

Nos. 10-1883, 10-1947, 10-2052

IN THE UNITED STATES COURT OF APPEALS
FOR THE FIRST CIRCUIT

SONY BMG MUSIC ENTERTAINMENT, ET AL.,

Plaintiffs-Appellants / Cross-Appellees,

v.

JOEL TENENBAUM,

Defendant-Appellee / Cross-Appellant.

On Appeal From The United States District Court
For The District Of Massachusetts

**REPLY BRIEF FOR THE
DEFENDANT-APPELLEE/CROSS-APPELLANT**

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INTRODUCTION

1. If all wisdom must come from the Supreme Court in sentences to be parsed like statutes, blind to arbitrariness, words treated like stones, then, in Lon Fuller's famous thought experiment, placing a bronze war-memorial tank in a park is illegal under a law that bans all vehicles from the park. See Lon L. Fuller, *Positivism And Fidelity To Law — A Reply To Professor Hart*, 71 Harv. L. Rev. 630, 663 (1958). *Feltner* is the law of the land, but it is not written in stone. It is written in sentences by a justice struggling to preserve the most fundamental protection in our Constitution. Justice Thomas, and the rest of the justices supporting his opinion, recognized that § 504(c) of the Copyright Act, as written by Congress, took away from the jury a function that Congress had no constitutional power to remove. The Supreme Court did well to insist on constitutional respect for trial by jury. Jury trial was the number one concern of those who ratified our constitution. Akhil Reed Amar, *The Bill of Rights: Creation and Reconstruction* (1998). *Feltner*, in this respect, stands as a beacon.

But it demeans the jury as an institution to impose arbitrary functions upon it. Justice Thomas and his supporting Court should have

assured that the power it was giving juries was invulnerable to the very concerns of excessiveness and arbitrariness that the Court in *Gore* and *State Farm* have been struggling to bring under control. The Court might also have hoped for better from the lower courts as they filled in the blanks created by this shift in power. Instead, the lower courts have simply substituted “jury” for “court” and proceeded with mere repetition of the statutory language in their instructions to juries. By imparting little else by way of judicial wisdom to juries, they have left juries rudderless. It is no surprise that the resulting verdicts have been unacceptably arbitrary and excessive.

In fact, the trial by jury given to Joel Tenenbaum under *Feltner* turned out to be a travesty. Tenenbaum claimed the benefit of this right, only to find that the claim of copyright infringement was directed against him without opportunity for his jury to consider it; his defense of fair use was foreclosed by having the burden of proving it (as opposed to pleading it) imposed on him; his witnesses were disallowed; and the issue of fair use was resolved against him as a matter of law with the jury never able to consider it. His “public” jury trial was made inaccessible to the digital generation he represents. On the issue of

statutory damages — the sole issue the jury was ultimately allowed to consider — Tenenbaum’s only significant evidence was distorted and excluded; no adequate instructions to guide and limit the jury’s discretion were given. In fact, the jury was affirmatively mis-instructed that it could return a constitutionally excessive award.¹

Feltner is the law of the land. But *Feltner* does not justify this result. Surely *Feltner* was the beginning of a process of injecting the jury into the Copyright Act, and not the end. Trial judges must instruct juries how to decide these cases according to legal principles. They must do more than merely read the statute to the jury and tell the jurors to take into account whatever they like. The exercise of judicial wisdom was the foundation of the Copyright Act, and, under *Feltner*, that wisdom must be transferred in some way to the jury.

2. It cannot be fairly argued, as the plaintiffs have done, that we did not raise the issue of the unconstitutionality and interpretive

¹ The court’s ruling on fair use is at *Sony BMG Music Entm’t v. Tenenbaum*, 672 F. Supp. 2d 217 (D. Mass. 2009). The court’s order excluding the expert testimony of John Palfrey was entered on July 26, 2009 in lower court docket 03-11661 and is reproduced in full at http://bit.ly/Palfrey_Order. The proposed jury instructions are at J.A. 322. This Court’s opinion disallowing the Internet broadcast of the trial is at *In re Sony BMG Music Entm’t*, 564 F.3d 1 (1st Cir. 2009).

impropriety of the imposition of severe statutory penalties against noncommercial consumers. We put it squarely to the court below, arguing that the court “should interpret 17 U.S.C. § 504(c) so as not to apply to noncommercial users. . . . [The contrary interpretation] creates multiple constitutional infirmities.”² After the trial, our motion for new trial asserted that “Congress had no intention of imposing statutory damages on music consumers” and provided ample argument on that point.³ The district court addressed the issue and resolved it adversely to us.⁴ The issue has been raised and appealed, it has been addressed by our adversaries, and it is now squarely before the judges of this Court.

3. Unquestionably Tenenbaum’s concerns for the excessiveness of the judgment entered against him relate to the concerns of arbitrariness and excessiveness that underlie *Gore* and *State Farm*. Plaintiffs’ preferred authority — the *Williams* case — dealt with different facts and very different concerns. That case dealt with a consumer protection law, not a consumer penalty law. Language

² Def.’s Mot. To Dismiss, No. 03-11661 Doc. No. 780, at 6, *available at* http://bit.ly/Motion_To_Dismiss.

³ Def.’s Mot. For New Trial, No. 07-11446, Doc. No. 26, at 19, *available at* http://bit.ly/Motion_For_New_Trial.

⁴ Pl. Add. 12–13.

expressing a limitation on how legislatures may deal with consumer abuses by corporations is far afield from concerns about how penalties may be imposed on consumers.

Again, the Plaintiffs treat the law as if made of stones, not words. Statutes and cases must be read with their purpose and with their reasonableness in mind. They are not merely words to be applied literally no matter how irrational the outcome that might result. We do not contend that our case is exactly like *Gore* or that *Williams* is irrelevant. We do maintain that the principles of due process that underlie both cases apply and should be brought to bear here, albeit with attention to differences.

4. We urge this Court to strip away the denigrating bombast and inflated outrage that characterizes Plaintiffs' brief and focus instead on the issues we present: one of substance dealing with the misconstruction and misapplication of the statute and statutory damages to a noncommercial consumer, one of process challenging the arbitrariness of function the jury was directed to perform, and one of outcome challenging the result of the statutory interpretation and implementation process as excessive.

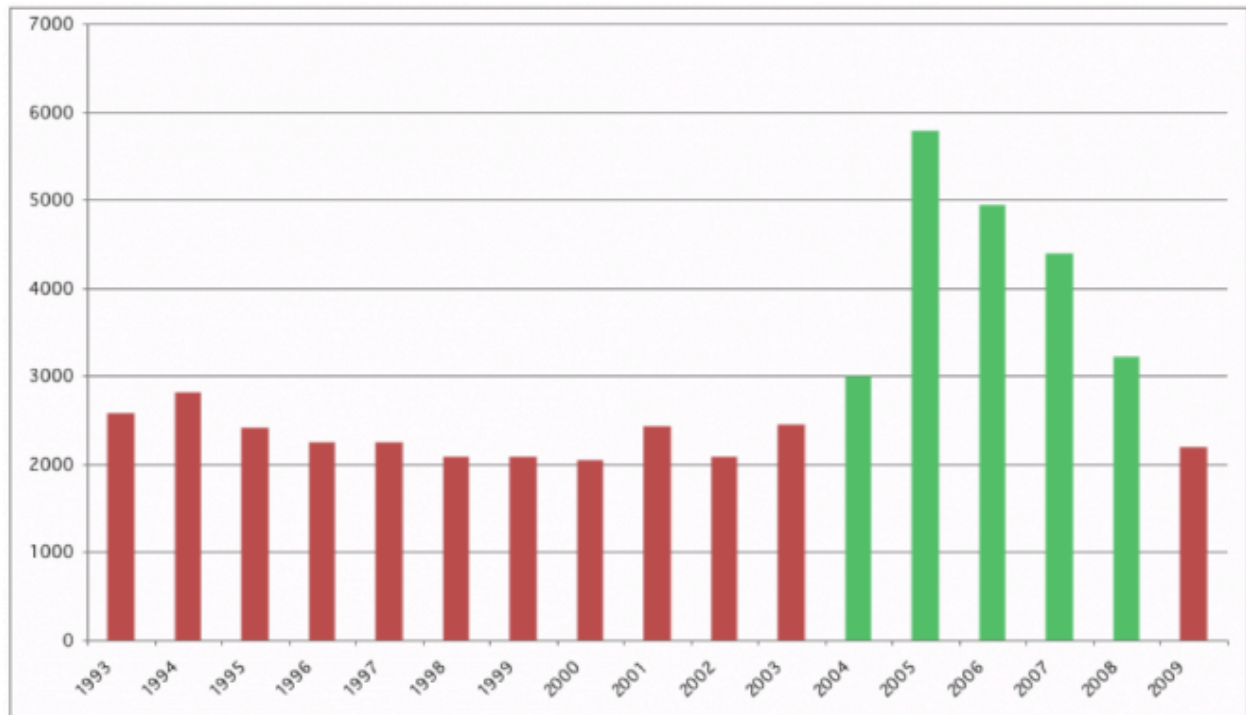
ARGUMENT

I. PLAINTIFFS' EXTRAORDINARY LITIGATION CAMPAIGN MUST INFORM THIS COURT'S ANALYSIS.

The Plaintiffs attempt to squeeze this first-of-its-kind case down to a single issue regarding the proper amount of damages. They therefore claim that essentially all of the difficult issues raised in our opening brief regarding the construction of § 504(c) are not properly “preserved” for decision by this Court. *E.g.*, Pl. Resp. Br. 4. The Government, to its credit, apparently does not share this view and addresses these arguments on the merits.

1. Joel Tenenbaum's case is part of a massive “litigation campaign” against individual filesharers. For more than five years, these plaintiffs, by their own admission, “contacted over 18,000 people” regarding their not-for-profit filesharing activities. Declaration of Matthew J. Oppenheim dated June 24, 2009, in *Andersen v. Atlantic Recording Co.* (D. Or. No. 07-934), available at http://bit.ly/Oppenheim_6-24-09. Of that group, over 12,500 people were directly sued and over 5,000 received “Presuit Notification Letters” strongly encouraging settlements. *Id.* As the graph below indicates, in 2005, these lawsuits accounted for perhaps half of all copyright cases

filed in the federal courts. “Copyright Suits Plummet in Aftermath of RIAA Campaign,” *Wired Threat Level*, <http://www.wired.com/threatlevel/2010/05/riaa-bump/>.



The light grey (or green) bars are years in which the plaintiffs’ litigation campaign was active. The y-axis is number of copyright suits filed. Data is from the Administrative Office of the Courts. Image source: “Copyright Suits Plummet,” *supra*.

2. Nearly eight years after these suits began, only two defendants have had the benefit of full trials. The others settled or accepted default judgments because the costs of litigating such issues overwhelms most defendants.⁵

⁵ The Record Industry faces the same cost conundrum. Public filings reveal that the RIAA spent over \$64 million in lawsuit-related fees over the course of a three-year period and recovered only \$1.4

Although the RIAA has stopped initiating new lawsuits, they are continuing this campaign against other, similarly situated individual consumers. *See Capitol Records Inc. v. Thomas-Rasset*, 680 F. Supp. 2d 1045 (D. Minn., 2010). Further, other copyright holders have begun similar campaigns with regard not only to the sharing of music but also of film and journalism. Examples of new groups of “copyright plaintiffs” include the Copyright Enforcement Group, whose services cover content including audio, video, images, and text; the US Copyright Group, which has sued more than 20,000 individual movie downloaders; and Righthaven, a group that has filed over 200 federal lawsuits against individual website operators and bloggers who reposted all or parts of articles from newspapers that the group buys copyrights from.⁶ A

million in settlement amounts. Mike Masnick, “RIAA Spent \$17.6 Million in Lawsuits . . .” *TechDirt*, <http://www.techdirt.com/articles/20100713/17400810200.shtml>. However, the RIAA has stated publicly that these lawsuits are not primarily meant to recover actual money damages from real people like Joel Tenenbaum but are merely the “enforcement phase of its education program.” *See* RIAA Press Release of Sept. 8, 2003, *available at* http://bit.ly/RIAA_Education. The RIAA has therefore been willing to absorb such losses.

⁶ Google searches can reveal much more information about these group’s activities, but for information on the Copyright Enforcement Group, see <http://rushprnews.com/2010/05/10/copyright-enforcement-group-announces-extensive-portfolio-of-5500-titles>; for the US Copyright Group, see <http://thresq.hollywoodreporter.com/2010/03/new->

columnist for *Fortune* recently argued that Righthaven's campaign in particular is "sure to impact the future of online media, if not the entire Internet."⁷ The combination of an escalating number of similar lawsuits and a dearth of on-point caselaw means that this Court's decision could potentially shape the interactions between consumers and media content providers for years to come.

Moreover, these suits, as the Government concedes and Plaintiffs do not dispute, were entirely novel. Gov't Resp. Br. 20 n.3. They represent the first time that major copyright holders have ever sued not-for-profit consumer copiers. But because of the threat of massive damages, the uncertainty of these novel legal issues, and the resource gap between corporate plaintiffs and unrepresented defendants, few lawyers were willing to take the cases even *pro bono*. Indeed, Tenenbaum proceeded *pro se* for over a year.

3. Finally, Plaintiffs' claim that we have failed to preserve the fundamental issues of our appeal is meritless. Every issue now raised on appeal was raised either pre-trial, during trial or on motion for new

litigation-campaign-targets-tens-of-thousands-of-bittorrent-users.html; for Righthaven, see <http://www.righthavenlawsuits.com/lawsuits.html>.

⁷ <http://tech.fortune.cnn.com/2011/01/06/las-vegass-copyright-crapshoot-could-maim-social-media/>.

trial. *See supra* nn. 1–4. These issues were addressed by the district court and are properly before this court on appeal.

Even if these issues had not been raised below, the interposition of procedural barriers to consideration of the legal merits of an appeal is discretionary. *Nat'l Ass'n of Soc. Workers v. Harwood*, 69 F.3d 622, 627 (1st Cir. 1995) (the “raise-or-waive principle is a matter of discretion” for an appellate court); *United States v. La Guardia*, 902 F.2d 1010, 1013 (1st Cir. 1990) (discretion called for where “new issue[s] [are] strictly question[s] of law” and “almost certain to be presented in identical terms in other cases”); *United States v. Krynicki*, 689 F.2d 289, 291 (1st Cir. 1982) (“declining to reach [a] straight-forward legal issue will neither promote judicial economy, nor aid the administration of [justice]).

This is the first of over 12,000 cases filed against home copiers to reach the Courts of Appeal after trial. The challenges raised by Tenenbaum are common to all of these cases. The issues Tenenbaum presents should be decided now for the benefit of all.

II. SECTION 504(C) DOES NOT APPLY TO CONSUMER COPIERS.

A. *There is no evidence that Congress ever intended § 504(c) to apply against consumers.*

Plaintiffs concede that the motivation for granting copyright to sound recordings was to combat “commercial bootlegging and piracy” and not consumer copying. Pl. Resp. Br. 14. Nowhere in the legislative history is there a hint that Congress intended to impose statutory damages on consumers. Indeed, as the Government admits, the litigation campaign by the Plaintiffs marks the very first time in the history of American copyright that a consumer has been held liable for copyright infringement. Gov’t Resp. Br. 20 n.3. Plaintiffs do not dispute this contention.

The Government reasons that “[b]efore the advent of peer-to-peer networks, the costs of bringing a copyright action against an individual for making a single unauthorized copy for personal use were apt to far outweigh the benefits.” Gov’t Resp. Br. 20. But the Industry has touted the menace of consumer copying for decades and never before attempted to sue consumer copiers — even though the same remedial structure has been in place since 1976. *See, e.g., Home Recording of Copyrighted*

Works: Hearings on H.R. 4783 et al., Before Subcomm. on Courts, Civil Liberties and the Administration of Justice of the H. Comm. on the Judiciary, 97th Cong., at 329–30 (April 14, 1982) (Statement of the RIAA) (citing a study demonstrating that consumers copied the equivalent of 455 million albums in 1980 compared to the industry-wide sale of 475 million albums and that the persistence of consumer copying could deliver a “knock-out blow” to the industry). Given the scope of the alleged problem in 1982 and how massive their recovery could be from even a single consumer copier under their interpretation of the statutory damages regime, the only explanation for the absence of suit is that no one trusted the statutory authority to bring legal action against consumers.

This litigation campaign therefore marks an unprecedented application of statute to a class never envisioned by Congress. Every time consumers have been mentioned in regard to proposed legislation, it has been to exempt them from liability, not expose them. *See* Def.’s Opening Br. 47–74. The Audio Home Recording Act serves as a particular manifestation of Congress’s unbroken desire to shield consumers from copyright liability. *Id.* at 60–63.

B. Tenenbaum's use was noncommercial.

Plaintiffs argue that Tenenbaum's conduct does not fit within any "legitimate conception of 'noncommercial.'" Pl. Resp. Br. at 12. But their arguments either draw on an inapposite term of art from the *criminal* provision, Pl. Resp. Br. at 10, or discussions of fair use, where there is an argument that individual activities that have large commercial consequences for the copyright holder, whether by commercial or noncommercial persons, should not be considered fair uses. The question here is different — whether a congressional cause of action for huge damages should be given to copyright holders against noncommercial copiers.

Tenenbaum is not in the business of selling music or profiting from it in any way. Surely this definition of "noncommercial" — which is common sense — would qualify as a "legitimate conception." *See also Webster's College Dictionary* (2003) (defining "commercial" as "viewed with regard to profit," "designed for profit," and "emphasizing skills and subjects useful in business").

C. Section 504(c) was meant to solve proof problems.

Plaintiffs conflate the benefit of not having to accurately prove actual damages for the purposes of assessing a statutory award with

carte blanche to levy windfall judgments without proving any harm whatsoever. In fact, statutory damages were created as a means to fashion a just award for actual damages and profits when problems of proof make an accurate assessment difficult or impossible. *See L.A. Westermann Co. v. Dispatch Printing Co.*, 249 U.S. 100 (1919) (awarding damages to commercial infringers who had caused real damage and made real profits, albeit difficult to prove). The intent was to enable a plaintiff to recover “an award which is justified by the proof and which most closely reflects the extent of the plaintiff’s injury.” Draft Bill S. 1361, *reprinted* in Cambridge Research Institute, *Omnibus Copyright Revision: Comparative Analysis of the Issues* 143 (1973); *see also Bly v. Banbury Books, Inc.*, 638 F. Supp. 983, 987 (E.D. Pa. 1986) (“[N]umerous courts have held that assessed statutory damages should bear some relation to the actual damages suffered.”).

Plaintiffs’ fictional congressional extension of penalties against noncommercial consumers is built entirely on wordplay that converts a congressional accommodation to proof problems in cases against commercial infringers (there were no other) into a massive creation of entitlement against consumers.

III. *FELTNER* HAS ALTERED THE LANDSCAPE IN A WAY THAT LOWER COURTS HAVE NOT PROPERLY RESPONDED TO.

In *Feltner v. Columbia Pictures Television, Inc.*, the Supreme Court held that Congress intended for judges to set the amount of statutory damages under the Copyright Act but that the Seventh Amendment in fact required a jury trial if requested. 523 U.S. 340, 355 (1998). But by reading “jury” into a statute meant for judicial wisdom, the Court jettisoned what had essentially been a judge-administered common law of statutory damages and unleashed the potential for arbitrary awards manifest in this case. Def.’s Opening Br. 50. In the 13 years since *Feltner*, the lower courts have done nothing to mitigate this potential, but instead appear to have abandoned the idea that an *educated* jury could be injected into this statutory framework.

First, § 504(c), as Congress wrote it, should not have survived *Feltner*. See Def.’s Opening Br. 48–51. Indeed, Justice Scalia’s concurrence suggests as much. See *Feltner*, 523 U.S. at 359 (Scalia, J., concurring) (“Because an interpretation of § 504(c) that avoids the Seventh Amendment question is at least ‘fairly possible,’ I would adopt that interpretation, *prevent the invalidation of this statute*, and reserve the constitutional issue for another day.”) (emphasis added). The

Court’s opinion effects a substantive rewriting of the statute that explicitly contravenes the letter and intent of the statute. Whereas other decisions that graft a jury trial right onto a statute did not contravene explicit legislative intent, *see, e.g., Tull v. United States*, 481 U.S. 412, 425–27 (1987) (declining to create jury trial right for liability phase of civil penalties), here the Court has arguably usurped Congress’s directive, *see U.S. v. Yermian*, 468 U.S. 63, 73 n.3 (1984) (“[T]his Court should not rewrite the statute in a way that Congress did not intend.”).

Nonetheless, while we concede that this Court does not have the power to overrule *Feltner*, this Court is obliged to fairly interpret the Copyright Act as a whole in the wake of *Feltner*. It should not merely replace the word “court” with the word “jury” and think the job is done.

Plaintiffs argue instead that almost *any* attempt by a trial judge to guide the jury’s discretion or cabin its ultimate award is improper. Pl. Resp. Br. 7–9. Plaintiffs therefore would have this Court embrace arbitrariness and rule that judges may never, consistent with *Feltner* or sound trial procedure, impart their accumulated wisdom to juries in any systematic, sophisticated way. *See* Pl. Resp. Br. 48–50.

Feltner, however, is anything but the final word on the jury’s role in awarding statutory damages or the relationship between the judge and jury. Beyond allowing a jury to select the statutory damages award, *Feltner* says nothing about the relationship between judge and jury, and is likewise silent on how juries should properly be instructed in assessing statutory damages. Instead, that decision is but the groundbreaking in what should, if it is to continue at all, be an ongoing project of rebuilding § 504(c) — a project that this Court should here either take up or shut down.

IV. THE AWARD, EVEN AS REDUCED, IS EXCESSIVE.

Plaintiffs vigorously defend a \$675,000 award against a college student who shared thirty copyrighted songs despite the fact that the “the common sense of justice would surely bar penalties that reasonable people would think excessive for the harm caused in the circumstance.” *Exxon Shipping Co. v. Baker*, 128 S. Ct. 2605, 2626–27 (2008). As the district court found, the Constitution also has something to say in such cases. Pl. Add. 8.

Throwing “the common sense of justice” and the constraints of the Due Process Clause to the wind, Plaintiffs attempt to insulate that

award from judicial review by claiming that such astronomical damages are only to be reviewed under the “deferential” standard articulated by the Supreme Court nearly a century ago in *St. Louis, I. M. & S. Railway Co. v. Williams*, 251 U.S. 63 (1919). Pl. Resp. Br. 31–44; Gov’t Resp. Br. 9–17. Their efforts to have this Court ignore decades of Supreme Court explication of the Due Process Clause should be rejected. Moreover, under any standard, the award must be further reduced, because a penalty of \$67,500 for sharing thirty songs remains “wholly disproportioned to the offense and obviously unreasonable.” *Williams*, 251 U.S. at 66–67.

A. The Gore standard applies in this case.

In attempting to insulate damages under the Copyright Act from judicial review, Plaintiffs claim that Tenenbaum’s opening brief, “like the district court’s opinion, fails to grasp the distinction between review of an award within a statutorily prescribed range and punitive damages review.” Pl. Resp. Br. 31. Not so. Both the opinion and the brief not only “grasp” this distinction, but candidly acknowledge that there are differences between statutory damages and common-law punitive damages. The district court “remain[ed] cognizant of two factors that

distinguish this case from a typical case in which punitive damages are awarded,” Pl. Add. 31, but nonetheless held that the “principles articulated in the Supreme Court’s recent punitive damages case law are relevant.” *Id.* at 28. Likewise, our opening brief never claimed there were no differences between the two, but merely noted that the two standards were “of a piece” and that the judicial of review of damages under the Copyright Act “must be similar” to the Due Process review that occurs in related contexts. Def.’s Opening Br. 12–13.

As explained in our opening brief and in the district court’s opinion, *Gore*, *State Farm*, and related cases are relevant here because they address the same concerns that underlie this case: lack of fair notice, arbitrariness, and substantive fairness. *See Id.* at 11–15. Regardless of how damage awards are authorized, they must comport with these fundamental tenets of the Due Process Clause.

Not only is review of this case under *Gore* and *State Farm* appropriate, but *Williams* itself is a weaker fit than Plaintiffs acknowledge. *Williams*, they say, demands exceedingly deferential judicial review because it “requires a court to defer to Congress’s considered judgment.” Pl. Resp. Br. 32. Yet they fail to acknowledge

that, in *Williams*, the scheme for punishing the defendant railroad was far more “considered” than the broad measure of damages in the Copyright Act.

In *Williams*, the plaintiffs’ award was authorized by an Arkansas statute that specifically regulated rates of rail travel, with a minimum penalty of \$50 and a maximum of \$300 per violation. *Williams*, 251 U.S. at 63–64. By contrast, the statutory scheme in this case, authorizing penalties from \$750 to \$150,000 per “infringement,” does not represent the “considered judgment” of the legislature as to what is appropriate in this particular case or even class of cases. Instead, it authorizes a vast range of penalties for all kinds of copyright infringement — from large-scale, for-profit counterfeiting to publishing an unauthorized quiz book of *Seinfeld* trivia. *Cf.* Pl. Add. 32–44; Def. Opening Br. 47–65 (explaining that Congress has never had consumer copiers in mind when setting the range of penalties under the Copyright Act).

Moreover, while the Supreme Court in *Williams* noted that awards may not be “so severe and oppressive as to be wholly disproportioned to the offense and obviously unreasonable,” 251 U.S. at 66–67, that case countenanced a \$75 award against a multimillion-

dollar railroad company to a consumer plaintiff. The situation here is the exact opposite: a collection of the world’s largest recording companies have brought suit against a consumer defendant. While the laws must apply equally no matter the identity of the parties, it defies logic to suggest that the measure of what is “severe and oppressive” is the same whether the defendant is the St. Louis, Iron Mountain & Southern Railway Company or a single student.

Finally, after attempting to distinguish away *Gore* and *State Farm*, Plaintiffs cannot help but fall back on their typical modus operandi — scare tactics — by issuing a dire warning: “to accept Tenenbaum’s argument would require this Court to hold that *Gore* overruled *Williams*.” Pl. Resp. Br. 34–35. But in fact the argument entails nothing more than acknowledging that the recent damages case law informs a Due Process analysis that would otherwise be bereft of any explication for nearly a century. Def. Br. 11–15.

B. Even a \$67,500 award violates Due Process.

1. Under Gore, a \$67,500 award violates Due Process.

In its response brief, the Government refuses any attempt to substantively defend the award under *Gore*. Meanwhile, the Industry’s

two-page response on this issue combines legal misstatements with its trademark linguistic acrobatics.

First, as a legal matter, Plaintiffs again claim that the harm caused to them stems from the fact that Tenenbaum “made those illegal copies available for millions of other peer-to-peer network users to download from him for free.” Pl. Resp. Br. 44–45. They repeat this assertion without even bothering to acknowledge that this Court has definitively held that “making available” is not a right protected under the Copyright Act. *See* Def.’s Opening Br. 23–25 (citing *Latin Am. Music Co. v. Archdiocese of San Juan*, 499 F.3d 32, 46 (1st Cir. 2007)); *see also* 4 Patry on Copyright § 13:11.50 (“To argue that the individual from whose hard drive the work is snatched is sending the work (much less distributing a copy of the work) is technically and legally incorrect.”). This Court must reject the Industry’s attempt to hold Tenenbaum accountable for violating a right that copyright owners do not have.

Second, they rely on little more than clever wordplay to attempt to escape the Due Process Clause’s requirement that jury awards bear some reasonable relationship to the harm caused by the defendant. For instance, they claim that Tenenbaum “deprived Plaintiffs of an

unknowable measure of profits,” and that he has attempted to “blam[e] Plaintiffs for their inability to quantify precisely the amount of injury directly attributable to his actions.” Pl. Resp. Br. 45. Yet losses that are “unknowable” do not necessarily run into the hundreds of thousands of dollars, and an “inability to quantify precisely” the harm caused does not mean an inability to reasonably estimate it.

Indeed, the very authority cited by Plaintiffs recognizes that although a defendant may not get off scot-free merely because the damages he has caused are uncertain, what this entails is that “the wrongdoer may not object to the plaintiff’s *reasonable estimate* of the cause of injury and of its amount, *supported by the evidence.*” *Bigelow v. RKO Radio Pictures*, 327 U.S. 251, 265 (1946) (cited at Pl. Resp. Br. 45) (emphases added). Despite this obvious conclusion, the Industry Plaintiffs alone have submitted two briefs totaling 27,958 words — incidentally, a total slightly greater than the number of words in Hemingway’s classic *The Old Man and the Sea* — and yet they have not managed to provide this Court with any “reasonable estimate . . . supported by the evidence” of the harm Tenenbaum caused.

The reason for their refusal is that any estimate would reveal how embarrassingly out-of-proportion even the reduced \$67,500 award is. No matter how one measures the harm Tenenbaum caused, it results in a ratio of punishment to harm anywhere from 45:1 to over 3,000:1 — and that is for the as-reduced award. *See* Def. Opening Br. 16; *see also* Pl. Add. 47–51 (calculating ratios for the original award). These are all far higher than the presumptive constitutional maximum articulated by the Supreme Court in *State Farm*. Def.’s Opening Br. 21–23. The award must therefore go even lower to comport with Due Process.

Although Plaintiffs continue to emphasize the “gigantic scale” of global filesharing, Pl. Resp. Br. 41, such a claim actually undermines their evaluation of the individual harm caused by Tenenbaum. Plaintiffs’ expert Stan Liebowitz produced a paper in December of 2004 showing that there were around “40 million unduplicated” filesharers per month in the U.S. Stan J. Liebowitz, *File-Sharing: Creative Destruction Or Just Plain Destruction?*, at 11, <http://som.utdallas.edu/centers/capri/documents/destruction.pdf>. But that gigantic user base entails that the average individual contribution to the alleged \$10 billion dollar annual decline would have been around

\$250 annually. Under yet another measure, the \$67,500 remains entirely unjustifiable.

2. Even under Williams, a \$67,500 award violates Due Process.

Under *Williams*, Plaintiffs claim it is “clear” that the jury’s award is “proportionate and reasonable” in light of the fact that “the public has a strong interest in robust copyright protections.” Pl. Resp. Br. 40. But one wonders how the result can be so “clear” on the basis of a single sentence of text in a single Supreme Court case with vastly different facts than those here. Their supposed “clarity” is even less warranted considering that the First Circuit has never even cited *Williams*.

With no relevant caselaw to point to, their argument that the award is “proportionate and reasonable” under *Williams* relies principally on quotations wrenched from inapposite cases and other sources dealing with distributors of hardware or software that enable widespread infringement. *See* Pl. Resp. Br. 38–44. But even assuming that “peer-to-peer networks are one of the greatest emerging threats to intellectual property ownership,” that fact would have little relevance to how reprehensible Joel Tenenbaum’s conduct was. *See* Pl. Resp. Br. 41.

He was one of literally hundreds of millions of global users, not any kind of filesharing ringleader or illicit software provider.

As before, this Court should reject the Industry’s attempt to place the entire universe of global filesharers on one side of the “harm” ledger for the purposes of a proportionality analysis. Even under *Williams*, only a minimum award would come close to being “not wholly disproportioned to the offense.”

V. THE JURY INSTRUCTIONS DID NOT PROPERLY GUIDE THE JURY.

A. The court’s instruction on the entire statutory range was erroneous.

Plaintiffs once again raise meritless procedural hurdles that would affect this Court’s ability to pass upon the jury instructions regarding the statutory range. They claim that Defendant’s proposal that the jury be instructed as to the Constitutional maximum rather than the statutory maximum was not properly preserved. Pl. Resp. Br. 47–48.

In fact, defendant argued throughout the proceedings that the application of the statutory damage provisions contained in § 504(c) against an individual defendant unmotivated by profit was a violation of due process and that a jury was therefore *not* authorized to award up

to \$150,000 per infringement. In its order on Defendant’s Motion to Dismiss a month before trial, the court stated that it would defer the issue and decide whether there was a constitutional maximum “only if and when a jury awards damages against Joel Tenenbaum.” J.A. 319. Yet, despite this explicit deferral, Plaintiffs argue that Tenenbaum should have requested a jury instruction regarding the constitutional limit at the trial itself — even though the judge had already ruled that such a maximum would only be decided *after trial*. Apparently, in order to preserve this issue to Plaintiffs’ satisfaction, Tenenbaum would have had to request that the jury be instructed about the constitutional limit a year before it was even established by the court.

On the merits, Plaintiffs claim that instructing the jury of the constitutional maximum rather than the statutory maximum would be “unworkable.” Pl. Resp. Br. 49–50. This is a non sequitur. As Plaintiffs themselves admonish, the cardinal rule of jury instructions is that they must form a “correct statement the law.” *Id.* at 48. But according to the district court, the Constitution does not permit an award above \$2,250 per infringement. Therefore, it was a plainly *incorrect* statement of the law to tell the jury that it may award up to \$150,000 per infringement.

Since the district court held that there was an upper limit imposed by the Constitution, the fact that the *statute* authorizes a higher award is irrelevant. It has been true since the days of *Marbury v. Madison* that, as between the Constitution and a statute, the Constitution is the law of the land. Therefore, Plaintiffs' argument that "a jury *does* have authority to award any amount of damages within the statutory range," Pl. Resp. Br. 48, is only true insofar as the Constitution allows. Instructing the jury that it could levy an unconstitutional award is an error so plain that it meets any standard of appellate review. *See Diaz-Fonseca v. Puerto Rico*, 451 F.3d 13, 36 (1st Cir. 2006) (finding plain error in case where jury was instructed "contrary to law" about the type of damages authorized).

The error was prejudicial because a jury affirmatively instructed that it can award an amount outside of the amount permitted by the Constitution will frequently comply. In Plaintiff's own words, "[f]ailing to instruct the jury of the *statutory range* that cabins its discretion would invite error, as it would in many instances require the judge to interfere with the jury's role in a manner contrary to *Feltner*." Pl. Resp. Br. 48 (emphasis added). But now replace "statutory range" with

“Constitutional range” and Plaintiffs have conceded the point. So long as juries are affirmatively told that they can award unconstitutionally high damages, the problem of massively disproportionate jury awards will not be solved.

B. The testimony presented at trial required a limiting instruction regarding harm caused by nonparties and flowing to nonparties.

Plaintiffs erroneously assert that Tenenbaum did not preserve his argument that the jury should have been instructed “to consider only harms by the named defendant that flowed to the named plaintiffs.” Pl. Resp. Br. 51. In fact, Tenenbaum’s proposed instruction regarding the scope of damages anticipated Plaintiff’s trial strategy of presenting extensive “evidence relating to other downloading and sharing” by nonparties and therefore asked that damages be limited to the songs named in the complaint. J.A. 329.

The district court later recognized the risk created by the testimony of Plaintiffs’ witnesses, noting that “the plaintiffs argue that they have lost billions of dollars in revenue due to file-sharing” but that the jury could not be “permitted to punish Tenenbaum for harm caused by other infringers.” Pl. Add. 45 (citing *Philip Morris USA v. Williams*,

549 U.S. 346 (2007)). The court was thus on notice that a specific instruction was required to ensure that any damages awarded against Tenenbaum would be for his conduct alone. Moreover, based on the extended discussion of *Philip Morris* in the opinion reducing the jury's award, the court was well aware of this potential problem. *Id.* at 26.

Plaintiffs assert that they are somehow inoculated from this claim by a general statement made at closing argument asking the jury “to apply the damages to what Joel did.” Pl. Resp. Br. 53 (citing J.A. 85 [*sic*, 258]). Yet the very next page of the trial transcript begins a passage where Tenenbaum's conduct is linked, with the aid of a corresponding chart, to a “sharp decline in the sales of legitimate albums,” “the significant decrease in sales that has been caused by illegal file sharing,” “significant layoffs,” and diminished “abilities to develop new artists and produce the music that we all enjoy.” J.A. 259–60. Moreover, Plaintiffs do not dispute the existence of extensive testimony, summarized in the summation, given by its witnesses during the course of the trial regarding harm caused by nonparties. *See* Def.'s Opening Br. 36–43.

Alternatively, the failure to give such an instruction that limited the jury's consideration of harm caused by and flowing to nonparties constituted plain error. *Smith v. Kmart*, 177 F.3d 19, 26 (1st Cir. 1999). The instruction was prejudicial to the defendant and created a miscarriage of justice because it contributed to the jury's absurdly high award against an individual defendant who saw no profit from his actions. The jury was invited to punish Joel Tenenbaum for the evils allegedly caused by all filesharing and to send a message to all filesharers. Such a result "seriously impaired the fairness, integrity, or public reputation of judicial proceedings." *Rivera Castillo v. Autokirey, Inc.*, 379 F.3d 4, 10 (1st Cir. 2004).

Finally, prudential concerns counsel in favor of considering this objection. The authors of Rule 51 specifically commented in the notes to the rule that "[i]n a case that seems close to the fundamental error line, account also may be taken of the impact a verdict may have on nonparties." Fed. R. Civ. P. 51 Notes (2003). Given that so few filesharing cases have been heard by the courts, this factor is particularly salient in the instant case. *See supra* Sec. I.

C. The district court improperly defined “willful” infringement.

The Copyright Act has a three-tiered system of statutory damages depending on the infringer’s *mens rea*. 17 U.S.C. § 504(c). The standard infringement category has a range of \$750 to \$30,000 per infringement. “Innocent” infringement sits on the bottom, with a possible reduction of the minimum to \$250 per infringement. “Willful” infringement is at the top, as it enables an award of up to \$150,000.

The district court instructed the jury that “willful” copyright infringement occurs when “a defendant had knowledge that his actions constituted copyright infringement.” J.A. 68. Plaintiffs admit that this instruction reduces “willful” to merely “knowing” and then refuse to defend this interpretation on the merits. *See* Pl. Resp. Br. 55–57. Instead, they cite usages of the word “willful” in other contexts, again as if words are stones to be lifted from one case to another without reference to context.

The context here is a statute with three tiers of *mens rea*, and it makes no sense if the top two tiers are grouped together. Equating “willful” infringement with “knowing” “stretche[s] the concept of ‘willful’ infringement so that virtually all ordinary infringers are at risk of

excessive statutory damage awards.” Pamela Samuelson & Tara Wheatland, *Statutory Damages In Copyright Law: A Remedy In Need Of Reform*, 51 Wm. & Mary L. Rev. 439, 455 (2009); *see also* Amicus Br. of Electronic Frontier Foundation 5 n.3. The jury checked the “willful” box on the verdict form, demonstrating the relevance of the issue here. Under proper instructions, the jury could have found Joel Tenenbaum merely “knowing.”

Plaintiffs say the middle category is not in fact “knowing” and point out that the word does not appear except by statutory interpretation, alternatively arguing that the bottom tier of innocence has been eliminated, thus making innocence the middle category and “knowing or willful” the top. Pl. Resp. Br. 56. This builds on the Recording Industry's remarkable contention that copyright is a strict liability offense and that their putting notice of copyright on the physical jackets of phonorecords eliminates the category of innocence for digital downloaders. As Justice Alito recently stated dissenting from the Supreme Court's denial of certiorari, in *Harper v. Maverick Recording Co.*, 130 S. Ct. 590, 591 (2010), the prevailing interpretation of *mens rea* under the Act “may or may not set out a sensible rule for

the post-‘phonorecord’ age.” This Court should accordingly not slavishly follow the interpretation derived from inapplicable contexts.

CONCLUSION

For the reasons forgoing, Joel Tenenbaum asks this Court to set aside the judgment and order of the District Court and dismiss the complaint or to order a new trial.

February 17, 2011

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

I certify that this brief has been prepared using a 14-point, proportionally spaced font (Century Schoolbook) and that, based on word processing software (Microsoft Word 2011), this brief contains 6,527 words.

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CERTIFICATE OF SERVICE

I certify that on February 17, 2011, I caused the foregoing Brief to be electronically filed with the Court. As opposing counsel are registered with the Court's Electronic Case Filing System, the electronic filing of this brief constitutes service upon them under the Court's Administrative Order Regarding Electronic Case Filing (September 14, 2009).

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