

STATUTORY DAMAGES: A RARITY IN COPYRIGHT LAWS INTERNATIONALLY, BUT FOR HOW LONG?

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INTRODUCTION

One innovation that the United States has contributed to copyright laws in the international arena is the availability of statutory damages as a remedy for copyright owners whose works have been infringed. Under U.S. law, successful plaintiffs are entitled to ask for the extraordinary remedy¹ of statutory damages, in lieu of actual damages or an accounting of defendant’s profits, at any point up to the entry of final judgment.² Statutory damages are extraordinary mainly because they allow successful plaintiffs to recover substantial monetary damages without any proof that (1) the plaintiff suffered any actual harm from the infringement, or (2) the defendant profited from the infringement. These damages can be awarded in whatever amount the judge or jury deems “just” in a range between \$750 and \$30,000 per infringed work, and up to \$150,000 per work if infringement is willful.³ Statutory damages have often been criticized as “arbitrary, inconsistent, unprincipled, and sometimes grossly excessive.”⁴ U.S. courts have failed to develop guidelines to ensure that these awards actually are just, and many times they are not.⁵ Virtually all of the law review literature in the United States has criticized the U.S. statutory damage regime.⁶ And yet, the United States has insisted upon exporting this

¹ H.R. REP. NO. 94-1476, at 158 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5774 (calling statutory damages and attorney’s fees “special or ‘extraordinary’ remedies”).

² Copyright Act of 1976, 17 U.S.C. § 504(c) (2006). Successful plaintiffs may also obtain injunctive relief, orders for impoundment and destruction of infringing copies, and an award of attorney fees and costs. *Id.* §§ 502-03, 505.

³ *Id.* § 504(c)(1)–(2). If the infringement was innocent, the court can reduce the minimum award.

⁴ *See, e.g.*, Pamela Samuelson & Tara Wheatland, *Copyright Statutory Damages: A Remedy In Need of Reform*, 51 WM. & MARY L. REV. 439, 441 (2009); *see also* 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 14.04[E][1][a] (2012) (“[T]he truth is that statutory damages fluctuate wildly.”).

⁵ Samuelson & Wheatland, *supra* note 4, at 442-43, 480-91.

⁶ *See, e.g.*, Stephanie Berg, *Remedying the Statutory Damages Remedy for Secondary Copyright Infringement Liability: Balancing Copyright and Innovation in the Digital Age*, 56 J. COPYRIGHT SOC’Y 265 (2009); Sheila B. Scheuerman, *Due Process Forgotten: The Problem of Statutory Damages and Class Actions*, 74 MO. L. REV. 103 (2009); J. Cam Barker, Note, *Grossly*

extraordinary remedy to other nations through bilateral and plurilateral treaties, as well as other mechanisms.

While all countries with copyright laws allow plaintiffs to be compensated for actual harm arising from infringement, and many allow the disgorgement of defendants' profits attributable to infringement, most countries in the world — including many developed countries with strong copyright industries such as England, France, Germany, and Australia — do not provide statutory damage awards for copyright infringement. Additionally, although punishment seems to have become a common justification for domestic awards of statutory damages,⁷ most countries focus their civil remedy regimes on compensation, not punishment. Both the existence of statutory damages and their evolving role as a punitive measure make the United States an outlier in the international arena.

American copyright professionals may be so accustomed to the current regime of statutory damages that it may be surprising to learn that very few countries in the world have anything comparable. Including the United States, only twenty-four out of the 179 World Intellectual Property Organization (WIPO) member states in our survey have statutory damages.⁸ According to the International Monetary Fund (IMF), the vast majority of these countries have developing or emerging economies and are not known for having strong copyright industries.⁹

The United States was the first country to adopt range-based statutory damages for copyright infringement, and for many years it was the only country in the world that had them.¹⁰ Several countries that have adopted statutory damages in recent years have done so under the pres-

Excessive Penalties in the Battle Against Illegal File-Sharing: The Troubling Effects of Aggregating Statutory Damages for Copyright Infringement, 83 TEX. L. REV. 525 (2004).

⁷ Samuelson & Wheatland, *supra* note 4, at 461-63.

⁸ *See infra* Part I.B.

⁹ *See id.*

¹⁰ Our research suggests that the first countries to adopt copyright statutory damages provisions similar to the U.S. provision were Canada and Liberia in 1997. *See* Proceedings of the Standing Senate Committee on Transport and Communications (Apr. 14, 1997) (statement of Jeffrey Richstone), *available at* http://www.parl.gc.ca/35/2/parlbus/commbus/senate/Com-e/tran-e/13ev-e.htm?Language=E&Parl=35&Ses=2&comm_id=19 (“There is a new provision that we borrowed from the United States legislation called statutory damages.”); JOHN C. MCKEOWN, *FOX ON CANADIAN LAW OF COPYRIGHT AND INDUSTRIAL DESIGNS* § 24:16(a) (4th ed. 2003) (“The section is similar in a number of respects to pre-existing U.S. provisions and reference will no doubt be made to U.S. case law by Canadian courts in the future.”); An Act Adopting a New Copyright Law of Liberia, 25 Liberia Code of Laws of 1956, ch. 2, § 2.42(IV) (1997), *available at* <http://www.wipo.int/wipolex/en/details.jsp?id=5194>.

sure or influence of the United States. The United States encourages and frequently mandates that other countries adopt statutory damages through bilateral and regional trade agreements, and the Special 301 review process. Statutory damages have also been a key concern in recent plurilateral negotiations. Even after countries adopt statutory damages, they sometimes face continued criticism from the United States for placing sensible limitations on statutory damages not present under U.S. law.

This Article demonstrates the rarity of statutory damages and explores the contrast between U.S. statutory damages provisions and those of other countries, where they exist. It argues that the current method of proliferating statutory damages is troubling because it inhibits the freedom of other countries to decide for themselves whether and how to impose statutory damages in a way that meshes with their civil legal regimes. Such measures also deprive countries, including the United States, of the benefit of statutory experimentations that eventually may lead to a more precise calibration of the balance between effective and just outcomes. Finally, trade agreement provisions may constrain ways in which the United States may modify its domestic regime, although they do not totally foreclose meaningful reform. Part I explains the methodology and findings of our global survey of statutory damages provisions. Part II examines various U.S. efforts to spread statutory damages around the world through bilateral and regional trade agreements. It also explains how increasingly specific requirements in those trade agreements restrict the ways that other countries can tailor the remedy to suit their interests. Part III examines another form of U.S. pressure under Special 301 procedures. Part IV highlights the ways in which some countries have succeeded in providing some limits in their statutory damage provisions that are not present in U.S. law. Part V examines the emergence of statutory damages requirements in recent multilateral trade agreements. Given the United States' current and potential treaty obligations regarding its own domestic regime of statutory damages, Part VI explores reforms that can be implemented while maintaining compliance with treaty obligations.

I. GLOBAL SURVEY

A. Methodology

In locating each nation's copyright laws, we relied mostly on WIPO's Collection of Laws for Electronic Access.¹¹ As of February 19, 2013, we

¹¹ *WIPO Lex*, WIPO, <http://www.wipo.int/clea/en> (last visited Feb. 19, 2013). Other valuable resources included: *INTERNATIONAL COPYRIGHT LAW AND PRACTICE* (Paul Edward Geller ed., 2012); *Copyright Watch*, ELECTRONIC FRONTIER FOUNDATION, <http://copyright-watch.org/> (last visited Feb. 19, 2013); and *Collection of National Copyright Laws*, UNESCO, <http://portal.>

were able to survey the copyright laws of 179 out of the 185 WIPO member states.¹² For ease of presentation, full citation to sources for each country's statutory damages provision is provided *infra* Appendix A.

For the purposes of this survey, we define a copyright statutory damages provision as one which permits a copyright owner to recover a civil monetary award within a fixed range of amounts, without requiring proof of actual damages or defendant's profits, and which applies to copyright infringement generally.¹³ Also included are provisions that set the range by reference to a "minimum salary" or "minimum living standard," which is established by the legislature and codified separately from the copyright statute.¹⁴

This survey excludes any *criminal* provisions that allow imposition of a fine (usually within a statutory range, but payable to the government), typically accompanying or substituting for the penalty of imprisonment.¹⁵ It also excludes several provisions from various countries that provide some "statutory" tailoring of monetary recovery, but which apply only to

unesco.org/culture/en/ev.php-URL_ID=14076&URL_DO=DO_TOPIC&URL_SECTION=201.html (last visited Feb. 19, 2013).

¹² Six member states were inaccessible, either because they could not be found or because of translation difficulties: Cuba, Equatorial Guinea, Gabon, Guinea, Honduras, and Mauritania.

¹³ This remedy is sometimes referred to as "pre-established damages." *E.g.*, Agreement on Trade Related Aspects of Intellectual Property Rights art. 45(2), Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 108 Stat. 4809, 869 U.N.T.S. 299 [hereinafter "TRIPs"], available at http://www.wto.org/english/docs_e/legal_e/27-trips.pdf; Morocco, art. 62; *Which Kind of Damages Are Available in IP disputes?*, WORLD INTELLECTUAL PROPERTY ORGANIZATION, <http://www.wipo.int/enforcement/en/faq/judiciary/faq08.html#pre> (last visited Feb. 17, 2013).

¹⁴ *E.g.*, Kazakhstan, art. 49(1)(6) ("minimum salary"); Ukraine, art. 52(2)(d) (same); Lithuania, art. 83(4)(1) ("minimum living standards").

¹⁵ Criminal fines are usually limited to a narrower class of infringers — willful and/or for-profit defendants — and are also subject to the stricter procedural limits of the criminal justice system. *See, e.g.*, Law No. 24/82 of July 7, 1982 on Copyright and Neighbouring Rights, art. 101 (Congo), available at <http://www.wipo.int/wipolex/en/details.jsp?id=642> ("knowing" infringers may be liable for a fine not more than 60,000 CFA francs for the first offense and 100,000 CFA francs or imprisonment of not more than three months, or both, for each subsequent offense); Law No. 17.616 of January 10, 2003 amending Law on Copyright art. 18 (Uru.), available at <http://www.wipo.int/wipolex/en/details.jsp?id=3978> (allowing, in addition to compensation, a fine of up to ten times the value of the infringed product).

infringements of moral rights,¹⁶ or are strictly limited to a multiple of a proven quantity of actual damages and/or profits.¹⁷

B. Findings

Statutory damages are an uncommon remedy in copyright laws around the world. Including the United States, only twenty-four of the 179 WIPO member states surveyed (or 13.4%) allow recovery of statutory damages for copyright infringement.¹⁸ By having statutory damages, the United States is mostly in strange company.

Several features of the group of countries with statutory damage regimes are worth noting. First, countries with “emerging and developing economies” dominate the list.¹⁹ According to IMF, nineteen of the twenty-four countries with statutory damages have emerging and developing economies.²⁰ Second, only five WIPO member states including the

¹⁶ *E.g.*, Copyright and Neighboring Rights Protection Proclamation (No. 410/2004) § 43(5) (Eth.), available at <http://www.wipo.int/wipolex/en/details.jsp?id=5306> [hereinafter “Ethiopia Copyright Law”]. Statutory damages make sense in moral rights cases because infringements of moral rights are in fact hard to assign a particular dollar amount.

¹⁷ A multiplier-based exemplary damages provision, separate from an award of actual damages, is a preferable alternative to an award of statutory damages because it accomplishes the goals of punishment and deterrence without the drawback of being unmoored from the copyright owner’s actual harm suffered and/or the unjust enrichment of the infringer. Copyright and Related Rights Law art. 156 (2010) (Bosn. & Herz.), available at <http://www.wipo.int/wipolex/en/details.jsp?id=5932> (for intentional or grossly negligent infringement, allowing up to three times “stipulated remuneration or adequate customary remuneration”); Intellectual Property Code of the Philippines (Republic Act No. 8293/1998) § 76(4), available at <http://www.wipo.int/wipolex/en/details.jsp?id=3432> (allowing up to three times actual damages); Law No. 83 of February 4, 1994 on Copyright and Neighboring Rights art. 79.1 (Pol.), available at <http://www.wipo.int/wipolex/en/details.jsp?id=3500> (in lieu of restitution of profits, allowing two to three times equitable compensation). Indeed, this type of award meshes well with Due Process jurisprudence in the United States, which tests constitutionality, in part, by examining the ratio of punishment to compensation. See Samuelson & Wheatland, *supra* note 4, at 474-80, 503.

¹⁸ These countries are: Azerbaijan, Bahamas, Bahrain, Belarus, Bulgaria, Canada, China, Costa Rica, Dominican Republic, Israel, Kazakhstan, Kyrgyzstan, Liberia, Lithuania, Malaysia, Morocco, Republic of Korea, Republic of Moldova, Russian Federation, Singapore, Sri Lanka, Ukraine, the United States, and Vietnam.

¹⁹ INT’L MONETARY FUND, WORLD ECONOMIC OUTLOOK 182-83, (2012), available at <http://www.imf.org/external/pubs/ft/weo/2012/01/pdf/text.pdf>.

²⁰ These countries are: Azerbaijan, Bahamas, Bahrain, Belarus, Bulgaria, China, Costa Rica, Dominican Republic, Kazakhstan, Kyrgyzstan, Liberia, Lithua-

United States have both an “advanced economy”²¹ and statutory damages for copyright infringement, which represents less than one-sixth of the advanced economies in the WIPO survey.²² The other twenty-eight advanced economies do not have statutory damages.²³ Third, over half of the countries with statutory damages have populations less than 10 million.²⁴ Fourth, one-third of the countries with statutory damages are post-Soviet states.²⁵ Fifth, only two European Union member states have statutory damages.²⁶ Finally, for the most part, countries that have statutory damages are not known for having substantial copyright industries.

By contrast, most of the countries with large and successful copyright industries, including the Netherlands, the United Kingdom, Australia, Germany, and France, do not have statutory damages. Recent reports estimate that core copyright industries represent 6.36% of U.S. gross domestic product (GDP),²⁷ 7.3% of GDP in the United Kingdom,²⁸ and 10.3% of GDP in Australia, yet only the United States provides statutory dam-

nia, Malaysia, Morocco, Republic of Moldova, Russian Federation, Sri Lanka, Ukraine, and Vietnam.

²¹ INT'L MONETARY FUND, *supra* note 19, at 180.

²² These countries are: Canada, Israel, Republic of Korea, Singapore, and the United States.

²³ The twenty-eight WIPO member states with advanced economies that do not provide statutory damages are: Australia, Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, Malta, Netherlands, New Zealand, Norway, Portugal, San Marino, Slovakia, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom.

Two of the advanced economies on the IMF's list are not WIPO member states: Hong Kong and Taiwan. INT'L MONETARY FUND, *supra* note 19, at 180. Hong Kong does not have statutory damages, while Taiwan does. Copyright Act art. 88 (last amended 2010) (Taiwan), *available at* http://www.tipo.gov.tw/en/AllInOne_Show.aspx?path=2557&guid=26944d88-de19-4d63-b89f-864d2bdb2dac&lang=en-us [hereinafter “Taiwan Copyright Act”]. This Article includes a few details on Taiwan's statutory damage provision, *infra* Part IV, even though Taiwan is not a WIPO member state.

²⁴ WIKIPEDIA, *List of World Countries by Population*, http://en.wikipedia.org/wiki/List_of_countries_by_population (last visited Feb. 19, 2013). In ascending order of total population, those countries are: Bahamas, Bahrain, Lithuania, Republic of Moldova, Liberia, Costa Rica, Singapore, Kyrgyzstan, Bulgaria, Israel, Azerbaijan, Dominican Republic, and Belarus.

²⁵ WIKIPEDIA, *Post-Soviet States*, http://en.wikipedia.org/wiki/Post-Soviet_states (last visited Feb. 19, 2013). These countries are: Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Lithuania, Republic of Moldova, Russian Federation, and Ukraine.

²⁶ These countries are Bulgaria and Lithuania, also formerly parts of the Soviet bloc and atypical members of the EU.

²⁷ STEPHEN F. SIWEK, COPYRIGHT INDUSTRIES IN THE U.S. ECONOMY 15 (2011), *available at* http://www.iipa.com/copyright_us_economy.html.

ages.²⁹ Even France, which is well-known for its strong protection of copyright and authors' rights,³⁰ does not have a statutory damages regime. Presumably, these countries deem their copyright remedies sufficient to protect their valuable and productive creative industries without statutory damages.

II. SPREADING STATUTORY DAMAGES THROUGH TRADE AGREEMENTS

Due to U.S. pressure and influence, the number of countries with statutory damages has been increasing over recent years. Although statutory damages are not required by any international multilateral agreements dealing with copyright, the United States has been including language encouraging or mandating the adoption of statutory damages as part of its bilateral and regional trade agreements.³¹ While the statutory damages provisions in these agreements have come to mirror the U.S. regime with increasing detail, they have yet to include the features under U.S. law intended to limit arbitrary and excessive awards. In so doing, the United States has tried to limit other countries' freedom to decide for themselves whether to adopt statutory damages at all and, if so, how to structure and implement them.

For the trade agreements surveyed in this Part, we relied on information provided through the United States Trade Representative and the

²⁸ ANDREW GOWERS, GOWERS REVIEW OF INTELLECTUAL PROPERTY 3 (Nov. 2006), available at http://www.hm-treasury.gov.uk/d/pbr06_gowers_report_755.pdf.

²⁹ PRICE WATERHOUSE COOPERS, MAKING THE INTANGIBLE TANGIBLE: THE ECONOMIC CONTRIBUTION OF AUSTRALIA'S COPYRIGHT INDUSTRIES 3 (2008), available at <http://www.copyright.com.au/get-information/assets/documents/Making%20the%20intangible%20tangible.pdf>.

³⁰ See Jane C. Ginsburg, *A Tale of Two Copyrights: Literary Property in Revolutionary France and America*, 64 TUL. L. REV. 991, 991-93 (1990); Jean-Luc Piotraut, *An Authors' Rights-Based Copyright Law: The Fairness and Morality of French and American Law Compared*, 24 CARDOZO ARTS & ENT. L.J. 549, 551-52 (2006).

³¹ Even in countries where no trade agreement with the United States mandates statutory damages, there is little doubt that direct or indirect influence from the United States was a factor in their adoption. The United States-pioneered range-based statutory damages for copyright infringement and statutory damages provisions in other countries frequently mirror much of the language and structure of the U.S. provision. For an exposition of the myriad ways in which one country's laws can be directly and indirectly influenced by another country, see Katerina Linos, *Diffusion Through Democracy*, 55 AM. J. POLI. SCI. 678, 681-89 (2011), and sources cited therein.

Trade Compliance Center websites.³² For ease of presentation, full citation to each agreement is provided *infra* Appendix B.

A. *Survey of Bilateral and Regional Agreements*

At least twenty-two of the WIPO member states have signed bilateral or regional trade agreements with the United States that either mandate or encourage the imposition of statutory damages for copyright infringement.³³ All of these agreements entered into force in the last twenty years and all but four entered into force in 2004 or later.³⁴

Eighteen of the twenty-two member states have emerging or developing economies.³⁵ The four countries with advanced economies are Canada, Australia, Singapore, and South Korea.³⁶ Notably, Australia's agreement gave Australia a choice between imposing pre-established damages or exemplary damages, and it chose the latter.³⁷ As for the other three, when they implemented their statutory damage regime, they each adopted limitations not present in the U.S. provision.³⁸

In nineteen of the twenty-two agreements, statutory damages are *mandatory*. In other words, the countries *must* enact a law providing statutory damages in order to comply with the agreement.³⁹ Even though agreements make statutory damages mandatory for nineteen countries, only seven countries have actually implemented statutory damages.⁴⁰ At least six of these seven countries implemented notable limitations not present in the United States.⁴¹ The remaining twelve countries with

³² *Trade Agreements*, U.S. TRADE REPRESENTATIVE, <http://www.ustr.gov/trade-agreements> (last visited Feb. 11, 2013); *Trade Compliance Center*, U.S. DEP'T OF COMMERCE, <http://tcc.export.gov/> (last visited Feb. 11, 2013).

³³ The twenty-two countries with such agreements are Australia, Bahrain, Cambodia, Canada, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Laos, Nicaragua, Mexico, Morocco, Oman, Panama, Peru, Republic of Korea, Singapore, Trinidad & Tobago, and Vietnam.

³⁴ Agreements with Trinidad & Tobago, Canada, Mexico, and Vietnam entered into force before 2004.

³⁵ *See supra* note 19.

³⁶ *See supra* note 21.

³⁷ U.S.-Australia, art. 17.11(7)(b); Brad Sherman & James Lahore, *Australia*, in *INTERNATIONAL COPYRIGHT LAW AND PRACTICE*, AUS § 8[4][a][ii] (Paul Edward Geller ed., 2012) (discussing additional damages).

³⁸ *See infra* Part IV.

³⁹ The provision is "permissive" or optional for only three countries: Australia, Canada, and Mexico.

⁴⁰ Those seven countries are: Bahrain, Costa Rica, Dominican Republic, Korea, Morocco, Singapore, and Vietnam.

⁴¹ *See infra* Part IV. Our information on Costa Rica comes from an IIPA report, which confirms statutory damages but provides little detail on the provision itself. INT'L INTELLECTUAL PROP. ALLIANCE, 2013 SPECIAL 301 REPORT

mandatory language do not appear to have such provisions yet.⁴² At least three countries have adopted statutory damages as a direct result of their respective trade agreements.⁴³

Taken together, these trade agreements evince a concerted U.S. effort to propagate statutory damages across the globe. Of course, diplomatic efforts are not conceived in a political vacuum. This strategy is both prompted and approved by business interests within the United States. For example, in its report to the U.S. government on the then-pending U.S.-Colombia Free Trade Agreement, the Industry Trade Advisory Committee on Intellectual Property Rights (ITAC-15)⁴⁴ — whose members almost exclusively hail from copyright-oriented businesses — noted, “It is a major goal of industry to see an effective statutory damages regime established in every country.”⁴⁵ The International Intellectual Property Alliance (IIPA) — a coalition of companies and industry groups primarily repre-

ON COPYRIGHT PROTECTION AND ENFORCEMENT 53 (2013) [hereinafter “2013 IIPA REPORT”], available at http://www.iipa.com/2013_SPEC301_TOC.htm.

⁴² Our research did not uncover a reliable translation for Honduras.

⁴³ See INT’L INTELLECTUAL PROP. ALLIANCE, 2012 SPECIAL 301 REPORT ON COPYRIGHT PROTECTION AND ENFORCEMENT 60 (2012) [hereinafter “2012 IIPA REPORT”] (Costa Rica “also responded to a number of matters needed for CAFTA implementation, including . . . pre-established (or statutory) damages in civil judicial proceedings”); Dominican Republic, *infra* Appendix A (enacting amendments providing, inter alia, statutory damages in Law No. 424-06, Implementation of the Dominican Republic-Central America-United States Free Trade Agreement); Jay (Young-June) Yang & Chang-Hwan Shin, *Korea, in* INTERNATIONAL COPYRIGHT LAW AND PRACTICE, KOR § 1[3] (Paul Edward Geller ed., 2012) (noting that statutory damages, inter alia, will become effective when the U.S.-Korea Free Trade Agreement becomes effective).

⁴⁴ The Industry Trade Advisory Committees are bodies organized under the Secretary of Commerce and the U.S. Trade Representative (USTR), which “provide . . . detailed policy and technical advice, information, and recommendations to the Secretary and the USTR regarding trade barriers, negotiation of trade agreements, and implementation of existing trade agreements affecting its subject area.” U.S. DEP’T OF COMMERCE & U.S. TRADE REPRESENTATIVE, CHARTER OF THE INDUSTRY TRADE ADVISORY COMMITTEE ON INTELLECTUAL PROPERTY RIGHTS 1 (2010), available at http://www.trade.gov/itac/committees/Charters/Intellectual_Property_Rights_ITAC.pdf. ITAC-15 is responsible for the subject area of intellectual property rights.

⁴⁵ INDUS. TRADE ADVISORY COMM. ON INTELLECTUAL PROP. RIGHTS (ITAC-15), THE U.S.-COLOMBIA TRADE PROMOTION AGREEMENT (TPA): THE INTELLECTUAL PROPERTY PROVISIONS 21 (2006), available at http://www.ustr.gov/archive/assets/Trade_Agreements/Bilateral/Colombia_FTA/Reports/asset_upload_file605_9835.pdf.

senting the U.S. content industry — also recommends that trade agreements include statutory damages provisions.⁴⁶

B. Evolution of Statutory Damages in Bilateral and Regional Trade Agreements

The wording of the statutory damages provisions within the various bilateral trade agreements has shifted over the years. The provisions began with broad, open-ended language permitting a number of variations on the theme of pre-established damages. Gradually, the provisions came to embody very specific requirements that countries enact laws essentially tracking the U.S. provision.

Among the first mentions of statutory damages is in the 1994 Intellectual Property Rights Agreement with Trinidad & Tobago, and its language is typical of the early, open-ended requirements:

[A] Party shall, at least with respect to works protected by copyright or neighboring rights, authorize the judicial authorities, at their discretion, to order the payment of pre-established damages.⁴⁷

The “shall” language *requires* statutory damages, but leaves to the courts the decision over whether to award them in a particular case. The provision makes no further demands.

Gradually, the United States has incorporated into these agreements more specific requirements that track the U.S. provision and its recent domestic applications. For example, the 2004 U.S.-Singapore FTA and seven subsequent trade agreements added the requirement that statutory damages be available at the sole election of the right holder.⁴⁸ With increasing

⁴⁶ See, e.g., INT’L INTELLECTUAL PROP. ALLIANCE, POSITION PAPER OF THE INTERNATIONAL INTELLECTUAL PROPERTY ALLIANCE, FOR THE AMERICAS BUSINESS FORUM (ABF) VIII, – WORKSHOP ON INTELLECTUAL PROPERTY RIGHTS, MIAMI, FL, U.S.A. 2 (2003), available at http://www.iipa.com/rbi/2003_Aug29_FTAA_ABF_Miami_Position_Paper.pdf (recommending that such provisions be incorporated into national law).

⁴⁷ U.S.-Trinidad & Tobago, art. 23(3). See also U.S.-Vietnam, ch. 2, art. 12(3), U.S.-Cambodia art. XX(2)(E). NAFTA, also enacted in 1994, was permissive — it *authorized* Canada and Mexico to enact pre-established damages but did not *require* them to do so. NAFTA art. 1715(4) (“[A] Party *may*, at least with respect to copyrighted works and sound recordings, authorize the judicial authorities to order . . . payment of pre-established damages . . . even where the infringer did not know or had no reasonable grounds to know that it was engaged in an infringing activity.” (emphasis added)).

⁴⁸ Compare U.S.-Singapore, art. 16.9(5) (“[C]ivil remedies . . . shall include at least: . . . the opportunity for the right holder to elect between actual damages it suffered (plus any profits attributable to the prohibited activity not taken into account in computing the actual damages) or pre-established damages[.]”), with 17 U.S.C. § 504(c)(1) (providing that the copyright owner may elect statutory damages as an alternative to actual damages and

frequency the provisions also specify the purposes that statutory damages are to serve. From the 2004 U.S.-Singapore FTA onward, almost every trade agreement with a statutory damages provision has included substantially the same purposive requirement that “pre-established damages shall be in an amount sufficiently high to constitute a deterrent to future infringements and with the intent to compensate the right holder for the harm caused by the infringement.”⁴⁹ Although recent trade agreements require some form of deterrence, the type of deterrence is undefined. Part IV.A, *infra*, discusses the various manifestations of deterrence and how other countries have disambiguated them to craft purposive limitations on statutory damages that would still satisfy the deterrence obligation.

The following language is typical of the most recent trade agreement provisions, which mandate a regime of statutory, or pre-established, damages:

In civil judicial proceedings, each Party shall, at least with respect to works protected by copyright or related rights and trademark counterfeiting, establish or maintain pre-established damages, which shall be available on the election of the right holder as an alternative to actual damages. Such pre-established damages shall be set out in domestic law and determined by the judicial authorities, taking into account the aims of the intellectual property system, in an amount sufficient to compensate the right holder for the harm caused by the infringement and constitute a deterrent to future infringements.⁵⁰

This language contains three central elements: mandatory adoption, election at the sole discretion of the right holder, and amounts sufficient to compensate the copyright owner and deter future infringement.

profits at any time before final judgment is entered). *See also* U.S.-Australia, art. 17.11(7)(a) (if statutory damages are chosen, they must be available at the election of the right holder); U.S.-Bahrain, art. 14.10(7); U.S.-Colombia, art. 16.11(8); U.S.-Morocco, art. 15.11(7); U.S.-Oman, art. 15.10(7); U.S.-Peru, art. 16.11(8); U.S.-Korea, art. 18.10(6).

⁴⁹ *E.g.*, U.S.-Singapore, art. 19.9(9). Interestingly, although these provisions embrace extra-compensatory purposes, they still appear narrower than the current goals condoned in the United States. *See* Samuelson & Wheatland, *supra* note 4; *see also infra* Part IV.A. The Laos, Chile, and Vietnam agreements are the only ones enacted since 1994 that do not follow this formulation. Neither the Laos nor Vietnam agreements specify a purpose. The Chile agreement uniquely provides for the establishment of pre-established damages “that the judicial authorities deem reasonable in light of the goals of the intellectual property system and the objectives set forth in this Chapter.” U.S.-Chile, art. 17.11(9).

⁵⁰ U.S.-Colombia, art. 16.11(8); *see also* U.S.-Bahrain, art. 14.10(7); U.S.-Morocco, art. 15.11(7); U.S.-Panama, art. 15.11(8); U.S.-Peru, art. 16.11(8); U.S.-Oman, art. 15.10(7); U.S.-Singapore art. 16.9(9); U.S.-Korea, art. 18.10(6).

Although treaty provisions mandate U.S.-style statutory damages with increasing specificity, they mandate *only* those specifics that broaden statutory damages and fail to include even the modest restrictions present in U.S. law that limit statutory damages. For example, while recent provisions require statutory damages to be available at the sole election of the rights holder and be aimed at deterrence, they do not require that reduced awards be available for innocent infringers; or that damages be remitted in cases of educational institutions, libraries, and museums with reasonable claims of fair use; or that statutory damages be unavailable where the works in question were not promptly registered — all limitations that exist in U.S. law.⁵¹ Thus, the United States propagates a version of statutory damages that is more unbounded than its own law.

III. SPREADING STATUTORY DAMAGES THROUGH SPECIAL 301 PROCEDURES

Section 301 of the U.S. Trade Act enables another form of cross-border pressure. That provision allows the United States to address unilaterally certain foreign trading practices.⁵² Section 301 allows the United States to take actions regardless of whether an international agreement exists or has been violated, although it is particularly damning when a country fails to comply with its treaty obligations.

Section 301 directs the U.S. Trade Representative (USTR) to identify countries that deny “adequate and effective protection of intellectual property rights” or deny “fair and equitable market access to United States persons that rely upon intellectual property protection.”⁵³ The provision further requires the USTR to name as “priority foreign countries” those countries whose acts, practices, or policies “most onerous[ly] or egregious[ly]” deny such protection and market access, “have the greatest adverse impact (actual or potential) on the relevant United States products,” and are not entering into good faith negotiations or making significant progress in bilateral or multilateral negotiations.⁵⁴ The USTR carries out these obligations with a process known as “Special 301,” in which the USTR publishes an annual report that identifies such countries and places them on either a “Watch List” or a “Priority Watch List.”⁵⁵ Being singled out in the Special 301 Report opens a country to pressure

⁵¹ 17 U.S.C. § 504(c)(2) (2006).

⁵² Trade Act of 1974 § 301, 19 U.S.C. § 2411 (2006).

⁵³ *Id.* § 2242(a)(1)(A)–(B).

⁵⁴ *Id.* § 2242(b)(1)(A)–(C).

⁵⁵ Ruth L. Okedeji, *Back to Bilateralism? Pendulum Swings in International Intellectual Property Protection*, 1 U. OTTAWA L. & TECH. J. 125, 134 (2003).

via a number of mechanisms, including trade sanctions and political pressure.⁵⁶

Although any party may submit comments or petition the USTR to investigate a particular country,⁵⁷ a single entity, the IIPA, has dominated the field for copyright law.⁵⁸ Every year, the IIPA submits a voluminous report detailing the shortcomings of the copyright laws in various countries and recommends to the USTR countries that the IIPA believes should be placed on each of the lists.⁵⁹ The USTR lacks the resources to investigate extensively whether a particular country should be placed on a watch list, and thus relies heavily on the extremely detailed investigations presented by the IIPA,⁶⁰ which frequently include discussions of statutory damages.⁶¹

⁵⁶ Michael D. Birnhack, *Trading Copyright: Global Pressure on Local Culture* 9, in *THE DEVELOPMENT AGENDA: GLOBAL INTELLECTUAL PROPERTY AND DEVELOPING COUNTRIES* 371 (Neil Weinstock Netanel ed., 2007), available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1020774; Okediji, *supra* note 55 at 134-35. Surprisingly, a 1994 amendment to the Trade Act allows the USTR to find a country's IP protections inadequate even where that country is compliant with TRIPs. Birnhack, *supra*, at 9 n.43.

⁵⁷ 19 U.S.C. § 2412 (2006).

⁵⁸ The USTR primarily bases its Special 301 Reports on submissions by the IIPA and PhRMA, an organization representing biotech and pharmaceutical companies, whose comments focus on issues relating to medicines. James Love, *USTR's New Hearings on 301 List*, KNOWLEDGE ECOLOGY INT'L (Jan. 12, 2010, 9:10 PM), <http://keionline.org/node/745>.

⁵⁹ See *Country Reports*, INT'L INTELLECTUAL PROP. ALLIANCE, <http://www.iipa.com/countryreports.html> (last visited Feb. 17, 2013); Love, *supra* note 58; Birnhack, *supra* note 56, at 391.

⁶⁰ Birnhack, *supra* note 56, at 391; DUNCAN MATTHEWS, *GLOBALISING INTELLECTUAL PROPERTY: THE TRIPS AGREEMENT* 25-27 (2002); MICHAEL P. RYAN, *KNOWLEDGE DIPLOMACY: GLOBAL COMPETITION AND THE POLITICS OF INTELLECTUAL PROPERTY* 80 (1998). Although the USTR's Special 301 Reports do not explicitly cite the IIPA's submissions, "they do address issues raised in the IIPA reports, echoing its complaints and occasionally its language." Birnhack, *supra* note 56, at 391.

⁶¹ Although the IIPA offers many complaints about statutory damages, only Israel has been criticized specifically about statutory damages in the official USTR Special 301 Reports. See RONALD KIRK, 2012 SPECIAL 301 REPORT 37 (2012), available at http://www.ustr.gov/sites/default/files/2012%20Special%20301%20Report_0.pdf (encouraging Israel to "amend its copyright law to provide for statutory damages," even though Israel has had statutory damages at least since 2001); RONALD KIRK, 2011 SPECIAL 301 REPORT 30 (2011), available at http://www.ustr.gov/webfm_send/2849 (same). The USTR has criticized China's civil damages regime generally as "inadequate." RONALD KIRK, 2010 SPECIAL 301 REPORT 21 (2010), available at http://www.ustr.gov/webfm_send/1906.

The IIPA often points out countries that do not provide statutory damages as a remedy.⁶² The IIPA also makes special note when a country has failed to satisfy its obligations under a trade agreement to provide such damages.⁶³ The IIPA also pushes back on some of the countries that have adopted statutory damages because of limitations not present in the U.S. regime. For example, the IIPA has targeted the statutory minimum and maximum amounts in various laws as insufficiently high to deter infringement.⁶⁴ It criticized Singapore for giving judges discretion to award low, or no, statutory damages.⁶⁵ It criticized Israel on similar grounds, describing as “regrettable” the 2007 Israeli law that entrusts courts with the decision to award statutory damages and removes the minimum statutory

⁶² The 2013 IIPA Report calls out four countries for, inter alia, their lack of statutory damage provisions and recommends that they be placed on the “Priority Watch List.” 2013 IIPA REPORT, *supra* note 41 at 14, 19-20 (Argentina); *id.* at 22, 25-26 (Chile); *id.* at 87 (India); *id.* at 87 (Indonesia). The IIPA similarly criticizes five countries and recommends that they be placed on the “Watch List.” *Id.* at 158 n.18 (Egypt); *id.* at 192 (Kuwait); *id.* at 197 (Lebanon); *id.* at 261 (Thailand); *id.* at 283 (United Arab Emirates). Curiously, the report also recommends that Ukraine adopt statutory damages, *id.* at 11, even though it already has them, *see supra* note 14. It also recommends that Ukraine be designated a “Priority Foreign Country” — a designation which appears in the statute, but neither the IIPA nor the USTR has ever used in their reports.

⁶³ *E.g.*, 2013 IIPA REPORT, *supra* note 41 at 22 (discussing Chile’s failure to “fully satisfy FTA obligations with respect to . . . the establishment of statutory damages”).

⁶⁴ *See, e.g., id.* at 129 (criticizing aspects of Canada’s statutory damage reforms that reduce the available range for non-commercial infringements); *id.* at 36 (highlighting China’s “need to significantly increase statutory damages”); *id.* at 177 (criticizing Israel’s lack of a minimum statutory recovery). The Philippines earned a “Special Mention,” in part, because their proposed amendment adopting statutory damages provided a “low” minimum of U.S. \$1,150. *Id.* at 335.

⁶⁵ The 2005 report on Singapore also criticized the absence of a minimum recovery and questioned whether the maximum award amounts are high enough. The IIPA’s full comments were as follows:

Although the USSFTA Article 16.9.9 requires that Singapore provide right holders with an option for “pre-established” damages, amended section 119 of the Act creates a system in which the court may, in all cases in which statutory damages are elected, award merely nominal, or even zero, damages. This frustrates the goals of predictability and deterrence which statutory damages aim to achieve. The \$200,000 (US \$122,000) ceiling on statutory damages in a single lawsuit should also be increased in order to achieve deterrence.

INT’L INTELLECTUAL PROP. ALLIANCE, 2005 SPECIAL 301 REPORT DISPUTE SETTLEMENT 2, available at <http://www.iipa.com/pdf/IIPA%20301%20FTA%20DISPUTE%20SETTLEMENT%20SINGAPORE.pdf>.

amount.⁶⁶ It also questions Israel's provision that "infringements carried out as part of a set of activities shall be deemed as a single infringement."⁶⁷ A final example is the IIPA's 2009 disapproval of South Korea's then-proposed law limiting statutory damages to situations in which the right holder "cannot easily provide the amount of damages involved."⁶⁸

Puzzlingly, the IIPA also criticizes countries for implementing limitations on statutory damages that *are* present in the United States. For example, in 2009 the IIPA recommended review of South Korea's "prior registration requirement" for the availability of statutory damages⁶⁹ — a requirement that is by no means common, but which has existed in U.S. law since the 1976 Act.⁷⁰ In addition, when Israel was preparing its comprehensive copyright revision, the IIPA criticized a draft amendment that would apply statutory damages "per title, not per copy and/or per infringing act."⁷¹ This complaint is odd given the fact that U.S. statutory damages are applied per work, i.e., per title.⁷² Thus, IIPA's contributions to the Special 301 process, like the trade agreements, reflect an escalation of statutory damages beyond the regime currently in force in the United States.

IV. LIMITATIONS ON STATUTORY DAMAGES ABROAD

The list of countries with statutory damages is growing due to the influence of the United States. Countries targeted by the United States have little leeway to assess whether and to what extent statutory damages, or specific features thereof, are compatible with their existing legal framework and norms of civil remedies — in copyright law and beyond.⁷³ Still,

⁶⁶ INT'L INTELLECTUAL PROP. ALLIANCE, 2010 SPECIAL 301 REPORT ON COPYRIGHT PROTECTION AND ENFORCEMENT 207-08 (2010), available at <http://www.iipa.com/rbc/2010/2010SPEC301ISRAEL.pdf>. The IIPA does regard the increase in the statutory maximum as favorable. *Id.* at 207.

⁶⁷ *Id.*

⁶⁸ INT'L INTELLECTUAL PROP. ALLIANCE, 2009 SPECIAL 301 REPORT ON COPYRIGHT PROTECTION AND ENFORCEMENT 298 (2009), available at <http://www.iipa.com/rbc/2009/2009SPEC301SOUTHKOREA.pdf>.

⁶⁹ *Id.*

⁷⁰ 17 U.S.C. § 412 (2006).

⁷¹ INT'L INTELLECTUAL PROP. ALLIANCE, 2001 SPECIAL 301 REPORT ON COPYRIGHT PROTECTION AND ENFORCEMENT 121 (2001), available at <http://www.iipa.com/rbc/2001/2001SPEC301ISRAEL.pdf>.

⁷² See 17 U.S.C. § 504(c) (2006).

⁷³ See, e.g., PEDRO ROFFE, *BILATERAL AGREEMENTS AND A TRIPS-PLUS WORLD: THE CHILE-USA FREE TRADE AGREEMENT* 44 (2004), available at <http://www.quno.org/geneva/pdf/economic/Issues/Bilateral-Agreements-and-TRIPS-plus-English.pdf> ("In the Chilean system, damages are only supposed to compensate for the losses caused by the injury. So, theoretically, damages may never exceed the actual prejudice suffered by the right

many countries that provide or plan to provide statutory damages do so with concerted efforts to limit negative aspects of the remedy. While often crafted in the image of the U.S. regime, other countries' modifications evince efforts to ensure reasonableness and proportionality in awarding statutory damages. In fact, many of these limits directly address some of the very problems that have arisen in the United States under § 504(c).⁷⁴ The more the United States imposes detailed treaty obligations relating to statutory damages, however, the less freedom countries will have to tailor their provisions. Further, if the United States succeeds in promulgating an ossified form of statutory damages, then the United States will miss the opportunity to learn from the experiments of other countries that might more precisely calibrate the balance between effective and just administration of statutory damages.

This Part explores some of the limits on statutory damages that appear in countries around the world, contrasts them with the lack of such limits in the U.S. provision, and discusses how such limits are constrained by the more recent treaty language. Innovations include: (1) limiting the purposes that statutory damage awards may serve, (2) adopting statutory guidelines for awarding of statutory damages, (3) tailoring the amounts to specific types of infringement, (4) limiting the situations in which statutory damages are available, (5) disallowing minimum recovery, and (6) placing limits on aggregation.

Those who are interested in well-balanced copyright laws should take note of these limits. First, they are evidence of serious resistance to adopting the U.S. approach to statutory damages. Recognizing this resistance, the United States should ensure that if it continues to mandate statutory damages in other countries, its trade policy permits those countries to continue to innovate. Second, some of these innovations may serve as model approaches for the United States to ameliorating many of the problems associated with its own regime.

holder. The obligation of statutory damages alters drastically the Chilean general system of compensatory damages upon which IPRs had traditionally relied.”); *see also infra* Part IV.A (purposive limitations).

⁷⁴ For example, the Canadian government created a website to announce the Copyright Modernization Act; in that site's FAQ, the government asks and answers: “Will the Bill allow record labels to sue individuals and groups for large amounts, like in the U.S.? This Bill ensures that Canadians will not face disproportionate penalties for minor infringements of copyright by distinguishing between commercial and non-commercial infringement.” *Questions and Answers*, GOV'T OF CANADA (Nov. 29, 2011), available at http://balancedcopyright.gc.ca/eic/site/crp-prda.nsf/eng/h_rp01153.html#record. For a more detailed analysis of some of the problems that have arisen in the application of the statutory damages provision in the United States, *see* Samuelson & Wheatland, *supra* note 4, at 480-91.

A. Purposive Limitations

United States case law shows that opening the door to extra-compensatory purposes for statutory damages can be problematic. Domestically, statutory damages started with compensatory and modest deterrent goals in mind, but today large awards are frequently made or supported on extra-compensatory even punitive rationales.⁷⁵ While there is support for the proposition that only the statutory minimum should be available under U.S. law absent some proof of damages or lost profits,⁷⁶ many court decisions have overlooked or ignored it. Statutory awards are often crafted or justified, even in the absence of evidence, as some combination of (1) a rough approximation of the compensation due for actual harm and/or profits lost,⁷⁷ (2) retribution for the defendant's reprehensible conduct,⁷⁸

⁷⁵ See, e.g., *On Davis v. Gap, Inc.*, 246 F.3d 152, 172 (2d Cir. 2001) (“The purpose of punitive damages — to punish and prevent malicious conduct — is generally achieved under the Copyright Act through the provisions of 17 U.S.C. § 504(c)(2), which allow increases to an award of statutory damages in cases of willful infringement.”); *Nat'l Football League v. PrimeTime 24 Joint Venture*, 131 F. Supp. 2d 458, 478 n.17 (S.D.N.Y. 2001) (noting that statutory damages are “partly punitive”). For more cases demonstrating the punitive nature of some awards of statutory damages, see Samuelson & Wheatland, *supra* note 4, at 460 n.89 and accompanying text.

⁷⁶ Compare H.R. REP. NO. 94-1476, at 161 (1976) (“[T]he plaintiff in an infringement suit is not obligated to submit proof of damages and profits and may rely on the provision for *minimum* statutory damages.” (emphasis added)), *Video Views, Inc. v. Studio 21, Ltd.*, 925 F.2d 1010, 1016-17 (7th Cir. 1991) (“If a copyright owner seeks only ‘minimum’ statutory damages, the record on damages need not be developed at all. If a greater amount of statutory damages is sought, the district court may make the appropriate award when the evidentiary record adequately supports that determination.”), and *Peer Int'l Corp. v. Luna Records, Inc.*, 887 F. Supp. 560, 568 (S.D.N.Y. 1995) (Sotomayor, J.) (“Statutory damages should bear some relationship to the actual damages suffered by copyright infringement.”), with *New Form, Inc. v. Tekila Films, Inc.*, 357 Fed. App'x 10, 11-12 (9th Cir. 2009) (“There is no required nexus between actual and statutory damages under 17 U.S.C. § 504(c).”), and *Superior Form Builders, Inc. v. Dan Chase Taxidermy Supply Co.*, 74 F.3d 488, 496-97 (4th Cir. 1996). Cf. *L.A. Westermann Co. v. Dispatch Printing Co.*, 249 U.S. 100, 108-09 (1919) (discussing statutory damages under the 1909 Copyright Act: “[T]he *minimum amount* appears to us to have been fixed because of the inherent difficulty of always proving by satisfactory evidence what the amount is which has been actually sustained.” (emphasis added)); *Brady v. Daly*, 175 U.S. 154, 157 (1899) (discussing statutory damages under the 1831 Copyright Act: “In the face of the difficulty of determining the amount of such damages in all cases, the statute provides a minimum sum for a recovery in any case, leaving it open for a larger recovery *upon proof of greater damage in those cases where such proof can be made.*” (emphasis added)).

⁷⁷ In justifying the 1999 amendments which increased the statutory maxima, the bill's primary sponsor noted, “[i]n most cases, courts attempt to do justice

(3) a deterrent sufficiently large to discourage the defendant in a particular case from infringing again in the future,⁷⁹ and (4) a general deterrent. The general deterrence rationale can be further separated into (1) the general deterrent value of an award that punishes a defendant fairly, in proportion to his own conduct, in such a way that other similarly situated potential defendants would fear being punished, and (2) punishing a defendant with an award beyond what the defendant's conduct individually merits in order to set an example that will deter the public at large.⁸⁰ This

by fixing the statutory damages at a level that approximates actual damages and defendant's profits." 145 Cong. Rec. 13,785 (1999) (remarks of Sen. Hatch); *accord* H.R. REP. NO. 94-1476, at 161 (1976); *see also* Scholz Design, Inc. v. New Horizons Dev., LLC, No. 3:08cv01465, 2009 WL 1043870, at *2 (D. Conn. Apr. 13, 2009) (awarding \$50,000 to approximate Plaintiff's lost profits); *Pret-A-Printee, Ltd. v. Allton Knitting Mills, Inc.*, No. 81 Civ. 3770, 1982 WL 1788 (S.D.N.Y. 1982 Sept. 16, 1982).

⁷⁸ *See, e.g.*, *Broad Music, Inc. v. Spring Mount Area Bavarian Resort, Ltd.*, 555 F. Supp. 2d 537, 545 (E.D. Penn. 2008) (justifying statutory damages above plaintiff's request because, during the relevant time, "Defendants were on repeated notice of their infringement, were continually offered a simple and straightforward opportunity to terminate their infringement, and opted instead to flatly ignore Plaintiffs' attempts to resolve this dispute."); *cf.* *United States v. Halper*, 490 U.S. 435, 448 (1989) ("[A] civil sanction that cannot fairly be said solely to serve a remedial purpose, but rather can only be explained as also serving either retributive or deterrent purposes, is punishment, as we have come to understand the term.").

⁷⁹ *See, e.g.*, *Pedrosillo Music, Inc. v. Radio Musical, Inc.*, 815 F. Supp. 511, 517 (D.P.R. 1993) (awarding less than \$10,000 "would not deter [this] defendant from continuing to violate the copyright laws."); *Int'l Korwin Corp. v. Kowalczyk*, 855 F.2d 375, 383 (7th Cir. 1988) (increased statutory damages may be necessary in a particular case to prove to a defendant that it "costs less to obey the copyright laws than to violate them[.]"); *cf.* *Melvin Halpern, The Sound Recording Act of 1971: An End to Piracy on the High ©'s?*, 40 GEO. WASH. L. REV. 964, 992 (1972) (noting inadequacy of statutory damages under 1909 Act to deter the same defendant from continuing the same infringing acts after being held liable). This purpose is sometimes called "specific deterrence." *See Yurman Design, Inc. v. PAJ, Inc.*, 93 F. Supp. 2d 449 (S.D.N.Y. 2000) (sustaining jury award "as both a specific and general deterrent to future infringement").

⁸⁰ The distinction appears slight, but is important. All remedies have some general deterrent value because, so the argument goes, a decision against one defendant sends a message to other similarly situated potential defendants that they are equally at risk. *See Mitchell Polinsky & Steven Shavell, Punitive Damages: An Economic Analysis*, 111 HARV. L. REV. 869, 877 (1998) (defining general deterrence as "the effect that the prospect of having to pay damages will have on the behavior of similarly situated parties in the future (and not just on the party at hand)"). Thus, an award that embodies compensation, retribution, and/or specific deterrence provides general deterrent value without augmenting further the remedy imposed on the defendant at bar. *Cf. Sure-Tan, Inc. v. NLRB*, 467 U.S. 883, 904 n.13 (1984)

list demonstrates the varying degrees to which an award of statutory damages can become unmoored from the specific harms at issue in a given infringement case.

Many countries do not accept the idea that civil damages are an appropriate vehicle for extra-compensatory or punitive purposes.⁸¹ This in-

(recognizing that compensatory remedies for discriminatory discharges under the National Labor Relations Act, such as reinstatement and backpay, provide “deterrence against unfair labor practices” in addition to “meaningful relief for illegally discharged employees”).

When the desire for general deterrence is a separate and additional component of the award against the defendant at bar, the situation is starkly different. The award ceases to be a reflection of the controversy between the two parties — severing the connection between the conduct at issue and the award imposed — and instead becomes about the conduct of non-parties, i.e., strangers to the litigation. *See, e.g., Sony BMG Music Entm’t v. Tenenbaum*, 660 F.3d 487, 504 (1st Cir. 2011) (approving a jury instruction providing a non-exclusive list of factors to consider including “the need to deter this defendant *and other potential infringers*” (emphasis added)); *Fitzgerald Publ’g Co., Inc. v. Baylor Publ’g Co., Inc.*, 807 F.2d 1110, 1117 (2d Cir. 1986) (noting that courts may consider the deterrent effect on others besides the defendant); *Viacom Int’l Inc. v. Fanzine Int’l, Inc.*, No. 98CIV.7448(RCC), 85974, 2001 WL 930248, at *5 (S.D.N.Y. Aug. 16, 2001) (concluding that “a substantial award is necessary to deter” the defendant specifically and justifying it as an award that “will serve to deter other potential infringers”); *Disney Enters, Inc. v. San Jose Party Rental*, No. C 10-00511 CRB, 2010 WL 3894190, at *2 (N.D. Cal. Oct. 1, 2010) (reducing statutory damages down to an amount the court found “sufficient to deter other potential infringers.”); *cf. Phillip Morris USA v. Williams*, 549 U.S. 346, 353 (2007) (“[T]he Constitution’s Due Process Clause forbids a State to use a punitive damages award to punish a defendant for injury that it inflicts upon nonparties or those whom they directly represent, i.e., injury that it inflicts upon those who are, essentially, strangers to the litigation.”).

Apart from unmooring the civil remedy from the conduct at bar, there is also worry about double counting. *See State Farm Mut. Auto. Ins. Co. v. Campbell*, 538 U.S. 408, 423 (2003) (Breyer, J., concurring) (“Larger damages might also ‘double count’ by including in the punitive damages award some of the compensatory, or punitive damages that subsequent plaintiffs would also recover . . .”). The same “double counting” concern is undoubtedly present where statutory damages serve the same purpose.

⁸¹ *See, e.g.,* Alberto Bercovitz & German Bercovitz Milagros del Corral, *Spain, in INTERNATIONAL COPYRIGHT LAW AND PRACTICE*, SPA § 8[4][a][iii] (Paul Edward Geller ed., 2012) (“Spanish civil law in principle does not allow punitive damages.”); Adam Liptak, *Foreign Courts Wary of U.S. Punitive Damages*, N.Y. TIMES, Mar. 26, 2008, at A1 (citing Italian court which explains, “[P]rivate lawsuits brought by injured people should have only one goal — compensation for a loss.”). Many countries do not have punitive damages at all in the civil system. Liptak *supra* (“Most of the rest of the world views the idea of punitive damages with alarm.”). Some countries have refused to enforce punitive damage awards from the U.S. courts. *Id.*

ternational aversion to punitive civil damages is the source of some of the discomfort with the U.S. statutory damage provision, particularly in light of the increasing prevalence of the punitive rationale for statutory damages in the United States. Even WIPO acknowledges that in the international arena “[t]he concept of statutory damages as a remedy is subject to some debate because a number of legal systems see them as too close conceptually to punitive damages.”⁸² Of course this sentiment is not exclusive to foreign jurisdictions.⁸³

Existing statutes abroad reflect this aversion to treating statutory damages as punitive or extra-compensatory. For example, some countries adopting statutory damages expressly limit the remedy to compensation.⁸⁴ Some countries address specific deterrence with court orders requiring

(citing Italy and Germany). In contrast, many countries provide criminal penalties, including fines, which explicitly serve punitive goals. This view is reflected in their copyright laws. Although some countries have “exemplary damages,” most rely on actual damages and profits for monetary remedies. See Lionel Bently & William R. Cornish, *United Kingdom, in INTERNATIONAL COPYRIGHT LAW AND PRACTICE*, UK § 8[4][a][iii] (Paul Edward Geller ed., 2012) (noting that even in the United Kingdom, where additional damages are available, “their award seems to be the exception rather than the rule”).

⁸² WORLD INTELLECTUAL PROPERTY ORGANIZATION, *supra* note 13. WIPO goes on to say that many countries objecting to statutory damages do so “based on the principle that any punishment requires pre-established *criminal* provisions” under the *nulla poena sine lege* principle. *Id.* (emphasis added). Tellingly, in discussing intellectual property reforms in Taiwan, the IIPA notes that revisions to the Taiwanese Patent Act removed the provision on punitive damages, and seeks to ensure that pre-established damages under the Taiwanese Copyright Act do not suffer the same fate. See 2013 IIPA REPORT, *supra* note 41, at 345 n.14.

⁸³ See *St. Louis I.M. & S.R. Co. v. Williams*, 251 U.S. 63, 64 (1919) (characterizing statutory damages as “essentially penal” and “primarily intended to punish”); see also *BMW of N. Am. v. Gore*, 517 U.S. 559, 575 (1996) (describing *Williams*, a case involving *statutory* damages, as holding that a “*punitive* award may not be wholly disproportioned to the offense” (emphasis added)); see generally Scheuerman, *supra* note 6; Samuelson & Wheatland, *supra* note 4; cf. *Webloyalty.com, Inc. v. Consumer Innovations, LLC*, 388 F. Supp. 2d 435, 443 (D. Del. 2005) (finding that a \$25,000 award balanced the need, on the one hand, to punish “unsupportable” conduct and deter infringement, and, on the other hand, to ensure that a statutory award “do[es] not amount to a windfall for Webloyalty in a case where no actual damages have been shown.”).

⁸⁴ See Morocco, art. 62 (setting amount “as deemed equitable by the court to compensate for the prejudice suffered”); Bahrain, art. 64(2); Ukraine, art. 52(2)(d); see also *infra* notes 123–128 and accompanying text (discussing countries where statutory damages are available only where actual damages and/or lost profits cannot be assessed).

that the infringer pay a specified amount if he or she infringes again.⁸⁵ Rather than holding the defendant liable in the case at bar for additional sums — which represent the court’s hypothesis about the amount of money necessary to deter the defendant’s potential future infringements not at bar — such a court order creates a specific deterrent against future misconduct that will be applied only if the defendant actually engages in the misconduct again. Even if that sum is never applied, the court order functions as a constant reminder of the consequences of recidivism.⁸⁶

In trade agreements dealing with statutory damages, some countries were able to secure purposive limitations in which the “[p]arties understand that the damages set forth in this paragraph do not constitute punitive damages.”⁸⁷ This limitation should help prevent some of the excesses under U.S. law by ensuring that courts do not rely on punitive goals to

⁸⁵ See, e.g., Copyright Act (Act No. 8/2011) § 72(5) (Sierra Leone), available at <http://www.sierralii.org/sl/legislation/act/2011/8> (“Where there is a danger that an act of infringement may be continued, the court shall (a) expressly order that the act shall not be committed; and (b) fix a fine which is twice the original fine, which shall be paid if the order is not respected.”); Copyright Act (Act No. 12 of 2002) § 28(4) (Tonga), available at <http://www.wipo.int/wipolex/en/details.jsp?id=5270> (“Where there is a danger that acts of infringement may continue, the Court shall order that no further acts be committed and fix a fine not exceeding \$20,000 which shall be due if the order is not respected.”); Copyright (Amendment) (Act No. 5/2008) § 38(6) (Trin. & Tobago), available at <http://www.wipo.int/wipolex/en/details.jsp?id=6642> (“Where there is a danger that acts of infringement may be continued, the Court shall have the authority to order that such acts not be committed and the Court shall fix a fine of five thousand dollars for each day on which the infringement is continued, which fine shall be paid if the order is not respected.”).

⁸⁶ These fines appear to go to the state rather than the copyright owner. If the defendant infringes again, the plaintiff is still made whole for the infringements at issue through ordinary mechanisms. In other words, although a standing court order punishes recidivism, that punishment does not parlay into an additional monetary recovery for the plaintiff.

⁸⁷ U.S.-Peru, art. 16.11(8), 16.11(8) n.2; see also U.S.-Colombia, art. 16.11(8), 16.11(8) n.2. Interestingly, in both the Peru and Colombia agreements, this clarifying language appears in a footnote to a provision stating that pre-established damages shall be “in an amount sufficient to compensate the right holder . . . and constitute a deterrent to future infringements.” These clarifying footnotes suggest some international understanding that condoning statutory damages to effect deterrence does not necessarily entail condoning punitive measures. This gives credence to reading the treaties’ “deterrence” mandate as requiring statutory damages that provide general deterrent value, but not requiring that the award contain additional sums that constitute general deterrence. See *supra* note 80. Notably, despite this clarifying language and language mandating adoption, neither country has implemented a statutory damages regime.

craft or justify large damage awards.⁸⁸ The fact that the limitation exists at all reveals some countries' fundamental discomfort with the U.S. brand of statutory damages.

Language in more recent bilateral trade agreements seems to foreclose this option by requiring countries to provide statutory damages in an amount sufficient to compensate *and* to serve as a deterrent to future infringements.⁸⁹ The type of deterrence required, however, is undefined and U.S. law contemplates several means of generating deterrence. First, some areas of U.S. law regard purely make-whole damages as deterrent in nature;⁹⁰ thus an award that approximates actual damages alone could satisfy the deterrent requirement. Second, some areas of U.S. law regard disgorgement of profits as a general and/or specific deterrent;⁹¹ thus, an award that approximates lost profits could suffice. Third, the language could require imposing a statutory award in an amount that serves as a specific deterrent, discouraging the defendant at bar from infringing again in the future. Indeed, William Patry forcefully argues in his treatise that, under the U.S. copyright regime, “[d]eterrence is *only* individual: the particular defendant in the dock needs to be deterred by an award substantial enough so that *he* knows it is more costly to infringe than to negotiate.”⁹² But even if statutory damages are limited to specific deterrence, there is

⁸⁸ See generally Samuelson & Wheatland, *supra* note 4.

⁸⁹ See *supra* note 50 and accompanying text (quoting language).

⁹⁰ See *supra* note 80 (discussing *Sure-Tan*'s treatment of make-whole remedies under labor law as a deterrent against unfair labor practices).

⁹¹ See, e.g., *Masters v. UHS of Delaware, Inc.*, 631 F.3d 464, 473 (8th Cir. 2011) (in trademark action under the Lanham Act, noting “[d]isgorgement exists to deter would-be infringers”); Official Comm. of Unsecured Creditors of WorldCom, Inc. v. Sec. & Exch. Comm'n, 467 F.3d 73, 81 (2d Cir. 2006) (“[T]he primary purpose of disgorgement orders is to deter violations of the securities laws by depriving violators of their ill-gotten gains.” (quoting Sec. & Exch. Comm'n v. Fischbach Corp., 133 F.3d 170, 175 (2d Cir. 1997))); *BASF Corp. v. Old World Trading Co., Inc.*, 41 F.3d 1081, 1096 (7th Cir. 1994) (noting that a disgorgement remedy in Lanham Act case “may overcompensate for a plaintiff's actual injury and create a windfall judgment”; however, a court “may consider the need to deter further violations to protect the public at large.” (quoting *George Basche Co. v. Blue Coral, Inc.*, 968 F.2d 1532, 1540 (2d Cir. 1992))); Sec. & Exch. Comm'n v. First City Fin. Corp., 890 F.2d 1215, 1230 (D.C. Cir. 1989) (noting for SEC violation that “[d]isgorgement is an equitable remedy designed to deprive a wrongdoer of his unjust enrichment and to deter others from violating the securities laws.”); JAMES T. O'REILLY, 1 FOOD AND DRUG ADMINISTRATION, § 7:32 (2012) (“Disgorgement . . . deters violations of the law by making illegal activity unprofitable”).

⁹² 6 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 22.181 (2013) (emphasis added). Patry proceeds to describe a court adopting a general deterrence theory as an outlier.

still general deterrent value in announcing to similarly situated potential defendants that they too are vulnerable to such deterrence. The same could be said of defendant-specific retribution for reprehensible conduct.

Construed broadly, however, the treaty language could require imposing a statutory award that serves as a general deterrent against infringement broadly, beyond the conduct at issue in a given case.⁹³ Such a rationale sanctions an award wholly out of proportion to the conduct at bar. Because the treaty language is susceptible to all of these readings, countries bound by such trade agreements have opened the door, perhaps unintentionally, to disproportionate awards.

B. Statutory Guidelines

Among the most straightforward innovations are guidelines, memorialized in a statute, that assist courts in awarding an appropriate amount of statutory damages. The United States has few statutorily set guidelines. Section 504(c) provides that for ordinary infringement, damages may be awarded in any amount between \$750 and \$30,000 per infringement, at the discretion of the court, with adjustments down to \$200 or up to \$150,000 if the infringement is innocent or willful, respectively.⁹⁴ The statute provides no other guidance as to where within this range the award should be set, other than to say they should be “as the court considers just.”⁹⁵

In the absence of statutory guidelines, U.S. courts have also failed to develop any sophisticated jurisprudence on the proper considerations for setting a statutory award. Although courts have developed lists of non-exhaustive “factors to consider,”⁹⁶ the ultimate award amount is left to the

⁹³ See *supra* note 80 (discussing general deterrence rationales).

⁹⁴ 17 U.S.C. § 504(c) (2006).

⁹⁵ *Id.* The fact that § 504(c) says “as the court considers just” indicates that Congress did not believe that any and every award within § 504(c)’s range would be “just” as applied to any and every infringement. Otherwise, that language would be superfluous. Instead, Congress recognized that a within-range amount might be “just” as applied to some conduct, but not others. Although Congress committed the determination of what is “just” to the court’s discretion in the first instance, any judicial determination is still subject to review.

⁹⁶ These factors include: “the expenses saved and profits reaped by the defendants in connection with the infringements, the revenues lost by the plaintiffs as a result of the defendants’ conduct, and the infringers’ state of mind whether willful, knowing, or merely innocent.” *Boz Scaggs Music v. KND Corp.*, 491 F. Supp. 908, 914 (D. Conn. 1980). See also *Sony BMG Music Entm’t v. Tenenbaum*, 660 F.3d 487, 503-04 (1st Cir. 2011) (approving a jury instruction providing a non-exclusive list of factors to consider including “the nature of the infringement,” “the value of the copyright,” and “the need to deter this defendant *and other potential infringers*” (emphasis ad-

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discretion of the court.⁹⁷ Further, there is no requirement that these factors be addressed at all, much less that they be given serious weight, or that the court make specific findings on the factors, or that there exists any evidence to consider when evaluating the factors.⁹⁸ Factors are often merely listed by rote, and the award announced with no elaboration on why it is supported by facts pertaining to those relevant factors.⁹⁹ These problems are exacerbated when juries are tasked with setting the statutory award, as they lack the ability to assess comparable cases.¹⁰⁰ The lack of guidance in the statute and lack of any robust jurisprudence on how to award statutory damages in the United States has resulted in awards that are arbitrary and inconsistent. Sometimes very similar or even identical fact patterns result in drastically different awards.¹⁰¹ It is also worth not-

ded)); Nat'l Football League v. PrimeTime 24 Joint Venture, 131 F. Supp. 2d 458, 472-82 (S.D.N.Y. 2001) (reviewing factors used in various courts).

⁹⁷ Nintendo of Am., Inc. v. Dragon Pac. Int'l, 40 F.3d 1007, 1010 (9th Cir. 1994) ("The district court has wide discretion in setting the amount of statutory damages under the Copyright Act."); Harris v. Emus Records Corp., 734 F.2d 1329, 1335 (9th Cir. 1984) ("The court has wide discretion in determining the amount of statutory damages to be awarded, constrained only by the specified maxima and minima.").

⁹⁸ Los Angeles News Serv. v. Reuters Television Int'l, 149 F.3d 987, 996 (9th Cir. 1998) ("[A] plaintiff may recover statutory damages 'whether or not there is adequate evidence of the actual damages suffered by plaintiff or of the profits reaped by defendant.'") (quoting Harris v. Emus Records Corp., 734 F.2d 1329, 1335 (9th Cir. 1984)). The legislative history of the 1976 Act is no more illuminating than the statute itself, stating only that "there is nothing in section 504 to prevent a court from taking account of evidence concerning actual damages and profits in making an award of statutory damages within the range set out in subsection (c)." H.R. REP. NO. 94-1476, at 161 (1976); S. REP. NO. 94-473, 143-44 (1975).

⁹⁹ Peer Int'l Corp. v. Luna Records, Inc., 887 F. Supp. 560 (S.D.N.Y. 1995).

¹⁰⁰ After the Supreme Court decided that the Seventh Amendment requires the right to a jury trial on statutory damages, David Nimmer wrote, "It is daunting, to say the least, to imagine how a judge could craft jury instructions that replace the type of analysis the court itself would undertake" because the setting of statutory damages "often involves extensive analysis of precedent so as to create a statutory-damages regime consistent across a spectrum of cases[.] . . . [i]t is not clear how a jury ever can perform this type of analysis." David Nimmer & Jason Sheesby, *After Feltner, How Will Juries Decide Damages?*, NAT'L L.J., Feb. 8, 1999, at C19.

¹⁰¹ Three examples will illustrate the point. In one series of cases, the same plaintiff recording company sued several different entities for continuing to make and sell records after their statutory license was terminated, and in three different suits, obtained three different statutory damages awards. Peer Int'l Corp. v. Luna Records, Inc., 887 F. Supp. 560, 569 (S.D.N.Y. 1995) (\$10,000 per work); Peer Int'l Corp. v. Max Music & Entm't, Inc., No. 03 Civ. 0996KMWDF, 2004 WL 1542253 (S.D.N.Y. July 9, 2004) (\$30,000 per work); Peer Int'l Corp. v. Pausa Records, Inc., 909 F.2d 1332 (9th Cir.

ing that, like punitive damages, statutory damage awards are increasing at a staggering rate.¹⁰²

Several countries, including Canada and Israel, have statutorily codified guidelines for applying statutory damages.¹⁰³ At best, guidelines can help provide consistency and certainty in and across awards; at minimum, they can help constrain the factors that enter the analysis. Israel, for example, recently amended its statutory damages provision, *inter alia*, to include the following list of factors:

- (1) The scope of the infringement;
- (2) The duration during which the infringement continued;
- (3) The severity of the infringement;
- (4) The actual injury caused to the claimant according to the assessment of the court;
- (5) The benefit derived by the defendant from the infringement, according to the assessment of the court;
- (6) The character of the defendant's activity;

1990) (\$50,000 per work). In another case, several recording companies brought suit against an individual file-sharer and the first jury awarded statutory damages of \$9,250 per song for a total award of \$220,000; after a mistrial on unrelated grounds (although the court noted concerns about the large damage award), a second jury, on the same facts, awarded \$80,000 per song for a total award of \$1.92 million; the judge remitted the award down to \$2,250 per song for a total of \$54,000; when the plaintiffs opted for a third trial, it resulted in a \$1.5 million judgment. *Capitol Records, Inc. v. Thomas-Rasset*, 692 F.3d 899, 901-02 (8th Cir. 2012). A similar fate befell Elvin Feltner who, after a judge set a statutory award, sought and obtained a ruling from the United States Supreme Court that he was entitled to a jury trial on the issue of statutory damages; on remand, a jury awarded more than three times the original judge-made award, producing an award over \$31 million. *Columbia Pictures Television, Inc. v. Krypton Broad., Inc.*, 259 F.3d 1186 (9th Cir. 2001) (recounting facts and procedural history, and affirming jury award).

¹⁰² According to Nimmer, the largest statutory award as of 1990 was \$4 million, then \$9 million in 1997, finally topping out at \$53.4 million in 2000. 4 NIMMER & NIMMER, *supra* note 4, § 14.04.

¹⁰³ See also Lithuania, art. 83(4)(1) (setting damages by taking into account factors relevant to the case at bar, including “culpability of the infringer, his property status, causes of unlawful actions and other circumstances relevant to the case, as well as the criteria of good faith, reasonableness and justice”); Malaysia, § 37(8); Singapore, § 119(5). Both Malaysia and Singapore require courts to consider eight factors, six of which clearly relate exclusively to the case at bar. However, both include two closing factors that seem more expansive: (1) the need to deter other similar infringements and (2) all other relevant matters. While it is a matter of interpretation, based on the other factors, these final two factors may be similarly limited to deterrence of similar infringements by the defendant at bar and other matters relevant to the case at bar.

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- (7) The nature of the relationship between the defendant and the claimant;
- (8) Good faith of the defendant.¹⁰⁴

While these factors are not exhaustive,¹⁰⁵ their statutory enumeration places them in higher regard than non-enumerated factors and does not suggest to courts that they must or should consider harms not at issue or harms to strangers to the litigation. Importantly, the factors refer to “*the* infringement,” “*the* defendant,” and “*the* claimant,” which suggests that any additional considerations should be similarly cabined to the parties and conduct at bar.¹⁰⁶ Thus, these factors suggest the impropriety of a general deterrent rationale.

Canada lists the following factors to consider in determining the appropriate amount statutory damages:

- (a) the good faith or bad faith of the defendant;
- (b) the conduct of the parties before and during the proceedings;
- (c) the need to deter other infringements of the copyright in question; and,
- (d) in the case of infringements for non-commercial purposes, the need for an award to be proportionate to the infringements, in consideration of the hardship the award may cause to the defendant, whether the infringement was for private purposes or not, and the impact of the infringements on the plaintiff.¹⁰⁷

While the generally applicable factors (a)–(c) are not nearly as detailed as in Israel, they provide some guidance.¹⁰⁸ The text again appears to focus on the parties and conduct at bar. Although, factor (c) apparently brings additional infringements not at issue into the court’s considerations, it does so only to a limited extent. It only empowers the court to consider

¹⁰⁴ Israel, § 56(b).

¹⁰⁵ *Id.* (“[T]he court may consider, *inter alia*, the following considerations . . .”).

¹⁰⁶ Interestingly, although the IIPA has lodged many complaints about Israel’s copyright statute, including complaints about statutory damages provision, it has not complained that these factors limit courts’ ability to invoke a broad general deterrence rationale in individual cases. The IIPA has repeatedly complained that the statutory maximum and minimum — not the awards set within those limits — are insufficient to “have a deterrent impact on piracy.” See, e.g., INT’L INTELLECTUAL PROP. ALLIANCE, 2008 SPECIAL 301 REPORT ON COPYRIGHT PROTECTION AND ENFORCEMENT 223 (2008), available at <http://www.iipa.com/rbc/2008/2008SPEC301ISRAEL.pdf>. In this regard, the deterrent sought may be only the threat embodied in the statute, similar to criminal charges. Cf. Richard A Oppel Jr., *Sentencing Shift Gives New Leverage to Prosecutors*, NEW YORK TIMES (Sept. 25, 2011), at A1.

¹⁰⁷ Canada, § 38.1(5). The final factor was added in a recent comprehensive revision in 2012.

¹⁰⁸ Factor (d) is a manifestation of case-specific equity considerations that will be discussed further in the next section.

other infringements of the very copyright at bar. The text is ambiguous as to whether the court may consider the need to deter *others* from infringing the copyright at issue, or if the court is limited to deterring the defendant at bar from infringing that copyright again in the future. If the former, then the factor is broad, but not as broad as it could be — it does not empower the court to consider the need to deter infringement generally. If the latter, then the factor is narrow. The court can only consider the need to deter *this* defendant from infringing *this* copyright, nothing more.

C. Tailoring to Type

The U.S. copyright statutory damages regime is so unique and ripe for arbitrariness, in part, because of its ostensibly equal application to all infringements of any exclusive right, to any type of copyrighted work, in any type of media.¹⁰⁹ By contrast, some countries have attempted to tailor awards of statutory damages to the type of infringement involved in the case.

Some countries recognize that different types of infringement, or infringement of different exclusive rights, might justify tailored treatment under the remedies scheme. For example, Azerbaijan generally allows statutory damages between 110 and 55,000 manats, but the range is reduced (between 220 and 5,500 manats) for infringement of integrated cir-

¹⁰⁹ Statutory damage provisions exist for numerous other types of civil offenses in the United States, but these provisions typically apply to one narrow type of conduct, and/or provide a sum certain or a very narrow range of amounts. *See, e.g.*, 15 U.S.C. § 1116(d) (2006) (between \$1,000 and \$200,000 per counterfeit trademark, up to \$2 million per willful use); *id.* 1125(d) (between \$1,000 and \$100,000 for registering, trafficking, or using a domain name with a bad faith intent to profit); *id.* § 1640(a)(2)(A) (twice lender's finance charges, between \$100 and \$5,000 for lender's failure to disclose credit terms; in a class action the lesser of \$500,000 or 1% of defendant's net worth); *id.* § 1681n(a) (between \$100 and \$1,000 for willful failures to comply with the Fair and Accurate Credit Transaction Act and up to \$1,000 for obtaining a consumer report without a permissible purpose); *id.* § 1692k(a) (\$1,000 per violation of regulations of debt collectors; for class actions, authorizing the lesser of \$500,000 or 1% of debt collectors net worth); *id.* § 1693 (similar scenario under the Electronic Fund Transfer Act); 18 *id.* § 2707(c) (actual damages with a floor of \$1,000 per violation of electronic privacy, additional punitive damages available); 25 *id.* § 305e (\$1000 per day for displaying Indian artifacts in manner that falsely suggests they were made by Indians); 47 *id.* § 227(b)(3)(B) (\$500 per violation for sending junk faxes); 29 *id.* § 2104(a)(3) (\$500 per day for an employer's failure to timely notify its local government of a plant closing and layoffs of more than fifty employees); 47 *id.* § 551(f)(2)(A) (greater of \$100 per day or \$1,000 for cable service providers who violate privacy or disclosure requirements); 47 *id.* § 605(e) (\$1,000 to \$10,000 for satellite and cable privacy, \$10,000 to \$100,000 for willful violations for commercial purposes).

cuit topographies.¹¹⁰ Many countries allow statutory damages *only* for violations of moral rights, not for infringement of economic rights.¹¹¹ In Vietnam, statutory damages are sometimes available, but a minimum recovery only exists for moral rights violations.¹¹²

Canada provides several category-specific limitations. For example, where the prevailing plaintiff in an infringement suit is a collecting society, it may recover only (1) actual damages and profits, or (2) statutory damages between three and ten times the royalty fixed by the Canadian Copyright Board, as the court considers just.¹¹³ Canada's most innovative limitations are in the context of non-commercial infringements. Whereas infringement for commercial purposes can bear statutory liability between 500 CAD\$ and 20,000 CAD\$ per work, infringement for non-commercial purposes bears liability between 100 CAD\$ and 5,000 CAD\$ for *all* works involved in the proceedings.¹¹⁴ In setting the amount of statutory damages for non-commercial infringements, courts are instructed to consider, *inter alia*, "the need for an award to be proportionate to the infringements, in consideration of the hardship the award may cause to the defendant"¹¹⁵ These considerations place non-commercial infringers in a special category for the purposes of statutory damages and treat the defendant's motives and susceptibility to financial hardship as mitigating factors.

Furthermore, once a plaintiff receives statutory damages for non-commercial infringements from a defendant, neither that plaintiff nor any other can recover statutory damages from that same defendant for any

¹¹⁰ Compare Azerbaijan, art. 45(2), with Law of the Republic of Azerbaijan on Legal Protection of Topographies of Integrated Circuits, art. 13.4.2 (2008) (authorizing payment between 220 and 5,500 Manats), available at <http://www.wipo.int/wipolex/en/details.jsp?id=9166>.

¹¹¹ Ethiopia Copyright Law, *supra* note 16, § 33(4); Copyright (Amendment) Act No. IX of 2009, §§ 44(1), 44(4) (Malta), available at <http://www.wipo.int/wipolex/en/details.jsp?id=8168>. In some ways, the case for applying statutory damages to violations of moral rights is stronger than the case for applying them to violations of economic rights: Moral rights are less susceptible to a monetary valuation, and thus a substitute remedy to avoid denying recovery altogether seems appropriate.

¹¹² Compare Vietnam, art. 205(1)(c) (authorizing an amount not to exceed 500 million VND "[w]here it is impossible to determine the level of compensation on the basis" of actual damage); with *id.* art. 205(2) (authorizing between 5 million to 50 million VND for "spiritual damage").

¹¹³ Canada, § 38.1(4).

¹¹⁴ *Id.* § 38.1(1). Persons who provide Internet or digital services primarily for the purposes of enabling copyright infringement are liable for infringement if an infringement actually occurs using those services. *Id.* § 27(2.3). Such persons are deemed commercial for the purposes of statutory damages if a work was actually infringed as a result of that service. *Id.* § 38.1(1.11).

¹¹⁵ *Id.* § 38.1(5)(d).

other non-commercial infringements that occurred prior to filing suit.¹¹⁶ These innovations encourage plaintiffs to join suit, share litigation costs in what is likely a low return suit, and bring all potential claims at once. This arrangement compares favorably to many of the file-sharing suits in the United States in which multiple plaintiffs brought suit against many thousands of non-commercial home users for only a small subset of the possible infringements available to them.¹¹⁷ Seeking remedy for only a subset of the possible infringements provides a dual advantage. First, plaintiffs can claim magnanimity for not seeking damages for all the infringements they could. Second, they can invoke those infringements not at bar to justify an award that is higher when considering only the subset of infringements at bar.¹¹⁸ The Canadian system addresses these concerns.

Importantly, electing statutory damages under the Canadian regime does not prejudice the copyright owner's ability to collect exemplary or punitive damages.¹¹⁹ In this fashion, Canada excises the punitive functions from statutory damages.

D. Availability Limitations

Some countries employ a stronger version of tailoring to type by limiting the situations in which statutory damages are available. Such limits recognize that although statutory damages may be justified in some cases, in many cases — perhaps most — the plaintiff can be made whole, and the defendant can be deterred, without resorting to an extraordinary remedy.

Under present U.S. law, a plaintiff can elect to receive an award of statutory damages at any time before final judgment, without needing to demonstrate that the ordinary remedies of damages, profits, and attorney's fees are insufficient.¹²⁰ As long as the registration requirement is

¹¹⁶ *Id.* § 38.1(1.12)–(1.2).

¹¹⁷ *See, e.g., Sony BMG Music Entm't v. Tenenbaum*, 660 F.3d 487, 490 (1st Cir. 2011) (“Sony pursued claims against Tenenbaum for only thirty copyrighted works, even though it presented evidence that Tenenbaum illegally downloaded and distributed thousands of copyrighted materials.”).

¹¹⁸ *Sony BMG Music Ent'mt v. Tenenbaum*, No. 07-11446-RWZ, 2012 WL 3639053, at *2 (D. Mass. Aug. 23, 2012) (rejecting remittitur, citing evidence that Tenenbaum downloaded and distributed “thousands of copyrighted works” even though the suit concerned only 30 of those works).

¹¹⁹ Canada § 38.1(7).

¹²⁰ 17 U.S.C. § 504(c)(1) (2006). Prompt registration of the copyright in the work at issue is the only barrier to the recovery of statutory damages. 17 U.S.C. § 412 (2006). However, this requirement is intended not as a limit on the availability of statutory damages, but as an inducement to prompt registration of one's copyright interest. *Blanch v. Koons*, 329 F. Supp. 2d 568, 570 n.1 (S.D.N.Y. 2004) (“If punitive damages [were] available to a plaintiff who did not timely register [his] work, the statutory purpose of encouraging

met, a defendant has no ability to challenge the plaintiff's election of statutory damages, or to require the plaintiff to present evidence on actual damages or lost profits.¹²¹

Notwithstanding the fact that actual damages have been assessed in innumerable infringement cases, U.S. authorities frequently note the difficulties of proving actual harm as a justification for administering often-substantial statutory awards.¹²² Because statutory damages are suscepti-

copyright registration [would be] frustrated.”). As far as we can tell, no other country yet uses registration as a condition to the awarding of statutory damages, perhaps recognizing that doing so would unfairly deny a remedy (which is itself designed to combat unfairness) to parties who lack the sophistication and familiarity with copyright law to register their works at an early stage. See Samuelson & Wheatland, *supra* note 4, at 454-55; see generally John Tehranian, *The Emperor Has No Copyright: Registration, Cultural Hierarchy and the Myth of American Copyright Militancy*, 24 BERKELEY TECH. L.J. 1397 (2009).

¹²¹ This was not always the rule under U.S. law. Statutory damages were originally intended primarily as an alternative remedy that would allow plaintiffs to be compensated for their injuries even in cases where damages were difficult to quantify with the numeric precision courts require for actual damages awards generally. Damage to intellectual property is inherently more difficult to quantify than, for example, expectation damages for breach of contract. Additionally, copyright infringers do not generally keep accurate records of their activities that would provide a basis for assessing damages. See Halpern, *supra* note 79, at 992 (describing a notorious commercial bootlegger whose business records consisted of “a carton of some 1,000 or more miscellaneous, disorganized and unexplained pieces of paper” piled in a heap). Thus, there may be a sizable difference between, on the one hand, the actual damages suffered and profits lost and, on the other hand, those that could be proven in court. In these cases, it was appropriate to relax the copyright plaintiff's evidentiary requirements. In the early years of the U.S. statutory damages provision, the availability of statutory damages depended on whether a judge determined that the amount of actual damages (or defendant's profits) either could not be proved or was not easily ascertainable. 4 NIMMER & NIMMER, *supra* note 4, § 14.04[F][1][d] (“Where both the elements of actual damages and defendant's profits were ascertained it seems clear that, under the 1909 Act, generally neither plaintiff nor defendant might demand an award based upon an ‘in lieu’ measure.” (citations omitted)). When Congress revised the law in 1976, plaintiffs acquired the unilateral right to elect to receive an award of statutory damages, in lieu of actual damages and profits. There is no explanation in the legislative history for this fundamental change in the statutory damages model. Some speculate that the change arose, in part, because of the confusing and contradictory case law that had developed around whether and when statutory damages were mandatory or permissive. 4 *id.* § 14.04[F][1]. Whatever the reason, this change has likely led to the awarding of statutory damages in more cases than Congress originally intended.

¹²² See, e.g., *F.W. Woolworth Co. v. Contemporary Arts, Inc.*, 344 U.S. 228, 231 (1952) (noting that statutory damages “give the owner of a copyright some

ble to imprecision, arbitrariness, and excessiveness, however, it may be good policy to limit their availability to cases in which they represent a plaintiff's only real option to obtain meaningful monetary relief. Bulgaria,¹²³ China,¹²⁴ Dominican Republic,¹²⁵ Republic of Korea,¹²⁶ Taiwan,¹²⁷ and Vietnam¹²⁸ all recognize that damages may be difficult to prove, but permit statutory damages only if such difficulties are actually shown to exist.

There is also considerable disagreement as to whether a judge's approval should be necessary to receive statutory damages. Some countries have adopted the present U.S. model of making statutory damages available solely at the election of the plaintiff.¹²⁹ Indeed, recent trade agreement language mandates that countries make statutory damages so available.¹³⁰ Nevertheless, several countries follow the former U.S. rule, allowing resort to statutory damages only if a judge has deemed them appropriate.¹³¹ Recent changes in Moldova appear to reflect this tension.

recompense for injury done him, in a case where the rules of law render difficult or impossible proof of damages or discovery of profits") (quoting *Douglas v. Cunningham*, 294 U.S. 207, 209 (1935)); *Lowry's Reports, Inc. v. Legg Mason, Inc.*, 302 F.Supp.2d at 460 ("Statutory damages exist in part because of the difficulties in proving — and providing compensation for — actual harm in copyright infringement actions."); *see also* STAFF OF U.S. COPYRIGHT OFFICE, 87TH CONG., REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW 102 (Comm. Print 1961) ("The value of a copyright is, by its nature, difficult to establish, and the loss caused by an infringement is equally hard to determine. As a result, actual damages are often conjectural, and may be impossible or prohibitively expensive to prove.").

¹²³ Bulgaria, art. 94(a) (allowing statutory damages where "there is no sufficient data about" the amount).

¹²⁴ China, art. 49 (allowing statutory damages where "unlawful gains of the infringer cannot be determined").

¹²⁵ Dominican Republic, art. 177 ¶ III (allowing statutory damages where it is "impossible to place a value on the actual injury").

¹²⁶ Yang & Shin, *supra* note 43, § 8[4][a] (noting availability in Korea only where it is "difficult to assess damages under any of the methods" of calculating actual damages and lost profits).

¹²⁷ Taiwan Copyright Act, *supra* note 23, art. 88(2) (allowing statutory damages only where it is difficult to prove actual damages).

¹²⁸ Vietnam, art. 205(1)(c) (allowing statutory damages "[w]here it is impossible to determine the level of compensation on the bases" of actual harm).

¹²⁹ Bahamas § 41(3)(b); Bahrain, art. 64(2); Belarus, art. 56(2)–(3); Bulgaria, art. 94a; Canada, § 38.1(1); Kazakhstan, art. 49(1); Kyrgyzstan, art. 49(6); Liberia, § 2.42(IV)(1); Lithuania, art. 83(4)(1); Morocco, art. 62; Russian Federation, art. 1301; Singapore, § 119(2)(d); Sri Lanka, § 170(10).

¹³⁰ *See supra* note 50 and accompanying text.

¹³¹ Azerbaijan, art. 45(2) ("[B]esides the general means of civil-legal enforcement, [a court] shall have the right to issue a resolution on" statutory damages, in

Whereas the Moldovan laws had previously given the copyright owner the ability to elect statutory damages among other remedies, recent amendments have taken away that ability, leaving the decision to the courts.¹³²

Some countries make statutory damages categorically unavailable in cases involving specified institutional actors. Like the United States, Canada and Liberia make statutory damages unavailable in certain limited circumstances involving educational institutions, libraries, archives, museums, and public broadcasters.¹³³ In these countries, such remission is available only if the defendant had reasonable grounds for believing that his or her use constituted fair use. A similar but stronger dispensation exists in the Bahamas, which requires a court to remit statutory damages in any case where such an institutional actor “*believed* that his use . . . was fair dealing,” without requiring that the defendant demonstrate the reasonableness of that belief.¹³⁴

E. No Minimum Recovery

In some cases, even the statutory minimum can seem disproportionately large in relation to the conduct at bar. Although there are provisions in U.S. law that allow or require deviation below the statutory minimum in certain cases, awards below the ordinary minimum of \$750 are extremely rare. In order to prove innocent infringement, which would allow a court to award as little as \$200 per infringed work, a defendant must demonstrate that “he was not aware and had no reason to believe that his acts constituted an infringement of copyright.”¹³⁵ Another safety valve in the U.S. law, the provision for remission of statutory damages against certain

place of damages or profits.); China, art. 49; Dominican Republic, art. 177 ¶ III; Israel, § 56(a) (“[T]he court *may*, at the claimant’s request, award to the claimant, in respect of each infringement, damages without proof of injury” (emphasis added)); Korea, art. 125-2, *cited in* Yang & Shin, *supra* note 43; Ukraine, art. 52(2)(d); Vietnam, art. 205(c)–(d). Though not a WIPO member, Taiwan also leaves election to the discretion of the court. Taiwan Copyright Law, *supra* note 23, art. 88(2).

We have insufficient information on Costa Rica. According to the IIPA, Malaysia’s copyright law is unclear as to whether electing statutory damages is the copyright owner’s prerogative. 2013 IIPA REPORT, *supra* note 41, at 310.

¹³² Compare Moldova, art. 63(2) (2010), with Moldova, art. 38(2) (1993).

¹³³ 17 U.S.C. § 504(c)(2) (2006); Canada, § 38.1(6)(a), (b); Liberia, § 2.42(IV)(2).

¹³⁴ Bahamas, § 41(3)(d) (emphasis added).

¹³⁵ 4 NIMMER & NIMMER, *supra* note 4, § 14.04[B][2]. This provision of § 504(c)(2) has only very rarely been applied. Warner Bros., Inc. v. Dae Rim Trading, Inc., 677 F. Supp. 740, 769–70 (S.D.N.Y. 1988) (\$100 per infringed work); D.C. Comics, Inc. v. Mini Gift Shop, 912 F.2d 29, 35–36 (2d Cir. 1990) (\$200 per infringed work).

defendants who believed their use to be fair, has never once been applied.¹³⁶

Perhaps recognizing that establishing a minimum amount of statutory damages can produce unfair or excessive awards under certain circumstances, China,¹³⁷ Israel,¹³⁸ Lithuania,¹³⁹ Republic of Korea,¹⁴⁰ Singapore,¹⁴¹ and Vietnam,¹⁴² provide no minimum recovery, only an upper limit on the award amount. In fact, when statutory damages first appeared in Lithuania in 2003, the statute provided a minimum recovery, but this statutory minimum was removed in 2008.¹⁴³ This approach leaves the decision of whether to award statutory damages to the discretion of the judicial authorities. Courts can thus award very low amounts or even no statutory damages in cases where they deem this appropriate.¹⁴⁴

F. Anti-Aggregation Measures

Some countries designed their statutory damages regimes to recognize and account for the unfairness that can result from aggregating a large number of statutory damages awards, even at the statutory minimum. In the United States, the problems with arbitrariness and excessiveness in

¹³⁶ PATRY, *supra* note 92, § 22:176.

¹³⁷ China, art. 49 (authorizing up to 500,000 RMB Yuan).

¹³⁸ Israel, § 56(a) (authorizing an amount not to exceed NIS 100,000).

¹³⁹ Lithuania, art. 83(4)(1) (authorizing up to 1,000 times the minimum living standards).

¹⁴⁰ Yang & Shin, *supra* note 43 (noting statute authorizes up to 10 million won, 50 million if infringed with intent to profit).

¹⁴¹ Singapore, art. 119(2)(d) (authorizing not more than \$10,000 per work, but no more than \$200,000 in total without additional proof of actual loss).

¹⁴² Vietnam, art. 205(1)(c) (authorizing an amount not to exceed 500 million VND “[w]here it is impossible to determine the level of compensation on the basis” of actual damage). Moral rights violations provide a minimum recovery. *Id.* art. 205(2) (authorizing between 5 million to 50 million VND for “spiritual damage”).

¹⁴³ Compare No. IX-1355, Law Amending the Law on Copyright and Related Rights art. 79(6) (2003) (Lith.) (providing a range between 10 and 1,000 times minimum living standards), with Lithuania, art. 83(4)(1) (authorizing up to 1,000 times minimum living standards).

¹⁴⁴ A court’s ability to award no statutory damages is similar to leaving to judges the decision of whether resort to statutory damages is appropriate. *See supra* notes 129–131 and accompanying text (discussing court approval as an availability limitation). Allowing a court to award no statutory damages does additional work in jurisdictions where the plaintiff, not the court, elects to pursue statutory damages. *E.g.*, Lithuania, art. 83(4)(1); Singapore, art. 119(d). This is an intriguing way around current treaty language that requires statutory damages to be available solely at the election of the copyright owner. *See supra* note 50 and accompanying text (discussing modern treaty language regarding statutory damages).

statutory damage awards have manifested most acutely in cases where numerous works are infringed, and multiple awards of statutory damages are aggregated. For example, in *UMG Recordings, Inc. v. MP3.com, Inc.*, despite the complete absence of any evidence of harm to plaintiffs or profits by defendants, a judge was willing to multiply an already-high statutory damage award of \$25,000 per work by the 4,700 works at issue in the case, producing a staggering potential liability of over \$118 million.¹⁴⁵ Potential for extremely high aggregated statutory damage awards is ever-present in today's world, particularly in cases involving secondary liability and digital technology, such as the litigation over Napster,¹⁴⁶ LimeWire,¹⁴⁷ and the Google Book Search project.¹⁴⁸ In cases of this type, potential liability for statutory damages can "run into the hundreds of millions or even billions of dollars."¹⁴⁹ In the LimeWire case, the plaintiffs reportedly requested an amount of statutory damages that was more than the combined GDP of the entire world.¹⁵⁰ Advances in digital technology have also exposed pri-

¹⁴⁵ No. 00 Civ. 472 (JSR), 2000 WL 1262568, at *1, *6 (S.D.N.Y. Sept. 6, 2000).

¹⁴⁶ *In re Napster, Inc.*, No. C MDL-00-1369 MPH, 2005 WL 1287611, at *10 (N.D. Cal. June 1, 2005) (noting the risk of grossly excessive aggregated statutory damages).

¹⁴⁷ Motion for Preliminary Injunction, 2-3, *Arista Records, LLC v. LimeWire, LLC*, June 4, 2010.

¹⁴⁸ See Class Action Complaint at 2, *Author's Guild v. Google Inc.*, No. 05 CV 8136 (S.D.N.Y. Sept. 20, 2005). Even at the statutory minimum of \$750 per book scanned, Google potentially faces \$4.5 billion in liability. See Samuelson & Wheatland, *supra* note 4, 490-91. The damages are even more massively aggregated in the litigation over the Google Book Search project because the suit is a class action. Some U.S. courts have noted the potential for Due Process violations where statutory damages are aggregated in a class action suit. See, e.g., *Murray v. GMAC Mortg. Corp.*, 434 F.3d 948, 954 (7th Cir. 2006) (allowing class certification, notwithstanding potentially excessive statutory damages, because excessive awards may be reduced on constitutional grounds); *Parker v. Time Warner Entm't Co.*, 331 F.3d 13, 22 (2d Cir. 2003); *In re Napster, Inc.*, No. C MDL-00-1369 MPH, 2005 WL 1287611, at *10 (N.D. Cal. June 1, 2005) (noting the risk of a grossly excessive aggregated statutory damage award). See also Scheuerman, *supra* note 6, at 104; see generally Barker, *supra* note 6.

¹⁴⁹ Motion for Preliminary Injunction, at 2-3, *Arista v. LimeWire*, June 4, 2010.

¹⁵⁰ Plaintiffs in the LimeWire lawsuit allegedly requested up to \$75 trillion in statutory damages, which is more money than the GDP of the entire world combined as of 2011. See Sarah Jacobsson Purewal, *RIAA Thinks LimeWire Owes \$75 Trillion in Damages*, PCWORLD (Mar. 26, 2011). http://www.pcworld.com/article/223431/riaa_thinks_limewire_owes_75_trillion_in_damages.html.

vate individuals to massive statutory damage awards, exemplified by the recording industry's lawsuits against individual filesharers.¹⁵¹

Countries have adopted several approaches to avoid these problems. Canadian law authorizes a court to award less than the minimum statutory award, even absent proof of innocent infringement, where there is more than one work in a single medium and aggregating even the minimum amount would result in an award that is "grossly out of proportion to the infringement."¹⁵² Israeli law treats all infringements undertaken as part of a "set of activities" as a single infringement for the purposes of statutory damages.¹⁵³ Malaysia's law sets a cap of 500,000 MYR for the aggregate award.¹⁵⁴ Singapore's law places a S\$200,000 cap on the total, aggregated statutory award absent any evidence that the plaintiff's actual loss exceeded that amount.¹⁵⁵

V. STATUTORY DAMAGES IN PLURILATERAL TRADE AGREEMENTS

Global intellectual property policy cycles between bilateralism and multilateralism.¹⁵⁶ The pendulum has swung back and forth several times already: frustration with the efforts at negotiating a multilateral agreement at WIPO led to the United States' efforts to negotiate NAFTA, one of the first regional agreements to include intellectual property provisions, and

¹⁵¹ See, e.g., Barker, *supra* note 6, at 559 ("[M]assively aggregated awards of even the minimum statutory damages for illegal file-sharing will impose huge penalties . . .").

¹⁵² Canada, § 38.1(2). Although the term "single medium" is the subject of some controversy, in 2006 a court used the "special case" exception, a component of which is the "single medium" requirement, to impose a statutory award below the minimum on a defendant that operated a website that allowed subscribers to watch various programs owned and produced by the plaintiffs. *Telewizja Polsat Canada, Inc. v. Radiopol, Inc.*, 2006 FC 584 (Lemieux, J., May 10, 2006). The reduction applied to all 2,009 works at issue, at least some of which were unrelated, indicating that "single medium" is broader in scope than the U.S. "one work rule" in § 504(c)(1) which treats only parts of a compilation or derivative work as one work. See also Ysolde Gendreau & David Vaver, *Canada*, in *INTERNATIONAL COPYRIGHT LAW AND PRACTICE CAN § 8[4][a][ii][b]* (Paul Edward Geller ed., 2012) (offering a multimedia CD-ROM as an example of a "single medium").

¹⁵³ Israel, § 56(c).

¹⁵⁴ Malaysia, § 37(1)(d) (allowing "statutory damages of not more than twenty-five thousand ringgit for each work, but not more than five hundred thousand ringgit in the aggregate").

¹⁵⁵ Singapore, art. 119.2.

¹⁵⁶ Bryan Mercurio, *TRIPS-Plus Provisions in FTAs: Recent Trends*, in *REGIONAL TRADE AGREEMENTS AND THE WTO LEGAL SYSTEM*, 215-37 (Lofand Bartels, Federico Ortino eds., 2006); Okedeji, *supra* note 55, at 128-29.

numerous other bilateral agreements besides.¹⁵⁷ In the same year as NAFTA, the multilateral TRIPs agreement set an international baseline for intellectual property protection, and there was an expectation that claims of inadequate intellectual property protection would be handled through the World Trade Organization's dispute resolution system rather than bilateral agreements.¹⁵⁸ But as numerous scholars have reported, some developed countries, most notably the United States and some European nations, turned back to bilateral agreements to press countries to adopt protections stronger than those mandated by the multinational agreements.¹⁵⁹ Now there appears to be a movement back toward multilateralism.

Although statutory damages are fairly new to the global scene, they have become a featured topic in multilateral trade negotiations over the past few years. While TRIPs provides that a country *may* adopt a system of pre-established damages, the United States in recent multilateral trade negotiations, like the recent bilateral agreements, has pushed for mandatory pre-established damages on substantially the same terms as required in the recent treaty language discussed in Part II.

A. TRIPs

Much like the bilateral agreements discussed in Part II, when statutory damages first became a topic of discussion in international negotiations, they were permissive rather than mandatory. In 1994, TRIPs became the first multilateral agreement to address the topic of damages in any detail. Under Article 45, each member country's judicial authorities "have the authority" to order infringers to pay damages "adequate to compensate" and to order payment of attorney's fees; additionally, "[i]n appropriate cases, Members *may* authorize the judicial authorities to order recovery of profits and/or payment of pre-established damages even where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity."¹⁶⁰ Thus, Article 45 permits but does not require statutory damages. It also allows member states to treat disgorgement of profits and pre-established damages as alternatives. Additionally, it places some limit on when either remedy is available — whereas compensation and attorney's fees can be awarded in any case, disgorgement of profits and statutory damages may only be awarded in "appropriate cases." TRIPs does not define "appropriate cases"; rather, this language exemplifies the general "flexibility" incorporated into TRIPs

¹⁵⁷ Mercurio, *supra* note 156, at 218.

¹⁵⁸ See, e.g., *id.* at 218-19; Okedeji, *supra* note 55, at 128-29.

¹⁵⁹ See, e.g., Mercurio, *supra* note 156, at 218-19; Okedeji, *supra* note 55, at 128-29.

¹⁶⁰ TRIPs, *supra* note 13, art. 45 (emphasis added).

— allowing each member state the freedom to tailor certain aspects of its TRIPS obligations to its domestic concerns.¹⁶¹ At the very least, limiting the availability of statutory damages to “appropriate cases” indicates that, unlike compensatory damages and attorney’s fees, which must be available in all cases, statutory damages are intended to be available in something less than all cases. Thus, even with TRIPS’ policy of flexibility, the treatment of statutory damages is somewhat more constrained than the other remedies.

After TRIPS, international intellectual property policy turned away from multilateralism toward bilateral agreements of the type discussed in Part II. These “TRIPS-plus” standards have been criticized because they incorporate provisions reducing or eliminating some of the flexibility embodied in TRIPS.¹⁶² The U.S.-led exportation of statutory damages through bilateral agreements is one manifestation.

B. ACTA

After a period of bilateralism in the wake of TRIPS, the pendulum has started swinging back in a more multilateral direction with negotiations on the Anti-Counterfeiting Trade Agreement (ACTA) and Trans-Pacific Partnership (TPP). ACTA is in fact a plurilateral agreement, negotiated by a number of countries including the United States, the European Community, Japan, Australia, and Canada, on the topic of intellectual property enforcement.¹⁶³ Negotiations around ACTA were fraught with

¹⁶¹ See ARNAND GROVER, REPORT OF THE SPECIAL RAPPORTEUR ON THE RIGHT OF EVERYONE TO THE ENJOYMENT OF THE HIGHEST ATTAINABLE STANDARD OF PHYSICAL AND MENTAL HEALTH 96 (2009) (U.N. Doc. A/HRC/11/12) (“Flexibilities were included in TRIPS to allow States to take into consideration their economic and development needs. States need to take steps to facilitate the use of TRIPS flexibilities.”); see generally Henning Grosse Ruse-Khan, *The International Law Relation Between TRIPS and Subsequent TRIPS-plus Free Trade Agreements: Towards Safeguarding TRIPS Flexibilities?*, 18 J. INTELL. PROP. L. 325 (2011).

¹⁶² See Ruse-Khan, *supra* note 161, at 328.

¹⁶³ As some have noted, this agreement is properly termed “plurilateral” because it included numerous parties but is still closed to voluntary additions to the negotiating table. See, e.g., Catherine Saez, *ACTA A Sign Of Weakness In Multilateral System*, Intellectual Property Watch, WIPO Head Says, IP-WATCH (June 30, 2010), <http://www.ip-watch.org/weblog/2010/06/30/acta-a-sign-of-weakness-in-multilateral-system-wipo-head-says>. Some have speculated that countries that wish to change the international landscape of intellectual property law are frustrated with WIPO and have turned to a solution somewhere between the multilateralism of WIPO and the bilateralism/regionalism of numerous individual agreements. Michael Geist, *The ACTA Threat to the Future of WIPO*, INTELLECTUAL PROPERTY WATCH (Apr. 14, 2009), <http://www.ip-watch.org/weblog/2009/04/14/the-acta-threat-to-the-future-of-wipo>.

controversy, not least because the United States and the other countries invited to the table attempted to negotiate the treaty in secret.¹⁶⁴

Early drafts included a provision mandating statutory damages.¹⁶⁵ The United States in particular pushed statutory damages, over the objections of some of the other participating countries.¹⁶⁶ In the final version, however, statutory damages were presented as just one among three alternative remedies, at least one of which *must* be imposed.¹⁶⁷ The other options are additional or exemplary damages and evidentiary presumptions regarding actual damages sufficient to compensate the right holder.

Perhaps harking back to earlier bilateral trade agreements, other provisions in ACTA explicitly instruct that the chosen remedies be sufficient to “constitute a deterrent to further infringements.”¹⁶⁸ Notably, ACTA’s definition of “deterrence” suggests a less expansive version of deterrence than the kind sometimes endorsed by courts in the United States.¹⁶⁹ A country can satisfy its ACTA obligations by implementing only the evidentiary presumptions regarding the amount of damages sufficient to compensate for the infringement.¹⁷⁰ In that regime, it is difficult to see how such an explicitly compensatory remedy, targeted at the infringements at bar,

¹⁶⁴ Eric Pfanner, *In Secret, Nations Work Toward Crackdown on Piracy*, N.Y. TIMES (Feb. 8, 2010), <http://www.nytimes.com/2010/02/08/technology/08piracy.html>; Nate Anderson, *Secret ACTA Treaty Can't Be Shown to Public, Just 42 Lawyers*, ARS TECHNICA (Oct. 15, 2009), <http://arstechnica.com/tech-policy/news/2009/10/these-42-people-are-shaping-us-internet-enforcement-policy.ars>.

¹⁶⁵ Michael Geist, *The ACTA Internet Chapter: Putting the Pieces Together*, MICHAEL GEIST (Nov. 3, 2009), <http://www.michaelgeist.ca/content/view/4510/125>. According to Geist, parts of the treaty appear to have been based on a trade agreement signed with South Korea, which included a provision mandating statutory damages.

¹⁶⁶ A leaked draft dated January 18, 2010, indicated that the United States and Japan wished the treaty language to read that countries “shall” impose either pre-established damages or an alternative presumption for determining damages, while the EC, Canada, and New Zealand would provide that countries “may” impose such remedies. Michael Geist, *Putting Together the ACTA Puzzle: Privacy, P2P Major Targets*, MICHAEL GEIST (Feb. 3, 2009), <http://www.michaelgeist.ca/content/view/3660/125/> (noting that some countries other than the United States would like the imposition of statutory damages to be optional).

¹⁶⁷ ACTA, art. 9(3). This structure, presenting an alternative to the imposition of statutory damages, is similar to the relevant provision in the U.S.-Australia trade agreement which requires either a system pre-established damages or a system of additional/exemplary damages. U.S.-Australia, art. 7.

¹⁶⁸ ACTA, art. 6(1); *see also id.* art. 27(1) (providing same as applied to “Enforcement in the Digital Environment”).

¹⁶⁹ *See supra* Part IV.A.

¹⁷⁰ ACTA, art. 9(3)(b). Such presumptions include various ways of calculating damages, including the quantity of infringing goods multiplied by profits per

can qualify as the expansive form of general deterrence against the public at large.

Eight countries signed on to ACTA on October 1, 2011.¹⁷¹ Thereafter, Mexico and twenty-two members of the European Union signed on; however, ACTA was rejected by the European Parliament in July 2012, which effectively blocked the EU from joining the agreement.¹⁷² Officially, ACTA is not in force and will not be effective until six states ratify it.¹⁷³ To date, only Japan has ratified the treaty.¹⁷⁴

C. TPP

With ACTA negotiations closed, the focus has shifted to the Trans-Pacific Partnership. In many respects, the TPP has been subject to the same criticisms of secrecy and overreach that were levied against ACTA.¹⁷⁵ In fact, House Oversight Committee Chairman Darrell Issa leaked one of the more recent draft versions of the TPP, in part, as a reaction against the secretive process.¹⁷⁶ Political intrigue aside, the text of the TPP appears to escalate the push for statutory damages.

Under one version of the TPP, parties are required to “establish or maintain a system that provides for pre-established damages,” which are available upon the election of the right holder and in an amount “sufficiently high to constitute a deterrent to future infringements and to com-

unit, a reasonable royalty, and a lump sum based on royalties or fees that would be due if the infringer had asked for authorization. *Id.* n.3.

¹⁷¹ *Anti-Counterfeiting Trade Agreement (ACTA)*, UNITED STATES TRADE REPRESENTATIVE, <http://www.ustr.gov/acta> (last visited Feb. 17, 2013).

¹⁷² *Signing by Mexico on the Anti-Counterfeiting Trade Agreement (ACTA)*, MINISTRY OF FOREIGN AFFAIRS OF JAPAN (July 12, 2012), http://www.mofa.go.jp/policy/economy/i_property/acta1207.html; *ACTA Controversial Anti-Piracy Agreement Rejected by EU*, BBC NEWS, July 4, 2012, <http://www.bbc.co.uk/news/technology-18704192>.

¹⁷³ ACTA art. 40.

¹⁷⁴ Press Release, International Trademark Association, Japan Ratifies ACTA (Sept. 6, 2012), available at <http://www.inta.org/Press/Pages/JapanRatifiesACTA.aspx>.

¹⁷⁵ See, e.g., *Trans Pacific Partnership Agreement*, ELECTRONIC FRONTIER FOUNDATION, <https://www EFF.org/issues/tpp> (last visited Feb. 17, 2013).

¹⁷⁶ Zach Carter, *Darrell Issa Questions Obama On Trans-Pacific Partnership, Leaks Key Text of Trade Deal*, HUFFINGTON POST (May 16, 2012), http://www.huffingtonpost.com/2012/05/16/darrell-issa-trans-pacific-partnership-trade-deal_n_1521035.html (quoting Issa: “While the Obama administration speaks publicly about protecting open Internet and delivering open government, they continue pushing secretive agreements like ACTA and TPP that exclude the public and could undermine individual privacy rights and stifle innovation They need to explain this apparent inconsistency.”).

pensate fully the right holder for the harm caused by the infringement.”¹⁷⁷ This version embodies all the central elements from the most recent bilateral trade agreements: a mandatory system of pre-established damages, discretionary resort solely in the hands of the right holder, and an amount high enough to constitute compensation and deterrence.

VI. REFORMING THE DOMESTIC REGIME WHILE SATISFYING INTERNATIONAL OBLIGATIONS

So far, this Article has focused on the ways in which the United States advocates or imposes statutory damages on other countries. However, when the United States enters into a treaty, it creates a mutual obligation that binds the United States to the same requirements as its counterparty. Thus, when considering reforms of the domestic regime one must remain cognizant of U.S. obligations to foreign countries. This Part will summarize U.S. obligations with regard to statutory damages and suggest reforms — informed by the practices in other countries — that will maintain compliance with the various trade agreements.

A. Domestic Obligations

Prior to TRIPs, no multilateral agreement mandated or suggested statutory damages. As discussed in Part V.A., TRIPs permits but does not require statutory damages. Member countries *may* empower the judicial authorities, “in appropriate cases,” to order recovery of *either or both* the infringer’s profits and/or pre-established damages.¹⁷⁸ The United States already allows recovery of the infringer’s profits¹⁷⁹ and thus, even if the United States were to jettison statutory damages altogether, it would still be TRIPs-compliant and among those countries that exceed TRIPs’ minimum requirement of actual damages. Even while maintaining a system of statutory damages, TRIPs provides great latitude to define what circumstances and procedures make an “appropriate case” for statutory damages.

Whereas countries including the United States have freedom under TRIPs to limit or reject statutory damages, the United States has obliged itself to impose much more stringent requirements via bilateral/regional trade agreements. As shown in Part II.B, the most recent of these agreements require the United States to maintain a system of pre-established damages, available solely at the election of the rights holder, and in an

¹⁷⁷ Trans-Pac. P’ship, Intellectual Property Rights Chapter art. 12(4) (Feb. 10, 2011) (draft), *available at* <http://keionline.org/sites/default/files/tpp-10feb-2011-us-text-ipr-chapter.pdf>.

¹⁷⁸ *See supra* notes 160–161 and accompanying text.

¹⁷⁹ 17 U.S.C. § 504(a)(1), (b) (2006).

amount sufficient to compensate the copyright owner and deter future infringement.

Notably, ACTA's and TPP's requirements with regard to statutory damages, as they exist now, would significantly alter the obligations of foreign countries; however, if either agreement enters into force, they would not augment the United States' obligations. Rather, current U.S. bilateral trade agreements already embody the requirements of ACTA and TPP.

B. Possible Reforms

Consistent with current obligations, the United States has great freedom to modify the statutory damages regime. First, nothing in the treaty language precludes the United States from creating statutory guidelines that will help ensure just and consistent application of statutory damages. Indeed, in several venues the Register of Copyrights has recently called for Congress to create such guidance.¹⁸⁰ Second, so long as statutory awards are still sufficient to compensate and deter, no treaty language prevents the United States from establishing different statutory damage amounts for different kinds of conduct, or from mitigating statutory damages in cases where there are numerous infringements and the aggregated statutory award presents a significant risk of excessiveness.

Of course, the latter two examples require examining the type of deterrence that would suffice under our international treaties. The treaty language does not mandate any particular form of deterrence other than that it be sufficient to "deter future infringements." As discussed in Part IV.A *supra*, U.S. laws regard as deterrence make-whole remedies, disgorgement, and conduct-specific retribution in addition to specific deterrence and general deterrence. This article has noted some instances suggesting that our "deterrence" requirement can be satisfied with something less than general deterrence of the public and infringement writ large.¹⁸¹ In that case, the United States could implement purposive limitations that exclude general deterrence from consideration, but endorse the deterrent value of, for example, an award of statutory damages that roughly approximates make-whole damages and disgorgement of profits.

¹⁸⁰ See *The Register's Call for Updates to U.S. Copyright Law*, U.S. COPYRIGHT OFFICE (Mar. 20, 2013) (statement of Maria A. Pallante), available at <http://www.copyright.gov/regstat/2013/regstat03202013.html>; Maria A. Pallante, *The Next Great Copyright Act*, 37 COLUM. J.L. & ARTS 315 (2013).

¹⁸¹ See *supra* notes 169–170 and accompanying text (discussing how ACTA's deterrence requirement is imposed on both statutory damages and evidentiary presumptions about the amount of damages sufficient to compensate the copyright owner); see also *supra* notes 87–88 and accompanying text (discussing bilateral treaties in which the language explicitly provides that statutory damages "do not constitute punitive damages").

Nothing prevents the United States from addressing specific deterrence through a standing court order rather than through augmentation of the statutory award. Similarly, nothing stops the United States from creating a separate recovery for punitive damages, as in Canada, that reflects defendant-specific retribution for willful misconduct and/or specific deterrence if the statutory award is deemed insufficient to deter the defendant at bar from repeated infringement. Even general deterrence could be effectuated in a separate punitive damages award. In such a system, courts could easily scrutinize excessiveness under the ordinary Due Process standards for excessive punitive damages, with the statutory award substituting as the compensatory baseline rather than a determination of actual damages.¹⁸²

The remaining limitations are more difficult to apply in light of our domestic obligations, but still provide viable reforms. First, the United States is foreclosed from certain forms of availability limitations; namely, the present bilateral treaty language requires that statutory damages be available at the election of the rights holder. Thus, it would seem that the United States could not revert to a system in which, in all cases, the court must approve resort to statutory damages. However, the free trade agreement with Korea contains this election requirement,¹⁸³ yet Korea allows the rights holder to elect statutory damages only after sufficiently proving difficulty in assessing actual damages and lost profits.¹⁸⁴ Indeed, the IIPA objected on these grounds, among others, most recently in 2009, and recommended that Korea be placed on the “Watch List” for Special 301 purposes.¹⁸⁵ However, contrary to IIPA’s recommendation, the USTR removed Korea from the Watch List in 2009,¹⁸⁶ and since that time, Korea has not changed its proof requirement, nor has the IIPA included Korea in its reports to the USTR, nor has the USTR added Korea back to the Special 301 Watch List. Further, the United States, among others, categorically disallows statutory damages in certain circumstances involving educational institutions, libraries, archives, museums, and public broadcasters. Thus, there is at least some freedom to enact availability limitations; otherwise U.S. law *already* violates the obligation to make statutory damages available solely at the election of the rights holder.

¹⁸² See, e.g., *State Farm Mut. Auto. Ins. Co. v. Campbell*, 538 U.S. 408 (2003); *BMW of N. Am. v. Gore*, 517 U.S. 559 (1996).

¹⁸³ U.S.-Korea, art. 18.10(6).

¹⁸⁴ See *supra*, note 126.

¹⁸⁵ INT’L INTELLECTUAL PROP. ALLIANCE, 2009 SPECIAL 301 REPORT ON COPYRIGHT PROTECTION AND ENFORCEMENT 298 (2009), available at <http://www.iipa.com/rbc/2009/2009SPEC301SOUTHKOREA.pdf>.

¹⁸⁶ RONALD KIRK, 2009 SPECIAL 301 REPORT 1, 10 (2009), available at <http://www.ustr.gov/sites/default/files/Full%20Version%20of%20the%202009%20SPECIAL%20301%20REPORT.pdf>.

Second, disallowing a minimum recovery seems antithetical to the goals of compensation and deterrence, particularly in cases where statutory damages are meant to provide the copyright holder “some recompense for injury done him, in a case where the rules of law render difficult or impossible proof of damages or discovery of profits.”¹⁸⁷ However, the treaty language does not mandate any minimum recovery. Moreover, it is useful to distinguish cases in which there is a “proof problem” from cases in which there is minimal or no harm. Where a proof problem exists, i.e., where it is difficult to ascribe a dollar amount with the specificity necessary to recover actual damages and profits under § 504(b), statutory damages, including a presumptive minimum, can be valuable. But where the harm from infringement is non-existent, there is no need to order compensation for the copyright owner, and deterrence may be wholly unnecessary or sufficiently addressed with a standing order or a modest award. Where the harm is minimal, the amount of compensation necessary will be minimal, as may be the amount of deterrence necessary. Thus, although U.S. law currently requires a minimum recovery, domestic obligations under the international treaties can be met without a minimum recovery because, in at least some cases, the amount of statutory damages sufficient to compensate and deter an infringer in a particular case may be zero or some nominal amount far below the existing statutory minimum.

Two variations on the minimum recovery are also consonant with current treaty obligations. First, nothing in the treaty language prevents the United States from treating the minimum recovery as a rebuttable presumption. Under such a regime, the statutory minimum would not be mandatory, rather the burden would be on the defendant to demonstrate that the necessary compensatory and deterrent amounts are well below the presumptive minimum recovery.¹⁸⁸ Second, nothing in the treaty language prevents the United States from reinvigorating the proposition in the House Report from the 1976 Copyright Act, which was followed in several cases since, that the minimum amount be presumptively sufficient absent cogent evidence from the copyright holder that actual harm, though imprecisely quantified, necessarily exceeds that amount.¹⁸⁹

¹⁸⁷ F.W. Woolworth Co. v. Contemporary Arts, Inc., 344 U.S. 228, 231 (1952).

¹⁸⁸ This suggestion is similar to one of ACTA’s alternatives to statutory damages, namely, creating evidentiary presumptions about the amounts sufficient to compensate the copyright owner. See *supra* note 170 and accompanying text.

¹⁸⁹ See *supra* note 76 and accompanying text; Morley Music Co. v. Dick Stacey’s Plaza Motel, Inc., 725 F.2d 1, 3 (1st Cir. 1983) (“Although there need not be the kind of hearing required if factual damages were the issue . . . there must, we think, be either some hearing or sufficient affidavits to give the trial judge an *adequate reference base for his judgment.*” (emphasis added)); Cohen v. United States, 105 Fed. Cl. 733, 758 (2012) (endorsing, in an alter-

CONCLUSION

The United States' particular approach to statutory damages is an unparalleled civil remedy. Although today there are very few other countries in the world with statutory damages, that may change if the United States continues mandating or encouraging their implementation. Despite U.S. pressure on other countries to adopt statutory damages as broad and untethered as ours, many countries have either resisted adoption or established sensible limits to their statutory damages regime that help prevent some of the arbitrary, unfair, and excessive awards that have occurred in the United States. Future countries adopting statutory damages, voluntarily or not, should consider including some of these limits.

In light of the innovations abroad that seek to curtail the pernicious effects of statutory damages, the United States should consider revisions to its own regime. Several alterations may make statutory damages unnecessary. For example, adjusting the relevant legal standard for proving damages can ameliorate the injustice that is said to result when a plaintiff is unable to prove their damages to a sufficient degree of certainty. Disgorging defendants' profits, awarding attorney fees to successful plaintiffs, or perhaps permitting recovery of a modest multiple over actual damages can achieve deterrence. If punitive damages are necessary to punish and deter, they should not be inextricably intertwined into a unitary award of statutory damages that does not delineate compensatory amounts from extra-compensatory amounts. Instead, punitive damages should be awarded separately from compensation and disgorgement remedies. Once separated, the proportionality between compensation and punishment can be assessed under ordinary Due Process standards.

native holding, the *Video Views* rule, “[E]ven if a plaintiff were permitted to elect a range of statutory damages, in order to receive more than the minimum award, the plaintiff must support that request with sufficient evidence.”; *New Line Cinema Corp. v. Russ Berrie & Co.*, 161 F. Supp. 2d 293, 303 (S.D.N.Y. 2001) (rejecting New Line’s argument that “because [the] infringement was ‘willful,’ [the court] should use the discretion conferred on [it] by § 504(c)(1) to increase any award up to \$100,000; instead, holding that “statutory damages should be commensurate with actual damages incurred” and that “the proper departure point” was the evidence of actual damages); *see also* *Brady v. Daly*, 175 U.S. 154, 157 (1899) (construing the 1856 Copyright Act, “In the face of the difficulty of determining the amount of [actual] damages in all cases, the statute provides a *minimum sum* for a recovery in any case, leaving it open for a larger recovery *upon proof of greater damage* in those cases where such proof can be made.” (emphasis added)); *L.A. Westermann Co. v. Dispatch Printing Co.*, 249 U.S. 100, 108-09 (1919) (quoting favorably *Brady* when construing the 1909 Copyright Act, adding “[t]he *minimum amount* appears to us to have been fixed because of the inherent difficulty of always proving by satisfactory evidence what the amount is which has been actually sustained.” (emphasis added)).

Short of jettisoning statutory damages altogether, which international treaty obligations preclude, statutory damages might be altered to mirror provisions in other areas of U.S. law (and some of the infringement-specific provisions in other national copyright laws), providing a fixed or narrow-range of pre-established damages for specific types of infringement, such as playing music on a jukebox without paying the statutory license fees, or peer-to-peer filesharing of music or movies. We might also learn from the limitations imposed in other countries. For example, if statutory damages must be available, it would not defeat their purpose to require a plaintiff seeking more than the statutory minimum to satisfy a threshold showing that actual harm, though difficult to quantify with precision, nevertheless exceeds the minimum amount. Nor does it diminish the efficacy of statutory damages to craft mechanisms that address aggregation concerns.

Instead of exporting our statutory damages provisions to the rest of the world, the United States should permit every country to independently assess the validity of statutory damages for its own system of justice and, if it chooses to adopt statutory damages, to craft limitations it deems appropriate. The United States should regard the law of statutory damages as a presently imperfect, on-going experiment. Ultimately, we should acknowledge that even if we have something to teach the rest of the world about the creation and application of statutory damages, we have as much, if not more, to learn from them about innovative limits that make statutory damages more just and effective.

APPENDIX A: INTERNATIONAL STATUTORY DAMAGES PROVISIONS

1. Azerbaijan

Law of the Republic of Azerbaijan on Copyright and Related Rights (as last amended by Law No. 1079-IIIQD of Sept. 30, 2010), art. 45(2)(1), *available at* <http://www.wipo.int/wipolex/en/details.jsp?id=9165>.

2. Bahamas

Copyright Act (2000), ch. 323, Sec. 41(3)–(4), *available at* <http://www.wipo.int/wipolex/en/details.jsp?id=8921>.

3. Bahrain

Act relating to the Protection of Copyright and Neighbouring Rights (No. 22/2006), art. 64(2)–(3), *available at* <http://www.wipo.int/wipolex/en/details.jsp?id=7311>.

4. Belarus

Law on Copyright and Related Rights (No. 262-3/2011), art. 56(2)–(3) (Belr.) (translation on file), *available at* <http://www.wipo.int/wipolex/en/details.jsp?id=10100> (repealing Law on Copyright and Related Rights (No. 370-XIII/1996), art. 40(2), <http://www.wipo.int/wipolex/en/details.jsp?id=6670>).

5. Bulgaria

Law on Copyright and Neighboring Rights (as amended in 2011), art. 94a, *available at* <http://www.wipo.int/wipolex/en/details.jsp?id=10463>.

6. Canada

Copyright Act (R.S.C., 1985, c. C-42), art 38.1 (1985), *available at* <http://www.wipo.int/wipolex/en/details.jsp?id=12796>.

7. China

Copyright Law of the People's Republic of China (as last amended on Feb. 26, 2010), art. 49, *available at* <http://www.wipo.int/wipolex/en/details.jsp?id=6062>.

8. Costa Rica

See INTERNATIONAL INTELLECTUAL PROPERTY ALLIANCE, 2013 SPECIAL 301 REPORT ON COPYRIGHT PROTECTION AND ENFORCEMENT 53, *available at* http://www.iipa.com/2013_SPEC301_TOC.htm.

9. Dominican Republic

Law No. 424-06 on Implementation of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), art. 177 ¶ 3 (2006), *available at* http://www.wipo.int/wipolex/en/text.jsp?file_id=276136 (amending Law No. 65-00 on Copyright (2000)).

10. Israel

Copyright Act of 2007, art. 56, *available at* <http://www.wipo.int/wipolex/en/details.jsp?id=11509>.

11. Kazakhstan

Law on Copyright and Neighboring Rights, art. 49(1) (1996), *available at* http://www.wipo.int/wipolex/en/text.jsp?file_id=200036.

12. Kyrgyzstan

Law of the Kyrgyz Republic on Copyright and Related Rights (as last amended by Law No. 197 of August 5, 2008), art. 49(6), *available at* <http://www.wipo.int/wipolex/en/details.jsp?id=2732>.

13. Liberia

Copyright Law of the Republic of Liberia § 2.42(IV) (1997), *available at* <http://www.wipo.int/wipolex/en/details.jsp?id=5194>.

14. Lithuania

Law on Copyright and Related Rights No. VIII-1185 of May 18, 1999, art. 83(4)(1), *available at* <http://www.wipo.int/wipolex/en/details.jsp?id=7374> (as amended on 19 Jan. 2010 by Law No. XI-656), art. 83(4)(1) (1999).

15. Malaysia

Copyright Amendment Act 2012, art. 37(1)(d), (8), *available at* http://www.federalgazette.agc.gov.my/outputaktap/20120209_A1420_BI_JW001763%20Act%20A1420-BI.pdf (amending Copyright Act 1987).

16. Morocco

Law No. 2-00 on Copyright and Related Rights (promulgated by Dahir No. 1-00-20 of 9 Kaada 1420 (15 February 2000), art. 62, *available at* <http://www.wipo.int/wipolex/en/details.jsp?id=2985>.

17. Republic of Korea

Jay (Young-June) Yang & Chang-Hwan Shin, *Korea, in* INTERNATIONAL COPYRIGHT LAW AND PRACTICE, KOR § 8[4][a] (Paul Edward Geller ed., 2012) (discussing Korean statutory damages provision).

18. Republic of Moldova

Law No. 139 of July 2, 2010 on Copyright and Neighbouring Rights, art. 63, *available at* <http://www.wipo.int/wipolex/en/details.jsp?id=9795> (translation on file), *amending* Law No. 293-XIII of November 23, 1994 on Copyright and Neighbouring Rights, art. 38, *available at* <http://www.wipo.int/wipolex/en/details.jsp?id=3027>.

19. Russian Federation

Civil Code of the Russian Federation, art 1301 (2011), *available at* <http://www.wipo.int/wipolex/en/details.jsp?id=12785>.

20. Singapore

Copyright Act (Chapter 63) § 119(2)(d) (1987), *available at* <http://www.wipo.int/wipolex/en/details.jsp?id=6132>.

21. Sri Lanka

Intellectual Property Act (No. 36/2003), § 170(10), *available at* <http://www.wipo.int/wipolex/en/details.jsp?id=6705>.

22. Ukraine

Law on Copyright and Related Rights, art. 52(2)(d) (2003), *available at* <http://www.wipo.int/wipolex/en/details.jsp?id=5115>.

23. Vietnam

Law No. 50/2005/QH11 on Intellectual Property, art. 205(1)(c)–(d), *available at* <http://www.wipo.int/wipolex/en/details.jsp?id=5005>.

APPENDIX B: BILATERAL AND REGIONAL TRADE AGREEMENTS INVOLVING STATUTORY DAMAGES

1. U.S.-Australia

Free Trade Agreement, U.S.-Austl., art. 17.11(7)(a), (b), May 18, 2004, *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/fta/australia/asset_upload_file148_5168.pdf (entered into force Jan. 1, 2005).

2. U.S.-Bahrain

Free Trade Agreement, U.S.-Bahr., art. 14.10(7), *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/fta/bahrain/asset_upload_file211_6293.pdf (entered into force Jan. 11, 2006).

3. U.S.-Cambodia

Trade Relations & Intellectual Property Rights Agreement, U.S.-Cambodia, art. XX(2)(E), Dec. 30, 2003, *available at* http://tcc.export.gov/Trade_Agreements/All_Trade_Agreements/exp_002794.asp (entered into force Jan. 1, 2004).

4. U.S.-Canada (NAFTA)

North American Free Trade Agreement art. 1715(4), U.S.-Can.-Mex., Dec. 17, 1992, 32 I.L.M. 289 (1993), *available at* <http://www.ustr.gov/trade-agreements/free-trade-agreements/north-american-free-trade-agreement-nafta> (entered into force Jan. 1, 1994).

5. U.S.-Chile

Free Trade Agreement, U.S.-Chile, art 17.11(9), Dec. 30, 2003, *available at* http://www.ustr.gov/Trade_Agreements/Bilateral/Chile_FTA/Final_Texts/Section_Index.html (entered into force Jan. 1, 2004).

6. U.S.-Colombia

Trade Promotion Agreement, U.S.-Colom., art. 16.11(8), Nov. 22, 2006, *available at* http://www.ustr.gov/webfm_send/1336 (entered into force May 15, 2012).

7. U.S.-Costa Rica (CAFTA-DR)

Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), art. 15.11(8), Aug. 5, 2004, *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file934_3935.pdf (entered into force Jan. 1, 2009).

8. U.S.-Dominican Republic (CAFTA-DR)

Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), art. 15.11(8), Aug. 5. 2004, *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file934_3935.pdf (entered into force Mar. 1, 2007).

9. U.S.-El Salvador (CAFTA-DR)

Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), art. 15.11(8), Aug. 5. 2004, *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file934_3935.pdf (entered into force 2006).

10. U.S.-Guatemala (CAFTA-DR)

Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), art. 15.11(8), Aug. 5. 2004, *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file934_3935.pdf (entered into force 2006).

11. U.S.-Honduras (CAFTA-DR)

Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), art. 15.11(8), Aug. 5. 2004, *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file934_3935.pdf (entered into force 2006).

12. U.S.-Laos

Bilateral Trade Relations Agreement, U.S.-Laos, ch. II, art. 45, *available at* http://tcc.export.gov/static/Laos_Chapter2.pdf (entered into force 2005).

13. U.S.-Mexico (NAFTA)

North American Free Trade Agreement, Art. 1715(4), U.S.-Can.-Mex., Dec. 17, 1992, 32 I.L.M. 289 (1993), *available at* <http://www.ustr.gov/trade-agreements/free-trade-agreements/north-american-free-trade-agreement-nafta> (entered into force Jan. 1, 1994).

14. U.S.-Morocco

Free Trade Agreement, U.S.-Morocco, art. 15.11(7), *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/fta/morocco/asset_upload_file797_3849.pdf (entered into force Jan. 1, 2006).

15. U.S.-Nicaragua (CAFTA-DR)

Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), art. 15.11(8), Aug. 5. 2004, *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file934_3935.pdf

www.ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file934_3935.pdf (entered into force 2006).

16. U.S.-Oman

Free Trade Agreement, U.S.-Oman, art. 15.10(7), Jan. 19, 2006, *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/fta/oman/asset_upload_file715_8809.pdf (entered into force Jan. 1, 2009).

17. U.S.-Panama

Trade Promotion Agreement, U.S.-Pan. art. 15.11(8), June 28, 2007, *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/fta/panama/asset_upload_file131_10350.pdf; Peru, United States-Peru Trade Promotion Agreement, art. 16.11 (8), *available at* http://www.ustr.gov/Trade_Agreements/Bilateral/Peru_TPA/Final_Texts/Section_Index.html (entered into force Oct. 31, 2012).

18. U.S.-Peru

Trade Promotion Agreement, U.S.-Peru, art. 16.11(8), Apr. 12, 2006, *available at* <http://www.ustr.gov/trade-agreements/free-trade-agreements/peru-tpa> (entered into force Feb. 1, 2009).

19. U.S.-Republic of Korea

Free Trade Agreement, U.S.-Korea art. 18.10(6), Mar. 6, 2012, *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/fta/korus/asset_upload_file273_12717.pdf (entered into force Mar. 15, 2012).

20. U.S.-Singapore

Free Trade Agreement, U.S.-Sing., art. 16.9(9), Dec. 30, 2003, *available at* http://www.ustr.gov/sites/default/files/uploads/agreements/fta/singapore/asset_upload_file708_4036.pdf; Korea, United States-Korea Free Trade Agreement, art 18.10(6), *available at* http://www.ustr.gov/assets/Trade_Agreements/Bilateral/Republic_of_Korea_FTA/Final_Text/asset_upload_file273_12717.pdf. (entered into force Jan. 1, 2004).

21. U.S.-Trinidad & Tobago

Intellectual Property Rights Agreement, U.S.- Trin. & Tobago, art. 23(3) (1994), *available at* http://tcc.export.gov/Trade_Agreements/All_Trade_Agreements/exp_005407.asp.

22. U.S.-Vietnam

Agreement on Trade Relations, U.S.-Viet., State Dept. No. 02-9, 2001 WL 1792868, ch. 2, art. 12(3) (2000), *available at* http://tcc.export.gov/Trade_Agreements/All_Trade_Agreements/TA_VietnamBilateral_Chapter2.asp (entered into force Dec. 10, 2001).