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U.S. Supreme Court Weighs in on Nontaxable Costs Recoverable in Copyright Suits and Standing to Sue

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In March 2019 the U.S. Supreme Court issued decisions in two copyright cases, both of which concern narrow issues of statutory interpretation and are examples of matters that the Court addresses to ensure uniformity in the decisions of the lower courts. Following is an account and analysis of the cases.

Rimini Street

In the first case, Rimini Street, Inc. v. Oracle USA, Inc., 586 U.S. _, 139 S. Ct. 873, 203 L.Ed. 2d 180, 129 U.S.P.Q.2d 1459 (2019), the Supreme Court overturned a ruling of the Ninth Circuit, which awarded Oracle more than $12 million in nontaxable litigation costs under 17 U.S.C. §505 in a suit against Rimini Street, a technical support service that offered software updates to the customers of Oracle's enterprise software. Oracle claimed copyright ownership in various aspects of the software programs that Oracle markets. It claimed that Rimini infringed those copyrights in the course of providing software updates to customers that were using Oracle's software. Oracle prevailed in the copyright lawsuit, winning more than $124 million in total monetary damages. At issue was the award of expert witness fees, e-discovery expenses, contract attorney services fees and jury consultant fees totaling more than $12 million.

The Copyright Act gives federal district courts discretion to award "full costs" to a party in copyright litigation. Rimini argued that "costs" is a term of art in federal statutes that refers directly to the taxable costs defined in 28 U.S.C.A. §1920; Oracle's counter-argument was that the word "full" authorizes the courts to award expenses beyond the six categories of costs specified in the general costs statute, codified as 28 U.S.C.A. §1821 and §1920, and instead means recovery of all litigation costs. In a unanimous ruling authored by Justice Brett Kavanaugh, the Supreme Court held that the provision authorizing award of "full costs" to a party in copyright litigation does not authorize courts to go beyond the specific types of costs available in the general costs statute.

While impact of the decision in *Rimini Street* was significant for the parties involved because the costs were significant, the practical application of this decision going forward may be modest. However, the decision is nonetheless noteworthy for two reasons: first, the decision makes the nontaxable cost awards in copyright infringement litigation more predictable; second, this decision will likely encourage federal courts to read the costs provisions under other federal statutes narrowly.

Fourth Estate

In the second matter, Fourth Estate Public Benefit Corporation v. Wall-Street.com, 586 U.S. ___, 139 S. Ct. 881; 203 L. Ed. 2d 147, 129 U.S.P.Q.2d 1453 (2019), the Supreme Court resolved a conflict in authority between the circuit courts as to the meaning of the phrase "registration of the copyright claim has been made," as contained in section 411(a) of the Copyright Act.

While copyright protection is automatic and copyright registration is optional, a copyright owner must register its copyright before filing a copyright infringement suit. Prior to the decision in *Fourth Estate*, there existed a split in authority as to whether section 411(a)'s registration requirement may be satisfied merely by submitting a copyright registration application (as the Fifth and Ninth circuits allowed) or whether it was necessary for the Register of Copyrights to either register the copyright claim or deny the registration (as the Tenth and Eleventh circuits required).

Fourth Estate is a news organization, which licenses news articles written by its journalists to online sites, and claims to own the copyrights to those articles. The license agreement terms required Wall-Street.com, a subscribing website, to remove any Fourth Estate articles before cancelling their subscription. Wall-Street.com subscribed for a time but after cancelling its subscription continued to display those articles.

While Fourth Estate's copyright registration for the articles at issue was still pending, it filed suit against Wall-Street.com, alleging that the website reposted articles without permission after their subscription had expired. The district court dismissed the case on the grounds that Fourth Estate had filed the lawsuit before it had fully registered the copyright. The Eleventh Circuit affirmed, holding that that "filing an application does not amount to registration." Justice Ruth Bader Ginsburg penned the unanimous opinion of the High Court, which held "that 'registration … has been made' within the meaning of 17 U. S. C. §411(a) not when an application for registration is filed, but when the Register has registered a copyright after examining a properly filed application."

Besides the resolution of the long-standing circuit split, the practical implication of this opinion is that litigants may delay filing copyright suits for several months while their registration applications are pending and will likely discontinue forum shopping for the jurisdiction that gets them to court faster (*i.e.*, a jurisdiction that would allow filing suit based on a mere application). Copyright holders may be deterred from including in their lawsuit claims of infringement of unregistered, peripheral copyrights in an attempt to present a case as one meriting a larger damages award and thus try to secure an advantage in resolution discussions.

In both *Rimini Street* and *Fourth Estate*, the Supreme Court adhered closely to the plain language of the statutes, possibly providing insight as to how this court may rule in similar matters involving narrow statutory interpretation issues. Overall, the results of both cases should be welcomed by practitioners as they provide a greater degree of certainty in how copyright infringement matters will be resolved going forward.

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