright-line distinction between limited and general publication. The Copyright Office regulations lack clarity in this regard, though they note that both types of publication were viable at the time of Fiesta’s registration and remain viable today. When both limited and general publication are arguably applicable, the applicant is left to make a good faith effort as to which box to check on its application. This sort of good-faith election, even if ultimately proven to be the wrong one, cannot be found to amount to a “knowing” misstatement. Indeed, if the converse were true and the Ninth Circuit’s decision was left standing, virtually every publication misstatement would be a “knowing” one. This is untenable and not in keeping with the purpose of the Copyright Act.

Here, the most that was proven was that Fiesta knew that it had distributed samples. It was never proven that Fiesta knew that such distribution constituted legal publication. The evidence actually showed that Fiesta had no knowledge that the sampling constituted legal “publication.” Which is not surprising given the ambiguities discussed above. For there to be a *knowing* misstatement as to publication, Sanctuary was required to show that Fiesta knew that the sampling constituted publication at the time it submitted its application. This was unequivocally not done.

c. The Ninth Circuit improperly relied on an “ignorance of the law” exception to the “knowing” requirement in 17 U.S.C. § 411(b)(1)(A).

In rejecting Fiesta’s argument, the Ninth Circuit panel approved the district court’s importation of an “ignorance of the law” exception to Section 411(b)’s “knowledge” requirement, writing: “[a]s Justice Jackson correctly observed, ‘the knowledge requisite to knowing violation of a statute is factual knowledge as distinguished from knowledge of the law.’” Appendix A, App. 16, quoting *Bryan v. United States*, 524 U.S. 184, 192 (1998).

In an immigration case, this Court addressed the very same “ignorance of the law” maxim, noting that “ignorance of the law” (or a “mistake of law”) is no excuse.” *Rehaif v. United States*, 139 S. Ct. 2191, 2198, 204 L. Ed. 2d 594 (2019), citing *Cheek v. United States*, 498 U.S. 192, 199, 111 S. Ct. 604, 112 L. Ed. 2d 617 (1991). This Court stated, however, that the maxim does not normally apply where one “has a mistaken impression concerning the legal effect of some collateral matter and that mistake results in his misunderstanding the full significance of his conduct[.]” *Id.*

The Court elucidated the significance of the distinction, stating that the use of “knowingly” in the statute “required scienter not only in respect to” the facts but also as to *how the law applied to the facts*. *Id.* In that case, it was found that the use of “knowingly” in the statute “required the Government to prove that the defendant knew that his use of food stamps was

unlawful—even though that was a question of law.” *Rehaif*, 139 S. Ct. at 2198 (emphasis added).

The same reasoning applies here. For a registration to be invalidated due to the “knowing” inclusion of inaccurate information, it must be shown that the applicant knew of the facts giving rise to the legal error in the application *and* knew that the law as applied to those facts made the registration information inaccurate.

The analogous elements for a knowing misstatement regarding publication under the Copyright Act would require that Fiesta at the time of registration knew that it (1) distributed the Subject Design; and (2) that the distribution had the qualities necessary to fall into the legal definition of “publication” and as a result the “publication” box must be completed. This was not established. And it could not have been because Fiesta’s conduct was based on a good-faith interpretation of what constitutes publication. In other words, ignorance of the law, in this instance, *is* an excuse.

At the very least, the lack of a concrete distinction between what constitutes the publication of fabric designs in the context of sampling made the mistake on Fiesta’s registration one made in good faith and a result of misinterpretation as to a legal standard. *Unicolors, Inc. v. Urban Outfitters, Inc.*, 853 F.3d 980, 990-991 (9th Cir. 2017) (inadvertent mistake regarding legal definition of “derivative work” did not constitute a knowing inaccuracy; rejecting registration challenge when error was in good-faith).

d. The relevant administrative and legislative bodies, as well as the leading copyright treatise, interpret the PRO IP Act to require fraud.

The prevailing understanding of the PRO IP Act's fraud requirement transcends the courts. The Copyright Office stated that passage of the PRO IP Act "strengthens the intellectual property laws of the United States" and specifically, "it amends section 411 of the copyright law to **codify the doctrine of fraud on the Copyright Office** in the registration process." U.S. Copyright Office, *Annual Report of the Register of Copyrights, Fiscal Year Ending September 30, 2008*, 12–13 (2008) (emphasis added).⁵ A second report further noted that subsection (b) was added to section 411 "to create a new procedure for infringement actions that requires courts to seek the advice of the Copyright Office on issues that may involve fraud on the Copyright Office." *Universal Dyeing & Printing, Inc. v. Knitwork Prods. II, LLC*, No. 217CV05660ODWMRW, 2019 WL 2613448, at *6 (C.D. Cal. June 26, 2019), citing U.S. Copyright Office, *Annual Report of the Register of Copyrights*, at 9 (2009) (emphasis added).

⁵ Available at: <https://www.copyright.gov/reports/annual/2008/ar2008.pdf>.

The leading copyright treatise and legislative history also confirm that the PRO IP Act was passed specifically to “close the loophole”⁶ that infringers had exploited to invalidate registrations and evade liability. As the *Nimmer on Copyright* treatise makes clear, “[t]he legislative history for the PRO IP Act explains that the amendment aims to close the loophole whereby ‘intellectual property thieves’ argue ‘that a mistake in the registration documents, such as checking the wrong box on the registration form, renders a registration invalid and thus forecloses the availability of statutory damages.’” *Kaseberg v. Conaco, LLC*, 360 F. Supp. 3d 1026, 1034 (S.D. Cal. 2018), quoting 2 *Nimmer on Copyright* § 7.20 (2018).

e. The Ninth Circuit’s misinterpretation of Section 411(b) created a dire circuit division.

In dispensing with its previously established fraud standard, the Ninth Circuit created a conflict with the Eleventh Circuit as to the correct application of 17 U.S.C. § 411(b)(1). The Ninth Circuit specifically acknowledged its departure:

The Eleventh Circuit held in *Roberts v. Gordy* that a showing of “intentional or purposeful concealment of relevant information” is required

⁶ See H.R. Rep. 110-617, at 24 (2008) (“[t]o prevent intellectual property thieves from exploiting this potential loophole, the Act makes clear that a registration containing inaccuracies will satisfy the registration requirements of the Copyright Act unless the mistake was knowingly made and the inaccuracy, if known, would have caused the Register of Copyrights to refuse registration.”).

to render a registration invalid. 877 F.3d 1024, 1029 (11th Cir. 2017) (citation omitted). The court relied upon its prior precedent, however, without attention to the plain language of § 411(b). Section 411(b) does not mention intentional concealment or fraud, but only that the information was included “with knowledge that it was inaccurate.” 17 U.S.C. § 411(b)(1).

Appendix A, App. 16-17, *fn.* 4.

The Eleventh Circuit in *Gordy* noted that the promulgation of the PRO IP Act “amends section 411 of the Copyright Act to codify the doctrine of fraud on the Copyright Office in the registration process.” *Gordy*, 877 F.3d at 1029, *fn.* 5 (citation omitted). The panel further found that “the scienter necessary for invalidating a registration is also clear and well settled[,]” concluding that the “failure of the first registration to correctly assert a published work on the basis of promotional phonorecords provided to disc jockeys—as opposed to an unpublished work that was still awaiting album publication—lacks any sort of deceptive intent, especially since there is nothing to indicate that the registration would not have been approved as a published work.” *Id.* at 1030.

The Eleventh Circuit reached the opposite conclusion as the *Sanctuary* panel: “[w]hile the district court correctly found material inaccuracies in the registrations, it erred by not applying the appropriate scienter for Fraud on the Copyright Office [... “good faith inaccuracies in [its] registrations should not preclude the undisputed authors from copyright protection.” *Id.* at 1030-1031. The panel in *Sanctuary*

created a Circuit split by holding that the scienter for fraud on the copyright office was not required for invalidating a copyright registration on the basis of misstatements in the registration certificate.

Most other circuits align with the Eleventh. The Third Circuit requires an “intentional omission” of a material fact to invalidate, noting that “mere inadvertence,” is “insufficient.” *Mon Cheri Bridals, Inc. v. Wen Wu*, 383 F. App’x 228, 232 (3d Cir. 2010) (citations omitted). The Second Circuit, as well, looks to whether an applicant’s conduct “constituted fraud on the Copyright Office.” *Whimsicality, Inc. v. Rubie’s Costume Co.*, 891 F.2d 452, 455 (2d Cir. 1989). The Fifth and Sixth Circuits also requires evidence of fraud to invalidate. See *One Treasure Ltd., Inc. v. Richardson*, 202 F. App’x 658, 661 (5th Cir. 2006) (holding misstatements do not invalidate a registration without fraudulent intent); *Advisers, Inc. v. Wiesen-Hart, Inc.*, 238 F.2d 706, 708 (6th Cir. 1956) (“innocent misstatement ... in the affidavit and certificate of registration, unaccompanied by fraud” does not invalidate copyright).⁷

The Ninth Circuit’s decision has created a circuit division and this petition should be granted to reconcile said division, particularly given that it concerns the interpretation of the Copyright Act, a federal statute.

⁷ Recently, relying on Ninth Circuit precedent, the Federal Circuit created a further split in *Bruhn NewTech, Inc. v. United States*, No. 16-783C, 2019 WL 4656218, at *41 (Fed. Cl. Aug. 23, 2019) (writing that the Ninth Circuit “concluded that a showing of fraud or intentional concealment is not required under the current version of 17 U.S.C. § 411(b).”).

See *Silvers v. Sony Pictures Entm't, Inc.*, 402 F.3d 881, 890 (9th Cir. 2005) (“the creation of a circuit split would be particularly troublesome in the realm of copyright.”).

B. The Ninth Circuit misapplied the “materiality” prong of the test.

The Ninth Circuit also misinterpreted the second prong of the test, which requires that the erroneous information on the registration be material enough that the Copyright Office would have denied the work registration if the true facts were known. 17 U.S.C. § 411(b)(1)(B). Publication errors have been adjudged not to be the type of error that “if known, would have caused the Register of Copyrights to refuse registration.” *L.A. Printex Indus., Inc. v. Aeropostale, Inc.*, 676 F.3d 841, 854 (9th Cir. 2012), *as amended on denial of reh’g and reh’g en banc* (June 13, 2012), 17 U.S.C. § 411(b)(1)(B). Indeed, “[m]aterial facts on a copyright registration application are those which go toward the registrability of the materials themselves, such as originality [...], the nature of materials to be copyrighted [...], “and contested claims of authorship and ownership[.]” *Shady Records, Inc. v. Source Enterprises, Inc.*, No. 03 CIV. 9944 (GEL), 2005 WL 14920, at *10 (S.D.N.Y. Jan. 3, 2005), citing *Russ Berrie & Co. v. Jerry Elsner Co.*, 482 F.Supp. 980, 988 (S.D.N.Y.1980) (evidence that subject of copyright registration was copied from the public domain sufficient to rebut presumption of copyright registration’s validity), *Whimsicality, Inc. v. Rubie’s Costume Co.*, 891 F.2d 452, 455-56 (2d Cir. 1989) (characterization of costumes as “soft-sculpture” on

copyright registration to evade non-copyrightable nature of clothing invalidated registration), *Medforms, Inc. v. Healthcare Mgmt. Solutions, Inc.*, 290 F.3d 98, 109 (2d Cir. 2002) (denial of motion for new trial on infringement claims affirmed where jury could have invalidated copyright registration on the basis of its conclusion that the putative author was not actually an author of the copyrighted material). Publication status does not affect in any manner whether a work is registrable. The Ninth Circuit’s finding to the contrary requires review.

C. The Ninth Circuit failed to shift the burden of proof back to Fiesta after the presumptions attached to its registration were invalidated.

The Ninth Circuit affirmed the entry of judgment against Fiesta after the invalidation of its registration. This was error, as the court was required, once the registration was invalidated, to, as a result of the invalidation, disregard the registration’s presumptions and shift the burden of proving authorship and ownership of the artwork back to Fiesta. *See Entm’t Research Grp., Inc. v. Genesis Creative Grp., Inc.*, 122 F.3d 1211, 1218 (9th Cir. 1997) (after invalidating, the court “properly shifted the burden of proving validity—the threshold issue for copyright infringement lawsuits—back to [plaintiff]”)(citations omitted).

As this court noted in *Fourth Estate Pub. Benefit Corp. v. Wall-Street.com, LLC*, 17 U.S.C. § 411(a) states that “no civil action for infringement of the copyright in any United States work shall be **instituted** until ...

registration of the copyright claim has been made in accordance with this title.” 139 S. Ct. 881, 886, 203 L. Ed. 2d 147 (2019)(emphasis added). But, there is no requirement that the registration maintain its validity throughout the action. To the contrary, as this court notes, Section 411(a) is also satisfied when “registration has been refused” by the Copyright Office. *Id.*, 139 S. Ct. at 888, 203 L. Ed. 2d 147.

The lower courts terminated Fiesta’s case instead of shifting the burden of proof, and the Ninth Circuit failed to address this argument in its opinion, making it ripe for review.

D. The Ninth Circuit erred in affirming the grant of attorneys’ fees based solely on a technical victory.

Granting fees to the infringer under 17 U.S.C. § 505 was also error. As this Court has held: “[t]he primary objective of the Copyright Act is to encourage the production of original literary, artistic, and musical expression for the good of the public.” *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 533 (1994). And the Ninth Circuit had previously held that prevailing “on a technical defense, such as the copyright registration requirements” is not on the merits. *Fantasy, Inc. v. Fogerty*, 94 F.3d 553, 556, 560 (9th Cir. 1996). The lower court’s decision to award fees against a copyright holder whose otherwise valid claim was terminated due to a good-faith mistake on its registration was in error.

CONCLUSION

It is respectfully submitted that this petition for a *writ of certiorari* should be granted.

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