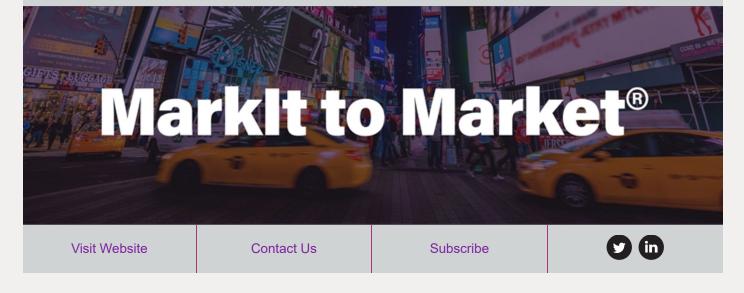
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June 2022



Thank you for reading the June 2022 issue of Sterne Kessler's MarkIt to Market® newsletter. This month, we discuss the differences between Copyright Claims Board and federal court proceedings and provide guidance on staying vigilant regarding trademark scams and solicitations.

Our <u>Trademark & Brand Protection practice</u> here at Sterne Kessler is devoted to guiding companies of all sizes in developing and maintaining strong brands around the world. There is always something new and exciting happening in our unique IP niche, and we bring you updates each month to help you keep on top of it all. Thanks for your readership. If there is something you would like us to cover, please don't hesitate to reach out to us and let us know!

Kind Regards,

Monica Riva Talley Editor

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An Open-and-Shut Case for the CCB? It Depends.

By: Ivy Clarice Estoesta and Ivy Attenborough

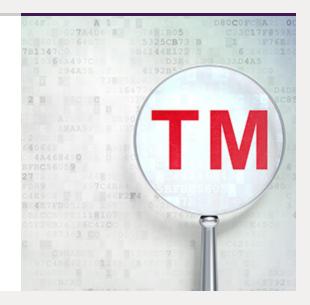
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PSA: Scammers Gonna Scam

By: Lauriel F. Dalier

This is not our first warning about trademark scams, and (sadly) it will surely not be our last, but it bears repeating that trademark owners should be extremely wary of any unexpected communications (email, text, snail mail) relating to your trademark assets – particularly communications requesting payment of fees.



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Editor & Authors



Monica Riva Talley Director <u>mtalley@sternekessler.com</u>



Ivy Clarice Estoesta Director <u>iestoest@sternekessler.com</u>



Ivy Attenborough Summer Associate iattenborough@sternekessler.com



Lauriel F. Dalier Counsel Idalier@sternekessler.com

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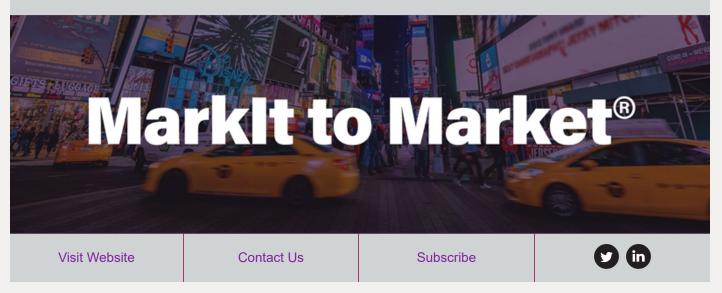
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An Open-and-Shut Case for the CCB? It Depends.

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Copyright owners now have another venue for enforcing copyrights: the <u>Copyright Claims Board (CCB)</u>. Established by the Copyright Alternative in Small-Claims Enforcement Act of 2020 (CASE Act), the CCB aims to provide copyright owners an efficient and low-cost alternative to traditional federal court for certain copyright claims. However alluring that sounds, copyright owners should carefully consider the following notable differences between CCB proceedings and copyright infringement suits in federal court when selecting a forum in which to bring suit.

1. A copyright registration certificate is not required, but recommended.

Unlike in federal court, where a plaintiff must have a copyright registration certificate (or an official refusal to register) before it can bring a copyright infringement claim, a claimant needs only a pending copyright application to bring a copyright claim with the CCB. The copyright application can be submitted either before or concurrently with filing the claim. However, if a certificate has not issued at the time of filing, the CCB will hold the proceeding in abeyance for up to one year, or until a registration certificate is submitted to the CCB. Failure to submit a registration certificate by end of the one year period, or issuance of an official refusal to register from the Copyright Office, will result in the proceeding being dismissed without prejudice. The claimant can then bring the same claim in federal court.

2. Only certain types of claims and defenses can be brought.

Parties are permitted to bring only the following types of claims before the CCB:

- a claim for infringement under the Copyright Act;
- a claim for a declaration of noninfringement under the Copyright Act;
- a claim for misrepresentation under the Digital Millennium Copyright Act;
- a counterclaim arising under the same transaction or occurrence of the original claim;
- a counterclaim arising under an agreement about the same transaction or occurrence of the original claim; and
- any legal or equitable defenses available under law arising from the claim or counterclaim.

3. Only certain accused parties are subject to the jurisdiction of the CCB.

The CCB does not have any jurisdiction over an entity residing or domiciled outside the United States unless that entity initiated the proceedings and is subject to counterclaims. This is unlike federal courts, which can exercise jurisdiction over a foreign entity if its infringing acts occur inside the United States. Therefore, while the CCB would not be able to adjudicate a claim against a foreign entity importing infringements into the U.S., a federal court would.

4. An accused infringer can effectively force the copyright owner out of the CCB and into federal court.

Unlike in federal court, an accused party can voluntarily opt out of a CCB proceeding. Filing a timely optout notice avoids a default CCB determination against the accused party, and prevents the copyright owner from refiling the claim before the CCB. Should the copyright holder choose to continue pursuing its claim, it would have to file suit in federal court.

5. Only monetary relief is available, and it is capped at \$30,000.

In a single proceeding, a claimant cannot seek to recover more than \$30,000, not including attorneys' fees and costs. A claimant can elect to recover either actual damages and profits or statutory damages. For timely registered works, the statutory damage award may not exceed \$15,000 for each work infringed. For works not timely registered, the statutory damage award may not exceed \$7,500 – a significant contrast from federal court, which awards no statutory damages for works not timely registered. Additional differences between the federal court and CCB damages schemes is that in federal court, actual damages are not capped, and for timely registered works, the statutory damage award can be up to \$150,000.

If the CCB determines that a party has acted in bad faith, it can require that party to pay the opposing party's reasonable costs and attorneys' fees, which are capped at either \$5,000 in cases where the opposing party is represented by an attorney or \$2,500 in cases where opposing party appears pro se. There is no cap on attorneys' fees and costs in federal court.

As for injunctive relief, the CCB cannot issue injunctions like a federal court. However, an infringer's agreement to stop infringing conduct can provide the CCB the basis to require the infringing party to cease infringing conduct.

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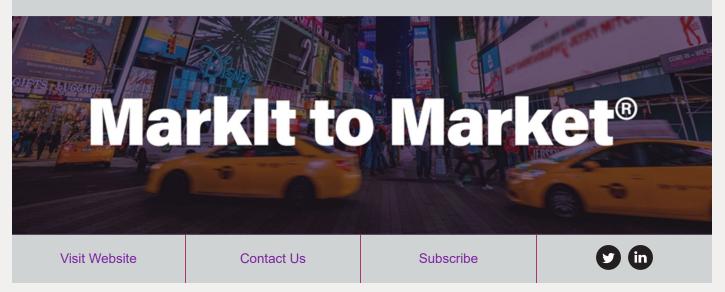
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As many brand owners are now aware, the USPTO recently commenced copying registrants on notices of registration as part of their transition to electronic registrations. However, in the process, the USPTO unintentionally made nearly 21,000 applicant email addresses public in its Trademark Status Document Retrieval (TSDR) system – easily accessible not only to the public, but also to potential solicitors and scammers.

While the USPTO has indicated that the situation is being remedied, and that it is taking precautions so it does not happen again, there is unfortunately no way to put the horse back in the barn for those applicant emails that were publicly disclosed.

So, if you receive an email regarding your application/registration from someone other than your attorney of record, do not respond before forwarding it to your attorney for confirmation. While some emails may simply be solicitations, you should take the same measures you would for any email from an unknown email address or person: do not respond or click on any links, and verify the information before taking any action.

If you are not represented by counsel, you can also check the USPTO's Scam Alert webpage <u>here</u> for more information and assistance.

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