

Q&A: Venable attorney Meaghan Kent on the CASE Act

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On Dec. 27, President Donald Trump signed into law the Copyright Alternative in Small-Claims Enforcement Act. Thomson Reuters interviewed intellectual property expert Meaghan H. Kent about the federal legislation and what it means for IP practitioners.

Thomson Reuters: What will the CASE Act establish and when will this happen?

Meaghan Kent: The CASE Act will establish a small-claims tribunal for copyright claims within the next year. It will be called the Copyright Claims Board and will be housed in the U.S. Copyright Office. The board will be made up of three copyright claims officers, who shall serve renewable six-year terms and who shall be recommended by the register of copyrights and appointed by the librarian of Congress. In addition, the register of copyrights shall hire at least two copyright claims attorneys who will serve to assist the officers, assist the public with respect to subpoenas and procedures before the board, and otherwise support the register of copyrights.

Interestingly, the pandemic resulted in this legislation being passed.

TR: How will these small-claims tribunals resolve copyright disputes?

MK: Permissible claims before the board will include certain copyright claims, namely copyright infringement, declarations of noninfringement, and false DMCA takedown notifications or counter-notifications, as well as counterclaims and defenses. To start a proceeding, a claimant will file a claim with the Copyright Claims Board, and a copyright claims attorney will evaluate it to determine whether it meets the requirements, providing the claimant multiple opportunities to correct any deficiencies. Once a copyright claims attorney determines that the requirements have been met, the board will instruct the claimant to proceed with service.

Multiple claims may be brought by one or more claimants against one or more respondents, but only if they all arise out of the same allegedly infringing activity or continuous course of infringing

activities. Notably, claims cannot be brought by or against a federal or state governmental entity, or against a person or entity residing outside the U.S. unless that person or entity initiated the proceeding.

Proceedings before the board will be fully voluntary, and any party may instead pursue a claim, counterclaim or defense in district court. Once served, the respondent will have 60 days to decide whether to opt out, dismissing the action without prejudice and leaving the claimant to pursue the claim in court.

Once the matter gets underway, the board will set the schedule, including for discovery and any hearings. Board proceedings will be conducted online and via "other telecommunications facilities." Parties may appear pro se or may be represented by an attorney or an appropriately qualified law student appearing pro bono. Discovery will be limited to documents, written interrogatories and written requests for admission, except that it may be expanded in limited ways for good cause shown. Evidentiary hearings may also be conducted by the board to elicit oral presentations on issues of fact or law.

Ultimately, the board will be tasked with making factual findings based on a preponderance of the evidence and issuing final written determinations, which must be reached by a majority of the board, with any dissents appended. Each final determination shall be published to a publicly accessible website but will not be considered binding precedent.

Unlike district court litigation, claims before the board may be commenced while a copyright application is still pending prior to issuance of a certificate of registration. A final determination may not be rendered, however, until the certificate has been issued. Accordingly, the proceeding may be held in abeyance pending registration determination. If an application is refused, the proceeding shall be dismissed without prejudice.

Substantively, there will be room for complications. If there is conflicting precedent on an issue of substantive copyright law, the board is directed to follow the law for the federal jurisdiction where the action could have been brought. If there are multiple locations, the board must first determine the jurisdiction with the most significant ties to the parties and conduct at issue.



Remedies will include actual damages, profits or statutory damages capped at \$30,000 in total for all claims in the proceeding. If a work was timely registered, a copyright owner may recover no more than \$15,000 in statutory damages for each work infringed. If the work was not timely registered, the statutory damages are limited to \$7,500 per work, or a total of \$15,000 in a single proceeding. Interestingly, the act provides that the board may not consider or make a finding that the infringement was committed willfully in determining statutory damages; however, the board may consider as a factor in awarding statutory damages whether the infringer has agreed to cease or mitigate the infringing activity. The party seeking damages may elect their form at any time before final determination is rendered.

Generally, the parties shall bear their own costs and fees. Only if there is a finding of bad-faith conduct, namely that “a party pursued a claim, counterclaim or defense for a harassing or other improper purpose or without a reasonable basis in law or fact,” shall fees of up to \$5,000 be awarded. This may be increased in extraordinary circumstances, such as a pattern or practice of bad-faith conduct. Further, if the board finds a party acted in bad faith more than once in a 12-month period, the party shall be barred for 12 months from initiating a claim before the board.

Following final determination, review will be somewhat limited. A party may make a request for reconsideration from the board itself. Thereafter, the party may request review by the register of copyrights, who shall review whether the board abused its discretion in denying reconsideration. Review by a district court will be available, but only in limited circumstances, such as to confirm relief and reduce it to judgment, or to challenge the determination on limited bases of “fraud, corruption, misrepresentation or other misconduct”; if the board exceeded its authority or failed to render a final determination; or to show excusable neglect in cases of default or dismissal for failure to prosecute.

TR: How did the COVID-19 pandemic affect the legislation?

MK: Interestingly, the pandemic resulted in this legislation being passed, after years of similar pending legislation. Congress passed the CASE Act as part of the thousands of pages of the coronavirus relief bill (Consolidated Appropriations Act).

TR: Why did Congress feel there was a need for this kind of dispute resolution program?

MK: This has been many years in the making. The U.S. Copyright Office conducted a multiyear study in which it solicited and received comments and held several public hearings across the country, culminating in a report to Congress in September 2013 recommending the creation of a voluntary copyright small-claims process. The report included draft legislation, much of which was incorporated into the CASE Act.

Rep. [Hakeem] Jeffries, D-N.Y., introduced the CASE Act in 2016 and 2017 and the House Committee on the Judiciary held a legislative hearing on the 2017 version of bill in September 2018. In May 2019, Rep. Jeffries, along with Rep. [Doug] Collins, R-Ga., again introduced the CASE Act, with numerous bipartisan co-sponsors. This time, it was also introduced in the Senate by Sens. John Kennedy, R-La., Thom Tillis, R-N.C., Dick Durbin, D-Ill., and Mazie Hirono, D-Haw. The CASE Act was passed in October 2019 in the House by a vote of 410-6 and the Senate Judiciary Committee reported out the bill by unanimous voice vote in September 2019. It was widely reported that Sen. [Ron] Wyden, D-Or., then put a hold on the bill, resulting in it sitting without movement for much of 2020 until it was passed as part of the Consolidated Appropriations Act, 2021, on Dec. 21, 2020.

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Overall, the act appears to have been drafted with the goal of keeping the proceedings efficient and accessible to the general public. The general requirements of the procedure are articulated in the legislation, which also provides that the register of copyrights may establish regulations for the proceedings, including that the register of copyrights may establish filing fees, procedures and regulations. The register shall also establish regulations for “smaller claims” that seek damages of less than \$5,000.

TR: Congress has passed other legislation for resolving IP disputes. What is this legislation and how will it impact IP rights?

MK: Correct, the CASE Act was passed along with the Trademark Modernization Act and the Protecting Lawful Streaming Act.

The Trademark Modernization Act amends the Lanham Act and is designed in part to modernize trademark examination procedures and combat the increasing numbers of trademark registrations covering marks not used in commerce, so-called deadwood. It provides for third-party submission of evidence relating to a trademark application and establishes expungement and ex parte proceedings relating to the validity of marks. It also clarifies the standard for obtaining injunctive relief in litigation under the Lanham Act, restoring the rebuttable presumption of irreparable harm.

The Protecting Lawful Streaming Act, introduced by Sen. Tillis, makes it a felony to engage in large-scale streaming of copyrighted content. According to the legislative history, the bill sponsors recognized that streaming, rather than copying, has become the primary way that audiences consume entertainment and the bill was needed to correct

the incongruity that the reproduction and distribution of copyright-protected material were being charged as a felony, but the livestreaming of such works was only to be charged as a misdemeanor.

TR: What kind of opposition have these statutes had to face?

MK: The CASE Act has elicited mixed reactions, with some copyright owners excited for an alternative to federal litigation, but also concerned about the opt-out option. Similarly, others who frequently receive copyright claims view this with hesitancy, unsure of whether this will embolden copyright claimants to make unreasonable or more frequent claims rather than negotiate amicable resolutions or allow for easier and streamlined resolution.

Supporters include groups such as the Copyright Alliance, Professional Photographers of America, American Society of Media Photographers, International Authors Forum, the Authors Guild and the Graphic Artists Guild. In June 2019 the U.S. register of copyrights at the time, Karyn A. Temple, expressed the U.S. Copyright Office's support for a small-claims tribunal system. Proponents support the Copyright Office's findings that the small-claims tribunal will provide a more financially accessible alternative to federal court and will enable creators to protect their copyrighted material more effectively.

Vocal critics include groups such as the Electronic Frontier Foundation, Public Knowledge and the Authors Alliance. Criticism runs the gamut: Some argue that a copyright office tribunal established outside of the judicial system will be unconstitutional; others that the tribunal's statutory limits allows for much too steep of penalties; and others that the opt-out provision gives infringers too much power to reject the use of the board and force creators to use the federal courts.

TR: What should IP practitioners expect in the upcoming months in relation to the CASE Act or other legislation?

MK: Overall, there will be a lot to watch over the next year and beyond. For the CASE Act, over the next year, the Copyright Office is going to be busy; it must implement the act, enact regulations, establish facilities, retain vendors, establish fees, and ultimately carry out the many requirements imposed. For the Trademark Modernization Act, there will similarly be a lot of action at the U.S. Patent and Trademark Office and Trademark Trial and Appeal Board as they prepare for the act to become effective in one year. And under the Protecting Lawful Streaming Act, we will see heightened penalties for commercial large-scale unlawful streaming services.

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