

**BOUCHAT V. BON-TON DEPARTMENT STORES, INC.: CLAIM  
PRECLUSION, COPYRIGHT LAW, AND MASSIVE  
INFRINGEMENTS**

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TABLE OF CONTENTS

INTRODUCTION .....	609
II. BACKGROUND .....	614
A. Bouchat I: <i>Infringement Action Against the Ravens and NFLP</i> .....	614
B. Bouchat II: <i>Bouchat's Damages Action Against the Ravens and NFLP</i> .....	615
C. <i>Champion and Bon-ton: Bouchat's Claim Against the Licensees</i> .....	617
III. ANALYSIS .....	620
A. <i>Champion's Application of the Virtual Representation Doctrine</i> .....	621
B. <i>When Are Claims Under the Copyright Act Identical?</i> .....	626
IV. CONCLUSION .....	631

I. INTRODUCTION

Frederick Bouchat, an amateur artist, was so excited that an NFL team was moving to Baltimore that he created drawings and designs for the team in his free time.<sup>1</sup> Initially willing to provide one of his drawings in exchange for only a “letter of recognition” and an autographed helmet, he later filed suit after discovering that the Baltimore Ravens and National Football League Properties (“NFLP”) had used his drawing in their team logo without authorization or acknowledgement.<sup>2</sup> A jury returned a verdict of copyright infringement against the

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1. *Bouchat v. Balt. Ravens, Inc. (Bouchat I)*, 241 F.3d 350, 352 (4th Cir. 2001), *as amended on denial of reh'g en banc, cert. denied*, 532 U.S. 1038 (2001). The short forms for cases in this Note do not necessarily correspond with the short names used by the courts that decided them.

2. *Bouchat v. Champion Prods., Inc. (Champion)*, 327 F. Supp. 2d 537, 539–40 (D. Md. 2003), *aff'd sub nom.*, *Bouchat v. Bon-ton Dep't Stores, Inc. (Bon-ton)*, 506 F.3d 315 (4th Cir. 2007), *cert. denied*, 76 U.S.L.W. 3568 (U.S. Apr. 21, 2008) (No. 07-1053).

Ravens and NFLP, and the Fourth Circuit affirmed in an interlocutory appeal in *Bouchat v. Baltimore Ravens, Inc. (Bouchat I)*.<sup>3</sup> In the damages phase of the trial, however, the jury found that none of the Ravens' or NFLP's profits were attributable to their infringing acts, and the Fourth Circuit affirmed in *Bouchat v. Baltimore Ravens, Inc. (Bouchat II)*.<sup>4</sup>

While Bouchat's actions in *Bouchat I* were pending, he also filed a series of suits against the "downstream defendants," those manufacturers, retailers, and broadcast organizations who had received licenses from the NFLP to exploit the Ravens logo.<sup>5</sup> Bouchat and the downstream defendants both moved for partial summary judgment.<sup>6</sup> While Bouchat attempted to estop the downstream defendants from defending his infringement actions on the issue of liability, the downstream defendants tried to preclude Bouchat from collecting any damages from them.<sup>7</sup> The district court in *Bouchat v. Champion Products, Inc. (Champion)*<sup>8</sup> held that the downstream defendants were precluded from denying their infringement of Bouchat's copyright, but it also granted defendants' motions to preclude Bouchat from seeking any damages from them.<sup>9</sup> The court of appeals affirmed in *Bouchat v. Bon-ton Department Stores, Inc. (Bon-ton)*.<sup>10</sup>

To reach this result, the *Champion* and *Bon-ton* courts were required to apply traditional rules of claim preclusion against a background of substantive copyright law. Claim preclusion requires (1) a final judgment on the merits, which neither party contested, (2) that the parties be identical or in privity, and (3) that the claims in the two actions be identical.<sup>11</sup> The *Champion* court held that NFLP had virtually represented the downstream defendants in the previous suits, thus satisfying the second requirement of privity.<sup>12</sup> Because neither party appealed this determination, the *Bon-ton* court reviewed only the dis-

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3. *Bouchat I*, 241 F.3d at 352.

4. *Bouchat v. Balt. Ravens, Inc. (Bouchat II)*, 346 F.3d 514 (4th Cir. 2003), *cert. denied*, 541 U.S. 1042 (2004).

5. *Champion*, 327 F. Supp. 2d at 540, 542.

6. *Id.* at 538.

7. *Id.* at 543. In his initial action against the Ravens and NFLP, Bouchat sought only the portion of their profits that were attributable to their infringement of Bouchat's copyrights, not actual or statutory damages. *Id.* at 541. In his action against the downstream defendants, the district court concluded that Bouchat did not seek actual damages. *Id.* at 544–45. However, the court of appeals reversed this conclusion and determined that Bouchat had sought actual damages against the downstream defendants in the successive suits, and it addressed the viability of the claim de novo. *Bon-ton*, 506 F.3d at 326.

8. 327 F. Supp. 2d 537, 554 (D. Md. 2003).

9. *Id.* at 544.

10. 506 F.3d 315, 332 (4th Cir. 2007), *cert. denied*, 76 U.S.L.W. 3568 (U.S. Apr. 21, 2008) (No. 07-1053).

11. *See id.* at 326–27.

12. *Champion*, 327 F. Supp. 2d at 544.

district court's conclusions that the claims in the first suit were identical with the claims in the second.<sup>13</sup>

As a result, the *Bon-ton* court addressed several complications involved in applying the identity of claims standard in light of copyright law, including whether Bouchat's request for actual damages instead of profits should change the identity of claims analysis and whether the application of claim preclusion would defeat the traditional joint tortfeasor rule of copyright law. The court's analysis was problematic in light of the complex system of claims and liabilities regulated by copyright law.<sup>14</sup> This Note argues that future courts should exercise caution because of the unique factual circumstances of the *Bouchat* litigation;<sup>15</sup> courts should not erroneously rely on any precedent these cases may establish with respect to the virtual representation and claim preclusion doctrines in the copyright context.<sup>16</sup>

The *Bouchat* litigation conforms to a model of copyright litigation with which courts will increasingly have to grapple. Recent copyright cases and legislative initiatives have struggled to address massive schemes of infringement, in which a large number of individuals are accused of infringing either one or a set of copyrights.<sup>17</sup> Like the *Bou-*

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13. *Bon-ton*, 506 F.3d at 327.

14. *See id.* at 332 (Niemyer, J., concurring) (describing the complicated enforcement scheme provided by copyright law).

15. This Note will use the phrase "*Bouchat* litigation" to refer to all of the cases in which Bouchat pressed his copyright claims, which include *Bouchat I*, *Bouchat II*, *Champion*, and *Bon-ton*.

16. Bouchat argued in a petition for certiorari to the Supreme Court that application of the precedent established in *Bon-ton* may, for instance, estop individual users of file-sharing services like Napster or Grokster from defending claims of infringement, as a result of the judgments of secondary infringement rendered earlier against the owners of those services. Petition for Writ of Certiorari at 8, *Bouchat v. Bon-ton Dep't Stores, Inc.*, 76 U.S.L.W. 3568 (U.S. Apr. 21, 2008) (No. 07-1053), 2008 WL 408378. Bouchat's chief argument against the application of claim preclusion in *Bon-ton* was that the court of appeals appeared to conflate the claim preclusion and issue preclusion analyses. *See id.* at 9. This Note takes the narrower view that the court of appeals should have more clearly described the nature of each litigant's legal claims before concluding that the claims in both suits were identical, and that future courts should refrain from adopting or relying on the district court's opinion on virtual representation as persuasive authority because that opinion similarly omitted important and relevant considerations. The similarity between the *Bouchat* litigation and cases like *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004 (9th Cir. 2001) and *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005) should counsel against reading *Bon-ton* to create a per se rule that claims of direct infringement are always identical with claims of secondary infringement for the purposes of a claim preclusion analysis.

17. *See, e.g., Grokster*, 545 U.S. at 913 (holding that a decentralized peer-to-peer software service had induced the infringement of its individual users); *Napster*, 239 F.3d at 1004 (holding that a centralized peer-to-peer software service had contributed to the infringement undertaken by its individual users); *see also Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417 (1984) (holding that the manufacturer of a video recording device was not liable for infringement because its device was capable of noninfringing uses); *Twentieth Century Fox Film Corp. v. Cablevision Sys. Corp.*, 478 F. Supp. 2d 607 (S.D.N.Y. 2007) (holding that the provider of a digital video recording device and service

*chat* litigation, the copyright holder in these cases first asserts claims against a party that, it claims, is secondarily liable for the direct infringement of another, larger set of users.<sup>18</sup> The copyright owner will then turn his or her attention to the individual infringers who actually performed the infringement.<sup>19</sup> With digital technology enabling such massive infringements, this model of litigation will likely continue to shape the substantive foundations of copyright law.<sup>20</sup>

The Copyright Act is characterized by separate and distinct causes of actions, complicating its application to massive infringements.<sup>21</sup> In *Bon-ton*, Judge Niemeyer's concurring opinion especially addressed the fragmented nature of copyright claims.<sup>22</sup> Copyright claims can be atomized in multiple ways. First, the Copyright Act secures to authors the separate exclusive rights of reproduction, preparation of derivative works, distribution, performance, display, and, for sound recordings, digital broadcast.<sup>23</sup> The author can bring a separate claim for each infringement of each exclusive right.<sup>24</sup> The Act further separates the distribution right by defining it as any sale or other transfer of ownership, rental, lease, or lending.<sup>25</sup>

Second, once an author establishes infringement, the Act secures the right to receive either actual damages and disgorgement of any of

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that allowed recording of user-selected television programming at a central facility for later transmission to the user's television set was directly liable for copyright infringement).

18. For an analysis of the use of secondary liability to confront massive, technologically-enabled copyright infringement, and a discussion of the resulting evolution of theories of secondary liability, see Mark Bartholomew & John Tehranian, *The Secret Life of Legal Doctrine: The Divergent Evolution of Secondary Liability in Copyright and Trademark Law*, 21 BERKELEY TECH. L.J. 1363, 1364–69, 1403–17 (2006). Secondary liability consists of an array of common law theories of liability that hold a defendant responsible for the direct infringement of another infringer, and includes vicarious, contributory, and inducement liability. See 3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 12.04 (2007). Those who license others to perform acts constituting contributory infringement may be liable for contributing to those infringing acts if that license amounts to authorization or assistance of the infringement and the licensor acts in concert with the licensee to perform the infringement. See *id.* § 12.04[A][3][a].

19. See David W. Opperbeck, *Peer-to-Peer Networks, Technological Evolution, and Intellectual Property Reverse Private Attorney General Litigation*, 20 BERKELEY TECH. L.J. 1685, 1687 (2005).

20. See *id.* at 1689 (describing intellectual property litigation as the “toxic tort of the coming decades”).

21. See *Bouchat v. Bon-ton Dep't Stores, Inc. (Bon-ton)*, 506 F.3d 315, 332 (4th Cir. 2007) (Niemeyer, J., concurring), *petition for cert. denied*, 76 U.S.L.W. 3568 (U.S. Apr. 21, 2008) (No. 07-1053). “While the Copyright Act addresses adequately the single infringement of a work, it is not susceptible to a straightforward application when multiple infringements by multiple parties arise from a single work. The Copyright Act strives to be complete and comprehensive by creating causes of action at the subatomic level. Yet in doing so, the Act loses focus on the bigger picture.” *Id.*

22. *Id.*

23. *Id.* (citing 17 U.S.C. § 106 (2000 & Supp. V 2005)).

24. *Id.* (citing 17 U.S.C. § 501).

25. *Id.* (citing 17 U.S.C. § 106(3)).

the infringer's profits or statutory damages in amounts determined by the Act per work infringed.<sup>26</sup> Third, in addition to the separate claims and theories Judge Niemeyer describes, the Act is further particularized because of the development of theories of secondary liability.<sup>27</sup> Finally, commentators have suggested that the provisions of the Digital Millennium Copyright Act ("DMCA") that were designed to address technologically-enabled wholesale infringement are related to, but distinct from theories of secondary liability.<sup>28</sup>

Commentary has tended to focus on the substantive dimension of this fragmentation of copyright claims, and few scholars have systematically addressed how copyright owners' tactics for enforcing their claims in successive suits against secondary and direct infringers can frustrate many of the policies that motivate the procedural rules governing such litigation.<sup>29</sup> Ultimately, the courts' analyses in these cases indicate that courts have not developed a systematic way of describing the interactions of liabilities established by copyright law.

This Note describes the limitations of each of the holdings in the *Bouchat* litigation, and suggests alternative paths the courts could have considered, but did not. Part II describes the background of the case. Part III analyzes application of the relevant doctrines against the background of copyright law. Part III.A assesses *Champion's* virtual representation holding in light of the fragmentation of copyright claims, and Part III.B addresses the impact of the *Bon-ton* court's identity of claims analysis on two important elements of copyright law: the relationship of actual damages to profit damages and the joint tortfeasor rule.

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26. *Id.* (citing 17 U.S.C. § 504). Although Judge Niemeyer states that plaintiffs are entitled to either actual damages *or* disgorgement of profits, the Copyright Act authorizes award of damages in addition to disgorgement of profits, provided that such profits are excluded from the calculation of actual damages to avoid double counting. See 17 U.S.C. §§ 504(a)(1), (b). The award of actual damages is distinct from an award of disgorgement of profits because it stands on a different legal theory. Actual damages are designed to compensate the author for losses due to infringement, while disgorgement is designed to prevent the infringer from unfairly benefiting from his wrongful acts. H.R. REP. NO. 94-1476, at 161 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5777. The act directs that profits be excluded from actual damages only when they "amount to the same thing." *Id.*

27. See generally Sverker K. Högberg, Note, *The Search for Intent-Based Doctrines of Secondary Liability in Copyright Law*, 106 COLUM. L. REV. 909 (2006) for a description of the development of theories of secondary liability. While direct liability for infringement is without reference to any intent on the part of the infringer, theories of secondary liability generally require some intent component. *Id.* at 912–13.

28. See, e.g., Jacqueline D. Lipton, *Solving the Digital Piracy Puzzle: Disaggregating Fair Use from the DMCA's Anti-Device Provisions*, 19 HARV. J.L. & TECH. 111, 112 (2005) (describing the DMCA's anti-trafficking provisions as incorporating a "legislative analog" to *Grokster's* inducement theory of secondary liability).

29. *But see* Opderbeck, *supra* note 19, at 1688 (describing suits brought against large numbers of individual infringers after suits against institutions in procedural terms and describing such litigation as "reverse private attorney general" actions).

## II. BACKGROUND

A. Bouchat I: *Infringement Action Against the Ravens and NFLP*

In 1995, Frederick Bouchat was a security guard in Baltimore, Maryland<sup>30</sup> when the NFL announced that a football team would be relocating to the Baltimore area.<sup>31</sup> Before the NFL and the team had settled on a new name, Bouchat began producing artwork depicting his favorite possible name: the Ravens.<sup>32</sup> Bouchat's drawings included a design of a Raven holding a shield, which he affixed to a miniature football helmet and gave to Eugene Conti, a state official that worked in his office building.<sup>33</sup>

Conti arranged a meeting between Bouchat and John Moag, the chairman of the Maryland Stadium Authority and the official primarily responsible for bringing the team to Baltimore.<sup>34</sup> In March 1996, Bouchat met Moag at Moag's downtown law firm, in a building that also housed the team's temporary offices.<sup>35</sup> Moag told Bouchat that the team was definitely to be named the Ravens, and he asked Bouchat to send him the drawings, which he said he would forward to the Ravens for consideration.<sup>36</sup>

The next day Bouchat successfully transmitted the design to Moag's office but did not keep the printed fax confirmation.<sup>37</sup> The Ravens team owner, David Modell, then met with NFLP's design director and design team to discuss development of a team logo.<sup>38</sup> In June 1996, the Ravens unveiled its new logo of a raven holding a shield.<sup>39</sup> Bouchat and some co-workers to whom he had shown his designs recognized the Ravens logo as Bouchat's work.<sup>40</sup> Bouchat subsequently contacted a lawyer and obtained a copyright registration for his shield drawing.<sup>41</sup> In May 1997, Bouchat filed an action in the United States District Court for the District of Maryland, claiming that the Ravens had infringed his copyright.<sup>42</sup>

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30. Bouchat v. Balt. Ravens, Inc. (*Bouchat I*), 241 F.3d 350, 352 (4th Cir. 2001), as amended on denial of reh'g en banc, cert. denied, 532 U.S. 1038 (2001).

31. Bouchat v. Bon-ton Dep't Stores, Inc. (*Bon-ton*), 506 F.3d 315, 324 (4th Cir. 2007), cert. denied, 76 U.S.L.W. 3568 (U.S. Apr. 21, 2008) (No. 07-1053).

32. *Bouchat I*, 241 F.3d at 352.

33. *Id.*

34. *Id.* at 353.

35. *Id.*

36. *Id.*

37. *Id.*

38. *Id.*

39. *Id.*

40. *Id.*

41. *Id.*

42. *Id.*

After a nearly five-week trial, a jury found that the Ravens logo infringed Bouchat's copyright.<sup>43</sup> On interlocutory appeal, the Fourth Circuit held that Bouchat had provided sufficient evidence that the defendants had access to the work, despite a lack of direct evidence that they had ever seen it.<sup>44</sup> Although this holding mooted the need to reach the question, the Fourth Circuit went on to adopt the "strikingly similar" doctrine of the Second Circuit.<sup>45</sup> This doctrine permits the factfinder to infer access when two works are "so similar as to create a high probability of copying and negate the reasonable possibility of independent creation."<sup>46</sup> The Fourth Circuit affirmed the denial of the defendant's motion for judgment as a matter of law and answered the questions posed by the interlocutory appeals adversely to the defendants.<sup>47</sup>

Judge King dissented from the majority opinion, finding that the proposed route the drawing took to the defendants was too attenuated to be credible, and concluding that Bouchat's allegation that he had faxed his drawing did not establish access.<sup>48</sup> Judge King also dissented from the majority's adoption of the strikingly similar doctrine. He viewed the holding as unnecessary in light of the majority's answer to the proof of access question and as inconsistent with recognition of the independent creation defense to infringement.<sup>49</sup>

*B. Bouchat II: Bouchat's Damages Action Against the Ravens and NFLP*

After the Fourth Circuit affirmed, the defendants unsuccessfully petitioned for rehearing en banc<sup>50</sup> and the Supreme Court denied certiorari.<sup>51</sup> On remand, because Bouchat did not claim actual damages, he could recover only the amount of the defendants' profits attribut-

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43. *Id.* at 352.

44. *Id.* at 354. The defendants filed a motion for judgment as a matter of law notwithstanding the verdict, which the district court denied. However, the district court certified four questions to the Fourth Circuit, which were the basis for the interlocutory appeal: (1) Was Bouchat's proof of a reasonable possibility of access legally insufficient? (2) If so, should the Fourth Circuit adopt the "strikingly similar" doctrine for inferring access? (3) Should the copyright infringement claim be dismissed because Bouchat had failed to note the derivative nature of the shield drawing on the application for copyright? (4) Did the district court improperly coerce the jury to reach its verdict? *Id.* at 353.

45. *Id.* at 355 (citing *Gaste v. Kaiserman*, 863 F.2d 1061, 1068 (2d Cir. 1988)).

46. *Id.* at 355–56 (citing *Gaste*, 863 F.2d at 1067–68).

47. *Id.* at 357.

48. *See id.* at 358–64 (King, J., dissenting).

49. *Id.* at 364 ("The majority's adoption of the 'strikingly similar' doctrine is unnecessary dicta, and should accordingly lack precedential value." *Id.* n.9).

50. *Id.* at 365–67.

51. *Balt. Ravens, Inc. v. Bouchat*, 532 U.S. 1038 (2001).

able to the Ravens and NFLP's infringing acts.<sup>52</sup> The district court granted a motion for partial summary judgment and allowed consideration of profits related only to (1) sales of merchandise bearing the infringing logo or (2) royalties obtained from manufacturers of articles bearing the logo.<sup>53</sup> The district court excluded certain categories of merchandise, including trading cards, video games, and game programs, because the defendants had offered un rebutted evidence that these sales were not related to the logos they bore.<sup>54</sup> At the conclusion of the trial for damages, the jury found that the remainder of the merchandising revenue was entirely attributable to factors other than the infringement of Bouchat's drawing.<sup>55</sup>

On appeal, the Fourth Circuit concluded that partial summary judgment was appropriate despite a statutory presumption that all of the defendants' profits were related to infringement,<sup>56</sup> relying on the defendants' un rebutted evidence that the non-merchandising revenue was attributable to factors other than use of the logo.<sup>57</sup> The court also rejected Bouchat's contention that the district court had failed to accord him the full benefit of the statutory presumption, since the jury instructions made it clear that the defendants had to prove that their profits were attributable to other factors.<sup>58</sup>

Judge Widener dissented, asserting that the district court should have specifically instructed the jury on the statutory presumption,<sup>59</sup> and that the limited scope of the special verdict questions frustrated the purpose of the presumption.<sup>60</sup> Because the failure to give the jury a specific instruction "cut out the heart" of Bouchat's case, Judge Widener would have reversed the judgment of the district court and remanded for a new trial.<sup>61</sup>

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52. *Bouchat v. Balt. Ravens, Inc. (Bouchat II)*, 346 F.3d 514, 517 (4th Cir. 2003) (citing 17 U.S.C. § 504(b) (2000)), *cert. denied*, 541 U.S. 1042 (2004).

53. *Id.* (citing *Bouchat v. Balt. Ravens, Inc.*, 215 F. Supp. 2d 611, 619, 621 (D. Md. 2002)).

54. *Id.* at 518; *see also id.* at 519–20 (discussing the presumption that all profits are attributable to infringement in the absence of evidence to the contrary).

55. *Id.* at 519.

56. *Id.* Judge King, who dissented in *Bouchat I*, wrote for the majority in *Bouchat II*.

57. *Id.* at 525–26. "[T]he Defendants established in their motions for summary judgment that there existed no causal link between their adoption of . . . logo and either the Defendants' Non-Merchandise Revenues or their revenues from trading cards, video games, or game programs." *Id.* at 526.

58. *Id.* at 526–27.

59. *Id.* at 527 (Widener, J., dissenting).

60. *Id.* at 529 (citing *Morris v. Penn. R. Co.*, 187 F.2d 837, 841 (2d Cir. 1951)). Judge Widener objected to: (1) the indiscriminate use of special verdict forms, coupled with (2) the specific failure in this case to supplement the verdict instructions with the instruction approved in a previous Fourth Circuit case. *See id.* at 528–29 (citing *Walker v. Forbes*, 28 F.3d 409 (4th Cir. 1994)).

61. *Id.* at 529.



C. Champion and Bon-ton: *Bouchat's Claim Against the Licensees*

Having succeeded in establishing liability for infringement against the Ravens and NFLP, but having failed to recover damages, Bouchat proceeded against the parties who had licensed the Ravens logo.<sup>62</sup> Bouchat had filed infringement actions, again in the District Court for the District of Maryland, against several hundred downstream defendants, each of whom was earning revenue from the sale of products bearing the infringing logo.<sup>63</sup> Both Bouchat and the downstream defendants moved for partial summary judgment, which the court granted.<sup>64</sup> The court bound the downstream defendants to the infringement finding in *Bouchat I*, finding that they were “virtually represented” by the Ravens and NFLP in the previous actions.<sup>65</sup> Likewise, the district court held that Bouchat was bound by the damage judgment in *Bouchat II* that he was not entitled to profits because none were attributable to the infringement.<sup>66</sup>

On appeal to the Fourth Circuit, Bouchat conceded that he was not entitled to profits due to infringement, because the remedy was foreclosed by the judgment in *Bouchat II*.<sup>67</sup> He argued that he was entitled either to actual damages — measured in the amount of a reasonable royalty — or to statutory damages.<sup>68</sup> Rejecting these arguments, the court of appeals applied the doctrine of claim preclusion, affirming the district court’s grant of summary judgment.<sup>69</sup>

Claim preclusion prevents relitigation of a prior claim when “(1) the judgment in the prior action was final and on the merits; (2) the parties in the two actions are identical or in privity; and (3) the claims in the two actions are identical.”<sup>70</sup> Bouchat did not dispute the lower court’s finding with respect to the first two elements of the analysis, conceding that the previous judgment was on the merits, and failing to

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62. *Bouchat v. Champion Prods., Inc. (Champion)*, 327 F. Supp. 2d 537, 542 (D. Md. 2003), *aff’d sub nom.*, *Bouchat v. Bon-ton Dep’t Stores, Inc. (Bon-ton)*, 506 F.3d 315 (4th Cir. 2007), *cert. denied*, 76 U.S.L.W. 3568 (U.S. Apr. 21, 2008) (No. 07-1053).

63. *Id.* at 554. These suits had been held in abeyance until the conclusion of the actions in the first suit against the Ravens and NFLP. *Bon-ton*, 506 F.3d at 325.

64. *Champion*, 327 F. Supp. 2d at 554.

65. *Id.* at 544. Virtual representation is a category of privity. *See infra* Part III.A.

66. *Champion*, 327 F. Supp. 2d at 545. *Champion* involved the same infringing products as *Bouchat I & II*. *Id.* at 543. The district court additionally dismissed a case against several limited partnerships closely related to the Baltimore Ravens organization that was sued in the original action. Since Baltimore Ravens, Inc. had transferred all of its assets to the new partnerships, claims against the original company at issue in *Bouchat I* were indistinguishable from the new claims. The Fourth Circuit affirmed the dismissal. *Bon-ton*, 506 F.3d at 326 n.2.

67. *Bon-ton*, 506 F.3d at 326.

68. *Id.*

69. *Id.*

70. *Id.* at 326–27 (citing *Grausz v. Englander*, 321 F.3d 467, 472 (4th Cir. 2003)).

appeal the district court's conclusion that the downstream defendants were virtually represented by the Ravens and NFLP.<sup>71</sup> However, Bouchat did contest the district court's finding on the third element.<sup>72</sup> The Fourth Circuit did not adopt Bouchat's position, holding instead that the new claims were identical to the claims previously asserted in *Bouchat I*.<sup>73</sup>

The *Bon-ton* court emphasized that its application of the claim preclusion rule did not create a rule of mandatory joinder of Bouchat's claims.<sup>74</sup> The court recognized that it is well-settled that a plaintiff may join as many or as few infringers as he wishes, or may instead proceed against individual defendants *seriatim*.<sup>75</sup> The court explained further that, as with all cases involving joint tortfeasors, a plaintiff who proceeds separately bears the risk that preclusion principles will determine the outcome of successive actions.<sup>76</sup>

The court rejected Bouchat's alternative argument that the district court erred in holding that he was not entitled to statutory damages.<sup>77</sup> It explained that statutory damages contemplated by the Copyright Act were an "extraordinary remedy" designed to motivate speedy registration of copyrighted works.<sup>78</sup> Accordingly, the remedy is available only to those plaintiffs who can prove that infringement "commenced" after the effective date of registration.<sup>79</sup> The court held that "infringement 'commences' for the purposes of § 412 when the first act in a series of acts constituting continuing infringement occurs."<sup>80</sup> Thus, for the purpose of § 412, the Ravens and NFLP first infringed Bouchat's drawing in June 1996 when they displayed the Ravens logo to the public and began licensing it for commercial use.<sup>81</sup> Because the downstream defendants derived authority to reproduce the logo from their licenses — making them, in effect, jointly and severally liable for the infringement — the court determined that the two categories of defendants must be treated identically.<sup>82</sup> Rather than commencing

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71. *Id.* at 327; *see infra* Part III.

72. *Bon-ton*, 506 F.3d at 327.

73. *Id.* at 328; *see infra* Part III.B.

74. *Bon-ton*, 506 F.3d at 328.

75. *Id.* (citing *Salton, Inc. v. Philips Domestic Appliances & Pers. Care, B.V.*, 391 F.3d 871, 877 (7th Cir. 2004); *Robbins Music Corp. v. Alamo Music, Inc.*, 119 F. Supp. 29, 31 (S.D.N.Y. 1954)).

76. *Id.* at 328–29. The court concluded that the defendants were joint tortfeasors because, while one made the infringing article, the other authorized him to do so. *Id.* Under copyright law, the copyright holder has the exclusive right to reproduce the copyrighted work, or to authorize the reproduction. *See* 17 U.S.C. § 106 (2000 & Supp. V 2005).

77. *Bon-ton*, 506 F.3d at 329.

78. *Id.* (quoting *Johnson v. Jones*, 149 F.3d 494, 505 (6th Cir. 1998)).

79. *Id.* (citing 17 U.S.C. § 412 (2000 & Supp. V 2005)).

80. *Id.* at 330 (citing *Johnson*, 149 F.3d at 506).

81. *Id.*

82. *Id.* at 331.

with the first infringement of each individual licensee, the Fourth Circuit held that the common scheme of infringement began with NFLP's first act of infringement, making all of the defendants' conduct after Bouchat registered his drawing irrelevant.<sup>83</sup> The court held that as long as the infringement derived from NFLP's initial act of infringement, Bouchat was not entitled to statutory damages, even if the infringing conduct continued after his registration of copyright.<sup>84</sup>

Judge Niemeyer both joined the panel's opinion and wrote a separate concurrence.<sup>85</sup> Although he agreed with the panel's disposition of Bouchat's renewed claims for damages, he noted that only Bouchat's failure to challenge the issue of privity prevented the court from facing almost "irresolvable issues" presented by a case of multi-party, massive copyright infringement.<sup>86</sup> Judge Niemeyer asserted that "[w]hile the Copyright Act addresses adequately the single infringement of a work, it is not susceptible to a straightforward application when multiple infringements by multiple parties arise from a single work."<sup>87</sup>

Judge Niemeyer noted that because the Copyright Act "strives to be complete and comprehensive by creating causes of action at the subatomic level," it "loses focus on the bigger picture."<sup>88</sup> The Copyright Act protects separate exclusive rights and grants a separate cause of action for infringement of each separate exclusive right.<sup>89</sup> Each separate exclusive right can be further particularized by reference to different manners of infringement.<sup>90</sup> Furthermore, plaintiffs may elect a variety of interrelated, but distinct, remedies for *each* infringement of the exclusive rights.<sup>91</sup>

Judge Niemeyer noted that "[e]ven as the Copyright Act seems to encourage claim splitting and manipulation of the litigation process, federal judicial policy encourages resolving in one action all claims arising out of a transaction or occurrence."<sup>92</sup> In light of advanced technology that "facilitates massive infringements," Judge Niemeyer suggested that cases of this nature will grow increasingly frequent and

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83. *Id.* The Copyright Act authorizes joint and several liability for statutory damages. 17 U.S.C. § 504(c)(1) (2000).

84. *Bon-ton*, 506 F.3d at 331.

85. *Id.* at 332 (Niemeyer, J., concurring).

86. *Id.*

87. *Id.*

88. *Id.*

89. *Id.* (citing 17 U.S.C. § 501 (2000 & Supp. V 2005)). These separate exclusive rights include reproduction, derivative preparation, distribution, performance, display, and digital audio transmission. *Id.* (citing 17 U.S.C. § 106).

90. *Id.* (citing 17 U.S.C. § 106(3)). "Distribution," for instance, is defined as sale, transfer, rental, lease, or lending. *Id.*

91. *Id.* (citing 17 U.S.C. § 504(c)).

92. *Id.* at 333 (citing FED. R. CIV. P. 13, 14, 18–20).

recommended that Congress address “this tension between the Copyright Act and traditional joinder and claim preclusion policies . . . to define a more workable balance.”<sup>93</sup>

### III. ANALYSIS

Claim preclusion requires that “(1) the judgment in the prior action was final and on the merits; (2) the parties in the two actions are identical or in privity; and (3) the claims in the two actions are identical.”<sup>94</sup> Neither party disputed the first element.<sup>95</sup> The second and third elements were before the district court in *Champion*, but only the third element was appealed to the Fourth Circuit in *Bon-ton*.<sup>96</sup> The district court’s application of claim preclusion led the Fourth Circuit to conclude that the downstream defendants, like the Ravens and NFLP, were liable for infringement.<sup>97</sup> The doctrine also precluded Bouchat from pressing a claim for actual damages against the defendants because he had been ineligible for infringement profits from the Ravens and NFLP.<sup>98</sup>

Bouchat conceded that the Ravens and NFLP had virtually represented the downstream defendants in the earlier suit.<sup>99</sup> Bouchat likely made this concession because he attempted to bind the downstream defendants to the judgment of liability made in the first suit.<sup>100</sup> The downstream defendants, meanwhile, benefited from this conclusion because the *Bon-ton* court eventually applied claim preclusion to deny Bouchat any relief.<sup>101</sup> This unique factual circumstance arguably allowed the Fourth Circuit to ignore the problematic application of the Copyright Act to a case of massive copyright infringement when it resolved the identity of claims in *Bon-ton*.<sup>102</sup> This Note therefore argues that future courts should more closely address the interrelated but distinct bases for liability and damages provided by the Copyright Act as against different participants in a scheme of massive infringe-

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93. *Id.*

94. *Id.* at 326–27 (majority opinion) (citing *Grausz v. Englander*, 321 F.3d 467, 472 (4th Cir. 2003)).

95. *Id.* at 327.

96. *See id.*

97. *See id.*

98. *Id.* at 328.

99. *Id.* at 327.

100. *See id.*

101. *See id.* at 328.

102. *See id.* at 332 (Niemeyer, J., concurring) (“But absent Bouchat’s concession, made for understandable strategic reasons, we would face almost irresolvable issues presented by this multi-party licensing infringement case. While the Copyright Act addresses adequately the single infringement of a work, it is not susceptible to a straightforward application when multiple infringements by multiple parties arise from a single work.”)

ment. This Part explores the issues future courts should consider in similar cases.

*A. Champion's Application of the Virtual Representation Doctrine*

Claim preclusion is only appropriate when the party to be precluded is the same as, or in privity with, the party in the prior action.<sup>103</sup> Privity, however, remains an elusive concept, essentially conveying that the relationship of the parties makes the application of claim preclusion proper.<sup>104</sup> Privity is applied against “(1) a nonparty who controls the original action; (2) a successor-in-interest to a prior party; [or] (3) a nonparty whose interests were adequately represented by a party to the original action.”<sup>105</sup> The third category constitutes virtual representation.<sup>106</sup> The Supreme Court has explained that where the previous party took care to protect the interests of the subsequent party, or the subsequent party understood the previous suit to be litigated on his or her behalf, application of claim preclusion comports with the litigant’s due process rights.<sup>107</sup> By contrast, where the litigants are “mere strangers,” claim preclusion based on virtual representation is inappropriate because it would not comport with due process.<sup>108</sup>

The virtual representation doctrine originated as a formalistic response to a well-defined legal problem.<sup>109</sup> In probate matters, courts recognized that the need to provide final judgments on estates was being vitiated by the ability of unascertained holders of future interests in those estates to contest the judgment once their interests had vested.<sup>110</sup> To resolve this problem, the courts created the doctrine to “bind persons unknown, unascertained, or not yet born.”<sup>111</sup> Early courts tended to disfavor application of the rule unless it was strictly necessary.<sup>112</sup>

While the modern virtual representation doctrine has expanded beyond strict necessity — theoretically authorizing preclusion when-

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103. *Richards v. Jefferson County*, 517 U.S. 793, 798 (1996).

104. 18A CHARLES ALAN WRIGHT, ARTHUR R. MILLER & EDWARD H. COOPER, FEDERAL PRACTICE & PROCEDURE § 4449, at 351 (2d ed. 2002).

105. *Tyus v. Schoemehl*, 93 F.3d 449, 454 (8th Cir. 1996).

106. *Id.*

107. *See Richards*, 517 U.S. at 802.

108. *Id.*

109. *See* Jack L. Johnson, Comment, *Due or Voodoo Process: Virtual Representation as a Justification for the Preclusion of a Nonparty's Claim*, 68 TUL. L. REV. 1303, 1310–11 (1994).

110. *See id.*

111. *Id.* at 1311 (quoting 18 CHARLES A. WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE AND PROCEDURE § 4457, at 494 (1982)).

112. *See id.* at 1314.

ever the previous party's interests were substantially identical with the subsequent party's<sup>113</sup> — the Fourth Circuit has limited its application of virtual representation by injecting three requirements. First, the successive party must be “so identified in interest with a party to former litigation that he represents precisely the same legal right in respect to the subject matter involved.”<sup>114</sup> Second, the Fourth Circuit has imposed an accountability requirement, stating that the doctrine should not apply where “the interests of the parties to the different actions are separate or where the parties to the first suit are not accountable to the nonparties who file a subsequent suit.”<sup>115</sup> Third, the Fourth Circuit has incorporated a policing element from modern class actions by requiring that a party receive at least tacit approval for virtual representation of a nonparty.<sup>116</sup>

The district court in *Champion* did not explicitly identify which of its factual conclusions regarding virtual representation satisfied each factor as described by the Fourth Circuit in *Klugh v United States*.<sup>117</sup> Instead, the *Champion* court undertook a holistic analysis that appeared to emphasize the parties' relationship to each other, perhaps in an attempt to address the second issue of accountability.<sup>118</sup> Before declaring that the downstream defendants were virtually represented by the Ravens and NFLP, the district court found that (1) the defendants had used the logo by virtue of a contractual right granted by NFLP; (2) they did so based upon NFLP's guarantee that the Ravens logo could legally be used by them; (3) they used the logo with indemnification by NFLP against any claim or liability for such use; (4) NFLP provided the downstream defendants with the same trial counsel as in *Bouchat I* and *II*; and (5) that there was no material difference, if any difference at all, between the liability issues presented in *Bouchat I* and *II* and the issues in the suits against the downstream defendants.<sup>119</sup> Although the fifth finding regarding liability appears to touch on the question of whether the parties shared precisely the same legal rights, the first four findings do not.

Since the fifth finding was the only one to address the identity of the legal rights of the parties, it should have been premised on a more careful analysis than the district court provided in *Champion*. The

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113. *See id.*

114. *Martin v. Am. Bancorporation Ret. Plan*, 407 F.3d 643, 651 (4th Cir. 2005) (citing *Jones v. SEC*, 115 F.3d 1173, 1180 (4th Cir. 1997)).

115. *Id.* (quoting *Klugh v. United States*, 818 F.2d 294, 300 (4th Cir. 1987)).

116. Johnson, *supra* note 109, at 1311 n.44.

117. *See Bouchat v. Champion Prods., Inc. (Champion)*, 327 F. Supp. 2d 537, 543–44 (D. Md. 2003), *aff'd sub nom.*, *Bouchat v. Bon-ton Dep't Stores, Inc. (Bon-ton)*, 506 F.3d 315 (4th Cir. 2007), *cert. denied*, 76 U.S.L.W. 3568 (U.S. Apr. 21, 2008) (No. 07-1053).

118. *See id.*

119. *Id.*

downstream defendants certainly share an interest with the Ravens and NFLP in obtaining a judgment that they did not infringe Bouchat's copyright. This fact by itself, however, does not mean that their legal interests should be treated as precisely the same, especially under a statutory scheme that divides and fragments bases of liability so that litigants who are accused of infringing the same copyright do not necessarily have the same motivation to defend every claim on the same basis.

As Judge Niemeyer emphasized in his concurrence, a finding of infringement can be based on infringement of any one of the individual exclusive rights granted under copyright.<sup>120</sup> The Copyright Act's definition of distribution includes "any sale or other transfer of ownership, rental, lease, or lending."<sup>121</sup> The Act further authorizes plaintiffs to pursue multiple claims based on infringements of any of these individual rights by authorizing a separate cause of action for each infringement.<sup>122</sup> The constellation of remedies provided by the Act is further complicated by theories of contributory liability, crafted by the courts and only belatedly codified by Congress with its inclusion of the right to "authorize" infringement of any of the exclusive rights in the Act.<sup>123</sup> This complication was left unparsed: neither the *Champion* court nor the *Bon-ton* court clearly explained the basis on which the Ravens and NFLP had been held liable in *Bouchat I & II*.<sup>124</sup> Their

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120. *Bon-ton*, 506 F.3d at 332 (Niemeyer, J., concurring) (citing 17 U.S.C. § 106 (2000 & Supp. V 2005)).

121. 17 U.S.C. § 106(3).

122. *Bon-ton*, 506 F.3d at 332 (citing 17 U.S.C. § 501); *see also id.* at 332–33 (arguing that the Copyright Act seems to encourage claim splitting).

123. *See* H.R. REP. NO. 94-1476, at 61 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5674 ("The exclusive rights accorded to a copyright owner under section 106 are 'to do and to authorize' any of the activities specified in the five numbered clauses. Use of the phrase 'to authorize' is intended to avoid any questions as to the liability of contributory infringers. For example, a person who lawfully acquires an authorized copy of a motion picture would be an infringer if he or she engages in the business of renting it to others for purposes of unauthorized public performance."). Contributory infringement is a distinct basis for liability. *See* NIMMER & NIMMER, *supra* note 18, § 12.04[A][3]. "The Supreme Court has described a contributory infringer as one who 'was in a position to control the use of copyrighted works by others and had authorized the use without permission from the copyright owner.'" *Id.* (quoting *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 437 (1984)).

124. *Champion* appears to conclude that the Ravens and NFLP were liable on the basis of the "contractual right" granted by the NFLP, and by its guarantees and indemnification regarding the Ravens logo, but it nowhere described what kind of liability this would establish under the Copyright Act. *See Champion*, 327 F. Supp. 2d at 543. The *Bon-ton* court appeared, in its analysis of the identity of claims prong of the analysis, to conclude that the "same violations of Bouchat's copyright are described throughout all the complaints," without addressing whether the same legal rule would apply to each party's conduct. *Bon-ton*, 506 F.3d at 328. The relevant section of the original complaint from the first district court case in the *Bouchat* litigation, which the *Bon-ton* court quotes, states that:

Since June 5, 1996, if not before, Defendants [the Ravens and NFLP] have been reproducing, distributing, promoting and offering for sale

liability could have been premised on their contribution to the infringements of the downstream defendants, or on a theory that they were somehow directly liable for those infringements. The distinction is meaningful because while direct infringement of copyright does not require any culpable conduct on the part of the infringer, secondary theories of infringement require some element of intent to contribute to or induce the underlying infringement.<sup>125</sup> Here the parties' interests had a substantial potential to diverge, because the party defending a claim of contributory liability would have an incentive to vigorously litigate the intent factor, which would have no bearing on the claim against the party sued on the basis of direct infringement.<sup>126</sup>

Neither is the indemnitor-indemnitee relationship a satisfactory basis for the establishment of virtual representation. Although as indemnitor, NFLP would have been liable for any damages assessed against the downstream defendants, indemnity alone does not necessarily establish that the parties represented precisely the same legal rights.<sup>127</sup> Traditionally, when an indemnitor secures a final judgment in its favor, the indemnitee stands in privity with that indemnitor and is entitled to invoke claim preclusion as a defense if a plaintiff files a successive, identical claim against the indemnitee.<sup>128</sup> Without this rule, the indemnitor would essentially lose the benefit of a favorable judgment if its indemnitee were subject to a subsequent adverse judgment, because the indemnitor would be required to compensate the plaintiff in the same amount and on the same basis as if it had lost the first suit.<sup>129</sup> But courts have also carefully explained the roles an indemnitor can play in litigation and noted that, for privity to attach,

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illegal and unauthorized copies of the subject works in the form of Baltimore Ravens' logos and/or trade/service marks to promote their business enterprises . . . . Defendants have licensed the use of the subject works . . . to third parties for the sale and merchandising of products and thereby have derived profits from the use of the subject works.

*Id.* at 327 (citing Complaint at 7, ¶ 11, *Bouchat v. Balt. Ravens, Inc.*, No. MJG-97-1470 (D. Md. May 1, 1997)) (alteration in original).

125. See Assaf Hamdani, *Gatekeeper Liability*, 77 S. CAL. L. REV. 53, 105 (2003) ("Whereas the liability for direct infringement in copyright is strict, the liability for secondary infringement is not. Rather, some form of culpability — knowledge of the infringement or the ability to prevent wrongdoing — is required in order to hold a third party liable for copyright infringement." (footnotes omitted)).

126. This consideration may be less applicable in this case than others because the downstream defendants themselves appeared to concede this issue on appeal. But future courts should be sensitive to these considerations if they intend to apply claim preclusion in factually similar situations.

127. See, e.g., *FTC v. Garvey*, 383 F.3d 891, 898 (9th Cir. 2004).

128. 18A WRIGHT, MILLER & COOPER, *supra* note 104, § 4463, at 681–83.

129. See *id.* at 683.



there must be some indication that the indemnitor was sued in its capacity as indemnitor.<sup>130</sup>

In *Champion*, the district court did not address whether the Ravens and NFLP had been sued in their capacity as indemnitors or directly for infringement.<sup>131</sup> This omission is significant because the Ravens and NFLP were not necessarily liable to Bouchat on the same basis as the downstream defendants.<sup>132</sup> While the district court emphasized the nature of the relationship between the Ravens and NFLP,<sup>133</sup> it did not address the fact any liability stemming from licensing would be secondary liability based on contributory infringement, which is distinct from the licensees' direct liability. This distinction is not purely semantic, because, among other differences, theories of secondary liability require an additional element of knowing or intent.<sup>134</sup> Since the licensor/indemnitor could escape secondary liability on the basis of this scienter requirement, it would be unjust to allow the licensees/indemnitees to use that favorable judgment to preclude their own direct liability for infringement. Although there was no such suggestion in this case, the *Champion* court did not clearly explain why the licensing relationship and the indemnification were sufficient to establish the required finding of precisely the same legal rights.<sup>135</sup>

The district court also reasoned that the Fourth Circuit's requirement of tacit approval was met because if the Ravens and NFLP had sought permission to represent the downstream defendants, the trial court in the original action would have granted it.<sup>136</sup> Moreover, since *Bouchat I* and *II* involved the same merchandise sales as *Champion*, the court reasoned that the "[downstream defendants'] reliance upon NFLP to litigate the issues in [*Bouchat I* and *II*] was perfectly obvious."<sup>137</sup> But this broad interpretation of virtual representation appears to undermine a primary purpose of the tacit approval requirement, which functions as a policing element to ensure that all nonparties receive notice that a party seeks to undertake the representation.<sup>138</sup>

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130. See, e.g., *Garvey*, 383 F.3d at 898.

131. See *Bouchat v. Champion Prods., Inc. (Champion)*, 327 F. Supp. 2d 537, 543–44 (D. Md. 2003), *aff'd sub nom.*, *Bouchat v. Bon-ton Dep't Stores, Inc. (Bon-ton)*, 506 F.3d 315 (4th Cir. 2007), *cert. denied*, 76 U.S.L.W. 3568 (U.S. Apr. 21, 2008) (No. 07-1053).

132. See *supra* note 18.

133. See *Champion*, 327 F. Supp. 2d at 543.

134. Hamdani, *supra* note 125, at 105.

135. See *Martin v. Am. Bancorporation Ret. Plan*, 407 F.3d 643, 651 (4th Cir. 2005) (establishing requirement that parties represent "precisely the same legal right in respect to the subject matter involved" (citing *Jones v. SEC*, 115 F.3d 1173, 1180 (4th Cir. 1997))).

136. *Champion*, 327 F. Supp. 2d at 543–44.

137. *Id.*

138. See *Johnson*, *supra* note 109, at 1335 ("Without notification of the suit and its potentially preclusive effect, the nonparty cannot secure his opportunity for meaningful par-

While the approval may be tacit, the request for such approval should not be. Were it not for the unique circumstances of this case, in which Bouchat was also precluded from collecting damages, the downstream defendants' inability to litigate the issue of infringement arguably would have violated their due process rights. It seems unlikely that a court would have applied virtual representation in such a situation, and indeed, the *Champion* court did note that its determination of privity was based on equitable considerations, likening its analysis to the application of offensive collateral estoppel.<sup>139</sup> Although the unique facts of the *Bouchat* litigation led the court to find tacit approval despite a lack of evidence in the record that would support such a conclusion, future courts should take care to apply the notice requirement rigorously to avoid broadening the virtual representation standard.

Judge Niemeyer's concurrence expresses his concern that "absent Bouchat's concession . . . we would face almost irresolvable issues" in applying traditional preclusion policies to "this multi-party licensing infringement case."<sup>140</sup> As a result of the concession, the court of appeals was deprived of an opportunity to offer guidance in this difficult and cumbersome area of law. Future courts should attempt to more clearly describe each party's relative interests in the litigation.

#### *B. When Are Claims Under the Copyright Act Identical?*

The third and final element of claim preclusion requires that the new claims be identical to those previously heard.<sup>141</sup> The application of this element in *Bon-ton* raised several difficult questions about copyright. First, the court had to determine when different claims arising under the Copyright Act could be considered within the same transaction or occurrence. Second, the court was required to determine whether the distinct damages authorized by the Act change the identity of claims analysis. Third, the court should have assessed the impact of its application of the identity of claims test on the traditional joint tortfeasor rule.

The identity of claims requirement is met if "the new claim arises out of the same transaction or series of transactions as the claim resolved by the prior judgment."<sup>142</sup> The Fourth Circuit considers multi-

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icipation either through intervention or opt out. . . . Without reasonable notice, the representation is defective and therefore void." (footnotes omitted)).

139. *Champion*, 327 F. Supp. 2d at 544.

140. *Bouchat v. Bon-ton Dep't Stores, Inc. (Bon-ton)*, 506 F.3d 315, 332 (4th Cir. 2007) (Niemeyer, J., concurring), *cert. denied*, 76 U.S.L.W. 3568 (U.S. Apr. 21, 2008) (No. 07-1053).

141. *Id.* at 326–27 (majority opinion).

142. *Id.* at 327 (quoting *Meekins v. United Transp. Union*, 946 F.2d 1054, 1058 (4th Cir. 1991)).

ple factors to determine whether there is a single transaction, including “relatedness in time, space, origin, or motivation, and whether, taken together, they form a convenient unit for trial purposes.”<sup>143</sup> In the course of determining whether Bouchat’s claims against the downstream defendants were identical to his claims against the Ravens and NFLP, the court determined that there was “a single nucleus of operative facts” underlying both claims.<sup>144</sup> The court concluded that claim preclusion was appropriate solely because Bouchat’s complaints in both cases described “the same violations of Bouchat’s copyright.”<sup>145</sup>

However, the court did not adequately address the fact that the Copyright Act appears to allow a plaintiff to file separate actions for violations of the same copyrighted matter, “undoubtedly encourag[ing] multiple, separate infringement actions.”<sup>146</sup> While the court appears to justify the conflict created by their application of claim preclusion by noting that they did not “create a rule of mandatory joinder,” their explanation, based on joint liability of NFLP and the downstream defendants, seems to ignore their own precedent against imposing joint liability for damages in copyright cases.<sup>147</sup> It is well settled that copyright plaintiffs need not join all defendants jointly responsible for the same infringement to obtain a remedy from one of them.<sup>148</sup>

The court supplemented its identity of claims analysis by addressing whether the conventional doctrine regarding remedies in infringement cases should alter its holding that the claims were identical.<sup>149</sup> Acknowledging that Bouchat now sought a different form of relief from the downstream defendants than he did from the Ravens and NFLP, the court nevertheless concluded that such remedies were linked because the Copyright Act authorizes liability for “any profits of the infringer that are attributable to the infringement *and are not taken into account in computing the actual damages.*”<sup>150</sup> Although the

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143. *Id.* (quoting *Pittston Co. v. United States*, 199 F.3d 694, 704 (4th Cir. 1999)).

144. *Id.* at 328.

145. *Id.* at 327–28.

146. *Id.* at 332 (Niemeyer, J., concurring) (citing 17 U.S.C. § 504(c)(1) (2000)).

147. *See infra* notes 151–163 and accompanying text.

148. *See Bon-ton*, 506 F.3d at 328. (citing *Salton, Inc. v. Philips Domestic Appliances & Pers. Care, B.V.*, 391 F.3d 871, 877 (7th Cir. 2004); *Robbins Music Corp. v. Alamo Music, Inc.*, 119 F. Supp. 29, 31 (S.D.N.Y. 1954)).

149. *Id.* at 328 (“That Bouchat did not seek actual damages in [*Bouchat I* and *II*] but now seeks such damages from the licensees does not alter our conclusion that the claims in Bouchat’s cases are identical.”).

150. *See id.* at 328 (quoting 17 U.S.C. § 504(b) (emphasis added by court) (internal quotation marks omitted)). The Copyright Act authorizes a successful plaintiff in a copyright suit to elect either (1) the plaintiff’s damages and any additional profits of the infringer, or (2) statutory damages. 17 U.S.C. § 504(a). Section 504(b) of the Act provides the method for determining the amount at issue in the first remedy, while § 504(c) provides a schedule

court acknowledged that the two remedies are distinct, it nevertheless concluded that any calculation of infringement profits necessarily takes into account the amount of actual damages.<sup>151</sup> The link between these two remedies reinforced the court's finding that there was a common nucleus of operative fact.<sup>152</sup> Therefore, because Bouchat had already litigated the issue of infringement profits in the first suit, he was precluded from seeking any actual damages in the second. The court did not attempt to reconcile its holding with the legislative history of the Copyright Act, which emphasizes the distinctiveness of these remedies.<sup>153</sup>

Moreover, the court's holding that the prior judgment on infringement profits had a preclusive effect on actual damages is in tension with its own precedent, which emphasizes the distinctiveness of profits damages as between defendants. The *Bon-ton* court did not consider that Fourth Circuit precedent generally requires plaintiffs to seek infringement profits from *each* defendant individually.<sup>154</sup> Therefore, the question of the downstream defendants' infringement profits was not properly included in *Bouchat I* and *II*, and Bouchat should have retained an independent profits claim against the downstream defendants.<sup>155</sup> In *Nelson-Salabes, Inc. v. Morningside Development, LLC*,<sup>156</sup> the Fourth Circuit adopted the Second Circuit's holding that joint and several liability attaches only to the defendant's actual damages, and not to the statutory remedy of infringement profits.<sup>157</sup> The district court held that an individual defendant, Nelson-Salabes Inc.

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of fixed amounts to be assessed as statutory damages. 17 U.S.C. §§ 504(b), (c) (2000 & Supp. V 2005). While Bouchat also sought statutory damages against the downstream defendants, the court of appeals disposed of that issue on statutory construction grounds, not by claim preclusion. *Bon-ton*, 506 F.3d at 330 (holding that statutory damages were unavailable because the infringement had "commenced" before registration of the copyright (quoting 17 U.S.C. § 412(1) (2000))). This Note addresses only the issue of actual damages, which was more clearly part of the court's identity of claims analysis. *See id.* at 328.

151. *Bon-ton*, 506 F.3d at 328 (Niemeyer, J., concurring).

152. *Id.*

153. *See* H.R. REP. NO. 94-1476, at 161 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5777 ("In allowing the plaintiff to recover 'the actual damages suffered by him or her as a result of the infringement,' plus any of the infringer's profits 'that are attributable to the infringement and are not taken into account in computing the actual damages,' section 504(b) recognizes the different purposes served by awards of damages and profits. Damages are awarded to compensate the copyright owner for losses from the infringement, and profits are awarded to prevent the infringer from unfairly benefiting from a wrongful act.")

154. *See* The Patry Copyright Blog, *The Fourth Circuit's Self-Inflicted Wound*, <http://williampatry.blogspot.com/2007/10/fourth-circuits-self-inflicted-wound.html> (Oct. 19, 2007).

155. Of course, the court may have been relying on Bouchat's concession that the jury verdict on damages in *Bouchat I* and *II* precluded him from seeking infringement profits against the downstream defendants. *Bon-ton*, 506 F.3d at 526. If this were the case, however, the court should have made this clear in its analysis in order to guide future litigants.

156. 284 F.3d 505 (4th Cir. 2002).

157. *Id.* at 517 (citing *MCA, Inc. v. Wilson*, 677 F.2d 180, 186 (2d Cir. 1981)).

(“NSI”), caused plaintiff no actual damages, and so instead awarded the plaintiff only the amount of NSI’s profits that were attributable to the infringement.<sup>158</sup> The Fourth Circuit, however, held that the district court erred in imposing liability for these profits jointly and severally against NSI and another defendant that was NSI’s sole principal and had been held vicariously liable for infringement.<sup>159</sup> *Nelson-Salabes* indicates that the Fourth Circuit has treated measures of damages for infringement as distinct in copyright cases, even when individual defendants are very closely aligned.

The *Nelson-Salabes* court noted that joint and several liability as to profits could be imposed only when co-defendants were acting as “practical partners.”<sup>160</sup> Although this standard nominally indicates there are at least some situations in which remedies sought against one defendant are interwoven with the remedies sought against another, its application in practice indicates courts will carefully distinguish between the liabilities of co-defendants. In another case, *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc. (Frank Music II)*,<sup>161</sup> which elaborated the practical partners doctrine, the Ninth Circuit held that Metro Goldwyn Mayer (“MGM”) was vicariously liable for infringement committed by one of its subsidiaries, on the basis that the parent and subsidiary had “a substantial and continuing relationship with respect to the infringing activities.”<sup>162</sup> Because of this connection, MGM was liable jointly and severally with its subsidiary for the infringement profits.<sup>163</sup> The plaintiffs in that case also sought an additional award of a portion of the parent company’s corporate profits. The court, however, refused the additional award, notwithstanding the close connection between parent and subsidiary, because the additional award was too speculative and remote from the subsidiary’s infringing conduct.<sup>164</sup> The court also held that plaintiffs must establish a “nexus” between profits and infringement by showing some prox-

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158. *Id.*

159. *Id.* at 517–18.

160. *Id.* at 517 (quoting *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc. (Frank Music I)*, 772 F.2d 505, 519 (9th Cir. 1985)) (internal quotation marks omitted).

161. 886 F.2d 1545 (9th Cir. 1989) (*Frank Music II*). The *Nelson-Salabes* court cites to a related, earlier case, *Frank Music I*, for the narrowness of the practical partners doctrine. In *Frank Music I*, the Ninth Circuit remanded the case and instructed the district court to determine whether there was a “substantial and continuing connection” between the joint infringers. *Frank Music I*, 772 F.2d at 519–20. In *Frank Music II*, the Ninth Circuit again reversed the district court, concluding that such a substantial and continuing connection existed but that the doctrine should further be narrowed by addition of a nexus and proximity requirement. See *Frank Music II*, 886 F.2d at 1553.

162. *Id.* at 1553.

163. *Id.*

164. *Id.* at 1553–54.

imity between the infringement and the profits earned by each individual infringer.<sup>165</sup>

The presumption against imposing joint and several liability for profits, coupled with the limiting nexus requirement for the practical partners exception, demonstrates that courts are often hesitant to impose joint liability for profits when defendants have distinct bases for liability. In light of this hesitance, the *Bon-ton* court should have investigated the relationship of each party to the infringement in a more searching fashion before precluding Bouchat's damages claim against the downstream defendants. Unless the defendants were "practical partners," *Nelson-Salabes* appears to bar joint liability for profits, meaning that Bouchat should have had an independent claim for profits against the downstream defendants. The *Bon-ton* court may have treated NFLP and the downstream defendants as practical partners because they were in privity, or because they were in a licensor-licensee relationship, but it did not explain whether such a holding would extend to all licensors and licensees or merely to the unique facts of this case.<sup>166</sup>

The *Bon-ton* court, furthermore, too quickly described NFLP and the downstream defendants as joint tortfeasors when it responded to the possibility that its application of claim preclusion would create a rule of mandatory joinder.<sup>167</sup> The term "joint tortfeasors" is accurate in the sense that "co-infringers" may be liable jointly and severally for the actual damages caused by their infringement, but it does not reflect the fact that they may not necessarily be jointly and severally liable for their individual profits, unless they are practical partners. Nevertheless, the court relied on the traditional rule that successive suits against joint tortfeasors are subject to normal preclusion principles.<sup>168</sup>

The unique factual circumstances of this case, in which both plaintiffs and defendants were potentially helped by application of one or more preclusion doctrines, led the court to impose the doctrine against both parties. This result, although efficient in its termination of the *Bouchat* litigation, was a questionable application of claim preclusion. A virtual representation analysis that treats contributory infringement as identical with direct infringement could affect the outcome of cases of massive infringement likely to be important parts

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165. *See id.*

166. *See* Patry, *supra* note 154 (arguing that a per se rule that all licensor and licensee pairs were practical partners would be "a stretch").

167. *See* Bouchat v. Bon-ton Dep't Stores, Inc. (*Bon-ton*), 506 F.3d 315, 328–29 (4th Cir. 2007) (Niemeyer, J., concurring), *cert. denied*, 76 U.S.L.W. 3568 (U.S. Apr. 21, 2008) (No. 07-1053).

168. *See id.* (citing RESTATEMENT (SECOND) OF TORTS § 884 (1979)).

of copyright litigation in the future.<sup>169</sup> Furthermore, through its application, defendants may be able to prevent plaintiffs from electing alternative remedies in such suits, even though the Copyright Act provides distinct remedies for different purposes.<sup>170</sup> Finally, this problem is potentially deepened and magnified in a world in which the Copyright Act now predicates some form of liability on acts that are connected with, but distinct from, the underlying actions giving rise to direct liability.<sup>171</sup>

#### IV. CONCLUSION

*Champion* and *Bon-ton* together applied a questionable application of the privity and identity of claims analyses in a copyright context. The loose application of the virtual representation doctrine provided by the district court could unfairly deprive parties of their due process rights if repeated in the copyright context. Future courts should more narrowly describe the different interests present in copyright cases and ensure that they do not incorrectly presume that parties represent precisely the same interests. The Fourth Circuit's application of identity of claims similarly failed to adequately address the complications presented by copyright law and failed to accord the *Bouchat* litigation with their own precedent on damages in copyright cases. These problems are likely to arise again, given (1) the character of copyright law as a collection of distinct claims; (2) the lack of clarity from courts regarding the connection between direct and contributory copyright infringement; (3) and the increased possibility for massively distributed schemes of infringement in the digital age.

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169. See Opderbeck, *supra* note 19, at 1689.

170. See H.R. REP. NO. 94-1476, at 161 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5777.

171. See *supra* notes 26–28 and accompanying text.