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Copyright Office

37 CFR Parts 220, 222, and 226

[Docket No. 2021–8]

Copyright Claims Board: Active Proceedings and Evidence – Smaller Claims Procedures

AGENCY: U.S. Copyright Office, Library of Congress.

ACTION: Final rule.

SUMMARY: Pursuant to the Copyright Alternative in Small-Claims Enforcement Act, the U.S. Copyright Office is adopting a final rule amending the procedures for "smaller claims" proceedings before the Copyright Claims Board.

DATES: Effective [INSERT DATE 30 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Rhea Efthimiadis, Assistant to the General Counsel, by email at *meft@copyright.gov* or telephone at (202) 707-8350.

SUPPLEMENTARY INFORMATION:

Pursuant to the Copyright Alternative in Small-Claims Enforcement Act of 2020 (the "CASE Act"), the Copyright Office created the Copyright Claims Board (the "CCB"), an alternative and voluntary forum for parties seeking to resolve certain copyright-related disputes.[1] The CASE Act directed the Register of Copyrights to "establish regulations to provide for the consideration and determination, by not fewer than 1 Copyright Claims Officer, of any claim under this chapter in which total damages sought do not exceed $5,000 (exclusive of attorneys' fees and costs)."[2] The Office has

[1] Sec. 212, Pub. L. 116–260, 134 Stat. 1182, 2176 (2020).

[2] 17 U.S.C. 1506(z).

engaged in several rulemakings to establish the procedures necessary to implement the CASE Act.

On December 8, 2021, the Office published a notice of proposed rulemaking ("NPRM") that, among other topics, addressed procedures for "smaller claims" proceedings.[3] Under the proposed rule, smaller claims proceedings would be heard by one Copyright Claims Officer and discovery would be limited to that available in standard CCB proceedings.[4] Additional discovery, including requests for expert testimony, would be prohibited, and the Officer would issue a determination based solely on the parties' written testimony without holding a hearing.[5] In response to public comments, the Office decided to implement a "more expedited and less formal process" for smaller claims than the NPRM proposed.[6] On May 17, 2022, the Office published a final rule (the "May 2022 Rule") that reflected those changes.[7]

The May 2022 Rule provided that the smaller claims process would rely on "written submissions and informal conferences to minimize party burdens" and "allow[] the presiding Officer to take a more active role in case management."[8] Smaller claims proceedings would no longer use the same discovery rules as standard CCB proceedings. Instead, discovery would be "significantly limited, if allowed at all," and the scope of any permitted discovery would be discussed during an initial conference.[9] The May 2022 Rule "allow[ed] for a party position statement, a merits conference to discuss the evidence and the issues presented, a tentative finding of facts by the presiding Officer, the

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[3] 86 FR 69890 (Dec. 8, 2021).

[4] *Id.* at 69912–13.

[5] *Id.*

[6] 87 FR 30060, 30074 (May 17, 2023) ("May 2022 Rule").

[7] *Id.*

[8] *Id.*

[9] *Id.*

opportunity for parties to respond to those findings, and a final determination."[10] The May 2022 Rule also included several clarifications, including specifying when claimants must choose whether they want smaller claims proceedings, how counterclaims impact this choice, and the content of initial and second notices for smaller claims proceedings.[11] The Office explained that this "updated, streamlined procedure for smaller claims substantially addresses commenters' concerns, will provide a clear alternative to both the CCB's standard proceeding and to Federal litigation, and will ultimately incentivize claimants to use the CCB's smaller claims procedures where appropriate."[12]

Concurrent with the publication of the May 2022 Rule, the Office sought further comment regarding the smaller claims process.[13] This second opportunity to comment was intended to help determine whether the updated regulations struck "the proper balance between streamlining the smaller claims process and providing sufficient procedural protections to all parties."[14]

The Office received two further comments, from the Copyright Alliance and the New York Intellectual Property Law Association ("NYIPLA").[15] These comments are addressed in detail below.

The Copyright Alliance's Comment

The May 2022 Rule provided that a claimant may request that the smaller claims procedures apply when filing its claim, and also that "[t]he claimant may change its choice as to whether to have its claim considered under the smaller claim[s] procedures at

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[10] *Id*.

[11] *Id.* at 30074–75.

[12] *Id.* at 30075.

[13] *Id.*

[14] *Id*. On June 15, 2022, the Office published a correction to the May 2022 Rule, which included one technical correction related to the smaller claims provision. 87 FR 36060 (June 15, 2022).

[15] Comments received in response to this rulemaking are available at *https://www.regulations.gov/docket/COLC-2021-0007/comments*. References to public comments responding to the Office's May 2022 Rule are by party name (abbreviated where appropriate), followed by "Final Rule Comments."

any time before service of the initial notice."[16] The Copyright Alliance noted that this language "seems to suggest that a claimant who initially chooses to have the proceeding considered under the smaller claims procedures may be able to change their choice and have the proceeding considered under standard small claims procedures, but that a claimant who initially opts to have the proceeding considered under the standard small claims procedures may not have that same opportunity."[17] The Copyright Alliance recommended that the Office clarify this provision and "also include reference to the opportunity for claimants to change their choice in another section of the regulations."[18]

The Office intended for the current regulations to allow a claimant to change its election of which procedures to use before service of the initial notice, regardless of its original election. Considering the Copyright Alliance's comments, however, the Office has modified the regulatory language to clarify that rule.[19] The Office declines to take the Copyright Alliance's suggestion to duplicate this language in other sections of the regulations. The Office notes that several chapters of the CCB Handbook, a plain language resource for CCB parties, also reference claimants' ability to change their election of small or smaller claims procedures.[20]

The regulations also allow a claimant to change its election after service, so long as the other parties and the CCB consent.[21] The Copyright Alliance suggested there should be no opportunity for a claimant to change its election after service of the initial

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[16] 37 CFR 226.2 (emphasis omitted).

[17] Copyright Alliance Final Rule Comments at 2.

[18] *Id.*

[19] The Office is also revising its regulations to reflect that a claimant's request to change their election should be submitted as a "tier one" request, *e.g.*, a request found in 37 CFR 220.5(a)(1) that is filed through a fillable form on the CCB's electronic filing and case management system and is limited to 4,000 characters.

[20] *See* 37 CFR 226.2; U.S. Copyright Office, *CCB Handbook* at ch. 4, Smaller Claims (2022) *https://ccb.gov/handbook/*; *id.* at ch. 3(a), Starting an Infringement Claim; *id.* at ch. 3(b), Starting a Noninfringement Claim; *id.* at ch. 3(c), Starting a Misrepresentation Claim.

[21] 37 CFR 226.2.

notice, even if the respondent agrees to the change. The Copyright Alliance argued for this restriction on the grounds that a claimant who wishes to change their choice after service "has the ability to withdraw their claim and file it again to reflect the new choice."[22]

The Office disagrees that a strict deadline is advisable and believes that a more flexible approach is preferable in a forum that is intended to be accessible to *pro se* parties. Requiring consent from the other parties and the CCB should be sufficient to protect against abuse of the election process.

In its comment, the Copyright Alliance also noted that the regulations give the Officer presiding over a smaller claims proceeding the authority to "issue additional scheduling orders or amend the scheduling order," indicating that there may be a difference between an additional scheduling order and an amended scheduling order.[23] The Copyright Alliance sought clarification on this point.[24]

Under the regulations, the initial scheduling order in a smaller claims proceeding includes "the dates or deadlines for filing of a response to the claim and any counterclaims by the respondent and an initial conference with the Officer presiding over the proceeding."[25] That Officer may issue an additional scheduling order that includes dates or deadlines beyond those in the initial scheduling order, such as dates of other conferences or deadlines for discovery. An amended scheduling order is used to change the dates in a preexisting scheduling order, such as rescheduling the deadline for filing a response set forth in the initial scheduling order. In light of this explanation, the Office does not believe a regulatory change is necessary.

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[22] Copyright Alliance Final Rule Comments at 2–3. Although it acknowledged that the CCB Handbook is not binding authority, the Copyright Alliance also pointed to language in the CCB Handbook that suggests that a claimant may not be able to change their selection after service.

[23] *Id.* at 3.

[24] *Id.*

[25] 37 CFR 226.4(b).

The Copyright Alliance also sought clarification on regulatory language that provides that "[i]f a party fails to submit evidence in accordance with the presiding Officer's request, or submits evidence that was not served on the other parties or provided by the other side, the presiding Officer may discuss such failure with the parties during the merits conference."[26] The Copyright Alliance observed that "the phrase 'such failure' can only be read to refer back to the first clause (referencing the party's failure to submit evidence) and not the second clause (referencing a party's submission of evidence that was not served on the other parties) since the latter is not phrased as a 'failure.'"[27] The Copyright Alliance further noted that the regulations permit the Officer to draw an adverse inference as a remedy for the failure to submit evidence but does not mention remedies for the submission of evidence that was not served on or provided by other parties.[28]

The Copyright Alliance is correct that the Office's intent was that both issues—the failure to submit evidence and the submission of evidence that was not served on or provided by the other parties—could be addressed during conferences and that the presiding Officer was empowered to impose remedies for either issue. The Office has revised the corresponding regulatory text to make clear that the Officer may discuss with the parties and impose appropriate remedies to address either issue. The Office notes, and the regulatory text provides, that although imposition of an adverse inference is one remedy that is available to an Officer, there may be other appropriate remedies, such as excluding evidence that was not properly served or providing the other parties an opportunity to respond to such evidence.[29]

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[26] Copyright Alliance Final Rule Comments at 3 (quoting 37 CFR 226.4(d)(3)).

[27] *Id.*

[28] *Id.* at 4.

[29] The Copyright Alliance also identified a nonsubstantive typographical error in the regulatory text, *id.* at 3 n.3, which has been corrected. The Office has made several additional nonsubstantive corrections.

The NYIPLA's Comment

Current CCB regulations allow parties in a smaller claim proceeding to submit a written statement setting forth their positions on the issues prior to the merits conference, but do not permit any written responses to these statements.[30] The NYIPLA recommended that parties be allowed to submit written responses, arguing that "it is important that parties before the CCB be afforded the right to respond to the statements and evidence initially submitted by their opponents" and "to permit some form of rebuttal submission in advance of the merits conference."[31] The NYIPLA argued that written responses would also "provide the *other* side with fuller notice of what its opponent's rebuttal case will consist of at the merit conference" and "are generally an effective means of responding to another party's argument."[32]

The Office declines to make the requested changes at this time. The smaller claims procedures are intended to provide a streamlined and less formal process than standard CCB procedures. Consequently, the Office's regulations sought to minimize the filings in smaller claims proceedings to reduce the burdens on the parties, ensure that the timeline is not protracted, and distinguish the smaller claims procedures from standard CCB procedures. The Office believes that providing parties with a single opportunity to submit an optional written statement ensures fairness, especially with respect to both parties represented by counsel and those appearing *pro se*, while recognizing that some parties will be more comfortable communicating their positions in writing than orally. As the NYIPLA recognizes, parties will have an opportunity to respond to any written statements during the merits conference.[33] At the merits conference, the presiding Officer will be able to ask questions and develop the parties' positions further.

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[30] 37 CFR 226.4(d)(2)(ii).

[31] NYIPLA Final Rule Comments at 1–2.

[32] *Id*.

[33] *Id.* at 2.

Under the CCB's current regulations, if a claimant has selected a smaller claims proceeding, a respondent may bring a counterclaim that seeks only $5,000 or less in damages, exclusive of attorneys' fees and costs.[34] As the May 2022 Rule explains, "[a] respondent who is not content with a counterclaim limited to $5,000 may decline to use the smaller claims track and either use the standard proceeding by bringing a separate claim against the original claimant or bring the claim to Federal court."[35] The NYIPLA disagreed with this approach and recommended that the regulations "provide for reassignment from the smaller claim track for any proceeding in which a respondent wishes to assert within the CCB a counterclaim that would be eligible only for the non-smaller claim track."[36] The NYIPLA argued that the benefits of the smaller claims proceeding "are lost, and the complexity compounded, if two concurrent proceedings are running simultaneously, under different procedures, particularly where both may, in some cases, involve similar questions of fact and law."[37] The NYIPLA expressed concern about the logistics of consolidating a smaller claims proceeding with a standard CCB proceeding and the possibility of inconsistent determinations in the event that they are not consolidated.[38]

The Office declines to implement this proposed change. One of the key features of the CCB is its voluntary nature—including the parties' ability to choose whether to participate, given the matters at issue and the scope of the proceeding. This feature could be frustrated were a respondent able to unilaterally move a claim from the relatively streamlined smaller claims process the claimant had selected to the standard CCB process.

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[34] 37 CFR 226.3.

[35] 87 FR 30060, 30074.

[36] NYIPLA Final Rule Comments at 3.

[37] *Id*.

[38] *Id*.

The Office appreciates the NYIPLA's concerns regarding the current process for consolidating proceedings before the CCB and the possibility of inconsistent determinations if two claims addressing similar facts are not heard together. To address these concerns, the Office is revising its regulations pertaining to consolidation. The revised rule addresses circumstances in which two proceedings—a smaller claims proceeding and a standard CCB proceeding—involve the same or substantially similar parties and arise out of the same facts and circumstances. This includes instances in which a claimant selects the smaller claims procedures, and the respondent files a separate claim, rather than asserting a counterclaim subject to the $5,000 cap on damages. The amended regulations state that, in such a situation, the Officers may hold a conference to determine whether the parties would be willing to consolidate their dispute into a single proceeding using either the standard CCB or smaller claims procedures. If the parties do not agree to consolidate their claims, the proceedings will continue on separate tracks.

The Office does not intend to add additional rules governing the possibility of inconsistent determinations related to smaller claims proceedings, as it concludes that the risk of inconsistent determinations is low and the CCB's regulations should be as straightforward and streamlined as possible. Moreover, while the Officers make smaller claims determinations independently, they are aware of all determinations issued by the CCB, and the Officer presiding over a smaller claims proceeding and any standard proceeding that involves similar parties or issues would be able to identify and avoid any potential inconsistency in the separate determinations.

The NYIPLA also commented on witness appearances in smaller claims proceedings.[39] The regulations permit a party to request that a witness appear at the

[39] *Id.* at 3–4.

merits conference for questioning if an opposing party has submitted that witness's statement beforehand.[40] Under the regulations, if the witness does not appear, the presiding Officer may still accept the witness's statement, but they may consider the inability to question when determining how much weight to give the witness's testimony.[41] The NYIPLA suggested that "the rule should more clearly set forth the Officer's discretion to *exclude* altogether the statement of a witness who fails to appear following an opponent's request," arguing that this change may encourage parties to make their witnesses available for cross-examination at the merits conference.[42]

The Office finds this recommendation is unnecessary, and not sufficiently responsive to the practical challenges related to witnesses' appearances. The CCB is already empowered to determine what weight, if any, should be given to the evidence.[43] Since it does not have the authority to subpoena witnesses, witnesses appear at merits conferences on a voluntary basis. The regulations are drafted with the understanding that a witness may agree to submit a statement but may not wish to appear at the merits conference for any reason, including reasons that have nothing to do with the value of the statement. For example, a witness may not be able to take time off from work or have a personal conflict making an appearance burdensome. Even if potential evidentiary consequences might influence the behavior of the parties, they are unlikely to affect the witness' decision to give live testimony. The current regulations, which give the presiding Officer the authority to give any (or no) weight to witnesses' testimony, better reflect the balance of interests at stake in CCB proceedings.

Conclusion

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[40] 37 CFR 226.4(d)(2)(iii).

[41] *Id*.

[42] NYIPLA Final Rule Comments at 3.

[43] *See* 17 U.S.C. 1503(a)(1)(C)–(D); *see also* U.S. Copyright Office, *Copyright Small Claims* 126 (2013) (The Officers "should have the discretion to consider evidentiary submissions according to their worth."), *https://www.copyright.gov/docs/smallclaims/usco-smallcopyrightclaims.pdf*.

The Office appreciates these comments and will be monitoring how the regulations are functioning to determine if any future changes are needed. Apart from the modifications described above, the smaller claims regulations remain unchanged from the May 2022 Rule.

List of Subjects in 37 CFR Parts 220, 222, and 226

Claims, copyright.

Final Regulations

For the reasons stated in the preamble, the U.S. Copyright Office amends 37 CFR parts 220, 222, and 226 as follows:

PART 220—GENERAL PROVISIONS

1. The authority citation for part 220 continues to read as follows:

Authority: 17 U.S.C. 702, 1510.

2. Section 220.5 is amended by revising paragraphs (a)(1)(xix) and (a)(1)(xx) and adding paragraph (a)(1)(xxi) to read as follows:

§ 220.5 Requests, responses, and written submissions.

(a) * * *

(1) * * *

(xix) Requests to withdraw representation under § 232.5 of this subchapter;

(xx) Requests by a claimant under § 226.2 of this subchapter to change its choice as to whether to have its claim considered under the smaller claims procedures or the standard Board procedures; and

(xxi) Requests not otherwise covered under § 220.5(d).

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PART 222—PROCEEDINGS

3. The authority citation for part 222 continues to read as follows:

Authority: 17 U.S.C. 702, 1510.

4. Section 222.13 is amended by revising paragraph (a) and adding paragraph (e) to read as follows:

§ 222.13 Consolidation.

(a) *Consolidation.* Except as provided in paragraph (e) of this section, if a claimant has multiple *active proceedings* against the same respondent or multiple active proceedings that arise out of the same facts and circumstances, the Board may consolidate the proceedings for purposes of conducting discovery, submitting evidence to the Board, or holding hearings. Consolidated proceedings shall remain separate for purposes of Board determinations and any damages awards.

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(e) *Smaller claims proceedings.* Where the Board becomes aware that a standard proceeding and a smaller claims proceeding involve the same or substantially similar parties and arise out of the same transaction or occurrence, one or more Officers may hold a conference to determine whether the parties are willing to voluntarily consolidate the separate proceedings into a single proceeding using either the smaller claims procedures or the standard Board procedures. The Board will consolidate proceedings only where the parties agree, doing so would be in the interests of justice, and the proceedings involve the same or substantially similar parties and arise out of the same transaction or occurrence. If the proceedings involve the same or substantially similar parties and arise out of the same transaction or occurrence, but the parties do not agree to voluntarily consolidate the separate proceedings into a single proceeding, then each proceeding shall be considered separately.

PART 226—SMALLER CLAIMS

5. The authority citation for part 226 continues to read as follows:

Authority: 17 U.S.C. 702, 1510.

6. Section 226.2 is amended to read as follows:

§ 226.2 Requesting a smaller claims proceeding.

A claimant may request consideration of a claim under the smaller claims procedures in this part at the time of filing a claim. The claimant may change its choice as to whether to have its claim considered under the smaller claims procedures or the standard Board procedures at any time before service of the *initial notice*. If the claimant changes its choice, but the *initial notice* has already been issued, the claimant shall request reissuance of the *initial notice* indicating the updated choice. Once the claimant has served the *initial notice* on any respondent, the claimant may not amend its choice without consent of the other parties and leave of the Board. A claimant's request to change its choice as to whether to have its claim considered under the smaller claims procedures or the standard Board procedures shall follow the procedures set forth in § 220.5(a)(1) of this subchapter. If the request is made following service of the *initial notice* on any respondent, the claimant's request shall indicate whether the other parties consent to the request.

7. Section 226.4 is amended by revising paragraphs (a), (d)(2)(iii), and (d)(3) to read as follows:

§ 226.4 Nature of a smaller claims proceeding.

(a) *Proceeding before a Copyright Claims Officer*. Except as provided in § 222.13(e), a smaller claims proceeding shall be heard by not fewer than one Copyright Claims Officer (Officer). The Officers shall hear smaller claims proceedings on a rotating basis at the Board's discretion.

* * * * *

(d) * * *

(2) * * *

(iii) May submit witness statements that comply with § 222.15(b)(2) of this subchapter. No later than seven days before the merits conference, an opposing party may request that the witness whose statement was submitted appear at the

merits conference so that the party may ask the witness questions relating to the witness's testimony. The failure of a witness to appear in response to such a request shall not preclude the presiding Officer from accepting the statement, but the presiding Officer may take the inability to question the witness into account when considering the weight of the witness's testimony.

(3) *Failure to submit evidence.* If a party fails to submit evidence in accordance with the presiding Officer's request or submits evidence that was not served on the other parties or provided by the other side, the presiding Officer may discuss this with the parties during the merits conference or may schedule a separate conference to discuss the missing evidence with the parties. The presiding Officer shall determine an appropriate remedy, if any, including but not limited to drawing an adverse inference with respect to disputed facts, pursuant to 17 U.S.C. 1506(n)(3), if it would be in the interests of justice.

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Dated: January 2, 2024.

Shira Perlmutter,

Register of Copyrights and

Director of the U.S. Copyright Office.

Approved by:

Carla D. Hayden,

Librarian of Congress.

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