	Case 2:21-cv-03713-RSWL-DFM	Document 93-1 #:2467	Filed 05/15/23	Page 1 of 16	Page ID	
1						
2						
3						
4						
5						
6 7						
8	UNITED STATES DISTRICT COURT					
9	CENTRAL DISTRICT OF CALIFORNIA					
10						
11	NOVELTY TEXTILE, INC.,	CV	21-3713-RSW	L-DFMx		
12	Plaintiff,					
13		DEC	RESPONSE OF THE REGISTER			
14	VS.		COPYRIGHT			
15	AMAZON.COM, INC. ET AL) –	PURSUANT TO 17 U.S.C. § 411(b)(2)			
16	Defendants.	3 11	1(0)(=)			
17						
18	On March 15, 2023, pursuant to 17 U.S.C. § 411(b)(2), the Court requested					
19 20	advice from the Register of Copyrights (the "Register") on the following questions:					
20	(1) Would the Register of Copyrights have refused Plaintiff's					
21 22	Copyright Registration No. VA 1-821-202 if the Register of Copyrights					
22	had known that:					
24	(a) Although Plaintiff did not identify the work as being a derivative					
25	work, Plaintiff used the Bernini Design [] as the source design that					
26	Plaintiff modified to create the Design?					
		1				
	RESPONSE OF THE REGISTER OF COPYRIGHTS					

(b) Although Plaintiff did not identify the work as being a derivative work, Plaintiff had purchased the rights to the Bernini Design which it based the Design on?

(2) If the Register of Copyrights opines that it would have refused Plaintiff's Copyright Registration No. VA 1-821-202, would the Register of Copyrights accept a supplementary registration by Plaintiff pursuant to §§ 1802.2; 1802.6(J) of the Compendium despite Plaintiff failing to disclose its use of the Bernini Design?¹

The Register hereby submits her response. Based on the legal standards and examining practices set forth below, the U.S. Copyright Office ("Copyright Office" or "Office") would have acted as follows with respect to the identified artwork if it had known the facts identified by the Court:

(1) Had the Office known that Plaintiff used the Bernini Design as the source design and modified it to create Plaintiff's Design, the Office would have refused to register the work that is the subject of Plaintiff's Copyright Registration No. VA 1-821-202. The Office also would have refused registration for Plaintiff's Design had it known that Plaintiff had purchased the rights to the Bernini Design, upon which Plaintiff's Design is based.

¹ Req. to the Register of Copyrights Pursuant to 17 U.S.C. § 411(b)(2) at 3 ("Request"), ECF No. 88. The Court requested a response from the Register in approximately thirty days. *Id.* at 4. On April 3, 2023, the Court granted the Register's request for an additional thirty-one days to submit her response. Order Extending the Time for the Register of Copyrights to Comply with the Court's Req. to the Register (ECF 88) at 1, ECF No. 92.

(2) However, the Office would accept a supplementary registration filed by Plaintiff to correct the omission in the original application and exclude the Bernini Design.

BACKGROUND

I. **Examination History**

A review of the records of the Copyright Office reveals the following:

Original Registration Application *A*.

On February 28, 2012, the Copyright Office received an application to register twenty-six works² titled "Novelty 2264, 2265, 2266, 2268, 2269, 2270, 2271, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2287, 2288, 2290, 2291, 2292."³ The works comprised twenty-six designs, including a design identified as file name "Novelty 2271" ("Subject Design"), which is the design at issue in the Request. The application identified Novelty Textile, Inc. ("Plaintiff") as the sole author and claimant. The application stated that the designs were completed in 2012 and first published in the United States on

² As a general rule, each registration covers one individual work, and an applicant should prepare a separate application, filing fee, and deposit for each work that is submitted for registration. Copyright Office regulations at the time of Novelty Textile, Inc.'s application, however, included an option to register "all copyrightable elements that are otherwise recognizable as self-contained works, that are included in a single unit of publication, and in which the copyright claimant is the same." 37 C.F.R. § 202.3(b)(4)(A) (2012). In correspondence regarding the application, a representative of Novelty Textile, Inc. confirmed that the designs were marketed and presented to clients "in groups" as "a grouped pattern." Email from Alice Kang, Novelty Textile, Inc., to U.S. Copyright Office (May 31, 2012). Based on this information, the Office deemed the submitted designs a "single unit of publication." 37 C.F.R. § 202.3(b)(4)(A) (2012). ³ One design, submitted as file name "Novelty 2272.jpg," is missing from the title.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

3 **RESPONSE OF THE REGISTER OF COPYRIGHTS**

February 8, 2012. Based on the information provided in the application, along with Plaintiff's representations, the Office registered the designs on July 6, 2012 under registration number VA0001821202 (the "Registration"), with an effective date of registration ("EDR")⁴ of February 28, 2012. The Office had no reason to question Plaintiff's representations and accepted them as true and accurate.

B. Pending Supplementary Registration Application

On December 19, 2022, the Copyright Office received a supplementary registration application to augment the information contained in the Registration, identified as service request number 1-12033979668. Specifically, Plaintiff sought to limit the copyright claim by identifying material to be excluded from the claim, described as "2-D artwork." In the application, Plaintiff explained that the "[n]on-attorney Claimant did not believe that it was supposed to list the name or domicile of [the] author of [the] source work from which [the] registered work was derived because Claimant purchased and was assigned all rights in and to the source work before the registration and thereafter modified the source work to create the registered work."

As explained below, the Office has stayed its consideration of the supplementary registration application due to the ongoing litigation regarding the Registration and notice of the Court's Request.

II. The Court's Request

In the Order attached as an exhibit to the Request, the Court determined that Shenzhen Liyi E-Commerce Co. Ltd. ("Defendant") plausibly alleged that

⁴ The EDR is the date that the Office received a completed application, the correct deposit copy, and the proper filing fee.

Case 2:21-cv-03713-RSWL-DFM Document 93-1 Filed 05/15/23 Page 5 of 16 Page ID #:2471

"inaccurate information was knowingly included in Plaintiff's application."⁵ Specifically, Defendant alleged that the Subject Design is "unquestionably a derivative work that Plaintiff made by modifying a preexisting design that Plaintiff purchased from a third party."⁶ Plaintiff admitted "that it purchased textile print design C-06-K-39 (the 'Bernini Design') from Bernini Studio S.R.L. on December 12, 2011."⁷ The Court stated that "Plaintiff further concede[d] that the Bernini Design is 'the source artwork used to create [the Subject Design],' and that after obtaining the Bernini Design, 'Plaintiff's design team thereafter modified the source artwork' by 'rearrang[ing] motifs, resiz[ing] elements,' and re-coloring the design."⁸ Finally, in addition to admitting that the Subject Design is derived from the Bernini Design, Plaintiff also conceded that "the Bernini Design was published before Plaintiff acquired it or filed a registration application for [the Subject Design]."⁹ Based on Plaintiff's admissions, the Court concluded that, because "Plaintiff did not disclose to the Register of Copyrights its use of the Bernini Design to form [the Subject Design], ... Plaintiff's application for copyright registration of [the Subject Design] contained inaccuracies."¹⁰ The Court further noted, that while "Plaintiff was likely aware of its obligation to disclose the Bernini Design's existence," its Order "determines only that Defendant plausibly

⁵ Request, Ex. 1 at 15.

⁶ *Id.*, Ex. 1 at 3 (quoting Def. Shenzhen Liyi E-Commerce Co. Ltd.'s Notice of Mot. and Mot. for Issuance of a Req. to the Register of Copyrights Pursuant to 17 U.S.C. § 411(b)(2) and Mem. of Points & Authority in Supp. at 2 ("Defendant's Motion"), ECF. No. 68).

 7 *Id.*, Ex. 1 at 12.

⁸ *Id.* (quoting Defendant's Motion, Ex. B at 3, ECF. No. 68-2).
⁹ *Id.*

¹⁰ *Id.*, Ex. 1 at 13.

1

RESPONSE OF THE REGISTER OF COPYRIGHTS

allege[d]" that Plaintiff knowingly included inaccurate information in application for the Registration.¹¹

Finding that Defendant's allegation satisfied the conditions set forth in 17 U.S.C. § 411(b)(2), the Court requested that the Register consider whether the inaccuracy identified in the Request would have caused the Register to refuse the Registration, and whether the Office would accept a supplementary registration application to correct the inaccuracy.¹²

ANALYSIS

I. Relevant Statute, Regulations, and Agency Practices

An application for copyright registration must comply with the requirements of the Copyright Act set forth in 17 U.S.C. §§ 408(a), 408(d), 409, and 410. Regulations governing applications for registration are codified at 37 C.F.R. §§ 202.1 to 202.24. Further, principles that govern how the Office examines registration applications are set out in the *Compendium of U.S. Copyright Office Practices*, an administrative manual that instructs agency staff regarding their statutory and regulatory duties and provides expert guidance to copyright applicants, practitioners, scholars, courts, and members of the general public regarding Office practices and related principles of law.¹³ Because Plaintiff submitted its application for registration in February 2012, the governing principles the Office would have applied are set forth in the *Compendium of U.S. Copyright*

¹³ The Office publishes regular revisions of the *Compendium of U.S. Copyright Office Practices* to reflect changes in the law and/or Office practices, which are provided for public comment prior to finalization. The most recent version of the *Compendium* was published in January 2021.

1

6 RESPONSE OF THE REGISTER OF COPYRIGHTS

¹¹ *Id.*, Ex. 1 at 15.

 $^{^{12}}$ *Id.* at 3.

*Office Practices, Second Edition.*¹⁴ For any new or pending supplementary registration applications, the Office refers to similar guidance set forth in the current version of the Compendium of U.S. Copyright Office Practices, Third Edition.¹⁵ 4

A. **Registration Requirements for Derivative Works**

In pertinent part, the Copyright Act defines a "derivative work" as: [A] work based upon one or more preexisting works, such as $a[n] \dots$ art reproduction . . . 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."¹⁶

An application for registration of a derivative work must include "an identification of any preexisting work or works that it is based on or incorporates, and a brief, general statement of the additional material covered by the copyright claim being registered."¹⁷ At the time Plaintiff submitted its application, COMPENDIUM (SECOND) required an application for a derivative work to identify preexisting and new or revised material if the derivative work incorporated "substantial amounts of previously registered, previously published, or public

¹⁴ U.S. COPYRIGHT OFFICE, COMPENDIUM OF U.S. COPYRIGHT OFFICE PRACTICES (2d ed. 1988) ("COMPENDIUM (SECOND)"),

https://www.copyright.gov/history/comp/compendium-two-1988-chap600-22 1900.pdf. 23

¹⁵ U.S. COPYRIGHT OFFICE, COMPENDIUM OF U.S. COPYRIGHT OFFICE PRACTICES (3d ed. 2021) ("COMPENDIUM (THIRD)"), https://copyright.gov/comp3/docs/compendium.pdf.

¹⁶ 17 U.S.C. § 101 (definition of "derivative work").

¹⁷ *Id.* § 409(9).

1

2

3

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

24

25

26

RESPONSE OF THE REGISTER OF COPYRIGHTS

domain material," or material owned by a third party.¹⁸ It defined "substantial" to mean that the preexisting material represents, "in relation to the work as a whole," a "significant portion of the work."¹⁹

When examining an application for registration of a derivative work, the Office determines whether the work contains new creative authorship with a sufficient amount of original expression to satisfy the requirements for copyrightability.²⁰ This is the same standard as that required for determining whether a copyright exists in any work. The author must contribute something more than a "merely trivial" variation.²¹ "[T]he key inquiry is whether there is sufficient nontrivial expressive variation in the derivative work to make it distinguishable from the [preexisting] work in some meaningful way."²² If granted, a registration for a derivative work covers only the new creative expression added by the author, not the expression in the preexisting work.²³

¹⁸ COMPENDIUM (SECOND) § 626.02; *see also id.* § 306.01 ("The copyright in a derivative work extends only to the material contributed by the author of such work"). In contrast, COMPENDIUM (THIRD) removes the "substantial amount" threshold and states that "[a] claim should be limited if the work contains an *appreciable amount* of material that was previously published, material that was previously registered, material that is in the public domain, and/or material that is owned by an individual or legal entity other than the claimant who is named in the application." COMPENDIUM (THIRD) § 621 (emphasis added).

¹⁹ COMPENDIUM (SECOND) § 325.01(b) (defining "substantial" in the context of registering derivative computer programs).

²⁰ COMPENDIUM (SECOND) § 626.04; *see also Waldman Publ'g Corp. v. Landoll, Inc.*, 43 F.3d 775, 782 (2d Cir. 1994).

²¹ Alfred Bell & Co. v. Catalda Fine Arts, Inc., 191 F.2d 99, 102–03 (2d Cir. 1951).

²² Schrock v. Learning Curve Int'l, Inc., 586 F.3d 513, 521 (7th Cir. 2009).
 ²³ COMPENDIUM (SECOND) § 306.01; see also COMPENDIUM (THIRD) § 311.2.

RESPONSE OF THE REGISTER OF COPYRIGHTS

B. The Role of Supplementary Registration

A supplementary registration may be used to correct certain errors or amplify the information provided in a copyright registration.²⁴ COMPENDIUM (THIRD) provides that a supplementary registration can be used to "correct or amend the information that appears on the certificate of registration in the fields/spaces marked Author Created, Limitation of Copyright Claim, Nature of Authorship, and/or Material Added to This Work," so long as the authorship described in the revised statement in the supplementary registration application is still registrable.²⁵

If an application to correct or amplify the registration record is approved, the Office will prepare a certificate of supplementary registration that contains pertinent information from the application, create a public record that identifies and describes the changes or revisions that have been made, and assign a separate registration number and EDR²⁶ to the supplementary registration.²⁷ The Office will not cancel or replace the basic registration or the public record for that registration. Likewise, the Office will not change the information set forth in the basic registration or its EDR. The basic registration and the supplementary

²⁴ 17 U.S.C. § 408(d); 37 C.F.R. § 202.6; COMPENDIUM (THIRD) § 1802.
 ²⁵ COMPENDIUM (THIRD) §§ 1802.6(J), 1802; *see* 17 U.S.C. § 408(d); 37 C.F.R.
 § 202.6.

²⁶ The EDR for the supplementary registration "is the day on which an acceptable application and filing fee, which are later determined by the Register of Copyrights or by a court of competent jurisdiction to be acceptable for supplementary registration, have all been received in the Copyright Office."
 COMPENDIUM (THIRD) § 1802.12.

25
 27 *Id.* § 1802.10. The Office will also place a note in the public record for the supplementary registration that cross-references the registration number and the year of registration for the basic registration. *Id.* § 1802.11.

1

2

3

4

5

6

7

8

registration, including the respective EDRs, coexist with each other in the public
 record because the "information contained in a supplementary registration
 augments but does not supersede that contained in the earlier registration."²⁸
 COMPENDIUM (THIRD) explains:

The Office maintains both records to allow courts to decide (i) whether the changes made by the supplementary registration are material, and (ii) whether those changes should . . . be deemed effective as of the date that the basic registration was made or the date that the supplementary registration was made.²⁹

The Office may decline to issue a supplementary registration when it is aware that there is actual or prospective litigation involving the basic registration if (1) the proposed change would be directly at issue in the litigation, and (2) the proposed amendment may confuse or complicate the pending dispute.³⁰ In such cases, the Office typically stays its consideration of the supplementary registration application until the applicant confirms in writing that the dispute has been resolved.³¹

II. Other Copyright Office Regulations and Practices

The Copyright Office's regulations require applicants to make a "declaration . . . that the information provided within the application is correct to the best of [the applicant's] knowledge."³² Generally, the Office "accepts the facts stated in the

²⁸ 17 U.S.C. § 408(d); COMPENDIUM (THIRD) § 1802.10.
²⁹ COMPENDIUM (THIRD) § 1802.12.
³⁰ *Id.* § 1802.9(G).
³¹ *Id.*³² 37 C.F.R. § 202.3(c)(3)(iii).

RESPONSE OF THE REGISTER OF COPYRIGHTS

Exhibit A

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

registration materials, unless they are contradicted by information provided elsewhere in the registration materials or in the Office's records."³³

When the Office determines that all of the "legal and formal requirements" of title 17 have been met, it will register the copyright claim and issue a certificate of registration under its seal.³⁴ If the Office becomes aware of an error at the time of application, such as one relating to whether the application appropriately identified each author who contributed copyrightable authorship to the work, or has other 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. If the applicant responds satisfactorily in a timely fashion, the Office can proceed with the registration.

REGISTER'S RESPONSE TO THE COURT

Based on the foregoing statutory and regulatory standards, and the Office's examining practices, the Register responds to the Court's questions as follows:

Question 1(a)

Had the Office known that Plaintiff used the Bernini Design as a source design and modified it to create the Subject Design, the Office would not have issued the Registration. Instead, the registration specialist would have inquired as to whether Plaintiff's claim should have been limited to exclude the Bernini Design.

Plaintiff's Subject Design is a modified version of the preexisting Bernini Design, which makes it a derivative work.³⁵ An applicant is not required to limit

³⁴ 17 U.S.C. § 410(a); COMPENDIUM (THIRD) § 602.

³⁵ Decl. of James Son ¶¶ 4–5, ECF. No. 73-1; *see* 17 U.S.C. § 101 (defining "derivative work").

 $^{^{33}}$ Compendium (Third) § 602.4(C).

the claim if the derivative work is solely based on or derived from unpublished or unregistered material that was owned by the claimant named in the application.³⁶ However, at the time of Plaintiff's Registration, an application to register a derivative work required the identification of preexisting material if the derivative work incorporated "substantial amounts of previously registered, previously published, or public domain material."³⁷

Plaintiff conceded that the Bernini Design "was offered for viewing and sale on a Bernini Studio website" and was later sold to Plaintiff.³⁸ This statement confirms that the Bernini Design had been published before Plaintiff registered the Subject Design.³⁹ Plaintiff also confirmed that it used the Bernini Design as a starting point and made "further creative and original contributions and modifications" to create the Subject Design.⁴⁰ It used "certain motifs from the Bernini artwork," but "provid[ed] additional original stem and leaf supporting elements to motifs from the Bernini artwork," and edited elements to create a

³⁹ The Copyright Act defines "publication" as "the 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." 17 U.S.C. § 101 (defining "publication"). Although there could be uncertainty about whether the posting and offering for sale of the Bernini Design on the website constituted publication, the Bernini Design was unquestionably published when it was sold to Plaintiff.
 ⁴⁰ Decl. of James Son ¶¶ 4–5, ECF. No. 73-1.

³⁶ COMPENDIUM (THIRD) § 507.2; *see also* COMPENDIUM (SECOND) § 626.01(a). ³⁷ COMPENDIUM (SECOND) § 626.02.

³⁸ Defendant's Motion, Ex. D, at 7, ECF. No. 68-2.

"sanded" look.⁴¹ Thus, the Bernini Design, which had been previously published, comprises a "substantial amount" of the Subject Design as a whole.⁴²

If the Office had been aware of these facts at the time of examination, the registration specialist would have inquired into whether the derivative work contained new creative authorship with a sufficient amount of original expression that was not a "merely trivial" variation on the preexisting Bernini Design.⁴³ If the modifications contained sufficient derivative authorship, the specialist would have asked Plaintiff to identify the new copyrightable authorship added to the previously published design and to exclude the previously published material from its claim.

Question 1(b)

The fact that Plaintiff purchased the rights to the Bernini Design does not change this result. COMPENDIUM (SECOND) required applicants to identify and exclude substantial amounts of "previously published" material, whether or not that material was owned by the claimant named in the application.⁴⁴ Examples provided in COMPENDIUM (SECOND) made clear that the identification of previously published material was required even if the claimant owned the material that had been previously published.⁴⁵

⁴⁴ See COMPENDIUM (SECOND) § 626.02(a) ("Where a work contains material that was published before the date the work being registered was submitted for registration, the application should contain a statement identifying the previously published material."). Current practices continue to require the identification of previously published material comprising an appreciable amount of a work. COMPENDIUM (THIRD) § 621.4.

⁴⁵ See COMPENDIUM (SECOND) § 626.02(a), Example 1; see also COMPENDIUM (THIRD) § 621.4.

RESPONSE OF THE REGISTER OF COPYRIGHTS

⁴¹ *Id.* ¶ 5.

⁴² See Compendium (Second) § 626.02.

⁴³ Alfred Bell, 191 F.2d at 102–03; COMPENDIUM (SECOND) § 626.04; see also COMPENDIUM (THIRD) §§ 311.1, 311.2.

Question 2

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

Notwithstanding the foregoing, the Office would accept a supplementary registration filed by Plaintiff to correct the omission in the original application and exclude the Bernini Design. The Office has stayed its consideration of Plaintiff's supplementary registration application due to this ongoing suit. If the Court advises the Office that the supplementary registration application can proceed despite the pendency of the litigation, the Office will move forward with accepting the supplementary registration.

As noted above, a supplementary registration application can be used to "correct or amend the information that appears on the certificate of registration in the fields/spaces marked Author Created, Limitation of Copyright Claim, Nature of Authorship, and/or Material Added to This Work," so long as the authorship described in the revised statement in the supplementary registration application is registrable.⁴⁶ Here, Plaintiff has asserted that it made a number of changes to the Bernini Design, including "editing multiple floral motifs, providing a new background for the entire design, providing additional original stem and leaf supporting elements to motifs from the Bernini artwork, selecting and arranging only certain motifs from the Bernini artwork, rotating and providing new spatial arrays for the motifs, altering coloration of elements, changing the amount and quality of 'negative space' between the main motifs," and "editing all of the botanical elements to appear 'brushed' or having a coarsely sanded look."⁴⁷ Based on a comparison of the Bernini Design and the Subject Design, the Register

⁴⁶ COMPENDIUM (THIRD) §§ 1802.6(J), 1802; *see* 17 U.S.C. § 408(d); 37 C.F.R. § 202.6. ⁴⁷ Decl. of James Son ¶ 5, ECF. No. 73-1. concludes that Plaintiff's additional contributions constitute a sufficient amount of original authorship to warrant registration.

If the Office issues Plaintiff's December 19, 2022, supplementary registration, the supplementary registration would be assigned a new EDR. It would then be within the Court's discretion to determine whether the errors in the original registration were material and whether the amended registration should be "deemed effective as of the date that the [original] registration was made or the date that the supplementary registration was made."⁴⁸ The Court may, based on its assessment of the significance of the errors, deem the changes effective as of the original EDR, rather than the EDR of any supplementary registration.

⁴⁸ Compendium (Third) § 1802.12.

RESPONSE OF THE REGISTER OF COPYRIGHTS

CONCLUSION

After review of the available facts in this action and application of the relevant law, regulations, and the Office's practices, the Register hereby advises the Court that had the Office been aware that Plaintiff modified the Bernini Design to create the Subject Design, the Office would not have issued Plaintiff's Registration. The fact that Plaintiff purchased the rights to the Bernini Design does not change this result. However, the Office would accept a supplementary registration filed by Plaintiff to correct the omission in the original application and exclude the Bernini Design if the Court directs it to do so. Absent contrary direction from the Court, the Office will continue to stay Plaintiff's supplementary registration application until resolution of the dispute, consistent with Office practices.

Dated: May 12, 2023

Spiia Pertmatter

Shira Perlmutter Register of Copyrights and Director of the U.S. Copyright Office