IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

CAPITOL RECORDS, INC., et al. Plaintiffs, v. NOOR ALAUJUN, Defendant.	Civil Action No. 03-cv-11661-NG (Lead Docket Number)

SONY BMG MUSIC ENTERTAINMENT, et al. Plaintiffs, v. JOEL TENENBAUM, Defendant.	Civil Action No. 07-cv-11446-NG (Original Docket Number)

UNITED STATES OF AMERICA'S MEMORANDUM IN RESPONSE TO DEFENDANT'S MOTION TO DISMISS AND IN DEFENSE OF THE CONSTITUTIONALITY OF THE STATUTORY DAMAGES PROVISION OF THE COPYRIGHT ACT, 17 U.S.C. § 504(c)

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INTRODUCTION

In this civil action for copyright infringement, Defendant challenges the constitutionality of the statutory damages provision of the Copyright Act, 17 U.S.C. § 504(c). The United States has now moved to intervene to defend the constitutionality of that provision. This memorandum deals solely with the constitutionality of 17 U.S.C. § 504(c); it does not address any of the non-constitutional arguments raised by the parties. The United States nevertheless respectfully submits that this Court should resolve any non-constitutional issues presented by the parties first if it would enable the Court to avoid the constitutional questions. Additionally, the Court should avoid a decision on the merits of Defendant's due process and Eighth Amendment claims unless and until such a decision is necessary following a finding of liability and awarding of statutory damages by a jury.

If the Court finds it necessary to reach the constitutional questions at this time, then it should reject each of Defendant's constitutional claims. As an initial matter, the Court should reject Defendant's invitation to interpret the Copyright Act's statutory damages provision to apply only to infringers who seek commercial gain. Such an interpretation is not supported by the language of the statutory damages provision, which does not expressly require proof of commercial gain. Nor is it supported by the history of the Copyright Act, which suggests Congress intended both civil and criminal remedies to be available for infringement even in the absence of commercial gain.

Second, the Court should reject Defendant's claim that the Copyright Act violates the separation of powers doctrine by placing the executive function of prosecuting an essentially criminal statute in private hands and by requiring courts to adjudicate criminal cases by civil process. The Copyright Act's statutory damages provision was enacted pursuant to the

Copyright Clause and the Necessary and Proper Clause of the U.S. Constitution. These Clauses grant Congress broad authority to create intellectual property regimes that, in its judgment, will best promote the advancement of science. Since 1790, Congress has exercised this power by creating a private right of action pursuant to which copyright owners can recover actual damages and profits or, alternatively, statutory damages from those who infringe their copyrights. Creation of this cause of action and remedy is clearly within Congress' constitutional authority. Furthermore, the statutory damages remedy Congress has created is civil in nature, not criminal. Congress intended the remedy to be civil, and, under the factors identified in *United States v. Ward*, 448 U.S. 242, 249 (1980), the statutory damages scheme is not so punitive either in purpose or effect as to transform it into a criminal penalty. The Copyright Act's statutory damages provision does not impose any affirmative disability or restraint on copyright infringers. Nor does it require a finding of scienter. The statutory damages remedy moreover is separate and distinct from the criminal penalties for copyright infringement found in the Copyright Act; those criminal penalties serve a different purpose than statutory damages. Because the Copyright Act's statutory damages provision is a civil remedy that is clearly within Congress' authority to create, it does not impermissibly infringe on constitutional powers delegated to the judicial or executive branches.

Third, Defendant's claim that the Copyright Act's statutory damages provision violates the Due Process Clause should fail. That claim should be examined under the standard articulated by the Supreme Court in *St. Louis, I.M. & S. Ry. Co. v. Williams*, 251 U.S. 63, 66–67 (1919), for assessing whether statutory damages awards satisfy due process, not the standard courts use for assessing punitive damages awards. The Copyright Act's statutory damages provision satisfies

the *Williams* standard because the range of damages established by Congress is not "so severe and oppressive as to be wholly disproportioned to the offense [or] obviously unreasonable." 251 U.S. at 67. The remedy of statutory damages for copyright infringement has been a cornerstone of our federal copyright law since 1790, and Congress acted reasonably in crafting the current incarnation of the statutory damages provision. Congress sought to account for both the difficulty of quantifying damages in the context of copyright infringement and the need to deter millions of users of new technology from infringing copyrighted works in an environment where many violators believe that their activities will go unnoticed. The harms caused by copyright infringement are not negated merely because an infringer does not seek commercial gain. In the context of online media distribution systems, infringement without commercial gain limits a copyright owner's ability to distribute legal copies of copyrighted works. The public in turn suffers from lost jobs and wages, lost tax revenue, and higher prices for honest purchasers of copyrighted works. In light of these harms and the important purposes served by the awarding of statutory damages, the statutory damages range chosen by Congress satisfies due process.

Lastly, the Court should reject Defendant's claim that the Copyright Act's statutory damages provision violates the Excessive Fines Clause, because the Eighth Amendment does not apply to this case. The Eighth Amendment only applies to an award of money damages in a civil action if the case is brought by the United States or the United States has a right to receive a share of the damages awarded. Neither of these preconditions exists here.

BACKGROUND

I. PROCEDURAL BACKGROUND

On August 7, 2007, Plaintiffs brought suit against Defendant pursuant to the Copyright Act. *See* Compl. ¶ 1. They allege Defendant infringed on their copyright in various sound recordings by using an online media distribution system to download, distribute, and make available for distribution the copyrighted works. *Id*. ¶ 13. Plaintiffs seek an injunction against further infringements, statutory damages, and costs and attorneys' fees. *Id*. at 4.

Defendant, proceeding *pro se*, filed an amended answer and counterclaim on August 19, 2008. *See* Def.'s Am. Answer and Countercl. In his counterclaim, Defendant alleged, among other things, that the statutory damages provision of the Copyright Act is unconstitutional because it authorizes the awarding of statutory damages that are grossly in excess of any actual damages suffered by a copyright owner. *Id*. at 2–3. Plaintiffs subsequently moved to dismiss the counterclaim under Federal Rule of Civil Procedure 12(b)(6) for failure to state a claim upon which relief may be granted. *See* Pls.' Mot. to Dismiss Countercl. Defendant, having obtained counsel, opposed the motion, again asserting that the Copyright Act provides for unconstitutionally excessive statutory damages. *See* Def.'s Opp'n to Pls.' Mot. to Dismiss Countercl., at 7–13. Defendant clarified that his counterclaim is brought pursuant to both the Due Process Clause of the Fifth Amendment and the Excessive Fines Clause of the Eighth Amendment. *Id*. at 3, 7. Defendant also raised two additional constitutional claims for the first time. Defendant argued that the statutory damages provision of the Copyright Act "is essentially a criminal statute," and thus, a defendant sued under the Act is entitled to the process protections of the criminal law. *Id*. at 3. Defendant further asserted that the allegedly criminal nature of the

statutory damages provision "violate[s] constitutional separation of powers by requiring the judicial branch to try cases pursuant to [its] essentially criminal mandate by inappropriate civil process" and exceeds Congress' authority "by placing the executive function of prosecuting an essentially criminal statute in private hands." *Id*.

On November 5, 2008, Defendant moved for leave to file an amended counterclaim to assert an additional claim for abuse of federal process. *See* Mot. for Leave to Am. Def.'s Countercl. Defendant alleges Plaintiffs initiated this action for ulterior purposes, namely to intimidate Internet users into settling infringement suits and altering their manner of Internet usage. *Id*., Attach. 1 ¶¶ 13–14. Defendant's proposed amended counterclaim appears to rely in part on the alleged unconstitutionality of the statutory damages provision of the Copyright Act. *See id*., Attach. 1 ¶ 18 ("In their attempts to advance their ulterior purposes, Plaintiffs abuse prosecutorial discretion unconstitutionally conferred upon them by Congress and abuse a statutory scheme providing for unconstitutional damages."). Plaintiffs opposed the motion for leave to amend, contending, among other things, that amendment would be futile because Defendant's constitutional claims fail as a matter of law. *See* Pls.' Opp'n to Def.'s Mot. for Leave to File Am. Countercl., at 12–29.

The Court entered an order on February 23, 2009 indicating Defendant's constitutional counterclaims were actually defenses more properly asserted in a motion to dismiss. Ord. Re: Mot. to Stay, at 1–2. The Court granted Defendant additional time to file such a motion. *Id*. at 2–3. Defendant filed a motion to dismiss on March 9, 2009. In the motion, Defendant reasserts and rephrases some of the constitutional arguments he raised in previous briefing and abandons others. Defendant argues the Copyright Act's statutory damages provision should be interpreted

to apply only to copyright infringers who seek commercial gain. Def.'s Mem. in Supp. of Mot. to Dismiss, at 6–7. Otherwise, according to Defendant, the amount of statutory damages authorized by the Act exceeds Congress' authority by delegating "executive prosecutorial power to private enforcers." *Id*. at 2–3. Defendant further argues the Copyright Act's statutory damages provision, if applied to non-commercial infringers, is a "*de facto* limitation on access to (the) courts" because non-commercial infringers "have no realistic option to defend themselves and so are forced into out-of-court settlements that [cannot] be refused." *Id*. at 4–6. Finally, Defendant argues the Copyright Act's statutory damages provision is unconstitutional as applied to infringers who do not seek commercial gain because the damages it authorizes are disproportionate to the harm caused by non-commercial infringement. *Id*. at 7–10.

The United States has now moved to intervene in this action to address the constitutional issues raised by Defendant. Defendant appears, in his motion to dismiss, to abandon some of the constitutional claims he originally asserted as counterclaims. In an abundance of caution, however, the United States will address all of the constitutional questions raised by Defendant's Amended Answer and Counterclaim, Defendant's Opposition to Plaintiffs' Motion to Dismiss Counterclaim, Defendant's Motion for Leave to File an Amended Counterclaim, and Defendant's Motion to Dismiss. This brief is filed in conjunction with the United States' Motion to Intervene to Defend the Constitutionality of a Federal Statute.

II. STATUTORY BACKGROUND

The remedy of statutory damages for copyright infringement dates back to the Statute of Anne in 1710. *See Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340, 349 (1998). "In 1783, the Continental Congress passed a resolution recommending that the States secure

copyright protections for authors." *Id*. at 350. Three of the twelve States that responded to this resolution "specifically authorized an award of damages from a statutory range, just as § 504(c) does today." *Id*. at 350–51.

An award of statutory damages for copyright infringement was first authorized under U.S. federal law almost immediately following the adoption of the Constitution. Under the Copyright Act of 1790, enacted by the First Congress, each infringer of a copyright was liable for "the sum of fifty cents for every sheet which shall be found in his or their possession." 1 Stat. 124, 125 (1790). Each subsequent modification of the Copyright Act has maintained a statutory damages provision.

The statutory damages provision at issue in this case was enacted as part of a 1999 amendment to the Copyright Act of 1976. *See* Digital Theft Deterrence and Copyright Damages Improvement Act of 1999, Pub. L. No. 106-160, § 2 (1999). Under the Copyright Act of 1976, and the law in effect today, "an infringer of copyright is liable for either -- (1) the copyright owner's actual damages and any additional profits of the infringer" or (2) "statutory damages." 17 U.S.C. § 504(a). The copyright owner may elect to recover statutory damages instead of actual damages and profits at any time before final judgment is rendered. *Id*. § 504(c)(1).

Under the 1976 law, the copyright owner was entitled to recover statutory damages of between $250 and $10,000 per infringed work. Pub. L. No. 94-553, § 22 (1976). If the violation was willful, the maximum statutory damages award increased to $50,000 per work. *Id*. In the 1999 amendment, Congress increased the statutory damages range to its current level: between $750 and $30,000 per infringed work, with a maximum of $150,000 for a willful violation. *See*

Pub. L. No. 106-160, § 2; *see also* 17 U.S.C. 504(c).[1] Congress explained that the increase was necessary because:

> 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 infringement penalties a real threat and continue infringing, even after a copyright owner puts them on notice that their actions constitute infringement and that they should stop the activity or face legal action.

H.R. Rep. 106-216, at 3 (1999).

ARGUMENT

I. THIS COURT SHOULD FIRST DETERMINE WHETHER THE CONSTITUTIONAL QUESTIONS RAISED BY DEFENDANT CAN BE AVOIDED

This Court should only reach the merits of the constitutional questions that Defendant has raised if resolution of those questions is necessary at this time. *See Lyng v. Northwest Indian Cemetery Protective Ass'n*, 485 U.S. 439, 445 (1988) ("A fundamental and longstanding principle of judicial restraint requires that courts avoid reaching constitutional questions in advance of the necessity of deciding them."); *Buchanan v. Maine*, 469 F.3d 158, 172 (1st Cir. 2006). A decision on the merits of Defendant's due process and Eighth Amendment claims may be premature because a jury has not found Defendant liable for copyright infringement or awarded statutory damages. *See Ashby v. Farmers Ins. Co.*, 592 F. Supp. 2d 1307, 1316 (D. Or. 2008) (concluding due process challenge to the statutory damages provision of the Fair Credit Reporting Act was premature until the jury actually awarded statutory damages); *Ramirez v. Midwest Airlines, Inc.*,

[1] An intermediate amendment of the 1976 Act set the range at $500 to $20,000, with a willfulness enhancement of up to $100,000. 102 Stat. 2853, 2860 (1988).

537 F. Supp. 2d 1161, 1170 (D. Kan. 2008) (observing due process challenge to the statutory damages provision of the Fair and Accurate Credit Transactions Act was premature "where there [was] not yet any damage award for the court to review"). If the Court can avoid a decision on these constitutional questions until such a decision becomes necessary following a trial of the case, the Court should do so.

II. THE COPYRIGHT ACT'S STATUTORY DAMAGES PROVISION APPLIES REGARDLESS OF WHETHER AN INFRINGER SEEKS COMMERCIAL GAIN

In an effort to alleviate what he perceives as constitutional infirmities in the Copyright Act's statutory damages provision, Defendant argues that the Copyright Act should be construed to authorize statutory damages only where a copyrighted work is infringed for purposes of commercial gain. Regardless of whether this argument would have merit as a matter of policy, it is not supported by the language of the Copyright Act itself.[2] The Copyright Act does not expressly require a plaintiff to prove its copyrighted work was infringed for purposes of commercial gain to recover statutory damages. *See* 17 U.S.C. §§ 501, 504; *see also Warren Freedenfeld Assocs., Inc. v. McTigue*, 531 F.3d 38, 47 (1st Cir. 2008) (setting forth the elements of civil copyright infringement). Another provision of the Copyright Act does contain such a

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[2]Defendant appears to recognize that his "interpretive argument" is in fact a policy argument. Indeed, he goes so far as to propose an "interpretation" of the Copyright Act's statutory damages provision that creates three different categories of infringers: unaware infringers, merely aware infringers, and willful infringers. *See* Def.'s Mem. in Supp. of Mot. to Dismiss, at 7. Such a proposal is clearly not supported by the language of the Act. As the court acknowledged in a case cited by Defendant, if the applicability of the Copyright Act's statutory damages provision is to be limited to infringers who seek commercial gain, it is Congress' prerogative to enact the necessary amendments. *See id*. at 8–9; *Capitol Records, Inc. v. Thomas*, 579 F. Supp. 2d 1210, 1227 (D. Minn. 2008) ("implor[ing] Congress to amend the Copyright Act to address liability and damages in peer-to-peer network cases").

requirement. *See* 17 U.S.C. § 506(a)(1) (criminalizing, among other things, copyright infringement "for purposes of commercial advantage or private financial gain"). The fact that Congress expressly included this requirement in one section of the Copyright Act and omitted it in another section of the same statute suggests that "Congress act[ed] intentionally and purposely in the disparate inclusion or exclusion." *Brown v. Gardner*, 513 U.S. 115, 120 (1994); *see F.W. Woolworth Co. v. Contemporary Arts, Inc.*, 344 U.S. 228, 233 (1952) ("Even for uninjurious and unprofitable invasions of copyright the court may, if it deems it just, impose a liability within statutory limits to sanction and vindicate the statutory policy (of deterrence).").

Construing the Copyright Act to require commercial gain for recovery of statutory damages is also not supported by the history of the Copyright Act. In 1997, Congress amended the criminal provisions of the Act in response to *United States v. LaMacchia*, 871 F. Supp. 535 (D. Mass. 1994). *LaMacchia* involved a graduate student who was criminally prosecuted for encouraging lawful purchasers of copyrighted software to upload the software onto the Internet so that it could be downloaded by others for personal use without authorization by, or compensation to, the copyright owners. *Id*. at 536–37. The court in *LaMacchia* observed that, unlike civil copyright violations, criminal copyright violations must be pursued for purposes of commercial gain. *Id*. at 539. Congress amended the Copyright Act after *LaMacchia* to remove what it saw as an undesirable limitation on the effectiveness of the criminal copyright provisions. *See* H.R. Rep. 105-339, at 3, 5 (1997). In doing so, Congress sought to "criminalize[] computer theft of copyrighted works, whether or not the defendant derives a direct financial benefit from the act(s) of misappropriation." *Id*.; *see also* No Electronic Theft Act, Pub. L. No. 105-147, 111 Stat. 2678 (1997). Congress amended the Copyright Act's statutory damages provision to its

current form two years later without making any changes to the elements of civil copyright infringement. *See* Pub. L. No. 106-160. It is unlikely Congress intended to require proof of commercial gain for copyright owners to recover statutory damages when no such proof is categorically required for imposing criminal penalties for copyright infringement.

The language and history of the Copyright Act demonstrate that statutory damages may be awarded against an infringer who does not seek to profit from infringement. Moreover, as explained below, the Copyright Act's statutory damages provision is constitutional as applied to both infringers who seek commercial gain and those who do not.

III. THE COPYRIGHT ACT DOES NOT VIOLATE THE SEPARATION OF POWERS DOCTRINE

A. Congress Possesses Authority To Create A Private Right Of Action To Enforce The Copyright Act

If the Court determines that it is necessary to reach Defendant's constitutional claims at this juncture, then it should reject them. The Copyright Act's statutory damages provision does not exceed Congress' authority or violate the separation-of-powers doctrine, as Defendant claims, by placing law enforcement authority traditionally reserved to the Executive Branch in the hands of private citizens. *See* Def.'s Mem. in Supp. of Mot. to Dismiss, at 3; Def.'s Opp'n to Pls.' Mot. to Dismiss Countercl., at 4–6. As discussed below, *see infra* Part IV, the Copyright Act's statutory damages provision is not criminal in nature and thus does not require enforcement by the Executive Branch. Moreover, the Constitution endows Congress with the 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. 8. It further authorizes Congress to "make all Laws which shall be necessary and proper for carrying

(this power) into Execution." *Id*., cl. 18. Congress has chosen to promote the progress of science,[3] in part, by creating a private right of action pursuant to which copyright owners can recover actual damages and profits or, alternatively, statutory damages from those who infringe their copyrights. This power is clearly within Congress' authority. As the Supreme Court recognized in *Eldred v. Ashcroft*, 537 U.S. 186, 222 (2003), "the Copyright Clause empowers Congress to determine the intellectual property regimes that, overall, in that body's judgment, will serve the ends of the Clause. . . . The wisdom of Congress' action . . . is not within our province to second-guess."

The creation of a private right of action to enforce federal law is not a novel concept. *See e.g.*, 15 U.S.C. § 15(a) (authorizing private parties to sue and recover treble damages for violations of the Clayton Act); 29 U.S.C. § 626(c)(1) (creating a private right of action to enforce the Age Discrimination in Employment Act); 47 U.S.C. § 227(b)(3) (creating a private right of action in state court to enforce the Telephone Consumer Protection Act and authorizing statutory damages). The Supreme Court has recognized that because Congress establishes statutory rights, "it is entirely appropriate for Congress, in creating these rights and obligations, to determine in addition, who may enforce them and in what manner." *Davis v. Passman*, 442 U.S. 228, 241 (1979); *see also Adams Fruit Co. v. Barrett*, 494 U.S. 638, 650 (1990) (noting, without questioning the practice, that "Congress established an enforcement scheme independent of the Executive and provided aggrieved farmworkers with direct recourse to federal court where their

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[3]The term "science" in the Intellectual Property Clause relates to copyrights whereas the term "useful arts" relates to patents. *See Infodek, Inc. v. Meredith-Webb Printing Co.*, 830 F. Supp. 614, 622 n.8 (1993). The term "science" had a broader meaning in the Eighteenth Century than it is usually given today; it was understood to mean knowledge or learning. *Id*.

rights under the statute are violated"). Most telling for purposes of this case, a statutory damages provision, enforceable by private parties, was enacted by the First Congress as part of the Copyright Act of 1790. 1 Stat. 124, 125. That the First Congress did not see any separation-of-powers problem with allowing private parties to bring suit and recover statutory damages for copyright infringement is strong evidence that no separation-of-powers problem exists. *See Eldred*, 537 U.S. at 199 (observing, in upholding the constitutionality of copyright term extensions, that "[t]o comprehend the scope of Congress' Copyright Clause power, a page of history is worth a volume of logic" (quotation omitted)); *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 57 (1884) (concluding the provision of copyright protection for photographs is within Congress' Copyright Clause authority and noting "[t]he construction placed upon the constitution by the first act of 1790 and the act of 1802, by the men who were contemporary with its formation, many of whom were members of the convention which framed it, is of itself entitled to very great weight, and when it is remembered that the rights thus established have not been disputed during a period of nearly a century, it is almost conclusive").[4]

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[4]Defendant's reliance on *Carter v. Carter Coal Co.*, 298 U.S. 238 (1936), and *Suss v. American Society For The Prevention of Cruelty To Animals*, 823 F. Supp. 181 (S.D.N.Y. 1993), is misplaced. *See* Def.'s Mem. in Supp. of Mot. to Dismiss, at 3; Def.'s Opp'n to Pls.' Mot. to Dismiss Countercl., at 5. *Carter* involved a congressional delegation of power to private parties to make law—in particular, Congress authorized a subset of producers and miners in the bituminous coal-mining industry to establish wage and hour standards for the rest of the industry. 298 U.S. at 310–11. There is no similar delegation of legislative authority here. Congress has clearly set forth in the Copyright Act the types of works that are to be protected and the scope of that protection. As one mechanism of enforcing those protections, Congress created a private cause of action for copyright infringement. Congress clearly identified the parties that could bring such an action, what those parties were required to prove, and the amount of damages those parties were entitled to recover. This carefully crafted statute leaves no room, and provides no authority, for copyright owners to make law.

Suss is also inapplicable. That case involved delegation, by a state, of power to a private entity to conduct searches and make arrests. *See* 823 F. Supp. at 188. A state's ability to

B. The Statutory Damages Provision Of The Copyright Act Is A Civil Remedy

The Copyright Act's statutory damages provision is a civil remedy, not a criminal penalty. The Supreme Court has articulated a two-part test for determining whether a statutorily-defined penalty is civil or criminal. *See United States v. Ward*, 448 U.S. 242, 248–49 (1980). A court must first examine "whether Congress . . . indicated either expressly or impliedly a preference for one label or the other." *Id.* at 248. If Congress intended to create a civil remedy, the court must next inquire whether the statutory scheme is so punitive either in purpose or effect as to "transform what was clearly intended as a civil remedy into a criminal penalty." *Id.* at 248–49. In doing so, the court should consider: (1) whether the remedy involves an affirmative disability or restraint; (2) whether the remedy has historically been regarded as a punishment; (3) whether the remedy is triggered only upon a finding of scienter; (4) whether the remedy will promote the traditional aims of punishment—retribution and deterrence; (5) whether the behavior to which the remedy applies is already a crime; (6) whether the remedy serves a non-punitive purpose; and (7) whether the remedy appears excessive in relation to the non-punitive purpose. *Id.* at 249; *Kennedy v. Mendoza-Martinez*, 372 U.S. 144, 168–69 (1963). "[T]hese factors must be considered in relation to the statute on its face," not as applied in a particular case. *Mendoza-Martinez*, 372 U.S. at 169. Moreover, evidence of punitive purpose or effect gleaned from these factors must be clear, *Ward*, 448 U.S. at 249, and "unmistakable," *Flemming v. Nestor*, 363 U.S. 603, 619 (1960).[5]

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delegate its power is not relevant to an analysis of the federal separation of powers doctrine.

[5]Defendant relies on *International Union, United Mine Workers of America v. Bagwell*, 512 U.S. 821 (1994), instead of *Ward* to support his assertion that the Copyright Act's statutory damages provision is criminal in nature. *See* Def.'s Opp'n to Pls.' Mot. to Dismiss Countercl., at

1. Congress Intended To Create A Civil Remedy

It is clear from the language of the Copyright Act's statutory damages provision and the structure of the Copyright Act as a whole that Congress intended statutory damages to be a civil remedy. Section 501(b) of the Copyright Act provides that "[t]he legal or beneficial owner of an exclusive right under a copyright is entitled . . . to institute an action for any infringement of that particular right committed while he or she is the owner of it." 17 U.S.C. § 501(b); *see also id.* § 504(c) (authorizing a copyright owner to elect to receive statutory damages any time before final judgment is rendered in such an action). The fact that Congress conferred authority to bring an action for statutory damages upon copyright owners, instead of the federal government, evidences its intent to create a civil remedy rather than a criminal penalty. *Cf. Hudson v. United States*, 522 U.S. 93, 103 (1997) ("That [the] authority (to issue debarment orders) was conferred upon administrative agencies is prima facie evidence that Congress intended to provide for a civil sanction.").

Congress' intent to create a civil remedy of statutory damages is further evidenced by its inclusion of a separate section within the Copyright Act establishing criminal offenses and penalties for infringement. Criminal copyright offenses are defined at 17 U.S.C. § 506, a section entitled "Criminal offenses." This section sets forth penalties for some of the offenses it defines,

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4. In *International Union*, the Court articulated a framework to distinguish between civil and criminal contempt penalties imposed by a judge; it did not address civil and criminal penalties imposed by Congress. *See Int'l Union*, 512 U.S. at 831 (acknowledging the greater potential for harm that exists when a judge is "solely responsible for identifying, prosecuting, adjudicating, and sanctioning the contumacious conduct" than when "a legislature defines both the sanctionable conduct and the penalty to be imposed"). The case, therefore, is not applicable here. Indeed, the Court in *International Union* cited *Ward* in recognizing that courts "generally . . . defer[] to a legislature's determination whether a sanction is civil or criminal," and noted, "[w]e do not deviate from [that] tradition today." *Id.* at 838.

and refers to 18 U.S.C. § 2319, a section entitled "Criminal infringement of a copyright," to establish other penalties. The Copyright Act's statutory damages provision is neither contained in, nor referenced in, either of these sections. *See Reiserer v. United States*, 479 F.3d 1160, 1163 (9th Cir. 2007) (concluding Congress intended penalties to be civil where they were authorized in a statutory section entitled "Additions to the Tax, Additional Amounts, and Assessable Penalties," rather than the section entitled "Crimes, Other Offenses, and Forfeitures").

2. The Copyright Act's Statutory Damages Provision Is Not So Punitive As To Negate Congress' Intent

Because Congress intended the Copyright Act's statutory damages provision to be a civil remedy, this Court may not declare the provision criminal unless it finds clear and unmistakable proof that the statutory scheme is so punitive in purpose or effect as to render it criminal despite Congress' intent. Analysis of the seven factors identified in *Ward* demonstrate that there is little, if any, evidence of a punitive purpose or effect, much less the "clearest proof" that the law requires, to negate Congress' intent to create a civil remedy. 448 U.S. at 249.

First, the Copyright Act's statutory damages provision does not impose any affirmative disability or restraint on copyright infringers. *See Hudson*, 522 U.S. at 104 (awarding monetary penalties does not impose an affirmative disability or restraint). Plaintiffs in this case seek an injunction preventing Defendant from infringing their copyrighted sound recordings in the future, but the injunction remedy is not a part of the statutory damages provision. *Compare* 17 U.S.C. § 502(a) (authorizing court to grant injunction to prevent future infringement), *with id.* § 504 (authorizing an award of statutory damages).

Second, statutory damages have not historically been regarded as punishment. In *Helvering v. Mitchell*, 303 U.S. 391, 400 (1938), the Supreme Court acknowledged that "the payment of fixed or variable sums of money [is a] sanction[] which ha[s] been recognized as enforceable by civil proceedings since the original revenue law of 1789." The awarding of statutory damages as a civil remedy for copyright infringement has a similarly lengthy history. The remedy was enacted by the First Congress as part of the Copyright Act of 1790, *see* 1 Stat. 124, 125, and has been a feature of our federal copyright law ever since. *See* 17 U.S.C. § 504(c); *Feltner*, 523 U.S. at 345 n.3. Despite this long history, Defendant cites no authority to suggest the remedy has ever been regarded as punitive or criminal in nature. *See Herald Co. v. Harper*, 410 F. 2d 125, 128–31 (8th Cir. 1969) (rejecting the claim that an antitrust statutory provision authorizing the recovery of treble damages in a civil action is criminal in nature and noting "[t]he many cases that have passed through the federal courts under [the provision] without an attack on its constitutionality attest to the lack of substance" of the argument that the provision is criminal in nature).

Third, statutory damages for copyright infringement are not triggered only upon a finding of scienter. Even innocent infringement subjects a person to a minimum award of $200 in statutory damages. *See* 17 U.S.C. § 504(c)(2).

Fourth, although statutory damages promote one of the traditional aims of punishment (*i.e.*, deterrence), this alone is not sufficient to negate Congress' intent to create a civil remedy. *See Hudson*, 522 U.S. at 105 (finding monetary penalties were civil in nature even though they served deterrent purpose because they also served the non-punitive purpose of promoting stability in the banking industry); *Students for Sensible Drug Policy Found. v. Spellings*, 523 F.3d 896,

901 (8th Cir. 2008) ("[T]hough the statute will deter other students, this alone is insufficient to render a sanction criminal, as deterrence may serve civil as well as criminal goals." (quotations omitted)). "[A]ll civil penalties have some deterrent effect," *Hudson*, 522 U.S. at 102; and if a remedy had to be entirely nondeterrent to be civil, it would severely limit Congress' ability to create civil remedies and thereby undermine its authority to regulate harmful conduct, *see id*. at 105.

Fifth, although copyright infringement can be a crime, *see* 17 U.S.C. § 506(a), this fact is also not determinative because "Congress may impose both a criminal and a civil sanction in respect to the same act or omission." *Ward*, 448 U.S. at 250. Moreover, not all conduct that warrants imposition of statutory damages under the Copyright Act is also a crime. To recover statutory damages in a civil proceeding, a plaintiff must prove only two elements: (1) ownership of a valid copyright and (2) unauthorized copying of original elements of the copyrighted work. *See Warren Freedenfeld Assocs.*, 531 F.3d at 47. Imposition of criminal penalties requires proof of additional elements, including wilfulness. *See* 17 U.S.C. § 506 (outlining the elements of misdemeanor and felony copyright infringement); *see also* 18 U.S.C. § 2319. Moreover, the penalties for criminal copyright infringement are, in fact, punitive as they include the possibility of imprisonment. *Compare* 18 U.S.C. §§ 2319, 3571(b) (providing for up to five years' imprisonment and up to a $250,000 fine for a first criminal offense), *with* 17 U.S.C. § 504(c) (authorizing statutory damages between $750 and $30,000 per infringed work, with a maximum of $150,000 for a willful violation).

Sixth, in addition to its deterrent purpose, the Copyright Act's statutory damages provision also serves an important non-punitive purpose: it compensates copyright owners for

damages suffered as a result of infringement. *See* discussion *infra* Part V.B. Statutory damages were established as an alternative to actual damages and disgorgement of profits because the value of a copyright and the loss caused by infringement are often difficult to calculate and prove. *F.W. Woolworth*, 344 U.S. at 233; *Lowry's Reports, Inc. v. Legg Mason, Inc.*, 302 F. Supp. 2d 455, 460 (D. Md. 2004). Proving actual damages may be prohibitively expensive because the actual damages capable of proof are often less than the cost of detecting and investigating infringements. Infringers' profits, moreover, are often not an adequate measure of the actual injury caused by copyright infringement, especially where the infringers do not seek or realize commercial gain. This non-punitive, compensatory purpose further demonstrates that the Copyright Act's statutory damages provision is civil in nature. *See Reiserer*, 479 F.3d at 1164 (concluding tax penalties that serve the remedial goal of reimbursing the government for the costs in investigating tax fraud and for possible lost revenue are civil in nature).

Finally, in light of the important non-punitive purpose served by the awarding of statutory damages for copyright infringement, the range of statutory damages specified by Congress in the 1999 amendment to the Copyright Act is not excessive. *See* discussion *infra* Part V.B. Defendant relies exclusively on an alleged disparity between the amount of statutory damages authorized by the Copyright Act and the actual harm he asserts is caused by non-commercial copyright infringement to support his assertion that the statutory damages provision is criminal in nature. Even if Defendant were correct in asserting such a disparity, a comparison between the remedy and its non-punitive purpose is only one factor in assessing whether the remedy is sufficiently punitive to negate Congress' intent. The Supreme Court has specifically cautioned against elevating this one factor to controlling status, as Defendant attempts to do here. *See*

Hudson, 522 U.S. at 101; *see also Williams*, 251 U.S. at 66 (recognizing that statutory damages addressing "public wrong[s]" need not "be confined or proportioned to [actual] loss or damages"); *Centerline Equip. Corp. v. Banner Personnel Serv., Inc.*, 545 F. Supp. 2d 768, 777 (N.D. Ill. 2008) ("There is no requirement that [statutory damages] be proportional to the plaintiff's own injury . . . Congress may choose an amount that reflects the injury to the public as well as to the individual.").

In enacting the Copyright Act's statutory damages provision, Congress intended to create a civil remedy to allow copyright owners to obtain compensation for infringement of their copyrighted works and to deter infringement. The range of statutory damages Congress provided for in the 1999 amendments to the Copyright Act is not so punitive in purpose or effect, under the *Ward* factors, as to transform the remedy into a criminal penalty notwithstanding Congress' intent. Because the Copyright Act's statutory damages provision is a civil remedy, Defendant is not entitled to the process protections of the criminal law in this case and the adjudication of Defendant's liability by civil action rather than criminal prosecution does not violate the separation-of-powers doctrine.

IV. THE COPYRIGHT ACT'S STATUTORY DAMAGES PROVISION SATISFIES DUE PROCESS

The Copyright Act authorizes an award of statutory damages for copyright infringement ranging from $750 to $30,000 per infringed work, with a maximum of $150,000 for wilful infringement. 17 U.S.C. § 504(c). Contrary to Defendants assertion, *see* Def.'s Mem. in Supp. of Mot. to Dismiss, at 7–10; Def.'s Opp'n to Pls.' Mot. to Dismiss Countercl., at 7–13, this range of statutory damages does not violate due process, even when applied to infringers who do not seek

commercial gain, because it is not "so severe and oppressive as to be wholly disproportioned to the offense [or] obviously unreasonable." *Williams*, 251 U.S. at 67. In establishing the current range of statutory damages, Congress reasonably determined such damages are necessary to compensate copyright owners and deter infringement in the face of new computer technologies.

A. Courts Examine Statutory Damages Awards Under The Standard Articulated By The Supreme Court In *Williams*

The Supreme Court's punitive damages jurisprudence, *see BMW of North Am., Inc. v. Gore*, 517 U.S. 559, 574–75 (1996), does not provide the appropriate standard for determining whether statutory damages violate the Due Process Clause. Rather, the applicable standard is set forth in *St. Louis, I.M. & S. Railway Co. v. Williams*. 251 U.S. at 64, 67 (holding that a statutory damages award of $75, for a violation that resulted in actual damages of only 66 cents, was within the statutorily-authorized range of $50 to $300 and did not violate due process).[6] The *Williams* standard is quite distinct from, and much more deferential than, the framework articulated in *Gore*. Under the *Williams* standard, a statutory damages provision is analyzed to determine if it is "so severe and oppressive as to be wholly disproportioned to the offense and obviously unreasonable." *Id*. at 67.[7]

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[6]Defendant initially relied on *BMW of North Am., Inc. v. Gore*, 517 U.S. 559 (1996), to support his due process claim. *See* Def.'s Opp'n to Pls.' Mot. to Dismiss Countercl., at 10–12. In his later motion to dismiss, Defendant changed course, stating it is "unclear" whether punitive damages jurisprudence applies in the statutory damages context and acknowledging that the Supreme Court has previously applied the standard articulated in *St. Louis, I.M. & S. Railway Co. v. Williams*, 251 U.S. 63, 67 (1919), to assess statutory damages. Def.'s Mem. in Supp. of Mot. to Dismiss, 7–10.

[7]The *Gore* framework assesses an award of punitive damages based on (1) the degree of reprehensibility of the defendant's misconduct; (2) the disparity between the actual or potential harm suffered by the plaintiff and the punitive damages award; and (3) the difference between the punitive damages awarded by the jury and civil penalties authorized or imposed in comparable

The framework articulated in *Gore* for assessing punitive damages is not applicable to statutory damages because the two remedies are distinct. Punitive damages are awarded by a jury to punish a wrongdoer; the jury's discretion in choosing an amount is usually unconstrained. Statutory damages, on the other hand, exist in large part to compensate victims of wrongdoing in areas where actual damages are difficult to calculate or prove. *See Lowry's Reports*, 302 F. Supp. 2d at 460. The range of statutory damages, moreover, is carefully constrained by statute. As a result of these differences, statutory damages do not implicate the issue of fair notice that concerned the Supreme Court in *Gore*, *see Gore*, 517 U.S. at 574 ("Elementary 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[.]"); rather, a statutory damages provision by its nature puts individuals on notice of a specific range of damages to which they may be subject, *see id.* at 595 (Breyer, J., concurring) (noting the absence of "legislative enactments [in *Gore*] that classify awards and impose quantitative limits that would significantly cabin the fairly unbounded discretion created by the absence of constraining legal standards"); *Lowry's Reports*, 302 F. Supp. 2d at 460 ("The unregulated and arbitrary use of judicial power that the *Gore* guideposts remedy is not implicated in Congress' carefully crafted and reasonably constrained statute."); *DirecTV, Inc. v. Cantu*, 2004 WL 2623932, at *4–*5 (W.D. Tex. Sept. 29, 2004) (rejecting due process claim and distinguishing *Gore* from statutory damages context because "fair notice is not a concern here"); *Accounting Outsourcing, LLC v. Verizon Wireless Pers. Commc'n, L.P.*, 329 F. Supp. 2d 789, 808–10 (M.D. La. 2004) (same). Nor does it make sense in the context of statutory damages to

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cases. 517 U.S. at 575.

examine the disparity between the actual damages suffered by a plaintiff and the punitive damages award as required by *Gore*, *see Gore*, 517 U.S. at 575, because statutory damages may only be awarded when a plaintiff forgoes the right to recover actual damages, *Lowry's Reports*, 302 F. Supp. 2d. at 460, and are in fact, a substitute or proxy for actual damages.

A further indication that the Supreme Court did not intend for its punitive damages jurisprudence to apply to statutory damages is that the *Gore* guideposts specifically compare a punitive damages award to civil penalties available for comparable conduct. *See Gore*, 517 U.S. at 575; *id*. at 583 ("[A] reviewing court engaged in determining whether an award of punitive damages is excessive should accord substantial deference to legislative judgments concerning appropriate sanctions for the conduct at issue." (quotations omitted)). Applying this guidepost in the context of statutory damages would be a tautology; a statutory damages award is by definition within the statutory range set by Congress.

Courts have consistently applied the *Williams* standard, rather than punitive damages jurisprudence, in assessing the constitutionality of statutory damages provisions. *See Zomba*, 491 F.3d at 587–88 (concluding application of the Copyright Act's statutory damages provision did not violate the *Williams* standard); *Centerline Equip.*, 545 F. Supp. 2d at 777–78 (applying the *Williams* standard to uphold the statutory damages provision of the Telephone Consumer Protection Act); *Accounting Outsourcing*, 329 F. Supp. 2d at 808–10 (same); *Texas v. American Blastfax, Inc.*, 121 F. Supp. 2d 1085, 1090–91 (W.D. Tex. 2000) (same); *see also United States v. Citrin*, 972 F. 2d 1044, 1051 (9th Cir. 1992) ("A statutorily prescribed penalty violates due process rights only where the penalty prescribed is so severe and oppressive as to be wholly disproportioned to the offense and obviously unreasonable." (quotation omitted)). Because the

Supreme Court has articulated a standard for evaluating the constitutionality of statutory damages provisions, *see Williams*, 251 U.S. at 67, and the *Gore* guideposts are not workable in the statutory damages context, the Court should apply the *Williams* standard in assessing the constitutionality of the Copyright Act's statutory damages provision.

B. The Copyright Act's Statutory Damages Provision Satisfies The *Williams* Standard

The Copyright Act's statutory damages provision is not "so severe and oppressive as to be wholly disproportioned to the offense and obviously unreasonable." *Williams*, 251 U.S. at 67. The *Williams* standard is extremely deferential and does not turn on a particular ratio between statutory and actual damages. *See Zomba*, 491 F.3d at 587 (describing the *Williams* standard as "extraordinarily deferential—even more so than in cases applying abuse-of-discretion review") (citing *Douglas v. Cunningham*, 294 U.S. 207, 210 (1935) ("[E]mployment of the statutory yardstick, within set limits, is committed solely to the court which hears the case, and this fact takes the matter out of the ordinary rule with respect to abuse of discretion.")).[8] Even in the punitive damages context, the Supreme Court has been "reluctant to identify concrete constitutional limits on the ratio between harm, or potential harm, to the plaintiff and the punitive damages award." *State Farm Mut. Auto. Ins. Co. v. Campbell*, 538 U.S. 408, 424 (2003). In a 1952 case analyzing a previous copyright statute, the Supreme Court found it was just for a copyright infringer to be subject to statutory damages of $5,000 even though the defendant

[8] The Sixth Circuit did use an objective ratio test in *Zomba* and found that a ratio of 44:1 of statutory damages to actual damages did not violate due process given that the ratio in *Williams* was 113:1. *See Zomba Enters., Inc. v. Panorama Records, Inc.*, 491 F.3d 574, 588 (6th Cir. 2007).

admitted to only $900 in gross profits. *F.W. Woolworth*, 344 U.S. at 229–30, 234. The Supreme Court observed,

> the court's conception of what is just in the particular case, considering the nature of the copyright, the circumstances of the infringement and the like, is made the measure of the damages to be paid, but with the express qualification that in every case the assessment must be within the prescribed limitations, that is to say, neither more than the maximum nor less than the minimum. Within these limitations the court's discretion and sense of justice are controlling[.]

Id. at 232. A statutory damages award within the limits established by Congress in the 1999 amendments to the Copyright Act is similarly just and does not violate notions of due process.

Dating back to the middle of the 17th century, "the common law recognized an author's right to prevent the unauthorized publication of his manuscript" because of "the principle that the manuscript was the product of intellectual labor and was as much the author's property as the material on which it was written." *Feltner*, 523 U.S. at 349. The first Congress recognized the need to protect this intellectual labor by enacting a federal statutory damages provision for copyright infringement in 1790. *See* Copyright Act of 1790, 1 Stat. 124, 125. Federal copyright law has authorized the awarding of statutory damages for copyright infringement in some form ever since, and the Court should defer to Congress's historical application of these provisions. *See* Staff of House Comm. On The Judiciary, 87th Cong., Report of the Register of Copyrights on The General Revision of The U.S. Copyright Law (Comm. Print 1961), at ix (tracing the federal copyright statute from 1790 to its three general revisions in 1831, 1870, and 1909).[9]

[9] This report, written in 1961, was part of an extensive review, by the Copyright Office, of the history, purposes, and effects of the Copyright Act. It culminated in Congress' enactment of the 1976 Copyright Act.

The Copyright Act's statutory damages provision serves both to compensate and deter. Congress established a scheme to allow copyright owners to elect to receive statutory damages for copyright infringement instead of actual damages and profits because of the difficulty of calculating and proving actual damages. *F.W. Woolworth*, 344 U.S. at 233 (noting statutory damages are intended to allow "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"); *Lowry's Reports*, 302 F. Supp. 2d at 460 ("Statutory damages exist in part because of the difficulties in proving—and providing compensation for—actual harm in copyright infringement actions.").[10] As the Copyright Office explained in its 1961 report to Congress, the need for statutory damages in the context of copyright infringement "arises from the acknowledged inadequacy of actual damages and profits in many cases:

- The value of a copyright is, by its nature, difficult to establish, and the loss caused by an infringement is equally hard to determine. As a result, actual damages are often conjectural, and may be impossible or prohibitively expensive to prove.

- In many cases, especially those involving public performances, the only direct loss that could be proven is the amount of a license fee. An award of such an amount would be an invitation to infringe with no risk of loss to the infringer.

- The actual damages capable of proof are often less than the cost to the copyright owner of detecting and investigating infringements.

- An award of the infringer's profits would often be equally inadequate. There may have been little or no profit, or it may be impossible to compute the amount of profits attributable to the infringement. Frequently the infringer's profits will not be an adequate measure of the injury caused to the copyright owner."

[10]The compensatory component of statutory damages is reflected in Congress's concern that the 1999 adjustment of the statutory damages range from the 1988 Amendments "reflect inflation over the past eleven years." *See* H.R. Rep. 106-216, at 6 (1999).

Staff of House Comm. On The Judiciary, 87th Cong., Report of the Register of Copyrights on The General Revision of The U.S. Copyright Law (Comm. Print 1961), at 102–03.

The inadequacy of actual damages and profits to compensate copyright owners is evident under the circumstances of this case. It is impossible for a copyright owner to calculate actual damages when an online media distribution system is used to illegally distribute its copyrighted sound recordings; the number of subsequent acts of infringement by computer users who download illegal copies of the sound recordings from the original infringer is simply unknowable. Additionally, it is costly for owners of copyrighted sound recordings to detect and investigate copyright infringement because of the widespread nature of such infringement in today's world of advanced computer technologies. *See* H.R. Rep. 106-216, at 3 ("[C]opyright piracy of intellectual property flourishes, assisted in large part by today's world of advanced technologies."). Finally, the harms to the owners of copyrighted sound recordings and to the public are not negated merely because an infringer using an online media distribution system does not seek commercial gain. Such infringement can limit a copyright owner's (or their authorized licensees') ability to distribute legal copies of copyrighted sound recordings. *See* H.R. Rep. 105-339, at 5 (acknowledging the harm of infringement without commercial gain on businesses that depend on licensing agreements and royalties). It can also reduce a copyright owner's profits by permitting individuals who would otherwise be required to purchase copies of copyrighted sound recordings to obtain illegal copies for free. Infringement without commercial gain also harms the public because the high volume of infringement results in "lost U.S. jobs, lost wages, lower tax revenue, and higher prices for honest purchasers of copyrighted [sound recordings]." H.R. Rep. 106-216, at 3; *see also Williams*, 251 U.S. at 66 (observing that the "[l]egislature may adjust

[the] amount (of statutory damages) to the public wrong rather than the private injury"). In light of the difficulty of calculating and proving actual damages in copyright cases, it was not unreasonable for Congress to authorize recovery of statutory damages.

Statutory damages also serve a deterrent purpose. In increasing the range of statutory damages in the 1999 amendments to the Copyright Act, Congress stated, "[i]t is important that the cost of infringement substantially exceed 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. 106-216, at 6. Congress noted that, in 1999, the rate of software piracy equaled 25% of all sales in the United States and resulted in a loss of $2.9 billion to copyright owners. *Id*. at 3. According to Congress, further deterrence was necessary to prevent similar losses in the future because "many infringers do not consider the current copyright infringement penalties a real threat and continue infringing, even after a copyright owner puts them on notice that their actions constitute infringement and that they should stop the activity or face legal action." *Id*. Congress' expressed desire to increase deterrence, accompanied by congressional findings, demonstrates that the statutory damages provision of the Copyright Act is not disproportionate to the offense or obviously unreasonable. The Court should defer to Congress' reasoned judgment.[11] *See Gore*, 517 U.S. at 583.

Copyrights are of great value, not just to their owners, but to the American public as well. Congress has recognized this value from the first days of the Republic. The federal copyright

[11]The importance of allowing recovery of statutory damages to protect copyrighted works is further evidenced by bilateral free trade agreements, entered into by the United States, that require signatories to have statutory damages provisions in place to remedy copyright infringement. *See, e.g.*, Singapore-US Free Trade Agreement, Art. 16.9.9; Morocco-US Free Trade Agreement, Art. 15.11.7; Central America-US Free Trade Agreement, Art. 15.11.8.

statute, enacted by the First Congress and subject to numerous revisions since that time, has consistently authorized the awarding of statutory damages to ensure significant monetary awards in copyright infringement lawsuits that will make copyright owners whole and deter further infringement. This historical approach is followed in the current version of the Copyright Act's statutory damages provision; it provides compensation to copyright owners who have to invest resources into protecting property that is often unquantifiable in value and deters those infringing parties who think they will go undetected in committing this serious public wrong. For these reasons, the range of statutory damages authorized by 17 U.S.C. § 504(c) is not disproportionate to the offense or obviously unreasonable and does not violate notions of due process.[12]

VI. THE COPYRIGHT ACT'S STATUTORY DAMAGES PROVISION DOES NOT VIOLATE THE EIGHTH AMENDMENT

Contrary to Defendant's assertion, *see* Def.'s Opp'n to Pls.' Mot. to Dismiss Countercl., at 3, 7, the Eighth Amendment's prohibition against "excessive fines," U.S. Const. amend. VIII, does not apply to this case. The Excessive Fines Clause "limits the government's power to

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[12]Defendant also argues that the availability of statutory damages for non-commercial infringement results in a "*de facto* limitation on access to (the) courts" in violation of due process. Def.'s Mem. in Supp. of Mot. to Dismiss, at 6. In support of this assertion, Defendant cites a line of cases holding that a state cannot enforce state-prescribed rates for railroad transportation by imposing severe penalties for deviation from those rates unless the state also provides a mechanism for railroad companies to test the validity of the rates before the penalties are imposed to ensure that the rates are sufficiently high to permit a return on investment. *Id*. at 4–5 (citing *Ex parte Young*, 209 U.S. 123 (1908); *Williams*, 251 U.S. at 64–65 (identifying line of cases); and *Life & Cas. Ins. Co. v. McCray*, 291 U.S. 566, 574–75 (1934) (relying on railroad cases)). These cases are inapposite; railroad companies were *de facto* denied the ability to test the validity of the prohibition underlying a penalty, whereas here, the validity of the prohibition—against copyright infringement—is beyond dispute. Moreover, Defendant has presented no evidence that he sought declaratory relief to determine whether the Copyright Act's statutory damages provision is constitutional as applied to non-commercial infringers or that his alleged conduct was an effort to test the validity of the Act.

extract payments, whether in cash or in kind, as punishment for some offense." *United States v. Bajakajian*, 524 U.S. 321, 328 (1998) (quotation omitted). It does not, however, "constrain an award of money damages in a civil suit when the government neither has prosecuted the action nor has any right to receive a share of the damages awarded." *Browning-Ferris Indus. of Vermont, Inc. v. Kelco Disposal, Inc.*, 492 U.S. 257, 264 (1989). Because this action was instituted by private parties and the United States does not have a right to receive a share of any statutory damages awarded,[13] the Eighth Amendment is inapplicable. *See Zomba*, 491 F.3d at 586 (concluding Excessive Fines Clause does not apply to the Copyright Act's statutory damages provision because the government did not prosecute the action or receive a share of the damages awarded); *Centerline Equip.*, 545 F. Supp. 2d at 777 (same with respect to the statutory damages provision of the Telephone Consumer Protection Act); *Corporacion Insular de Seguros v. Munoz*, 896 F. Supp. 238, 239–40 (D.P.R. 1995) (same with respect to a provision of the Racketeer Influenced and Corrupt Organizations Act that allows private parties to recover treble damages in civil actions). Defendant's assertion that the Copyright Act's statutory damages provision somehow violates the Excessive Fines Clause must be rejected.

CONCLUSION

For the foregoing reasons, the Court should uphold the constitutionality of the Copyright Act's statutory damages provision if the Court finds it is necessary to address the provision's constitutionality.

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[13] Under the Copyright Act of 1790, the copyright owner received half of the statutory damages awarded for copyright infringement and the United States received the remaining half. 1 Stat. 124 (1790). The language permitting the United States to receive a share of the statutory damages award was omitted in the 1909 revision of the Copyright Act and has been absent ever since. *See* Pub. L. No. 60-349, § 25 (1909).

Respectfully submitted this 22nd day of March, 2009.

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CERTIFICATE OF SERVICE

I hereby certify that on March 22, 2009, I filed a true copy of the above document with the CM/ECF System, which will send an electronic notice to the attorney of record for each party.

_/s/ Michelle R. Bennett_____
MICHELLE R. BENNETT