

# Damages for Noneconomic Harm in Intellectual Property Law

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*This Article provides a comprehensive analysis of awards of “noneconomic” damages for reputational and emotional harm in intellectual property (IP) law, including trademarks, copyright and moral rights, the right of publicity, and patent law. The Article discusses, among other matters, the Second Circuit’s recent decision in Castillo v. G&M Realty L.P., affirming a \$6.75 million award of statutory damages for the infringement of artists’ moral rights in graffiti art; the European Union’s Intellectual Property Rights Enforcement Directive and its 2016 Liffers decision, which appear to require member states to award, where warranted, noneconomic (“moral prejudice”) damages across the full range of IP cases; and some recent arguments in favor of awarding damages for emotional harm in, even, patent infringement actions. Prompted by these and other developments, I argue that courts should recognize reputational harm as a potentially cognizable injury throughout all of the branches of IP law but that damages for emotional harm should be limited to right of publicity and moral rights matters. In addition, I discuss the various options for providing monetary relief in response to noneconomic harm, including awards of general damages, statutory damages, disgorgement of the infringer’s profits, and enhanced or punitive damages; and I conclude with a set of recommendations for crafting awards in a manner that would both vindicate the relevant, cognizable interests of plaintiffs while reducing the risks of arbitrary, uncertain, and potentially overdeterring relief.*

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## INTRODUCTION

Damages law in the United States sometimes draws a distinction between “economic” (or “pecuniary”) and “noneconomic” (“nonpecuniary”) harms (or “losses”).<sup>1</sup> Although the terms are not always used consistently, across different jurisdictions or different bodies of law, economic harm is usually thought to comprise losses such as lost profits, lost wages, and expenses reasonably incurred to mitigate the consequences of the defendant’s conduct,<sup>2</sup> whereas noneconomic harm includes (among other things) pain and suffering, emotional harm and other forms of mental distress, and loss of reputation.<sup>3</sup> By most

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1. For consistency, I will use the words “economic,” “noneconomic,” and “harm” in preference to “pecuniary,” “nonpecuniary,” and “loss,” except when quoting from a source that uses the alternate term. As the discussion below will show, the distinction between economic and noneconomic harm appears to come up most frequently in tort law, but it also sometimes arises in other settings, including contract and even criminal law. Because some sources use the word “injury” to denote harm or loss to a protected legal interest, I will avoid using it except in that context. *Cf.* John C.P. Goldberg, *Rethinking Injury and Proximate Cause*, 40 SAN DIEGO L. REV. 1315, 1329–30 (2003) (positing a possible distinction between injury and harm, but concluding that such “analytic typologies have their limits”). I also will use the term “damages” to refer to a remedy in the form of money, and (again) to avoid confusion will eschew use of the word “damage,” singular. For discussion of these semantic issues, see Harry Zavos, *Monetary Damages for Nonmonetary Losses: An Integrated Answer to the Problem of the Meaning, Function, and Calculation of Noneconomic Damages*, 43 LOY. L.A. L. REV. 193, 210–11 (2009). Finally, sources sometimes classify punitive damages as a type of noneconomic damages. *See, e.g.*, David W. Robertson, *Punitive Damages in American Maritime Law*, 28 J. MAR. L. & COM. 73, 80–83 (1997) (arguing against this classification). My focus here, however, will be on noneconomic damages for losses such as reputational and emotional harm, *see infra* note 3, and I will confine my discussion of punitive or enhanced damages to the question of whether these damages sometimes may indirectly vindicate these noneconomic interests. *See infra* Part III.B–D.

2. *See, e.g.*, U.S. SENT’G GUIDELINES MANUAL § 2B1.1 cmt. n.3(A)(iii) (U.S. SENT’G COMM’N 2018) (defining “pecuniary harm” for purposes of establishing penalties for larceny as “harm that is monetary or that otherwise is readily measurable in money,” and as not including “emotional distress, harm to reputation, or other non-economic harm”); RESTATEMENT (SECOND) OF TORTS § 906 (AM. L. INST. 1979) (including, as examples of compensation for pecuniary harm, damages for harm to property, harm to earning capacity, and the creation of liabilities).

3. At least five federal statutes, for example, define “noneconomic damages” or “noneconomic losses” in substantially identical terms. *See* 6 U.S.C. § 442(b)(2)(B) (defining “noneconomic damages” as “damages for losses for physical and emotional pain, suffering, inconvenience, physical impairment, mental anguish, disfigurement, loss of enjoyment of life, loss of society and companionship, loss of consortium, hedonic damages, injury to reputation, and any other nonpecuniary losses”); 20 U.S.C. § 7943(3) (“[P]hysical or emotional pain, suffering, inconvenience, physical impairment, mental anguish, disfigurement, loss of enjoyment of life, loss of society or companionship, loss of consortium (other than loss of domestic service), hedonic damages, injury to reputation, or any other nonpecuniary loss of any kind or nature.”); *see also* 42 U.S.C. § 238q(e)(2)(B)(iii); *id.* § 247d-6d(e)(8); *id.* § 14505(3).

Similar definitions are sometimes found in state statutes, *see, e.g.*, MICH. COMP. L. § 691.1416(f) (2020) (defining noneconomic damages as including “pain, suffering, inconvenience, physical impairment, disfigurement, mental anguish, emotional distress, loss of society and companionship, loss of consortium, injury to reputation, humiliation, and other nonpecuniary damages”); TEX. CIV. PRAC. & REM. § 41.001(12) (West 2021), and in other sources, *see, e.g.*, RESTATEMENT (SECOND) OF TORTS § 905 & cmts. a–h (stating that “[d]amages for nonpecuniary harm are most frequently given in actions for bodily contact and harm to reputation,” and listing as examples of emotional distress humiliation, fear and anxiety, loss of companionship, loss of freedom, and “distress caused by mistreatment of a third person or of a corpse”). *But see* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 36 (AM. L. INST. 1995) (classifying “harm to market reputation” as a “pecuniary loss for which damages may be recovered” in a trademark action). For simplicity, this Article generally uses the term “emotional harm” as a shorthand that encompasses, among other things, emotional distress or mental anguish, feelings of humiliation or affront to dignity, loss of autonomy, and so on; and it

accounts, the distinguishing characteristic of economic harms is that they have some objective market value, an award of which restores the victim to the same financial position it would have occupied absent the defendant's breach.<sup>4</sup> Noneconomic harms, by contrast, are those which do not have an objective market value, and for which a monetary award is never entirely restorative; put another way, these harms are in some sense incommensurable with financial losses.<sup>5</sup> Damages for noneconomic harm, therefore, are not compensatory in the same sense as are damages for economic harm, but (when available) they provide some way of validating the plaintiff's loss, and of forcing tortfeasors to internalize a greater share of the harm they cause.<sup>6</sup>

The practical consequence of distinguishing economic from noneconomic harm is that, for certain types of claims, governing law either does not permit damages for noneconomic harms or does so only subject to certain conditions.<sup>7</sup> Initially, it might not seem surprising that the law would sometimes exclude or restrict recovery for a class of harms defined by their resistance to market valuation, though on further reflection this characteristic does not appear determinative. After all, not every *economic* harm caused by a defendant's breach of duty is compensable either; doctrines such as proximate cause, the

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generally divides noneconomic damages into damages for reputational harm and damages for emotional harm so defined. I recognize, however, that the boundaries are not always clear. An affront to a person's dignity or honor, for example, may cause the victim to suffer unpleasant internal mental phenomena as well as an external loss of standing within a community, which in turn may intensify or give rise to additional internal mental phenomena. *See, e.g.*, David A. Anderson, *Reputation, Compensation, and Proof*, 25 WM. & MARY L. REV. 747, 771 (1984) (after distinguishing four different ways in which a defamatory statement may harm reputation, further differentiating "the anguish that results from knowing the defamatory statement is in circulation" from "anger, hurt, or outrage" occurring "independently of any threat to reputation"); Laura A. Heymann, *The Law of Reputation and the Interest of the Audience*, 52 B.C. L. REV. 1341, 1424–25 (2011) (distinguishing between "reputational harm" as a disruption in the victim's relationships with others resulting from a change in social attitudes toward the victim, and phenomena such as emotional distress, hurt feelings, and frustration of autonomy, which may accompany such harm); Stanley Ingber, *Rethinking Intangible Injuries: A Focus on Remedy*, 73 CALIF. L. REV. 772, 841 (1985) (observing that the "main impetus for an action for invasion of privacy is not the emotional distress the invasion causes," but rather the resulting indignity and humiliation); Robert C. Post, *The Social Foundations of Defamation Law: Reputation and the Constitution*, 74 CALIF. L. REV. 691, 693–719 (1986) (distinguishing among reputation as property, honor, and dignity).

4. *See, e.g.*, Ingber, *supra* note 3, at 780; Zavos, *supra* note 1, at 196–97.

5. *See, e.g.*, DAN B. DOBBS & CAPRICE L. ROBERTS, LAW OF REMEDIES § 3.1, at 216 (3d ed. 2018); RESTATEMENT (SECOND) OF CONTRACTS § 353 cmt. a (AM. L. INST. 1981); Ingber, *supra* note 3, at 780; Robert L. Rabin, *Pain and Suffering and Beyond: Some Thoughts on Recovery for Intangible Loss*, 55 DEPAUL L. REV. 359, 365 (2006); Zavos, *supra* note 1, at 196, 218–26.

6. *See* DOBBS & ROBERTS, *supra* note 5, § 3.1, at 216 (asserting that nonpecuniary damages provide "a sense of public sympathy and understanding for a grievously injured person," and "set standards and provide incentives by adjudicating particular cases"); RESTATEMENT (SECOND) OF TORTS § 912 cmt. b ("There is no direct correspondence between money and harm to the body, feelings or reputation."); Ingber, *supra* note 3, at 780–83 (noting that, even after receiving damages for pain and suffering, the tort "plaintiff continues to experience pain and suffering"); Rabin, *supra* note 5, at 361 n.8; Zavos, *supra* note 1, at 197, 243–50 (noting various posited rationales, including "reestablish[ing] the plaintiff's self-confidence" and providing consolation, and proposing instead that noneconomic damages "symbolically affirm that the plaintiff has been wrongfully deprived of something of value") (quoting Louis L. Jaffe, *Damages for Personal Injury: The Impact of Insurance*, 18 LAW & CONTEMP. PROBS. 219, 224 (1953)).

7. *See infra* Parts I, II.

economic loss doctrine, and the doctrine of antitrust injury all serve to limit recoveries for harms that courts consider to be too remote, unforeseeable, or as falling outside the class of harms for which a given body of law is intended to provide redress.<sup>8</sup> At the same time, noneconomic harm sometimes results in quantifiable economic losses—a person suffering from emotional distress, for example, may incur out-of-pocket expenses to treat her condition; but if her distress is not a cognizable injury for the type of claim at issue, she’s out of luck, despite the relative ease of quantifying these losses in comparison with some of the economic losses for which damages routinely are awarded.<sup>9</sup> The fact that harms that are easy to quantify nevertheless are sometimes subject to exclusion or restriction, while others that are notoriously difficult to quantify are not, suggests that the rationale for excluding or restricting recovery for noneconomic harms is only partly driven by quantification problems.<sup>10</sup>

Be that as it may, the general rule at common law is that owners of real or personal property can recover only economic damages for invasions of their property rights,<sup>11</sup> which might lead one to think that intellectual property (IP)<sup>12</sup>

8. See *infra* notes 271–278 and accompanying text.

9. See Ingber, *supra* note 3, at 779–80 (“[D]amages for lost future wages, often viewed as tangible, economic losses, are also uncertain and a matter of conjecture.”); cf. Jon D. Hanson & Kyle D. Logue, *The Costs of Cigarettes: The Economic Case for Ex Post Incentive-Based Regulation*, 107 YALE L.J. 1163, 1286 n.516 (1998) (“Many so called ‘economic’ losses . . . are actually nonpecuniary losses that can be readily measured.”) (citing Steven P. Croley & Jon D. Hanson, *The Nonpecuniary Costs of Accidents: Pain-and-Suffering Damages in Tort Law*, 108 HARV. L. REV. 1785, 1857–62 (1995)). In intellectual property law in particular, U.S. courts for the most part deny any sort of relief for emotional harm, as we shall see—while routinely awarding reasonable royalties based on a “hypothetical,” that is, imaginary, pre-infringement negotiation. See Thomas F. Cotter, John M. Golden, Oskar Liivak, Brian J. Love, Norman V. Siebrasse, Masabumi Suzuki & David O. Taylor, *Reasonable Royalties*, in PATENT REMEDIES AND COMPLEX PRODUCTS: TOWARD A GLOBAL CONSENSUS 6, 8, 22 (C. Bradford Biddle, Jorge L. Contreras, Brian J. Love & Norman V. Siebrasse eds. 2019) (discussing the semi-fictional character of reasonable royalties); *Morris-Garner v. One Step Ltd.* [2018] UKSC 20, [2019] AC 649 [91] (appeal taken from Eng.) (“There are certain circumstances,” including IP infringement, “in which the loss for which compensation is due is the economic value of the right which has been breached,” and that “[t]he imaginary negotiation is . . . a tool for arriving at that value”).

10. See Rabin, *supra* note 5, at 362 (“[S]etting one’s sights on the uncertain character of noneconomic loss creates an illusion that is simply inaccurate: that there is a sharp distinction between noneconomic and economic loss on the dimension of precision in valuation.”).

11. See, e.g., DOBBS & ROBERTS, *supra* note 5, § 5.6(2), at 530 (stating that, while courts sometimes award nonpecuniary damages in nuisance cases, they “usually compensate only for pecuniary losses when the tort physically harms the property or dispossess [sic] plaintiff” and not for emotional distress). There are, however, a variety of exceptions to this rule. See *infra* Part I.

12. Throughout this Article, I will use the term “intellectual property” or “IP” primarily to refer to the following five types of IP, in which the issues relevant to the Article are most likely to arise: (1) trademarks (exclusive rights in distinctive, nonfunctional symbols that identify unique products or services); (2) the right of publicity (a right to prevent the unauthorized use of one’s name, likeness, or other indicia of identity for purposes of trade); (3) copyrights (exclusive rights in original works of authorship); (4) moral rights (additional rights, including rights of attribution and integrity, that subsist in certain works of authorship); and (5) utility patents (exclusive rights in novel, useful, and nonobvious inventions). Other IP rights, some of which I will refer to as the occasion warrants, include trade secrets (rights in secret commercial information), utility models (exclusive rights in minor innovations), and plant protection rights (plant patents). Further, although my principal focus is on U.S. law, from time to time I will draw upon examples from other countries to illustrate certain points; and the framework I provide in Part III for deciding whether (and if so, how) to award damages for certain types of injuries will, I hope, be of interest to legal actors in the United States and elsewhere.

is subject to a similar limitation.<sup>13</sup> But the analogy doesn't necessarily hold. Unlike real and personal property, certain bodies of IP law—trademarks, the right of publicity, and the “moral rights” branch of copyright in particular—are intended, in part, to protect the reputation of the rightholder.<sup>14</sup> As a result, courts in the United States have awarded damages to compensate for reputational injury in trademark and publicity cases (as well as the occasional copyright or patent case).<sup>15</sup> Conventional wisdom nevertheless appears to be that, even when the plaintiff is a natural person, she cannot recover noneconomic damages for any emotional or mental distress attributable to the defendant's infringement.<sup>16</sup> By contrast, the European Communities' 2004 Intellectual Property Rights Enforcement Directive (IPRED) obligates member states of the European Union (E.U.) to award the prevailing plaintiff compensation not only for the “negative economic consequences,” such as lost profits resulting from infringement, but also for “appropriate cases of . . . moral prejudice.”<sup>17</sup> The latter can include both reputational harm and mental anguish,<sup>18</sup> and European courts have awarded such damages in copyright, trademark, and patent cases.<sup>19</sup> Some scholars have argued that U.S. courts should be more receptive to these types of claims than they currently are,<sup>20</sup> though any such move would raise difficult legal and policy questions.

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13. This is not to say that the analogy between IP and real or personal property is necessarily a very good one. In some respects it is, but in others it definitely isn't. *See infra* Part I.

14. *See infra* Part II.A–B, II.D.

15. *See infra* Part II.A–E.

16. *See infra* Part II. There are two exceptions, however. First, there is one federal moral rights case in which a court awarded a default judgment that included damages for emotional harm. *See Hanrahan v. Ramirez*, No. 2:97–CV–7470 RAP RC, 1998 WL 34369997, at \*5–6 (C.D. Cal. June 3, 1998); *see also infra* note 209 (noting additional cases permitting such damages under Puerto Rico's moral rights statute). Second, some courts have awarded damages for mental distress for violation of the right of publicity, without distinguishing the latter from the right of privacy. *See infra* notes 153–168 and accompanying text.

17. Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the Enforcement of Intellectual Property Rights, art. 13(1)(a), 2004 O.J. (L 195) 16, 23 (EC) [hereinafter IPRED]; *see also* Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the Protection of Undisclosed Know-How and Business Information (Trade Secrets) Against Their Unlawful Acquisition, Use and Disclosure, art. 14(2), 2016 O.J. (L 157/1) 1, 16 (EU) [hereinafter Trade Secrets Directive] (having identical language regarding trade secret misappropriation).

18. *See* Case C-280/15, *Nikolajeva v. Multi Protect OÜ*, ECLI:EU:C:2016:467, ¶¶ 20, 57 (June 22, 2016) (defining “moral prejudice” as including “mental suffering”); Case C-99/15, *Liffers v. Producciones Mandarina SL*, ECLI:EU:C:2016:173, ¶ 17 (Mar. 17, 2016) (“[M]oral prejudice, such as damage to the reputation of the author of a work, constitutes . . . a component of the prejudice actually suffered by the rightholder.”); Nicholas Fox, Bas Berghuis, Ina vom Feld & Laura Orlando, *Accounting for Differences: Damages and Profits in European Patent Infringement*, 37 E.I.P.R. 566, 566–73 (2015) (citing case law from among the European Union member states variously including within the heading “moral prejudice” noneconomic harms comprising both mental distress and injury to reputation); *cf.* XAVIER SEUBA, *THE GLOBAL REGIME FOR THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS* 260–61 (2017) (distinguishing “moral prejudice,” which “is closely related to rights connected with the personality of the individual,” from “adverse effects on the reputation of a trademark” or to “the perception of the public towards the patented invention,” which are non-economic consequences but not “moral damages” as such).

19. *See infra* Part II.F.

20. *See* Ronen Avraham, *Should Courts Award Pain and Suffering Damages in Patent Infringement Cases?*, 26 TEX. INTELL. PROP. L.J. 215 (2018).

To illustrate, consider the Second Circuit's recent decision in *Castillo v. G&M Realty L.P.*<sup>21</sup> The plaintiffs were artists who used aerosol spray paint to create works of graffiti art.<sup>22</sup> The defendants, a real estate developer and four of his corporations, permitted the artists to "tag" a building complex in Long Island City, New York, which the defendants owned and which became known in the arts community as "5Pointz."<sup>23</sup> Eventually, however, the defendants announced plans to demolish the buildings to make way for a condominium development, prompting the artists to file suit under a portion of the U.S. Copyright Act known as the Visual Artists Rights Act (VARA).<sup>24</sup> VARA confers upon the authors of certain works of visual art a "moral right" of integrity consisting of the right "to prevent any intentional distortion, mutilation, or other modification . . . which would be prejudicial to his or her honor or reputation," and "to prevent any destruction of a work of recognized stature."<sup>25</sup> After a motion for a preliminary injunction was denied, the defendants had the exterior of the buildings whitewashed, thus destroying most of the works at issue; the buildings themselves thereafter were demolished, as planned.<sup>26</sup> At trial, the artists succeeded in proving that forty-five of the destroyed works had attained recognized stature,<sup>27</sup> thus leaving the court to determine the appropriate damages to compensate them for their harm. But what exactly *is* the harm for which compensation is due in a case like *Castillo*? Is it the "economic" value of the destroyed works themselves? Or does it include the subjective mental distress that artists suffer when their works are destroyed or mutilated? Does the statute contemplate that artists should recover damages reflecting the objective harm to their "honor or reputation?" And how, exactly, would any of these harms be quantified?

As it happened, the court ultimately decided not to award compensatory (or "actual") damages but rather entered judgment for "statutory" damages in the amount of \$150,000 per work—largely for deterrent, rather than compensatory purposes.<sup>28</sup> This result may well have been justified on the facts of the case, but one might imagine other cases in which the need for deterrence is less salient, and compensation is the principal issue. In such settings, are statutory damages

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21. *Castillo v. G&M Realty L.P.*, 950 F.3d 155 (2d Cir.), *cert. denied*, 141 S. Ct. 363 (2020). For discussion of the underlying facts, see Richard Chused, *Moral Rights: The Anti-Rebellion Graffiti Heritage of 5Pointz*, 41 COLUM. J.L. & ARTS 583 (2018).

22. *Castillo*, 950 F.3d at 162.

23. *Id.*

24. *Id.* at 162–63.

25. 17 U.S.C. §§ 106A(a)(3)(A)–(B).

26. *See Castillo*, 950 F.3d at 163.

27. *Id.* In their petition for certiorari, the *Castillo* defendants argued that the term "recognized stature" is unconstitutionally vague. *See* Petition for Writ of Certiorari at 22–23, *G&M Realty L.P. v. Castillo*, 141 S. Ct. 363 (2020) (No. 20–66).

28. *See Castillo*, 950 F.3d at 164, 170–73. The *Castillo* defendants also argued in their certiorari petition that the damages award violates due process, both because the "recognized stature" criterion is vague and because the amount awarded is disproportionate to the offense. *See* Petition for Writ of Certiorari, *supra* note 27, at 31–33.

a reasonable substitute for actual damages, and are there any guidelines that courts should follow in determining their amount? And when statutory damages are not an option—as they won't be in most other IP contexts in the United States, or in most other countries—how should courts proceed in deciding what injuries (if any) are recoverable, and how should the amount of such awards be determined?

I will argue that, in addressing these issues, courts and legislatures should focus on two related inquiries.<sup>29</sup> The first, alluded to above, is whether harm to reputation or to psyche should qualify as a cognizable injury for the type of claim at issue.<sup>30</sup> In this regard, I will argue that the purpose of the body of law at issue should be an important (in some cases, decisive) consideration. In particular, damages for reputational harm would seem appropriate (at least) for those bodies of IP law that are specifically intended to protect reputation (trademarks, privacy-based publicity rights, and moral rights), and damages for emotional distress for the latter two. By contrast, I will argue that awarding damages for emotional distress in patent or trademark cases, even when the proprietor is a natural person,<sup>31</sup> would undermine the utilitarian thrust of these bodies of law, by elevating the interests of individual inventors or trademark proprietors above the public interest in innovation and competition.<sup>32</sup>

Second, I will argue that measurement problems warrant caution in awarding noneconomic damages even when recovery otherwise would seem consistent with, or at least not clearly detrimental to, the purpose of the body of law in issue.<sup>33</sup> In particular, I contend that courts should be free to award general

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29. See *infra* Part III. Writing in the context of pain and suffering damages, Mark Geistfeld refers to these two inquiries as the “desirability” question and the “measurement” question. See Mark Geistfeld, *Placing a Price on Pain and Suffering: A Method for Helping Juries Determine Tort Damages for Nonmonetary Injuries*, 83 CALIF. L. REV. 773, 778 (1995). They are, of course, interrelated, since desirability, other than in the abstract, depends in part on the ease or difficulty of overcoming measurement problems.

30. See *infra* Part III.B–C.

31. Although U.S. patent applications traditionally have been filed in the name of the individual or individuals who claim to have invented the subject matter at issue, often the inventor assigns his or her patent to a corporation or other business entity; and since 2012 the assignee may file the application in its own name. See 37 C.F.R. § 1.46(a) (2019). Artificial persons, such as corporations, do not experience emotion, and therefore under U.S. law would have no claim for damages for emotional distress even if such claims brought by individual inventors were cognizable. See, e.g., *Osprey Cove Real Estate, LLC v. Towerview Constr., LLC*, 808 S.E.2d 425, 429 (Ga. Ct. App. 2017) (citing multiple authorities). The same would be true for other forms of IP, most of which are freely assignable under U.S. law—with the exception of moral rights and privacy-based rights of publicity, both of which may subsist *only* in individuals. See 17 U.S.C. §§ 106A(b), (e)(1) (providing that moral rights vest in the author and are non-transferrable); 2 J. THOMAS MCCARTHY & ROGER E. SCHECHTER, *THE RIGHTS OF PUBLICITY AND PRIVACY* § 10:3 (2d ed. 2020) (explaining that privacy-based rights of publicity are not assignable).

32. Copyright presents an ambiguous case. See *infra* notes 173, 301 and accompanying text. In addition, while awarding damages for reputational harm in patent or non-moral rights copyright cases would not, in my view, compromise the purpose of those bodies of law, I recommend not doing so except in cases involving willful infringement. See *infra* Part III.D.

33. See *infra* Part III.D.



damages<sup>34</sup> to protect reputational interests in trademark infringement actions, and reputational and emotional harm in right of publicity and moral rights cases, but that such damages normally should be modest. I also recommend, however, that in cases involving willful or malicious infringement, courts should be allowed to award more substantial relief for cognizable noneconomic harm. Such relief may take the form of either general damages or, where applicable, the infringer's profits, enhanced or punitive damages, or (as in *Castillo*) enhanced statutory damages. Finally, I propose a small set of factors, based on those applied in *Castillo* and other cases, to guide courts in setting an appropriate amount. In these ways, I will argue, courts can adequately vindicate the relevant interests of IP owners, while also reducing the risks that awards will be arbitrary and unpredictable, or threaten to deter lawful behavior or other countervailing interests.

Part I discusses the practice of U.S. courts with regard to awards of noneconomic damages in two potentially analogous settings, specifically torts involving (1) real or personal property, and (2) invasions of intangible interests such as reputation and privacy. Part II then addresses the existing state of the law with regard to noneconomic damages in IP cases. Although Part II, like Part I, focuses principally on U.S. law, it also draws upon some recent developments within the E.U. to illustrate some other possible approaches if U.S. courts or legislatures were to consider modifying current practices. Part III draws upon the existing literature on noneconomic damages, most of it developed outside the context of IP law, for guidance in determining when (if ever) courts should award noneconomic damages for IP infringement. It also maps out the various options for structuring damages remedies, if such remedies are warranted, and recommends some changes to current practice.

## I. DAMAGES FOR NONECONOMIC HARM OUTSIDE OF IP LAW

As noted in the Introduction, courts and legislatures distinguish economic and noneconomic harm in a variety of circumstances. Exactly what counts as economic or noneconomic harm can sometimes vary, from one body of law or from one jurisdiction to another,<sup>35</sup> though by and large the distinction is based

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34. See RESTATEMENT (SECOND) OF TORTS § 904 & cmt. a (AM. L. INST. 1979) (defining general damages as damages that do not need to be pled, and stating that “[i]n many cases in which there can be recovery for general damages, there need be no proof of the extent of the harm, since the existence of the harm may be assumed and its extent is inferred as a matter of common knowledge from the existence of the injury as described. In other cases, however, the existence of a particular harm must be proved, although it need not be specifically alleged”).

35. For example, as noted earlier, the Restatement of Unfair Competition classifies harm to a trademark owner's reputation as an economic harm, while the Restatement of Torts and other authorities classify it as a noneconomic harm. See *supra* note 3. In wrongful death cases, loss of inheritance sometimes has been classified as pecuniary, sometimes as nonpecuniary, see John R. Hillsman, *A Primer on Maritime Wrongful Death Law*, 26 U.S.F. MAR. L.J. 81, 90–91 (2013); and while grief and mental anguish usually are considered nonpecuniary, see RESTATEMENT (SECOND) OF TORTS § 925 cmt. e, some jurisdictions take a more generous approach, see Emily J. Joselson, James M. Rodgers & Katherine B. Kramer, *Opposing Defense Motions to Exclude Evidence*

on the notion that money is an adequate substitute only for economic harm; and the distinction matters, because certain bodies of law make it more difficult, or impossible, to recover for noneconomic harms. For example, as a general rule victims of bodily injury torts can recover both economic and noneconomic damages,<sup>36</sup> whereas damages for breach of contract usually are limited to economic damages.<sup>37</sup> In addition, federal and state statutes sometimes cap the amount of damages that can be recovered for noneconomic harm, or exclude noneconomic damages altogether in certain classes of cases or for certain victims (for example, prison inmates).<sup>38</sup> In other cases, tort victims can recover noneconomic damages only if they also demonstrate economic harm, as discussed below.

Before considering the specifics of how courts have applied, or should apply, this distinction in IP cases, it might be useful to consider some other potentially analogous situations. First, since IP rights often are characterized as a form of property,<sup>39</sup> one analogy would be to the law of real and personal property, where it is sometimes asserted that courts do not award damages for

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of *Grief and Anguish in Wrongful Death Cases*, 39 VT. L. REV. 1005 (2015) (discussing the Vermont Supreme Court's classification of grief and mental anguish as pecuniary injuries). No doubt there are other examples.

36. See RESTATEMENT (SECOND) OF TORTS §§ 904 cmt. c, 905 & cmt. a, 924.

37. See RESTATEMENT (SECOND) OF CONTRACTS § 353 & cmt. a (AM. L. INST. 1981) ("Recovery for emotional disturbance will be excluded unless the breach also caused bodily harm or the contract or the breach is of such a kind that serious emotional disturbance was a particularly likely result"; common examples of the latter "are contracts of carriers and innkeepers with passengers and guests, contracts for the carriage or proper disposition of dead bodies, and contracts for the delivery of messages concerning death."). Some commentators have argued that the limitation is artificial. See, e.g., John A. Seibert, Jr., *Punitive and Nonpecuniary Damages in Actions Based upon Contract: Toward Achieving the Objective of Full Compensation*, 33 UCLA L. REV. 1565, 1653–54 (1986).

38. See, e.g., *Zavos*, *supra* note 1, at 195 n.1 (listing some examples). One of the examples listed, however—HAW. REV. STAT. § 663D-4 (2007)—has been repealed.

39. See 35 U.S.C. § 261 ("[P]atents shall have the attributes of personal property."); *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1001–04 (1984) (holding that trade secrets are a form of property); *Zacchini v. Scripps-Howard Broad. Co.*, 433 U.S. 562, 573 (1977) ("[T]he State's interest in permitting a 'right of publicity' is in protecting the proprietary interest of the individual in his act . . ."); Thomas F. Cotter, *Do Federal Uses of Intellectual Property Implicate the Fifth Amendment?*, 50 FLA. L. REV. 529, 558, 566–68 (1998) (arguing that, under the reasoning in *Ruckelshaus*, copyrights and trademarks also would qualify as property interests). Analogies to the law of real or personal property should not be overstated, however. For one thing, patents, copyrights, and publicity rights, unlike real and personal property, have a fixed duration. See 35 U.S.C. § 154(d) (patents); 17 U.S.C. §§ 302–04 (copyrights); Jennifer E. Rothman, *Rothman's Roadmap to the Right of Publicity*, LOY. L. SCH., <https://www.rightofpublicityroadmap.com/> (last visited Apr. 19, 2021) (providing information on the duration of the right of publicity state-by-state). Unlike real and personal property, protection for trademarks can terminate if the owner fails to use the mark for a sufficient period of time, and protection for trade secrecy ends once the information is no longer secret. See 15 U.S.C. § 1127 (providing that there is a presumption of abandonment if trademark is not used for three years); UNIF. TRADE SECRETS ACT § 1(4) (UNIF. L. COMM'N 1985) (explaining that trade secrecy depends on, *inter alia*, the information not being generally known). Trademarks also cannot be assigned in gross or licensed without sufficient monitoring; moral rights cannot be transferred at all; and the Supreme Court has indicated that reputation itself is not a property interest. See Cotter, *supra*, at 566–68 (noting the preceding points). Further, in U.S. law the dominant rationale for patents, copyrights, and trademarks is that these rights are merely means to an end (of promoting invention, authorship, reducing consumer search costs, and so on)—see *infra* Part II.A–C, II.E—though, depending on one's philosophical temperament, the same argument could be made for real and personal property.

noneconomic harm resulting from invasions of property interests.<sup>40</sup> Relatedly, when courts award economic damages for the invasion of property interests, these damages are based on the property's objective value, rather than any sentimental value the owner may attach to it.<sup>41</sup> Both of these rules, however, need to be taken with a grain of salt. Many courts actually *do* allow damages for noneconomic harm, such as mental distress, resulting from intentional, malicious, or fraudulent invasions of real or personal property.<sup>42</sup> Some courts have relaxed the rule even further by permitting plaintiffs to recover noneconomic damages in any conversion or trespass case in which they can prove that they suffered such harm;<sup>43</sup> others have permitted the recovery of sentimental value for the loss of prized possessions, or noneconomic damages for negligent harm to property such as pets.<sup>44</sup> To be sure, some of these decisions have proven controversial, and they have not been uniformly adopted.<sup>45</sup> Their existence nevertheless suggests that permitting awards of noneconomic damages in some IP cases may not be as radical a suggestion as at first it might appear—though, as we shall see, there may be good reasons for restricting such awards, even if one approves of a more liberal approach in other property cases.

Second, since IP rights are intangible,<sup>46</sup> another possible analogy would be to tort claims for the invasion of intangible interests such as reputation, privacy,

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40. See DOBBS & ROBERTS, *supra* note 5, § 5.6(2), at 530 (noting, however, a relaxation of this rule in nuisance cases). Economic damages could include the diminution in market value of the property, the economic value suffered by reason of having been deprived of its use, the use value of the property, or the cost of repairs. See, e.g., *id.*; RESTATEMENT (SECOND) OF TORTS §§ 927–29.

41. See RESTATEMENT (SECOND) OF TORTS § 911 & cmt. e (noting that owners can recover, as economic damages, damages “peculiar to the user,” but not sentimental value); *Edmonds v. United States*, 563 F. Supp. 2d 196, 202–03 (D.D.C. 2008); see also DOBBS & ROBERTS, *supra* note 5, § 5.14(2), at 587; *Ingber, supra* note 3, at 776–77.

42. See W.E. Shipley, Annotation, *Recovery for Mental Shock or Distress in Connection with Injury to or Interference with Tangible Property*, 28 A.L.R.2d 1070, § 2 (1953 & Supp. 2019) (citing cases, and noting somewhat greater reluctance to award damages for mental distress “caused solely by [the owner’s] feeling for his property as such, and not by the violence or malice displayed by the defendant in committing the tort,” and in cases involving injury to chattels); see also RESTATEMENT (SECOND) OF TORTS §§ 927, 929 & cmt. e (stating that “[i]f the deprivation is the legal cause of harm to the feelings, damages may be allowable for the harm, as when the defendant intentionally deprives the plaintiff of essential household furniture, which humiliates the plaintiff, a result that the defendant should have realized would follow”; and that, for “harm to land resulting from a past invasion,” “[d]iscomfort and annoyance to an occupant of the land and to the members of the household are distinct grounds of compensation for which in ordinary cases the person in possession is allowed to recover in addition to the harm to his proprietary interests”); *Ingber, supra* note 3, at 776 n.15.

43. See *Hensley v. San Diego Gas & Elec. Co.*, 213 Cal. Rptr. 3d 803, 811–22 (Ct. App. 2017).

44. See DOBBS & ROBERTS, *supra* note 5, § 5.14(2), at 589–93 (discussing variations among jurisdictions); Victor E. Schwartz & Emily J. Laird, *Non-Economic Damages in Pet Litigation: The Serious Need to Preserve a Rational Rule*, 33 PEPP. L. REV. 227 (2006); Jay M. Zitter, Annotation, *Recovery of Damages for Emotional Distress Due to Treatment of Pets and Animals*, 91 A.L.R.5th 545 (2001 & Supp. 2017); cf. RESTATEMENT (THIRD) OF TORTS: LIABILITY FOR PHYSICAL & EMOTIONAL HARM § 47 cmt. m (AM. L. INST. 2012) (“Recovery for emotional harm resulting from negligently caused harm to personal property is not permitted under this Section.”).

45. See sources cited *supra* notes 40–44.

46. As I have stated elsewhere:

and emotional well-being. Defamation law, for example, sometimes allows the trier of fact to award “general” damages for unquantifiable harm to the plaintiff’s reputation.<sup>47</sup> More precisely, at common law all the plaintiff had to prove to prevail on a claim for written defamation (libel) was that the defendant published a defamatory statement of and concerning the plaintiff.<sup>48</sup> Libel, in other words, was a strict liability tort; truth was a defense, rather than falsity being an element of the claim; and injury to reputation was (irrebuttably) presumed.<sup>49</sup> Upon proof of liability, then, the jury could award “presumed” damages, that is, general damages to make up for the presumed injury to reputation.<sup>50</sup> By contrast, for slander (oral defamation), courts would require proof of “special harm” (or “special damages”)—that is, economic losses resulting from the slanderous statement<sup>51</sup>—unless the statement fell into one of the four categories considered “slander per se.”<sup>52</sup> In slander per se cases, as with libel, the jury could award presumed damages.<sup>53</sup> Since *New York Times Co. v. Sullivan*,<sup>54</sup> however, the Supreme Court has subjected defamation claims to varying levels of First Amendment scrutiny. As a result, courts now require defamation plaintiffs to prove fault,<sup>55</sup> which in cases involving statements concerning public officials or public figures, or matters of public concern, means proof of actual malice—

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A patent covers an invention in the sense of an inventive *principle*—something that can be embodied in tangible things such as machines or compounds, but which is defined exclusively by the scope of the patent grant. Similarly, copyright subsists in intangible *works*, such as strings of words or images, which *can* be embodied in tangible things such as books, film, computer files, and so on.

THOMAS F. COTTER, PATENT WARS: HOW PATENTS IMPACT OUR DAILY LIVES 56 (2018).

47. See RESTATEMENT (SECOND) OF TORTS § 621 cmt. a (AM. L. INST. 1977).

48. See, e.g., Joel D. Eaton, *The American Law of Defamation Through Gertz v. Robert Welch, Inc. and Beyond: An Analytical Primer*, 61 VA. L. REV. 1349, 1353, 1356 n.23 (1975) (stating the above as a general rule, while noting some variations among states).

49. See *id.* at 1353. Some states required, however, that if the defamatory nature of the statement was not apparent on its face—that is, if the plaintiff had to prove extrinsic facts to show that the statement was defamatory—the plaintiff had to prove injury to her reputation and special damages. See *id.* at 1354–56; see also RESTATEMENT (SECOND) OF TORTS § 569 cmt. b; Richard J. Conviser & Roger W. Meslar, *Obsolete on Its Face: The Libel Per Quod Rule*, 45 ARK. L. REV. 1, 9–11 (1992).

50. See RESTATEMENT (SECOND) OF TORTS § 621 cmt. a; Conviser & Meslar, *supra* note 49, at 9–10; Eaton, *supra* note 48, at 1354.

51. See RESTATEMENT (SECOND) OF TORTS § 622; Conviser & Meslar, *supra* note 49, at 9; Eaton, *supra* note 48, at 1354–56; cf. Anderson, *supra* note 3, at 759–60 (noting that courts have not always equated special damages with actual injury). On the sometimes murky distinction between libel and slander, see, for example, RESTATEMENT (SECOND) OF TORTS §§ 568, 568A.

52. See RESTATEMENT (SECOND) OF TORTS § 570 (defining slander per se as involving defamatory statements imputing “a criminal offense,” “a loathsome disease,” “matter incompatible with [the victim’s] business, trade, profession, or office,” or “serious sexual misconduct”); Conviser & Meslar, *supra* note 49, at 8–9; Eaton, *supra* note 48, at 1354–55.

53. See RESTATEMENT (SECOND) OF TORTS, § 622; Conviser & Meslar, *supra* note 49, at 9; Eaton, *supra* note 48, at 1354–55.

54. *N.Y. Times Co. v. Sullivan*, 376 U.S. 254 (1964).

55. See *Gertz v. Robert Welch, Inc.*, 418 U.S. 323, 347 (1974); RESTATEMENT (SECOND) OF TORTS § 580B; cf. Conviser & Meslar, *supra* note 49, at 3 n.6 (noting that the Supreme Court has not conclusively resolved the question of whether the First Amendment requires private plaintiffs to prove fault in cases against non-media defendants, in cases in which the defamation involves matters that are not of public concern).

publishing the statement with knowledge that it is false and defamatory, or with reckless disregard for its truth or falsity<sup>56</sup>—by clear and convincing evidence subject to de novo review on appeal.<sup>57</sup> In addition, presumed damages are permitted only in cases in which the plaintiff proves actual malice, or in which (1) the defendant is not a public official or public figure, and (2) the statement does not involve a matter of public concern.<sup>58</sup> Juries are still allowed, however, to award general damages, as long as the plaintiff offers some evidence of actual injury.<sup>59</sup> These general damages do not have to be tied to any specific, quantifiable loss, such as lost wages, but rather can be based on evidence such as loss of standing in the community.<sup>60</sup> Further, in libel and slander per se cases, plaintiffs also may recover damages for any special harm they are able to prove.<sup>61</sup>

The complexities of the common law system are hard to defend as a matter of policy and are mostly the result of historic accident.<sup>62</sup> Even so, the rules for awarding damages, as modified by the Supreme Court, are not entirely irrational. Given that injury to reputation can manifest itself in ways that are not easily susceptible to quantification, for example, allowing the trier of fact to award general damages for libel and slander per se arguably makes sense, since otherwise the plaintiff might have no effective redress for injury to the very interest the body of law is intended to protect.<sup>63</sup> The drawback, of course, is that awards of general damages can appear arbitrary and inconsistent from one case to another; this possibility in turn risks subjecting unpopular defendants to ruinous liability, and the risk of error in applying the law can over-deter (chill) some potential defendants from engaging in lawful conduct (for example, publishing news about matters of public concern). The current overlay of First

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56. See *Phila. Newspapers, Inc. v. Hepps*, 475 U.S. 767, 776 (1986) (explaining that private plaintiffs bear the burden of proving falsity and fault in defamation cases involving matters of public concern); *Gertz*, 418 U.S. at 342 (“Those who . . . are properly classed as public figures and those who hold governmental office may recover for injury to reputation only on clear and convincing proof that the defamatory falsehood was made with knowledge of its falsity or with reckless disregard for the truth.”); *Sullivan*, 376 U.S. at 279–80.

57. See *Bose Corp. v. Consumers Union of U.S., Inc.*, 466 U.S. 485, 498–511 (1984).

58. See *Gertz*, 418 U.S. at 348–51; *Dun & Bradstreet, Inc. v. Greenmoss Builders, Inc.*, 472 U.S. 749, 757–61 (1985) (plurality opinion of Powell, J.); Mike Steenson, *Presumed Damages in Defamation Law*, 40 WM. MITCHELL L. REV. 1492, 1494 (2014) (noting that the Supreme Court “has limited the right to recover presumed damages in defamation suits by public officials, public figures, and private persons involved in public issues to cases where they prove actual malice,” while leaving “states substantial latitude in deciding whether to retain, modify, or eliminate the presumed damages rule in cases where there are no First Amendment limitations”).

59. See *Gertz*, 418 U.S. at 349–50.

60. See RESTATEMENT (SECOND) OF TORTS § 621 cmt. b (quoting *Gertz*, 418 U.S. at 350).

61. See *id.* § 623.

62. See *id.* § 568 cmt. b.

63. By contrast, statements that are not per se defamatory might be expected to have less of an impact on reputation, in which case requiring proof of special damages might seem justified—though, as critics point out, this justification may be outmoded in a world in which oral statements can reach a wide audience via broadcasting. See Anderson, *supra* note 3, at 751; cf. RESTATEMENT (SECOND) OF TORTS § 568A (defining the broadcasting of defamatory content by television and radio as libel); Conviser & Meslar, *supra* note 49, at 25 (noting that some states do not require proof of special damages for slander per quod).

Amendment protection is intended to mitigate these risks by making it more difficult to find liability in the first place and by taking presumed damages off the table altogether in certain cases—though as critics point out, the law still permits presumed damages in cases involving actual malice, which means any case successfully litigated by a public official or public figure.<sup>64</sup> Further, states remain free to define the “actual injury” necessary to sustain an award of general, non-presumed damages as consisting of mental anguish alone,<sup>65</sup> which raises two problems. The first is that, even when presumed damages are unavailable, plaintiffs sometimes can succeed in proving defamation even though they offer no evidence of actual harm to their reputations.<sup>66</sup> Second, and relatedly, they may be able to circumvent the limitations on liability imposed by the stand-alone torts of infliction of emotional distress, discussed below.<sup>67</sup> For these reasons, the better rule (followed in some states) is to require the plaintiff to prove some harm to reputation as a prerequisite to allowing recovery, as so-called “parasitic” damages, of any further damages for emotional distress.<sup>68</sup>

Other bodies of law that protect a person’s interest in reputation or emotional health tend to be less complicated than defamation law. The law of injurious falsehood,<sup>69</sup> for example, protects a person’s interest in the reputation of her goods, services, or property;<sup>70</sup> but, because the common law courts viewed *this* reputational interest as being of lesser magnitude than personal reputation, this body of law protects *only* the plaintiff’s pecuniary interest.<sup>71</sup> Specifically, subject to some variations among jurisdictions, the claimant must prove that the defendant intentionally made a false and disparaging statement, of and concerning the plaintiff’s goods, services, or property, thus causing the plaintiff to suffer special harm (for example, in the form of lost profits on diverted sales).<sup>72</sup> Thus, not only is harm to reputation *not* presumed, but the only

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64. See Anderson, *supra* note 3, at 756.

65. See *id.* at 756–68 (first citing *Gertz*, 418 U.S. at 350; and then citing *Time, Inc. v. Firestone*, 424 U.S. 448, 460–61 (1976)).

66. See *id.* at 757–58.

67. See *id.* at 760–61.

68. See *id.* at 762–63; RESTATEMENT (SECOND) OF TORTS § 623 cmt. a.

69. Depending on exactly what is being disparaged, it also goes by several additional names, including trade libel, product disparagement, and commercial disparagement. See BARTON BEEBE, THOMAS F. COTTER, MARK A. LEMLEY, PETER S. MENELL & ROBERT P. MERGES, TRADEMARKS, UNFAIR COMPETITION, AND BUSINESS TORTS 543 (2d ed. 2016). Further, some disparagement claims today are litigated as a type of false advertising claim. See, e.g., *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 572 U.S. 118 (2014).

70. See *Bose Corp. v. Consumers Union of U.S., Inc.*, 508 F. Supp. 1249, 1259 (D. Mass. 1981) (“Defamation of a corporation injures the reputation of the corporation itself, while product disparagement injures the reputation of its products.”) (citations omitted), *rev’d on other grounds*, 692 F.2d 189 (1st Cir. 1982), *aff’d*, 466 U.S. 485 (1984).

71. See BEEBE ET AL., *supra* note 69, at 543–44.

72. The more expansive “injurious falsehood” tort, recognized in some states, does not require proof that the statement was “of and concerning the plaintiff’s goods, services, or property.” RESTATEMENT (SECOND) OF TORTS § 623A. In addition, some jurisdictions require proof of actual malice in all or some cases, while in others malice is presumed upon proof of the other elements. See BEEBE ET AL., *supra* note 69, at 547–48.

type of damages recoverable are economic damages for actual, quantifiable losses.<sup>73</sup>

Violations of common-law privacy claims, by contrast, sometimes result only in mental distress in the form of humiliation or loss of dignity, for which general, noneconomic damages might be the only effective remedy.<sup>74</sup> Courts and commentators typically divide these claims into four distinct torts: intrusion upon seclusion, public disclosure of private facts, false light, and appropriation of name or likeness.<sup>75</sup> For violations of any of them, the plaintiff may recover, as appropriate, general damages for “the harm to his interest in privacy resulting from the invasion,” “mental distress proved to have been suffered if it is of a kind that normally results from such an invasion,” and harm to reputation.<sup>76</sup> In addition, the plaintiff may recover compensation for “special damage of which

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73. See RESTATEMENT (SECOND) OF TORTS § 633. These losses would include lost profits on sales that would have been made, but for the disparagement, and expenses reasonably incurred to counteract the disparagement. See *id.* § 633 & cmts. c–g. The rule is relaxed to some extent if the plaintiff can show a drop-off in business following the disparagement, and with reasonable certainty can eliminate other causal factors. See *id.* § 633 cmt. h, illus. 1; BEEBE ET AL., *supra* note 69, at 547. According to the Restatement, however, there is no recovery for consequential damages, such as “loss resulting from the plaintiff’s failure to make an advantageous use of money that he would have made if a prospective sale had been consummated,” RESTATEMENT (SECOND) OF TORTS § 633 cmt. i, or for emotional harm. See *id.* § 633 cmt. j (“[C]ontrary to the rule applicable in actions of defamation, emotional distress and resulting harm may not in an action for injurious falsehood be taken into account as an element of damage that the jury may consider in determining the amount recoverable, even when there is such pecuniary loss as to make the publication of the injurious matter actionable”). Under some circumstances, however, this restriction may be mitigated by the possibility that a given statement might give rise to claims for both injurious falsehood and personal defamation. See *id.* § 623A cmt. g (stating that, if a statement implies “that the plaintiff is dishonest or lacking in integrity or that he is perpetrating a fraud upon the public by selling something that he knows to be defective, the personal defamation may be found. In this case, it is common to sue in defamation because the damages are more comprehensive. Action may be brought in the same suit for both torts, however, so long as the damages are not duplicated.”). Whether injurious falsehood claims, like defamation claims, merit heightened First Amendment scrutiny, is a matter that has divided courts and commentators. See BEEBE ET AL., *supra* note 69, at 617–19.

By contrast, in an action for tortious interference with contract or with prospective contractual relations, the plaintiff must prove pecuniary loss, but having done so also may recover for harm to reputation or emotional distress. See RESTATEMENT (SECOND) OF TORTS § 774A; Heymann, *supra* note 3, at 1415.

74. See RESTATEMENT (SECOND) OF TORTS § 652H cmt. b (stating that a plaintiff may “recover damages for emotional distress or personal humiliation”); Ingber, *supra* note 3, at 841–42 (stating the same for “indignity and humiliation”); see also Daniel J. Solove & Danielle Keats Citron, *Risk and Anxiety: A Theory of Data-Breach Harms*, 96 TEX. L. REV. 737, 770–73 (2018) (arguing, *inter alia*, that, because courts have long awarded damages for emotional harm in common-law privacy cases, they should recognize emotional distress resulting from a data breach as a cognizable injury, sufficient to establish standing to sue in federal court).

75. See RESTATEMENT (SECOND) OF TORTS § 652A(2) (“The right of privacy is invaded by (a) unreasonable intrusion upon the seclusion of another, as stated in § 652B; or (b) appropriation of the other’s name or likeness, as stated in § 652C; or (c) unreasonable publicity given to the other’s private life, as stated in § 652D; or (d) publicity that unreasonably places the other in a false light before the public, as stated in § 652E.”). This division was proposed by William L. Prosser in his article *Privacy*, 48 CALIF. L. REV. 383, 389 (1960).

76. See RESTATEMENT (SECOND) OF TORTS § 652H & cmt. a. Comment a specifically notes that public disclosure of private facts and false light may impact the plaintiff’s reputation, but one can readily imagine scenarios in which the appropriation of another’s name or likeness could do so as well—for example, by falsely associating the subject with a noxious product; by making her appear greedy, or in need of money; or by making her appear hypocritical for endorsing a product she has publicly disapproved of, or by going back on her word never to endorse products at all. See Heymann, *supra* note 3, at 1341, 1391–93, 1409–10. For discussion in connection with the right of publicity, see *infra* Part II.

the invasion has been the legal cause,” if she can prove this harm with reasonable certainty.<sup>77</sup>

Finally, there are a few bodies of law in which mental distress, standing alone, qualifies as a cognizable injury for which damages may be awarded.<sup>78</sup> The most obvious example is the tort of intentional infliction of emotional distress, which occurs when a person “by extreme and outrageous conduct intentionally or recklessly causes severe emotional harm to another.”<sup>79</sup> For violation of this tort, the prevailing plaintiff may recover an award of general damages, as well as (where substantiated) economic damages for specific losses such as therapist bills.<sup>80</sup> Both emotional distress and privacy claims, however, can risk chilling protected speech under some circumstances, and thus, like defamation claims, are subject to some degree of First Amendment scrutiny.<sup>81</sup>

## II. NONECONOMIC DAMAGES IN IP LAW

This Part addresses the existing law on noneconomic damages for the infringement of IP rights. Subparts A and B discuss, respectively, the two bodies of IP law, trademarks and the right of publicity, in which U.S. courts to date

77. RESTATEMENT (SECOND) OF TORTS § 652H & cmt. d. For the appropriation tort, relief could include compensation “for the loss of the exclusive use of the value so appropriated,” *id.* § 652H cmt. a, or the “restitution of benefits tortiously obtained,” *id.* § 652H cmt. e, both of which overlap with the remedies potentially available for violation of the right of publicity. *See infra* Part II.

78. These include, in addition to the emotional distress torts discussed above, such common law torts as assault, malicious prosecution, and false imprisonment, as well as certain civil rights and consumer protection laws. *See, e.g.*, *Nunes v. Rushton*, 299 F. Supp. 3d 1216, 1228–29 (D. Utah 2018) (discussing the Fair Credit Reporting Act, Equal Credit Opportunity Act, and Fair Housing Act); *DOBBS & ROBERTS*, *supra* note 5, §§ 7.3(1)–(2), 7.4(1); RESTATEMENT (SECOND) OF TORTS § 670; *Rabin*, *supra* note 5, at 362–73. Moreover, shortly before this Article went to press, the Supreme Court held that courts may award nominal damages to compensate civil rights plaintiffs for past harms suffered. *See Uzeugbunam v. Preczewski*, No. 19-968, 2021 WL 850106, at \*2 (U.S. Mar. 8, 2021).

79. RESTATEMENT (THIRD) OF TORTS: LIABILITY FOR PHYSICAL & EMOTIONAL HARM § 46 (AM. L. INST. 2012); *see also id.* § 47 & cmt. b (stating that one “whose negligent conduct causes serious emotional harm to another is subject to liability to the other if the conduct (a) places the other in danger of immediate bodily harm and the emotional harm results from the danger; or (b) occurs in the course of specified categories of activities, undertakings, or relationships in which negligent conduct is especially likely to cause serious emotional harm,” such as “negligently mishandling a corpse”); *id.* § 45 (defining emotional harm as “impairment or injury to a person’s emotional tranquility”); *id.* § 48 (discussing liability to bystanders).

80. *See, e.g.*, *George Grubbs Enters., Inc. v. Bien*, 881 S.W.2d 843, 858–59 (Tex. Ct. App. 1994) (listing recoverable compensatory damages as “medical/rehabilitation,” “lost earning capacity,” “physical symptoms,” “emotional injury,” and “loss of society”), *rev’d on other grounds*, 900 S.W.2d 337 (Tex. 1995).

81. *See Snyder v. Phelps*, 562 U.S. 443, 458–61 (2011) (holding that there is no liability for intentional infliction of emotional distress or intrusion upon seclusion, where defendant’s speech involves a matter of public concern); *Hustler Mag., Inc. v. Falwell*, 485 U.S. 46, 56–57 (1988) (holding that there is no liability for intentional infliction of emotional distress, absent actual malice, where the plaintiff is a public figure); *Cantrell v. Forest City Publ’g Co.*, 419 U.S. 245, 249–50 (1974) (holding that there is no liability for false light invasion of privacy, absent actual malice, where defendant’s speech involves a matter of public concern); *Time, Inc. v. Hill*, 385 U.S. 374, 387–88 (1967). In a case involving a media defendant’s public disclosure of private facts, the Court has required the claimant to prove that the state law is narrowly tailored to achieve a state interest “of the highest order.” *See Fla. Star v. B.J.F.*, 491 U.S. 524, 541 (1989); *see also Bartnicki v. Vopper*, 532 U.S. 514, 526–35 (2001) (holding that a statute forbidding the innocent disclosure of information of public concern obtained by another from illegal wiretaps was an unconstitutional regulation of pure speech).



have been most likely to award damages for reputational harm; Subpart B also shows how courts occasionally have awarded damages for mental distress in some hybrid right of publicity/right of privacy matters. Subparts C, D, and E discuss, respectively, the approaches taken in U.S. copyright, moral rights, and patent cases. Subpart F presents, by way of comparison, a brief discussion of the somewhat greater receptivity of courts within the E.U. to claims for noneconomic harm (“moral prejudice”) across the spectrum of IP rights.

#### A. TRADEMARKS

A trademark is a symbol that identifies a unique product or service.<sup>82</sup> Although the most common example of a trademark is a brand name (for example, APPLE computers), trademark rights can subsist in just about anything else, as long as it is sufficiently distinctive<sup>83</sup> and nonfunctional,<sup>84</sup> including numbers, pictures, initials, slogans, colors, sounds, scents, product packaging, and product configuration.<sup>85</sup>

Trademark infringement consists of the commercial use of a symbol that is likely to confuse consumers as to the source or affiliation of the products or services marketed by either the infringer or the trademark owner.<sup>86</sup> Sometimes trademark infringement involves outright counterfeiting—for example, stamping the GUCCI name on faux-GUCCI handbags—though usually it’s not quite so blatant. If someone were to begin marketing a sports drink called POWERAID, for example, the Coca-Cola Company (owner of the registered trademark POWERADE for sports drinks<sup>87</sup>) would be able to shut them down because the similarity of the words and products virtually guarantees that consumers would be likely to confuse POWERAID with the familiar POWERADE. If instead the words or products were not quite so similar—say, POWERUP for a candy bar—the United States Patent and Trademark Office (USPTO) or a court would apply the so-called “digits of confusion” to determine

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82. See 15 U.S.C. § 1127 (defining “trademark”); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 (AM. L. INST. 1995).

83. Some symbols, including fanciful words such as XEROX, are considered inherently distinctive, while others (including such descriptive terms as AMERICAN) are non-inherently distinctive. See RESTATEMENT (THIRD) OF UNFAIR COMPETITION §§ 13 & cmt. c, 14. Under U.S. law, a person acquires trademarks rights in inherently distinctive symbols through use, whereas non-inherently distinctive symbols require proof of acquired distinctiveness (secondary meaning). See *id.* §§ 13, 18. Federal registration of a mark effectively confers nationwide rights. See 15 U.S.C. §§ 1051, 1072, 1115.

84. See *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165 (1995) (“‘A product feature is functional . . . if it is essential to the use or purpose of the article or if it affects the cost or quality of the article,’ that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage.”) (quoting *Inwood Lab’ys, Inc. v. Ives Lab’ys, Inc.*, 456 U.S. 844, 850 n.10 (1982)); see also RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 17 (“‘A design is ‘functional’ . . . if the design affords benefits in the manufacturing, marketing, or use of the goods or services with which the design is used, apart from any benefits attributable to the design’s significance as an indication of source, that are important to effective competition by others and that are not practically available through the use of alternative designs.”).

85. See, e.g., RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 cmt. g.

86. See *id.* § 20.

87. See POWERADE, Registration No. 1832856.

whether a substantial number of the relevant class of consumers likely would be confused.<sup>88</sup> Modern-day trademark law, moreover, is understood to cover not only direct confusion occurring at the point-of-sale (as in the examples above)—a tort known at common law as “passing off” or “palming off”<sup>89</sup>—but also, under some circumstances, other types of confusion. These include reverse confusion (for example, where a big company swamps the market with a product bearing a mark confusingly similar to an existing, but little-known mark);<sup>90</sup> confusion as to sponsorship or endorsement (which can enable trademark owners to lay claim to related, and sometimes not so related, product or service markets);<sup>91</sup> initial interest confusion (as when a firm uses another’s mark, say in an internet keyword ad, to draw attention to its own products, but confusion is dissipated at the point of sale);<sup>92</sup> and post-sale confusion (which might occur, for example, where the purchaser of the fake GUCCI bag knows it’s a fake, but the person to whom she gives it as a gift does not).<sup>93</sup>

In addition, trademark law confers upon the owners of “famous” marks the right to prevent even non-confusing uses that are likely to cause “dilution.”<sup>94</sup>

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88. A standard list of the digits of confusion includes:

1. The degree of resemblance between the conflicting designations;
2. The similarity of the marketing methods and channels of distribution;
3. The characteristics of the prospective purchasers and the degree of care they exercise;
4. The degree of distinctiveness of the senior user’s mark;
5. Where the goods or services are not competitive, the likelihood that prospective buyers would expect the senior user to expand into the field of the junior user;
6. Where the goods or services are sold in different territories, the extent to which the senior user’s designation is known in the junior user’s territory;
7. The intent of the junior user; and
8. Evidence of actual confusion.

4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:29 (5th ed. 2019) (paraphrasing RESTATEMENT (THIRD) OF UNFAIR COMPETITION §§ 20–23). In percentage terms, a substantial plurality can be twenty-five percent or less, based on survey evidence. *See* 6 MCCARTHY, *supra*, § 32:185.

89. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION §§ 1 cmt. f, 4 & cmt. b.

90. *See id.* § 20 cmt. f; 4 MCCARTHY, *supra* note 88, § 23:10.

91. For example, pancake flour and syrup, *see* Aunt Jemima Mills Co. v. Rigney & Co., 247 F. 407, 408–10 (2d Cir. 1917), or locks and flashlights, *see* Yale Elec. Corp. v. Robertson, 26 F.2d 972, 974 (2d Cir. 1928). Contemporary trademark law has moved far beyond such foundational cases, however, by extending the sponsorship rationale to cover, for example, unauthorized celebrity endorsements, *see infra* Part II.B, and the sale of clothing bearing a sports team logo. For discussion of the latter and citations to relevant case law, *see*, for example, 4 MCCARTHY, *supra* note 88, § 24:12; Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547, 555, 614–16 (2006); Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 EMORY L.J. 461, 468–71 (2005); Mark A. Lemley & Mark McKenna, *Irrelevant Confusion*, 62 STAN. L. REV. 413, 438 (2010).

92. For discussions and citations to relevant case law, *see*, for example, 4 MCCARTHY, *supra* note 88, § 23:6; Bone, *supra* note 91, at 612–14; Heymann, *supra* note 3, at 1394–95.

93. For discussions and citations to relevant case law, *see*, for example, 4 MCCARTHY, *supra* note 88, § 23:7; Bone, *supra* note 91, at 607–12; Heymann, *supra* note 3, at 1393–94.

94. *See* 15 U.S.C. § 1125(c)(1) (“Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner’s mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.”); *id.*

The two principal circumstances in which this may occur are when the use threatens to impair (“blur”) the mark’s distinctiveness (for example, ADIDAS peanut butter),<sup>95</sup> or when it threatens to tarnish the mark, for example by giving it an unsavory connotation (for example, ADULTS-R-US for a pornographic site).<sup>96</sup> By most accounts, the purpose of antidilution law is to prevent such uses because they threaten to reduce the famous mark’s “commercial value or ‘selling power.’”<sup>97</sup>

Modern trademark scholarship posits that trademarks perform what is sometimes referred to as an “information transmission”<sup>98</sup> function, by enabling consumers more easily to locate the products they want—to lower their search costs, in economic parlance. This diminution in search costs can result either from consumers’ own past experience with products bearing the mark, or their perception of others’ collective judgment regarding those products (that is, the

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§ 1125(c)(2)(A) (defining “famous” as “widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner,” and setting out relevant factors for establishing fame); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25(1) (“One may be subject to liability under the law of trademarks for the use of a designation that resembles the trademark, trade name, collective mark, or certification mark of another without proof of a likelihood of confusion only under an applicable antidilution statute.”). Many states also have enacted antidilution statutes, though the federal statute bars state law dilution claims brought against owners of federally registered marks. *See* 15 U.S.C. § 1125(c)(6). The federal statute also admits of several exceptions, including fair use, news reporting, and noncommercial use. *See id.* § 1125(c)(3).

95. *See* 15 U.S.C. § 1125(c)(2)(B) (defining “dilution by blurring” as “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark,” and setting out relevant factors to determine whether blurring is likely); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25(1) (“An actor is subject to liability under an antidilution statute if the actor uses such a designation in a manner that is likely to associate the other’s mark with the goods, services, or business of the actor and . . . (a) the other’s mark is highly distinctive and the association of the mark with the actor’s goods, services, or business is likely to cause a reduction in that distinctiveness . . .”).

96. *See* 15 U.S.C. § 1125(c)(2)(C) (defining “dilution by tarnishment” as “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark”); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25(1) (“An actor is subject to liability under an antidilution statute if the actor uses such a designation in a manner that is likely to associate the other’s mark with the goods, services, or business of the actor and . . . (b) the association of the other’s mark with the actor’s goods, services, or business, or the nature of the actor’s use, is likely to disparage the other’s goods, services, or business or tarnish the images associated with the other’s mark.”). The ADULTS-R-US example is drawn from *Toys “R” Us, Inc. v. Akkaoui*, No. C 96-3381 CW, 1996 WL 772709, at \*1 (N.D. Cal. Oct. 29, 1996).

97. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 cmts. a, c; *see also* 4 MCCARTHY, *supra* note 88, §§ 24:73, 24:92; Stacey L. Dogan, *What Is Dilution, Anyway?*, 105 MICH. L. REV. FIRST IMPRESSIONS 103, 104–07 (2006); Thomas R. Lee, *Demystifying Dilution*, 84 B.U. L. REV. 859, 867–68 (2004). So stated, the question arises *why* trademark law should protect the famous mark’s commercial value and selling power. Among the possible justifications, all of them contestable, are that owners have a moral entitlement to prevent injury to or free-riding upon their goodwill; that dilution increases consumer search costs or mental exertion, if only by a little, or otherwise causes consumers emotional harm; and that dilution interferes with consumers’ ability to signal their status by preserving the exclusivity of luxury goods. For discussion, *see*, for example, Bone, *supra* note 91, at 605–06, 616–21; Laura R. Bradford, *Emotion, Dilution, and the Trademark Consumer*, 23 BERKELEY TECH. L.J. 1227 (2008); Dogan, *supra*, at 104; *cf.* Lee, *supra*, at 887–88, 897 (arguing that the harm caused by dilution is the increase in search costs/mental exertion, and that the reduction in selling power is only a possible collateral consequence of this harm).

98. *See* Bone, *supra* note 91, at 549, 555.

products' reputation).<sup>99</sup> The relationship between trademarks and reputation, moreover, is implicit in the common assertion that trademarks symbolize a product's "goodwill,"<sup>100</sup> a concept denoting, more or less, an "expectancy of continued patronage."<sup>101</sup> Some commentators go so far as to equate goodwill with reputation,<sup>102</sup> though it's probably more accurate to think of reputation as one of goodwill's constituent elements, as reflected in the following definition of goodwill—originally proposed by Joseph Story—which courts have continued to cite with favor:

[T]he advantage or benefit, which is acquired by an establishment, beyond the mere value of the capital stock, funds, or property employed therein, in consequence of the general public patronage and encouragement, which it receives from constant or habitual customers, on account of its local position, or common celebrity, or reputation for skill or affluence, or punctuality, or from other practical circumstances, or necessities, or even from ancient partialities, or prejudices.<sup>103</sup>

Some, but not all, of the conduct that contemporary trademark law condemns can impact a product's reputation. To illustrate, suppose that a consumer (call her Neve) has certain positive expectations about POWERADE, based either on her own experience consuming it or what she's heard about it from friends (its reputation).<sup>104</sup> Now suppose that Neve intends to buy a bottle of POWERADE but mistakenly purchases POWERAID instead, and finds that

99. *See id.* at 555–56 (noting, in addition, that trademark protection provides an incentive for producers to maintain a consistent level of quality in their branded products, so that the mark retains its information transmission function, and that it protects consumers against deception); *see also* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 9 cmt. c; Heymann, *supra* note 3, at 1385.

100. *See, e.g.*, *Uptown Grill, L.L.C. v. Camellia Grill Holdings, Inc.*, 920 F.3d 243, 248 (5th Cir. 2019); 1 MCCARTHY, *supra* note 88, § 2:15.

101. *Newark Morning Ledger Co. v. United States*, 507 U.S. 546, 555–56 (1993) (citing *Boe v. Comm'r*, 307 F.2d 339, 343 (9th Cir. 1962)).

102. *See* Gvantsa Gugeshashvili, *Is Goodwill Synonymous with Reputation?*, 16 JURIDICA INT'L 126, 127–28 (2009) (noting that "goodwill and reputation are very often considered to be synonyms," but that goodwill is the broader concept in common law countries); Heymann, *supra* note 3, at 1355 & n.46 (citing Odek Shenkar & Ephraim Yuchtman-Yaar, *Reputation, Image, Prestige, and Goodwill: An Interdisciplinary Approach to Organizational Standing*, 50 HUM. REL. 1361, 1361 (1997)).

103. JOSEPH STORY, COMMENTARIES ON THE LAW OF PARTNERSHIP § 99, at 139 (1841), *quoted in* *United States v. Winstar Corp.*, 518 U.S. 839, 849 n.5 (1996). For other formulations, *see, for example*, *Newark Morning Ledger*, 507 U.S. at 555–56 (citing, in addition to Justice Story's and the *Boe* court's definitions, judicial definitions of goodwill as "that element of value which inheres in the fixed and favorable consideration of customers, arising from an established and well-known and well-conducted business" and "the total of all the imponderable qualities that attract customers to the business") (citations omitted); 1 MCCARTHY, *supra* note 88, §§ 2:17–19 (citing various definitions); Bone, *supra* note 91, at 568–72, 583–84; Heymann, *supra* note 3, at 1355–56 (suggesting that goodwill is evidence of reputation). Bone further distinguishes among brand goodwill ("positive information consumers have about a specific brand, such as its reliability, high quality, and the like"); firm goodwill ("positive impressions of the firm that sells the brand"); inherent goodwill ("goodwill subsisting in the mark itself," such that it imparts meanings of luxury or prestige "to any product or firm with which it is associated"); and product goodwill (for example, an attractive feature of a product that also serves a source-identifying function). Bone, *supra* note 91, at 551–52, 552 n.11.

104. She also may know, or think she knows, something about the drink from advertising, or just from seeing other people consume it (for example, that it's popular, that they seem to enjoy it, and so on).

she doesn't like the taste. There are at least three possible ways in which Neve, Coca-Cola, and third parties may be affected. First, and most obviously, Neve is worse off because she was deceived into buying the wrong product, and Coca-Cola has lost a sale it otherwise would have made. Second, unless Neve comes to realize her mistake after the fact, her disappointment with POWERAID might make her less likely to buy genuine POWERADE in the future, which aggravates both her and Coca-Cola's harm. Third, if she tells other people about her bad experience, the injury is further compounded, to the extent others refrain from buying POWERADE based on Neve's misattribution of her bad experience to POWERADE. In all three of these examples, Neve and Coca-Cola have been harmed by an act of infringement that both compromised the mark's information transmission function and negatively impacted its goodwill—the latter because, at the very least, Neve herself is less likely to buy POWERADE again. Only in the third scenario, however, has the mark potentially suffered reputational harm—though to the extent other consumers are likely to make the same mistake as Neve, the probability of reputational harm may be substantial.<sup>105</sup> Further, to the extent reputation can be a useful heuristic—third parties rely on reputation to save themselves the trouble of acquiring information about a product (or a person) more directly—preventing this potential injury to Coca-Cola's reputation coincides with the public interest as well.

In actuality, though, contemporary trademark law doesn't require proof that anyone actually has been confused, or even that consumers are likely to rely on the potentially misleading name to their detriment; all that is required is a *likelihood* of confusion, period. Such a standard might make sense in a case like the one above, because it is highly probable that, given the similarity of the words and the products, sales of a sports drink called POWERAID would (1) compromise POWERADE's information transmission function, (2) cause some consumers to buy the wrong product, and (3) pose substantial risk of injury to POWERADE's reputation and goodwill. Dispensing with the requirement to show actual confusion or reliance, therefore, conserves adjudication costs without materially increasing the risk of error.<sup>106</sup>

The further we travel from such "core" cases, however, the more tenuous the preceding harms become—and the more it can seem that courts are willing to protect owners against any sort of free riding on their goodwill, regardless of whether such conduct actually diminishes the mark's ability to transmit information, deceives consumers into buying products they don't want, or causes *harm* to the mark's reputation or goodwill.<sup>107</sup> Consider, for example, the

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105. See Heymann, *supra* note 3, at 1387.

106. See Lemley & McKenna, *supra* note 91, at 445–46 (arguing that courts should presume that confusion is material—that consumers rely to their detriment—only in cases of direct confusion as to source, and should require proof of materiality in other cases).

107. See Bone, *supra* note 91, at 603–15. As Bone argues, this protection against free riding, regardless of whether it results in any of the above harms, is difficult to square with the traditional rationales for U.S. trademark law, and it potentially imposes social costs by inhibiting competition and free speech. See *id.* at 616–

so-called merchandising right that many courts now seem willing to recognize.<sup>108</sup> In particular, suppose that a third-party manufacturer, without Coca-Cola's authorization, makes and sells gym bags bearing the word POWERADE, and that Neve buys one. It is theoretically possible, in this scenario, that (1) Neve believes, at the point of sale, that the owner of the mark authorized the use (sports drinks and gym bags not being altogether unrelated); (2) she relied upon that belief as a reason to buy the bag; (3) the bag falls apart in a short time, or otherwise disappoints; (4) as a result of this disappointing experience, Neve vows never to buy any POWERADE merchandise again; and (5) also as a result of her experience, she vows never to buy any POWERADE sports drinks again either. The probability that all five conditions are present nevertheless is surely less than one (indeed, it may be pretty close to zero).<sup>109</sup> Moreover, *unless* conditions (4) or (5) are present, the unauthorized use of the name cannot possibly affect Coca-Cola's goodwill; and *even if* conditions (4) or (5) are present, there's no reputational harm unless (6) Neve shares her experience with others, (7) they believe her, and (8) their behavior toward POWERADE merchandise or sports drinks changes accordingly. A court nevertheless might condemn the unauthorized use of the mark on the gym bags based on likelihood of confusion as to source or affiliation, regardless of whether there is any evidence relating to these other conditions.<sup>110</sup>

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21. European trademark law, nevertheless and by contrast, *expressly* confers protection against free riding. See Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to Approximate the Laws of the Member States Relating to Trade Marks (Recast), art. 10(2)(c), 2015 O.J. (L 336) 1, 11 ("The proprietor of [a] registered trade mark shall be entitled to prevent all third parties not having his consent from using in the course of trade, in relation to goods or services, any sign where . . . the sign is identical with, or similar to, the trade mark irrespective of whether it is used in relation to goods or services which are identical with, similar to, or not similar to, those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark."); Case C-487/07, L'Oréal SA v. Bellure NV, ECLI:EU:C:2009:70, ¶ 50 (June 18, 2009) ("The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an advantage taken unfairly by that third party of the distinctive character or the repute of the mark where that party seeks by that use to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image.").

108. See sources cited *supra* note 91.

109. See Lemley & McKenna, *supra* note 91, at 430–33; Mark P. McKenna, *Testing Modern Trademark Law's Theory of Harm*, 95 IOWA L. REV. 63, 101–10 (2009); cf. Heymann, *supra* note 3, at 1388 n.168.

110. See, e.g., Dogan & Lemley, *supra* note 91, at 498 n.150. Alternatively, suppose that Neve bought the bag knowing it was made by a third-party manufacturer—her twin brother Neville—without authorization; and that she gives the bag away to Oren. Again, regardless of how likely the Orens of the world would be to expect or care whether the use of the logo was authorized, or to avenge themselves against POWERADE should the bag disappoint, Coca-Cola might still have a plausible claim against Neville based on the possibility of post-sale confusion. See Heymann, *supra* note 3, at 1393–94 (noting, however, that some post-sale confusion cases involve reputational concerns, as where a fake wears out quickly, if "the observer both attributes the product's faults to the mark owner and thereby changes her opinion of the brand"); *id.* at 1394–95, 1395 n.197 (noting that initial interest confusion would impact reputation only under unusual circumstances).

Antidilution laws, by contrast, often *are* viewed as protecting the reputation of the trademark or its owner<sup>111</sup>—though as Laura Heymann points out, this understanding is problematic.<sup>112</sup> To illustrate, imagine that a firm unrelated to Adidas AG (the company that owns the ADIDAS mark for athletic shoes<sup>113</sup>) were to begin selling ADIDAS peanut butter. It might be difficult for Adidas AG to prove likelihood of confusion, given the lack of association between the products and the infrequency with which makers of athletic shoes branch out into culinary products;<sup>114</sup> but the use may well constitute actionable dilution by blurring, since the word ADIDAS would no longer conjure up one single product (shoes). Alternatively, the use of ADIDAS as the name for a strip club might be viewed as dilution by tarnishment.<sup>115</sup> Assuming there is no confusion as to source or sponsorship, however, this “change in or addition to the associations with the word” does not affect Adidas AG’s reputation, that is, “the collective judgment of the relevant community based on beliefs about the mark holder’s activity.”<sup>116</sup> Even if consumers think the peanut butter tastes terrible, after all, Adidas AG’s reputation for the quality of its shoes should remain unaffected.<sup>117</sup> The harm that dilution allegedly causes, rather, is that the mark loses its aura of exclusivity and thus some of its selling power; or to put it another way, it loses some of its goodwill (the “expectation of continued patronage”).<sup>118</sup> To be sure, whether the sale of ADIDAS peanut butter actually would have this effect is debatable; the point is simply that the effect, assuming it occurred, would not be reputational.

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111. See 15 U.S.C. § 1125(c)(2)(C) (defining dilution by tarnishment as an “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark”); Heymann, *supra* note 3, at 1399–1400, nn.216–17 (providing examples from the case law).

112. See Heymann, *supra* note 3, at 1397–1400.

113. The word ADIDAS consists of the first three letters of the nickname and surname of firm founder Adi (Adolf) Dassler. See *History*, ADIDAS, <https://www.adidas-group.com/en/group/history> (last visited Apr. 19, 2021).

114. Adidas AG almost certainly would argue likelihood of confusion as to sponsorship, however, and given the expansive interpretation of that doctrine by some courts it’s hardly a foregone conclusion it would lose. Cf. Christine Chiao, *Street Snacks from the Philippines: Adidas, Betamax, and Walkman*, FIRST WE FEAST (Oct. 7, 2012), <https://firstwe Feast.com/eat/2012/10/street-snacks-from-the-philippines-adidas-betamax-and-walkman> (noting that vendors of Filipino street food use the word “Adidas,” presumably without authorization, as a term for grilled chicken feet).

115. See 4 MCCARTHY, *supra* note 88, § 24:89 nn.18–19 (citing cases).

116. Heymann, *supra* note 3, at 1398.

117. See *id.* at 1400 (arguing, by way of analogy, that “the follies of a celebrity . . . with a distinctive name may cause anguish to non-celebrities who also happen to bear that name, but we would not say that the celebrity’s actions have harmed the reputation of the non-celebrity—they have merely caused salient and distasteful associations with the name”).

118. *Newark Morning Ledger Co. v. United States*, 507 U.S. 546, 574 (1993) (Souter, J., dissenting). Canadian law is more straightforward in referring to the tort as “goodwill depreciation.” See Trademarks Act, R.S.C. 1985, c T-13, § 22(1) (Can.) (“No person shall use a trademark registered by another person in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto.”); see also *Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée*, [2006] S.C.R. 824, paras. 41, 43 (Can.) (referring to dilution under U.S. law as a “similar remedy” to goodwill depreciation); A. KELLY GILL, *FOX ON CANADIAN LAW OF TRADE-MARKS AND UNFAIR COMPETITION* § 7.8 (4th ed. 2019).

Moving on to remedies, a successful claim for trademark infringement or dilution<sup>119</sup> usually results in the entry of an injunction—though since the Supreme Court’s decision in *eBay Inc. v. MercExchange, L.L.C.*,<sup>120</sup> injunctive relief is discretionary, not mandatory, and (arguably) there is no presumption of irreparable harm.<sup>121</sup> As for monetary awards, the Lanham Act states:

When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) or (d) of this title, or a willful violation under section 1125(c) of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled . . . subject to the principles of equity, to recover (1) defendant’s profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.<sup>122</sup>

In an infringement case, the “damages sustained by the plaintiff” may include, among other things, an award of lost profits on sales diverted to the defendant; in some instances, a reasonable royalty in lieu of lost profits; and any

119. Or false advertising, for which the remedies mostly overlap with the remedies for trademark infringement. See 15 U.S.C. §§ 1116(a), 1117(a); RESTATEMENT (THIRD) OF UNFAIR COMPETITION §§ 35–37 (AM. L. INST. 1995).

120. *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391–94 (2006).

121. See *Herb Reed Enters., LLC v. Fla. Ent. Mgmt., Inc.*, 736 F.3d 1239, 1248–49 (9th Cir. 2013); see also *Ferring Pharms., Inc. v. Watson Pharms., Inc.*, 765 F.3d 205, 216 (3d Cir. 2014) (agreeing with *Herb Reed*). But see *Phyllis Schlafly Revocable Tr. v. Cori*, 924 F.3d 1004, 1011 (8th Cir. 2019) (side-stepping issues of whether presumption exists); *Hoop Culture, Inc. v. GAP Inc.*, 648 Fed. Appx. 981, 985 (11th Cir. 2016) (declining to speak on the presumption, citing *North American Medical Corp. v. Axiom Worldwide, Inc.*, 522 F.3d 1211, 1218 (11th Cir. 2008)); *Voice of the Arab World, Inc. v. MDTV Med. News Now, Inc.*, 645 F.3d 26, 34 (1st Cir. 2011) (applying *eBay* to trademark but not deciding whether such presumption exists). See generally 5 MCCARTHY, *supra* note 88, § 30:47.30 (recognizing disagreement among courts as to *eBay*’s impact on the presumption of irreparable harm and criticizing the *Herb Reed* decision as “deeply flawed”). The Lanham Act authorizes courts to award injunctions “according to the principles of equity and upon such terms as the court may deem reasonable.” 15 U.S.C. § 1116(a). Most trademark infringement cases are litigated under the Lanham Act, though it is not uncommon for plaintiffs to assert supplemental claims under corresponding state trademark laws; and while federal and state courts have concurrent jurisdiction over Lanham Act cases, most of them wind up in federal court. See 6 MCCARTHY, *supra* note 88, § 32:1.

Shortly before this Article went to press, Congress enacted, as part of the Consolidated Appropriations Act, 2021, the Trademark Modernization Act (TMA) of 2020. The TMA adds the following new language to Lanham Act § 1116(a):

A plaintiff seeking any such injunction shall be entitled to a rebuttable presumption of irreparable harm upon a finding of a violation identified in this subsection in the case of a motion for a permanent injunction or upon a finding of likelihood of success on the merits for a violation identified in this subsection in the case of a motion for a preliminary injunction or temporary restraining order.

Consolidated Appropriations Act, 2021, Pub. L. 116-260, § 226, 134 Stat. 1182, 2208 (2020) (amending 15 U.S.C. § 1116(a)).

122. 15 U.S.C. § 1117(a); see also *id.* § 1111 (permitting owners of registered marks to provide notice of the registration by, for example, using the symbol ®, and stating that “in any suit for infringement under this chapter by such a registrant failing to give such notice of registration, no profits and no damages shall be recovered under the provisions of this chapter unless the defendant had actual notice of the registration”).



expenses reasonably incurred in response to the infringement.<sup>123</sup> Traditionally, however, courts awarded the infringer's own profits only in cases of intentional or willful infringement<sup>124</sup>—though in its recent *Romag Fasteners* decision, the Supreme Court held that the Lanham Act does not require proof of willfulness as a prerequisite to an award of profits.<sup>125</sup> Plaintiffs are not entitled to duplicative awards, nonetheless, so if an award of profits would overlap with actual damages, the plaintiff must elect between the two.<sup>126</sup> The Lanham Act also authorizes courts to enhance or reduce damages or profits, in the following (somewhat cryptic<sup>127</sup>) language:

In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty.<sup>128</sup>

Enhancements sometimes follow if the infringement is found to be willful and/or there is reason to believe that quantifiable damages or profits understate,

123. See, e.g., 5 MCCARTHY, *supra* note 88, §§ 30:79–87; RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 36 & cmt. d; James M. Koelemay, Jr., *A Practical Guide to Monetary Relief in Trademark Infringement Cases*, 85 TRADEMARK REP. 263, 281–85 (1995).

124. See RESTATEMENT (THIRD) OF UNFAIR COMPETITION §§ 36 cmt. c, 37(1) & cmts. c, e–f (noting, among other matters, that awarding profits in cases of innocent infringement might over-deter (chill) lawful behavior, and provide plaintiffs with a windfall); Pamela Samuelson, John M. Golden & Mark P. Gergen, *Recalibrating the Disgorgement Remedy in Intellectual Property Cases*, 101 B.U. L. REV. 1999, 2008–09, 2014 (2020); see also BEEBE ET AL., *supra* note 69, at 393 (“To avoid the risk of overdeterrence, courts therefore may be wise to limit restitutionary awards to cases of willful trademark infringement . . .”); Koelemay, *supra* note 123, at 267.

125. See *Romag Fasteners, Inc. v. Fossil, Inc.*, 140 S. Ct. 1492, 1494, 1497 (2020) (stating that, while “a trademark defendant’s mental state is a highly important consideration in determining whether an award of profits is appropriate,” there is no “categorical rule” that the plaintiff must prove willful infringement). In a brief concurring opinion, Justice Alito, joined by Justices Breyer and Kagan, stated that “[t]he relevant authorities, particularly pre-Lanham Act case law, show that willfulness is a highly important consideration in awarding profits under § 1117(a), but not an absolute precondition.” *Id.* at 1497 (Alito, J., concurring). Justice Sotomayor, concurring in the judgment only, agreed that the Lanham Act “does not impose a ‘willfulness’ prerequisite,” but observed that historically courts “defined ‘willfulness’ to encompass a range of culpable mental states—including the equivalent of recklessness, but excluding ‘good faith’ or negligence,” and that “profits were hardly, if ever, awarded for innocent infringement.” *Id.* at 1498 (Sotomayor, J., concurring).

126. See 5 MCCARTHY, *supra* note 88, § 30:73; RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 36 cmt. c. There are some additional remedies for counterfeiting, as defined in 15 U.S.C. § 1116(d)(1)(B)(ii). See *id.* §§ 1116(d)(1)(A) (ex parte seizures), 1117(a)–(c) (treble damages of profits, statutory damages), 1118 (destruction); see also 18 U.S.C. § 2320 (criminal penalties for trafficking in counterfeit goods or services).

127. See, e.g., 5 MCCARTHY, *supra* note 88, § 30:91 (noting different interpretations of the “not a penalty” language); Mark A. Thurmon, *Confusion Codified: Why Trademark Remedies Make No Sense*, 17 J. INTEL. PROP. L. 245, 311 (2010) (concluding, after an exhaustive discussion of the legislative history, that the inclusion of “the ‘not a penalty’ language in the Lanham Act remains a mystery”).

128. 15 U.S.C. § 1117(a).

respectively, the plaintiff's loss or the defendant's gain.<sup>129</sup> The Act also authorizes awards of attorneys' fees in "exceptional cases."<sup>130</sup>

Given that some acts of trademark infringement cause consumers to buy less of a firm's products, based either on their own or others' mistaken beliefs, economic damages in the form of lost profits to some degree compensate for these harms to the owner's goodwill or reputation. So, too, might an award of damages for expenses the owner reasonably incurred in response to the infringement, such as corrective advertising or warnings to prospective customers.<sup>131</sup> When owners seek additional damages for harms to their goodwill or reputation, moreover, they sometimes succeed on the basis of two additional theories.<sup>132</sup>

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129. See *Merck Eprova AG & Gnosis S.p.A.*, 760 F.3d 247, 262–63 (2d Cir. 2014) (affirming an award of enhanced profits "to reflect the intangible benefits" accruing to the defendant in a false advertising case); *Taco Cabana Int'l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1127 (5th Cir. 1991) (interpreting the "not a penalty" language to mean that enhancements may "provide proper redress to an otherwise undercompensated plaintiff where imprecise damage calculations fail to do justice, particularly where the imprecision results from defendant's conduct"), *aff'd*, 505 U.S. 763 (1992); 5 MCCARTHY, *supra* note 88, §§ 30:90–92; RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 36 cmt. m; Koelemay, *supra* note 123, at 295. Federal law also authorizes additional penalties for trademark counterfeiting, as defined in 15 U.S.C. § 1116(d)(1)(B)(ii). See *id.* §§ 1116(d)(1)(A) (ex parte seizures), 1117(a)–(c) (treble damages of profits, statutory damages), 1118 (destruction); see also 18 U.S.C. § 2320 (setting forth criminal penalties for trafficking in counterfeit goods or services). Finally, punitive damages sometimes may be available for infringement in violation of state trademark law. See 5 MCCARTHY, *supra* note 88, § 30:96; RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 36 cmt. n.

130. 15 U.S.C. § 1117(a). A case may be exceptional if the defendant engaged in willful infringement, or if either party litigated in bad faith. See 5 MCCARTHY, *supra* note 88, §§ 30:99–101; RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 36 cmt. o.

131. See, e.g., *Balance Dynamics Corp. v. Schmitt Indus., Inc.*, 204 F.3d 683, 689–93 (6th Cir. 2000); *U-Haul Int'l, Inc. v. Jartran, Inc.*, 793 F.2d 1034, 1037, 1041 (9th Cir. 1986); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 36 cmt. f ("Correction of the defendant's misrepresentation or warnings to prospective purchasers not to be misled may avoid a loss of sales or injury to reputation . . . Expenditures reasonably incurred by the plaintiff in connection with . . . corrections or warnings can be recovered as damages . . ."); see also 5 MCCARTHY, *supra* note 88, § 30:83; Paul Heald, Comment, *Money Damages and Corrective Advertising: An Economic Analysis*, 55 U. CHI. L. REV. 629, 632–33 (1988).

132. As noted previously, harm to reputation is often classified as a type of noneconomic harm (which may, nevertheless, result in tangible losses such as loss of income). The Restatement of Unfair Competition nevertheless states, without explanation, that "[t]he pecuniary loss for which damages may be recovered under this Section includes . . . harm to the market reputation of the plaintiff's goods, services, business, or trademark." RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 36(2); see also *id.* cmt. c. Perhaps the distinction rests on the assumption that trademark owners are mostly business entities, and that harm to the reputation (or, more broadly, the goodwill) of such an entity is more readily quantifiable than is harm to a natural person's reputation. See, e.g., *Skydive Ariz., Inc. v. Quattrocchi*, 673 F.3d 1105, 1116–17 (9th Cir. 2012) (Noonan, J., concurring in part and dissenting in part) (stating that "[g]oodwill is difficult to quantify but is regularly assessed by accountants in the course of the purchase of a business," and "[f]or accounting purposes . . . is typically the difference between the fair market value of the company and its underlying assets and liabilities"; further, while calculation can be difficult for a non-publicly traded company, "there are a variety of methods that might be employed in calculating goodwill and the harm to that asset caused by the" infringer) (citing Robert F. Reilly, *SFAS Nos. 141 and 142 Implications for Goodwill Acquired by M&A*, AM. BANKR. INST. J., Feb. 2006, at 48); Heald, *supra* note 131, at 650–57 (proposing methods for measuring harm to goodwill); Meiring De Villiers, *Quantitative Proof of Reputational Harm*, 15 FORDHAM J. CORP. & FIN. L. 567, 584, 614 (2010) ("[A] decline in the value of the securities of a defamed corporation, adjusted for factors unrelated to the defamation, constitutes legally valid evidence of special damages for reputational harm."). In any event, my concern here is not with terminology but

First, courts occasionally have awarded damages to fund a *future* corrective advertising campaign intended both to remedy past harm, and to forestall future harm, to the plaintiff's goodwill or reputation.<sup>133</sup> Courts sometimes have pegged the dollar value of such corrective advertising at twenty-five percent of the defendant's advertising budget,<sup>134</sup> though as critics have noted this arbitrary figure can be either over- or under-compensatory of the amount needed to compensate for harm to goodwill or reputation.<sup>135</sup> In particular, it makes little economic sense to award damages for corrective advertising that exceed the plaintiff's pre-infringement net worth.<sup>136</sup>

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rather whether harm to reputation is or should be considered a cognizable injury resulting from an act of IP infringement, and if so how that harm is or should be redressed.

As for emotional harm, again most trademark owners are business entities, for whom such damages would never be appropriate, even if the Lanham Act otherwise permitted them—which, under current law, it almost certainly doesn't. See *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 572 U.S. 118, 131–32 (2014) (holding that plaintiffs asserting claims under § 43(a) of the Lanham Act “must allege an injury to a commercial interest in reputation or sales”). This language from *Lexmark* would appear to rule out damages for emotional distress, even if the plaintiff trademark owner is a natural person, as for example in a celebrity false endorsement case—though such a person may be able to seek such damages for violation of her right of privacy or publicity, as discussed in the following Subpart. *But see* *BBC Grp. NV LLC v. Island Life Rest. Grp. LLC*, No. C18-1011 RSM, 2020 WL 758070, at \*5 (W.D. Wash. Feb. 14, 2020) (permitting individual owners of a restaurant to try to recover damages for emotional distress arising from counterclaim defendant's alleged trademark infringement, pursuant to 15 U.S.C. § 1117(a) (Lanham Act § 35(a))).

133. The first such infringement case to approve this practice appears to be *Big O Tire Dealers, Inc. v. Goodyear Tire and Rubber*, 408 F. Supp. 1219, 1232 (D. Colo. 1976), *aff'd as modified*, 561 F.2d 1365 (10th Cir. 1977); see also 5 MCCARTHY, *supra* note 88, § 30:82 (collecting other cases); Koelemay, *supra* note 123, at 282–83.

134. See *Big O*, 561 F.2d at 1374 (noting that the Federal Trade Commission sometimes had required defendants found to have engaged in deceptive trade practices to undertake affirmative corrective advertising, equal in value to twenty-five percent of the amount spent on deceptive advertising); see also *W. Des Moines State Bank v. Hawkeye Bancorporation*, 722 F.2d 411, 414 (8th Cir. 1983); *Aetna Health Care Sys. v. Health Care Choice, Inc.*, No. 84-C-642-E, 1986 WL 84362, at \*18 (N.D. Okla. May 15, 1986) (trebling the award further). Like the Federal Trade Commission, courts adjudicating trademark infringement and false advertising cases also sometimes require defendants to engage in corrective advertising. See, e.g., *ALPO Petfoods, Inc. v. Ralston Purina Co.*, 997 F.2d 949, 972–73 (D.C. Cir. 1993) (noting, however, that such orders must be carefully tailored to avoid prohibiting lawful commercial speech); 5 MCCARTHY, *supra* note 88, §§ 30:50–56; RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 35 cmt. g (“[A] defendant will not ordinarily be required to engage in corrective advertising unless the adverse effects of the misconduct are likely to persist in the absence of such measures.”).

135. See *Heald*, *supra* note 131, at 632–33; see also *Macia v. Microsoft Corp.*, 335 F. Supp. 2d 507, 521 (D. Vt. 2004) (refusing to award corrective advertising damages because of a lack of identical marks and bad faith, and calling into question whether *Big O* “provides a non-speculative method of computing damages”); 5 MCCARTHY, *supra* note 88, § 30:84; RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 36 cmt. f (“[A] claim for expenditures to be undertaken in the future should be subject to greater scrutiny, and . . . may be inappropriate unless the plaintiff can demonstrate a lack of resources or other reasonable justification for the failure to take the corrective measures prior to the litigation.”).

136. See *Zazú Designs v. L'Oréal, S.A.*, 979 F.2d 499, 506 (7th Cir. 1992) (stating, by way of analogy, that “[e]xpenses for repair cannot be justified when they exceed the value of the asset. If a car worth \$4,000 is crushed in a collision and repair would cost \$10,000, the court awards damages of \$4,000, not \$10,000”); 5 MCCARTHY, *supra* note 88, § 30:84 (stating that it is “grossly uneconomical” to award damages equal to “several times [the plaintiff's] net worth to use to resuscitate an infringed trademark. When such an award is many times the value of the trademark property, then it appears that plaintiff has received a windfall, not compensation”); see also David Haas, Nicholas Vasdekas & Jordan Salins, *Measuring the Mark: Use of Analytics in Trademark*

Second, without referring to corrective advertising as such, courts sometimes have awarded damages for harm to goodwill or to reputation. In *Porous Media Corp. v. Pall Corp.*,<sup>137</sup> for example, the court affirmed an award of \$1.6 million based on evidence, first, that the plaintiff had suffered injury in fact as established by:

(i) the importance of its particular “business reputation” in the filter market and the extent to which Porous relies upon that reputation; (ii) that the [defendant’s product] ALERT damaged Porous’s reputation; and (iii) the particular types of reputational injuries suffered by Porous (in addition to lost sales, “[W]e’ve had to jump through hoops to work with [our customers] and overcome references to hydrophobicity and how it works in their application and supply additional information to these companies.”). In addition, Pall’s internal marketing documents themselves document a “continued loyalty” to Pall’s product as a “result” of Pall’s warnings about the Porous filter’s alleged hydrophobic shortcomings.<sup>138</sup>

Second, the court rejected a challenge that the amount was unduly speculative, citing testimony

that the company had lost “between \$5 million and \$10 million” in going-concern value based not simply upon lost sales but rather Porous’s lost opportunity to “create a *reputation* for being the industry leader” and its damaged efforts to “creat[e] a *reputation* to be able to move onto the next level” beyond the oxygen-concentrator market.<sup>139</sup>

Similarly, in *Skydive Arizona, Inc. v. Quattrocchi*,<sup>140</sup> the court affirmed a multimillion dollar damages award based on “ample evidence proving the original value of Skydive Arizona’s goodwill and the scope and depth of SKYRIDE’s harm to Skydive Arizona’s reputation,” including ten years’ worth of advertising “expenditures it made to build up the goodwill and reputation of its mark” and “multiple declarations and witness testimony proving that customers were very angry with, and blamed Skydive Arizona for, problems

*Infringement Cases*, 27 BRIGHT IDEAS 5, 6–7 (2018) (proposing the use of website analytics and social media data to identify “the scale and cost of potential corrective marketing and advertising activities”).

137. *Porous Media Corp. v. Pall Corp.*, 173 F.3d 1109 (8th Cir. 1999).

138. *Id.* at 1122–23 (alterations in original).

139. *Id.* at 1122 (alteration in original) (emphasis in original). The court went on to state that it was “not certain that this testimony alone would sustain the jury’s verdict,” but would not “pronounce a ‘rule of law that the testimony of a company’s principals is too speculative to establish a material fact.’” *Id.* at 1122 n.12 (quoting *Porous Media Corp. v. Pall Corp.*, 110 F.3d 1329, 1340 (8th Cir. 1997)). Additionally:

[W]e are not convinced that the dollar figure was the product of abject speculation by Porous’s principal. We believe that the record as a whole demonstrates the type of goodwill injury suffered by Porous, the extent of that injury, and the causal nexus between the ALERT and Porous’s damaged goodwill. Reputational damages are often difficult to quantify. Nevertheless, Porous need not prove such damages with exacting precision, for “a misleading comparison to a specific competing product necessarily diminishes that product’s value in the minds of the customer.”

*Id.* (citing *Porous Media*, 110 F.3d at 1335).

140. *Skydive Ariz., Inc. v. Quattrocchi*, 673 F.3d 1105 (9th Cir. 2012).

caused by SKYRIDE.”<sup>141</sup> The opinion is confusing, however, in that it does not clearly articulate the grounds for affirming separate awards of \$1 million in “actual damages” for false advertising, \$2.5 million in “actual damages” for trademark infringement, and an additional \$2.5 million of the defendant’s profits.<sup>142</sup>

In the alternative, a court might award the defendant’s profits, or an enhancement thereof, to compensate for proven but unquantified harm to the plaintiff’s goodwill or reputation<sup>143</sup>—a practice consistent with the principle, noted above, that courts may award an enhancement when there is reason to believe that quantifiable damages understate the plaintiff’s actual harm.<sup>144</sup> Notice, however, that in most of the cases in which courts have awarded damages or profits for harm to reputation or goodwill, the defendant was found to have engaged in intentional or willful misconduct—and thus was, in some sense, responsible for its own predicament.<sup>145</sup> Courts otherwise may be less

141. *Id.* at 1112.

142. *See id.* at 1109–14 (referring, confusingly, to the award of defendant’s profits as “lost profits”). The Court of Appeals also affirmed six separate awards of \$100,000 in statutory damages for cybersquatting but reversed the damages enhancement as being entirely punitive in nature. *See id.* at 1114–16. For other cases in this vein, see *Heaton Distrib. Co. v. Union Tank Car Co.*, 387 F.2d 477, 485–86 (8th Cir. 1967) (affirming award of \$7,500 for harm to reputation, even though “there was no effort to prove the total sales or to arrive at an accounting of the profits,” where “numerous witnesses testified that Heaton had substituted and delivered Water King water softener units when they thought they had purchased and were receiving Lindsay units,” and that customers were “disgusted at the untrustworthiness of those whom they considered to be Lindsay personnel, and . . . extremely dissatisfied with the product which had been palmed off on them”); *Singer Mfg. Co. v. Redlich*, 109 F. Supp. 623, 627 (S.D. Cal. 1952); *Experience Hendrix L.L.C. v. Hendrixlicensing.com Ltd.*, 762 F.3d 829, 846–47 (9th Cir. 2014) (affirming grant of new trial on damages, where jury had awarded \$750,000 for harm to reputation and \$300,000 for loss of goodwill under the Washington Consumer Protection Act, and holding that although the evidence was “sufficient to provide a legal basis for the jury’s award,” it “was minimal at best,” and the award “contradicted the court’s supplemental instruction to the jurors that these two measures of damages are ‘essentially the same’”).

143. *See Playboy Enters., Inc. v. P.K. Sorren Export Co. of Fla.*, 546 F. Supp. 987, 998–99 (S.D. Fla. 1982) (awarding double profits, where “[i]nvariably, there must have been some harm to PEI’s goodwill and reputation,” although this was “not . . . sufficiently demonstrated or quantified to justify an award on that basis,” and “one could infer from the records of AIS and Rolex that the defendants actually sold more infringing shirts than can be shown from defendants’ records”); *see also ALPO Petfoods, Inc. v. Ralston Purina Co.*, 997 F.2d 949, 955 (D.C. Cir. 1993) (recognizing that enhancement may be appropriate to remedy the “continuing distortion in the market” in a false advertising case); *N.Y. Racing Ass’n v. Stroup News Agency Corp.*, 920 F. Supp. 295, 301 (S.D.N.Y. 1996) (“The Court cannot compute the value of the intangible benefits Stroup received as a result of its deliberate, flagrant, and mulish violation of NYRA’s mark . . . . The Court will treble the profits award . . . .”); *Merck Eprova AG v. Gnosis S.p.A.*, 901 F. Supp. 2d 436, 460 (S.D.N.Y. 2012) (trebling damages in order to compensate the loss of “market share, customer loyalty, and potential customers” in false advertising case), *aff’d*, 760 F.3d 247 (2d Cir. 2014); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 36 cmt. c (AM. L. INST. 1995) (“If the plaintiff in fact suffers harm such as injury to its reputation, that harm may be regarded as compensated by the award of the defendant’s profits to the extent that the profits exceed the plaintiff’s proven losses.”).

144. *See supra* note 129 and accompanying text.

145. *See Skydive Ariz.*, 673 F.3d at 1109–10, 1114; *Heaton*, 387 F.2d at 481 (“[S]purious merchandise was purposely palmed off as Lindsay products by several of appellant’s sales representatives, who represented themselves as authorized Lindsay personnel.”); *Playboy*, 546 F. Supp. at 991, 997; *Singer*, 109 F. Supp. at 627. *But see Porous Media Corp. v. Pall Corp.*, 173 F.3d 1109, 1122–23 (8th Cir. 1999) (leaving unresolved the question of whether the jury found the defendant’s false and misleading statements to have been willful);

inclined to award damages for harm to goodwill, absent evidence of some quantifiable decline in value.<sup>146</sup>

As for dilution, the federal statute restricts the recovery of damages or profits to cases in which the defendant “willfully intended” either “to trade on the recognition of the famous mark” or “to harm the reputation of the famous mark.”<sup>147</sup> The legislative history is silent on the rationale for this limitation, though one might suspect it has something to do with the inherent difficulty of quantifying a reduction in a mark’s “selling power”<sup>148</sup>—or out of concern that the prospect of substantial monetary liability could over-deter lawful conduct, unless limited to only the most egregious cases.<sup>149</sup> In any event, there appear to be only a handful of reported decisions in which a U.S. court has awarded monetary relief for trademark dilution. One involved the willful dilution by

Experience Hendrix L.L.C. v. Hendrixlicensing.com Ltd., No. C09-285Z, 2011 WL 4402775, at \*7 (W.D. Wash. Sept. 21, 2011) (finding no willfulness), *aff’d in part, vacated in part, rev’d in part on other grounds*, 762 F.3d 829 (9th Cir. 2014).

146. See *Engineered Mech. Servs., Inc. v. Applied Mech. Tech., Inc.*, 591 F. Supp. 962, 965–66 (M.D. La. 1984) (finding that the “defendant’s conduct was not fraudulent and in bad faith,” and that “plaintiffs have presented no evidence on loss of goodwill, damage to their reputation, the need for corrective advertising and no evidence of any numerical values on which such an estimate could be based. In the absence of any evidence of actual damages, the court will not award an amount for damages”); see also *Skydive Ariz.*, 673 F.3d at 1116, 1117 (Noonan, J., concurring in part and dissenting in part) (arguing that neither the defendant’s own profits nor the “the hundreds of thousands of dollars’ spent by Skydive Arizona on advertising” established the value of the harm to Skydive Arizona’s goodwill,” and that Skydive Arizona’s “own figures showed no diminution in dives sold”); *Balance Dynamics Corp. v. Schmitt Indus., Inc.*, 204 F.3d 683, 693–95 (6th Cir. 2000) (holding that literal falsity does not alleviate the plaintiff from the burden of proving actual damages for loss of goodwill, and that while some courts presume that deliberate falsity or bad faith causes harm to goodwill, any such presumption was defeated where there was no evidence that the plaintiff had lost any sales or that consumers actually had been deceived); *ALPO Petfoods, Inc. v. Ralston Purina Co.*, 913 F.2d 958, 969 (D.C. Cir. 1990) (citing *Engineered Mech. Servs.* for the proposition that actual damages may include “quantifiable harm to the plaintiff’s good will”).

147. 15 U.S.C. § 1125(c)(5). On willful dilution by tarnishment, see 4 MCCARTHY, *supra* note 88, § 24:132 (questioning whether many companies intend “to spitefully harm the reputation of a noncompetitor,” and that suggesting that congressional intent may have been “to simply require that the purposeful and non-negligent actions of the defendant . . . could constitute an ‘intent to harm the reputation’”).

Some state antidilution laws preclude damages for dilution altogether, see 4 MCCARTHY, *supra* note 88, § 24:81, while others contain provisions substantially similar to the federal act, see *id.* §§ 24:79, 24:79.50; but there appear to be no cases awarding damages for violation of state antidilution laws. The Restatement makes no express provision for damages in dilution cases. See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 36 (stating rules for awarding damages in deceptive advertising and trademark infringement cases).

148. See 4 MCCARTHY, *supra* note 88, § 24:81 (“It is difficult to compute and measure money damages to compensate for any subtle impairment caused by actual dilution.”); *supra* notes 97, 118 and accompanying text. At the same time, allowing monetary relief for willful dilution, rather than precluding such relief altogether, might seem consistent with the tolerance for more speculative awards in cases of intentional or willful infringement or false advertising.

149. To be clear, if the legal standards for dilution were unambiguous, and prospective defendants aware of the owner’s rights in advance, there would be little risk of chilling (over-detering) lawful conduct. Because the first condition in particular often may not be true, however, the risk that a court might find, correctly or not, the defendant’s conduct to be unlawful, poses some risk that the prospect of substantial monetary liability would cause defendants to over-comply with their legal obligations—to the possible detriment of the public interest in robust competition, free speech, or other interests. Analogous risks of overdeterrence pervade all of the bodies of law under consideration in this Article, and weigh in favor of some degree of caution in extending liability beyond current boundaries.

tarnishment of Mattel’s BARBIE mark for a phone sex service, for which the defendant was required to disgorge gross profits of \$7,300.<sup>150</sup> Another involved a recovery of \$105,000 for dilution by blurring,<sup>151</sup> but has been critiqued for awarding damages that duplicated the award for infringement.<sup>152</sup>

## B. RIGHT OF PUBLICITY

As noted earlier, the Restatement of Torts recommends that states recognize the unauthorized appropriation of name or likeness as a violation of the right of privacy; and that they award, as appropriate, general damages for “the harm to [t]his interest in privacy resulting from the invasion,” mental distress, and reputational harm,<sup>153</sup> as well as special damages “for the loss of the exclusive use of the value so appropriated,” or “restitution of benefits tortiously obtained.”<sup>154</sup> In addition to this privacy-based right, however, many states also recognize a separate right of publicity, which the Restatement of Unfair Competition defines as the appropriation of “the commercial value of a person’s identity . . . for purposes of trade.”<sup>155</sup> Doctrinally, the principal distinction between the privacy and publicity torts is that the latter characterizes the commercial value of a person’s identity as a property interest, which can be transferred and enforced, not only during the subject’s lifetime but also post-mortem.<sup>156</sup> For the invasion of the property interest, courts commonly award economic damages in the form of lost profits or reasonable royalties, or alternatively the disgorgement of the defendant’s profits (and, in egregious cases, punitive damages).<sup>157</sup> In addition, celebrity plaintiffs sometimes assert

150. *See* Mattel Inc. v. Jcom Inc., No. 97 CIV. 7191 (SS), 1998 WL 766711, at \*4 (S.D.N.Y. Sept. 11, 1998).

151. *See* B & H Mfg. Co. v. Bright, No. CVF016619AWISMS, 2005 WL 1342815, at \*1 (E.D. Cal. May 10, 2005).

152. *See* 4 MCCARTHY, *supra* note 88, § 24:132 n.13 (criticizing the decision on the ground that there was “no evidence of loss of strength of plaintiff’s mark that was caused by dilution, separate from the award of \$501,000 for trademark infringement”). In a third decision, *Blumenthal Distributing, Inc. v. Herman Miller, Inc.*, the district concluded, based on the “totality of the evidence,” including “consumer confusion, marketing costs, the fame of the EAMES chair trade dress,” that “an appropriate award” for the defendant’s alleged willful trademark dilution was \$3 million. *Blumenthal Distrib., Inc. v. Herman Miller, Inc.*, No. EDCV1401926JAKSPX, 2017 WL 3271706, at \*16–17, \*22 (C.D. Cal. Aug. 1, 2017). On appeal, however, the court reversed the judgment of liability for dilution. *See* *Blumenthal Distrib., Inc. v. Herman Miller, Inc.*, 963 F.3d 859, 871 (9th Cir. 2020), *cert. denied*, 2021 WL 850632 (U.S. Mar. 8, 2021).

153. RESTATEMENT (SECOND) OF TORTS § 652H & cmt. a (AM. L. INST. 1977).

154. *Id.* § 652H cmts. d–e.

155. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 46 (AM. L. INST. 1995); *see, e.g.*, CAL. CIV. CODE § 3344 (West 2020); FLA. STAT. § 540.08 (2020); 765 ILL. COMP. STAT. 1075/10 (2020).

156. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 46 cmts. a–b, g, h.

157. *See, e.g.*, 2 MCCARTHY & SCHECHTER, *supra* note 31, §§ 11:30–32, 11:34, 11:36 (collecting cases); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 49 cmts. d–e. *But see* Samuelson et al., *supra* note 123, at 2003 n.13 (noting that disgorgement of profit is not available under some state right of publicity laws). Some state publicity laws (such as the one cited by Samuelson et al.) permit in the alternative modest statutory damages. *See, e.g.*, NEV. REV. STAT. § 597.810 (2019) (allowing recovery of “actual damages, but not less than \$750,” plus “exemplary or punitive damages, if the trier of fact finds that the defendant knowingly made use of the name, voice, signature, photograph or likeness of another person without” written consent).

parallel claims for false endorsement, for which these types of damages would be independently available.<sup>158</sup>

On occasion, courts also have awarded right of publicity claimants damages for reputational harm and for mental distress.<sup>159</sup> Although some authorities argue that mental distress damages should be available only for violations of the privacy tort, and not for the publicity or false endorsement torts,<sup>160</sup> in practice, courts do not always make such sharp distinctions.<sup>161</sup> For example, in *Waits v. Frito-Lay, Inc.*,<sup>162</sup> the singer Tom Waits challenged the defendant's broadcasting of a television commercial that included the soundtrack of another singer imitating Waits's performance of a song that Waits previously had recorded.<sup>163</sup> While characterizing Waits's vocal misappropriation claim as "one for invasion of a personal property right: his right of publicity to control the use of his identity as embodied in his voice,"<sup>164</sup> the court affirmed a damages judgment that included not only "\$100,000 for the fair market value of [Waits's] services," but also "\$200,000 for injury to [Waits's] peace, happiness and feelings,"<sup>165</sup> stating:

Although the injury stemming from violation of the right of publicity "may be largely, or even wholly, of an economic or material nature," we have recognized that "it is quite possible that the appropriation of the identity of a celebrity may induce humiliation, embarrassment, and mental distress."

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158. See, e.g., *Facenda v. N.F.L. Films, Inc.*, 542 F.3d 1007, 1012–14 (3d Cir. 2008); *Abdul-Jabbar v. Gen. Motors Corp.*, 75 F.3d 1391, 1394–95 (9th Cir. 1996); *Waits v. Frito-Lay, Inc.*, 978 F.2d 1093, 1096 (9th Cir. 1992); 2 MCCARTHY & SCHECHTER, *supra* note 31, § 11:35 ("But plaintiff cannot recover damages twice for the same injury under both state right of publicity and federal false endorsement law."); see also *Hirsch v. S.C. Johnson & Son, Inc.*, 280 N.W.2d 129, 130–31 (Wis. 1979) (alleging both appropriation under right of publicity and trade name infringement).

159. See *Waits*, 978 F.2d at 1102–12 (affirming compensatory damages for economic harm, as well mental distress and injury to reputation); *Olive v. Gen. Nutrition Ctrs., Inc.*, 30 Cal. App. 5th 804, 827 (Ct. App. 2018) (affirming award of \$213,000 in "actual damages" and \$910,000 for emotional distress, for unauthorized use of model's image in advertising); *Doe v. McFarlane*, 207 S.W.3d 52, 61–67 (Mo. Ct. App. 2006) (affirming \$15 million award for violation of the right of publicity, based in part on evidence of lost future endorsement opportunities resulting from association with defendant's comic book); see also *Abdul-Jabbar*, 75 F.3d at 1400 (reversing judgment for defendant, in view of evidence that advertisement referring to Abdul-Jabbar as "Lew Alcindor" would make it more difficult for plaintiff to endorse other cars and that he had suffered emotionally because people might think he had renounced Islam) ("Injury to a plaintiff's right of publicity is not limited to present or future economic loss, but 'may induce humiliation, embarrassment, and mental distress.'") (quoting *Waits*, 978 F.2d at 1103).

160. See, e.g., *Doe v. TCI Cablevision*, 110 S.W.3d 363, 368 (Mo. 2003); 2 MCCARTHY & SCHECHTER, *supra* note 31, § 11:31; RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 49 cmt. a.

161. And perhaps they shouldn't. See JENNIFER E. ROTHMAN, *THE RIGHT OF PUBLICITY: PRIVACY REIMAGINED FOR A PUBLIC WORLD* 126–27 (2018) (arguing that, because "one's identity . . . is not detachable from the underlying person," publicity rights should be understood as encompassing both dignitary and pecuniary interests). Of course, to the extent both types of claims arise from the same set of facts, it's not clear that it makes any practical difference if one type of damages is available for breach of the privacy tort only, and another for breach of the publicity tort.

162. *Waits*, 978 F.2d at 1093.

163. See *id.* at 1097–98.

164. *Id.* at 1103.

165. *Id.*



. . . .

Added to . . . evidence of Waits' shock, anger, and embarrassment is the strong inference that, because of his outspoken public stance against doing commercial endorsements, the Doritos commercial humiliated Waits by making him an apparent hypocrite. This evidence was sufficient both to allow the jury to consider mental distress damages and to support their eventual award.<sup>166</sup>

In addition, the court affirmed a \$75,000 award for injury to Waits's goodwill, noting possible injury to Waits's artistic reputation, as well as testimony that "if [he] ever wanted to do a commercial in the future, the fee he could command would be lowered by \$50,000 to \$150,000 because of the Doritos commercial."<sup>167</sup> Finally, the court affirmed liability on Waits's false endorsement claim but vacated the \$100,000 awarded for this tort as duplicative of the award for the fair market value of Waits's services.<sup>168</sup>

In other cases, similarly, courts might award damages for reputational harm to compensate for a purported loss of future income or business opportunities,<sup>169</sup> or for corrective advertising.<sup>170</sup>

### C. COPYRIGHT

For various reasons, as we have seen, trademarks and publicity rights confer protection upon indicia of source, sponsorship, or identity. Copyright law, by contrast, confers exclusive rights in works of authorship—more precisely, original works of authorship, fixed in a tangible medium of expression<sup>171</sup>—including, among other things, literary works; music; motion pictures; pictorial, graphic, and sculptural works; sound recordings; choreography; and architecture.<sup>172</sup> In the United States, the dominant

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166. *Id.* (quoting *Motschenbacher v. R.J. Reynolds Tobacco Co.*, 498 F.2d 821, 824 & n.11 (9th Cir. 1974)) (citation omitted).

167. *Id.* at 1104.

168. *Id.* at 1111.

169. *See Doe v. McFarlane*, 207 S.W.3d 52, 61–67 (Mo. Ct. App. 2006); 2 MCCARTHY & SCHECHTER, *supra* note 31, § 11:33.

170. *See Cher v. Forum Int'l, Ltd.*, No. 81-1461-R, 1982 WL 916836, at \*8 (C.D. Cal. Jan. 15, 1982) (awarding one-fourth of defendant's advertising expenditures to fund a "reasonable corrective advertising campaign" in a case involving false endorsement); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 49 cmt. d (AM. L. INST. 1995). Oddly, perhaps, given the asserted difficulty of quantifying the injury caused by trademark dilution, the case law and commentary on publicity rights sometimes embraces a diminution of selling power rationale for awarding damages for reputational harm. *See, e.g.*, 2 MCCARTHY & SCHECHTER, *supra* note 31, § 11:33 (stating that unauthorized use "may overexpose plaintiff commercially, depreciating the value of future commercial licenses," or "irreparably damage plaintiff's . . . future licensing opportunities, if plaintiff is perceived . . . as associating with a product the public knows plaintiff neither uses nor recommends").

171. *See* 17 U.S.C. § 102(a); *see also id.* § 101 (defining fixation); *Feist Publ'ns, Inc., v. Rural Tel. Serv. Co.*, 499 U.S. 340, 345 (1991) (defining originality). For works created on or after January 1, 1978, the standard term of protection consists of the life of the author plus seventy years. *See* 17 U.S.C. § 302(a) (stating the above as the general rule for works created on or after January 1, 1978); *see also id.* §§ 302(b)–(c), 303, 304 (setting forth the duration of copyright for joint works, anonymous and pseudonymous works, works made for hire, and works created prior to January 1, 1978).

172. *See* 17 U.S.C. § 102(a).

justification for copyright protection is that it provides a necessary incentive for the creation and publication of works such as these, which can be expensive to produce but easy to copy.<sup>173</sup> Subject to a variety of exceptions, copyright owners enjoy the right to reproduce or adapt the work, to publicly perform or display it, and to distribute copies to the public.<sup>174</sup>

For the infringement of copyright rights, U.S. law offers, at the discretion of the court, the possibility of injunctive relief,<sup>175</sup> as well as various monetary remedies. First, the statute provides that the owner “is entitled to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages.”<sup>176</sup> Actual damages typically include lost profits on lost sales, as well as other expenses (if any) incurred as a result of the breach.<sup>177</sup> (Opinions differ regarding whether the statutory language authorizes, as an alternative, an award of a reasonable royalty.<sup>178</sup>) Awards of infringers’ profits are, as the statute indicates, another possibility, and unlike trademark law there is no tradition of explicitly limiting such awards to cases involving intentional or willful infringement.<sup>179</sup> Alternatively, if the owner has timely registered her claim to copyright,<sup>180</sup> the trier of fact may award statutory damages in an amount ranging from \$750 to \$30,000 for each work infringed.<sup>181</sup>

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173. See, e.g., Thomas F. Cotter, *Memes and Copyright*, 80 TUL. L. REV. 331, 360–61 (2005). Other views, advocated in some of the scholarly literature or embodied in some other countries’ copyright systems (or in isolated aspects of even U.S. copyright law) are that authors are morally entitled to a property interest in the fruit of their labor, à la John Locke, or that respect for the author’s individuality entails respect for her creative work. For discussion, see *id.* at 402–03; see also ROBERT P. MERGES, *JUSTIFYING INTELLECTUAL PROPERTY* (2011) (arguing, based on the writings of Locke and Kant, that creators have a moral entitlement to rights in their intellectual creations); *infra* notes 198–203 and accompanying text (discussing the philosophical foundation of moral rights).

174. See 17 U.S.C. § 106; see also *id.* §§ 107–22 (listing various statutory exceptions).

175. See *id.* § 502. For certain types of activities, however, the statute provides for compulsory licensing. See Thomas F. Cotter, *Fair Use and Copyright Overenforcement*, 93 IOWA L. REV. 1271, 1279 (2008) (listing examples).

176. 17 U.S.C. § 504(b).

177. See 3 PAUL GOLDSTEIN, *COPYRIGHT* § 14.1.1.1 (3d ed. 2019) (collecting cases); 4 MELVILLE B. NIMMER & DAVID NIMMER, *NIMMER ON COPYRIGHT* § 14.02[A][1], [2] (Matthew Bender ed., rev. ed. 2019) [hereinafter NIMMER]; 6 WILLIAM F. PATRY, *PATRY ON COPYRIGHT* § 22:101–06 (rev. ed. 2019).

178. For discussion of the case law, see 3 GOLDSTEIN, *supra* note 177, § 14.1.1.1; 4 NIMMER, *supra* note 177, § 14.05; 6 PATRY, *supra* note 177, § 22:111, 22:124–30.

179. See 3 GOLDSTEIN, *supra* note 177, § 14.1.2, 14.1.2.1 (noting, however, that some decisions take willfulness into account in deciding whether the defendant can deduct certain expenses from its revenue); 4 NIMMER, *supra* note 177, § 14.05; 6 PATRY, *supra* note 177, § 22:116, 22:143, 22:144. For liability to attach, there does have to be copying, but it can be innocent or unintentional—as when a defendant is unaware that the work at issue is subject to copyright protection, or engages in subconscious copying. See Roger D. Blair & Thomas F. Cotter, *An Economic Analysis of Damages Rules in Intellectual Property Law*, 39 WM. & MARY L. REV. 1585, 1676 n.302 (1998).

180. See 17 U.S.C. § 412.

181. See *id.* § 504(c)(1). The amount can be raised, up to \$150,000, for willful infringement, see *id.* § 504(c)(2), or reduced (slightly) for certain types of innocent infringement, see *id.* The standard justifications for statutory damages are (1) that they roughly approximate actual losses, in cases in which actual damages are difficult to calculate; and (2) that they serve the purposes of retribution and deterrence. See Oren Bracha & Talha Syed, *The Wrongs of Copyright’s Statutory Damages*, 98 TEX. L. REV. 1219, 1230–48 (2020). Bracha and Syed

In general, courts have been willing to entertain claims for harm to reputation or goodwill as an aspect of actual damages. In *Harolds Stores, Inc. v. Dillard Department Stores, Inc.*,<sup>182</sup> for example, the plaintiff owned nineteen fabric design copyrights, which the defendant copied and included on skirts that it offered for sale at a price below the plaintiff's.<sup>183</sup> The district court entered judgment of \$260,220 for injury to Harold's goodwill based on the theory that customers who saw the infringing skirts for sale at Dillard would conclude that Harold's overcharged for its merchandise, and thus would be less likely to engage in future business with Harold's.<sup>184</sup> The Tenth Circuit affirmed based on (1) testimony of Harold's CEO estimating harm to the company's goodwill ranging from \$225,000 to \$500,000, and (2) expert testimony, based on a survey of 1,231 female college students, that "women who saw the infringing skirts at Dillard were somewhat unlikely to purchase clothes from Harold's within the next year," resulting in damage "to goodwill, reputation, and sales to future and prospective customers in the range of \$266,367.00 to \$517,809.00."<sup>185</sup> Other courts have agreed that, in principle, damages for harm to goodwill or reputation are recoverable, though often the supporting evidence turns out to be too speculative.<sup>186</sup>

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critique these standard justifications and argue that the optimal deterrence justification overlooks distributive equity and aggregation concerns. *See id.*

182. *Harolds Stores, Inc. v. Dillard Dep't Stores, Inc.*, 82 F.3d 1533 (10th Cir. 1996). The caption of the case spells the plaintiff's name "Harolds," but the text of the opinion spells it "Harold's."

183. *See id.* at 1539.

184. *See id.* at 1540, 1552.

185. *Id.* at 1545, 1547, 1551–52.

186. *See* *Lawton v. Melville Corp.*, 116 F.3d 1472, 1997 WL 346129, at \*2 (2d Cir. 1997) (table) (failure of proof); *Abeshouse v. Ultragraphics, Inc.*, 754 F.2d 467, 471 (2d Cir. 1985) (failure of proof); *Baldwin Cooke Co. v. Keith Clark, Inc.*, 420 F. Supp. 404, 408 (N.D. Ill. 1976) (failure of proof); *U.S. Home Constr. v. R.A. Kot Homes, Inc.*, No. CIV. 07-1274 JRT/FLN, 2007 WL 3037321, at \*2 (D. Minn. Oct. 16, 2007) (denying motion to strike claim for damages related to reputational harm and loss of goodwill); *Pavlica v. Behr*, No. 03 CIV. 9628 (DC), 2006 WL 1596763, at \* 8 (S.D.N.Y. June 12, 2006) (denying motion to dismiss); *Dumas v. Dagl*, No. 88 CIV. 2293 (LBS), 1990 WL 258343, at \*3 n.10 (S.D.N.Y. May 22, 1990) (failure of proof); 3 GOLDSTEIN, *supra* note 177, § 14.1.1.2; 4 NIMMER, *supra* note 177, §§ 14.02[A][2], 14.03[B][2][d]; *see also* Phillip Johnson, *Copyright Infringement and Damages for Reputation*, 42 E.I.P.R. 819, 822–25 (2020) (discussing three ways in which copyright infringement might affect reputation: by causing a loss of exclusivity, harm to the owner's reputation for originality, and brand damage). *But see* 6 PATRY, *supra* note 177, § 22:108 (arguing that "[l]oss of goodwill is not an element of the prima facie case of copyright infringement and is not compensable in an award of damages," as it is in trademark law, and that "such awards are inherently unquantifiable and therefore speculative"); Pamela Samuelson & Tara Wheatland, *Statutory Damages in Copyright Law: A Remedy in Need of Reform*, 51 WM. & MARY L. REV. 439, 506 (2009) (asserting that courts should "not award statutory damages to compensate the plaintiff for injuries that are not cognizable by U.S. copyright law, for example, reputational harm or privacy intrusions"). Although I agree with Samuelson and Wheatland that courts should not use statutory damages to compensate for non-cognizable harm—and with all or most of their other recommendations for ensuring that courts do not award excessive or overdeterrent statutory damages—I disagree that reputational harm is or should be non-cognizable across the board, particularly in cases involving moral rights. *See infra* Parts II.D, III.B.

Relatedly, in some copyright infringement cases, courts have stated that damages may be awarded for the defendant's failure to attribute the work to the plaintiff, even though lack of attribution itself is not an act of infringement. *See* *Graham v. James*, 144 F.3d 229, 238–39 (2d Cir. 1998); *Joseph J. Legat Architects, P.C. v. U.S. Dev. Corp.*, No. 84 C 8803, 1991 WL 38714, at \*8 (N.D. Ill. Mar. 20, 1991) ("This type of intangible injury

By contrast, most of the decisions to date have concluded that emotional harm does not constitute a cognizable injury under U.S. copyright law.<sup>187</sup> In *Nunes v. Rushton*,<sup>188</sup> for example, the court reasoned the statutory language providing that “an infringer is liable for ‘the copyright owner’s actual damages and any additional profits of the infringer,’” indicates that “the ‘actual damages’ suffered by the copyright owner and the profits reaped by the infringer are two sides of the same coin”—thus “suggest[ing] that the copyright owner’s ‘actual damages’ must similarly be economic in nature.”<sup>189</sup> Moreover, the court reasoned that while emotional distress damages may be recoverable for the violation of federal statutes intended “to protect consumers, prevent discrimination, or eradicate racial prejudice,” “no such purpose . . . can be attributed to the Copyright Act.”<sup>190</sup> In a similar vein, in ruling on a motion for a preliminary injunction, the Ninth Circuit in *Garcia v. Google, Inc.*<sup>191</sup> concluded that recognition of emotional distress as a cognizable harm would be “incompatible with . . . copyright’s function as the engine of expression.”<sup>192</sup> Thus far, the only federal copyright case to the contrary (aside from one moral

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is typically remedied by injunctive, rather than monetary, relief.”), cited with approval in *Holabird & Root Architects Eng’rs Interiors v. Physicians Mgmt. of Ind., Inc.*, 94 C 1919, 1995 WL 248066, at \*6–7 (N.D. Ill. Apr. 24, 1995); *Bevan v. Columbia Broad. Sys., Inc.*, No. 67 CIV 195, 1972 WL 19319, at \*12 (S.D.N.Y. Sept. 20, 1972); *Stodart v. Mut. Film Corp.*, 249 F. 507, 511 (S.D.N.Y. 1917) (Hand, J.), *aff’d*, 249 F. 513 (2d Cir. 1918) (per curiam). *But see* 6 PATRY, *supra* note 177, § 22:107 (disagreeing on the ground that “actual damages for copyright infringement should be awarded only for acts that constitute copyright infringement”). *Cf. infra* note 214 (noting the possibility of construing 17 U.S.C. § 1202 as creating a type of attribution right). Finally, the plaintiff may be able to recover, as an element of the infringer’s profits, the amount by which the infringement has increased the value of the defendant’s goodwill—though, as with damages for loss of goodwill, plaintiffs rarely if ever succeed in establishing this value. For discussion of the cases, see 4 NIMMER, *supra* note 177, § 14.03[B][2][d]; *cf.* 6 PATRY, *supra* note 177, § 22:138 (arguing that “goodwill as a form of defendant’s profits confuses trademark with copyright law,” and is “inherently unquantifiable . . . inherently speculative”).

187. *See Garcia v. Google, Inc.*, 786 F.3d 733, 745–46 (9th Cir. 2015) (en banc); *Mackie v. Rieser*, 296 F.3d 909, 917 (9th Cir. 2002); *Nunes v. Rushton*, 299 F. Supp. 3d 1216, 1226, 1229 (D. Utah 2018); *Kelley v. Universal Music Grp.*, No. 14 CIV. 2968 PAE, 2015 WL 6143737, at \*10 (S.D.N.Y. Oct. 19, 2015); *Shell v. Henderson*, No. 09-CV-00309-MSK-KMT, 2013 WL 4838907, at \*4 (D. Colo. Sept. 10, 2013); *Bollea v. Gawker Media, LLC*, 913 F. Supp. 2d 1325, 1329–30 (M.D. Fla. 2012) (ruling on a motion for a preliminary injunction and holding that only commercial harm, not privacy or emotional harm, would constitute “irreparable harm in the copyright sense”); *Stern v. Does*, 978 F. Supp. 2d 1031, 1050 (C.D. Cal. 2011) (evaluating whether the plaintiff filed a copyright action in bad faith and stating that, “their dubiousness aside,” plaintiff’s claims for emotional distress arising from alleged infringement are not “compensable under the Copyright Act”); 3 GOLDSTEIN, *supra* note 177, § 14.1.1.2; 4 NIMMER, *supra* note 177, § 14.02[C][2]; 6 PATRY, *supra* note 177, § 22:108.

188. *Nunes*, 299 F. Supp. 3d at 1216.

189. *Id.* at 1227.

190. *Id.* at 1229.

191. *Garcia*, 786 F.3d at 733.

192. *Id.* at 745. In *Garcia*, the defendant had cast the plaintiff in a cameo role in a film set in ancient Arabia. *Id.* at 737. Without her knowledge or consent, he then dubbed over her two lines and included her performance in an anti-Islam film titled *Innocence of Muslims*, after which the plaintiff received death threats. *Id.* at 737–38. The plaintiff filed suit for copyright infringement and sought a preliminary injunction, which the district court denied. *See id.* at 738. Affirming, the Court of Appeals held that, because *Garcia* did not own a copyright in her performance, there was no likelihood of success on the merits. *See id.* at 740–44. In addition, for purposes of copyright law the asserted “damage to her reputation, unfair[,] forced promotion of a hateful Film, and death” did not constitute cognizable irreparable harm. *Id.* at 744–46 (alteration in original).

rights case discussed below)<sup>193</sup> is *Smith v. NBC Universal*,<sup>194</sup> in which the plaintiff sought damages for emotional distress resulting from the defendant's unauthorized broadcast of a video showing the plaintiff being attacked by an orca.<sup>195</sup> Disagreeing with the prevailing view, Judge Scheindlin opined that, where a person suffers "foreseeable emotional harm due to the infringement of a copyright on private materials," such as the unauthorized distribution of a private diary, "compensation for emotional harm would be both just and in harmony with the plain language and intent of the statute."<sup>196</sup> The court nevertheless rejected the plaintiff's claim for emotional damages on the grounds that emotional harm was not a foreseeable consequence of the broadcast, and that the jury might improperly award damages based on "the harm . . . suffered from the orca attack itself."<sup>197</sup>

#### D. MORAL RIGHTS

The preceding Subpart discussed whether noneconomic damages for violation of what are sometimes referred to as the author's "economic" rights.<sup>198</sup> By the middle of the twentieth century, however, an understanding of works of authorship as embodying the author's unique personality had led courts and legislatures in continental Europe to recognize authors as having an additional set of personal, inalienable rights.<sup>199</sup> Often referred to as "moral rights," these include, among others, a "right of attribution"—generally, a right to be properly credited as the author of one's own work—and a right referred to in English as the "right of integrity."<sup>200</sup> The precise content of these rights, in particular the integrity right, can vary a bit from one place to another. On one view, the right of integrity entitles the author to object to almost any use of her work that,

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193. See *infra* Part II.D (discussing *Hanrahan v. Ramirez*, No. 2:97-CV-7470 RAP RC, 1998 WL 34369997 (C.D. Cal. June 3, 1998)).

194. *Smith v. NBC Universal*, No. 06 CIV. 5350 (SAS), 2008 WL 483604 (S.D.N.Y. Feb. 22, 2008).

195. *Id.* at \*1.

196. *Id.* at \*1–2. Of course, in such a case the plaintiff also may have an actionable claim for invasion of privacy.

197. *Id.* at \*2; see also *Feldhacker v. Homes*, 173 F. Supp. 3d 828, 836–37 (S.D. Iowa 2016) (holding that, "whether the Court applies the holding in *Garcia* that non-pecuniary, tort-like damages such as emotional distress damages are not available under the Copyright Act or the rationale used in *Smith* [sic] that emotional damages may be available under the Copyright Act only where such harm is foreseeable," plaintiff's claimed "emotional damage resulting from the distribution of building plans" was unforeseeable and thus not compensable).

198. See, e.g., WORLD INTEL. PROP. ORG., UNDERSTANDING COPYRIGHT AND RELATED RIGHTS 9–10 (2016).

199. For discussion, see, for example, Thomas F. Cotter, *Pragmatism, Economics, and the Droit Moral*, 76 N.C. L. REV. 1, 6–15 (1997) and sources cited therein, and Susan P. Liemer, *On the Origins of Le Droit Moral: How Non-Economic Rights Came to Be Protected in French IP Law*, 19 J. INTEL. PROP. L. 65, 101 (2011) (arguing that French courts had begun to recognize moral rights at an earlier point in time than is usually acknowledged).

200. See Cotter, *supra* note 199, at 11–12.

subjectively, she believes is contrary to her artistic or intellectual conception.<sup>201</sup> Other countries, however, have opted for an (arguably) more objective standard that focuses on acts that would prejudice the author's honor or reputation.<sup>202</sup> This latter type of standard is embodied in article 6 bis of the Berne Convention, an international copyright treaty, which obligates member states to confer upon authors the right "[i]ndependently of the author's economic rights, and even after the transfer of the said rights . . . to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honor or reputation."<sup>203</sup>

Lack of enthusiasm for the concept of moral rights was one of several reasons the United States delayed entry into the Berne Convention until 1988<sup>204</sup>—and even then, it was two more years until Congress enacted a federal moral rights law, the Visual Artists Rights Act of 1990 (VARA).<sup>205</sup> Unlike moral rights laws in many parts of the world, however—which generally apply to all types of works of authorship—VARA confers protection only upon qualifying “works of visual art.”<sup>206</sup> These include paintings, sculptures, prints, and

201. See, e.g., Adolf Dietz, *The Moral Right of the Author: Moral Rights and the Civil Law Countries*, 19 COLUM.-VLA J.L. & ARTS 199, 221 (1995). Even in countries adhering to this subjective view, however, such as France, there are some limits, for example with regard to motion picture adaptations and architectural works. See *id.* at 223; Cyrill P. Rigamonti, *Deconstructing Moral Rights*, 47 HARV. INT'L L.J. 353, 364–67 (2006).

202. See, e.g., Copyright, Designs and Patents Act 1988, c. 48, § 80 (UK) (“The author . . . has the right in the circumstances mentioned in this section not to have his work subjected to derogatory treatment,” defined as treatment amounting to a “distortion or mutilation of the work or [that] is otherwise prejudicial to the honour or reputation of the author”). The German approach falls somewhere in between the French and British. See Urheberrechtsgesetz [UrhG] [Act on Copyright and Related Rights] Sept. 9, 1965, BUNDESANZEIGER [BANZ], at 1273, § 14, as amended by Gesetz [G], Nov. 28, 2018, BANZ at 2014, art. 26 (Ger.), [https://www.gesetze-im-internet.de/englisch\\_urhg/englisch\\_urhg.html](https://www.gesetze-im-internet.de/englisch_urhg/englisch_urhg.html) (“Der Urheber hat das Recht, eine Entstellung oder eine andere Beeinträchtigung seines Werkes zu verbieten, die geeignet ist, seine berechtigten geistigen oder persönlichen Interessen am Werk zu gefährden”) [“The author has the right to prohibit the distortion or any other derogatory treatment of his work which is capable of prejudicing his legitimate intellectual or personal interests in the work.”].

203. Berne Convention for the Protection of Literary and Artistic Works art. 6 bis(1), July 24, 1971, 1161 U.N.T.S. 31. Another type of right, recognized to only a limited extent in the United States, is the “neighboring” or “related” right of entities such as performers to prevent or be compensated for acts such as the fixation, reproduction, distribution, and communication to the public of their performances. See WIPO Performances and Phonograms Treaty arts. 2(a), 5–10, 15, Dec. 20, 1996, 36 I.L.M. 76; Agreement on Trade-Related Aspects of Intellectual Property Rights art. 14(1), Apr. 15, 1994, 108 Stat. 4809, 1869 U.N.T.S. 299; International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, arts. 3, 7, 12, Oct. 26, 1961, 496 U.N.T.S. 43; Council Directive 92/100, arts. 2, 4, 6–9, 1992 O.J. (L 346) 61 (EC). The only neighboring right recognized under U.S. law is a right to prevent the unauthorized fixation of one's live musical performance. See 17 U.S.C. § 1101(a)(1).

204. See Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2853 (1988). For discussion of attempts to craft a U.S. law of moral rights before this time, see Cotter, *supra* note 199, at 15–20.

205. Visual Artists Rights Act of 1990, Pub. L. No. 101-650, §§ 601–10, 104 Stat. 5089, 5128–33 (1990) (codified as amended in scattered sections of 17 U.S.C.).

206. See 17 U.S.C. § 101 (defining “work of visual art”). In the United States, moral rights are also waivable; and for any qualifying works created on or after the statute's effective date (June 1, 1991), they expire upon the author's death. See *id.* § 106A(d)(1), (c)(1). For works created prior to that date, rights under VARA subsist for the duration of the copyright term, though only if the author retained title as of that date. See *id.* § 106A(d)(2). A few states also have enacted their own moral rights laws, however, see *infra* note 209, for which post-mortem

photographs produced for exhibition purposes only; all other works, including motion pictures and all works made for hire, are excluded from protection.<sup>207</sup>

When applicable, VARA confers upon the author of a qualifying work both attribution and integrity rights; the latter includes the right “to prevent any intentional distortion, mutilation, or other modification . . . which would be prejudicial to his or her honor or reputation,” and “to prevent any destruction of a work of recognized stature.”<sup>208</sup>

To date, only a handful of cases have addressed the types of damages available for violation of VARA rights.<sup>209</sup> One issue that has arisen is whether the statute authorizes *any* damages remedy for certain types of moral rights violations. The confusion centers on the differences in the language creating the attribution right—which states that the author shall have the right “to claim

protection may be available. For discussion, see Cambra E. Stern, *A Matter of Life or Death: The Visual Artists Rights Act and the Problem of Postmortem Moral Rights*, 51 UCLA L. REV. 849 (2004).

207. See 17 U.S.C. § 101.

208. *Id.* § 106A(a)(3)(A)–(B).

209. A few states, including New York and California, have their own moral rights laws. See CAL. CIV. CODE § 987 (West 2020); N.Y. ARTS & CULT. AFF. LAW § 14.03 (McKinney 2020). VARA generally preempts state moral rights laws to the extent they confer “legal or equitable rights that are equivalent to any of the rights conferred by section 106A with respect to works of visual art to which the rights conferred by section 106A apply,” but not with regard to

(A) any cause of action from undertakings commenced before the effective date set forth in [VARA];

(B) activities violating legal or equitable rights that are not equivalent to any of the rights conferred by section 106A with respect to works of visual art; or

(C) activities violating legal or equitable rights which extend beyond the life of the author.

17 U.S.C. § 301(f). Unlike the federal legislation, the California and New York laws do not provide for statutory damages, but rather for actual (and, in appropriate cases, punitive) damages. See CAL. CIV. CODE § 987(e) (providing for injunctions, actual and punitive damages, attorneys’ fees, and “[a]ny other relief which the court deems proper”); N.Y. ARTS & CULT. AFF. LAW § 14.03(4)(a) (providing for “legal and injunctive relief”). The only case I am aware of under either statute that discusses damages is *Wojnarowicz v. American Family Association*, 745 F. Supp. 130, 149 (S.D.N.Y. 1990) (awarding one dollar in nominal damages, where the plaintiff “established that defendants’ actions were reasonably likely to result in damage to his reputation,” but proved “no actual damages,” in that “not one gallery or museum currently scheduled to exhibit plaintiff’s work has cancelled; nor has one planned sale been cancelled. Plaintiff presented no evidence that he has been harmed in any other specific, quantifiable way”).

By contrast, the Commonwealth of Puerto Rico has a moral rights statute that more closely resembles the European model by, *inter alia*, extending moral rights protection to all types of works. See Puerto Rico Moral Rights Act, P.R. LAWS ANN. tit. 31, §§ 1401j–1401ff (2020). In several cases, courts have stated or held that prevailing plaintiffs under the Puerto Rican statute may recover damages for mental distress. See *Estate of Leavitt-Rey v. Marrero-Gonzalez*, Civ. No. 16-2769 (RAM), 2020 WL 6376649, at \*8–9 (D.P.R. Oct. 30, 2020) (stating that the statute “provides recovery for mental suffering,” and awarding a default judgment of \$50,000 in statutory damages for moral rights violations relating to five songs); *Berio-Ramos v. Flores-García*, Civ. No. 13-1879 (PAD), 2020 WL 2788504, at \*12 (D.P.R. May 28, 2020) (citing *Torres-Negrón v. Rivera*, 413 F. Supp. 2d 84, 85–87 (D.P.R. 2006)) (stating that the Puerto Rico Moral Rights Act “permits recovery for mental suffering”); *Ferrer v. Mun. Gov’t of Lajas*, Civ. No. 12-1030 (JAG), 2014 WL 12686916, at \*3–4 (D.P.R. May 22, 2014) (awarding \$73,000 in actual damages, using the cost the defendant would incur to reinstall the plaintiff’s sculpture as a proxy for the “shock and humiliation the artist suffered”); *Pancorbo v. Wometco de P.R., Inc.*, 15 P.R. Offic. Trans. 650, 659–60 (1984) (stating that the measure of harm for violation of the author’s moral rights, under a predecessor statute, “is the spiritual and social damage sustained, paying heed to the fact that the author’s moral rights may vanish if the sanctions imposed are not sufficient”).

authorship” of the work; to “prevent the use” of her name as the author of a work she didn’t create; and to “prevent the use” of her name on a work that has been distorted, mutilated, or modified in a manner prejudicial to her honor or reputation<sup>210</sup>—and the language creating the integrity right, which states that the author shall have the right:

(A) to prevent any intentional distortion, mutilation, or other modification of that work which would be prejudicial to his or her honor or reputation, and any intentional distortion, mutilation, or modification of that work is a violation of that right, and

(B) to prevent any destruction of a work of recognized stature, and any intentional or grossly negligent destruction of that work is a violation of that right.<sup>211</sup>

The First Circuit has concluded that the additional language found in the integrity clauses (“and any intentional distortion, mutilation, or modification . . . is a violation of that right,” “and any intentional or grossly negligent destruction of the work is a violation of that right”<sup>212</sup>) implies that a damages remedy is available for violations of these rights *only*; by contrast, where the statute confers only a right to “prevent,” this implies that the author has a right to an injunction but not damages.<sup>213</sup> Although the decision has been criticized for adopting a somewhat tortured interpretation of the text,<sup>214</sup> the issue does not appear to have arisen in any other cases so far.

Courts in a few other cases have awarded damages for violation of VARA’s integrity right. For example, in *Martin v. City of Indianapolis*,<sup>215</sup> the district court awarded \$20,000 in statutory damages (at the time, the maximum amount of statutory damages allowed for non-willful infringement) for the destruction of a sculptural work, stating:

[T]he loss Martin sustained is incalculable and substantial, in fact, the most extreme form of copyright infringement possible: total destruction. Martin devoted an estimated 1,300 hours to the construction of Symphony # 1, a massive stainless steel sculpture, spanning a period of 2 ½ years on weekends and holidays. The sculpture was well-regarded by art critics and the public,

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210. 17 U.S.C. §§ 106A(a)(1)(A)–(B), (2).

211. *Id.* § 106A(a)(3).

212. *Id.*

213. *See* Mass. Museum of Contemp. Art Found., Inc. v. Büchel, 593 F.3d 38, 55–56 (1st Cir. 2010) (citing NIMMER, *supra* note 177, § 8D.06[B][1]).

214. *See* 6 PATRY, *supra* note 177, § 16:46. Of course, an injunction would not do much good once a work already has been destroyed or irremediably altered. Note that an arguably more expansive attribution right exists, whether so intended by Congress or not, by way of a provision of the 1998 Digital Millennium Copyright Act. *See* 17 U.S.C. § 1202(b)(1) (making it unlawful to “intentionally remove or alter any copyright management information”); *id.* § 1202(c)(2) (including within the definition of “copyright management information” the author’s name); *id.* § 1203(c)(2) (providing for actual damages or statutory damages “in the sum of not less than \$2,500 or more than \$25,000”); *see also* U.S. COPYRIGHT OFF., AUTHORS, ATTRIBUTION, AND INTEGRITY: EXAMINING MORAL RIGHTS IN THE UNITED STATES 87 (2019), <https://www.copyright.gov/policy/moralrights/full-report.pdf> (noting that courts have applied § 1202 to analog as well as to digital works).

215. *Martin v. City of Indianapolis*, 4 F. Supp. 2d 808 (S.D. Ind. 1998), *aff’d*, 192 F.3d 608 (7th Cir. 1999).



and its destruction caused the irreparable loss of an important part of Martin's artistic reputation and legacy. The magnitude of the loss alone supports an award of \$20,000 to Martin.

In addition, the manner in which the City infringed Martin's rights under VARA, while not rising to the level of willful infringement, nevertheless exhibited a complete disregard for the City's contractual obligations to Martin under the Project Agreement as well as Martin's ownership claim in the sculpture. In this case, the City had no colorable claim to ownership or the right to destroy Symphony # 1. An award of full statutory damages also has strong deterrent value, informing the City that destruction of works of art like Symphony # 1 is not acceptable behavior under the law or in the eyes of the public.<sup>216</sup>

In another decision rendered two months later, *Hanrahan v. Ramirez*, a court entered a default judgment in favor of an artist whose mural (painted with consent of the building owner) had been destroyed by the defendant, a tenant that operated a liquor store.<sup>217</sup> Citing the author's testimony that the destruction had harmed her reputation and inflicted emotional harm,<sup>218</sup> the court awarded \$15,000 for these injuries, along with another \$15,000 to fund a restoration project.<sup>219</sup> And in another more recent case, the Seventh Circuit affirmed a statutory damages award of \$120,000 for the destruction of four works of visual art.<sup>220</sup>

The largest award to date, however, was entered in *Castillo v. G&M Realty L.P.*,<sup>221</sup> the 5Pointz graffiti art case noted in the Introduction. On the issue of damages, the district judge declined to award actual damages based on the plaintiffs' expert's testimony that each of the destroyed murals was worth between \$50,000 and \$80,000.<sup>222</sup> Finding the expert's methodology flawed, the court instead credited the defendant's expert, who "testified that because of the unique challenges and costs of selling those artworks . . . which were the size of a building wall," the works had no "provable market value."<sup>223</sup> The court also concluded, based on the *Kelley* and *Garcia* cases discussed in the preceding

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216. *Id.* at 811–12 (citations omitted).

217. *Hanrahan v. Ramirez*, No. 2:97-CV-7470 RAP RC, 1998 WL 34369997, at \*1 (C.D. Cal. June 3, 1998).

218. *See id.* at \*5–6 (citing testimony that the damage to the mural—which conveyed the message “It’s not cool to target kids” to buy tobacco and alcohol—had harmed the artist’s “career by conveying the message that this type of art does not matter,” that the artist often obtained work through observations of her prior work, and that the controversy had taken an emotional toll).

219. *Id.*

220. *See Narkiewicz-Laine v. Doyle*, 930 F.3d 897, 899, 903–06 (7th Cir. 2019).

221. *Castillo v. G&M Realty L.P.*, 950 F.3d 155 (2d Cir. 2020), *aff’g sub nom. Cohen v. G&M Realty L.P.*, 320 F. Supp. 3d 421 (E.D.N.Y. 2018), *cert. denied*, 141 S. Ct. 363 (2020).

222. *See Cohen*, 320 F. Supp. 3d at 441–42.

223. *Id.* It’s not altogether clear, though, exactly how the works’ market value would be relevant. The plaintiffs clearly had copyright and moral rights interests in the works, but were they also the owners of the physical paintings? Note, however, that there was testimony that many of the works were (prior to their obliteration) at least partially removable (for example, because painted on plywood). *See Cohen*, 320 F. Supp. 3d at 444 & n.19.

Subpart,<sup>224</sup> that damages for emotional distress are not recoverable under VARA, because “VARA provides damages under ‘the same standards that the courts presently use’ under traditional copyright law.”<sup>225</sup> Stating, however, that “statutory damages are particularly appropriate ‘when no actual damages are proven or they are difficult to calculate,’”<sup>226</sup> and are intended to be deterrent as well as compensatory or restitutionary,<sup>227</sup> the court awarded \$6.75 million in statutory damages.<sup>228</sup> This amounted to \$150,000 for each work of recognized stature—the maximum allowed under the statute for willful infringement—based on the court’s finding that the destruction was, indeed, willful (“an act of pure pique and revenge for the nerve of the plaintiffs to sue to attempt to prevent the destruction of their art”),<sup>229</sup> and its evaluation of several other factors including, “as perhaps the most important factor,” deterrence.<sup>230</sup> In 2020, the Second Circuit affirmed the judgment in every respect.<sup>231</sup>

#### E. PATENTS

A patent is a grant of rights in a novel, useful, and nonobvious invention.<sup>232</sup> More precisely, a valid patent entitles the owner to exclude (or demand compensation from) others for the manufacture, use, or sale of the patented subject matter, beginning on the date the patent issues and ending twenty years from the date the patent application was filed.<sup>233</sup> Similar to copyrights, the principal justification for granting patents is to encourage the creation and disclosure of subject matter from which the public benefits.<sup>234</sup>

For the infringement of a valid patent, courts have discretion to award injunctive relief.<sup>235</sup> In addition, the Patent Act entitles the prevailing patent owner to “damages adequate to compensate for the infringement, but in no event

224. *See supra* notes 187, 191–192 and accompanying text.

225. *Cohen*, 320 F. Supp. 3d at 442 n.18 (quoting H.R. REP. NO. 101-514, at 21–22 (1990)). The court also found no basis for an award of defendant’s profits. *See id.* at 441 n.16.

226. *Id.* at 443 (quoting *Warner Bros. Inc. v. Dae Rim Trading, Inc.*, 877 F.2d 1120, 1126 (2d Cir. 1989)).

227. *Id.* (citing *Yurman Design, Inc. v. PAJ, Inc.*, 262 F.3d 101, 113–14 (2d Cir. 2001)).

228. *Id.* at 447–48.

229. *Id.* at 443, 445.

230. *See id.* at 445–47. The court also noted, among other things, that the defendant profited indirectly from being able to proceed with the projected condominium development. *Id.* at 446. The complete list of relevant factors under Second Circuit law include

- (1) the infringer’s state of mind; (2) the expenses saved, and profits earned, by the infringer; (3) the revenue lost by the copyright holder; (4) the deterrent effect on the infringer and third parties; (5) the infringer’s cooperation in providing evidence concerning the value of the infringing material; and (6) the conduct and attitude of the parties.

*Id.* at 445 (quoting *Bryant v. Media Right Prods., Inc.*, 603 F.3d 135, 144 (2d Cir. 2010)).

231. *See Castillo v. G&M Realty L.P.*, 950 F.3d 155, 173 (2d Cir.), *cert. denied*, 141 S. Ct. 363 (2020).

232. *See* 35 U.S.C. §§ 101–03, 271. The United States also grants a form of patent protection for novel, nonobvious, ornamental designs, *see id.* § 171(a), and patents or patent-like protection for certain new varieties of plants, *see id.* §§ 161–64; 7 U.S.C. §§ 2321–2582.

233. *See* 35 U.S.C. §§ 154(a)(2), 271(a).

234. *See COTTER, supra* note 46, at 37–40.

235. *See* 35 U.S.C. § 283; *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391, 394 (2006).

less than a reasonable royalty for the use made of the invention by the infringer.”<sup>236</sup> The statute also authorizes courts to “increase the damages up to three times the amount found or assessed,”<sup>237</sup> though the case law limits this grant of authority to cases involving willful infringement or other egregious behavior.<sup>238</sup>

Although the “damages adequate to compensate for the infringement” usually consist of either lost profits or, as the statute indicates, a reasonable royalty,<sup>239</sup> as a general matter courts allow the patent owner to recover compensation for other losses proximately caused by the infringement.<sup>240</sup> For example, in *Lam, Inc. v. Johns-Manville Corp.*,<sup>241</sup> the defendant marketed “Classpak” lamps that infringed a smaller competitor’s patent.<sup>242</sup> The district court awarded lost profits on past sales that the plaintiff would have made, but for the infringement, as well as “price erosion” damages to make up for price reductions instituted to compete with the defendant.<sup>243</sup> More relevant for present purposes, however, the district court also awarded damages for lost *future* profits the plaintiff would have made, reasoning that:

[Lam’s] ability to compete against a giant was almost destroyed because of the trade’s belief that Lam had nothing to sell which wasn’t available from defendant. . . . On top of all of this, the record shows that the hastily developed CLASSPAK didn’t work very well, and the entire concept of the fixture received a bad name. The market reasoned that if the giant couldn’t make a good product, the pygmy surely couldn’t.

. . . .  
 . . . I find that had it not been for the infringement, sales would have grown at about the same prior rate to a sales figure of \$1,150,000 and that plaintiff’s profit thereon would be 25%.<sup>244</sup>

On appeal, the Federal Circuit rejected the argument that this award was “based on mere speculation or conjecture,”<sup>245</sup> noting that “J-M’s hastily-developed CLASSPAKs seriously damaged Lam’s goodwill. Since these fixtures didn’t work very well, the customers developed doubts concerning the entire concept.”<sup>246</sup> As a result, *Lam* is sometimes cited for the proposition that, where appropriate, courts may award damages for lost future profits and/or damages to compensate for loss of goodwill caused by an act of patent

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236. 35 U.S.C. § 284. For design patent infringement, courts may award the infringer’s profits in lieu of actual damages. See *id.* § 289; *Samsung Elecs. Co. v. Apple Inc.*, 137 S. Ct. 429, 433–34 (2016).

237. 35 U.S.C. § 284.

238. See *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1930 (2016).

239. See *COTTER*, *supra* note 46, at 246–47.

240. See *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1549–50 (Fed. Cir. 1995) (en banc).

241. *Lam, Inc. v. Johns-Manville Corp.*, 718 F.2d 1056 (Fed. Cir. 1983).

242. See *id.* at 1058–59.

243. See *id.* at 1059.

244. *Id.* at 1063.

245. *Id.* at 1067.

246. *Id.* at 1068.

infringement.<sup>247</sup> There appear to be no other cases affirming such awards,<sup>248</sup> however, and no cases addressing whether courts may award damages to an individual patent owner for emotional distress suffered as a result of the infringement.<sup>249</sup>

#### F. E.U. LAW

An interesting point of comparison with the legal standards discussed above can be found in the law of the European Union (E.U.). As noted in the Introduction, article 13(1) of the Intellectual Property Rights Enforcement Directive (IPRED) states that, in awarding damages for the infringement of IP rights, the judicial authorities of member states “shall take into account all appropriate aspects, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the rightsholder.”<sup>250</sup> On its face, the Directive appears to require courts across the E.U. to render awards of noneconomic damages, as appropriate, across the full range of IP cases.<sup>251</sup>

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247. See Christopher B. Seaman, Thomas F. Cotter, Brian J. Love, Norman V. Siebrasse & Masabumi Suzuki, *Lost Profits and Disgorgement*, in PATENT REMEDIES AND COMPLEX PRODUCTS: TOWARD A GLOBAL CONSENSUS, *supra* note 9, at 50, 71; JOHN SKENYON, CHRISTOPHER MARCHESE & JOHN LAND, PATENT DAMAGES LAW AND PRACTICE § 2:7 (rev. ed. 2020).

248. See *Minco, Inc. v. Combustion Eng'g, Inc.*, 95 F.3d 1109, 1121 (Fed. Cir. 1996) (rejecting the argument that plaintiff was entitled to any additional compensation resulting from the defendant's goodwill having increased in value as a result of the infringement, on the ground that any such benefit was already taken into account in setting a reasonable royalty rate); *TruePosition Inc. v. Andrew Corp.*, 568 F. Supp. 2d 500, 532 (D. Del. 2008) (“Defendant has taken from plaintiff not only this important business, but the recognition of being a technology innovator and the first global supplier of the patented technology, and an unquantifiable amount of business opportunities flowing therefrom. Such harms are not compensable in damages.”) (footnote omitted). On the other hand, to the extent an act of patent infringement threatens to harm the owner's reputation for being an innovator, or to mislead consumers into thinking that the defendant's lower-quality, infringing product is an acceptable substitute for the plaintiff's, these effects may qualify as “irreparable harm” in support of injunctive relief. See *Apple Inc. v. Samsung Elecs. Co.*, 809 F.3d 633, 652–56 (Fed. Cir. 2015) (Reyna, J., concurring); *Douglas Dynamics, LLC v. Buyers Prods. Co.*, 717 F.3d 1336, 1344 (Fed. Cir. 2013).

249. Cf. *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1546 (Fed. Cir. 1995) (“[R]emote consequences, such as a heart attack of the inventor or loss in value of shares of common stock of a patentee corporation caused indirectly by infringement are not compensable.”). I also am not aware of any U.S. cases involving other bodies of IP law, such as trade secrets, in which these issues have arisen.

250. IPRED, *supra* note 17, art. 13(1) (emphasis added).

251. Although the Directive itself does not expressly define “intellectual property,” it does state that the term includes “industrial property,” *id.* art. 2, which is defined in the Paris Convention as including “patents, utility models, industrial designs, trademarks, service marks, trade names, indications of source or appellations of origin, and the repression of unfair competition.” Paris Convention for the Protection of Industrial Property, art. 1 para. 2, Mar. 20, 1883, 21 U.S.T. 1583, 828 U.N.T.S. 305 (as amended on Sept. 28, 1979); see also Phillip Johnson, ‘Damages’ in *European Law and the Traditional Accounts of Profit*, 3 QUEEN MARY J. INTELL. PROP. 296, 297 (2013) (suggesting that, under the Directive, breach of confidence and passing off would not be included within the definition of intellectual property). There also is no precise counterpart to the right of publicity under E.U. law or the domestic laws of its current or former member states, although several members recognize something akin to a right of publicity under, variously, the law of breach of confidence or passing off—see, for example, *Fenty v. Arcadia Group Brands Ltd.* [2015] EWCA (Civ) 3 [29], [33] (Eng.); the right to one's image—see, for example, Eric H. Reiter, *Personality and Patrimony: Comparative Perspectives on the*

Moreover, damages for moral prejudice can be awarded even when the owner also seeks economic damages. The leading case is a 2016 decision of the Court of Justice for the European Union (CJEU), *Liffers v. Producciones Mandarin SL*.<sup>252</sup> In *Liffers*, the plaintiff owned a copyright interest in a motion picture titled *Dos patrias, Cuba y la noche*, which presented “six personal and intimate stories concerning various homosexual or transsexual inhabitants of Havana.”<sup>253</sup> Without authorization, the defendant produced a documentary about child prostitution in Cuba that included certain portions taken from *Dos patrias, Cuba y la noche*.<sup>254</sup> The plaintiff filed suit and requested damages under article 140(2) of the Spanish Intellectual Property Code, which states:

The damages for prejudice shall be set, at the option of the injured party, in accordance with one of the following criteria:

(a) The negative economic consequences, including lost profits suffered by the injured party and profits obtained by the infringing party through the unlawful use. Where there is moral prejudice, this shall be compensated even if no economic prejudice has been proven. For the purposes of quantification, account shall be taken of the circumstances of the infringement, the severity of the injury suffered and the degree of unlawful dissemination of the work.

(b) The amount which the injured party would have received as payment, if the infringer had requested authorisation to use the intellectual property right in question.<sup>255</sup>

More specifically, the plaintiff sought economic damages in the form of a hypothetical royalty under article 140(2)(b), as well as damages for moral prejudice under article 140(2)(a). The court of first instance awarded damages under both headings, but the appellate court reversed on the ground that the two methods of calculation were mutually exclusive.<sup>256</sup> The Supreme Court then

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*Right to One's Image*, 76 TUL. L. REV. 673, 681–86 (2002) (discussing how “image rights” under French law provide recourse against both patrimonial (economic) and nonpatrimonial (noneconomic) harm resulting from the unauthorized use of one’s image); or the “general right to personality” (*allgemeines Persönlichkeitsrecht*)—see Susanne Bergmann, *Publicity Rights in the United States and Germany: A Comparative Analysis*, 19 LOY. L.A. ENT. L.J. 479, 502–03 (1999) (noting, *inter alia*, that the general right of personality protects both individuals and corporate entities against unauthorized exposure and applies when the more specific rights to one’s name or image do not). Finally, as noted previously, the Trade Secrets Directive lists “moral prejudice” in its provision specifying the types of damages that member nations must accord for trade secret misappropriation. See Trade Secrets Directive, *supra* note 17, art. 14(2). But see Case C-280/15, *Nikolajeva v. Multi Protect OÜ*, ECLI:EU:C:2016:467, ¶¶ 20, 57 (June 22, 2016) (holding that moral prejudice damages are not available for the unauthorized use of a European trademark prior to its registration, under article 9 of Council Regulation (EC) No 207/2009).

252. Case C-99/15, *Liffers v. Producciones Mandarin SL*, ECLI:EU:C:2016:173, ¶ 17 (Mar. 17, 2016). For a more detailed discussion of the relevant facts, in an article published just prior to the CJEU’s decision, see Marc Simon Altaba, *Take It or Leave It—The Unclear Situation of Moral Damage Claims in Spanish Intellectual Property Law*, 47 INT’L REV. INTEL. PROP. & COMPETITION L. 178 (2016).

253. *Liffers*, Case C-99/15, ¶ 6.

254. *Id.* ¶ 7.

255. *Id.* ¶ 5 (quoting Ley de Propiedad Intelectual [Law on Intellectual Property] art. 140(2) (B.O.E. 1996, 97) (Spain)).

256. See *id.* ¶ 10.

referred the question to the CJEU, which concluded that article 13(1) of the Directive:

must be interpreted as permitting a party injured by an intellectual property infringement, who claims compensation for his material damage as calculated . . . on the basis of the amount of royalties or fees which would have been due to him if the infringer had requested his authorisation to use that right, also to claim compensation for the moral prejudice that he has suffered.”<sup>257</sup>

Consistent with *Liffers*, courts within the E.U. have indicated that damages may be awarded for moral prejudice for violations of copyright, neighboring rights, and moral rights.<sup>258</sup> Courts in Germany and the United Kingdom, however, do not frequently award damages to compensate for an author’s emotional harm;<sup>259</sup> and when European courts do award damages for moral

257. *Id.*, operative part.

258. See, e.g., GERHARD SCHRICKER, URHEBERRECHT [COPYRIGHT] § 97, at 1534 (2d ed. 1999) (discussing damages for immaterial harm under German copyright and moral rights law); 2 HUGH LADDIE, PETER PRESCOTT & MARY VITORIA, THE MODERN LAW OF COPYRIGHT AND DESIGNS § 63.32 (4th ed. 2011) (collecting cases under the law of England (which, however, is no longer part of the E.U. as of 2021) and other Commonwealth countries); Johnson, *supra* note 186 (discussing damages for reputational harm for copyright infringement, primarily under English and Australian law); Paul Torremans, *Compensation for Intellectual Property Infringement: Admissibility of Punitive Damages and Compensation for Moral Prejudice*, 40 E.I.P.R. 797, 800 (2018). But see José Cabrera Rodríguez, *Daño Moral por Infracción de Derechos de Propiedad Intelectual [Moral Damage for Infringement of Intellectual Property Rights]*, 57 PE.I. REVISTA DE PROPIEDAD INTELECTUAL 13 (2017) (arguing, against the authority of some Spanish commentators, that damages for moral prejudice should be available for the infringement of an author’s economic rights as well as her moral rights). For discussion of neighboring rights, see *supra* note 203.

259. For example, in *Henderson v. All Around the World Recordings Ltd.*, [2014] EWHC 3087 (Eng.), the court denied the plaintiff’s request for moral prejudice damages for violation of her performers’ rights, stating:

I do not think that art.13(1)(a) was intended to introduce the widely applicable payment of an extra lump sum to claimants who prove knowing infringement and claim moral prejudice. Nor do I think that such a right depends on the claimant having had a sufficiently strong emotional reaction to the infringement. Generally it will be impossible for a court to assess the true strength of a defendant’s emotions on any relevant scale, if there is one.

In my view, the moral prejudice contemplated by art.13(1)(a) is confined to prejudice arising in limited circumstances, in particular where the claimant suffers little or no financial loss and would either be left with no compensation unless the moral prejudice were taken into account, or the compensation would not be proportionate to the overall damage suffered where this includes significant moral prejudice. For instance, if a defendant were to infringe the copyright in photographs disclosing private grief by publishing them on the internet, that may generate no profit for the defendant and no financial loss for the copyright owner.

*Id.* ¶¶ 93–94. But see Jane Cornwell, *Injunctions and Monetary Remedies Compared: The English Judicial Response to the IP Enforcement Directive*, 40 E.I.P.R. 490, 496 (2018) (noting that in a subsequent decision, *Absolute Lofts South West London Ltd. v. Artisan Home Improvements Ltd.*, [2015] EWHC 2608 (Eng.), Justice Hacon suggested that IPRED article 13(1) contemplates “a looser limitation than the English concept of strictly compensatory damages”); cf. ELIZABETH ADENEY, THE MORAL RIGHTS OF AUTHORS AND PERFORMERS: AN INTERNATIONAL AND COMPARATIVE ANALYSIS §§ 9.199–9.200 (2006) (stating that, under German law, authors who suffer damage for the infringement of a moral right may recover economic damages, but that noneconomic damages (*Schmerzensgeld*) are awarded only in cases involving “serious and enduring harm”); SCHRICKER, *supra* note 258, § 97, at 1534 (similar).

prejudice, the awards often (though not always) are for small sums.<sup>260</sup> A variety of factors may be relevant in determining the amount, including (under German law) “the ongoing significance of the infringement to the author and his reputation,” “the intention of the infringer, the scale of the infringement, the artistic standing of the work in question, and the existence of other means of undoing the harm.”<sup>261</sup> The same considerations would be relevant for violation of the general right to personality, as would (under appropriate circumstances) the need to deter future violations.<sup>262</sup> The various countries also differ among themselves on the question of whether damages for moral prejudice are available to corporate entities as well as natural persons, as well as whether such damages can be awarded to the authors’ heirs.<sup>263</sup>

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260. See ADENEY, *supra* note 259, § 8.160, at 210 (stating that, under French law, “[d]amages for infringement of the moral rights may extend from the nominal, where the main harm is to authorial feelings, to the very substantial;” that “[i]t is by no means unusual for only 1 franc (or euro) to be awarded;” but that “[o]n the other hand, an award of €1 million is not unknown”); 2 LADDIE ET AL., *supra* note 258, § 63.32 (citing *Nichols Advanced Vehicle Systems Inc. v. Rees*, [1979] RPC 127 for the proposition that “a moderate but not excessive sum” is appropriate, but also noting that “quite large sums have been regarded as appropriate” in others); see also Cour d’appel [CA] [regional court of appeal] Paris, 4e ch., Sept. 8, 2004, 04/09673 (Fr.) (awarding €1 million for violation of film director’s moral rights in an ad campaign); OBERLANDESGERICHT [OLG] [Higher Regional Court] Feb. 23, 1995 (Ger.) (*Herrenmagazin*) (awarding DM 10,000 for publishing distorted version of author’s work in a men’s magazine); Jani McCutcheon, *Dead Loss: Damages for Posthumous Breach of the Moral Right of Integrity*, 40 MELB. U. L. REV. 240, 279 n.214, 281–82, 282 n.221 (2016) (noting some substantial damages awards for moral rights violations in France, as well as one in Canada).

A 2019 decision of the Tokyo District Court suggests that Japanese law follows similar principles. The plaintiff had filed suit in response to the use of one of his photographs on an adult website. The court awarded a judgment in the amount of ¥32,400 (a little over \$300) as lost profits for infringement of his copyright, and ¥300,000 (about \$2,900) for emotional harm for violation of his moral rights. The court expressed doubt whether damages for emotional distress would generally be appropriate for non-moral rights copyright infringement, though it did not clearly rule out such a possibility. See Tōkyō Chihō Saibansho [Tokyo Dist. Ct.] Oct. 30, 2019, 2019 (Wa) no. 15601 (Japan), available at <https://drive.google.com/file/d/1EBsJJOISxcccadxBp1-Ehln6oplalBnt/view?usp=sharing>; Yasufumi Shiroshima, *Outline of the IP-related Judgments Handed Down by Japanese Courts in the Second Half of 2019*, 45 A.I.P.P.I. JAPAN 159, 168 (2020). I thank Professor Masubumi Suzuki for assistance in understanding this case.

261. ADENEY, *supra* note 259, § 9.201; see also SCHRICKER, *supra* note 258, § 97, at 1534–35.

262. See, e.g., DANIEL MUNDHENKE, RECHTSDOGMATISCHE UND RECHTSPOLITISCHE BEDEUTUNG DER SCHMERZENGELDRICHTSPRECHUNG BEI VERLETZUNGEN DES ALLGEMEINEN PERSÖNLICHKEITSRECHTS DURCH PRESSEORGANE [DOCTRINAL AND POLICY SIGNIFICANCE OF THE CASELAW ON NONECONOMIC DAMAGES FOR INFRINGEMENTS OF THE GENERAL RIGHT TO PERSONALITY BY THE MEDIA] 38–40 (2006); SCHRICKER, *supra* note 258, § 97, at 1533; see also *Douglas v. Hello!, Ltd.*, [2005] EWCA (Civ) 595 (Eng.), *aff’d on other grounds*, [2007] UKHL 21 (affirming an award of £3,750 for mental distress for breach of confidence in a case involving unauthorized publication of celebrity wedding photos, rejecting a request for £125,000 for a notional license, and suggesting that in an appropriate case an award of defendant’s profits might be appropriate).

263. See, e.g., ADENEY, *supra* note 259, at § 9.202 (stating that the authors’ heirs do not have a right to noneconomic damages in Germany); Bergmann, *supra* note 251, at 502 (noting that German law permits corporations to assert the general personality right); Federico López Carreras, *Las personas jurídicas y el daño moral en Francia/Les personnes morales et le préjudice moral en France (Legal Persons and Moral Damage in France/Legal Persons and Moral Prejudice in France)*, REVISTA AEQUITAS VIRTUAL, <https://p3.usal.edu.ar/index.php/aequitasvirtual/article/viewFile/3994/4954> (last visited Apr. 19, 2021) (collecting French case law permitting legal entities to recover moral damages); Philippe Pierre, *L’indemnisation du préjudice moral en Droit français (Compensation for Moral Prejudice Under French Law)* (unpublished manuscript), [http://www.fondation-droitcontinental.org/fr/wp-content/uploads/2014/01/prejudice\\_moral\\_etude-fr.pdf](http://www.fondation-droitcontinental.org/fr/wp-content/uploads/2014/01/prejudice_moral_etude-fr.pdf) (last

Subject to this last-mentioned qualification, commentators generally appear to agree that, under the Directive, damages for noneconomic harm, including moral prejudice, also are available for the violation of other IP rights, including trademarks<sup>264</sup> and patents—though in the latter context, the concept has met with varying interpretations:

Moral prejudice has barely any constancy between European jurisdictions even under the Enforcement Directive, and so there is no clear line to follow. All of the above-mentioned jurisdictions, with the exception of Germany, have it as an available claim, though it is rare (to an extreme) in the Netherlands, and England and Wales. In France, while theoretically tied to reputation, it appears to be used as a mechanism to adjust the quantum equitably. In Italy, moral prejudice must be demonstrated (essentially, damage to reputation), and then quantified as up to as much of 50 per cent of the loss of profits.<sup>265</sup>

Nevertheless, in one recent decision, the Court of Appeal of Madrid held that “moral damages” (*daño moral*)—including “psychological suffering or distress, which is considered to exist in a variety of situations such as psychological or spiritual shock or suffering, helplessness, worry (as a mental sensation of disquiet, sorrow, fear or foreboding uncertainty), anxiety, anguish, uncertainty, shock, affliction and other similar situations”—are in theory compensable in a patent infringement action, though in the actual case the plaintiff had not proven the necessary facts to sustain them on this ground.<sup>266</sup> The court affirmed an award of moral damages for “loss of prestige,” however, based on evidence that the infringing product—a beaded thong used for sexual

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visited Apr. 19, 2021) (discussing recent French case law rejecting an assertion of the right to one’s image on behalf of a deceased person, but noting that moral rights persist postmortem).

264. See, e.g., *Proposal for a Directive of the European Parliament and of the Council on Measures and Procedures to Ensure the Enforcement of Intellectual Property Rights*, at 9, COM (2003) 46 final (Jan. 1, 2003) (“The phenomenon of counterfeiting and piracy leads to businesses losing turnover and market shares (loss of direct sales) which they have sometimes had difficulty acquiring, not to mention the intangible losses and the moral prejudice they suffer because of the loss in terms of brand image with their customers (loss of future sales). The spread of counterfeit and pirated products in fact leads to a prejudicial downgrading of the reputation and originality of the genuine products particularly when businesses gear their publicity to the quality and rarity of their products.”); PAUL LANGE, *MARKEN- UND KENNZEICHENRECHT* § 9, at 1392 (2d ed. 2012) (stating that German courts may award noneconomic damages for trademark infringement, where economic damages or other measures would not fully compensate).

265. Fox et al., *supra* note 18, at 572–73. Note, however, that the reference to French courts awarding damages for moral prejudice “to adjust the quantum equitably” or, as the authors put it elsewhere, to “round up” the damages amount, may no longer be accurate. See Cour de cassation [Cass.] [supreme court for judicial matters] com., Jan. 23, 2019, No. 16-28322, D. 41900041 (Fr.), <https://juricaf.org/arret/FRANCE-COURDECASSATION-20190123-1628322> (reversing an award of damages for moral prejudice, on the ground that the plaintiff had not proven harm to its reputation). In addition, German courts may award damages for “market confusion” (*Marktverwirrung*) resulting from an act of patent infringement. See THOMAS F. COTTER, *COMPARATIVE PATENT REMEDIES: A LEGAL AND ECONOMIC ANALYSIS* 262 & n.160 (2013) (citing sources).

266. See A.P., Jan. 15, 2016 (R.G.D., No. 2272) (Spain); see also Thomas F. Cotter, *Damages for Moral Prejudice in Spain and Elsewhere*, *COMPAR. PAT. REMEDIES* (June 20, 2016), <http://comparativepatentremedies.blogspot.com/2016/06/damages-for-moral-prejudice-in-spain.html> (quoting a translation by Miquel Montaña).



stimulation—was of lower quality than the plaintiff’s product, having been presented “in simple cardboard boxes as opposed to the luxury image attributed to the products of the complainant.”<sup>267</sup>

### III. SHOULD NONECONOMIC DAMAGES BE RECOVERABLE IN IP CASES?

As the preceding Parts show, courts in the United States generally have been receptive, at least in theory, to awarding IP owners damages for harm to reputation or goodwill—though such awards have been rare outside of trademark and right of publicity cases, and the standards for quantifying the harm are not always clear. On the other hand, federal and state courts have been mostly unwilling to award damages for emotional harm in IP cases other than those involving the privacy-based right of publicity. E.U. law, by contrast, appears to contemplate awards for moral prejudice, as the facts warrant, in all of the various bodies of IP law, although the receptivity of individual courts varies from one member state to another.

In this Part, I review the principal arguments scholars have advanced for and against awarding damages for noneconomic harm in other areas of law, before turning to the question of whether courts should award these damages in IP cases specifically. I will argue that, as a general matter, the purpose of the body of law at issue should be an important (in some cases, decisive) consideration. Second, however, I will argue that measurement problems warrant caution in awarding noneconomic damages even when recovery otherwise would seem consistent with, or at least not clearly detrimental to, the purpose of the body of law in issue. I conclude with a set of five recommendations for setting the amount of the award, in cases in which noneconomic damages are or should be cognizable.

#### A. GENERAL CONSIDERATIONS

As discussed in Part I, some bodies of law are specifically intended to protect either reputational interests (for example, defamation law), emotional well-being (for example, intentional or negligent infliction of emotional distress), or both (for example, privacy).<sup>268</sup> The fact that these bodies of law exist reflects a policy judgment that reputational and emotional harms sometimes merit relief; their specific contours reflect varying judgments about how best to balance the competing interests of the victim in avoiding these harms with the interests of the general public (for example, in not being chilled from speaking truthfully).<sup>269</sup> These latter concerns have led to the imposition of various

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267. See A.P., Jan. 15, 2016 (R.G.D., No. 2272) (Spain); Cotter, *supra* note 266 (quoting a translation by Miquel Montaña).

268. See *supra* notes 47–61, 74–81 and accompanying text.

269. See Heymann, *supra* note 3, at 1418, 1424 (noting that defamation law does not protect the plaintiff’s interest in maintaining a false reputation).

conditions that must be present for these types of claims to be cognizable, and sometimes limitations on the appropriate scope of the recovery as well.<sup>270</sup>

In certain other bodies of law, by contrast, reputational or emotional harm may not qualify as a cognizable injury at all. As also noted in Part I, for example, the general rule at common law was that courts would award only economic damages for torts directed against real or personal property.<sup>271</sup> As a matter of policy, such a rule might be justified if one had reason to believe that (1) the ex ante probability that a victim would suffer reputational or substantial<sup>272</sup> emotional harm from the invasion of a property interest is sufficiently low that the doctrine of proximate cause normally would preclude recovery for these injuries,<sup>273</sup> and (2) the error and adjudication costs that would result if courts permitted victims to try to pursue such claims would outweigh the occasional benefit.<sup>274</sup> (Alternatively, if either premise is unsound, courts might be justified in departing from the common law rule, as some of them have done in recent years.<sup>275</sup>) Similarly, courts have interpreted § 4 of the Clayton Act, which authorizes a civil action by “any person who shall be injured in his business or property by reason of anything forbidden in the antitrust laws,”<sup>276</sup> as precluding the recovery of damages for emotional distress, on the textual ground that this

270. See *supra* notes 49–68 and accompanying text (discussing the availability, or not, of presumed and general damages in defamation law).

271. See *supra* notes 40–42 and accompanying text.

272. Cf. RESTATEMENT (THIRD) OF TORTS: LIABILITY FOR PHYSICAL & EMOTIONAL HARM § 46 cmt. d (AM. L. INST. 2012) (noting that “some degree of emotional harm must be expected in social interaction and tolerated without legal recourse,” and that for purposes of the emotional distress torts “an actor is liable only if the conduct goes beyond the bounds of human decency such that it would be regarded as intolerable in a civilized community. Ordinary insults and indignities are not enough for liability to be imposed, even if the actor desires to cause emotional harm”); Roger D. Blair & Thomas F. Cotter, *Rethinking Patent Damages*, 10 TEX. INTELL. PROP. L.J. 1, 71 n.314 (2001) (precluding liability may be sensible when there is “a very low probability that a particular class of damages will be substantial . . . because liability will not affect the defendant’s ex ante behavior”) (citing William M. Landes & Richard A. Posner, *Causation in Tort Law: An Economic Approach*, 12 J. LEGAL STUD. 109, 124–29 (1983)).

273. One explanation for limiting liability to injuries that were proximately caused (not just caused-in-fact) by a defendant’s breach of duty is that, when the breach does not materially increase the ex ante probability of the injury occurring, “the social costs of imposing liability may exceed the social benefit of a reduction in injury, because the imposition of liability when the probability of injury is very low will have little if any ex ante deterrent effect, and may impose substantial administrative costs.” Blair & Cotter, *supra* note 272, at 71 & nn. 313–14 (first citing Landes & Posner, *supra* note 272, at 119–23, 125–34; and then citing Steven Shavell, *An Analysis of Causation and the Scope of Liability in the Law of Torts*, 9 J. LEGAL STUD. 463, 481, 484, 490–93 (1980)); see also Wendy J. Gordon, *Fair Use in Oracle: Proximate Cause at the Copyright/Patent Divide*, 100 B.U. L. REV. 389, 397–98, 417–21 (2020) (discussing proximate cause).

274. See Thomas F. Cotter, *Patent Damages Heuristics*, 25 TEX. INTELL. PROP. L.J. 159, 161–62, 179 (2018) (noting that presumptions sometimes can reduce adjudication and error costs). A similar rationale might support other legal doctrines, such as the economic loss doctrine’s limitation on the recovery of damages for economic losses caused by a negligent injury to another’s property. See RESTATEMENT (THIRD) OF TORTS: LIABILITY FOR ECONOMIC HARM § 7 cmt. b (AM. L. INST. 2018); see also RICHARD A. POSNER, *ECONOMIC ANALYSIS OF LAW* § 6.7, at 213–15 (9th ed. 2014).

275. See *supra* notes 42–44 and accompanying text.

276. 15 U.S.C. § 15(a).

type of harm is not an injury to “business or property.”<sup>277</sup> This limitation also would seem consistent with the broader principle, under which a private plaintiff must be able to articulate how the challenged conduct threatens it with “antitrust injury, which is to say injury of the type the antitrust laws were intended to prevent and that flows from that which makes defendants’ acts unlawful.”<sup>278</sup>

In between these two extremes are those bodies of law that are not intended primarily to protect reputation or emotional health but do not clearly preclude such recoveries either. When such injuries arise from violations of these other bodies of law, the question is whether (and if so, how) they should be redressed. Of possible relevance here, if only by way of analogy, is a body of scholarly literature addressing whether, or to what extent, courts in personal injury cases should award victims compensation for the intangible pain and suffering they incur as a result of a defendant’s breach of duty.<sup>279</sup> The most obvious argument in favor of allowing such awards is that pain and suffering are real phenomena that often accompany physical injury, so that if plaintiffs are limited to their economic losses (lost wages, bills, and so on) they will not be fully compensated. Full compensation, in turn, might seem desirable from the standpoint of both restorative justice and optimal deterrence: the former because, absent full compensation, victims will not be fully restored; the latter because potential defendants otherwise will not fully internalize the external harm resulting from their conduct.<sup>280</sup> Alternatively, some observers have posited that awards for pain

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277. See Note, *Consumer Standing to Sue for Treble Damages*, 93 HARV. L. REV. 228, 232 n.32 (1979) (first citing *Young v. Colonial Oil Co.*, 451 F. Supp. 360 (M.D. Ga. 1978); and then citing *Hamman v. United States*, 267 F. Supp. 420 (D. Mont. 1967), *appeal dismissed*, 399 F.2d 673 (9th Cir. 1968)); see also *Frankenfield v. Kennebec Bean Co.*, No. Civ.A. CV-01-636, 2002 WL 1978904, at \*1 (Me. Super. Ct. June 24, 2002) (finding no recovery for emotional distress under state or federal antitrust laws); *L’Altrella v. Weight Watchers Int’l, No. CV 950334348*, 1998 WL 166467, at \*3 (Conn. Super. Ct. Mar. 27, 1998) (same).

278. *Brunswick Corp. v. Pueblo Bowl-O-Mat, Inc.*, 429 U.S. 477, 489 (1977). As Professor Brodley notes, in theory the antitrust injury requirement “screens the economic interests of the plaintiff to assure that a disabling conflict of interest or other motivation inconsistent with competition does not hamper plaintiff’s capacity to serve the public interest”—for example, by enabling the plaintiff to “collect damages for losses that stem from competition,” a result that “would undermine the very purpose of those laws.” Joseph F. Brodley, *Antitrust Standing in Private Merger Cases: Reconciling Private Incentives and Public Enforcement Goals*, 94 MICH. L. REV. 1, 5, 18–21 (1995); see also *Atl. Richfield Co. v. USA Petroleum Co.*, 495 U.S. 328, 342 (1990) (stating that the antitrust injury requirement “ensures that the harm claimed by the plaintiff corresponds to the rationale for finding a violation of the antitrust laws in the first place”). Even when emotional harm results from conduct that subverts competition, it doesn’t correspond to the rationale for finding that conduct to violate the antitrust laws.

279. Some of the literature cited in the discussion that follows addresses not only damages for physical pain and suffering, however, but also mental distress. In addition, other scholars have engaged arguments similar to those recited above in discussing whether noneconomic damages should be available in non-tort contexts, such as breach of contract. See, e.g., Seibert, *supra* note 37, at 1570.

280. See, e.g., *Kwasny v. United States*, 823 F.2d 194, 197 (7th Cir. 1987) (Posner, J.); Ronen Avraham, *Does the Theory of Insurance Support Awarding Pain and Suffering Damages in Torts?*, in RESEARCH HANDBOOK ON THE ECONOMICS OF INSURANCE LAW 94, 96 (Daniel Schwarcz & Peter Siegelman eds., 2015); Rabin, *supra* note 5, at 374–75. Rabin notes further that the common law has long awarded noneconomic damages for a variety of claims, as discussed in Part I above. See *id.* at 362–67. For a somewhat different take on the deterrence point, however, see Richard Craswell, *Instrumental Theories of Compensation: A Survey*, 40 SAN DIEGO L. REV. 1135, 1178–79 (2003) (arguing that, from an economic perspective, if a “number happens

and suffering provide “solace,” or at least some symbolic recognition that the defendant has committed a wrong against the plaintiff for which atonement is appropriate.<sup>281</sup>

To be sure, not everyone is convinced. Critics have been quick to point out, among other things, that money doesn’t really restore the plaintiff to a state of the world in which her pain and suffering no longer exists,<sup>282</sup> and that the optimal deterrence theory falters if awards are so unpredictable or inconsistent that they induce potential tortfeasors to take excessive precautions.<sup>283</sup> Relatedly, critics assert that pain and suffering can be easy to feign, and that awards can seem arbitrary (and thus potentially lacking in horizontal and vertical equity).<sup>284</sup> Some empirical evidence nevertheless suggests that awards are not as arbitrary, or lacking in equity, as is commonly believed.<sup>285</sup>

Criticisms notwithstanding, awards for pain and suffering in personal injury cases are permitted in all fifty states, though as a result of “tort reform” efforts in the 1990s and thereafter, the amount of such awards is often capped by statute.<sup>286</sup> In other countries, courts sometimes employ schedules that correlate the amount of the award for pain and suffering with the severity of the

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to provide a better mix of incentives and insurance (all things considered) than any other number that might be used, then that is the measure of damages that ought to be awarded,” whereas “from the standpoint of corrective justice, it apparently is crucial to pick a number that *does* correspond to some standard measure of value of some asset or entitlement. Only then can the resulting damage award plausibly be described as *compensating* for a particular loss”).

281. See Jaffe, *supra* note 6, at 224 (arguing, however, that consolation is “most valid for disfigurements or loss of member giving rise to a continuing sense of injury”); Zavos, *supra* note 1, *passim* (arguing that noneconomic damages provide a symbolic atonement for a wrong).

282. See Richard Abel, *General Damages Are Incoherent, Incalculable, Incommensurable, and Inegalitarian (But Otherwise a Great Idea)*, 55 DEPAUL L. REV. 253, 282–91 (2003) (arguing further that damages for pain and suffering turn emotions into commodities); Joseph H. King, Jr., *Pain and Suffering, Noneconomic Damages, and the Goals of Tort Law*, 57 S.M.U. L. REV. 163, 163–96 (2004) (rejecting further the arguments that pain and suffering damages provide consolation or are justified because they enable victims to substitute other pleasures).

283. See King, *supra* note 282, at 190. On a related note, some law and economics scholarship has argued that the fact that private insurance generally does not compensate for pain and suffering indicates that there is a lack of consumer demand for such compensation, *ex ante*, and that pain and suffering awards therefore are economically inefficient. See, e.g., Alan Schwartz, *Proposals for Products Liability Reform: A Theoretical Synthesis*, 97 YALE L.J. 353, 362–67 (1988); King, *supra* note 282, at 184 (reviewing other literature on this issue). For scholarship disputing this argument on a variety of grounds, including the likely imperfection of insurance markets, see, for example, Avraham, *supra* note 280; Croley & Hanson, *supra* note 9; Geistfeld, *supra* note 29.

284. See Ingber, *supra* note 3, at 803; Jaffe, *supra* note 6, at 224; King, *supra* note 282, at 175–76, 197, 199.

285. See, e.g., Avraham, *supra* note 280, at 117–18 (arguing that “observed horizontal inequity might not reflect a real problem,” in part because “individuals who appear to suffer a similar injury do not experience the same degree of pain and suffering”); Geistfeld, *supra* note 29, at 783–85 (“The system currently achieves some degree of vertical equity but fails to achieve horizontal equity because jurors are told to consider the severity of injury in calculating the award but are then given no guidance on how to translate injury severity into an appropriate monetary amount.”).

286. See generally PRIMERUS, A STATE BY STATE UPDATE OF TORT REFORM (2013), <https://www.primerus.com/wp-content/uploads/2015/04/YLS-2012-2013-State-by-State-Update-on-Tort-Reform.pdf> (listing damage caps for pain and suffering).

injury, which helps to reduce vertical and horizontal inequity.<sup>287</sup> To date, however, there appears to be little appetite for following suit in the United States—perhaps, as Stephen Sugarman suggests, “because of our cultural commitment to individual juries doing what they see as individual justice to individual victims personally before them in the courtroom,”<sup>288</sup> or as Mark Geistfeld argues, because legislatures have concluded (correctly) that the variability of potential injuries is so large that it resists standardization.<sup>289</sup>

#### B. APPLYING THESE PRINCIPLES TO IP LAW: HARM TO REPUTATION OR GOODWILL

Following the framework set forth above, a good place to begin the analysis is to consider whether any of the relevant bodies of IP law are specifically intended to protect against either reputational or emotional harm. As discussed in Part II, at least three of them—the law of trademark infringement, the privacy-based right of publicity, and moral rights in copyright—do appear intended to protect against some harms to reputation or goodwill.<sup>290</sup> Indeed, in each of these bodies of law, *economic* damages may, to some extent, compensate for reputational harms. An act of trademark infringement, for example, could result in quantifiable lost profits precisely because it has sullied the owner’s reputation, and therefore caused the owner to lose sales.<sup>291</sup> The question for present purposes is whether the rightsholder should recover something more, when there is reason to believe that the infringement has caused reputational harm extending beyond the owner’s provable economic damages.

The debate over pain and suffering damages in tort law suggests some considerations that may be relevant to this analysis. First, while quantification problems present one of the principal critiques of pain and suffering awards, such problems may be of lesser moment when the question is how to estimate injury to a business entity’s goodwill or reputation. Corporate financial statements, where available, can be used to estimate the value of the victim’s

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287. See, e.g., MUNDHENKE, *supra* note 262, at 36; Anthony J. Sebok, *Translating the Immeasurable: Thinking About Pain and Suffering Comparatively*, 55 DEPAUL L. REV. 379, 388–89 (2006); Stephen D. Sugarman, *A Comparative Law Look at Pain and Suffering Awards*, 55 DEPAUL L. REV. 399, 427 (2006).

288. Sugarman, *supra* note 287, at 433.

289. See Geistfeld, *supra* note 29, at 792–93 (noting that “[t]o the extent that certain types of injury currently receive more or less compensation than they should relative to other injury types,” such vertical inequity “would be sustained by reforms that rely on prior awards to determine the appropriateness of future awards,” and further that “the appropriate pain-and-suffering award in an individual case . . . will often depend upon a variety of factors that may be difficult to standardize”). *But see* Hillel J. Bavli, *The Logic of Comparable-Case Guidance in the Determination of Awards for Pain and Suffering and Punitive Damages*, 85 U. CIN. L. REV. 1, 10–12 (2017) (arguing that comparable-case guidance, as distinguished from predetermined damages schedules, can improve both predictability and accuracy); Hillel J. Bavli & Reagan Mozer, *The Effects of Comparable-Case Guidance on Awards for Pain and Suffering and Punitive Damages: Evidence from a Randomized Controlled Trial*, 37 YALE L. & POL’Y REV. 405, 455–58 (2019) (reporting evidence from a randomized controlled trial that comparable-case guidance improves accuracy).

290. See *supra* notes 99–103, 111–118, 153–170, 199–203 and accompanying text.

291. See *supra* notes 131–136 and accompanying text.

goodwill before and after the infringement; and while some of this decline may be attributable to other factors, the quantifiable change in the value of goodwill should provide a meaningful cap on recovery.<sup>292</sup> In addition, unlike damages for pain and suffering, damages that enable the victim to carry out a corrective advertising campaign can (in theory) restore the victim to its position *ex ante*—though in practice, as we have seen, the damages courts actually have awarded for corrective advertising often have seemed arbitrary.<sup>293</sup> For violations of publicity and moral rights, by contrast, damages awards may do little to actually restore the victim’s reputation; and because the rightsholders are individuals, reputational harm may be less susceptible to rational quantification than in trademark cases (though not necessarily any less so than in, say, individual defamation cases).

A second consideration is whether refusing to award reputational damages would leave plaintiffs without any effective remedy. As above, economic damages may carry at least some of the weight, and in addition courts can enjoin the defendant from continuing its wrongful conduct. In publicity and moral rights cases in particular, however, these alternatives may provide little comfort. An injunction ordering the defendant to restore an artifact to its original condition, after all, will not be feasible if the work has been destroyed or irremediably altered; and in both contexts, there often may *be* no provable economic harm (such as lost profits or reasonable royalties).<sup>294</sup> Refusing to award reputational damages in these bodies of law therefore risks leaving the plaintiff with no effective remedy, despite the importance of reputational interests to both of them.<sup>295</sup>

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292. *See supra* notes 132, 136 and accompanying text.

293. *See supra* notes 133–136 and accompanying text.

294. Though conceivably, a court could award a non-celebrity right of publicity plaintiff a reasonable royalty for the fair market value of, say, the services of a similar-looking professional model.

295. Alternatively, however, there is some risk that awarding damages for reputational (or emotional) harm might enable plaintiffs to circumvent some of the limitations imposed by the law of defamation or infliction of emotional distress, and thus undermine the balance obtained in those other legal regimes. A possible compromising solution would be to allow “parasitic” claims for reputational or emotional harm, which would be available only if the plaintiff succeeds in first proving some amount of economic harm. *See supra* note 68 and accompanying text (discussing parasitic claims for emotional distress in defamation law). But this still might leave some otherwise successful plaintiffs without any effective remedy.

On a somewhat related note, for purposes of defamation law the United States and other common law countries generally take the position that a person has no legally protectable interest against being defamed post-mortem. *See, e.g.*, RESTATEMENT (SECOND) OF TORTS § 560 (AM. L. INST. 1977). In some countries or under some circumstances, however, moral rights laws continue to apply post-mortem. *See, e.g.*, 17 U.S.C. § 106A(d)(2); CAL. CIV. CODE § 987(g)(1) (West 2020). To be sure, the distortion of an author’s work post-mortem may affect her ongoing literary or artistic reputation; or a violation may cause her heirs to suffer some degree of emotional distress. Nevertheless, if the right itself is *personal* to the author, it’s not clear what the appropriate compensatory damages (if any) would be for a post-mortem violation. For discussion, see McCutcheon, *supra* note 260, at 286 (arguing that, in such cases, the harm is principally to the social interest in art preservation, and that the optimal legal response would be to permit a claim on behalf of the public). To the extent moral rights laws—in particular, U.S. moral rights laws—are intended, in part, to vindicate the public interest in art preservation, damages based on the decreased market value of a work resulting from the defendant’s misconduct would to some extent vindicate this interest, albeit in an attenuated fashion if the direct

For patent and (non-moral rights) copyright infringement, the balance is a little different. On the one hand, as in trademark infringement cases, it may be roughly feasible to quantify the reputational harm resulting from the defendant's misconduct, where the plaintiff is a corporate entity or otherwise has an established commercial reputation. On the other, the protection of reputation is not central to the purpose of either patents or copyrights, as it is to the other bodies of law discussed above.<sup>296</sup> Moreover, while any departure from the principle of full compensation poses some risk, at least in theory, of undermining the incentive to invent or create works of authorship, the fact that such awards are, and probably will continue to be, rare,<sup>297</sup> suggests that, *ex ante*, any such effect is likely to be small, if it exists at all. Further, as in trademark cases (and in contrast to some moral rights cases), injunctive relief can play a meaningful role in preventing any future reputational harm to the patent or copyright owner, even if it cannot erase past injuries. The question of whether courts should ever award damages for reputational harm in patent or copyright cases therefore may hinge on, among other things, the difficulty of quantifying such harm, as discussed in Subpart D below.

### C. APPLYING THESE PRINCIPLES TO IP LAW: EMOTIONAL HARM

The merits of awarding damages for emotional harm also would appear to vary somewhat, depending on who is asserting the rights and which body of IP law is at issue. As for the “who” question, as noted earlier courts in some countries, under some circumstances, might permit a corporation or a deceased author's heirs to recover damages for moral prejudice.<sup>298</sup> U.S. courts, by contrast, almost surely would reject claims for emotional distress brought by or on behalf of non-human or deceased entities,<sup>299</sup> even if such claims would be available to living humans, and I will not argue against that point here.

Whether these claims should be available to living, natural persons for the infringement of some (or all) forms of IP, however, may present a closer question. The argument would seem strongest in publicity and moral rights cases. As we have seen, the right of publicity is (in part) an aspect of the common law of privacy; and since the interest at the core of this right is that of not being thrust, unwillingly, into the limelight, it is not uncommon for courts to award

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beneficiary is the author or her heirs, and not the general public. In some cases, such awards also might reduce the quantification problems discussed in Part III.D, since they would not be aimed at compensating the injury to the author's honor or reputation—though not in cases such as *Castillo*, where the artworks had no clear market value. *See Castillo v. G&M Realty, L.P.*, 950 F.3d 155, 164 (2d Cir.), *cert. denied*, 141 S. Ct. 363 (2020).

296. Nevertheless, it doesn't appear that allowing such awards would necessarily undermine any core purposes of patent or copyright law either, though awards for emotional harm might. *See infra* notes 306–318 and accompanying text.

297. *See supra* notes 186, 248 and accompanying text.

298. *See supra* note 263 and accompanying text.

299. *See supra* note 31 and accompanying text.

general damages for violations that cause emotional distress.<sup>300</sup> (Indeed, as with reputational harm, there often may be no economic damages.) Similarly, the principal justification for moral rights is that the work of authorship embodies the author's unique personality, such that the distortion or misattribution of the work in some sense causes an injury to that personality.<sup>301</sup> At the very least, then, one could say that such awards would not be inconsistent with the purposes of these laws. As with damages for pain and suffering, however, the question remains whether courts can value these injuries in a manner that is predictable and non-arbitrary, a topic I return to below.<sup>302</sup>

As for other forms of IP, in a recent article Ronen Avraham argues that it would make sense to allow courts to award damages for emotional harm in at least some patent infringement cases.<sup>303</sup> To make his case, Avraham cites the severe emotional toil suffered by Philo Farnsworth (inventor of an early prototype of television) and Robert Kearns (inventor of the intermittent windshield wiper), when, respectively, Radio Corporation of America (RCA) and Ford forced them to undertake years of costly litigation to vindicate their rights.<sup>304</sup> Drawing an analogy to pain and suffering damages in tort law, Avraham argues that the emotional harm these individuals suffered was both real and debilitating, and that defendants have little incentive to avoid causing such harm if courts cannot award appropriate damages.<sup>305</sup> Presumably one could make similar arguments about individual authors and (perhaps) even individual trademark proprietors—though in the latter instance, the Supreme Court's interpretation of Lanham Act § 45 might rule out any such claim under federal trademark law, as a doctrinal matter.<sup>306</sup> Moreover, as we have seen, E.U. law appears consistent with Avraham's thesis that "moral prejudice" damages are available, where substantiated, for almost any violation of IP rights.<sup>307</sup>

To analogize by way of antitrust law, however, I would argue that emotional harm is simply *not* the type of injury that patent (or trademark or,

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300. See *supra* notes 159–170 and accompanying text. I would be surprised, however, if courts were to award special damages, such as compensation for therapists' bills, for violations of the right of publicity or for moral rights violations. Although such damages may be a foreseeable consequence of certain other torts, such as intentional infliction of emotional distress, I suspect they would be excluded in the present context as being too speculative to satisfy proximate cause.

301. See, e.g., Edward J. Damich, *The Visual Artists Rights Act of 1990: Toward a Federal System of Moral Rights Protection for Visual Art*, 39 CATH. U. L. REV. 945, 971 (1990) ("In the case of moral rights, compensation is for injury to personality, as in the case of the dignitary torts such as injury to reputation, humiliation, and outrage . . ."). To the extent one views the author's investment of her personality into the work as the philosophical basis for copyright generally, however, and not just moral rights, see *supra* note 173, perhaps (contrary to my discussion in the text above) damages for emotional distress should be available in both contexts.

302. See *infra* Part III.D. In some cases, the First Amendment also may limit the plaintiff's ability to recover damages for hurt feelings, which adds another complication. See *supra* notes 54–61, 81 and accompanying text (noting First Amendment limitations in the law of defamation and emotional distress).

303. See Avraham, *supra* note 20.

304. See *id.* at 215–16, 216 n.6.

305. See *id.* at 215–16, 222–23.

306. See *supra* note 128.

307. See *supra* Part II.F.



outside the moral rights context, copyright) laws are intended to prevent. As discussed in Part II, the dominant view within the United States is that patents and copyrights exist only for the purpose of encouraging inventors and authors to invest in creating and publishing inventions and works of authorship, from which the public stands to benefit.<sup>308</sup> Trademarks primarily serve the utilitarian purpose of reducing consumer search costs and encouraging firms to invest in quality control.<sup>309</sup> Taking these perspectives seriously suggests that inventors, authors, and trademark owners are simply a means to an end—the end being, in the case of patents and copyrights, the promotion of “Science and Useful Arts,”<sup>310</sup> and in the case of trademarks, the reduction of consumer search costs. Put another way, taking inventor, author, or trademark owner feelings into account would subvert the purposes of these laws by turning these individuals into ends in themselves, rather than a means to an end.<sup>311</sup>

To be sure, some commentators view patents (and other IP rights) through a less utilitarian lens. Rob Merges, for example, argues for a Kantian-based theory of IP rights, under which the institution of private property generally, and of intellectual property in particular, enables people “to expand their range of freedom—their autonomy,” that is, to “pursue the ends they set for themselves.”<sup>312</sup> Further to this point, Merges argues that patents can “enhance the independence of highly skilled people who make a specialized technology input . . . to have more say over their work, more control over their professional fate—more autonomy”<sup>313</sup>—or, as I have previously described his thesis, “patents are not simply a means to the end of inducing invention, but also in significant measure a means for enabling individuals to realize their potential.”<sup>314</sup> From this perspective, Avraham’s arguments in favor of awarding pain and suffering damages in some patent (and, by extension, copyright and trademark) cases might make sense, if some acts of infringement so debilitate the owner, emotionally, that she loses the ability to realize her potential.

Nevertheless, unless we dispense with utilitarian considerations altogether, it seems doubtful that allowing damages of emotional harm would, on balance, be desirable. The first issue relates to error costs—in particular, the risk that

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308. See *supra* notes 173, 234 and accompanying text.

309. See *supra* notes 98–99 and accompanying text.

310. U.S. CONST. art. I, § 8, cl. 8.

311. See Thomas F. Cotter, *Legal Pragmatism and Intellectual Property Law*, 7 ZEITSCHRIFT FÜR GEISTIGES EIGENTUM/INTELL. PROP. J. 291, 298 (2015) (“[T]he conventional rationale for patents is that the state confers exclusive rights in inventions *not* because inventors have a moral entitlement to reap the fruit of their labor, but rather as a means to an end—indeed, of multiple ends, including the creation and disclosure of new inventions from which the public stands to benefit but that (due to free-rider problems) might not have been invented or disclosed in the absence of the patent incentive.”). I know, Kant must be spinning in his grave. See IMMANUEL KANT, *GROUNDWORK FOR THE METAPHYSICS OF MORALS* 230 (Thomas E. Hill ed., Arnulf Zweig tr., Oxford University Press 2002) (1785) (“Act in such a way that you treat humanity, whether in your own person or in any other person, always at the same time as an end, never merely as a means.”).

312. MERGES, *supra* note 173, at 70, 72.

313. *Id.* at 83.

314. COTTER, *supra* note 46, at 59.

natural human sympathy would lead courts and juries systemically to err in favor of granting such awards. If so, this would be problematic not only for the reasons discussed above in connection with pain and suffering (arbitrariness, ability to feign injury, and so on)—but also because, arguably, overcompensating IP owners is worse than undercompensating them, all other things being equal, given (1) how little empirical support there is for the proposition that patent and copyright incentives matter all that much, outside of a few select fields such as pharmaceuticals and motion pictures; and (2) the harm that overly broad IP rights can do to free speech and competition interests.<sup>315</sup> Second, as with reputational harm, it seems unlikely that the *ex ante* knowledge that emotional harms will be compensated, should they arise, is material to the incentives that do drive inventors and creators in many fields.<sup>316</sup> Third, if in the vast majority of cases courts would reject claims for emotional harm for lack of evidence or on proximate causation grounds, a rule disallowing such damages altogether would conserve administrative costs with relatively little offsetting loss.<sup>317</sup> Fourth, as Avraham himself notes, courts have other tools at their disposal, including the ability to award enhanced damages for willful infringement, which reduce the need for recognition of a separate award for pain and suffering.<sup>318</sup>

In conclusion, awards of damages for emotional harm are most defensible for violations of the privacy-based right of publicity and of authors' moral rights but arguably would be at cross-purposes with the rationales for other forms of IP protection. To the extent one believes that awarding damages for reputational and/or emotional harm would serve the public interest in at least some IP contexts, however, the question remains how best to accomplish that purpose given the difficulty of quantifying these injuries. In the section that follows, I present a few options.

#### D. THE MEASURABILITY PROBLEM

In the preceding two Subparts, I argued that there are good reasons for allowing courts to award damages for harm to reputation or goodwill in trademark, right of publicity, and moral rights cases, and a plausible (but not airtight) argument for doing so in copyright and patent actions. In addition, I argued that it might make sense to award damages for emotional harm in some

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315. *See id.* at 49, 272 (discussing the empirical evidence on the patent incentive); Christopher Jon Sprigman, *Copyright and Creative Incentives: What We Know (and Don't)*, 55 HOUS. L. REV. 451, 457 (2017) (stating, on the basis of current empirical studies, that "the link between copyright and creative incentives is considerably less robust than theory may have led us to expect").

316. *See supra* text accompanying note 297 ("[T]he fact that such awards are, and probably will continue to be rare, suggests that, *ex ante*, any such effect is likely to be small, if it exists at all.").

317. *See supra* notes 271–278 and accompanying text (discussing proximate causation and the economic loss doctrine).

318. *See Avraham, supra* note 20, at 229–30. In addition, courts can award attorneys' fees in exceptional cases, *see* 35 U.S.C. § 285; and have the inherent power to sanction litigant misconduct, *see Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 555 (2014). These remedies do not compensate for emotional harm, to be sure, but their availability may help to deter the type of conduct that concerns Avraham.

right of publicity and moral rights cases, but not in other types of IP cases. I also have argued throughout, however, that the desirability of awarding noneconomic damages hinges in part on the difficulty of measuring them in some reasonably predictable, non-arbitrary manner. In this Subpart, I will review the options for providing monetary relief for the reputational or emotional harm surrounding an act of infringement. I will argue that none of them is perfect but that a few simple principles can serve as rational guideposts for setting damages in a manner that adequately vindicates owner interests and avoids undue risks of overdeterrence or other third-party harms.

The first, and most obvious, option is to allow courts to award general damages for whichever noneconomic harms are cognizable within the body of law in suit. The principal drawback associated with this option is that general damages risk being arbitrary and unpredictable—which in turn makes it difficult to ensure that awards for similar or comparable injuries are similarly compensated, and poses some risk that the threat of excessive liability could over-deter lawful conduct.<sup>319</sup> One possible response to these problems would be for legislatures (or agencies such as the Copyright Office) to develop some sort of damages schedule, analogous to those used in other countries for achieving consistency in regard to awards for pain and suffering.<sup>320</sup> As noted above, however, to date the U.S. tort system has shunned the use of schedules, due in part to their perceived incompatibility with the jury system, as well as the difficulty of developing appropriate standards for comparing intangible injuries.<sup>321</sup> This latter consideration in particular may weigh heavily in the present context, where the severity of the harm to reputation or psyche resulting from an act of infringement may vary considerably from one case to another.<sup>322</sup>

A second option would be to award relief that is not primarily viewed as being compensatory in nature but which incidentally serves a potentially compensatory purpose. As discussed above, for example, courts sometimes award the defendant's profits in a trademark infringement action to compensate for the intangible harm to the plaintiff's reputation or goodwill, even though the primary purpose of the disgorgement remedy is to deter misconduct or prevent unjust enrichment.<sup>323</sup> Statutory damages in copyright, and enhanced (or punitive) damages in the other bodies of IP law, could have a similar effect, even if (as with enhanced damages in patent law) the remedy is not *intended* to

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319. See *supra* notes 63–64, 149, 283–284 and accompanying text. As also noted above, however, when the plaintiff is a corporate entity there will, at least, be a rational means for determining the limit beyond which damages for reputational harm should not stray. See *supra* text accompanying note 292.

320. See *supra* text accompanying notes 287–289.

321. See *supra* notes 288–289 and accompanying text.

322. Whether comparable case guidance would be an attractive alternative, notwithstanding such variability, might be worth considering in future work. Cf. Bavli, *supra* note 289, at 18, 20, 22 (arguing that comparable case guidance “is especially beneficial if claim variability,” that is, heterogeneity among cases, is low; but that, even in cases involving higher claim variability, the benefits may outweigh the costs).

323. See *supra* note 143 and accompanying text.

compensate.<sup>324</sup> In all of these examples, however, the relationship between the award and the severity of the noneconomic harm may be tenuous. In the case of disgorgement, the profit or other benefit the defendant derives from an act of infringement may be greater or less than the harm the plaintiff has suffered (assuming that the latter is, in principle, somehow commensurable in money). Further, although courts may consider the “revenue lost by the copyright holder” in determining the amount of statutory damages,<sup>325</sup> there is no necessary relationship between this loss, or the overall amount of statutory damages awarded, and the owner’s noneconomic harm. Similarly, since enhanced damages are a multiple of the plaintiff’s proven actual damages, they might only haphazardly reflect the extent of the unquantified intangible harm. Thus, even if a court were to award the maximum statutory or enhanced damages allowed under applicable law, there’s no guarantee that that amount would adequately compensate for the harm to the plaintiff’s goodwill, reputation, honor, or mental state.<sup>326</sup> (Raising the statutory maxima, or awarding enhancements in all cases as in, for example, antitrust<sup>327</sup> and civil RICO<sup>328</sup> cases, might alleviate this problem but would also substantially exacerbate the risk of overdeterrence.) Finally, to merit an award of enhanced damages in trademark or patent law, enhanced statutory damages in copyright law, or the infringer’s profits in trademark law, the plaintiff normally has been required to show that the infringement was willful<sup>329</sup>—a requirement that probably is justified in order to avoid over-detering lawful conduct but that also limits the extent to which these remedies can indirectly compensate intangible harms.

Even so, if one believes that courts should make some effort to remedy the IP owner’s noneconomic harm, these tools may be better than nothing; and on further reflection, some of the limitations of the second class of remedies may

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324. See *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1929 (2016) (noting that “[s]ome early decisions did suggest that enhanced damages might serve to compensate patentees as well as to punish infringers,” but that “[i]n the main . . . references to compensation concerned costs attendant to litigation,” a concern that “dissipated with the enactment in 1952 of 35 U.S.C. § 285,” which authorizes awards of attorneys’ fees in exceptional cases); cf. Avraham, *supra* note 20, at 230 (proposing that enhanced damages should indirectly compensate patent owners for pain and suffering).

325. *Castillo v. G&M Realty L.P.*, 950 F.3d 155, 171–72 (2d Cir.), *cert. denied*, 141 S. Ct. 363 (2020).

326. See *Damich*, *supra* note 301, at 971 (“The destruction of a painting of recognized stature would cause a loss considerably in excess of [the statutory maximum] if the injury bore any relation to the market value of the painting. Even if the market value of the work were modest, injury to honor and reputation might exceed this amount if the destroyed work were the artist’s most famous, or only, work.”) (footnote omitted).

327. See 15 U.S.C. § 15(a).

328. See 18 U.S.C. § 1964(c).

329. See 17 U.S.C. § 504(c)(1) (limiting statutory damages to \$750 to \$30,000 for each work infringed, in the absence of willful infringement); *Halo*, 136 S. Ct. at 1934 (stating that enhanced damages “should generally be reserved for egregious cases typified by willful misconduct”); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 49 cmt. e (AM. L. INST. 1995) (“Normally, proof of malice or willful disregard of the plaintiff’s rights is required. Statutes in several states permit the award of enhanced or punitive damages if the defendant ‘knowingly’ infringes the plaintiff’s right of publicity.”) *But see supra* note 125 and accompanying text (noting the Supreme Court’s recent *Romag Fasteners* holding that willfulness is not an absolute precondition to an award of profits for trademark infringement).

be more features than bugs. In the following paragraphs, I explain my reasoning in the course of making five general recommendations for awarding noneconomic damages in IP cases.

The first recommendation is that courts should be free to award general damages for acts of trademark infringement that cause harm to reputation or goodwill, and for violations of the right of publicity and of authors' moral rights that cause either emotional harm or harm to reputation. This recommendation flows primarily from the fact that the protection of noneconomic interests is central to these three bodies of law, and that, standing alone, the alternatives discussed above (other than statutory damages for violations of VARA)<sup>330</sup> risk leaving IP owners with no effective monetary relief.<sup>331</sup> And at least in the context of trademark infringement cases brought by corporations, the company's pre-infringement net worth provides a meaningful upper limit on recovery.<sup>332</sup>

Second, however, in the absence of willful or malicious infringement, the amount of such general damages should be presumptively modest,<sup>333</sup> for two reasons. The first is that, as with other types of noneconomic damages such as pain and suffering, an award of damages for reputational or emotional harm does not, in any literal sense, restore the status quo, but rather is often more accurately conceived as a symbolic atonement for a wrong.<sup>334</sup> If this is correct, then the amount of the award may be of lesser moment than the fact that *some* award, however symbolic, has been granted.<sup>335</sup> Second, because "modest" damages

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330. Recall that statutory damages may not be available for claims litigated under state moral rights laws, and that state laws may cover some subject matter not covered by VARA. *See supra* note 209 and accompanying text.

331. To be sure, subject to the principles of equity, courts could still issue injunctions to prevent future harm; and the ex ante prospect of being enjoined ex post, after having incurred substantial sunk costs, may provide some ex ante deterrent against infringement. *See Norman V. Siebrasse, Rafal Sikorski, Jorge L. Contreras, Thomas F. Cotter, John Golden, Sang Jo Jong, Brian J. Love & David O. Taylor, Injunctive Relief, in PATENT REMEDIES AND COMPLEX PRODUCTS: TOWARD A GLOBAL CONSENSUS, supra* note 9, at 115, 117, 121. Still and all, in the absence of monetary relief, there is a risk that prospective defendants will not be adequately motivated to internalize some of the external harms that infringement can cause.

332. *See supra* note 136 and accompanying text.

333. I will be the first to admit that the statement "damages should be modest" is vague. I'm just not sure that any clearer statement, in the absence of damages schedules, is feasible. *Cf.* 17 U.S.C. § 405(a) (exempting, from copyright notice requirements in place between January 1, 1978 and March 31, 1989, failure to include copyright notice on a "relatively small number of copies"). The precise amount would, in any event, be determined in light of the factors I recommend *infra* notes 340–344 and accompanying text.

334. *See supra* notes 281–283 and accompanying text. In trademark law, of course, the existence of economic damages that partly compensate for reputational harm (such as lost profits or corrective advertising) would leave only residual reputational harm to be remedied by an award of general damages. This residual harm would be capped by the owner's pre-infringement net worth, as noted above, but the existence of the cap leaves open the question of how much any quantifiable decrease in net worth is attributable to the infringement, and how much to other factors. Thus, in the absence of willful infringement, there is still reason to worry that anything beyond modest general damages would present a substantial risk of overdeterrence of marginally lawful conduct.

335. This reasoning may well lay behind the fact that damages for moral prejudice in Europe often are merely nominal. *See supra* notes 258–260 and accompanying text.

necessarily would lie within a fairly small range of dollar amounts, they would be more predictable and less likely to risk over-detering lawful behavior.<sup>336</sup>

Third, notwithstanding the immediately preceding recommendation, courts should have the authority to grant more substantial noneconomic damages when the defendant has engaged in willful or malicious misconduct because, in such cases, there may be more need for symbolic atonement, and less need to be concerned about overdeterrence.<sup>337</sup> Consistent with this recommendation, courts could either grant larger general damages in such cases, or incidentally protect the relevant interests of owners by awarding monetary relief in the form of the infringer's profits, enhanced or punitive damages, or enhanced statutory damages conditioned on proof of willful infringement. Cases like *Waits*<sup>338</sup> and *Castillo*<sup>339</sup> fit within this class.

Fourth, and relatedly, in deciding the amount of general, enhanced, or other damages to award, courts should consider factors that are relevant to the likely severity of the harm and the actual severity of the offense. Fortunately, the existing case law in the United States and elsewhere provides some useful guidance in this regard. As noted above, for example, the Second Circuit advises courts to consider, as the court in *Castillo* did, six factors in setting the amount of statutory damages in a copyright case, namely:

- (1) the infringer's state of mind; (2) the expenses saved, and profits earned, by the infringer; (3) the revenue lost by the copyright holder; (4) the deterrent effect on the infringer and third parties; (5) the infringer's cooperation in providing evidence concerning the value of the infringing material; and (6) the conduct and attitude of the parties.<sup>340</sup>

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336. In this regard, it is important to note that, for most bodies of IP law, inadvertent or innocent conduct can constitute infringement. See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 20 cmt. c (AM. L. INST. 1995) ("Intent to deceive or confuse is not required for the imposition of liability" for trademark infringement); *id.* § 25 cmt. h ("The plaintiff in an antidilution action is not required to prove that the defendant intended to dilute or tarnish the trademark."); *id.* § 46 cmt. e ("Unless required by an applicable statutory provision, an intent to infringe another's right of publicity is not an element of liability."); Roger D. Blair & Thomas F. Cotter, *Strict Liability and Its Alternatives in Patent Law*, 17 BERKELEY TECH. L.J. 799, 800–01, 801 n.7, 815 n.50 (2002) (noting that liability in patent law is strict, in the sense that it does not depend on knowledge or intent on the part of the defendant; and that liability in copyright hinges on copying, which however may be unconscious or inadvertent). Under VARA, however, violation of the moral right of integrity does require proof of intent or, in the case of destruction, gross negligence. See 17 U.S.C. § 106A(a)(3). Liability for trade secret misappropriation also is conditioned on a showing of either "improper means" or knowledge. See generally UNIF. TRADE SECRETS ACT § 1(2) (UNIF. L. COMM'N 1985).

337. See, e.g., Keith N. Hylton, *Punitive Damages and the Economic Theory of Penalties*, 87 GEO. L.J. 421, 445 (1998). Indeed, in the absence of substantial damages, there may be inadequate deterrence; or, to put it another way, defendants may not be so motivated to internalize the external consequences of their behavior, injunctive relief notwithstanding.

338. *Waits v. Frito-Lay, Inc.*, 978 F.2d 1093 (9th Cir. 1992); see discussion *supra* notes 162–168 and accompanying text.

339. *Castillo v. G&M Realty L.P.*, 950 F.3d 155 (2d Cir.), *cert. denied*, 141 S. Ct. 363 (2020), discussed *supra* notes 21–28, 221–231 and accompanying text.

340. *Castillo*, 950 F.3d at 172. *But see* Bracha & Syed, *supra* note 181, at 1238–48 (critiquing the optimal deterrence rationale); Samuelson & Wheatland, *supra* note 186, at 507 & n.335 (arguing that awarding statutory damages to deter "other infringers who are not parties" is inconsistent with due process, and that courts "should

In a similar vein, in the context of trademarks and unfair competition, the Eighth Circuit in *Porous Media Corp. v. Pall Corp.*<sup>341</sup> affirmed an award of general damages for harm to reputation by taking into account the importance of the plaintiff's business reputation in the relevant market, the difficulty encountered by the plaintiff to regain it, and the benefit to the defendant of calling that reputation into question.<sup>342</sup> German courts, moreover, consider factors such as "the ongoing significance of the infringement to the author and his reputation," the need for deterrence, "the intention of the infringer, the scale of the infringement, the artistic standing of the work in question, and the existence of other means of undoing the harm," in setting damages for moral prejudice or violation of the right of personality.<sup>343</sup> Boiled down to the essentials, and restated to focus on noneconomic harms specifically, all three sources could be viewed as advising courts to consider (1) the likely severity of the harm, including the time, money, and effort incurred in response to it;<sup>344</sup> (2) the benefit the defendant derived from the misconduct; (3) the defendant's overall culpability; and (4) the perceived need to deter similar future conduct. Focusing on these factors will not, of course, remove all uncertainty or render awards entirely predictable; but it should channel the court's or jury's attention to the relevant aspects of the inquiry, and thus reduce the risk of substantial error.

Fifth, in cases in which the protection of noneconomic interests would not, in principle, run contrary to the policies underlying the body of law at issue, but also is not central to those policies, measurement problems arguably counsel against any award of noneconomic damages, at least in the absence of willful infringement. (The relevant cases in this class would be patent and non-moral rights copyright infringement actions in which plaintiffs seek damages for reputational harm.) The reason for this recommendation is the concern that the potential availability of even modest noneconomic damages marginally raises adjudication costs and poses some risk, however slight, of overdeterrence, while the countervailing benefit of vindicating reputational harm is one that, as above, is not a core purpose of either body of law.<sup>345</sup> When the infringement is willful or malicious, on the other hand, there may be (as above) less reason to be concerned about overdeterrence, and greater solicitude for any harm unnecessarily inflicted on the owner's reputation. In fact, the law of trademark dilution already engages in a somewhat analogous calculus, insofar as it limits

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focus on what remedy would have deterred the defendant before the court"). As noted above, the *Castillo* defendants also argued in their certiorari petition that the damages award violated due process. *See supra* note 28.

341. *Porous Media Corp. v. Pall Corp.*, 173 F.3d 1109 (8th Cir. 1999).

342. *See id.* at 1122–23.

343. *See supra* notes 261–263 and accompanying text.

344. To the extent these losses are adequately compensated through awards of actual damages, of course, they should be excluded here.

345. *Cf. Heymann, supra* note 3, at 1435–38 (arguing that, "disclaimers, retractions, and other forms of information correction" often may be more appropriate than monetary compensation for harm to reputation, given the "uneasy fit between monetary awards and various justifications for the legal protection of reputation").

any damages recovery to cases of willful dilution, and otherwise relies exclusively on injunctive relief as the means for vindicating the owner's interest.<sup>346</sup> Furthermore, to the extent that real property analogies are persuasive, as we have seen courts generally limit awards of noneconomic damages for torts against real property to malicious or willful misconduct,<sup>347</sup> following suit in patent and copyright cases would not be altogether unfamiliar.

To sum up, there is a reasonable case that plaintiffs in trademark infringement, moral rights, and right of publicity actions should sometimes recover damages for the resulting noneconomic harm to their reputation or goodwill, and in the latter two types of cases for emotional harm as well. General damages can be one way of accomplishing this goal, as can, under appropriate circumstances, awards of statutory damages, defendant's profits, or (perhaps) punitive or enhanced damages. Courts should presume, however, that any such damages are modest in the absence of willful or malicious misconduct, and should allow claims for reputational damages in patent and non-moral rights copyright matters only in such cases, if any. Moreover, when courts do award noneconomic damages, they should focus on a small set of relevant factors for guidance in setting the amount. Nevertheless, and even subject to the limitations laid out herein, there necessarily will be some degree of uncertainty and unpredictability in the amount of noneconomic damages to be awarded in any given case; such risks can be reduced but not avoided, unless we eliminate noneconomic damages altogether.

#### CONCLUSION

Under current practice, U.S. courts sometimes allow IP owners to recover noneconomic damages for harm to their reputation or goodwill caused by an act of infringement, but they almost never award damages for emotional harm outside the right of publicity context. By contrast, courts in the E.U. are, to varying degrees, more open to the possibility of awarding damages for "moral prejudice" across the range of IP cases, including patent cases.

In this Article, I have argued that the U.S. practice is, in general, preferable, but that emotional as well as reputational harm should be considered cognizable interests in cases involving violations of authors' moral rights. In addition, I have proposed five recommendations for making future practice more predictable—among them, allowing courts to award general damages for cognizable noneconomic harms in trademark, right of publicity, and moral rights cases, while also advising them to render only modest awards in the absence of willful or malicious infringement. Finally, I have proposed a set of factors, based on the Second Circuit's recent *Castillo* case and other U.S. and non-U.S. sources, for setting the amount of these awards in future cases. Adopting these

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346. See *supra* notes 119–125 and accompanying text.

347. See *supra* notes 42–44 and accompanying text. Of course, in the real property arena these noneconomic damages are likely to be for emotional, not reputational, harm.



recommendations would assist courts and other decisionmakers in adequately vindicating important interests, while also rendering awards more predictable and certain.

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