

LEGAL AND PRIVACY

## Sohm v. Scholastic Inc. decision points to cost-effective ways to register copyrights

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By **Milton Springut**

Copyright can be a very valuable protection for many luxury goods companies. It protects many forms of designs that are basic to these companies, including jewelry designs, fabric designs and many aspects of fashion items.

But to get the full benefit of a copyright, including the ability to proceed against infringements, you need to register the design with the Copyright Office, generally a simple and inexpensive procedure.

However, for companies that produce a continuing large number of designs for example, a jewelry company that creates new design collections every year or season this process is expensive and time consuming.

Fortunately, the Copyright Office permits, in certain circumstances, a copyright owner to register multiple designs together in a "group" registration, which allows multiple designs to be registered for a single fee.

A recent federal appeals court in New York decision goes one step further. It validated a procedure where (1) the copyright owner temporarily transferred the copyright to a company that collects together multiple items, (2) that company registers them as the owner of a "collection," and then (3) transfers back the copyright to each corporate owner. For some companies, this may be an opportunity for even greater efficiency.

The case

The case, *Sohm v. Scholastic Inc.*, involved a claim by a photographer, Joseph Sohm, who created 89 photographs. Rather than register them himself, he used a service by Corbis Corp. to register the copyrights. Corbis is an agency that assists copyright owners in registering and licensing their works.

Mr. Sohm and Corbis entered into an agreement where he transferred the copyrights to Corbis, who would register them and then, when the registration issued, transfer the copyrights back.

Corbis put together Mr. Sohm's photographs, and apparently those of other photographers, and registered them as a single "collection."

The registration that was issued covered not only the Sohm collection of photographs, but each of the photographs that were included. So, a single registration could potentially cover many items, resulting in a considerable saving of time and registration fees.

The key legal dispute in the case was over who had to be listed as the author in the registration. The Copyright Act

The key legal dispute in the case was over who had to be listed as the author in the registration. The Copyright Act requires that the "author" meaning the creator of the item to be registered must be listed in the registration.

So, what is required when a "collection" is registered?

Corbis listed only itself as the "author" of the collection of photographs and did not go through the effort of listing the authors of each of the constituent photographs.

Prior, courts were split about whether this comported with the requirements of the Copyright Act. But the Court of Appeals held that this was legal the registration was valid, *and* it covered *each* of the photographs.

Open issue: Was this a sham?

One point which was not raised or addressed in the case was whether the arrangement between Mr. Sohm and Corbis, involving a transfer of the copyright, registration, and then re-transfer back, should be considered valid, or just a sham to effect a registration.

One limitation the Copyright Office places on group registrations is that *all* of the underlying items must be owned by the same owner. That does not necessarily mean the author it is common that one person will create a copyrighted work and then transfer the copyright to another person or company, who then owns it and will then register it. It thus often happens that a company might register multiple works created by various employees or outside contractors, who had transferred the copyright to the company.

In the *Sohm* case, however, Mr. Sohm transferred the copyright to Corbis solely so it could register the copyright, and it agreed to then immediately transfer it back. Does this technical transfer satisfy the requirement that the registering party be the true owner of the copyright? In future cases, some parties may argue that this arrangement is merely a sham.

But for now, it appears that federal courts have approved this arrangement.

Importance of early registration

As we have previously written, it is important for companies who own copyrighted designs to register them early before infringements arise.

While it is possible to register copyrights even after infringement commences, this can result in significant delays, and loss of some remedies, including attorney's fees.

The *Sohm* case illustrates that there may be ways of achieving efficiencies and cost savings in registering large numbers of copyrighted designs and works. Copyright owners are well advised to take advantage of them.

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