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Submitted By Online Submission Procedure

Maria A. Pallante
Register of Copyrights
U.S. Copyright Office
101 Independence Ave., SE
Washington, DC 20559-6000

**Re: Remedies for Small Copyright Claims:
Response to Third Request for Comments
(78 F.R.13094) (Docket No. 2011-10)**

Dear Register Pallante:

I. Introduction and Background:

These comments are submitted on behalf of the trade association Picture Archive Council of America, Inc. ("PACA") responding to the Copyright Office's February 20, 2013 Third Notice of Inquiry ("Third NOI") concerning adjudicating small copyright claims in alternative forums. Founded in 1951, PACA's membership includes 150+ companies worldwide that are engaged in the archiving and distribution of images, footage, animation, and illustration (collectively "images") for purposes of licensing.

PACA has submitted responses to the prior two notice of inquiries and appreciates that the Copyright Office is continuing its study on alternatives to the current legal system to adjudicate copyright claims of lesser economic value. PACA strongly believes that an alternative system is presently needed to ensure that the rights and remedies provided in our copyright regime are available to all copyright owners. We do not plan to repeat comments that we previously made, but respond to aspects of the inquiry that relate to our members and their industry.

While we are responding on behalf of PACA and its membership, we have been working closely with an ad hoc committee of visual arts organizations, including the American Society of Media Photographers (ASMP); Graphic Artists Guild (GAG); Professional Photographer of America (PPA), National Press Photographers Association (NPPA), North American Nature Photography, Association (NANPA), and American Photographic Artists (APA). In general, we support an alternative forum that provides fair, timely and economically affordable access to a legal forum



that will enable copyright holders to enforce copyright protection of their works when they are seeking damages in an amount the Copyright Office determines is of smaller economic value. While the amounts may be of lesser value, these fees represent unearned fees that would otherwise be licensed but for the ability to so easily reproduce and display visual works without consent by using simple “right click” computer commands.

In sum, the goal would be to allow a copyright owner the option of bringing a claim without the need of legal representation; in a forum that is cost effective and that does not require travel or other out-of-pocket costs or expert fees; and is adjudicated in a timely manner by a tribunal that is knowledgeable about copyright. In the event the election is not binding on a defendant, we recommend incentives to discourage a defendant from rejecting the forum and forcing a claim to be brought in a federal court of general jurisdiction.

II. Subjects of Inquiry:

1. Voluntary v. Mandatory Participation

The inquiry requested information about the feasibility and constraints of a voluntary and mandatory system and how these alternatives might be implemented. One option suggested was an “opt out” system—where a properly served defendant might be deemed to consent to participate in the voluntary process unless he or she affirmatively opts out within a certain time frame.

PACA Response: There needs to be incentives to use the system or it will not offer benefits to the copyright owner attempting to enforce its copyright in this system. Opting out should require the defendant to pay the costs of removing to federal court and if the defendant is an infringer, paying the plaintiff’s fees including attorneys’ fees by rejecting the streamlined system. These fees should be available to the plaintiff whether or not the registration was filed before the infringement or at time the claim was made. Otherwise it will be too easy to circumvent the system and leave copyright owners without any alternative form or remedy.

2. Eligible Works

The inquiry seeks comments on whether a small copyright claims procedure should cover only certain types of works, for example works of visual art and text and exclude other work such as musical works and sound recordings.

PACA Response: Visual artists and their representatives take no position on musical works and sound recordings. Our members are willing to serve as a prototype for a new procedure as visual artists have an immediate need for a system that permits rights holders to bring claims for



infringement in an affordable forum. As previously mentioned in prior responses, without an alternative forum, in particular for online infringements, there is no effective remedy to deter rampant Internet infringements. Without a remedy, there is essentially no right. Take-down notices under the DMCA are not sufficient as they do not provide for any monetary compensation by the user of the content. The display right is an essential economic license for visual artists and their representatives as more and works are published online and not in print.

3. Permissible Claims

The inquiry addresses the type of claims that would be permitted in this alternate forum. The forum would likely address infringement matters, but notes that some infringement claims are intertwined with other issues such as contractual disputes or ownership issues.

PACA Response: Clear contract disputes would not be within the scope of the alternative forum. Potentially, ownership claims could fall within the scope such as whether the owner was subject to a work for hire, etc. particularly if the adjudicator in the tribunal had copyright expertise. On the other hand, other claims such as trademark claims would be outside the scope. This may in fact discourage plaintiffs from attaching ancillary trademark or unfair competition claims to a copyright claim that may be baseless and costs defendants significant sums in defense costs. This limitation could be an incentive for defendants to participate in this alternative forum.

4. Injunctive Relief

The inquiry requests comments on whether injunctive relief should be included.

PACA Response: While injunctive relief could complicate a copyright claim in this alternative forum, there may be limited circumstances when it would be appropriate. For example, where the removal of the infringing work would not cause undue financial harm such as an infringing image on a website, similar to a DMCA takedown, injunctive relief would be appropriate. On the other hand, injunctive relief may not be appropriate where the infringing work is incorporated in a derivative work and the infringing work is not the central focus of the derivative work such as a documentary film, a published work in print format, or the like. In those situations, the decision whether to grant an injunction may be better served in federal court where the equities could be addressed and where the financial harm in removal could be greater than the financial limit of the small claim forum.



5. Secondary Liability

The inquiry requests views on the relationship of a small claims procedure to the notice and takedown requirements of the DMCA, as well as approaches to claims of contributory and vicarious infringement.

PACA Response: It may be useful for members to have the opportunity to use the small claims procedure if an ISP does not take down work after it receives a DMCA notice or if the ISP does not qualify for an exception under Section 512 of the Copyright Act. We recognize however, that these additional claims could complicate the initiation of a small claims process and we would prefer to begin a small claims process with direct copyright infringement claims and, if it proves successful, could then examine whether the scope of the process could be expanded to additional claims such as secondary liability or vicarious liability.

6. Role of Attorneys

The inquiry requests views on the role of attorneys in the process.

PACA Response: It is PACA's view that plaintiffs should not be required to retain an attorney to commence an action under the alternative system, but attorneys should not be prohibited. If a party elects to use the services of an attorney, any recovery for attorneys' fees should be within any small claims cap and the adjudicator could consider whether attorney was necessary in making any award within the small claims limit.

7. Guiding Law

The inquiry requests views concerning what decisional law the tribunal should follow if the small claims tribunal was to be centrally located.

PACA Response: The tribunal should be able to look to all copyright cases for guidance, and follow any Supreme Court decisions. If there is any significant difference between various circuits which would impact the case before the tribunal, the tribunal should look first to the primary location of the conduct, particularly if the parties are located in different circuits. The decisions should not have any precedential effect beyond the immediate dispute which should lessen any impact on what decisional law the tribunal should follow.



8. Willful and Innocent Infringement

The inquiry requests views as to whether there should be additional damages for willful infringement and if not, should the innocent infringer defense remain?

PACA Response: As a practical matter, most parties may want to go to federal court if they have a strong claim for willful copyright infringement as damages for willful infringement may well fall outside of the damages cap. Within the damage cap, the tribunal may want to take in consideration the infringing conduct as a whole and to determine whether to impose enhanced damages within the cap for purposes of deterrence or to address other behavior. Given the nature of the tribunal and the fact that it is to resolve claims of lesser economic value, the distinction between willful and innocent infringer may be a distraction and the tribunal should just look at the nature of the infringement in determining the award.

9. Service of Process

The inquiry requests views on how service of process should be effectuated on the defendants.

PACA Response: Consistent with the goal that the process be efficient and cost-effective, PACA supports the suggestion that permits defendants to be notified by mail or other means via a waiver of formal service of process. Requiring the services of a process server would be an unnecessary burden and expense. In addition, we support the suggestion that a website be properly served by sending electronic notice to an agent designated to receive notifications under section 512 of the Copyright Act.

10. Offers of Judgment

The inquiry requests whether the FRCP 68 process (involving pretrial settlement) would be useful in the small claims context.

PACA Response: It is PACA's view that offers of judgment or a similar mechanism would not solve most of the small copyright claim problems, as it may still require the plaintiff to file a claim in federal court, the expense of which is a current impediment to bringing most copyright claims. The offer of judgment is currently available to all plaintiffs in federal court and has not proved effective in encouraging lawyers to take cases on behalf of parties where the recovery is low, particularly if the registration was not filed until after the infringement began. There would be



no restriction from parties choosing to informally resolve any claim, even after a notice of a copyright small claim was filed.

11. Default Judgments

The inquiry requests whether default judgment should be available in a small copyright claim proceeding.

PACA Response: The need to address default by a defendant is a concern of PACA members. There is a likelihood that many defendants would not respond to a small copyright claim as that is our experience in trying to resolve similar sized claims without going to court. A procedure should be established to hear default claims and offer the plaintiff an award under the appropriate circumstances. Safeguards that could be incorporated into the system might include a) the need to establish that a notice was sent to the defendant before the default could be entered and b) provision that the defendant have an opportunity to open the default if the defendant could establish it did not receive the notice. It would be helpful if the tribunal could offer an inquest type procedure so that if the plaintiff was able to establish that her work was infringed, an award of damages could be entered that could be enforced by the plaintiff.

12. Enforceability of Judgments

The inquiry requests comments on the enforceability of judgments.

PACA Response: The enforceability of judgments in a manner that is cost-effective is of interest to PACA members. It would be of little use to obtain a judgment in a small copyright claim forum if there was no effective means to enforce the judgment. For example, if a defendant refused to pay a judgment, and the plaintiff was required to enforce the judgment in federal or state court, the plaintiff should be entitled to costs and expenses, including attorney's fees. The system must encourage a defendant to pay the award and discourage non-payment based on the belief that it would cost more for the plaintiff to enforce the judgment.

13. Unknown Defendants

The inquiry requests comments on whether an action may be brought against unknown defendants.

PACA Response: PACA recommends that there is a simple procedure to permit parties to pursue claims against unknown infringers, particularly owners of websites. Because it is often



difficult to learn the identity of the owner of a website, there should be a mechanism to either subpoena the ISP to obtain the identity, or similar John Doe in the situation where the infringer tries to hide behind an anonymous domain name registration.

14. Multiple Tracks or Proceedings

The inquiry request comments on whether there should be different levels of proceedings and greater amounts of discovery in certain types of cases (for example, when an injunction is sought).

PACA Response: *PACA recommends that the Copyright Office start with one level of proceeding with streamlined discovery and procedures. If it is successful, additional tracks could be developed over time which could involve multiple tiers of proceedings with different levels of discovery and procedures. Since the need for a simplified and cost-efficient system is immediate, it makes sense to start with a system that could be built upon at a later date.*

15. Constitutional Issues

The inquiry requests comments on issues involving separation of powers; Seventh Amendment right to jury; constitutional requirements for assertion of personal jurisdiction and due process considerations.

PACA Response: *PACA relies on comments provided by constitutional experts that have responded to the other NOI's.*

16. International Issues

PACA Response: *PACA refers to others who have comments on international issues. PACA sees no reason that this alternative forum cannot be made available to foreign plaintiffs with an infringing activity in the United States.*

17. Empirical Data

PACA Response: *PACA has no additional empirical data at this time.*



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RE: REMEDIES FOR SMALL COPYRIGHT CLAIMS
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PACA would like to continue to have a part in this discussion and to participate in any Beta project that may be tested in this area. We thank you for this opportunity to respond to this Third NOI.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Nancy E. Wolff'.

Nancy E. Wolff
Counsel for
Picture Archive Counsel of America, Inc.