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**"Catch 411:" Does Section 411 of the Copyright Act Restrict The Subject Matter Jurisdiction Of Federal Courts Over Copyright Actions?**

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**Introduction: The Issue**

On March 2, 2009, the United States Supreme Court granted certiorari to review a highly technical decision on subject matter jurisdiction that the Second Circuit issued nearly two years ago. How the Supreme Court decides the issue on which it granted certiorari will determine the future of copyright class actions in this country.

The case is *Reed Elsevier v. Muchnick*, Docket 08-103.<sup>2</sup> It may or may not be the final phase in a David-versus-Goliath drama begun eighteen years ago. Then, a handful of freelance writers, including Jonathan Tasini, challenged the practice of both print and electronic publishers of licensing newspaper and magazine articles written by freelancers for inclusion in on-line and CD-ROM databases. The plaintiffs' claim? That publishers and database-producers had infringed the writers' copyrights. The Supreme Court ruled in the freelancers' favor. *New York Times Co. v. Tasini*, 533 U.S. 483, 488, 121 S.Ct. 2381, 150 L.Ed.2d 500 (2001).

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<sup>1</sup> Emily Bass, who has practiced law in New York for the past twenty-five years, in 2001 was named one of ten "standout" attorneys by the *National Law Journal* for her work in the landmark case, *Tasini v. The New York Times*. This commentary concerns the consolidated class action that followed on the heels of *Tasini* and sought to implement the *Tasini* decision. In the District Court, the class action was referred to as *In re Literary Works in Electronic Databases* ("IRLW"). In the Supreme Court, it is known as *Reed Elsevier v. Muchnick*.

Bass is one of the attorneys for the putative class in the case, but she is not lead counsel. This article does not speak for lead counsel and in no way binds them.

Bass developed the basic arguments that are discussed in this article some eight or nine years ago and has been reflecting upon the arguments since then. This commentary draws upon and amplifies those reflections, in the hope that they will contribute to the public discourse.

<sup>2</sup> For convenience, we shall refer to the case by the name by which it was known in the District Court - *In re Literary Works in Electronic Database* or "IRLW."

The industry-wide controversy associated with that challenge is now back before the Supreme Court for a second round. This time, the database producers, print publishers and authors' groups are all on the same side. In 2005, they reached a global agreement that would permit the continued use of freelance contributions in electronic archives and databases in exchange for modest compensation and broad releases. The District Court approved the parties' settlement, but the Second Circuit vacated the District Court's order. *Muchnick v. Thomson Corporation*, 509 F.3d 116 (2d Cir. 2007).

The catch? Not so much a Catch-22 as a "Catch-411": Section 411 of the Copyright Act requires that an author register his or her copyright claim in a United States work before instituting an action for its infringement.<sup>3</sup> While the plaintiffs in *In Re Literary Works* (hereinafter *IRLW*) had satisfied this registration requirement,<sup>4</sup> most class members had not. According to the publishers, the failure to register "likely affected more than 99 percent of the claims" asserted by the class. 509 F.3d at 119.

Finding that § 411 deprived the District Court of subject matter jurisdiction over claims alleging the infringement of **un**registered

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<sup>3</sup> 17 U.S.C. § 411(a) reads as follows:

(a) Except for an action brought for a violation of the rights of the author under section 106A(a) [17 USCS § 106A(a)], and subject to the provisions of subsection (b), no civil action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made in accordance with this title. In any case, however, where the deposit, application, and fee required for registration have been delivered to the Copyright Office in proper form and registration has been refused, the applicant is entitled to institute a civil action for infringement if notice thereof, with a copy of the complaint, is served on the Register of Copyrights. The Register may, at his or her option, become a party to the action with respect to the issue of registrability of the copyright claim by entering an appearance within sixty days after such service, but the Register's failure to become a party shall not deprive the court of jurisdiction to determine that issue."

<sup>4</sup> All of the named plaintiffs in *IRLW* were in compliance with § 411. They had either registered the works upon which they instituted suit or were not required to register. See § 411, 101 (registration only required as to "United States works.") The claims of foreign-author plaintiffs are, accordingly, ignored for purposes of this analysis since they do not affect the subject matter jurisdiction calculus.

works,<sup>5</sup> the Second Circuit vacated the District Court's Order certifying a class and approving the parties' settlement. *Muchnick v. Thomson Corporation*, 509 F.3d 116 (2d Cir. 2007). The defendant database producers and publishers then petitioned for and were granted certiorari, limited to the following issue:

Does 17 U. S. C. Sec. 411(a) restrict the subject matter jurisdiction of the federal courts over copyright infringement actions?

*Reed Elsevier v. Muchnick*, Docket No. 08-103, 2009 U.S. LEXIS 1646 (U.S., Mar. 2, 2009).

The issue the Supreme Court will decide is of tremendous practical and legal significance - not simply for the parties involved, but perhaps for the country as a whole. There are at least three reasons for this: First of all, most freelance writers, graphic artists, photographers, musicians, programmers, geeks and e-innovators in this country do not register their creations with the U.S. Copyright Office, see e.g., 509 F.3d at 119 (freelancers register less than 1% of their works); 2) if it is not already the case, the collective intellectual product of the country may soon be its greatest asset; and 3) nowadays, hundreds of thousands, if not millions, of copyrights can be infringed with a single click, clack, or mouse-stroke.

As long as the intellectual-property issues such a cyber-regime spawns can be dealt with efficiently - i.e., as related "cases and controversies" - the United States should enjoy a comparative advantage, in the terms of classical economist David Ricardo, in international trade of IP and IT. If such issues have to be resolved in piece-meal fashion, on the other hand, on a work-by-work basis, the United States must expect either commercial and judicial gridlock, or significant lost value.

Fortunately, there is no cause for alarm. District courts have jurisdiction over claims arising from unregistered copyrights and there is no legal barrier to their efficient disposition. Indeed, there are at least four solutions to the supposed "§ 411 problem":

. two relatively simple solutions (Points II and III, post);

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<sup>5</sup> For the sake of simplicity, I will refer to claims for the infringement of registered works as "registered claims," and claims for the infringement of unregistered works as "unregistered claims."

- . one more complex - but equally satisfying - solution (Points IV and V); and
- . the solution Petitioners favor (the “Matsushita argument”).

While Petitioners' Brief is in many respects a tour-de-force, in the final analysis, I believe that its approach is fundamentally flawed. It ignores or seeks to undermine significant grounds for finding subject matter jurisdiction. (See, e.g., Point II). It eschews simple answers in favor of more complex ones. (See, e.g., Points II and III). It insists on the Supreme Court's answering questions not posed by the case before it. (See section entitled “Petitioner's Approach To Subject Matter Jurisdiction”). And, most significantly perhaps it proceeds from a false premise -- that while the District Court may have had subject matter jurisdiction to *dismiss, settle or release* class members' unregistered claims, it did not have jurisdiction to “*fully adjudicate*” them. (See Points IV and V, post.). As this commentary will demonstrate, the *IRLW* court possessed plenary jurisdiction over the subject matter of both registered and unregistered claims, and all claims were fully adjudicable. (See Point V, post.) Indeed, the commentary examines four possible solutions to the subject matter jurisdiction challenge posed by the Second Circuit in *IRLW*. (See Points II – V, post.)

Before examining these four solutions, the commentary will review *IRLW*'s history in somewhat greater detail, examine the relationship between registration and copyright historically, and compare and contrast two approaches to the subject matter jurisdiction question – the approach taken by petitioners before the Supreme Court and the approach taken in this article. Since the substantive terms and adequacy of the parties' settlement in *IRLW* are not under review,<sup>6</sup> this commentary attempts to evaluate the issues before the Court through a settlement-free lens. Towards that end, it assumes for purposes of its legal analysis that no settlement was ever reached.<sup>7</sup>

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<sup>6</sup> The Second Circuit never reached these questions because it concluded that, whatever the settlement's terms, the District Court lacked subject matter jurisdiction to approve them.

<sup>7</sup> It is only natural for parties that have committed to a particular settlement and settlement formula to view everything through its lens. Unfortunately, this can lead them to ignore or reject arguments that might call the substantive terms of their settlement into question.

## **A Brief History Of The IRLW Case:**

In *New York Times Co. v. Tasini*, 533 U.S. 483, 488, 121 S.Ct. 2381, 150 L.Ed.2d 500 (2001), the Supreme confirmed the basic principle that freelance writers retain the copyright in articles they write for newspapers and magazines. Unless they expressly give written permission, print publishers and database producers cannot electronically reproduce, distribute or license rights in the freelancers' works without committing copyright infringement. The publishers are not absolved of their infringing actions by section 201 of the Copyright Act. *New York Times Co. v. Tasini*, 533 U.S. 483, 488, 121 S.Ct. 2381, 150 L.Ed.2d 500 (2001).

*Tasini* itself was a test case. It was intended to set the stage for a class action on behalf of all freelancers whose works appeared in electronic databases. Four such class actions were brought in 2000 and were stayed pending the Supreme Court decision in *Tasini*. After the decision, three of the four class actions were consolidated in the United States District Court for the Southern District of New York,<sup>8</sup> with the fourth action denominated a related action. 509 F.3d at 118. Based upon the decision in *Tasini*, the District Court "swiftly referred the parties to mediation." 509 F.3d at 119.

After several years - many consumed by talks between and among the members of the Defense Group<sup>9</sup> - the parties reached a settlement designed "to achieve global peace in the publishing industry . . . ". 509 F.3d at 119. The terms of that settlement are set forth in full at <http://www.copyrightclassaction.com/>. For purposes of this discussion, suffice it to say that, under the settlement, the Class was divided into three sub-classes, each entitled to a different level of damages. Broadly speaking, the first subclass (Category A) included claims that were eligible for statutory damages. The second (Category B) included claims that were eligible for actual damages. The third subclass (Category C) was composed almost entirely of claims that had never been registered with the Copyright Office. (Arguably, the most members of this subclass were entitled to receive was actual

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<sup>8</sup> Only one of the four class actions originally brought covered unregistered claims and claimants. *Laney v. Dow Jones & Co.*, 00-civ-769 (D.Del.). Cf. *Posner v. Gale Group*, 00-civ-7376 (S.D.N.Y.); *Authors Guild v. The Dialog Corporation*, 00-civ-6049 (S.D.N.Y.); and *Authors Guild v. New York Times*, 01-civ-6032 (S.D.N.Y.). The Complaint in the consolidated action adopted this inclusive approach.

<sup>9</sup> The Defense Group consists of at least 36 distinct print and electronic media corporations. (J.A. 108, 150-151; Pet. for Certiorari at 7.)

damages minus the expenses associated with registration.) The District Court certified the Class and approved the settlement on September 27, 2005.

On November 29, 2007, the United States Court of Appeals for the Second Circuit vacated the District Court's certification and settlement approval. In its Opinion, the Circuit asked and answered three questions:

[W]e first ask whether the Copyright Act's registration requirement is jurisdictional and then ask whether each claim within the class must satisfy that requirement. We answer both questions affirmatively . . . [Therefore,] we also analyze whether the supplemental jurisdiction statute, 28 U.S.C. § 1367, remedies that jurisdictional defect. We conclude that it does not. Based on those determinations, we ultimately hold that the District Court lacked jurisdiction to certify the instant class or approve the settlement."

509 F.3d at 121.

In addition to generally examining the issue of subject matter jurisdiction, this commentary will examine the Circuit's answers to these three specific questions.<sup>10</sup>

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<sup>10</sup> The Second Circuit raised the issue of subject matter jurisdiction *sua sponte*, as it was required to do. In response, Petitioners made, essentially, one and only one argument. They argued that the district court had subject matter jurisdiction to approve a settlement that included claims that it would not otherwise have the subject matter jurisdiction to adjudicate. They have referred to this as their "Matsushita" argument, and we shall use that same label here.

While I find myself in disagreement with the conclusions the Circuit reached, I am nonetheless in awe of its Opinion. In my view, it represents an exquisitely reasoned opinion and intellectually honest attempt to ascertain what the law requires, rather than a decision contrived to reach a particular result.

My only regret is that the Circuit did not have the opportunity to consider the arguments and authorities set forth in this article. I firmly believe that if it had had that opportunity, one or another of two results would have ensued. Either it would have reached a different conclusion regarding the subject matter jurisdiction issue, or it would have found the flaws in my arguments that I do not see and convinced me of the error of my position.

## **The Approach Taken By This Commentary To Subject Matter Jurisdiction: The Current State Of The Law**

Prior to 1990, federal courts spent considerable time determining which claims and parties in a case came within each of several distinct branches of a court's subject matter jurisdiction: its original, ancillary, pendent and pendent-party jurisdiction. While the opinions that resulted on these issues delighted jurisdiction buffs (like myself), they disserved judicial economy. They not only consumed time and resources, but often resulted in claims and parties, falling outside one or another branch, being spun off into satellite litigation. Rather than easing congestion, the opinions had the effect of multiplying litigation.

Congress sought to change all this when it passed the Judicial Improvements Act of 1990, as part of which it enacted the supplemental jurisdiction statute, 28 U.S.C. § 1367. The statute was intended not only to enable litigants "to deal economically-- in single rather than multiple litigation – with related matters," H.R. REP. NO. 101-734, 1990 U.S.C.C.A.N. 6860, 6874, but also to streamline the threshold jurisdictional inquiry. Its basic premise was a simple one: With limited exceptions, federal courts should have it within their power to hear the entirety of a "case or controversy." Put another way, in most instances, their subject matter jurisdiction would be extended to its Article III limits. This was particularly true in "arising under" or "federal question" cases.

In a series of decisions since § 1367's enactment – *City of Chicago v. Int'l College of Surgeons*, *Exxon Mobil Corp. v. Allapattah, Jinks and Carlsbad Technology*<sup>11</sup> - the Supreme Court has translated the statute's jurisdictional grant into a streamlined test for determining subject matter jurisdiction. The test it has articulated has three basic steps:

(1) The first step is for a District Court to determine whether there is *any* claim within its original jurisdiction;

(2) As long as there is at least one such claim, the court has subject matter jurisdiction of ***all*** claims "so related to" the jurisdiction-

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<sup>11</sup> See *City of Chicago v. International College of Surgeons*, 522 U.S. 156 (1997); *Jinks v. Richland County*, 538 U.S. 456 (2003); *Exxon Mobil Corp. v. Allapattah Servs.*, 545 U.S. 546 (2005); *Carlsbad Technology, Inc. v. HIF Bio, Inc.*, \_\_\_ U.S. \_\_\_, 129 S. Ct. 1862, 2009 U.S. LEXIS 3304 (2009).

conferring claim that they "form part of the same case or controversy,"  
<sup>12</sup> *unless*

(3) Congress has "expressly provided otherwise."  
Once a court determines that it is possessed of subject matter jurisdiction, it has the discretion to decline to exercise its supplemental jurisdiction in four statutorily-prescribed circumstances. 28 U.S.C. 1367(c). See *Carlsbad Technology*, 129 S.Ct. at 1866; *Jinks*, 538 U.S. at 459.

With one exception, everyone agrees that the first and second requirements were met in *IRLW*.<sup>13</sup> (Pet. for Cert. at 5, 9-10, 19, 22,

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<sup>12</sup> For the claims to form part of the "same case or controversy" in a constitutional sense, they must arise out of a "common nucleus of operative fact." *United Mine Workers v. Gibbs*, 383 U.S. 715, 725 (1966); *Hurn v. Oursler*, 289 U.S. 238 (1933); *Siler v. Louisville & Nashville R. Co.*, 213 U.S. 175 (1909). See also *City of Chicago*, 522 U.S. at 165.

<sup>13</sup> This unanimity of opinion is not surprising given the industry-wide practices being challenged. For decades, virtually every action taken to effect these practices affected both registered and unregistered freelance-works. Thus, when a print publisher transmitted digital copies of articles to an electronic publisher for incorporation into a database, the print publisher reproduced the articles without regard to whether they were staff- or freelance-written, whether or not they had been individually registered, and whether the author's consent had or had not been obtained. Similarly, when the electronic publisher reproduced the articles and authorized end-users to reproduce, display or download them, it also did so in a 'one size fits all' manner. That is, it reproduced the articles and authorized others to display and reproduce them without regard to whether they were or were not written by freelancers and whether they had been (or would) be registered by their freelance authors.

It necessarily follows that with a single push of a button, click of a mouse or implementation of an "app," database publishers infringed tens of thousands, if not hundreds of thousands, of freelance copyrights. Although different individuals own these copyrights, their rights were not infringed piecemeal. They were infringed *en masse* - by the same actor, as a result of the same acts, at one and the same time, and their adjudication requires the same proof. It does not matter one jot that some of these authors then went on to register their works and others did not.

As long as one of those copyright holders registered one of his claims and instituted an action, infringement claims held by other freelancers whose rights the database infringed necessarily arise out of the same nucleus of operative fact. To suggest otherwise – to suggest that each individual freelancer is required to institute a separate action (and perhaps register each of his or her individual works) is to artificially require the fragmentation of what is factually and logically a single case or controversy into tens of thousands of arbitrary pieces. In the sixteen years that this litigation has been underway, the Court-Appointed Amicus is the first to suggest that this must be done.

25-26, 27-30; Muchnick Resp. Merits Bf. at 9, 14-15, 34, 36-39; Pogrebin Resp. Merits Bf. at 5, 18-21). In other words, they agree that there was at least one claim within the District Court's original jurisdiction, and that the class members' claims are so related to those jurisdiction-conferring claims that they form part of the same "case or controversy."<sup>14</sup>

The only question that remains to be decided in *IRLW* is whether § 411 "expressly provides otherwise." In other words, whether it qualifies as a statute within the meaning of § 1367's opening clause. (For the sake of simplicity, we shall refer to a statute that so qualifies as a "proviso statute.") The Supreme Court has not yet ruled on the meaning of the phrase "expressly provides otherwise" within the context of 1367, and there is clearly a split in the Circuits on the issue. Indeed, the meaning of that phrase is the only issue comprehended by the grant of certiorari in *IRLW* as to which there is a clear split in the Circuits. The D.C. Circuit has interpreted the phrase one way. See *Lindsay v. Gov't Employees Ins. Co.*, 448 F.3d 416, 422 (D.C.Cir. 2006) (finding that a federal statute only qualifies as a proviso statute if it both explicitly refers to supplemental jurisdiction and expressly prohibits a district court from exercising such jurisdiction). The

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Contrary to its suggestion, the Second Circuit did not rule that supplemental jurisdiction could not be exercised in *IRLW* because the registered and unregistered claims do not form part of the same case or controversy. It very explicitly ruled that supplemental jurisdiction cannot be exercised because § 411 constitutes a federal statute within the meaning of § 1367 (a)'s express exception requirement. In other words, it held that **§ 411** restricts federal courts' subject matter jurisdiction over copyright actions, not that the facts of the case do. Only the first question is within the scope of the grant of certiorari. (The issue on which the Supreme Court granted cert is: "Does Section 411 of the Copyright Act Restrict The Subject Matter of Federal Courts Over Copyright Actions?") The issue the Court-Appointed Amicus urges on the Court is clearly outside that issue.

In any event, notwithstanding their last-minute attempt (Petitioners' Reply Bf. at 23-28) to retreat from the obvious implications of their earlier statements, Petitioners must be deemed to have conceded the factual basis upon which supplemental jurisdiction rests. See, e.g., Pet. for Cert. at 5, 9-10, 19, 22, 25-26, 27-30.

<sup>14</sup> The *IRLW* case can be viewed in either of two ways. It can be viewed as a single case or controversy concerning the industry-wide practice of electronically republishing freelance articles without the authors' consent. Alternatively, the practice of each individual database can be seen as giving rise to a separate "case or controversy." It is irrelevant which view one adopts because there is at least one plaintiff, asserting at least one registered claim, against each database sued.

Second Circuit has given the phrase a very different meaning. *Muchnick*, 509 F.3d at 127-128.

Since § 1367 may well be invoked more often than any other federal statute, one hopes that *Reed Elsevier* will resolve the split. Its resolution would redound to the benefit of counsel and litigants in a wide variety of cases.

### **Petitioners' Approach To The Question Of Subject Matter Jurisdiction: A "Retro" Approach**

Petitioners ignore the question of the meaning of the phrase "expressly provides otherwise." Indeed, they entirely ignore 28 U.S.C. § 1367, as well as the decisions in *City of Chicago*, *Jinks*, *Exxon Mobil and Carlsbad*. From their perspective, 28 U.S.C. § 1367 was never passed and a district court's jurisdiction is limited to its "original jurisdiction." <sup>15</sup>

Consistent with this perspective, they ask the Court to decide two issues that it does not need to decide on the facts of the case before it. First, they ask it to decide whether § 411 deprives a court of *original* jurisdiction over unregistered claims, as opposed to "subject matter jurisdiction" over such claims. (Petr's Merits Bf. at 12, 15-40). Second, they ask it to decide whether a federal court has authority to approve the release of claims it could not adjudicate. (Petr's Merits Bf. at 14, 48-52).

The Court does not need to answer the first question because, as we have already noted, where – as in *IRLW* – there is original jurisdiction over at least *one* claim, the question of whether other claims in a case come within the court's jurisdiction is determined by steps 2 and 3 of the *City of Chicago-Exxon* inquiry. The question of "original jurisdiction" is no longer relevant.<sup>16</sup> (See above).

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<sup>15</sup> Petitioners did not entirely ignore this issue in their original Cert Petition. (See Pet. at 9-10, 25-27). They shifted gears in their Merits and Reply Briefs.

<sup>16</sup> One reason it is irrelevant is because, at least in the federal question context, 28 U.S.C. § 1367 very clearly contemplates courts exercising subject matter jurisdiction over claims that would not come within its original jurisdiction. *City of Chicago*, 522 U.S. at 167 ("The whole point of supplemental jurisdiction is to allow the district courts to exercise pendent jurisdiction over claims as to which original jurisdiction is lacking.").

For ease of reference, we shall refer to a case in which the threshold *City of Chicago* requirement has been met as a "Type-1 case," or a case configured as follows:

$$\begin{array}{rcccl} \text{plaintiffs' claims} & & \text{claims of} & & \\ \text{claims} & & \text{unnamed class members} & & \\ \\ \text{(RP)} & + & \text{(UC + RC)} & = & \text{All Claims} \end{array}$$

where "R" refers to registered and "U" to unregistered claims, "P" to plaintiffs and "C" to class members.<sup>17</sup>

The question of whether failing to register would deprive a court of original jurisdiction over copyright claims would only have to be answered in a Type-2 case. By a Type-2 case, we mean a case in which *all* of the claims upon which plaintiffs have instituted suit are unregistered. In other words, we mean a case configured as follows:

$$\begin{array}{rcccl} \text{plaintiffs' claims} & & \text{claims of} & & \\ \text{claims} & & \text{unnamed class members} & & \\ \\ \text{(UP)} & + & \text{(UC + RC)} & = & \text{All Claims} \end{array}$$

In such a case, there would be no avoiding the question of whether a failure to register deprived a court of original jurisdiction because it would be an essential part of the first leg of the *City of Chicago-Exxon* inquiry. In other words, in order to determine whether it had original jurisdiction over *any* claim, the district court would have to determine whether it had original jurisdiction over an *unregistered* claim.

While the Court is not required to decide this question on the facts of the case before it, it is not precluded from deciding the question either. Nor does this commentary advocate against its reaching the question. It simply assumes that the Court will and should proceed in the fashion it determines is most economical. If it believes it would be easier to decide whether § 411 qualifies as a proviso statute than whether its registration requirement is jurisdictional, then it should decide the proviso question first. If it concludes that § 411 does not qualify as a proviso statute, it would be

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<sup>17</sup> Thus, the abbreviation "RP" refers to plaintiffs' registered claims and "UC" to the unregistered claims of class members.

spared having to decide what might be a difficult *stare decisis* question.<sup>18</sup>

Conversely, if it believes that it would be easier to decide whether § 411 is truly jurisdictional - in the "subject matter jurisdiction" sense - then it should decide that question first. If it concludes that § 411 does not speak to jurisdiction, but is simply a claims-processing rule, then it would be spared having to resolve the split over the meaning of § 1367's proviso. In either event, whichever methodology the Court adopts, it should arrive at the same conclusion: § 411 does not deprive district courts of subject matter jurisdiction over any claims in *IRLW* or any other Type-1 copyright action.

The second question Petitioners ask the Court to decide stands on a very different footing. (See Point VI, post.) They ask it to decide that a federal court has authority to approve a settlement releasing claims that it allegedly does not have authority to adjudicate – either because they are not within the court's subject matter jurisdiction or have run afoul of a mandatory claims-processing rule. (This is Petitioners' *Matsushita* argument.) Unlike the argument concerning § 411's character, this argument raises serious constitutional issues.

Fortunately, once again, the Court is not required to address the question. It would only be required to decide the issue if § 411 applied to the claims of both parties and class members.<sup>19</sup> It does not, however. It is clear that it only applies to the claims of parties. (See Points III and V, post.)

It necessarily follows that *Matsushita* has no application *either* to *IRLW* or any Type-1 case. All of the claims that needed to satisfy § 411 - i.e., the parties' claims - did so. None of the class members' claims were required to satisfy it.

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<sup>18</sup> Depending upon how it decides the *stare decisis* issue, its resolution might not be dispositive of the subject matter jurisdiction question.

<sup>19</sup> We use the term "party" in this commentary in the sense referred to in *United States ex rel. Eisenstein v. City of New York*, \_\_\_ U.S. \_\_\_, 129 S. Ct. 2230, 2009 U.S. LEXIS 4316 (2009), to mean parties to the underlying litigation.

Because it poses difficult constitutional issues and is of no relevance on *IRLW*'s facts, the *Matsushita* argument should be avoided.<sup>20</sup>

## I. **A BRIEF HISTORY: THE INTERPLAY BETWEEN REGISTRATION AND COPYRIGHT**

### A. **The Role Registration Plays Has Changed Over Time**

Prior to 1909, copyright in a work was secured by registration. As a consequence, registration was necessarily an element of any claim for infringement.

This changed in 1909 when Congress enacted the first comprehensive revision of the copyright laws. It provided that, thereafter, copyright would be secured by publishing a work with proper copyright notice, rather than by its registration. Registration was still compulsory, however. Section 12 of the 1909 Act provided that it was to be effected "promptly" after copyright was secured. If the copyright-holder did not act promptly, the Copyright Office could demand that registration be made. If the demand was not satisfied within three months, copyright in the work would be forfeited.

Although a valid claim for copyright infringement existed under the 1909 Act whether or not a work was registered,<sup>21</sup> the copyright holder could only bring suit on the claim if it effected registration first. Put another way, registration was transformed from an element of a claim into a condition precedent to suit. *See generally, Washingtonian Publishing co. v. Pearson*, 306 U.S. 30, 38-39 (1939). Courts routinely inquired into the status of a work and dismissed a suit if the works upon which a plaintiff sued had not been registered. Since registration could be effected at any time, however, *see sec. 10 of the 1909 Act*, dismissal was ordinarily without prejudice to the institution of a new suit once registration was made.<sup>22</sup> If the Copyright Office refused to issue a

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<sup>20</sup> I express no view on the merits of the *Matsushita* argument in this commentary, except to suggest that it is inapplicable in the context of *IRLW* and should be the argument of last resort.

<sup>21</sup> The only exception would be where a copyright holder had failed to comply with a demand by the Copyright Office to register. Under that circumstance, the claim would be forfeited.

<sup>22</sup> Obviously, a new suit would be precluded if the statute of limitations had expired.

certificate, an applicant could seek to compel its issuance by mandamus. With certificate in hand, the copyright holder could then sue for infringement.

Congress effected a second comprehensive revision of the copyright laws in 1976, again changing the basis upon which copyright was secured. Now, instead of copyright being secured by affirmatively "publishing" a work with copyright notice, copyright attached automatically upon the creation and fixation of a work. While ownership of the copyright vested initially in the author of the work, it could be transferred by any means of conveyance. For the first time, copyright was also divisible into a set of component rights that could each be transferred separately. The mandatory aspects of sections 12 and 13 were eliminated and registration became voluntary. See 17 U.S.C. § 408(a) ("the owner . . . may obtain registration . . . . Such registration is not a condition of copyright protection.")

Because it was still thought to serve a useful purpose, however, Congress sought ways to encourage copyright holders to register their works. It also continued to require registration as a condition precedent to suit, although not to the possession of a valid cause of action. See H.R. Rep. No. 94-1476, at 157 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5768. Where registration was effected within three months of a work's initial publication, the copyright holder could sue for infringements beginning prior to, as well as after, registration. In any case in which the copyright holder prevailed, he or she would be eligible for statutory damages and attorneys' fees.

**B. Registration Is Not A Required Element Of An Infringement Claim Under The 1976 Act**

It is clear beyond peradventure that, under the 1976 Copyright Act, registration is not an element of a claim for copyright infringement. This is clear on the face of the Act, as well as from its legislative history.

To establish a legitimate claim for copyright infringement, a litigant must prove: (i) a valid copyright, (ii) legal or beneficial ownership of one or more exclusive rights in the copyright, and (iii)

infringement of the claimant's rights. None of these elements is in any way dependent upon the fact of registration.

Thus, the validity of a copyright depends upon the creation of an original work of authorship. The copyright attaches automatically upon creation of a work and its fixation in a tangible medium of expression. 17 U.S.C. § 102 (a). It is not dependent upon the work's registration.

The same is true of copyright ownership. It arises, attaches and vests automatically upon the work's creation. Where there is no agreement to the contrary, copyright ownership will initially vest in the work's author or authors. See 17 U.S.C. § 201(a) ("Copyright in a work . . . vests initially in the author or authors of the work. The authors of a joint work are co-owners of copyright in the work.") Thereafter, it can be transferred, in whole or in part,<sup>23</sup> to any other person or entity. See 17 U.S.C. § 201(d). The transfer need not be recorded with the Copyright Office for the transferee to have valid rights. 17 U.S.C. § 205(a) ("Any transfer of copyright ownership or other document pertaining to a copyright *may* be recorded in the Copyright Office . . .") (emphasis added).<sup>24</sup> Equally significantly, the original copyright claim itself need not have been registered for ownership rights to accrue. 17 U.S.C. 408(a) (the owner of copyright or of any exclusive right in the copyright *may* register its copyright claim with the Copyright Office, but "[s]uch registration is not a condition of copyright protection"). To the contrary, the legitimate ownership of an exclusive right or rights is clearly antecedent to the right to register a claim.

Finally, acts that violate the copyright owner's rights constitute infringement and give rise to an infringement claim, whether or not a copyright claim has been registered.<sup>25</sup> See 17 U.S.C. §

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<sup>23</sup> Any of the exclusive rights comprising the copyright can be transferred and owned separately, 17 U.S.C. § 201(d).

<sup>24</sup> A certificate of registration made within five years of a work's first publication constitutes "prima facie evidence" of the facts stated in the certificate. See 17 U.S.C. § 410(c). This includes the fact of ownership at the time of registration. *Id.*

<sup>25</sup> The Second Circuit correctly recognized the validity of each of these propositions. Thus, it recognized that a copyright's validity is not dependent on registration. 509 F.3d at 125 n.6 (a copyright ". . . begins at the time of a work's 'creation,'" and "is entirely distinct from whether a copyright holder is permitted to institute an action in federal court"). It recognized that copyright ownership is not dependent on registration. *Id.* at n. 5 ("[a]n author may have a copyright in all

501(a)("[a]nyone who violates any of the exclusive rights of the copyright owner . . . is an infringer" within the meaning of the statute.) See also H.R Rep. No. 94-1476 ("[A] copyright owner who has not registered his claim can have a valid cause of action against someone who has infringed his copyright . . .")

To contend otherwise - i.e., that registration *is* a necessary element of an infringement claim - would do violence to the statute. It would not only wreak havoc on the statute of limitations applicable to such claims, but also more broadly on the statute's remedial scheme. At present, the statute limits the period within which a claim can be instituted to three years from its accrual. 17 U.S.C. § 507.<sup>26</sup> At the same time, it places absolutely no restriction on when registration can be effected. If it is effected within three (3) months of the initial publication of a work, the copyright claimant can sue for an infringement commencing prior to the registration. If it is effected within five years, the certificate the Copyright Office issues will constitute prima facie evidence of the facts stated in the application. If it is effected later, the registration will still afford a copyright holder procedural and remedial advantages with respect to post-registration infringements for the duration of the copyright term. See, e.g., 17 U.S.C. § 412.

If a cause of action for infringement accrues without regard to whether, or when, a copyright claim has been registered, the statutory scheme makes sense. Conversely, if registration were an element of

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works of authorship regardless of whether he registers that copyright"). And, it recognized that infringement is not dependent on registration. See *Id.* (" . . . a copyright need not have been registered in all cases before it may be infringed . . .").

Inexplicably, it then went on to say: "a copyright claim does not exist absent registration or preregistration." *Id.* This conclusion is not only in error, it does not follow from its analysis, which was otherwise correct in all respects.

The dissent makes the same error. 509 F.3d at 129. ("I conclude that compliance with § 411 (a) is a mandatory prerequisite to the accrual of a cause of action for damages. . . ."). Also, see *id.* at 129, 134 ("certain class members may not at the moment of settlement possess the statutory cause of action they could have in the future . . ."). But see *id.* at 130 ("registration is not essential to the existence of a copyright claim").

<sup>26</sup> As with other torts, a cause of action for copyright infringement accrues when "conduct that invades the rights of another has caused injury." See, e.g., *Davis v. Blige*, 505 F.3d 90, 103 (2d Cir. 2007), *cert. den'd*, 2008 U.S. LEXIS 6459 (2008).

an infringement claim, the scheme would be rendered meaningless. No infringement claim would ever be time-barred and the statute of limitations would never run because a copyright holder could indefinitely defer accrual of a claim simply by delaying registration.<sup>27</sup> By the same token, it would make no sense for the statute to refer to some infringements as commencing *prior* to registration because no such infringements could exist.

There is only one possible conclusion: even those who have not registered their works possess valid claims for infringement."<sup>28</sup>

## II. **SECTION 411 DOES NOT DEPRIVE A DISTRICT COURT OF SUBJECT MATTER JURISDICTION OVER CLAIMS IN A TYPE-1 CASE.**

To reiterate, the first two requirements under the *City of Chicago-Exxon* test were clearly met in *IRLW*. The District Court had original jurisdiction over at least one claim against each of the databases that was sued and, consequently, over the "civil action." Second, all of the class' claims were so related to those claims as to form part of the same constitutional "case or controversy." The only open question in the case is whether § 411 constitutes a statute within the meaning of 1367's proviso. If it does constitute such a statute, then the District Court was deprived of jurisdiction over the class' unregistered claims. If it does not constitute such a statute, then the District Court had subject matter jurisdiction, under 1367(a), over the entire *IRLW* "case or controversy."

As we have also already discovered, however, there is a split between the D.C. and Second Circuits as to the meaning of the phrase in § 1367, "except . . . as expressly provided otherwise."

I conclude, for myriad reasons, that the phrase has to have the meaning ascribed to it by the D.C. Circuit. See *Lindsay v. Government Employees' Insurance Co.*, 448 F.3d 416, 421 (D.C. Cir. 2006). Ascribing any other meaning would conflict with the proviso's plain meaning, be illogical given the proviso's genesis, and be inconsistent

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<sup>27</sup> Theoretically, the ability to delay would only be limited by the copyright term.

<sup>28</sup> As I have already suggested, this conclusion is required both by the statute on its face, and by its legislative history, see, e.g., H.R Rep. No. 94-1476 ("[A] copyright owner who has not registered his claim can have a valid cause of action against someone who has infringed his copyright . . .").

with the Supreme Court's interpretation of a virtually identical phrase in another context. See *Breuer v. Jim's Concrete of Brevard, Inc.*, 538 U.S. 691 (2003).

**A. The Plain Meaning Of The Phrase "Except as ...  
Expressly Provided Otherwise"**

It is generally recognized that, under 28 U.S.C. § 1367(a), a court is required to exercise subject matter jurisdiction over all claims forming part of the same "case or controversy" except

. . . as provided in subsections (b) and (c) or  
as expressly provided otherwise by Federal statute . . .

*See, e.g., Lindsay v. Government Employees' Insurance Co.*, 448 F.3d 416, 421 (D.C. Cir. 2006); *Treglia v. Town of Manlius*, 313 F.3d 713, 723 (2d Cir. 2002); *ITAR-Tass Russian News Agency v. Russian Kurier, Inc.*, 140 F.3d 442, 447 (2d Cir. 1998); *Innovative Home Health v. P.T.-O.T. Ass'n*, 141 F.3d 1284 (8th Cir. 1998); *New Rock Asset Partners, L.P. v. Preferred Entity Advancements, Inc.*, 101 F.3d 1492, 1509 (3d Cir. 1996); *McCoy v. Webster*, 47 F.3d 404, 406 n. 3 (11th Cir. 1995); *McLaurin v. Prater*, 30 F.3d 982, 985 (8th Cir. 1994); *Executive Software N. Am. v. U.S. Dist. Ct. for the Cent. Dist. of Cal.*, 24 F.3d 1545, 1555 (9th Cir. 1994); *Palmer v. Hospital Auth.*, 22 F.3d 1559, 1569 (11th Cir. 1994).

The question posed by *IRLW* is: What does the third and final phrase of that proviso mean?

To answer that question, we begin with basic principles: Everyone agrees that, at least in the federal-question context, § 1367 was specifically intended to permit the exercise of jurisdiction over claims that do not come within a federal court's "original jurisdiction."<sup>29</sup> The legislative history could not be clearer on this point. See, e.g., H. R. Rep. No. 101-734, p. 28 (1990) (indicating an express intent to overturn *Finley* and permit inconsistent jurisdiction, even where doing so involves exercising "supplemental jurisdiction over additional claims, including claims involving the joinder of additional parties").<sup>30</sup>

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<sup>29</sup> For ease of reference, we shall refer to such jurisdiction as "inconsistent jurisdiction" since it is inconsistent with the original grant.

<sup>30</sup> In both *Clark* and *Finley*, the Supreme Court found that a district court did not have pendent jurisdiction over state-law claims that were inconsistent with the original federal-question grant.

The Supreme Court has been equally clear. *See Exxon v. Allapattah*, 545 U.S. at 554-558 and 582-587 (the majority and dissenting Justices agreeing that Congress specifically contemplated that inconsistent jurisdiction would be exercised in federal-question cases).

Obviously, Congress' objective in this regard would be utterly stymied if a statute that withdrew a court's original jurisdiction were automatically interpreted as implicitly withdrawing its supplemental jurisdiction, as well. The default rule must be the opposite therefore. In order to qualify as a "proviso statute" it is not sufficient for a statute to restrict or withdraw a court's original jurisdiction. Something more is required.

The question is: How much more and what, specifically? The answer to this question becomes obvious when the phrase "except as . . . expressly provided otherwise" is read in *pari materia* with the other two legs of the proviso. They incorporate, by reference, sections 1367(b) and (c) of the statute. Section 1367(b) provides that "the district courts shall not have supplemental jurisdiction" over claims by persons proposed to be joined as parties under specified Federal Rules when exercising such jurisdiction would be inconsistent with original jurisdiction in a diversity case. See 28 U.S.C. 1367(b).<sup>31</sup> Section 1367(c) provides that "[t]he district courts may decline to exercise supplemental jurisdiction" over a claim which is otherwise within 1367(a)'s grant if one or another of four specified circumstances is present.

These two legs have three things in common. They make express reference to supplemental jurisdiction. They expressly restrict or qualify that jurisdiction or permit a court to limit or restrict it. And, third, they specify the circumstances under which supplemental jurisdiction can be limited or restricted.

Applying the principle of *noscitur a sociis*, the conclusion is inescapable that the third leg of the proviso refers to a federal statute (other than § 1367) having those same characteristics. In other words, it refers to statutes that expressly provide *either* that district

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<sup>31</sup> There is no equivalent prohibition in the federal question context because, as we have already noted, in that context district courts were specifically intended to be able to exercise inconsistent jurisdiction. See, e.g., *Exxon v. Allapattah*, 545 U.S. at 556, 587 (Majority and Dissenting Justices agreeing.)

courts "shall not have supplemental jurisdiction" or "may decline to exercise supplemental jurisdiction" under specified circumstances.<sup>32</sup>

This interpretation is compelled not only by the proviso's plain language, but also by the decision in *Breuer v. Jim's Concrete of Brevard, Inc.*, 538 U.S. 691 (2003). There, an employee brought suit against his former employer under the F.L.S.A., 29 U.S.C. § 216(b), in a Florida state court. The employer, Jim's Concrete, removed the action to federal court. The employee then sought an order remanding the case on the ground that the removal was improper under 28 U.S.C. § 1441(a). The District Court denied the employee's motion and the Eleventh Circuit affirmed. The Supreme Court granted certiorari to resolve a split in the Circuits regarding the removability of F.L.S.A. actions. It held that resolution of the conflict was determined by the meaning of the phrase "except as otherwise expressly provided by Act of Congress" in § 1441's introductory clause. 538 U.S. at 697-698. Section 1441 reads:

"Except as otherwise expressly provided by Act of Congress, any civil action brought in a State court of which the district courts of the United States have original jurisdiction may be removed by the defendant or defendants . . . "

28 U.S.C. § 1441(a).

The plaintiff in *Brevard* contended that the fact that § 216(b) provided that an FLSA action "may be maintained" in any state or federal court meant that Congress had "expressly provided" for an exception to § 1441's general rule of removability. The Supreme Court disagreed:

"nothing on the face of 29 U.S.C § 216(b) looks like an express prohibition of removal, there being no mention of removal, let alone of prohibition."

538 U.S. at 694. The most it found that plaintiff could claim, given the ambiguousness of the term "maintain," was that "any text . . . that might be read as inconsistent with removal is an 'express' prohibiting

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<sup>32</sup> For example, in the Violence Against Women Act, 42 U.S.C. § 13891(e)(4), Congress was express in stating that "section 1367 does not confer . . . jurisdiction "over any State [domestic] law claim."

provision for purposes of . . . § 1441(a)." 538 U.S. at 695. The Court unequivocally rejected this argument:

". . . if an ambiguous term like 'maintain' qualified as an express provision for purposes of 28 U.S.C. § 1441(a), then the requirement of an 'expres[s] provi[sion]' would call for nothing more than a 'provision,' pure and simple, leaving the word 'expressly' with no consequence whatsoever. '[E]xpres[s] provi[sion] must mean something more than any verbal hook for any argument."

538 U.S. at 695-96. It recognized that countenancing plaintiff's argument would mean reading the requirement that an exception to removability be express, out of the statute altogether. The same is true here.

Indeed, there is an even greater "need to take the express exception requirement" of § 1367(a) "seriously," 538 U.S. at 696, than there was the requirement in § 1441, given the genesis of § 1367(a)'s proviso.

Prior to 1990, courts presumed the existence of pendent jurisdiction unless, by statute, Congress had "expressly *or by implication* negated its existence." *Aldinger v. Howard*, 427 U.S. 1, 18 (1976) (emphasis added). See also *Owen Equipment & Erection Co. v. Kroger*, 437 U.S. 365, 373 (1978); *Finley v. United States*, 490 U.S. 545 (1989). When Congress enacted 28 U.S.C. § 1367, it changed this rule. It clearly eliminated the branch of the *Aldinger* test that permitted exceptions to supplemental jurisdiction to be implied. Henceforth, an exception was only to be recognized *if it were "express."*

#### **B. Section 411 Does Not Qualify as A Proviso Statute.**

Section 411 has none of the required attributes that would make it a proviso statute. It does not make any reference to "supplemental jurisdiction." It does not explicitly restrict such jurisdiction. And, it does not specify circumstances under which supplemental jurisdiction could be restricted by a court.<sup>33</sup>

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<sup>33</sup> While the Second Circuit believed that § 411 qualifies as a proviso statute, see 509 F.3d at 128, its conclusion conflicts with a critical aspect of its underlying analysis. Let me explain.

### C. The Plain Meaning Of The Term "Supplemental Claims"

The Second Circuit concluded that the District Court lacked jurisdiction over class members' unregistered claims for yet a second reason: It believed that supplemental claims had to be state-law claims for a district court to assume jurisdiction over them under § 1367.

As both the statute and its legislative history make clear, this conclusion was in error. First of all, by its terms, the statute provides for an assumption of supplemental jurisdiction over "**all**" claims that are "so related" to the jurisdiction-conferring claim as to form part of the same case or controversy. It does not say only "state-law claims" so related to the jurisdiction-conferring claim, but "all other claims so related . . .". See 28 U.S.C. § 1367(a). Second, early drafts of the statute were so limited. In other words, they specified that claims had

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As I have already noted, in its Opinion, the Circuit examined three questions. (See discussion, *ante*). It effectively acknowledged that one of them – i.e., whether § 411 applied to class members' claims at all - presented a close question. After noting that the question hinged on "whether the phrase 'the copyright claim' [in § 411] refers to all the claims within the class or only those claims of the named plaintiffs," the Court concluded that it could not resolve the question based on the language of the statute:

"On the literal level, the language is not dispositive. The phrase 'the copyright claim' does not require, or even tend toward, one reading."

509 F.3d at 126. It concluded, in other words, that it is not clear on the face of the Copyright Act whether the registration requirement even applies to class members. According to the Circuit, either construction is equally possible.

It follows inexorably that § 411 cannot be a proviso statute under the circumstances of this case. For, if it is unclear whether § 411 applies to class members' claims at all, it cannot be "express" in applying to them in a particular way. *Accord, Breuer v. Jim's Concrete of Brevard, Inc.*, 583 U.S. 691, 695 (2003) (rejecting the notion "that any text, even when ambiguous, that might be read as inconsistent with removal is an 'express' prohibiting provision under the statute"); *Lindsay v. Gov't Employees Ins. Co.*, 448 F.3d 416, 422 (D.C.Cir. 2006) ("not only does section 216(b) not expressly prohibit the exercise of supplemental jurisdiction over the state law claims of opt-out class members, it includes no mention of supplemental jurisdiction at all").

Had the tension between its two findings been brought to its attention, I feel confident that the Circuit would have reconsidered its conclusion that § 411 qualified as an "express" exception to the exercise of supplemental jurisdiction over class' members claims in this case.

to be "non-federal" in order to qualify as supplemental claims. Congress eliminated this requirement from later versions of the bill, however, and it did not appear in the statute as enacted. Since the Supreme Court had already recognized the propriety of exercising pendent jurisdiction over non-state claims, *see Romero v. International Terminal Operating Co.*, 358 U.S. 354 (1959), it is only logical to view Congress' elimination of the limitation as an adoption of the earlier precedent. *National Archives and Records Admin. v. Favish*, 541 U.S. 157, 169 (2004)(Congress is presumed to legislate against the backdrop of earlier Supreme Court decisions).<sup>34</sup>

In sum, for each of the independently sufficient reasons stated above, the conclusion is inescapable that the District Court had supplemental jurisdiction over the class' unregistered claims under § 1367(a) and section 411 did not deprive it of that jurisdiction.

### **III. SECTION 411 WOULD NOT EVEN DEPRIVE A DISTRICT COURT OF ORIGINAL JURISDICTION IN A TYPE-1 CASE.**

While the Second Circuit thought it was incontrovertible that § 411 was "jurisdictional," it frankly acknowledged that it was much less certain of the answer to the second question it addressed: whether § 411 applied *at all* to the claims of class members. (509 F.3d at 126). It does not.

#### **A. If Section 411 Poses A Jurisdictional Bar, It Only Applies To Those Who Institute An Action.**

By its terms, § 411 (a) provides that

"no 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."

17 U.S.C. § 411 (a). As the Second Circuit correctly noted, the question of whether each claim in a copyright class action must satisfy

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<sup>34</sup> The Second Circuit has also recognized the propriety of exercising supplemental jurisdiction over non state-law claims. *See In Re Cuyahoga Equipment Corp., Debtor. Publicker Industries Inc., Appellant, v. United States of America*, 980 F.2d 110, 114-115 (2d Cir. 1992)(since the District Court had original jurisdiction over claims under the Bankruptcy Act, it had supplemental jurisdiction over claims under federal environmental laws).

§ 411's registration requirement depends on the meaning of the phrase "the copyright claim" in the context of the statute. 509 F.3d at 126. Because it mistakenly believed that the Copyright Act offered it no guidance on the question, the Circuit turned to decisions interpreting statutes having nothing to do with copyright law to aid it in resolving the interpretive question. 509 F.3d at 126-127.

In fact, the question can be answered by reference to the plain language of the Copyright Act alone, and the answer simply stated is: If § 411 represents a jurisdictional bar, it only applies to parties' claims and not the claims of class members. While § 411 alone might not require this result, it is required when § 411 is read, as it must be, in *pari materia* with sections 501 (b) and 508 (a) of the Act. For its part, § 501 "subject[s]" a copyright owner's rights "to the requirements of section 411 " in one and only one circumstance - where he or she seeks to "*institute an action" for the infringement of rights he or she owns.*<sup>35</sup> 17 U.S.C. § 501 (b). It does not limit a copyright owner's legal capacity in any other respect nor affect his or her rights regarding a representative action. Thus, it neither precludes one copyright owner from bringing a representative suit on behalf of others nor others from participating in such a suit as class members.<sup>36</sup>

By the same token, § 508 only requires the Register of Copyrights to be notified of the registration numbers of two categories of works: (i) those that are identified on the face of a complaint, and (ii) those that subsequently become involved in an action by "amendment, answer or other pleading . . ."<sup>37</sup> There is simply no comparable notification requirement regarding class members' works, nor any requirement that they be registered.

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<sup>35</sup> Section 501(b) reads in full as follows: "The legal or beneficial owner of an exclusive right under a copyright is entitled, *subject to the requirements of section 411, to institute an action* for any infringement of that particular right committed while he or she is the owner of it." 17 U.S.C. § 501 (b) (emphasis added).

<sup>36</sup> See Points IV and V, post.

<sup>37</sup> Section 508 states that "[w]ithin one month after the filing of any action under this title, the clerks of the courts of the United States shall send written notification to the Register of Copyrights setting forth, as far as is shown by the papers filed in the court, the names and addresses of the parties and the title, author, and registration number of each work involved in the action." It then goes on to add that, when "any other copyrighted work is later included in the action by amendment, answer, or other pleading, the clerk shall also send a notification concerning it to the Register within one month after the pleading is filed." 17 U.S.C. § 508(a)(emphasis added).

It would be odd, indeed, for Congress to have used terminology that is so closely associated with parties' claims if it intended section 411 and 508's registration and notification requirements to apply to non-party claims, as well. The only conclusion to which one can come is that Congress meant what its plain terms state: the only "copyright claims" that must be registered before suit is "instituted" are those belonging to the parties instituting the suit and "shown" on the face of the complaint. §§ 501(b), 408.

Since class members' claims do not fit this description, § 411's requirement must not apply to them.<sup>38</sup> It follows that even if the Court concludes that § 411 is jurisdictional, it would not deprive the district court of jurisdiction in *IRLW* or any other Type-1 action. The reason can be simply stated: all of the claims to which § 411 applies in such an action have been registered. Section 411's requirements have been fully complied with; there are no claims that violate its mandate. There is nothing, therefore, that could deprive the court of subject matter jurisdiction over a claim. All claims come within its original jurisdictional grant. See *Bell v. Hood*, 327 U.S. 678, 681 (1946).

#### **IV. SECTION 411 WOULD NOT DEPRIVE A DISTRICT COURT OF SUBJECT MATTER JURISDICTION IN A TYPE-2 CASE EITHER.**

In a Type-2 case, as opposed to a Type-1 case, there is no possibility of supplemental jurisdiction. Accordingly, there - unlike in *IRLW* - the issue of whether § 411 represents a jurisdictional requirement or simply a claims-processing rule would have to be met. Cf. *Hallstrom v. Tillamook County*, 493 U.S. 20 (1989) (where the practical result is the same, the Court need not decide whether a requirement was jurisdictional or procedural).

I reach the same conclusion with respect to this issue Petitioners have reached, although I do so for different reasons. I conclude that § 411 does not speak to the "*subject matter*" jurisdiction of a court, even though it may appear to speak in jurisdictional terms.

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<sup>38</sup> It might appear, at first blush, to be arbitrary to limit § 411's application to parties. As we will hereinafter see, the limitation makes absolute sense. (See Point V, *post*.)

## A. Subject Matter Jurisdiction Under The Copyright Act

Sections 106 – 122 of the Copyright Act delineate the subject matter it covers. There is no separate provision in the Act conferring subject matter jurisdiction on the courts.

The "legislative history" of the Act makes it clear that this omission was intentional. Those who drafted the 1976 Act saw sections 1331 and 1338 of Title 28, in combination with the opening sections of the Act - now §§ 106-122 - as serving that function. This is confirmed by an exchange during the drafting process that concerned the advisability of statutorily delineating the boundary between state and federal court jurisdiction:

[Dubin]: There are two things that bother me. First, is it the thought . . . that all actions arising under this title shall be exclusively within the jurisdiction of Federal courts? I ask the question because there has been no forum indicated here; you may be creating a Federal cause of action while still allowing the action to be instituted and maintained in the State courts. Or did you intend by this to restrict the rights arising under this title by placing them within the exclusive jurisdiction of the Federal courts as actions arising under the copyright law? There has been no provision made for that.

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[Rittenberg]: My feeling is that this section, and please forgive me, is overdrafted. In other words, I think it would have been sufficient to say (I'm not giving the language) that copyright-which means all rights comprehended under this title-shall be exclusively Federal under this title, and there shall be no State copyright.

Now jurisdiction in actions arising under copyright is not provided for in the Copyright Act; it's provided for in the Judicial Code, which says that the Federal courts shall have exclusive jurisdiction of cases arising under the copyright law. Now if all copyright is encompassed in the new statute, then *ipso facto* all actions arising under the copyright law will be in the Federal courts by virtue of the existing Federal statute [28 U.S.C. § 1338] covering that subject. And conversely, it would not be necessary, in my opinion, to

spell out what causes of action are not covered, because it has been decided in any number of cases that actions arising under contract relating to copyright, and so forth, are not actions arising under the copyright law and are therefore within the jurisdiction of the State courts.

I would suggest that the simple way to do this, and to accomplish what we are all in favor of, is to state quite simply that copyright, which consists of the rights defined in this title, is exclusive under this statute, and there shall be no State copyright. The rest would flow without further statement, I believe.

3 George S. Grossman Copyright Revision at pp. 6-7 (heinonline.org).

Rittenberg's position prevailed. Indeed, his argument appears to have been so persuasive that those involved in the 1976 Revision never again revisited the issue of subject matter jurisdiction. Instead, they concerned themselves with carefully delineating the rights that were intended to make up the copyright. They assumed that the rest would flow without any further statement. Put another way, they assumed that any complaint so drawn "as to claim a right to recover" for a violation of one of the rights comprising the copyright would "arise under" the Act and be within the exclusive jurisdiction of the federal courts. See generally, *Baker v. Carr*, 369 U.S. 186, 200 (1962); *Bell v. Hood*, 327 U.S. 678, 681 (1946).

That leaves this question, however: If both registered and unregistered claims arise under the Act and are within the District Court's subject matter jurisdiction, what does § 411 represent? An exhaustion-of-remedies provision? Another type of claim-processing rule? Or, something else?

Once again, I find myself in basic agreement with Petitioners' position, but not in entire agreement. I believe § 411 represents a type of claim-processing rule, but not an exhaustion-of-remedies provision.

#### **B. Sec. 411's True Nature**

As courts and commentators have both recognized, § 411's principal concern is with ensuring that the courts have access to the Copyright Office's expertise on the issue of copyrightability.

Over the years, Congress has typically utilized one or another of two devices to ensure that courts have access to agency expertise. It has either vested administrative agencies with a degree of adjudicatory authority and required claimants to exhaust their remedies there before making a judicial remedy available. Or, it has vested exclusive adjudicatory authority in the federal courts, but afforded courts the means to refer issues to an agency or an agency the means to weigh in on an issue. Anomalously, an agency that was thought to have critical expertise, but no authority to effect a remedy, was said to have "primary jurisdiction." The name the doctrine was given is obviously a misnomer. A federal agency with primary jurisdiction does not have "subject matter" jurisdiction; the federal court has it.

As between an election-of-remedies provision and one providing for "primary jurisdiction," I respectfully suggest that the latter is the more accurate characterization. It could even be that the "J" word owes its very appearance in section 411 to the fact that the "PJ" doctrine went by that moniker.

**1. Section 411 Is Not An Exhaustion of Remedies Provision**

To understand why § 411 is not an exhaustion-of-remedies provision, it is first necessary to clear up a second semantic confusion. There are two types of "copyright claims." The "copyright claims" that are registered with the Copyright Office are not the same as the "copyright claims" filed in court. The claims asserted in litigation are "infringement claims" and infringement claims are never filed or registered with the Copyright Office or otherwise submitted to it for review. The Copyright Office does not preliminarily pass on the validity of infringement claims or attempt to mediate disputes between actual or potential litigants. It has no authority to enjoin infringements, award damages or even assess costs. It follows that there are no administrative remedies before the Copyright Office for an infringement victim to exhaust.

The "copyright claims" registered with the Copyright Office are of a different nature. They assert that a specific work of original authorship was created as of a specific date and that, as of the date of registration, the copyright in the work is owned by the claimant. The Copyright Office does not do any independent investigation into the bona fides of these assertions. Its review is *pro forma*. Once it ascertains that the material sought to be registered constitutes

'copyrightable subject matter' within the meaning of §§ 106-122, it registers the copyright claim and issues a certificate. The certificate, in turn, recites the facts that have been attested to in the application for registration. There is no adjudication of any infringement.

**2. *Section 411 Has All the Earmarks Of A "Primary Jurisdiction" Provision***

**a. *The Primary Jurisdiction Doctrine***

Like the rule requiring exhaustion of administrative remedies, the doctrine of primary jurisdiction "is concerned with promoting proper relationships between the courts and administrative agencies charged with particular regulatory duties." *United States v. Western Pacific R. Co.*, 52 U.S. 59, 63 (1956). See also *Nader v. Allegheny Airlines, Inc.*, 426 U.S. 290, 303 (1978). In each instance, the objective of the doctrine is to achieve a prescribed statutory goal. Given that goal, early on the Supreme Court recognized that the courts and agencies involved in a particular process are "not to be regarded as wholly independent and unrelated instrumentalities of justice . . .". *United States v. Morgan*, 307 U.S. 183, 191. They should, instead, be viewed as the means adopted to attain a "prescribed end, and so far as their duties are defined by the words of the statute, those words should be construed so as to attain that end through coordinated action." *Id.* at 191.

In *Western Pacific*, the Supreme Court described the circumstances under which each of the two doctrines applies:

The rule requiring exhaustion of administrative remedies applies where a claim is cognizable in the first instance by an administrative agency alone; judicial interference is withheld until the administrative process has run its course.

The doctrine of primary jurisdiction applies where a claim is originally cognizable in the courts, and comes into play whenever enforcement of the claim requires the resolution of issues which, under a regulatory scheme, have been placed within the special competence of an administrative body; in such a case the judicial process is suspended pending referral of such issues to the administrative body for its views.

*United States v. Western Pacific Railroad*, 352 U.S. 59, 63 (1956). Such a referral is particularly appropriate "in cases raising issues of fact not within the conventional experience of judges or cases requiring the exercise of administrative discretion, . . .". *Far East Conference v. United States*, 340 U.S. 570, 574 (1952).

It is the court's decision whether to refer an issue to an agency on the particular facts of a case. *See generally, Port of Boston Marine Terminal Ass'n v. Rederiaktiebolaget Transatlantic*, 400 U.S. 62, 68 (1970) (describing the doctrine of primary jurisdiction as one of the "key judicial switches through which . . . [the] current [of] coordination [between judicial machinery and administrative agencies] passe[s]") "[C]ourts may route the threshold decision as to certain issues to the agency charged with primary responsibility for governmental supervision or control of the particular industry or activity involved, if they believe that the agency is better suited to resolve a threshold issue". *Id.*

There is "no fixed formula . . . for applying the doctrine of primary jurisdiction . . ." *Western Pacific R.R.*, 352 U.S. at 64. ". . . [I]n every case the question is whether the reasons for the existence of the doctrine are present and whether the purposes it serves will be aided by its application in the particular litigation . . ." *Id.* Where an issue "involves a question solely of law," *id.* at 65, there is no utility in making a referral. The issue "may be passed upon by the courts." *Id.* On the other hand, where an inquiry is "essentially one of fact" or "of discretion in technical matters," the doctrine of primary jurisdiction affords courts the flexibility and latitude to refer a threshold issue to the agency with expertise. *Id.* at 66.

Significantly, even where the court refers an issue, "[c]ourt jurisdiction is not . . . ousted, but only postponed." *United States v. Philadelphia National Bank*, 374 U.S. 321, 353 (1963). *See Pharmaceutical Research & Manufacturers of America v. Walsh*, 538 U.S. 644, 673-74 (2003) (concurrency) ("[a] court may . . . stay its proceedings . . . to allow a party to initiate agency review"); *Reiter v. Cooper*, 507 U.S. 258, 268-269 (1993) (noting that referral of an issue to an administrative agency "does not deprive the court of jurisdiction; it has discretion either to retain jurisdiction or, if the parties would not be unfairly disadvantaged, to dismiss"); *Sears Roebuck & Co v. San Diego County District Council Of Carpenters*, 436 U.S. 180, 199 (1978) (distinguishing the "primary jurisdiction" rule enunciated in *San Diego Building v. Garmon*, 359 U.S. 236,

from the primary jurisdiction doctrine and noting that the former, unlike the latter, "completely preempts" the subject matter jurisdiction of a court); *Rosado v. Wyman*, 397 U.S. 397, 406 (1970)(where the Court noted "[t]hat these formal doctrines of administrative law do not preclude federal jurisdiction . . . "); *Federal Maritime Board v. Isbrandtsen Co.*, 356 U.S. 481, 498-499 (1958); *General American Tank Car Corp. v. El Dorado Terminal Co.*, 308 U.S. 422, 433 (1940).<sup>39</sup> See also 3 K. Davis, *Administrative Law Treatise* 3-4 (1958).

#### b. **Sections 411 and 508**

It follows from the previous discussion that the key to determining § 411's true nature lies in answering the following question: Where are infringement claims cognizable? If § 411 makes them cognizable in the first instance by an administrative agency *alone*, then it presumably does strip the district court of some portion of the subject matter jurisdiction it otherwise would have had under 28 U.S.C. § 1338. On the other hand, if infringement claims are originally cognizable only in the courts, it stands to reason that § 411 leaves their subject matter jurisdiction intact. In that event, far from allocating jurisdiction between the courts and Copyright Office, § 411's concern is with ensuring the courts access to the Copyright Office's expertise.<sup>40</sup> Presumably the courts only have need of that expertise if they have jurisdiction of the subject matter.

Fortunately, the question of where infringement claims are cognizable is easily answered: They are only cognizable in the courts. Not only is there nothing in the Copyright Act that makes them cognizable in the first instance in the Copyright Office, there is nothing that makes them cognizable there at all . . . ever. The only jurisdiction the Copyright Office has been given is ersatz jurisdiction (i.e., so-called "primary jurisdiction") over the threshold "issue" of

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<sup>39</sup> As the Supreme Court has more recently concluded, it is not even ousted in some cases in which an administrative remedy has to be exhausted. See *Zipes v. Trans World Air Lines*, 455 U.S. 385 (1982)(failure to timely file Title VII charges with EEOC did not deprive the court of jurisdiction).

<sup>40</sup> According to Professor Davis, "[t]he precise function of the doctrine of primary jurisdiction is to guide a court in determining whether the court should refrain from exercising its jurisdiction until after an administrative agency has determined some question or some aspect of some question arising in the proceeding before the court." 3 Davis, *Administrative Law* (1958), 1-55.

registrability, not subject matter jurisdiction over justiciable claims.<sup>41</sup> Put another way, it is clear on the face of §§ 411 and 508 that their objective is not to oust the courts of subject matter jurisdiction, but rather to inform its exercise. The provisions accomplish this goal by providing a series of mechanisms or procedures for coordination between the courts and Copyright Office on the registrability of parties' claims.

There are at least four ways in which §§ 411 and 508 provide for cooperation between these two bodies. First, they require the clerk of a court to send the Register of Copyrights two types of notification concerning a copyright action.<sup>42</sup> 17 U.S.C. § 508 (a). Second, they require further notification directly by a party in one particular circumstance: i.e., where the Register has refused to certify the registrability of a work upon which the party has sued.<sup>43</sup> 17 U.S.C. § 411(a). Third, they afford the Register the option of "becom[ing] a party" to an infringement action on "the issue of registrability."<sup>44</sup> *Id.* Fourth, conversely, they effectively give courts the discretion to stay or defer a proceeding so as to allow a party's unregistered claims to be referred to the Copyright Office. *Id.*<sup>45</sup>

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<sup>41</sup> By referring to it as "ersatz jurisdiction," I do not mean by any stretch of the imagination or in any way to belittle the Copyright Office's expertise. I simply use the term to differentiate between true "subject matter" jurisdiction and that which does *not* qualify as adjudicatory authority under Article III.

<sup>42</sup> They require the Clerk to send the Register written notification "setting forth, as far as is shown by the [initial] papers," the names and addresses of "the parties and the title, author, and registration number of each work" upon which a party has instituted suit. 17 U.S.C. § 508(a)(emphasis added). Second, "[i]f any other copyrighted work is later included in the action *by amendment, answer, or other pleading*," the clerk is required to send the Register notification concerning such later-included works "within one month after the pleading is filed." *Id.* (emphasis added).

<sup>43</sup> In this circumstance, they require the party to serve the Register with a copy of his Complaint. 17 U.S.C. § 411(a).

<sup>44</sup> At the risk of stating the obvious, it would be anomalous to take such pains to permit the Register to become a "party" to an action over which no court had subject matter jurisdiction. It necessarily follows that, at least in some instances, a district court has jurisdiction over unregistered claims.

<sup>45</sup> Significantly, section 411(a) does not say that no civil action for infringement of the copyright in any United States work shall be instituted "*unless*" the copyright claim has been registered or preregistered. It says that no such action shall be instituted "*until*" the parties' work has been registered or preregistered. That would

In sum, § 411 has all the earmarks of a provision that recognizes an agency's "primary jurisdiction," while preserving the subject matter jurisdiction of the courts.<sup>46</sup>

### **3. Section 411 Goes To The Capacity Of A Plaintiff To Sue, Not To A Court's Competence**

There is another possibility - that §§ 411 and 501(b) combine to afford a defendant the affirmative defense that a party lacks the capacity to institute suit. (See Point III (B), *ante.*) More specifically,

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appear to afford courts the latitude to effect a referral, while staying or deferring "institution" of the action until after the referral has been accomplished.

<sup>46</sup> While the Court-Appointed Amicus has developed a strong case in favor of *stare decisis*, there is a fundamental flaw in its argument. One of the fundamental precepts of statutory construction is that one has to take "the contemporary legal context" or backdrop of a statute into account in construing it. See, e.g., *Morse v. Republican Party*, 517 U.S. 186, 230 (1996) ("Evaluation of congressional action must take into account its contemporary legal context"); *Merrill, Lynch, Pierce Fenner & Smith v. Curran*, 456 U.S. 353, 381 (1982); *Cannon v. University of Chicago*, 441 U.S. 677, 699 (1979).

Between 1909, when Congress implemented the first copyright revision and its enactment of the 1976 Act, that "context" or "backdrop" saw the following substantial changes: the manner in which copyright was secured underwent a complete transformation; the legal requirement that copyrights be registered was eliminated; registration became voluntary; the copyright laws were completely rewritten; the New Deal brought about a manifold increase in the number of federal agencies; a new body of law was developed to govern how agencies function; and the courts embraced a doctrine as part of that development that was inopportunistically named the "doctrine of primary jurisdiction."

Even if Congress had simply re-enacted the 1909 Act, therefore, the application of *stare decisis* principles would be inappropriate. In any event, it did not do that. The 1976 Act does not represent a re-enactment of the 1909 Act; it represents a complete overhaul. The premises upon which the Act was predicated were transformed, and the language of section 12 significantly altered. Indeed, the Act no longer provided that no action could be "maintained" for the infringement of "any work" until deposit and registration of "such work" had been effected. It now said that no action could be "instituted" until "the copyright claim[s]" of those instituting suit, "as far as is shown" by the initial pleading, had been "made in accordance with this title." 17 U.S.C. §§ 411 (a), 501 (b), 508 (a).

In sum, far from being a carry-over from the old Act, § 411 (a) is a new provision. When read against the backdrop of developments between 1909 and 1978, and in combination with §§ 501 and 508, section 411 cannot be read as either restricting the "subject matter" jurisdiction of the federal courts or vesting subject matter jurisdiction in the Copyright Office.

that he lacks the capacity to sue for the infringement of rights in works that he or she failed to register.

The conclusion that § 411 affords defendants such a defense is inescapable, given the similarity between §§ 411 (a) and 507. The latter sets forth the statute of limitations. It provides:

No civil action shall be maintained ... unless it is commenced within three years after the claim accrued.

Section 411(a) provides similarly:

[N]o 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.

It would be anomalous to suggest that the first provision merely sets up a waivable defense, while the latter deprives a court of subject matter jurisdiction.

It would also be anomalous to suggest that § 411 serves a dual function - that is, that it deprives a district of subject matter jurisdiction over unregistered claims *and* gives defendants such an affirmative defense. Logically, it would only do one or the other. If it deprives a district court of subject matter jurisdiction over such claims, it would be surplusage to add that those holding such claims lack the capacity to sue on them. Conversely, if it affords defendants an affirmative defense against unregistered claims, it must presume subject matter jurisdiction over them. After all, a court that lacked subject matter jurisdiction over the claims would be incompetent to entertain the defense.

In the final analysis therefore, like §§ 501 (b) and 508 (a), rather than deprive a court of subject matter jurisdiction, § 411 (a) presupposes its existence.

#### 4. **General Principles**

Once one understands § 411's true nature, it makes absolute sense that it would only apply to "parties'" claims. After all, it is only parties' capacity to institute suit that is relevant in this case, not the capacity of putative class members. By the same token, once the Copyright Office has found parties' claims to be registrable, the question of whether the claims of putative class members are

registrable is not a question requiring agency expertise. It presents a routine question that is necessarily subsumed by the usual Rule 23 inquiry: Are the parties' copyright claims typical of the class members' claims? Are the class members "similarly situated"? Is the requirement of "commonality" met? These are questions that it is appropriate for a court to decide. They are not issues for the Copyright Office.

Indeed, because the Copyright Office would already have spoken to the issue of registrability respecting the representatives' claims, nothing would be served by requiring it, additionally, to individually address the claims of every class member. On the contrary, requiring tens of thousands of such referrals would disserve the objectives of both the "primary jurisdiction" doctrine and judicial economy. See, e.g., *United States v. Western Pacific Railroad*, 352 U.S. 59, 68-69 (1956) (noting that there is "no need to refer" an issue to the ICC "if that body, in prior releases or opinions, has already construed the particular tariff at issue or has clarified the factors underlying it"); *United States Alkali Export Ass'n v. United States*, 325 U.S. 196, 209 (1945); *Great Northern R. Co. v. Merchants Elevator Co.*, 259 U.S. 285, 294 (1922) (where "no fact, evidential or ultimate, is in controversy and there is no occasion for the exercise of administrative discretion," there is no need for a referral); *Crancer v. Lowden*, 315 U.S. 631 (1942). It would waste the Copyright Office's time, waste judicial resources and, in this field, deprive class actions of all utility.

A discretionary decision to effect bulk referrals in *IRLW* would be especially inappropriate since there is no conceivable basis upon which one could distinguish between the registrability of articles *parties* wrote, and those written by putative class members. Since it is unmistakably clear that they are all "literary works" within the meaning of 17 U.S.C. § 101<sup>47</sup> there is there is no issue requiring the Copyright Office's expertise, and no registrability-issue to be addressed.

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<sup>47</sup> Indeed, in the over sixteen years that this industry-wide challenge has been in the courts, no one has ever suggested that the works involved do not consist of copyrightable subject matter. On the contrary, the industry conceded the copyrightability of the subject matter, but claimed that their copyrights controlled. That assertion having been rejected, the industry is estopped to reverse itself and now claim that the works are not registrable.

V. **ALL OF THE CLAIMS IN *IRLW* ARE AND ALWAYS HAVE BEEN FULLY ADJUDICABLE.**

As we have already demonstrated, on its face, the Copyright Act limits § 411's reach: It only applies to parties' claims and not the claims of class members. 17 U.S.C. § 501(b). (See Point III (B), *ante*.) This is true whatever the Court ultimately determines § 411's character to be - a primary-jurisdiction provision, affirmative defense, or subject matter jurisdiction requirement.

Three things necessarily follow from the fact that § 411 only applies to the claims of parties: None of the class members' claims in *IRLW* needed to be registered or comply with § 411. They were fully adjudicable regardless. Since plaintiffs' claims were registered and did comply, *all claims in the case were fully adjudicable*.

**CONCLUSION**

Since the District Court was fully possessed of subject matter jurisdiction over all claims in *IRLW*, the Second Circuit's decision should be reversed and the case remanded for further proceedings. The parties should then attempt to quickly, amicably and definitively bring this litigation to a close.