

# Supreme Court to Consider When Inaccurate Information in a Copyright Registration Affects its Validity in *Unicolors v. H&M*

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After five years of litigation, the battle between Unicolors, a California-based fabric design company, and H&M is still going strong. Now the United States Supreme Court has agreed to decide whether an inaccuracy in Unicolors' copyright registration invalidates its registration and thus a jury's \$1 million damages award in Unicolors' favor.

Unicolors originally filed suit against H&M in 2016, claiming H&M was selling a jacket and skirt bearing one of Unicolors' copyrighted fabric artwork designs, Xue Xu. Unicolors won a jury verdict for copyright infringement, and H&M appealed, claiming the district court made an error by rejecting H&M's argument that Unicolors's copyright was invalid. In its copyright registration application, Unicolors represented that all the included designs were sold to the public at the same time, claiming one date of first publication. But at trial, its president conceded that some of the designs were actually sold to different customers at different times, thus exposing the inaccuracy.

Whether a copyright registration is valid is critical because the Copyright Act (17 U.S.C. § 411(a)) prevents a copyright owner from initiating a lawsuit without one. The Supreme Court recently affirmed this rule in its unanimous decision in *Fourth Estate Public Benefit Corp. v. Wall-Street.com*, 139 S. Ct. 881 (2019).

Under the district court's interpretation of the law, to prove the copyright invalid, H&M had to prove that Unicolors *intended* to deceive the Copyright Office. But the Ninth Circuit held that the district court misinterpreted the requirements of the PRO IP Act (17 U.S.C. § 411(b)), a 2008 amendment to the Copyright Act that clarified that a copyright can be invalid if inaccurate information is in the copyright application "with knowledge" that it was inaccurate. On that basis, the Ninth Circuit overturned the jury verdict and sent the case back to the district court with instructions to ask the Register of Copyrights to determine whether it would have refused registration had it known of the inaccuracy. *Unicolors, Inc. v. H&M Hennes & Mauritz, LP*, 959 F.3d 1194 (9th Cir. 2020)

Unicolors argued that it had no intent to deceive because the inaccurate information in the application was based on its misunderstanding of a technicality in the law. The Ninth Circuit rejected this argument and referred to its reasoning in an earlier case, *Gold Value Int'l Textile, Inc. v. Sanctuary Clothing, LLC*, 925 F.3d 1140 (9th Cir. 2019), in which the court carefully analyzed the PRO IP Act's use of the phrase "with knowledge." In that case, the court based its reasoning on a 1998 Supreme Court case that held that to "knowingly" violate a statute one need only have knowledge of the facts and not the law. Thus, "knowingly" is like when a defendant is charged with possession of an unregistered machine gun, and the prosecutor need only prove that the defendant knew the weapon he possessed was a machine gun, not that he knew it was unlawful to possess unregistered machine guns.

The Supreme Court recently granted Unicolors' petition for certiorari. That is likely due to the circuit split on the question of whether the PRO IP Act requires a copyright owner to have an intent to deceive in order to invalidate a copyright registration with inaccurate information. Currently, the Eleventh and Third Circuits both require some level of intent; the Seventh Circuit has suggested that a showing of fraud may be required; while the Ninth Circuit and the Court of Federal Claims do not require an intent to deceive.

If the Court upholds the ruling in favor of H&M, then copyright registrants with inaccuracies in their copyright registrations may be inclined to re-file or attempt to amend those inaccuracies.

A reversal of the Ninth Circuit ruling, on the other hand, could set a high hurdle of proving a copyright holder had an intent to deceive the Copyright Office with inaccurate information. The Supreme Court's review of this case continues a trend in recent years of hearing copyright cases, including *Google v.*

*Oracle* (fair use), *Georgia v. Public.Resource.Org* (government edicts doctrine), *Fourth Estate Public Benefit Corp* (standing) and *Allen v. Cooper* (states' immunity from copyright infringement).

## Authors



**Michael Graif**