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Williams & Wilkins Co. v. United States

420 U.S. 376 (1975)

Paul J. Wahlbeck, George Washington University
James F. Spriggs, II, Washington University in St. Louis
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Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
THE CHIEF JUSTICE

January 9, 1975

PERSONAL

Re: No. 73-1279 - Williams & Wilkins Company v. United States

Dear Lewis:

Like Byron, I am always (?) ready to "see the light" but I don't yet!

I need to be persuaded that your solution does not place inordinate burdens on trial judges to administer -- to say nothing of conceptualizing formulae for damages. Running schools as de facto school boards has cooled some of my ardor for "Chancellor's foot" remedies.

Regards,

WEB

Mr. Justice Powell

To: Mr. Justice Douglas
Mr. Justice Brennan
Mr. Justice Stewart
Mr. Justice White
Mr. Justice Marshall
Mr. Justice Blackmun
Mr. Justice Powell
Mr. Justice Rehnquist

From: The Chief Justice

Circulated: FEB 20 1975

Recirculated: _____

1st DRAFT

SUPREME COURT OF THE UNITED STATES

No. 73–1279

The Williams & Wilkins Company, Petitioner, *v.* United States. | On Writ of Certiorari to the United States Court of Claims.

[February —, 1975]

PER CURIAM.

The judgment is affirmed by an equally divided Court.

MR. JUSTICE BLACKMUN took no part in the consideration or decision of this case.

O.T. 1974 - # 73-12

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
THE CHIEF JUSTICE

July 30, 1975

Re: 73-1279, The Williams & Wilkins Co.
v. United States

Dear Bill:

I have your memo of July 28.

I will put this subject on the September 29 agenda for discussion. By then the situation may be clarified.

Regards,

WEB

Mr. Justice Douglas

cc: The Conference

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE WILLIAM O. DOUGLAS

February 21, 1975

Dear Chief:

Please join me in your per curiam in Williams & Wilkins Co. v. United States, No. 73-1279.

Sincerely,

William O. Douglas

cc: The Chief Justice
The Conference

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE WILLIAM O. DOUGLAS

July 28, 1975

MEMORANDUM TO THE CONFERENCE:

Re: 73-1279, THE WILLIAMS & WILKINS CO. V. UNITED STATES

I think we made a mistake by affirming by an equally divided vote in this case.

I felt uneasy about the decision at the time, but being hospitalized I was out of the picture and didn't have a chance to talk to the various Justices about my concerns.

I write you now because it has come to my attention that the House Judiciary Committee has a bill (HR 2223) which I believe gives a pretty broad definition of "fair use". I believe the bill goes even further than Lewis Powell's memorandum in WILLIAMS & WILKINS, but that is the privilege of the Congress.

It may be that HR 2223 will pass the Senate and House in the next few weeks. I understand it has tremendous support. If it does pass, I believe it will provide an adequate ground for affirming the judgment on the law. But in the meantime I think it would be prudent to put this case down for reargument.

William O. Douglas

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE BYRON R. WHITE

January 8, 1975

Re: No. 73-1279 — Williams & Wilkins Company
v. United States

Dear Lewis:

As I understand your very interesting memorandum in this case, the minimum entitlement of the copyright holder would be a reasonable licensing fee, costs and perhaps attorney's fees. Where he could prove greater damages, he could get those and in some cases the statutory amounts might be awarded. Perhaps no less is due, if there is infringement, but it is more than I understood you to be suggesting at Conference. I had understood that in the non-commercial, no profit copying cases you were thinking of confining the copyright holder to provable damages. Your solution would also require creative handling of the statutory damages question. Indeed, in some quarters F.W. Woolworth Co. v. Contemporary Arts, 344 U.S. 228 (1952), which you cite, is thought to hold "that the reasonable royalty rule is not applicable in copyright actions, and that the 'in lieu' damages provision should be invoked instead." 2 Nimmer 670.

I am not yet ready to abandon my Conference vote, but there is hope that I shall see the light, perhaps enough to warrant your writing further in the matter, if you are so inclined.

Sincerely,

Byron

Mr. Justice Powell

Copies to the Conference

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE BYRON R. WHITE

February 20, 1975

Re: No. 73-1279 - The Williams & Wilkins Co. v. United States

Dear Chief:

I agree with your suggested one-liner.

Sincerely,

Byron

The Chief Justice

Copies to Conference

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE HARRY A. BLACKMUN

January 16, 1975

Re: No. 73-1279 - Williams & Wilkins Co.
v. United States

Dear Byron and Lewis:

I have read your exchange of correspondence in this case. I shall express no view, for I have concluded to adhere to my position expressed at conference, namely, that I shall take "no part in the decision of this case."

Sincerely,

Harry

Mr. Justice White
Mr. Justice Powell

cc: The Conference

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE HARRY A. BLACKMUN

February 24, 1975

Re: No. 73-1279 - Williams and Wilkins Co.
v. United States

Dear Chief:

Inasmuch as I heard the argument in this case, the proposed statement of my recusal is erroneous. I therefore took the liberty of advising the Printer to have it read that I took "no part in the decision of this case." This is in line with my communication to Byron and Lewis on January 16.

Sincerely,

H. A. B.

The Chief Justice

cc: The Conference

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE LEWIS F. POWELL, JR.

December 30, 1974

No. 73-1279 Williams & Wilkins Company
v. United States

MEMORANDUM TO THE CONFERENCE:

The vote on this case was evenly divided, four to Affirm and four to Reverse.

In view of the desirability of deciding an issue of considerable importance and uncertainty, I have followed Byron's suggestion that I develop in a memo the "damages approach" which I mentioned at the Conference. This approach would answer, for me at least, most of the concerns that have been voiced about either a categorical affirmance or reversal.

Sincerely,

Lewis

lfp/ss

To: The Chief Justice
Mr. Justice Douglas
Mr. Justice Brennan
Mr. Justice Stewart
Mr. Justice White
Mr. Justice Marshall
Mr. Justice Blackmun
Mr. Justice Rehnquist

From: Powell, J.

Circulated: JAN 30 1974

Recirculated: _____

1st DRAFT

SUPREME COURT OF THE UNITED STATES

No. 73–1279

The Williams & Wilkins Company, Petitioner, *v.* United States.	On Writ of Certiorari to the United States Court of Claims.

[January —, 1975]

Memorandum of MR. JUSTCE POWELL.

This memorandum is submitted pursuant to the suggestion of Byron, following our discussion at the Conference, that I outline my thoughts as to a possible "remedies approach" to this case.

It seems to me that the Copyright Law, enacted long before photocopying was dreamed of, compels us by its explicit language to hold photocopying to be an infringement. There is little doubt, however, that such a holding—without more—would seriously and adversely affect the public interest in dissemination of knowledge in the inexpensive, convenient form that photocopying allows. This public harm would result without, in my opinion, any significant compensating increase in the amount of new work published. This effect would be most severe if an infringement holding led to the development of a royalties system like that existing in the music publishing and recording industries, in which transaction costs are extremely high. But this effect would be significantly reduced if publishers were restricted to charging a reasonable licensing fee for noncommercial photocopying rights. Even a modest licensing fee system probably would have some effect on the amount of photocopying. But such a system also would accord due recognition to the rights of

January 7, 1975

No. 73-1279 Williams & Wilkins Co. v. U.S.

Dear Chief:

In view of the unusual burdens which you have borne recently, perhaps you have had no opportunity to review my memorandum of December 30 which suggests an approach to a solution of this case which I believe may appeal to you.

The vote at the Conference, with Harry out, was four to four. The case is one of widespread interest, and the split decision of the Court of Claims will not resolve the widespread doubt which exists as to the applicability of copyright laws to photocopying.

I have reason to believe that the Justices who joined me in voting to reverse (Stewart, Marshall and Rehnquist) will accept the substance of my memorandum as the basis of a Court decision.

My recollection is that you were impressed, as I was, by the strong public interest which supports the government's position. The adoption of a "remedies approach", suggested in my memorandum, would in effect achieve the essential objectives desired by the government.

Sincerely,

The Chief Justice

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE LEWIS F. POWELL, JR.

January 9, 1975

No. 73-1279 Williams and Wilkins v. United States

Dear Byron:

My thanks for your letter of January 8, commenting on the memorandum I circulated. As long as there is hope that you will "see the light", I will - as you suggest - comment on the questions you raise.

The "damage approach" which I propose may be "creative" in the sense that I have no case to support it. But neither is there any case which precludes it. Moreover, I think the proposal is consistent with the statutory language, although the problem we confront obviously was not foreseen when the copyright law was enacted.

I add one comment as to "creativity". I defer in this respect to the majority on the Court of Claims which managed to read the "fair use" doctrine as encompassing wholesale, verbatim reproduction of entire copyrighted articles. If this is the law, there is not much left to copyright protection. Now, to your questions:

Section 101 does not, by its terms, compel resort to the in lieu damages provision. In Woolworth Co., the Court held that use of the in lieu provisions is appropriate where proved damages and profits are not in excess of the statutory limit, but it emphasized that the damage decision is a matter of sound judicial discretion. The Court stated (344 U.S. at 234):

> "We think that the statute empowers the trial court in its sound exercise of judicial discretion to determine whether on all the facts a recovery upon proven profits and damages or one estimated within

the statutory limits is more just. We find no abuse of that discretion." (Underscoring added)

My suggestion is not, as I view it, incompatible with Woolworth. Indeed, my position is bottomed on the wide discretion as to damages accorded the trial judge. One of the facts, and I would think the determinative fact, governing the exercise of judicial discretion in a case such as this is that the photocopying was noncommercial and not for profit. In these circumstances, resort to the in lieu provisions provisions should be deemed unjust, and the trial court should require proof of and award only actual damages in the unlikely event they can be proved.

Assuming that the approach I have suggested is akin to a "reasonable royalty rule," I nonetheless find nothing in Woolworth Co. that even implicitly precludes it, despite Nimmer's view. Almost all copyright cases, including Woolworth, deal with commercial infringements. In such cases, a "reasonable royalty rule" may well be inappropriate since it would not have the deterrent effect that, according to the Woolworth Court, is a primary benefit of in lieu damages. 344 U.S. at 233. But in the case of noncommercial copying, the public interest, in my view, does not favor a like measure of deterrence.

In any event, I am not proposing a reasonable royalty rule. The essence of my suggestion is that the proprietor be limited to actual damages, proved by the best evidence available. Actual damages may be measured by profits on sales that reasonably can be thought to have been lost due to the infringement. Such profits would almost always be negligible. If, however, the proprietor customarily allows photocopying in exchange for payment of a reasonable license fee, that fee would be awarded since it necessarily equals the damage the proprietor has suffered. In short, so long as the fee is reasonable, so that the infringer would probably pay it rather than forego photocopying, that fee is the proprietor's "provable damage."*

I do not think the foregoing is contrary to the statute or to the reasoning in Woolworth.

Sincerely,

Lewis

Mr. Justice White

cc: The Conference

*Under 17 U.S.C. § 116, costs must always be awarded to the prevailing party in a copyright action "except when brought by or against the United States or any officer thereof."

January 10, 1975

No. 73-1279 Williams and Wilkins
v. United States

Dear Chief:

Thank you for your note. Perhaps I should forget this case and "let the chips fall" from our 4 to 4 split. But having invested some time on this, I will respond to your note - and promise to say nothing further.

I share your shyness as to "Chancellor's foot" remedies. I suggest, however, that the problems in administering solutions to noncommercial photocopying cases would be considerably greater under the Court of Claims' approach than they would be under the approach I have proposed.

The Court of Claims looked to a whole catalog of factors - the public interest in the dissemination of knowledge, the libraries' motives, the restrictions they placed on photocopying, and the predictable harm to the copyright proprietor - to support its conclusion that the photocopying was a fair use. Indeed, its decision rested expressly on ad hoc balancing of a wide variety of ill-defined factors, and was expressly and necessarily limited to the precise facts of the case before it. The Court of Claims' approach, would thus require extensive factfinding and a similar ad hoc balancing in each case. This approach could lead to widely disparate results, a consequence unfair both to photocopiers and proprietors. The resulting uncertainty in the law will also lead, I would venture to say, to a great deal of litigation. Thus, the fair use approach promises to bring exactly the consequences you fear.

Perhaps I am overly optimistic, but I do not think the same consequences would follow from the "damages" approach. The rule I have suggested can be easily applied across a whole range of cases. As I state in my memorandum to Byron of January 9, the district court has, under present law, wide discretion as to whether to invoke in lieu damages. I suggest only a rule to govern exercise of that discretion. In non-commercial photocopying cases, the in lieu provisions normally should not be invoked, and the proprietor should be limited to actual damages proved by the best evidence available. The proprietor, in some instances, might be able to prove lost profits. But those instances would be few and the amount of lost profits almost always negligible. On the other hand, if the proprietor customarily charges a reasonable licensing fee for photocopying, that fee would be the best evidence of his actual damage. Finally, infringements could be enjoined, but conditioned on the proprietor's instituting a reasonable licensing fee system.

As I have observed in my previous memoranda, these damages rules are, in my view, consistent both with the statute and with this Court's previous cases. More important with regard to your concerns, they are relatively direct, straightforward and consistent. District courts will, I am convinced, find them simple to apply consistently to the wide variety of cases that may arise on this subject. I think both copyright proprietors and photocopiers should find it quite easy to conform their behavior to these rules and this, in turn, should serve to reduce the volume of litigation that is likely to flow from affirmance by a divided Court of the ad hoc fair use approach.

I do not say that my "damages" solution is entirely satisfactory. Here, as in many cases, what is needed is comprehensive legislative action. But absent this, we have to identify and lay down the best available judicial solution. In this situation, the damages approach does have certain advantages: It is compatible with the statute and decisional law. I think it is fair and consistent with the public interest, and it is not likely to provoke as much uncertainty and litigation as the Court of Claims' amorphous extension of "fair use".

I'll now sign off! No reply is necessary. My thanks for your indulgence.

Sincerely,

The Chief Justice

lfp/ss

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE WILLIAM H. REHNQUIST

January 3, 1975

Re: No. 73-1279 - Williams & Wilkins Co. v. United States

Dear Lewis:

I agree with your memorandum in this case circulated December 30th, and should it become the opinion of the Court I will join it.

Sincerely,

WHR

Mr. Justice Powell

Copies to the Conference