February 1996

Infringers Beware: A Survey of Remedies and Penalties in Copyright Law

Edward K. Pritchard, III
Sinkler & Boyd

Follow this and additional works at: <https://docs.lib.purdue.edu/atg>

Part of the [Library and Information Science Commons](#)

Recommended Citation

Pritchard, III, Edward K. (1996) "Infringers Beware: A Survey of Remedies and Penalties in Copyright Law," *Against the Grain*: Vol. 8: Iss. 1, Article 17.
DOI: <https://doi.org/10.7771/2380-176X.1871>

This document has been made available through Purdue e-Pubs, a service of the Purdue University Libraries. Please contact epubs@purdue.edu for additional information.

Infringers Beware: A Survey of Remedies and Penalties in Copyright Law

by Edward K. Pritchard, III, Attorney, Sinkler & Boyd, P.A., Charleston, South Carolina

Ever wonder what happens to a copyright infringer? Most are so concerned with copyright ownership and fair use that few bother to consider the ramifications of copyright infringement. Why not infringe on someone's copyright? What are the consequences? In fact, the remedies available to the holder for infringement of his copyright are quite broad and the penalties imposed can often be Draconian in nature. This article will survey the various remedies and penalties associated with U.S. copyright infringement.

Remedies available to a holder include injunctive relief, impoundment and destruction of the offending articles, monetary damages and the recovery of litigation costs and attorney fees. Penalties which can be imposed on the infringer range from the seizure and forfeiture of the offending articles and the means by which they were produced or reproduced to fines or imprisonment, or both, in cases of willful infringement for purposes of commercial advantage or private financial gain.

Injunctive relief is available to a holder "to prevent or restrain infringement of a copyright."¹ An "injunction" is an equitable device which either forbids one from committing or continuing to commit a particular act or which compels him to do some positive act or particular thing. Injunctions can be either temporary or permanent in nature, depending upon the nature of the act sought to be enjoined and whether the injunction is issued prior or subsequent to a trial on the merits. Violation of an injunction subjects one to the contempt powers of the issuing court. An injunction issued pursuant to the copyright laws is enforceable throughout the United States.

For instance, an aspiring author of copyright articles for *Against the Grain* discovers that his scholarly musings have been appropriated and re-published in various competing trade journals under a pseudonym. Incensed, our author seeks and obtains a temporary injunction from his neighborhood United States District Court prohibiting further publication of his works by both the infringing author and publishers. After a trial on the merits, a permanent injunction is issued, permanently enjoining the infringers from committing the heinous deed again (or at least until our author's copyright expires). In some situations, depending upon the nature of the medium, our author may also be entitled to an injunction requiring the infringers to withdraw the misappropriated materials from circulation. Should any of the perpetrators ignore the court's order, our author can enforce his injunction through use of the court's contempt power which would include civil penalties and/or incarceration.

Additionally, at any time during the pendency of his lawsuit, our author may petition the court to impound the offending materials and the means by which they were produced or reproduced. The court can then include, as a part of its final order, a provision directing that these items be destroyed.

Probably nearest and dearest to the hearts of most holders is the availability of monetary damages. In copyright cases, monetary damages fall into three categories: actual damages, profits and statutory damages.

Actual damages are damages which flow from the infringement. Ordinarily, actual damages are the profits lost by the holder as a consequence of the infringement. Nevertheless, in some instances actual damages include other damages not represented by lost profits, but such instances are rare.

Also recoverable under the copyright laws are "profits." At first glance this may seem redundant, since actual damages typically include profits lost by the holder flowing from the infringement. The copyright statutes, however, make clear that this element of damage refers not only to the holder's lost profits, but also to "any additional profits of the infringer..."² not included in the holder's lost profits. The purpose behind this element of damage is to provide an infringer with a disincentive from committing an infringement in a situation in which his profits exceed the holder's lost profits, otherwise he would benefit to the extent that his financial gain exceeds the holder's lost profits.

To better understand this, it is helpful to view the award of profits in an historical context. Under the 1909 Copyright Act, a holder could recover "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..."³ Some courts concluded that this entitled a holder to recover both. For instance, in *Thomas Wilson & Co., Inc. v. Irving J. Dorfman Co., Inc.*, 433 F.2d 409 (2d Cir. 1970), the United States Court of Appeals for the Second Circuit affirmed the lower court's cumulative award of actual damages equal to the holder's lost profits resulting from the infringement, plus "profits" equal to all of the profits reaped by the infringer. In other words, the court not only awarded the holder his lost profits, but all of the infringer's profits as well.

The 1976 amendments to the Copyright Act sought to correct this inequitable duplication of damages, while retaining the disincentive to commit copyright infringement contained in the prior Act. Under the current copyright laws, a holder is entitled to "profits" only to the extent they are not included in actual damages.

"Statutory damages" are damages created by statute, which are designed to accomplish some goal other than or in addition to recompensing the victim for his or her injuries. Consequently, they often do not relate to the injuries sustained by the victim. Under Copyright law, statutory damages range from "a sum of not less than \$500 or more than \$20,000 as the court considers just."⁴ Statutory damages are recoverable "for all infringements involved in the action, with respect to any one work..."⁵ Statutory damages are awarded instead of, rather than in conjunction with, actual damages and profits. The beauty of statutory damages is that one need not prove his actual damages (which in some cases may not exist) or the infringer's profits (which, similarly, may not exist) in order to recover damages beyond mere nominal damages. It is within the discretion of the holder to choose whether to seek an award of actual damages and profits or statutory damages. The

continued on page 51

Infringers Beware

from page 50

holder can make this election at any time prior to the rendering of final judgment.

If an infringement was committed willfully, a court may, in its discretion, increase a statutory damage award "to a sum of not more than \$100,000."⁶ Conversely, if an infringement was innocent, a court can, likewise, in its discretion, reduce a statutory damage award "to a sum of not less than \$200." In situations where the infringer is:

(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 non-profit activities of a public broadcasting entity ... infringed by performing a published non-dramatic literary work or by reproducing a transmission program embodying a performance of such a work, and the infringer had a reasonable belief that his or her infringement was a fair use, the statutory damages must be forgiven.⁷

When our author of copyright articles brings his lawsuit against the infringers, he must choose between the two different types of damages — actual damages and profits or statutory damages. Because he is not required to decide which type of damages he would like the court to award until final judgment is rendered, he is free to waffle back and forth until that time (suffice it to say that our author's primary motivation is to maximize his pecuniary gain). Which would be best for him, depends on the situation.

For example, assume our author had lost profits of \$50,000.00 as a result of the infringement. Assume further that the infringers had derived profits of \$120,000.00 as a result of the infringement. Our author would be entitled to recover actual damages of \$50,000.00 (his lost profits) and profits of \$70,000.00 (the infringer's lost profits less our author's lost profits) for a total judgment of \$120,000.00. The reason the infringer's profits are reduced by the amount of our author's lost profits is that profits are only awardable to the extent that they are not included in actual damages. Since our author's lost profits of \$50,000.00 are included in his actual damage award, \$50,000.00 of the infringer's \$120,000.00 profit was included in the author's actual damages, and, therefore, the award of profits must be reduced by \$50,000.00 to reflect this.⁸

On the other hand, suppose our author's actual damages are only \$1.00 (which is a little more realistic). Suppose, too, that the infringer's profits are only \$2.00 (probably a bit inflated). Our author, being the astute businessman that he is, would (or at least it's hoped he would) elect statutory damages. Our author would then be entitled to an award of statutory damages ranging from \$500.00 to \$20,000.00, the exact amount of which will be determined by the court. Should our author be able to show that the infringement was willful, the court could increase the award to as much as \$100,000.00. Should the infringers be able to show that the infringement was innocent, the court could decrease the award to as little as \$200.00. Moreover, if any of the infringers had a reasonable belief that the use was a fair use, and if he, she or it falls into either of the statutory categories quoted above, the court would have to pardon the damages altogether — in which case our author would have been better off having actual damages and profits of \$2.00

awarded to him.

In copyright cases, a court also has the discretion of awarding the prevailing party, his, her or its litigation costs and reasonable attorney's fees (assuming there is such a thing). Accordingly, if justice prevails in our author's suit, the court has the discretion of awarding him his litigation costs and reasonable attorney's fees incurred in bringing the litigation. If, however, the forces of evil triumph over good, the court has the discretion to award the infringers their litigation costs and reasonable attorney's fees incurred in defending the action. In either case, it is likely that the attorney's fees will be anything but reasonable.

Finally, one who willfully infringes upon a copyright "for purposes of commercial advantage or private financial gain ..." is subject to criminal prosecution.⁹ Penalties for the first offense range from imprisonment of one year and/or a fine of \$100,000.00 for individuals or \$200,000.00 for organizations, to imprisonment of five years and/or a fine of \$250,000.00 for individuals or \$500,000.00 for organizations in cases where one reproduces or distributes, within a 180-day period, at least ten copies of a copyrighted work, "with a retail value of more than \$2,500."¹⁰ For second and subsequent offenses involving the reproduction or distribution, within a

180-day period, of at least ten copies of a copyrighted work, "with a retail value of more than \$2,500," one can be imprisoned for ten

continued on page 52

Springer Publishing Company

ANNOUNCEMENT

We are pleased to introduce the newest addition to our list of professional journals—**THE JOURNAL OF ETHICS, LAW, AND AGING.**

At long last, a forum for professionals who plan, provide, administer, and evaluate ethics in health care and social services to older persons and their families.

The journal emphasizes the practical, direct application of ethical principles and legal considerations for the everyday practice of geriatrics and gerontology. In addition to full length articles, sections include editorials, point-counterpoint debates, legal updates, abstracts of current literature, and book reviews.

Volume 2, 1996 • 2 issues annually • ISSN 1076-1616
Institution: \$55 / 1 yr. \$99 / 2 yrs.

536 Broadway, New York, NY 10012-3955
(212) 431-4370 • Fax (212) 941-7842

Infringers Beware from page 51

years and fined \$250,000.00 for individuals and \$500,000.00 for organizations.¹¹ Other criminal penalties are imposed for the fraudulent use or removal of a copyright notice.¹² Further, if one is convicted of criminal infringement, all copies of the infringing materials and the means by which they were produced or reproduced are subject to confiscation and destruction.¹³

Copyright infringement is not treated lightly. In fact, it is serious business. Copyright remedies and penalties are cumulative, and are designed not only to allow the holder to recover his lost profits and the ill-gotten profits of the infringer, but to also provide potential

infringers with a strong deterrent.

In the future, before reproducing or distributing a copyrighted work, ask yourself: "Is this a possible infringement? Is this really worth the risk?" If it is an infringement, or if you are unsure, *do not do it!* For if you do infringe upon a copyright, you may find yourself with a lot more problems than you bargained for.

Mr. Pritchard is a partner in the firm of Sinkler & Boyd, P.A. He received his J.D. from the University of South Carolina in 1987 and, following graduation, clerked for the Honorable Randall T. Bell, South Carolina Court of Appeals. He began practicing law in 1988.

FOOTNOTES

¹¹17 U.S.C. § 502 (a) (1982).

¹²17 U.S.C. § 504 (a) (1) (1982).

¹³17 U.S.C. § 501 (b) (1982).

¹⁴17 U.S.C. § 504 (c) (1) (1982).

¹⁵*Id.* What constitutes "all infringements involved in the action" or "one work" is beyond the scope of this article.

¹⁶17 U.S.C. § 504 (c) (2) (1982).

¹⁷*Id.*

¹⁸Prior to the 1976 amendments to the copyright laws, our author may have been entitled to recover both his \$50,000.00 lost profits and the infringer's \$120,000.00 profits for a total recovery of \$170,000.00. Apparently damages, like most things, just aren't made like they used to be.

¹⁹17 U.S.C. § 506 (a) (supp. 1995).

²⁰18 U.S.C. § 2319 (b) (1) (supp. 1995); 17 U.S.C. § 506 (a) (supp. 1995); 18 U.S.C. § 3559 (a) (5) and (6) (supp. 1995); 18 U.S.C. § 3571 (b) (3) and (5) and (c) (3) and (5).

²¹18 U.S.C. § 2319 (b) (1) (supp. 1995); 17 U.S.C. § 506 (a) (supp. 1995); 18 U.S.C. § 3559 (a) (4) (supp. 1995); 18 U.S.C.

§ 3571 (b) (3) and (c) (3) (supp. 1995).

²²See 17 U.S.C. § 506 (c) and (d) (1982).

²³This may seem duplicative of the impoundment and destruction remedy discussed above, and, in a way, it is. Yet, while the end result may be the same either way, the method by which it is accomplished is very different. The impoundment and destruction remedy is a civil remedy, which must be sought by the holder. Seizure and forfeiture, however, is a criminal penalty, which must be sought by the proper authorities. Moreover, though not all infringements are criminal, all infringements are civilly actionable, so failure to include impoundment and destruction as a civil remedy would deprive the holder of the ability to have the infringing materials confiscated and destroyed in cases involving non-criminal infringement. Similarly, a holder may for some reason elect not to bring a civil action in a situation involving a criminal infringement (such as a case where the infringer is bankrupt so damages and attorney's fees cannot be recovered from a pragmatic standpoint). Failure to include seizure and forfeiture as a criminal penalty would allow the infringer to retain the infringing materials in such a situation.

Juris Libris from page 49

Herskowitz, Susan. *Legal Research Made Easy.* Clearwater, FL: Sphinx Publishing, 1995. 124p. 1572480084. \$14.95. Written for those without a law background. Includes two sample legal research problems. Author implies this book should be used first before seeing a licensed attorney (may save yourself some money).

Hill, Kathleen Thompson and Gerald W. Hill. *Real Life Dictionary of the Law: Taking the Mystery Out of Legal Language.* Santa Monica, CA: General Publishing Group, 1995. 479p. 1881649741. \$19.95. Reviewed by *Library Journal*, 8/95, where the reviewer (Joan Pedzich) points out that the publisher notes that the "book [was] spotted at the O.J. Simpson trial on both the defense team's and judge's desks."

Hodes, W. William. *Legal Research: A Self-Teaching Guide to the Law Library.* Saint Paul, MN: Natl. Inst. for Trial Advocacy, 1988. 173p. 1556811756. \$15.00. Research book provides self-help approach

to the law library. Can be used as a teaching tool. Workbook included. (Instructor's Manual available).

Jacobstein, J. Myron and Donald J. Dunn. *Legal Research Illustrated.* 6th ed. Westbury, NY: The Foundation Press, 1994. 488p. 1566621674. \$23.95. Abridged paperback version of more technical *Fundamentals of Legal Research*. Used by paralegals and will be found in some colleges.

Lewis, Alfred. Pak: *Using American Law Books.* Dubuque, IA: Kendall/Hunt Publishing Company, 1995. 288p. 0787207349. \$29.38. Suitable for the first-year law student, the paralegal, the undergraduate taking a law-related course or the library science student taking a class in legal bibliography.

Nolfi, Edward A. and Pamela R. Tepper. *Basic Legal Research & Writing.* Blacklick, OH: Glencoe, 1993. \$34.68. Structured primarily for the paralegal but also useful to the layperson.

Oran, Daniel and Mark Tosti. *Law Dictionary for Non-Lawyers.* 3rd ed. Saint

Paul, MN: West Publishing Co., 1991. 303p. 0314875352. \$18.50.

Roberts, Bonita K. and Linda L. Schlueter. *Legal Research Guide: Patterns and Practice.* 2nd ed. Charlottesville, VA: Michie Butterworth, 1990. 157p. 0874736412. \$18.00. Simplified nuts and bolts approach to legal research with helpful checklists.

Statsky, William P. *Legal Research and Writing: Some Starting Points.* 4th ed. Saint Paul, MN: West Publishing Co., 1993. 270p. 0314012079. \$29.75. Focuses on the paralegal but approach is very straightforward and easy to read for most audiences.

Wren, Christopher G. and Jill R. Wren. *The Legal Research Manual: A Game Plan for Legal Research & Analysis.* 2nd ed. Madison, WI: Adams & Ambrose Publishing, 1986. 242p. \$9.95. Although used in some law schools for first-year students, this book has a non-technical approach which makes it suitable for other audiences.