

# PATTISHALL

*insights*

JULY 2021

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## The New Copyright “Small Claims” Court

*By Joshua A.R. Aldort*

Many copyright infringement claims, such as those by photographers, are relatively small in magnitude, and uneconomical to pursue through full-blown federal court litigation. To provide a simpler, less expensive forum and procedure, Congress enacted the Copyright Alternative in Small-Claims Enforcement Act of 2020 (the “CASE Act”) in December 2020, as part of the Omnibus COVID-19 Relief Bill. Pursuant to the CASE Act, the Copyright Office established the Copyright Claims Board (“CCB”), an entirely new administrative court within the Copyright Office.

The CCB is scheduled to begin hearing claims on December 27, 2021, so companies that conduct business in the United States should prepare for this potential sea change in the copyright litigation landscape. Importantly, CCB actions are not available against foreign companies, unless the foreign company is the initiating party, in which case defenses and counterclaims are available.

The CCB is physically located within the Copyright Office in Washington DC. and will be staffed by three full time Copyright Claims Officers. It will issue non-precedential written opinions, decided by a majority, with factual findings and legal conclusions.

Types of claims the CCB will hear:

- Traditional copyright infringement claims;
- Declaratory Judgment Actions of non-infringement;
- Any related counterclaims;
- Any relevant legal or equitable defenses; and
- Claims for misrepresentation during the notice and counter-notice take down process under the Digital Millennium Copyright Act (Section 512).

The CCB will not hear:

- A claim that has already been decided by, or is pending before, a federal court;
- A claim that involves a federal or state government entity;
- A claim that is asserted against a party residing outside of the United States, unless the nonresident party initiates the proceeding; and
- A claim that is too complex for the Board.



Pursuing a copyright claim before the CCB is voluntary, not mandatory. This is designed to avoid conflict with Constitutional provisions, including the role of federal courts, the right to a jury trial, and due process. A properly served respondent has 60 days to affirmatively opt out of the CCB proceeding if it wishes to do so. If the respondent opts out, the Board will dismiss the proceeding without prejudice to the claimant's right to refile its claim in federal court. There is no negative inference if the respondent chooses to opt out of a CCB proceeding.

If the respondent does not opt out, the Board will issue a streamlined scheduling order. Motions to dismiss or for summary judgment, customary in federal court, are not allowed. Discovery is strictly limited to written exchanges and evidence including (1) document production, (2) written interrogatories, (3) requests for admission, and (4) written statements by the parties and non-expert witnesses. Absent a showing of good cause, there will be no depositions, expert discovery or in-person hearings.

### CCB Remedies

The Board has no power to issue injunctions without the respondent's consent. However, it can award up to \$30,000 in damages in each proceeding.

Claimants can elect either actual or statutory damages:

- Actual damages, depending on the evidence, can be awarded up to \$30,000 for a single work; and
- For statutory damages, the CCB will be able to award up to \$15,000 per work.

For infringement claims that involve a previously registered copyright, the claimant is eligible for an award of up to \$15,000 in statutory damages per copyright. For claims based initially on a pending copyright application, statutory damages are halved to \$7,500 per copyright. This highlights an important distinction between the CCB and the federal courts. Whereas a registered copyright is required to file a copyright infringement action in federal court, a pending application is enough to enable filing in the CCB.

In ordinary cases, the parties to CCB proceedings bear their own attorneys' fees and costs. However, in cases of bad faith misconduct, where a party has prosecuted a claim, counterclaim, or defense for a harassing or other improper purpose, or without a reasonable basis in law or fact, the oppressed party can be awarded up to \$5,000 in its attorneys' fees and costs.

### Post-Ruling Options

A party may file a request for reconsideration within 30 days of a final Board decision, but only based on (a) a clear error of law or fact that was material to the outcome, or (b) some technical mistake. If the Board denies reconsideration, the party has 30 days to appeal to the Registrar of Copyrights. The Registrar will review the Board's decision under an "abuse of discretion" standard. If a party is still unsatisfied, it may seek an order from a federal district court vacating, modifying, or correcting the Board's decision. But such an appeal is limited to the rare instances of a ruling resulting from fraud, corruption, misrepresentation, or some other misconduct. Finally, a party can ask a district court to enforce a Board's damages award in the event the losing party refuses to pay.

### CCB is No Safe Haven for Copyright Trolls

Copyright trolling has unfortunately been on the increase, but the CCB has safeguards to prevent it from becoming the trolls' forum of choice. As noted, participation in the CCB is voluntary, so respondents can simply opt out of the proceeding if they wish. Also, CCB monetary recovery caps limit the trolls' potential upside. As noted, bad faith patterns or practices can be remedied with exceptional attorney fee awards. Finally, the CCB has the authority to deal with trolls who repeatedly file frivolous or harassing claims by barring them from bringing claims for up to 12 months.

Through its streamlined time line, limited discovery options, lack of a live hearing, the ease of filing a proceeding in the first place, and limited appeal options, the CCB is likely to be a pro-claimant forum. In some cases, the CCB respondent may prefer to opt out of the CCB. For one thing, the CCB claimant might not even file a more expensive and protracted infringement case in federal court. Furthermore, if the claimant's copyright is not registered yet, it is barred from even filing a federal court infringement action.

On the other hand, federal courts have expansive powers to award injunctive relief, and potentially larger amounts in actual or statutory damages and even attorneys' fees. So the relative speed, simplicity, and liability caps of the CCB may be appealing to both parties. In any event, the pros and cons discussed above should be included in the consideration of which way to go in a particular case. ■

## PRESENTATIONS

### ■ Seth Appel



Seth spoke on “Trademark Fundamentals for Small Businesses” at The Business Help Shop, a program of the Small Business Advisory Counsel, on May 27.

## PUBLICATIONS

### ■ Jonathan Jennings



The May 2021 issue of Law Lore & Practice, published by the Pharmaceutical Trade Marks Group (PTMG), featured Jonathan’s “U.S. Update” article on a case that illustrates the pitfalls of not adhering to the TTAB’s procedures. Click [here](#) for the full article.

# *firm* NOTEWORTHY

## Chambers USA-2021

“**[Pattishall]** Represents clients in a variety of industry sectors, including retail, energy, technology, and food and drink. The group brings a wealth of knowledge and experience to the areas of trademarks, copyright and unfair competition cases. Regularly engaged for trademark portfolio management needs, including registrations, clearance searches and the development of protection strategies. One impressed client comments: ‘The firm’s trademark portfolio management operation is a well-oiled machine.’ Another source adds ‘The team consistently provides high-quality work,’ noting ‘The lawyers have a high degree of professionalism and understand the issues at hand.’”

David Hilliard was again recognized as a senior statesman who “has substantial experience in trademark, copyright and trade dress disputes. He provides expert advice to clients across a range of sectors.”

## Lanham Act 75th Anniversary

Drafted by Pattishall McAuliffe’s founding partner, Edward S. Rogers, The Lanham Act, which has governed American trademark law for 75 years, became law on July 5, 1946. The act was signed into law by President Harry S. Truman, the product of nearly a decade of efforts from U.S. Rep. Fritz G. Lanham and Edward S. Rogers, serving as the Chair of the American Bar Association’s patent and trademark section. Rogers wrote: “The Lanham Act is the embodiment of the purpose to secure to every businessman the advantage which public preference for his goods gives to him

and to protect him in the exclusive right to the names and marks which perpetuate the goodwill which merit earns.” To this day, the Pattishall Firm concentrates its practice in protecting trademarks through litigation, prosecution and brand protection. The Firm acknowledges and celebrates the significance of the Lanham Act and the tireless efforts of our founding partner in making it the law of the land for so many decades.

## Los Angeles Daily Journal

The Journal interviewed Phil Barenolts regarding the proliferation of unauthorized cannabis and e-cigarette products using famous candy brands, and the dangers these products pose to children.

## The Legal 500 United States

“**[Pattishall attorneys]** have high legal expertise, have a good understanding of the markets in which the clients operate, are thorough, and are open to practical solutions.”

“The firm provides a complete range of trademark services, and the trademark team is comprised of professionals with a high degree of professionalism, who understand the issues at hand. They consistently provide high quality work because of their expertise and team work, and their instructions and opinions are always in time, clear and easy to understand. In dispute cases, they provide good strategies”

“They provide careful, thorough, relevant and prompt advice.”