

## Fourth Estate Redux: Dismissal for Lack of Registration Not on the Merits

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In the latest development of a complicated eight-year court battle regarding a copyright infringement claim, the US Court of Appeals for the First Circuit vacated and remanded the district court's dismissal on claim preclusion grounds. The Court concluded that dismissal for failure to register the copyright was not "on the merits," and therefore preclusion did not apply. *Foss v. Marvic Inc. et al.*, Case No. 23-1214 (1st Cir June 10, 2024) (**Barron**, C.J.; Lipez, Kayatta, JJ.)

In 2006, Cynthia Foss designed a brochure for Marvic, a purveyor of sunrooms, for \$3,000. Foss's grievance with Marvic began in 2016 when she discovered that Marvic had been using a modified version of that brochure without permission. Foss filed a copyright infringement claim in January 2018 demanding \$264,000. She inaccurately alleged that she had applied to register the copyright for the brochure. Eight months later, Foss amended her complaint, falsely alleging that she had registered the brochure with the US Copyright Office in February 2018 when in fact she had only applied for registration.

The district court stayed the action pending the Supreme Court's decision in [\*Fourth Estate v. Wall-Street\*](#), which construed 17 U.S.C. § 411(a) to require registration before a copyright claimant may sue for infringement. After *Fourth Estate* was issued, the district court dismissed Foss's copyright infringement claim because the Copyright Office had not acted on her application for copyright. Later, the Copyright Office granted Foss a copyright registration in the brochure. Rather than move for reconsideration of the dismissal of her claim in the first action, Foss filed an appeal, which she [lost](#).

After losing the appeal, Foss filed a second copyright infringement complaint against Marvic based on the same facts as the first. Foss also filed an amended complaint naming Charter Communication. She sought a declaratory judgment that Charter was not entitled to assert a safe harbor defense under the Digital Millennium Copyright Act (DMCA). Marvic and Charter filed motions to dismiss. In February 2023, the district court granted the motions, finding that "[b]ecause Foss's prior copyright infringement claim against Marvic was dismissed with prejudice, [we] agree[d], for substantially the reasons stated in their supporting memorandum[a], that her copyright claims . . . are barred by *res judicata*." Foss appealed.

On the issue of claim preclusion, the First Circuit concluded that the first dismissal had not been a

“final judgment on the merits” because it was based exclusively on the failure to satisfy the precondition of registration. The Court noted that it had ruled on this issue in *Foss v. Eastern States Exposition*, another copyright infringement action brought by Foss. The Court explained that, as it concluded in the *Eastern States Exposition* case, dismissal due to lack of prior registration is “too disconnected from the merits of the underlying claim” to be claim preclusive.

Marvic argued that the prior dismissal “with prejudice” constituted a final judgment on the merits and that the dismissal was “a sanction” based on Foss’s “repeatedly ignoring court directives requiring amendment or refiling to allege compliance with a precondition to suit.” The First Circuit disagreed, noting that the dismissal was based purely on the lack of registration at the time. Marvic countered that, under Massachusetts law, Foss’s failure to satisfy the precondition for bringing suit itself was sufficient prejudice for claim preclusion. The Court pointed out that dismissal for failure to satisfy the preconditions to suit is preclusive only when the doctrines of laches or estoppel apply and when it would be “plainly unfair” to subject the defendant to a second action. The Court was not persuaded that it would be unfair to Marvic to defend a second action, especially since at the time Foss initially filed her complaint, there was a circuit split as to whether a registration was necessary for filing a copyright infringement suit.

On the dismissal of Foss’s claim for a declaratory judgment that Charter was ineligible for a DMCA safe harbor defense, the First Circuit affirmed the district court’s finding that it lacked Article III jurisdiction. The Court found that Foss was impermissibly attempting to use a “declaratory-judgment action to obtain piecemeal adjudication of defenses that would not finally conclusively resolve the underlying controversy,” citing the Supreme Court’s 2007 decision in *MedImmune v. Genentech*. The district court had also appeared to dismiss Foss’s claim against the Charter defendants under F.R.C.P. 12 b(6) for failure to state a claim, but the First Circuit vacated this merits-based dismissal since it found that the district court did not have jurisdiction to reach the merits.

**Practice Note:** Dismissal of a copyright infringement claim “with prejudice” is not necessarily claim preclusive. If the dismissal was based on lack of registration, even though the litigation history was long, erratic and marked by false allegations, a claimant may be able to file a new action based on the same facts.