Mountainous Awards for Molehill Infringements: Curbing Excessive Awards of Copyright Statutory Damages in the Digital Age

*Joshua Graham**

Copyright law has a proportionality problem. The Copyright Act of 1976 provides plaintiffs with two alternate damages remedies: actual damages and statutory damages. While factual inquiries as to the defendant's injuries and the infringer's wrongful profits guard against excessive awards of actual damages, statutory damages involve no such inquiries. Further, Congress afforded courts with discretion to fashion damages awards but provided scant guidance as to how courts should do so. Thus, plaintiffs have obtained millions of dollars in statutory damages for infringements that caused little or no harm to the copyright owner.

This Note argues that this result flouts the purpose Congress intended statutory damages to serve, namely, to provide copyright owners with a substitute remedy when actual damages prove difficult to ascertain. Moreover, this Note argues for two changes to judicial decision making that would substantially curb these excesses. First, the courts should adopt a stricter—and more textually faithful—interpretation of what constitutes "one work" for the purpose of calculating statutory damages. Second, the courts should require plaintiffs to show the unavailability of actual damages before requesting an award of statutory damages.

---

* Associate Research Editor, Volume 100, *Texas Law Review*; J.D., Class of 2022, The University of Texas School of Law; associate attorney at Pillsbury Winthrop Shaw Pittman LLP. I am grateful to Professor Kenneth Pajak for encouraging my scholarship in this area of copyright law and providing invaluable feedback during the development of this Note. I would also like to thank Josh Tucker, Brian Nash, and Ed Cavazos for their mentorship, without which I would not have developed a passion for intellectual property law. Additionally, I would like to express my deep appreciation and thanks to Jordan Garsson for providing her continual support, wisdom, and insight. Finally, I thank Zachary Badore, Jason Onyediri, and other members of the *Texas Law Review* for their thoughtful revisions and edits.

Introduction

Jammie Thomas-Rasset, a Native American single mother living in Minnesota,[1] downloaded and shared twenty-four songs off the internet using a peer-to-peer file sharing service called KaZaA.[2] Various record companies that owned the copyrights to the twenty-four songs brought suit against Thomas-Rasset.[3] While the companies requested only $5,000 in their first settlement offer to Thomas-Rasset, she rejected the settlement offer and rolled the dice at trial.[4] After two trials, a jury awarded the companies

1. Shirley Halperin, *Ear Shot: How This Pirate Was Fined $1.5 Mil*, HOLLYWOOD REP. (Nov. 10, 2010, 4:25 PM), https://www.hollywoodreporter.com/news/music-news/ear-shot-pirate-fined-15-42715/ [https://perma.cc/5CU5-QS2R].

2. Capitol Recs., Inc. v. Thomas-Rassett, 692 F.3d 899, 901–02 (8th Cir. 2012).

3. *Id.*

4. Josh Haskell, *Supreme Court Lets Verdict Stand in Recording Industry Case Against Downloader*, ABC NEWS (Mar. 19, 2013, 2:13 PM), https://abcnews.go.com/US/supreme-court-lets-verdict-stand-recording-industry-case/story?id=18765909 [https://perma.cc/4VR7-B4EN].

$1.92 million in damages.[5] How does a settlement offer of $5,000 transform into a jury verdict of $1.92 million? The answer is statutory damages.

The Copyright Act of 1976 (the Act) offers plaintiffs a number of different potential remedies.[6] A plaintiff may want to stop the defendant from pursuing or continuing conduct harmful to the plaintiff's interests. An injunction provides relief to such a plaintiff.[7] Perhaps a plaintiff wants to ensure that infringing materials are not circulated to the public. The Act allows a court to issue impoundments on the plaintiff's behalf.[8] But most of the time, copyright owners seek awards of damages as their remedy.[9] U.S. copyright law has traditionally recognized two different types of damages awards.[10] On the one hand, copyright owners may obtain an award of actual damages and profits; on the other, a plaintiff may receive statutory damages.[11] Rather than inquiring into the harm that a copyright owner suffered as a result of the defendant's infringement, statutory damages suggest a broad range of potential awards and leave it for the judge to decide what award seems fair.[12] One problem with the current state of the law is that the Act gives courts too much discretion and too little guidance to ensure that awards of statutory damages are fair and uniform.[13]

The advent of the internet and the proliferation of cheap data storage have only added fuel to the fire. The average individual now has the capacity to effortlessly infringe a myriad of works in a single act.[14] Moreover, because courts do not require copyright owners to put on a showing of actual damages when the copyright owner elects to obtain statutory damages, awards often greatly exceed in value any injury that the copyright owner suffers.[15]

---

5. Rick Carnes, *Advice for Jammie Thomas-Rasset*, HUFFPOST: THE BLOG (May 25, 2011), https://www.huffpost.com/entry/advice-for-jammie-thomas_b_779285 [https://perma.cc/QD5M-AZF8].

6. 17 U.S.C. §§ 501–04.

7. *Id.* § 502.

8. *Id.* § 503.

9. LEE A. HOLLAAR, LEGAL PROTECTION OF DIGITAL INFORMATION 49 (2002) ("The most common remedy for copyright infringement is awarding damages to the copyright owner.").

10. *See* 17 U.S.C. § 504(a)(1)–(2) ("[A]n infringer of copyright is liable for either—the copyright owner's actual damages and any additional profits of the infringer, as provided by subsection (b); or statutory damages, as provided by subsection (c)." (internal numbering omitted)).

11. *Id.* § 504(c)(1).

12. *Id.* ("[I]nfringers are liable . . . in a sum of not less than $750 or more than $30,000 as the court considers just.").

13. *See infra* notes 31–34.

14. *See* Abraham Bell & Gideon Parchomovsky, *Restructuring Copyright Infringement*, 98 TEXAS L. REV. 679, 688–91 (2020) (describing the "legal vagueness" surrounding protected work and the ease with which copyright rights can be infringed).

15. Ben Depoorter, *Copyright Enforcement in the Digital Age: When the Remedy Is the Wrong*, 66 UCLA L. REV. 400, 441 (2019).

Therefore, statutory damages create inequities without justification, causing some scholars to refer to statutory damages as a "doctrine in search of justification."[16]

This Note seeks to aid in the search. Other papers have attempted to determine if any single rationale can justify the excesses of statutory damages as the courts currently apply them.[17] This Note, however, looks to the statutory text, legislative history, and historical context in which the last two copyright acts were passed to ascertain what purpose Congress *intended* statutory damages to serve. In Part I, this Note explores the current state of statutory damages, including the judiciary's interpretation of two of the more controversial provisions of the Act. With this context, Part II argues that Congress intended for statutory damages to serve as a substitute for actual damages and profits when such amounts prove difficult to determine. With this purpose in hand, Part III offers two solutions that the courts can implement to ensure that the application of the statutory damages provision conforms to Congress's intent.

I. Section 504 and the Damages Available for Copyright Owners

This Part discusses the types of damages recognized under the Act. Specifically, the Act provides that copyright owners, under § 504, can choose[18] between two remedies: actual damages and statutory damages.[19] This Part begins by briefly discussing the nature and purpose of actual damages. The following subpart provides a brief survey of the statutory damages section. The next subpart discusses the heavily litigated question of what constitutes "one work" within the meaning of the Act's statutory damages provision. Finally, this Part concludes by discussing the judicial expansion of the willfulness provision and its contribution to the proliferation of awards of super-compensatory damages.

A. The Nature and Purpose of Actual Damages

Section 504(b) provides that a "copyright owner is entitled to recover actual damages suffered . . . as a result of the infringement, and any profits of the infringer."[20] Relief under § 504(b) is, therefore, two pronged; actual damages include both compensatory and disgorgement damages.[21]

16. Oren Bracha & Talha Syed, *The Wrongs of Copyright's Statutory Damages*, 98 TEXAS L. REV. 1219, 1220 (2020) (internal quotation marks omitted).

17. *See, e.g.*, *id.* at 1224 (introducing the paper's goal of examining rationales offered by case law and alternative rationales).

18. 17 U.S.C. § 504(c)(1).

19. *Id.* § 504(a).

20. *Id.* § 504(b).

21. *Id.*

Compensatory damages seek to undo the harm that the infringement imposed on the plaintiff,[22] while disgorgement damages strip the defendant of any profits gained as a result of infringement.[23] Each prong wears its rationale on its sleeve. Compensatory damages seek to make the copyright owner whole again, to return them to the position occupied before the infringement.[24] Disgorgement serves, first, to mitigate a would-be infringer's incentive to infringe by reallocating all profits gained by infringement to the copyright owner and, second, to vindicate the principle that no man should benefit from his wrongdoing.[25]

The factual inquiries embedded in awards of actual damages and infringer profits permit scholars and judges alike to ascertain the purpose of such awards. Knowing why the copyright law endorses awards of actual damages and infringer profits provides guidance to the courts, allowing them to better determine when any given award exceeds such purpose. As the subsequent subparts will show, the courts have not identified the primary justification for statutory damages, which complicates the fairness of any given award of statutory damages.

B. Statutory Damages Under the Copyright Act of 1976

The amount awarded under statutory damages is not driven by considering the damage done to the plaintiff, the defendant's profits attributable to infringement, or the potential deterrence effect that the award might have on potential future infringers. The Act establishes a range of potential damages awards with a floor of $750 and a ceiling of $30,000.[26] The Act provides little guidance as to how courts should determine—within the broad range—which damages amount should apply in a particular case; the Act requires only that the remedy be one "the court considers just."[27] The Act confers additional discretion on the court to raise the statutory maximum from $30,000 to $150,000 in cases where the court determines that the

22. *See id.* ("The copyright owner is entitled to recover the *actual damages suffered by him or her as a result of the infringement* . . . ." (emphasis added)).

23. *See id.* ("The copyright owner is entitled to recover . . . *any profits of the infringer that are attributable to the infringement* and are not taken into account in computing the actual damages." (emphasis added)).

24. *See* Pamela Samuelson, John M. Golden & Mark P. Gergen, *Recalibrating the Disgorgement Remedy in Intellectual Property Cases*, 100 B.U. L. REV. 1999, 2003 (2020) (describing the goal of actual damages as compensating "plaintiffs for harms suffered because of a defendant's wrongdoing").

25. *See id.* at 2049 ("Copyright disgorgement awards are understood to serve deterrent purposes.").

26. 17 U.S.C. § 504(c)(1).

27. *Id.*; Bracha & Syed, *supra* note 16, at 1220.

defendant willfully infringed the copyright.[28] Likewise, a judge may exercise her discretion to lower the statutory minimum from $750 to $200 if she determines that the defendant "was not aware and had no reason to believe that his or her acts constituted an infringement of copyright."[29] In only some narrow cases does § 504 expressly prohibit the award of statutory damages.[30]

Thus, as a rule, § 504(c) confers broad discretion on the judiciary in three important ways. First, § 504(c)—noting that the amount in damages should be set "as the court considers just"—offers no meaningful guidance as to how courts should determine the appropriate remedy;[31] specifically, the Act does not specify the rationale for statutory damages, and the lack of a tether to a factual inquiry makes it difficult for courts to infer that rationale in the manner that courts have inferred the rationales for the two prongs of actual damages.[32] Second, courts may decide the appropriate damages amount from an exceedingly broad range.[33] Third, the Act defers to judicial discretion to decide whether the courts may expand that already broad range.[34]

Congress attempted to cabin judicial discretion as to § 504(c) by adding two key provisions, namely the "any one work" requirement[35] and the

---

28. 17 U.S.C. § 504(c)(2).

29. *Id.*

30. *See id.* The Act provides:

> The court shall remit statutory damages in any case where an infringer believed and had reasonable grounds for believing that his or her use of the copyrighted work was a fair use under section 107, if the infringer was: (i) an employee or agent of a nonprofit educational institution, library, or archives acting within the scope of his or her employment who, or such institution, library, or archives itself, which infringed by reproducing the work in copies or phonorecords; or (ii) a public broadcasting entity . . . or a person who . . . infringed by performing a published nondramatic literary work or by reproducing a transmission program embodying a performance of such a work.

Id.

31. *See id.* § 504(c)(1) ("[T]he copyright owner may elect . . . to recover . . . an award of statutory damages . . . in a sum of not less than $750 or more than $30,000 *as the court considers just*." (emphasis added)).

32. *See* Bracha & Syed, *supra* note 16, at 1220 (discussing the confusion caused by courts applying inconsistent rationales when awarding statutory damages).

33. *See* 17 U.S.C. § 504(c)(1) (providing a minimum of $750 and a maximum of $30,000 for statutory damages).

34. *See, e.g.*, *id.* § 504(c)(2) (noting that in the event the court finds the defendant willfully infringed the copyright at issue, "the court *in its discretion* may increase the award of statutory damages to a sum of not more than $150,000" (emphasis added)).

35. *Id.* § 504(c)(1); *see also* Lincoln Bandlow & Giselle M. Girones, *RBG and ACB on Circle C: A Copyright Defender History and a Copyright Jurisprudence Mystery*, COMMC'NS LAW., Summer 2021, at 5, 10 (discussing how the "any one work" requirement has been understood through years of copyright jurisprudence).

"willfulness" standard.[36] Specifically, the any one work requirement limits damages awards by making statutory damages available on a per-work-infringed basis rather than a per-infringement basis.[37] For example, an infringer who illegally downloaded and distributed the song *Stairway to Heaven* to ten friends would be liable for one count of statutory damages. The willfulness requirement likewise cabins judicial discretion. A judge can only make the discretionary decision to increase the statutory maximum *after* the copyright owner has met the burden of showing that the defendant willfully infringed the work at issue.[38] The case law that interpreted these provisions, however, has done much to whittle away whatever cabining effect these provisions might have otherwise served.[39] The following subparts discuss these two provisions and the ensuing case law in more detail.

C. The Any One Work Provision

Once a plaintiff has proved a defendant's infringement, one question necessarily arises: To how many statutory damages awards is the plaintiff entitled? Does the plaintiff get a statutory award for every act of infringement? How about for every copyright infringed? Or, rather, should courts grant the copyright owner only one statutory award for every work infringed? The Copyright Act of 1976—providing that "an award of statutory damages for all infringements involved in the action, *with respect to any one work*, for which any one infringer is liable"[40]—settled a longstanding debate about the danger of super-compensatory copyright damages.[41] The motion picture and radio broadcasting industries voiced concern about excessive statutory damages awards under a per-infringement framework.[42] While

36. 17 U.S.C. § 504(c)(2); *see also* Depoorter, *supra* note 15, at 417–25 (providing a docket study of the willfulness standard's effect on copyright damages).

37. 17 U.S.C. § 504(c)(1); *see* Bandlow & Girones, *supra* note 35, at 10 (discussing cases that limited statutory damages by holding that the multiple infringements were all on a single compilation).

38. 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 14.04[B][3][c] (2022).

39. *See id.* § 14.04[B][3][a] (citing, for example, Peer Int'l Corp. v. Luna Recs., Inc., 887 F. Supp. 560, 569 (S.D.N.Y. 1995) and EMI Ent. World, Inc. v. Karen Recs., Inc., 806 F. Supp. 2d 697, 705 (S.D.N.Y. 2011)) (describing the transformation of the willfulness standard into the broad provision that remains today).

40. 17 U.S.C. § 504(c)(1) (emphasis added).

41. *Compare* H. COMM. ON THE JUDICIARY, 87TH CONG., REP. OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW 104–05 (Comm. Print 1961) [hereinafter H. COMM. REP. OF THE REGISTER OF COPYRIGHTS] (arguing that the dangers are subdued by the judge's discretion in awarding only reasonable damages), *with* William S. Strauss, *The Damage Provisions of the Copyright Law*, *in* S. COMM. ON THE JUDICIARY, 86TH CONG., STUDIES PREPARED FOR THE SUBCOMMITTEE ON PATENTS, TRADEMARKS, AND COPYRIGHTS ix, 11–12 (Comm. Print 1956) (stating that the dangers are prevalent in cases of chain broadcasts).

42. H. COMM. REP. OF THE REGISTER OF COPYRIGHTS, *supra* note 41, at 104.

some lawmakers believed that judicial discretion sufficed to counter such concerns,[43] others pointed to the courts' inconsistency in awarding statutory damages as evidence of the need for reform.[44]

By 1975, the reformers prevailed.[45] Discussing the any one work provision, Senator John McClellan's Report for the Committee on the Judiciary makes clear that "[a] single infringer of a single work is liable for a single amount [within the statutory range], no matter how many acts of infringement are involved in the action."[46] Congress, therefore, contemplated that the any one work provision implemented a per-work-infringed framework for statutory damages rather than a per-infringement framework. Additionally, the per-work-infringed framework is distinct from a per-copyright-infringed framework.[47] Section 504(c) provides that "all the parts of a compilation or derivative work constitute one work."[48] The legislative history shows that Congress intended to prevent damages from proliferating for compilations of several copyrightable works owned by multiple parties.[49] Therefore, the text of the Act twice restricts the award of statutory damages exclusively to works, and the legislative history confirms that Congress intended for these provisions to reduce the risk of super-compensatory damages.

Two developments, however, mitigate the cabining effect of the any one work provision. First, most courts have expanded what constitutes one work.[50] Second, the advent of the internet has made it possible for people of ordinary means to distribute a plethora of copyrighted works to an extent that Congress could not have anticipated in 1976.[51]

---

43. *Id.* at 105.

44. *See* Strauss, *supra* note 41, at 11–12 (looking at cases illustrating the discrepancies in damages between copying cases and radio broadcast cases).

45. S. REP. NO. 94-473, at 144 (1975).

46. *Id.*

47. *See* H.R. REP. NO. 94-1476, at 162 (1976) ("[A]lthough the minimum and maximum amounts are to be multiplied where multiple 'works' are involved in the suit, the same is not true with respect to multiple copyrights . . . .").

48. 17 U.S.C. § 504(c)(1).

49. *See* H.R. REP. NO. 94-1476, at 162 (1976) (noting that the need to prevent damage awards from multiplying for the infringement of multiple copyrights "is especially important since . . . it is possible to have the rights of a number of owners of separate 'copyrights' in a single 'work' infringed by one act of a defendant").

50. Energy Intel. Grp. v. CHS McPherson Refinery, Inc., 300 F. Supp. 3d 1356, 1369–70 (D. Kan. 2018).

51. *See* Yvette Joy Liebesman, *Downstream Copyright Infringers*, 60 KAN. L. REV. 1, 6 (2011) ("Through the Internet, copyright infringement has taken on new dimensions never foreseen by the legislators who enacted the 1976 Act.").

1. The Majority of Courts Have Adopted an Approach That Mitigates the Any One Work Provision's Cabining Effect.—The Copyright Act of 1976 allows copyright owners to obtain only one award of statutory damages for each one work infringed;[52] but this raises the difficult question: What is *one* work for the purposes of awarding damages? Suppose an album has nine songs. If someone illegally downloads nine songs—all from one album—have they infringed nine works or just one? Federal appellate courts have fractured on this issue.[53] On one side, the Second and Fourth Circuits have emphasized authorial intent in determining whether a given work constitutes one work or several for the purpose of statutory damages.[54] This test gives weight to the author's choice to group the works together regardless of whether each underlying work could have enjoyed copyright protection. On the other side, the majority of circuits that have addressed the question have adopted an independent economic value test,[55] which treats two copyrights as one work for § 504 purposes only if the two copyrights have no economic value apart from each other.[56]

In keeping with Congress's intent that the any one work provision would serve to cabin damages awards,[57] the Second Circuit has interpreted the provision in light of the final clause of § 504(c)(1) to provide a substantial limit on the availability of multiple statutory damage awards.[58] The Second Circuit's approach focuses on the manner in which the copyright owner issued her works.[59] For example, in *Bryant v. Media Right Productions*,[60] plaintiffs Anne Bryant and Ellen Bernfeld created two albums and sued Media Right for the distribution of unlicensed copies.[61] The district court held the defendants liable for only one statutory damages award per album infringed rather than per song infringed.[62] On appeal, the Second Circuit affirmed the district court's damages award, relying heavily on the statutory language of § 504(c)(1)—"all parts of a compilation . . . constitute one

52. 17 U.S.C. § 504(c)(1).

53. *CHS*, 300 F. Supp. 3d at 1369.

54. *Id.*

55. *Id.* at 1369–70.

56. Gamma Audio & Video, Inc. v. Ean-Chea, 11 F.3d 1106, 1116–17 (1st Cir. 1993).

57. H.R. REP. NO. 94-1476, at 162 (1976).

58. Sullivan v. Flora, Inc., 936 F.3d 562, 570 (7th Cir. 2019) (noting that the Second Circuit's approach, which "places dispositive weight on the songwriter's bundling of songs" into a larger work, "limits the songwriter's recovery to one award of statutory damages no matter the infringement that may have occurred at the level of any individual song").

59. Bryant v. Media Right Prods., Inc., 603 F.3d 135, 141 (2d Cir. 2010).

60. *Id.*

61. *Id.* at 138–39.

62. *Id.* at 139.

work"—to ascertain the meaning of the any one work provision.[63] The court noted that the Act defines the term *compilation* as works comprising the selections or arrangements of separate works, regardless of whether the constituent works are independently copyrightable.[64] Thus, the court held that the plaintiffs could receive only one statutory damages award per album because they issued their songs as parts of a compilation.[65]

Unfortunately, the majority of courts that have addressed the issue of what constitutes one work within the meaning of § 504(c) have adopted the "independent economic value test,"[66] which states that whether two works constitute one work within the meaning of § 504(c) depends on whether each work has independent economic value with respect to the other work.[67] The First Circuit,[68] Ninth Circuit,[69] Eleventh Circuit,[70] and D.C. Circuit[71] have each subscribed to the independent economic value test since the 1990s. The test has since grown in popularity, and the Seventh Circuit adopted the test in 2019.[72]

The courts subscribing to the independent economic value test invoke the principle that "separate copyrights are not distinct works unless they can

63. *Id.* 140–42 (quoting § 504(c)(1)'s relevant language before analyzing whether a music album falls within the statute's definition of a compilation).

64. *Id.* at 140. The Second Circuit highlighted a House Conference Report, noting that a compilation "results from a process of selecting, bringing together, organizing, and arranging previously existing material of all kinds, *regardless of whether . . . the individual items in the material have been or ever could have been subject to copyright*." *Id.* (citing H.R. REP. NO. 94-1476, at 57 (1976) (emphasis added)).

65. *Id.* at 142.

66. Sullivan v. Flora, Inc., 936 F.3d 562, 570 (7th Cir. 2019) (discussing the Second Circuit's approach and further noting that most other circuits have instead adopted the First Circuit's "independent economic value test").

67. Energy Intel. Grp. v. CHS McPherson Refinery, Inc., 300 F. Supp. 3d 1356, 1369–70 (D. Kan. 2018).

68. *See* Gamma Audio & Video, Inc. v. Ean-Chea, 11 F.3d 1106, 1116–17 (1st Cir. 1993) (approvingly quoting the D.C. Circuit's definition of one work in the context of § 504(c)(1) and characterizing that definition as "a functional one, with the focus on whether each expression . . . has an independent economic value and is, in itself, viable").

69. *See* Columbia Pictures Television v. Krypton Broad. of Birmingham, Inc., 106 F.3d 284, 295 (9th Cir. 1997) (characterizing defendant's reference to the independent economic value test as "correctly stat[ing] the proper test to apply in analyzing whether each episode is a separate work"), *rev'd on other grounds*, Feltner v. Columbia Pictures Television, 523 U.S. 340 (1998).

70. MCA Television Ltd. v. Feltner, 89 F.3d 766, 769 (11th Cir. 1996).

71. Walt Disney Co. v. Powell, 897 F.2d 565, 569 (D.C. Cir. 1990).

72. *See* Sullivan v. Flora, Inc., 936 F.3d 562, 571 (7th Cir. 2019) ("[W]e conclude, in closer keeping with the approach of the First, Ninth, Eleventh, and D.C. Circuits, that § 504(c)(1) requires courts . . . to determine . . . whether the protected works have . . . standalone value at the level of 'one work.'").

live their own copyright life."[73] For example, in the First Circuit's *Gamma*[74] decision, Gamma obtained exclusive licenses to distribute Chinese-language dubs of a television series, *Jade Fox*.[75] Believing that Ean-Chea—the owner of two video stores—pirated episodes of the series, Gamma sued Ean-Chea for copyright infringement.[76] The district court concluded that the episodes of the infringed series constituted one work within the meaning of § 504(c)(1) and thereby entitled Gamma to only one award of statutory damages.[77] On appeal, the First Circuit reversed on this issue.[78] The First Circuit noted that "[a] distributor's decision to sell or rent complete sets of a series to video stores in no way indicates that each episode in the series is unable to stand alone."[79] While Gamma sold or rented *Jade Fox* only in complete sets, Ean-Chea's customers did not have to rent *Jade Fox* in a complete set but could rent it two episodes at a time; furthermore, each episode was separately produced and televised.[80] The court concluded that each episode could "stand alone" and, thus, deserved independent awards.[81]

By treating as several works what the Second Circuit's authorial-intent approach would treat as one work, the independent economic value test multiplies awards of statutory damages[82] and mitigates the cabining function of the any one work provision. Further, as *Gamma* makes clear, copyright owners can visit these multiplied damages upon ordinary citizens.[83]

Another problem with the independent economic value test is that it tends to run afoul of a number of commonly posited rationales for statutory damages. For example, one rationale argues that because copyright damages do not require an involved factual inquiry in the same manner that disgorgement damages do, statutory damages can have a democratizing effect on copyright litigation by reducing the cost of bringing an action.[84] By

73. *Gamma*, 11 F.3d at 1116 (internal quotation marks omitted) (citing *Walt Disney*, 897 F.2d at 569).

74. *Id.*

75. *Id.* at 1110.

76. *Id.* at 1109.

77. *Id.* at 1117.

78. *Id.* at 1108.

79. *Id.* at 1117.

80. *Id.* at 1109, 1117.

81. *Id.* at 1117–18.

82. *See, e.g.*, *id.* at 1116–17 (discussing the independent economic value test in rejecting the district court's conclusion that the four *Jade Fox* episodes should be deemed a single work).

83. *Id.* at 1117–18.

84. *See* Ben Depoorter, *If You Build It, They Will Come: The Promises and Pitfalls of a Copyright Small Claims Process*, 33 BERKELEY TECH. L.J. 711, 719 (2018) ("[S]tatutory damages enable the pursuit of meritorious infringement claims that otherwise would be out of reach for cash-

placing dispositive weight on the independent economic value of the different works rather than on the manner in which the author arranged them, the independent economic value test takes a functional—rather than a formalistic—approach to determining what constitutes one work.[85] But to determine the economic value of each infringed work, and to further determine whether those values are independent of one another, will likely require the same extent of expert opinion as actual damages typically do. Consequently, the test will increase the cost of litigation by requiring both parties to obtain expensive damages experts for an inquiry that—according to some—was meant to be largely devoid of fact-finding. The fact that the independent economic value test defies one or more of the justifications of statutory damages highlights the fact that the courts have failed to articulate a consistent rationale for a remedy that frequently awards damages in an amount that scholars and judges alike criticize as unjust.[86]

2. The Internet Has Changed the Paradigm of Copyright Infringement.— As technology has developed, Congress has adapted the Act to ensure that it does not impose unreasonable awards on defendants. In creating both the Copyright Act of 1909 and the Copyright Act of 1976, Congress considered the nature of copyright infringement at the time to reduce excessive awards of statutory damages.[87] Specifically, after an amendment to the copyright scheme in 1870, an infringer could be liable for $1 per sheet of infringed material found in the infringer's possession.[88] The rapid development of technology in the late nineteenth and early twentieth centuries allowed newspapers to print, distribute, and sell more material than ever before, opening up such companies to substantial penalties under the pre-1909

strapped plaintiffs. Independent photographers and designers, for instance, rely on the litigation cost reducing-effect of statutory damages in order to obtain recourse against online infringements of their works.").

85. *See* Sullivan v. Flora, Inc., 936 F.3d 562, 572 (7th Cir. 2019) (noting that "[t]he inquiry and fact finding demanded by § 504(c)(1) is more functional than formal, taking account of the economic value, if any, of a protected work more than the fact that the protection came about by an artist registering multiple works in a single application").

86. *See, e.g.*, MCA Television Ltd. v. Feltner, 89 F.3d 766, 773 (11th Cir. 1996) (Bright, J., dissenting) ("The $9,000,000 award is grossly unfair under these circumstances. I dissent and would remand for a proper assessment of statutory damages based on each work shown to be infringed.").

87. *See* Stephanie Berg, *Remedying the Statutory Damages Remedy for Secondary Copyright Infringement Liability: Balancing Copyright and Innovation in the Digital Age*, 56 J. COPYRIGHT SOC'Y U.S.A. 265, 276 (2009) (noting the possibility of excessive awards of damages against newspapers in light of the $1 per sheet penalty in the pre-1909 copyright scheme); H. COMM. REP. OF THE REGISTER OF COPYRIGHTS, *supra* note 41, at 104 (noting the concern over excessive awards against movie theaters for frequent infringement).

88. Berg, *supra* note 87, at 276.

scheme.[89] Congress thus took into account the newspaper's interest in considering reforms to the copyright law.[90]

Likewise, when considering proposals that would ultimately mature into the Copyright Act of 1976, Congress considered a number of concerns raised by the motion picture and radio broadcasting companies that a per-infringement framework could result in overly burdensome and unreasonable awards of statutory damages.[91] But while both of these developments responded to technological changes, neither changed the paradigm of copyright infringement. In both cases, new technology allowed a single firm to greatly expand the commercial production of some good or service. Thus, Congress contemplated situations where courts might grant excessive awards of statutory damages due to the centralization of copyright infringement in a single entity across numerous acts of infringement.

While this type of infringement still occurs, a new paradigm has emerged; specifically, the advent of the internet and the availability of easy-to-use, affordable memories that dwarf the capacities of memory devices of decades past have made it possible for many individual persons to each download and distribute many works. Congress did not—and could not have—anticipated the internet; as a result, the tools Congress developed to combat excess damages in the pre-internet era simply will not have the same effect in a digital age. In other words, the internet has led to the federalization of copyright infringement. Because individual persons now have the capacity to infringe many works with great ease, the any one work requirement simply cannot serve the same cabining effect that Congress intended in 1976.

D. Mental States in Statutory Damages: Willful Infringement

While the Copyright Act of 1909 permitted courts to reduce the statutory minimum in cases of innocent infringement,[92] it was not until 1976 that Congress included a willfulness provision allowing courts to increase the

89. *Id.*

90. *Id.* at 276–78.

91. H. COMM. REP. OF THE REGISTER OF COPYRIGHTS, *supra* note 41, at 104–05.

92. Copyright Act of 1909, Pub. L. No. 60-349, § 20, 35 Stat. 1075, 1080, *repealed by* Copyright Act of 1976, 17 U.S.C. § 504. The Copyright Act of 1976 still provides for "innocent" infringement; specifically, the Act states that where an infringer demonstrates that he "was not aware and had no reason to believe that his or her acts constituted an infringement of copyright, the court in its discretion may reduce the award of statutory damages to a sum of not less than $200." 17 U.S.C. § 504(c)(2). But the courts have so narrowly construed the scope of innocent infringement that it hardly affects the operation of the statutory damages scheme. *See* Bracha & Syed, *supra* note 16, at 1228–29 (noting that "courts tend to define innocent infringement so narrowly that many nonegregious infringers find it hard to come within its harbor").

statutory maximum.[93] The Act provides that where the copyright owner sustains the burden of proof, the court may, in its discretion, increase the statutory maximum award from $30,000 to $150,000.[94] Despite the important consequences that a finding of willful infringement would have for both the copyright owner and the defendant, the Act, by its text, does not define—or provide a standard for—willfulness.[95] The legislative history, however, provides some indication that Congress intended that the heightened statutory maximum award would apply in only exceptional cases.[96]

Courts have adopted a wide variety of standards for willfulness; some courts have found instances of infringement willful despite announcing no standard whatsoever, others define willfulness in terms of intent, and still others have understood willfulness as asking whether the defendant knew his conduct constituted infringement.[97] With that said, both the Second and Ninth Circuits have adopted a broad test that considers a defendant's infringement willful when he knows that his conduct will constitute infringement, acts with reckless disregard as to copyright infringement, or demonstrates willful blindness to the rights of the copyright owner.[98] This permits plaintiffs to bring arguably good faith claims of willful infringement in a wide variety of cases; in fact, copyright owners plead willful infringement in roughly 81% of cases despite the fact that only 2% of cases terminate with a court finding of willful infringement.[99]

Emblematic of the larger problem regarding statutory damages, copyright owners allege willful infringement as a means of inducing risk-

93. 17 U.S.C. § 504(c)(2) ("In a case where the copyright owner sustains the burden of proving, and the court finds, that infringement was committed willfully, the court in its discretion may increase the award of statutory damages to a sum of not more than $150,000.").

94. *Id.* § 504(c)(1)–(2).

95. Jeffrey M. Thomas, Comment, *Willful Copyright Infringement: In Search of a Standard*, 65 WASH. L. REV. 903, 903 (1990) ("Because it is undefined in the Act, the meaning of willfulness is left to judicial interpretation. Courts have disagreed on the proper definition of willfulness and adopted tests that are vague and sometimes inconsistent with the Act's statutory damages provision.").

96. S. REP. NO. 94-473, at 144–45 (1975); H.R. REP. NO. 94-1476, at 162 (1976).

97. Thomas, *supra* note 95, at 907.

98. *See* Erickson Prods., Inc. v. Kast, 921 F.3d 822, 833 (9th Cir. 2019) ("[T]o prove willfulness under the Copyright Act, the plaintiff must show (1) that the defendant was actually aware of the infringing activity, or (2) that the defendant's actions were the result of reckless disregard for, or willful blindness to, the copyright holder's rights." (alteration in original) (quoting Unicolors, Inc. v. Urban Outfitters, Inc., 853 F.3d 980, 991 (9th Cir. 2017))); *see also* Island Software & Comp. Serv., Inc. v. Microsoft Corp., 413 F.3d 257, 263 (2d Cir. 2005) (detailing the same standard to prove willfulness).

99. Depoorter, *supra* note 15, at 407.

averse defendants into settling higher than they would otherwise.[100] Specifically, willful infringement permits copyright owners to employ anchoring bias in two ways. First, there are three potential ranges an award of statutory damages may fall into.[101] By first alleging willful infringement and later dropping the claim, a copyright owner may appear more reasonable in front of a fact finder or trial judge.[102] Second, the copyright owner may obtain a higher settlement by intimidating either opposing counsel or the defendant with a potentially high award of statutory damages at trial,[103] or the copyright owner may obtain a higher settlement, even from a less risk-averse defendant, by anchoring the defendant to a higher initial settlement offer.[104]

Consequently, while courts do not often enforce the willfulness requirements in final judgments, the fact that copyright owners may nonetheless plausibly allege willful infringement in most cases enables copyright owners to strongarm defendants. This encourages settlement agreements for amounts in excess of the harm done to the copyright owner.

However, whether awarding super-compensatory damages runs afoul of the statute or serves a congressionally contemplated function requires first determining what purpose Congress intended statutory damages to serve in the Act.

II. The Purpose of Statutory Damages

Statutory damages provide copyright owners an adequate remedy when actual damages prove difficult to ascertain.

The Act's statutory damages provision is a sprawling beast of a law; its tendrils include broad award ranges, several layers of judicial discretion, mental states, and cabining provisions. The courts, moreover, have disagreed

---

100. *See id.* at 407–08 (noting that copyright owners can allege willful infringement to either appear more reasonable to a judge when they inevitably drop their willfulness claim or intimidate a skittish defendant into a settlement).

101. *See* 17 U.S.C. § 504(c)(1)–(2) (stating that a copyright owner generally can obtain an award between $750 and $30,000 but may obtain an award between $200 and $30,000 or $750 and $150,000 depending on the defendant's culpable state of mind).

102. *See* Depoorter, *supra* note 15, at 408, 440 ("[P]leas of willful infringement are deployed by plaintiffs as a 'bait-and-switch' tactic: by accusing the defendant of willful infringement, a plaintiff may appear more reasonable to the court and jury when subsequently requesting regular statutory damages . . . .").

103. *Id.*

104. *See* Katie Shonk, *What Is Anchoring in Negotiation?*, HARV. L. SCH. PROGRAM ON NEGOT.: DAILY BLOG (Aug. 22, 2022), https://www.pon.harvard.edu/daily/negotiation-skills-daily/what-is-anchoring-in-negotiation/ [https://perma.cc/9AW6-6TET] ("A well-known cognitive bias in negotiation . . . , the anchoring bias describes the common tendency to give too much weight to the first number put forth in a discussion . . . . We even fixate on anchors when we know they are irrelevant to the discussion at hand.").

about the contours of many of these aspects of the law, and these disagreements have generally resulted in the proliferation and multiplication of statutory damages awards. Because of the Frankenstein nature of statutory damages, different provisions seem to be underpinned by different rationales. Because the courts have been unable to identify a single rationale for statutory damages, the judiciary has failed to articulate what statutory damages are for and what interests they vindicate. And without a principled theory of what statutory damages are for, courts point to any one of the myriad of proffered rationales to justify the award before them. For example, courts can justify—and indeed have justified—awards of statutory damages in gross excess of actual damages as vindicating a deterrence rationale.[105] Thus, courts cannot fulfill their obligation under the statute to only award statutory damages in amounts that the court considers just without a principled theory of § 504(c)'s purpose.

This Part argues that the theory that best accounts for § 504(c) is that statutory damages serve as a substitute to actual damages and profits and, therefore, serve compensatory and disgorgement functions. Specifically, this Part begins by arguing that the statutory text strongly suggests that statutory damages vindicate the same interests as the remedies provided for under § 504(b). The next subpart appeals to historical context and legislative history to argue that Congress, in passing the Copyright Act of 1976, did not intend to depart from the repudiation of using statutory damages as a *penalty* in the Copyright Act of 1909. In the final subpart, this Part discusses and responds to the objection that the inclusion of mental states in § 504(c) shows that statutory damages serve a purpose other than merely substituting for actual damages and profits.

A. The Text of § 504(c) Demonstrates That Statutory Damages Vindicate the Same Interests as Actual Damages and Profits

The fact that § 504(a) forces copyright owners to *choose between* statutory damages and actual damages suggests that the same rationale underpins both forms of damages.[106] If statutory damages and actual damages served different purposes or vindicated different interests, then the Act would permit copyright owners to obtain statutory and actual damages

105. J. Cam Barker, Note, *Grossly Excessive Penalties in the Battle Against Illegal File-Sharing: The Troubling Effects of Aggregating Minimum Statutory Damages for Copyright Infringement*, 83 TEXAS L. REV. 525, 527 (2004); *see also* Parker v. Time Warner Ent. Co., 331 F.3d 13, 23–24 (2d Cir. 2003) (Newman, J., concurring) (expressing that the district court's award of statutory damages was more than any amount attributable to actual damages).

106. *See* 17 U.S.C. § 504(a) ("[A]n infringer of copyright is liable for *either*—(1) the copyright owner's actual damages and any additional profits of the infringer, as provided by subsection (b); *or* (2) statutory damages, as provided by subsection (c)." (emphasis added)).

simultaneously. For example, civil assault claims and criminal assault charges vindicate different interests; the civil action serves compensatory functions that seek to make the defendant whole again, whereas the criminal charges vindicate the public interest.[107] But a prosecutor's decision to charge a defendant with an assault charge does not bar the victim from bringing a civil action.[108] Because the rationales underpinning the criminal and the civil action are different, there is no risk of double claiming against the defendant;[109] moreover, because the different proceedings serve different functions, permitting both to proceed maximizes the social good.[110]

Likewise, if statutory damages and actual damages served different purposes, then the Act could maximize the social good without permitting double claiming against the defendant. Indeed, where the Act provides different remedies that vindicate different interests, the Act permits the copyright owner to obtain both remedies. Specifically, § 504(b) provides two different forms of relief that serve different rationales.[111] Actual damages make the defendant whole again, whereas disgorgement mitigates the incentive to infringe by removing any benefit that the defendant gained from their infringement and vindicates the principle that no one should benefit from his wrongful, unlawful conduct. The fact that the Act itself permits remedies that vindicate different interests to be pursued simultaneously provides further evidence that § 504(b) and § 504(c) do not vindicate different interests. Additionally, the fact that § 504(c) *prohibits* copyright owners from obtaining both actual damages and statutory damages suggests that the two forms of relief serve the *same* purpose.[112]

The Act, however, does not merely make awards under § 504(b) and § 504(c) mutually exclusive; rather, the Act makes § 504(c) awards a *substitute* remedy for § 504(b) awards. The Act entitles copyright owners to actual damages and profits as the *default* remedies; the copyright owner does not receive statutory damages *unless* she specifically elects to receive

107. WILLIAM GELDART, INTRODUCTION TO ENGLISH LAW 146 (9th ed. 1984) ("The difference between civil law . . . and criminal law turns on the difference between two different objects which law seeks to pursue—redress or punishment.").

108. *See How Courts Work*, A.B.A. (Sept. 9, 2019), https://www.americanbar.org/groups/public_education/resources/law_related_education_network/how_courts_work/cases/ [https://perma.cc/TE6Y-2U6T] ("If there are serious civil and criminal aspects of an event, there will be two (or more) distinct cases.").

109. See *id.* (noting that "[c]ivil cases involve conflicts between people or institutions" and "[c]riminal cases involve enforcing public codes of behavior").

110. GELDART, *supra* note 107.

111. 17 U.S.C. § 504(b).

112. *See id.* § 504(c)(1) ("[T]he copyright owner may elect . . . to recover, *instead of actual damages and profits*, an award of statutory damages . . . ." (emphasis added)).

them.[113] By establishing actual damages and profits as the default awards and requiring that any copyright owner must disclaim actual damages and profits as a condition of opting for statutory damages, the Act renders statutory damages a *substitute* for actual damages. But, just as with substitute goods in the marketplace,[114] substitute remedies should more or less perform the same function and serve the same purposes. After all, statutory damages would serve as a poor substitute for actual damages and profits if they failed to vindicate the interests served by § 504(b). Therefore, by (1) preventing copyright owners from obtaining damages under both § 504(b) and § 504(c) and (2) rendering statutory damages a *substitute* for actual damages and profits, the statutory text of the Copyright Act of 1976 strongly indicates that statutory damages vindicate the same interests as an award of actual damages and profits.

While the purpose of statutory damages has eluded scholars and judges alike, the justifications for § 504(b) are well known.[115] Section 504(b) provides for two different types of relief: actual damages and disgorgement.[116] Actual damages serve a compensatory function, seeking to make the copyright owner whole again after whatever injury the defendant's infringement imposed on the plaintiff.[117] Disgorgement serves to mitigate any incentive to infringe a copyright by stripping the defendant of any benefit that they incurred from the infringement.[118] But this rationale only applies to infringers who knowingly or recklessly infringe.[119] Therefore, the principle that no one should benefit from his wrongful or unlawful conduct serves as the primary rationale in the majority of cases.[120] Therefore, because § 504(c) vindicates the same interests as § 504(b), Congress intended for statutory damages to serve two functions: (1) compensate the copyright owner for any injury they sustained due to infringement and (2) disgorge the defendant of any profits they obtained as a consequence of their infringement.

---

113. *See id.* (displaying that statutory damages are only available when elected by the copyright owner).

114. *See generally* CFI Team, *Substitute Products*, CORP. FIN. INST., https://corporatefinanceinstitute.com/resources/knowledge/economics/substitute-products/ [https://perma.cc/9FJZ-JKUS] (May 1, 2022) (defining substitute products); Paul Milgrom & Bruno Strulovici, *Concepts and Properties of Substitute Goods* 4–5 (Univ. of Oxford, Nuffield Coll. Econ. Disc. Papers, Paper No. 2006-W02, 2006), https://www.nuffield.ox.ac.uk/economics/papers/2006/w2/substitutes%20working%20paper.pdf [https://perma.cc/8434-Y4NU] (same).

115. *See supra* notes 20–26 and accompanying text.

116. 17 U.S.C. § 504(b).

117. Bracha & Syed, *supra* note 16, at 1232.

118. Samuelson et al., *supra* note 24, at 2003.

119. *See id.* at 2065 (arguing that "[t]he deterrence justification is particularly weak when a defendant is unaware it is violating a design patent").

120. *See* Depoorter, *supra* note 15, at 407 (noting that only 2% of copyright infringement cases end in findings that the defendant committed willful copyright infringement).

B. Congress Did Not Depart from Its Repudiation of Copyright Penalties

The legislative history and text of the Copyright Act of 1909 evidence that Congress did not intend for copyright law to serve a punitive purpose.[121] During its second session in 1790, Congress passed the first federal Copyright Act, providing for damages awards of $0.50 for every infringing copy found within the defendant's possession.[122] In 1870, Congress increased the damages award to $1 for every sheet of infringing material involving a map, chart, musical composition, print, cut, engraving, or photograph, and to $10 for every copy of a painting or statue within the infringer's possession.[123] The coinciding rapid development of technology in the nineteenth century allowed companies, particularly newspapers, to print and distribute more copies than ever before, thereby subjecting such firms to potentially excessive damages awards.[124]

In 1905, the Senate committee charged with considering reforms to the law of copyrights, the Senate Committee on Patents, requested that the Librarian of Congress call a conference with interested parties to discuss a draft for a new Copyright Act.[125] Edmund Wetmore, representing the American Bar Association during the second session,[126] took issue with the notion that a copyright owner could acknowledge that he suffered only $1 in actual damages but, in the next breath, demand awards of statutory damages between $500 and $1,000.[127] Moreover, Wetmore noted the incongruity of allowing copyright owners to choose between statutory and actual damages when owners of other intellectual property rights—equal in importance to the interests of a copyright owner—did not have this option.[128] George Haven Putnam, on behalf of the American Publishers' Copyright League, responded to Wetmore's objections by noting that actual damages and profits can prove inadequate remedies in some circumstances.[129] In one example, the *New York Journal* reprinted a book without consent and, in responding to the copyright

121. Berg, *supra* note 87, at 272 (noting that the legislative history of both the 1909 Act and the 1976 Act "show that the main purpose of statutory damages for copyright infringement was to provide copyright owners with compensation when actual damages could not be proven").

122. *Id.* at 275.

123. *Id.* at 276.

124. *Id.*

125. LIBR. OF CONG. COPYRIGHT OFF., STENOGRAPHIC REPORT OF THE PROCEEDINGS OF THE FIRST SESSION OF THE CONFERENCE ON COPYRIGHT (1905), *reprinted in* 1 LEGISLATIVE HISTORY OF THE 1909 COPYRIGHT ACT vii (E. Fulton Brylawski & Abe Goldman eds., 1976).

126. LIBR. OF CONG. COPYRIGHT OFF., STENOGRAPHIC REPORT OF THE PROCEEDINGS AT THE SECOND SESSION OF THE CONFERENCE ON COPYRIGHT (1905), *reprinted in* 2 LEGISLATIVE HISTORY OF THE 1909 COPYRIGHT ACT, *supra* note 125, at 3.

127. *Id.* at 246.

128. *Id.*

129. *Id.* at v(a), 247–48.

owner's request for profits, argued that it received no increase in circulation as a result.[130] In such a case, Putnam seemed to believe that requiring a showing of infringer profits, via increased circulation or otherwise, would impose an undue burden on copyright owners.[131]

Putnam's immediate appeal to the inadequacy of actual damages and profits in some circumstances reveals much of the purpose of awards of statutory damages in the Copyright Act of 1909. First, Putnam's argument reinforces the idea that statutory damages serve as a substitute for actual damages. Second, Putnam's argument suggests that, when drafting the Copyright Act of 1909, deterrence was not a contemplated rationale for statutory damages. Pointing out the strong deterrence effect of levying a $1,000 penalty on an infringer who caused only $1 in injuries to the copyright owner would have rebutted, and not simply undercut, Wetmore's objection to discretionary awards of statutory damages. In other words, the debate in the Librarian of Congress's conference (which the discussion between Wetmore and Putnam exemplifies) illustrates that the fight over statutory damages leading up to the passage of the Copyright Act of 1909 *assumed* that statutory damages largely served a compensatory purpose. Moreover, the text of the Act itself reinforces this point; § 25 of the Copyright Act of 1909 states that awards of damages under the Act "shall not be regarded as a *penalty*."[132] By including a repudiation of any punitive justification for statutory damages in the text of the Copyright Act of 1909, Congress strongly telegraphed the compensatory purpose it intended statutory damages to serve.

In the decades leading up to the passage of the Copyright Act of 1976, the Supreme Court expanded the applicability of statutory damages, thereby opening the door for excessive awards. Originally, the Supreme Court's copyright jurisprudence viewed statutory damages as a means "to give the owner of a copyright some recompense for injury done him, in a case where the rules of law render difficult or impossible proof of damages or discovery of profits."[133] Further, as late as 1940, the Court treated proof of actual damages as precluding an award of statutory damages.[134] By 1952, however, the Supreme Court retrenched this interpretation of the Copyright Act of 1909, permitting trial courts to award statutory damages in cases where

130. *Id.* at 248.

131. *Id.*

132. Copyright Act of 1909, Pub. L. No. 60-349, § 25(b), 35 Stat. 1075, 1081, *repealed by* Copyright Act of 1976, 17 U.S.C. § 504 (emphasis added).

133. Douglas v. Cunningham, 294 U.S. 207, 209 (1935).

134. *See* Sheldon v. Metro-Goldwyn Pictures Corp., 309 U.S. 390, 399 (1940) ("We agree with petitioners that the 'in lieu' clause is not applicable here, as the profits have been proved and the only question is as to their apportionment.").

(1) the plaintiff had proved actual damages and profits[135] and (2) the awarded statutory damages exceeded the proved actual damages and profits.[136]

In light of this case law, in passing the Copyright Act of 1976, Congress doubled down on the compensatory rationale underlying the Copyright Act of 1909. Importantly, the 1976 Act bears a strong resemblance to the 1909 Act.[137] Both Acts feature minimum and maximum statutory awards, require a copyright owner to obtain either statutory awards or actual damages and profits, and afford judges broad discretion in fashioning a just remedy.[138] But the Copyright Act of 1976 also reaffirmed the compensatory purpose of statutory damages by placing a number of important limitations on the applicability of such damages.[139] For example, Congress permitted awards of statutory damages only on a per-work-infringed basis, rather than on a per-infringement basis.[140] Congress expected this provision to cabin the number of awards of statutory damages a plaintiff could obtain in a single suit.[141] Therefore, the Copyright Act of 1976 reaffirmed—rather than repudiated—the largely compensatory rationale that underpinned the 1909 Act.

The strongest objection to this view appeals to the Act's disparate treatment of innocent and willful infringers. While the inclusion of a heightened statutory maximum award for willful infringement has led to super-compensatory damages,[142] Congress intended for the willful infringement provision to apply in only "exceptional cases."[143] While the judiciary's application of willful infringement extends beyond what a compensatory damages theory could support,[144] subpart II(C) will show the inclusion of culpable mental states in statutory text does not conflict with the view that *Congress intended* for statutory damages to serve a compensatory purpose.

---

135. F.W. Woolworth Co. v. Contemp. Arts, Inc., 344 U.S. 228, 234 (1952).

136. *Id.* at 235 (Black, J., dissenting).

137. Pamela Samuelson & Tara Wheatland, *Statutory Damages in Copyright Law: A Remedy in Need of Reform*, 51 WM. & MARY L. REV. 439, 451 (2009).

138. *Id.*

139. *See id.* ("Congress made several changes in the new statutory damage regime that were intended to curb the potential for excessively large awards and strengthen the compensatory purposes of such awards . . . .").

140. *Id.* at 453.

141. *Id.*

142. *See id.* at 441 (noting that the statutory maximum award is reserved for willful infringers but is sometimes "grossly excessive").

143. S. REP. NO. 94-473, at 144–45 (1975); H.R. REP. NO. 94-1476, at 162 (1976).

144. *See generally* Bracha & Syed, *supra* note 16 (discussing the inability to justify the judiciaries' damages awards based upon a purely compensatory framework).

C. The Inclusion of Mental State Provisions Is Consistent with Statutory Damages Merely Serving as a Substitute for Actual Damages

Critics of the view that statutory damages should function solely as a substitute for actual damages might point to the inclusion of mental states in § 504(c) as indicative that statutory damages have a purpose other than serving as a substitute to actual damages and profits. Specifically, such critics could argue that the creation of three categories associated with various levels of culpability and different award ranges creates the impression that Congress intended for statutory damages to serve a deterrence rationale by punishing acts of infringement in proportion to their severity.

Viewing statutory damages as all about deterrence has a prima facie plausibility. Apart from appealing to the vogue of welfarism,[145] the framework also invites comparisons between the mental state provisions of § 504(c) and criminal statutes, which create an incentive structure that punishes the most culpable mental states the most severely.[146]

The strength of the statutory-damages-as-deterrence framework dissipates, however, upon closer examination. The most obvious problem with this view is that § 504(c) punishes even *innocent* infringement; specifically, the Act permits copyright owners to obtain damage awards from defendants who were "not aware and *had no reason to believe*" that their conduct was unlawful.[147] While the statute does permit the court, in its discretion, to decrease the statutory minimum for each award of statutory damages associated with innocent infringement, § 504(c) places the minimum award that the court can impose at $200.[148] But if statutory damages are really all about deterring wrongful conduct, what is the purpose of punishing innocent infringers at all? An award of statutory damages will not, in most cases, deter someone who does not know and, more importantly, could not reasonably know that her conduct constitutes an infringing act. A proponent of the statutory-damages-as-deterrence view might argue that strict liability laws often seek to deter even nonnegligent conduct.[149] Such

145. *See id.* at 1222–23 (criticizing the welfarist framework used to explain the use of statutory damages as a deterrent).

146. *Compare* 17 U.S.C. § 504(c)(2) (providing greater damages for willful infringement), *with* 18 U.S.C. § 113 (providing greater imprisonment for assaults that involve a mental state of intent to commit harm).

147. 17 U.S.C. § 504(c)(2) (emphasis added) (noting that when an "infringer was not aware and had no reason to believe that his or her acts constituted an infringement of copyright, the court . . . may reduce the award of statutory damages to a sum of not less than $200").

148. *Id.*

149. *See* Bell & Parchomovsky, *supra* note 14, at 712 (describing that, "historically, the Copyright Acts exempted innocent or unknowing infringements from liability"); Henry H. Foster, Jr., *Statutory Strict Liability*, 39 A.B.A. J. 1015, 1015 (1953) (providing examples of strict liability for non-negligent conduct).

laws typically discourage behavior deemed not to be socially useful[150] and hold those who engage in such behaviors accountable because there is a presumption of common knowledge that the activities pose an inherent danger.[151] But innocent copyright infringers can hardly be said to have common knowledge that their conduct is harmful given the myriad of different types of conduct that fall within the Act's terms.[152] Moreover, the conduct in which innocent infringers engage is often socially useful.[153]

The statutory-damages-as-substitute view better explains the presence of penalties for innocent copyright infringers. Section 504(b) permits copyright owners to obtain damages awards to compensate them for any injury that they have sustained as a result of infringement.[154] The copyright owner feels the injury just as strongly when the infringement is done by an innocent party as when it is done by a culpable one. Therefore, permitting copyright owners to obtain awards of statutory damages even when the act is done by an innocent infringer *compensates* the copyright owner for their injury.

Another problem with the statutory-damages-as-deterrence view is proportionality. Unlike the patent law scheme—which provides for treble damages in cases of willful infringement[155]—the mental state provisions in § 504(c) merely adjust the upper and lower bounds of the statutory range.[156] Nothing prevents a judge from imposing a $30,000 award on an innocent

150. *See* RESTATEMENT (SECOND) OF TORTS § 520 cmt. k (AM. L. INST. 1977) (noting that strict liability is less likely to be applied to conduct that is socially valuable to the community).

151. *See* RESTATEMENT (THIRD) OF TORTS: LIABILITY FOR PHYSICAL AND EMOTIONAL HARM § 20 cmt. i (AM. L. INST. 2010) (noting applying strict liability for an abnormally dangerous activity is appropriate where "the risky nature of the activity is of common knowledge").

152. *See* Bell & Parchomovsky, *supra* note 14, at 705 (discussing the lack of notice for copyright infringers). "After January 1, 1978 (the effective date of the Copyright Act of 1976), and especially after the Berne Convention Implementation Act of 1988, the notice requirement was gradually eliminated. Today, there is no notice requirement at all." *Id.* (internal citations omitted).

153. *See* Lateef Mtima, *Copyright Social Utility and Social Justice Interdependence: A Paradigm for Intellectual Property Empowerment and Digital Entrepreneurship*, 112 W. VA. L. REV. 97, 103 n.3, 104 n.4–5 (2009) (identifying a goal of copyright law as securing wide dissemination of an author's ideas so that others can build on them).

154. 17 U.S.C. § 504(b) ("The copyright owner is entitled to recover the actual damages suffered by him or her *as a result of the infringement* . . . ." (emphasis added)).

155. *See* 35 U.S.C. § 284 ("[T]he court may increase the damages up to three times the amount found or assessed."); John R. Harris, *Willful Patent Infringement and Treble Damages: The Reason for Legal Opinions*, MORRIS, MANNING & MARTIN, LLP 2 (Apr. 30, 2004), https://www.mmmlaw.com/files/documents/publications/article_234.pdf [https://perma.cc/9VNQ-WTY9] ("The courts often enter awards of increased damages where the infringer acted in wanton disregard of the patentee's patent rights, that is, where the infringement is 'willful.'").

156. 17 U.S.C. § 504(c)(2).

infringer or a $750 award on a willful infringer.[157] While individual judges may, as a matter of personal jurisprudence, award statutory damages in amounts proportional to the severity, harmfulness, or culpability associated with the infringement, the text of § 504(c) does not necessitate awarding statutory damages in this way.[158] More importantly, the Act does not ensure that, across jurisdictions, judges as a group will hand down higher damages awards for more severe infringements and lower awards for lesser ones. Therefore, inclusion of mental states in § 504(c) does not provide particularly strong evidence that the *purpose* of statutory damages is to deter copyright infringement.

Perhaps critics of the statutory-damages-as-substitute view could argue that—rather than showing affirmatively that statutory damages have a purpose other than to serve as a substitute to actual damages or profits—the inclusion of mental states in § 504(c) is incommensurate with the view that statutory damages *primarily* serve compensatory and disgorgement purposes. As noted above, the statutory-damages-as-substitute view is fully consistent with imposing statutory damages awards on innocent copyright infringers.[159] The question then becomes whether the view is commensurate with applying different award ranges for other mental states.

The willfulness of infringement can provide indirect evidence of the work's value to the infringer.[160] If a soon-to-be infringer knows that using a certain work constitutes infringement, the infringer has notice of the fact that proceeding with using, distributing, or selling the work will be associated with a lawsuit that could end with the imposition of an injunction, damages award, and attorney's fees. Litigation alone costs a great deal, and damages only add to that cost. So, a self-interested person willfully infringes only if the benefits expected from exploiting the work outweigh the risks of incurring the cost of litigation and damages associated with a copyright infringement suit.

Certainly, the risk of copyright litigation may be severely attenuated by the low probability that the copyright owner will discover the infringement or, even if the infringement is discovered, file a lawsuit. But this risk-assessment analysis is present for negligent and reckless infringers as well as

157. *See id.* § 504(c)(1)–(2) (leaving the final statutory damages award amount purely at the discretion of the court).

158. *Compare* Curtis v. Illumination Arts, Inc., 33 F. Supp. 3d 1200, 1216–20 (W.D. Wash. 2014), *with* 17 U.S.C. § 504(c).

159. *See supra* note 153 and accompanying text.

160. *See, e.g.*, All-Star Mktg. Grp. v. Media Brands Co., 775 F. Supp. 2d 613, 623, 627 (S.D.N.Y. 2011) (assessing the value of the infringed work based upon factors including willfulness where "the record include[d] no specific information indicating the monetary value" of the infringed work).

willful ones. For example, a potential infringer who acts with reckless disregard or negligence as to a potentially copyrighted work performs a similar cost-benefit analysis. The negligent or reckless infringer also considers the cost of litigation. However, the risk such a cost presents is mitigated by the fact that she—at the outset of the infringing conduct—might not infringe any copyright at all. The willful infringer, therefore, decides to proceed with their conduct notwithstanding a *heightened* risk of litigation.

Thus, the willfulness of a defendant's infringement provides indirect evidence of the value of the infringed work to the defendant. Put another way, the willfulness of a defendant's infringement suggests that the defendant believes that he will gain something by using the work. The benefit the infringer expects to incur can either come in the form of avoiding an expensive license, which implicates compensatory damages, or by profiting from the work directly, which implicates disgorgement. Thus, the willfulness of a defendant's infringement provides indirect evidence of *actual damages*.

Willfulness provides the kind of imperfect proxy for infringer profits that copyright owners would have to rely on should § 504(b) damages prove difficult to ascertain. Consequently, the incorporation of both mental states in § 504(c) at least comports with the view that statutory damages primarily serve to provide a meaningful substitute to actual damages and infringer profits when such quantities are difficult or burdensome to ascertain. However, none of this is to say that Congress intended the Copyright Act of 1976 to provide *absolutely no* deterrent effect. Indeed, awarding infringer profits to the copyright owners under § 504(b) serves a slight deterrent purpose.[161] Rather, the purpose of this subpart is to show that the inclusion of culpable mental states in § 504(c) does not defeat or even undermine the view (argued for in the previous two subparts) that Congress intended for statutory damages to play a *largely* compensatory role.

III. Reining in the Excesses of § 504(c)

In the absence of any congressional actions, there are a number of ways that the courts can rein in the excesses of § 504(c). This Part discusses a number of actions that the courts can use to ensure that statutory damages are awarded in amounts and in circumstances that vindicate the interests that § 504(c) promotes. The first step is for the courts to adopt the Second Circuit's interpretation as to what constitutes one work for the purpose of awarding damages. Next, the courts can require copyright owners to demonstrate that proof of actual damages is unavailable or burdensome to acquire.

161. Samuelson et al., *supra* note 24, at 2049.

A. Narrowing What Constitutes One Work

As a tool for determining when multiple copyrights constitute one work for the purpose of awarding damages, the independent economic value test proliferates the number of copyrights that qualify as one work within the meaning of § 504(c).[162] The purpose of statutory damages, however, is to allow copyright owners to obtain some form of relief even when proving actual damages is particularly burdensome.[163] The independent economic value test increases the probability that an award of statutory damages exceeds the sum of actual damages and profits; this approach runs afoul of the *statutory-damages-as-substitute* rationale embodied in the legislative history and statutory text of the Act.

Adopting the Second Circuit's authorial-intent approach would, therefore, better conform to the compensatory rationale of the Act. But setting aside the inequities resulting from the test, the independent economic value test also conflicts analytically with the Act.[164] Specifically, each of the jurisdictions adopting the test do so on the basis that a copyright does not constitute an independent work under § 504(c)(1) unless it has an independent life of its own.[165] These circuits then assess the independent economic value of a copyright to determine if it has a copyright life that can stand alone from other copyrights.[166] This line of reasoning, however, confuses a necessary condition for a sufficient condition.[167] The fact that a copyright cannot constitute an independent work *unless* it has a copyright life of its own does not imply that a copyright's having a distinct copyright life *suffices* to show that it is an independent work.

Indeed, Congress contemplated that a plurality of works that *could each have* had copyright lives of their own may together constitute only one work

---

162. *See supra* notes 81–82 and accompanying text.

163. Bracha & Syed, *supra* note 16, at 1227–28.

164. *Compare* Gamma Audio & Video, Inc. v. Ean-Chea, 11 F.3d 1106, 1116–17 (1st Cir. 1993) (the First Circuit's interpretation of the independent economic value test), *with* 17 U.S.C. § 504 (the language of the Act).

165. *Gamma*, 11 F.3d at 1116–17; Columbia Pictures Television v. Krypton Broad. of Birmingham, Inc., 106 F.3d 284, 295 (9th Cir. 1997); MCA Television Ltd. v. Feltner, 89 F.3d 766, 769 (11th Cir. 1996); Walt Disney Co. v. Powell, 897 F.2d 565, 569 (D.C. Cir. 1990); Sullivan v. Flora, Inc., 936 F.3d 562, 571 (7th Cir. 2019).

166. *Gamma*, 11 F.3d at 1116–17; *Columbia Pictures*, 106 F.3d at 295; *MCA*, 89 F.3d at 769; *Walt Disney*, 897 F.2d at 569.

167. *See Affirming the Consequent*, OXFORD REFERENCE (2022), https://www.oxfordreference.com/view/10.1093/oi/authority.20110803095354546 [https://perma.cc/H5Z4-SACQ] (describing the pitfalls in conditional reasoning where a prior statement does not automatically affirm the consequent).

within the meaning of § 504(c)(1).[168] Particularly, § 504(c)(1) makes clear that *compilations* constitute one work, not many.[169] Moreover, § 101 defines the term compilation as "a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship."[170] This definition "includes collective works,"[171] and a collective work under the Act is "a work . . . in which a number of contributions, constituting *separate and independent works* in themselves, are assembled into a collective whole."[172] The Act's language, therefore, embraces the possibility that a compilation may comprise multiple works that themselves may have independent economic value. By treating compilations as one work for the purpose of awarding statutory damages, Congress intended that infringements of *separate and independent works* would warrant only a single award of statutory damages when the author of those works groups those works together in a compilation. In treating a copyright's having a "copyright life of its own" as dispositive, the circuits subscribing to the independent economic value test turn a blind eye to Congress's intent as it is evidenced by both the legislative history and the statutory text. For this reason, the Second Circuit rejected the independent economic value test, finding no basis in the statute's text to support carving an exception that would permit affording multiple awards of statutory damages for compilations comprised of parts with independent economic value.[173]

Additionally, the Second Circuit's approach better conforms to the statutory language by emphasizing the artist's role in defining the compilation.[174] The Act defines a compilation by reference to the artist's "collection and assembling" of the underlying works into "an original work of authorship."[175] Accordingly, the Second Circuit's approach "places dispositive weight on the songwriter's bundling of songs—protected though they may be at the individual level—into an album."[176] The First Circuit in

168. *See* H.R. REP. NO. 94-1476, at 57 (1976) ("A 'compilation' results from a process of selecting, bringing together, organizing, and arranging previously existing material of all kinds, *regardless of whether the individual items in the material have been or ever could have been subject to copyright*." (emphasis added)).

169. 17 U.S.C. § 504(c)(1) ("For the purposes of this subsection, all the parts of a *compilation* or derivative work constitute one work." (emphasis added)).

170. 17 U.S.C. § 101.

171. *Id.*

172. *Id.* (emphasis added).

173. Bryant v. Media Right Prods., Inc., 603 F.3d 135, 142 (2d Cir. 2010).

174. *Id.* at 140–42.

175. 17 U.S.C. § 101.

176. Sullivan v. Flora, Inc., 936 F.3d 562, 570 (7th Cir. 2019) (characterizing the Second Circuit's reasoning in *Bryant*).

Gamma seems to have misunderstood or ignored this point in dismissing the district court's second basis for permitting only one award of statutory damages;[177] while the Copyright Office's regulations do not support the inference that the author's registration of multiple works on a single form is probative of the works' status as a compilation, the Act itself does support such an inference.[178] Nevertheless, the First and Seventh Circuits gave special significance to the fact that there is nothing "in either the statute or the corresponding regulations that *precludes* a copyright owner from registering the copyrights in multiple works on a single registration form while still collecting an award of statutory damages for the infringement of each work's copyright."[179] Certainly, the Act does not *preclude* copyright owners from receiving multiple awards of statutory damages for works registered on a single document; however, the Act—by giving significance to the copyright owner's arrangement and collection of works[180]—permits courts to use a copyright owner's registration of multiple works on a single form as corroborative evidence of the works constituting a compilation.

Therefore, the ongoing circuit split regarding the meaning of the any one work requirement provides a ripe opportunity for the Supreme Court to make a meaningful step toward conforming judicial application of the copyright laws to the congressional purpose of statutory damages. Moreover, the near-complete lack of textual support for the independent economic value test provides a strong basis for the Court to overturn the majority approach in the courts of appeals.

B. Revisiting the Copyright Owner's Right to Elect Damages

Currently, federal courts permit copyright owners to elect between actual and statutory damages at any time before trial.[181] This approach, however, is a relic of the Court's interpretation of the Copyright Act of 1909 that conflicts with the modern purpose of copyright statutory damages as demonstrated by the text and legislative history of the Copyright Act of 1976. The last time that the Court considered the availability of statutory damages awards was in 1952; however, the Court there interpreted the Copyright Act

177. Gamma Audio & Video, Inc. v. Ean-Chea, 11 F.3d 1106, 1117 (1st Cir. 1993).

178. *See* 17 U.S.C. § 101 (describing a compilation as "preexisting materials . . . arranged in such a way that the resulting work as a whole constitutes an original work of authorship").

179. *Gamma*, 11 F.3d at 1117 (emphasis added). *See Sullivan*, 936 F.3d at 570–71 (recounting and adopting the First Circuit's reasoning).

180. 17 U.S.C. § 101.

181. *See, e.g.*, Yellow Pages Photos, Inc. v. Ziplocal, LP, 795 F.3d 1255, 1283 (11th Cir. 2015) ("The plaintiff may make its election between actual and statutory damages at any time before final judgment is rendered." (internal quotation marks omitted) (quoting Jordan v. Time, Inc., 111 F.3d 102, 104 (11th Cir. 1997))).

of 1909, not the Copyright Act of 1976.[182] Specifically, the Court's *Woolworth*[183] opinion permitted affording copyright statutory damages in circumstances where (1) actual damages and infringer profits were proved and (2) the award of statutory damages substantially exceeded the proved actual damages and profits.[184] Setting aside the fidelity of the Court's interpretation of the 1909 Act, such an interpretation—if applied to the Copyright Act of 1976—is in substantial tension with the legislative history and statutory text, as demonstrated in the foregoing Part.[185] Thus, courts must revisit the issue of when a copyright owner is entitled to an award of statutory damages rather than an award of actual damages.

The purpose of statutory damages is to provide a substitute for actual damages and profits.[186] Courts, therefore, should restrict the application of statutory damages to just those situations where statutory damages serve that purpose, namely, when actual damages and profits prove difficult to ascertain. It is, however, one thing to argue that § 504(c) has a purpose to which the courts should look when fashioning an appropriate award of statutory damages; it is another thing to argue that courts should create a procedural rule restricting the copyright owner's ability to invoke statutory damages. While restricting statutory damages to only those situations where actual damages are unavailable would certainly promote the purpose of § 504(c), not every statute *perfectly* serves the purpose for which Congress enacted it.[187] A procedure that furthers the purpose of § 504(c) may nonetheless contradict or subvert the statutory text. Because federal courts act as Congress's agents when interpreting and applying statutes,[188] the judiciary may not adopt such a rule. Consequently, notwithstanding the fact that requiring copyright owners to opt for statutory damages would further the purpose of § 504(c), whether courts should enforce such a requirement by adopting a procedural rule to that effect depends on whether the text of the Act permits such a rule.

Here, the Act does not *entitle* the copyright owner to statutory damages. The canon of construction *expressio unius est exclusio alterius* provides that "[w]here Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that

182. F.W. Woolworth Co. v. Contemp. Arts, Inc., 344 U.S. 228, 229, 233–34 (1952).

183. *Id.*

184. *Id.* at 231–32, 234.

185. *See supra* subparts II(A) and II(B).

186. *See supra* notes 110–113 and accompanying text.

187. LARRY M. EIG, CONG. RSCH. SERV., RL97589, STATUTORY INTERPRETATION: GENERAL PRINCIPLES AND RECENT TRENDS 2–4 (2014).

188. *Id.* at 2 n.8; *see* Georgia v. Public.Resource.Org, Inc., 140 S. Ct. 1498, 1511–12 (2020) (agreeing that it is for Congress to determine the most accurate statutory application).

Congress acts intentionally and purposefully in the disparate inclusion or exclusion."[189] This presumption may lose some of its force when applied to statutory sections that are "dissimilar and scattered at distant points of a lengthy and complex enactment,"[190] but the presumption applies with especial vigor when the statutory provisions in question are in "immediate proximity to each other."[191] Section 504(b) states that "[t]he copyright owner is *entitled* to recover the actual damages suffered by him or her and any profits of the infringer."[192] In contrast, just a few lines later § 504(c) provides that "the copyright owner *may* elect, at any time before final judgment is rendered, to recover . . . an award of statutory damages."[193] Therefore, Congress unambiguously entitled every copyright owner to an award of actual damages and profits but refused to use such language in the following section. Consequently, the Act *permits*—but does not *entitle*—copyright owners to elect awards of statutory damages in lieu of actual damages.

Augmenting this argument is the legal backdrop against which the Copyright Act of 1976 was passed. The Copyright Act of 1909 used the same entitlement-conferring language for both statutory damages and actual damages and profits.[194] Specifically, statutory damages under the Copyright Act of 1909 provided that "if any person shall infringe the copyright . . . such person *shall be liable* . . . to pay to the copyright proprietor . . . in lieu of actual damages and profits such damages as to the court shall appear to be just."[195] Therefore, in enacting the Copyright Act of 1976, Congress separated statutory damages from actual damages and profits but only attached entitlement-conferring language to actual damages and profits.

But the fact that the Act presently does not entitle copyright owners to elect awards of statutory damages raises the question of under what circumstances copyright owners may actually obtain awards of statutory damages. Answering this question requires turning to the nature of actual damages and profits as § 504's default remedy. As discussed previously, § 504 establishes actual damages and profits as the default and provides for awards of statutory damages only as a substitute.[196] Coupling (a) a statutory provision of a default damages remedy to which plaintiffs are entitled with

189. Bates v. United States, 522 U.S. 23, 29–30 (1997) (internal quotation marks omitted) (quoting Russello v. United States, 464 U.S. 16, 23 (1983)).

190. United States v. Tyson Foods, Inc., 258 F. Supp. 2d 809, 815 (E.D. Tenn. 2003).

191. *Id.* (citing United States v. Granderson, 511 U.S. 39, 63 (1994) (Kennedy, J., concurring)).

192. 17 U.S.C. § 504(b) (emphasis added).

193. *Id.* § 504(c)(1) (emphasis added).

194. Copyright Act of 1909, Pub. L. No. 60-349, § 25(b), 35 Stat. 1075, 1081, *repealed by* Copyright Act of 1976, 17 U.S.C. § 504.

195. *Id.*

196. *See supra* notes 111–114 and accompanying text.

(b) a provision of an alternative remedy to which plaintiffs are merely permitted evidences a congressional preference for the default remedy. This preference impliedly answers the question of when copyright owners may actually obtain awards of statutory damages; such plaintiffs may only obtain awards of statutory damages when actual damages prove defective.

Therefore, the text of § 504 permits courts to create procedural rules requiring copyright owners to demonstrate that actual damages are deficient before obtaining awards of statutory damages. Traditionally, courts deemed statutory damages as helpful in addressing one deficiency with actual damages and profits; particularly, because actual damages and profits involve factual inquiries, actual damages and profits may be difficult to ascertain when the evidentiary record is thin. Moreover, this rationale appears to have been known to Congress at the time the Act was passed.[197]

Additionally, requiring the plaintiff to show the necessity of an award of actual damages is commensurate with the manner in which statutory damages are utilized in other intellectual property schemes in American law. In trademark law, plaintiffs have the option to seek statutory damages instead of actual damages only in the event of counterfeit marks;[198] in such cases, the plaintiff has the additional burden of showing that the accused mark is "identical with, or substantially indistinguishable from," the plaintiff's mark.[199] Similar to the Act, Congress permitted trademark owners, in cases involving counterfeited marks, to obtain statutory damages because "counterfeit records are frequently nonexistent, inadequate, or deceptively kept . . . making proving actual damages in these cases extremely difficult if not impossible."[200] Therefore, both the Copyright Law Act of 1976 and the Lanham Act, which governs trademark law, permit plaintiffs to obtain statutory damages in cases where actual damages and profits prove difficult to ascertain. Since trademark owners are already required to make an additional factual showing (i.e., that the accused mark is identical to the owner's mark), requiring copyright owners to make an additional factual showing will increase the uniformity with which statutory damages awards are imposed across different intellectual property law schemes.

197. *See* H.R. REP. NO. 94-1476, at 161 (1976) ("[T]he plaintiff in an infringement suit is not obliged to submit proof of damages and profits and may choose to rely on the provision for minimum statutory damages."); *see also* Samuelson & Wheatland, *supra* note 137, at 502 n.313 (citing H.R. REP. NO. 94-1476, at 161 (1975)) (discussing how statutory damages do not require the same evidentiary showing as actual damages).

198. 15 U.S.C. § 1117(c).

199. 18 U.S.C. § 2320(f).

200. PetMed Express, Inc. v. MedPets.Com, Inc., 336 F. Supp. 2d 1213, 1219–20 (S.D. Fla. 2004) (alterations in original) (quoting Tiffany Inc. v. Luban, 282 F. Supp. 2d 123, 124 (S.D.N.Y. 2003)).

Moreover, cabining statutory damages to only cases where actual damages and profits prove difficult to determine will bring the U.S. statutory scheme in closer conformity with the majority of other national copyright schemes. Most countries, including those with industries substantially reliant on copyright protection—like France, the United Kingdom, Germany, and Australia—do not provide for statutory damages in their copyright schemes.[201] Of the 179 World Intellectual Property Organization's (WIPO) member countries surveyed, only twenty-four permit awards of statutory damages in copyright infringement cases.[202] When entering trade agreements with other nations, the United States frequently negotiates for detailed treaty obligations with respect to copyright statutory damages.[203] Because of the unpopularity of statutory damages globally, many nations, including Canada and Israel, have resisted such negotiations and often demand limitations on such obligations.[204] Restricting the imposition of statutory damages to situations where actual damages and profits prove deficient would mitigate American reliance on statutory damages as a copyright remedy. This would alleviate the need to negotiate for trade agreement obligations with respect to statutory damages, which have proved a point of contention between the United States and trade allies. Consequently, rolling back American reliance on statutory damages as a copyright remedy would tend to streamline negotiations with other nations and reduce transaction costs in trade agreements with foreign nations.

Therefore, the statutory text opens the door for courts to fashion a procedural rule requiring that copyright owners demonstrate the inadequacy of actual damages and infringer profits before obtaining awards of statutory damages. Because restricting awards of statutory damages to such circumstances would promote the purpose of both statutory damages and the Act in general, courts should place such a requirement on any copyright owner seeking to obtain statutory damages.

Conclusion

Courts have awarded statutory damages in gross excess of any compensatory purpose. This phenomenon results from the interplay of the

201. Pamela Samuelson, Phil Hill & Tara Wheatland, *Statutory Damages: A Rarity in Copyright Laws Internationally, But For How Long?*, 60 J. COPYRIGHT SOC'Y U.S.A. 529, 531 (2013).

202. *Id.* at 534.

203. *Id.* at 545.

204. *Id.* at 545, 554 (explaining that countries, including Canada and Israel, that have promulgated statutory damages regimes make "concerted efforts to limit negative aspects of the remedy," but that the United States' detailed treaty obligations challenge this freedom to tailor regimes).

broad discretion that the Act confers on the judiciary, the failure of the Act to explicitly state the purpose of statutory damages, judicial interpretations—particularly regarding the any one work and willfulness provisions—that tend to broaden the applicability of statutory damages, and the advent of the internet. Specifically, the Copyright Act establishes a broad range of potential damages awards and leaves it to the courts to fashion a remedy that they "consider[] just."[205] However, Congress did not provide any guidelines for increasing or decreasing penalties or a statement of the interests that Congress intended for statutory damages to vindicate.[206] Because of the lack of any guidance, the courts have taken a "go long" approach to statutory damages, leveraging every rationale under the sun—from compensatory to punitive to deterrence rationales—to justify a sweeping range of awards. Moreover, technology has made it easier than ever before for ordinary people to infringe copyrights,[207] but it has also enabled copyright owners to better discover infringement. This has resulted in courts imposing exorbitant awards of statutory damages on ordinary citizens with average resources.[208] Consequently, scholars have characterized statutory damages as a "doctrine in search of a justification."[209]

This Note seeks to end that search. After exploring the ills of the doctrine, this Note argues—based on the statutory text, legislative history, and historical context surrounding the passage of the Copyright Act of 1909 and the Copyright Act of 1976—that Congress intended for statutory damages to function as a substitute for actual damages and profits when such awards prove difficult or impossible to ascertain. With a sound justification for statutory damages in hand, the courts can implement reforms to give effect to Congress's intent. Specifically, this Note calls for the courts to change course with respect to the current circuit split as to the meaning of one work for the purpose of awarding damages; the courts should adopt the Second Circuit's authorial-intent approach. More importantly, this Note argues that courts should require copyright owners to demonstrate the unavailability of actual damages and profits in their particular case before they can obtain an award of statutory damages. By implementing these reforms, the courts can rein in the excess of statutory damages and get the doctrine back on track.

---

205. 17 U.S.C. § 504(c)(1).

206. *See id.* (leaving the determination of statutory damages to the discretion of the court); Bell & Parchomovsky, *supra* note 14, at 706–07 ("[A]lmost no guidelines are provided to courts in deciding what is willful and how to choose damages.").

207. Liebesman, *supra* note 51, at 6.

208. *See, e.g.*, Halperin, *supra* note 1 (reporting on the excessive damages award in the case against Ms. Thomas-Rasset).

209. Bracha & Syed, *supra* note 16, at 1220.