

No. 20-915

IN THE
Supreme Court of the United States

UNICOLORS, INC.,

Petitioner,

v.

H&M HENNES & MAURITZ, L.P., ET AL.,

Respondents.

ON PETITION FOR WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

REPLY BRIEF FOR PETITIONER

Scott Alan Burroughs
Stephen M. Doniger
Trevor W. Barrett
DONIGER/BURROUGHS PC
603 Rose Avenue
Venice, CA 90291

Thomas M. Bondy
ORRICK, HERRINGTON &
SUTCLIFFE LLP
1152 15th Street, N.W.
Washington, D.C. 20005

Counsel for Petitioner

E. Joshua Rosenkranz
Counsel of Record
Christopher J. Cariello
Jennifer Keighley
ORRICK, HERRINGTON &
SUTCLIFFE LLP
51 West 52nd Street
New York, NY 10019
(212) 506-5000
jrosenkranz@orrick.com

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INTRODUCTION

This case presents a critical legal question that threatens to invalidate the copyright claims of countless unwary—and entirely blameless—copyright owners. A plaintiff must register a copyright claim before it may bring a civil infringement suit. 17 U.S.C. § 411(a). Under the PRO-IP Act, Pub. L. No. 110-403, 122 Stat. 4256, a certificate of registration satisfies this requirement, even if it contains inaccurate information, unless the “inaccurate information was included on the application for copyright registration with knowledge that it was inaccurate.” *Id.* § 411(b)(1)(A).

H&M concedes that the circuits are split on how to interpret that provision when it comes to a registration that is inaccurate only because the applicant made an innocent, but reasonable, mistake of law. The Eleventh Circuit would allow the copyright owner’s claim to proceed, because the owner did not have “knowledge that [the registration] was inaccurate.” But the Ninth Circuit would block the suit, no matter how reasonable the copyright owner’s understanding of the law was, and even if it concerned an unsettled legal question.

H&M urges this Court not to resolve the acknowledged split because the Eleventh Circuit’s decision is an “outlier.” *Opp.*8. But among circuits that have opined on the question, the tally is 2-1, in favor of the Eleventh Circuit. There is no evidence those courts will move to the Ninth Circuit’s minority position. There is also no “consensus ... coalescing” among district courts in favor of the Ninth Circuit’s approach,

id., except among district courts in the Ninth Circuit bound to follow higher authority.

H&M is also wrong in asserting that the Ninth Circuit’s approach is faithful to the statute’s “plain language.” Opp.10. The Eleventh Circuit’s approach adheres to the plain language: An applicant cannot be said to have “knowledge” that a registration “was inaccurate” if it believed it was accurate. By contrast, the Ninth Circuit’s approach turns on grafting onto § 411(b) a distinction between knowledge of the underlying facts and knowledge of the law that has no textual basis.

The issue that has divided the circuits is plainly outcome-determinative here given the lack of any finding that Unicors intentionally or purposefully concealed information from the Copyright Office and the undisputed truth that Unicors’ legal understanding was based on the Copyright Office’s own guidance.

Without this Court’s intervention, the decision below will invalidate copyrights based on good-faith errors in applications. Given that non-lawyers complete most copyright applications, and even learned judges issue conflicting opinions regarding often-confusing registration requirements, the decision below will impose draconian consequences inconsistent with the IP-supportive purpose of the PRO-IP Act.

ARGUMENT

I. The Circuits Are Split On When Errors In A Copyright Registration Certificate Warrant Invalidation.

The most important takeaway from H&M's opposition is that it concedes the circuit conflict.

The Eleventh Circuit holds that § 411(b) “codifies the defense of Fraud on the Copyright Office” that predated the PRO-IP Act because its requirement that the applicant have “knowledge” of inaccuracies requires “intentional or purposeful concealment of relevant information.” *Roberts v. Gordy*, 877 F.3d 1024, 1029-30 (11th Cir. 2017). Errors made “in good faith,” based on the registrant’s honest misinterpretation of the registration form, provide no basis for invalidating a copyright. *Id.* at 1030. The Ninth Circuit, by contrast, has rejected the argument that § 411(b) codifies the fraud on the Copyright Office defense. App.10. Instead, the court has held that the statute’s “knowledge” language requires knowledge only of the underlying facts, and not “knowledge of the law.” *Gold Value Int’l Textile, Inc. v. Sanctuary Clothing, LLC*, 925 F.3d 1140, 1147 (9th Cir. 2019). And under the decision below, even a good-faith error provides a basis for invalidation. App.14.

H&M’s assertion that the Eleventh Circuit’s approach is an “outlier,” with a consensus coalescing around the Ninth Circuit’s view, Opp.8, is based on a very odd way of counting courts and assessing consensus. H&M insists “there are now three Circuit Court *opinions* that have expressly rejected” *Gordy*. Opp.18

(emphasis added). Two of those opinions come from the same circuit—*Gold Value* and the opinion below. The third—*Bruhn NewTech, Inc. v. United States*, 144 Fed. Cl. 755 (2019)—is not a circuit court decision, but a decision from the Court of Federal Claims. And H&M does not dispute that the Seventh Circuit has also observed that § 411(b) codifies the fraud on the Copyright Office doctrine. See *DeliverMed Holdings, LLC v. Schaltenbrand*, 734 F.3d 616, 625 n.3 (7th Cir. 2013). So, if anything, there is a 2-1 count against the Ninth Circuit.

H&M lists three courts “follow[ing] *Gold Value*’s holding” (Opp.18), but all three are district courts within the Ninth Circuit that had no choice but to follow binding law. Moving outside the Ninth and Eleventh Circuits, H&M ignores numerous district court decisions that have aligned with the Eleventh Circuit,¹ and that the Eleventh Circuit itself has recently reaffirmed *Gordy. MidlevelU, Inc. v. ACI Info. Grp.*, 989 F.3d 1205, 1220 (11th Cir. 2021).

¹ See *E-Steps, LLC v. Americas Leading Fin., LLC*, No. 20-01245-WGY, 2021 WL 1157024, at *5 (D.P.R. Mar. 24, 2021); *Energy Intel. Grp., Inc. v. CHS McPherson Refinery, Inc.*, 304 F. Supp. 3d 1051, 1063 (D. Kan. 2018); *Archie MD, Inc. v. Elsevier, Inc.*, 261 F. Supp. 3d 512, 520 (S.D.N.Y. 2017); *Palmer/Kane LLC v. Gareth Stevens Publ’g*, No. 1:15-CV-7404-GHW, 2017 WL 3973957, at *13 (S.D.N.Y. Sept. 7, 2017). *Duncan v. Blackbird Products Group, LLC* recently acknowledged the “circuit split” and adopted the Eleventh Circuit’s view. No. 17-03404-CV-S-BP, Dkt. 437 at 10-12 (W.D. Mo. Apr. 15, 2021).

II. The Ninth Circuit's Interpretation Of The Statute Is Wrong.

H&M is wrong in asserting that the Ninth Circuit's approach "adheres to and honors the plain language of the statute." Opp.10. Quite the opposite: The Eleventh Circuit approach respects the plain language of the statute, while the Ninth Circuit imposes an extratextual gloss.

The language of the statute imposes a clear scienter requirement: Inaccurate information supplies a potential basis for invalidating a copyright only if it was "included on the application for copyright registration *with knowledge that it was inaccurate.*" 17 U.S.C. § 411(b)(1)(A) (emphasis added). A copyright applicant cannot be said to "know[]" that a "copyright registration ... was inaccurate," *id.*, if he completes an application "incorrectly, but in good faith," *Gordy*, 877 F.3d at 1030. If, for instance, the inaccuracy is because the applicant harbored "an understandable—albeit incorrect—definition of publication," the applicant did not know that the information was inaccurate, and the requisite scienter is lacking. *Id.*

That is why the Copyright Office recently rejected the Ninth Circuit's approach in this case, reiterating its view that "[a] copyright registration should not be invalidated—and the copyright owner's ability to enforce the copyright compromised—when the application was submitted in good faith based on a reasonable interpretation of the law." Response of the Register of Copyrights, *Fashion Ave. Sweater Knits, LLC v. Poof Apparel Corp.*, No. 2:19-cv-06302-CJC-JEM, Dkt. 129-1 at 18 (C.D. Cal. Feb. 8, 2021).

H&M makes much of the fact that the statute “does not require a showing of intent-to-defraud.” Opp.10. But this is just semantics: “fraud” is simply another way of describing the “intentional or purposeful concealment of relevant information” that the statute expressly requires by insisting on “knowledge” of the “inaccura[cy].” *Gordy*, 877 F.3d at 1029-30.

The context in which the PRO-IP Act was enacted confirms that reading. The “fraud on the Copyright Office” doctrine pre-dating the PRO-IP Act distinguished between “knowing” errors versus errors that were “innocent,” “inadvertent,” or “unintentional.” *E.g.*, *Urantia Found. v. Maaherra*, 114 F.3d 955, 963 (9th Cir. 1997) (“Errors ... do not affect plaintiff’s right to sue for infringement unless they are knowing ...”); *Whimsicality, Inc. v. Rubie’s Costume Co.*, 891 F.2d 452, 456 (2d Cir. 1989) (invalidation requires a “knowing failure to advise the Copyright Office of facts”); *see also Original Appalachian Artworks, Inc. v. Toy Loft, Inc.*, 684 F.2d 821, 828 (11th Cir. 1982); *Advisers, Inc. v. Wiesen-Hart, Inc.*, 238 F.2d 706, 708 (6th Cir. 1956). “The normal rule of statutory construction is that if Congress intends for legislation to change the interpretation of a judicially created concept, it makes that intent specific.” *Kelly v. Robinson*, 479 U.S. 36, 47 (1986) (citations omitted). The PRO-IP Act shows no such intent. On the contrary, the statute’s “knowledge” language echoes prior decisions adopting the “fraud on the Copyright Office” doctrine, thereby codifying that doctrine.

The Ninth Circuit’s construction grafts language onto the statute. It rests on distinguishing between “factual knowledge” and “knowledge of the law,” hold-

ing that the statute’s reference to “knowledge” only applies to the former. *Gold Value*, 925 F.3d at 1147. The supposed “inaccuracy” here involved the legally complex issue of when multiple designs may be registered as a group in a single application. Unicolors argued that it did not provide inaccurate information “with knowledge that it was inaccurate” because it did not know that a court would later conclude that it was impermissible to register confined designs that were made available only to certain customers alongside other more broadly available designs. In fact, as discussed below (at 10), at the time of registration, Unicolors had the law right, at least in the Copyright Office’s published view. The Ninth Circuit, however, concluded that it was irrelevant to the “knowledge inquiry ... whether Unicolors knew” that what it was doing “would run afoul of the single-unit registration requirements.” App.14.

That holding departs dramatically from the statute’s plain language: A copyright plaintiff—like Unicolors here—may be deemed to have provided inaccurate information, “with knowledge that it was inaccurate,” even though it did not, in fact, know it was inaccurate. And by making it far easier for copyright violators to invalidate registrations, the Ninth Circuit’s approach also subverts the core purpose of the PRO-IP Act, which was “to improve intellectual property enforcement.” H.R. Rep. No. 110-617, at 20, 23 (2008).

There is no justification for this stark departure from the text and statutory purpose. The Ninth Circuit believed that it was compelled to read a “factual knowledge” limitation into the statute to honor the

criminal-law maxim that “ignorance of the law [is] no excuse.” *Gold Value*, 925 F.3d at 1146. But that maxim applies only where a party seeks to evade punishment by arguing that it was “unaware of the ... statute proscribing his conduct.” *Rehaif v. United States*, 139 S. Ct. 2191, 2198 (2019). Unicolors seeks no such thing.

Instead, Unicolors is arguing that it did not have actual or constructive “knowledge that” the information it provided “was inaccurate.” Nothing in the “ignorance of the law” maxim undermines such an argument. On the contrary, the maxim allows a defendant to argue that he had “a mistaken impression concerning the legal effect of some collateral matter and that mistake results in his misunderstanding the full significance of his conduct, thereby negating an element of the offense.” *Id.* (internal quotation marks omitted). And contrary to the Ninth Circuit’s approach, this Court has held that statutory “knowledge” requirements encompass both factual knowledge and an understanding of the legal requirements at issue. *See, e.g., Jerman v. Carlisle, McNellie, Rini, Kramer & Ulrich LPA*, 559 U.S. 573, 584 (2010).

III. Correcting The Ninth Circuit’s Flawed Interpretation Of § 411(b) Is Important.

Given the clear circuit conflict, this Court’s intervention is needed to ensure uniformity. H&M argues that the split has not changed since this Court denied certiorari in *Gold Value*, and that certiorari should therefore also be denied here. Opp.8, 17-18. But that argument ignores several developments since then.

And H&M does not even address, much less undermine, the importance of this issue.

1. There are several developments since *Gold Value*. First is a development that occurred since the Petition was filed: the Copyright Office’s intervening insistence that the Ninth Circuit’s approach is wrong. *See supra* 5.

Second, the respondent’s principal argument against certiorari in *Gold Value* was that “none of the cases cited ... would have been decided differently under the Ninth Circuit’s rulings.” BIO at 9, *Gold Value*, 140 S. Ct. 1294 (2020) (No. 19-708), 2020 WL 584333, at *9. But just one year later, this is yet another case where the outcome turns on the Ninth Circuit’s erroneous interpretation of § 411(b). This case confirms that this issue will recur until this Court intervenes.

Third, the decision below extends far beyond *Gold Value*. In *Gold Value*, the applicant had registered works as unpublished, even though the works had previously been sold. The applicant had argued that it “did not believe that such sales constituted publication as a matter of law,” but the Ninth Circuit found “no reasonable basis for this belief.” 925 F.3d at 1147. The applicant’s “*lack of authority or plausible explanation*” for its position distinguishes this case from others in which a claimant’s *good faith* or inadvertent *mistake* did not constitute a knowing inaccuracy.” *Id.* (emphases added). Thus, while holding that “knowledge of the law” was not required, *Gold Value* made clear that “good faith” legal misunderstandings would be insufficient to invalidate a copyright.

But in the decision below, the Ninth Circuit erased any such distinction, holding that knowledge of the underlying facts is all that is required, even on an unsettled legal question. *Supra* 7. And the Ninth Circuit reached that holding even though Unicolors' belief that it could register these works together was not only eminently reasonable, but consistent with the then-governing Compendium published by the Copyright Office. Pet.18-19.

H&M concedes that Unicolors followed the Copyright Office's guidance. It was not until 2017, long after Unicolors submitted its registration, that the Copyright Office amended the Compendium to state explicitly that works must be "bundled" together to be registered on a single application. Opp.26-27. H&M insists that this amendment does not matter because the bundling requirement derives from the regulation's unambiguous text. *Id.* But that text only requires the works to be in a "same unit of publication," 37 C.F.R. § 202.3(b)(4), nowhere requiring the works to be bundled together, nor even that the works be "related," *Kay Berry, Inc. v. Taylor Gifts, Inc.*, 421 F.3d 199, 205 (3d Cir. 2005). Regardless, Unicolors' reliance on the then-applicable guidance was no less reasonable. The text was certainly not sufficient to give Unicolors "knowledge" the guidance was wrong. Indeed, the opinion below acknowledges that the Ninth Circuit had "never previously addressed what it means to publish multiple works as a 'single unit.'" App.11. Yet, the Ninth Circuit's approach faults Unicolors for failing to predict the outcome of this unsettled legal question.

2. H&M also fails to address the far-reaching consequences—and extreme unfairness—of the Ninth Circuit’s approach. Copyright applications are most often completed by non-lawyers, who understandably are prone to make errors as they attempt to “reconcile conflicting judicial opinions” on “complex” legal questions. U.S. Copyright Office, Online Publication, 84 Fed. Reg. 66,328-01, 66,328 (Dec. 4, 2019). For instance, the Copyright Office has recognized that determining whether and when a work was published often raises complicated legal questions, with stakeholders “repeatedly express[ing] frustration to the Office regarding difficulty in determining whether a work has been published when completing copyright application forms.” *Id.*

The confusion is not limited to publication standards—the Copyright Office acknowledges that applicants also often make “errors in identifying new or preexisting material” when identifying derivative works, U.S. Copyright Office, Registration Modernization, 85 Fed. Reg. 12,704-01, 12,708 (Mar. 3, 2020), and it commissioned a report that details the confusion plaguing the process for obtaining copyright protection for software, *see* Stanford Law School Law and Policy Lab Copyright Licensing Practicum, *Revising the Requirements for Software Registration* 1-2 (2017-2018), <https://tinyurl.com/4dxbx8nb>.

In *Raquel v. Education Management Corp.*, 531 U.S. 952 (2000), this Court granted, vacated, and remanded—after reviewing the Solicitor General’s brief and the Copyright Office’s statement of policy—because the Third Circuit had misunderstood the copyright registration form. If the Third Circuit can be

confused about how to fill out the copyright registration form, perfection can hardly be expected from the lay artists and authors who ordinarily complete such forms.

The Ninth Circuit's approach will result in copyright invalidation based on good faith errors that, if they had been brought to light at the time of registration, could have been easily corrected by the applicant. *See* 17 U.S.C. § 408(d); *Gold Value*, 925 F.3d at 1143. And it will do so even where the purported registration error does not concern the work at issue. That is what happened here: The application was accurate as to the infringed work, which indisputably was *not* confined; any purported inaccuracy related only to other confined works improperly listed on the same registration. App.5-6. This draconian penalty is wholly unwarranted and inconsistent with the goals of the PRO-IP Act.

IV. There Is No Vehicle Problem.

H&M argues that this case is an “exceptionally poor vehicle” for resolving the acknowledged circuit split, insisting that the “intent-to-defraud test ... would not change the outcome.” Opp.24-25. It ignores that the district court here *did* apply that very approach, and doing so *did* change the outcome—the Ninth Circuit reversed only because it adopted a different approach. Vehicles do not come any cleaner.

H&M's contrary argument consists of five pages of factual assertions about Unicolors' knowledge concerning dates that certain patterns were confined. Opp.21-25. This misses the point for the same reason

the Ninth Circuit’s decision does: It focuses only on knowledge of *facts*, rather than knowledge of *inaccuracy*—specifically, the inaccuracy of Unicolors’ understanding of the law. Neither H&M nor the Ninth Circuit cited any evidence of that knowledge because there is none.

Here, as in *Gordy*, there is no evidence of “any sort of deceptive intent.” 877 F.3d at 1030. That would have ended the inquiry in the Eleventh Circuit, just as it did universally under the fraud on the Copyright Office doctrine Congress intended to encode in the PRO-IP Act. This Court should resolve the circuit split and reinstall the proper test nationwide.

CONCLUSION

The Court should grant the petition for a writ of certiorari.

Respectfully submitted,

Scott Alan Burroughs
Stephen M. Doniger
Trevor W. Barrett
DONIGER/BURROUGHS PC
603 Rose Avenue
Venice, CA 90291

Thomas M. Bondy
ORRICK, HERRINGTON &
SUTCLIFFE LLP
1152 15th Street, N.W.
Washington, D.C. 20005

E. Joshua Rosenkranz
Counsel of Record
Christopher J. Cariello
Jennifer Keighley
ORRICK, HERRINGTON &
SUTCLIFFE LLP
51 West 52nd Street
New York, NY 10019
(212) 506-5000
jrosenkranz@orrick.com

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