FELTNER V. COLUMBIA PICTURES TELEVISION, INC.

By Karen M. Calloway

As intellectual property law expands into the next millennium, the procedure for awarding statutory copyright damages has emerged from a confrontation with roots in both 18th Century English law and 20th Century American television re-runs. In *Feltner v. Columbia Pictures Television, Inc.* [1], the United States Supreme Court held that while the federal Copyright Act of 1976 does not grant the right to a jury trial on the issue of statutory copyright damages, the Seventh Amendment does provide such a right. This holding resolved a split among Federal Courts of Appeal, where the majority of circuits had held the statutory damages provided in 17 U.S.C. section 504(c) may be awarded without a jury trial.[2]

Statutory damages arose as a tool for plaintiffs to protect intellectual property that, although difficult to value, was entitled to protection by the Copyright Act. While policy considerations support judicial determination of these damages, Seventh Amendment jurisprudence compelled the Court's decision in *Feltner*. Although the decision introduces doubt about both the administration of section 504(c) and its ability to achieve policy goals, the provision remains largely a plaintiff's tool.

I. BACKGROUND

The *Feltner* case posed the question of whether statutory copyright damages are best characterized as legal or equitable in nature. This question had relevance because the language of the Seventh Amendment

1. 118 S.Ct. 1279, 1288 (1998).

2. Appeal Courts holding that statutory damages may be awarded without a jury trial: Columbia Pictures Television v. Krypton Broadcasting, Inc., 106 F.3d 284, 293 (9th Cir. 1997); Cable/Home Communication Corp. v. Network Prods., Inc., 902 F.2d 829, 852-53 (11th Cir. 1990); Oboler v. Goldin, 714 F.2d 211, 313 (2d. Cir. 1983); Twentieth Century Music Corp. v. Frith, 645 F.2d 6, 7 (5th Cir. 1981); Sid & Marty Krofft Television Productions, Inc. v. McDonald's Corp., 562 F.2d 1157, 1177 (9th Cir. 1977). Appeals courts holding that the Seventh Amendment provides a right to a jury trial: Cass County Music Co. v. C.H.L.R., Inc., 88 F.3d 635, 644 (8th Cir. 1996); Video Views, Inc. v. Studio 21, Ltd., 925 F.2d 1010, 1014-16 (7th Cir. 1991); Gnossos Music v. Mitken, Inc., 653 F.2d 117, 121 (4th Cir. 1981).

clearly provides a right to a jury trial for actions that are legal in nature.[3] The Supreme Court has ruled that the Seventh Amendment "preserves" the right to trial by jury as it existed in 1791, as well as extending to modern causes of action.[4] Consequently, the right to a jury trial will attach to any statutory provision if the provision involves rights and remedies comparable to those heard in 18th Century English courts of law.[5] This comparative analysis overrides any policy concerns that might have driven enactment of the statute as an equitable or legal issue. Thus, if the analysis persuades the court that a statutory provision has a legal nature, then the court must determine whether the statute is susceptible to a legal interpretation.[6] Where such an interpretation is not reasonably possible, the court holds the statutory provision unconstitutional.[7]

A. Lower Court Decisions

Turning to the *Feltner* case, the facts center around the television broadcasting industry. C. Elvin Feltner owns Krypton International Corporation, which in turn owns three television stations located in the southeast.[8] Columbia Pictures Television (Columbia) licensed several television programs to these stations including "Who's the Boss," "Silver Spoons," "Hart to Hart," and "T.J. Hooker."[9] The stations became delinquent in paying royalties, and Columbia tried to terminate the licensing agreements.[10] The stations continued to broadcast the programs, and Columbia filed suit in the United States District Court for the Central District of California.[11]

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3. U.S. CONST. amend. VII. A right to a jury trial does not exist for claims that assert an equitable right. *See* Curtis v. Loether, 415 U.S. 189, 193 (1974).

4. *See id.* at 193-95.

5. *See id.* at 194-96. The court determines the legal nature of a provision by first considering pre-merger custom with respect to the issue, and then evaluates whether the remedy provided is best characterized as legal or equitable. *See infra* notes 49-52 and accompanying text.

6. *See Curtis*, 415 U.S. at 192, n. 6.

7. *See* United States *ex rel.* Atty. Gen. v. Delaware & Hudson Co., 213 U.S. 366, 407-08 (1909).

8. *See* Columbia Pictures Television v. Krypton Broadcasting, Inc., 106 F.3d 284, 288 (9th Cir. 1997). Krypton International and its subsidiaries (Krypton Broadcasting, Inc., Krypton Broadcasting of Birmingham, Inc, Krypton Broadcasting Of Jacksonville, Inc., and Krypton Broadcasting of Fort Pierce, Inc.) constitute the "Krypton defendants." *Id.*

9. *See id.*

10. *See id.* at 290-91.

11. *See id.* at 288. Columbia initially named Krypton, the television stations, various Krypton subsidiaries, and officers of Krypton as defendants. During litigation, Columbia dropped all causes of action except the copyright claims against Feltner. Columbia pur-

The district court found Feltner vicariously and contributorily liable for willful copyright infringement on the part of the Krypton defendants, and granted summary judgement in favor of Columbia on liability.[12] Columbia elected to recover statutory damages under section 504(c) of the Copyright Act.[13] The district court denied Feltner's request for a jury trial on the issue of statutory damages,[14] and, after a two day bench trial, the court awarded Columbia $8.8 million dollars in statutory damages, along with over $750,000 in attorneys fees and costs.[15]

On appeal to the Ninth Circuit, Feltner argued that the district court erred in denying his request for a jury trial on the issue of statutory damages.[16] Specifically, Feltner claimed that the district court both misinterpreted section 504(c), and deprived him of his Seventh Amendment right to a jury trial.[17] Writing for the court, Judge Brunetti rejected both of these arguments.[18] The court affirmed an earlier Ninth Circuit decision that placed determination of statutory damages for copyright infringement in

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sued several means of relief under the Copyright Act of 1976 (Copyright Act): 17 U.S.C. §§ 502 (1996) (permanent injunction), 503 (1996) (impoundment of all copies of the program), 504 (actual damages or statutory damages), and 505 (1996) (costs and attorney's fees). *See id.*

12. *See id.*

13. *See id.* The Copyright Act of 1976 states (emphasis added):

> [T]he copyright owner may elect, at any time before final judgement is rendered, to recover, instead of actual damages and profits, an award of statutory damages for all infringements involved in the action, with respect to any one work ...in a sum of not less than $500 or more than $20,000 *as the court considers just.* For the purposes of this subsection, all the parts of a compilation or derivative work constitute one work.
> [W]here the copyright owner sustains the burden of proving...that infringement was committed willfully, *the court in its discretion* may increase the award...to a sum of not more than $100,000. ...where the infringer sustains the burden of proving...*the court at its discretion* may reduce the award...to a sum of not less than $200.

17 U.S.C. § 504(c) (1996).

14. *See* Columbia Pictures Television v. Krypton Broadcasting, Inc., 106 F.3d. 284, 292 (9th Cir. 1997).

15. *See id.* at 288. Federal District Judge Edward Rafeedie fined Feltner $20,000 for each of 440 television episodes broadcast after Columbia terminated the license. *See id.* Under 17 U.S.C. § 504(c), Feltner could have been liable for $500 up to $100,000 per willfully infringed copyright violation. *See supra* note 13.

16. *See Columbia Pictures Television*, 106 F.3d. at 292. Feltner's appeal also unsuccessfully challenged several of the district court's rulings on subject matter jurisdiction, venue, summary judgement, and willfulness. *See id.*

17. *See id.*

18. *See id.* The three judge panel consisted of Jerome Farris, Melvin Brunetti and Alex Kozinski.

the hands of the court, not the jury.[19] Although the earlier case interpreted the 1909 Copyright Act, the court declined to distinguish that case from the present action.[20]

Moving to the issue of whether Feltner had been denied a Seventh Amendment right to jury trial, the court first acknowledged that a difference of opinion existed among federal appeals courts as to whether section 504(c) damages can be awarded without a jury trial.[21] Judge Brunetti then simply stated that the court agreed with the cases finding such damages to be outside the realm of the Seventh Amendment because they are equitable in nature.[22]

In sum, the court affirmed the district court's decision in all respects except for the award of attorney's fees to Columbia.[23] Feltner appealed, and the Supreme Court of the United States granted Feltner's petition for writ of *certiorari* to decide whether a right to jury trial exists when a copyright owner elects to recover statutory damages.

B. The Supreme Court Decision

Writing for a unanimous court, Justice Clarence Thomas reviewed both the Copyright Act and common law precedent for awarding monetary relief in copyright actions.[24] To begin the analysis, the Court looked to discern whether Congress intended to grant a right to jury trial under sec-

19. *See id.* at 292-93 (citing Sid & Marty Krofft Television v. McDonald's Corp., 562 F.2d 1157, 1177 (1977)).

20. *See* Columbia Pictures Television v. Krypton Broadcasting, Inc., 106 F.3d. 284, 293 (9th Cir. 1997). Feltner argued that the case did not control because 1909 Act allowed the court to elect statutory damages, while the 1976 Act allowed the plaintiff to unilaterally elect statutory damages. *See id.* In response, the court reasoned that the phrase "as the court considers just" from the 1976 Copyright Act does not differ from the language "as to the court shall appear just" in § 101(b) of the 1909 Act. *Id.* The court underscored that *Krofft* governed the present case by noting "[i]f Congress intended to overrule *Krofft*...it would have altered this language." *Id.* (referring to Sid & Marty Krofft Television Productions, Inc. v. McDonald's Corp., 562 F.2d 1157 (9th Cir. 1977)).

21. *See id.* at 293.

22. *See id.* The court also cited the Nimmer treatise as listing allocation of the decision to the judge as the "better view." MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 14.04[C] (1998).

23. *See Columbia Pictures Television*, 106 F.3d. at 292, 296. The court remanded the fee award for the lower court to provide enough detail to explain the amount of the fee. *See id.*

24. *See* Feltner v. Columbia Pictures Television, Inc., 118 S.Ct. 1279, 1281 (1998). Justice Scalia filed an opinion concurring in the judgment. *See id.*

tion 504(c).[25] An examination of the plain language of section 504(c) found no mention of juries within the provision.[26] The Court reasoned that the use of the word "court" could not be interpreted to mean jury because section 504(c) associated the word "court" with the use of discretion.[27] Similarly, other remedies provided for in the Act associated the word "court" with traditionally equitable remedies.[28] In contrast, provisions in the Act providing traditional legal relief did not use the term "court."[29]

The Court also considered the respondent's contention that case law provided a basis to grant a right to a jury trial.[30] Specifically, the respondent relied on case law holding that a statutory right to a jury trial can exist even when the language of the statute appears to authorize an equitable remedy.[31] The Court distinguished the statute examined in the prior case from section 504(c) on two grounds.[32] First, the statute in question made explicit reference to another statute that had been interpreted to grant a right to jury trial.[33] Second, the statute used the word "legal," which denotes legal relief or rights.[34]

Finally, the Court identified two additional factors they held consistent with an inability to interpret section 504(c) as providing for a right to jury trial.[35] First, the Court noted the split on this issue among the Federal Courts of Appeal.[36] Second, the Court found it unlikely that Congress intended that a jury be reconvened to make a determination of statutory damages after a plaintiff reviewed the jury verdict on actual damages.[37] In

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25. *See id.* at 1283. The Court must evaluate whether "a construction of the statute is fairly possible by which the [constitutional] question may be avoided." Curtis v. Loether, 415 U.S. 189, 192, n.6 (1974).

26. *See Feltner*, 118 S.Ct. at 1283.

27. *See id.* (citing F.W. Woolworth Co. v. Contemporary Arts, Inc., 344 U.S. 228, 232 (1952) ("judicial discretion" necessary for "court's choice between a computed measure of damage and that imputed by" the Copyright Act of 1909)).

28. *See id.* at 1283-84. *See* 17 U.S.C. §§ 502 (injunctions), 503 (impoundment and destruction), 505 (award of attorney's fees) (1996).

29. *See Feltner*, 118 S.Ct. at 1284. *See* 17 U.S.C. § 504(b) (actual damages and profits); NIMMER & NIMMER, *supra* note 22, § 12.10[B].

30. *See* Feltner v. Columbia Pictures Television, Inc., 118 S.Ct. 1279, 1284 (1998).

31. *See id.* (reviewing Lorillard v. Pons, 434 U.S. 575, 576 (1978) which involved an action for unpaid wages under the Age Discrimination Act of 1967, 29 U.S.C. § 621 *et seq.*) (1996). The cited provision of the Act authorizes the court to "...grant such legal or equitable relief as may be appropriate." 29 U.S.C. § 626(b) (1996).

32. *See Feltner*, 118 S.Ct. at 1284.

33. *See id.*

34. *See id.*

35. *See id.* at 1283, 1284.

36. *See* Feltner v. Columbia Pictures Television, Inc., 118 S.Ct. 1279, 1283 (1998).

37. *See id.* at 1284; *see supra* note 13.

sum, the Court held that section 504(c) cannot be read to provide a right to jury trial for statutory damages.[38]

Concurring in the judgement, Justice Antonin Scalia argued that section 504(c) could be read to authorize jury determination for statutory damages.[39] Justice Scalia explained that the word "court" can expansively include both judge and jury.[40] Recognizing that the text of section 504(c) does not provide clear evidence that "court" is used this way, Justice Scalia reasoned that an absence of such an indication does not "compel" a finding that the broad definition is constitutionally impossible.[41]

In addition, Justice Scalia investigated the legislative history of section 504(c).[42] He declared section 504(c) a "direct descendant" of a remedy in an 1856 copyright statute for unauthorized performance of dramatic compositions.[43] This statute provided a statutory floor for damages to range "as to the court ... shall appear to be just...."[44] Justice Scalia concluded that "[b]ecause such actions were historically tried at law, it seem[ed] clear that this original statute permitted juries to assess such damages."[45] Furthermore, because subsequent revisions of the Copyright Act preserved the phrase "as to the court ... shall appear to be just," Scalia argued that no reason existed to "insist" upon a different reading that would not preserve the right to jury trial.[46] Justice Scalia further explained that this interpretation did not have to be the preferable construction to avoid the constitutional question, it merely had to be reasonable.[47]

However, the majority did reach the constitutional question. The Court first observed that the Seventh Amendment grants a right to a jury trial "[i]n Suits at common law."[48] Case law has defined "suits at common law" to include both common law causes of action, and actions analogous to those causes of action "ordinarily decided in English law courts in the

38. *See id.*
39. *See id.* at 1288.
40. *See id.* (citing BLACK'S LAW DICTIONARY 318 (5th ed. 1979)).
41. *See id.* at 1289.
42. *See* Feltner v. Columbia Pictures Television, Inc., 118 S.Ct. 1279, 1289 (1998).
43. *See id.* (citing the Act of Aug. 18, 1856, ch. 169, 11 STAT. 138, 139 (1856)).
44. *Id.*
45. *Id.*
46. *Id.* at 1289.
47. *See id.* at 1289-90. Justice Scalia reviewed the doctrine of constitutional doubt, which allows adoption of a statutory interpretation that is reasonable, but not necessarily the best, in order to avoid reaching the conclusion that a statute is unconstitutional. *See id.* (citing the Scalia dissent in Almendarez-Torres v. United States, 118 S.Ct. 1219, 1243-44 (1998)).
48. *See* Feltner v. Columbia Pictures Television, Inc., 118 S.Ct. 1279, 1284 (1998).

late 18th Century, as opposed to those heard by courts of equity or admiralty."[49] The Court used a two-prong test to determine whether the statutory copyright damages remedy fell within the realm of a suit at common law.[50] The first prong compares the statutory action with 18th Century actions brought in English courts prior to the merger of the courts of equity and law.[51] The second prong evaluates whether the remedy has an equitable or legal nature.[52]

Justice Thomas first established that actions granting monetary relief for copyright infringement have been available in England since the 17th century, and in the United States since before the adoption of the Seventh Amendment.[53] Thomas reviewed English case law that supported the contention that these suits were tried in courts of law.[54] Similarly, the Court recognized that copyright statutes adopted by twelve of the original thirteen United States provided a cause of action for damages, but did not refer to equity jurisdiction.[55] Instead, the Court found sufficient evidence to suggest that these actions were tried before a jury.[56] In addition, three of the statutes provided for an award from a statutory range.[57] No direct evidence of practice under these statutes was cited, and the Court found no reason to believe that these damages were not also recovered as an action at law.[58] Case law and statutory language under the 1790 and 1831 versions of the federal U.S. Copyright Act also supported a legal remedy.[59] Thus, the Court concluded that precedent established the practice of trying actions for copyright damages before juries.[60]

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49. *See id.* (quoting Granfinanciera, S.A. v. Nordberg, 492 U.S. 33, 42 (1989), which cited Curtis v. Loether, 415 U.S. 189, 193 (1974)).

50. *See id.*

51. *See id.*

52. *See id.*

53. *See id.* at 1284-85.

54. *See* Feltner v. Columbia Pictures Television, Inc., 118 S.Ct. 1279, 1284-85 (1998).

55. *See id.* at 1285.

56. *See id.* at 1285-86. The Court cited express language in three of the statutes (*i.e.* Connecticut, Georgia, and New York). *See id.* The Court relied on the traditional interpretation of language providing that damages be recovered in an "action of debt" as meaning a legal remedy (*i.e.* statutes from Massachusetts, New Hampshire, Rhode Island, and South Carolina). *Id.* The Court also cited case law to support the legal nature of statutory damages. *See id.* (citing Hudson v. Patten, 1 Root 133 (Conn.Super. 1789).

57. *See id.* at 1286 (referring to the Massachusetts, New Hampshire and Rhode Island state statutes).

58. *See id.*

59. *See id.*

60. *See* Feltner v. Columbia Pictures Television, Inc., 118 S.Ct. 1279, 1288 (1998).

Columbia did not dispute this historical evidence, and did not argue that an analogy could be drawn between section 504(c) damages and any historical cause of action for monetary relief recognized by the Court as equitable.[61] Instead, the opinion indicates that Columbia focused on the second part of the Seventh Amendment analysis: the nature of the remedy sought.[62] The Court explained that it recognized a "general rule" that monetary relief is legal, and that statutory damages can serve traditionally legal purposes.[63] Cited case law also suggested that monetary relief does not become equitable because it is discretionary.[64] Finally, the Court again observed that juries consistently determined the amount of copyright damages under both the 1790 and 1831 Acts.[65]

To counter, Columbia asserted that under *Tull v. United States*[66], Congress could constitutionally authorize trial judges to assess the amount of statutory penalties, even though juries had previously assessed the amount.[67] In addition to positing that this portion of the *Tull* opinion might be *dicta*, the Court distinguished *Tull* on two grounds: 1) unlike the present action, in *Tull* no evidence was presented to the court suggesting a historical basis for jury determination of civil penalties paid to the government, and 2) awarding of such penalties could be viewed as analogous to the role of sentencing in criminal actions, a traditional role for judges.[68] Thus, analysis under both prongs of the Seventh Amendment test persuaded the Court to hold that a party has a right to have a jury on all issues

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61. *See id.* at 1286.

62. *See id.* at 1286-87.

63. *See id.* at 1287 (citing Teamsters v. Terry, 494 U.S. 558, 570 (1990) (recognizing that monetary relief is generally legal); *see also id.* (citing Tull v. United States, 481 U.S. 412, 422 (1987) (holding that remedies intended to punish were issued by courts of law, not equity).

64. *See id.* (citing *Tull v. United States*, 481 U.S. 412, 422 n.7 (1987), *Coryell v. Colbaugh*, 1 N.J.L. 77 (1791), and *Dimick v. Schiedt*, 293 U.S. 474, 480 (1935) (stating that the common law rule at time of adoption of Constitution provided that in cases where the amount of damages "...was uncertain[,] their assessment was a matter ...within the province of the jury....")).

65. *See id.* at 1287.

66. 481 U.S. 412 (1987).

67. *See* Feltner v. Columbia Pictures Television, Inc., 118 S.Ct. 1279, 1287-88 (1998). *Tull* involved liability for civil penalties under the Clean Water Act, 33 U.S.C. §§ 1251, 1319(d) (1987). 481 U.S. 412, 414 (1987). 33 U.S.C. § 1319(d) provides penalties of up to $10,000 per day during the period of the violation. In *Tull*, the Court held that the Seventh Amendment grants a right to jury trial on all issues relating to liability for these penalties. 481 U.S. at 427. The opinion then suggested that Congress could constitutionally authorize judges to determine the amount of the penalty. *See id.* at 422-23.

68. *See Feltner*, 118 S.Ct. at 1288.

concerning an award of statutory damages in order "to preserve the 'substance of the common-law right of trial by jury.'"[69]

II. DISCUSSION

While the Court could not have avoided ruling that section 504(c) damages were legal in nature, leeway did exist to find the provision constitutional. In fact, Justice Scalia argued for "reserv[ing] the constitutional issue for another day."[70] To understand why this might have been desirable, it is instructive to examine the rationale behind the enactment of this statutory remedy. In addition, a comparison of these policy goals with the Court's actual holding helps to predict the practical impact of the *Feltner* decision.

A. The Seventh Amendment Analysis: Absolute Primacy of Tradition

Regardless of the Congressional intent behind enactment of a statutory provision, the Supreme Court has proclaimed that the Seventh Amendment requires a jury trial when the remedy bears the indicia of legal relief.[71] Under *Granfinanciera, S.A. v. Nordberg*, a statutory provision can escape a legal label if it has no roots in 18th Century actions brought before courts of law, or if the remedy has an equitable nature.[72] Provisions allowing statutory damages for copyright infringement have existed as actions in English courts of law since 1710.[73] Justice Thomas found plausible support for a similar tradition in Colonial America.[74] The *Feltner*

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69. *See id.* (citing *Tull*, 481 U.S. at 426). On remand to the Ninth Circuit, Feltner filed a petition to recover attorney's fees under 17 U.S.C. § 505 of the Copyright Act. *See* Columbia Pictures Television v. Krypton Broadcasting of Birmingham, Inc., 152 F.3d 1171, 1171-72 (9th Cir. 1998).

Feltner argued that as the prevailing party in the Supreme Court case, he could recover attorney's fees accrued in defending his right to a jury trial. *See id.* The court denied this petition, reasoning that 17 U.S.C. § 505 applied to a party prevailing in an infringement suit. *See id.* In other words, the Supreme Court decision did not change Feltner's liability for copyright infringement. In accordance with the Supreme Court decision, the Ninth Circuit remanded the case to the District Court for jury proceedings to determine statutory damages. *See id.*

70. *Feltner*, 118 S.Ct. at 1289 (quoting from the Scalia concurrence).

71. *See* Curtis v. Loether, 415 U.S. 189, 194 (1974).

72. *See* 492 U.S. 33, 42 (1989).

73. *See* Feltner v. Columbia Pictures Television, Inc., 118 S.Ct. 1279, 1285 (1998). (explaining that the 1710 Statute of Anne provided damages for copyright infringement in the amount of "one Penny for every Sheet which shall be found in [the infringer's] custody...."). *See supra* notes 53-59 and accompanying text.

74. *See supra* note 55.

opinion states that Columbia did not attempt to dispute this 200-year-old line of evidence.[75]

Columbia might have attempted to overcome this evidence by drawing an analogy with a historically equitable action, or by making an argument that section 504(c) had no 18th Century roots of any kind. Curiously, the *Feltner* Court itself offered actions for disgorgement of improper profits as an example of an historical action for monetary relief characterized as equitable.[76] Alternatively, previous commentators have contended that section 504(c) has no 18th Century counterpart.[77] For example, prior statutory remedies, as well as the 1909 "in lieu" provision, generally tied availability of statutory relief to proof of actual damages or the defendant's profits.[78] Section 504(c) allows the plaintiff to receive an award regardless of the presence or the absence of such proof.[79] Thus, section 504(c) might provide a modern cause of action with no pre-merger correlate.[80] If so, then the Court could have determined that pre-merger history does not provide a basis on which to declare section 504(c) as equitable or legal.

Shifting to the second prong of the test, the remedy provided by section 504(c) has both legal and equitable elements. For example, the granting of relief in the form of a monetary award is consistent with a traditional action at law.[81] In contrast, allowing the court to assign damages based on discretionary factors beyond actual losses suggests an equitable

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75. *See Feltner*, 118 S.Ct. at 1286.

76. *See id.*

77. *See* Andrew W. Stumpff, *The Availability of Jury Trials in Copyright Infringement Cases: Limiting the Scope of the Seventh Amendment*, 83 MICH. L. REV. 1950, 1958-61 (1985) (arguing that pre-1909 awards of discretionary relief were tied to actual, provable damages, while 17 U.S.C. § 504(c) damages may be recovered absent any showing of loss due to the infringement; thus, no historical analogies exist for 17 U.S.C. § 504(c) damages). *Cf.* William Patry, *The Right to a Jury in Copyright Cases*, 29 J. COPYRIGHT SOCY. 139, 173-77 (1981) (arguing that the 1909 enactment did not create a relief without historical precedent).

78. *See* NIMMER & NIMMER, *supra* note 22, § 14.04[B][1], at 14-90 (clarifying that availability of statutory damages under 1909 Act was discretionary with the court, and largely dependent on proof of actual damages and profits, while the plaintiff elects 17 U.S.C. § 504(c) damages).

79. *See* H.R. Rep. No. 94-1476, at 161 (1976) (stating that the plaintiff is not obliged to submit proof of damages or profits when opting for an award of statutory damages).

80. *See* Stumpff, *supra* note 76, at 1958-61. The Court's recent subtraction of patent claim interpretation from the traditionally legal nature of patent infringement suggests that the Court might have been amenable to such an argument. *See* discussion *infra* text accompanying notes 122-29.

81. *See* Teamsters v. Terry, 494 U.S. 558, 570, 579 (1990); Curtis v. Loether, 415 U.S. 189, 196 (1974).

remedy.[82] Nevertheless, a general rule exists that monetary relief is legal.[83] The Court has identified two exceptions to this rule: monetary awards linked to injunctive relief, and purely restitutionary actions.[84] Both the fact that a separate provision under the Act provides injunctive relief, and the significance of the potential monetary penalties under section 504(c) argue against the first exception.[85] As to the second exception, two federal courts have held section 504(c) damages restitutionary in nature.[86] However, legislative history explains that section 504(c) damages primarily serve as a punitive sanction on infringers, not as a vehicle to make the copyright owner whole.[87] Thus, this second prong is dispositive, and the Court correctly held that section 504(c) damages did not constitute an exception to the general rule.

Correspondingly, the transcript strongly indicates that the Court considered section 504(c) to run afoul of the Seventh Amendment primarily because of the potential to bypass a cause of action with undisputed roots in courts of law.[88] Specifically, the Court takes issue with the ability of the plaintiff to unilaterally elect statutory damages, which if held equitable, would deprive the defendant of the 200-year tradition of having a jury determine actual damages.[89] Thus, the Court focuses on preserving the common-law right to trial for actual damages at the expense of entertaining much argument characterizing the action for statutory damages.[90] This reasoning parallels that of earlier rulings in which the Court held that the constitutional right to jury trial could not be lost in actions presenting both legal and equitable claims.[91] Therefore, the specific statutory construction

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82. *See* D. DOBBS, HANDBOOK ON THE LAW OF REMEDIES § 2.1, at 28 (1973).

83. *See Teamsters*, 494 U.S. at 570.

84. *See* Tull v. United States, 481 U.S. 412, 424 (1987).

85. *See id.* Courts in equity could provide monetary awards that were incidental to injunctive relief. *See id. Tull* held that a potential penalty of $22 million was too significant to be incidental to the injunctive relief. *Id.* at 424-25.

86. *See* Glazier v. First Media Corp., 532 F.Supp 63 (D. Del. 1982); Broadcast Music, Inc. v. Columbia Broadcasting System, Inc., 441 U.S. 1 (1979).

87. *See* H.R. Rep. No. 94-1476, at 163 (1976) (establishing a floor for liability "preserves [17 U.S.C § 504(c)'s] intended deterrent effect"); S. Rep. No. 100-352, at 47 (1988) (noting that the increases in the statutory damages amount enacted in 1988 were driven by a desire to "retain the deterrent effect against potential infringers that Congress intended to create in the 1976 copyright revision")

88. *See* Feltner v. Columbia Pictures, Inc., No. 96-1768, 1998 WL 29550, at *41-43 (U.S. Oral Arg. Jan. 21, 1998).

89. *See id.*

90. *See id.*

91. *See* Beacon Theatres v. Westover, 359 U.S. 500, 509-11 (1959) (holding that in a mixed action, jury trial cannot be collaterally estopped by hearing the equitable claims

that allows for unilateral preclusion of a legal right would have compelled the Court's ruling that section 504(c) damages require jury determination regardless of any analyses, historical arguments or policy concerns that could have been considered.

B. The Statutory Interpretation Analysis: A "Fairly Possible" Legal Reading

Nonetheless, the Court did not have to rule section 504(c) unconstitutional. As Justice Scalia explained in his concurrence, the "fairly possible" standard simply requires the adoption of a reasonable statutory interpretation, not the adoption of the preferable interpretation.[92] The majority opinion and other authorities agree that the text of section 504(c) does not explicitly define the word "court" to exclude juries.[93] Of note, the Court has held that statutory references to "court" do not necessarily exclude the possibility of a right to a jury trial.[94] Thus, an application of a broad definition of "court" to include judge and jury seems "fairly possible." Similarly, precedent allows statutory association of the word "court" with potentially discretionary damages without automatically imposing a label of "equitable" relief.[95] For example, when asked to interpret the remedies provision provided under Title VIII of the Civil Rights Act of 1968, the Court did not find that the association of the word "court" with the grant of relief "as it deems appropriate" ruled out a jury trial.[96] Again, provision of a right to a jury trial seems "fairly possible" under statutory construction.

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first); Dairy Queen v. Wood, 369 U.S. 469, 479-80 (1962) (holding that in actions presenting both legal and equitable claims, the right to jury trial could not be lost by declaring the legal issue "incidental" to the equitable issue).

92. *See* Feltner v. Columbia Pictures Television, Inc., 118 S.Ct. 1279, 1289-90 (1998); *see supra* note 47.

93. *See Feltner*, 118 S.Ct. at 1283; NIMMER & NIMMER, *supra* note 22, § 14.04[C], at 14-62.

94. *See* Curtis v. Loether, 415 U.S. 189, 189-90 (1974); Tull v. United States, 481 U.S. 412, 417 (1987).

95. *See id.*

96. *Curtis*, 415 U.S. at 189-90, 192-93. The Court interpreted 42 U.S.C. § 3612 (1988), which provides in part that "[t]he court may grant as relief, as it deems appropriate, any permanent or temporary injunction, temporary restraining order ... actual damages and not more than $1,000 punitive damages, together with court costs and reasonable attorney fees." *Id.* This provision bears great similarity to the range of remedies available under the Copyright Act. *See* 17 U.S.C. §§ 502 (injunction), 504(b) (actual damages), 504(c) (providing for statutory damages that increase with a finding of "willfulness" on the part of the defendant, arguably making them punitive), and 505 (providing costs and attorney's fees for the prevailing party) (1996).

Next, as Justice Scalia suggests, the statutory history allows avoidance of the constitutional question.[97] As proclaimed by the Court, Congressional incorporation of a prior law into a new law assumes knowledge of the prior law's interpretation.[98] The 1976 Copyright Act adopted the discretionary language for statutory damages provided in section 25(b) of the 1909 Copyright Act.[99] The 1909 statute granted plaintiffs the option of damages "in lieu of actual damages and profits ... as to the court shall appear just" for all cases of copyright infringement.[100] The Court previously traced the 1909 statutory damages provision to a provision from 1856 that protected dramatic compositions.[101] The 1856 provision provided a floor for liability, along with the ability to award damages "as to the court ... appear to be just."[102] Of interest, the 1856 Act provided an "action on the case," which has traditionally been associated with a jury trial.[103] Consistent with this view, the Second Circuit held that the 1909 statutory damages provision could be interpreted to include a right to a jury trial.[104] Consequently, at the time Congress enacted the 1976 Act, it is "fairly possible" to conclude that Congress knew that section 504(c) could be "susceptible" to a legal interpretation.[105] Congress could have specified whether section 504(c) granted legal or equitable relief, but the language and legislative history remain silent on the issue.[106] Of note, Congress did attempt to retroactively define section 504(c) damages as a jury issue when providing such a right for a similar infringement remedy for semiconductor chips.[107]

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97. *See Feltner*, 118 S.Ct. at 1289. The majority does not consider this line of evidence. *See id.*

98. *See* Lorillard v. Pons, 434 U.S. 575, 581 (1978).

99. *See supra* note 13; *see infra* note 101.

100. Act of March 4, 1909, ch. 320, 35 STAT. 1081 (1909).

101. *See* L.A. Westerman Co. v. Dispatch Printing Co., 249 U.S. 100, 107-08 (1919).

102. Act of Aug. 18, 1856, ch. 169, 11 STAT. 138, 139 (1856).

103. *Id. See* F.W. MAITLAND, THE FORMS OF ACTION AT COMMON LAW 65-7 (1909).

104. *See* Mail & Express v. Life Publishing Co., 192 F.899, 901 (2d Cir. 1912). However, the Court did comment that it found the language of the statute "somewhat obscure". *Id.*

105. Feltner v. Columbia Pictures Television, Inc., 118 S.Ct. 1279, 1289 (1998).

106. *See* H.R. Rep. No. 94-1476, at 162 (1976) (using the word "court" in conjunction with both statutory and actual damages). *See also* NIMMER & NIMMER, *supra* note 22, § 14.04[C], at 14-62 (affirms silence of 1976 Copyright and Committee reports).

107. *See* NIMMER & NIMMER, *supra* note 22, § 8A.10[B], N.13 at 8A-50. The Semiconductor Protection Act (SCPA) of 1984 explicitly provides for a right to jury trial for statutory damages associated with unlawful copying of semiconductor chips. *See id.* The House Report for the SCPA states: "In using the term 'court' in [the statutory damages

In light of the "cardinal rule" that the Court has a duty to avoid the constitutional question if possible, the Court should have ruled that section 504(c) provided a right to a jury trial.[108] Such a ruling would have allowed the statute to avoid "constitutional infirmity."[109] By moving to the Seventh Amendment analysis, the Court has effectively ruled section 504(c) unconstitutional, creating new doubt as to the mechanics of statutory damage awards under the Copyright Act.[110] In particular, the Court does not make it clear whether the statutory floor and ceiling for damages has survived the *Feltner* decision.[111]

C. The Practical Analysis: Does *Feltner* Impact the Copyright Scheme?

The fixed range for statutory damages reflects Congressional recognition of the frequently difficult task of assigning a monetary value to everything that falls under the protection granted by the Copyright Act.[112] In the absence of this guaranteed monetary relief, the copyright owner might actually find that the Act provides the anomaly of protection without meaningful remedy.[113] For example, downloading a copyrighted work from the Internet onto a computer desktop may simultaneously infringe a copyright owner's reproduction, performance and display rights.[114] The copyright owner has a clear-cut action for infringement, but little incentive to bring suit if relief is based on the value of this single act. This scenario also provides the infringer with little incentive to respect the copyright scheme. Providing the guarantee of a floor and ceiling for damages gives the copyright owner and the infringer a yardstick by which to measure the worth of investing in the copyright system. The statutory minimum can also be said to reflect how much the public is willing to pay for protecting any single work whose value may not be realized in monetary terms.

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provision]... it is the intent of the committee, as under 17 U.S.C. § 504(c), that there be a right to a jury where requested." *Id.*

108. *See* United States *ex rel.* Atty. Gen. v. Delaware & Hudson Co., 213 U.S. 366, 407-08 (1909) (avoiding the constitutional question is a duty of the Court).

109. *See id.* at 407.

110. The procedural issues raised by this ruling are beyond the scope of this Note.

111. *See infra* note 118.

112. *See* PAUL GOLDSTEIN, 2 COPYRIGHT § 12.2, at 12:34 (2d ed. 1996).

113. *See* NIMMER & NIMMER, *supra* note 22, § 14.02[A], at 14-15.

114. *See id.* § 8.24[A], at 8-354.

Consistent with the goal of encouraging copyright owners to police their rights, section 504(c) has favored the plaintiff.[115] In particular, the copyright owner could choose to avoid the burden of proving actual damages.[116] This ability became increasingly significant when infringement involved novel technology that did not have an accepted value. Likewise, election of statutory damages avoided the problem of teasing out the value of copyrighted works "embedded" in a larger context.[117] In addition, the ability to elect statutory damages at any time before final judgement gave the owner the choice of relying on the statutory minimum if the jury did not return a satisfactory verdict for actual damages.[118] In other words, section 504(c) provided the plaintiff with the proverbial "two bites at the apple."

Despite the Court's focus on preserving 200-year old traditional legal rights at the expense of any policy considerations, statutory damages remain a tool for the modern plaintiff to protect rights in ever-evolving forms of intellectual property. Specifically, the plaintiff still has a guarantee of two assessments of monetary damages from which to choose, and can continue to avoid the burden of proving actual damages or profits. Likewise, the ruling does not appear to preclude having a judge decide the award if both parties agree to waive the jury trial. While not completely certain, the *Feltner* decision probably retains the guaranteed statutory floor and ceiling for awards.[119] Thus, the pre-*Feltner* economic analysis for an

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115. *See id.* § 14.02[A], at 14-13. In general, 17 U.S.C. § 504(c) provides four rights: 1) an ability for the plaintiff to elect statutory damages at any time before final judgement is rendered, 2) a guaranteed floor and ceiling for infringement damages, 3) a limit of one award for infringement of a particular work, regardless of the number of infringements of that work, and 4) the opportunity to prove the infringement was willful, thereby raising the ceiling and floor damage levels. *See* H.R. Rep. No. 94-1476, at 162 (1976).

116. *See* NIMMER & NIMMER, *supra* note 22, § 14.04[B][1][a], at 14-51. The language of 17 U.S.C. § 504(a)(2) and (c) guarantees some award of statutory damages regardless of whether the plaintiff demonstrates any monetary harm, and irrespective of the defendant's conduct. *See id.*

117. *See* Roger D. Blair & Thomas F. Cotter, *An Economic Analysis of Damages Rules in Intellectual Property Law*, 39 WM. & MARY L. REV. 1585, 1652 (1998). Blair and Cotter provide an instructive example of this problem: the local bar providing copyrighted music for its patrons earns a profit of $10,000. "What part of the profit is due to the music and what part is due to its favorable locations, its service, its world-class chicken wings and so on?" *Id.*

118. *See* NIMMER & NIMMER, *supra* note 22, § 14.04[A], at 14-19; Branch v. Olgilvy & Mather, Inc., 772 F.Supp. 1359 (S.D.N.Y. 1991) (opting for an award of $10,000 in statutory damages and $116,729 for attorney's fees after rejecting a nominal jury verdict of one dollar).

119. *See* Feltner v. Columbia Pictures, Inc., U.S. 118 S.Ct. 1279, 1288 (1998). The Court held that a right to a jury trial exists "on all issues pertinent to an award of statutory

individual participant remains arguably the same: the copyright owner has a guaranteed minimum by which to determine the worth of pursuing an infringement action, and the infringer has a guaranteed penalty range against which to weigh her copyright violation.

However, the Court's decision does preclude the ability of a plaintiff to unilaterally avoid a jury determination of the precise amount of statutory damages to be awarded. Congress specified that statutory copyright damages could be adjusted according to the "circumstances of the case."[120] In general, the arguments contained in the amicus briefs submitted in *Feltner* state that judges should make these adjustments because judges have experience weighing multiple factors to reach a fair result, can look to previous experience with copyright law, and can take overall policy concerns into consideration when reaching a verdict.[121] Further, the arguments continue by reasoning that assigning statutory damages determination to juries can lead to a lack of uniform interpretation across the nation, creating uncertainty for copyright participants.[122] These concerns seem valid, and parallel the arguments raised when the Court confronted a similar judicial allocation issue in the patent arena.[123]

Specifically, in *Markman* the Court confronted the question of whether interpretation of patent claim construction fell into the province of judge or jury.[124] Finding historical evidence unpersuasive, the Court looked to

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damages...including the amount itself." *Id.* Whether this means that the jury must pinpoint the award within the statutory range or can venture beyond those bounds remains to be clarified. If the *Feltner* decision did remove the statutory bounds, a jury could be presented with the puzzle of assigning damages in the absence of any proof of harm or profit. In reality, evidence would certainly be presented, thus blurring or erasing the distinction between actual and statutory damages.

120. *See* H.R. Rep. No. 94-1476, at 161.

121. *See* Amicus Brief of the International Anticounterfeiting Coalition for Respondent at *22-25, Feltner v. Columbia Pictures Television, Inc., U.S. 118 S.Ct. 1279 (1998) (No. 97-1768); Amicus Brief of the Intellectual Property Law Association for Respondent at *15-16, Feltner v. Columbia Pictures Television, Inc., U.S. 118 S.Ct. 1279 (1998) (No. 97-1768); Amicus Brief of the National Football League, the National Basketball Association, the National Hockey League, and the Office of the Commissioner of Baseball for Respondent at *26-29, Feltner v. Columbia Pictures Television, Inc., U.S. 118 S.Ct. 1279 (1998) (No. 97-1768).

122. *See* Amicus Brief of The American Society of Composers, Authors and Publishers for Respondent at *19, Feltner v. Columbia Pictures Television, Inc., U.S. 118 S.Ct. 1279 (1998) (No. 97-1768).

123. *See* Markman v. Westview Instruments, Inc., 116 S.Ct. 1384, 1385 (1996).

124. *See id.* at 1385, 1388. The Court reasoned that while "two centuries" of history clearly mandated a jury trial in an action for infringement, interpretation of the patent claim itself could be teased out of the general action and considered as a separate issue. *Id.*

precedent, relative interpretive skills of judges and juries, and statutory policies.[125] As in the *Feltner* case, the Court found precedent inconclusive.[126] However, reducing claim construction to an issue of who can better interpret written instruments, the Court concluded that judges are better suited to this task because they "often" construe written instruments, and have been involved in shaping the "special doctrines" relating to patent claims.[127] Although juries bring a special ability to judge human demeanor and reflect community standards, the Court remained unpersuaded that these skills significantly aided analysis of document construction.[128] Finally, the Court stressed that allocating all construction elements to a judge fostered consistency and uniformity.[129] Otherwise, a "zone of uncertainty" could surround the patent and obscure what the patentee actually owned, what the public would eventually receive, and what others could invent without infringing.[130]

Applying the *Markman* criteria to copyright damages does not immediately suggest that it makes any difference whether a judge or a jury decides the award. If we assume that in holding section 504(c) unconstitutional that the Court preserved both the monetary limits and the ability of the plaintiff to forgo proof of damages or profits, the court can simply award the statutory minimum. This does not appear to require any of the special skills identified above. Arguably, by setting a discrete range, Congress has already rendered the choice of any point within the range a secondary consideration. In other words, the "yardstick" by which a copyright participant evaluates the decision to enforce or infringe a copyright remains intact. Thus, the simple presence of discretion along this yardstick does not conclusively point towards judge or jury.[131]

On the other hand, the broad discretion inherent in applying this yardstick does argue for employment of judicial skills. Relying on the liability floor alone may not realistically enforce the copyright scheme. Specifically, Congress balanced the copyright equation of incentives, deterrents and public use by providing a very broad value range through which to funnel the entire spectrum of copyrightable subject matter.[132] In practice,

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125. *See id.* at 1393.

126. *See id.* at 1395.

127. *Id.*

128. *See id.* at 1395-96.

129. *See* Markman v. Westview Instruments, Inc., 116 S.Ct. 1384, 1396 (1996).

130. *Id.*

131. However, if the *Feltner* decision did abolish the maxima and minima, the absolute discretion involved in setting damages does favor the special skills of the judge.

132. *See supra* note 86. Congress increased the statutory minimums and maximums in 1988. *See id.* Also, Congress has carved out exceptions to this "general funnel." *See*

case law suggests that courts have anchored statutory awards to some indicator of value that relates to the specific subject matter under copyright protection.[133] The awards also reflect a balance between preventing a windfall to the individual plaintiff, and setting the award high enough to offset deficits in overall copyright detection and enforcement.[134] Empirically, it is difficult to say whether allocation to judge or jury produced this pattern.[135] However, absent a judge's ability to refer to precedent and policy, juries are not likely to produce results that provide any consistent guidance for participants in the copyright system. On a practical level, knowing that precedent will narrow the $500 to $20,000 damage range tempers a "zone of uncertainty" that most certainly influences the decision to infringe and enforce a copyright in a given subject area.

Although policy considerations strongly point towards judicial determination of statutory damages, the Court in *Feltner* ruled that parties had a right to jury determination. In fact, the oral argument makes it very clear that the Court found no explanation for why a copyright plaintiff would "fear" juries, and considered the arguments for judicial determination advanced by the amicus briefs "puzzling."[136] Perhaps defining terms in patent claims pose more complex issues than copyright valuation puzzles. Perhaps the *Feltner* decision represents a lost opportunity to showcase the complexity of modern copyright law. Most certainly the case highlights the pitfalls inherent in a provision that combines equitable and legal remedies. In any event, predictability and consistency in statutory damage

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generally ROBERT P. MERGES ET AL., INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE 1020-23 (1997). For example, the Semiconductor Chip Act of 1984 provides a separate monetary remedy for unlawful infringement of semiconductor chips. *See id.* Copyright protection already protected some aspects of these works. *See id.*

133. *See* Blair & Cotter, *supra* note 116, at 1660-69. The authors reviewed awards under 17 U.S.C. § 504(c) from 1992 through 1997. *See id.* Courts appear to have mitigated the harm of one award for all infringements of a single work by awarding damages at the higher end of the statutory range where the defendant has infringed a single work repeatedly, or over a long period of time. *See id.* Secondly, where actual damages can be estimated and detection costs are high, courts appear to fix statutory damages at roughly double or triple the actual damage amount. *See id.* Caselaw suggests that courts tend to award damages in the lower range where evidence does not provide some idea of the economic loss or gain from the infringement, and the infringement does not fall into the first category. *See id.* Thus, the courts appear to have interpreted 17 U.S.C. § 504(c) in ways that are consistent with the main goal of American copyright law by ensuring that the granted monopoly does not unduly cost the public. *See id.*

134. *See id.*

135. *See id.*

136. *See* Feltner v. Columbia Pictures, Inc., No. 96-1768, 1998 WL 29550, at *44-46, *49 (1998). The Court contrasts this posture with the pro-jury bent of tort plaintiffs. *See id.*

awards must now be left largely to the legislative process.[137] As a broad stroke, legislation is poorly suited to resolve the idiosyncratic issues posed by current and future copyright cases. It remains to be seen how the *Feltner* decision will impact business strategies and innovation by creators who have relied on the copyright scheme to protect intellectual property whose value runs ahead of the general public's experience.

III. CONCLUSION

The *Feltner* decision simply says that parties have a right to a jury determination on all aspects of damages for statutory copyright infringement. The Court has resolved a practical point of statutory interpretation, but the ruling introduced new doubt about copyright infringement damages. First of all, the Court did not explain exactly how the ruling affects the rights Congress provided in section 504(c). In particular, did the statutory maxima and minima for damages survive the constitutional analysis? Most importantly, the ruling mandates jury determination of damages without resolving the question of whether juries are better suited to this task. Policy concerns argue for judicial determination, but the clear language of the Court indicates that statutory copyright damages will remain a legal remedy until uncoupled from the 18th Century right to jury trial for actual damages. Nevertheless, section 504(c) retains its pro-plaintiff roots. A plaintiff still has a guarantee of two bites at the compensation apple for infringement of works technology pushes into the realm of copyright protection, regardless of whether society can contemporaneously recognize their value or not.

137. *See, e.g.*, MERGES, *supra* note 131.