

IP Frontiers: Proposed rules for the Copyright Claims Board



WAYNE REINKE

The Copyright Alternative in Small-Claims Enforcement Act of 2020 (the CASE Act) included a direction from Congress to create the Copyright Claims Board (the “CCB”), a three-member panel giving an option to resolve copyright disputes involving less than \$30,000. The CCB is intended to be less complex than Federal Court and be operational by the end of 2021. However, the Register of Copyrights may extend the opening 180 days, essentially for good cause.

To initiate a claim, the Copyright Office proposed that a claimant must first complete a claim form, then an initial notice form, both provided by the CCB. The completed forms and proposed filing fee of \$100 must be filed through the CCB electronic filing and document management system (“CCB System”). The types of claims covered include copyright infringement, declarations of copyright non-infringement and misrepresentation cases. The claim must identify the parties, providing as much detail as possible and certify the accuracy of the truthfulness thereof. However, the CCB will be mindful to liberally construe information in the claim, particularly for individuals representing themselves.

A copyright claims attorney with the Office will review a given claim or counterclaim (collectively, “claim”) to confirm compliance with the statute, regulations and rules. If the claim does not comply, a notice of deficiency is issued and an amended claim is due within 30 days from receipt of

the deficiency. A maximum of two amended claims within the 30-day period is available, so time is of the essence. If the amended claim is still noncompliant, the claim will be dismissed without prejudice. The review is proposed to focus on whether a claim on which relief may be granted, is clearly not stated. Also proposed is that the office will not conduct a factual investigation, but may take notice of generally known facts.

A claim will be dismissed without prejudice if unsuitable for determination, for example: failure to join a necessary party; lack of an essential witness, evidence of expert testimony; or determining a relevant issue of law that exceeds an aggregate administrable number of claims or a lack of competence of the CCB for that issue. Unsuitability of a claim may be raised by the Board or a party at any time. If the claim is found unsuitable, the claimant may request reconsideration and the respondent has an opportunity to respond to the request.

Upon notification of compliance, the claimant has 90 days to file proof of service with the Board, however, if a waiver is received from the respondent, the proof of service must be filed within seven days of receipt.

The initial notice describes the CCB, the nature of the proceeding and includes a prominent explanation of the respondent’s right to opt out within 60 days using an office form. If the waiver is not exercised, the respondent waives the right to have the dispute decided by a court, as well as the right to a jury trial. The Copyright Office proposes that the initial notice will be a form with fill-ins for names, addresses and such that are unique to the claim. The extent to which the claimant will have to provide their contact information is unclear. The claimant will also need to identify the nature of the

claim(s) being asserted and the form will provide direction to both parties for further information on copyright law and the CCB, including how to access the CCB System.

Service of process is based on the type of respondent: individuals; corporations; partnerships; and unincorporated associations. Respondent types other than individuals can choose to receive service by a designated agent, which will be included in a publicly available directory of the office. The office proposes that non-individual respondents can designate the same service agent for multiple related entities, but a separate submission will be required for each entity. In addition, up to five alternate service agents can be listed. Entities with a designated service agent must elect to receive service by mail and, optionally, email. There is an incentive for entities to keep their designated agents current, as serving the agent listed will qualify as service. The office may remove a listed agent under certain circumstances, in which case the entity that submitted the agent will have 10 days to respond. If such response is not received or is determined to be insufficient, the listed agent will be removed.

A waiver of service can be requested from the respondent, who has 30 days to respond, using a CCB form. Any waiver agreed to does not affect the respondent’s right to opt out and filing a waiver request does not toll claimant’s time to file proof of service. Subsequent and supplementary to claimant’s service, the CCB must send its own notice to the respondent if no opt-out or response is filed. The second notice is sent 20 days after the filing of proof of service or waiver of service. The office proposes the second notice will closely mirror the first notice by claimant and will be sent by mail and by email for non-individual

respondents with a listed service agent that opted to receive service by email.

A form for opting out will be made available to respondents for online submission or submission by mail, hand delivery or commercial carrier. In addition, the office proposes that an online opt-out be accompanied by a verification code provided by the first and second notices. The office is not proposing a mechanism for revoking an opt-out, but invites comment, and does not propose maintaining a publicly available list of prior opt-outs.

A time for filing a response will be provided once the proceeding becomes active, i.e., after the filing of proof of service or passing of the opt-out period. Respondents timely waiving service will be given an additional 30 days to respond beyond the scheduling order deadlines set by the CCB. The office proposes the respondents respond using a CCB form filed using the CCB System. For those that cannot use the CCB System, alternative submission instructions will be provided in the opt-out form.

Respondents have the option to file coun-

terclaims in their response and identify relevant defenses to an infringement claim. As proposed by the office, any asserted counterclaims are subject to the same compliance requirements as claims. Allowable counterclaims are limited to those arising from the same transaction or occurrence as the original claim, those implicating copyright or an agreement affecting the relief to be awarded to the claimant. No waiver of defenses is proposed at this stage, but the office invites comment regarding the proper resources to be made available to respondents regarding such defenses with a goal of enabling respondents to meaningfully respond early in the proceeding. The 30-day period to respond to a counterclaim is issued with the notice of compliance, rather than a scheduling order, which will be provided subsequently. Comment was requested regarding an opt-out for the counterclaim respondent, which is currently not in the proposed rules, as there is nothing in the statute requiring same.

Regarding fees, the office is currently only proposing a substantive fee of \$100 to file a claim, but comments were request-

ed. The office proposes no separate fee for when a claim becomes active, nor any fee for filing a counterclaim, mirroring the federal courts. The only other fee proposed is a \$6 fee for entities to designate an agent for service. It appears also that this fee would be charged for each entity in a common agent designation among, for example, subsidiary companies.

The final rules may differ, to an extent, from the above, but there will almost surely be growing pains for the CCB. Hopefully, the final rules will accomplish the legislative purpose and reduce costs to have a small copyright claim decided, such that claimants that may otherwise be locked out of federal court over costs, can have their "day in court," so to speak..

Wayne F. Reinke is a partner in the Rochester office of Heslin Rothenberg Farley & Mesiti P.C. His practice focuses on issues related to Internet-based inventions, software, business methods, semiconductor technologies, design patents, and nanotechnology. Wayne can be reached at (585) 288- 4832 or wayne.reinke@hrfmlaw.com.