In The
Supreme Court of the United States

ANNE BRYANT, ELLEN BERNFELD,
and GLORYVISION, LTD.,

Petitioners,

vs.

MEDIA RIGHT PRODUCTIONS, INC., DOUGLAS MAXWELL, and THE ORCHARD ENTERPRISES, INC.,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Second Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

In lieu of actual damages and profits, the Copyright Act of 1976 allows a copyright owner to elect statutory damages for each "work" infringed. 17 U.S.C. § 504(c)(1). Where a copyright infringer makes an unauthorized digital copy of a music album, then offers individual songs from the album for sale or distribution on the Internet, are statutory damages calculated on a per-album or per-song basis?

PARTIES AND CORPORATE DISCLOSURE STATEMENT

The names of all parties are contained in the caption of this petition. Petitioner Gloryvision, Ltd. has no parent corporation and no publicly-held company owns more than 10 percent of its stock.

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Anne Bryant, Ellen Bernfeld, and Gloryvision, Ltd. respectfully petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Second Circuit.

OPINIONS BELOW

The opinion of the court of appeals (App. 1-19) is reported at 603 F.3d 135. The district court's order (App. 20-44) is unreported.

JURISDICTION

The judgment of the court of appeals was entered on April 27, 2010. On July 19, 2010, Justice Ginsburg extended the time within which to file a petition for a writ of certiorari to September 23, 2010. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTES INVOLVED

17 U.S.C. § 504(c) of the Copyright Act of 1976 provides in relevant part:

> (1) Except as provided by clause (2) of this section, the copyright owner may elect, at any time before final judgment is rendered, to recover, instead of actual damages and profits, an award of statutory damages for all

> infringements involved in the action, with respect to any one work, for which any one infringer is liable individually, or for which any two or more infringers are liable jointly and severally, in a sum of not less than $750 or more than $30,000 as the court considers just. For the purposes of this section, all the parts of a compilation or derivative work constitute one work.
>
> (2) In a case where the copyright owner sustains the burden of proving, and the court finds, that infringement was committed willfully, the court in its discretion may increase the award of statutory damages to a sum of not more than $150,000. In a case where the infringer sustains the burden of proving, and the court finds, that such infringer was not aware and had no reason to believe that his or her acts constituted an infringement of copyright, the court in its discretion may reduce the award of statutory damages to a sum of not less than $200.

The Copyright Act defines a "compilation" as "a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship. The term 'compilation' includes collective works." *Id.* § 101. "A 'collective work' is a work, such as a periodical issue, anthology, or encyclopedia, in which a number of contributions, constituting

separate and independent works in themselves, are assembled into a collective whole." *Id.*

STATEMENT OF THE CASE

Petitioners Anne Bryant and Ellen Bernfeld, both accomplished musicians and songwriters, and their record label, Gloryvision, Ltd., created and produced two music albums entitled *Songs for Dogs and the People Who Love Them* ("*Songs for Dogs*") and *Songs for Cats and the People Who Love Them* ("*Songs for Cats*"). Each of the albums had 10 individual songs. The two albums were registered with the Copyright Office, and many of the songs on the albums were separately registered.[1] App. 3, 8 n.4, 23.

On February 24, 2000, petitioners entered into an agreement with respondent Media Right Productions, Inc. ("Media Right") to market the albums. Petitioners provided Media Right with physical copies of the albums to use as samples. The agreement did not authorize Media Right to distribute or

[1] The appellate record contains copyright registrations for eight of the songs on the albums. A-099 to A-114. However, the copyright registrations for the albums themselves state that 10 of the songs from *Songs for Cats* and four of the songs from *Songs for Dogs* were individually copyrighted. A-073, A-091. Petitioners' counsel below represented that 14 of the songs were individually copyrighted. T-09. The Second Circuit decided the appeal based on the assumption "that each song on the Albums was copyrighted separately." App. 8 n.4.

make copies of the copyrighted albums or songs. App. 3, 23-24.

Several weeks earlier, Media Right had entered into an agreement with respondent The Orchard Enterprises, Inc. ("Orchard") authorizing it to distribute eleven "audio CD titles." The list of CDs included *Songs for Dogs* and *Songs for Cats*, apparently in anticipation of the Media Right agreement with petitioners. The Orchard agreement purported to give Orchard the rights to sell, distribute, and exploit the listed recordings by any and all means, including via the Internet, as well as rights to digital storage, downloading, and transmission. Pursuant to the agreement, Media Right provided Orchard with physical copies of *Songs for Dogs* and *Songs for Cats*. App. 4, 25-26.

Around April 2004, Orchard went into the business of selling digital music. Sometime thereafter, Orchard made digital copies of *Songs for Dogs* and *Songs for Cats* and began selling the albums and their individual songs online through its digital partners, including iTunes and Amazon.com. App. 4-5, 26-27.

In 2006, petitioners discovered that the albums and the individual songs were available for sale as digital downloads and for streaming (listening without downloading) on several Internet sites. The works were credited to Media Right as the artist and Orchard as the record label. Petitioners were not credited in any way. App. 5, 26-27.

Petitioners sued respondents for copyright infringement and other claims. The parties agreed to let the district court treat their summary judgment motions as a case stated. Petitioners opted to seek statutory damages under the Copyright Act. App. 5-6, 22, 32.

On April 15, 2009, the district court ruled that respondents had committed copyright infringement by making and selling digital copies of the albums and the individual songs on the albums. App. 27-32. However, the court found that Orchard's infringement was innocent. App. 37. The court further concluded that respondents Media Right and its president, Douglas Maxwell, had failed to prove their infringement was innocent, but petitioners had also failed to prove it was willful. App. 37-41.

The district court ruled that the albums were compilations, and that respondents could be held liable for only one award of statutory damages per album. App. 34-36. The court assessed statutory damages of $200 per album against Orchard and $1,000 per album jointly and severally against Media Right and Maxwell, for a total copyright award of $2,400, plus $331.06 in contract damages against Media Right. App. 41, 43.

Petitioners appealed to the Second Circuit pursuant to 28 U.S.C. § 1292(a). In a published opinion for a two-judge panel (App. 1 n.1) authored by District Judge Kimba M. Wood, sitting by designation, the Second Circuit affirmed the judgment. The court

ruled that statutory damages were properly limited to one award per album, even though respondents had sold and distributed digital copies of the individual songs separately from the albums. App. 8-14. The court relied exclusively on the last sentence of § 504(c)(1), which states that "all the parts of a compilation or derivative work constitute one work." 17 U.S.C. § 504(c)(1). The court explained: "We cannot disregard the statutory language simply because digital music has made it easier for infringers to make parts of an album available separately." App. 14.

REASONS FOR GRANTING THE PETITION

This petition presents a copyright issue of considerable importance in the modern era of digital music on the Internet. The court of appeals held that statutory damages under the Copyright Act are limited to a single award for each music album, even if the infringer makes digital copies of each of the individual songs available for sale or distribution on the Internet separately from the album. In reaching this result, the Second Circuit declined to follow the decisions of four other circuits allowing separate awards of statutory damages where the constituent parts of a larger work are themselves distinct and "viable" works with "independent economic value." App. 12-14 (declining to follow authorities from First, Ninth, Eleventh, and D.C. Circuits).

The petition should be granted to resolve this circuit conflict. S. Ct. Rule 10(a). This issue is especially critical for infringements of musical recordings. Copyright infringement of musical recordings and compositions on the Internet is a widespread problem of nationwide significance. With the demise of vinyl albums, cassette tapes, and CD recordings, and the advent of online digital music, it has become commonplace to unlink individual songs from the albums on which they are recorded and distribute them separately via the Internet. Consumers increasingly purchase and download individual songs for their personalized music libraries and playlists, rather than buying an entire album. Where a copyright infringer chooses to make individual songs available for sale or distribution on the Internet separately from the album, the statutory damages should be calculated on a per-song rather than a per-album basis. Because the songs are distinct creative works with economic value independent of the album, they should be treated as separate "works" for the purpose of assessing statutory damages. Accordingly, the Court should take the opportunity to address this timely issue and decide whether the "independent economic value" test applies to infringement of an individual song from a music album.

A. There is a Circuit Conflict

The Copyright Act authorizes an award of statutory damages "for all infringements involved in the action, with respect to any one work." 17 U.S.C.

§ 504(c)(1). This provision permits only a single penalty for multiple infringements of one work. *Walt Disney Co. v. Powell*, 897 F.2d 565, 569 (D.C. Cir. 1990).

Although the Copyright Act does not define a "work," courts and scholars have developed a working definition for the purpose of determining statutory damages. *Walt Disney*, 897 F.2d at 569. In *Walt Disney*, the D.C. Circuit concluded that separate awards of statutory damages are available for "distinct, viable works with separate economic value and copyright lives of their own." *Id.* at 570 (ruling that Mickey Mouse and Minnie Mouse were separate "works" for purposes of statutory damages, but six copyrighted poses of the characters were not).

"The test set forth in *Walt Disney* is a functional one, with the focus on whether each expression . . . has an independent economic value and is, in itself, viable." *Gamma Audio & Video, Inc. v. Ean-Chea*, 11 F.3d 1106, 1116-17 (1st Cir. 1993). At least three other circuits (the First, Ninth, and Eleventh) have adopted the *Walt Disney* test in assessing statutory damages under the Copyright Act. *Columbia Pictures Television v. Krypton Broadcasting of Birmingham, Inc.*, 106 F.3d 284, 295-96 (9th Cir. 1997) (holding that each infringed episode of television series could support a separate award of statutory damages because each had independent economic value and was separately viable), reversed on other grounds, 523 U.S. 340 (1998); *MCA Television Ltd. v. Feltner*, 89 F.3d 766, 769 (11th Cir. 1996) (same); *Gamma*, 11 F.3d at 1115-18 (same).

The Second Circuit acknowledged the holdings of these other circuits, but refused to follow the "independent economic value" test. App. 12-14. Instead, the court "focused on whether the plaintiff – the copyright holder – issued its works separately, or together as a unit." App. 10. Applying this "form of issuance" test, the court concluded: "Here, it is the copyright holders who issued their works as 'compilations'; they chose to issue the Albums. In this situation, the plain language of the Copyright Act limits the copyright holder's statutory damage award to one for each Album." App. 11.

The Second Circuit's refusal to follow the "independent economic value" test creates a circuit conflict. More specifically, the court's alternative "form of issuance" test conflicts with the First Circuit's decision in *Gamma* and the Eleventh Circuit's decision in *Feltner*. In *Gamma*, the defendant similarly argued that it was only liable for one award of statutory damages for infringing the copyrights of four episodes of a Chinese language television series, because the copyright holder only sold or rented the complete television series as a single product. Applying the "independent economic value" test, the First Circuit rejected this claim. *Gamma*, 11 F.3d at 1117. The court explained: "A distributor's decision to sell or rent complete sets of a series to video stores in no way indicates that each episode in the series is unable to stand alone." *Id.* In *Feltner*, the Eleventh Circuit followed *Gamma* and reached the same result. *Feltner*, 89 F.3d at 769 ("Similarly, the decision of a

distributor of television programs to sell television series as a block, rather than as individual shows, in no way indicates that each episode in a series is unable to stand alone.").

As in *Gamma* and *Feltner*, petitioners' decision to distribute their songs as part of an album in no way indicates that each song is unable to stand alone. What is important is not that the songs were originally released on an album, but that respondents chose to separate them from the album and market them individually. Respondents' own conduct establishes that the songs had independent economic value and were capable of standing on their own. The fact that many of the songs were individually copyrighted only reinforces this point. Because this is an important question of copyright law, the Court should grant review to resolve the circuit conflict.

B. The Second Circuit's Result is Not Mandated by the Statute

The Second Circuit based its decision entirely on the last sentence of § 504(c)(1), which states: "For the purposes of this section, all the parts of a compilation or derivative work constitute one work." 17 U.S.C. § 504(c)(1). Contrary to the Second Circuit's opinion, it is not self-evident that this sentence was designed to apply in these circumstances. No doubt, Congress did intend to clarify that mere infringement of a compilation would not result in multiple awards of statutory damages for the compilation and each of its

constituent parts. However, it is much less obvious that Congress intended to allow only a single award for: (1) infringement of a compilation, plus (2) a *separate and discrete* infringement of one or more of the works included in the compilation.[2]

In this case, respondents committed separate and discrete infringements of the compilation and the individual works that make up the compilation. They infringed on the compilation by making digital copies of the albums in their entirely, and they infringed on the song copyrights by making copies of the individual songs available for sale, distribution, or streaming on the Internet. *See* 17 U.S.C. § 106 (copyright holder has exclusive rights to reproduce work, distribute copies, and display or perform publicly). Although petitioners do not dispute that the single act of copying an entire album would support only one award of statutory damages, the subsequent act of making individual songs from the album available on the Internet should support an additional award for each of the songs infringed.

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[2] Because a compilation is defined as an original selection, coordination, or arrangement of materials, 17 U.S.C. § 101, a compilation copyright can only be infringed by substantial copying of the work's unique selection, coordination, or arrangement of elements. *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*, 499 U.S. 340 (1991); *see, e.g., Caffey v. Cook*, 409 F.Supp.2d 484 (S.D.N.Y. 2006) (compilation copyright in selection and ordering of 32 songs for musical show).

The cases cited by the Second Circuit do not support a contrary result. App. 11-12 n.6 (citing cases). In each of the three cited cases involving sound recordings, the only infringement at issue was copying of the complete CDs and there was no claim of a separate and discrete infringement of the individual songs on the CDs. *See Country Road Music, Inc. v. MP3.com*, 279 F.Supp.2d 325, 327, 332 (S.D.N.Y. 2003) (copying complete CDs to defendants' servers); *UMG Recordings, Inc. v. MP3.com, Inc.*, 109 F.Supp.2d 223, 225 (S.D.N.Y. 2000) (same); *Arista Records, Inc. v. Flea World, Inc.*, 2006 WL 842883, at *5-6, 21 (D.N.J. Mar. 31, 2006) (selling counterfeit CDs and cassette tapes at flea market). The other two cases did not involve sound recordings, and in neither was the infringed part of the compilation separately copyrighted. *Xoom, Inc. v. Imageline, Inc.*, 323 F.3d 279 (4th Cir. 2003) (electronic "clip art" images contained on copyrighted CD-ROM and database); *Stokes Seeds Ltd. v. Geo. W. Park Seed Co., Inc.*, 783 F.Supp. 104 (W.D.N.Y. 1991) (photographs contained in copyrighted books).

The Second Circuit's approach would also lead to absurd and unfair results. Consider the following hypothetical posed by the First Circuit in *Gamma*: "If the distributor of the *Rocky* series of motion pictures required video stores to purchase all five of the movies, or alternatively, packaged the movies as a boxed set for resale, the five movies would not suddenly become one 'work' for the purpose of damages." *Gamma*, 11 F.3d at 1117 n.9. In other words, a

copyright holder should not lose the right to recover a separate award of statutory damages for infringement of a creative work just by including it as part of a larger compilation of works. Although infringements of the compilation itself can only support a single award of statutory damages, separate and discrete infringements of the underlying works should remain separately compensable.

C. The Issue is Timely and Important

Since digital music first became available on the Internet, federal courts have been inundated with claims of copyright infringement against Internet companies with unusual names like Napster, Grokster, Aimster, and MP3.com. *See, e.g.*, *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005); *In re Aimster Copyright Litigation*, 334 F.3d 643 (7th Cir. 2003); *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004 (9th Cir. 2001); *UMG Recordings, Inc. v. MP3.com, Inc.*, 109 F.Supp.2d 223 (S.D.N.Y. 2000). As digital technology has evolved over the past decade, there has been a steady consumer trend away from purchasing music albums at the local record store. A large and growing number of consumers now buy their music by downloading digital copies of songs from the Internet, both legally and illegally.

In this new era of digital downloads of individual songs, it is especially important for the governing copyright law to be clear and consistent. In particular, statutory damages serve a critical function in

cases where it is difficult to determine actual damages or profits from an infringement. *See Lauratex Textile Corp. v. Allton Knitting Mills Inc.*, 519 F.Supp. 730, 732-33 (S.D.N.Y. 1981) "Statutory damages are available in order to effectuate two purposes underlying the remedial purposes of the Copyright Act: to provide adequate compensation to the copyright holder and to deter infringement." *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 886 F.2d 1545, 1554 (9th Cir. 1989).

If allowed to stand, the Second Circuit's opinion would significantly undermine the deterrent value of statutory damages under the Copyright Act. A copyright infringer who unlawfully copied an entire album would face no additional statutory penalties for distributing individual songs from the album on the Internet. Likewise, in cases where actual damages or profits are difficult to ascertain, the Second Circuit's approach would result in inadequate compensation to copyright owners for unauthorized sales or distribution of individual songs from an album. Because this is an important and timely question of copyright law – and there is a circuit conflict – the issue warrants this Court's attention.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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