

3 Copyright Cases To Watch In 2019

By **Bill Donahue**

Law360 (January 1, 2019, 12:03 PM EST) -- With two thorny Supreme Court cases set for oral arguments in January and a cutting-edge internet case set for a new round of litigation after that, 2019 figures to be another busy year in copyright law. To get ready for the year ahead, here are the cases you need to watch.

To Register, or Not to Register

The U.S. Supreme Court is set to rule this year on whether copyright owners must fully register their works before suing — not exactly the sexiest issue, but one that experts say they're closely watching.

The question in the case — *Fourth Estate Public Benefit Corp. v. Wall-Street.com LLC* — is what the Copyright Act means when it says a work must be "registered" prior to the filing of an infringement lawsuit.

In several circuits, courts have said a work is registered as soon as the owner files application paperwork with the U.S. Copyright Office, but in others, courts have said the work isn't registered until the office actually registers or takes action on the application.

That may sound like a boring issue of paperwork, but copyright attorneys say the stakes of the case are high.

"It may sound strictly procedural, but the implications are far from it," said John A. Polito, a partner and copyright litigator at Morgan Lewis LLP.

In those jurisdictions in which office action is needed for a work to be "registered," copyright owners typically need to wait many months to sue. The Copyright Office can expedite the process, but at a cost of hundreds of dollars per work.

That's a small hindrance for major media companies, but it's a real burden for smaller copyright owners or those that create lots of small works, like news publications.

"For parties who don't file for expedited registration, it can take two years," Polito said. "For news organizations, this is a big question."

The high court agreed to hear the case in June and arguments are scheduled for Jan. 8.

The case is *Fourth Estate Public Benefit Corp. v. Wall-Street.com*, case number 17-571, at the Supreme Court of the United States.

Embed to Rights

More litigation lies ahead in 2019 after a surprising ruling last year that said online media companies could be held liable for infringement when they feature "embedded" social media posts.

The decision came in a case filed by a photographer who claimed a slew of media websites violated copyright law by embedding tweets featuring a photo showing NFL quarterback Tom Brady with Boston Celtics General Manager Danny Ainge into news stories on their websites.

Previous cases had established the so-called service test, which held that images displayed on a website through an embedded link — but stored on a third-party server — did not constitute infringement. Under that standard, such "inline linking" had become common practice for media sites.

But in February, U.S. District Judge Katherine B. Forrest broke with that test, saying there was "no basis" for such a distinction within the Copyright Act and that the sites had infringed Goldman's copyright by linking to the tweeted photo.

Citing claims that the ruling would cause "tremendous uncertainty," Forrest allowed the media sites to quickly appeal the case to the Second Circuit, but that court refused the fast-track appeal in July, setting the stage for fascinating litigation in 2019.

"I think it could have a very big impact," said Dori A. Hanswirth, a partner and veteran media litigator at Arnold & Porter. "So many online digital news organizations just thought you could do this, and Judge Forrest said, 'No, you can't.'"

An interesting wrinkle as the case moves ahead: Judge Forrest abruptly retired from the bench in July, and the case has been reassigned to U.S. District Judge Alison J. Nathan.

Discovery is set to wrap up in February.

The case is *Goldman v. Breitbart News Network LLC et al.*, case number 1:17-cv-03144, in the U.S. District Court for the Southern District of New York.

Clash of Costs

The Supreme Court's second copyright case in 2019 will tackle another wonky issue: How much a court should award in "costs" to a party that wins a copyright case.

The case was taken to the justices by third-party technical support company Rimini Street Inc. after it was ordered to pay a whopping \$12 million in costs after losing a copyright lawsuit filed by Oracle.

In federal litigation, generally, awards of "taxable costs" are governed by two provisions of the federal code that lay out what types of expenses are to be covered. But the Copyright Act includes its own separate provision that orders courts to pay a prevailing party its "full costs."

Those conflicting statutory directives have caused copyright confusion in the circuits.

Certain courts have ruled the term "costs" in copyright cases still only means the specific expenses laid out in the federal code, but the Ninth Circuit has ruled that an award of "full costs" should cover a larger list of things, like expert witness fees, jury consulting fees and e-discovery expenses.

What the high court says could mean the difference in hundreds of thousands or even millions of dollars in costs after long-running copyright battles.

"I'm very interested in the outcome because costs of litigation today are so high, including many things that the people who wrote the code on taxable provisions couldn't have taken into account," said Hanswirth, the Arnold & Porter attorney.

The high court took the case in September and oral arguments are set for Jan. 14.

The case is Rimini Street Inc. et al. v. Oracle USA Inc., case number 17-1625, at the Supreme Court of the United States.

--Editing by Michael Watanabe.