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1 **PRELIMINARY INSTRUCTIONS**

2 **JURY INSTRUCTION No. 32**

3 **CLAIMS AND DEFENSES**

4
5 To help you follow the evidence, I will give you a brief summary of the positions of the
6 parties:

7 Plaintiff claims that it has rightfully-obtained and federally registered trademarks and
8 copyrights and that such are valuable property rights. By this action, Plaintiff seeks to hold liable
9 Internet Service Providers and its principal for the substantial sales of counterfeit Louis Vuitton,
10 merchandise that has occurred, and is continuing to occur on websites hosted on Defendants'
11 servers and to which Internet traffic is directed by Defendants' routers. The plaintiff has the burden
12 of proving these claims.
13

14 The defendant denies those claims [and also contends that defendant's affirmative
15 defenses].

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19 *Ninth Circuit Manual of Model Civil Jury Instructions* (2007 ed.) (Additions
20 incorporated as reflected at
21 <http://207.41.19.15/web/sdocuments.nsf/civ?OpenView&Start=1&Count=250&Expand=19#19>) ("Model Instructions") Instruction No. 1.2
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JURY INSTRUCTION No. 33

USE OF REQUESTS FOR ADMISSION OF A PARTY

Evidence [will now be] [was] presented to you in the form of answers of one of the parties to requests for admission submitted by the other side. These answers [have been] [were] given in writing and under oath, before the actual trial, in response to questions which were submitted in writing under established court procedures. The answers are entitled to the same consideration and are to be judged as to credibility and weight, and otherwise considered by you. You should consider the answers, insofar as possible, in the same way as if they were made from the witness stand.

Model Instructions, No. 2.10 (modified)

JURY INSTRUCTION No. 34

DUTY TO DELIBERATE

1
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3
4 When you begin your deliberations, you should elect one member of the jury as your
5 presiding juror. That person will preside over the deliberations and speak for you here in court.

6 You will then discuss the case with your fellow jurors to reach agreement if you can do so.
7 Your verdict must be unanimous.

8 Each of you must decide the case for yourself, but you should do so only after you have
9 considered all of the evidence, discussed it fully with the other jurors, and listened to the views of
10 your fellow jurors.

11 Do not hesitate to change your opinion if the discussion persuades you that you should. Do
12 not come to a decision simply because other jurors think it is right.

13 It is important that you attempt to reach a unanimous verdict but, of course, only if each of
14 you can do so after having made your own conscientious decision. Do not change an honest belief
15 about the weight and effect of the evidence simply to reach a verdict.

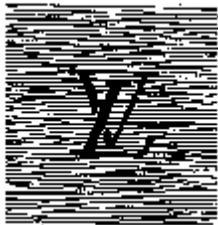
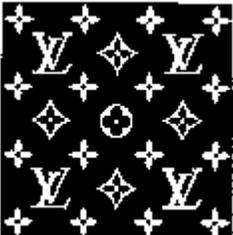
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17 *Model Instructions, No. 3.1*
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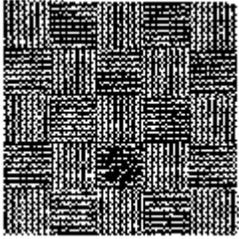
JURY INSTRUCTION No. 35**DEFINITION—TRADEMARK—COUNTERFEIT MARK**

A trademark is any word, name, symbol, device or any combination thereof, used by a person to identify and distinguish that person's goods from those of others and to indicate the source of the goods.

The trademarks involved in this trial are:

TRADEMARK	REGISTRATION NUMBER	TRADEMARK PICTURE	CLASS OF GOODS
Louis Vuitton (Interlocked Letters) in a Circle Design	286,345		18
Louis Vuitton (Interlocked Letters) and Monogram Canvas Design	297,594		18
LOUIS VUITTON	1,045,932	LOUIS VUITTON	18
Louis Vuitton (Interlocked Letters) Design	1,519,828		18
LOUIS VUITTON MALLETIER A PARIS in Rectangle Design	1,615,681		16, 18

TRADEMARK	REGISTRATION NUMBER	TRADEMARK PICTURE	CLASS OF GOODS
Louis Vuitton (Interlocked Letters) on Epi Leather Design	1,655,564		18
Louis Vuitton (Interlocked Letters) and Monogram Canvas Pattern Design	1,770,131		25
Louis Vuitton (Interlocked Letters) Design	1,794,905		16, 25
Louis Vuitton (Interlocked Letters) and Monogram Canvas Design	1,875,198		16
Louis Vuitton (Interlocked Letters)	1,938,808		14, 24
LOUIS VUITTON World Mark	1,990,760	LOUIS VUITTON	16, 18, 24, 25

TRADEMARK	REGISTRATION NUMBER	TRADEMARK PICTURE	CLASS OF GOODS
Louis Vuitton (Interlocked Letters) Design	2,291,907		34
LOUIS VUITTON	2,303,212	LOUIS VUITTON	34
Louis Vuitton (Interlocked Letters) Design	2,361,695		25
LOUIS VUITTON PARIS and Damier (pattern design)	2,378,388		18

A “counterfeit” mark is an identical, non-genuine mark, of one in use by Plaintiff and registered in the same class of goods complained of without Plaintiff’s prior authorization.

Model Instructions, No. 15.1 (modified); State of Idaho Potato Commission v. G&T Terminal Packaging, Inc., 425 F.3d 708, 721 (9th Cir. 2005).

JURY INSTRUCTION No. 36

TRADEMARK LIABILITY—THEORIES & POLICIES

1
2
3 The trademark laws balance three often-conflicting goals: 1) protecting the public from
4 being misled about the nature and source of goods and services, so that the consumer is not
5 confused or misled in the market; 2) protecting the rights of a business to identify itself to the
6 public and its reputation in offering goods and services to the public; and 3) protecting the public
7 interest in fair competition in the market.
8

9 The balance of these policy objectives vary from case to case, because they may often
10 conflict. Accordingly, each case must be decided by examining its specific facts and circumstances,
11 of which you are to judge.

12 In my instructions, I will identify types of facts you are to consider in deciding if the
13 defendant is liable to the plaintiff for violating the trademark law. These facts are relevant to
14 whether the defendant is liable for infringing plaintiff's registered trademark rights, by using a
15 trademark in a manner likely to cause confusion among consumers.
16

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18 *Model Instructions, No. 15.4*
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JURY INSTRUCTION No. 37

DIRECT INFRINGEMENT REQUIRED

Contributory trademark counterfeiting requires some underlying direct infringement, including counterfeiting, by a third party whom I shall refer to as the Website Operator.

Perfect 10 v. Visa Int'l Serv. Assoc., 494 F.3d 788, 795, 807 (9th Cir. 2007); Judge Ware's Order Granting in Part and Denying in Part Defendants' Motion for Summary Judgment 5:7-9, *Louis Vuitton Malletier, S.A. v. Akanoc Solutions, Inc., et al.*, 5:07-cv-03952-JW (Filed 12/23/08) (hereinafter "MSJ Ruling").

JURY INSTRUCTION No. 38

TRADEMARK COUNTERFEITING

ELEMENTS AND BURDEN OF PROOF

1
2
3
4 On the plaintiff's claim for contributory trademark counterfeiting, the plaintiff has the
5 burden of proving each of the following elements by a preponderance of the evidence that:

- 6
7 (1) Website Operator intentionally used a counterfeit mark in commerce- defining
8 "counterfeit mark" as, an identical, non-genuine mark, of one in use by Plaintiff and
9 registered in the same class of goods complained of without Plaintiff's prior
10 authorization;
- 11 (2) Knowing the mark was counterfeit;
- 12 (3) In connection with the sale, offering for sale, or distribution of goods; and
- 13 (4) Its use was likely to confuse or deceive.

14
15 If you find that each of the elements on which the plaintiff has the burden of proof has been
16 proved, your verdict should be for the plaintiff. If, on the other hand, the plaintiff has failed to
17 prove any of these elements, your verdict should be for the defendants.

18
19 See 15 U.S.C. Section 1114(1)(a); *Westinghouse Elec. Corp. v. General Circuit*
20 *Breaker & Elec. Supply Inc.* 106 F.3d 894, 899 (9th Cir. 1997) ("Section 1114 of the
21 Lanham Act, which establishes the trademark counterfeiting cause of action,
22 prohibits the use of 'any reproduction, counterfeit, copy, or colorable imitation of a
23 registered mark in connection with the sale ... of any goods ... [where] such use is
24 likely to cause confusion ... or to deceive.'") Patterned after Ninth Circuit Manual
25 of Model Jury Instruction 15.5 Infringement—Elements and Burden of Proof—
26 Trademark; *State of Idaho Potato Commission v. G & T Terminal Packaging, Inc.*,
425 F.3d 708, 721 (9th Cir. 2005); Section 15 U.S.C. 1117 (c) refers to the definition
27 in 15 U.S.C. § 1116 (d)(1)(B) as one that "is registered on the principal register in
28 the United States Patent and Trademark Office for such foods or services sold,
offered for sale, or distributed and that is in use, whether or not the person against
whom relief is sought knew such mark was so registered."

JURY INSTRUCTION No. 39

INFRINGEMENT—ELEMENTS—PRESUMED

VALIDITY AND OWNERSHIP—REGISTERED TRADEMARK

1
2
3
4
5 I gave you instruction number 20 regarding the elements of trademark counterfeiting that
6 the plaintiff must prove by a preponderance of the evidence that the trademark is valid and
7 protectable and that the plaintiff owns the trademark.

8 One way for the plaintiff to prove trademark validity is to show that the trademark is
9 registered. An owner of a trademark may obtain a certificate of registration issued by the United
10 States Patent and Trademark Office and may submit that certificate as evidence of the validity and
11 protectability of the trademark and of the certificate holder's ownership of the trademark covered
12 by that certificate.
13

14 Exhibits 451-465 are certificates of registration from the United States Patent and
15 Trademark Office.

16 In this case, there is no dispute that the plaintiff received registrations for the trademarks
17 identified during these proceedings and including the LOUIS VUITTON, LV and Daumier pattern
18 trademarks and these registrations are now "incontestable" under the trademark laws. This means
19 that the plaintiff's registration of the trademark is conclusive evidence of plaintiff's ownership of
20 those trademarks and that the trademarks are valid and protectable.
21

22
23 *Model Instructions, No. 15.7*
24
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JURY INSTRUCTION No. 40**PRESUMPTION OF CONFUSION WHEN DEALING WITH COUNTERFEIT MARKS**

There is a presumption of a likelihood of confusion, or a likelihood of confusion as a matter of law, when the offending mark is a counterfeit mark, or a mark virtually identical to a previously registered mark coupled with the intent to pass off or borrow from established good will.

Brookfield Communs. v. W. Coast Entm't Corp., 174 F.3d 1036, 1056 (9th Cir. 1999) ("In light of the virtual identity of marks, if they were used with identical products or services likelihood of confusion would follow as a matter of course."); *Shakespeare Co. v. Silstar Corp. of Am.*, 110 F.3d 234, 241 (4th Cir. 1997) ("Our cases make clear, however, that that presumption arises only where the intentional copying is motivated by an "intent to exploit the good will created by an already registered trademark"); *Polo Fashions, Inc. v. Craftex, Inc.*, 816 F.2d 145, 148 (4th Cir. 1987) ("Where, as here, one produces counterfeit goods in an apparent attempt to capitalize upon the popularity of, and demand for, another's product, there is a presumption of a likelihood of confusion."); see [*Lindy Pen Co. v. Bic Pen Corp.*, 796 F.2d 254, 256-57 \(9th Cir. 1986\)](#) (reversing a district court's finding of no likelihood of confusion even though the six other likelihood of confusion factors all weighed against a finding of likelihood of confusion); *Phillip Morris USA Inc. v. Shalabi*, 352 F. Supp. 2d 1067, 1073 (C.D. Cal. 2004) citing *Phillip Morris USA Inc. v. Felizardo*, 2004 U.S. Dist. LEXIS 11154, at *18 (S.D.N.Y. June 18, 2004) ("However, "in cases involving counterfeit marks, it is unnecessary to perform the step-by-step examination . . . because counterfeit marks are inherently confusing."); *Phillip Morris USA Inc. v. Felizardo*, 2004 U.S. Dist. LEXIS 11154, at *18 (S.D.N.Y. June 18, 2004) ("[C]ounterfeit marks are inherently confusing."); *Gucci America, Inc. v. Duty Free Apparel, Ltd.*, 286 F. Supp. 2d 284, 287 (S.D.N.Y. 2003); ("[C]ounterfeits by their very nature, cause confusion...Indeed, confusing the customer is the whole purpose of creating counterfeit goods."); *Microsoft Corp. v. Software Wholesale Club, Inc.*, 129 F. Supp. 2d 995, 1007 fn. 11 (S.D. Tex. 2000) ("However, in the case of a counterfeit mark, likelihood of confusion is clear."); *Dial-A-Mattress Operating Corp. v. Mattress Madness, Inc.*, 841 F. Supp. 1339, 1346 (E.D.N.Y. 1994) ("Moreover, confusion is simply inevitable since the parties are selling the same products in the same channels of commerce under the guise of the identical Dial-A-Mattress mark.").

JURY INSTRUCTION No. 41

CONTRIBUTORY TRADEMARK COUNTERFEITING

1
2
3 A person is liable for trademark counterfeiting by another if the person sells or supplies
4 goods or services to another knowing or having reason to know that the other person will use the
5 goods or services to infringe the plaintiff's trademark.

6 The plaintiff has the burden of proving each of the following by a preponderance of the
7 evidence:

- 8
9 (1) defendants supplied the goods and services to the Website Operators for any of the
10 various infringing websites identified during the trial;
- 11 (2) any of those Website Operators used the goods and services supplied by the
12 defendants to counterfeit the plaintiff's trademarks;
- 13 (3) defendants knew or should have known any of those Website Operators would use
14 the goods or services to counterfeit plaintiff's trademarks; and
- 15 (4) the plaintiff was damaged by the counterfeiting.

16
17 The showing required for the continued provision of a service to a known infringer is less
18 restrictive than when dealing with the continued sale of an infringing product. In cases where an
19 internet service provider may not have supplied a "product" to infringing third parties, you should
20 "consider the extent of control exercised by the defendant over the third party's means of
21 infringement" so that a plaintiff must only show that in addition to some form of knowledge,
22 defendant's had direct control and monitoring of the instrumentality used by the third party to
23 infringe the plaintiff's mark.

24
25 If you find that each of the elements on which the plaintiff has the burden of proof has been
26 proved, your verdict should be for the plaintiff. If, on the other hand, the plaintiff has failed to
27 prove any of these elements, your verdict should be for the defendants.

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Model Instruction, No. 15.19, modified consistent with *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259, 264-265 (9th Cir.1996) (flea market liable for contributory infringement if it supplied the necessary market place for the sale of infringing products); *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d 980, 983-84 (9th Cir. 1999); see 4 J. Thomas McCarthy, *Trademarks and Unfair Competition* § 25.17 (4th ed. 2001) (discussion of contributory infringement); MSJ Ruling 15:2-18.

JURY INSTRUCTION No. 42

CONTRIBUTORY TRADEMARK COUNTERFEITING – KNOWLEDGE

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4 The required knowledge for contributory trademark counterfeiting can be actual or
5 constructive.

6 Actual knowledge exists where it can be shown by a defendant’s conduct or statements that
7 it actually knew of specific instances of direct infringement.

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9 Constructive knowledge exists where it can be shown a defendant should have known of
10 the direct infringement. For example, if a computer system operator learns of specific infringing
11 material available on his system and fails to purge such material from the system, the operator
12 knows of and contributes to direct infringement.

13 Either actual or constructive knowledge is sufficient.

14 Internet service providers can not remain willfully blind to trademark infringement taking
15 place on their servers. If you find that Defendants knew third parties were infringing Plaintiff’s
16 trademarks and remained willfully blind despite the ability to terminate their services to those
17 third-parties, your verdict must be for the Plaintiff.
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21 *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1020-21 (9th Cir. 2001);
22 *Religious Technology Center v. Netcom On-Line Communication Services, Inc.*, 907
23 F. Supp. 1361, 1374 (N.D. Cal. 1995); MSJ Ruling 8:9-20.
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JURY INSTRUCTION No. 43

CONTRIBUTORY TRADEMARK COUNTERFEITING – CONTROL

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4 “The guiding principle of holding a flea market operator liable for contributory
5 infringement is that a host who permits others to use his premises cannot remain “willfully blind”
6 to their directly infringing acts.” “Defendants’ activity as Internet service providers is like the flea
7 market proprietors” in that they “physically host websites on their servers and route internet traffic
8 to and from those websites. This service is the Internet equivalent of leasing real estate.”

9
10 If you find Defendants remained “willfully blind” to trademark infringement taking place
11 on their servers despite the ability to terminate their services to infringing third parties, your verdict
12 should be for the Plaintiff.

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14 *Lockheed Martin Corp. v. Network Solutions, Inc.*, 194 F.3d 980, 985 (9th Cir.
15 1999); *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259, 265 (9th Cir.1996) v.
16 MSJ Ruling 16:5-18 – 17-1:8.

JURY INSTRUCTION No. 44

TRADEMARK DAMAGES—STATUTORY DAMAGES

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5 If you determine that the defendants are liable for contributory trademark counterfeiting,
6 you must consider the damages the defendants must pay to the plaintiff. The plaintiff seeks a
7 statutory damage award, established by Congress for each work infringed. Its purpose is to penalize
8 the infringer and deter future violations of the trademark laws.

9 You may award as statutory damages for the infringement of the plaintiff's trademarks in an
10 amount that you feel is just under the circumstances, provided that amount is not more than
11 \$100,000 for each trademark per type of good counterfeited. In this case, the plaintiff contends
12 that the defendants infringed fifteen of the plaintiff's trademarks.
13

14 The plaintiff contends that the defendants willfully contributed to counterfeiting of the
15 trademarks. If the plaintiff proves by a preponderance of the evidence willful infringement, you
16 may, but are not required to, increase the statutory damages for infringement of that work to a sum
17 as high as \$2,000,000 for each trademark per type of good counterfeited.

18 An infringement was willful when the defendant engaged in acts that contributed to
19 counterfeiting of the trademarks, and knew that those actions may infringe the trademarks.
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22 15 U.S.C. § 1117.
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JURY INSTRUCTION No. 45

PURPOSE OF TRADEMARK STATUTORY DAMAGES – FACTORS TO CONSIDER

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3 Congress added the statutory damages provision of the Lanham Act in 1995 because
4 "counterfeiters' records are frequently nonexistent, inadequate, or deceptively kept ..., making
5 proving actual damages in these cases extremely difficult if not impossible."

6 In determining an award for statutory damages these following factors may be used for
7 guidance:

- 8 (1) the expenses saved and the profits reaped;
9 (2) the revenues lost by the plaintiff;
10 (3) the value of the trademark;
11 (4) the deterrent effect on others besides the defendants;
12 (5) whether the defendants' conduct was innocent or willful;
13 (6) whether defendants have cooperated in providing particular records from which
14 to assess the value of the infringing material produced; and
15 (7) the potential for discouraging the defendants.

16 To the extent possible, statutory damages "should be woven out of the same bolt of cloth as
17 actual damages." Under the trademark laws, actual damages for a willful violation generally
18 include three times the amount of the defendant's profits or the plaintiff's losses (whichever is
19 greater), plus attorney's fees.

20
21 S. Rep. No. 104-177, at 10 (1995); *Gucci America, Inc. v. Duty Free Apparel, Ltd.*
22 *d/b/a Duty Free Apparel, Inc., et al.*, 315 F. Supp. 2d 511, 520 (S.D.N.Y. 2004);
23 *Fitzgerald Pub. Co., Inc., v. Baylor Pub. Co.*, 807 F.2d 1110, 1117 (2d Cir. 1986);
24 see 4 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 14.04 [E] [1],
25 at 14-69 (2003); 15 U.S.C. § 1117(b).

JURY INSTRUCTION No. 46**COPYRIGHT—DEFINED**

The copyrighted works involved in this trial are:

<u>Copyright</u>	<u>Registration No.</u>	<u>Date Published</u>	<u>Date Registered</u>
Multicolor Monogram Black Print	VA 1-250-121	12/18/02	6/24/04
Mutlicolor Monogram White Print	VA 1-250-120	12/18/02	6/24/04

These copyrighted works are known as graphic works such as two-dimensional works and three-dimensional works of fine, graphic and applied art, photographs, prints and art reproductions, maps, globes, charts, diagrams, models and technical drawings including architectural plans. You are instructed that a copyright may be obtained in the works at issue.

Copyright is the exclusive right to copy. This right to copy includes the exclusive rights to:

- (1) authorize, or make additional copies, or otherwise reproduce the copyrighted work;
- (2) distribute copies of the copyrighted work to the public by sale or other transfer of ownership;
- (3) display publicly a copyrighted graphic work.

It is the owner of a copyright who may exercise these exclusive rights to copy. In general, copyright law protects against production, distribution and display of substantially similar copies of the owner's copyrighted work without the owner's permission. An owner may enforce these rights to exclude others in an action for copyright infringement.

Model Instructions, No. 17.1

JURY INSTRUCTION No. 47

DIRECT INFRINGEMENT REQUIRED

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3
4 Contributory copyright liability requires some underlying direct infringement by a third
5 party.

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7 *Perfect 10 v. Visa Int'l Serv. Assoc.*, 494 F.3d 788, 795, 807 (9th Cir. 2007); 17
8 U.S.C. §§ 106, 501; MSJ Ruling 5:7-9.
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JURY INSTRUCTION No. 48

DERIVATIVE LIABILITY—CONTRIBUTORY INFRINGEMENT

ELEMENTS AND BURDEN OF PROOF

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4 A person is liable for copyright infringement by another if the person knows or should have
5 known of the infringing activity and materially contributes to the activity.

6 If you find that the website operators infringed the plaintiff's copyright in displaying,
7 distributing or selling merchandise which bears unauthorized reproductions of the plaintiff's
8 copyrights, you may consider the plaintiff's claim that the defendants contributorily infringed that
9 copyright. The plaintiff has the burden of proving both of the following elements by a
10 preponderance of the evidence:
11

12 (1) the defendant knew or should have known of any of the website operators
13 infringing activity; and

14 (2) the defendant materially contributed to any of the website operators infringing
15 activity.
16

17 If you find both of these elements are proved, your verdict should be for the plaintiff if you
18 also find that any of the website operators infringed plaintiff's copyright. On the other hand, if
19 either of these elements was not proved, your verdict should be for the defendants.

20 For example, "if a computer system operator learns of specific infringing material available
21 on his system and fails to purge such material from the system, the operator knows of and
22 contributes to direct infringement."
23

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25 *Model Instruction, No. 17.21; A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004,
26 1021 (9th Cir. 2001) *citing Religious Tech. Center, et al. v. Netcom On-Line
27 Communication Services, Inc., et al.*, 907 F. Supp. 1361, 1374 (N.D. Cal. 1995).
28

JURY INSTRUCTION No. 49

COPYRIGHT—KNOWLEDGE

1
2
3 The required knowledge for contributory copyright infringement can be actual or
4 constructive.

5 Actual knowledge exists where it can be shown by a defendant's conduct or statements that
6 it actually knew of specific instances of direct infringement.

7
8 Constructive knowledge exists where it can be shown a defendant should have known of
9 the direct infringement. For example, if a computer system operator learns of specific infringing
10 material available on his system and fails to purge such material from the system, the operator
11 knows of and contributes to direct infringement.

12 Either actual or constructive knowledge is sufficient.

13 Internet service providers can not remain willfully blind to copyright infringement taking
14 place on their servers. If you find that Defendants knew third parties were infringing Plaintiff's
15 copyrights and remained willfully blind despite the ability to terminate their services to those third-
16 parties, your verdict must be for the Plaintiff.
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19 *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1020-21 (9th Cir. 2001);
20 *Religious Technology Center v. Netcom On-Line Communication Services, Inc.*, 907
21 F. Supp. 1361, 1374 (N.D. Cal. 1995); *Fonovisa v. Cherry Auction, Inc.*, 76 F.3d
22 259, (9th Cir. 1996); MSJ Ruling 8:6-20.
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JURY INSTRUCTION No. 50

COPYRIGHT—MATERIAL CONTRIBUTION

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3 “Contributory infringement” liability exists if the defendant engages in personal conduct
4 that encourages or assists the infringement” activity.

5 Under this standard, knowingly providing the “site and facilities” for infringing activity is a
6 material contribution.

7 In the internet context, where “a computer system operator learns of specific infringing
8 material available on his system and fails to purge such material from the system, the operator
9 knows of and contributes to direct infringement.”
10

11 Computer operators can be liable where, knowing that specific infringing materials are
12 present on their systems and able to take “simple measures” to limit infringement, they continue to
13 provide access to the infringing materials.
14

15 *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1019-1021 (9th Cir. 2001) *citing*
16 *Religious Tech. Center, et al. v. Netcom On-Line Communication Services, Inc., et*
17 *al.*, 907 F. Supp. 1361, 1374 (N.D. Cal. 1995); *Perfect 10 v. Amazon.com, Inc.*, 508
18 F.3d 1146, 1172 (9th Cir. 2007); MSJ Ruling 10:8-20.
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JURY INSTRUCTION No. 51

COPYRIGHT—DAMAGES

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3 If you find for the plaintiff on the plaintiff's copyright infringement claim, you must
4 determine the plaintiff's damages. The plaintiff is entitled to recover the actual damages suffered as
5 a result of the infringement.

6 In addition to actual damages, the plaintiff is also entitled to recover any profits of the
7 defendant attributable to the infringement. However, you may not include in an award of the
8 defendant's profits any amount that you have taken into account in determining actual damages.
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10 The plaintiff must prove damages by a preponderance of the evidence.

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12 *Model Instructions No. 17.22*
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JURY INSTRUCTION No. 52

COPYRIGHT—DAMAGES—DEFENDANT'S PROFITS

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3 In addition to actual damages, the copyright owner is entitled to any profits of the defendant
4 attributable to the infringement. You may not include in an award of profits any amount that you
5 took into account in determining actual damages.

6 The defendant's profit is determined by subtracting all expenses from the defendant's gross
7 revenue.

8
9 The defendant's gross revenue is all of the defendant's receipts from the sale of a product
10 containing or using the copyrighted work. The plaintiff has the burden of proving the defendant's
11 gross revenue by a preponderance of the evidence.

12 Expenses are all operating costs incurred in producing the defendant's gross revenue. The
13 defendant has the burden of proving the defendant's expenses by a preponderance of the evidence.
14 Unless you find that a portion of the profit from the sale of a product containing or using the
15 copyrighted work is attributable to factors other than use of the copyrighted work, all of the profit
16 is to be attributed to the infringement. The defendant has the burden of proving the percentage of
17 the profit, if any, attributable to factors other than infringing the copyrighted work.
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19 *Model Instruction, No. 17.24 (modified)*
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JURY INSTRUCTION No. 53

COPYRIGHT DAMAGES—STATUTORY DAMAGES

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3 If you determine that the defendants are liable for contributory copyright infringement, you
4 must consider the damages the defendants must pay to the plaintiff. The plaintiff seeks a statutory
5 damage award, established by Congress for each work infringed. Its purpose is to penalize the
6 infringer and deter future violations of the copyright laws.

7
8 You may award as statutory damages for the infringement of the plaintiff's copyrighted
9 work an amount that you feel is just under the circumstances, provided that amount is not less than
10 \$750, nor more than \$30,000. In this case, the plaintiff contends that the defendant infringed two of
11 the plaintiff's works.

12 The plaintiff contends that the defendants willfully infringed the copyrights. If the plaintiff
13 proves by a preponderance of the evidence willful infringement, you may, but are not required to,
14 increase the statutory damages for infringement of that work to a sum as high as \$150,000.
15 An infringement was willful when the defendant engaged in acts that infringed the copyright, and
16 knew that those actions may infringe the copyright.
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20 *Model Instruction, No. 17.25*
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JURY INSTRUCTION No. 54

PURPOSES AND FUNCTIONS OF COPYRIGHT AND STATUTORY DAMAGES

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3 In setting statutory damages, the jury has broad discretion to select any amount per
4 infringed work that is “just” and that falls within the statutory range, taking into account the
5 purposes of copyright law and the circumstances of the infringement. I first will explain the
6 purposes of copyright law and then will discuss how you should analyze the circumstances of
7 infringement, including whether or not the infringement was Willful.

8 The United States Constitution gives Congress the power “To promote the progress of
9 science and the useful arts by securing for limited times to authors and inventors the exclusive right
10 to their respective writings and discoveries.” The word “science” as it was used back then means
11 all types of knowledge and understanding. And “to promote” means to encourage or provide an
12 incentive. So the broad constitutional purpose of federal copyright law is to encourage progress
13 concerning all types of knowledge by assuring authors that they will have the exclusive right to
14 control their works for a limited period of time. During that limited time, the authors can charge a
15 royalty or sell a subscription or otherwise reap the benefits of their work.

16 Congress has given authors various kinds of exclusive rights to encourage such progress.
17 Violating any of those exclusive rights is what we mean by copyright infringement. This case
18 involves the plaintiff’s exclusive right to copy and to distribute copies of its works.
19 The law forbids copyright infringement because, if authors cannot be sure that their exclusive
20 rights will be respected, their incentive to produce useful writings is undermined, and the public is
21 denied the progress that copyright incentives are intended to encourage.

22 Experience has shown that copyright infringements often are hard to detect and that the
23 precise economic effects of infringement, while damaging may be hard to determine. Congress
24 created the special copyright remedy of statutory damages to address these problems so as to
25 maintain full incentives for authors to contribute to our knowledge and progress. Statutory
26 Damages have three basic purposes and functions: (1) compensation, (2) deterrence, and (3)
27 punishment. A variety of factors are relevant to these basic purposes, and you may consider them.
28 These factors are discussed in the following instructions.

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L.A. Westermann Co. v. Dispatch Printing Co., 249 U.S. 100, 106-107 (1919); U.S. Const. Art. I, § 8; *Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340, 352 (1998); *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984); *F.W. Woolworth Co. v. Contemporary Arts, Inc.*, 344 U.S. 228, 231-232, 73 S.Ct. 222 (1952); *Yurman Design, Inc. v. PAJ, Inc.*, 262 F.3d 101, 113-14 (2d Cir. 2001); *Los Angeles News Serv. v. Reuters TV Int'l*, 149 F.3d 987, 996 (9th Cir. 1998); *Broadcast Music v. Star Amusements*, 44 F.3d 485, 489 (7th Cir.1995); *Chi-Boy Music v. Charlie Club, Inc.*, 930 F.2d 1224, 1229 (7th Cir. 1991); *Fitzgerald Pub. Co. v. Baylor Pub. Co.*, 807 F.2d 1110, 1117 (2d Cir. 1986); *Lottie Joplin Thomas Trust v. Crown Publishers, Inc.*, 592 F.2d 651, 657 (2d Cir. 1978) *Yurman Design, Inc. v. PAJ, Inc.*, 93 F. Supp. 2d 449, 462 (S.D.N.Y. 2000), *rev'd on other grounds*, 262 F.3d 101 (2d Cir. 2001)

JURY INSTRUCTION No. 55**THE COMPENSATION PURPOSE OF STATUTORY DAMAGES**

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4 One purpose and function of Statutory Damages is to compensate the plaintiff for its losses
5 and disgorge any profits earned by the defendants resulting from the infringement. In theory a
6 copyright owner is entitled to all of the damages caused by an infringement plus all of the profits
7 that the defendant earned as a result of the infringement. However, those damages and profits
8 often cannot be proved. Rather than allow the defendants to avoid the economic consequences of
9 their actions and the incentives of the copyright law to be defeated, the jury is allowed to exercise a
10 broad discretion to award an amount that seems likely to provide just compensation.

11 In exercising its discretion, the jury is to take into account all facts and circumstances
12 bearing on the economic aspect of the infringement. For example, you may consider the evidence
13 relating to expenses saved and profits reaped by the defendants in connection with the
14 infringements; nature of the infringed works, the extent and duration of the infringements, the
15 number of copies made, and the purposes of the infringements. These factors will not allow you to
16 calculate an amount, but they can provide some of the guidance in selecting a fair amount as a
17 matter of discretion.

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19 17 U.S.C. § 504; *Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340, 352
20 (1998); *Yurman Design, Inc. v. PAJ, Inc.*, 262 F.3d 101, 113 (2d Cir. 2001); *Los*
21 *Angeles News Serv. v. Reuters TV Int'l*, 149 F.3d 987, 996 (9th Cir. 1998);
22 *Broadcast Music v. Star Amusements*, 44 F.3d 485, 489 (7th Cir.1995); *Chi-Boy*
23 *Music v. Charlie Club, Inc.*, 930 F.2d 1224, 1229 (7th Cir. 1991) (because actual
24 damages are “often virtually impossible to prove, a copyright owner may elect
25 instead to recover statutory damages”); *Fitzgerald Pub. Co. v. Baylor Pub. Co.*, 807
26 F.2d 1110, 1117 (2d Cir. 1986); *Lottie Joplin Thomas Trust v. Crown Publishers,*
27 *Inc.*, 592 F.2d 651, 657 (2d Cir. 1978); *Latin Am. Music Co. v. Spanish*
28 *Broadcasting Sys.*, 866 F. Supp. 780, 782 (S.D.N.Y.1994) (“It is precisely in those
instances where actual damages are difficult to ascertain that the award of statutory
damages is appropriate”); *Bly v. Banbury Books, Inc.*, 638 F. Supp. 983, 987
(E.D.Pa. 1986) (statutory damages serve in part to “compensat[e] plaintiffs who
have been injured by a defendant's infringement, particularly when [plaintiff's]
actual damages and [defendant's] profits are difficult to prove”); *Lauratex Textile*
Corp. v. Allton Knitting Mills, 519 F. Supp. 730, 732 (S.D.N.Y. 1981) (in general,
statutory damages are appropriate where “the measure of actual; damages is difficult
to prove”).

JURY INSTRUCTION No. 56**THE DETERRENCE PURPOSE OF STATUTORY DAMAGES**

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3 Another goal and function of statutory damages is to deter future copyright infringement by
4 the defendants and others. As I already mentioned, infringement often is hard to detect and actual
5 damages or lost profits often are difficult to prove. This can lead to a lack of concern with
6 avoiding infringement or even to a willingness or desire to infringe as a risk of doing business. If
7 the defendant is at little risk of being caught or sued, or only would be expected to pay what it
8 would have paid had it followed the law, there may be little incentive to follow the law. Congress
9 and the Courts therefore have relied upon Statutory Damages to deter infringement.

10 The current range of statutory damages reflects Congress's objective of providing a
11 significant deterrent to infringement, particularly digital or computer-based infringement.
12 Congress increased the maximum statutory damages amounts to today's levels due to its concern
13 that many computer users were ignorant or refused to acknowledge that copyright laws apply to
14 Internet activity, believed that they would not be caught, or did not consider the prior penalties to
15 be a real threat, and as a result continued infringing even after the copyright owner put them on
16 notice that their actions constitute infringement.

17 Statutory Damages seek to deter both the defendant in the particular case and others who
18 may be similarly situated from similar infringements. In considering the purposes of deterrence,
19 you are to take into account all of the facts and circumstances. Among other things, you may
20 consider the benefits that the infringements in this case and similar infringements might provide for
21 the infringers and the likelihood of such infringers avoiding detection. You also may take into
22 account the size and wealth of the infringer and the amount of Statutory Damages likely to be
23 necessary to deter such an infringer. And, you may take into account the duration of the infringing
24 conduct, prior events (including but not limited to infringement lawsuits) related to copyright, the
25 defendants' treatment and use of other third party copyrighted materials, and any warnings or
26 notice given to the defendant regarding the infringement at issue in this case. Based on all relevant
27 factors, you are to decide in your discretion what amount, if any, is just and proper to deter
28 Defendants and others who may be similarly situated from future similar infringements.

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F.W. Woolworth Co. v. Contemporary Arts, Inc., 344 U.S. 228, 233 (1952) (“The statutory rule... not merely compels restitution of profit and reparation for injury but also is designed to discourage wrongful conduct”); *Reebok International, Ltd., et al. v. Marnatech Enterprises, Inc., et al.*, 970 F.2d 552, 559 (9th Cir. 1992) (“it is a *per se* abuse of discretion to fail to award relief under § 1117 that is adequate to make willful trademark infringement unprofitable”); *N.A.S. Import, Corp. v. Chenson Enters., Inc.*, 968 F.2d 250, 252 (2d Cir. 1992) (statutory damages meant to “discourage wrongful conduct”); *Peer Int’l Corp. v. Pausa Records, Inc.*, 909 F.2d 1332, 1336-37 (9th Cir. 1990) (upholding district court award of maximum statutory damages where plaintiff’s actual damages were only “nominal,” because statutory damages should vindicate policy of “discouraging infringement”); *International Korwin Corp. v. Kowalczyk*, 855 F.2d 375, 383 (7th Cir. 1988) (“deterrence of future violations” factor in determining statutory damages; “defendants must not be able to sneer in the face of copyright owners and copyright laws”) (citations omitted); *Fitzgerald Pub. Co. v. Baylor Pub. Co.*, 807 F.2d 1110, 1117 (2d Cir. 1986) (both “the potential for discouraging the defendant” and “the deterrent effect on others beside the defendant” relevant to statutory damages calculation); *National Football League v. Primetime 24 Joint Venture*, 131 F. Supp. 2d 458, 473-474 (S.D.N.Y. 2001) (“The purpose of statutory damages is ... to discourage wrongful conduct by imposing a high enough penalty so that defendants will realize that it is less expensive to comply with the law than to violate it,” the court may consider “the deterrent effect on the defendant and third parties”); *Engel v. Wild Oats, Inc.*, 644 F. Supp. 1089, 1091, 1092 (S.D.N.Y. 1986) (statutory damages should “discourag[e] further infringement” by “remind[ing] defendants and other would-be infringers of the seriousness of copyright violations”); Digital Theft Deterrence and Copyright Damages Improvement Act of 1999, H.R. Report 106-216 at 3 (1999).

JURY INSTRUCTION No. 57**THE PUNISHMENT PURPOSE OF STATUTORY DAMAGES**

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3 A third goal and function of Statutory Damages is punishment. As discussed above,
4 infringement injures both the copyright author and the public by reducing the incentives to progress
5 that the copyright law seeks to achieve. Whether punishment is just in a particular case, and how
6 much punishment is just, requires you to consider several things.

7 First, you must consider degree of fault. If there was little or no fault by the defendant,
8 there may be no basis for any punishment, or the just amount may be small. On the other hand, if
9 the infringement was negligent or reckless or intentional, then you may decide that some greater
10 punishment is just. If the infringement was Willful – which is a special concept I will discuss in a
11 minute – then there are further considerations.

12 Second, you must consider the nature of the infringement. Isolated or minor infringements
13 may call for a lesser degree of punishment than systematic or major infringements. This is a matter
14 for your discretion.

15 Third, if you decide that some punishment is called for, you must take into account the
16 economic circumstances of the defendant. This is because an amount that would severely punish a
17 small or poor defendant might have little or no material effect on a large and wealthy defendant.
18 However, you must not punish a defendant solely because it is large or wealthy; you must weigh
19 the facts and circumstances of the case.

20
21 *Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340, 352, 118 S.Ct. 1279
22 (1998) (statutory damages serve purpose of punishment); *F.W. Woolworth v.*
23 *Contemporary Arts, Inc.*, 344 U.S. 228, 233 (1952) (“[e]ven for uninjurious and
24 unprofitable invasions of copyright the court may, if it deems it just, impose a
25 liability within statutory limits to sanction and vindicate the statutory policy”)
26 (emphasis added); *Los Angeles News Serv. v. Reuters TV Int’l*, 149 F.3d 987, 996
27 (9th Cir. 1998) (“Because awards of statutory damages service both compensatory
28 and punitive purposes, a plaintiff may recover statutory damages whether or not
there is adequate evidence of the actual damages suffered by plaintiff or of the
profits reaped by defendant, in order to sanction and vindicate the statutory policy of
discouraging infringement”) (internal quotation marks and citations omitted);
Fitzgerald Publishing Co., Inc. v. Baylor Publishing Co., Inc., 807 F.2d 1110, 1117
(2d Cir. 1986) (“statutory damages serve two purposes – compensatory and
punitive”); *Lyons Partnership, L.P. v. AAA Entertainment Inc.*, 53 U.S.P.Q.2d 1397,

1405 (S.D.N.Y. 1999) (statutory damages designed to serve compensation, deterrence, and punishment purposes).

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JURY INSTRUCTION No. 58
COPYRIGHT—DAMAGES—INNOCENT INFRINGEMENT

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3 An infringement is considered innocent when a defendant has proved both the following
4 elements by a preponderance of the evidence:
5

6 (1) the defendant was not aware that its acts constituted infringement of the
7 copyright; and

8 (2) the defendant had no reason to believe that its acts constituted an infringement
9 of the copyright.
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12 *Model Instructions, No. 17.26*
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JURY INSTRUCTION No. 59

COPYRIGHT—DAMAGES—WILLFUL INFRINGEMENT

An infringement is considered willful when the plaintiff has proved both of the following elements by a preponderance of the evidence:

1. the defendant engaged in acts that infringed the copyright; and
2. the defendant knew that those acts infringed the copyright.

Model Instructions, No. 17.27.

JURY INSTRUCTION No. 60**DOMAIN NAMES/IP ADDRESSES DEFINED**

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3 The main purpose of a domain name is to provide symbolic representations, commonly
4 something memorable to an Internet user, to a specific Internet Protocol or “IP” Address. Domain
5 names are combinations of letters from a-z, digits from 0-9, dots, hyphens and underscores.
6 Domain names allow Internet users to more easily find and communicate with web sites. A
7 domain name indicates what we seek. An IP Address indicates where it is.

8
9 An IP Address is a unique set of 4 numbers that acts much like a street address and marks
10 where a particular website or other internet content is located on a computer, also known as a
11 server. The server is connected to the internet and owned by a “host”. American IP Addresses are
12 regulated by the American Registry for Internet Numbers (ARIN). ARIN assigns IP Address
13 “blocks” to internet service providers so that no two internet service providers should control the
14 same IP Address at a given point in time. When we type in a particular domain name into a web
15 browser for example, which has its own IP Address, the information we see on our computers is
16 contained on another computer or server by a host. Specific IP Addresses, and thus websites, are
17 traceable to only one host at a given point in time.
18

19
20 http://en.wikipedia.org/wiki/Domain_name;
21 http://en.wikipedia.org/wiki/IP_address; <http://en.wikipedia.org/wiki/ARIN>;
22 http://en.wikipedia.org/wiki/Internet_host
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JURY INSTRUCTION No. 61

PINGING DEFINED

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3 A “ping” or “pinging” is a computer network tool used to test whether a particular host is
4 reachable across an IP network. It can also be used to identify the IP Address associated with a
5 particular domain name. Pinging works by sending a packet of information from the computer of
6 the requestor, out to the target host of a specific domain name, and waiting for a response from the
7 other computer. The ping measures not only the round-trip time of the packet of information, but
8 also the source of the response. The source of the response is typically identified by the IP Address
9 associated with that domain name and will be noted by a unique set of 4 numbers.
10

11 The IP Address can then be traced to a specific host or internet service provider through
12 ARIN’s website.

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14 <http://en.wikipedia.org/wiki/Ping>; <http://en.wikipedia.org/wiki/ARIN>;
15 http://en.wikipedia.org/wiki/Internet_host
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