

REGISTRATION AND REMEDIES: RECOVERY OF ATTORNEY'S FEES AND STATUTORY DAMAGES UNDER THE COPYRIGHT REFORM ACT

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This Article¹ will focus on the practical aspects of copyright registration and enforcement, based upon both my experience as an attorney practicing in the area and, in particular, my experience advising the American Society of Media Photographers ("ASMP"), one of the groups supporting the Copyright Reform Act.² The impetus for that group's concern is consistent with what my experience has demonstrated, which is that the registration system does not work for authors. Specifically, the copyright registration system is an ineffective measure designed to secure remedies for the constitutionally protected individual author, small business, and small copyright owners. Moreover, it may not even work for large copyright owners, who are seeking to enforce their rights in court. Thus, my perspective on the issue is as an advocate for groups seeking to make copyright law meaningful and its remedies effective. The ASMP, which I represent, has testified in support of the Copyright Reform Act in both the House and the Senate, and continues to actively support the legislation's enactment.

When considering the merits of the Copyright Reform Act, it is telling to note that the author of section 412, Barbara Ringer, testified before Congress that she now believed the provision to be a mistake.³ In her opinion, cultivated over fifteen years of experience, section 412 has done more harm than good, and should be abolished. Her testimony elegantly addressed the need to reexamine what experience tells us is and is not working.

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¹ This article was adapted from a speech given at Benjamin N. Cardozo School of Law, on "Copyright in the Twenty-First Century," a symposium held on April 12, 1994, sponsored by the *Cardozo Arts and Entertainment Law Journal*.

² The Copyright Reform Act of 1993 sought to repeal §§ 411(a) and 412 of the Copyright Act. 17 U.S.C. §§ 411-412 (1988). The Copyright Reform Act of 1993 was before Congress as H.R. 897 and S. 373, 103d Cong., 1st Sess. (1993).

³ Barbara Ringer is the former Registrar of Copyrights.

In reality, section 412⁴ has been a shield for copyright infringers, and an obstacle to the effective enforcement of copyrights. This concern is reflected in the House Report on the House Bill,⁵ which explains why section 412 has proven to be an unsuccessful experiment since its inception as part of the 1976 Copyright Act.⁶

As a threshold matter, it is essential to understand what I perceive to be the realistic effects of the Copyright Act, and to establish the factual basis supporting legislative reform. The practical problem of section 412 is that the time, difficulty, and expense required to register is simply too burdensome for most individual artists and small copyright owners. The result is that many do not comply, and the vast majority of copyrightable works created in this country are, therefore, never registered.

Photographers present special problems, given the tremendous volume of works created, but these problems are not unique to them. With thousands of images created each year, it is literally impossible for anybody, even the most successful photographers, to register those images in the Copyright Office. As a result, even the most successful photographers consistently fail to register their works. Nor do individual artists, who produce only a few copyrightable works, register on any consistent basis.

It is this reality that is driving the desire to do something about the complexity of copyright registration. The result is section 412.⁷ Unfortunately, two critical remedies under the Copyright Act, attorney's fee and statutory damages, are not available for unregistered works under section 412.⁸ There is no guarantee, of course, that even if they were available, they would be awarded. In fact, if there was language insinuating anything close to a guarantee, the Supreme Court's recent decision in *Fogerty v. Fantasy, Inc.*⁹ has eliminated it.

What the standard will be remains to be seen. It is clear, however, that it will be discretionary. While in the past the prevailing practice was that an attorney could comfortably advise a client that it was likely that if he prevailed, he would get at least an award of attorney's fees, no knowledgeable and responsible lawyer could give such advice today. And remember, an attorney has to win the case, which creates a debate over what types of cases merit the

⁴ 17 U.S.C. § 412 (1988).

⁵ H.R. Rep. No. 103-388, 103d Cong., 1st Sess. (1993).

⁶ 17 U.S.C. § 101 *et seq.* (1976).

⁷ 17 U.S.C. § 412 (1988).

⁸ 17 U.S.C. § 412 (1988).

⁹ 114 S. Ct. 1023 (1994).

award of attorney's fees. The debate is really about going after clear cases of infringement, featuring willful egregious infringers. In this era of technology, the number of infringers are proliferating. It is not a question of pursuing borderline copyright infringement cases or cases in which the defendant is raising a legitimate claim of fair use. One cannot imagine any case in which a legitimate claim of fair use has been raised and considered carefully, with the result that attorney's fees were imposed upon the defendant. That is not what this debate is about, particularly after the *Fogerty* decision. In a footnote to that case, the Court discussed the factors that might be considered by courts in deciding whether to award attorney's fees: motivation, justification for the defendant's position, and the objective and subjective reasonableness of the defendant's actions.¹⁰ These factors influence a court's decision in evaluating whether attorney's fees will be awarded. However, it is important to note that these factors are merely points of consideration, and not the basis for a systematic routinized analysis. Moreover, following *Fogerty*, the factors for consideration appear applicable only in willful infringement cases, which is the basis of this debate, because currently it is virtually impossible to litigate willful infringement cases, and the willful infringers know it.

ASMP's executive director, Richard Weisgrau, informed the House of Representatives that he and I had both been told repeatedly by prospective defendants who had committed infringement of photography, that while they had done it, they knew that there was no registration in place. That is a safe assumption when it comes to photography. The willful infringer knows that there is no meaningful or realistic prospect of litigating his case in federal court, where attorney's fees are likely more than fifty-thousand dollars, particularly since a first deposition will take the photographer through his many errors in registering his work. If anyone is of the opinion that there are no such registration errors, he should sit through a deposition with a client when he is asked to justify his position on work made for hire in light of *Reid* factors,¹¹ joint work in light of the recent case law, or what constitutes preexisting material for the purpose of derivative works. These are all questions that must be filled in on the application registration form,¹² and they each provide fertile territory for attack in litigation.

A colleague litigated a case in which the parties spent over a

¹⁰ *Fogerty*, 114 S. Ct. at 1033 n.19.

¹¹ *Community For Creative Non-Violence v. Reid*, 490 U.S. 730 (1989).

¹² 17 U.S.C. §§ 408-410 (1988).

hundred thousand dollars litigating the alleged fraud on the Copyright Office that arose from the mistakes in the application. There are almost always mistakes, or at least arguable mistakes, which are invariably discovered during litigation. I perceive that defense attorneys abuse the registration process, utilizing it as a weapon in infringement litigation. Let me suggest that courts focus attention not on the infringing or allegedly infringing activity, but rather on how the copyright owner misled the Copyright Office. It is used as a weapon, and its destructiveness is particularly evident in preliminary injunction actions.

When willful infringement is alleged, the copyright owner will first and foremost seek to stop the infringing action, as opposed to seeking monetary damages. The most expedient means to accomplish this is by obtaining a preliminary injunction. If there is no prior registration in place, the copyright owner has to file an application with the Copyright Office pursuant to section 411.¹³ In the case of photography, prior registration is not feasible, particularly if the photographer has sent the film to a publisher or another party, and no longer has a copy of the work to register and deposit in the Copyright Office. Thus, the registration process frequently impedes photographers from litigating willful infringement claims. Even where the photographer does fill out the application and gets into court, much of the court's initial activity will not be directed to the merits of the case, but rather towards the conduct of the copyright owner. Time, effort, and expense will be spent litigating the validity of the certificate and the representations made in the certificate, instead of getting to the heart of the matter.

In my experience the importance of attorney's fees and statutory damages is not the end result of rewarding hungry lawyers or copyright owners looking for a windfall. The case law in this area demonstrates that there are neither automatic awards of attorney's fees, nor are there generally unjustified awards of statutory damages. Instead, one finds legitimate attempts to use these remedies to do justice, to be fair to the copyright owner in light of what is frequently willful and obvious infringement.

In terms of the practical realities, the importance of attorney's fees and statutory damages is numerous. First, they are important in order to acquire legal representation, since they provide attorneys with some reasonable prospect of being paid. Thus, many photographers and artists cannot find lawyers to handle their cases because they cannot provide any assurances of being paid. If the

¹³ 17 U.S.C. § 411 (1988).

lawyer is going to advance the costs of litigation, he normally does so only when there is a reasonable prospect of recovery.

Second, awarding statutory damages eliminates the need to prove profits, which entails the use of expert witnesses and much time and expense. In contrast, the court will decide where in the range of statutory damages the amount should be set to take into consideration the importance of the copyrighted work and the egregiousness of the defendant's behavior.

The final and most important benefit of these remedies is that they induce settlement. ASMP informed Congress that it had not been involved in any case where statutory damages and attorney's fees were available and yet an infringer chose to litigate anyway. That would be an unwise business decision for a willful infringer. To litigate a matter, drag it out, and end up facing the prospect of paying plaintiff's attorney's fees as well as your own attorney's fees, makes little sense. As a result, it does not happen often.

Accordingly, the availability of attorney's fees and statutory damages in cases of obvious infringement induces settlement. More importantly, the availability of these remedies creates a respect for the copyright laws, the rights of authors, and for the integrity of copyrighted works.

