

under the Copyright Act. (*See* Doc. No. 625.) At the September 23, 2008 status conference, Plaintiffs advised the Court that Defendant's counterclaims had no merit and that Plaintiffs intended to move for dismissal under Rule 12(b)(6). In response, Defendant argued that he would stick with his counterclaims and that there would be "[n]o amendments, Your Honor." (Tr. of Sept. 23, 2008 Status Conference, at 13: 21-24, Exhibit A hereto.) The Court then set a briefing schedule for Plaintiffs' Motion to Dismiss.

Plaintiffs filed their motion on October 6, 2008. (Doc. No. 670.) In response, instead of defending his counterclaims, Defendant abandoned them and filed a First Amended Counterclaim on October 27, 2008, without seeking leave. (*See* First Am. Countercl., Doc. No. 675.) Still not satisfied with his own purported counterclaim, Defendant then filed a Motion for Leave to Amend and attached a new counterclaim, this time styled "Amended Counterclaim." (Doc. No. 686 and Attachment 1 thereto.)

Defendant's proposed Amended Counterclaim purports to assert a claim of federal abuse of process and to challenge the constitutionality of the Copyright Act on multiple grounds. (Doc. No. 686, Attachment 1 at ¶¶ 8-20.) As explained below, Defendant's Motion for Leave to Amend should be denied because Defendant's new counterclaim, like his old counterclaims, fails to state a claim for relief. Therefore, Defendant's proposed amendment would be futile.

First, there is no federal cause of action for abuse of process. On the contrary, the Supreme Court and courts around the country have expressly rejected the idea of creating a federal cause of action for abuse of process. *See, e.g., Wheeldin v. Wheeler*, 373 U.S. 647, 652 (1963) (holding that no federal common law claim for abuse of process exists).

Second, Defendant's allegations do not support a claim for abuse of process even under state law because Defendant has failed to alleged the essential elements of such a claim. In

particular, Defendant has failed to allege an improper or ulterior purpose for Plaintiffs' lawsuit against him. On the contrary, Plaintiffs' motivation in bringing this lawsuit—to deter infringement and encourage compliance with copyright law (Compl. ¶¶ 11-14)—is entirely consistent with the purpose of the Copyright Act.

Third, under the *Noerr-Pennington* doctrine, Plaintiffs have a First Amendment right to seek redress in the courts for Defendant's infringement of Plaintiffs' copyrights. Defendant's allegations seeking to prevent the commencement of this lawsuit and others like it are contrary to Plaintiffs' First Amendment right to petition and, therefore, are barred under *Noerr-Pennington*.

Fourth, Defendant's constitutional challenges do not form the basis of any conceivable counterclaim because Defendant seeks no affirmative relief. Indeed, many courts have held that purported constitutional challenges like those Defendant seeks to assert here are not proper counterclaims.

Finally, not only do Defendant's constitutional challenges fail to state a proper counterclaim, they also fail as a matter of law. At bottom, Defendant's proposed constitutional challenge seeks a ruling that the Copyright Act is an unconstitutional delegation of police power by Congress. But the Supreme Court has recently spoken to Congress' right to legislate copyright laws. In *Eldred v. Ashcroft*, 537 U.S. 186 (2003), the Court held that the Copyright Clause of the United States Constitution "empowers Congress to determine the intellectual property regimes that, overall, in that body's judgment, will serve the ends of the Clause." *Id.* at 222. There is no question that Congress has authority to pass statutes allowing civil enforcement of federal law, and Congress' creation of a mechanism for civil enforcement of federal copyright law is entirely consistent with the Constitution.

For all of these reasons, and for the reasons described in more detail below, Defendant's proposed Amended Counterclaim fails to state a claim for relief. Therefore, Defendant's proposed amendment would be futile and Defendant's request for leave should be denied.

ARGUMENT

I. STANDARD OF REVIEW.

Fed. R. Civ. P. 15(a) requires courts to grant leave to amend only "when justice so requires." Where an amendment would be futile, leave to amend should be denied. *See Foman v. Davis*, 371 U.S. 178, 182 (1962) (leave to amend shall not be granted where amendments would be futile); *Maldonado v. Dominguez*, 137 F.3d 1, 11 (1st Cir. 1998) (denying a request for a remand to allow an opportunity to amend the complaint because the "amended claims would be destined for dismissal"). An amendment is futile if it could not withstand a 12(b)(6) motion to dismiss. *See Hatch v. Dep't for Children*, 274 F.3d 12, 19 (1st Cir. 2001) (citation omitted).

A motion to dismiss under Rule 12(b)(6) should be granted where a claim fails to contain factual allegations sufficient to "raise a right to relief above the speculative level." *Bell Atl. Corp. v. Twombly*, 550 U.S. 544 (2007). "[A] plaintiff's obligation to provide the 'grounds' of his 'entitle[ment] to relief' requires more than labels and conclusions, and a formulaic recitation of the elements of a cause of action will not do." *Id.* at 1964-65 (quoting Fed. R. Civ. P. 8(a)(2)). Although well-pleaded factual allegations are presumed true, "legal conclusions or conclusory allegations do not benefit from this presumption." *Omni-Wave Elecs. Corp. v. Marshall Indus.*, 127 F.R.D. 644, 648 (D. Mass. 1989).

II. DEFENDANT’S MOTION FOR LEAVE SHOULD BE DENIED BECAUSE THE PROPOSED AMENDMENT WOULD BE FUTILE.

A. A Federal Common Law Abuse Of Process Claim Does Not Exist.

The Supreme Court and courts around the country have rejected the idea of a federal common law abuse of process claim. See *Wheeldin v. Wheeler*, 373 U.S. 647, 651-52 (1963) (holding that no federal common law claim for abuse of process exists); *Tarkowski v. County of Lake*, 775 F.2d 173, 174-175 (7th Cir. 1985) (rejecting claim for federal abuse of process); *Rodriguez v. Ritchey*, 556 F.2d 1185, 1194 (5th Cir. 1977) (“*Wheeldin v. Wheeler* forecloses the issue of whether a case has been made out under federal law”); *Berisic v. Winckelman*, 2003 U.S. Dist. LEXIS 12759 (S.D.N.Y. July 23, 2003) (holding that there is no federal cause of action for abuse of process); *Fisher v. White*, 715 F. Supp. 37, 41-42 (E.D.N.Y. 1989) (holding that “a suit alleging abuse of federal process . . . does not implicate uniquely federal interests of the kind that oblige courts to formulate federal common law”); *E. Indus., Inc. v. Joseph Ciccone & Sons*, 532 F. Supp. 726, 728 (E.D. Pa. 1982) (rejecting a federal common law claim for abuse of process). Indeed, the Supreme Court has explicitly ruled that “Congress has not . . . left to federal courts the creation of a federal common law for abuse of process.” *Wheeldin*, 373 U.S. at 652.

The instances in which a federal court has the authority to formulate a federal common law remedy are “few and restricted.” *Id.* at 651. “[W]hether latent federal power should be exercised to displace state law is primarily a decision for Congress.” *Wallis v. Pan Amer. Petroleum Co.*, 384 U.S. 63 (1966). Absent some statutory authorization, federal courts have authority to create a federal common law remedy only when it is “necessary to protect uniquely federal interests.” *Texas Indus., Inc. v. Radcliff Materials, Inc.*, 451 U.S. 630, 640 (1981). Federal common law is appropriate only where “the authority and duties of the United States as sovereign are intimately involved or because the interstate or international nature of the

controversy makes it inappropriate for state law to control.” *Id.* at 641. A claim of abuse of process fits none of these requirements. On the contrary, abuse of process derives from state law and the right to recover should, therefore, be governed by state law. *See McIntosh v. Antonino*, 71 F.3d 29, 32 (1st Cir. 1995) (abuse of process is a state law claim).

To support his contention that a federal common law claim of abuse of process exists Defendant cites *Nationwide Charters & Conventions, Inc. v. Garber*, 254 F. Supp. 85 (D. Mass. 1966), where the court considered whether to remand to state court a claim for abuse of process that was based on a prior federal court action. The court denied the motion to remand ruling that federal law should govern the claim but declining to “spell out what that law is.” *Id.* at 87. Defendant’s reliance on *Nationwide Charters* is misplaced for several reasons. First, *Nationwide Charters* was decided on a motion to remand the proceedings to state court. *Id.* 86. A ruling at such a preliminary procedural stage, which is not appealable, should not be read as creating a federal cause of action for abuse of process. Second, *Nationwide Charters* does not consider and is contrary to the Supreme Court’s holding in *Wheeldin*. Third, efforts to read *Nationwide Charters* as creating a cause of action for federal abuse of process have been roundly rejected. *See, e.g., Berisic*, 2003 U.S. Dist. LEXIS 12759; *Fisher*, 715 F. Supp. at 39; *Owens v. First City Nat’l Bank*, 714 F. Supp. 227 (E.D. Tex. 1989); *Voors v. Nat’l Women’s Health Org., Inc.*, 611 F. Supp. 203, 207 (N.D. Ind. 1985); *E. Indus., Inc.*, 532 F. Supp. at 727-28; *Dozier v. Weaver*, 481 F. Supp. 38 (M.D. La. 1979).

Because no cause of action exists for federal abuse of process, and because the creation of such a federal common law claim has been specifically considered and rejected by the Supreme Court, Defendant’s proposed amendment to assert such a claim would be futile.

B. Defendant Failed To Plead The Essential Elements Of A State Law Claim Of Abuse Of Process.

Hedging his bets, Defendant also purports to allege a state law claim of abuse of process. (Am. Countercl. ¶ 3.) A plaintiff asserting a claim for abuse of process under Massachusetts state law must allege and prove that “(1) ‘process’ was used; (2) for an ulterior or illegitimate purpose; (3) resulting in damage.” *Am. Mgmt. Servs. v. George S. May Int’l*, 933 F. Supp. 64, 68 (D. Mass. 1996). Here, Defendant has failed to allege an ulterior or illegitimate purpose.

The essence of the tort is use of process as a threat or a club to coerce or extort some collateral advantage not properly involved in the proceeding. *Broadway Mgmt. Servs., Ltd. v. Cullinet Software, Inc.*, 652 F. Supp. 1501, 1503 (D. Mass. 1987). “Where the process is used for ‘the exact purpose for which it was designed: litigating the rights of the parties,’ there is no abuse of process.” *Bickford v. Bickford*, 12 Mass. L. Rep. 383 (Mass. Super. Ct. 2000) (citation omitted). To plead a claim for abuse of process, “the alleged collateral benefits sought must be well-defined and clearly outside the interests properly pursued in the proceeding.” *Broadway Mgmt. Servs.*, 652 F. Supp. at 1503 (citing examples); *see also Stromberg v. Costello*, 456 F. Supp. 848 (D. Mass. 1978) (application for criminal complaint, maliciously, without probable cause, and for purpose of inducing plaintiff to withdraw civil action shows ulterior purpose).

Here, Defendant’s allegation that Plaintiffs’ alleged subjective motivation in bringing lawsuits - to deter infringement and encourage compliance with the Copyright Act - can somehow form the basis of an abuse of process claim fails on its face. Plaintiffs brought this action to seek remedy for Defendant’s past infringement and to deter future infringement. (Compl. at 4.) Such motive is entirely proper and consistent with the Copyright Act. *See F. W. Woolworth Co. v. Contemporary Arts, Inc.*, 344 U.S. 228, 233 (1952) (holding that copyright actions should serve to compel “reparation for injury” and “to discourage wrongful conduct”).

Indeed, many courts have held that the record company plaintiffs' actions in prosecuting claims for copyright infringement like this one do not constitute abuse of process. In a decision involving similar allegations of harassment against record company plaintiffs, the court held:

Here, [the defendant] claims that this is one case in thousands where the Recording Companies are suing individual users of peer-to-peer networks such as Kazaa in an effort to frighten users away from the networks, thereby putting the networks out of business. This might be true. In fact, the Recording Companies state in their briefings that "they face a massive problem of digital piracy over the Internet" and accordingly they have "sustained and continue to sustain devastating financial losses." (citation omitted) It is not, however, an abuse of the legal process to organize a large-scale legal assault on small-scale copyright infringers that together cause devastating financial losses. Moreover, it is not an abuse of the legal process if the Recording Companies' goal in bringing these actions is to scare would-be infringers into complying with federal law, and thereby prevent the networks that allegedly facilitate the alleged infringement from doing so.

Interscope Records v. Duty, 2006 U.S. Dist. LEXIS 20214, at *13-14 (D. Ariz. April 14, 2006).

To the contrary, courts have recognized that record company plaintiffs are entitled to bring claims against infringers of their copyrighted sound recordings:

For now, our government has chosen to leave the enforcement of copyrights, for the most part, in the hands of the copyright holder. *See* 17 U.S.C. § 101, *et seq.*, Plaintiffs face a formidable task in trying to police the internet in an effort to reduce or put a stop to the online piracy of their copyrights. Taking aggressive action, as Plaintiffs have, to defend their copyrights is certainly not sanctionable conduct under Rule 11. The right to come to court to protect one's property rights has been recognized in this country since its birth.

Atlantic Recording Corp. v. Heslep, 2007 U.S. Dist. LEXIS 35824, at *16 (N.D. Tex. May 16, 2007). In another factually analogous case brought by many of the same record company plaintiffs, the court recognized the plaintiffs' right to access the courts and attempt to settle their claims with infringers.

A civil action is a lawful means for people to have their private disputes, including financial disputes, decided. (internal citation omitted). A typical demand letter serves notice to a potential defendant that the potential plaintiff plans to pursue litigation, unless the underlying dispute can be privately resolved, by an agreement to pay money or other legitimate consideration Settlement

demands of this sort are overtures to negotiation, not threats to inflict economic injury.

Raleigh, Civ. No. 4:06-CV-1708 CEJ at p. 11 (Exhibit B).

Recognizing that Plaintiffs' lawsuit against Defendant is entirely proper, Defendant contends that Plaintiffs have somehow engaged in an abuse process because this lawsuit might discourage others from infringing. (Am. Countercl. ¶¶ 12-14.) Defendant, however, does not, and cannot, cite a single authority to support this contention, and there is nothing inappropriate to hope that a lawsuit against one will deter others from similar misbehavior. Indeed, it is well accepted that litigation can be a useful and appropriate tool in effecting compliance with the law. *See Duty*, 2006 U.S. Dist. LEXIS 20214, at *13-14. If education through litigation were considered an ulterior purpose seeking collateral advantage under Mass. Gen. Laws, ch. 231 Section 6(f), then the State of Massachusetts would effectively prohibit all public interest litigation. This would clearly be untenable, and Defendant's attempt to deprive Plaintiffs of their right to seek redress under the law because he does not like their message fails.

Defendant's allegations that Plaintiffs' primary purpose in prosecuting their claim for copyright infringement is "sacrificing Defendant to intimidate other Internet users into altering the norm of Internet usage," and "intimidating others by seeking damages grossly disproportionate to what restitution or deterrence could justify" also fail to state a claim. (Am. Countercl. ¶ 13). A valid claim of abuse of process involves some form of extortion, "using the process to put pressure on the other to compel him to take some action." *[Name Redacted] v. Moran*, 1994 Mass. Super. LEXIS 118, at *3 (citing *Powers v. Leno*, 24 Mass. App. Ct. 381, 383-384, 509 N.E.2d 46 (1987) and *Restatement (Second) of Torts* § 682 cmt. b (1977)). Here, Defendant makes no allegation that Plaintiffs sought to compel *him* to do anything or to coerce *him* for an unlawful purpose. Therefore, his allegations fail. *See id.*

Defendant's allegations that Plaintiffs have flooded Internet Service Providers ("ISPs") with subpoenas and purportedly tried to intimidate and coerce them into installing Internet content filters (Am. Countercl. ¶¶ 15-17) also fail. To state a claim of abuse of process, Defendant must allege some "definite act or threat not authorized by process" used on Defendant. *See Broadway Mgmt. Servs.*, 652 F. Supp. at 1503. Here, Defendant's allegations concerning Plaintiffs' motives for issuing subpoenas to ISPs are not only not true (like most of Defendant's allegations), they have nothing to do with the "process" at issue here, *i.e.*, this lawsuit. Defendant cannot make out an abuse of process claim with generalized allegations regarding allegedly abusive process against other parties.

Finally, Defendants allegations of harassment, intimidation, and cost of defense of this lawsuit (Am. Countercl. ¶ 20) also fail. "[U]lterior motive' is more than the intent to harass; there must be intention to use process for coercion or harassment to obtain something not properly part of the suit." *Broadway Mgmt. Servs.*, 652 F. Supp. at 1503. "No Massachusetts case has held that an intention to cause a party to expend substantial time and money to defend against the claims in a suit constitutes an 'ulterior motive.'" *Id.*; *see also Simon v. Navon*, 71 F.3d 9, 16 (1st Cir. 1995) (no abuse in causing litigation opponent to spend money in defense).

C. Plaintiffs' Alleged Conduct Is Protected Under The First Amendment Right to Petition.

The First Amendment guarantees "the right of the people . . . to petition the Government for a redress of grievances." *U.S. Const. Amend. I*. The right to petition is "among the most precious rights of the liberties safeguarded by the Bill of Rights," *United Mine Workers v. Illinois State Bar Ass'n*, 389 U.S. 217, 222 (1967), and has been extended to afford a party the right to access the courts, *Calif. Motor Transp. Co. v. Trucking Unltd.*, 404 U.S. 508 (1972); *Davric Maine Corp. v. Rancourt*, 216 F.3d 143, 147 (1st Cir. 2000).

Consistent with this right, sometimes referred to as *Noerr-Pennington* immunity, numerous courts have shielded litigants from claims relating to the filing of litigation. *See, e.g., id.*; *T.F.T.F. Capital Corp. v. Marcus Dairy, Inc.*, 312 F.3d 90, 93 (2d Cir. 2002); *Chemicor Drugs, Ltd. v. Ethyl Corp.*, 168 F.3d 119, 128-129 (3d Cir. 1999); *Video Int'l Prod., Inc. v. Warner-Amex Cable Comm.*, 858 F.2d 1075, 1082-83 (5th Cir. 1988); *Am. Mfg. Servs., Inc. v. Official Comm. of Unsecured Creditors of the Match Elecs. Group, Inc.*, 2006 U.S. Dist. LEXIS 22987, at *15 (N.D.N.Y. 2006) (“The *Noerr-Pennington* doctrine generally immunizes from liability a party’s commencement of a prior court proceeding.”). *Noerr-Pennington* also encompasses “concerted efforts incident to litigation, such as prelitigation ‘threat letters.’” *Primetime 24 Joint Venture v. Nat’l Broad. Co.*, 219 F.3d 92, 100 (2d Cir. 2000).

Defendant here alleges that Plaintiffs have committed abuse of process by threatening him with this lawsuit and filing this lawsuit against him. (Am. Countercl. ¶¶ 8-9.) Such allegations seek to prevent the commencement of this litigation and others like it and, therefore, are contrary to the First Amendment Right to Petition and established precedent holding the commencement of a lawsuit to be immune from such claims. *See Primetime 24*, 219 F.3d at 100 (sending out pre-suit letters and making threats of litigation are covered by *Noerr-Pennington*); *Raleigh*, Slip. op. at 5-9 (dismissing counterclaims against some of these same plaintiffs because plaintiffs’ conduct, including “filing lawsuits against ‘Doe ‘ defendants, *ex parte* discovery, efforts to settle their claims with defendant, and request for damages within the statutory range . . . are immune from liability . . . under the *Noerr-Pennington* doctrine.”) (Exhibit B); *DIRECTV, Inc. v. Personette*, 2003 U.S. Dist. LEXIS 19695, at *19-20 (W.D. Mich. Oct. 20, 2003) (dismissing counterclaims and holding that actions such as sending out pre-suit letters and making threats of litigation are the type of litigation activities covered by *Noerr-Pennington*).

D. Defendant's Proposed Constitutional Challenge Of The Copyright Act Is Not A Proper Counterclaim.

An allegation rises to the level of being a counterclaim only when the defendant asks for affirmative relief. *See RTC v. Midwest Fed. Sav. Bank*, 36 F.3d 785, 791-92 (9th Cir. 1993). Here, Defendant's proposed Amended Counterclaim seeking to challenge the constitutionality of the Copyright Act fails because Defendant does not seek affirmative relief. (*See* Am. Countercl. ¶ 21.) Many courts have held that purported constitutional challenges like those Defendant seeks to assert here are not proper counterclaims. *Classic Concepts, Inc. v. Linen Source, Inc.*, 2006 U.S. Dist. LEXIS 96767, at *22 (C.D. Cal. Apr. 26, 2006) (preclusion of statutory damages under the Copyright Act is an affirmative defense); *Shady Records, Inc. v. Source Enters.*, 2004 U.S. Dist. LEXIS 26143 (S.D.N.Y. Dec. 30, 2004) (allegations of bar on statutory damages under the Copyright Act for infringements commencing prior to registration is affirmative defense); *Bell v. Ameriquest Mortg. Co.*, 2004 U.S. Dist. LEXIS 24289 (N.D. Ill. Nov. 29, 2004) (discussing affirmative defense challenging statutory damages). Accordingly, Defendant's allegations seeking to challenging the constitutionality of the Copyright Act fail to state a proper counterclaim.

E. Not Only Do Defendant's Allegations In Support Of His Proposed Constitutional Challenge Fail To State A Proper Counterclaim, Defendant's Allegations Also Fail As A Matter Of Law.

Defendant seeks to challenge Congress' exercise of its authority to legislate copyright laws by arguing that civil enforcement of copyright laws constitutes an unconstitutional delegation of "prosecutorial" powers to private parties and that statutory damages set by Congress are unconstitutional. (Am. Countercl. ¶ 18.) As demonstrated below, however, Defendant's proposed constitutional challenge has no merit.

1. Congress' delegation of private enforcement of copyright is consistent with Congress' authority under the Constitution.

The Copyright and Patent Clause of the United States Constitution provides that “Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” U.S. Const. art. I, § 8, cl. 18. “[T]he Copyright Clause empowers Congress to determine the intellectual property regimes that, overall, in that body’s judgment, will serve the ends of the Clause.” *Eldred*, 537 U.S. at 222 (citing *Graham v. John Deere Co. of Kan. City*, 383 U.S. 1, 6 (1966) (The Copyright and Patent Clause empowers Congress to determine the intellectual property regime “which *in its judgment* best effectuates the constitutional aim.”)). “The wisdom of Congress’ action [in setting copyright policy] is not within [the courts’] province to second-guess.” *Id.*

Here, Congress has provided “the owner of a copyright with a potent arsenal of remedies against an infringer of his work,” including injunctive relief, impoundment and destruction of unauthorized reproductions, recovery of actual or statutory damages, and costs and attorney’s fees. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 433-34 (1984) (citing 17 U.S.C. §§ 502-505). As explained below, the creation of such private remedies directly serves the purpose of the Copyright Clause and is entirely constitutional.

The economic philosophy behind the Copyright Clause “is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in ‘Science and useful Arts.’” *Mazer v. Stein*, 347 U.S. 201, 219 (1954). Congress’ decision to grant individual authors “the limited monopoly of copyright is predicated upon the dual premises that the public benefits from the creative activities of authors, and that the copyright monopoly is a necessary condition to the full realization of

such creative activities.” 1-1 *Nimmer on Copyright* § 1.03[A] (2008). A successful private suit to enforce copyrights, therefore, involves more than just the vindication of private property rights, it promotes the very purpose of the Copyright Clause. Indeed, “if the Act were not enforced by private suits, the incentives Congress established to encourage authorship would have little effect.” *Quinto v. Legal Times of Washington, Inc.*, 511 F. Supp. 579, 581 (D.D.C. 1981).

As the Legislative branch, Congress determines when private parties are to be given causes of action under legislation it adopts. *Cannon v. University of Chicago*, 441 U.S. 677, 730 (1979). “As countless statutes demonstrate, [. . .] Congress recognizes that the creation of private actions is a legislative function and frequently exercises it.” *Id.* Defendant does not, and cannot, cite a single case to support the notion that Congress lacks the authority to create a private enforcement mechanism for the protection of copyrights. The only case Defendant cites in support of his argument, *Carter v. Carter Coal Co.*, 298 U.S. 238 (1936), is wholly inapposite. In *Carter*, the Court held that it was unconstitutional to delegate to a private party the power to set taxes and wages for a particular industry. *Id.* at 311. Here, there has been no delegation of legislative power whatsoever. Congress, not Plaintiffs nor any other private party, has set the standards for what constitutes a violation of federal copyright law and what remedies are available to those whose rights have been infringed. *See* 17 U.S.C. §§ 106, 501-505.

Pursuant to its legislative function, Congress routinely supplements federal enforcement with private causes of action designed to encourage compliance with federal law and to address injury resulting from violations of federal law. *See e.g., Agency Holding Corp. v. Malley-Duff & Assocs., Inc.*, 483 U.S. 143, 152 (1987) (Congress adopted civil enforcement remedy for violations of the Clayton Act); *Newman v. Piggie Park Enterprises, Inc.*, 390 U.S. 400, 402

(1968) (“When the Civil Rights Act of 1964 was passed, it was evident that . . . that the Nation would have to rely in part upon private litigation as a means of securing broad compliance with the law.”); *In re Managed Care Litig.*, 185 F. Supp. 2d 1310, 1317 (S.D. Fla. 2002) (In order to promote private enforcement, RICO § 1964(c) provides a private cause of action punctuated by treble damages); *Colon v. BIC USA, Inc.*, 136 F. Supp. 2d 196, 202 (S.D.N.Y. 2000) (CPSA provides for civil and criminal penalties, as well as private enforcement of consumer product safety standards and a private right of action for injuries resulting from a violation of such a standard). As these cases illustrate, Congress creates private remedies in order to allow private parties to seek redress for harm and to encourage compliance with federal law. Defendant’s argument that private enforcement of federal law constitutes an unconstitutional delegation of power, if accepted, would effectively strike down all statutes in which Congress intended to create a private enforcement action or private attorneys general. This untenable and unsupported argument fails as a matter of law.

2. Actions seeking damages under § 504(c) are civil, not criminal, in nature.

Defendant’s suggestion (Doc. No. 676, at 3) that the Copyright Act of 1976 and the Digital Theft Deterrence and the Copyright Damages Improvement Act of 1999 are essentially criminal in nature is without support or merit. Defendant provides no legal basis for holding these to be criminal statutes.

Whether a particular punishment is criminal or civil is, at least initially, “a matter of statutory construction.” *Hudson v. United States*, 522 U.S. 93, 99 (1997). “A court must first ask whether the legislature, ‘in establishing the penalizing mechanism, indicated either expressly or impliedly a preference for one label or the other.’” *Id.* (quoting *United States v. Ward*, 448 U.S.

242, 248 (1980)). Congress's designation of a penalty as civil is entitled to considerable deference. *SEC v. Palmisano*, 135 F.3d 860, 864 (2d Cir. 1998).

Here, in enacting and amending the Copyright Act, Congress carefully considered remedies for copyright infringement and included remedies for both civil and criminal enforcement. Compare 17 U.S.C. § 501(a) and 17 U.S.C. § 506; see also *Jewell-La Salle Realty Co. v. Buck*, 283 U.S. 202, 207 (1931) (citing Arguments before the Committee on Patents, on S. 6330 and H. R. 19853, 59th Cong., 1st Sess., June 6-9, 1906, p. 13; Ann. Rep. of Register of Copyrights (1929), pp. 12-14) (“The existing statutes provide a different class of remedies and recoveries for different subject-matter. [. . .] The bill attempts to provide uniform remedies, and it divorces the civil action from the criminal”). The legislative intent is, thus, clear. The damages provision under which Plaintiffs seek redress is found under § 504: Infringement of Copyright, whereas damages for criminal infringement are listed under § 506: Criminal Offenses. This clear separation into two distinct categories evidences a legislative intent that the remedies at issue in this case are civil. See *Reiserer v. United States*, 479 F.3d 1160, 1163 (9th Cir. 2007) (listing under civil, instead of criminal, penalties is evidence of legislative intent).

Further, the copyright statutes here involve only monetary and injunctive relief, and “nothing approaching the infamous punishment of imprisonment.” See *Hudson*, 522 U.S. at 104 (internal quotation marks omitted). Such monetary relief has not been historically regarded as a criminal punishment. See, e.g., *F. W. Woolworth Co. v. Contemporary Arts, Inc.*, 344 U.S. 228, 233 (1952) (affirming award of maximum statutory damages “[e]ven for uninjurious and unprofitable invasions of copyright”); *Reader’s Digest Ass’n, Inc., v. Conservative Digest, Inc.*, 642 F. Supp. 144 (D.D.C. 1986), *aff’d on other grounds*, 821 F.2d 800 (D.C. Cir. 1987) (awarding \$250 in statutory damages under the 1976 Copyright Act in absence of proof of any

injury); *see also Helvering v. Mitchell*, 303 U.S. 391, 400 (1938) (“[T]he payment of fixed or variable sums of money [is a] sanction[] which [has] been recognized as enforceable by civil proceedings since the original revenue law of 1789.”). Indeed, when Congress passed the 1999 Act increasing the maximum statutory damages, it specifically noted that “juries must be able to render awards that deter others from infringing intellectual property rights,” and further emphasized the “importan[ce] that the cost of infringement *substantially exceeds* the costs of compliance, so that persons who use or distribute intellectual property have a strong incentive to abide by the copyright laws.” H.R. Rep. No. 106-216, at 2 (1999) at 6 (emphasis added).

Further, damages under § 504 of the Copyright Act do not require a finding of scienter. *Jalbert v. Grautski*, 554 F. Supp. 2d 57, 67 (D. Mass. 2008) (“Intent is not an element of copyright infringement.”). Increased statutory damages for willful infringement do not render the Copyright Act a criminal statute. *Reiserer*, 479 F.3d at 1164 (statute civil in nature, even though it contained a scienter requirement); *Hudson*, 522 U.S. 104 (scienter not required, even though increased penalties imposed for willful acts). And while the Copyright Act serves “the traditional aims of retribution and deterrence,” the Supreme Court has recognized “that all civil penalties have some deterrent effect” and that “the mere presence of this purpose is insufficient to render a sanction criminal.” *Hudson*, 522 U.S. at 102, 105.

Finally, damages under § 504 serve the goals of compensating the copyright holder and deterring infringement, and the remedies are consistent with the statute’s compensatory and deterrent goals. *See Yurman Design, Inc. v. PAJ, Inc.*, 262 F.3d 101 (2d Cir. 2001); *Los Angeles News Serv. v. Reuters TV Int’l*, 149 F.3d 987, 996 (9th Cir. 1998). In sum, it is patently clear that the legislature intended this action to be civil in nature. *See Reiserer*, 479 F.3d at 1164.

Citing *International Union v. Bagwell*, 512 U.S. 821 (1994), Defendant bases his argument that the 1976 and 1999 Acts are criminal statutes on the Supreme Court’s treatment of contempt fines. (Doc. 676 at 4.) Contempt fines, however, are not analogous to legislatively enacted statutes and are, thus, irrelevant to the present case. Indeed, in *Bagwell*, the Court explained that “unlike most areas of law, where a legislature defines both the sanctionable conduct and the penalty to be imposed, civil contempt proceedings leave the offended judge solely responsible for identifying, prosecuting, adjudicating, and sanctioning the contumacious conduct.” 512 U.S. at 831. Contempt fines, thus, represent “a fusion of legislative, executive, and judicial powers” in the hands of the judge, *see id.*, that is not found in the Copyright Act.

Thus, Defendant does not – and indeed could not – offer any authority for his claim that the 1976 and 1999 Acts are criminal in nature.

3. The Copyright Act sets forth a carefully calibrated process and prescribes upper and lower limits on available damages that reflect Congress’s judgments about damage awards in copyright cases.

Finally, Defendant’s proposed Amended Counterclaim alleges that statutory damages under the Copyright Act are “unconstitutional” and “grossly disproportionate to what restitution or deterrence could justify.” (Am. Countercl. ¶¶ 13, 18). As demonstrated below, however, no legal basis exists for Defendant’s contention.

a. Statutory damages are a central element in modern copyright law and Congress carefully considered infringement over the Internet in increasing statutory damages.

The copyright remedy of statutory damages is a central element in modern copyright law, and an award of statutory damages serves several purposes—it compensates the plaintiff for the infringement of its copyrights, and it punishes and deters the unlawful conduct. *See Los Angeles News Serv. v. Reuters Tele., Ltd.*, 149 F.3d 987, 996 (9th Cir. 1998); *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 886 F.2d 1545, 1554 (9th Cir. 1989). “Because awards of statutory

damages serve both compensatory and punitive purposes, a plaintiff may recover statutory damages *whether or not* there is adequate evidence of the actual damages suffered by plaintiff or of the profits reaped by defendant, in order to sanction and vindicate the statutory policy of discouraging infringement.” *Los Angeles News Serv.*, 149 F.3d at 996 (emphasis added). Indeed, “[s]tatutory damages have been made available to plaintiffs in infringement actions *precisely because of the difficulties inherent in proving actual damages and profits*, as well as to encourage vigorous enforcement of the copyright laws.” *Yurman Design, Inc. v. PAJ, Inc.* 93 F. Supp. 2d 449, 462 (S.D.N.Y. 2000) (emphasis added); *see also Marshall v. Music Hall Ctr. for the Performing Arts*, No. 95-CV-70910, 1995 U.S. Dist. LEXIS 17904, at *9, n. 8 (E.D. Mich. Nov. 2, 1995) (“The purpose of statutory damages is to allow relief for copyright infringement where the calculation of actual damages plus profits is too difficult or would be unfair.”).

Moreover, Congress has carefully tailored and limited the remedy of statutory damages. In order to be eligible for copyright statutory damages, an owner must timely register its copyrights. *See* 17 U.S.C. § 412. Congress has also built into the remedy several levels of fault, ranging from “innocent” infringement to “willful” infringement. 17 U.S.C. § 504(c). Congress has established ranges of permissible awards per work infringed, with higher ranges for greater culpability. *See id.*

Congress has revised section 504(c) several times since 1976 to *increase* the ranges of damages. Section 504(c) was last amended in 1999. *See* Digital Theft Deterrence and Copyright Damages Improvement Act of 1999, Pub. L. No. 106-160, 113 Stat. 1774. The 1999 amendments increased the minimum and maximum statutory awards by 50%, with the maximum for non-willful infringement increasing from \$20,000 to \$30,000, and the maximum for willful infringement increasing from \$100,000 to \$150,000. The Report of the Committee on the

Judiciary explained that increases were needed to achieve “more stringent deterrents to copyright infringement and stronger enforcement of the laws.” H.R. Rep. No. 106-216, at 2 (1999). The House Report elaborated in a way that resonates with Plaintiffs’ allegations in this case:

Many computer users are either ignorant that copyright laws apply to Internet activity, *or they simply believe that they will not be caught or prosecuted for their conduct*. Also, many infringers do not consider the current copyright penalties a real threat and continue infringing even after a copyright owner puts them on notice In light of this disturbing trend, *it is manifest that Congress respond appropriately with updated penalties to dissuade such conduct*. H.R. 1761 increases copyright penalties to have a significant deterrent effect on copyright infringement.

Id. at 3 (emphasis added).

In sum, the statutory damages provisions in the Copyright Act reflect a carefully considered and targeted legislative judgment intended not only to compensate the copyright owner, but also to punish the infringer, deter other potential infringers, and encourage vigorous enforcement of the copyright laws. Defendant can offer no basis that would allow the Court to second-guess Congress’ considered judgment, and doing so would effectively nullify Congress’ carefully crafted remedial scheme. *See Eldred*, at 222 (“[T]he Copyright Clause empowers Congress to determine the intellectual property regimes that, overall, in the body’s judgment, will serve the ends of the Clause . . . [and] [the] wisdom of Congress’ action is not within our province to second-guess”).¹

¹ The Department of Justice recently submitted in another case a Memorandum in Defense of the Constitutionality of the Statutory Damages Provision of the Copyright Act, 17 U.S.C. § 504(c), arguing that Congress’s carefully crafted statutory scheme satisfies the Due Process Clause. *See Capitol Records, Inc. v. Thomas*, 06-cv-1497-MJD-RLE (D. Minn.), Doc. No. 130 at 2, attached as Exhibit C hereto.

b. Statutory damages need not be proportionate to actual damages.

Defendant's argument that statutory damages must be "proportionate" to actual damages has been considered, and rejected, by numerous courts. The Ninth Circuit's decision in *Columbia Pictures Television, Inc. v. Feltner*, Case No. CV 91-6847 ER (CTx) (C.D. Cal.), is instructive. After the Supreme Court in *Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340, 355 (1998), reversed the judge's \$8.8 million award and held that the plaintiff was entitled to a jury determination of statutory damages, the case was retried, and the jury returned a verdict of \$31.68 million for 440 infringements. See *Columbia Pictures Television, Inc. v. Krypton Broadcasting of Birmingham, Inc.*, 259 F.3d 1186, 1190-91 (9th Cir. 2001). Feltner moved for a new trial, arguing that the damages were "excessive," "shocked the conscience," and "violated due process." *Columbia Pictures Television, Inc. v. Feltner*, Case No. CV 91-6847 ER (CTx), Order at 2 (C.D. Cal. June 10, 1999) (Exhibit D hereto). Denying the motion, the district court held that the defendant "cannot argue that the award was overly punitive, or violated due process, since the award amount fell squarely within the statutory range provided by the statutory damages provision of section 504(c)." *Id.* The court further held that, "[t]o receive statutory damages, the Plaintiff did not need to prove the damages actually suffered." *Id.* On appeal, the Ninth Circuit affirmed the substantial discretion afforded to a jury's determination of statutory damages. *Columbia Pictures*, 259 F.3d at 1195.

Similarly, in *Lowry's Reports, Inc. v. Legg Mason, Inc.*, 302 F. Supp. 2d 455 (D. Md. 2004), a jury found the defendant liable for willful infringement of 240 copyrights and awarded \$19 million in damages. *Id.* at 458 & n. 3. The defendant, in support of its motion for a new trial, argued "that the actual harm in this case is limited to \$59,000 and that the \$19 million dollar verdict is so disproportionate that it violates due process." *Id.* at 458. In particular, the

defendant argued that “statutory damages should be limited to four times actual damages.” *Id.* at 459. The court rejected the defendant’s argument and held that “[s]tatutory damages are ‘not fixed or readily calculable from a fixed formula,’” and that “there has never been a requirement that statutory damages be strictly related to actual injury.” *Id.* (quoting *Feltner*, 523 U.S. at 352-53); *see also Superior Form Builders, Inc. v. Dan Chase Taxidermy Supply Co.*, 74 F.3d 488, 496 (4th Cir. 1996) (rejecting argument that damages within statutory range were “excessive,” did not “bear some reasonable relationship to the amount of actual damages” and would give the plaintiff a “windfall”).

The Second Circuit reached the same conclusion in *Yurman Design*. In that case, a jury found that the defendant had willfully infringed the plaintiff’s copyright in four pieces of jewelry and awarded statutory damages of “\$68,750 per work infringed,” two-thirds of the then-maximum amount of \$100,000 per work. *Yurman Design*, 262 F.3d at 113. The jury also found trade dress infringement and awarded traditional punitive damages under that claim. *Id.* at 107-08. Significantly, the district court vacated the *punitive damages* award because “the jury was not presented with any evidence concerning damages” and did not find “any . . . lost profits whatever.” *Yurman Design*, 93 F. Supp. 2d at 462-63. The district court, however, rejected defendant’s argument that *statutory damages* under the Copyright Act must be “reasonably related to the harm” and should not “give [plaintiff] an undeserved windfall.” The district court instead held that the lack of any evidence concerning actual damages did “not preclude [plaintiff’s] recovery of statutory damages.” *Id.* at 462. As the district court noted, “[s]tatutory damages have been made available to plaintiffs in infringement actions precisely because of the difficulties inherent in proving actual damages and profits, as well as to encourage vigorous enforcement of the copyright law.” *Id.* (emphasis added). The Second Circuit affirmed, noting

that the award was “within the statutory range” and thus within the jury’s “discretion.” *Yurman*, 262 F.3d at 113-14.

In *Venegas-Hernandez v. Sonolux Records*, 370 F.3d 183 (1st Cir. 2004), the First Circuit held that the sliding scale for statutory damages established by Congress is, among other things, “designed to deter willful infringements.” *Id.* at 195 (citing *Yurman*, 262 F.3d at 113-14 (“Statutory damages are not meant to be merely compensatory or restitutionary. The statutory award is also meant to discourage wrongful conduct.”)). The First Circuit, like every other court to consider the issue, recognizes that the range of statutory damages established by Congress is not tied to a showing of actual damages. *Venegas-Hernandez*, 370 F.3d at 195. The First Circuit has also held that statutory damage awards “within the minimum and maximum limits set by Congress” are within the discretion of the finder of fact. *Markham v. A. E. Borden Co.*, 221 F.2d 586, 587 (1st Cir. 1955) (citations omitted); *see also Morley Music Co. v. Dick Stacey’s Plaza Motel, Inc.*, 725 F.2d 1, 3 (1983) (same).

Finally, in *SESAC, Inc. v. WPNT*, 327 F. Supp. 2d 531 (W.D. Pa. 2003), the district court sustained a \$1.26 million verdict where actual damages (the cost of a license) were \$6,000. The court noted that the jury “may well have determined that a statutory damages ratio of 10 to 1, or \$60,000, would not constitute a sufficient deterrent for willful infringement by defendants.” *Id.* at 532. Specifically rejecting defendant’s argument that the “verdict should be in some ratio to the cost of the license,” the court concluded its opinion with an observation that applies equally here:

[I]t is Congress’ prerogative to pass laws intended to protect copyrights and to prescribe the range of punishment Congress believes is appropriate to accomplish the statutory goal. The Court should not interfere lightly with a carefully crafted statutory scheme by substituting its judgment for that of the legislature. In essence, that is what the defendants asks us to do.

Id. at 532.

As unanimous authority on the issue makes clear, awards of statutory damages under the Copyright Act that fall within the limits set by Congress are for the finder of facts to determine, whatever the amounts of actual damages (if any). See *Douglas v. Cunningham*, 294 U.S. 207, 210 (1935) (“[T]he law commits to the trier of facts, within the named limits, discretion to apply the measure furnished by the statute.”); *Superior Form Builders*, 74 F.3d at 496 (“Our review of such an award is even more deferential than abuse of discretion”); *Broadcast Music, Inc. v. Star Amusements, Inc.*, 44 F.3d 485, 488 (7th Cir. 1995) (noting “wide and almost exclusive discretion” of the fact finder to set the amount of statutory damages); *Lowry’s Reports*, 302 F. Supp. 2d at 458 (“an award within the statutory range is entitled to substantial deference”). Plaintiffs are aware of no case—and Defendant has cited none—finding that the range set by Congress is unconstitutional.

To support his argument that the statutory damages under the Copyright Act are unconstitutionally excessive, Defendant relies on the Supreme Court’s opinion in *BMW of North America, Inc. v. Gore*, 517 U.S. 559 (1996) and the Second Circuit’s decision in *Parker v. Time Warner Entertainment Co.*, 331 F.3d 13 (2d Cir. 2003). Neither of these cases has any application here.

First, Defendant’s attack on the constitutionality of statutory damages rests on a flatly erroneous analogy to case law regarding punitive damages as developed in *Gore* and referred to in *Parker*. The fundamental problem with Defendant’s suggested analogy is that, unlike punitive damages, which are potentially unlimited and subject to the unbridled discretion of the jury, copyright statutory damages are strictly limited to specifically defined ranges that have been established by Congress in the Copyright Act. See 17 U.S.C. § 504(c) (basic award must range between \$750 to \$30,000 per infringed work; award may be increased up to \$150,000 per

infringed work if conduct is willful; and decreased to not less than \$200 per infringement if conduct is innocent and proper copyright notices were not placed on the works). Because these ranges are prescribed by statute, a jury has *no discretion* to award statutory damages in excess of these carefully circumscribed limits. This crucial difference renders wholly inapposite the constitutional case law that governs the imposition of punitive damages.

The particular set of constitutional rules that the Supreme Court has articulated to govern *punitive damages* is based precisely on the concern that the award of such damages would otherwise rest on an “*unregulated and arbitrary use of judicial power*” that would violate due process. *See Pacific Mut. Life Ins. Co. v. Haslip*, 499 U.S. 1, 10 (1991) (emphasis added). These concerns are simply inapplicable in the context of a system of statutorily prescribed fixed damages ranges. In light of the “safeguards in the legislative process,” the Supreme Court has explicitly stated that there is a “significant[] differen[ce]” - a constitutional difference - between “review of a jury’s award for arbitrariness and *the review of legislation.*” *TXO Prod. Corp. v. Alliance Res. Corp.*, 509 U.S. 443, 456-57 (1993) (emphasis added). In this instance, Congress has carefully considered the goals to be advanced under the Copyright Clause and has concluded that any damage award within the statutory range is necessarily fair. *See* H.R. Rep. No. 106-216, at 3 (1999) (“In light of this disturbing trend [of massive online infringement], it is manifest that Congress respond appropriately with updated penalties to dissuade such conduct. H.R. 1761 increases copyright penalties to have a significant deterrent effect on copyright infringement.”)

Moreover, in articulating three “guideposts” for evaluating when an award of punitive damages is unconstitutionally excessive, the Court in *Gore* focused upon concerns that have no application in the context of statutory damages. A major consideration in *Gore*’s due process analysis was that “[e]lementary notions of fairness enshrined in our constitutional jurisprudence

dictate that a person receive *fair notice* not only of the conduct that will subject him to punishment, but also *of the severity of the penalty* that a State may impose.” *Id.* at 574 (emphasis added). Because statutory penalties provide parties with clear and ample notice about their potential liability, this centerpiece of the *Gore* analysis is simply irrelevant here. The plain and clear language of Section 504 of the Copyright Act was on the books when Defendant decided to embark on his infringing activities, and there is no need (as in *Gore*) for the courts to articulate their own set of damages limits in order to address due-process “notice” concerns.

Consideration of the specific factors identified in *Gore* only further serves to underscore the inapplicability of the *Gore* line of cases here. The *Gore* Court held that the disparity between a punitive damages award and the “*civil penalties* authorized or imposed in comparable cases” is one of three key “guidepost[s]” for determining whether an award is excessive. *Id.* at 575 (emphasis added). Because “substantial deference” [should be given] to legislative judgments concerning appropriate sanctions for the conduct at issue,” the Court reasoned that a common law punitive damages award that happens to fall within the range of a statutory penalty for a similar wrong is unlikely to violate due process. *Id.* at 583. Thus, a punitive damages award that exceeds such a range may still be permissible (depending upon a consideration of the other *Gore* factors), but an award within such a range is presumptively constitutional. This analytical framework articulated by *Gore* is obviously not intended to address the situation in which Congress has itself undertaken to prescribe the permissible ranges of damages. It makes no sense, for example, to ask the circular and tautological question whether a statutory damages amount is “greater” than the civil extractions specifically authorized by statute. *Id.* at 584 (identifying this as the third “guidepost”).

The second *Gore* guidepost - *i.e.*, the disparity between the actual or potential harm suffered and the punitive damage award, also demonstrates why importing punitive damages case law into the context of statutory damages would be error. *Gore*, 517 U.S. at 575. The notion that a statutory damages award should bear some specified proportion to the “actual harm” suffered by the plaintiff was expressly rejected by Congress when it gave copyright holders the statutory right to elect *either* “actual damages and any additional profits of the infringer” or “*instead . . .* statutory damages.” 17 U.S.C. § 504 (emphasis added). Congress gave plaintiffs this choice “precisely because of the difficulties inherent in proving actual damages and profits.” *Yurman*, 93 F. Supp. 2d at 462, *aff’d in relevant part, rev’d on other grounds*, 262 F.3d 101 (2d Cir. 2001); *see also Krypton Broad. of Birmingham, Inc.*, 259 F.3d at 1194 (“A plaintiff may elect statutory damages ‘regardless of the adequacy of the evidence offers as to his actual damages and the amount of the defendant’s profits’) (citation omitted). It is one thing to say, as the Supreme Court has said, that a common law punitive damages award must bear some reasonable relationship to the harm suffered; it is quite another to say that the Congress cannot undertake to impose a fixed range of damages awards, particularly in a context in which it has determined that proof of damages can be difficult to quantify.

Put simply, the *Gore* test was and is designed to address the validity of otherwise unconstrained common law punitive damages amounts awarded by juries. It was not intended, nor is it suited, for second-guessing the legislative judgments made by Congress itself in establishing a range of permissible statutory damages.

Parker is inapposite. *Parker* was a putative class action by cable television subscribers alleging that a cable provider violated the subscriber privacy provisions of the Cable Communications Policy Act. *Parker*, 331 F.3d at 15. The *Parker* court did not reach any

holding on the issue of the constitutionality of statutory damages. In the context of addressing class certification issues, the court mused that the purposes of both statutory damages and class actions could potentially be distorted were the court mechanically to apply the minimum statutory damages provision of the Cable Communications Policy Act to a class of potentially millions of subscribers. *Id.* at 22. *Parker*, however, expressly refused to “consider what limits the due process clause may impose.” *Id.*

Similarly, Defendant’s reliance on *UMG Recordings, Inc. v. Lindor*, Civ. No. 1:05-CV-01095 (E.D.N.Y. Nov. 9, 2006) is misplaced. First, the court in *Lindor* merely allowed the defendant to amend her answer to add an *affirmative defense* of unconstitutionality of statutory damages. Second, no court has ever held that the congressionally- detailed scheme of statutory damages under the Copyright Act is unconstitutional. Finally, the *Lindor* Court erred in applying the limits of punitive damages to the statutory scheme for damages under the Copyright Act. As established above, due process analysis is not appropriate where, as here, Congress has carefully crafted a scheme of minimum and maximum damages.

Finally, Defendant’s reliance on *Cass County Music Co. v. C.H.L.R., Inc.*, 88 F.3d 635 (8th Cir. 1996) for the assertion that statutory damages are only awarded where the defendant attempted to generate commercial gain through infringement is misplaced. (*See* Doc. 676 at 9.) First, *Cass* did not hold that statutory damage are or should only be applied where the defendant sought commercial gain. Instead, the *Cass* Court simply held that whether infringement is innocent or committed knowingly is relevant only to the jury’s determination of the amount of damages to award within the statutory range. *Id.* at 637, 641. As illustrated by *Cass*, a copyright holder can elect statutory damages for all acts of infringement, regardless of the intent of the infringer. *See also* 17 U.S.C. § 504.

For all of these reasons, Defendant's argument that statutory damages under the copyright Act violate the Fifth and Eighth Amendments is without merit and his Motion for Leave should be denied.

CONCLUSION

For all of the foregoing reasons, Defendant's Motion for Leave to File Amended Counterclaim should be denied.

Respectfully submitted,

/s/

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