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Comment

Criminal Copyright Infringement and a Step Beyond: 17 U.S.C. § 506 (1976)†

I. INTRODUCTION

The Constitution explicitly confers upon Congress the power “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive right to their respective writings and discoveries.” Pursuant to this grant of authority, Congress enacted various statutes to define the rights and scope of protection to be afforded to authors. The basic notion underlying these statutes, the copyright laws, is that authors should control the right to reproduce their own works. Traditionally, a copyright infringement—a violation of the exclusive statutory rights provided to a copyrighted work—has been redressable under these federal statutes in a civil action for damages or equitable relief. It has only been within the last century that Congress has seen fit to expand the sanctions for copyright infringement by providing criminal penalties.

Although generally available for use since 1909, federal crim-

† This essay was awarded first prize in the 1980 Nathan Burkan Memorial Competition at the University of Nebraska College of Law, and is entered in the National Competition, which is sponsored by the American Society of Composers, Authors, and Publishers.
2. From the very beginning of federal copyright, civil remedies have provided the foundation for the protection of authors’ rights in their works. See Act of May 31, 1790, ch. 15, § 6, 1 Stat. 124 (1790). As the date of this Act indicates, matters relating to copyright have been the subject of federal legislation since the initial session of the United States Congress. The 1790 Congress passed “[a]n Act for the encouragement of learning, by securing the copies of maps, charts, and books, to the authors and proprietors of such copies, during the times therein mentioned.” Act of May 31, 1790, ch. 15, 1 Stat. 124 (1790). This act was followed by many others, expanding and redefining the scope of copyright protection to achieve the present federal copyright laws found at 17 U.S.C. §§ 1-810 (1976).
4. Some limited criminal infringement provisions did exist prior to 1909. See,
nal copyright provisions were seldom invoked by the government until the 1970's. Several reasons have been offered for this lack of prosecution. First, very little legislative history existed to aid attorneys and the courts in interpreting the criminal copyright provisions. This fact, coupled with the traditional hesitancy of lawyers to "sample unploughed linguistic ground,"5 may have caused prosecutors to shy away from attempts to employ the criminal sanctions. Another reason offered for the paucity of criminal copyright prosecutions was the belief that federal civil remedies, including statutory damages,6 provided sufficient punishment to copyright infringers.7 Accompanying this notion was the longstanding belief that the criminal penalties for copyright infringement were too slight, even when employed, to be effective deterrents of such conduct.8 In addition, it has been noted that recent Supreme Court cases liberalizing the rights of defendants have so increased the burdens of criminal prosecution that "any lawyer of wisdom [w]ould opt for the surer civil field whenever possible.”9

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7. H. WARNER, RADIO AND TELEVISION RIGHTS § 175, at 701 (1953); Gawthrop, supra note 5, at 167-69.

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It may be that civil actions are preferred by injured copyright owners since they offer a more lucrative result. To "charge an author with willfully infringing a copyright by plagiarism is to charge him with a crime," [Cloth v. Hyman, 146 F. Supp. 185, 192 (S.D.N.Y. 1956)] and though charges of that nature are sometimes made in civil actions there is seldom any resulting criminal prosecution. Strauss, Remedies Other Than Damages for Copyright Infringement, 2 STUDIES ON COPYRIGHT 1029, 1040 (1963) (footnote citation bracketed). Cf. Gawthrop, supra note 5, at 167-68 (exploring suggestion that civil remedies are so severe and penal in nature that they are, in effect, criminal sanctions).

8. Wicher, supra note 5, at 397. Cf. A. LATMAN, THE COPYRIGHT LAW: HOWELL'S COPYRIGHT LAW REVISED AND THE 1976 ACT 252 (5th ed. 1979) (copyright not a high priority to most United States attorneys in their fight against crime); Sargoy, Rescinding the Supreme Court's Rules for Copyright Procedure under Sec. 101, Title 17, 9 BULL. COPYRIGHT SOCIETY 349, 355 (1962) (United States attorneys reluctant to invoke expense and pursue difficult investigation and trial to prosecute copyright infringers when result of conviction is merely a misdemeanor).

Despite these considerations which tend to diminish the enforcement of the criminal infringement provisions, the importance of criminal penalties for copyright infringement has increased with the rise in the prominence and profitability of the sound recording and motion picture industries. The economics of commercial authorship have changed drastically since the enactment of the first criminal provisions:

Prior to 1909 most copyrightable works were created by individuals working alone and the financial investment of copyright entrepreneurs (primarily publishers) was relatively small by today's standards. After 1909 with the rapid growth of the sound recording, motion picture and television industries, the creation of a large number of copyrighted works involved not merely a single author but groups of individuals each adding his own expertise to the creation of a final work. This in turn involved large amounts of initial capital investment to bring these author teams together and to acquire the high cost technology required for creating the works. These factors greatly increased the risks of a fair economic return on any particular copyrighted work, always dependent on the promotional skills of the entrepreneur and the whim of public taste.\(^{10}\)

The growth of the recording and motion picture industries has been paralleled by a corresponding increase in the unauthorized copying and vending of such works.\(^{11}\) In response to this increase and perhaps as an implicit recognition of the toll taken by inflation,\(^{12}\) Congress enacted stiffer penalties for criminal infringement\(^{13}\) and the United States Department of Justice initiated an intensive enforcement program designed to apprehend large-scale commercial copyright infringers.\(^{14}\)

The result of the recent congressional attention given to criminal copyright is found in section 506 of the 1976 Copyright Act.\(^{15}\) This section, a consolidation of the prior federal criminal provisions relating to copyright,\(^{16}\) provides two sets of criminal penalties for copyright infringements. With respect to infringements committed "willfully and for the purposes of commercial advantage or private financial gain," section 506(a) provides: (1) for infringement generally, a maximum fine of $10,000 and/or one year's imprisonment; and (2) for infringement of sound recordings and

\(^{10}\) Lindenberg-Woods, The Smoking Revolver: Criminal Copyright Infringe-

\(^{11}\) R. BROWN, CASES ON COPYRIGHT 564 (3d ed. 1979); Grumar, Criminal Infringe-

\(^{12}\) Gawthrop, supra note 5, at 157.


motion pictures, a maximum fine of $25,000 and/or one year's imprisonment for the first offense, and a maximum fine of $50,000 and/or two years' imprisonment for any subsequent offense.\textsuperscript{17} Section 506(b) provides that upon a defendant's conviction of copyright infringement, the court must order the destruction and forfeiture of all infringing copies and all equipment used in their manufacture.\textsuperscript{18} Other conduct is also deemed criminal by the provisions of section 506. Sections 506(c) and (d) provide a maximum fine of $2,500 for the fraudulent use, alteration or removal of a copyright notice.\textsuperscript{19} In addition, the false representation of a material fact in the application for copyright registration is subject to a similar fine under the provisions of section 506(e).\textsuperscript{20}

This article focuses primarily on the criminal provisions for copyright infringement contained in section 506(a). The statutory changes resulting from the 1976 copyright revision are explored and the existence of state criminal copyright provisions for the infringement of pre-1972 sound recordings is discussed. In addition, the interaction between criminal and civil copyright infringement actions arising from the same conduct is examined, with particular emphasis upon the application of collateral estoppel principles in a civil infringement action following a section 506(a) conviction.

\textsuperscript{17} 17 U.S.C. § 506(a) (1976). The complete language of § 506 is reproduced in the text accompanying note 29 \textit{infra}.

\textsuperscript{18} 17 U.S.C. § 506(b) (1976).

\textsuperscript{19} \textit{Id.} § 506(c), (d). With regard to "copyright notice", 17 U.S.C. § 401(a) (1976) provides:

\begin{quote}
Whenever a work protected under this title is published in the United States or elsewhere by authority of the copyright owner, a notice of copyright as provided by this section shall be placed on all publicly distributed copies from which the work can be visually perceived, either directly or with the aid of a machine or device. The "notice of copyright" prescribed by § 401 must include three elements: (1) the symbol ©, the word "Copyright" or the abbreviation "Copr."; (2) the name of the copyright proprietor; and (3) the year that the work was first published. \textit{Id.} § 401(b). In addition, the notice must be affixed on the copies in such a manner and location so that "reasonable notice" is given of the copyright claim. \textit{Id.} § 401(c).
\end{quote}

\textsuperscript{20} \textit{Id.} § 506(e). The 1976 Copyright Act does contain one additional criminal provision. A fine of not more than $2,500 may be imposed on any person who, in filing an application for a compulsory license for a coin-operated phonorecord player, knowingly makes a false representation of a material fact, knowingly alters a compulsory license certificate or knowingly affixes such a certificate to a phonorecord player other than the one it covers. 17 U.S.C. § 116(d) (1976).
II. THE LANGUAGE AND INTENT OF SECTION 506

A. The Ancestry of Section 506: 1909-1974

As previously noted, criminal sanctions for infringement were not always included in the scheme of American copyright law. The first general criminal provision appeared in the 1909 Copyright Act as section 28. A conviction of criminal infringement under section 28 was deemed a misdemeanor and carried a maximum fine of $1,000. This provision of the 1909 Act, which covers all types of works and nearly all means of infringement, ultimately became 17 U.S.C. § 104.

Section 104 remained virtually unchanged until 1974 when Congress amended it to add separate penalties for the unauthorized reproduction (often referred to as "piracy") of sound recordings. The 1974 amendment provided much greater penalties for record piracy in order to reduce the economic incentives flowing from such conduct. After the 1974 amendment, section 104 appeared as follows:

(a) Except as provided in subsection (b), any person who willfully and for profit shall infringe any copyright secured by this title, or who shall knowingly and willfully aid or abet such infringement, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by imprisonment for not exceeding one year or by a fine of not less than $100 nor more than $1,000, or both, in the discretion of the court: Provided, however, that nothing in this title shall be so construed as to prevent the performance of religious or secular works such as oratorios, cantatas, masses, or octavo choruses by public schools, church choirs, or vocal societies, rented, borrowed, or obtained from some public library, public school, church choir, school choir, or vocal society, provided the

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21. See notes 3-4 & accompanying text supra.
23. That any person who willfully and for profit shall infringe any copyright secured by this Act, or who shall knowingly and willfully aid or abet such infringement, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by imprisonment for not exceeding one year or by a fine of not less than one hundred dollars nor more than one thousand dollars, or both, in the discretion of the court: Provided, however, That nothing in this Act shall be so construed as to prevent the performance of religious or secular works, such as oratorios, cantatas, masses, or octavo choruses by public schools, church choirs, or vocal societies, rented, borrowed, or obtained from some public library, public school, church choir, school choir, or vocal society, provided the performance is given for charitable or educational purposes and not for profit.

performance is given for charitable or educational purposes and not for profit.

(b) Any person who willfully and for profit shall infringe any copyright provided by section 1(f) of this title [sound recordings], or who should knowingly and willfully aid or abet such infringement, shall be fined not more than $25,000 or imprisoned not more than one year, or both, for the first offense and shall be fined not more than $50,000 or imprisoned not more than two years, or both, for any subsequent offense. This was the state of the federal criminal provision for copyright infringement when the 1976 Copyright Act was passed. However, before section 506 is examined, it should be noted that the 1974 amendment to section 104, besides extending criminal law protection to sound recordings, provided another major addition to the criminal copyright scheme. A second conviction for sound recording infringement was made punishable by a maximum prison sentence of two years in addition to the possible fines. Since any crime punishable by imprisonment for a term exceeding one year is classified as a felony under federal law, this change meant that a willful and profit-motivated infringement was no longer merely a misdemeanor in all cases.

B. Section 506

Enacted as part of a comprehensive revision of the federal copyright laws, section 506 provides:

(a) Criminal infringement

Any person who infringes a copyright willfully and for purposes of commercial advantage or private financial gain shall be fined not more than $10,000 or imprisoned for not more than one year, or both: Provided, however, that any person who infringes willfully and for purposes of commercial advantage or private financial gain the copyright in a sound recording afforded by subsections (1), (2), or (3) of section 106 or the copyright in a motion picture afforded by subsections (1), (3), or (4) of section 106 shall be fined not more than $25,000 or imprisoned for not more than one year, or both, for the first such offense and shall be fined not more than $50,000 or imprisoned for not more than two years, or both, for any subsequent offense.

(b) Forfeiture and destruction

When any person is convicted of any violation of subsection (a), the court in its judgment of conviction shall, in addition to the penalty therein prescribed, order the forfeiture and destruction or other disposition of all infringing copies or phonorecords and all implements, devices, or equipment used in the manufacture of such infringing copies or phonorecords.

(c) Fraudulent copyright notice

Any person who, with fraudulent intent, places on any article a notice of copyright or words of the same purport that such person knows to be false, or who, with fraudulent intent, publicly distributes

or imports for public distribution any article bearing such notice or
words that such person knows to be false, shall be fined not more
than $2,500.

(d) Fraudulent removal of copyright notice

Any person who, with fraudulent intent, removes or alters any no-
notice of copyright appearing on a copy of a copyrighted work shall be
fined not more than $2,500.

(e) False representation

Any person who knowingly makes a false representation of a ma-
terial fact in the application for copyright registration provided for by
section 409, or in any written statement filed in connection with the
application, shall be fined not more than $2,500.29

Although this article is concerned primarily with the implica-
tions of actions for criminal infringement of copyright under sec-
tion 506(a), other conduct specified by section 506 as deserving of
criminal penalties should not be seen as completely unimportant.
The section 506 provisions prohibiting the fraudulent use, altera-
tion or removal of a copyright notice (subsections (c) and (d))
were carried forward with no major changes30 from section 105 of
the 1909 law.31 It is interesting to note that the only reported case
under section 105, Scarves by Vera, Inc., v. American Handbags,
Inc.,32 was not even a criminal prosecution. In that civil action,
injunctive relief was sought for the removal of copyright notice,
but the court held that section 105 implied no civil remedy since it
was strictly a criminal provision based on fraudulent intent.33

The other criminal provision of section 506, subsection (e),34
which provides a fine for any person making a false representation
of a material fact in accordance with a copyright application, is a
recent addition to the criminal sanctions of copyright law.35 The
Register of Copyrights was initially opposed to this provision36
because the United States Criminal Code provides severe penalties
(up to five years in prison and/or a fine of up to $10,000) for anyone

(1909).
33. For an extended analysis of § 105, see Berger, False Use of Copyright Notice, 1
STUDIES ON COPYRIGHT 297 (1963). In addition, Nimmer provides a cursory
discussion of subsections (c) and (d) in his treatise. M. NIMMER, 3 NIMMER
ON COPYRIGHT § 15.02 (1980).
34. Nimmer briefly reviews subsection (e) in his treatise. M. NIMMER, supra note
33, § 15.03.
35. But see 17 U.S.C. § 18 (1970) (making false affidavit for the purpose of ob-
taining registration of a claim to copyright deemed a misdemeanor).
36. HOUSE COMM. ON THE JUDICIARY, 87TH CONG., 1ST SESS., COPYRIGHT LAW REVI-
SION, REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF
THE U.S. COPYRIGHT LAW 135 (Comm. Print 1961) (hereinafter cited as REGIS-
TER'S REPORT).
who knowingly makes false statements or uses false documents "in any matter within the jurisdiction of any department or agency of the United States." However, the Register later agreed to the inclusion of subsection (e), determining that it was probably better to classify false representation before the Copyright Office as a misdemeanor rather than a felony. In addition, the Register decided that there would be some practical advantage in having such a provision explicitly stated in the body of the copyright laws.

C. Criminal Infringement Changes: Sections 104 to 506(a)

The alterations, additions and deletions made upon the existing criminal infringement provision to achieve the language of section 506(a) were badly needed and were long overdue. However, these changes do not represent a major change in the nature of criminal infringement. The old criminal provision, as well as the entire scheme of federal copyright law, was in need of revision to keep pace with the technological and economic advances of society. The basic impact of the federal criminal infringement provision was not altered by the 1976 Act; a willful infringement for purposes of financial gain could still incur criminal liability. Nevertheless, the changes that were made by the 1976 Act deserve examination.

Section 506(a) is divided into two sections: a general infringement section and a section devoted exclusively to the infringement of sound recordings and motion pictures. The general infringement section, although remaining the same in spirit, underwent four basic alterations in the 1976 Act: (1) a refining of the language relating to the "for profit" element of criminal infringement; (2) the deletion of any reference to aiders and abettors; (3) a reassessment of the criminal infringement penalties; and (4) the elimination of the clause which provided certain choral groups the privilege of freely performing copyrighted works if the performance was for nonprofit educational or charitable purposes.

The portion of section 104 dealing with sound recordings also was altered in the 1976 revision. In order to be consistent with the general criminal infringement section, the language pertaining to

39. There was one other change. The clause, "In the discretion of the court," which followed the enumeration of the applicable penalties for criminal infringement in § 104, was not included in the language of § 506(a), presumably because it was unnecessary.
the "for profit" element was appropriately revised and the reference to aiders and abettors was dropped. Further changes in the sound recording clause include the specific inclusion of motion picture infringements in this increased penalties section and the enumeration of the specific exclusive rights in sound recordings and motion pictures, infringement of which will give rise to criminal liability.\textsuperscript{40}

1. For Purposes of Commercial Advantage or Private Financial Gain

For liability to accrue under section 104, the criminal provision of the 1909 Act, an infringement must have been committed "for profit." This element of criminal infringement is made more distinct by the language of the 1976 Act. In order to incur criminal liability under section 506(a), an infringement must be committed "for purposes of commercial advantage or private financial gain." The congressional reasoning behind this change was not revealed, but it appears that the two phrases are meant to be substantially equivalent.\textsuperscript{41}

Perhaps the reason for this change was to emphasize the profitable purpose of an infringement rather than the profitable result of an infringement. Under the phrase "for profit," it may have been a viable defense to an infringement prosecution for an accused to offer proof that no financial gain actually resulted from the infringing conduct.\textsuperscript{42} This aspect of criminal infringement was the focus of the district court's attention in United States v. Taxe,\textsuperscript{43} a prosecution for the infringement of sound recordings under section 104. Upon the defendant's conviction, the Taxe court issued a memorandum opinion accompanied by its instructions to the jury. Regarding the profitable aspects of the defendant's conduct, the court instructed:

'Profit' includes the sale or exchange of the infringing work for something for value in the hope of some pecuniary gain. It is irrelevant whether the hope of gain was realized or not. The requirement of profit is intended to delineate commercial infringements from infringements for merely personal use and philanthropic infringements.\textsuperscript{44}

This court's interpretation of the "for profit" requirement of a criminal infringement appears to be in accord with the "for purposes of

\textsuperscript{40} 17 U.S.C. § 506(a) (1976). See notes 64-67 & accompanying text infra.
\textsuperscript{42} Gawthrop, supra note 5, at 165.
\textsuperscript{44} 380 F. Supp. at 1018.
commercial advantage or private financial gain" language of section 506(a). It should be noted, however, that under section 506(a) it is possible that an infringer may even be liable for an infringement made for personal use if there is any aspect of "private financial gain" involved.45

2. Aiders or Abettors

Besides imposing criminal liability on a willful and for profit infringer, section 104 also provided the same penalties for any person who knowingly and willfully aided or abetted such infringing conduct. In addition to broadening the scope of the criminal infringement sanctions, this provision provided authors in 1909 with a statutory deterrent against the vendors, agents and theater managers who aided elusive or judgment-proof infringers in promoting their unauthorized copies.46 Even though this "aid or abet" provi-

45. The distinction between commercial and personal infringements made by the Taxe court was also noted by the court in United States v. Bily, 406 F. Supp. 726 (E.D. Pa. 1975). Bily, who owned a massive collection of motion picture films, was accused of criminal copyright infringement. Stating that "Congress did not intend to make the bona fide film hobbyist [sic] a criminal," id. at 733, the Bily court essentially held the single sale of a film print by a film collector or hobbyist insufficient to bring that person's conduct within the "for profit" requirement of § 104. In addition, the court observed that even if a film hobbyist willfully infringed the copyright in a motion picture by making an unauthorized copy, "he is civilly liable to the copyright holder for the damages caused by the infringement, but for that act alone he cannot be convicted under 17 U.S.C. 104." Id.

The statements made by the Taxe and Bily courts implying exemption from criminal liability for the private infringer are dictum, and of doubtful force in light of the "private financial gain" language of § 506(a). A private film or record collection may represent a substantial asset and the willful sale of infringing prints or phonorecords to support and enlarge such a collection is clearly an act done for private financial gain. Lindenberg-Woods, supra note 10, at 82. A technical reading of § 506(a) may even make the requirement of a "sale" unnecessary. Even an unauthorized reproduction of a copyrighted work for the purely personal reason of enlarging the size (and value) of a private collection may satisfy the "private financial gain" element of criminal infringement.

While the private collector may technically qualify for criminal liability under § 506(a), such persons should not be the subject of government prosecutions. The sanctions of § 506(a) are best imposed upon the large-scale commercial infringers whose conduct has greater economic implications upon the entertainment industry than the acts of a hobbyist.

46. Pirates of all categories of copyrighted works were both financially irresponsible and transient in their business locations, making injunctions and civil damages futile. In the same vein authors of musical and dramatic works emphasized the need to make it a crime to aid and abet willful infringement because it was impossible to apprehend actors or singers who performed works without permission because they were constantly moving from town to town. The only feasible deterrent to these unauthorized performances was to hold
sion was eliminated from the language of section 506(a) in the 1976 Copyright Act, such conduct is no less a concern today. The continued inclusion of such a provision in the new section 506(a) would have been merely superfluous, however, because under the provisions of 18 U.S.C. § 2,47 aiders, abettors and other accessories before the fact of any offense defined as criminal by federal law are treated as principals in the commission of the offense.48 Therefore, there is no longer the need to include any mention of aiders or abettors in section 506(a).49

3. Penalties
   a. Fines

The revision of the applicable fines for conviction of a general criminal infringement represents the most substantial, and probably the most necessary, change resulting from the 1976 revision of section 104. The 1909 law provided maximum and minimum fines of $1,000 and $100 respectively, for conviction of willful and for profit infringement. In section 506(a), the maximum fine, for all infringements except those of sound recordings and motion pictures,50 has been increased substantially to $10,000,51 and "in conformity with the general pattern of the Criminal Code (18 U.S.C.)," theater managers and agents criminally liable for aiding and abetting.

Lindenberg-Woods, supra note 10, at 66 (footnote omitted).


48. See Copyright Law Revision: Hearings before the Subcomm. on Courts, Civil Liberties, and the Administration of Justice of the House Comm. on the Judiciary, 94th Cong., 1st Sess. 157 (May 8, 1975) (statement of Irwin Goldbloom, Deputy Assistant Attorney General, Civil Division, Department of Justice) [hereinafter cited as Copyright Hearings]. Accessories after the fact of any offense defined as criminal by federal law, e.g., criminal copyright infringement, are covered by 18 U.S.C. § 3 (1976), and conspirators to such conduct fall within the bounds of 18 U.S.C. § 371 (1976).

49. Interestingly, one commentator points out that the original version of 18 U.S.C. § 2 was passed by Congress on the same day as the 1909 Copyright Act (March 4, 1909), so there may have been no reason to include the "aid or abet" provision in the federal copyright laws in the first place. See Grumar, supra note 11, at 74.

50. See notes 62-63 & accompanying text infra.

51. The hearings and reports preceding the copyright revision illustrate the concern that the increased criminal penalties for infringement were needed to deter blatant piracy. See, e.g., House Comm. on the Judiciary, 89th Cong., 1st Sess., Copyright Law Revision, Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1965 Revision Bill 139 (Comm. Print 1965); House Comm. on the Judiciary, 87th Cong., 1st Sess., Copyright Law Revision, Part 2, Discussion and Comments on Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law 179-82 (Comm. Print 1963).
no minimum fines have been provided."52 This increase, although certainly provided to enhance the deterrent effect of the law, is undoubtedly linked to the pattern of general inflation prevailing in the United States economy. The pattern of fines applicable to sound recording (and now motion picture53) infringements was unaltered in the 1976 revision. This lack of change is understandable, since these fines were not outdated, having been established in the latest (1974) amendment to section 104.

b. Incarceration

Although the maximum fine for a general criminal infringement is now $10,000, conviction is still only a misdemeanor, since it is punishable by not more than one year's imprisonment.54 In 1975, efforts by the Justice Department to increase the incarceration penalty to the level of a felony for subsequent offenders55 failed, and the term of imprisonment under section 506(a) remains the same today as it was in 1909. The incarceration penalties for criminal infringement of sound recordings (and now motion pictures) were unchanged by the 1976 revision.56

The failure to enact stiffer incarceration penalties for criminal copyright infringement indicates an apparent hesitancy on the part of Congress to classify criminal infringers as felons. Perhaps this is in adherence to the time-honored concept that a felony is "as bad a word as you can give to man or thing."57 It is also interesting to note that there are no criminal penalties specifically stated in either the federal patent or trademark statutes, even for willful infringement.58

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53. See notes 62-63 & accompanying text infra.


56. But see the Senate version of the 1976 Act, § 22, 94th Cong., 1st Sess. § 506(a) (1975), which provided that a first-time conviction for sound recording or motion picture infringement would carry a three-year maximum sentence, with each subsequent offense punishable by up to seven years in prison. Senate Report, supra note 55, at 30,146.

57. 2 F. Pollock & F. Maitland, The History of English Law 465 (2d ed. 1905). One commentator suggests that the failure by Congress to enact stiffer prison penalties resulted from "countervailing perceptions of copyright and its relationship to the principles of a competitive economy." Lindenberg-Woods, supra note 10, at 69.

58. For a thoughtful analysis of this apparent inconsistency, see Lindenberg-Woods, supra note 10, at 69-71.
4. The Choral Performances Exemption

The exemption from criminal infringement liability given certain nonprofit choral performances and contained in section 104 of the 1909 law was not carried forward into section 506(a). It was also part of the excess verbiage of the 1909 Act which, upon revision, could be excised. Indeed, it was said that "[s]ince all nonprofit performances of music are exempt under the general provision of the law, this proviso ... is entirely superfluous." Under the 1976 Copyright Act, it appears that section 110 provides these types of exemptions for both civil and criminal instances, so the inclusion of any such exemptions in section 506(a) would be redundant.

5. Increased Penalties for Motion Picture Infringement

Although motion pictures have been federally copyrightable since 1912, prior to the 1976 Copyright Act an action for the criminal infringement of such works could only result in at most, one year's imprisonment and a fine of $1,000. Recognizing that the piracy of motion pictures had developed into a very lucrative enterprise, Congress included the infringement of such works in the greater penalties portion of section 506(a) dealing with sound recordings.

6. Sound Recording and Motion Picture Copyright Rights Protected by Section 506(a)

Section 506(a) specifically denotes the section 106 exclusive rights in sound recordings which, upon infringement, will give rise to criminal liability. These rights are enumerated as: (1) the

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59. See note 23 supra.
60. Register's Report, supra note 36, at 27. One pre-revision commentator, although agreeing with the proposed deletion of the choral performances exception, criticized this statement by the Register as too broad. See Wicher, supra note 5, at 392-94.
63. See N.Y. Times, May 30, 1975, at 62, col. 1. This news item reports the indictment of 16 persons for the criminal infringement of motion pictures, conspiracy and transporting stolen property. See also BILLBOARD, Mar. 18, 1978, at 3 (report that authorities have found $150 million of illegal duplicating and pressing machines, and have destroyed 2.2 million bootleg 8-track tapes worth $1.3 million along with 40,000 reels of film and/or videotapes).
64. 17 U.S.C. § 106 (1976) ("Exclusive rights in copyrighted works").
65. It should be noted that the "exclusive rights" of § 106 are subject to the provisions of sections 107 through 118 of the 1976 Copyright Act. Id. See, e.g., note 67 infra.
right to reproduce the copyrighted sound recording; (2) the right to prepare derivative works based upon the copyrighted sound recording; and (3) the right to distribute phonorecords of the copyrighted sound recording to the public by sale, rental, lease, lending, or other transfer of ownership. The inclusion of these specific section 106 rights in the new criminal infringement section is not a change in effect from section 104; instead, it is merely a change in language so that section 506(a) will be in accord with the rest of the revised copyright statutes.

With the inclusion of motion pictures in the greater penalties section of 506(a), it also became necessary to specify the applicable exclusive rights of section 106 that would be protected with criminal liability. These rights are: (1) the right to reproduce the copyrighted motion picture; (2) the right to distribute copies of the copyrighted motion picture to the public by sale, rental, lease, lending or other transfer of ownership; and (3) the right to perform the copyrighted motion picture publicly. The enumeration of the rights protected by section 506(a) for both sound recordings and motion pictures, while probably not absolutely necessary, should serve to quell confusion concerning exactly what conduct will give rise to criminal liability.

D. Section 506(b)—Forfeiture and Destruction

Section 506(b) provides that, upon conviction for criminal infringement, the presiding court must "order the forfeiture and destruction or other disposition of all infringing copies or phonorecords and all implements, devices, or equipment used in the manufacture of such infringing copies or phonorecords." This provision is completely new, and apparently was included in the 1976 Act upon the urging of the Justice Department. The rea-
son this provision became necessary was merely one of "jailhouse housekeeping," as noted at the 1975 House Committee on the Judiciary hearings on the general copyright revision:

At present, the government has no clear-cut authority to destroy infringing articles which have been seized or otherwise obtained in the investigation or prosecution of a tape piracy case or, for that matter, any criminal copyright infringement case. This lack of specific authority has resulted in critical storage problems for many F.B.I. and U.S. Marshalls' offices throughout the country and poses the embarrassing possibility that the government may be ordered to return known infringing articles to a convicted defendant.69

There is a similar provision relating to civil infringements, 17 U.S.C. § 503(b),70 under which the presiding court, upon final judgment or decree, may order the destruction of all infringing copies or phonorecords and any equipment used to produce them. These criminal and civil provisions differ in one major respect. In a civil infringement action, the remedy of destruction is in the court's discretion, while upon conviction in the criminal context, such destruction is mandatory.71

III. STATE CRIMINAL PROVISIONS

State laws designed to provide or to protect rights equivalent to those provided by federal copyright and attached to works which are within the scope of federal copyright are invalid by operation by the federal pre-emption doctrine. This notion is made quite clear by the codification of the federal pre-emption doctrine in the 1976 Copyright Act at 17 U.S.C. § 301.72 One class of works, sound recordings, is not fully included in this general rule of pre-emption.73 Federal copyright in sound recordings did not exist prior to February 15, 1972,74 so only those sound recordings fixed after that date are protected by federal law, and state laws dealing with the exclusive rights of federal copyright in sound recordings prepared after that date are specifically preempted by section 301. In order for a party to obtain relief, either civilly or criminally, for the unauthorized copying of sound recordings fixed prior to February 15, 1972, the government must be able to seize all copies, phonorecords, equipment, etc., used in violation of § 506(a). Again, a similar provision exists in the civil arena as well: 17 U.S.C. § 503(a) (1976). Nimmer notes the possible constitutional problems of these two seizure sections in his treatise. M. NIMMER, supra note 33, §§ 14.07, 15.01, at 15-2 n.5.

69. Copyright Hearings, supra note 48, at 156. See also id. at 144-45 (comments of Mr. John Murphy, Justice Department, and Rep. Robert F. Drinan).
71. 17 U.S.C. § 509 grants the government the authority to seize all articles (copies, phonorecords, equipment, etc.) used in violation of § 506(a). Again, a similar provision exists in the civil arena as well: 17 U.S.C. § 503(a) (1976). Nimmer notes the possible constitutional problems of these two seizure sections in his treatise. M. NIMMER, supra note 33, §§ 14.07, 15.01, at 15-2 n.5.
73. See 17 U.S.C. § 301(c) (1976).
1972, it is necessary to resort to state law. The need for state action in this area was made particularly acute by the tremendous increase in record piracy and counterfeiting activity during the

75. Of course, the underlying musical composition, if copyrighted, is protected by federal copyright law. The interesting aspect of this fact is that prior to 1972, it was possible for record pirates to make and vend unauthorized phonorecords without being subjected to federal criminal prosecution if they tendered to the copyright proprietor of the underlying musical composition the royalty fees demanded under the compulsory licensing provision of the 1909 laws. See Act of Mar. 4, 1909, Pub. L. No. 60-349, § 1(e), 35 Stat. 1075 (1909) (current version at 17 U.S.C. § 115 (1976)). This notion has fallen into general disfavor, however, with several federal courts holding that the making of identical copies of recorded versions of copyrighted musical compositions is not a "similar use" as permitted by the compulsory license provision of the 1909 Copyright Act. See, e.g., Heilman v. Levi, 391 F. Supp. 1106, 1110-11 (E.D. Wis. 1975). The effect of these decisions is that record pirates may be held criminally liable for duplicating sound recordings fixed prior to February 15, 1972, even if they tendered the two-cent licensing fee to the composition copyright proprietor.

76. "Piracy in the record business applies to the unauthorized duplication of tapes or records sold openly as manufactured without permission of the record company. The pirates may sell under their own label or with no label identification at all." S. SHEMEL & M. KRASILSKY, THIS BUSINESS OF MUSIC 93 (rev. & enlarged 4th ed. 1979). Record or tape piracy is not a small problem. It is estimated that the recording industry incurred losses of approximately $200 million in 1979 because of such conduct. Whitefield, Record Pirates Hit Gold, Omaha World Herald, Mar. 30, 1980, Entertainment Magazine, at 1, col. 1.

77. "Counterfeiting in the record business consists of the unauthorized manufacture and distribution of copies of records under the guise of products of the authorized manufacturer." S. SHEMEL & M. KRASILSKY, supra note 76, at 93. Sometimes, the phonorecord and its package are so flawlessly duplicated that even the recording companies' quality control experts cannot tell the counterfeit from the legitimate. Whitefield, supra note 76.

From its crude beginnings in the 1960s, record counterfeiting has blossomed into a multimillion-dollar underground business, threatening the livelihood of record producers, singers and musicians. Counterfeiting now is believed to be the major source of income for criminals with ties to organized crime, aided, it has been charged, by some record retailers and distributors. Hundreds of professional counterfeiting networks are said to stretch across the United States and into foreign countries.

The recording industry lost $400 million—or nearly $1.1 million per day—to counterfeiters last year [1979], according to the Recording Industry Association of America. The FBI's estimate is $600 million.

The Recording Industry Association of America now estimates that one in four pre-recorded tapes and one in 10 albums are counterfeit.

Id.

In addition to federal copyright protection for sound recordings fixed after February 15, 1972, it is also a federal crime to knowingly and with fraudulent intent transport, sell or receive any phonorecord to which is affixed any
late 1960's and early 1970's.78

As a direct result of the increase in unauthorized reproduction of sound recordings and the lack of federal protection for such works fixed prior to 1972, recording companies began a concerted campaign to achieve anti-record piracy legislation in all states.79

This activity has resulted in appropriate legislation in the majority of states—thirty-seven at last count80—in an attempt to give some protection to those sound recordings not protected under federal law. Typical of the nature of state liability in this area is the Nebraska law, which in part provides:

[I]t is unlawful for any person, firm, partnership, corporation, or association knowingly to (1) transfer or cause to be transferred any sounds recorded on a phonograph record, disc, wire, tape, film, or other article on which sounds are recorded onto any other phonograph record, disc, wire, tape, film, or other article, or (2) sell, distribute, circulate, offer for sale, distribution or circulation, possess for the purpose of sale, distribution or circulation, or cause to be sold, distributed or circulated, offered for sale, distribution or circulation, or possessed for sale, distribution or circulation, any article or device on which sounds have been transferred without the consent of the person who owns the master phonograph record, master disc, master tape, master wire, master film, or other article from which the sounds are derived.81

Conviction under this Nebraska statute is a class II misdemeanor, carrying a maximum imprisonment of six months and/or a maximum fine of $1,000.82 These penalties are typical of those imposed by most state anti-piracy statutes, although some states, particularly those in which the entertainment and recording industries

78. See S. SHEMEL & M. KRASILOVSKY, supra note 76, at 93-94. The problem of the making and selling of unauthorized phonorecords is not a new one, see Comment, Performers' Rights and Copyright: The Protection of Sound Recordings from Modern Pirates, 59 CALIF. L. REV. 548 (1971) and Note, Piracy on Records, 5 STAN. L. REV. 433 (1953), but the increase in market and advances in reproduction technology have made it substantially more lucrative. See, e.g., Elektra Records Co. v. Gem Electronics Distrib., Inc., 360 F. Supp. 821 (E.D.N.Y. 1973); S. SHEMEL & M. KRASILOVSKY, supra note 76, at 93.

79. A. LARMAN, supra note 8, at 251; S. SHEMEL & M. KRASILOVSKY, supra note 76, at 96.

80. See [1979] COPYRIGHT L. REP. (CCH) ¶¶ 10,901-11,241. This service reproduces the pertinent statutes from each of the 37 states with anti-record piracy legislation. See generally 23 BULL. COPYRIGHT SOC'Y 321 (1976) ("State Antipiracy Legislation"). The validity of such state laws was upheld under a challenge based on the federal pre-emption doctrine in Goldstein v. California, 412 U.S. 546 (1973).

81. NEB. REV. STAT. § 28-1323 (Reissue 1979).

82. Id. § 28-1326. See id. § 28-106.
are prominent, provide much stronger sanctions upon conviction.\textsuperscript{83} Besides enacting "record piracy" statutes similar to Nebraska's, many states prohibit the "counterfeiting" of recording packaging or identifying data. In addition, some states also prohibit the unauthorized recording of live performances.\textsuperscript{84}

There are naturally some differences in the scope of protection and form of copyright between the federal and state systems. While the 1976 Copyright Act places a time limit on the copyright protection of all materials copyrighted thereunder,\textsuperscript{85} none of the state statutes contain such time limits. Therefore, it is conceivable that a sound recording covered by the state statutes would never pass into the public domain and thus never lose its protection under those statutes. This is not the case, however, since the pre-emption provision of the 1976 Act effectively places a time limit on all state protection equivalent to that of federal copyright. Section 301(c) of the 1976 Act provides, "[w]ith respect to sound recordings fixed before February 15, 1972, any rights or remedies under the common law or statutes of any State shall not be annulled or limited by this title until February 15, 2047."\textsuperscript{86} A further distinction between state anti-record piracy statutes and federal copyright law is that, unlike the federal law, no form of notice or registration is necessary to entitle sound recordings to the protection of the state statute.\textsuperscript{87}

It should also be noted that just because a particular state has not enacted a specific anti-record piracy statute does not necessarily mean that pre-1972 protection is unavailable to a sound recording owner in that jurisdiction. Other forms of prosecution may be available. Some states have employed more general civil and criminal property protection statutes, such as those prohibiting "unfair competition," to protect sound recording owners against record piracy.\textsuperscript{88}

IV. CRIMINAL AND CIVIL COPYRIGHT INFRINGEMENT

Under the 1976 Act, both criminal and civil liability for copyright


\textsuperscript{84} [1979] \textsc{Copyright L. Rep. (CCH)} ¶ 10,901.


\textsuperscript{86} 17 U.S.C. § 301(c) (1976). The year 2047 was chosen because it is 75 years from 1972. Seventy-five years is the copyright duration determined appropriate by Congress for works existing when the new copyright laws were enacted. \textsc{See Copyright Hearings, supra} note 48, at 1911 (Dec. 4, 1975) (comments of Barbara Ringer, Register of Copyrights).


\textsuperscript{88} [1979] \textsc{Copyright L. Rep. (CCH)} ¶ 10,901.
infringement may arise from the same activity—an unauthorized reproduction of a validly copyrighted work. The imposition of liability in these two areas is not identical, however. The distinctions between a civil and criminal action for infringement, and the problems inherent in relating the two to the same conduct, are explored in this section.

The obvious tie that binds civil and criminal liability for copyright infringement is the "infringement" itself. The federal copyright statutes do not define "infringement," and it should be noted that not all infringements are entirely suited to criminal liability. For purposes of this discussion, an "infringement" is limited to the conduct of a person who reproduces the copyrighted work exactly and sells the copies without the copyright proprietor's permission. This is the usual situation in large-scale commercial copying operations, such as record, tape or movie piracy, which are clearly the most appropriate for the imposition of criminal liability.

"[P]lagiarism, where the infringer adopts a substantial amount of the protected expression in a copyrighted work as his own original creation," is too indefinite and vague for the imposition of criminal sanctions, since it involves too much of a factual determination to be appropriate as conduct giving rise to criminal sanctions, since it


90. Although there is no statutory definition of infringement of copyright, it may be readily inferred from the provisions of Title 17 United States Code § 1(a), conferring upon the copyright proprietor the exclusive right to print, reprint, publish, copy and vend the copyrighted work. (Emphasis supplied). The grant of these exclusive rights implies the prohibition that others shall not exercise them without the consent of the copyright proprietor; to do so without such consent would be infringement of copyright.

United States v. Wells, 176 F. Supp. 630, 633 (S.D. Tex. 1959). Under this interpretation, a general infringement under § 506(a) would be the unauthorized invasion of any of the copyright proprietor's exclusive rights under § 106, and a criminal infringement of a sound recording or motion picture would be the unauthorized invasion of any of the § 106 exclusive rights enumerated in § 506(a). See notes 64-67 & accompanying text supra.

While the 1976 Copyright Act does not provide a definition of a copyright "infringement," it does provide a definition of a copyright "infringer": "Anyone who violates any of the exclusive rights of the copyright owner as provided by sections 106 through 118, or who imports copies or phonorecords into the United States in violation of section 602, is an infringer of the copyright." 17 U.S.C. § 501(a) (1976). While this may be a satisfactory definition for civil infringement purposes, criminal infringement requires additional elements as prerequisites to liability. See notes 139-51 & accompanying text infra.

91. Lindenberg-Woods, supra note 10, at 73.

92. The basic problem inherent in imposing liability for plagiarism is: How much copying is enough? 50%? 75%? This is a problem in civil instances as well as criminal. It would seem that in the criminal arena, the only possible excep-
COPYRIGHT INFRINGEMENT

requires a person to speculate as to whether a certain act or manner of conduct is forbidden. On this point, one commentator has noted that criminal penalties are inappropriate for plagiarism "because to draw the line between idea and expression and to further determine when substantial expression has been taken are questions which by necessity are vague and uncertain." In addition, to subject a person to criminal sanctions for merely misjudging what quantum of expression may be taken without permission from a particular copyrighted work would certainly have a chilling effect upon the dissemination of ideas. It is possible that certain ideas may go unexpressed, because authors would be forced to employ considerable caution in borrowing from or drawing upon other works in order to avoid the onus of criminal liability. The imposition of criminal liability for plagiarism, in all but perhaps the most extreme cases, is entirely inappropriate.

Although civil and criminal infringement liability may arise from the same conduct, the nature of the resulting infringement actions under each is different in several respects. The most obvious difference relates to the parties involved. In a civil prosecution, the federal government is the party initiating legal action, whereas in a civil suit, the plaintiff is a private party. Another

tion to nonliability for plagiarism would be if the copy was nearly identical to the original work, e.g., 95% copied. See id. at 74.

Only two cases have been reported where criminal liability was invoked for plagiarism: United States v. Backer, 134 F.2d 533 (2d Cir. 1943) and Marx v. United States, 96 F.2d 204 (9th Cir. 1938). In these cases, the quantum of copying of the original work was unclear, although apparently the courts thought it enough, since convictions under § 104 were upheld in both. See generally Lindenberg-Woods, supra note 10, at 74-76. The fact that only two criminal plagiarism cases have been brought since 1909 may indicate that injured copyright proprietors get complete satisfaction from civil remedies and thus do not pursue criminal complaints. The more likely reason, however, is that federal prosecutors, realizing the potential difficulties, have no desire to become involved in the complex factual issues inherent in a plagiarism case. Id. at 76.

A related problem, the difficulty of proving similarity in a less-than-identical work, is briefly discussed (with respect to musical scores) in Gawthrop, supra note 5, at 163-64.

94. Cf. Grunar, supra note 11, at 76-77. (discussion of the first amendment implications of § 104 and the "fair use" defense in a criminal infringement action).
95. Id.
96. See note 92 supra.
97. But see United States v. Brown, 400 F. Supp. 656 (S.D. Miss. 1975), where it was held that the United States may seek injunctive relief in a civil infringement action "in its capacity as parenspatriae in order to protect the rights of all persons whose economic interest may be adversely affected by copyright infringers." Id. at 659.
obvious difference involves the required burden of proof: in crimi-
nal law, the government must prove its case to the fact finder "be-
yond a reasonable doubt," whereas in most civil actions, the
plaintiff's burden is merely to prove its case "by a preponderance
of the evidence."

One other criminal-civil distinction, of particular importance in
copyright law because it is completely codified, is the general rule
of criminal law that a penal provision is strictly construed against
the prosecution and in favor of the defendant.98 The reason for
this statutory rule of construction, applicable to each element of
the offense,99 is to provide adequate notice to a person as to what
conduct is prohibited.100 Since there is no such corresponding
rule in the civil law area, its effect is to further limit the scope of
liability under section 506(a) relative to civil liability.101

Besides these general distinctions between criminal and civil
actions, there are some distinctions particular to copyright law
alone. As pointed out by Nimmer, "[c]ertain, but not all civil in-
fringements of copyright, will also constitute criminal infringe-
ments."102 The reason for this statement is that an action for
criminal infringement requires certain additional elements beyond
those required to make out a civil action. Some of these additional
elements are necessitated by statute,103 while others arise because
the nature of criminal law requires that certain things must be
proved by the prosecution rather than the defense.104

In spite of the differences between civil and criminal infringe-
ment, the lack of case law dealing with criminal infringement has
forced courts to turn to civil cases in order to interpret and apply
the criminal copyright provision. Indeed, the court in United
States v. Wells105 stated:

There are few guides to the interpretation of this seldom-used criminal
statute [section 104 of the 1909 laws]. To gain any idea of its coverage or of
the protection afforded by the copyright law one must resort to the civil
law of copyright and to the provisions of Title 17 as a whole.106

All reported cases in the area of criminal infringement have arisen
under section 104 of the 1909 Copyright Act, but since the funda-
mental principles of criminal infringement were basically un-

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98. See, e.g., United States v. Resnick, 299 U.S. 207, 209 (1936); M. Nimmer, supra
note 33, § 15.01, at 15-4.
99. See Coughlan v. United States, 216 F.2d 324 (9th Cir. 1954).
100. See notes 92-97 & accompanying text supra.
102. Id. at 15-1.
103. See notes 139-51 & accompanying text infra.
104. See notes 117-38 & accompanying text infra.
106. Id. at 633.
changed in the 1976 revision, these cases are still viable for interpretive purposes of the new law.

A. The Elements of an Action Under Section 506(a)

1. An Infringement

A prerequisite for an action under section 506(a) is that the government must prove that there was an unauthorized reproduction of a copyrighted work, *i.e.*, an infringement. Basic to both civil and criminal infringement are two findings: (1) ownership of a valid copyright by a person other than the alleged infringer, and (2) an unauthorized reproduction of the copyrighted work by the accused.107

Registration is a statutory prerequisite to the commencement of an infringement action (civil or criminal)108 under the 1976 Copyright Act,109 and with respect to registration, section 410(c) of the Act further provides that the certificate of registration of a copyrighted work "shall constitute prima facie evidence of the validity of the copyright and of the facts stated in the certificate."110 These prima facie presumptions have been employed in the area of criminal infringement in order to supply proof that a valid copyright existed at the time of the alleged infringement111 and to supply evidence of the date of fixation of copyrighted sound recordings.112 Presumably, the certificate also serves to provide other rebuttable evidence in criminal infringement actions, such as the fact that ownership of the copyright infringed was vested in someone other than the alleged infringer.113

110. Id. § 410(c).
113. The propriety of the government's use of the presumptions arising from the certificate of copyright registration in criminal infringement cases has been questioned. See Grumar, supra note 11, at 74-76. Two reasons are posited as to why such presumptions are out of place in a criminal action. First, by presuming the facts in the certificate to be true, the court is presuming one of the elements of the offense—a valid copyright—against the accused, rather than following the established rule that a criminal defendant is innocent until proven guilty as to every element of the offense. Second, the use of the registration certificate at trial is hearsay, because it is an out-of-court statement used to prove the truth of the matter asserted. Id.
Since this analysis is limited to the situation where an identical copy of a copyrighted work is made, it may not be too difficult for the government to prove that the alleged infringer made an unauthorized reproduction. For instance, in the case of sound recordings, most of the reported criminal infringement cases have involved defendants who were directly involved in both the manufacture and distribution of unlawfully produced phonorecords. Proof of infringement in these cases was made by direct evidence of unauthorized manufacture.

In those instances in which the infringement prosecution is brought only on the basis of the unauthorized distribution of copyrighted works, the government is faced with a much more formidable case. "Implicit in its burden of proof on infringement by vending is the duty to prove the absence of a first sale as to those copyrighted articles which the defendant is charged with infringing." What constitutes a "first sale" and the difficulties involved in proving its absence have posed substantial problems for government prosecutors.

Before examining the first sale doctrine in criminal infringement, it is necessary to understand what it represents.

The first sale doctrine provides that where a copyright owner parts with title to a particular copy of his copyrighted work, he divests himself of his the introduction of such certificates into evidence in criminal infringement actions have apparently done so with temperance, clearly noting that the defendant had the opportunity to offer evidence contravening the facts stated in the certificates. For example, in United States v. Taxe, 540 F.2d 961 (9th Cir. 1976), cert. denied, 429 U.S. 1040 (1977), a criminal action for record/tape piracy, the court of appeals stated:

While the certificates are hearsay when offered to prove the truth of the date thereon, the certificates should be deemed at least prima facie accurate about the dates of fixation until the contrary appears. There was no known reason for them to be inaccurate. Appellants offered no proof, and have suggested no basis for attacking the validity of any particular fixation dates. Absent a concrete showing of lack of trustworthiness, the admission of the certificates and the attendant instruction was proper.

Id. at 966. See also United States v. Rose, 149 U.S.P.Q. 820, 823 (S.D.N.Y. 1966) (in the jury instructions, the trial judge noted that certificates of copyright were placed in evidence by the government to prove the existence of valid copyrights at the time of the alleged infringement and no proof to the contrary was proffered by the defendant).

114. See notes 90-96 & accompanying text supra.


116. See Lindenberg-Woods, supra note 10, at 82.

exclusive right to vend that particular copy. While the proprietor's other copyright rights (reprinting, copying, etc.) remain unimpaired, the exclusive right to vend the transferred copy rests with the vendee, who is not restricted by [the copyright] statute from further transfers of that copy, even though in breach of an agreement restricting its sale.\footnote{118}

If the government can prove that no authorized copies of a copyrighted work have been sold, an irrebuttable presumption is raised that any copy of that work found in the possession of the accused was either stolen from the copyright owner or unauthorized. This may be quite difficult to prove, however, when the copyrighted work has been the subject of widespread distribution by license. This was the very problem which faced the Ninth Circuit in three 1977 cases involving copyrighted motion picture infringements.\footnote{119}

In \textit{United States v. Wise},\footnote{120} the court partially overturned a criminal infringement conviction for the vending of feature-length motion pictures. After outlining the scope and nature of the first sale doctrine and thoroughly examining the facts, the court found that the government had not sustained its burden of proving the absence of a first sale of two of the films allegedly infringed. This result was reached because those films, although purportedly only licensed, in effect had been sold to television networks and studio V.I.P.'s.\footnote{121}

The detailed factual analysis of \textit{Wise} was again employed by the court of appeals in \textit{United States v. Drebin}.\footnote{122} However, in

\footnote{118}. 550 F.2d at 1187 (footnote omitted). If a vendee breaches an agreement not to sell the transferred copy, he may be liable for the breach, but the sale does not constitute an infringement. \textit{See} Independent News Co. v. Williams, 293 F.2d 510, 515-17 (3d Cir. 1961); Harrison v. Maynard, Merrill & Co., 61 F. 689, 691 (2d Cir. 1894).


\footnote{119}. Prior to 1977, only two criminal infringement cases were reported that dealt with the first sale doctrine: United States v. Bily, 406 F. Supp. 726 (E.D. Pa. 1975), and United States v. Wells, 176 F. Supp. 630 (S.D. Tex. 1959). In neither case did the government meet its burden of proving the absence of a first sale.

\footnote{120}. 550 F.2d 1180 (9th Cir.), \textit{cert. denied}, 434 U.S. 929 (1977).

\footnote{121}. 550 F.2d at 1190-92. Wise also claimed that the sale of worn-out film stock to film salvage companies constituted a first sale but the court rejected this claim on the facts before it. \textit{Id.} at 1192-93. \textit{But see} Independent News Co. v. Williams, 293 F.2d 510 (3d Cir. 1961); Harrison v. Maynard, Merrill & Co., 61 F. 689 (2d Cir. 1894).

\footnote{122}. 557 F.2d 1316 (9th Cir. 1977), \textit{cert. denied}, 436 U.S. 904 (1978).
Drebin, which also involved motion picture infringement by vending, the opposite result was reached. Since the court could find no evidence of a first sale of the allegedly infringed films, the convictions for criminal infringement were upheld.

The final case in this Ninth Circuit triad is United States v. Atherton, in which the defendant had bought and sold prints of motion pictures, and was subsequently convicted of criminal infringement under section 104. On appeal, the Atherton court determined that there were five elements the government must prove beyond a reasonable doubt in a section 104 prosecution for infringement by vending: "(1) Infringement of a copyright, (2) of a work that has not been the subject of a 'first sale,' (3) done willfully, (4) with knowledge that the copyrighted work has not been the subject of a 'first sale,' and (5) for profit." Atherton's conviction was reversed because the court found the government not only had failed to prove the absence of a first sale, but also had failed to prove the necessary scienter element. By adding the requirement of knowledge on the part of the infringer (that the copies he is selling have not been subject to a first sale), the court has limited the scope of criminal liability when the infringing conduct involves only the unauthorized vending of a copyrighted work. This is a desirable limitation, however, since many retailers of unauthorized copies of copyrighted works may not possess the requisite knowledge for criminal liability.

This first sale problem was also specifically addressed in several recent cases involving the infringement of sound recordings by vending. Upon conviction under section 104, the defendant in United States v. Whetzel argued that the government had not sufficiently proved the absence of a first sale. Whetzel asserted that the government had not negated the possibility that the vended eight-track tapes were manufactured and distributed under sublicenses granted by licensees of the copyright proprietors. Disagreeing with this contention and pointing out that the defendant was overstating the government's burden, the court held that the government "was not required to disprove every conceivable scenario in which [the defendant] would be innocent of infringement." In this case, the circumstantial evidence that the

123. 557 F.2d at 1326-28. In reaching this determination, the court again conducted a detailed examination of all license agreements, V.I.P. contracts and sales of film for salvage.
124. 561 F.2d 747 (9th Cir. 1977).
125. Id. at 749.
126. Id.
127. 589 F.2d 707 (D.C. Cir. 1978).
128. Id. at 711.
tapes vended were unauthorized was so overwhelming that the court stated: "The tapes Whetzel peddled obviously were never the subject of 'first sale' transactions entered into by copyright holders or their agents ..."

A similar holding was reached in *United States v. Moore,* where the defendants were also convicted of criminal infringement for the distribution of unauthorized sound recordings. Contending that the government failed to prove the absence of a first sale, these defendants argued that the government must completely account for the distribution of all authorized phonorecords of the copyrighted sound recordings to satisfy its burden. Upon reviewing the circumstances of the case and finding "a total absence of evidence suggesting that the tapes were legitimate," the court held that "evidence suggesting that the tapes had an illegitimate origin negates the possibility of a valid first sale as much as proof from tracing the distribution of the tape to its original source."

The Whetzel and Moore decisions appear to remove some of the "first sale" obstacles that the government faced in earlier cases involving motion pictures. However, even with this lightened burden, the government apparently must still prove a knowledge on the part of the accused either that the copies of the copyrighted work which he is vending were not lawfully manufactured or that there was no first sale of copies of the copyrighted work which he is selling.

Forcing the government to trace the origins of the particular copy of a copyrighted work found in the possession of the accused may present a virtually impossible task. In the House Report on the 1976 Copyright Act, there is language to the effect that to require a copyright proprietor to prove that a particular copy of a copyrighted work in the possession of an alleged infringer was neither lawfully manufactured nor acquired is an impossible and

129. Whetzel sold the tapes out of a van in a parking lot, with labels that listed a manufacturer with a non-existing address and with a price of one dollar per tape. *Id.* at 709, 712. The court went so far as to say "there was a complete absence of anything that would suggest that the tapes were legitimate." *Id.* at 712.

130. *Id.* at 712 n.21 (emphasis added).

131. 604 F.2d 1228 (9th Cir. 1979).

132. *Id.* at 1233.

133. *Id.* at 1232-33.

134. See, e.g., *United States v. Muhammad,* [1980] 471 PAT. T.M. & COPYRIGHT J. A-21 (M.D. Tenn. Oct. 29, 1979), where the court held that a defendant charged with criminal copyright infringement as a result of selling "bootleg" tapes could not use the "first sale" doctrine as a defense and stated: "The illegality of the tapes makes it unnecessary for the Government to prove the absence of a first sale."
These statements were made in response to a civil case, *American International Pictures, Inc. v. Foreman*, which held that a civil plaintiff indeed carries such a burden. Consistent with the established legal principle that the burden of proof should not be placed upon a litigant to establish facts peculiarly within the knowledge of his adversary, Congress in this House Report expressed its intent that under the 1976 Act, an alleged infringer would bear the burden of proving that the copies of a work in his possession were lawfully manufactured or acquired.

Such a burden may not be unreasonable in a civil case. However, to shift the burden of proof in a criminal infringement case whereby a defendant must prove a clear chain of title to [copies] in his possession to avoid being found guilty of a misdemeanor clearly violates due process. The Supreme Court has consistently held that the prosecution bears the burden of proving beyond a reasonable doubt each element of an alleged crime.

Although this factor presents no problem when the evidence clearly indicates the illegality of the copies being vended, the carrying of this burden of proof may still prove troublesome when such a showing is not so obvious.

2. Willful Intent

For an infringement to invoke criminal liability under section 506(a), the alleged infringer must have acted "willfully." This element, which has never been a requirement in civil infringement actions, has been a required aspect of criminal copyright infringement since 1897. Since willfulness is a question of intent, direct proof is rarely available, and its presence will generally be inferred by examining "the critical facts known by the defendant." In other words, willfulness is almost always established by circumstantial evidence.

The establishment of this element of criminal infringement does not appear to have presented too many problems for the

135. *HOUSE REPORT, supra* note 41, at 80-81.
137. *HOUSE REPORT, supra* note 41, at 80-81.
139. Congress first made willfulness an element of criminal infringement in Act of Jan. 6, 1897, ch. 4, 29 Stat. 481 (1897), which provided that an unauthorized public performance of a copyrighted dramatic or musical composition, if done *willfully* and for profit, was a misdemeanor.
Although commentators have disagreed on whether "willfully" means an intent to copy, or an intent to infringe, the courts appear willing to employ the generally "accepted definitions of willfulness." For purposes of section 506(a), the element should be satisfied if the infringer knew the relevant facts concerning the commission of the offense and acted deliberately and knowingly in infringing a copyright. A mere intent to copy would not be enough.

3. For Purposes of Commercial Advantage or Private Financial Gain

For an act to constitute criminal infringement under section 506(a), it must be committed "for purposes of commercial advantage or private financial gain." This aspect of criminal copyright infringement superficially serves to distinguish it from civil infringement. In most cases, the fact that an infringement was done for commercial or private gain is not something a copyright proprietor must prove in a civil infringement action. However, there are instances under the 1976 Copyright Act when such a showing may be necessary to obtain a civil judgment of infringement.

See, e.g., United States v. Heilman, 614 F.2d 1133, 1137-38 (7th Cir.), cert. denied, 100 S. Ct. 3014 (1980); United States v. Wise, 550 F.2d 1180, 1184-95 (9th Cir.), cert. denied, 494 U.S. 929 (1977); United States v. Backer, 134 F.2d 533, 535 (2d Cir. 1943). Compare M. Nimmer, supra note 33, § 15.01, at 15-3 n.13, with Grumar, supra note 11, at 70-71. For further discussion on the requirement of willfulness in criminal copyright infringement, see Gawthrop, supra note 5, at 164-65; Lindenberg-Woods, supra note 10, at 72-73; Wicher, supra note 5, at 396.

In this case, which involved a criminal copyright conviction under § 104, the court of appeals looked to the United States Supreme Court for guidance in ascertaining the "accepted" definition of willful intent. The court adopted the definition of "willful" used in United States v. Murdock, 290 U.S. 389 (1933), as the standard for criminal infringement:

The word often denotes an act which is intentional, or knowing, or voluntary, as distinguished from accidental. But when used in a criminal statute it generally means an act done with a bad purpose ... without justifiable excuse ... stubbornly, obstinately, perversely .... The word is also employed to characterize a thing done without ground for believing it is lawful ... or conduct marked by careless disregard whether or not one has the right so to act. Id. at 394-95 (citations omitted). See Screws v. United States, 325 U.S. 91 (1945); 22 C.J.S. Criminal Law § 31(4) (1961).

144. United States v. Heilman, 614 F.2d 1133, 1138 (7th Cir.), cert. denied, 100 S. Ct. 3014 (1980). In this case, which involved a criminal copyright conviction under § 104, the court of appeals looked to the United States Supreme Court for guidance in ascertaining the "accepted" definition of willful intent. The court adopted the definition of "willful" used in United States v. Murdock, 290 U.S. 389 (1933), as the standard for criminal infringement:

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145. Under this approach, an innocent infringer (one who did not know that the work being copied was copyrighted) would never be criminally liable for copyright infringement. "Thus the omission of a copyright notice on [authorized] copies of the copyrighted work would seem to negate the 'knowing' intent required for criminal liability." Lindenberg-Woods, supra note 10, at 72.

146. The commercial/non-commercial use of a copyrighted work may play a critical role in determining whether a particular use of a work is a fair use or falls
instances may arise where a profitable purpose is a required element for civil infringement liability, but no finding of criminal liability may be possible.\textsuperscript{147}

Ascertainment of the purpose of an alleged infringer's conduct as in a determination of willfulness is an attempt to determine that person's state of mind and the result generally hinges on circumstantial evidence.\textsuperscript{148} This element of criminal infringement should not ordinarily pose much difficulty to government prosecutors, however, since the types of infringing conduct most suited to the imposition of criminal liability (large-scale commercial piracy operations) are obviously entered into for profitable purposes.\textsuperscript{149} These operations, where there is a direct commercial advantage or private financial gain, are "the kinds of flagrant and economically harmful types of infringement for which criminal penalties should be imposed."\textsuperscript{150} Prosecutors should exercise discretion in the bringing of actions under section 506(a), pursuing for the most part, only large-scale commercial infringers who realize a direct financial advantage from their conduct. The sanctions of criminal infringement should be imposed in a situation of indirect commercial advantage only when the possible civil remedies have been within the infringement exemption sections of the copyright law. \textit{See} 17 U.S.C. \S\ 107 (1976) (fair use exemption); \textit{id.} \S\ 108(a)(1) (library exemption); \textit{id.} \S\ 110(1) (education exemption); \textit{id} \S\ 110(2) (educational transmission exemption); \textit{id.} \S\ 110(5) (commercial establishment exemption); \textit{id.} \S\ 110(9) (transmission for handicapped exemption); \textit{id.} \S\ 111(a)(1) (hotel/apartment house relay exemption); \textit{id.} \S\ 116(a), (e)(1)(B) (juke-box exemption); \textit{id.} \S\ 118 (public broadcast entity exemption). Except for fair use, a direct or indirect commercial advantage will automatically result in the loss of an exemption and present the possibility of civil and criminal infringement liability.

\textsuperscript{147} Discussing the "for profit" aspect in the civil and criminal contexts under \S\ 104 of the 1909 copyright laws, one commentator noted:

\begin{quote}
In civil cases it is irrelevant that the gain may be only an indirect result of the infringement. But criminal statutes are subject to the dual principles of strict construction and \textit{mens rea}, and these would operate to narrow the scope of the profit requirement when applied to criminal cases. . . . Consequently, the profit in a criminal infringement apparently must inure to the defendant as a more direct result of the infringement than would suffice for a civil case, so as to make the defendant aware that he is profiting, and to make it quite clear that it involves the type of commercial activity which the statute was designed to prohibit.
\end{quote}

Grumar, \textit{supra} note 11, at 72 (footnote omitted). This narrowing of criminal liability may have been the case under the "for profit" language of \S\ 104, but with the new "for the purpose of" language of \S\ 506(a), criminal liability may have been broadened. \textit{See} notes 42-45 & accompanying text \textit{supra}.


\textsuperscript{149} \textit{See}, e.g., \textit{United States v. Wise}, 550 F.2d 1180 (9th Cir.), \textit{cert. denied}, 434 U.S. 929 (1977).

\textsuperscript{150} \textit{See} Lindenberg-Woods, \textit{supra} note 10, at 72.
completely exhausted in attempts to obtain infringement relief.¹⁵¹

B. Effect of a Criminal Infringement Conviction in a Subsequent Civil Suit

Since both criminal and civil liability may arise from the same conduct, once a criminal infringement conviction has been obtained, may any portion of that finding be employed by the copyright proprietor to obtain a civil judgment against the convicted infringer? There have been no reported copyright cases that discuss this question,¹⁵² but it appears that the principles of collateral estoppel could be effectively employed in a subsequent civil infringement action in order to give conclusive effect to common issues previously litigated in the criminal case.¹⁵³

In its traditional sense, collateral estoppel simply means that "when an issue of ultimate fact has once been determined by a valid and final judgment, that issue cannot again be litigated between the same parties in any future lawsuit."¹⁵⁴ The underlying purpose of collateral estoppel is to preclude repeated controversy over matters judicially determined; it is a "reasonable measure calculated to save individuals and courts from the waste and burden of relitigating old issues."¹⁵⁵ This concept, sometimes more precisely termed "issue preclusion,"¹⁵⁶ does not act to prevent inquiry

¹⁵¹ Id.
¹⁵² But see Lees, Post: Get Your Hot Glen Campbell Tapes Here, N.Y. Times, Dec. 1, 1974, § 2, at 21, col. 1. This New York Times article reported the initial decision in United States v. Taxe, 380 F. Supp. 1010 (C.D. Cal. 1974), aff'd, 540 F.2d 961 (9th Cir. 1976), cert. denied, 429 U.S. 1040 (1977), and noted that civil suits were filed by the recording companies whose albums had been pirated.
¹⁵³ It does not follow that the reverse is true, however. Because of the differing standards of proof, an issue determined in a civil action is not precluded from relitigation in a later criminal prosecution.

¹⁵⁴ Ashe v. Swenson, 397 U.S. 436, 443 (1970). This traditional view, which requires identity of parties in both actions, has been broadened so that it is available to the copyright proprietor in a situation such as discussed herein. See notes 159-70 & accompanying text infra (statutory rule in antitrust instances).
¹⁵⁶ F. JAMES, JR. & G. HAZARD, JR., CIVIL PROCEDURE § 11.16 (2d ed. 1977); RESTATEMENT (SECOND) OF JUDGMENTS §§ 68, 68.1 (Tent. Draft No. 1, 1973). See also R. CASAD, supra note 153, § 5-1, at 123.

Basically, the rule of issue preclusion is as follows: An issue essential to the judgment rendered, which was actually litigated and determined by a court having jurisdiction of subject matter and over
into matters that may not have been placed in issue and determined in the prior action.

1. **General Requirements for Collateral Estoppel Effect**

Before any determination made in a former action can be given collateral estoppel effect, there are at least four elements which must be satisfied: (1) the issue sought to be precluded must be the same as that involved in the prior action; (2) that issue must have been actually litigated; (3) that issue must have been determined by a valid and final judgment; and (4) the determination must have been essential to the prior judgment.157 If these conditions are met, then the issue in question is precluded from a reexamination in a subsequent action.158

2. **Traditional Difficulties in Invoking Collateral Estoppel from Criminal to Civil Actions**

Two factors may serve to limit the use of the collateral estoppel effect of a criminal conviction in a later civil suit, even where the issues in question are identical. One is the doctrine of mutuality; the other is the different standard of proof required in criminal as opposed to civil proceedings.

a. **The Doctrine of Mutuality**

The doctrine of mutuality, now on the wane, essentially required identity of parties for the application of collateral estoppel. If the second action involved different parties, then an issue decided in the earlier action is not precluded from consideration in the second action, even if one of the parties had been a party in the first action and had unsuccessfully litigated the issue in question the person of the parties, may not be relitigated by the same parties or those in privity with them.


158. Cf. note 153 supra (not possible to preclude issues from civil to criminal actions).

There is one instance, the area of antitrust litigation, where the fulfilling of these conditions results in a different effect. Section 5(a) of the Clayton Act (15 U.S.C. § 16(a) (1976)) provides that a prior judgment adverse to the defendant in any civil or criminal antitrust proceeding brought by or on behalf of the United States shall only have prima facie evidentiary effect in subsequent private suits against the same defendant. Consequently, a beleaguered defendant may still offer evidence to rebut findings in the prior action, conduct which would not be possible if those findings were given conclusive effect. See Sam Fox Publishing Co. v. United States, 366 U.S. 683, 690 (1961); Illinois v. General Paving Co., 590 F.2d 680, 681-83 (7th Cir.), cert. denied, 100 S. Ct. 168 (1979); Note, Section 5(a) of the Clayton Act and Offensive Collateral Estoppel in Antitrust Damage Actions, 85 YALE L.J. 541 (1976).
on that occasion.\textsuperscript{159} The mutuality doctrine had gained nearly universal acceptance until it was initially repudiated in 1942 in the leading case of \textit{Bernhard v. Bank of America}.\textsuperscript{160} The California Supreme Court in \textit{Bernhard}, developed a formula, known as the \textit{Bernhard} rule, for determining whether a prior decision would be given collateral estoppel effect: "Was the issue decided in the prior adjudication identical with the one presented in the action in question? Was there a final judgment on the merits? Was the party against whom the plea is asserted a party or in privity with a party to the prior adjudication?"\textsuperscript{161}

Although many jurisdictions adopted the \textit{Bernhard} rule, the United States Supreme Court did not follow suit until 1971. In a civil patent infringement action, \textit{Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation},\textsuperscript{162} the Court held that the holder of a patent, who had lost a prior action to enforce the patent on the ground that the patent was invalid, was bound by the determination of invalidity in a subsequent action against another alleged infringer.\textsuperscript{163} As a result of this ruling, the \textit{Bernhard} rule gained still greater acceptance, and was ultimately adopted in the \textit{Restatement (Second) of Judgments}.\textsuperscript{164}

The demise of the doctrine of mutuality still left some question as to whether issue preclusion could be invoked "offensively," \textit{i.e.}, where a plaintiff seeks to estop a defendant from relitigating issues which the defendant previously litigated and lost against another plaintiff.\textsuperscript{165} The Supreme Court recently addressed this question in \textit{Parklane Hosiery Co. v. Shore},\textsuperscript{166} in which a plaintiff in a civil action sought to preclude the defendant from relitigating issues which the defendant had unsuccessfully litigated in a prior civil action brought by the Securities and Exchange Commission. In accord with the trend of recent authority to the effect that there is no intrinsic difference between "offensive" and "defensive" issue preclusion,\textsuperscript{167} the Court held that "the preferable approach for dealing with these problems in the federal courts is not to preclude the use of offensive collateral estoppel, but to grant trial courts broad discretion to determine when it should be applied."\textsuperscript{168}

\begin{itemize}
\item \textsuperscript{159} F. JAMES, JR. & G. HAZARD, JR., \textit{supra} note 156, § 11.24, at 578.
\item \textsuperscript{160} 19 Cal. 2d 807, 122 P.2d 892 (1942).
\item \textsuperscript{161} \textit{Id.} at 813, 122 P.2d at 895 (emphasis added).
\item \textsuperscript{162} 402 U.S. 313 (1971).
\item \textsuperscript{163} \textit{Id.} at 349-50.
\item \textsuperscript{164} \textit{RESTATEMENT (SECOND) OF JUDGMENTS} § 88 (Tent. Draft No. 2, 1975).
\item \textsuperscript{165} \textit{See id.} § 88, at 99, Reporter's Note.
\item \textsuperscript{166} 439 U.S. 322 (1979).
\item \textsuperscript{167} \textit{RESTATEMENT (SECOND) OF JUDGMENTS} § 88 at 99, Reporter's Note (Tent. Draft No. 2, 1975).
\item \textsuperscript{168} 439 U.S. at 331.
\end{itemize}
The Court noted that in exercising such discretion, a trial court should not allow offensive issue preclusion where the plaintiff could easily have joined the earlier action or where its application would be unfair to the defendant. Since both of these qualifications on the use of offensive issue preclusion would be satisfied, the doctrine of mutuality should no longer present an obstruction to the application of collateral estoppel against a convicted copyright infringer in a subsequent civil action brought by the copyright proprietor.

b. Differing Standards of Proof

While the differences in burden of proof between civil and criminal actions may limit the collateral estoppel effect of certain judgments in a former criminal action, a judgment of conviction is generally held to be conclusive in a later civil action. The accepted rule is that because a defendant is surrounded by greater safeguards in criminal rather than civil litigation, and because the standard of proof to which the complainant is held is much higher, a judgment of conviction is conclusive in civil litigation between the defendant and the party whose rights he was convicted of infringing.

169. Id. at 329-33.
170. A private party certainly cannot join the government in a criminal action, and with the higher burden of proof and other attendant safeguards in criminal proceedings, it is difficult to conceive of a situation in which such an application of offensive issue preclusion in a subsequent civil action would be unfair to the defendant, although such a situation may undoubtedly arise. See generally id. at 330-31.
171. If the prior criminal prosecution resulted in an acquittal, that action concludes no issues of civil liability in favor of the defendant because a failure to show criminal liability beyond a reasonable doubt does not preclude the possibility that civil liability can be shown by a preponderance of the evidence. 1B MOORE'S FEDERAL PRACTICE § 0.418[1], at 2703-04 (2d ed. 1980); Developments in the Law—Res Judicata, 65 HARV. L. REV. 818, 879 (1952). A criminal judgment may also fail to receive full collateral estoppel effect when the defendant has pled guilty or nolo contendere. See 1B MOORE'S FEDERAL PRACTICE § 0.418[1], at 2706-08 (2d ed. 1980).

In addition, it was once believed that the form of the verdict in a criminal conviction was a factor in determining the collateral estoppel effect in a later civil action. That position is no longer favored:

"[T]he working of an estoppel in a subsequent civil proceeding is not frustrated by the fact that the prior criminal conviction was in the form of a general jury verdict. It is the task of the trial judge in the subsequent civil proceeding to determine through an examination of the pleadings, court opinions if any, and the record of the criminal trial which questions were 'distinctly put in issue and directly determined' in the criminal prosecution." SEC v. Everest Management Corp., 466 F. Supp. 167, 173 (S.D.N.Y. 1979) (quoting Emich Motors Corp. v. General Motors Corp., 340 U.S. 558, 569 (1951)).
vading as applied to issues that were litigated and adjudicated in
the criminal prosecution.\textsuperscript{172} The only obstacles to giving collateral
estoppel effect to a conviction in a later civil action would seem to
be those applying to issue preclusion generally.\textsuperscript{173}

3. Collateral Estoppel and Copyright

Much has been written about the concept of collateral estoppel,
but it has not heretofore been considered in the context of federal
copyright law. Naturally, to preclude an issue in a later action by
collateral estoppel, all of the usual conditions must be fulfilled.\textsuperscript{174}
In the case of a civil infringement action brought by a copyright
proprietor against a defendant previously convicted of infringing
the proprietor's copyrights, the conditions would appear to be sat-
sified. The issue sought to be precluded—the occurrence of an in-
fringement—has already been litigated and determined in a valid,
final judgment,\textsuperscript{175} and that issue was certainly essential to the
prior criminal action. The differences in standards of proof and
moving parties in the two actions do not act to diminish the effect
of such an application of collateral estoppel.

As a matter of law, a conviction under section 506(a) must in-
clude those elements necessary to make out a civil judgment
against an infringer because “criminal copyright infringement in-
corporates as one of its elements the concept of civil copyright in-
fringement.”\textsuperscript{176} In addition to proving beyond a reasonable doubt
that there was an infringement, the government in a section 506(a)
prosecution is also required to prove several additional elements
to establish criminal liability, \textit{e.g.}, that the infringement was will-
ful and for purposes of commercial advantage or private financial
gain.\textsuperscript{177} The application of issue preclusion, in this instance to
make out a conclusive case of civil infringement, achieves the kind
of result desired by the policies underlying collateral estoppel;
granting conclusive effect to the finding of an infringement in a
prior 506(a) action avoids the waste and burden of relitigating is-
issues which have already been sufficiently determined.

\textsuperscript{172} IB \textsc{Moore's} \textit{Federal Practice} § 0.418[1], at 2703 (2d ed. 1980).
\textsuperscript{173} \textsc{R. Casad}, \textit{supra} note 153, § 5-73, at 257. \textit{See, e.g.}, notes 182-86 & accompanying
text \textit{infra}.
\textsuperscript{174} \textit{But see} note 182 & accompanying text \textit{infra}.
\textsuperscript{176} \textit{See} notes 139-51 & accompanying text \textit{infra}. 1981]
4. Difficulties in Invoking Collateral Estoppel in Copyright

a. Shifting Burdens

A conviction of criminal infringement under section 506(a) is a situation perfectly suited to the use of issue preclusion by the aggrieved copyright proprietor. The only obstacle peculiar to copyright law that could possibly prevent a complete preclusion of the infringement issue in a subsequent civil action is a possible shifting of the burden of proof respecting the origin of the infringer's copies.\textsuperscript{178}

In a section 506(a) prosecution, the government generally has shown that the defendant's copies are unauthorized by proving either unauthorized manufacture, the absence of a first sale, or the existence of circumstantial evidence which shows the obvious illegality of the copies beyond a reasonable doubt.\textsuperscript{179} The government is required to make such proof because of due process considerations—the prosecution bears the burden of proving all the essential elements of an alleged crime.\textsuperscript{180} In the House Report on the 1976 Copyright Act, however, Congress expressed its intent that in civil infringement actions the alleged infringer should bear the burden of proving that copies of a copyrighted work in his possession were lawfully manufactured or acquired.\textsuperscript{181} This was an attempt by Congress to ease the burden on copyright proprietors who had faced substantial difficulties proving the illegality of the defendant's copies in civil infringement actions.

If this congressional intent and due process are both strictly adhered to, the effect will be a "shifting" of the burden of proof from the prosecution in the criminal action to the defendant in a subsequent civil suit. While this burden change may appear to be a concern, it should have little practical impact on the application of collateral estoppel in this instance. The defendant should be precluded from raising a first sale defense in a civil action if he has already suffered an adverse determination on that issue beyond a reasonable doubt in the criminal proceeding. To allow this shift in burden to prevent the complete preclusion of the infringement issue would be a rather peculiar result, since both the application of collateral estoppel and Congress' stated intent purportedly benefit the copyright proprietor.

\textsuperscript{178} See notes 135-38 & accompanying text supra.
\textsuperscript{179} See notes 114-38 & accompanying text supra.
\textsuperscript{180} See Lindenberg-Woods, supra note 10, at 80-81.
\textsuperscript{181} HOUSE REPORT, supra note 41, at 80-81.
b. The Unpredictability of Collateral Estoppel Application

As issue preclusion and the Bernhard rule became refined through experience and application, a two-step process of factual determination evolved:

The first inquiry is whether the person against whom preclusion is to be applied had a full and fair opportunity to litigate the issue in the first action—an opportunity at least equivalent to that which he would have in the second action. If it appears that he did have such an opportunity, issue preclusion presumptively applies—that is, the party against whom the issue was resolved cannot relitigate the issue unless he can show a good reason why he should be enabled to do so.182

The reasons that may justify relitigation are several, and have been catalogued by the Restatement (Second) of Judgments.183 For example, if the prior determination is of dubious reliability (inconsistent with another determination of the same issue, affected by relationships between the parties, etc.) or if treating the issue as conclusive would prejudice another party involved in the second action, the defendant may deserve an opportunity to relitigate that particular issue. This Restatement list is not meant to be exclusive. In fact, the final clause states the broad rule that "other compelling circumstances" may also justify allowing a party to relitigate a particular issue.184

Because of these exceptions, the effect of collateral estoppel in copyright as well as any other area of law, is not as ironclad as it may first appear. These exceptions give the application of issue preclusion "a substantial degree of flexibility, [and] the question of preclusion now depends to an important degree on 'sound judicial discretion.' "185 The resulting unpredictability of an attempt at issue preclusion invokes an inherent uncertainty among lawyers as to whether it should even be relied upon in a particular case.186 Nevertheless, from the copyright proprietor's point of view, a rejection of issue preclusion by the court is not a great setback. The proprietor still has an opportunity to prove civil infringement—the task is merely made a bit more burdensome.

182. F. JAMES, JR. & G. HAZARD, JR., supra note 156, § 11.25, at 583 (emphasis added).
186. F. JAMES, JR. & G. HAZARD, JR., supra note 156, § 11.25, at 583-84.
c. Statute of Limitations

All infringement actions are subject to the provisions of section 507 of the Copyright Act, which establishes a three-year statute of limitations for both criminal proceedings and civil actions. Since the limitation periods for both criminal and civil actions presumably begin to run at the same time, a copyright proprietor awaiting the outcome of a criminal prosecution prior to pursuing civil remedies should at least file his case with the proper court so as to preserve his right to bring suit. If he waits for a final judgment in the criminal proceeding, he may find himself without civil recourse by operation of section 507.

V. CONCLUSION

"The bite of law is in its enforcement." These words, written in 1946 by Justice Felix Frankfurter of the United States Supreme Court, typify the historical role of criminal infringement in the federal copyright scheme. For many years, the criminal infringement sanctions were ineffective even when enforced, but in the 1970's, the modernization of the criminal infringement provisions by Congress has opened the door for meaningful prosecutions. This is not to imply that the government should prosecute every infringer who satisfies the section 506(a) criteria. The criminal infringement

188. (a) Criminal Proceedings
No criminal proceeding shall be maintained under the provisions of this title unless it is commenced within three years after the cause of action arose.
(b) Civil Actions
No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued.

Id. The language of this provision, adopted in 1957, was not altered in the general revision. House Report, supra note 41, at 164.
189. Although not peculiar to copyright law, an additional concern to the copyright proprietor when bringing a civil suit for damages against a convicted infringer is the possibility that the defendant will be judgment-proof. Of course, this problem does not affect the mechanical aspects of the application of collateral estoppel and although it is merely a practical concern, the financial status of a convicted infringer should certainly be considered before civil remedies are pursued. Presumably, the defendant has just been through the rigors of an unsuccessful criminal defense, including possible appeals, which is not an inexpensive undertaking. In addition, the conviction probably resulted in the levying of fines against the defendant, a further drain on his financial well-being. It should also be noted that large-scale commercial infringement operations are not limited to those with a great deal of capital. In 1979, one recording industry source estimated the costs of going into business as a tape pirate at less than $10,000. S. Shemel & M. Krasilovsky, supra note 76, at 93.

provisions should only be utilized when the infringing conduct is of such magnitude as to substantially encroach upon the artistic and economic rights of a copyright proprietor. In other words, government attorneys should exercise their discretionary powers of prosecution and pursue only those large-scale commercial infringement operations which are able to produce and distribute large quantities of unauthorized copies.\footnote{Besides violating federal copyright laws, those engaged in and associated with large-scale commercial infringement operations may also be liable for other federal offenses. \textit{E.g.}, 18 U.S.C. § 371 (1976) (conspiracy to commit any offense against the United States); \textit{id.} §§ 1961-1968 (Supp. 1980) (Racketeer Influenced and Corrupt Organizations Act); \textit{id.} § 2318 (1976) (transportation, sale or receipt of phonorecords bearing forged or counterfeited labels).} Prosecutors must limit themselves to pursuing only those infringers engaged in such activities. "Criminal infringement must not, even to the slightest degree, chill the right of authors and artists to freely borrow ideas and learn from the works of others."\footnote{\textit{Lindenber-Woods, supra note 10, at 87.}}

Many of the relationships between the criminal and civil copyright infringement provisions have yet to be tested. However, bringing these two areas of law together by applying the principles of collateral estoppel appears to be quite proper, and will make a civil action that much easier for the maltreated copyright proprietor.\footnote{\textit{Cf. Gawthrop, supra note 5, at 169 (for criminal infringement to be effective and useful, its benefits must be more directed to the copyright proprietor).} }

\textit{James Lincoln Young '81}