

Statutory Damages: A Plaintiff's Point of View

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One of the more attractive features of the Copyright Act from a plaintiff's point of view is that it provides for statutory damages of up to \$100,000.00,¹ plus attorney fees, without any proof of actual damages.² For professionals such as freelance photographers, writers and others who often face considerable difficulty in proving actual damages, the availability of statutory damages is critical to the viability of an infringement claim. Without the prospect of obtaining statutory damages, many plaintiffs are unable to justify the financial cost of bringing an infringement action to protect their original works of authorship.

The case of *Alt v. Morello*³ provides a striking example of the value of these statutory remedies. Plaintiff Alt, a struggling professional photographer, created an original photograph for his portfolio to display to art directors for the purpose of gaining assignments. Alt's photograph was copied by his former employer Morello, an established advertising photographer, for inclusion in a promotional mailer and in a widely-used source book of photographs. The widespread distribution of Morello's infringing photograph made it difficult for Alt to find work in the advertising industry, since art directors naturally assumed that the more established Morello had first developed the work.

Indeed, the court agreed that Morello's copying of Alt's photograph constituted

copyright infringement under the Copyright Act, and accordingly granted a permanent injunction. As for further relief, Alt argued that substantial damages were appropriate since defendant had built his business and reputation at the expense of Alt's reputation and career. According to the court, however, "[w]hether or not there is any basis for this contention, plaintiff failed to quantify his losses nor has he demonstrated that defendant secured any quantifiable gain by virtue of the infringing photograph."⁴ As a struggling photographer, Alt would have been left in a precarious position had the court refused to consider awarding statutory remedies. In the end, the court granted Alt statutory damages of \$20,000.00 in light of the willfulness of defendant's conduct, as well as attorney's fees and costs.

Plaintiffs and their attorneys expecting to rely on statutory damages and attorney's fees to cover their litigation expenses may however be in for an unpleasant surprise. An often overlooked provision of the Copyright Act, Section 412, takes away statutory damages and attorney's fees where the formality of registration is not satisfied. Section 412 provides the following:

no award of statutory damages or of attorney's fees, as provided by sections 504 and 505, shall be made for;

- (1) any infringement of copyright in an unpublished work commenced before the effective date of its registration; or
- (2) any infringement of copyright commenced after first publication of the work and before the effective date of its registration, unless such registration is made within three months after the first publication of the work.⁵

Section 412 did not significantly alter the law with respect to unpublished works as they were treated prior to the 1976 Act. A narrow exception was carved under Section 412(2) for cases where registration was accomplished within three months after first publication.⁶ The three month "grace period" would appear to offer some relief to the copyright owner of a newsworthy or suddenly popular work which may be infringed almost at the instant of publication. However, for a working professional such as a photographer who produces copyrightable

material on a daily basis, the burden of registering a copyright for each work may be highly oppressive. In fact, Marybeth Peters, the registrar of copyrights, has said that the existing registration regime, at least as to photographers, effectively disenfranchises a whole class of creators.⁷

The courts have traditionally applied the statute strictly, denying statutory damages and attorney's fees to the copyright owner who fails to timely register. For example, in *Johnson v. University of Virginia*⁸ plaintiff photographer brought an action for copyright infringement against defendant university and two of its employees for photographs taken at university sporting events. In considering plaintiff's claims for statutory damages and attorney's fees under Section 412, the court noted that the photographs at issue were not registered until March 12, 1984, while the alleged infringement occurred no later than January 1984. The court summarily denied plaintiff's request for statutory damages and attorney's fees since the registration occurred after the three-month grace period had expired.

The practicing attorney should also be aware that Section 412 applies to Berne Convention works which are otherwise exempt from the registration requirements of the Copyright Act.⁹ The legislative history to the Berne Convention Implementation Act indicates that "foreign authors must also register in order to obtain the important benefits of the presumption of validity and statutory damages."¹⁰ The application of Section 412 to foreign authors may present the most serious inequity in light of the generally held belief that the Berne Convention eliminates formalities from copyright protection.¹¹

Certain courts, however, have begun to mitigate the harsh result engendered by strict application of Section 412. For example, in *Curtis v. General Dynamics Corp.*,¹² the court denied defendant's motion for partial summary judgment to dismiss plaintiff's claims for statutory damages and attorney's fees for failure to comply with the provisions of 17 U.S.C. 412(2). Plaintiff's photographs of wheelchair images were first published in *Communications Arts Magazine* in August 1985, but plaintiff failed to register his copyright in the work until October 1987. For purposes of the summary judgment motion, defendant admitted infringement of plaintiff's photographs in June and August of 1987. Under strict application of Section 412, the court should have granted defendant's motion to dismiss the claims for



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statutory damages and attorney's fees because registration occurred more than three months after the infringement. Instead, the court relied on the publisher's registration of *Communications Arts Magazine* in September 1985, one month after first publication, to satisfy the requirements of Section 412.

The court in *Curtis* relied on the reasoning in *Abend v. MCA, Inc.* to find effective registration under Section 412.¹³ In *Abend*, the court held that a publisher's blanket registration for a magazine was sufficient to obtain a valid copyright on behalf of an unregistered work contained within the magazine. Under strict application of the then governing 1909 Copyright Act, the publication of an article without prior registration would have placed the work in the public domain. Extending the copyright protection afforded the publisher to the author of the story avoided "the unnecessarily harsh result of thrusting the author's product into the public domain."¹⁴

The principle considerations for extending copyright protection set forth by the court in *Curtis* were "the intention of the parties to obtain copyright and the adequacy of notice to the public." Congressional intent had been satisfied "by the single registration which clearly puts the public on

notice that the magazine and all of the photographs therein are copyrighted."¹⁵

The legislative purpose for the registration requirement under Section 412 is plain. It is intended to induce owners to promptly register their published works in order to foster registration because registration "is important to users and the public at large."¹⁶ More specifically, the provisions were intended to insure the depositing of works in the Library of Congress as part of the registration process.¹⁷(1994)("Section 412 was created as a way [to] bludgeon copyright owners into depositing works for the [Library]"); see Section 408 (requiring deposit as part of the registration process). By adding to the collection of our national library, the deposit requirement "directly furthers the purpose of promoting arts and sciences."¹⁸

By contrast, consider the respective policies behind granting statutory damages and attorney's fees. The purpose behind statutory damages is two-fold: first, to compensate the copyright owner when damages and profits are difficult to prove; and second, to deter future infringement.¹⁹ The second purpose particularly calls for a reasonably liberal construction of Section 412. The prospect of statutory damages deters the potential infringer and provides leverage in the settle-

ment of infringement claims. The courts have repeatedly emphasized that infringers "must not be able to sneer in the face of copyright owners and copyright laws."²⁰

Awarding attorney's fees to the prevailing copyright owner strengthens the same compensatory and punitive purposes. Attorneys fees provide the necessary economic incentive to the copyright owner to pursue the infringer where damages might not be sufficient to cover litigation expenses, or where the owner seeks merely an injunction to prevent further infringement.²¹ Attorney's fees, like statutory damages, also deter future infringement by virtue of its punitive nature.²² Certainly, in an era where "technologies can convert photographs to a digital form that can be colored, texturized, structured, squeezed or otherwise altered and then transported in the blink of an eye,"²³ this kind of heightened protection is essential.

Ultimately, the Copyright Act implements the constitutional mandate to "promote the Progress of . . . useful Arts, by securing for limited Times to Authors . . . the exclusive right to their respective Writings."²⁴ In playing their compensatory and punitive roles, statutory damages and attorney's fees further this fundamental

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purpose of the Copyright Act by providing the copyright owner with access to the courts. In a statement which applies with equal force to statutory damages, one court stated the following:

a successful suit for copyright infringement involves more than just the vindication of private property rights, for if the Act were not enforced by private suits, the incentives Congress established to encourage authorship would have little effect. One way Congress sought to ensure that the Copyright Act would be enforced was to provide discretionary awards of costs and attorneys fees.²⁵

In conclusion, the close relationship between statutory damages and attorney's fees and the guiding purpose of the Copyright Act may be leading to a reluctance on the part of the judiciary to forego these statutory remedies merely due to the failure to register a copyright. Nevertheless, the plain wording of Section 412 requires that registration of a copyright be made in order to receive the benefits of Section 505.

The intellectual property practitioner must therefore continue to urge the importance of registration upon his clients, even those client for whom the burden of registration is significant. On the other hand, *Curtis* provides some comfort for those professionals particularly vulnerable to infringement. It should also give pause to would-be infringers. **TLW**

ENDNOTES

- 1 The Berne Implementation Act of 1988 doubled statutory damages and provided for the recovery of between \$500.00 and \$20,000.000, with a maximum
- 2 17 U.S.C. §§ 504, 505. See also H.R. Rep. No. 1476, 94th Cong., 2d Sess., p. 161 (1976).
- 3 *Alt v. Morello*, 227 U.S.P.Q. 49 (S.D.N.Y. 1985).
- 4 *Id.* at 52.
- 5 17 U.S.C. § 412.
- 6 An additional exemption to the statutory bar exists for works consisting of sounds, images, or both, first fixed simultaneously with their transmission. 17 U.S.C. § 412.
- 7 Jay Malin, *New Copyright Rules: No Copies Needed*, Photo District News, April 1996 at 7A. The registration burden as to photographers specifically will be substantially eased if new rule changes contemplated by the copyright office take effect. The rule changes call for "depositless" registration. Photographers will be allowed to register images by providing brief descriptions and dates of produc-

- tion. They will also be allowed to register up to 12 months of work for one fee of \$40.00. Id.
- 8 *Johnson v. University of Virginia*, 606 F. Supp. 321 (D.Va. 1985).
- 9 17 U.S.C. § 411(a).
- 10 House Joint Explanatory Statement on House-Senate Compromise Incorporated in Senate Amendment 10 H.R. 4262, contained in 134 Cong. Rec. H10097 (daily ed. Oct. 12, 1988).
- 11 See generally J. Strauss, *Beat the Clock: The Effect of Section 412 of the Copyright Act on Post-Registration Infringement*, 7 JOURNAL OF THE PATENT AND TRADEMARK OFFICE SOCIETY 1006, 1011-12 (1990).
- 12 *Abend v. General Dynamics Corp.*, 18 U.S.P.Q.2d 1608 (W.D. Wash. 1990).
- 13 *Abend v. MCA, Inc.*, 863 F.2d 1465 (9th Cir. 1988).
- 14 *Id.* at 1469; See generally *Hillard v. Mac's Place, Inc.*, 30 U.S.P.Q.2d 1559 (W.D. Wash. March 25, 1994).
- 15 The Curtis court may have been incorrect in implying that the Congressional intent in enacting Section 412 was adequacy of notice to the public. As discussed infra, the legislative intention appears to have been to encourage deposits of work with the Library of Congress. It is true, however, that notice rather than deposit or registration itself has historically been the overwhelmingly predominant reason for imposing copyright formalities. "[Notice] is paramount in the protection of a copyrightable work. Deposit and registration are useful and some cases required but their importance assumes a secondary position compared with notice." John W. Hazard, Jr., *Copyright Law in Business and Practice*, § 5.1 (1989).
- 16 See § 412, Notes of Committee on the Judiciary, House Report No. 94-1476, 94th Cong., 2d Sess. (1976); see also *Business Trends Analysts, Inc. v. Freedomia Group, Inc.*, 887 F.2d 399, 406 (2d Cir. 1989).
- 17 William F. Patry, *Copyright Law and Practice*, 1217
- 18 *Ladd v. Law & Technology Press*, 762 F.2d 809, 815 (9th Cir. 1985), cert. denied, 106 S.Ct. 1260 (1986). Whether Section 411(a) and 412 have achieved their purpose is an open question. See Patry, *supra*, at 1218. There is little question, on the other hand, that statutory damages and attorney fees further the essential aims of the Copyright Act (see *infra* at 8).
- 19 Priscilla Ferch, *Statutory Damages Under the Copyright Act of 1976*, 15 LOY. U. CHI. L.J., 485, 487-88 (1984).
- 20 *International Korwin Corp. v. Kowalczyk*, 665 F. Supp. 652, 659 (N.D. Ill. 1987), *aff'd.*, 855 F.2d 375
- 21 Robert S. LaPalme, *Awarding Attorney's Fees in Copyright Infringement Cases: The Sensible Use of A Dual Standard Approach*, 51 ALB. L. REV. 239, 257-58 (1987).
- 22 *Id.* at 256; see also *Diamond v. Am-Law Publishing Corp.*, 745 F.2d 142, 148 (2d Cir. 1984).
- 23 Oberman & Lloyd, *Courts Now Confront Online Photograph Copying*, NATIONAL LAW JOURNAL,
- 24 U.S. Const. Art. I, Section 8, Clause 8.
- 25 *Quinto v. Legal Times, Inc.*, 511 F. Supp. 579, 581 (D.D.C. 1981); see also Pamela A. Hay, *The Statutory Damages Provision Under the 1976 Copyright Act*, 26 IDEA - THE JOURNAL OF LAW & TECHNOLOGY 241 ("The availability of a satisfactory remedy at law is probably the most determinative factor which influences a copyright owner to bring suit against a copyright infringer.").