

as it may deem reasonable to prevent or restrain infringement of a copyright.” 17 U.S.C. §502(a). . . . And as in our decision today, this Court has consistently rejected invitations to replace traditional equitable considerations with a rule that an injunction automatically follows a determination that a copyright has been infringed. *See, e.g., New York Times Co. v. Tasini*, 533 U.S. 483, 505 . . . (2001) (citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578 n. 10 . . . (1994)). . . .

Id. at 392.

What are the implications of *eBay* for copyright litigants? Consider the following three opinions, one pre-*eBay* and two applying the *eBay* approach.

===== *Abend v. MCA, Inc.*
 ===== 863 F.2d 1465 (9th Cir. 1988)
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[Review the facts of *Stewart v. Abend* on pages 176-77. Recall that the Supreme Court held that the work was infringing but did not disturb the Ninth Circuit’s opinion about appropriate remedies. Here is that portion of the Ninth Circuit’s opinion.]

PREGERSON, J.: . . . We are mindful that this case presents compelling equitable considerations which should be taken into account by the district court in fashioning an appropriate remedy in the event defendants fail to establish any equitable defenses. Defendants invested substantial money, effort, and talent in creating the “Rear Window” film. Clearly the tremendous success of that venture initially and upon re-release is attributable in significant measure to, inter alia, the outstanding performances of its stars — Grace Kelly and James Stewart — and the brilliant directing of Alfred Hitchcock. The district court must recognize this contribution in determining Abend’s remedy.

The district court may choose from several available remedies for the infringement. Abend seeks first an injunction against the continued exploitation of the “Rear Window” film. 17 U.S.C. §502(a) provides that the court “*may* . . . grant temporary and final injunctions on such terms as it may deem reasonable to prevent or restrain infringement of a copyright.” Defendants argue . . . that a finding of infringement presumptively entitles the plaintiff to an injunction, citing Professor Nimmer. *See* 3 M. Nimmer, Nimmer on Copyright §14.06[B] at 14-55 to 14-56.2 (1988). However, Professor Nimmer also states that “where great public injury would be worked by an injunction, the courts might . . . award damages or a continuing royalty instead of an injunction in such special circumstances.” *Id.* at 14-56.2.

We believe such special circumstances exist here. The “Rear Window” film resulted from the collaborative efforts of many talented individuals other than Cornell Woolrich, the author of the underlying story. The success of the movie resulted in large part from factors completely unrelated to the underlying story, “It Had To Be Murder.” It would cause a great injustice for the owners of the film if the court enjoined them from further exhibition of the movie. An injunction would also effectively foreclose defendants from enjoying legitimate profits derived from exploitation of the “new matter” comprising the derivative work, which is given express copyright protection by section 7 of the 1909 Act. Since defendants could not possibly separate out the “new matter” from the underlying work, their right to enjoy the renewal copyright *in the derivative work* would be rendered meaningless by the grant of an injunction. We also note that an injunction could cause public injury by denying the public the opportunity to view a classic film for many years to come.

This is not the first time we have recognized that an injunction may be an inappropriate remedy for copyright infringement. In *Universal City Studios v. Sony Corp. of America*, 659 F.2d 963, 976 (9th Cir. 1981), *rev'd on other grounds*, 464 U.S. 417 . . . we stated that Professor Nimmer's suggestion of damages or a continuing royalty would constitute an acceptable resolution for infringement caused by in-home taping of television programs by VCR—"time-shifting." *See also Sony Corp. v. Universal City Studios*, 464 U.S. 417, 499-500 (1984) (Blackmun, J., dissenting).

As the district court pointed out in the *Sony* case, an injunction is a "harsh and drastic" discretionary remedy, never an absolute right. . . . Abend argues nonetheless that defendants' attempts to interfere with his production of new derivative works can only be remedied by an injunction. We disagree. Abend has not shown irreparable injury which would justify imposing the severe remedy of an injunction on defendants. Abend can be compensated adequately for the infringement by monetary compensation. 17 U.S.C. §504(b) provides that the copyright owner can recover actual damages and "any profits of the infringement that are *attributable to the infringement* and are not taken into account in computing the actual damages." (Emphasis added.)

The district court is capable of calculating damages caused to the fair market value of plaintiff's story by the re-release of the film. Any impairment of Abend's ability to produce new derivative works based on the story would be reflected in the calculation of the damage to the fair market value of the story. . . .

Christopher Phelps & Associates, LLC v. Galloway
 492 F.3d 532 (4th Cir. 2007)

NIEMEYER, J.:

After R. Wayne Galloway began construction of his retirement home on Lake Wylie, near Charlotte, North Carolina, using architectural plans designed and copyrighted by Christopher Phelps & Associates, LLC ("Phelps & Associates"), without permission, Phelps & Associates commenced this action against Galloway for copyright infringement. Phelps & Associates sought damages . . . and injunctive relief. A jury found that Galloway infringed Phelps & Associates' copyright and awarded it \$20,000 in damages The district court thereafter declined to enter an injunction, finding that the jury verdict had made Phelps & Associates "whole". . . . Phelps & Associates appeals, requesting a new trial on damages and the entry of an injunction prohibiting the future lease or sale of the infringing house and mandating the destruction or return of the infringing plans. . . .

Insofar as Phelps & Associates suggests that it is *entitled* to injunctive relief, we reject the argument. *See eBay Inc. v. MercExchange, L.L.C.*, — U.S. —, 126 S.Ct. 1837, 1839 . . . (2006). . . . [The Court there said, "A plaintiff must demonstrate: (1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.["] *Id.* at 1839. Moreover, the Court reiterated that even upon this showing, whether to grant the injunction still remains in the "equitable discretion" of the court. . . .

Phelps & Associates' . . . request for equitable relief, that Galloway be permanently enjoined from leasing or selling the completed house, is argued with the following syllogism: *First*, the completed house is an infringing copy of Phelps & Associates' copyrighted work.