

STATUTORY DAMAGES FOR THE MULTIPLE
INFRINGEMENT OF A COPYRIGHTED
WORK: A DOCTRINE WHOSE TIME
HAS COME, AGAIN

I. INTRODUCTION

The Copyright Act of 1976 ("1976 Act")¹ provides a prevailing plaintiff in a copyright infringement action with a variety of monetary remedies.² Sections 504³ and 505⁴ of the 1976 Act al-

¹ The Constitution of the United States grants Congress the authority to promulgate laws "[t]o 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. Such laws are now codified in the Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541 (codified as amended 17 U.S.C. §§ 101-914 (1982 & Supp. IV 1986)) [hereinafter "1976 Act"].

² The monetary remedies available under the 1976 Act are: actual damages, § 504(b); statutory damages, § 504(c); and costs and attorney's fees, § 505. See *infra* notes 3, 4 for the textual provisions of §§ 504, 505.

³ 17 U.S.C. § 504. The text of the present statutory provisions is as follows:
Remedies for infringement: Damages and profits

(a) In general

Except as otherwise provided by this title, an infringer of copyright is liable for either—

- (1) the copyright owner's actual damages and any additional profits of the infringer, as provided by subsection (b); or
- (2) statutory damages, as provided by subsection (c).

(b) Actual Damages and Profits

The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages. In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work.

(c) Statutory damages

(1) Except as provided by clause (2) of this subsection, the copyright owner may elect, at any time before final judgment is rendered, to recover, instead of actual damages and profits, an award of statutory damages for all infringements involved in the action, with respect to any one work, for which any one infringer is liable individually, or for which any two or more infringers are liable jointly and severally, in a sum of not less than \$250 or more than \$10,000 as the court considers just. For the purposes of this subsection, all the parts of a compilation or derivative work constitute one work.

(2) In a case where the copyright owner sustains the burden of proving, and the court finds, that infringement was committed willfully, the court in its discretion may increase the award of statutory damages to a sum of not more than \$50,000. In a case where the infringer sustains the burden of proving, and the court finds, that such infringer was not aware and had no reason to believe that his or her acts constituted an infringement of copyright, the court in its discretion may reduce the award of statutory damages to a sum of not less than \$100. The court shall remit statutory damages in any case where an infringer believed and had reasonable grounds for believing that his or her use of the copyrighted work was a fair use under section 107, if the

low for the recovery of actual damages,⁵ profits,⁶ statutory dam-

infringer was: (i) an employee or agent of a nonprofit educational institution, library, or archives acting within the scope of his or her employment who, or such institution, library, or archives itself, which infringed by reproducing the work in copies or phonorecords; or (ii) a public broadcasting entity which or a person who, as a regular part of the nonprofit activities of a public broadcasting entity (as defined in subsection (g) of section 118) infringed by performing a published nondramatic literary work or by reproducing a transmission program embodying a performance of such a work.

⁴ 17 U.S.C. § 505. The text of the present statutory provision is as follows: In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

See *infra* note 8.

⁵ Actual damages are those damages suffered by the plaintiff "as a result of the infringement." 17 U.S.C. § 504(b). They are the extent to which the market value of a copyrighted work has been "injured or destroyed" as a result of the infringement. 3 M. NIMMER, NIMMER ON COPYRIGHT § 14.02[A], at 14-6 (1987) [hereinafter NIMMER]. The test for computing market value requires a determination of "what a willing buyer would have been reasonably required to pay to a willing seller for plaintiffs' work." *Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp.*, 562 F.2d 1157, 1174 (9th Cir. 1977) ("*Krofft I*"). Establishing what one would have been willing to pay for the copyrighted work (i.e., market value), as well as what the copyright proprietor would have accepted is usually a very speculative assessment and has often been held inadmissible for purposes of damage calculations. See, e.g., *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 772 F.2d 505, 513 (9th Cir. 1985) (the court found that the market value of plaintiff's work was not diminished by the infringement); *Peter Pan Fabrics, Inc. v. Jobela Fabrics, Inc.*, 329 F.2d 194, 196-97 (2d Cir. 1964) (court entitled to reject a proffered measure of damages if it is too speculative); see also *infra* notes 146-62 and accompanying text.

Although uncertainty as to the fact of damages may preclude their recovery, uncertainty as to the amount of damages will not necessarily preclude recovery of actual damages. *Universal Pictures Co. v. Harold Lloyd Corp.*, 162 F.2d 354, 369 (9th Cir. 1947). And, if the copyright proprietor has some knowledge as to this value, he is competent to testify as to such value. See *id.*; *Fallaci v. The Gazette Literary Corp.*, 568 F. Supp. 1172 (S.D.N.Y. 1983) (plaintiff allowed to testify based on prior sales history, the probable price of translation and republication rights of infringed interview). But see *Frank Music*, 772 F.2d at 513 (court may reject self-serving testimony as to the market value of the copyrighted property).

Several methods for calculating actual damages are used today. First, as stated *supra*, actual damages may be defined as the extent to which the copyrighted works market value has been injured or destroyed as a result of the infringement. Second, plaintiff's damages may be said to equal the profits which the plaintiff might have accrued but for the defendant's infringement (i.e., lost sales). 3 NIMMER, § 14.02, at 14-7 & n.7. The second type of calculation is most viable when the infringer and the copyright proprietor are direct competitors in the sales of the same tangible product. See *Stevens Linen Assocs., Inc. v. Mastercraft Corp.*, 656 F.2d 11 (2d Cir. 1981) (litigants directly competed in the sale of woven upholstery fabrics). In addition to loss of sales, loss of licensing royalties has been held an appropriate measure of damages. *Cream Records, Inc. v. Joseph Schlitz Brewing Co.*, 754 F.2d 826 (9th Cir. 1985) ("Where unauthorized use of copyright [proprietor's] song destroyed [his] opportunity to license [the] song to [other] advertisers, copyright [proprietor] was entitled to recover [the] entire value of [the] license for use of [the] entire song for one year as damages."). While it has also been held that damage to "good will" which inflicts injury on business income may be used as a measure of actual damages, *Mount v. Book-of-the-Month Club, Inc.*, 1978 Copyright L. Rep. (CCH) ¶ 25,010, at 15,052 (S.D.N.Y.), injury to business income does not extend to damage to reputation. *Id.*

A third measure of damages requires that the litigants had commercially dealt with each other prior to the infringement. In this situation, the court uses the "previously

ages,⁷ costs and attorney's fees.⁸

agreed-upon price" as a measure of damages. See *Aitken, Hazen, Hoffman, Miller, P.C. v. Empire Constuction Co.*, 542 F. Supp. 252 (D. Neb. 1982) (awarding fair market value as actual damages for infringement in architectural plans).

Finally, a fourth measure of damages calculations is called the "saved acquisition costs" theory. See *Deltak, Inc. v. Advanced Systems, Inc.*, 767 F.2d 357, 361 (7th Cir. 1985). This theory can be applied in situations where the infringed material is used to promote the sale of another of the infringer's products and, like the market value theory, holds that the value of the infringed item in terms of saved acquisition costs amounts to a determination of what a willing buyer would have been reasonably required to pay to a willing seller for plaintiffs' work. *Id.* at 361 ("Each of the copies [defendant] distributed had a value of use to it equal to the acquisition cost saved by infringement instead of purchase, which [defendant] was then free to put to other uses.").

⁶ A prevailing plaintiff in a copyright infringement action is also entitled to recover those profits made by the infringer "that are attributable to the infringement and are not taken into account in computing the actual damages." 17 U.S.C. § 504(b); see W. PATRY, LATMAN'S: THE COPYRIGHT LAW 284 (6th ed. 1986) [hereinafter PATRY]; see also *supra* note 3 for textual provisions. The infringer's profits should not be confused with the related, but separate remedy of damages in the form of profits which the plaintiff might have accrued but for the defendant's infringement. See *supra* note 5. Because of differences in costs of production, selling technique and good will, the profits accrued by the defendant resulting from the infringement will not necessarily be the same as the profits that the plaintiff might have accrued but for the infringement. See 3 NIMMER, *supra* note 5, § 14.02[A], at 14-7. In establishing the infringer's profits, the plaintiff is required to prove only the infringer's gross revenues. 17 U.S.C. § 504(b). The burden then shifts to the defendant to prove the elements of costs to be deducted from gross revenues in arriving at a profit. *Id.*; see *Frank Music*, 772 F.2d at 514-19. Whereas "[d]amages are awarded to compensate the copyright owner for losses from the infringement, . . . profits are awarded to prevent the infringer from unfairly benefiting from a wrongful act." H.R. REP. NO. 1479, 94th Cong., 2d Sess. 161, reprinted in 1976 U.S. CODE CONG. & ADMIN. NEWS 5659, 5777 [hereinafter HOUSE REPORT].

The copyright owner is entitled to recover only those profits of an infringer that are "attributable to the infringement." 17 U.S.C. § 504(b). "If an infringer's profits are only remotely and speculatively attributable to the infringement" a court may deny their recovery by the copyright owner." 3 NIMMER, *supra* note 5, § 14.03[A], at 14-21. See, e.g., *Deltak, Inc. v. Advanced Systems, Inc.*, 767 F.2d 357 (7th Cir. 1985) (insufficient evidence on which court could base a finding that any of defendants' profits were due to the infringement); *Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp.*, 1983 Copyright L. Dec. (CCH) ¶ 25,572, at 18,381 (C.D. Cal.) ("*Krofft II*") (profits made from advertising campaign itself, rather than from the direct sale of infringing items, could not be ascertained). However, where a defendant's profits, earned from the infringing work, "inextricably intermingles noninfringing material with the plaintiff's protectible material," an apportionment to determine plaintiff's award is proper. 3 NIMMER, *supra* note 5, § 14.03[C], at 14-27; see *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U.S. 390 (1940); see also *Syigma Photo News, Inc. v. High Society Magazine, Inc.*, 778 F.2d 89 (2d Cir. 1985); *ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 508 F. Supp. 798 (S.D.N.Y. 1981), modified, 722 F.2d 988 (2d Cir. 1983).

⁷ In lieu of actual damages and profits, the prevailing plaintiff in a copyright infringement action may elect, anytime prior to when final judgment is rendered, to recover statutory damages. 17 U.S.C. § 504(c). Typically, when infringement has been proved, but neither the infringer's profits nor the copyright holder's actual damages can be ascertained, statutory damages are awarded. See *Krofft II*, 1983 Copyright L. Dec. at 18,384; see also *RSO Records, Inc. v. Peri*, 596 F. Supp. 849 (S.D.N.Y. 1984). As stated in a 1961 report of the Register of Copyrights on the general revision of the United States copyright law:

The need for this special remedy arises from the acknowledged inadequacy of actual damages and profits in many cases:

[1] 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,

The 1976 Act attempted to reform damage awards in copy-

actual damages are often conjectural, and may be impossible or prohibitively expensive to prove.

[2] 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.

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

[4] 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.

HOUSE COMM. ON THE JUDICIARY, 87TH CONG., 1ST SESS., REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW 102-03 (Comm. Print 1961) [hereinafter 1961 REPORT].

"Because statutory damages are often used in cases where actual damages cannot be precisely calculated, . . . they cannot be expected to correspond exactly [to the value of the actual damages and/or profits]." *RSO Records*, 596 F. Supp. at 862. Indeed, a prevailing plaintiff may elect a statutory damage remedy "regardless of the adequacy of the evidence offered as to his actual damages and the amount of defendant's profits, and even if he has intentionally declined to offer such evidence although it was available." 3 NIMMER, *supra* note 5, § 14.04[A], at 14-30.1 (footnotes omitted); see *Harris v. Emus Records Corp.*, 734 F.2d 1329, 1335 (9th Cir. 1984); *United Feature Syndicate, Inc. v. Rheingold*, 209 U.S.P.Q. 317, 318 (S.D. Fla. 1979). However, some courts have stated that the statutory award should have some relation to the actual damages that the plaintiff has suffered. *RSO Records*, 596 F. Supp. at 862. In any event, among the factors to be considered in awarding statutory damages are 1) expenses saved and profits reaped by the defendant which are attributable to the infringement; 2) revenues lost by the plaintiff; and 3) whether or not the infringement was committed willfully. See *Rare Blue Music, Inc. v. Guttadauro*, 616 F. Supp. 1528, 1530 (D. Mass. 1985); *Milene Music, Inc. v. Gatauco*, 551 F. Supp. 1288, 1296 (D.R.I. 1982). The statute leaves the exact amount of the statutory award to the discretion of the court, to be set "as the court considers just." 17 U.S.C. § 504(c)(1); see *Douglas v. Cunningham*, 294 U.S. 207 (1935). An award of statutory damages will only be overturned for abuse of discretion. See *Russell v. Price*, 612 F.2d 1123, 1131-32 (9th Cir. 1979), *cert. denied* 446 U.S. 952 (1980). Additionally, review of a court's decision on this issue is "extremely narrow." *Morley Music Co. v. Dick Stacey's Plaza Motel, Inc.*, 725 F.2d 1, 3 (1st Cir. 1983); see also *Douglas v. Cunningham*, 294 U.S. 207 (1935).

Additionally, courts have also recognized that Congress' provisions for a greater statutory award in cases of "willful" infringement indicate that statutory damages may exceed the dollar value of actual damages. In copyright infringement cases, courts have applied the willfulness provisions, and awarded the plaintiff more than the \$10,000 statutory maximum, in cases where the infringer's culpability was blatant and the infringements numerous. See, e.g., *Kenbrooke Fabrics, Inc. v. Holland Fabrics, Inc.*, 602 F. Supp. 151 (S.D.N.Y. 1984) (award of \$50,000 for willful infringement of textile design); *United Features Syndicate, Inc. v. Spree, Inc.*, 600 F. Supp. 1242 (E.D. Mich. 1984) (infringement of T-shirt heat transfers; court awarded \$50,000 for each work); *Lauratex Textile Corp. v. Alton Knitting Mills, Inc.*, 519 F. Supp. 730, 733 (S.D.N.Y. 1981) (statutory damage award of \$40,000 where actual damages were only \$5,000).

Statutory damage awards are intended "(1) to assure adequate compensation to the copyright owner for his injury, and (2) to deter infringement." 1961 REPORT, *supra*, at 103; see also *Lottie Joplin Thomas Trust v. Crown Publishers, Inc.*, 592 F.2d 651, 657 (2d Cir. 1978).

⁸ Costs and attorney's fees are two separate remedies under the 1976 Act. The court in its discretion may allow the recovery of full costs "by or against any party other than the United States or an officer thereof." 17 U.S.C. § 505; see *Milene Music, Inc. v. Gatauco*, 551 F. Supp. 1288, 1297 (D.R.I. 1982). In addition, the court may also "award [a] reasonable attorney's fee to the prevailing party" as part of the costs. *Id.* Neither,

right infringement actions. Its goal was to alleviate the confusion and resultant problems arising under the provisions of its predecessor, the Copyright Act of 1909 ("1909 Act").⁹ Revision of the 1909 Act's damage provisions constituted a complete restructuring of the award of "in lieu" damages¹⁰ and represented a dramatic departure from the old law. Although several of the 1976 Act's statutory damage award provisions remain ambiguous,¹¹ the 1976 revisions resolved many of the ambiguities that existed under the 1909 Act.¹²

One of the more problematic 1909 Act damage provisions concerned awards of the statutory minimum amount¹³ for the infringement of a copyrighted work by a single infringer committing more than one infringing act. Pursuant to the damage provisions of the 1909 Act, a copyright infringer was potentially liable to the copyright proprietor for "each" infringement of "each" copyrighted work.¹⁴ That is, a court could award a statu-

however, will be awarded if there is no immoral conduct attributable to the party against whom such costs are sought. See *Warner Bros. Inc. v. American Broadcasting Co.*, 222 U.S.P.Q. 544 (S.D.N.Y. 1982).

An award of attorney's fees helps to ensure that all litigants have equal access to the courts to vindicate their statutory rights. It also prevents copyright infringements from going unchallenged where the commercial value of the infringed work is small and there is no economic incentive to challenge an infringement through expensive litigation. . . . In addition, an award of attorney's fees serves to penalize the losing party as well as to compensate the prevailing party.

Quinto v. Legal Times of Washington, Inc., 511 F. Supp. 579, 581 (D.D.C. 1981). For an in-depth discussion on costs and attorney's fees see generally 3 NIMMER, *supra* note 5, §§ 14.09-10.

⁹ Copyright Act of 1909, ch. 320, 35 Stat. 1075 (current version at 17 U.S.C. §§ 101-914 (1982 & Supp. IV 1986)) [hereinafter "1909 Act"]. The 1976 Act was the result of approximately twenty years of scholarship and analysis. See 6 A. LATMAN & J. LIGHTSTONE, THE KAMENSTEIN LEGISLATIVE HISTORY PROJECT: A COMPENDIUM AND ANALYTICAL INDEX OF MATERIALS LEADING TO THE COPYRIGHT ACT OF 1976 xxiii (1985).

¹⁰ The term "in lieu" damages refers to a statutory damage remedy elected "in lieu" of actual damages and profits. Compare § 101(b) of the 1909 Act with 17 U.S.C. § 504(c). For the textual provisions of section 101(b) of the 1909 Act see *infra* note 14. For textual provisions of section 504(c) of the 1976 Act see *supra* note 3.

¹¹ See *infra* note 53.

¹² See *infra* note 52.

¹³ Except for the case of innocent infringement, the statutory minimum award for copyright infringement is \$250. 17 U.S.C. § 504(c).

¹⁴ Section 101(b) of the 1909 Act provided for:

DAMAGES AND PROFITS; AMOUNT; OTHER REMEDIES. —To pay to the copyright proprietor such damages as the copyright proprietor may have suffered due to the infringement, as well as all the profits which the infringer shall have made from such infringement, and in proving profits the plaintiff shall be required to prove sales only, and the defendant shall be required to prove every element of cost which he claims, or in lieu of actual damages and profits, such damages as to the court shall appear to be just, and in assessing such damages the court may, in its discretion, allow the amounts as hereinafter stated, but in case of a newspaper reproduction of a copyrighted photograph, such damages shall not exceed the sum of \$200 nor be less than the

tory minimum amount for each act of infringement found. However, the court first had to determine whether the infringer's acts constituted "multiple" infringements, to each of which a statutory minimum award would attach, or continuous infringements (of the original act of infringement), to which only one statutory minimum award would attach. For example, a court could find that each copy of a magazine that contained an infringing article constituted a separate act of infringement. Alternatively, a court could find that only one infringement was committed and that each magazine printed merely was a continuation of the original infringement. Clearly, the court's decision would strongly impact on the amount of a statutory damage award.

Statutory minimum awards for multiple infringements were awarded by the Supreme Court as far back as 1919¹⁵ and problems with the practical application of these awards continued to plague courts through the law's revision in 1976.¹⁶ Fear of exorbitant statutory damage awards¹⁷ coupled with the ab-

sum of \$50, and in the case of the infringement of an undramatized or non-dramatic work by means of motion pictures, where the infringer shall show that he was not aware that he was infringing, and that such infringement could not have been reasonably foreseen, such damages shall not exceed the sum of \$100; and in the case of an infringement of a copyrighted dramatic or dramatico-musical work by a maker of motion pictures and his agencies for distribution thereof to exhibitors, where such infringer shows that he was not aware that he was infringing a copyrighted work, and that such infringements could not reasonably have been foreseen, the entire sum of damages recoverable by the copyright proprietor from such infringing maker and his agencies for the distribution to exhibitors of such infringing motion picture shall not exceed the sum of \$5,000 nor be less than \$250, and such damages shall in no other case exceed the sum of \$5,000 nor be less than the sum of \$250, and shall not be regarded as a penalty. But the foregoing exceptions shall not deprive the copyright proprietor of any other remedy given him under this law, nor shall the limitation as to the amount of recovery apply to infringements occurring after the actual notice to a defendant, either by service of process in a suit or other written notice served upon him.

First. In the case of a painting, statue, or sculpture, \$10 for every infringing copy made or sold by or found in the possession of the infringer or his agents or employees;

Second. In the case of any work enumerated in section 5 of this title, except a painting, statue, or sculpture, \$1 for every infringing copy made or sold by or found in the possession of the infringer or his agents or employees;

Third. In the case of a lecture, sermon, or address, \$50 for every infringing delivery;

Fourth. In the case of a dramatic or dramatico-musical or a choral or orchestral composition, \$100 for the first and \$50 for every subsequent infringing performance; in the case of other musical compositions \$10 for every infringing performance[.]

¹⁵ L.A. Westermann Co. v. Dispatch Printing Co., 249 U.S. 100 (1919).

¹⁶ 3 NIMMER, *supra* note 5, § 14.04[E], at 14-39. See *infra* notes 70-112 and accompanying text.

¹⁷ See *infra* notes 123-131 and accompanying text.

sence of an articulated judicial or legislative standard for calculating awards for multiple infringement evinced a need for revising the statutory damage provisions. However, the need was for revision, not deletion.¹⁸

This Note will focus on the 1976 Act's apparent deletion of provisions permitting statutory damage awards for multiple infringement of a copyrighted work¹⁹ and will illustrate how preclusion of the recovery of at least the statutory minimum for multiple infringing acts will prove detrimental to the copyright proprietor in certain circumstances.²⁰ Problems in calculating, with reasonable certainty,²¹ losses in the form of actual damages and profits and the requirement of the absence of remoteness and speculation in ascertaining damages and profits,²² will often result in the prevailing plaintiffs' election of a statutory damage remedy. The absence of provisions permitting multiple statutory awards for multiple acts of infringement when statutory damages are elected can result in inadequate damage awards for prevailing plaintiffs.²³ Awarding multiple statutory damages for multiple acts of infringement of a single copyrighted work recognizes and alleviates the potential inadequacy of the statutory remedy and furthers the goals of the Copyright Act—deterrence of further infringement and compensation for harm done to the copyright

¹⁸ See *infra* text accompanying note 200.

¹⁹ The 1976 Act states that only a single statutory award and a single set of statutory damages will be applicable "for all infringements involved in the action, with respect to any one work, for which any one infringer is liable individually." 17 U.S.C. § 504(c)(1). According to the House Report on Section 504(c), "A single infringer of a single work is liable for a single amount between \$250 and \$10,000, no matter how many acts of infringement are involved in the action and regardless of whether the acts were separate, isolated, or occurred in a related series." HOUSE REPORT, *supra* note 6, at 162.

This type of infringement, where a single copyrighted work is infringed by more than one infringing act should not be confused with the situation where the defendant infringes several different copyrighted works owned by the plaintiff.

Where the suit involves infringement of more than one separate and independent work, minimum statutory damages for each work must be awarded. For example, if one defendant has infringed three copyrighted works, the copyright owner is entitled to statutory damages of at least \$750 and may be awarded up to \$30,000.

HOUSE REPORT, *supra* note 6, at 162.

²⁰ Professor Nimmer suggests that although the statutory damage provisions of the 1976 Act, and the language of its accompanying House Report, appear to preclude multiple statutory minimum recoveries in a single action, the copyright proprietor may nonetheless "avoid this limitation by . . . suing the . . . infringer in a number of separate actions, each for a particular infringement, and thus recover at least the statutory damages minimum in each such action." 3 NIMMER, *supra* note 5, § 14.04[E], at 14-42.1 to 42.2.

²¹ See *infra* notes 145-62 and accompanying text.

²² See *id.*

²³ See *infra* notes 163-99 and accompanying text.

proprietor.²⁴

Since application of the multiplicity doctrine pertains to awards of statutory damages, Part II of this Note will briefly discuss the history of copyright law in the United States focusing on the statutory damages provisions.²⁵ Part III will introduce the concept of multiple infringement of a copyrighted work, discuss the doctrine's inherent problems and illustrate how the courts have dealt with such problems.²⁶ By examining the legislative history underlying the revision of the provisions for statutory damage awards, Part III will verify that the fears associated with the multiplicity doctrine were more theoretical than real.²⁷ Part IV will discuss standards of proof and reasonable certainty associated with proving actual damages and profits and explain the relation between these standards and statutory damage awards in copyright infringement cases.²⁸ Part V will illustrate how an election of statutory damages, without provisions permitting the award of the statutory minimum for multiple infringements of a copyrighted work, will be detrimental to the copyright proprietor.²⁹ Part V will also suggest a revision in the law that can alleviate the problems discussed in Part III and thus further the goals of United States' copyright law.³⁰

II. STATUTORY DAMAGE AWARDS AND THE MULTIPLE INFRINGEMENT OF A COPYRIGHTED WORK: A BRIEF HISTORY

Damage awards for copyright infringement were originally common law remedies.³¹ During the early eighteenth century, this common law remedy was enhanced when England and a majority of the American colonies enacted statutory damage provisions to compensate copyright proprietors for copyright infringement.³² The first federal copyright statute was the Copy-

²⁴ See 1961 REPORT, *supra* note 7, at 113.

²⁵ See *infra* notes 31-55 and accompanying text.

²⁶ See *infra* notes 56-145 and accompanying text.

²⁷ See *infra* notes 123-45 and accompanying text.

²⁸ See *infra* notes 146-62 and accompanying text.

²⁹ See *infra* notes 163-99 and accompanying text.

³⁰ See *infra* note 200 and accompanying text.

³¹ See *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591, 654-57 (1834); *Millar v. Taylor*, 4 Burrows 2303, 2312, 98 Eng. Rep. 201, 206 (K.B. 1769).

³² In England, the Statute of Anne provided specified amounts of damages for every infringing copy. Statute of Anne, 1710, 8 Anne, ch. 19, § 1. The Statute of Anne granted authors the exclusive right to print books for fourteen years and punished violators with forfeitures of one penny per infringing sheet.

In America, prior to the enactment of federal copyright legislation in 1790, copyright remedies were provided by state statutes generally allowing a fixed amount of dam-

right Act of 1790 ("1790 Act").³³ The 1790 Act was patterned after England's Statute of Anne³⁴—the "first statute specifically to recognize the rights of authors and the foundation of subsequent legislation on the subject of copyright."³⁵

Throughout the nineteenth century, the scope of the monetary remedies and protections afforded the copyright proprietor under the 1790 Act were broadened extensively.³⁶ However, none of the nineteenth century revisions contained a provision for "in lieu" damages such as would appear in the 1909 Act.³⁷ As a result, by the end of the nineteenth century, United States copyright law existed in scattered pieces of legislation and interpretation of copyright law in America was such that a complete revision of the law into one consolidated act became necessary.³⁸

The 1909 Act's statutory damages provisions provided prevailing plaintiffs in copyright infringement actions, "in lieu of actual damages and profits, such damages as to the court shall appear to be just," and specified both the ranges and the

ages per infringing copy. See COPYRIGHT OFFICE, LIBRARY OF CONGRESS, BULLETIN NO. 3 (REVISED): LAWS PASSED IN THE UNITED STATES SINCE 1783 RELATING TO COPYRIGHT 1-21 (1973) [hereinafter COPYRIGHT ENACTMENTS].

³³ Copyright Act of 1790, ch. 15, 1 Stat. 124-26 (current version at 17 U.S.C. §§ 101-914 (1982 & Supp. IV 1986)).

³⁴ The difference between the 1790 Act and the Statute of Anne was that "unlike the Statute of Anne, which . . . allowed the government to reform prices believed to be too high, the U. S. Copyright Act relied solely on the market place." PATRY, *supra* note 6, at 6.

³⁵ PATRY, *supra* note 6, at 4.

³⁶ Section 2 of the 1790 Act gave the copyright owner an action against unauthorized publication and provided that the offender "forfeit and pay the sum of fifty cents for every sheet . . . the moiety thereof to and for the use of the United States." Copyright Act of 1790, ch. 15, § 2, 1 Stat. 124-25. Under section 6 of the 1790 Act, an infringer was further "hable to suffer and pay to the . . . author or proprietor all damages occasioned by such injury." Significant amendments during the nineteenth century were: Copyright Act of 1790, ch. 36, 2 Stat. 171 (amended 1802) (extended copyright protection to designs, engravings and prints, and provided for the forfeiture of one dollar for every infringing print found in an infringer's possession); Copyright Act of 1790, ch. 19, 3 Stat. 481 (amended 1819) (provided that infringement actions be prosecuted in equity); Copyright Act of 1831, ch. 16, 4 Stat. 436-39 (added musical compositions to the classes of protected works); Copyright Act of 1831, ch. 169, 11 Stat. 138 (amended 1856) (granted, *inter alia*, performance and publication rights in dramatic compositions); Act of 1870, ch. 230, 16 Stat. 198 (provided, *inter alia*, that an infringer "forfeit and pay such damages as may be recovered in a civil action"); and Copyright Act of 1870, ch. 194, 28 Stat. 965 (amended 1895) (provided, *inter alia*, for specific damage recovery for infringement of a copyrighted photograph made from any object not a work of fine art). See WILLIAM S. STRAUSS, STUDIES FOR THE SUB. COMM. ON PATENTS, TRADEMARKS AND COPYRIGHTS, 86TH CONG. 2D SESS., STUDY NUMBER 22, DAMAGE PROVISIONS OF THE COPYRIGHT LAW 1-3 (Comm. Print 1956) [hereinafter DAMAGE PROVISIONS].

³⁷ Some of the early colonial copyright remedies that did not provide for a fixed amount for infringement, contained a statutory damage-like provision in the form of a forfeiture range. COPYRIGHT ENACTMENTS, *supra* note 32, at 4-5, 8-10.

³⁸ PATRY, *supra* note 6, at 9 (referring to the Copyright Act of 1909).

amounts to be awarded for different types of works.³⁹ Section 101(b)⁴⁰ of the 1909 Act provided that statutory damage awards should be within the range of \$250 to \$5,000,⁴¹ the amount which the court considered just. However, if the court found multiple infringements of a copyrighted work, the statutory award could be multiplied by the number of infringements to determine the total award.⁴² Additionally, in cases where repetitive infringement of a copyrighted work was probable, such as the performance of a dramatic work or orchestral composition, the statute suggested amounts ("yardstick amounts") to guide the courts in the exercise of their discretion.⁴³

The 1909 Act attempted to consolidate the then-existing pieces of United States copyright laws into a single body of legislation.⁴⁴ Although some improvements were made by the 1909 Act,⁴⁵ "[i]n its final form . . . the Act was very largely a compromise measure, being a composite of several tentative bills and proposals embodying different points of views and interests."⁴⁶ These compromises resulted in a variety of problems and confusion "that caused no little perplexity in the practical administration of the Act,"⁴⁷ and prompted one judge to declare the 1909 Act, "an ambiguous hodgepodge of improvisations."⁴⁸ Although

³⁹ Copyright Act of 1909, ch. 320, § 101(b), 35 Stat. 1081. See *supra* note 14 for textual provisions.

⁴⁰ See *supra* note 14 for the textual provisions of Section 101(b) of the 1909 Act.

⁴¹ *Id.*

⁴² *Id.*

⁴³ Pursuant to Section 101(b) of the 1909 Act, a statutory damage award had to be an amount falling within the range of \$250 and \$5,000 (i.e., the statutory minimum and maximum). Special statutory damage provisions were also included. For example, in the case of a newspaper reproduction of a copyrighted photograph, the minimum award was \$50 and the maximum was \$200. In the case of innocent infringement of a nondramatic work by means of a motion picture, the maximum award was \$100. See *infra* note 49. And, in the case of a nondramatic literary work, the maximum statutory award was also \$100. 1909 Act, § 1(c). Section 101(b) also provided specific statutory damages pursuant to its four "yardstick provisions." In interpreting these yardstick provisions, one court stated that,

the statutory scheme contemplates that one "infringement" may nevertheless result in more than one "performance" and that in fixing damages for such infringement between the \$250 minimum and the \$5,000 maximum, the court may consider the number of infringing performances and the suggested yardstick amount for each one. Conversely, more than one performance does not require a finding of more than one "infringement" to each of which a minimum of \$250 damages would apply.

Davis v. E.I. Dupont de Nemours & Co., 249 F. Supp. 329, 333 (S.D.N.Y. 1966). See *supra* note 14 for the textual provisions of Section 101(b).

⁴⁴ PATRY, *supra* note 6, at 9-10.

⁴⁵ *Id.* at 10.

⁴⁶ *Id.*

⁴⁷ *Id.* (footnote omitted); see *infra* note 52.

⁴⁸ *Davis v. E.I. DuPont de Nemours & Co.*, 249 F. Supp. 329, 331 (S.D.N.Y. 1966) (quoting Judge Feinberg).

the 1909 Act was amended throughout the 1900's,⁴⁹ it became apparent that an intensive and objective examination of the 1909 Act was overdue.⁵⁰

The 1976 Act attempted to clarify the vagueness and resultant problems that existed under the provisions of the 1909 Act. Particularly, it attempted to resolve the problems created by the ambiguous damages provisions of the 1909 Act. The 1976 statutory damage provisions attempted, with some success, to provide courts with unambiguous directions in assessing statutory damage awards so as to avoid the confusion of damage calculations that under the 1909 Act's "in lieu" provisions led to inconsistent court awards.⁵¹

Although the 1976 Act resolved several ambiguities that existed under the damage provisions of the 1909 Act,⁵² some statu-

⁴⁹ For example, two amendments to the 1909 Act's damages provisions were passed, each concerning damages for infringement by a medium of mass communication. In 1912, an amendment introduced a maximum damage provision of \$100 in the case of an innocent infringement of undramatized or nondramatic works by means of motion pictures. Copyright Act of 1909, ch. 356, § 25, 37 Stat. 488-489 (amended 1912). The other amendment, in 1952, limited damages to \$100 in cases of innocent infringement of a nondramatic literary work by broadcasting. Copyright Act of 1909, ch. 923, § 1, 66 Stat. 752 (amended 1952).

⁵⁰ PATRY, *supra* note 6, at 12.

⁵¹ HOUSE REPORT, *supra* note 6, at 161. For examples of damage award calculations under the 1909 Act see 4 NIMMER, *supra* note 5, at app. 17.

⁵² Under the 1909 Act, confusion existed as to whether recovery for actual damages and profits was cumulative or alternative, i.e., whether the award was to include both damages and profits, or only damages or profits, whichever was greater. Compare *Universal Pictures Co. v. Harold Lloyd Corp.*, 162 F.2d 354 (9th Cir. 1947) (expressly adopting the alternative recovery) and *Gordon v. Weir*, 111 F. Supp. 117 (E.D. Mich. 1953), *aff'd*, 216 F.2d 508 (6th Cir. 1954) with *Thomas Wilson & Co. v. Irving Dorfman Co.*, 433 F.2d 409 (2d Cir. 1970), *cert. denied*, 401 U.S. 977 (1971) and *Gelles-Widmer Co. v. Milton Bradley Co.*, 313 F.2d 143 (7th Cir.), *cert. denied*, 373 U.S. 913 (1963). The disagreement on this issue stemmed from the conflict between the statutory language of the 1909 Act, which appears to contemplate a cumulative recovery, and the legislative history which indicates that Congress envisioned an alternative recovery. The language of Section 101(b) stated that a prevailing plaintiff in a copyright infringement action was entitled to "such damages as the copyright proprietor may have suffered . . . as well as all the profits which the infringer shall have made from such infringement." 1909 Act, 17 U.S.C. § 101(b) (emphasis added). The inference from this language appears to be that the award would include both damages and profits. The language of the Committee Report on the 1909 Act stated:

The provision that the copyright proprietor may have such damages as well as the profits which the infringer shall have made is substantially the same provision . . . relating to remedies for the infringements of patents. The courts have usually construed that to mean that the owner of the patent might have one or the other, whichever was the greater. As such a provision was found both in the trademark and patent laws, the committee felt that it might be properly included in the copyright laws.

Krofft I, 562 F.2d 1157, 1176 n.3 (9th Cir. 1977) (quoting H.R. REP. NO. 2222, 60th Cong., 2d Sess., 15 (1909)).

The 1976 Act apparently alleviates this confusion, inferring that "recovery is cumulative only to the extent that profits have not already been taken into account in computing actual damages." PATRY, *supra* note 6, at 283; see 3 NIMMER, *supra* note 5, § 14.01[A].

tory damage award provisions of the 1976 Act remain ambiguous.⁵³ The 1976 Act attempts to alleviate the confusion

The correction appears in section 504(a) where the word *and* replaced the words *as well as*. The House Report further confirms that the statute intended to permit a recovery of actual damages "plus any of the infringer's profits." See HOUSE REPORT, *supra* note 6, at 161; see also *F.W. Woolworth Co. v. Contemporary Arts, Inc.*, 344 U.S. 228, 233 (1952) ("[A] rule of liability which merely takes away the profits from an infringement would offer little discouragement to infringers."). One of the "most obscure issues under the 1909 Act was the question of when statutory damages . . . might properly be awarded." 3 NIMMER, *supra* note 5, § 14.01[B], at 14-5. The legislative history of the 1976 Act indicates that it is the copyright owner who may elect to recover statutory damages "at any time during the trial before the court has rendered its final judgment." HOUSE REPORT, *supra* note 6, at 162. In addition, a prevailing plaintiff can choose statutory damages even if actual damages could be proven. *Id.* Case law under the 1909 Act was divided on the issue of whether "in lieu" damages were available when actual damages could be proven. See Hay, *The Statutory Damages Provision Under the 1976 Copyright Act*, 28 IDEA 241, 245 (1987); 4 NIMMER, *supra* note 5, at app. 16. The 1976 Act also changed the amounts and limitations of statutory damage awards. Under the 1976 Act, the basic minimum remains at \$250, as under the old law; but, the basic maximum was raised so that under the new law, the maximum statutory award (where the infringer is found to be a non-willful infringer) is \$10,000. 17 U.S.C. § 504(c)(1). In addition, proof of willfulness permits a discretionary increase in this maximum to \$50,000. 17 U.S.C. § 504(c)(2). It also requires the linking of statutory damage awards (and awards of attorney's fees) to registration of the copyright. The registration requirements of the 1976 Act are set out in 17 U.S.C. §§ 411, 412. The provisions of section 411 provide that the work sued upon must be registered with the Copyright Office prior to commencement of the suit. Section 412 provides that neither statutory damages, nor attorney's fees are recoverable for infringements that occurred prior to the effective date of the work's registration, "unless such registration is made within three months after the first publication of the work." 17 U.S.C. § 412. Registration is not required to recover costs. See PATRY, *supra* note 6, at 291. Neither costs nor attorney's fees are recoverable to or against the United States government. HOUSE REPORT, *supra* note 6, at 163.

⁵³ Under section 101(b) of the 1909 Act and case law interpreting the provisions of this section, it was unclear whether the term "court" relating to the award of statutory damages referred to the judge or to the trier of fact, be it judge or jury. For cases illustrating this problem, see 3 NIMMER, *supra* note 5, § 14.04[C], at 14-31 nn. 40-41. The question posed is whether the statutory damages remedy provided by the federal copyright statute is properly characterized as equitable or as legal, and therefore whether the remedy falls within the Constitution's seventh amendment jury trial provision. U.S. CONST. amend. VII. Although the issue has been raised by both courts and commentators, neither they, nor the 1976 Act resolve this problem, and confusion still exists. Compare *Gnosso Music v. Mitken, Inc.*, 653 F.2d 117 (4th Cir. 1981) (section 504 relief held legal remedy) with *Oboler v. Goldin*, 714 F.2d 211 (2d Cir. 1983) (per curiam) (section 504(c) relief equitable in nature), and *Twentieth Century Music Corp. v. Frith*, 645 F.2d 6 (5th Cir. 1981) (per curiam) (section 504(c) held to be equitable remedy). See generally Breuninger, *Statutory Damages and Right to Jury Trial in Copyright Infringement Suits*, 24 IDEA 249 (1984); Patry, *The Right to a Jury in Copyright Cases*, 29 J. COPYRIGHT SOC'Y 139 (1981); Note, *The Availability of Jury Trials in Copyright Infringement Cases: Limiting the Scope of the Seventh Amendment*, 83 MICH. L. REV. 1950 (1985); Note, *Right to a Jury Trial Under Copyright Act's Statutory Damage Provision*, 39 WASH. & LEE L. REV. 800 (1982). Nor does the legislative history of the 1976 Act give any guidance as to whom the word "court" refers. See Hay, *supra* note 52, at 246. Case law under section 504(c) is divided. "Some courts have held statutory damages to be an equitable remedy and, therefore, to be decided by the judge, while other courts have held statutory damages to be a legal remedy and, therefore, to be determined by the trier of fact." *Id.* at 247.

A similar issue under section 504(c) is who, be it judge or jury, determines whether an infringer was willful or innocent under section 504(c)(2). The statute states: "In a case where . . . the court finds, that infringement was committed willfully, the court in its discretion may increase the award. . . . In a case where the . . . court finds, that such

that surrounded the multiplicity doctrine by prohibiting the recovery of multiple statutory awards. The 1976 Act dictates that "all infringements involved in the action, with respect to any one work," is to result in *one* award within the statutory range.⁵⁴ Both the courts and prevailing plaintiffs in copyright infringement actions will suffer from the mandate of this revision.⁵⁵

III. THE MULTIPLICITY DOCTRINE: STATUTORY MINIMUM AWARDS FOR THE MULTIPLE INFRINGEMENT OF A COPYRIGHTED WORK

A. Introduction

"One of the most difficult problems in applying the statutory damages provision is the determination of when the mandatory minimum of \$250 must be multiplied by reason of multiple infringements committed by the defendant."⁵⁶ Multiple infringement of a copyrighted work refers to a "series of events which may constitute a number of separate infringements,"⁵⁷ such as an infringing motion picture that is exhibited repeatedly,⁵⁸ the publication of infringed works in several issues of a magazine or newspaper,⁵⁹ or a radio or television broadcast of infringing material over several network affiliates.⁶⁰ Multiple infringement can also occur when an infringer uses the copyrighted work in an advertising campaign to promote the sale of another of the infringer's products.⁶¹

When revision of the 1909 Act was proposed, representa-

infringer was not aware and had no reason to believe that his or her acts constituted an infringement of copyright, the court in its discretion may reduce the award. . . ." 17 U.S.C. 504(c)(2). Again, while the 1976 Act fails to resolve this problem, several courts and scholars have offered their own interpretations. See, e.g., *Oboler v. Goldin*, 714 F.2d 211 (2d Cir. 1983); National Conference of Bar Examiners v. Multistate Legal Studies, Inc., 495 F. Supp. 34 (N.D. Ill. 1980), *aff'd*, 692 F.2d 478 (7th Cir. 1982), *cert. denied* 464 U.S. 814 (1983); Professor Nimmer suggests that if the judge is to decide the question of awarding statutory damages, "it would seem to . . . follow that the determination of whether the defendant acted, willfully, [or] innocently [is] for the judge rather than the jury." 3 NIMMER, *supra* note 5, § 14.04[C], at 14-32 (footnotes omitted).

An in-depth discussion on the function of the judge and jury in copyright infringement actions is beyond the scope of this Note.

⁵⁴ 17 U.S.C. § 504(c)(1); HOUSE REPORT, *supra* note 6, at 162.

⁵⁵ See *infra* notes 163-98 and accompanying text.

⁵⁶ 3 NIMMER, *supra* note 5, § 14.04[E], at 14-33 (footnote omitted).

⁵⁷ CAMBRIDGE RESEARCH INSTITUTE, OMNIBUS COPYRIGHT REVISION: COMPARATIVE ANALYSIS OF THE ISSUES 143 (1973).

⁵⁸ *Tiffany Prods., Inc. v. Dewing*, 50 F.2d 911 (D. Md. 1931).

⁵⁹ See, e.g., *L.A. Westermann Co. v. Dispatch Printing Co.*, 249 U.S. 100 (1919); *Burdny Eng'g Co. v. Sheldon Serv. Corp.*, 127 F.2d 661 (2d Cir. 1942).

⁶⁰ See *Davis v. E.I. Dupont de Nemours & Co.*, 249 F. Supp. 329 (S.D.N.Y. 1966).

⁶¹ See *Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp.*, 562 F.2d 1157 (9th Cir. 1977).

tives of the users of copyrighted material who feared that a statutory minimum award for each broadcast, publication or movie showing would lead to exorbitant awards pressured the revisors into adopting a statutory damage scheme that would preclude the possibility of such awards.⁶² Hence, an understanding of the concept of multiplicity and the controversy surrounding its demise requires an examination of the 1909 Act's statutory damages provisions and the case law interpreting these provisions.⁶³

The 1909 Act provided that an infringer shall pay to the copyright proprietor damages "as well as" profits, or in lieu of actual damages and profits, such damages, within the statutory range,⁶⁴ that the court considers just.⁶⁵ In addition, the 1909 Act enumerated "statutory yardstick amounts," indicating guidelines, within the obligatory limits, that the court in its discretion could employ in calculating statutory damage awards.⁶⁶ These guidelines merely indicated dollar amounts to be awarded for infringements that were likely to occur more than once. Although the infringements listed in the yardstick provisions technically constituted multiple acts of infringements, they were not multiple infringements to each of which the statutory minimum of \$250 would attach. That is, infringements of works listed in the yardstick provisions constituted continuations of the original infringement, to each of which an enumerated amount attached. However, the 1909 Act did not detail the circumstances in which the statutory minimum would attach to multiple acts of infringement not catalogued in the yardstick guidelines. Thus, courts, without adequate guidance, were uncertain what acts of infringement constituted multiple infringing acts to which would attach the statutory minimum amount.⁶⁷

The 1976 Act explicitly provides that a statutory damage award, including the \$250 minimum, is payable "for all infringe-

⁶² *Id.*; see also *infra* notes 123-31 and accompanying text.

⁶³ See *infra* notes 70-122 and accompanying text.

⁶⁴ See *supra* note 14 for textual provisions. See *Jewell-La Salle Realty Co. v. Buck*, 283 U.S. 202 (1931); *L.A. Westermann Co. v. Dispatch Printing Co.*, 249 U.S. 100 (1919).

Section 101(b) of the 1909 Act provided that the \$5,000 maximum did not apply where the infringement occurred "after the actual notice to a defendant, either by service of process in a suit or other written notice served upon him." Special minimum and maximum figures were provided for the application of "in lieu" damages for certain specifically enumerated infringements.

⁶⁵ See *supra* note 14 for textual provisions. Although the "actual" damage provisions of the 1976 Act differ from those of the 1909 Act, under both Acts, the amount of "in lieu" damages are awarded at the discretion of the court. See 17 U.S.C. § 504(c)(1).

⁶⁶ See *supra* note 14 for textual provisions.

⁶⁷ See *Davis v. E.I. DuPont de Nemours & Co.*, 249 F. Supp. 329, 333 (S.D.N.Y. 1966).

ments involved in the action, with respect to any one work, for which any one infringer is liable individually, or for which any two or more infringers are liable jointly and severally."⁶⁸ Thus, if in a single action, a single infringer is found to have committed several different acts of infringement upon the same copyrighted work, under the 1976 Act, the statutory minimum will *not* be multiplied by the number of infringements committed, "regardless of whether the acts were separate, isolated, or occurred in a related series."⁶⁹ Moreover, under the 1976 Act, it appears that a copyright proprietor's statutory damages award will at most be within the range of the statutory limits even though it is evident—although not calculable with reasonable certainty—that the amount of damage suffered by the copyright proprietor, or the profits earned by the defendant from the infringement, are greater than the \$10,000 statutory maximum amount. This was not the law under the 1909 Act.

B. Case Law

Statutory damage awards for multiple infringement of a copyrighted work under the 1909 Act were first recognized by the Supreme Court in *L.A. Westermann Co. v. Dispatch Printing Co.*⁷⁰ In *Westermann*, the Court held that two separate infringements gave rise to two separate claims for minimum damages when the same copyrighted pictorial illustrations appeared as advertisements in two different editions of defendant's newspaper, even though different advertisers sponsored each publication.⁷¹ The Court held that:

[t]he illustration . . . was published on two separate occasions, each time in a different advertisement. There was no connection between the two advertisements other than the inclusion of the same illustration in both. . . . By publishing their advertisements, the defendant participated in their independent infringements. In these circumstances, we think the second publication of the illustration must be regarded as another and

⁶⁸ 17 U.S.C. § 504(c)(1).

⁶⁹ HOUSE REPORT, *supra* note 6, at 162. But see 3 NIMMER, *supra* note 5, 14.04[E][2][b],[c], at 14-42.1 to 42.4 (Professor Nimmer argues most persuasively that since actions could be brought with respect to each infringement, thereby giving the possibility of an award of the statutory minimum (\$250) for each infringement, multiple recovery might be available in a single action to economize on the number of actions brought in the courts. This recovery would be allowed despite the statute's language which would appear to preclude such a recovery.)

⁷⁰ 249 U.S. 100 (1919).

⁷¹ *Id.* at 103.

distinct case of infringement.⁷²

The *Westermann* Court, "having in mind the yardstick amounts,"⁷³ left open the question of whether multiple infringements for purposes of computing minimum damages would arise if the additional publications were "merely a continuation or repetition of the first."⁷⁴ Thus, courts, in cases subsequent to *Westermann*, had to determine what constituted separate infringements for purposes of computing minimum statutory damage awards.⁷⁵ These determinations would be influenced by the burgeoning field of mass media communications which expanded the possibility that multiple infringement of a copyrighted work would occur.

The drafters of the 1909 Act could not have foreseen the copyright problems raised by network affiliated broadcasts, nationwide motion picture distribution and mass media advertising. Indeed, for the most part, early copyright decisions involved infringement of copyrighted material in printed publications and did not pose significant problems for courts in determining statutory damages.⁷⁶ However, an advancing technology increased the possibilities for multiple infringements and, consequently, increased the possibility of exorbitant statutory damage awards.

For example, after the enactment of the 1909 Act, courts became particularly perplexed with cases involving infringing performances of musical or dramatic works over network broadcasts. In *Law v. National Broadcasting Co.*,⁷⁷ the plaintiff sued for copyright infringement of a song which had been performed on the radio on three occasions, via a chain hookup, over a total of 218 stations.⁷⁸ Through the National Broadcasting Company, sixty-seven radio stations broadcast the song simultaneously.⁷⁹ A few years later, a total of 151 other stations broadcast the same material.⁸⁰ The Southern District Court of New York did not regard each broadcast by each

⁷² *Id.* at 105.

⁷³ *Davis*, 249 F. Supp. at 337 (construing *Westermann*).

⁷⁴ *Id.*

⁷⁵ See generally 3 NIMMER, *supra* note 5, § 14.04[E], at 14-39; compare, e.g., *Gordon v. Weir*, 111 F.Supp. 117 (E.D. Mich. 1953), *aff'd per curiam*, 216 F.2d 508 (6th Cir. 1954); *Advertisers Exchange, Inc. v. Bayless Drug Store, Inc.*, 50 F. Supp. 169 (D.N.J. 1943); *Doll v. Libin*, 17 F. Supp. 546 (D.Mont. 1936) with *Burndy Engineering Co. v. Sheldon Service Corp.*, 127 F.2d 661 (2d Cir. 1942); *Harry Alter Co. v. A.E. Borden Co.*, 121 F.Supp. 941 (D.Mass. 1954); *Eliot v. Geare-Marston, Inc.*, 30 F. Supp. 301 (E.D. Pa. 1939).

⁷⁶ See, e.g., *L.A. Westermann Co. v. Dispatch Printing Co.*, 249 U.S. 100 (1919); *Burndy Eng'g Co. v. Sheldon Serv. Corp.*, 127 F.2d 661 (2d Cir. 1942).

⁷⁷ 51 F. Supp. 798 (S.D.N.Y. 1943).

⁷⁸ *Id.* at 798-99.

⁷⁹ *Id.* at 799.

⁸⁰ *Id.*

station as a separate infringement⁸¹ since it did not apply a multiplier of 218 to the statutory minimum of \$250 to reach a minimum statutory damage award of \$54,500. Instead, the court found each of the broadcasts to be separate "performances" and, employing Section 101(b)'s "yardstick" provisions,⁸² awarded \$2,180 in statutory damages—218 multiplied by ten dollars.⁸³

In *Select Theatres Corp. v. The Ronzoni Macaroni Corp.*,⁸⁴ another case brought in the Southern District of New York, the court this time held that each performance of an episode from a play constituted a separate infringement to which at least a statutory minimum award would attach.⁸⁵ In *Select Theatres*, a New York radio station transmitted the infringing matter to another radio station in Philadelphia and both stations broadcasted the matter simultaneously.⁸⁶ In contrast to its holding in *Law*, the court in *Select Theatres* regarded the simultaneous broadcasts over the two radio stations simultaneously as two separate series of infringements.⁸⁷ One court's analysis of these two cases posited that "[u]nless controlling significance is given to the fact that both stations were actually sued in [*Select Theatres*] and only the network was sued in *Law*, the two cases appear inconsistent."⁸⁸ Thus, the confusion existed, even within the same court, because the judges were uncertain whether to use the statutory yardstick provisions, or to apply the multiplicity doctrine and award the statutory minimum amount for each infringement. Specifically, in cases involving simultaneous broadcasts over a number of radio or television stations, and in cases of multiple distribution and exhibition of a motion picture, there were no set standards for assessing statutory damages, and the courts failed to treat multiple infringements with any degree of consistency.

The confusion surrounding statutory damage awards for the multiple infringements of a copyrighted work was recognized and

⁸¹ *Id.*

⁸² The "Fourth" yardstick provision of section 101(b) provided that, "in the case of other musical compositions \$10 for every infringing performance." 1909 Act, § 101(b).

⁸³ *Law*, 51 F. Supp. at 799 (relying on the decision in *Jewell-LaSalle Realty Co. v. Buck*, 283 U.S. 202 (1931) (statutory amount of \$10 for each performance applied only when more than 25 infringing performances were proved, and that the yardstick schedules were to be used as an aid to the court in awarding such damages as appears just to the court).

⁸⁴ 59 U.S.P.Q. 288 (S.D.N.Y. 1943).

⁸⁵ *Id.* at 291. *But cf.* *Cory v. Physical Culture Hotel, Inc.*, 14 F. Supp. 977, 985 (W.D.N.Y. 1936) (single copyright infringement of a photograph in seven distinct printings of a magazine), *aff'd*, 88 F.2d 411 (2d Cir. 1937).

⁸⁶ *Select Theatres*, 59 U.S.P.Q. at 291.

⁸⁷ *Id.*

⁸⁸ *Davis v. E.I. DuPont de Nemours & Co.*, 249 F. Supp. 329, 335 (S.D.N.Y. 1966); see also 3 NIMMER, *supra* note 5, § 14.04[E][2][a]-[c], at 14-37 to 42.4.

discussed at length in *Davis v. E.I. DuPont de Nemours & Co.*⁸⁹ In *Davis*, one of the issues before the court was whether a telecast by 162 stations of an infringed television program constituted one infringement by the defendants or 162 separate infringements.⁹⁰ The difference in the statutory award, depending on the outcome of this issue, was over \$40,000.⁹¹ Until this case there had been no binding precedent on point on the issue of whether a network telecast over multiple stations constituted multiple infringements.⁹²

Finding no precedent on point, the court attempted to parse through the available legislative history pertaining to statutory damage awards in copyright cases and to examine the findings of authorities within the field. Professor Nimmer, for example, has suggested that although there did not appear to be general agreement in the earlier cases, they did show a consistent pattern regarding multiple infringements and damage awards:

[I]f the interval between succeeding publications is a matter of days the courts were inclined to consider all such publications as part of a single infringing transaction, requiring but a single minimum damages award. If the interval between succeeding publications was for a substantially longer period then the courts viewed each publication as giving rise to a separate claim for at least minimum damages.⁹³

⁸⁹ 249 F. Supp. 329 (S.D.N.Y. 1966).

⁹⁰ *Id.* at 332-33.

⁹¹ If the court were to find but one infringement, then the statutory award would be at the minimum \$250. If the court were to find 162 infringements then the award would be, at the least, \$40,500. *Id.* at 332.

⁹² At the trial court level, *Law and Select Theatres* involved simultaneous radio broadcasts but reached inconsistent results. See *supra* notes 79-88 and accompanying text. In the Supreme Court, the problem of multiple infringements was implicit in *Kalem v. Harper Bros.*, 222 U.S. 55 (1911), where a motion picture distributor was held to be a contributory infringer for the public exhibition of films in various theatres, but the issue of damages was not dealt with. In *Westermann*, the Supreme Court recognized, but did not deal with the question of whether a second publication which was a continuation or repetition of the first would be considered an additional infringement. See *supra* notes 76-83 and accompanying text.

⁹³ § NIMMER, *supra* note 5, § 14.04[E][2][a], at 14-39 to 40 & nn. 70-71. In a 1956 study on the revision of the copyright law, William S. Strauss posited the following questions:

For the purpose of assessing statutory damages, should multiple infringements be treated as a single infringement:

- (a) In the case of simultaneous broadcasts over a number of stations?
- (b) In the case of multiple distribution and exhibitions of a motion picture?
- (c) In any other cases?

DAMAGE PROVISIONS, *supra* note 36, at 32. In response to these questions, Professor Nimmer stated,

It seems to me the determining factor should be whether there is in essence one transaction, or multiple transactions performed by or licensed by the infringer. Thus, in the case of a simultaneous network broadcast, in essence

It has also been suggested by one court that the nature of the business transaction giving rise to the infringement is significant in implying that a single integrated business transaction would result in one infringement, while separate and distinct transactions would result in more than one.⁹⁴

Still, the *Davis* court found only inadequate guidance on how it should proceed given the facts of the case before it,⁹⁵ and chose to focus more upon the policies underlying statutory damages awards in copyright cases.⁹⁶ The court, therefore, charted out its own course, recognizing that Section 101(b), providing that many performances of a copyrighted work may result in only one infringement, did not require a "mechanical adding together of 162 simultaneous telecasts to produce 162 separate infringements."⁹⁷ In reaching its conclusion that the network broadcast gave rise to only one infringement⁹⁸ to which one statutory award between the range of \$250 and \$5,000 would attach, the *Davis* court reasoned that because it was not bound by the \$5,000 maximum in cases where written notice of a copyright claim has been given, there was no need to apply the multiple infringement theory.⁹⁹ The court further stated that, "[i]n view of advance announcement of network program schedules, it seems likely . . . that notice will usually have been served when a network broadcasts a program infringing a quite valuable copyrighted work."¹⁰⁰

Thus, the *Davis* court decided that since there was no ceiling on the statutory amount that it could award for willful infringement in cases where notice was given, there was no need to apply a rigid multiple infringement rule whereby even innocent infringers, who, without knowledge or reason to know they have infringed a copyright, might be liable for potentially large amounts in damages.¹⁰¹

the infringer has performed only one infringing transaction and should not therefore be found to be a multiple infringer. [Actions involving] a number of different transactions . . . should be regarded as multiple infringements for purposes of statutory damages.

DAMAGE PROVISIONS, *supra* note 36, at 104-05 (statement of Melville B. Nimmer).

⁹⁴ *Cory*, 14 F. Supp. at 985.

⁹⁵ *Davis*, 249 F. Supp. at 332-43.

⁹⁶ *Id.* at 341.

⁹⁷ *Id.*

⁹⁸ *Id.* at 343.

⁹⁹ *Id.* at 341 (Pursuant to Section 101(b) of the 1909 Act, "if such notice has been given, a multiplication of infringements to pile up high minimum statutory damages and (by hypothesis) a more equitable damage figure is not necessary because the court is not bound by the maximum of \$5,000.")

¹⁰⁰ *Id.*

¹⁰¹ *Id.* at 342. Under the 1976 Act, "[i]n a case where the infringer sustains the burden of proving, and the court finds, that such infringer was not aware and had no reason to believe that his or her acts constituted an infringement of copyright, the court in its

Finding that only one copyrighted work had been infringed upon, the *Davis* court held that the plaintiff served defendants with the proper requisite notice, and awarded the plaintiffs \$25,000 in statutory damages.¹⁰²

One of the last cases decided under the 1909 Act that confronted the multiplicity doctrine was *Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp.*¹⁰³ In this case, McDonald's McDonaldland advertising campaign was found to have infringed upon the plaintiff's H.R. Pufnstuf television program and merchandise.¹⁰⁴ The court found that some of McDonald's profits attributable to the advertising campaign were unascertainable and awarded statutory damages "in lieu" of actual damages and profits.¹⁰⁵ The court reasoned:

It will always be difficult and often impossible to calculate in a reasonable manner the revenues made from an infringing advertising campaign. Sales are a function of many variables which are interrelated in complex and often unknown ways. Although there may be cases in which this calculation can be made, the Court finds that plaintiffs have failed to present evidence sufficient to permit such a calculation in this case. Plaintiffs' argument . . . is speculative at best. . . . The Court concludes . . . that McDonald's profits made from the advertising campaign itself, rather than from the direct sale of infringing items, cannot be ascertained.¹⁰⁶

Although the court found that only one copyrighted work (i.e., the whole H.R. Pufnstuf expression) was infringed upon,¹⁰⁷ it did find multiple infringements of this work.¹⁰⁸ The court set out a four-

discretion may reduce the award of statutory damages to a sum of not less than \$100." 17 U.S.C. § 504(c)(2).

¹⁰² *Id.* at 349.

¹⁰³ 562 F.2d 1157 (9th Cir. 1977). This case arose prior to January 1, 1978 and was therefore decided under the 1909 Act.

¹⁰⁴ *Id.* at 1161.

¹⁰⁵ The court, on remand for the recalculation of damages, found that defendant's ascertainable profits from the sale of infringing merchandise (i.e., infringing puppets and McDonaldland cookies) was \$671,362. *Krofft II*, 1983 Copyright L. Rep. (CCH) ¶ 25572, at 18,384 (C.D. Cal.). The original jury award was \$50,000 in actual damages. *Id.* at 18,382. Since the ascertainable profits were greater than the actual damages, the court, as bound by the law in the Ninth Circuit, had to award the larger amount unless, in its discretion, it awarded a greater amount in the form of "in lieu" damages. *Id.* The court found that a significant portion of the defendant's profits (i.e., from the sale of its food products) made from the infringing advertising campaign unascertainable, and awarded a higher amount of in lieu damages. *Id.* at 18,384.

¹⁰⁶ *Id.* at 18,383. Plaintiff's calculation of defendant's profits which was rejected by the court is set out on this page.

¹⁰⁷ *Id.* at 18,385.

¹⁰⁸ *Id.* The court awarded the plaintiff statutory damages as follows: For each of the 114 infringing commercials, each of which constituted a separate infringement, the

step process by which "in lieu" damages under the 1909 Act would be determined. "[T]he Court must determine: (1) how many copyrights are involved; (2) how many infringements are involved; (3) whether the defendants received actual notice; and (4) what amount should be awarded to plaintiffs for each of the various infringements."¹⁰⁹ Upon finding that only one copyrighted work was involved, the court concluded that each of McDonald's commercials was an infringement, but that "[t]he showing of the infringing commercial [was] a continuation of the original infringement. To treat each broadcast as a separate infringement in this case would be to inflate the damages beyond reason."¹¹⁰

With respect to the promotional items, the court determined that it would have been "inappropriate to hold that each item produced constituted a separate infringement. The central infringement was the creation of the promotional item. The duplication of that item [was] but a part of that infringement."¹¹¹ On the other hand, the court found that the personal appearances by McDonaldland characters, "were independent of one another in both times and places. Each appearance was unique and was not connected in any way to other appearances."¹¹² Thus each appearance constituted a separate infringement.

C. The "Time" and "Heterogeneity" Tests

Several courts attempted to synthesize the 1909 Act's statutory damage provisions for multiple infringement of a copyrighted work. The test, which became the standard by which a court would decide whether multiple infringement had occurred, was enunciated most clearly in *Iowa State University Research Foundation, Inc. v. American Broadcasting Cos.*¹¹³ In *Iowa*, the court, subsequent to finding that the plaintiff had failed to establish a sufficient finding of either plaintiff's actual damages or defend-

court awarded \$6,000 for a total of \$684,000. The court did not find that every broadcast of each commercial constituted an infringement since each broadcast was a continuation of the original infringement; for each of the 66 promotional items, each of which constituted a separate infringement, the court awarded \$5,000 for a total of \$330,000. The court, however, did not find that each item produced constituted a separate infringement; for each of the 60 personal appearances by McDonaldland characters, each of which constituted a separate infringement, the court awarded \$500 for a total of \$30,000. The total statutory awarded amounted to \$1,044,000. *Id.* at 18,387.

¹⁰⁹ *Id.* at 18,385.

¹¹⁰ *Id.* at 18,387.

¹¹¹ *Id.*

¹¹² *Id.*

¹¹³ 475 F. Supp. 78 (S.D.N.Y. 1979), *aff'd on other grounds*, 621 F.2d 57 (2d Cir. 1980); see also *Robert Sugwood Group Ltd. v. O'Reilly*, 530 F.2d 1096 (2d Cir.), *cert. denied*, 429 U.S. 848 (1976); 3 NIMMER, *supra* note 5, § 14.04[E], at 14-39.

ant's profits resulting from the infringement, held that plaintiff was entitled to an award of statutory damages.¹¹⁴ The court, in determining the number of the defendant's acts that had infringed upon the plaintiff's protected material, employed what would eventually become known as the "time and heterogeneity test."¹¹⁵ The "time" test "looks to the proximity in time of repeated infringements in deciding whether to treat them as multiple infringements or as one continuing infringement."¹¹⁶ The "heterogeneity" test "looks to differences between the advertisers, financial arrangements, locales, audiences, and other significant variables in determining whether the circumstances surrounding successive infringements are so similar that those infringements should be treated as one continuing infringement or so different that they should be treated as multiple infringements."¹¹⁷

In *Robert Stigwood Group, Ltd. v. O'Reilly*,¹¹⁸ plaintiff owned the copyrights in *Jesus Christ Superstar*, the successful rock opera. The defendant infringed upon plaintiff's copyrighted work by performing the songs in a series of forty-eight disconnected one and two night stands in different cities. Each performance was negotiated with different agencies and auditoria and the advertising for each show was arranged independently with advertisers in each city. The court found the infringements to be heterogeneous.¹¹⁹ That is, the infringements were *not* sufficiently similar in nature so as to be regarded as one continuous infringement. In *Stigwood* therefore, the minimum statutory award would be \$12,000.¹²⁰

In another case of infringement of a copyrighted work by musical performance, the court in *MCA, Inc. v. Wilson*¹²¹ held that the performance of the infringing song at the same theater for 130 weeks would be treated, for purposes of awarding statutory damages, as one continuous infringement rather than 130 sepa-

¹¹⁴ *Iowa*, 475 F. Supp. at 81.

¹¹⁵ *Id.* at 82.

¹¹⁶ *Id.*

¹¹⁷ *Id.* (The *Iowa* court, applying the time and heterogeneity test, found that multiple infringements had occurred where "at least two days and as much as nineteen months separate each of these infringements from one another.")

¹¹⁸ 530 F.2d 1096 (2d Cir.), cert. denied, 429 U.S. 848 (1976).

¹¹⁹ *Id.* at 1103; see also *Encyclopedia Britannica Educational Corp. v. Crooks*, 558 F. Supp. 1247, 1255 (W.D.N.Y. 1983). But see *MCA, Inc. v. Wilson*, 677 F.2d 180 (2d Cir. 1981) (continuous run of infringing material at a single theater should have been treated as one continuous infringement).

¹²⁰ *Stigwood*, 530 F.2d at 1103. The calculation requires multiplying the statutory minimum (\$250) by the number of infringements (48).

¹²¹ 677 F.2d 180 (2d Cir. 1981).

rate infringements.¹²² The two cases, however, are not inconsistent. Indeed, they demonstrate how employment of the "time and heterogeneity" tests adequately handle the multiplicity problem. Unfortunately, application of the "tests" was not widespread enough to gain general acceptance, and thus, the courts, without any further guidance, were inconsistent in their calculations of statutory damage awards for multiple infringements of a copyrighted work. These inconsistencies prompted the revision of the 1909 Act's statutory damages provisions.

D. Revision of the 1909 Act's Statutory Damages Provisions

Changing technology, an ambiguous Copyright Act and inconsistent outcomes in the courts in copyright infringement cases provided the impetus for revising the law. Through several amendments during the 1900's, the copyright law attempted to keep pace with the advancing technology. In 1912¹²³ and in 1952,¹²⁴ amendments to the 1909 Act placed limitations on the possibility for multiple statutory minimum awards for motion pictures and radio broadcasts under certain conditions. However, as the *Davis* court suggested, the legislative history of at least the 1912 amendment indicates that its enactment was designed, not as a limit on multiple infringements, but to prevent "excessive awards based on numerous yardstick performances" in movie theatres apparently assumed to be involved in only one infringement.¹²⁵ Nevertheless, as the case law indicates, fear over minimum statutory awards for multiple infringements was

¹²² *Id.* at 187.

¹²³ After *Kalem*, the 1909 Act was amended to provide that in the case of innocent infringement by means of motion pictures embodying a nondramatic or undramatized copyrighted work, statutory damages should not exceed \$100, and for similar infringement of a dramatic work, the entire sum of damages recoverable by a copyright proprietor from "a maker of motion pictures and his agencies for distribution thereof to exhibitors" should not exceed \$5,000. Copyright Act of 1909, Pub. L. No. 303, § 25(b), 37 Stat. 489 (amended 1912). The amendment also added the provision lifting the \$5,000 maximum when written notice was given. The 1912 amendment apparently was intended to rectify the *Kalem* decision which found that the exhibition by 10,000 innocent exhibitors resulted in 10,000 separate infringing "performances." It should be noted that the Court in *Kalem* did not discuss whether more than one infringement was involved.

¹²⁴ The 1952 amendment provided:

The damages for the infringement by broadcast of any work referred to in this subsection shall not exceed the sum of \$100 where the infringing broadcaster shows that he was not aware that he was infringing and that such infringement could not have been reasonably foreseen.

Copyright Act of 1909, Pub. L. No. 575, § 1(c), 66 Stat. 752 (amended 1952).

¹²⁵ *Davis*, 249 F. Supp. at 340 (citing S. REP. No. 906, H.R. REP. No. 756, 62d Cong., 2d Sess. (1912) (identical reports); 48 CONG. REC. 8288-8291 (1912) (statements of Representative Townsend, sponsor of the amendment)).

real.¹²⁶

Concern was concentrated in several industries. Fear of exorbitant awards stemming from liability for multiple infringement was voiced predominantly by radio and television broadcasters and other users of copyrighted musical material.¹²⁷ Similarly, members of the advertising industry and exhibitors of motion pictures also felt threatened by the potentially unlimited liability.¹²⁸

In the broadcasting and advertising industries, fear of unlimited liability emanated from infringement occurring after notice of copyright had been given. "For example, a television network may receive a notice alleging infringement on the eve of a scheduled broadcast when it is [obviously] too late" to stop the broadcast and investigate the claim.¹²⁹ Advertisers, worried that an advertising campaign, which saturates all forms of the media simultaneously for a given period of time, could not feasibly be stopped once it was started. Advertisers feared that, "[i]f an advertiser receives notice [of copyright] early in the campaign that [the advertisement in some way] infringes a copyright, he has little choice but to continue, at the risk of losing the protection of the \$5,000 maximum."¹³⁰ Likewise, exhibitors of motion pictures feared that the "production of an infringing motion picture and each of its many exhibitions might be deemed separate infringements."¹³¹

The *Davis*¹³² decision quashed the fears within the broadcasting industry. After *Davis*, network broadcasts would not support a claim for multiple infringement of a copyrighted work.¹³³

¹²⁶ See *supra* notes 70-122 and accompanying text. Under Section 101(b) of the 1909 Act, a court was allowed to exceed the \$5,000 statutory maximum, with no limitation, in the case of infringements occurring after actual notice to the defendant. Some fear was expressed that this unlimited award might result in exorbitant awards. See *infra* notes 127-42 and accompanying text.

¹²⁷ "The motion picture and broadcasting industries have expressed some concern that statutory damages might be pyramided to an exorbitant total if a court should multiply the statutory minimum by the number of infringements." 1961 REPORT, *supra* note 7, at 104; see also Brown, *Study No. 23: The Operation of the Damage Provisions of the Copyright Law: An Exploratory Study* in STUDIES ON COPYRIGHT 1067, 1081 (1963) [hereinafter *Exploratory Study*] (One of the foremost objections to statutory awards for multiple infringement came from users of copyrighted musical material, such as tavern, restaurant and hotel owners, who feared that such awards exposed innocent infringers to the threat of inordinate damages since each infringement could be the foundation for a claim of the \$250 statutory minimum.)

¹²⁸ See 1961 REPORT, *supra* note 7, at 104.

¹²⁹ *Id.* at 105.

¹³⁰ *Exploratory Study, supra* note 127, at 1083.

¹³¹ 1961 REPORT, *supra* note 7, at 104.

¹³² 249 F. Supp. 329 (S.D.N.Y. 1966).

¹³³ *Davis*, 249 F. Supp. at 343; see also *supra* notes 113-22 and accompanying text.

The logical extension of the *Davis* rationale, combined with the logic of the "time and heterogeneity tests,"¹³⁴ would appear to support a similar conclusion when applied to multiple showings of an infringed motion picture.¹³⁵

A 1961 Report of the Register of Copyrights¹³⁶ addressed the advertising industry's fears and claimed that such fears were not supported in fact. The report stated that:

The possibility that a court, in its discretion, might award statutory damages greatly exceeding the usual maximum, merely because a notice had been sent, seems remote. In the very few cases where statutory damages of more than [the maximum] were awarded, other factors such as willful infringement on a large scale were involved.¹³⁷

The report further stated that the statute was faulty not because it allowed for statutory awards for multiple infringement, but because it made the service of notice the basis for allowing a court to exceed the statutory maximum.¹³⁸ The report proposed that a better basis "would be a showing that the infringement was willful."¹³⁹ A 1963 study reported that:

[A]ll these possibilities of astronomical damages do appear to be quite theoretical. In the first place, 'in lieu' damages are defined in the statute as 'such damages as to the court shall appear to be just. . . . Second, it has long been settled that the [yardstick provisions] which form the basis for the most exaggerated hypothetical calculations, need not be resorted to by the court; they are simply guides to discretion.¹⁴⁰

¹³⁴ That is, applying the "time and heterogeneity" tests to exhibitions of infringed motion pictures would appear to indicate that each successive exhibition of the motion picture would be considered a continuation of the original infringement.

¹³⁵ [W]here production of a motion picture or a network radio or TV broadcast infringes a copyrighted work, there should be reasonable limitation on statutory damage liability for the multiple infringements inevitably flowing from the original infringement when the motion picture is infringingly exhibited in each of thousands of theatres, or the broadcast is infringingly relayed by each station in the network.

HOUSE COMM. ON THE JUDICIARY, 88TH CONG., 2D SESS., DISCUSSION AND COMMENTS ON REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW (PART 2) 365 (Comm. Print 1963) (statement of Edward A. Sargoy, Counsel to the Copyright Committee of the Motion Picture Association of America, Inc.) [hereinafter 1963 DISCUSSION AND COMMENTS].

¹³⁶ 1961 REPORT, *supra* note 7.

¹³⁷ *Id.* at 105.

¹³⁸ *Id.*

¹³⁹ The 1976 Act adopts the "willful requirement", providing that for willful infringement of a copyrighted work, the court can increase the statutory maximum award to not more than \$50,000. 17 U.S.C. § 504(c)(2). However, the 1976 Act does not appear to allow for awards for multiple infringements. See HOUSE REPORT, *supra* note 6, at 162.

¹⁴⁰ *Exploratory Study, supra* note 127, at 1084.

Moreover, the 1961 Report of the Register of Copyrights found that:

the danger of exorbitant awards in multiple infringement cases is *more theoretical than real*. In a few cases involving multiple infringements . . . the courts have used . . . [a] formula of multiplying the number of infringements by \$250, but they did so to reach a result they thought just. We know of no case in which the court has felt constrained to use this formula where the resulting total was considered excessive.¹⁴¹

The 1961 Report further suggested that:

the courts should, as they do now, have discretion to assess statutory damages in any sum within the range between the minimum and maximum. In exercising this discretion the courts may take into account the number of works infringed [and] *the number of infringing acts*. . . . But in no case should the courts be compelled, because multiple infringements are involved, to award more than they consider reasonable.¹⁴²

Yet, despite these findings, the Committee recommended deleting from the new law the possibility of statutory minimum awards for multiple infringements, proposing that:

[T]he statute be clarified and made more flexible. It should provide that statutory damages within the minimum and maximum range are to be assessed as the total award for all infringements for which the defendant is liable. The maximum should be sufficiently high to enable the court to award an adequate sum for multiple infringements.¹⁴³

Indeed, the Copyright Office proposed to:

indicate that the statutory range—\$250 to \$10,000—is the amount to be awarded (if statutory damages are to be awarded) as a total sum in the case of multiple infringements—avoiding the question of whether, in the case of multiple infringements, the number of infringements is to be multiplied by some statutory figure, coming out with a tremendous sum.¹⁴⁴

By adopting these proposals, the 1976 Act¹⁴⁵ unnecessarily removed a potentially useful tool for courts to use in determining stat-

¹⁴¹ 1961 REPORT, *supra* note 7, at 105 (emphasis added).

¹⁴² *Id.* (emphasis added).

¹⁴³ *Id.*

¹⁴⁴ 1963 DISCUSSION AND COMMENTS, *supra* note 135, at 173 (statement of Abe Goldman, Copyright Office).

¹⁴⁵ See 17 U.S.C. § 504(c); HOUSE REPORT, *supra* note 6, at 161.

tory damage awards in cases where the value of the copyrighted work clearly exceeds \$50,000 but proof of either plaintiff's actual damages or the infringer's profits is only speculative. The proposals fail to recognize that copyright proprietors, by electing statutory damages in such cases, will be inadequately compensated when their work is infringed upon by multiple acts of infringement. Additionally, deletion of statutory minimum awards for multiple infringements can promote further infringement. Infringers, knowing the outer limits of their liability, can use a cost-benefit analysis and determine whether infringing will be profitable even if they are caught.

IV. REASONABLE CERTAINTY AND PROOF OF ACTUAL DAMAGES AND PROFITS

Losses involved in intangible property matters are very difficult to either measure or prove.¹⁴⁶ Proof of losses, including actual damage to market value, loss of profit to the copyright owner and profit unjustly earned by the infringer as a result of the infringement require complex and often speculative calculations.¹⁴⁷ The question the courts face in such actions is what degree of speculation will be tolerated before recovery of actual damages and profits is precluded. Courts have held, for example, that a lack of reasonable certainty in calculating an infringer's profits or a copyright owner's damages resulting from the infringing use of the copyrighted work in an advertising campaign to promote the sale of another product will preclude recovery.¹⁴⁸ One court has held that a calculation with reasonable certainty of the profits made by a hotel's gaming operations resulting from its promotional musical revue, in which eleven of the show's one hundred minutes were found to constitute an infringement of plaintiff's musical compositions, could only be speculative at best.¹⁴⁹ On the other hand, however, another court, recognizing that in establishing lost sales a court must always engage in some degree of speculation, allowed recovery of plaintiff's lost profits where the litigants were direct competitors

¹⁴⁶ See generally D. DOBBS, REMEDIES-DAMAGES-EQUITY-RESTITUTION 431-508 (1973) [hereinafter DOBBS].

¹⁴⁷ "In establishing lost sales due to sales of an infringing product, courts must necessarily engage in some degree of speculation." *Stevens Linen Assocs., Inc. v. Mastercraft Corp.*, 656 F.2d 11, 14 (2d Cir. 1981).

¹⁴⁸ See, e.g., *Krofft I*, 562 F.2d 1157; *Deltak, Inc. v. Advanced Systems, Inc.*, 574 F. Supp. 400 (N.D. Ill. 1983), *vacated on other grounds*, 767 F.2d 357 (7th Cir. 1985); *Fedtro, Inc. v. Kravex Mfg. Corp.*, 313 F. Supp. 990 (E.D.N.Y. 1970); *Sebring Pottery Co. v. Steubenville Pottery Co.*, 9 F. Supp. 384 (N.D. Ohio 1934).

¹⁴⁹ *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 772 F.2d 505 (9th Cir. 1985).

in the sale of woven upholstery fabrics and the defendant's infringement resulted in lost sales to the plaintiff.¹⁵⁰

Denying recovery of actual damages and profits due to a lack of reasonable certainty in their calculation, without the availability of a statutory damage remedy, would preclude compensating a prevailing plaintiff even though infringement is proven. Additionally, it would not deter future infringement. Thus, it is in these circumstances that prevailing plaintiffs elect statutory damages.¹⁵¹

The rule of reasonable certainty asserts that "[t]he plaintiff must not only establish the *fact* of damage with reasonable certainty; he must go further and establish the *amount* of damage with reasonable certainty."¹⁵² The rule insists that the trier of fact not speculate or conjecture, but instead have "some factual basis for fixing damages."¹⁵³ Applied to copyright law, certainty of proof of actual damages or profits arises predominantly in two situations.

In the first situation, the plaintiff claims under the rubric of actual damages that as a result of defendant's infringement, the market value of plaintiff's copyright has diminished. Courts, faced with this claim, will attempt to equate the amount of diminution with the profits that the plaintiff might have accrued but for the infringement. However, "[l]acking clairvoyance and the ability to know a different future based on a different past, a computation of profits based on lost sales is necessarily speculative. The question is to what degree."¹⁵⁴ The Supreme Court has held that:

even where the defendant by his own wrong has prevented a more precise computation, the jury may not render a verdict based on speculation or guesswork. But the jury may make a just and reasonable estimate of the damage based on relevant data, and render its verdict accordingly.¹⁵⁵

Thus, in many cases, although the plaintiff can prove causation between defendant's infringement and plaintiff's harm, the dollar

¹⁵⁰ *Stevens Linen Assocs., Inc. v. Mastercraft Corp.*, 656 F.2d 11 (2d Cir. 1981).

¹⁵¹ See *RSO Records, Inc. v. Peri*, 596 F. Supp. 849 (S.D.N.Y. 1984).

¹⁵² *DOBBS*, *supra* note 146, at 150. *But cf.* *Stevens Linen Assocs, Inc. v. Mastercraft Corp.* 656 F.2d 11 (2d Cir. 1981).

¹⁵³ *DOBBS*, *supra* note 146, at 151.

¹⁵⁴ *Simensky, Proving Damages in Copyright, Trademark and Unfair Competition Cases*, *THE ENT. AND SPORTS LAWYER* 7, 8 (Winter 1987).

¹⁵⁵ *Bigelow v. RKO Radio Pictures*, 327 U.S. 251, 264 (1946).

amount of the harm will be incalculable, and plaintiff will be relegated to a statutory damage remedy.

In the second situation, the plaintiff requests a restitutionary remedy, claiming that the defendant has unjustly profited from the infringement. Here, the court faces the additional problems of deciding defendant's deductible expenses¹⁵⁶ and calculating what part of the infringement resulted in the defendant's profits.¹⁵⁷ By their nature, both of these calculations inject additional uncertainty into the damage calculation. "If an infringer's profits are only remotely and speculatively attributable to the infringement" a court may deny their recovery by the copyright owner.¹⁵⁸

Practically, while gross revenue,

may be reasonably susceptible of calculation where defendant is engaged in head-to-head competition with the copyright owner for the sale of specific items, the task becomes difficult when the copyrighted work is merely one item in a package consisting of numerous items, or when the copyrighted work is one element in an advertising campaign.¹⁵⁹

In both situations, the plaintiff's failure to establish with reasonable certainty the amounts involved as a result of the infringement may preclude a recovery under the actual damages and profits clause of Section 504 of the 1976 Act and will necessitate an election of statutory damages.¹⁶⁰

Courts apparently conflict as to the degree of certainty necessary when calculating plaintiff's actual damages or profits so as not to preclude a recovery of such awards. Courts that deny recovery due to a lack of reasonable certainty in damage calculations relegate the plaintiff to a statutory remedy with a maximum award of

¹⁵⁶ Deductible expenses are those that the infringer may deduct as an expense against his gross revenues. See, e.g., *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 772 F.2d 505 (9th Cir. 1985); *Warner Bros., Inc. v. Gay Toys, Inc.*, 598 F. Supp. 424 (S.D.N.Y. 1984).

¹⁵⁷ Apportionment requires determining what portion of the defendant's profits are attributable to revenues other than from the infringed work. See, e.g., *Sigma Photo News, Inc. v. High Society Magazine, Inc.*, 778 F.2d 89 (2d Cir. 1985); *Blackman v. Hustler Magazine, Inc.*, 620 F. Supp. 792 (D.D.C. 1985); *RSO Records, Inc. v. Peri*, 596 F. Supp. 849 (S.D.N.Y. 1984).

¹⁵⁸ 3 *NIMMER*, *supra* note 5, § 14.03[A], at 14-21. For examples of cases which denied recovery, see *id.* at 14-21 n.5.

¹⁵⁹ *PATRY*, *supra* note 6, at 285 (footnotes omitted).

¹⁶⁰ *Peter Pan Fabrics, Inc. v. Jobela Fabrics, Inc.*, 329 F.2d 194 (2d Cir. 1964) ("Without some supporting evidence, the conclusion that a copyright holder is deemed to be deprived of his profit on the total sales made by the infringer falls outside the 'considerable latitude in speculation' sometimes necessary in these cases." *Id.* at 196-97 (footnote omitted); *Key West Hand Print Fabrics, Inc. v. Serbin, Inc.*, 269 F. Supp. 605,614 (S.D. Fla. 1966).

\$50,000.¹⁶¹ "One could pose a scenario in which a copyright holder demonstrates that an infringer has caused him substantial actual damages in an uncertain amount, but believed to exceed half a million dollars."¹⁶² It is in these "scenarios"—where recovery of actual damages and profits are denied and a statutory remedy is elected—that the multiplicity doctrine is a useful tool for ensuring that the goals of the Copyright Act—compensation and deterrence—are furthered.

V. THE BENEFIT OF THE MULTIPLICITY DOCTRINE: ANALYSIS OF A POSSIBLE SOLUTION

A. Application of the Time and Heterogeneity Tests

Responding to the proposal that minimum statutory damages be awarded "for all infringements" of a single copyrighted work, Professor Nimmer stated,

I do query whether that is a good idea, at least in some circumstances. For example, if a motion picture or television company were to make a number of different motion pictures, each infringing the same basic copyright . . . which is conceivable: there would be different stories involved, but still enough of one given copyright to be infringed, it would seem to me that there should be multiple minimum damages and not a single minimum damage, where there is more than one infringement.¹⁶³

Copyright infringement cases in which prevailing plaintiffs are relegated to a statutory damage remedy provide "scenarios" illustrative of how the multiplicity doctrine will benefit, not only prevailing plaintiffs, but the courts as well. Examples of infringement in three different contexts illustrates how the "time and heterogeneity" tests¹⁶⁴ will provide courts with greater flexibility in determining statutory damage awards and how injured plaintiffs will be more adequately compensated.

1. Advertising

The illicit use of copyrighted matter in an advertising campaign illustrates one of the "circumstances" to which Professor

¹⁶¹ 17 U.S.C. § 504(c)(2). Fifty thousand dollars may be awarded, in the discretion of the court, if the infringement is found to be willful.

¹⁶² Simensky, *supra* note 154, at 8.

¹⁶³ HOUSE COMM. ON THE JUDICIARY, 88TH CONG., 2D SESS., FURTHER DISCUSSIONS AND COMMENTS ON PRELIMINARY DRAFT FOR REVISED U.S. COPYRIGHT LAW (PART 4) 145-46 (Comm. Print 1964) (statement of Melville Nimmer).

¹⁶⁴ See *supra* notes 112-21 and accompanying text.

Nimmer alluded. In these cases, the defendant infringes upon plaintiff's copyrighted work to promote the sales of another of the defendant's products.¹⁶⁵ As was discussed above,¹⁶⁶ both the defendant's profits gained from such an infringement and the copyright proprietor's damages resulting from the infringement, are difficult or impossible to prove with reasonable certainty. Therefore, it is not unlikely that a prevailing plaintiff will elect to recover statutory damages in lieu of actual damages or profits.¹⁶⁷

Suppose that in a hypothetical case a single defendant infringes upon a single copyrighted work in an advertising campaign and the infringement manifests itself in several radio and television commercials, various newspaper and periodical advertisements and other tangible promotional items. Assume that the infringed copyrighted material significantly contributed to the theme of the advertisements, such that without the infringed material, there essentially would be no theme. Additionally, assume that although the infringement was non-willful, the infringer could not sustain the burden of proving that his infringements were innocent.¹⁶⁸ Further assume that although the defendant's profits were unascertainable, evidence at trial revealed that the advertising campaign was successful, at least to the extent that the infringer's profits greatly exceeded the \$10,000 statutory maximum.¹⁶⁹

Pursuant to the damage provisions of the 1976 Act,¹⁷⁰ a court, confronted with the above facts, under the rubric of actual damages and profits, could attempt an apportionment of the defendant's profits which are attributable to the infringement.¹⁷¹ Indeed, it is always possible that a court, in determining what it

¹⁶⁵ See, e.g., *Cream Records, Inc. v. Jos. Schlitz Brewing Co.*, 754 F.2d 826 (9th Cir. 1985); *Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp.*, 562 F.2d 1157 (9th Cir. 1977).

¹⁶⁶ See *supra* notes 146-62 and accompanying text.

¹⁶⁷ See, e.g., *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 772 F.2d 505 (9th Cir. 1985); *Krofft II*, 1983 Copyright L. Rep. (CCH) ¶ 25,572.

¹⁶⁸ See 17 U.S.C. § 504(c)(2) (1982 & Supp. IV 1986) (The burden is on an infringer to prove that he "was not aware and had no reason to believe that his or her acts constituted an infringement of copyright."). The question that remains is when will a court find defendant's culpability sufficient to warrant an award greater than the \$10,000 statutory maximum. One court stated that, "[b]etween complete innocence and willfulness may be a degree of fault based upon a negligent failure to ascertain whether the product infringes a copyright, or a reckless disregard for whether there is infringement." *M.S.R. Imports v. Greenspan Co.*, 1983 Copyright L. Rep. (CCH) ¶ 25,571, at 18,379 (E.D. Pa. 1983).

¹⁶⁹ 17 U.S.C. § 504(c)(2); see *RSO Records, Inc. v. Peri*, 596 F. Supp. 849 (S.D.N.Y. 1984).

¹⁷⁰ 17 U.S.C. § 504. See *supra* note 3 for the textual provision.

¹⁷¹ See *Cream Records, Inc. v. Jos. Schlitz Brewing Co.*, 754 F.2d 826 (9th Cir. 1985).

considers to be a "just" damage award, would make such an apportionment even though this calculation might result in an award that was purely speculative. However, a court, presumably within the bounds of its discretion, would only make such a calculation to avoid awarding the potentially inadequate award of statutory damages in these circumstances.¹⁷²

On the other hand, if the court (as has been assumed in the hypothetical case) determines that the defendant's profits attributable to the infringement are too speculative,¹⁷³ and denies recovery on this theory, the plaintiff will be relegated to a statutory damage award.

The statutory damage provisions of the 1976 Act severely curtail the "discretion" of a court in determining "just awards." Regardless of how many separate acts of infringement the defendant commits, the statutory award will nonetheless be within the range of the \$250 minimum and the \$10,000 statutory maximum.¹⁷⁴ Thus, in the hypothetical case, all of the defendant's acts (i.e., the radio and television commercials, the newspaper and periodical ads and the promotional items) will be considered one infringement to which only one statutory damage award, within the statutory minimum and maximum, will attach. Additionally, regardless of any indication at trial that either the defendant's profits or the plaintiff's actual damages exceeded the \$10,000 maximum (although such amount cannot be calculated with reasonable certainty), the statute only permits the court to award up to the statutory maximum.

Although the facts of this hypothetical do not pose an open invitation to infringe, potential infringers may be more inclined to do so knowing that in such cases, where there is a strong likelihood that the damage award will be statutory, the maximum liability to which he will be exposed is \$50,000 (for willful infringement). An estimate that profits earned from infringing will exceed \$50,000, may provide enough incentive to infringe.

A possible solution to this problem is to statutorily permit courts to recognize that multiple infringements exist, apply the "time and heterogeneity"¹⁷⁵ tests to each infringing act and attach at least a statutory minimum award to each act found not to

¹⁷² See *infra* notes 174 and accompanying text.

¹⁷³ See *Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp.*, 1983 Copyright L. Dec., ¶ 25,572, at 18,383 (C.D. Cal. 1983). *But see* *Cream Records, Inc. v. Jos. Schlitz Brewing Co.*, 754 F.2d 826 (9th Cir. 1985).

¹⁷⁴ 17 U.S.C. § 504(c)(2).

¹⁷⁵ See *supra* notes 113-22 and accompanying text.

be a continuation of the original infringement. Application of these tests to the hypothetical case evidences three possible outcomes at which a court could arrive:

I.

a) Each of the radio and television commercials are so different as to constitute separate infringements. However, each time that a commercial aired would constitute only a continuation of the original infringement.¹⁷⁶

b) Each of the infringing newspaper and periodical advertisements are unique and constituted separate infringements. Again however, each issue of the newspaper or periodical which contained the infringing material would constitute a continuation of the original infringement.¹⁷⁷

c) Each different promotional item would be a separate infringement, although the duplication of the items would be a continuation of the original infringement.¹⁷⁸

II.

a) The television and radio spots are so similar that for purposes of statutory damage calculations, all of the radio and television commercials constitute one infringement.¹⁷⁹

b) All of the newspaper and periodical ads are sufficiently similar so as to constitute one infringement.

c) All of the promotional items are sufficiently similar and therefore constitute one infringement.

III.

a) *All* of the acts of infringement are sufficiently similar so as to constitute only one infringement for purposes of statutory damage calculations.¹⁸⁰

The statutory award would depend on which outcome the court chose. If the court in the hypothetical case chose, for example, outcome number II, there would be three separate acts of infringement to which would attach at least a \$750 statutory award, and a potential maximum award of \$30,000.¹⁸¹

¹⁷⁶ *Krofft II*, 1983 Copyright L. Dec. at 18,386-87.

¹⁷⁷ The *Krofft II* rationale would similarly apply in these circumstances.

¹⁷⁸ See *Krofft II*, 1983 Copyright L. Dec. at 18,386-87.

¹⁷⁹ Cf. *RSO Records*, 596 F. Supp. at 860, 863 (counterfeit records and tapes of plaintiff's copyrighted musical works regarded as one infringement for purposes of statutory damages under the 1976 Act).

¹⁸⁰ See *MCA, Inc. v. Wilson*, 677 F.2d 180, 187 (2d Cir. 1981) (continuous run of defendant's infringing show at one theatre treated as one continuing infringement).

¹⁸¹ Additionally, if the infringement is found willful, the maximum award would be \$150,000.

2. Recording

In *RSO Records, Inc. v. Peri*,¹⁸² the defendants were manufacturers/packagers of photographic materials used in printing labels and paper packaging for phonograph records and pre-recorded tapes. Plaintiffs, producers/manufacturers/distributors of sound recordings, brought an action alleging that defendants, by producing counterfeit copies of three of plaintiff's recordings and design materials essential to the packaging for the counterfeited records, infringed upon thirty-five different copyrights owned by the plaintiff.¹⁸³ The defendants, found liable for the infringements, refused to provide information necessary to calculate, with reasonable certainty, the profits earned by the infringement, or the damage to the plaintiff resulting from the infringements.¹⁸⁴ The court therefore, made available a statutory remedy under Section 504(c)(2). Finding defendants' infringement willful, the court awarded the statutory maximum of \$50,000 for all of the infringements for a total award of \$1,450,000,¹⁸⁵ plus attorney's fees.

The defendants in *RSO Records* were liable for pressing counterfeit copies of three of plaintiff's copyrighted musical works to which the statutory maximum amount was awarded.¹⁸⁶

Today, popular music is available on long playing record albums ("33s"), singles ("45s"), twelve inch dance mixes ("12 inch"), cassette tapes, 8-track tapes and compact discs ("CDs"). A record pirate conceivably can (with the probable exception of the CD), counterfeit all the media in which music is available to the public.¹⁸⁷ In a hypothetical case, assume that a "hit" record is counterfeited in all of the media mentioned above. Further assume that not only is the recording counterfeited, but the packaging necessary to render the infringed product ready for sale to the public is counterfeited as well.¹⁸⁸

¹⁸² 596 F. Supp. 849 (S.D.N.Y. 1984).

¹⁸³ *Id.* at 851.

¹⁸⁴ *Id.* at 862; see also *United Features Syndicate, Inc. v. Rheingold*, 209 U.S.P.Q. (BNA) 317, 318 (S.D. Fla. 1979).

¹⁸⁵ The court did not use the multiplicity doctrine. In this case there were 35 separate copyrights involved, to each of which attached the maximum award. *RSO Records*, 596 F. Supp. at 862-64.

¹⁸⁶ *Id.* at 863. Although plaintiff was able to show from defendants' records that defendants had counterfeited approximately 1.8 million records, the plaintiff could not prove that all of the 1.8 million sales were illegitimate. The court therefore rejected plaintiff's contention that plaintiff was entitled to the defendants' profits resulting from these sales. *Id.* at 860-61.

¹⁸⁷ Indeed, in *RSO Records*, the infringers counterfeited 33's, 45's and cassettes of the plaintiff's artists. *Id.* at 853.

¹⁸⁸ See *RSO Records*, 596 F. Supp. at 863.

Application of the analysis set forth in the advertising hypothetical¹⁸⁹ yields similar results. Here, each of the different counterfeited media can be considered separate infringements for purposes of computing statutory damages.¹⁹⁰ Sales from each of the different media are targeted for different markets, with large sums of profits earned from the sales of each different medium. To deter future infringement and ensure adequate compensation for the prevailing plaintiff, courts should be permitted to apply the time and heterogeneity¹⁹¹ tests to determine that each different counterfeited media constitutes a separate infringement. Thus, if it is clear from the evidence at trial, that although the infringer's profits gained from the infringement are not ascertainable with reasonable certainty, and the amount exceeds even the \$50,000 statutory maximum for willful infringement, courts, by finding each medium a separate infringement, can both more adequately compensate the plaintiff and deter future infringement. Given the enormous profits which can be earned by record pirating, an infringer will be less inclined to infringe knowing that he may be exposed to liability well in excess of his potential profits.

3. Syndication of Fictional Characters

In *United Features Syndicate, Inc. v. Rheingold*,¹⁹² the court held the defendant liable for selling wholesale quantities of unauthorized iron-on heat transfers of plaintiff's copyrighted PEANUTS characters.¹⁹³ Since the defendant prevented the plaintiff from establishing the amount of defendant's sales of the unauthorized PEANUTS characters,¹⁹⁴ the plaintiff elected a statutory damage remedy and was awarded \$8,000 per infringement.¹⁹⁵

Syndicated characters, such as the PEANUTS characters, are

¹⁸⁹ See *supra* notes 165-81 and accompanying text.

¹⁹⁰ That is, the 33, 45, and 12 inch records, cassettes and 8-track tapes, and compact discs can each constitute separate infringements for statutory damage calculations.

¹⁹¹ See *supra* notes 113-22 and accompanying text.

¹⁹² 209 U.S.P.Q. (BNA) 317 (S.D. Fla. 1979).

¹⁹³ *Id.* at 318; see also *United Features Syndicate, Inc. v. Spree, Inc.*, 600 F. Supp. 1242 (E.D. Mich. 1984) (defendants liable for violating owner's copyrights in cartoon characters).

¹⁹⁴ *United Features Syndicate*, 209 U.S.P.Q. at 318; see also *RSO Records*, 596 F. Supp. at 862.

¹⁹⁵ *United Feature Syndicate*, 209 U.S.P.Q. at 319. It is unclear from the opinion whether "per infringement" refers to separate acts of infringement of a single copyrighted work, or whether the court found that two different copyrighted works were infringed to which an \$8,000 award attached regardless of how many acts of infringement. For purposes of illustration, this Note assumes that the court found that two works were infringed upon to which an \$8,000 statutory award attached regardless of how many infringing acts the defendant committed.

very lucrative copyrighted works. Indeed, the success of the PEANUTS characters has helped launch the careers of many other successful cartoon characters.¹⁹⁶ These characters are created with the hopes of earning large revenues from the sales of products bearing the character's likeness.

For purposes of analysis, assume a hypothetical case based on the facts of *United Features Syndicate*, except that only one copyrighted work was infringed. Further assume that in addition to the heat transfers, the defendant infringing reproduced the character's likeness on other products, and also used the character in an advertising campaign to promote the store in which he sells the other infringing items. If these additional acts of infringement occurred in *United Features Syndicate*, the court, pursuant to the 1976 Act's statutory damage provisions, could only increase the statutory award by \$2,000,¹⁹⁷ even though, by these additional acts, the defendant earned profits in excess of the \$2,000. It appears that the defendant benefits by committing additional acts of infringement. Recognizing that the difficulty of proving willful infringement will likely limit statutory liability to \$10,000, an infringer, to maximize profits, will maximize his use of the infringing material.

However, a court, permitted to attach at least a statutory minimum award to each separate act of infringement, could deter further infringement. Application of the "time and heterogeneity"¹⁹⁸ tests would evidence at least three separate acts of infringement to which at least a statutory minimum would attach.¹⁹⁹ Use of these tests would allow the court to exceed the \$10,000 statutory maximum if it determined such an award was "just." An infringer will be less likely to infringe in the face of potential liability in excess of \$30,000.

¹⁹⁶ Examples of these successful syndicated characters are many. In addition to the PEANUTS characters promoting Metropolitan Life Insurance, GARFIELD, the cat with the bulging eyes and anthropomorphic character, has leaped from the newspaper's comic strip to promote a chain of hotels. Additionally, the PINK PANTHER promotes the sales of fiberglass insulation.

¹⁹⁷ Since the court awarded \$8,000 for the infringing reproduction of the characters on the heat transfers, it is reasonable to assume that the court would increase the award upon finding additional acts of infringement. However, with only a \$10,000 statutory maximum possible, 17 U.S.C. § 504(c)(1), the court could, at most, only increase the award by \$2,000.

¹⁹⁸ See *supra* notes 113-22 and accompanying text.

¹⁹⁹ The original heat transfer infringement, the infringing reproduction of the character on other products and the infringing advertising campaign each constitute a separate act of infringement.

B. *Legislative Proposal*

A possible solution would be to amend the statutory damage provisions of the 1976 Act to permit courts to award statutory minimums for multiple infringements of copyrighted works. Courts should be allowed to apply the "time and heterogeneity" tests to distinguish between continuous infringements, to which only one statutory minimum award would attach, and multiple acts of infringements, for which a statutory minimum award would attach to each.

Distinguishing "continuous" from "multiple" infringing acts requires distinguishing between infringing "acts" and infringing "transactions." Each infringing "transaction" would constitute an act of infringement to which a statutory minimum award would attach. An infringing "transaction" gives rise to one unique act of infringement. Infringing "acts" are continuing manifestations of the infringing "transaction." Thus, the creation of an infringing television commercial would constitute an infringing "transaction", whereas each broadcast of that commercial would be a continuing infringing "act." The original reproduction of an infringing photograph in a newspaper or periodical would constitute an infringing "transaction", whereas each marginal unit produced thereafter would constitute continuous infringing "acts." In his treatise, Professor Nimmer distinguishes between infringing "transactions," and continuous acts of infringement:

"What factual grouping constitutes a 'transaction,' and what groupings constitute a 'series,' [of infringing acts] are to be determined pragmatically, giving weight to such considerations as whether the facts are related in time, space, origin, or motivation, whether they form a convenient trial unit, and whether their treatment as a unit conforms to the parties' expectations or business understanding or usage."²⁰⁰

Thus, if a court, in employing the "time and heterogeneity" tests to various acts of infringement by the defendant, found that such infringements were so dissimilar as to constitute distinct infringing transactions, it would still be bound by the statutory minimum and maximum awards vis-a-vis each infringing transaction. Nonetheless, the court would be able to exceed that amount to reach an award it considered "just" by adding together the statutory

²⁰⁰ 3 NIMMER, *supra* note 5, § 14.04[E], at 14-42.2 to 14-42.3 (quoting RESTATEMENT (SECOND) OF JUDGMENTS § 61(2) (Tent. Draft No. 1, 1973)).

awards attached to each infringing "transaction." On the other hand, each continuing "act" of infringement would not give rise to additional statutory minimum awards.

VI. CONCLUSION

This Note illustrates the potential inadequacy of a statutory damage remedy under the 1976 Copyright Act when both plaintiff's actual damages and defendant's profits attributable to the infringement are unascertainable and the infringer's actions constitute multiple infringing "transactions." In such cases, where a prevailing plaintiff is relegated to a statutory damage remedy, it is not unlikely that either the plaintiff's damages or the defendant's profits considerably exceed the maximum statutory award permissible. This scenario invites infringement. Prospective infringers may take the risk, recognizing that the maximum liability to which they will be exposed is one statutory maximum award.

To further the goals of the 1976 Copyright Act, courts should be statutorily permitted to recognize the multiplicity doctrine. The 1976 Act, as did the 1909 Act, gives courts broad discretionary power in determining statutory damage awards. Courts have not abused this power in the past. And, exorbitant statutory damage awards stemming from multiple infringements such as were feared when revision of the copyright law was proposed, have never materialized. There is no reason to believe that by permitting the courts to employ the "time and heterogeneity" tests to multiple infringing "transactions," they will abuse this enhanced discretionary power. Indeed, application of the time and heterogeneity tests will further the goals of the Copyright Act—compensation for harm done and deterrence of future infringement.

Peter Thea

COPYRIGHT INFRINGEMENT SUITS AGAINST STATES: IS THE ELEVENTH AMENDMENT A VALID DEFENSE?

I. INTRODUCTION

The eleventh amendment¹ and the issue of state sovereign immunity² has been aggressively debated by the Justices of the Supreme Court since 1985.³ Four justices have seriously questioned the foundation, scope and jurisprudence of the eleventh amendment, which was enacted in 1793—almost 200 years ago.⁴ The same four justices also doubt the existence of the doctrine of state sovereign immunity in American law.⁵ The other justices continue to support these doctrines and have repeatedly denied plaintiffs remedies against states in various circumstances.⁶

The issue of whether states can be sued for copyright infringement in federal court is important in light of the wide variety of authors, artists and inventors who could have their copyrighted works infringed by the states, state officials and

¹ The eleventh amendment states that "[t]he Judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of another State, or by Citizens or Subjects of any Foreign State." U.S. CONST. amend. XI.

² For an historical analysis of sovereign immunity, see *infra* notes 34-51 and accompanying text. See also Jaffe, *Suits Against Governments and Officers: Sovereign Immunity*, 77 HARV. L. REV. 1 (1963); Pugh, *Historical Approach to the Doctrine of Sovereign Immunity*, 13 LA. L. REV. 476 (1953); Tribe, *Intergovernmental Immunities in Litigation, Taxation, and Regulation: Separation of Powers Issues in Controversies about Federalism*, 89 HARV. L. REV. 682 (1976).

³ See *Welch v. Texas Dep't of Highways and Pub. Transp.*, 107 S. Ct. 2941 (1987); *Papasan v. Allain*, 478 U.S. 265 (1986); *Green v. Mansour*, 474 U.S. 64 (1985); *Atascadero State Hosp. v. Scanlon*, 473 U.S. 234 (1985). In all of these cases, Justice Brennan led the dissenting opinions which question the validity of sovereign immunity and the eleventh amendment jurisprudence.

⁴ Justices Brennan, Marshall, Blackmun, and Stevens have consistently supported this position. For a discussion of their arguments, see *infra* notes 72-117 and accompanying text.

⁵ Justice Brennan strongly advocates that "[i]f the [sovereign immunity] doctrine were required by the structure of the federal system created by the Framers, [he] could accept it. Yet the current doctrine intrudes on the ideal of liberty under law by protecting the States from the consequences of their illegal conduct." *Welch*, 107 S. Ct. at 2970.

⁶ Justices Rehnquist, White, O'Connor and Scalia currently support this position. *Welch*, 107 S. Ct. at 2942. Justice Powell, who sided with these justices, retired and has been replaced by Justice Kennedy. Justice Kennedy could be a pivotal vote since some conservatives do not view him as conservative as President Reagan's previous appointments—Justices O'Connor and Scalia. Other scholars have stated that Justice Kennedy's opinions are similar to Justice Powell's. N.Y. Times, Nov. 12, 1987, at B10, col. 3. Thus, the Court's present composition portends an uncertain future for copyright suits against states. For a discussion of how the composition of the Court affected previous suits against states, see *infra* notes 71-117 and accompanying text.