Continuing Use: Avoiding Statutory Damages and Attorneys' Fees

James B. Astrachan
Goodell, DeVries, Leech & Dann, LLP
jastrachan@gdldlaw.com | 410-783-3520

www.gdldlaw.com

Infringement damages vary greatly:

1. Defendant's **profits** (often none); and/or

2. Plaintiff's **damages** (sometimes speculative)
17 U.S.C. § 504(b), or, if eligible to elect,

3. **Statutory damages**.
(up to $150,000 per work infringement)
17 U.S.C. §§ 504(c); 412

(No need to prove damages or profits)

If entitled to statutory damages, also entitled to seek attorneys' fees.

17 U.S.C. §§ 505; 412.

To elect statutory damages, plaintiff must prove it registered the work <u>before infringement commenced</u> (or within three months of first publication).

17 U.S.C. §§ 412; 504(c).

The courts do not always apply a bright line test to determine entitlement based on when infringement commenced.

They should.

"Section 412(1) leaves no room for discretion, mandating that no attorney's fees or statutory damages be awarded as long as the infringement commenced before registration of the copyright."

Johnson v. Jones, 149 F.3d 494 (6th Cir. 1998).

A few courts have developed theories that circumvent the very strict requirements of Section 412.
While not widely accepted, the inquiry will protract litigation.

Example: Architect creates drawings and delivers them to client on December 1, 2019. Architect reproduces drawings without authority on January 1, 2020.

That's an act of infringement.

Architect registers drawings with Copyright Office on June 1, 2020, 6 months after delivery; 5 months after infringement.

There would be no statutory damages or attorney's fees available for the January 1 reproduction of drawings.

Client next uses plans in October 2020, to construct several houses.

Is construction from plans a continuing act of infringement that commenced prior to registration (that would preclude an election of statutory damages), or is the construction a separate act of infringement?

Most courts would consider construction from building plans a continuing act barring statutory damages and attorney's fees.

Bouchat v. Bon-Ton Dept. Stores, Inc., 506 F.3d 315 (4th Cir. 2007).

Or, reproduction of the same photos by the same defendants in different editions of a textbook.

Grant Heilman Photography, Inc. v. McGraw-Hill Ed. Holdings, LLC, 2018 WL 3193 706 (E.D. Penn. 2018).

A few courts have examined:

Duration between the first and subsequent acts of infringement; and/or

the nature of rights under Section 106(a) infringed by the defendant.

Derek Andrew, Inc. v. Poof Apparel Corp., 528 F.3d. 696 (9th Cir. 2008);

Troll Co. v. Uneeda Doll Co., Inc., 483 F.3d 150 (2nd Cir. 2007).

An interest in examining either or both might cause a cautious court to deny a partial motion for summary judgment under Rule 12(b)(6).

Proper reading of Section 412 and 504 should block entitlement.

The Fourth Circuit, affirming Judge Marvin Garbis, held "Mr. Bouchat was precluded from statutory damages and attorney's fees because he registered his copyright on July 25, 1996. The NFL's infringement began one month before – in June 1996."

Bouchat's bright line test did not consider for how long acts of infringement continued following registration, nor the nature of the rights infringed under Section 106(a).

"'Commence' describes the first in a series of acts to the end that the NFL's infringement began prior to *Bouchat's* registration – and well past that date."

The purpose of Section 412 would be thwarted by holding that infringement is “commenced” each time an infringer commits another in a series of infringing acts.

Christus Gardens, Inc., 205 S.W. 3d. at 924-25
(citing *Johnson v. Jones*, 149 F.3d 494 (6th Cir. 1998)).

But, proof there is a legally significant difference between pre- and post-registration infringement, or a significant difference in timing, caused one court to consider there may be a new or separate basis for awarding statutory damages.

Mason v. Montgomery Data, Inc., 967 F.2d 135 (5th Cir. 1992); *Derek Andrew, Inc. v. Poof Apparel Corp.*, 528 F.3d 696 (9th Cir. 2008).

This is not the general rule!

One court thought it wise to distinguish ongoing acts of infringement of the same work on the grounds that different exclusive rights under Section 106(a) had been violated (reproduction and derivative works). It was reversed.

Southern Credentialing Support Services, LLC v. Hammond Surgical Hosp., LLC, 946 F.3d 780 (5th Cir. 2020).

The Fifth Circuit held that the District Court had gone where no other court in the Fifth Circuit had gone, and that the Copyright Act does not, for this purpose, distinguish between different infringements.

Id.

In *Derek Andrew*, the court implied that the ongoing, post-registration acts of infringement must be of the same kind as those that occurred prior to infringement. Why?

(The acts were held to be a continuation.)

But, beware of this unsupported distinction (which inexplicably cites *Bouchat* as authority).

Even "somewhat differing" manuals, infringed pre- and post-registration, were held to be continuing infringements. Why? It was an infringement of the same kind by the same person.

B2B CFO Partners, LLC v. Kaufman,
787 F.Supp.2d. 1002 (D. Ariz. 2011).

Does this add fuel for a separate infringement argument?

One court denied a Rule 12(b)(6) motion to dismiss, without reaching merits, holding plaintiff's amended complaint sufficiently alleged a claim for statutory damages, and that it was "arguable that publication of each edition marks commencement of a [new] infringement for purposes of Section 412."

On the other hand, the act of ordering an emblem post-registration to a copyrighted t-shirt design did not constitute a new and separate infringement under Section 412.

New Name, Inc. v. The Walt Disney Co., 2008 WL 558 7487 (C.D. Cal. 2008);

See also, *City of Carlsbad v. Shah*,
850 F.Supp. 2d 1087 (S.D. Cal. 2012).

"When the same defendant infringes on the same protected work in the same manner, as it did prior to the work's registration, the post registration infringement constitutes the continuation of a series of ongoing infringements."

Craig v. UMG Recordings, Inc.,
380 F.Supp.3d 324 (S.D. N.Y. 2019);

Solid Oak Sketches, LLC, 2016 WL 412 6543.

Bright-Line Test (4th Circuit)

And, "although the NFLP violated the copyright for the first time in June 1996 . . . NFLP may have continued to violate the copyright long after July 25, 1996, when *Bouchat* registered. The post-registration activities make no difference. In using the word "commenced," § 412(1) instructs us to trace NFLP's infringing conduct back to NFLP's original infringement."

Bouchat, 506 F.3d at 329.

For a comprehensive treatment of this subject see,
An Award of Statutory Damages Under the Copyright Act for Post-Registration Infringement? It Depends.

https://lawreviewdrake.files.wordpress.com/2022/06/astrachan-final.pdf

James B. Astrachan
Drake Law Review, Summer 2022