

## HOUSE OF REPRESENTATIVES FINAL BILL ANALYSIS

<b>BILL #:</b>	CS/CS/HB 189 (CS/CS/SB 432)	<b>FINAL HOUSE FLOOR ACTION:</b>	
<b>SPONSOR(S):</b>	Judiciary Committee; Justice Appropriations Subcommittee; Young and others (Budget Subcommittee on Criminal and Civil Justice Appropriations; Criminal Justice; Flores and others)	118 Y's	0 N's
<b>COMPANION BILLS:</b>	CS/CS/SB 432	<b>GOVERNOR'S ACTION:</b>	Pending

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### SUMMARY ANALYSIS

CS/CS/HB 189 passed the House on February 16, 2012, and subsequently passed the Senate on March 7, 2012.

Section 540.11, F.S., contains a variety of provisions making it unlawful, based on specified circumstances and subject to certain exceptions, to make and sell unauthorized copies of another person's creative work. This practice is often referred to as "piracy." Subparagraph (3)(a)3. of the statute provides that it is unlawful for a person to:

Knowingly, for commercial advantage or private financial gain to sell or resell, offer for sale or resale, advertise, cause the sale or resale of, rent, transport or cause to be rented or transported, or possess for such purposes, any phonograph record, disk, wire, tape, film, or other article on which sounds are recorded, unless the outside cover, box, or jacket clearly and conspicuously discloses the actual name and address of the manufacturer thereof, and the name of the actual performer or group.

Section 775.089, F.S., requires a judge to order a defendant to make restitution to a victim for damage or loss caused directly or indirectly by the defendant's offense and damage or loss related to the defendant's criminal episode. Restitution must be ordered unless the judge finds clear and compelling reasons not to do so.

The bill amends the definition of "victim" in s. 775.089, F.S., to include a victim's trade association if the offense is a violation of s. 540.11(3)(a)3., F.S., involving the sale, or possession for purposes of sale, of physical articles and the victim has granted the trade association written authorization to represent the victim's interests in criminal legal proceedings and to collect restitution on the victim's behalf. This restitution obligation only applies to physical articles and not digital files distributed or made available online.

The bill does not appear to have a fiscal impact on state or local governments.

Subject to the Governor's veto powers, the effective date of the bill is October 1, 2012.

## I. SUBSTANTIVE INFORMATION

### A. EFFECT OF CHANGES:

#### Unauthorized Copying of Recordings

Section 540.11, F.S., contains a variety of provisions making it unlawful, based on specified circumstances and subject to certain exceptions, to make and sell unauthorized copies of another person's creative work. This practice is often referred to as "piracy."

Subparagraph (3)(a)3. of the statute provides that it is unlawful for a person to:

Knowingly, for commercial advantage or private financial gain to sell or resell, offer for sale or resale, advertise, cause the sale or resale of, rent, transport or cause to be rented or transported, or possess for such purposes, any phonograph record, disk, wire, tape, film, or other article on which sounds are recorded, unless the outside cover, box, or jacket clearly and conspicuously discloses the actual name and address of the manufacturer thereof, and the name of the actual performer or group.

A person who violates the above provisions commits a 1<sup>st</sup> degree misdemeanor, punishable as provided in s. 775.082, F.S.,<sup>1</sup> by a fine of up to \$25,000, or both.<sup>2</sup> However, the following enhanced penalties apply in the following circumstances:

- If the offense involves at least 1,000 unauthorized articles embodying sound or at least 65 unauthorized audiovisual articles during any 180-day period, the offense is a 3<sup>rd</sup> degree felony, punishable as provided in s. 775.082, F.S.,<sup>3</sup> by a fine of up to \$250,000, or both;
- If the offense involves more than 100 but less than 1,000 unauthorized articles embodying sound or more than 7 but less than 65 unauthorized audiovisual articles during any 180-day period, the offense is a 3<sup>rd</sup> degree felony, punishable as provided in s. 775.082, F.S., by a fine of up to \$150,000, or both; and
- If the offense is a second or subsequent conviction of either of the above, the offense is a 3<sup>rd</sup> degree felony, punishable as provided in s. 775.082, F.S., by a fine of up to \$250,000, or both.<sup>4</sup>

The criminal provisions of s. 540.11, F.S., do not apply to:

- Any broadcaster who, in connection with, or as part of, a radio, television, or cable broadcast transmission, or for the purpose of archival preservation, transfers any such sounds recorded on a sound recording;
- Any person who transfers such sounds in the home for personal use and without compensation for such transfer; and
- Any not-for-profit educational institution or any federal or state governmental entity, if certain conditions exist.<sup>5</sup>

#### Restitution

Section 775.089, F.S., requires a judge to order a defendant to make restitution to a victim for damage or loss caused directly or indirectly by the defendant's offense and damage or loss related to the defendant's criminal episode. Restitution must be ordered unless the judge finds clear and compelling reasons not to do so.<sup>6</sup> The purpose of restitution is two-fold: (1) it acts to compensate the victim; and (2) serves the rehabilitative, deterrent, and retributive goals of the criminal justice system.<sup>7</sup> Thus, the

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<sup>1</sup> A first degree misdemeanor is punishable by a term of imprisonment not exceeding 1 year. *See* section 775.082, F.S.

<sup>2</sup> Section 540.11(3)(b), F.S.

<sup>3</sup> A third degree felony is punishable by up to five years imprisonment. *See* section 775.082, F.S.

<sup>4</sup> Section 540.11(3)(b)1., F.S.

<sup>5</sup> Section 540.11(6), F.S.

<sup>6</sup> Section 775.089, F.S.

<sup>7</sup> 15B Fla. Jur 2d Criminal Law s. 2886 (citing *Kirby v. State*, 863 So.2d 238 (Fla. 2003)).

prime concerns underlying restitution are to give the perpetrator of a crime an opportunity to make amends, and to make the victim whole again, to the extent it is possible to do so.<sup>8</sup>

Currently, s. 775.089(1)(c), F.S., defines “victim” as “each person who suffers property damage or loss, monetary expense, or physical injury or death as a direct or indirect result of the defendant's offense or criminal episode, and also includes the victim's estate if the victim is deceased, and the victim's next of kin if the victim is deceased as a result of the offense.”

#### **Effect of the Bill**

The bill amends the definition of “victim” in s. 775.089, F.S., to include a victim’s trade association if the offense is a violation of s. 540.11(3)(a)3., F.S., involving the sale, or possession for purposes of sale, of physical articles and the victim has granted the trade association written authorization to represent the victim’s interests in criminal legal proceedings and to collect restitution on the victim’s behalf. This restitution obligation only applies to physical articles and not digital files distributed or made available online. Trade association is defined as an organization founded and funded by businesses that operate in a specific industry to protect their collective interests.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

### **A. FISCAL IMPACT ON STATE GOVERNMENT:**

#### **1. Revenues:**

The bill does not appear to have an impact on state revenues.

#### **2. Expenditures:**

The bill does not appear to have an impact on state expenditures.

### **B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

#### **1. Revenues:**

The bill does not appear to have an impact on local government revenues.

#### **2. Expenditures:**

The bill does not appear to have an impact on local government expenditures.

### **C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

There will be a fiscal impact on any persons or entities that violate s. 540.11(3)(a)3., F.S., and are ordered to pay restitution. Victims could potentially recover losses through the receipt of restitution.

### **D. FISCAL COMMENTS:**

None.

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<sup>8</sup> *Id.* (citing *L.O. v. State*, 718 So.2d 155 (Fla. 1998)).