

Appeals Court Overturns Copyright Decision Regarding UFI and Macy's

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The U.S. 9th Circuit Court of Appeals reversed an earlier ruling in a copyright case concerning the ownership of a textile print.

The court on Jan. 26 found in favor of Los Angeles–based textile converter and importer **United Fabric International**, which said a design from its **Ethic Collections X** group was reproduced in designs sold at **Macy's** stores. The retail giant purchased the garments from a company called **A.R.B. Inc.**, which said it purchased the fabric from a company called **Lucky Kim International Inc.**, which imported it from South Korea.

According to court documents, UFI created the print based on a modified version of a print it had purchased from an Italian design house, **Contramoda**.

In an earlier U.S. District Court ruling, the validity of UFI's copyright claims was challenged, based on UFI's failure to prove that it acquired the rights to the artwork from Contramoda.

Further, the District Court said UFI did not “publish its fabric designs concurrently,” which, the District Court said, is required for single works that are part of a collection.

But in the opinion issued by U.S. Appeals Court Judge J. Clifford Wallace, the court dismissed both assertions.

“Our conclusion that [UFI] is presumed to own a valid copyright of the design is not tantamount to holding that [UFI] in fact owns a valid copyright,” the opinion said. “That issue may still need to be resolved as this case moves forward. Nevertheless, at this stage of the litigation, [UFI] has satisfied its burden of proof to establish standing by introducing its copyright rights.”

The appellate court's decision will help copyright cases proceed to trial—rather than be thrown out because of technical errors made in the copyright registration, said Scott Alan Burroughs, an attorney with Culver City, Calif.–based law firm **Doniger/Burroughs APC**, which represented UFI.

“This is a big victory for designers, artists and copyright holders because usually when an infringer is caught, its first defense is to attempt to point out a purported technical error in the copyright registration it has misappropriated,” Burroughs said.

“This decision makes it clear that courts will not invalidate the copyright owner's registration unless the alleged infringer produces substantial evidence of impropriety in obtaining the registration. It is now more difficult for alleged infringers to avoid liability for infringement.”

The appellate court's decision, however, did not change any longstanding copyright precedent, according to Gregory Weisman, an attorney with Los Angeles–based **Silver & Freedman** and chair of the firm's Apparel Industry Practice Group.

“While it is exciting to see the 9th Circuit rule on a garment case, this is more of a sideshow about a technical legal issue of copyright law than anything you could consider a game changer in the copyright world,” he said.

According to Weisman, the case reiterates the “the scope of the ‘legal presumptions’ created by owning a copyright registration.”

“[The court] upheld the strength of those important ‘presumptions’ in the context of a litigation by reminding the parties that a copyright plaintiff need only present a valid copyright, and, once done, the burden—and the real battle—then shifts to the defendant to ‘rebut’ any copyright presumptions it thinks are invalid or improper. The court found here that the trial court made a mistake in throwing out the case because the plaintiff had met its very insignificant ‘burden’ to proceed and Macy’s hadn’t offered any meaningful rebuttal evidence to permit a court to throw out the case at such an early stage.”

The court’s decision also offered insight into the process of defending against a charge of copyright infringement.

“The sad part is that it is relatively easy to run to court and push even a weak case through to trial,”

Weisman said. “As you can expect, the cost and distraction of that exercise leads many defendants to pay settlement monies to the plaintiffs, even when the defendant has a strong case.”—*Alison A. Nieder*