

Dunner Law Dicta

May 22, 2010

Volume 3, Issue 3



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Dunner Law PLLC

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Civil Copyright Remedies

In the last issue of *Dicta*, we reviewed the remedies available when trademark infringement occurs. This issue addresses the potential civil remedies available, both in and out of court, when copyright infringement occurs.

The Basics

Copyright protection extends to original works of authorship that are fixed in a tangible medium of expression (e.g., book, artwork, photograph, website, etc...). Copyright protection exists regardless of whether the work has been registered with the U.S. Copyright Office and regardless of whether the work has been “published” through distribution to the public by sale or other transfer of ownership or by rental, lease or lending.

Copyright infringement occurs when there is an unauthorized use of a work in violation of the copyright owner’s exclusive rights to reproduce, prepare derivative works, distribute, publicly perform, and/or publicly display. The two elements to copyright infringement are 1) whether the alleged infringer had access to the copyrighted work and 2) whether the resulting use was substantially similar to the original work. When a wronged party seeks to enforce its rights in a work against an infringer, the existence (or lack thereof) of a federal copyright registration becomes key. Without a registration the wronged party cannot bring a copyright claim in federal court which, in turn, limits the wronged party’s ability to seek the remedies discussed herein.¹ Moreover, as explained below, the timing of registration can be crucial to determining the types of remedies one may seek.

Actual Damages / Infringer’s Profits

Assuming that a wronged party has registered its work, which makes it eligible to sue in federal

court, one type of in-court remedy available is monetary relief. A wronged party is entitled to seek its actual damages and the profits made by the infringer that are attributable to the infringement. Actual damages are measured by the amount of money adequate to compensate the wronged party for the reduced market value of the work caused by the infringement. When seeking infringer’s profits, the wronged party only needs to prove the infringer’s gross revenue; it is then up to the infringer to reduce that amount by proving deductible expenses and profit that was not derived from infringement of the copyrighted work. When calculating the award of the infringer’s profits, courts do not include any profits that may have already been factored in to the actual damages award.

Statutory Damages

The caveat with actual damages is that they can be difficult to quantify and prove. As an alternative, the law allows the wronged party to elect statutory damages instead of actual damages. However, statutory damages are only available if the work was registered within three months after it was first published, or, if the work is unpublished, it must have been registered prior to the act(s) of infringement. Statutory damages allow for an award of between \$750 and \$30,000 for each work that was infringed. If the infringement was found to be willful, meaning that the infringer had knowledge that it was infringing or acted in reckless disregard of the wronged party’s rights, then statutory damages can go up to \$150,000 for each work that was infringed.²

Alternatively, if the infringer can prove innocent infringement – meaning that it was not aware that its acts constituted infringement or

had no reason to believe that its acts constituted infringement – then statutory damages could be reduced to \$200 for each work infringed. Courts have wide discretion in determining the amount of statutory damages to award in any particular case and at times this had led to controversial copyright decisions that are beyond the scope of this writing.

Attorney's Fees and Costs

Courts may also award reasonable attorney's fees and costs associated with the lawsuit, but these are only available under the same conditions as statutory damages (i.e., filing a timely registration either prior to infringement or within three months following publication). The determination of attorney's fees is typically based on the strength of the prevailing party's case and the amount of damages obtained. The party seeking attorney's fees has the burden of proving that its request is reasonable.

In addition to monetary relief, the following equitable remedies are available:

Injunctions

Temporary and permanent injunctions aim to prevent or restrain infringement by addressing future conduct rather than past actions. After an initial showing of likelihood of success on the merits, a temporary injunction may be awarded if the wronged party demonstrates that it suffered an irreparable injury and that there is no remedy at law (e.g., money damages) that can fully compensate the wronged party for the injury suffered. A permanent injunction may be warranted if, in addition to the preceding two factors, the wronged party demonstrates that the balance of hardships weighs in its favor and that the issuance of the injunction would not harm the public interest.

Impoundment / Destruction

While a copyright lawsuit is pending, the court may order the impounding of all unauthorized copies of the work, the materials used to reproduce the work, and documentation related to the reproduction and sale of the infringing copies. Should the wronged party ultimately prevail in its lawsuit, the court may order that the unauthor-

ized copies and the materials used to reproduce the work be destroyed or otherwise reasonably disposed.

Best Practices

The remedies available to a wronged party who holds a copyright registration, especially if the registration was timely to support an election of statutory damages, place the wronged party in an appealing position to either litigate or leverage its judicial options into an out-of-court settlement. However, a potential plaintiff needs to be cognizant of the high costs of litigation, the difficulties in proving actual damages (when statutory damages are unavailable), and the uncertain outcome.

Even a wronged party that forgoes the registration process has enforceable rights in its work, but an out-of-court approach is its only option. Yet, with the right approach, a suitable out-of-court settlement (e.g., the infringer's agreement to stop infringing and/or the payment of compensation) can be attainable depending on the reasonableness of the infringer.

In view of the above, the best way to ensure that the widest array of remedies will be available should one fall victim to copyright infringement is to register proprietary works with the U.S. Copyright Office as soon as each work is completed in order to be eligible to seek statutory damages, attorney's fees and costs. That way, a wronged party can avoid the headaches of seeking to prove actual damages.

Endnotes

1. A wronged party can file an expedited copyright application for a work that was unregistered at the time of infringement, but statutory damages and attorney's fees will be unavailable if the work was unpublished prior to the infringement. An expedited copyright application costs significantly more than a regular application.
2. Factors that courts consider when determining whether the infringement was willful include but are not limited to: whether the work included a copyright notice, whether the infringer had direct notice that copying was not permitted, whether the infringer copied other parties' works without permission, and whether the infringer had previously been sued and/or settled similar infringement cases.

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