

# e-commerce law reports

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Head Office UK Cecile Park Publishing Limited, 17 The Timber Yard, Drysdale Street, London N1 6ND  
tel +44 (0)20 7012 1380 fax +44 (0)20 7729 6093 info@e-comlaw.com  
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**Football Association Premier League Ltd. v Youtube, Inc., 2009**

No. 07 Civ. 3582 2009 WL 1939812, District Court, Southern NY, July 3 2009.

In Football Association Premier League v. Youtube, a US District Court dismisses the plaintiffs’ claims for punitive and statutory damages under the Copyright Act, except those claims for statutory damages which qualify for the live broadcast exemption.

The class of plaintiffs in Football Association Premier League Ltd. v. Youtube, Inc., consisting of copyright owners and led by the Football Association Premier League (‘Plaintiffs’), sued Youtube (‘Defendant’) for copyright infringement under the US Copyright Act (‘the Act’)<sup>1</sup>. Plaintiffs sought, among other things, statutory and punitive damages. Defendant Youtube filed for summary judgment on the issues of statutory and punitive damages. The district court dismissed Plaintiffs’ claims for statutory damages with respect to works which were not registered in the United States (‘unregistered foreign works’), except those qualifying for the live broadcast exemption, and dismissed Plaintiffs’ claims for punitive damages<sup>2</sup>.

**Statutory damages**

The district court dismissed Plaintiffs’ claims for statutory damages for unregistered foreign works, except those qualifying for the live broadcast exemption.

Plaintiffs argued that they may seek statutory damages on unregistered foreign works because foreign works are exempt from registration requirements under the Act. Defendant argued that statutory damages are not available under the Act for unregistered foreign works. The court agreed.

Sections 412 and 411(a) of the US Copyright Act

In reaching its conclusion, the court examined the language of the Act, the interplay of sections 412 and 411(a), and the Act’s history.

With the exception of works consisting of sounds, images, or both, the first fixation of which is made simultaneously with its transmission (‘live broadcasts’), section 412 prohibits recovery of statutory damages unless a work was registered in the US;

- before the infringement commenced; or
- within three months after its first publication<sup>3</sup>.

Notably, section 412 contains no exception for foreign works. Accordingly, the court found that section 412 requires registration to obtain statutory damages for infringement of foreign works.

Section 411(a) requires registration before any copyright infringement suit may be brought, but is limited to US works. Thus, section 411(a) allows suits to be brought for infringement of foreign works without registration. On the other hand, the court found that section 411(a) does not impair the operation of section 412’s registration requirement.

The court found that the Act’s legislative history makes clear that Congress did not intend to exempt foreign works from section 412’s registration requirement. The House Report accompanying the Act shows that section 412 was enacted to promote copyright registration by denying ‘special statutory remedies unless the owner has, by registration, made a public record of his copyright claim’<sup>4</sup>. Importantly, the last sentence of the House Report states that ‘these provisions [of section 412] would be applicable to works of foreign and domestic origin alike’<sup>5</sup>. Accordingly, the court found - with the exception of live broadcasts - section 412 prohibits statutory damages for unregistered foreign works.

International agreements

Plaintiffs also contended that section 412 must be interpreted to exempt foreign works to avoid the violation of two international agreements to which the US is bound: the Berne Convention for the Protection of Literary & Artistic Works (‘Berne Convention’) and the Agreement

on Trade-Related Aspects of Intellectual Property Rights (TRIPs). In addition, Plaintiffs argued that an amendment to section 411(a) of the Act in the Digital Millennium Copyright Act of 1998 (DMCA) shows that Congress intended for section 412 of the Act to exempt foreign works in order to maintain consistency with treaties and trade agreements. The court disagreed on all counts.

The Berne Convention

The Berne Convention, joined by the US in 1988<sup>6</sup>, requires that protection be given to published and unpublished works of an author who is a national member of a State and that work be protected without formalities outside the country of origin<sup>7</sup>. Plaintiffs argued that requiring registration of foreign works for statutory damages would violate the Berne Convention by subjecting the enjoyment and exercise of a copyright to a formality. The court disagreed.

When Congress passed the Berne Convention Implementation Act of 1988, it exempted foreign works from section 411(a)’s registration requirement, thus allowing suit to be brought for infringement of foreign works without registration. On the other hand, neither the House nor the Senate found that section 412 violates the Berne Convention. Rather, the Senate Judiciary Committee concluded that section 412 of the Act does ‘not condition the availability of all meaningful relief on registration, and therefore is not inconsistent with Berne’<sup>8</sup>. Moreover, the court noted that even if section 412 were inconsistent with the Berne Convention, section 412 would remain binding. The Berne Convention has no effect on US law unless Congress so provides. Congress left section 412 unaffected by the Berne

Convention Implementation Act. The court held that the Berne Convention doesn't alter section 412's registration requirement for foreign works.

#### TRIPs

TRIPs is one of the Uruguay round agreements entered into by the President in 1994. Congress has mandated that if US laws - such as section 412 - conflict with TRIPs, US laws prevail. Specifically, 'no provision of any of the Uruguay Round Agreements, nor the application of any such provision to any person or circumstance, that is inconsistent with any law of the United States shall have effect'. The court held that TRIPs does not alter section 412's registration requirement for foreign works.

#### DMCA

The DMCA was an amendment made to the Act in 1998. Plaintiffs argued that the DMCA shows that Congress intended section 412 to exempt foreign works in order to conform with international treaties and trade agreements. The court disagreed, noting that Plaintiffs failed to cite any binding authority showing that section 412 violates any treaty or trade agreement.

When considering the DMCA, Congress amended section 411(a) of the Act to state that US works must be registered before suit. In so doing, Congress implicitly exempted foreign works from section 411(a)'s registration requirement for bringing suit, in particular those foreign works protected by treaties and trade agreements. On the other hand, the court explained that Congress did not intend to exempt foreign works from section 412's registration requirement for obtaining statutory damages. Thus, the court held that the DMCA does not alter section 412's registration requirement for foreign works.

#### Section 411(c) of the US Copyright Act

Section 411(c) exempts from section 412's registration requirement live broadcasts. To qualify for the exemption, a copyright owner of a foreign live broadcast must serve advanced notice of potential infringement on the prospective infringer 48 hours before the work is transmitted.

Defendant argued that Plaintiffs can't rely on section 411(c) because Plaintiffs failed to allege facts to satisfy section 411(c)'s notice requirements. The court disagreed.

Despite the potential omission of factual allegations in Plaintiffs' pleadings, Plaintiffs included the facts necessary to overcome Defendant's summary judgment motion regarding section 411(c)'s exemption from section 412 in a declaration and letter they submitted. The court deemed Plaintiffs' complaint amended to include the factual allegations contained in the declaration and letter. Thus, the court dismissed Defendant's summary judgment motion regarding Plaintiffs' works which allegedly qualify for section 411(c)'s live broadcast exemption from section 412's registration requirement.

#### Punitive damages

The court dismissed Plaintiffs' claims for punitive damages. Plaintiffs argued that they should be allowed to seek punitive damages for unregistered works barred from receiving statutory damages where they would otherwise 'have a difficult - if not impossible - time obtaining any effective monetary relief'. The court disagreed.

Citing numerous cases, the court held that there is no circumstance in which punitive damages are available under the Act. Thus, the court dismissed Plaintiffs' claims for punitive damages.

#### Conclusion and implications

Ultimately, the court dismissed Plaintiffs' claims for statutory damages, except those qualifying for the live broadcast exemption, and the court dismissed Plaintiffs' claims for punitive damages.

For Football Association Premier League and the class of plaintiffs, the ruling effectively diminishes the likelihood of obtaining monetary relief unless the case is appealed and overturned. Plaintiffs may still seek statutory damages for those works qualifying for the live broadcast exemption, actual damages and injunctive relief. But, because proving actual damages is more difficult than proving statutory damages, the likelihood that Plaintiffs will prevail is reduced. Even if Plaintiffs are successful on the remaining claims, the scope of relief available is diminished by the foreclosure of statutory and punitive damages.

The ruling should promote registration under the Act for holders of foreign works. Unless the case is overturned, failure to register foreign works may preclude statutory damages as a remedy for infringement in the US. Thus a rise in the number of foreign works registered in the US should not be surprising.

**Perry J. Viscounty** Partner  
Latham & Watkins LLP, Orange County, CA  
perry.viscounty@lw.com

1. Copyright Act of 1976, 17 U.S.C. §§101 et seq.
2. Football Association Premier League Ltd. v. Youtube, Inc., No. 07 Civ. 3582 2009 WL 1939812, at \*7 (S.D. N.Y. 2009).
3. 17 U.S.C. §412.
4. H.R. Rep. No. 94-1476, at 158 (Sept. 3, 1976).
5. Id.
6. Berne Convention Implementation Act of 1988, 17 U.S.C. §§ 101 et seq.
7. Berne Convention for the Protection of Literary and Artistic Works, art. 5(2) (Paris text).
8. S. Rep. No. 100-352, at 14-15.
9. 19 U.S.C. § 3512(a)(1).