

## High Court H&M Ruling Empowers DIY Copyright Applicants

By **Michael Jacobs and Benjamin Fox** (February 28, 2022, 4:41 PM EST)

In a case that tested the standards for invalidating copyrights based on errors in a copyright application, the U.S. Supreme Court held on Jan. 24 in *Unicolors Inc. v. H&M Hennes & Mauritz LP* that an applicant's lack of knowledge of the facts or the law can excuse errors in a registration.

For artists and content creators, the ruling reaffirms the benefits of registering copyrights — where doing so promptly may be better than doing so perfectly.

Copyright practitioners have long known the importance of timely and correct registrations. The Copyright Act grants owners a presumption of validity of their copyright for works registered within five years after first publication.[1]

Statutory damages and attorney fees, potent brews for deterrence and enticing litigation counsel, may be foreclosed unless the work is registered within three months of publication.[2] And for U.S. works, a valid registration is a prerequisite to bringing suit.

The act provides a safe harbor for errors in the registration process. It excuses inaccuracies in the certificate unless the inaccurate information was included with knowledge that it was inaccurate, and the inaccuracy, "if known, would have caused the Register of Copyrights to refuse registration." [3]

In crafting this safe harbor from invalidation, Congress intended to make it easier for nonlawyers to obtain valid registrations, while "eliminating loopholes that might prevent enforcement of otherwise validly registered copyrights." [4]

In *Unicolors v. H&M*, an owner of fabric designs sued retailer H&M for selling clothing bearing the plaintiff's artwork. Unicolors had registered its artwork as part of a single unit registration covering 31 separate designs. H&M argued that the registration was invalid because copyright regulations require a single unit registration to have been first offered for sale in a bundled collection.

And while Unicolors admitted that it registered the 31 works together to save money, certain designs in the collection had been first sold separately.[5]

A jury found for Unicolors, awarding disgorgement damages and lost profits. In 2020, the U.S. Court of



Michael Jacobs



Benjamin Fox

Appeals for the Ninth Circuit reversed, holding that the registration was invalid because it contained known inaccuracies.[6]

In reversing the Ninth Circuit, Justice Stephen Breyer, writing for the 6-3 majority, explained that Unicors "was not aware of the legal requirement [for single unit registration] that rendered the information in its application inaccurate" and thus was entitled to the act's safe harbor for inaccuracies.[7]

Copyright applicants, the court wrote, may be forgiven "their (often esoteric) legal mistakes" — especially "because applicants include novelists, poets, painters, designers, and others without legal training." [8] Going forward, knowledge of a mistake in a registration "means actual, subjective awareness of both the facts and the law." [9]

Justice Clarence Thomas, for the dissent, wrote that the court should have dismissed the certiorari petition as improvidently granted. Unicors' petition asked the court to resolve a circuit split over whether Section 411 of the Copyright Act requires indicia of fraud to invalidate a registration. But in its merits briefing, the petitioner instead argued over the definition of actual knowledge. The dissent said this legerdemain should not be rewarded.[10]

Unicors provides several takeaways. First, authors and other creators of copyrighted works benefit from registering their works early and often. The U.S. Copyright Office's online portal provides much of what a nonlawyer needs to complete a successful registration.[11]

Counsel assisting rightsholders with their registrations may be held to a higher standard. As Unicors stated, the applicant's experience with copyright law is a factor to be considered, while "willful blindness may support a finding of actual knowledge." [12]

For defendants challenging copyright registrations, a path to victory still remains. The majority opinion invites litigants to turn to circumstantial evidence to demonstrate that an applicant was "actually aware of, or willfully blind to," inaccurate information.[13] Discovery into the copyright registrant's relevant experience and the circumstances leading to inaccuracies in a registration may bear fruit.

And where a defendant can show a known inaccuracy, it should ask the court to request the register of copyrights' views on "whether the inaccurate information, if known, would have caused the Register ... to refuse registration." [14] Depending on the case's progress and timing of the request, a stay of the litigation might also be sought.

So what do we make of the circuit split over requiring indicia of fraud on the Copyright Office to invalidate a registration? The dissent cited the U.S. Court of Appeals for the Eleventh Circuit's deceptive intent standard in the 2017 *Roberts v. Gordy* decision,[15] but it noted that Unicors, H&M and the government as amicus all agreed during briefing that a knowing failure alone is enough.[16] The court, however, did not decide the role to be played by deceptive intent.

The court may take up the issue another day. But wise wagers should expect actual knowledge to remain the goal line. As the Unicors majority stated, "if Congress had intended to impose a scienter standard other than actual knowledge, it would have said so explicitly." [17]

*Correction: An earlier version of this article misidentified the author of the majority opinion. This error has been corrected.*

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*Michael A. Jacobs and Benjamin J. Fox are partners at Morrison & Foerster LLP.*

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[1] 17 U.S.C. §410(b).

[2] 17 U.S.C. §412.

[3] 17 U.S.C. §411(b)(1).

[4] *Unicolors, Inc. v. H&M Hennes & Mauritz, L.P.*, 595 U.S. \_\_ (2022), slip op. at 7 (majority opinion).

[5] *Unicolors, Inc. v. H&M Hennes & Mauritz, L.P.*, 959 F.3d 1194, 1196 (9th Cir. 2020).

[6] *Id.* at 1200.

[7] *Unicolors*, slip op. at 5 (majority opinion) (quoting 17 U.S.C. §411(b)(1)(A)).

[8] *Id.*, slip op. at 5-6 (majority opinion).

[9] *Id.*

[10] *Unicolors*, slip op. at 1 (dissenting opinion).

[11] <https://www.copyright.gov/registration/>.

[12] *Unicolors*, slip op. at 8 (majority opinion).

[13] *Id.*

[14] 17 U.S.C. § 411(b)(2).

[15] *Roberts v. Gordy*, 877 F. 3d 1024 (11th Cir. 2017).

[16] *Unicolors*, slip op. at 2-3 (dissenting opinion).

[17] *Id.*, slip op. at 6 (majority opinion).