BENJAMIN C. MIZER
Principal Deputy Assistant Attorney General
SANDRA R. BROWN
Acting United States Attorney
DOROTHY A. SCHOUTEN
Assistant United States Attorney
Chief, Civil Division
ROBYN-MARIE LYON MONTELEONE
Assistant United States Attorney
Chief, General Civil Section
MONICA L. MILLER (Cal. Bar No. 157695)
Assistant United States Attorney
Federal Building, Suite 7516
300 North Los Angeles Street
Los Angeles, California 90012
Telephone: (213) 894-4061
Facsimile: (213) 894-7819
E-mail: monica.miller@usdoj.gov

Attorneys for NON-PARTY
U.S. COPYRIGHT OFFICE

UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

WESTERN DIVISION

URBAN TEXTILE, INC.,

Plaintiff,

v.

FASHION AVENUE KNITS, INC., et al.

Defendants.

No. 2:16-cv-06786-MWF (KSx)

RESPONSE OF THE REGISTER OF COPYRIGHTS TO REQUEST PURSUANT TO 17 U.S.C. § 4119B)(2)

Honorable Michael W. Fitzgerald
United States District Judge

The U.S. Copyright Office ("Copyright Office"), by and through its undersigned counsel, hereby responds to the question posed in the Order dated March 6, 2017 [Dkt. No. 55].

This case appears to be a copyright infringement action in which an issue has arisen regarding what effect, if any, allegedly inaccurate information would have had on the Copyright Office's issuance of a copyright registration. Under 17 U.S.C. § 411(b)(2), the Court is required to request the Copyright Office's advice on the question posed in this Court's order. The answer of the Register of Copyrights to the question posed by the Court is attached as Exhibit A.

Dated: December 29, 2017.

Respectfully submitted,

SANDRA R. BROWN
Acting United States Attorney
DOROTHY A. SCHOUTEN
Assistant United States Attorney
Chief, Civil Division
ROBYN-MARIE LYON MONTELEONE
Assistant United States Attorney
Chief, General Civil Section

/s/ *Monica L. Miller*
MONICA L. MILLER
Assistant United States Attorney

Attorneys for NON-PARTY
U.S. COPYRIGHT OFFICE

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

URBAN TEXTILE, INC.,

Plaintiff,

v.

FASHION AVENUE KNITS, INC., et al.

Defendant.

Case No. CV-16-6786-MWF (KSx)

RESPONSE OF THE ACTING REGISTER OF COPYRIGHTS TO REQUEST PURSUANT TO 17 U.S.C. § 411(b)(2)

On March 6, 2017, pursuant to 17 U.S.C. 411(b)(2), the Court requested advice from the Acting Register of Copyrights (the "Acting Register")[1] on the following question (the "Order"):

> [A]dvise the Court whether registration would have been refused had the inaccurate and omitted information been known at the time it issued the following copyrights: . . . Registration No. VA 2-007-354 (design titled "UB-4815")[;] . . . Registration No. VAu 1-194-139 (design titled "UB-4816")[.][2]

Attached to the Order were a number of related court documents.[3] As the Copyright Office understands the dispute based on those documents, Defendants Fashion Avenue Knits, Inc., et al.,

[1] The Librarian of Congress appointed Karyn Temple Claggett to the position of Acting Register of Copyrights on October 21, 2016. *See* U.S. COPYRIGHT OFFICE, *About Us*, https://www.copyright.gov/about/leadership/ (last visited December 28, 2017).

[2] Order Regarding Req. to the Register of Copyrights 1, ECF No. 55. Though the Order was dated March 6, 2017, the Office did not receive the Order until July 14, 2017. The Order did not provide a response deadline; however, the Office requested and was granted an extension through December 2017.

[3] Defs.' [Proposed] Summ. Statement to the Register of Copyrights, ECF No. 49; Order Regarding Defs.' Mot. for Issuance of a Req. Under 17 U.S.C. § 411(b)(2) [26][,] Pl.'s Mot. for Leave to File First Am. Compl. [29], ECF No. 42; Pl.'s Notice of Mot. and Mot. for Leave to File First Am. Compl.[,] Mem. of P. & A. in Supp. Thereof[,] Decl. of Chan Yong Jeong[,] [Proposed] First Am. Compl., ECF No. 29; Pl.'s Opp'n to Mot. for Issuance of Req. to Register of Copyrights Under 17 U.S.C. § 411(b)(2) to the Register of Copyrights and for a Partial Stay Pending Resp., or in the Alternative for a Protective Order, ECF No. 30; Defs.' Consolidated: (1) Reply in Supp. of Defs.' § 411(b)(2) Mot. and for a Partial Stay or Protective Order (ECF No. 26) and (2) Opp'n to Urban's Mot. to Amend (ECF No. 29), ECF No. 34; *see also* Mem. of P. & A. in Supp. of Mot. of Def. for Issuance of a Req. Under 17 U.S.C. § 411(b)(2) to the Register of Copyrights and for a Partial Stay Pending Resp., or in the Alternative, for a Protective Order, ECF No. 26-1; Decl. of Chan Yong Jeong In Supp. of Opp. to Mot. for Issuance Under 17 U.S.C. 411(b)(2) to the Register of Copyrights and for a Partial Stay Pending Resp., or in the Alternative for a Protective

allege that Plaintiff Urban Textile, Inc. knowingly failed to disclose the following information in the application for design UB-4816 (Registration Number VAu 1-194-139):

- that the basis for UB-4816 is a design (referred to herein as "source artwork") that was published by way of transfer of ownership from the design studio to Plaintiff;[4]
- that UB-4816 is a derivative of the source artwork;[5]
- that UB-4816 was previously published as UB-4815;[6]
- that Plaintiff's derivative authorship in UB-4816 extends only to uncopyrightable coloring;[7] and
- that Registration Number VAu 1-194-139 is an invalid unpublished collection.[8]

Defendants also allege that Plaintiff knowingly failed to disclose the following information in the application for design UB-4815 (Registration Number VA 2-007-354):

- that the source artwork is also the basis for UB-4815 (and was also published by way of transfer of ownership from the design studio to Plaintiff);[9]
- that UB-4815 is a derivative of the source artwork;[10]
- that Plaintiff's derivative authorship in UB-4815 extends only to uncopyrightable coloring;[11]

Order, ECF No. 30-1; Pl.'s Opp. to Mot. for Issuance of Req. to Register of Copyrights Under 17 U.S.C. § 411(b)(2) to the Register of Copyrights and for a Partial Stay Pending Resp., or in the Alternative for a Protective Order, Ex. 21, ECF No. 30-13; Pl.'s Reply to Defs.' Consolidated (1) Reply in Supp. of Defs.' § 411[(b)(2) Mot., and] (2) a Mot. . . . for a Partial Stay or Protective Order and Opp. to Urban's Mot. to Amend, ECF No. 40.

[4] Defs.' [Proposed] Summ. Statement 5.

[5] *Id.*

[6] *Id.* 4-5 ("Because UB-4816 was wholly embodied and/or disclose[d] by UB-4815, which was published on December 4, 2014, UB-4816 was also published on December 4, 2014. Thus, UB-4816 was published prior to December 9, 2014, the effective date of registration and Urban should have disclosed that the design was published in its application for registration. Registration No. VAu 1-194-139 would not have been issued had Urban disclosed the prior published work (UB-4815).") (internal citations omitted).

[7] *Id.* at 4. Defendants alleged in early moving papers that Plaintiff was not the real author of either design, Defs.' Consolidated Reply 23-24; Mem. of P. & A. in Supp. of Def. 4-5, and Plaintiff responded that, notwithstanding that the issue of who created the work is outside of the Copyright Office's purview, there is no evidence that Plaintiff is not the author of the work, Pl.'s Opp'n to Mot. for Issuance 4-5; Decl. of Chan Yong Jeong 3; Pl.'s Reply to Defs.' Consolidated Reply 2. That allegation was later dropped in Defendant's [Proposed] Summary Statement to the Register of Copyrights.

[8] Defs.' [Proposed] Summ. Statement 4.

[9] *Id.* at 2-4 ("[T]he Source Artwork was actually distributed to Urban when the design studio transferred ownership to the Source Artwork by sale.").

[10] *Id.* at 1-2.

[11] Defs.' Consolidated Reply 13-15.

- that UB-4815 incorporates the previously registered UB-4816 design;[12] and
- that UB-4815 is a duplicate registration of UB-4816.[13]

Plaintiff responds that Registration Numbers VAu 1-194-139 and VA 2-007-354 are valid because:

- Plaintiff's purchase of the copyright in the source artwork did not constitute publication of that work, and so disclosure of previous publication of that source artwork was unnecessary;[14]
- Plaintiff did not need to disclose the source artwork on its registration applications because it owned the copyrights in the source artwork;[15]
- UB-4815 and UB-4816 were created around the same time, are each based on the source artwork, are numbered consecutively, and as such UB-4815 is not a derivative of UB-4816, thus requiring no disclosure of previously registered material on the registration application for UB-4815;[16]
- there are copyrightable differences between the source artwork and the two designs;[17] and
- there are copyrightable differences between UB-4816 and UB-4815.[18]

The Acting Register addresses these allegations below, assuming without deciding the truth of the allegations.[19]

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[12] Defs.' [Proposed] Summ. Statement 2.
[13] Defs.' Consolidated Reply 14.
[14] Pl.'s Reply to Defs.' Consolidated Reply 3.
[15] *Id.* at 2-3.
[16] *Id.* at 4-5.
[17] *Id.* at 5.
[18] *Id.*

[19] Section 411(b) of the Copyright Act provides that a registration is valid even where it contains inaccurate information, unless the two conditions are met: (1) the inaccurate information was knowingly included on the registration application, and (2) the Register of Copyrights would have refused registration if she knew of the inaccuracy. In the Order, the Court made no finding as to whether the registration application contained inaccurate information regarding the publication status of the Work, or whether Plaintiff made those statements knowingly on the registration application. The Seventh Circuit has explained that while section 411(b)(2) "appears to mandate that the Register get involved" in any case in which an inaccuracy in a registration application is merely "alleged," her input "need not be sought immediately after a party makes such a claim" given the "obvious potential for abuse." *DeliverMed Holdings, LLC v. Schaltenbrand*, 734 F.3d 616, 625 (7th Cir. 2013). Instead, courts appropriately can require "that the party seeking invalidation first establish that the other preconditions to invalidity are satisfied before obtaining the Register's advice on materiality." *Id.* In other words, a court can require a litigant to first "demonstrate that (1) the registration application included inaccurate information; and (2) the registrant knowingly included the inaccuracy in his submission to the Copyright Office" before seeking the Register's advice as to "whether the inaccuracy would have resulted in the application's refusal." *Id.* To be sure, the plain text of section

BACKGROUND

A review of the Copyright Office's records shows the following:

A. UB-4816[20]

On December 9, 2014, the Office received an application to register a two-dimensional artwork collection titled Urban Design-64. The collection contained seven designs, including design UB-4816. The application identified Urban Textile, Inc., as the work made for hire author and copyright claimant of the collection. The application stated that the collection was created in 2014, and that it was unpublished. The Office registered the unpublished collection with an effective date of registration ("EDR")[21] of December 9, 2014, and assigned registration number VAu 1-194-139. Based on the information provided in the application, the Office had no reason to question the representations in the application and accepted them as true and accurate.[22]

411(b)(2) permits courts to seek the Register's advice based on a mere allegation that the registrant knowingly included inaccurate information in a registration application. In such cases, like the one here, the Register's response will assume the truth of those allegations, solely for purposes of determining whether the inaccuracies would have been material.

[20] Image taken from registration deposit.

[21] The EDR is the date that the Office received a completed application, the correct deposit copy, and the proper filing fee.

[22] The principles that govern how the Office examines registration applications are found in the *Compendium of U.S. Copyright Office Practices, Third Edition*, which is "an administrative manual" that "explains many of the practices and procedures concerning the Office's mandate and statutory duties under title 17 of the United States Code." 37 C.F.R. § 201.2(b)(7). One such principle is that the Office generally "accepts the facts stated in the registration materials, unless they are contradicted by information provided elsewhere in the registration materials or in the Office's records." U.S. COPYRIGHT OFFICE, COMPENDIUM OF U.S COPYRIGHT OFFICE PRACTICES § 602.4(C) (3d. ed. 2017). Additionally, "the Office does not conduct investigations or make findings of fact to confirm the truth of any statement made in an application . . . ." *Id.* However, "[k]knowingly making a false representation of a material fact in an application for copyright registration . . . is a crime that is punishable under 17 U.S.C. § 506(e)." *Id.*

B. UB-4815[23]

On June 9, 2016, the Office received an application to register a two-dimensional artwork titled UB-4815. The application identified Urban Textile, Inc., as the work made for hire author and copyright claimant. The application stated that the work was created in 2014 and was published in the United States on December 4, 2014. The Office registered the work with an EDR of June 9, 2016, and assigned registration number VA 2-007-354. Based on the information provided in the application, the Office had no reason to question the representations in the application and accepted them as true and accurate.

ANALYSIS

An application for copyright registration must comply with the requirements of the Copyright Act set forth in 17 U.S.C. §§ 408(a), 409, and 410. Regulations governing applications for registration are codified in title 37 of the Code of Federal Regulations at 37 C.F.R. §§ 202.1 to 202.21. The principles that govern how the Office examines registration applications are found in the *Compendium of U.S. Copyright Office Practices, Third Edition* ("*Compendium*"). The statutory requirements, regulations, and *Compendium* practices most relevant to the Court's request are as follows:

I. Relevant Statutes, Regulations and, Agency Practices

A. Publication

In pertinent part, the Copyright Act defines "publication" as

[23] Image taken from registration deposit.

> [T]he distribution of copies or phonorecords of a work to the public by sale or other transfer of ownership, or by rental, lease, or lending. The offering to distribute copies or phonorecords to a group of persons for purposes of further distribution, public performance, or public display, constitutes publication. [24]

As the *Compendium* explains, under the first sentence of this definition (the "distribution" prong), "publication occurs when one or more copies or phonorecords are distributed to a member of the public who is not subject to any express or implied restrictions concerning the disclosure of the content of that work."[25] For example, "[d]istributing copies of a motion picture through a retail service constitutes publication of that work."[26] But "[i]f an author grants to another the right to publish his work, the grant does not in and of itself constitute a publication [under the distribution prong] unless and until the grantee exercises that right."[27]

The second sentence of the definition of "publication" (the "offering to distribute" prong) provides a somewhat limited exception to the general rule requiring actual distribution of the work. Under it, the mere "offering" of copies of a work to "a group of persons" for "further distribution, public performance, or public display" constitutes publication; distribution itself is not required.[28] The offering of a work to a *single person* for the enumerated purposes does not qualify. And offering a copy of a work to a group of persons is not enough: the offer must also be made with the purpose of further distributing that work, publicly performing that work, or publicly displaying that work.[29] Additionally, the work being offered must be ready for further distribution at the time of the offer. [30] For example, "[p]ublication occurs when a motion picture is offered to a group of movie theaters or television networks for the purpose of exhibiting or broadcasting that work."[31]

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[24] 17 U.S.C. § 101 (definition of "publication").
[25] COMPENDIUM (THIRD) § 1905.1; *see also* H.R. REP. NO. 94-1476, at 138 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5754.
[26] COMPENDIUM (THIRD) § 1905.1.
[27] 1 M. Nimmer & D. Nimmer, *Nimmer on Copyright* § 4.03[B] (2017); *see also Peter Pan Fabrics, Inc. v. Dan River Mills, Inc.*, 295 F. Supp. 1366, 1368 (S.D.N.Y. 1969), *aff'd*, 415 F.2d 1007 (2d Cir. 1969) (finding purchase by plaintiff of an illustration from a design studio did not itself constitute publication under the distribution prong).
[28] The Office understands the actual distribution of (in addition to the mere "offering to distribute") copies or phonorecords to a group of persons for the enumerated purposes also to constitute a publication under the statute. *See* 1 Paul Goldstein, *Goldstein on Copyright* § 3.3.2 (2016).
[29] *See NBC Subsidiary (KCNC-TV), Inc. v. Broad. Info. Servs., Inc.*, 717 F. Supp. 1449, 1452 (D. Colo 1988) ("The offering . . . must be made to 'a group of persons *for the purposes of further distribution, public performance, or public display* []' . . . . Congress would have shortened the definition . . . had it not intended to qualify the definition by requiring that the offering be made for one or more of the specific purposes provided.") (internal citation omitted).
[30] COMPENDIUM (THIRD) § 1906.3 ("Offering a cartoon to a group of syndicators constitutes publication, provided that the work is available for distribution when the offer is made.").
[31] COMPENDIUM (THIRD) § 1906.1.

B. Derivative works and originality in derivative works

Under the Copyright Act, a "derivative work" is defined as "a work based upon one or more preexisting works, such as [an] art reproduction, abridgment . . . or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications, which, as a whole, represent an original work of authorship, is a 'derivative work'."[32]

The Copyright Office will register a claim in a derivative work where the deposit material contains new authorship with a sufficient amount of original expression.[33] In the case of derivative works, the "new authorship that the author contributed to the derivative work may be registered, provided that it contains a sufficient amount of original expression, meaning that the derivative work must be independently created and it must possess more than a modicum of creativity."[34] A claim to register a derivative work that adds only non-copyrightable elements, such as mere coloring, [35] or editing out grammatical and spelling errors[36]to a prior product is not entitled to copyright registration. Ultimately, whatever the addition is, it must be independently protectable in order for the derivative work to be registered.

The registration for a derivative work, however, "does not cover any previously published material, previously registered material, or public domain material that appears in the derivative work."[37] Thus, in the registration application for a derivative work, the applicant must disclaim such material.[38] Unclaimable material should be distinguished from any new, derivative authorship claimed on a registration application.[39] At the same time, an application for a derivative work need not disclaim preexisting unpublished material that is owned by the claimant (*e.g.*, a motion picture registration need not disclaim the unpublished screenplay that the movie studio purchased from the screenwriter).

Additionally, when a derivative work incorporating preexisting, unpublished material is published, any portion of the preexisting material appearing in the derivative work is also

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[32] 17 U.S.C. § 101 (definition of "derivative work").
[33] *Id.* § 103(a) ("The subject matter of copyright . . . includes . . . derivative works"); *see also* COMPENDIUM (THIRD) § 311.1 (citing H.R. REP. NO. 94-1476, at 57 (1976)).
[34] COMPENDIUM (THIRD) § 311.2 (citing *Waldman Publishing Corp. v. Landoll, Inc.*, 43 F.3d 775, 782 (2d Cir. 1994)).
[35] *See* 37 C.F.R. § 202.1(a) (stating that "mere variations of . . . coloring" are "not subject to copyright" and "applications for registration of such works cannot be entertained"); *see also Boyds Collection, Ltd. v. Bearington Collection, Inc.*, 360 F. Supp. 2d 655, 661 (M.D. Pa. 2005).
[36] COMPENDIUM (THIRD) § 313.4(B).
[37] *Id.* § 311.2; *see also* 17 U.S.C. § 103(b) (Copyright in a derivative work is "independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.").
[38] COMPENDIUM (THIRD) §§ 503.5, 507.2.
[39] *Id.* § 503.5.

published.[40] For example, "[w]hen an unpublished screenplay is used in the creation of a motion picture, the elements of that screenplay that appear in the motion picture are published when [] copies of the motion picture are distributed to the public, or [] when copies of the motion picture are offered to a group of persons for further distribution, public performance, or public display."[41] At the same time, the use of previously published material as the basis for creating a derivative work does not publish the derivative work itself.[42]

C. Duplicate claims

The Office generally "will issue only one basic registration for each work" because "[a]llowing multiple registrations for the same work confuses the public record."[43] The Office will "generally . . . decline to issue additional registrations once a basic registration has been made."[44] An exception to this rule is when an applicant previously registered the work as unpublished but later publishes the work. In such instances, "the Office will accept another application to register the first published edition of the work (even if the unpublished and the published version are substantially the same)."[45]

The Office will reject an application to register "a claim that is an exact duplicate of another claim."[46]

D. Registration requirements for the "unpublished collection" option

An unpublished collection is "a registration accommodation" by the U.S. Copyright Office for registering "multiple unpublished works with one application and one filing fee."[47] The unpublished collection option may not be used to register published works.[48]

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[40] *Id.* § 1909.1 ("An unpublished work is considered published when it is embodied in another work of authorship that has been published, but only to the extent that the unpublished work is disclosed in the published work.").
[41] *Id.*
[42] *Id.* §§ 1909.1, 1909.2 ("Publishing a portion of a work does not necessarily mean that the work as a whole has been published. As a general rule, publication applies only to the specific portions of the work that have been distributed to the public or offered for distribution to a group of persons for the purpose of further distribution, public performance, or public display.").
[43] *Id.* § 510.
[44] *Id.*
[45] *Id.* § 510.1 (citing 17 U.S.C. 408(e); 37 C.F.R. 202.3(b)(11)(i)).
[46] *Id.* § 602.4(E).
[47] *Id.* §§ 1106, 1106.1.
[48] *Id.* § 1106.1 ("All of the copyrightable elements that are otherwise recognizable as self-contained works must be unpublished . . . Works that do not satisfy these requirements cannot be registered as an unpublished collection. In particular, an applicant cannot use this option to register a number of published and unpublished works. If any of the works have been published, the applicant should not include those works in the claim.").

II. Acting Register's Assessment of the Alleged Inaccuracy's Materiality

In responding to the Court's question, the Office applies the foregoing governing statutory and regulatory standards, and examining principles. The Office notes, however, that it is not unusual for the examiner to correspond with an applicant about factual assertions if the assertions appear to conflict with other information provided in the application materials.[49] Accordingly, if the Office becomes aware of an error at the time of application, such as whether the work was published, or has questions about facts asserted in the application, it provides the applicant an opportunity to correct the error or verify the facts within a specified period of time.[50] If the applicant responds in a timely fashion to the satisfaction of the Office, the Office can proceed with the registration. In this case, of course, the error was not identified and no corrective action was therefore possible. The Acting Register's response herein is thus based on the assumption that the error identified in the Court's question would not have been timely corrected through such a process.

As discussed below, the Register concludes that certain of the alleged inaccuracies, if true, would have led her to reject both registration applications.

A. Undisputed facts

The Office understands the undisputed facts as follows:

- Urban purchased the copyright in the source artwork (depicted below)[51] from Mosaique, a company in the business of creating artwork for purchase by textile companies.[52]

[49] *Id.* § 602.4(C).
[50] Generally, an applicant has 45 calendar days to respond via email, and 45 calendar days to respond via U.S. mail to questions concerning issues in the application materials. *See Id.* §§ 605.6(B), 605.6(D).
[51] Pl.'s Opp'n to Mot. for Issuance, Ex. 21.
[52] Decl. of Chan Yong Jeong 3-4; Pl.'s Opp'n to Mot. for Issuance, Ex. 21; Pl.'s Reply to Defs.' Consolidated Reply 4.

- Plaintiff admits that Mosaique, a design studio, is the author of the source artwork.[53]
- Mosaique was in the business of showing its artwork to potential customers with the intent to sell the copyrights in a work; the right to distribution was not granted to a buyer until after purchase.[54]
- Urban purchased all of the copyrights in the source artwork from Mosaique on December 1, 2014.[55]
- The source artwork comprises several rows of abstract shapes and lines, colored in using a multi primary colored palette, with an overlay of stained black lines.[56]
- Plaintiff asserts and Defendants do not appear to dispute that Urban used the source artwork to create, in sequence, UB-4815 and UB-4816.[57]
- UB-4815 was published on December 4, 2014.
- Urban registered UB-4816 as part of an unpublished collection on December 9, 2014, naming itself as the sole work made for hire author and claimant on the registration application; this registration included the source artwork.
- Urban later registered UB-4815 June 9, 2016, naming itself as the sole work made for hire author and claimant on the registration application.

B. Allegations regarding the UB-4816 design

- Defendants allege that Urban failed to disclose that UB-4816 is a derivative of the source artwork. As explained above, however, the mere fact that UB-4816 is a derivative work does not mean that the source artwork needed to be disclosed or disclaimed; if, as Urban asserts, it owned the copyright in the source artwork, and the source artwork was unpublished, then such a disclaimer is not required.
- Defendants allege that the source artwork was previously published "because [it] was actually distributed to Urban when the design studio transferred ownership . . . by sale," on December 1, 2014.[58] But a mere transfer of ownership of *copyright* in a work does not

[53] Decl. of Chan Yong Jeong 3.
[54] Pl.'s Reply to Defs.' Consolidated Reply 3.
[55] Pl.'s Opp'n to Mot. for Issuance, Ex. 21; Pl.'s Reply to Defs.' Consolidated Reply 4.
[56] Pl.'s Reply to Defs.' Consolidated Reply 5.
[57] *Id.* at 4; Defs.' [Proposed] Summ. Statement 3, 5.
[58] Defs.' [Proposed] Summ. Statement 3-4.

constitute a publication. Publication requires a distribution (or in certain circumstances the "offering" to distribute) of *copies or phonorecords* of the work under copyright.

- Defendants separately allege that the source artwork used as the basis of UB-4816 was previously published at the time of registration on December 9, 2014 because UB-4815 (which was also derivative of the source artwork) was published five days earlier, on December 4, 2014. Defendants are correct that the publication of a derivative work also publishes the elements of the underlying work that appear in the derivative work. Accordingly, the source artwork should have been excluded from Urban's claim in UB-4816. Had the Office been aware that UB-4816 incorporated previously published material but that Urban failed to include that information on the registration application, the Office would have refused registration because an applicant is required to disclose and exclude previously published material from their claim.

- Defendants also allege that Urban's derivative authorship consists solely of uncopyrightable coloring.[59] Based on our own examination of the deposits and the depiction of the source artwork above, Urban's contribution to the work appears to have consisted of the removal of the black stains overlaying the source artwork, removal of the colors, and the addition of the black and tan coloring to the underlying rows of abstract shapes and lines. These authorship contributions are uncopyrightable. Had the Office been aware at the time of registration that the extent of Urban's claim to UB-4816 was uncopyrightable editing and coloring, it would have refused registration of the derivative authorship.

- Defendants allege that the incorporation of previously published material in UB-4816 invalidates Registration Number VAu 1-194-139 as an unpublished collection.[60] Had the Office been aware at the time of registration that the only copyrightable element in UB-4816 is the previously published portion of the source artwork, it would have refused registration because all of the copyrightable elements in an unpublished collection must be unpublished.[61]

[59] The Office assumes, based on the fact that the registration application lists Urban as the work made for hire author of UB-4816, that they only intended to claim their own (derivative) authorship in the work, and did *not* intend to also register the underlying source artwork.
[60] Defs.' [Proposed] Summ. Statement 5.
[61] COMPENDIUM (THIRD) § 1106.1.

C. Allegations regarding the UB-4815 design

- Defendants allege that Urban failed to disclose UB-4815's derivative nature.[62] Again, the mere fact that UB-4816 is a derivative work does not mean that the source artwork needed to be disclosed or disclaimed.

- Defendants allege that UB-4815 incorporates the same design used in the previously registered UB-4816.[63] UB-4815 incorporates the same underlying rows of abstract shapes and lines from the source artwork and that were previously registered as an unpublished work in UB-4816. Had the Office been aware at the time of registration that UB-4815 incorporated previously registered material but that Urban failed to include that information on the registration application, the Office would have refused registration because previously registered material must be excluded on applications.

- Defendants also allege that Urban's derivative authorship in UB-4815 extends only to uncopyrightable coloring.[64] UB-4815 largely resembles the source artwork as purchased but includes alterations—alteration of coloring and removal of the black stains—that together constitute copyrightable authorship. Defendants allege that UB-4815 is a duplicate registration of UB-4816. That issue is moot because, as discussed above, the registration of UB-4816 is not valid for two separate reasons: UB-4816 is uncopyrightable derivative of the source artwork, and it is a published work that was improperly registered as part of an unpublished collection.

Finally, we note that Urban has argued that it may correct the applications using supplementary registration rather than having the registrations declared invalid.[65] It is true that defective applications may be corrected post-registration using the supplementary registration option. The issue of supplementary registration is not discussed here because supplementary registration focuses on post-registration application corrections, while section 411(b)(2) focuses the inquiry on what the Register would have done at the time of initial application. We note, however, that if Urban attempted to correct the errors above with a supplementary registration, under our

[62] Defs.' [Proposed] Summ. Statement 1-2.
[63] *Id.* at 2.
[64] Defs.' Consolidated Reply 13-15.
[65] Pl.'s Reply to Defs.' Consolidated Reply 3. ("Even assuming that Urban erred by failing to disclose the Source Artwork, Urban can readily fix this error by filing a supplementary registration.") (citations omitted).

prevailing registration policies, the Office would typically not take action on that request until resolution of the litigation.[66]

Dated: December 29, 2017

Karyn Temple Claggett
Acting Register of Copyrights

[66] COMPENDIUM (THIRD) § 1802.9(G) ("If the U.S. Copyright Office is aware that there is actual or prospective litigation . . . involving a basic registration, the Office may decline to issue a supplementary registration until the applicant has confirmed in writing that the dispute has been resolved.").