

The Uses of Prior Conduct in Copyright Cases

The Lessons of History

By Nicholas J. Boyle and
Richard A. Olderman

In the context of a copyright case, a defendant's prior bad acts and prior conduct are more useful to a plaintiff than is typical in civil litigation. In many instances, copyright infringement lawsuits are brought against defendants who have been sued before for infringement, or related misconduct, or who have been the subject of allegations or informal complaints, or who simply have experience in copyright matters. Under Federal Rule of Evidence 404(b), the use to which prior bad acts and conduct may be put by a plaintiff in a regular civil case is limited, and Federal Rule of Evidence 403 balances the probative value of the evidence against prejudice. In copyright cases, however, as a practical matter, the plaintiff has somewhat more latitude, and such evidence may serve several distinct objectives. A defendant's history, whether related to the misconduct at issue or not, may be used by a savvy plaintiff in three ways: 1) to establish willfulness, and thus both enhance the statutory damages award and obtain attorneys' fees under the

Copyright Act; 2) to establish knowledge, and thereby make a case (where appropriate) for contributory infringement; and 3) as a basis for injunctive relief.

ESTABLISHING WILLFULNESS AND THE RIGHT TO ENHANCED DAMAGES

Section 504 of the Copyright Act permits a district court to award between \$750 and \$30,000 for each copyright infringed. See, 17 U.S.C. §504(c)(1). When a plaintiff demonstrates that the infringement was "willful," the court may, in its discretion, award as much as \$150,000 per infringed work. *Id.*

To prove "willfulness," the plaintiff must demonstrate "(1) that the defendant was actually aware of the infringing activity, or (2) that the defendant's actions were the result of 'reckless disregard' for, or 'willful blindness' to, the copyright holder's rights." *Unicolors, Inc. v. Urban Outfitters, Inc.*, 853 F.3d 980, 990 (9th Cir. 2017) (citations omitted). When looking to the infringer's state of mind, courts consider several factors. These include: "whether the infringer was on notice that the copyrighted work was protected; whether the infringer had received warnings of the infringements; *as well as whether the infringer had experience with previous copyright ownership, prior lawsuits regarding similar practices, or work in an industry where copyright is prevalent.*" *Marshall v. Marshall*, 2012 WL 1079550, at 25 (E.D.N.Y. Mar. 30, 2012), *aff'd*, 504 F. App'x 20 (2d Cir. 2012) (emphasis added) (citations omitted).

A showing of willfulness can not only establish enhanced damages, but can establish the right to attorneys' fees, a matter entrusted to the court's discretion. See, 17 U.S.C. §505; *Kirtsaeng v. John Wiley & Sons, Inc.*, ___ U.S. ___, 136 S. Ct. 1979, 1988-89 (2016) (court may order fees, even when the losing party had reasonable arguments, because of a party's litigation misconduct or to deter repeated instances of copyright infringement or overaggressive assertions of copyright claims); *Chi-Boy Music v. Charlie Club, Inc.*, 930 F.2d 1224, 1230 (7th Cir. 1991) ("[A] finding of willful infringement will support an award of attorney's fees."); *St. Talk Tunes v. Vacaville Recreation Corp.*, 2006 WL 2423429, at 2-3 (E.D. Cal. Apr. 19, 2006) (same); *Beastie Boys v. Monster Energy Co.*, 112 F. Supp. 3d 31, 43 (S.D.N.Y. 2015) ("Courts have awarded fees based on willfulness even where the infringement was reckless rather than knowing.") (collecting cases).

Numerous courts have held that prior lawsuits and settlements support a finding of willfulness. See, e.g., *Stevens v. Aeonian Press, Inc.*, 2002 WL 31387224, at 3 (S.D.N.Y. Oct. 23, 2002) (finding willful infringement based on evidence that included "records of other lawsuits filed against Defendants for similar activities, and a settlement entered into with respect to one such action"); *Design Tex Grp. Inc. v. U.S. Vinyl Mfg. Corp.*, 2005 WL 2063819 (S.D.N.Y. 2005) (prior similar litigation made defendant aware of copyright obligations); *Lauratex Textile*

Nicholas Boyle is a partner with Williams & Connolly, LLP in Washington, DC. A co-chair of the firm's Unfair Competition and Trade Secrets practice group, he can be reached at nboyle@wc.com. **Richard Olderman** is a veteran appellate attorney with the firm. He can be reached at rolderman@wc.com.

Corp. v. Allton Knitting Mills, Inc., 519 F. Supp. 730, 733 (S.D.N.Y. 1981) (holding that docket sheets showing six copyright infringement cases brought within the prior three years against the defendant, four of which were settled, “provides one more indication that the business of encroaching upon others’ copyrights is not unfamiliar to the defendant”).

Notably, there is no requirement that the prior litigation have a relationship with the case at bar. Courts have taken into account previous copyright infringement (and other) lawsuits brought against the defendants by different plaintiffs and concerning different matters. In *CoStar Realty Information, Inc. v. RealMassive, Inc.*, No. 1:15-cv-440 (W.D. Tex. 2015), a case in which the authors’ firm represented the plaintiff, CoStar brought suit in the Western District of Texas charging that RealMassive’s website, displaying real estate listings and photographs, had in significant part been copied from other websites without authorization, and displayed CoStar’s copyrighted photographs. RealMassive sought to strike one section of the complaint, which alleged that RealMassive’s co-founder had been involved — directly and indirectly — in previous intellectual property lawsuits and had made public comments hostile to intellectual property rights. Through a previous venture, the co-founder played a role in two prior lawsuits brought by Craigslist, Inc., which alleged, *inter alia*, violations of website terms of use, the Digital Millennium Copyright Act (DMCA), 17 U.S.C. §1201 *et seq.* (1998), the Lanham Act, and the Computer Fraud and Abuse Act (CFAA), 18 U.S.C. §1030. He was deposed in both cases but a defendant in only one of the two. Separately, the co-founder had questioned the “fairness” of laws that protected CoStar’s intellectual property in public comments. Defendants argued, *inter alia*, that the suit in which the co-founder had been a defendant had not alleged copyright infringement; that both suits ended in default judgments; and that the earlier lawsuits concerned different parties and industries as well as different claims.

The court was “not convinced” by defendants’ arguments. It observed that “[e]ven if, as Defendants contend, McClure was never found liable for violation of copyright law in the prior suits involving him, the prior suits could certainly support a conclusion that he was aware of copyright law and his obligations thereunder.” It cited Fifth Circuit precedent rejecting a challenge to a statutory damages award when the defendant “[was] not unfamiliar with [] copyright laws.” *See, Lance v. Freddie Records, Inc.*, 986 F.2d 1419 (5th Cir. 1993) (*per curiam*) (unpublished table decision), 1993 WL 58790, at 2.

This holding is consistent with other rulings endorsing the principle that even where different plaintiffs brought the prior suits, a history of copyright infringement, or similar allegations, supports a willfulness determination. *See, e.g., Steinmetz v. Houghton Mifflin Harcourt Publ’g Co.*, 2014 WL 6988671, at 2-3 (E.D. Pa. Dec. 11, 2014) (collecting cases, and permitting discovery of “settlements by defendant of unrelated claims” but refusing to compel defendant to search files and produce non-filed claims or settlement agreements of those claims); *Super. Form Builders, Inc. v. Dan Chase Taxidermy Supply Co.*, 74 F.3d 488, 496-97 (4th Cir. 1996) (previous intellectual property suit by different plaintiffs evidence of willful infringement); *EMI Entm’t. World, Inc. v. Karen Records, Inc.*, 806 F. Supp. 2d 697, 703 (S.D.N.Y. 2011) (“Defendants do not appear to dispute that they had been sued on several previous occasions, including once by EMI, regarding unpaid royalties”) (collecting cases), *vacated on other grounds*, 2013 WL 2480212 (S.D.N.Y. June 10, 2013).

Further, other willfulness cases have found a defendant’s familiarity with intellectual property law to be relevant, even in the absence of prior litigation. *See, e.g., Viacom Int’l Inc. v. Fanzine Int’l, Inc.*, 2001 WL 930248, at 4 (S.D.N.Y. Aug. 16, 2001) (willful infringement where defendant was “a multi-national publishing company that publishes over 200 magazine[s] per year” and accordingly “is or should be familiar with copyright

law and particularly with the general practice[s] of securing permission before reproducing copyrighted works”); *Castle Rock Entm’t v. Carol Publ’g Grp., Inc.*, 955 F. Supp. 260, 267 (S.D.N.Y. 1997) (Sotomayor, J.) (evidence of willfulness where defendant’s publisher “testified that his company has had experience with the copyright laws, and that he is familiar with the requirements of those laws”), *aff’d*, 150 F.3d 132 (2d Cir. 1998); *Peer Int’l Corp. v. Luna Records, Inc.*, 887 F. Supp. 560, 568 (S.D.N.Y. 1995) (Sotomayor, J.) (“Moreover, as an author of musical compositions himself and an experienced musical publisher for about 10 to 12 years, who distributed all the major labels of Spanish music, [defendant’s] conduct in ignoring the revocation of [plaintiff’s] license[] demonstrates if not actual knowledge, reckless disregard for plaintiff[s] copyrights.”) (citation and internal quotation marks omitted); *Chi-Boy Music*, 930 F.2d at 1228 (“Evidence of past reluctance by an infringer to pay copyright fees certainly is relevant in assessing his present infringements.”).

Finally, in the Copyright Act’s statutory damages scheme, a defendant’s proof of “innocent infringement” lowers the floor on minimum statutory damages in the same way a plaintiff’s proof of “willful infringement” raises the damages ceiling. *See*, 17 U.S.C. §504(c) (2). In order to rebut the innocent infringement affirmative defense, a plaintiff may rely on the same types of prior conduct that would support a willfulness finding. *See, e.g., Boz Scaggs Music v. KND Corp.*, 491 F. Supp. 908, 914 (D. Conn. 1980) (“[T]he defendants’ conduct cannot be termed innocent. They had been sued once before for copyright infringement and although that case was settled, Dawson admits that since then he has been fully aware of the need to obtain the permission of a copyright owner before broadcasting that owner’s composition on the radio.”).

CONTRIBUTORY INFRINGEMENT

Contributory infringement is “a judicially created doctrine that derives from the common law of torts.” *Tiffany (NJ)*

Inc. v. eBay, Inc., 600 F.3d 93, 103 (2d Cir. 2010). *See also*, *MGM Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913, 930 (2005) (“[T]hese doctrines of secondary liability emerged from common law principles and are well-established in the law.”). The doctrine permits the imposition of copyright liability on a person who is not a direct infringer, but who has knowledge of the infringing activity and induces or materially contributes to the infringing conduct.

In the Second Circuit, as well as most courts, “[t]he knowledge standard is an objective one; contributory infringement liability is imposed on persons who ‘know or have reason to know’ of the direct infringement.” *Arista Records, LLC v. Doe 3*, 604 F.3d 110, 118 (2d Cir. 2010) (citation and emphasis omitted). *See*, *Parker v. Google, Inc.*, 422 F. Supp. 2d 492, 499 (E.D. Pa. 2006) (knowledge requirement includes “both those with actual knowledge and those who have reason to know of direct infringement”), *aff’d, per curiam*, 242 F. App’x 833 (3d Cir. 2007); *In re Aimster Copyright Litig.*, 334 F.3d 643 (7th Cir. 2003) (Posner, J.) (endorsing constructive knowledge); *Fabmy v. Live Nation Entertainment, Inc.*, 2015 WL 3617040, at 6 (C.D. Cal. June 8, 2015) (“In the Ninth Circuit, the knowledge requirement for contributory copyright infringement ... include[s] both those with actual knowledge and those who have reason to know of direct infringement However, more than a generalized knowledge by the [defendant] of the possibility of infringement is required.”) (internal quotation marks omitted). *See also*, *Info. Exch. Sys. Inc. v. First Nat’l Bank Ass’n*, 1992 WL 494607, at 5 (D. Minn. July 23, 1992) (“A party may be liable for contributory infringement if it intentionally induces another to infringe, or continues to supply a product to another whom it knows or has reason to know is engaging in infringement.”), *aff’d*, 994 F.2d 478 (8th Cir. 1993).

Courts also impose contributory liability when there has been “willful blindness.” A willfully blind defendant is one “who took deliberate actions to avoid

confirming suspicions of criminality.” *Luvdarts, LLC v. AT&T Mobility, LLC*, 710 F.3d 1068, 1073 (9th Cir. 2013) (internal quotation marks omitted). *See, e.g.*, *Broad. Music, Inc. v. Wexford INR LLC*, 2014 WL 4626454, at 11 (N.D.N.Y. Sept. 15, 2014) (ignoring BMI’s letters and telephone calls, while performing musical compositions without authorization, constituted willful blindness).

For the purpose of contributory infringement, a defendant’s knowledge may be established by evidence that, *inter alia*, the defendant had previously been informed that it was publishing infringing content, or where it had “enforced intellectual property rights in other instances.” *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1020 n.5 (9th Cir. 2001). “Evidence of actual and constructive knowledge may be found in ‘cease-and-desist letters, officer and employee statements, promotional materials, and industry experience.” *Smith v. BarnesandNoble.com, LLC*, No. 12-CV-4374, 2015 WL 6681145, at 6 (S.D.N.Y. Nov. 2, 2015) (quoting *Capitol Records, LLC v. ReDigi Inc.*, 934 F.Supp.2d 640, 658 (S.D.N.Y. 2013) (emphasis added)). For example, in *Perfect 10, Inc. v. Cybernet Ventures, Inc.*, 213 F. Supp. 2d 1146, 1169 (C.D. Cal. 2002), the record established that “Cybernet was notified of generic potential copyright infringement by users in 2001,” a fact the court found sufficient to raise a serious question concerning Cybernet’s constructive knowledge of Perfect 10’s copyrights.

Accordingly, in cases of contributory infringement, evidence of prior (mis)conduct, and prior industry experience, can help establish the knowledge requirement.

INJUNCTIVE RELIEF

Under 17 U.S.C. §502(a), a court may “grant temporary and final injunctions on such terms as it may deem reasonable to prevent or restrain infringement of a copyright.” 17 U.S.C. §502(a). Federal courts consider a copyright defendant’s prior conduct, including past litigation, in weighing an award of injunctive relief. For example, in *Flyte Tyme Tunes v. Miszkiewicz*, 715 F. Supp. 919, 921

(E.D. Wis. 1989) the court found injunctive relief appropriate because prior lawsuits had not deterred the infringement which, unless restrained, would continue. *See also*, *Broad. Music, Inc. v. McDade & Sons, Inc.*, 928 F. Supp.2d 1120, 1136 (D. Ariz. 2013) (“Because Defendants received numerous calls, letters and cease and desist notices from BMI but did not cease infringement, a permanent injunction is warranted to prevent future copyright violations”).

Reviewing prior misconduct when evaluating the need for injunctive relief is not, of course, confined to the copyright context. However, when combined with the willingness of courts to consider a defendant’s past in the context of liability (for contributory infringement), damages (as warranting enhanced statutory damages) and attorneys’ fees, the copyright case is one context where the judicial system is particularly willing to learn, and apply, the lessons of a defendant’s history.

