

**CREATING A USCO CAPABLE OF SUCCEEDING
IN A CHANGING WORLD**

Comments Submitted to

The Honorable Bob Goodlatte,
Chairman, U.S. House of Representatives Judiciary Committee

The Honorable John Conyers,
Ranking Member, U.S. House of Representatives Judiciary Committee

January 30, 2017

OFFERED BY A COALITION OF VISUAL ARTISTS

American Photographic Artists
American Society of Media Photographers
Digital Media Licensing Association
Graphic Artists Guild
National Press Photographers Association
North American Nature Photography Association
Professional Photographers of America

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Coalition of Visual Artists Comments in Response to Goodlatte/Conyers First Policy Proposal Pertaining to the House Judiciary Committee’s Review of U.S. Copyright Law

January 31, 2017

By American Photographic Artists, American Society of Media Photographers, Digital Media Licensing Association, Graphic Artists Guild, National Press Photographers Association, North American Nature Photography Association and Professional Photographers of America

Introduction

The undersigned coalition of visual artists (“VAs”),¹ comprised of the American Photographic Artists, American Society of Media Photographers, Digital Media Licensing Association, Graphic Artists Guild, National Press Photographers Association, North American Nature Photography Association and Professional Photographers of America, welcome the opportunity to provide the following comments in response to the House Judiciary Committee’s first policy proposal to emerge from its multi-year review of the U.S. Copyright law, entitled “Reform of the U.S. Copyright Office.” Our comments consist of two parts. The first portion responds to the portions of the policy proposal pertaining to (1) The Register of Copyrights and the Copyright Office Structure; (2) Copyright Office Advisory Committees; and (3) Information Technology Upgrades. The second part of our response contains our views with respect to creation within the Copyright Office of “a small claims system consistent with the report on the issue released by the Copyright Office.”

Our response to the Committee’s first policy proposal provides the Committee with the particular perspective of our members who, other than our licensing representatives, are individual creators and small businesses. They include illustrators, graphic designers, artists, photographers, visual journalists, videographers, and other visual artists who create, provide and license their creative works for the news media, magazines, advertising, books and other publications, consumer products, digital platforms, multimedia presentations, and broadcast. Other than the licensing aggregators, our members are typically one or two person businesses and small family enterprises that function as creators and support staff who are responsible for running all facets of a small business. In many cases these individuals create works, schedule the jobs, do client

¹ Although the coalition is not a formal organization, for reference purposes, the coalition may be referred to as the Coalition of Visual Artists

contact, keep the books and pay the bills. In addition, their licensing representatives have invested significant resources in creating user-friendly on-licensing platforms so publishers, designers, advertisers, on other image users can effortlessly search for a vast array of imagery and license visual content for all purposes using sophisticated search tools. The licensing fees collected from representatives are then shared with the image creators. Collectively, all members of the signatory associations depend on effective copyright protection and enforcement for their livelihood.

Part I: The Register, Copyright Office Structure, Advisory Committees, an Information Technology Upgrades

The Register of Copyrights and Copyright Office Structure

We join with the Judiciary Committee's call for greater autonomy for the Copyright Office. Regardless of whether the Office remains an independent agency housed in the Library of Congress, or an independent agency under the Legislative Branch with no connection to the Library of Congress, history has demonstrated that it is essential that it have autonomy over the its budget and its technology needs as well as its operational procedures (staffing, fees, structure, etc.).

Critically, if the Copyright Office remains within the Library of Congress, the historic and statutorily-recognized functions of the Register, particularly in providing independent advice to Congress, on copyright issues must be reinforced and preserved as sacrosanct. *See* 17 U.S.C. § 701(b). Any changes to the traditional framework governing the Copyright Office should strengthen the relationship between Congress and the Register, not diminish it. The Register must remain an invaluable and essential copyright advisor to Congress, and the position must be safely secured against undue influence or retaliation from the Library of Congress.²

Given our legislative priority for the creation of a copyright small claims tribunal within the Copyright Office, we believe that greater autonomy for the copyright office would better facilitate the creation of that entity within the Office. Importantly, making the Copyright Office more autonomous from the Library of Congress does not and should not foreclose the continuation of the Library as a beneficiary of the deposits of the office.

² We direct you to testimony from former Register Maria Pallante, which explores the needs of independence in greater detail than we could ever produce. *See* Letter from Maria Pallante to the Hon. John Conyers, Re: The US Copyright Office: Its Functions and Resources (March 23, 2015) at 3 *available at* <https://copyright.gov/laws/testimonies/022615-testimony-pallante.pdf>

We further support the selection of the Register of Copyrights as a Presidential appointee. If the judiciary committee decides to pursue this approach, we urge the Congress to move with great alacrity in passing the necessary legislation and respectfully urge the Librarian to refrain from appointing a new Register and instead await such legislative action. We fear that otherwise, many qualified candidates may not be willing to take the position of Register under existing procedures, uncertain whether that their appointment may be just months long. The massive changes being considered for the Copyright Office are best undertaken with a solid leadership structure in place. We also support the establishment of a Chief Technologist, Deputy Register, and Chief Economist within the Copyright Office.

Copyright Office Advisory Committees

The associations that form this coalition—and the individual members of their associations—have a long history of collaborating with, consulting with, and advising the Copyright Office both formally and informally. One need only look at comments filed in response to the many Notices of Inquiry to see how these groups have participated in petitioning the Copyright Office on many issues over the years. Because we have continually had an open door to the Copyright Office, the Register, and the staff of the Copyright Office, we do not see the need for formal advisory committees.

Should Congress feel compelled to create such advisory committees, we believe that they should be limited to providing operational but not policy advice. In addition, the committee should be primarily composed of rights holders, reflecting the diversity of the community that utilizes the services of the Copyright Office, with at least 50% of the committee composition being individual rights holders or small businesses. Though we do not feel an advisory committee is necessary, if one is created, any meetings should be public and recorded, with minutes and recordings publicly available.

Information Technology Upgrades

The rollout of a Copyright Office modernization plan should begin as quickly as possible—though it should be done in a manner that can efficiently support any further changes to the structure of the Copyright Office. The technology system of the Copyright Office should be independent of the Library of Congress regardless of the destiny of the Office; and designed to accommodate the enormous potential for a new database—including new opportunities for easing registration and review through the use of API and other software, including: embedding metadata in the files, permitting new options for registration including new fee models, and permitting more useful searches of the database, with options for registrants to allow thumbnails of their works to appear in visual search results. The Register should have broad authority to engage in pilot projects that would increase efficiency of, and funding for, the Office

Registration issues should be addressed immediately. We continue to urge the creation of a subscription service for registration. Therefore, any new system should be constructed in a manner that would support such a system. The cost of registration remains a barrier to registration for many copyright holders, and the goal of the Copyright Office to increase registration cannot be met unless the system is designed in a way that enables efficient review of registrations in a manner that can keep costs down for the registrant. It is our understanding that review of registrations is a significant factor in the cost of registration, and we believe that a properly designed database will ease the burden of the review process, thus making registration reviews more efficient and affordable.³

Currently, the Copyright Office database is unable to facilitate a search for the author of a visual work, unless the author is already known. The new database should be searchable, permitting image recognition searches. However, it is important to note that we have strong concerns about security and privacy—there are many reasons why the search of a copyrighted work should not result in a publicly viewable copy of the work, including privacy, trade secrets, journalistic integrity and the potential for infringement. Thus, while we would not support a mandatory search process that allowed a user to type in “horses” and get views of copies of images with horses, we would support a system that would allow a user to drop an image into the system and, through image recognition software, permit the user to learn who holds the copyright to that image. In addition, copyright holders could opt-in to allowing visual results. We would also be open to the idea of designated employees of the copyright office being permitted to do a fee-based visual search of the database for image users who are searching for copyright holders. A further solution to this potential problem would be permitting the registrant the option of allowing a thumbnail of the image to appear in search results.

Additionally, the role of metadata must be incorporated in the new database. Extensive metadata is often attached to digital files containing visual works. We believe it is imperative that digital files deposited with copyright registrations be retained in a manner that preserves such metadata. This could prove essential in searching for the copyright holder of images, and in providing additional historical records relating to the images. In addition it could aid the process of reviewing registrations, increasing the efficiency of that process. Finally, the database should flow seamlessly with commercial APIs which have the potential to directly incorporate registration into the workflow of visual artists. A resulting process permitting seamless registration, digital deposits, and processing by the Office via software programs which read metadata would create less

³ At the same time, the copyright system, and the record it creates, benefits more than just the individual authors, and we don't believe the individual authors should bear the entire cost of modernization. Fees could also be assessed for those using the database for search purposes, thus further easing the financial burden of registrants.

financial burden on the Office than the existing system.

The funding of modernization and the Copyright Office itself is an important issue to consider. The Copyright Office budget should be separate from the Library of Congress, and the Copyright Office should be able to carry over surplus funds from one year to the next in order to plan funding for long-term projects. The Office should also not be required to return unused money to the Library or any other government agency. Funding for modernization should be set aside by Congress through appropriations, and should not be wholly borne by copyright holders. Creators already support the operation of the Copyright Office through the taxes they pay as individuals and businesses, and are already burdened by the high cost of registration. An appropriate database system should eventually pay for itself through increased efficiency providing new opportunities for fee-based services within a modernized Copyright Office. It should also result in increased registration and a robust database that will provide more information about the ownership of works, serving the needs of both copyright holders and users of registered images.

PART II: Small Claims System Hosted by United States Copyright Office

The VAs appreciate greatly the Committee’s interest in the creation of a permanent small claims copyright system within the Copyright Office that is consistent with the Copyright Office’s 2013 Copyright Small Claims Report. Following is our perspective on what we believe to be the essential purpose and fundamental components of any such legislation.

Overriding Purpose of the Legislation

For the members of the visual arts community the overriding purpose of a copyright small claims proposal is narrow and straightforward: to end a longstanding inequity in our copyright system and finally provide photographers, illustrators, graphic artists, other visual artists and their licensing representatives with a fair, cost-effective and streamlined venue in which they can seek relief for relatively modest copyright infringement claims.

Under current law, too many legitimate copyright claimants are unable to pursue a copyright infringement action in federal court. This is due primarily to the prohibitive cost of retaining counsel and maintaining the litigation for some of these high volume, relatively low value claims brought by visual artists—a situation exacerbated by the fact that “they are often opposed by large corporations with limitless resources and the resolve to complicate and protract a case in hopes that the plaintiff runs out of patience, money or both.”⁴ In sum, “[a]s a practical matter, except for large corporate copyright

⁴ National Press Photographers Association (“NPPA”), Comments Submitted in Response to Second Notice

owners, our current copyright laws are virtually unenforceable when it comes to the infringement of visual works,”⁵ — a view that was echoed forcefully during the Committee’s November 2015 session in Los Angeles devoted to the challenges facing photographers in today’s marketplace.

For visual artists and their licensing representatives, copyright violations are a pernicious problem. Copyright infringement reduces dramatically the economic incentive for creators to produce creative works, which in turn limits the works available for licensing. Visual artists create original intellectual property for licensing. Copyright infringement of this material has contributed to a devastating economic loss for our members and the companies that license their works. The burden of policing infringements stretches the resources of artists and business owners and their representatives, who must create, deliver and distribute relevant visual content in a market that only functions when images are properly licensed. At the same time creators are also seeking and fulfilling assignments, working on self-initiated projects and maintaining all of the tasks of running on a 24/7 cycle. Moreover, copyright violations such as the removal of copyright management information can disassociate a work from an artist and result in uncontrolled viral distribution of a work with no compensation to the artist. Overall, for many, losses due to infringements and violations have been overwhelming.

It is not surprising that many potential Tribunal claimants now feel disenfranchised from the federal court system. The Copyright Office’s recent study on copyright small claims indicates that the cost of bringing an infringement case is far beyond the reach of most visual artists and even most companies that license the works on their behalf. The cost of litigating a copyright case through appeal averages \$350,000⁶ and the cost of discovery in federal court alone can easily dwarf any potential recovery for infringements of typically high volume, low-value creative works. Nor are the costs of copyright infringement litigation limited to money — “years of investing time and energy in a single case are crippling to people whose sole source of income is their ability to create and market their work.”⁷

Other factors complicate the situation for creators and licensors of copyrighted works. For example, finding a willing lawyer can prove daunting. It is reported that

of Inquiry at 5 (Oct. 19, 2012) (“NPPA Second Notice Comments”).

⁵ U.S. COPYRIGHT OFFICE, COPYRIGHT SMALL CLAIMS, A REPORT OF THE REGISTER OF COPYRIGHTS 1 (2013), *available at* <http://copyright.gov/docs/smallclaims/usco-smallcopyrightclaims.pdf> (“Copyright Office Small Claims Report”)(quoting Graphic Artists Guild (“GAG”), Comments Submitted in Response to U.S. Copyright Office’s Oct. 27, 2011

Notice of Inquiry at 3 (Jan. 16, 2012) (“GAG First Notice Comments”)). s

⁶ Copyright Office Small Claims Report at 8 (quoting AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION, REPORT OF THE ECONOMIC SURVEY 2011, at 35 (2011) (“AIPLA Report”)).

⁷ American Society of Media Photographers (“ASMP”), Comments Submitted in Response to First Notice of Inquiry at 3 (Jan. 16, 2012) (“ASMP First Notice Comments”)

most copyright lawyers believe that it is not worth it to bring an infringement suit worth less than \$30,000.⁸ In addition, the cost and burden of registering works, especially for individual photographers, who may create as many as 50,000 individual photographs per year, causes many visual artists to forgo registration, and with it the ability to pursue infringers in federal court. This is particularly true when a typical infringement may only be valued at less than \$3,000; an amount well below the threshold for bringing a federal action, but representing a significant and potentially devastating loss of income to the visual artists and their representatives. For individual artists, \$3,000 may make the difference between remaining in business or closing with many only earning approximately \$35,000 per year.

While these types of enforcement challenges have plagued individual copyright owners for years, the uncontrolled, unauthorized reproduction and distribution resulting from the advent of the Internet and the world wide web has been a truly negative game changer. Today, photographers and other visual artists see their creative efforts distributed without authorization, credit or compensation on myriad online sites while being virtually powerless to intervene. Within seconds of its creation an image may be downloaded and re-posted going “viral” in short order. It is easy for a digital image to be stripped of its copyright management information and other metadata, preventing law-abiding publishers from identifying the rights holder and often frustrating attempts to legally license the work. To succeed in today’s electronic age, photographers often have little choice but to actively post their work to the internet and to social media, often within hours or days from the time of creation. This leaves them at the mercy of those providers who strip out identifying metadata, and to infringers who copy and distribute without permission. More than one generation has come to believe that uninhibited access to online visual images is not only the norm, but their rightful entitlement.

The current initiative by the House Judiciary Committee presents Congress with a tremendous opportunity to enact a viable small claims copyright process and thus ensure that individual creators have both rights and viable remedies under the copyright law.

Key Components

In 2011, the Copyright Office was tasked by the then-chairman of the House Judiciary Committee with “furnish[ing] specific recommendations, as appropriate, for changes in administrative, regulatory and statutory authority that will improve the adjudication of relatively modest copyright infringement claims.” Its 2013 report provides both a series of such recommendations and statutory language with respect to those recommendations. (Many of these recommendations are also contained in two bills introduced in the last Congress, H.R. 5757, the Copyright Alternative in Small-Claims Enforcement Act of 2016 (introduced by Representatives Jeffries (D-NY) and Marino (R-

⁸ Copyright Office Small Claims Report at 9 n.35.

PA) and H.R. 6496, the Fairness for American Small Creators Act (introduced by Representatives Chu (D-CA) and Smith R-TX)). In sum, we believe that the Copyright Office report is an excellent template for the Committee to rely upon as the legislative process proceeds.

Drawing heavily from the Copyright Office Report, as well as proposed legislation, below we discuss briefly what we believe to be the key components of a copyright small claims bill.⁹ In making these comments, we are motivated by several key factors that we urge the Committee to take into account, including, but not limited to:

- The legislation must provide individual creators and their licensing representatives with a viable, permanent straightforward, less formal and cost-effective alternative to the current, expensive and time consuming federal court requirement;
- The small claims process must be affordable for individual creators, small businesses and their licensing representatives and the cost of the small claims process must not be placed unfairly on the shoulders of those individuals and businesses;
- The legislation must allow for the Tribunal to impose sufficient monetary awards upon infringers to compensate individual creators fairly and to deter future infringements;
- Given its voluntary, opt-out nature, it is essential that the legislation contain sufficient incentives to help ensure that respondents do not routinely opt out of the Tribunal or put another way – de-incentivize opting out;
- The legislation should (1) set out the general parameters of the legislation, (2) not micromanage the process and (3) give the Copyright Office broad authority to promulgate regulations to effectively manage the Tribunal’s case load and ultimately to make the process work fairly and effectively.

In addition, where appropriate, we offer alternative suggestions in those instances in which our thinking departs from the Office’s proposal and/or each of the aforementioned bills.

- Creation of a Permanent Small Claims Copyright Tribunal. We agree with the Copyright Office and we believe that Congress should enact legislation that creates within the Copyright Office a permanent administrative body (the “Tribunal”) to handle copyright infringement claims that do not exceed \$30,000 in damages. It is absolutely critical that any new small claims process be permanent in nature. Individual creators and their licensing representatives

⁹ This is a non-exhaustive list of issues of interest to us. We anticipate that additional ones will arise as the congressional process continues to unfold.

urgently need and deserve a permanent solution to the current, longstanding inequitable legal system that has for so long deprived us of legitimate licensing revenues. Moreover, all of the pre-existing legislative proposals—the Copyright Office’s and both pieces of legislation while making the Tribunal permanent, recognize correctly that experiences under the new process may require some tinkering with the original statutory plan down the road. To that end, these proposals require the Copyright Office to provide Congress with a study within three years addressing such issues as the efficacy of the Tribunal in resolving copyright claims and whether adjustments to the authority of the Tribunal are necessary or appropriate. This Committee should follow suit.

- Straightforward Process. The adoption of a Copyright Small Claims Tribunal only makes sense if it offers copyright claimants a straightforward, less formalistic and cost-effective alternative to federal court. Here it is critical that the Copyright Office have broad authority to engage in case management that is clearly tied to the particulars of a given case. It is also imperative that the system be crafted to prevent deep-pocket respondents from driving up costs.¹⁰ We agree that (1) proceedings should be conducted via remote telecommunication facilities and that parties should not be required to make in-person appearances before the Tribunal; (2) all documents should be submitted electronically; (3) discovery should be limited with interrogatories and production permitted; (4) expert witnesses should be permitted only under special circumstances; and (5) formal rules of evidence should not apply.¹¹ Depositions should be discouraged but should be allowed in the Tribunal's discretion (a) upon a showing of substantial need and only for limited purposes; (b) where the taking of a deposition would be a more efficient and effective means of adducing relevant information than other forms of discovery as to any particular question or issue in the case, or (c) if after exhausting other forms of discovery which might reasonably be used to address the question or issue and, the relevant information has yet to be obtained.
- Voluntary/Opt-Out System. We agree with the “voluntary/opt out” option proffered by the Copyright Office and the proposed legislation.¹² Under this approach, claimants would serve “respondents” with notice of the claim in a manner analogous to that set forth in Rule 4 of the Federal Rules of Civil Procedure. A properly served respondent would be deemed to consent to

¹⁰ “[A] defendant with a deep pocket [could] put a sole proprietor plaintiff in the poor house through endless discovery requests, depositions and motions. The wealthy and/or corporate defendant is in a position to drive up the plaintiff’s legal fees while forcing the plaintiff to choose between searching for and copying documents, on one hand, or working for a living, on the other.” ASMP First Notice Comments at 3.

¹¹ Copyright Office Small Claims Report at 126.

¹² We recognize that the Copyright Office Report put forth both opt-in and opt-out options.

participate in the Tribunal process and to be bound by its decision unless he or she opts out in writing within a certain time frame (the Copyright Office suggests 60 days as does HR 6496).¹³ Those who receive notice of a copyright small claims action would be free to decide whether it is the appropriate forum in which to address any particular claim against them or whether they would prefer to confront the claim in federal court.

- Incentives. Given a respondent's opt-out ability, it is absolutely critical that the proposal provides sufficient incentives to encourage them to participate before the Tribunal. Absent effective incentives our members have a profound and reasonable fear that far too many respondents will opt out of the process and the inequities that pervade current law will go uncorrected. It is imperative that the Committee review this issue with the utmost care to ensure that it fully appreciates the breadth of its power to devise constitutionally permissible incentives to participate in the process (or find ways to de-incentivize opting out), and exercises that power in a reasonable manner calculated to minimize those instances where respondents choose to opt out. The frequently cited incentives are the \$30,000 damages cap, the unavailability of injunctive relief, the lower cost of proceeding before the Tribunal, the unavailability of fee shifting, and the ability of the respondents to invoke all defenses, including fair use, and file appropriate counterclaims. With respect to the damage ceiling, we worry, however, that this cap will not prove at times to be a compelling incentive given the far lesser sums that are typically sought by copyright claimants of visual works. More robust would be a rule that if a respondent opts out of the Tribunal and later loses the case in federal court involving the same parties and occurrences, there is a rebuttable presumption that the respondent *must* pay claimant's attorney fees and costs. Such a provision would be more compelling than the well-intentioned but more limited provision found in the proposed legislation "[i]n any case before a United States district court in which the court is considering whether to award costs or attorneys' fees to a prevailing party ... the district court may in its discretion take into account, among other relevant factors, whether the non-prevailing party had the option and could have chosen to proceed before the Copyright Claims Board in lieu of the district court."
- Staffing the Tribunal. We concur that the Tribunal should consist of three adjudicators two of whom would have significant experience in copyright law with the third to have a background in alternative dispute resolution.¹⁴
- Tribunal Docket. Congress should take care that any new copyright small claims

¹³ But see §1405(g)(6)(B) of HR 5757 which provides for a 30 day opt out period.

¹⁴ Copyright Office Small Claims Report at 155. See also §1401(b)(3)(A) of HR 5757 and §1401 (b)(1)(B) of HR 6496.

apparatus is not inundated by claims brought under the new system. Consideration should be given to providing the Copyright Office with wide latitude to place limits on the number of claims filed in a given time period by any one claimant as a means of ensuring that the docket of the Tribunal remains manageable.

- Initiation of Proceedings. As suggested by the Copyright Office, in order to initiate a claim, a claimant must file documents indicating the nature of the claim, material facts supporting it and written certification that the alleged facts are true. Upon receiving the claim, Tribunal staff would review the sufficiency of the submission and, if in compliance, the service of process could be issued. Such staff review should help reduce faulty and frivolous claims.¹⁵
- Funding the Tribunal. The VAs appreciate concerns raised regarding the potential cost of operating a copyright small claims system and how those costs would be met. We also understand, as discussed below, that any fee structure should serve, in part, as a deterrent to frivolous claims. At the same time, it is critical that small copyright claimants enforcing their rights are not priced out of the process. It is unfair and unrealistic to expect that these copyright claimants should shoulder all or a substantial portion of these costs. From our perspective, a significant level of federal funding is imperative. Further, it is essential that fees and other costs not deter our participation. One possible option is a sliding fee schedule based on size of damages sought¹⁶ or claimant's income. Given that the Tribunal will alleviate some of the burden now shouldered by federal district courts, it seems only reasonable that a commensurate contribution from the federal judiciary's budget be made to support the Tribunal.
- Role of Attorneys. We agree with those private parties and the Copyright Office who opined that parties should have the option of being represented by counsel before the Tribunal. We believe that the system should be designed to encourage *pro se* proceedings and anticipate that many small copyright claimants will choose not to be accompanied by counsel. We are also pleased that both Representatives Chu and Jeffries in their respective bills allow qualified law students to represent parties before the Tribunal on a pro bono basis. This is an important provision that should help enable individual creators to obtain legal support without incurring legal fees that would often exceed any potential future award by the Tribunal.¹⁷

¹⁵ Copyright Office Small Claims Report at 121-22.

¹⁶ Picture Archive Council of America, Inc. ("PACA") Comments Submitted to Second Notice of Inquiry at 6, (Oct. 18, 2012) ("PACA Second Notice Comments"). PACA has since changed its name to Digital Media Licensing Association ("DMLA") and is a signatory to this document.

¹⁷ See §1405(d)(2) of HR 5757 and §1405(d) HR 6496.

- Eligible Claims. We agree with the conclusion that “the main focus of any small claims proceeding should be on infringement matters arising under one or more of the exclusive rights set forth in section 106 of the Copyright Act.”¹⁸ In addition, as the National Press Photographers Association stated, “infringement claims involving contractual agreements must also be eligible to be heard under the small claims process so long as they have a common nexus to the copyright claim.”¹⁹ At the same time, however, claims that commonly arise in copyright suits such as unfair competition or trademark matters should be beyond the scope of the Tribunal’s jurisdiction. [We also believe that the Tribunal should have jurisdiction to hear claims based on removal of copyright management information under 17 U.S.C. Section 1202, (if they have a common nexus with the infringement giving rise to the claim) but that the remedies for any such violations should be governed by those set forth in the small claims copyright legislation.
- Counterclaims. We approach this issue with some trepidation. We worry that the inclusion of counterclaims could well work to the detriment of claimants by unreasonably adding burdensome time and expense to Tribunal proceedings. Nonetheless, we recognize both that fairness may well dictate the availability of appropriate counterclaims and that such availability can serve as an incentive to participation in the Tribunal process; thus we agree with the Copyright Office’s recommendation, also included in the proposed legislation, that respondents in copyright small claims cases should be allowed to bring a counterclaim based on the same transaction or occurrence as the initial claim if it pertains to an exclusive right set forth in Section 106. Allowable counterclaims should be governed by the damage restrictions discussed below.
- Eligible Works. The VAs agree with the Copyright Office and the proposed legislation that there should be no limit on the scope of works eligible for review by the Tribunal.
- Available Defenses. As the Copyright Office suggests²⁰ and also included in the proposed legislation, as a matter of fairness and to encourage participation, respondents should have access to all defenses available in federal court such as fair use, independent creation and safe harbors arising under the DMCA, as well as appropriate counterclaims.
- Sua Sponte Dismissals by Tribunal. We concur with the Copyright Office’s suggestion that the Tribunal should have the authority to *sua sponte* dismiss claims that it deems beyond its technical competence such as those involving

¹⁸ Copyright Office Small Claims Report at 104.

¹⁹ NPPA Second Notice Comments at 4.

²⁰ Copyright Office Small Claims Report at 105-06.

complex software programs.²¹

- Weeding Out Frivolous Claims. While we recognize that the success of the copyright small claims process will turn in part on its ability to weed out frivolous claims, it is also critical that any attempts to do so not deter valid claims. We believe that frivolous claims can be minimized by inclusion of an amalgam of provisions — e.g., a sufficient showing of infringement *before* respondent is notified of a claim, barring those who file multiple false claims from using the Tribunal in the future, and providing ample information to the public about the rules and requirements of the system.
- Role of Registration. With one exception discussed below, we concur with the Copyright Office’s recommendations—followed in the Chu and Jeffries’s bills--regarding the role of registration in the copyright small claims process. In general, claimants should be required to register the work or file a registration application, deposit and fee before the action commences. If registration is not issued or is disapproved during pendency of the case, the claim will be dismissed. With respect to previously unregistered works, the claimant should be able to file the registration application contemporaneous with the claim and for a single, reasonable fee. At the same time, we urge the Committee to consult with the Copyright Office in order to address existing registration issues that continue to hamper the ability of visual artists and others to register their works. These include expanded group registration rules—which are currently the subject of an inquiry before the Copyright Office²²—and the distinction between published and unpublished works at the registration stage — a burdensome and ineffective distinction that requires published and unpublished works to be registered on separate forms with separate fees.
- Expedited Registration. Recognizing that it can take several months for the Copyright Office to issue a registration via the paper or online route, we recommend that the Tribunal be given the discretion to order the issuance of a registration certificate on an expedited basis. The fees for such an accelerated registration should be reasonable and based on financial hardship and the importance of the particular claim proceeding expeditiously. Alternatively, the Committee could consider moving registration requests by small claims claimants to the head of the “registration queue.”
- Registration of Claims of \$5,000 or Less. Given the burden imposed by registration on small copyright claimants, the extremely low registration rates among many such copyright owners, and the modest nature of many infringement claims, we suggest that the Committee consider ensuring that registration is not a

²¹ Copyright Office Small Claims Report at 119. See also §1405(f)(3) of HR 5757 and HR 6496.

²² See 81 Fed. Reg. 9075 (Dec.1, 2016).

prerequisite for filing suit before the Tribunal with respect to claims seeking damage awards of \$5,000 or less. Absent such a provision, it is reasonable to assume that many small copyright claimants will choose not to incur the fees and burdens associated with registration, as well as the expense of bringing suit in the Tribunal.

- Subpoenas and Unknown Infringers. As so many infringements suffered by potential claimants occur online, it is essential that (1) the Tribunal be empowered to issue subpoenas to determine the identity of John Doe respondents where the complainant has sworn to material facts and the claim has been reviewed for sufficiency by the Tribunal and (2) federal district courts shall have authority to enforce such subpoenas. We respectfully disagree with the Copyright Office that Congress defers action on the subpoena issue for unknown infringers to await future study²³ and urge the Committee to consider seriously providing for issuance of subpoenas with respect to John Doe respondents.
- Damages. We agree with the Copyright Office and the sponsors of the proposed legislation that the Tribunal should be authorized to award actual damages and profits up to \$30,000. As to statutory damages, we also agree with the Copyright Office that with respect to (1) cases where registration was timely under §412, statutory damages be capped at \$15,000; and (2) cases where registration was not timely under Sec. 412, statutory damages be available, but capped at \$7,500. We also suggest that in non-registration cases of \$5,000 or less, that statutory damages be capped at \$2,500.
- Injunctions. While we think there is merit in some instances in the Tribunal being free to enjoin infringers, particularly repeat infringers, on balance we believe it best to deny injunctive authority to the Tribunal for now—in part because of the complex instances where an infringing work is included in a larger work and the consequences of enjoining the larger work would be significant.
- Injuries Exceeding the \$30,000 Cap. While we anticipate that many claims brought before the Tribunal will be for claims involving \$5,000 or less, we are concerned that there will be instances where the discovery process before the Tribunal demonstrates that the damages caused by the infringement are well in excess of the \$30,000 cap. Therefore, we urge the Committee to provide that in such circumstances the Tribunal may dismiss the proceeding without prejudice

● ²³ See, e.g., Getty Images, Comments Submitted in Response to Third Notice of Inquiry at 2 (April 12, 2013) (“We frequently encounter infringement of images on websites where the infringer’s identity is unknown, often because the domain name has been registered through a proxy and there is no valid contact information. For this reason, we believe there should be a mechanism through the small claims process to subpoena an internet service provider or domain name registrar to learn the identity and location of the infringer.”)

and the claimant be allowed to continue litigating claims arising out of the same transaction or occurrence in a federal district court of competent jurisdiction. We also urge the committee to consider granting the Register the authority to adjust the various damage related limits in the legislation (e.g. the overall limit on damages, and limits on statutory damages) subject to a Congressional veto-type process.²⁴ Including a process of this ilk opens the possibility of the \$30,000 cap being increased should experience on the new procedures point in that direction.

- Attorney Fees and Costs. Here we depart from the approach taken by the Copyright Office and in the proposed legislation that the act should not provide for fees and costs shifting. We believe that the Tribunal, in its discretion, may allow the recovery of attorney fees and costs by or against any party other than the United States or an officer thereof. Given the real possibility that corporate respondents, and individual respondents with means, will engage counsel in this setting, it is important that individual visual artists have the opportunity to retain counsel in order to avoid being placed at a distinct disadvantage. In addition, such a rule would provide an additional incentive for the respondent to remain in the copyright small claims process — where a fee award is likely to be far lower than it would be in district court — and at the same time, would help a claimant who desires legal counsel to obtain some level of assistance. The availability of attorney fees in the Tribunal will also serve a very important purpose, as it does in federal court: to encourage settlement and terminate proceedings in order to avoid the possibility of a fee exposure. In cases where a frivolous claim, counterclaim, or defense was made by an attorney, the Tribunal should consider placing monetary responsibility for such violations on said attorney(s).²⁵ We do not believe that the language in proposed legislation pertaining to law student representation of parties before the Tribunal in any way negates the need for general fee shifting language we support.
- Tribunal Control Over Discovery. It is important that the Tribunal have authority to prevent abuse of the discovery process by parties. The Copyright Office report, as well as the proposed legislation, approaches this issue in the same manner. Specifically, all of these proposals basically provide that “after providing notice and an opportunity to respond, and upon good cause shown, the ... [Tribunal] may apply an adverse inference regarding disputed facts against a party who has failed to timely provide discovery materials in response to a proper request for relevant

²⁴ See , e.g., H.R 5757, §1409 (a)(2)

²⁵Here the Committee could paraphrase language found in 17 U.S.C. § 505 [Remedies for infringement: Costs and attorney's fees](#): “In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney’s fee to the prevailing party as part of the costs”. *Id. See also*, Fed. R. Civ. Proc. 11 advisory committee notes (1983 Amendment).

materials.”²⁶ The VAs appreciate this statutory language, but question if it is strong enough to deter a party--such as a well- heeled respondent bent on frustrating his adversary —from abusing the discovery process. In our view, it is incumbent upon the Committee to review this issue and determine whether additional authority should be afforded the Tribunal to impose harsher penalties on such a party, including sanctions.

- **Fast Track.** We believe that it is critical that the Copyright Office have broad authority to ensure that the Tribunal has the flexibility to tailor the proceedings according to the contours of a given case. Accordingly, the Committee should consider seriously giving the Copyright Office authority to handle lower dollar value claims in an expedited and less formal fashion. One possible option would be for the Copyright Office to permit the Tribunal to hear claims on a “two-tier basis”--one involving claims of \$5,000 or less, and a second for all other cases within the Tribunal's jurisdiction. While neither the Copyright Office recommendations nor HR 5757 allude to such a “fast track” or “two-tier” approach, we welcome language in Rep. Chu’s bill that provides for special rules with regard to the Tribunal’s handling of claims of \$5,000 or less. Specifically, this provision gives the Register the authority to issue regulations in such cases that:

(1) provide for one copyright claims officer to consider and issue a determination with regard to the claim; and

“(2) For which a copyright claims attorney shall review the claim and determine whether the case shall be heard by one officer or the ... [Tribunal].” HR 6496 §1405(aa)

While this language is a step in the right direction, we believe that Register’s authority should not be restricted to those two instances. For example, while the parameters should be set by the Office, a simplified track might adhere to the following factors: (1) no registration requirement to bring a claim before the Tribunal, (2) discovery would have tighter limits and depositions would not be permitted absent a showing of compelling need, (3) statutory damages and attorney fees/costs would be capped at \$2,500; and (4) proceedings would be conducted by a single adjudicator. Moreover, regulations could also provide that Tribunal staff determine at the outset whether the case shall follow the regular track or simplified track.

- **Reconsideration and Review of Tribunal Ruling.** We suggest that it is reasonable to allow either party, not merely the losing party, as suggested by the Copyright Office, to seek reconsideration of a Tribunal ruling based not only on a material error or technical mistake but also because of fraud or misleading testimony. We believe this would address situations where subsequent to the completion of

²⁶ Id at 145. See also §1405(o)(3) of HR 6496 and 1405(m)(3) of HR 5757.

litigation, the claimant belatedly determines that the respondent misrepresented the scope or circumstances of the infringement (either by omission of facts or by false representations). In those instances, the claimant must have the limited right to appeal or re-litigate the matter, irrespective of whether the claimant prevailed or not. In the event that request for reconsideration is denied, the appellant should have an opportunity to appeal the Tribunal's final decision to the Register of Copyrights. Should the Register decide that the denial of reconsideration was erroneous, he or she could remand the case for further proceedings. As discussed below, once final, the Tribunal's decision could be challenged on a limited basis in federal court.

- Challenges to Determinations by Tribunal. We respect that fairness dictates that there should be carefully cabined situations where a losing party could seek judicial review of Tribunal decisions. At the same time, the VAs worry that deep-pocketed such language must be calibrated to prevent well-heeled respondents from routinely appealing in order to exhaust the resources of claimants. Thus, as the Copyright Office suggests, the losing party before the Tribunal should have a limited ability to appeal — but not re-litigate — the decision below. While a losing party should have the opportunity to ask the federal district court in D.C. to set aside a Tribunal's determination, the court should be able to do so only if it finds that the Tribunal exceeded its authority or the challenged ruling was obtained by fraud, corruption, or undue means, or as a result of misconduct.²⁷
- Precedential Effect of Tribunal Ruling. Rulings of the Tribunal should only bind the parties to its terms; Tribunal rulings should neither act as binding precedent for the Tribunal, nor act to preclude the litigation of any issues decided by the ruling with respect to a third party. Neither the panel nor unrelated litigants should be allowed to rely on Tribunal rulings as legal precedent. The Tribunal's rulings should also have no legal effect on the resolution of issues outside of its jurisdiction (e.g., trademark infringement), even if those issues arose out of the same transaction or occurrence. This is the same general position articulated by the Copyright Office and found in currently proposed legislation.
- Enforcement. A party having difficulty collecting damages or securing other relief from a losing, non-cooperative respondent must have the option of obtaining a federal court judgment enforcing the Tribunal's decision.²⁸ While the Copyright

²⁷ This approach tracks that found in the Federal Arbitration Act ("FAA"). *See* 9 U.S.C. § 10(a) (permitting an order vacating the award "where the award was procured by corruption, fraud, or undue means" or as a result of misconduct)

²⁸ Again the FAA provides guidance. *See* 9 U.S.C. § 13 ("The judgment so entered shall have the same force and effect, in all respects, as, and be subject to all the provisions of law relating to, a judgment in an action; and it may be enforced as if it had been rendered in an action in the court in which it is entered. *See also*, Copyright Office Small Claims Report at 128 (endorsing the FAA as a model for enforcement).

Office proposal and HR 5757 recognize the need for such enforcement actions, they both fall short by requiring any such action be brought in the United States District Court for the District of Columbia. This limitation is extremely problematic especially for individual creators of limited resources. It means that a successful, non-DC based claimant, who need not make an in-person appearance before the Tribunal, would be required to come to DC to seek enforcement and/or obtain local counsel. Unless corrected, this situation has the potential to frustrate both the integrity of the process and the fundamental purpose of ensuring that individual creators have a viable forum to seek redress. HR 6496 takes an important step in rectifying this problem by allowing that “the aggrieved party may petition the United States District Court for the District of Columbia, or *any other Federal district court of competent jurisdiction*” (emphasis supplied) HR 6496 §1407(a) (1) this is a crucial provision and deserves the Committee’s full consideration. In addition, we strongly urge the Committee to take the further, critical step of providing that if a district court enforces a Tribunal judgment against an uncooperative respondent, the respondent shall be liable for the reasonable costs, including attorney fees, incurred by the claimant in pursuing the enforcement action. Such a provision is analogous to Rule 4(d) of the Federal Rules of Civil Procedure which deals with defendants who, without good cause, refuse to waive service. Under that Rule the defendant is required to pay the expenses later incurred in making service and the reasonable expenses, including attorney's fees, of any motion required to collect those service expenses.

- Statute of Limitations. We concur with the Copyright Office’s recommendation (and the proposed legislation) that the statute of limitations parallel the three-year period for federal court actions found in §507 of the Copyright Act. As the Office also noted, it is essential that if an action is commenced before the Tribunal, the statute of limitations for claims to be brought in federal court be tolled.
- Educational Material Regarding Tribunal Procedure. Given the possibility that large numbers of copyright claimants will proceed *pro se*, it is incumbent that the Copyright Office provide the public with clear and understandable guidance as to the Tribunal’s rules and procedures as well as form pleadings. Such guidance is commonly provided in jurisdictions around the country.²⁹
- Periodic Review of Tribunal Process. Careful consideration should be given to requiring the Copyright Office to conduct a periodic review of the Tribunal process, including but not limited to: review of costs and fees, types of claims

²⁹ See, e.g., Cal. Civ. Proc. Code §116(a) (Supp. 1989) (each small claims division may formulate and distribute to litigants and public a manual on small claims court rules and procedures); N.Y.C. Civ. Ct. Act §1803(b) (1987) (clerk shall provide information to claimant explaining small claims court in “clear and coherent language”). See also, Divorce Set 1 Uncontested, No Minor Children, No Real Property, available at <http://www.txcourts.gov/media/515764/divorceset1forms.pdf> (forms and instructions for an uncontested divorce, approved by the Supreme Court of Texas)

and claimants, duration of proceedings, number of times respondents opt out of the process, how successfully the Tribunal manages its docket, and size of monetary awards rendered by Tribunal.

Conclusion

The enactment of a Copyright Small Claims Tribunal is imperative if the exclusive rights imbued in copyright law and the threat to the ability to receive fair value for created works are to be protected. We thank the Committee for the opportunity to present our views and proposals.

Respectfully submitted,

American Photographic Artists,
American Society of Media Photographers,
Digital Media Licensing Association,
Graphic Artists Guild,
National Press Photographers Association,
North American Nature Photography Association,
Professional Photographers of America