

Stradley Ronon Stevens & Young, LLP
2005 Market Street
Suite 2600
Philadelphia, PA 19103-7018
215.564.8000 Telephone
215.564.8120 Facsimile
www.stradley.com

—
Pennsylvania
Washington, D.C.
New York
Illinois
New Jersey
Delaware



www.meritas.org

Our firm is a member of Meritas. With 189 top-ranking law firms spanning 97 countries, Meritas delivers exceptional legal knowledge, personal attention and proven value to clients worldwide.

Information contained in this publication should not be construed as legal advice or opinion or as a substitute for the advice of counsel. The enclosed materials may have been abridged from other sources. They are provided for educational and informational purposes for the use of clients and others who may be interested in the subject matter.

Copyright © 2020
Stradley Ronon Stevens & Young, LLP
All rights reserved.

An IP Guide to the Consolidated Appropriations Act of 2021

By Kevin R. Casey

On Dec. 27, 2020, President Trump signed into law the Consolidated Appropriations Act, 2021, which will provide \$900 billion in coronavirus relief and \$1.4 trillion to continue to fund the government (total \$2.3 trillion). The sweeping legislation covers over 5,500 pages and includes new laws impacting intellectual property: (1) the Copyright Alternative in Small-Claims Enforcement (CASE) Act, (2) the Trademark Modernization Act (TMA), and (3) the Felony Streaming Act. These three Acts are summarized below in turn.

1. CASE Act

The CASE Act establishes a voluntary (defendants can opt-out) tribunal within the U.S. Copyright Office to adjudicate copyright infringement disputes capped at \$15,000 per claim or \$30,000 for the entire case. Proceedings before the tribunal will be more streamlined than in federal court and will allow for remote participation without an attorney. The hope is that this new path for the resolution of disputes will give copyright owners a realistic way to protect their works. Provisions seek to deter or prevent abusive use of the process. Notably, in addition to infringement claims, the law grants the soon-to-be-formed Copyright Claims Board the power to hear disputes involving fraudulent or improper DMCA notices and counter-notifications. Such disputes are already available under Section 512 of the Copyright Act but are infrequently brought in federal court in part because the benefits of bringing such a claim rarely outweigh the costs.

2. Trademark Modernization Act

The TMA makes several notable changes to trademark law. Among its changes, the TMA:

- (a) allows third parties to bring ex parte proceedings before the U.S. Patent and Trademark Office (USPTO) seeking to expunge or reexamine a trademark registration on the basis that the mark has never been (expungement) or was not before registration (reexamination) in commercial use on some or all of the goods or services listed in the registration;
- (b) allows third parties to submit evidence during the trademark examination process, as part of the current letter of protest option, supporting refusal by the USPTO of the application;

- (c) creates (or restores) the rebuttable presumption of irreparable harm that applies when a plaintiff trademark owner has proven infringement or liability (in the context of a permanent injunction) or demonstrated a likelihood of success on the merits (in the context of a preliminary injunction); and
- (d) gives the USPTO director “the authority to reconsider, and modify or set aside, a decision of the Trademark Trial and Appeal Board.”

Proponents of the TMA asserted that the first two changes are needed to prevent fraudulent trademark registrations from being issued to and maintained by entities from China and elsewhere. Under various international treaties, foreign applicants can register their marks in the United States without having to demonstrate commercial use by basing their U.S. trademark applications on either home-country registrations or extensions of protection under the Madrid Protocol. Many of these foreign-owned applications and registrations cover wide ranges of goods and services that were not in use in the United States at the time of filing or at any time thereafter. Thus, the Federal Register is now full of marks that are not being used, making it increasingly difficult for U.S. entities to clear new marks and putting them at a competitive and legal disadvantage, given that they must show commercial use before registration while foreign applicants do not. The third change reverses a trend established since the U.S. Supreme Court’s decision in *eBay v. MercExchange*, 547 U.S. 388 (2006), which made it increasingly difficult for successful trademark plaintiffs to obtain an injunction.



For more information, contact Kevin R. Casey at 610.640.5813 or kcasey@stradley.com.

The fourth change seeks to avoid the TTAB judges falling victim to the same constitutional challenge that the Patent Trial and Appeal Board (PTAB) is currently facing as a result of the U.S. Court of Appeals for the Federal Circuit’s decision in *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019), holding the appointment of PTAB judges unconstitutional. That case is currently pending before the U.S. Supreme Court.

3. The Felony Streaming Act

Finally, the new legislation penalizes certain large-scale online streaming and digital transmission services trafficking in pirated works. Provisions make it a felony for such services to provide unauthorized access to copyrighted material when the service is primarily designed to publicly perform copyrighted works for financial gain without permission and has no other “commercially significant purpose.” Unlawful reproduction or distribution of copyrighted works were already a felony under certain circumstances. Similar penalties (up to 10 years in prison and fines) are now imposed for illegal streaming.

Intellectual Property Practice Group

Kevin R. Casey, <i>Chair</i>	610.640.5813	kcasey@stradley.com
David P. Fitzgibbon	610.640.6428	dfitzgibbon@stradley.com
Philip J. Foret	484.323.1344	pforet@stradley.com
Allison Gifford	610.651.2270	agifford@stradley.com
Patrick J. Kelly, Ph.D.	610-640-5804	patrick.kelly@stradley.com
Denis Lazarev	212.404.0622	dlazarev@stradley.com
Paul K. Legaard, Ph.D.	610.651.2277	pforet@stradley.com
Elizabeth M. O’Donoghue, Ph.D	610.640.7970	eodonoghue@stradley.com
Joseph D. Rossi	484.323.1359	jrossi@stradley.com
Christopher M. Spletzer Sr.	610.651.2269	cspletzer@stradley.com