

CASE NOS. 10-1883, 10-1947, 10-2052

**IN THE UNITED STATES COURT OF APPEALS
FOR THE FIRST CIRCUIT**

SONY BMG MUSIC ENTERTAINMENT, ET AL.,

Plaintiffs-Appellants/Cross-Appellees,

v.

JOEL TENENBAUM,

Defendant-Appellee/Cross-Appellant.

**On Appeal From the United States District Court
For the District of Massachusetts**

**RESPONSE/REPLY BRIEF OF
PLAINTIFFS-APPELLANTS/CROSS-APPELLEES**

Timothy M. Reynolds
Eve G. Burton
Holme Roberts & Owen, LLP
1700 Lincoln, Suite 4100
Denver, CO 80203
(303) 861-7000

Matthew J. Oppenheim
The Oppenheim Group, LLP
7304 River Falls Drive
Potomac, MD 20854
(301) 299-4986

Paul D. Clement
Jeffrey S. Bucholtz
Erin E. Murphy
King & Spalding LLP
1700 Pennsylvania Avenue, N.W.
Washington, DC 20006
(202) 737-0500

Jennifer L. Pariser
Recording Industry
Association of America
1025 F Street, N.W.
Washington, DC 20004
(202) 775-0101

Counsel for Plaintiffs-Appellants/Cross-Appellees

TABLE OF CONTENTS

TABLE OF AUTHORITIES	iii
INTRODUCTION AND SUMMARY OF ARGUMENT	1
ARGUMENT	4
I. Tenenbaum’s Broad Attacks On Section 504(c) Are Neither Preserved Nor Meritorious	4
A. <i>Feltner</i> Did Not Render Section 504(c) Inoperable.....	5
B. Section 504(c) Does Not Differentiate Between “Commercial” and “Noncommercial” Infringers.....	9
C. Section 504(c) Does Not Require Proof of Actual Damages	18
II. The Jury’s Award Is Constitutional.....	26
A. Remittitur Is Not a Viable Means of Constitutional Avoidance.....	26
B. Constitutional Review is Governed by <i>Williams</i> , not <i>Gore</i>	31
C. The Jury’s Award Is Constitutional Under <i>Williams</i>	38
D. The Jury’s Award Is Constitutional Under <i>Gore</i>	44
III. The District Court’s Jury Instructions Were Accurate And Adequate	46
A. The Court’s Instruction on the Statutory Range Was Not Erroneous.....	47
B. Tenenbaum Was Not Entitled to an Instruction Regarding Harm Caused by or Flowing to Nonparties.....	51
C. Tenenbaum Was Not Entitled to an Instruction that Statutory Damages Must Bear a Reasonable Relationship to Actual Harm.....	54
D. The Court’s Instruction Correctly Defined “Willful”	55

CONCLUSION.....57

CERTIFICATE OF COMPLIANCE

CERTIFICATE OF SERVICE

TABLE OF AUTHORITIES

	Page(s)
CASES	
<i>A&M Records, Inc. v. Napster, Inc.</i> , 114 F. Supp. 2d 896 (N.D. Cal. 2000).....	13, 14
<i>A&M Records, Inc. v. Napster, Inc.</i> , 239 F.3d 1004 (9th Cir. 2001)	12, 13, 14
<i>Accounting Outsourcing LLC v. Verizon Wireless Pers. Commc 'ns, L.P.</i> , 329 F. Supp. 2d 789 (M.D. La. 2004).....	35
<i>Am. Geophysical Union v. Texaco, Inc.</i> , 60 F.3d 913 (2d Cir. 1994)	13
<i>Ashwander v. Tenn. Valley Auth.</i> , 297 U.S. 288 (1936).....	7
<i>Bielunas v. F/V Misty Dawn, Inc.</i> , 621 F.3d 72 (1st Cir. 2010).....	27
<i>Bigelow v. RKO Radio Pictures</i> , 327 U.S. 251 (1946).....	25, 45
<i>Bly v. Banbury Books, Inc.</i> , 638 F. Supp. 983 (E.D. Pa. 1986).....	55
<i>BMW of N. Am., Inc. v. Gore</i> , 517 U.S. 559 (1996).....	passim
<i>Brady v. Daly</i> , 175 U.S. 148 (1899).....	22
<i>Capitol Records Inc. v. Thomas-Rasset</i> , 680 F. Supp. 2d 1045 (D. Minn. 2010).....	29
<i>Columbia Pictures Television, Inc. v. Krypton Broad. of Birmingham, Inc.</i> , 259 F.3d 1186 (9th Cir. 2001)	6
<i>Cooper Indus., Inc. v. Leatherman Tool Grp., Inc.</i> , 532 U.S. 424 (2001).....	33

Correia v. Feeney,
620 F.3d 9 (1st Cir. 2010).....5

Curtis v. Loether,
415 U.S. 189 (1974).....6

Davis v. E. I. Du Pont de Nemours & Co.,
249 F. Supp. 329 (S.D.N.Y. 1966)55

Díaz-Fonseca v. Puerto Rico,
451 F.3d 13 (1st Cir. 2006).....49

Dimick v. Schiedt,
293 U.S. 474 (1935).....9

Douglas v. Cunningham,
294 U.S. 207 (1935).....19, 21, 22, 27

Exxon Shipping Co. v. Baker,
554 U.S. 471 (2008).....37

F.W. Woolworth Co. v. Contemporary Arts,
344 U.S. 228 (1952).....15, 20, 21, 54

Feltner v. Columbia Pictures Television, Inc.,
523 U.S. 340 (1998).....passim

Fitzgerald Publ’g Co. v. Baylor Publ’g Co.,
807 F.2d 1110 (2d Cir. 1986)56

Forest Grove Sch. Dist. v. T.A.,
129 S. Ct. 2484 (2009).....8

Gray v. Genlyte Grp., Inc.,
289 F.3d 128 (1st Cir. 2002).....52

Harris v. Emus Records Corp.,
734 F.2d 1329 (9th Cir. 1984)25

In re Aimster Copyright Litig.,
334 F.3d 643 (7th Cir. 2003)41, 42

In re Barboza,
545 F.3d 702 (9th Cir. 2008)56

Kepner-Tregoe, Inc. v. Vroom,
186 F.3d 283 (2d Cir. 1999)57

L.A. News Serv. v. Reuters Television Int’l, Ltd.,
149 F.3d 987 (9th Cir. 1998)25

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

Lord Townshend v. Hughes,
86 Eng. Rep. 994 (C.P. 1677) 9

Lowry’s Reports, Inc. v. Legg Mason, Inc.,
302 F. Supp. 2d 455 (D. Md. 2004).....35

Lyons P’ship, L.P. v. Morris Costumes, Inc.,
243 F.3d 789 (4th Cir. 2001)56

Metro-Goldwyn-Mayer Studios, Inc. v. Grokster Ltd.,
545 U.S. 913 (2005).....41

Negron v. Caleb Brett U.S.A., Inc.,
212 F.3d 666 (1st Cir. 2000).....47, 48

New Line Cinema Corp. v. Russ Berrie & Co.,
161 F. Supp. 2d 293 (S.D.N.Y. 2001)55

Oncale v. Sundowner Offshore Servs.,
523 U.S. 75 (1998)..... 14

Ortiz-Gonzalez v. Fonovisa,
277 F.3d 59 (1st Cir. 2002).....5

Parker v. Gerrish,
547 F.3d 1 (1st Cir. 2008).....25

Parker v. Time Warner Entm’t Co., L.P.,
331 F.3d 13 (2d Cir. 2003)36, 37

Penn. Dep’t of Corr. v. Yeskey,
524 U.S. 206 (1998).....17

Philip Morris USA v. Williams,
549 U.S. 346 (2007).....51, 52

Plumley v. S. Container, Inc.,
303 F.3d 364 (1st Cir. 2002).....5, 10

RCA/Ariola Int’l, Inc. v. Thomas & Grayston Co.,
845 F.2d 773 (8th Cir. 1988)57

Recording Indus. Ass’n of Am. v. Diamond Multimedia Sys., Inc.,
180 F.3d 1072 (9th Cir. 1999)16

Rivera Castillo v. Autokirey, Inc.,
379 F.3d 4 (1st Cir. 2004).....49, 52

Rodriguez de Quijas v. Shearson/Am. Express, Inc.,
490 U.S. 477 (1989).....35

Romano v. U-Haul Int’l,
233 F.3d 655 (1st Cir. 2000).....36

Russello v. United States,
464 U.S. 16 (1983).....10

Sega Enters. Ltd. v. MAPHIA,
857 F. Supp. 679 (N.D. Cal. 1994).....13

Segrets, Inc. v. Gillman Knitwear Co.,
207 F.3d 56 (1st Cir. 2000).....5

Sony Corp. v. Universal City Studios, Inc.,
464 U.S. 417 (1984).....39

St. Louis, I. M. & S. Ry. Co. v. Williams,
251 U.S. 63 (1919).....passim

Tull v. United States,
481 U.S. 412 (1987).....6

Udemba v. Nicoli,
237 F.3d 8 (1st Cir. 2001).....9

United States v. LaMacchia,
871 F. Supp. 535 (D. Mass. 1994).....11

United States v. Paramount Pictures, Inc.,
334 U.S. 131 (1948).....41

United States v. Sampson,
486 F.3d 13 (1st Cir. 2007).....35

Venegas-Hernandez v. Peer,
2004 WL 3686337 (D.P.R. May 19, 2004)55

Warner Bros. v. Dae Rim Trading, Inc.,
677 F. Supp. 740 (S.D.N.Y. 1988)55

Webloyalty.com, Inc. v. Consumer Innovations, LLC,
388 F. Supp. 2d 435 (D. Del. 2005).....55

Wildlife Express Corp. v. Carol Wright Sales, Inc.,
18 F.3d 502 (7th Cir. 1994)56

Williams v. Philip Morris USA Inc.,
176 P.3d 1255 (Or. 2008)52

Worldwide Church of God v. Phila. Church of God,
227 F.3d 1110 (9th Cir. 2000)13

Yurman Studio v. Casteneda,
2008 WL 4949775 (S.D.N.Y. Nov. 19, 2008).....55

Zomba Enters., Inc. v. Panorama Records, Inc.,
491 F.3d 574 (6th Cir. 2007)35, 56

STATUTES

17 U.S.C. § 101 11, 12

17 U.S.C. § 107 13

17 U.S.C. § 402 56

17 U.S.C. § 504passim

17 U.S.C. § 506 10, 11, 12

Act of May 31, 1790
 1 Stat. 12439, 41

Audio Home Recording Act of 1992,
 Pub. L. No. 102-563, 106 Stat. 4237 16

Copyright Act of 1909,
 35 Stat. 107520, 21

Copyright Act of 1976,
 Pub. L. No. 94-553, 90 Stat. 254122

Digital Theft and Copyright Damages Improvement Act of 1999,
 Pub. L. No. 106-160, 113 Stat. 17747, 8, 17

No Electronic Theft Act of 1997,
 Pub. L. No. 105-147, 111 Stat. 2678 11

OTHER AUTHORITIES

Dep’t of Justice, *Report of the Department of Justice’s
 Task Force on Intellectual Property*,
<http://www.cybercrime.gov/IPTaskForceReport.pdf>41

Fed. R. Civ. P. 5147, 52

H.R. Rep. 92-487 (1971)..... 15

H.R. Rep. No. 94-1476 (1976).....12, 14

H.R. Rep. 105-339 (1997).....12, 14

H.R. Rep. 106-216 (1999).....8, 17, 42

4 Melville B. Nimmer & David Nimmer,
 Nimmer on Copyright § 14.0425, 57

*Prohibiting Piracy of Sound Recordings:
 Hearings on S. 646 and H.R. 6927 Before Subcomm. 3
 of the H. Comm. on the Judiciary, 92d Cong. 4 (1971)* 15

S. Rep. 102-294 (1992).....16

Staff of H. Comm. on the Judiciary, 87th Cong., Copyright Law Revision:
Report of the Register of Copyrights on the
General Revision of The U.S. Copyright Law (1961).....11, 19, 23

U.S. Const. art. 1, § 839, 40

INTRODUCTION AND SUMMARY OF ARGUMENT

In his opening brief, Tenenbaum asks this Court to do nothing less than rewrite the Copyright Act's statutory damages provision and disregard a Supreme Court decision interpreting it. In Tenenbaum's view, statutory damages should be available — if at all — only against “commercial” actors who infringe with the specific intent of obtaining a direct profit from their infringement. Even then, damages should not be awarded within the ranges Congress has provided, but rather should be limited by whatever quantifiable proof of profit or injury a copyright owner can provide, notwithstanding the extent to which the infringer himself makes such proof impractical or even impossible to obtain. If that were not enough, Tenenbaum also urges this Court to effectively overturn the Supreme Court's decision in *Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340 (1998). Tenenbaum's hostility to the statute Congress actually wrote and the role of the jury under *Feltner* is palpable. However, Tenenbaum's arguments, which in large part echo the district court's reasons for rejecting the jury's award, do not provide any justification for deeming the jury's award within the statutory damages range unconstitutional or otherwise invalid.

Statutory damages remain available after *Feltner*, which did not invalidate 17 U.S.C. § 504(c), but rather held that a jury, not a judge, must assess statutory damages within the range Congress provided. As is plain from the text of the

statute, as well as the legislative history and multiple Supreme Court cases, such damages are available against any infringer, without regard to whether the infringer acted for commercial gain, achieved a direct financial profit, or caused quantifiable injury to the copyright holder. Indeed, the *raison d'être* of statutory damages is to provide an alternative to actual damages in contexts where they may be difficult to prove or otherwise inadequate. In any event, Tenenbaum's rampant file-sharing with numerous unknown peer-to-peer network users was "commercial" as Congress and courts have defined that term, and directly caused Plaintiffs real and substantial injury.

Tenenbaum also fails to show any constitutional infirmity in the jury's award of statutory damages well within the range Congress has authorized. A statutory damages award is governed by the standard set forth in *St. Louis, Iron Mountain & Southern Railway Co. v. Williams*, 251 U.S. 63 (1919), the touchstone of which is deference to the legislature's "wide latitude of discretion" in responding to public wrongs. *Id.* at 66. Tenenbaum's attempt to replace the *Williams* standard with the punitive damages guideposts set forth in *BMW of North America, Inc. v. Gore*, 517 U.S. 559 (1996), ignores the fact that those guideposts are designed to compensate for the absence of the very legislative judgment to which *Williams* defers. Moreover, Tenenbaum's focus on the award's ratio to actual damages runs head-on into *Williams* itself, which expressly rejects the

notion that statutory damages must “be confined or proportioned to [a plaintiff’s] loss or damages.” *Williams*, 251 U.S. at 66.

Applying the *Williams* standard, the jury’s award should be reinstated. Congress’s judgment concerning the appropriate response to copyright infringement “cannot be said to be so severe and oppressive as to be wholly disproportioned to the offense and obviously unreasonable.” *Id.* at 67. Moreover, although *Williams* makes clear that statutorily authorized damages can withstand constitutional challenge even without regard to the harm caused by a particular defendant, the jury’s award here was surely an appropriate response to the egregiousness of Tenenbaum’s actions and the substantial harm they caused. By his own admission, Tenenbaum infringed upon these and hundreds of other copyrighted works, distributing them to countless peer-to-peer network users for free, all the while knowing his actions constituted copyright infringement. He did not stop even after Plaintiffs threatened and brought legal action, but instead reacted by repeatedly blaming friends and family for his own actions. The Copyright Act’s damages provisions make crystal clear that willful infringement is subject to greater damages, and Tenenbaum’s conduct was willful in the extreme. As Plaintiffs’ evidence at trial showed, this willful infringement caused them real and substantial injury.

Finally, Tenenbaum's new trial arguments are for the most part unpreserved and in any event are meritless. At bottom, Tenenbaum's jury instruction challenges are just a repackaged attack on the competency of a jury to award statutory damages, an argument conclusively rejected by *Feltner* as contrary to the Seventh Amendment.

ARGUMENT

I. Tenenbaum's Broad Attacks On Section 504(c) Are Neither Preserved Nor Meritorious.

Throughout its opinion striking down the damages award in this case, the district court evinced an implicit hostility to the judgments of Congress and the Supreme Court, both with respect to the ability of a jury to assess statutory damages for copyright infringement and with respect to the range of statutory damages and the scope of infringing conduct. Tenenbaum now asks this Court to make that implicit hostility explicit, by rejecting the Supreme Court's holding in *Feltner* that juries may assess statutory damages, as well as Congress's judgment that statutory damages should be available regardless of whether infringement was done with a commercial motive or caused readily quantifiable damages.

Tenenbaum's broad attacks on § 504(c) — aside from being unpreserved — would require this Court to ignore the holdings of no fewer than three Supreme Court cases and to override Congress's policy judgments in an area uniquely within its discretion. These attacks on § 504(c) should be rejected out of hand.

A. *Feltner* Did Not Render Section 504(c) Inoperable.

Since *Feltner* was decided more than a decade ago, not a single court has suggested that statutory damages are no longer available for copyright infringement. To the contrary, courts including this Court have repeatedly and unanimously recognized that *Feltner* simply mandated that “a party may demand a jury determination of the amount of statutory damages to be awarded.” *Ortiz-Gonzalez v. Fonovisa*, 277 F.3d 59, 63 n.6 (1st Cir. 2002); *see also Segrets, Inc. v. Gillman Knitwear Co.*, 207 F.3d 56, 63 (1st Cir. 2000) (applying *Feltner* retroactively to entitle defendant to jury trial on statutory damages).

Perhaps in recognition of that reality, Tenenbaum has never before argued that § 504(c) did not survive *Feltner* or required subsequent congressional action to be revived. To the contrary, he *requested and stipulated to* a jury trial. *See Stipulation to Jury Trial* (Consol. Doc. No. 674).¹ His facial attack on the statute’s continued existence is therefore forfeited. *See Plumley v. S. Container, Inc.*, 303 F.3d 364, 372 n.7 (1st Cir. 2002) (arguments raised for first time on appeal are forfeited); *see also Correia v. Feeney*, 620 F.3d 9, 15 (1st Cir. 2010) (court will consider forfeited argument only if alleged error was “obvious and clear under current law”). It is also meritless.

¹ Citations in this brief are as follows: “Add.” denotes citations to the Addendum to Plaintiffs’ Opening Brief; “Appx.” denotes citations to the Joint Appendix; “Doc. No.” denotes citations to docket entries in 1:07-cv-111446; and “Consol. Doc. No.” denotes citations to docket entries in 1:03-cv-11661.

The Court in *Feltner* did not hold the statute unconstitutional. It instead held that a plaintiff may still seek statutory damages, but that “if a party so demands, a jury must determine the actual amount of statutory damages under § 504(c).” *Feltner*, 523 U.S. at 355. For that reason, the Ninth Circuit on remand rejected the argument that § 504(c) does not survive *Feltner* as “contrary to the express language of the Supreme Court’s decision.” *Columbia Pictures Television, Inc. v. Krypton Broad. of Birmingham, Inc.*, 259 F.3d 1186, 1192 (9th Cir. 2001). As that court also recognized, *see id.* at 1192, such a holding would be contrary to the Supreme Court’s approach in other Seventh Amendment cases where the Court followed the same practice of curing a Seventh Amendment violation by reading a statute to provide a jury trial right. *See Tull v. United States*, 481 U.S. 412, 425 (1987) (reading into Clean Water Act provision a right to have a jury determine liability); *Curtis v. Loether*, 415 U.S. 189, 194 (1974) (reading into Civil Rights Act provision a right to a jury trial).² That practice, in turn, reflects a much broader

² Tenenbaum makes a half-hearted attempt to distinguish *Tull* as a case in which the Court “honored congressional intent by actually allowing *judges* to set the amount of statutory damages.” Def.’s Br. 76. He is wrong on two counts. The question presented in *Tull* was “whether the Seventh Amendment guarantee[s] ... a right to a jury trial *on both liability and amount of penalty* in an action instituted by the Federal Government seeking civil penalties and injunctive relief.” 481 U.S. at 414 (emphasis added). While the Court held that the Seventh Amendment does not provide a right to have a jury determine the amount of civil penalties, it first held that the Amendment *does* provide a right to have a jury decide liability, and that the statute must be read to provide that right as well. *Id.* at 425. Tenenbaum also misleadingly describes *Tull* as “allowing judges to set ... statutory damages.” Def.’s Br. 76. As the Court noted when distinguishing *Tull* in

and deeply-rooted practice of construing statutes to be constitutional and operative, rather than rendering them a nullity. *See, e.g., Ashwander v. Tenn. Valley Auth.*, 297 U.S. 288, 354-55 (1936) (Brandeis, J., concurring).

Tenenbaum makes no real attempt to reconcile his argument with the Court's clear holding in *Feltner*. He instead attacks *Feltner* head-on, accusing the Court of "engag[ing] in outright judicial legislation," and claiming it "lacked power to rewrite the statute in this manner." Def.'s Br. 75, 77. Tenenbaum's disparagement of the Supreme Court's Seventh Amendment jurisprudence cannot change the reality that *Feltner* is the law of the land.

Moreover, in asking this Court to hold § 504(c) invalid, Tenenbaum does not just ask this Court to disregard the Supreme Court's holding in *Feltner*. He also asks it to ignore a subsequent act of Congress. *Feltner* was decided in 1998. One year later, Congress passed the Digital Theft and Copyright Damages Improvement Act of 1999, which *increased* the amount of statutory damages available under § 504(c). *See* Pub. L. No. 106-160, 113 Stat. 1774 (increasing minimum to \$750, maximum to \$30,000, and maximum for willful infringement to \$150,000). That Act's amendment of § 504(c) would have had no effect had *Feltner* rendered § 504(c) a dead letter, and the fact that Congress passed it one year later makes

Feltner, Tull involved "civil penalties to be paid to the Government," not statutory damages to be paid to private parties. *Feltner*, 523 U.S. at 355.

clear its intent that § 504(c) continue to operate with a jury trial right, as the Court held in *Feltner*.³

In any event, it is clear that Tenenbaum's hostility is not so much to the Supreme Court's chosen means of resolving the Seventh Amendment problem created by § 504(c), but rather to *Feltner*'s holding that the jury has a role in assessing statutory damages under the Seventh Amendment. Tenenbaum does not consider assessment of statutory damages an "appropriate task[]" for a jury, which in his mind lacks sufficient "expertise" to determine what measure of damages is "just." Def.'s Br. 78. Although the district court was less direct in disparaging the jury, it, too, evinced skepticism of the capabilities of a jury, positing that jurors "are in need of additional guidance" if they are to be "entrusted with the responsibility of awarding statutory damages." Add. 39 n.12.

That disdain for the jury's ability is contradicted by more than 200 years of this country's history and tradition, and is foreclosed by the Seventh Amendment

³ That Congress did not specifically mention *Feltner* when passing the 1999 Act is irrelevant. First, the legislative history reveals that Congress recognized the authority of juries to render statutory damages awards. See H.R. Rep. 106-216, at 6 (1999) ("Courts and juries must be able to render awards that deter others from infringing intellectual property rights." (emphasis added)). In any event, it is well settled that "Congress is presumed to be aware of ... [a] judicial interpretation of a statute and to adopt that interpretation if it re-enacts a statute without change." *Forest Grove Sch. Dist. v. T.A.*, 129 S. Ct. 2484, 2492 (2009) (internal quotation marks omitted). And whatever the force of that presumption as a general matter, it would surely be extraordinary to conclude that Congress was unaware of a very recent Supreme Court decision that, on Tenenbaum's rather remarkable view, rendered the congressional amendment of a nullified provision a complete fool's errand.

itself. “It has long been recognized that ‘by the law the jury are judges of the damages.’” *Feltner*, 523 U.S. at 353 (quoting *Lord Townshend v. Hughes*, 86 Eng. Rep. 994, 994-95 (C.P. 1677)). Indeed, assessment of the amount of damages has historically been understood as “so peculiarly within the province of the jury that the Court should not alter it.” *Id.* (quoting *Dimick v. Schiedt*, 293 U.S. 474, 480 (1935)). The Supreme Court relied on precisely that constitutional tradition to hold that “[t]he right to a jury trial includes the right to have a jury determine the *amount* of statutory damages, if any, awarded to the copyright owner.” *Id.* This Court has neither the authority nor any basis to alter that conclusion.

B. Section 504(c) Does Not Differentiate Between “Commercial” and “Noncommercial” Infringers.

Tenenbaum next suggests that this Court bypass the due process question by holding that statutory damages are unavailable where “there is neither purpose nor fact of profit.” Def.’s Br. 48. Once again, this is an argument he failed to preserve below. Although Tenenbaum argued that the purportedly “noncommercial” nature of his actions provided a basis upon which to *reduce* the award, *see* Def.’s Mot. and Mem. for New Trial or Remittitur (“Def.’s Post-Trial Mot.”) 18 (Doc. No. 26), he did not file a motion for judgment as a matter of law on the ground that his actions were noncommercial or argue in his post-trial motion that § 504(c) is inapplicable to noncommercial infringement. Accordingly, the argument he now raises is forfeited. *See Udemba v. Nicoli*, 237 F.3d 8, 13 (1st Cir. 2001) (to

challenge denial of judgment as a matter of law, “the challenger must first have presented the same claim to the district court”); *Plumley*, 303 F.3d at 372 n.7. The District Court embraced a junior varsity version of this argument in rejecting the amount of the jury’s award. *See* Add. 32-38. Whether framed as a challenge (by Tenenbaum) to the applicability of the statute or (by the district court) to the jury’s damages award, this argument fails as a matter of law and fact.

1. As explained in Plaintiffs’ Opening Brief (at 30-37), § 504 makes no distinction between “commercial” and “noncommercial” infringement, but rather broadly applies to any “infringer of copyright.” 17 U.S.C. § 504(a). The absence of a “commercial infringement” limitation in § 504(c) is particularly telling, as the criminal provision of the Act (§ 506) does include such a limitation: it requires infringement to be *both* “willful[.]” *and, inter alia*, “for purposes of commercial advantage or private financial gain.” *Id.* § 506(a)(1).⁴ “[W]here Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion or exclusion.” *Russello v. United States*, 464 U.S. 16, 23 (1983) (internal quotation marks omitted).

⁴ “[C]ommercial advantage or private financial gain” is not an absolute requirement; there are two other potential triggers for criminal responsibility. *See* 17 U.S.C. § 506(a).

That presumption holds true here. Over its centuries of experience setting copyright policy, Congress has recognized that in many instances infringement may result in “little or no profit” or profits that “may be impossible to compute.” See Staff of H. Comm. on the Judiciary, 87th Cong., Copyright Law Revision: Report of the Register of Copyrights on the General Revision of The U.S. Copyright Law 103 (“1961 Report”) (Comm. Print 1961). Statutory damages were adopted in part to respond to and compensate for this reality. It would turn Congress’s intent on its head to make them unavailable absent “purpose []or fact of profit,” Def.’s Br. 48.

2. In any event, even if § 504 could somehow be read to include the same “financial gain” limitation as § 506, that would not help Tenenbaum. As Congress made clear in the No Electronic Theft (NET) Act of 1997, “financial gain” where it actually appears in the statute is not limited to actual profit, but rather “includes receipt, or expectation of receipt, of anything of value, including the receipt of other copyrighted works.” Pub. L. No. 105-147, § 2(a), 111 Stat. 2678 (1997), (codified as amended at 17 U.S.C. § 101 (1997)). Congress expanded the definition in this manner in direct response to the holding in *United States v. LaMacchia*, 871 F. Supp. 535 (D. Mass. 1994), that the creation of an unauthorized electronic forum to “share” copyrighted works for free was not criminal infringement because it was not done for profit. In clarifying that “financial gain”

includes “receipt ... of anything of value,” 17 U.S.C. § 101, Congress recognized that infringers who do “not realize a direct financial benefit” may “nonetheless substantially damage the market for copyrighted works.” H.R. Rep. 105-339, at 7 (1997).

Tenenbaum responds by pointing out that “[t]he NET Act was not intended to create parity between civil and criminal provisions.” Def.’s Br. 72. Fair enough. But the lack of “parity” stems from the fact that § 504(c)’s civil provision contains *no* “financial gain” limitation at all. The amendments to § 506’s “financial gain” limitation thus lessened the gap between criminal and civil liability by clarifying that monetary gain was not a prerequisite for criminal liability. The remaining lack of parity reflects Congress’s considered judgment to make a showing of financial gain wholly unnecessary under § 504.

3. Tenenbaum’s alternative attempt (at 71) to paint his actions as outside the scope of § 101’s definition is equally implausible and reveals a central flaw in his “noncommercial” exception argument: not only is this argument legally specious, but his actions do not fit within any legitimate conception of “noncommercial.” As courts have repeatedly recognized when addressing the commercial nature of an alleged “fair use,” “[d]irect economic benefit is not required to demonstrate a commercial use.” *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1015 (9th

Cir. 2001).⁵ Infringement may be commercial when it is done for the benefit of others, *see, e.g., Worldwide Church of God v. Phila. Church of God*, 227 F.3d 1110, 1118 (9th Cir. 2000) (church that copied religious text for members “unquestionably profit[ed]” from unauthorized “distribution and use of [the text] without having to account to the copyright holder”); *Am. Geophysical Union v. Texaco, Inc.*, 60 F.3d 913, 922 (2d Cir. 1994) (researchers gained indirect economic advantage by photocopying copyrighted scholarly articles), or simply to save oneself the expense of having to purchase the copyrighted work, *see, e.g., Sega Enters. Ltd. v. MAPHIA*, 857 F.Supp. 679, 687 (N.D. Cal. 1994) (downloading copies of video games “to avoid having to buy video game cartridges” constitutes commercial use).

For precisely those reasons, the Ninth Circuit affirmed a district court’s finding that file-sharing constitutes commercial copyright infringement. *See Napster*, 239 F.3d at 1015. As the district court explained, “a host user sending a file cannot be said to engage in a personal use when distributing that file to an anonymous requester,” and those who download files from peer-to-peer networks “get for free something they would ordinarily have to buy.” *A&M Records, Inc. v.*

⁵ “[T]he purpose and character of the use” is one of multiple factors that guide a court’s determination of whether a defendant’s actions are subject to the Copyright Act’s “fair use” defense. *See* 17 U.S.C. § 107. Whether a use is “commercial or noncommercial” is thus a consideration — but not a dispositive one — in determining whether it is “fair.” *See Napster*, 239 F.3d at 1015.

Napster, Inc., 114 F. Supp. 2d 896, 912 (N.D. Cal. 2000). The Ninth Circuit agreed that “commercial use is demonstrated by a showing that repeated and exploitative unauthorized copies of copyrighted works were made to save the expense of purchasing authorized copies.” *Napster*, 239 F.3d at 1015. The same is true here: Tenenbaum’s unauthorized uploading and downloading of Plaintiffs’ copyrighted works was done with the “commercial” purpose of saving himself and other network users the expense of purchasing authorized versions, and is materially indistinguishable from the “LaMacchia-like behavior” Congress targeted in the NET Act. H.R. Rep. 105-339, at 7.

4. Although Tenenbaum has amassed a considerable collection of legislative history in an attempt to prove that Congress meant to exempt consumer infringement (at 50-65), none of it advances his cause. He documents little more than that Congress’s protection of sound recordings was motivated by a desire to curb commercial bootlegging and piracy, *see* Def.’s Br. 54, which does nothing to counter the fact that the plain language of the statute encompasses consumer infringement. *See Oncale v. Sundowner Offshore Servs.*, 523 U.S. 75, 79 (1998) (“[I]t is ultimately the provisions of our laws rather than the principal concerns of our legislators by which we are governed.”).

Moreover, the same legislative history reveals that Congress intended to prevent losses to the copyright owner, which may occur even where an infringer

does not directly profit from his infringement. *See, e.g., Prohibiting Piracy of Sound Recordings: Hearings on S. 646 and H.R. 6927 Before Subcomm. 3 of the H. Comm. on the Judiciary*, 92d Cong. 4 (1971) (statement of Rep. Emanuel Cellar, Chairman, H. Comm. on the Judiciary) (“[T]he siphoning off of sales that would otherwise be made by the creators and owners of the recording ... has reached alarming proportions.”); *id.* at 55 (statement of Leonard Feist, Vice President, Nat’l Music Publishers Ass’n) (“these increased remedies will enable the copyright proprietor to deal effectively and forcefully with those who steal the creative efforts of others — not only the large and rather professional operators, but all the innumerable small operators who are fully aware of what they are doing”). Indeed, Tenenbaum’s version of “noncommercial” infringement may cause even greater injury to copyright holders than “for-profit” infringement — it is, after all, hard to compete with free. *See F.W. Woolworth Co. v. Contemporary Arts*, 344 U.S. 228, 232 (1952) (recognizing that “sales at a small margin might cause more damage to the copyright proprietor than sales of the infringing article at a higher price”).

Tenenbaum alternatively latches onto legislative history indicating that Congress did not intend the Copyright Act to cover “home recording ... for private use and with no purpose of reproducing or otherwise capitalizing commercially,” H.R. Rep. 92-487, at 6 (1971), *reprinted in* 1971 U.S.C.C.A.N. 1566, 1572, and

later made that intent explicit by exempting “noncommercial use by a consumer” of a digital or analog recording device, Audio Home Recording Act of 1992 (“AHRA”), Pub. L. No. 102-563, § 1008, 106 Stat. 4237, 4244. Congress’s exemption of personal home recording is wholly irrelevant because, as Tenenbaum grudgingly acknowledges (at 63), Congress deliberately excluded sound recordings copied and stored on computers from this exemption. *See Recording Indus. Ass’n of Am. v. Diamond Multimedia Sys., Inc.*, 180 F.3d 1072, 1078 n.6 (9th Cir. 1999) (noting evidence that “the exclusion of computers from the Act’s scope was part of a carefully negotiated compromise between the various industries with interests at stake”). In any event, once again, Tenenbaum’s “sharing” of infringing works with the general public in expectation of receiving other infringing works for free is a far cry from the kind of “noncommercial” use Congress exempted in the AHRA. *See, e.g.*, S. Rep. 102-294, at 55 (1992) (“[F]or purposes of illustration, the making of an audiogram by a consumer for use in his or her home, car, or portable tape player, or for a family member, is protected by ... this legislation.”).

5. Finally, Tenenbaum’s related suggestion (at 73-74) that file-sharing itself is outside the scope of § 504 is equally without merit. As an initial matter, his argument once again finds no support in the text of the statute, which provides no exemption for any particular means of infringement and applies to any “infringer of copyright.” 17 U.S.C. § 504(a). Moreover, as detailed in Plaintiffs’ Opening

Brief (at 34-35), Congress expressly targeted Internet-based infringement when it increased the available statutory damages in 1999. As a House report on an earlier version of the 1999 Act explained, “Many computer users are either ignorant that copyright laws apply to Internet activity, or they simply believe that they will not be caught or prosecuted for their conduct. Also, many infringers do not consider the current copyright infringement penalties a real threat” H.R. Rep. 106-216, at 3.

Tenenbaum urges this Court to follow the district court’s lead in disregarding this legislative history because Napster was not launched until shortly after the 1999 Act was first drafted. But the fact that peer-to-peer networks were not the specific impetus for the bill hardly obscures Congress’s intent to curb infringement through new advances in computer technology. What is clear is that Congress intended § 504(c) to reach so-called “ordinary” computer users who believe they can infringe with impunity, Add. 32, which is equally plain from the fact that the statute does not exempt such infringers. “[T]hat a statute can be applied in situations not expressly anticipated by Congress does not demonstrate ambiguity. It demonstrates breadth.” *Penn. Dep’t of Corr. v. Yeskey*, 524 U.S. 206, 212 (1998) (internal quotation marks omitted). That Congress *did* attempt to anticipate and respond to the rapidly increasing practice of computer-aided copyright infringement should lay to rest any argument that Congress intended

statutory damages to be unavailable or judicially circumscribed for the kind of infringement in which Tenenbaum engaged.

C. Section 504(c) Does Not Require Proof of Actual Damages.

Finally, Tenenbaum's argument that statutory damages "should be unavailable where harm caused by a particular defendant has not been proved" must be rejected out of hand. Def.'s Br. 48. That argument not only finds no support in the text of the statute, which pointedly provides statutory damages as an alternative to actual damages, but also is expressly contrary to Congress's clearly and repeatedly stated intent, not to mention nearly a century of Supreme Court case law. Indeed, even the district court rejected such a construction of § 504(c) as "implausible." Add. 12.⁶ In any event, contrary to Tenenbaum's arguments (at 23-25) and the district court's faulty analysis, *see* Add. 44-53, Plaintiffs did prove that Tenenbaum's infringement caused them real and substantial injuries. *See* Pls.' Opening Br. 25-30.

1. By its plain language, § 504(c) does not condition the availability of statutory damages on proof of actual damages. Quite the contrary, the statute permits a copyright owner to elect to recover statutory damages "*instead of* actual damages and profits." 17 U.S.C. § 504(c) (emphasis added). Indeed, one of the

⁶ According to the district court, Tenenbaum "suggested" imposing this actual damages prerequisite as a means of avoiding the due process question. Although the district court discussed this possibility at a hearing on his post-trial motion, *see* Mar. 8, 2009 Tr. 39 (Doc. No. 42), Tenenbaum did not preserve this argument in the motion itself.

driving forces behind Congress's adoption and retention of statutory damages has been its desire to compensate for "the acknowledged inadequacy of actual damages and profits in many cases," which results because "actual damages are often conjectural, and may be impossible or prohibitively expensive to prove." 1961 Report 102; *see also Douglas v. Cunningham*, 294 U.S. 207, 210 (1935).

For those reasons, the Supreme Court has repeatedly and emphatically rejected Tenenbaum's argument. The Court first addressed the issue in *L.A. Westermann Co. v. Dispatch Printing Co.*, 249 U.S. 100 (1919). Much as in this case, the record there, "while showing that the plaintiff was damaged by the infring[ement] ..., d[id] not show the amount of the damages." *Id.* at 103. As the Court noted, the absence of such proof was "aptly" explained by the fact that damages primarily consisted of "discouragement of and the tendency to destroy [the plaintiff's] system of business," which rendered "any accurate proof of actual damages ... obviously impossible." *Id.* at 103-04 (internal quotation marks omitted). Nonetheless, because the plaintiff was unable to provide such proof, the district court declined to award damages within the statutorily prescribed range and instead awarded only nominal damages. *Id.* at 102.

The Supreme Court reversed. The Court explained that by providing for statutory damages "in lieu of actual damages," Congress made clear "that something other than actual damages are intended — that another measure is to be

applied in making the assessment.” *Id.* at 106 (quoting Copyright Act of 1909, 35 Stat. 1075). Congress also made clear what that other measure should be: “the court’s conception of what is just in the particular case ... is made the measure of damages to be paid, but with the express qualification that in every case the assessment must be within the prescribed limitations.” *Id.* The Court thus concluded that the Copyright Act not only permits but *requires* a within-range statutory damages award regardless of whether a plaintiff offers “a definitive measure of [its] harm,” Def.’s Br. 16. *See* 249 U.S. at 107-08.

The Court took that logic a step further in *F.W. Woolworth*. There, the district court awarded the maximum statutory damages of \$5,000, even though uncontradicted evidence showed only about \$900 in actual damages. The Supreme Court granted certiorari to determine whether a court may award damages authorized by the statute but in excess of proven actual damages. *See* 344 U.S. at 229. It answered with a resounding “yes.” Not only did the Court reject the argument that statutory damages are confined to proven actual damages; it confirmed that a plaintiff need not even suffer *any* actual damages, let alone quantify and prove them. It instead concluded that “[e]ven for uninjurious and unprofitable invasions of copyright the court may, if it deems it just, impose a liability within statutory limits to sanction and vindicate the statutory policy.” *Id.* at 233.

As the Court’s analysis in these cases confirms, the very purpose of statutory damages is to offer a measure of recovery in contexts where actual damages are “difficult or impossible” to prove. *Id.* at 231 (quoting *Douglas*, 294 U.S. at 209). And as the Court recognized, the Act’s statutory damages provision embodies Congress’s considered and reasonable judgment that copyright infringement is *always* against the public interest and should *always* be deterred. For that reason, “a rule of liability which merely takes away the profits from an infringement would offer little discouragement to infringers [and] would fall short of an effective sanction for enforcement of the copyright policy.” *Id.* at 233.

Ignoring this century of Supreme Court precedent rejecting his proposed interpretation, Tenenbaum instead attempts to derive an “actual damages” limitation from the legislative history of various revisions to the Copyright Act. *See* Def.’s Br. 50-65. Nothing in his lengthy exposition provides any basis upon which such a limitation might be inferred. Tenenbaum first attempts to divine this limitation from language in the 1909 Act providing that statutory damages “shall not be regarded as a penalty.” *See* Def.’s Br. 52 (citing 1909 Act § 25(b)). According to Tenenbaum, this language (which, incidentally, is not found in the current version of § 504(c)) was an indirect response to “Congressional concern that statutory damages should be capped,” and therefore demonstrates that

statutory damages should not be permitted absent conclusive proof of actual damages. Def.'s Br. 53.

Tenenbaum is plainly mistaken in attempting to transform the “shall not be regarded as a penalty” language into a requirement that actual damages be quantified and proven before a plaintiff may elect statutory damages. As the Supreme Court has explained, “[t]he phraseology of the section was adopted to avoid the strictness of construction incident to a law imposing penalties,” *Douglas*, 294 U.S. at 209, which was of particular concern given a then-recent case in which a defendant sought to invoke certain evidentiary and jurisdictional protections by arguing that the statutory damages provision was penal in nature, *see Brady v. Daly*, 175 U.S. 148, 160 (1899) (holding that the statute did not impose a penalty). That the Court did not understand the “penalty” language to be a roundabout means of requiring proof of actual damages is evident from the fact that *Douglas* affirmed a maximum statutory damages award of \$5,000 where “no actual damage had been shown.” *Douglas*, 294 U.S. at 208.

Nor is there any evidence that Congress implicitly changed this well-settled rule when it passed the 1976 Copyright Act. Pub. L. No. 94-553, 90 Stat. 2541 (1976). As Tenenbaum recognizes, the 1976 revisions grew in large part out of a comprehensive 1961 study of existing copyright law. Far from questioning or rejecting the notion that statutory damages require no conclusive proof of injury,

the 1961 report embraced it, explaining that statutory damages respond to “the acknowledged inadequacy of actual damages and profits in many cases.” 1961 Report 102; *see also id.* (“[t]he value of a copyright is, by its nature, difficult to establish, and the loss caused by an infringement is equally hard to determine”). And to the extent Congress remained concerned about potentially excessive statutory damages awards, it once again responded to such concerns directly, by retaining a cap on the statutory range, a cap it has repeatedly raised in subsequent amendments.

2. As the foregoing makes clear, both Congress and the Supreme Court have rejected the logical fallacy upon which Tenenbaum’s argument rests — that where damages cannot be quantified or conclusively proven, damages do not exist. Moreover, as detailed in Plaintiffs’ Opening Brief (at 25-30), the record here is replete with evidence of the real and substantial injury Tenenbaum’s infringement caused. As Tenenbaum himself testified, he not only downloaded 30 copyrighted sound recordings for free; he also made his illegal copies available for years at a time for millions of other peer-to-peer network users to download from him for free. Appx. 149-51, 171-73, 184. As a result, his infringement deprived Plaintiffs of the profits they might have made not only from Tenenbaum, but from an unknowable number of other network users as well. *See* Def.’s Br. 23 (conceding

that “the number of other users Tenenbaum may have distributed the songs to is unknown”).⁷

Plaintiffs also provided substantial evidence of the broader harms to which Tenenbaum’s infringement contributed. The ubiquitous infringement made possible by peer-to-peer networks has reduced the value of the particular copyrights infringed, as well as the value of copyrighted sound recordings as a whole. Appx. 91-92, 123-40. Plaintiffs’ uncontested trial evidence showed that these and other harms have cost the recording industry billions of dollars each year since the advent of peer-to-peer network technology. Appx. 123-41. Tenenbaum does not dispute as much, but rather, much like the district court, *see* Add. 47, seeks to hold *Plaintiffs* responsible for their inability “to define what portion of that harm was caused by” Tenenbaum. Def.’s Br. 22. But the nature of the infringing technology that Tenenbaum voluntarily availed himself of made such a particularized showing impossible. *See* July 29, 2009 Tr. 168-69 (Doc. No. 55). And Tenenbaum provides no basis upon which a factfinder might absolve him of *any* responsibility. The law generally does not look favorably on parties whose own misconduct makes it difficult to pinpoint the extent of the injury they have

⁷ Tenenbaum’s protest that this number “surely did not run into the millions,” Def.’s Br. 23-24, is beside the point. The jury’s verdict of \$22,500 per work — at the low end of damages it could have awarded under § 504(c) — would not have come close to compensating for actual losses had the jury assumed, as Tenenbaum suggests, that each of the millions of network users downloaded every work that he made available.

caused. *See Bigelow v. RKO Radio Pictures*, 327 U.S. 251, 264 (1946) (to preclude recovery in such circumstances “would be an inducement to make wrongdoing so effective and complete in every case as to preclude any recovery, by rendering the measure of damages uncertain”). But here, Tenenbaum had the opportunity to direct his arguments about reduced culpability and lack of quantifiable harm to the jury, *see* July 31, 2009 Tr. 53-54 (Doc. No. 57), and the jury rejected them. *See Parker v. Gerrish*, 547 F.3d 1, 13 (1st Cir. 2008) (evidence must be viewed in light most favorable to jury’s verdict).

In sum, as the district court recognized, “every authority confirms what the language of section 504 clearly indicates — statutory damages may be elected even if the plaintiff cannot, or chooses not to, prove” actual damages. Add. 12 (citing *L.A. News Serv. v. Reuters Television Int’l, Ltd.*, 149 F.3d 987, 996 (9th Cir. 1998); *Harris v. Emus Records Corp.*, 734 F.2d 1329, 1335 (9th Cir. 1984); H.R. Rep. No. 94-1476, at 161 (1976); 4 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright*, § 14.04[A], at 14-66 (2009)). Both Congress and the Supreme Court have conclusively rejected the argument that the absence of a definite measure of damages renders statutory damages unavailable or inappropriate. To the contrary, they have recognized what the facts of this case prove: that copyright infringement can — and here, did — cause substantial injury

and merit substantial statutory damages even when that injury cannot be quantified.

II. The Jury's Award Is Constitutional.

The jury's award of \$22,500 per infringed work — an award within the range even for non-willful infringement — does not deprive Tenenbaum of liberty or property without due process of law. The constitutional question is squarely presented by the district court's ruling below and cannot be avoided via remittitur. The constitutional question is governed by the deferential standard set forth in *Williams*, not by the incompatible and irrelevant guideposts set forth in *Gore*, but in any event, the award is constitutional under either standard.

A. Remittitur Is Not a Viable Means of Constitutional Avoidance.

There is no merit to the Government's argument that this Court or the district court could avoid the constitutional issue through the common-law doctrine of remittitur. First, the Supreme Court has made clear that courts have no common-law authority to reduce statutory damages awards under the Copyright Act. Nor can a court avoid a due process question by, as the Government suggests, engaging in due process review under the guise of remittitur. Furthermore, as both the parties and the district court recognized, it is clear as a practical matter that remittitur would not have avoided a constitutional challenge in this case. The jury's award reflected Tenenbaum's culpable conduct, not some idiosyncratic and

inappropriate reaction of this particular jury panel. Accordingly, there is nothing to be gained from remanding for remittitur.

1. As the Supreme Court has recognized, reviewing courts have no authority under the Copyright Act to reevaluate what measure of statutory damages is “just.” *See Douglas*, 294 U.S. at 208-09 (rejecting argument that “an appellate court may review the action of a trial judge in assessing an amount in lieu of actual damages, where the amount awarded is within the limits imposed by the [statute]”). Any within-range award, “in the contemplation of the statute, is just,” which means a factfinder cannot abuse its discretion by making such an award. *Id.* at 210. “[T]he language and the purpose of the statute” therefore compelled the Court to conclude that “the employment of the statutory yardstick, within set limits, is committed solely to the court which hears the case.” *Id.*; *see also L.A. Westermann*, 249 U.S. at 106 (within the statutory range, “the court’s discretion and sense of justice are controlling”). For that reason, the Court held that the Copyright Act “takes [statutory damages] out of the ordinary rule with respect to abuse of discretion” review of the amount of a damages award. *Douglas*, 294 U.S. at 210. The premise of common-law remittitur — that a jury award is against the great weight of the evidence, *see Bielunas v. F/V Misty Dawn, Inc.*, 621 F.3d 72, 81 (1st Cir. 2010) — is therefore inapplicable to a within-range award given the nature of the “just” standard for statutory damages under § 504(c).

Feltner alters that analysis only by making clear that the jury, rather than the judge, is the finder of this fact and by adding a potential Seventh Amendment violation to the list of reasons why judges cannot second-guess a jury's within-range award. See Govt.'s Opening Br. 25 (noting "a substantial question as to whether the trial court can enter judgment for a reduced amount of statutory damages without violating the Seventh Amendment right to a jury trial mandated by *Feltner*"). *Feltner* did not otherwise disrupt "the principle on which [Congress] proceeded — that of committing the amount of damages to be recovered to the court's discretion and sense of justice, subject to prescribed limitations." *L.A. Westermann*, 249 U.S. at 107. Thus, after *Feltner*, a jury's "conception of what is just in the particular case, considering the nature of the copyright, the circumstances of the infringement and the like, is made the measure of the damages to be paid," and cannot be disturbed (absent a violation of the *Williams* standard) so long as it is within the statutory limits. *Id.* at 106. To grant a judge common-law authority to displace the jury's finding on this point would render meaningless the central holding of *Feltner*, namely, that the Seventh Amendment provides "the right to have a jury determine the *amount* of statutory damages." *Feltner*, 523 U.S. at 353.

2. The Government does not address these reasons why there is no common-law authority to second-guess whether a jury's statutory damages award

is “just.” Nor does the Government suggest any non-constitutional standard by which the jury’s award should be judged. Nor has the Government identified any example other than *Capitol Records Inc. v. Thomas-Rasset*, 680 F. Supp. 2d 1045 (D. Minn. 2010), of a court invoking a common-law remittitur to reduce a statutorily authorized award.⁸ Instead, the Government contends, somewhat obliquely, that in the name of constitutional avoidance, the district court should have employed the remittitur procedure to apply a standard “commensurate with constitutional standards under the Due Process Clause.” Govt.’s Opening Br. 20. The Government is correct to recognize, albeit implicitly, that there is no proper role for remittitur based on any standard *other than* the proper due process standard — namely, *Williams*, *L.A. Westermann*, *Douglas*, and *Feltner* all make clear that the court has no authority to remit a jury award to an amount lower than what the Due Process Clause permits.

But if a remittitur can only be ordered when and to the extent that the Due Process Clause requires a reduction in the jury’s award, then the constitutional question is not avoided. A court cannot apply a standard that “afford[s] defendants

⁸ *Thomas-Rasset* is hardly a promising model for that approach, as it demonstrates that a remittitur would simply cause further delay without avoiding the ultimate constitutional question. In that case, which also involves a due process challenge to a statutory damages award under § 504(c), on retrial after the plaintiffs declined to accept the remitted award, a jury again awarded damages within the statutory range for willful infringement, and the defendant has again challenged the award as excessive under the Due Process Clause. See *Capitol Records v. Thomas-Rasset*, No. 06-1497 (D. Minn. 2010).

a full measure of [constitutional] protection,” Govt.’s Opening Br. 20, without deciding what the full measure of constitutional protection is. Simply calling it a remittitur does nothing to avoid a constitutional ruling and indeed raises difficult practical problems of its own.

3. As both the parties and the district court — all of whom are much closer to the practical realities of this litigation — recognized, the Government is not so much proposing a remittitur that truly avoids constitutional decisions as it is proposing an endless string of retrials. Tenenbaum’s brief makes clear that he considers even the district court’s reduced award unconstitutional. Thus, the courts will need to consider a constitutional question no matter what amount a jury ultimately awards. Plaintiffs have also made clear that they would not voluntarily accept such a “remitted” award, but rather would seek to vindicate their right to a larger award within the statutory range.

The extensive evidence of Tenenbaum’s willful and egregious infringement makes clear that a retrial would very likely result once again in an award that Tenenbaum considers unconstitutional (particularly given that he considers even the court’s reduced award excessive). That is in large part because, as Tenenbaum himself acknowledges, his complaint is not really about the manner in which the jury *exercised* its discretion, but is rather about Congress’s decision to grant such discretion in the first place (and the Supreme Court’s determination in *Feltner* that

the Constitution entrusts this discretion to *a jury*). *See* Def.’s Post-Trial Mot. 18 (“[Tenenbaum] is not asserting that the jury abused its discretion. Rather, he asserts that the jury was given far too much discretion”). For that reason, remittitur, even if somehow available in § 504 cases in the abstract, would be inappropriate in this case. Tenenbaum does not and cannot claim that his excessiveness challenge is grounded in jury misconduct and readily admits that he is really challenging Congress’s judgment. As the district court correctly recognized, the inevitable retrial in this case would therefore “present[] ... the very constitutional issues that the remittitur procedure was designed to avoid,” Add. 5, which would make a remand for remittitur a waste of judicial resources.

B. Constitutional Review is Governed by *Williams*, not *Gore*.

Tenenbaum’s brief, like the district court’s opinion, fails to grasp the distinction between review of an award within a statutorily prescribed range and punitive damages review. Statutory damages are expressly authorized by Congress, which makes their review a question of the scope of Congress’s legislative authority. Punitive damages, by contrast, are typically awarded by juries without explicit statutory authorization or limitations and thus not only pose unique fair notice questions not present in the statutory damages context, but also present no basis upon which courts could easily defer to legislative judgments. Nonetheless, in the latter context, courts seek to import analogous statutory

penalties into the analysis, so they will have some legislative guidance to inform their inquiry.

As *Williams* makes clear, the fundamental question in a statutory damages case is whether the legislature has acted within its “wide latitude of discretion” in authorizing statutory damages. *Williams*, 251 U.S. at 66. Far from attempting to curb that discretion, review under *Williams* requires a court to defer to Congress’s considered judgment by undertaking constitutional analysis “with due regard for the interests of the public, the numberless opportunities for committing the offense, and the need for securing uniform adherence to established [law].” *Id.* at 67. So long as the legislature’s assessment of what measure of damages appropriately responds to those concerns is not “wholly disproportioned to the offense or obviously unreasonable,” it withstands constitutional scrutiny. *Id.*

The guideposts articulated in *Gore*, by contrast, are designed to compensate for the very absence of any direct legislative judgment that would provide notice and to which a court might defer. In the absence of that guidance, a court must struggle to determine for itself how “reprehensible” a defendant’s conduct is, a question normally left to the judgment of the legislature. *See Gore*, 517 U.S. at 576.⁹ Far from attempting to displace the legislature’s authority to make such

⁹ There is nothing particularly revealing about the Court’s reference to *Williams* when explaining the reprehensibility guidepost. *See Gore*, 517 U.S. at 575. The first guidepost is designed to attempt to replicate to some extent the legislative reprehensibility judgment

determinations, *Gore* reinforces the primacy of the legislature by seeking to import “substantial deference to legislative judgments” into the analysis, by employing a third guidepost that compares an unconstrained punitive damages award to the “civil or criminal penalties that could be imposed for comparable misconduct.” *Id.* at 583 (internal quotation marks omitted); see also *Cooper Indus., Inc. v. Leatherman Tool Grp., Inc.*, 532 U.S. 424, 433 (2001) (“legislatures enjoy broad discretion in authorizing and limiting permissible punitive damages awards”).¹⁰

Implicitly recognizing the irrelevance of the first and third guideposts in a statutory damages case, Tenenbaum instead focuses his constitutional challenge on the second *Gore* guidepost, claiming that the jury’s award (and even the district court’s reduced award) lacks a sufficiently reasonable relationship to actual damages. See *Gore*, 517 U.S. at 580-81 (punitive damages awards must bear a reasonable relationship to compensatory damages). In doing so, he only confirms *Gore*’s incompatibility with *Williams*, which conclusively rejected the argument

that is lacking. *A fortiori*, the Court would deem its own substitute reprehensibility analysis subject to the same constraint as a legislature’s, namely, that authorized damages not be “wholly disproportioned to the offense.” *Williams*, 251 U.S. at 67.

¹⁰ Tenenbaum gains nothing by noting that “the line between ‘statutory damages’ awards and ‘punitive damages’ awards continues to blur, as more and more states regulate by statute when punitive damages may be awarded, and in what amounts.” Def.’s Br. 13 n.3. As Justice Ginsburg explained when highlighting the same phenomenon in her dissenting opinion in *Gore*, that increase in legislative guidance counsels in favor of less judicial oversight of punitive damages — not more judicial oversight of statutory damages. See *Gore*, 517 U.S. at 613-14 (Ginsburg, J., dissenting) (“[T]he reexamination prominent in state courts and in legislative arenas serves to underscore why this Court’s enterprise is undue.” (footnote and citation omitted)).

that statutory damages must “be confined or proportioned to [the plaintiff’s] loss or damages.” *Williams*, 251 U.S. at 66. Indeed, as the Court acknowledged in affirming an award 113 times larger than actual damages, when a statutory damages award “is contrasted with the [actual damages] possible in any instance it of course seems large.” *Id.* at 67. But the Court admonished that “its validity is not to be tested in that way,” as “the Legislature may adjust [the award’s] amount to the public wrong rather than the private injury.” *Id.* at 66-67. That admonition is nowhere more relevant than in the Copyright Act, where Congress authorized statutory damages for the express purpose of *relieving* a plaintiff of the burden of quantifying actual injury. *See* Part I.C., *supra*.

As these distinctions make abundantly clear, statutory damages review under *Williams* is not “of a piece with” punitive damages review under *Gore*, Def.’s Br. 12, but is fundamentally different. The court’s role is much more limited because the legislature has spoken, and in doing so has provided both notice to potential defendants and a binding assessment of the reprehensibility and seriousness of the prohibited conduct. Whereas *Williams* is rooted in deference to the legislature, *Gore* expressly invites courts to make the judgment that the legislature has not made in the first instance. Whereas the former affirmatively eschews comparison to actual damages, the latter expressly requires it. Because of these contradictions between the two decisions, to accept Tenenbaum’s argument would require this

Court to hold that *Gore* overruled *Williams*. Given the important distinctions between statutory and punitive damages, it is entirely natural for different standards to govern, and certainly nothing in *Gore* or its punitive damages progeny suggests that *Williams* is no longer good law. Even if this Court were to believe that *Williams* has lost its vitality, however, that would still be no justification for declining to apply it faithfully here. Given a choice between two Supreme Court precedents, this Court “must ‘follow the case [that] directly controls, leaving to [the Supreme] Court the prerogative of overruling its own decisions.’” *United States v. Sampson*, 486 F.3d 13, 20 (1st Cir. 2007) (quoting *Rodriguez de Quijas v. Shearson/Am. Express, Inc.*, 490 U.S. 477, 484 (1989)).

Nor does Tenenbaum’s argument find support in the decisions of this or any other court. Rather, courts addressing the question directly have repeatedly concluded that *Williams* remains good law and that *Williams*, not *Gore*, governs review of statutory damages awards. *See, e.g., Accounting Outsourcing LLC v. Verizon Wireless Pers. Commc’ns, L.P.*, 329 F. Supp. 2d 789, 808-09 (M.D. La. 2004); *Lowry’s Reports, Inc. v. Legg Mason, Inc.*, 302 F. Supp. 2d 455, 460 (D. Md. 2004); *see also Zomba Enters., Inc. v. Panorama Records, Inc.*, 491 F.3d 574, 587-88 (6th Cir. 2007). Neither Tenenbaum nor the district court has pointed to any case that holds otherwise. *See* Pls.’ Opening Br. 44-45 n.13 (distinguishing cases the district court claimed created a split of authority on this question).

Tenenbaum cites three cases that purportedly “connect[] the dots between *Williams* and *Gore*,” Def.’s Br. 14, but none does anything of the sort. In fact, none even mentions *Williams*, which is hardly surprising since none actually reviews a statutory damages award. Tenenbaum first invokes this Court’s opinion in *Romano v. U-Haul Int’l*, 233 F.3d 655 (1st Cir. 2000), which is not a statutory damages case, but instead involves *punitive* damages awarded under a statute that imposed a cap. In reviewing the constitutionality of that award, the Court did not address whether *Williams* might govern in that context. Even so, the Court still suggested that application of the *Gore* guideposts may be unnecessary, noting that “a punitive damages award that comports with a statutory cap provides strong evidence that a defendant’s due process rights have not been violated.” *Id.* at 673. If anything, *Romano* therefore undermines Tenenbaum’s argument that the *Gore* guideposts still govern when the legislature has spoken.

Tenenbaum’s reliance on *Parker v. Time Warner Entertainment Co., L.P.*, 331 F.3d 13 (2d Cir. 2003), is similarly misplaced. *Parker* did not involve review of a damages award at all, but instead concerned a district court’s refusal to certify a statutory damages class action, in part out of concern that aggregation of statutory damages might result in “a devastatingly large damages award.” *Id.* at 22. Although the court suggested that “in a sufficiently serious case” the “distortion” created by the *combination* of statutory damages and class certification

might raise due process concerns, it concluded that “these concerns remain hypothetical” and vacated the denial of certification. *Id.* In speculating about this potential due process problem, the Court gave no indication of what standard might govern review of such a challenge, but instead simply cited *Gore* for the proposition that the Due Process Clause prohibits grossly excessive damages awards. *See id.*; *see also id.* at 26 (Newman, J., concurring) (citing *Williams* as the governing standard for review of statutory damages awards).

The Supreme Court’s opinion in *Exxon Shipping Co. v. Baker*, 554 U.S. 471 (2008), is, if possible, even less relevant. *Exxon* did not involve statutory damages or the Due Process Clause. It instead involved punitive damages and the standard under maritime common law for examining whether such awards are excessive. *Id.* at 501-02. In looking to *Gore* to devise an appropriate ratio between compensatory and punitive damages in the exercise of its maritime common law authority, the Court made abundantly clear that it did so “in the absence of legislation,” which left the Court with “primary responsibility for reviewing punitive damages.” *Id.* at 507. That the Court found the *Gore* guideposts useful to common-law review of unconstrained punitive damages awards says nothing about whether the Court would find those guideposts applicable — or even relevant — when addressing a duly authorized statutory damages award.

In sum, both Tenenbaum and the district court erred by conflating deferential statutory damages review under *Williams* with the qualitatively distinct *Gore* approach to punitive damages review. *Williams* plainly governs this challenge and requires this Court to affirm the jury's award so long as Congress's assessment of "just" damages is not "wholly disproportioned to the offense or obviously unreasonable." *Williams*, 251 U.S. at 67.

C. The Jury's Award Is Constitutional Under *Williams*.

The jury's award readily withstands scrutiny under the deferential *Williams* standard. Giving "due regard [to] the interests of the public, the numberless opportunities for committing the offense, and the need for securing uniform adherence to established" copyright law, the award "cannot be said to be so severe and oppressive as to be wholly disproportioned to the offense and obviously unreasonable." *Williams*, 251 U.S. at 67.

Implicitly recognizing as much, Tenenbaum does not even bother to attack the award within the *Williams* framework, other than to attack Congress's determination that statutory damages should be awarded per work, rather than per infringer. According to Tenenbaum, the Constitution does not permit "a *per infringement* maximum," Def.'s Br. 17, but rather compels courts to assess statutory damages under something akin to the "single larceny rule," with the understanding that "at least some amount of reprehensibility logically originates

from the decision to install software and engage in downloading illegally, rather than how many songs are downloaded from that activity,” Def.’s Br. 20-21.

Once again, Tenenbaum’s argument runs head-on into centuries of congressional judgment, as well as yet another settled Supreme Court precedent. That damages are assessed on a per-infringement basis is not the result of some “absence of careful legislative calibration,” Def.’s Br. 19-20, but is instead a product of the fact that, under the Copyright Act, “[i]nfringement of several copyrights is not put on the same level with infringement of one.” *L.A. Westermann*, 249 U.S. at 105. Rather, “[e]ach copyright is treated as a distinct entity, and the infringement of it as a distinct wrong to be redressed through the enforcement of this liability.” *Id.*

“As the text of the Constitution makes plain, it is Congress that has been assigned the task of defining the scope of” copyright protection. *Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984). Congress has employed the per-work approach since it passed the very first Copyright Act in 1790, *see* Act of May 31, 1790, ch. 15, § 2, 1 Stat. 124, 125, and Tenenbaum provides no basis upon which to invalidate over 200 years of Congress’s judgment as to how best to “promote the Progress of Science and useful Arts.” U.S. Const. art. 1, § 8. In short, there is nothing unreasonable or unconstitutional about Congress’s

determination that the infringement of a second copyright should trigger the same remedies as infringement of the first.

Beyond arguing that the frequency of his infringement warrants less damages rather than more, Tenenbaum focuses almost exclusively on the second *Gore* guidepost regarding the award's ratio to actual damages, a measure by which a statutory damages award "is not to be tested." *Williams*, 251 U.S. at 67. Tenenbaum's related protest that "*filesharing* was not on trial in this case," Def.'s Br. 25, similarly misses the mark. While the *jury*'s job was not to hold Tenenbaum responsible for all the harms file-sharing has caused, a *court* can and should examine "the public wrong rather than the private injury" when deciding whether Congress's judgment about what remedies are appropriate comports with due process. *Williams*, 251 U.S. at 66; *see also id.* at 67 (statutory damages must be analyzed "with due regard for the interests of the public, the numberless opportunities for committing the offense, and the need for securing uniform adherence to established [law]").

Examining the public wrong, it is clear that the jury's within-range award is proportionate and reasonable. It hardly needs repeating that the public has a strong interest in robust copyright protections. *See* U.S. Const. art. 1, § 8 (singling out copyright protection as a means of "promot[ing] the Progress of Science and useful Arts"). Those protections are essential because "reward to the author or artist

serves to induce release to the public of the products of his creative genius.” *United States v. Paramount Pictures, Inc.*, 334 U.S. 131, 158 (1948). And statutory damages for infringement have been a central part of that scheme since the earliest days of our nation. *See* 1790 Act § 2 (authorizing recovery of “fifty cents for every sheet which shall be found in [the infringer’s] possession”).

As the Supreme Court has recognized, the advent of peer-to-peer networks poses a unique threat to copyright protections because these networks facilitate copyright “infringement on a gigantic scale.” *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster Ltd.*, 545 U.S. 913, 940 (2005); *see also* Dep’t of Justice, *Report of the Department of Justice’s Task Force on Intellectual Property* 1, 39 (2004), <http://www.cybercrime.gov/IPTaskForceReport.pdf> (peer-to-peer networks are “one of the greatest emerging threats to intellectual property ownership”). By allowing users, without authorization, to distribute copyrighted sound recordings to millions of other users for free, these networks have deprived copyright holders of massive amounts of revenue, and have produced a significant overall decline in the value of copyrighted works.

Moreover, even in the face of ruling after ruling that their actions constitute copyright infringement subject to significant potential damages, many network users remained “disdainful of copyright and in any event discount[ed] the likelihood of being sued or prosecuted for copyright infringement.” *In re Aimster*

Copyright Litig., 334 F.3d 643, 645 (7th Cir. 2003); *see also* H.R. Rep. 106-216, at 3 (“Many infringers do not consider the current copyright infringement penalties a real threat and continue infringing, even after a copyright owner puts them on notice that their actions constitute infringement and that they should stop their activity or face legal action.”). Accordingly, a range of awards that allows for significant deterrence and punishment is particularly appropriate in this situation. Thus, much like the decision of the legislature in *Williams* to authorize substantial statutory damages for those who expend their time and resources to challenge a railroad’s potentially routine overcharging, Congress’s authorization of substantial damages to curb this significant threat to copyright law cannot be said to be “wholly disproportioned to the offense or obviously unreasonable.” *Williams*, 251 U.S. at 67.

Tenenbaum’s actions also fall well within the heartland of what Congress treats as more reprehensible under the Copyright Act. *See* Pls.’ Opening Br. 10-14, 51-52. The Act authorizes per-work statutory damages of “not less than \$750 or more than \$30,000,” but increases the maximum to “not more than \$150,000” when the infringement is willful, thereby evincing Congress’s judgment that the willfulness of a defendant’s actions provides a particularly appropriate basis for a higher statutory damages award. 17 U.S.C. § 504(c).

As the district court recognized, Tenenbaum's repeated willful infringement as well as his conduct in this litigation make him "one of the most blameworthy" of file-sharers. Add. 54. By his own admission, Tenenbaum infringed upon Plaintiffs' 30 copyrighted works, both by downloading free copies for himself and then by distributing those free copies to countless other peer-to-peer network users. Appx. 150, 183-86, 195, 206. Moreover, he did so despite numerous warnings — from his school, from his own father, and ultimately from Plaintiffs — that his actions constituted copyright infringement subject to this very measure of damages. Add. 9-10; Appx. 117-18. When confronted by Plaintiffs, Tenenbaum denied his infringing conduct and attempted to blame his friends and family, which he continued to do right up until faced with taking the stand at trial. Appx. 152, 157-61. Only then did he finally admit that he knowingly downloaded and distributed not just these 30 copyrighted works but also hundreds if not thousands more, and that he was even responsible for uploading new, otherwise unavailable copyrighted works for the express purpose of distributing those works to other network users for free. Appx. 171-72. The repeated and willful nature of Tenenbaum's infringement readily warrants a statutory damages award that not only compensates, but also punishes and deters.¹¹ Given those circumstances, the

¹¹ There is no merit to the district court's assertion that "a highly punitive award is likely less called for in [Tenenbaum's] case than in *Williams*." Add. 55. Tenenbaum repeatedly infringed with the apparent hope that copyright holders would not expend the

jury's award of \$22,500 per work — an award within even the range for *non-willful* infringement — “cannot be said to be so severe and oppressive as to be wholly disproportioned to the offense and obviously unreasonable.” *Williams*, 251 U.S. at 67.

D. The Jury's Award Is Constitutional Under *Gore*.

Even under a *Gore* analysis, the jury's award is constitutional. Tenenbaum does not and cannot contend that the award fails the first or third guideposts. To the extent he repeats the district court's reasons for attempting to do so, *see* Add. 32-44, 53-54, those arguments fail; his actions were plainly reprehensible and the statutory range is plainly applicable. *See* Pls.' Opening Br. 30-37; Part I.B.-C., *supra*. Accordingly, even under the *Gore* factors, Tenenbaum's only recourse is to attack the award as disproportionate to actual damages. That argument is equally without merit and simply recycles the same factual distortions found in the district court's opinion, *see* Add. 44-52, and addressed in our opening brief, *see* Pls.' Opening Br. 25-31.

As explained in Part I.C., *supra*, Tenenbaum not only obtained free copies of Plaintiffs' 30 copyright sound recordings without authorization; he also made those illegal copies available for millions of other peer-to-peer network users to

time and resources to hold him accountable, making his actions in that respect indistinguishable from the railroad company that relies on the same gamble when deciding to engage in routine overcharging.

download from him for free. In doing so, he deprived Plaintiffs of an unknowable measure of profits they might have obtained from these other users and contributed to broader harms such as an overall decline in the value of these and other copyrights.

Tenenbaum once again attempts to escape this reality by blaming Plaintiffs for their inability to quantify precisely the amount of injury directly attributable to his actions. *See* Def.'s Br. 23. Once again, the Copyright Act cannot countenance such a contention, as statutory damages were designed to compensate for precisely this evidentiary difficulty. *See* Part I.C., *supra*. Nor would Tenenbaum's objection be remotely equitable in the context of peer-to-peer networks, which became a hotbed of copyright infringement for the very reason that they lack any central oversight by which the "sharing" of copyrighted files might be traced. *See Bigelow*, 327 U.S. at 265 ("The most elementary conceptions of justice and public policy require that the wrongdoer shall bear the risk of the uncertainty which his own wrong has created.").

Alternatively, Tenenbaum points out that many others were engaging in the same conduct, which he takes as evidence that peer-to-peer network users would have obtained free copyrighted music from someone else if not from him. Def.'s Br. 23-24. Tenenbaum's argument is akin to the drug dealer who argues that he caused no harm and should not be held responsible for his actions because his

customers would just have obtained drugs from someone else if not from him. This “everybody’s doing it” argument has no basis in law, let alone in any facts Tenenbaum proved at trial. The evidence instead supports the conclusion that Tenenbaum himself copied and distributed Plaintiffs’ 30 copyrighted sound recordings and in doing so caused Plaintiffs real and substantial harm. Accordingly, even measuring the jury’s award in a way the Supreme Court has admonished that “it is not to be tested,” *Williams*, 251 U.S. at 67, the award does not exceed constitutional limits. *See Gore*, 517 U.S. at 580-81.

III. The District Court’s Jury Instructions Were Accurate And Adequate.

Finally, the jury instructions in this case provide no basis for a new trial. Beyond objecting to the court’s decision to inform the jury of the statutory range, Tenenbaum consented to the district court’s approach of providing the jury with a “non-exhaustive list of factors that bear on damages supplemented by an open invitation to the jury to consider any other factors the jury might think relevant and appropriate.” Def.’s Br. 26. Indeed, far from challenging this “non-exhaustive list” or the court’s “open invitation,” Tenenbaum asked the court to instruct the jury to consider *additional* factors, Appx. 280-81, and openly encouraged the jury to consider additional factors as well, *see* July 31, 2009 Tr. 59-64 (Doc. No. 57).

Even now, Tenenbaum does not directly challenge that general approach, but rather primarily faults the court for failing to provide various instructions he

never requested. Accordingly, Tenenbaum's jury instruction challenges are for the most part unpreserved, and they are in any event meritless. Those challenges boil down to yet another attempt to show that juries lack "the wisdom and experience" to award statutory damages, even when instructed, as the jury was here, to consider the same factors a court would consider if doing the same. Def.'s Br. 27. *Feltner* and the Seventh Amendment lay such arguments to rest.

A. The Court's Instruction on the Statutory Range Was Not Erroneous.

Tenenbaum raises various challenges to the district court's instruction on the range for statutory damages awards, only one of which is preserved, and none of which has merit. According to Tenenbaum, the jury should have been "asked to award an amount that it considers 'just,' and then have potential awards situated in specific contexts." Def.'s Br. 30. Alternatively, he contends the "jury instruction should [have been] limited to stating the *constitutional* maximum for the particular harm." *Id.* Tenenbaum did not request either of those instructions below, but instead argued that "[t]he jury should be told only that it's [sic] task is to assess damages that are 'just.'" Appx. 334. Tenenbaum thus forfeited the argument that these instructions should have been given.

With respect to the instructions that were given, Tenenbaum's objection was barely "[s]ufficiently specific to satisfy the requirements of Fed. R. Civ. P. 51 that objections must 'stat[e] distinctly the matter objected to and the grounds of the

objection,”” *Negron v. Caleb Brett U.S.A., Inc.*, 212 F.3d 666, 671 (1st Cir. 2000); he informed the court only that he “object[ed] as a general matter in stressing to the jury in awarding damages to the statutory range.” Appx. 280. Accordingly, Tenenbaum has at the very least forfeited any argument other than that the jury should have been given no damages range at all.

The district court correctly rejected that argument. The court’s instruction was a correct statement of law; a jury *does* have authority to award any amount of damages within the statutory range. *See* Part II.A., *supra*. There is no general presumption that a jury may not be informed of a statutory range, and nothing in § 504(c) compels a different conclusion here. Moreover, as Tenenbaum concedes, “model jury instructions tell judges to make the jury aware of the statutory range,” Def.’s Br. 30 (citing 3B Fed. Jury Prac. & Instr. § 160.93 (5th ed. 2010); 9th Cir. Model Civil Jury Instr. § 17.25); *see also* Holbrook and Harris, Model Jury Instructions: Copyright, Trademark, and Trade Dress Litigation § 1.7.7 (2008), and no authority suggests it would be error to do so. Quite the contrary, failing to instruct the jury of the statutory range that cabins its discretion would *invite* error, as it would in many instances require the judge to interfere with the jury’s role in a manner contrary to *Feltner*.

Nor is there any merit to Tenenbaum’s unpreserved objections that the jury should have “ha[d] potential awards situated in specific contexts” or been

instructed as to the “*constitutional* maximum for the particular harm.” Def.’s Br. 30. Tenenbaum points to no authority that compels or even authorizes a court to instruct a jury of what awards it deems potentially acceptable or of a constitutional maximum that differs from the statutory maximum, which is reason enough for these forfeited arguments to fail. *See Rivera Castillo v. Autokirey, Inc.*, 379 F.3d 4, 10 (1st Cir. 2004) (“The well established plain error standard requires [a party] to show (1) an error was committed; (2) the error was ‘plain’ (i.e. obvious and clear under current law); (3) the error was prejudicial (i.e. affected substantial rights); and (4) review is needed to prevent a miscarriage of justice.” (internal quotation marks omitted)).¹²

In any event, Tenenbaum’s proposals are wholly unworkable. To the extent that an individualized “constitutional maximum for the particular harm” exists (and differs from the maximum Congress has provided), that number cannot be predetermined, but rather would rest on the specific evidence presented in any given case. Even if courts could reduce the due process analysis to a fixed number (which is something Tenenbaum himself declines to do in his brief), they at the very least could not do so until both parties presented all their evidence.

¹² Although this Court has applied the plain error standard in civil cases where jury instruction challenges were forfeited, it has also cautioned that “[t]he standard is high, and it is rare indeed for a panel to find plain error in a civil case.” *Díaz-Fonseca v. Puerto Rico*, 451 F.3d 13, 36 (1st Cir. 2006) (internal quotation marks omitted).

Accordingly, Tenenbaum's argument would require courts to perform this novel constitutional analysis after the close of evidence, while the jury waited to be instructed. Worse, Tenenbaum's argument would require courts to decide which congressionally authorized damages awards would exceed Congress's legislative authority on a hypothetical basis, in *every* case, before knowing whether the jury's award would even present an excessiveness question. That approach is the very antithesis of constitutional avoidance, not to mention an invitation for judicial legislation run amok.

That much is confirmed by the district court's opinion below, which failed to separate due process requirements from policy preferences. Relying on its own view that "file-sharing, in general, is fairly low on the totem pole of reprehensible conduct," Add. 54, the court concluded that copyright policy would be better served by a treble damages regime for this particular form of infringement than by the regime Congress has adopted. *See* Add. 55-56. The district court went so far as to rely on Congress's decision to impose treble damages in distinct statutory regimes, while effectively eviscerating Congress's different choice in the copyright context. *See id.* Obligating courts to select the maximum constitutionally permissible amount of damages from within the ranges authorized by Congress even before a constitutional challenge arises will surely produce more errors of the kind reflected in the decision below.

B. Tenenbaum Was Not Entitled to an Instruction Regarding Harm Caused by or Flowing to Nonparties.

Tenenbaum's second challenge to the jury instructions is wholly unpreserved. Tenenbaum never requested that the jury be instructed "to consider only harms *by* the named defendant that flowed *to* the named plaintiffs," Def.'s Br. 43, and never objected to the court's failure to give such an instruction. Accordingly, this argument is forfeited and provides no basis for relief unless the district court plainly erred by failing to give such an instruction *sua sponte*. The district court did not.

First, there is no merit to Tenenbaum's attempt to shoehorn the arguments he now raises into the instructions he actually requested below. The instruction to which he points, *see* Def.'s Br. 42, says nothing whatsoever about harm to or from others, but rather only vaguely alludes to evidence of Tenenbaum's *own* massive infringement by seeking to limit the jury's considerations to the specific sound recordings at issue in this litigation. *See* Appx. 329 ("While there may be evidence relating to other downloading and sharing, the only issue of infringement or fair use that is before you concerns these five songs.... [Y]ou may only award damages, if any, as to those five songs."). That instruction did not come close to putting the district court on notice that Tenenbaum was seeking a *Philip Morris*-style instruction regarding harm to or by non-parties. *See Philip Morris USA v. Williams*, 549 U.S. 346 (2007). Nor was the instruction an accurate statement of

law, as it incorrectly stated that the jury could determine fair use, suggested that the jury need not award damages even if it found that Tenenbaum infringed, and erroneously attempted to limit Plaintiffs' challenges to five works instead of 30. *See* Appx. 329 (“If you find that the Plaintiffs have proved infringement, *and you find that the Plaintiffs have proved that Joel’s use was not fair*, you may only award damages, *if any*, as to those five songs.” (emphasis added)).¹³

In light of this forfeiture, Tenenbaum is not entitled to relief unless he can show that the district court plainly erred by failing to give the instruction he failed to request. He cannot meet that demanding standard. *See Rivera Castillo*, 379 F.3d at 10. Tenenbaum points to no case requiring a court *sua sponte* to provide a jury with the kind of instruction approved in *Philip Morris*. Nor could he, as the Court’s opinion in *Philip Morris* itself only requires such an instruction to be provided “upon request.” *Philip Morris*, 549 U.S. at 357; *see also Williams v. Philip Morris USA Inc.*, 176 P.3d 1255 (Or. 2008) (holding on remand that Philip Morris was not entitled to such an instruction because it failed to properly preserve a request or objection), *cert. dismissed*, 129 S. Ct. 1436 (2009).

¹³ Tenenbaum also did not object to the court’s failure to give that instruction. *See* Appx. 230-37, 277-81. “[E]ven if the initial *request* is made in detail, the party who seeks but did not get the instruction must object *again* after the instructions are given but before the jury retires for deliberations.” *Gray v. Genlyte Grp., Inc.*, 289 F.3d 128, 134 (1st Cir. 2002); *see also* Fed. R. Civ. P. 51(d)(1)(B) (party must object unless “the court rejected the request in a definitive ruling on the record”).

Nor can Tenenbaum show that the absence of any such instruction was prejudicial. Although Plaintiffs presented evidence of the broader harms file-sharing has caused, they did so to illustrate harm to which Tenenbaum himself contributed, both by infringing in the first instance and by facilitating the infringement of others. Both parties emphasized to the jury in closing argument that its task was not to hold Tenenbaum responsible for the billions of dollars Plaintiffs have lost, but was instead to consider the extent to which Tenenbaum's actions alone contributed to those losses. *See* July 31, 2009 Tr. 38 (Tenenbaum's Closing Arg.) ("The issue is not the damage that peer-to-peer technology caused to this industry, it's what Joel did that is here in issue and what's appropriate in response to what Joel did."); Appx. 85 (Pls.' Closing Arg.) ("In his opening remarks Mr. Nesson told you to apply damages to what Joel did, and that is exactly what we want you to do."). The jury instructions similarly focused on Tenenbaum's actions and motives and in no way suggested that the jury should compensate Plaintiffs for all losses attributable to file-sharing writ large. Appx. 67-69. That the jury did not attempt to do so is confirmed by its verdict; had the jury "implicitly deemed [Tenenbaum] responsible for an entire industry's" billions of dollars in losses, Def.'s Br. 41, it would have returned an award at the statutory maximum, not an award below even the maximum for *non-willful* infringement.

C. Tenenbaum Was Not Entitled to an Instruction that Statutory Damages Must Bear a Reasonable Relationship to Actual Harm.

Tenenbaum also failed to preserve the argument that the jury should have been instructed “that statutory damages must reasonably relate to the harm caused.” Def.’s Br. 43. Once again, Tenenbaum neither requested such an instruction nor objected to the district court’s failure to give one. Nor can he show any plain error, as such an instruction would have misstated the law. As explained above, *see* Part I.C., *supra*, statutory damages under the Copyright Act need not bear any particular relationship to actual damages, but are instead expressly designed to be awarded *in lieu* of actual damages. *See L.A. Westermann*, 249 U.S. at 106; *see also Williams*, 251 U.S. at 67. Any instruction that statutory damages must bear some particular relationship to actual damages would contradict the Supreme Court’s admonition that such damages may be awarded “[e]ven for uninjurious and unprofitable invasions of copyright.” *F.W. Woolworth*, 344 U.S. at 233.

Although Tenenbaum cites a string of cases purportedly requiring the very connection the Supreme Court has rejected, *see* Def.’s Br. 43-44 & n.12, in reality those cases reflect nothing more than the fact that district court judges have often deemed actual injury relevant when they were responsible (either before *Feltner*, or when parties have opted for a bench trial) for deciding what amount of statutory

damages is “just.”¹⁴ Consistent with that practice, the district court instructed the jury that it could consider “[t]he revenue lost by the plaintiff as a result of the infringement” when “determining the just amount of statutory damages to award.” Appx. 68 (Instruction A.1(d)). Accordingly, the jury was properly instructed on the manner in which it could take into account Plaintiffs’ considerable evidence of the real and substantial damages caused by Tenenbaum.

D. The Court’s Instruction Correctly Defined “Willful.”

Finally, the district court correctly instructed the jury that “‘willful’ means that a defendant had knowledge that his actions constituted copyright infringement or acted with reckless disregard for the copyright holder’s rights.” Appx. 68. As the district court noted, “[m]e and five or six thousand other courts” have rejected Tenenbaum’s argument to the contrary. Appx. 233.

Whatever “willful” may connote in other contexts, it is well settled that copyright infringement is “willful” for purposes of § 504 “if the infringer knows

¹⁴ These cases all involve bench trials or motions in which the judge determined statutory damages. See *Yurman Studio v. Casteneda*, 2008 WL 4949775, at *2 (S.D.N.Y. Nov. 19, 2008); *Webloyalty.com, Inc. v. Consumer Innovations, LLC*, 388 F. Supp. 2d 435, 442-43 (D. Del. 2005); *Venegas-Hernandez v. Peer*, 2004 WL 3686337, at *30 (D.P.R. May 19, 2004), *partially vacated on other grounds*, 424 F.3d 50 (1st Cir. 2005); *New Line Cinema Corp. v. Russ Berrie & Co.*, 161 F. Supp. 2d 293, 303 (S.D.N.Y. 2001); *Bly v. Banbury Books, Inc.*, 638 F. Supp. 983, 987 (E.D. Pa. 1986); *Warner Bros. v. Dae Rim Trading, Inc.*, 677 F. Supp. 740, 769 (S.D.N.Y. 1988); *Davis v. E. I. Du Pont de Nemours & Co.*, 249 F. Supp. 329, 341-42 (S.D.N.Y. 1966). None addresses whether a jury would be *required* to ensure that a statutory damages award bears a “reasonable relationship” to proven actual damages.

that its conduct is an infringement or the infringer has acted in reckless disregard of the copyright owner's right." *Wildlife Express Corp. v. Carol Wright Sales, Inc.*, 18 F.3d 502, 511 (7th Cir. 1994) (internal quotation marks omitted). "[I]ntent or knowledge is not an element of infringement" under the Act, *Fitzgerald Publ'g Co. v. Baylor Publ'g Co.*, 807 F.2d 1110, 1113 (2d Cir. 1986), which instead imposes strict liability for any infringement. Although the statute contains a mitigation measure for so-called "innocent infringement," see 17 U.S.C. § 504(c)(2), a defendant cannot prove "innocence" by showing that he did not realize his actions constituted infringement. Rather, an infringer must at least prove that the copyright holder failed to provide proper notice of copyright, which is achieved by the simple act (undertaken here) of affixing a notice of copyright to its work. See 17 U.S.C. § 402(d) ("[i]f a notice of copyright ... appears on the published [sound recording] ..., then no weight shall be given to such a ... defense based on innocent infringement"). Even then, a defendant remains strictly liable, but "the court in its discretion may reduce the award of statutory damages to a sum of not less than \$200." *Id.* § 504(c)(2).

Because knowledge is not required for so-called "ordinary" liability under the statute, courts have unanimously agreed that infringement is "willful" under § 504 so long as it is "knowing." See, e.g., *Zomba Enters.*, 491 F.3d at 584; *In re Barboza*, 545 F.3d 702, 707-08 (9th Cir. 2008); *Lyons P'ship, L.P. v. Morris*

Costumes, Inc., 243 F.3d 789, 799-800 (4th Cir. 2001); *Kepner-Tregoe, Inc. v. Vroom*, 186 F.3d 283, 289 (2d Cir. 1999); *RCA/Ariola Int'l, Inc. v. Thomas & Grayston Co.*, 845 F.2d 773, 779 (8th Cir. 1988); *see also* 4 Nimmer § 14.04(B)(3)(a) (“‘willfully’ means with knowledge that the defendant’s conduct constitutes copyright infringement” (footnote omitted)). This Court should hold the same.

CONCLUSION

For these reasons, this Court should reinstate the jury’s \$675,000 damages award.

Respectfully submitted,

/s/ Paul D. Clement

Timothy M. Reynolds
Eve G. Burton
Holme Roberts & Owen, LLP
1700 Lincoln, Suite 4100
Denver, CO 80203
(303) 861-7000

Paul D. Clement
Jeffrey S. Bucholtz
Erin E. Murphy
King & Spalding LLP
1700 Pennsylvania Avenue, N.W.
Washington, DC 20006
(202) 737-0500

Matthew J. Oppenheim
The Oppenheim Group, LLP
7304 River Falls Drive
Potomac, MD 20854
(301) 299-4986

Jennifer L. Pariser
Recording Industry
Association of America
1025 F Street, N.W.
Washington, DC 20004
(202) 775-0101

Counsel for Plaintiffs-Appellants/Cross-Appellees

January 31, 2011

CERTIFICATE OF COMPLIANCE

This brief complies with the type-volume limitation of Fed. R. App. P. 28.1(e)(2)(A)(i) because this brief contains 13,967 words, excluding the parts of the brief exempted by Fed. R. App. P. 32(a)(7)(B)(iii). This brief complies with the typeface and typestyle requirements of Fed. R. App. P. 28.1(e)(2)(A)(ii) and Fed. R. App. P. 32(a)(5)-(6) because this brief has been prepared in a proportionally spaced typeface using Microsoft Word 2003 in 14-point Times New Roman font.

/s/ Jeffrey S. Bucholtz

January 31, 2011

CERTIFICATE OF SERVICE

I hereby certify that on this 31st day of January, 2011, I served the foregoing Response/Reply Brief of Plaintiffs-Appellants/Cross-Appellees by mail upon counsel shown below:

Charles Nesson
1525 Massachusetts Ave., G501
Cambridge, MA 02138
Phone: (617) 495 -4609
Email: nesson@law.harvard.edu

Jeffrey Clair
U.S. Department of Justice
Civil Division/Appellate Staff
Rm. 7243, 950 Pennsylvania Ave., NW
Washington, D.C. 20530
Phone: (202) 514-4028
Email: jeffrey.clair@usdoj.gov

/s/ Jeffrey S. Bucholtz