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# MEDIA, ENTERTAINMENT AND FIRST AMENDMENT NEWSLETTER

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Darwin Bruce

## Evolving Trends in the Production and Distribution of Streaming Media

I can still remember the days when I listened to amazing music as records would spin on a phonograph. It also seems like a short time ago when we inserted a VHS tape to view our favorite movie. Times have definitely changed as the media and entertainment industry has evolved to meet the demands and desires of consumers in an expeditious manner with expanded content options. The media and entertainment industry has also been significantly affected by the "new normal" presented as a result of Covid-19. These trends and developments have several legal implications for both the production and distribution of media. It is best to prepare for what lies ahead to maintain business continuity and growth.

Technology advancements have enhanced the ability of all content providers to produce high quality content. Most content providers can be innovative in their approach by using several different production formats as well as developing new ways to monetize their content and expand their number of viewers or subscribers. We have all heard the phrase "cash is king," but it can be argued that in the media and entertainment industry "content is king". Content can often be considered the most valuable asset of such companies. For this reason, it is important that rights to that content are established, maintained, and protected from the point of inception through distribution and monetization.

An important recent industry development was the signing of new legislation to deter piracy in streaming media. The Protecting Lawful Streaming Act of 2020 was signed into law on December 27, 2020. The new law makes it a felony to engage in mass-streaming of copyright material. The Digital Millennium Copyright Act, which was signed into law on October 28, 1998, was also an important congressional action to address many of the copyright and piracy issues in digital media. This legislation, while controversial in some quarters, may be seen as an extremely valuable tool for those building viable business enterprises in the streaming media industry and operating in compliance with requirements to properly secure intellectual property and avoid infringement. It could also be seen as a deterrent to business expansion for those who find it difficult to manage their intellectual property resources on a broad scale while focusing on risk management and the increased cost of ensuring compliance. The volume of content readily available makes it challenging to ensure a company has cleared all copyright and trademark hurdles in all productions and communications.

Each original content provider should first complete appropriate database searches with the U.S. Copyright Office and the U.S. Patent and Trademark office for any existing registrations to avoid creating content and brands that could conflict with existing rights held by others. If the content provider plans to incorporate any intellectual property owned by others into their materials, it should contact the appropriate parties to obtain written permission or a license to utilize such property. Content providers should not only file registrations with the governing regulatory authorities to protect original content, but they would be well advised to incorporate specific provisions in all contractual agreements that protect and maintain their rights in all intellectual property to which they desire to retain ownership.

There has been an increase in the quantity and variety of video streaming service platforms as well as continued growth in the use of social media for content distribution. Each distribution channel category has its own unique methods and business model. Securing intellectual property rights and avoiding infringement are the key factors in building a successful media distribution platform. Video streaming service platforms have additional considerations. All acquirers of media content are generally aware that they must either secure complete ownership or a license to utilize intellectual property content provided by other parties. The complexity often involves the management of all of the intellectual property content and data secured where there is a large volume of third party content. Obtaining well drafted releases from the original content providers with provisions for indemnification and elimination of liability from all parties with regard to the original content secured can also be challenging.

Many companies have business models designed to produce original content and acquire content from other parties for distribution. One of the most important considerations going forward for such companies is minimizing risk of liability as while continuing to find innovative ways to develop and distribute content. Streaming media distribution companies should take all measures to reduce risks and monetize opportunities by strategically drafting and negotiating all contractual agreements with original content providers as well as all third-party vendors. Companies seeking to expand digital media productions, including social media, should also ensure the contractual agreements with talent and other contracted parties secure the rights to the intellectual property being captured remotely by or on all other party's digital media platforms if any exist.

Pure live stream productions, as opposed to archived live streams or pre-recorded material, could present issues that arise during the production process in real time. Though such productions are produced in real time, it is important to develop a production plan in advance that includes a list of possible third party intellectual property that may be used during the production in an effort to avoid inadvertent infringement on the intellectual property rights of other parties during the creative production process.

One must also understand that streaming media is not used solely for entertainment purposes, but also for business development, training, instruction, marketing and advertising, podcasts, and other uses designed to share information with consumers. Therefore, the types of consumers of streaming media could be extremely broad. If a consumer has a contractual agreement in place with a streaming media provider to provide the streaming services for a specific purpose, the streaming media provider should consider drafting and reviewing all contractual agreements to ensure adequate protections are in place to protect it from liability under any "force majeure" provisions or other performance clauses. These provisions should specifically include a listing of the events that create the inability of performance.

Media and entertainment companies must prepare for the continued growth of streaming media. There is no doubt that the market for this distribution method will be more expansive and varied in the years ahead. New technology will continue to be developed to meet the needs of the market and the desires of consumers. Future developments in the industry may also result in new legal developments to address the issues faced with the new trends. I say let the music play on regardless of the methods used to do so.

## After Months of Deadlock, Congress Extends Lifeline for the Arts and Entertainment Industry through the Shuttered Venue Operators Grant Program



James Markus | Brent Beckert | Daniel Wei

On December 27, 2020, President Trump signed the "Consolidated Appropriations Act, 2021" (the "*Omnibus Bill*"). Title III of Division M of the Omnibus Bill, titled the "Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act" ("*Title III*") contains not only important enhancements for existing and potential borrowers in the Paycheck Protection Program ("*PPP*"), but it has also added new relief programs. Among these new programs, the Grants for Shuttered Venue Operators program (the "*Shuttered Venue Grant Program*") was created pursuant to Section 324 of Title III.

Read more.

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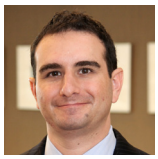
## Significant Changes to U.S. Trademark and Copyright Law Included in Latest Coronavirus Relief Legislation




David Bell | Jason Bloom | Joseph Matal | Wesley Lewis

On Sunday, December 27, 2020, President Trump signed into law a COVID-19 relief and government spending bill entitled the "Consolidated Appropriations Act, 2021." Within its nearly 5,600 pages are significant new trademark and copyright provisions unrelated to either the coronavirus or the funding of the government. For trademark owners, the legislation incorporates the Trademark Modernization Act of 2020, H.R. 6196, likely the most significant trademark legislation since the Lanham Act's enactment nearly 75 years ago. It will change trademark practice in several ways, including: (i) providing a statutory rebuttable presumption of irreparable harm to benefit brand owners in trademark litigation; and (ii) creating new expungement and reexamination proceedings before the United States Patent and Trademark Office (USPTO) to more efficiently remove unused marks from the registry.

For copyright owners, the legislation creates a new "Copyright Claims Board" within the United States Copyright Office to adjudicate certain "small-claims" copyright disputes rather than trying them in the courts. It also increases criminal penalties for illegally streaming content, making certain streaming of copyrighted content for profit a felony punishable by up to 10 years of imprisonment.

### PRESUMPTION OF IRREPARABLE HARM IN TRADEMARK CASES

Effective immediately, the Act resolves a circuit split as to the standard for issuing an injunction in trademark infringement, cybersquatting, and false advertising cases brought under the Lanham Act. The legislation now confirms that the trademark owner is entitled to a rebuttable presumption of irreparable harm when either (i) a Lanham Act violation is found, or (ii) it has shown a likelihood of success of prevailing on its claims in either a motion for a preliminary injunction or temporary restraining order. This lowers the bar for obtaining an injunction in the Third, Ninth, and Eleventh Circuits, each of which had rejected the common law rebuttable presumption of irreparable harm in trademark suits in light of a 2006 U.S. Supreme Court opinion in a patent case, *eBay v. MercExchange, LLC*, 547 U.S. 388 (2006).

### ADDRESSING THE CHALLENGE OF TRADEMARK DEPLETION

Additionally, the legislation creates new ex parte procedures for removing trademark registrations of marks that were not used in U.S. commerce. The primary goal for these measures is to counter the concern of trademark depletion by enabling

fraudulent trademark filings and "deadwood" to be cleared from the USPTO register, and we expect them to be cheaper and faster than the current cancellation proceeding option. They will not be available, however, until December 27, 2021. Between now and then, the USPTO is required to promulgate implementing regulations.

**Expungement proceedings**. Parties will be able to institute ex parte expungement proceedings before the USPTO alleging that a registered mark has never been used in connection with some or all of the goods and services listed in the registration. Either a party can file a petition for expungement, or the Director of the USPTO can institute a proceeding for expungement on its own initiative.

To be vulnerable to expungement, registrations must be at least 3 years old, but not more than 10 years old. However, for the first 2 years after December 27, 2021 when the first expungement proceedings can be commenced, the 10 year old limitation does not apply such that no registration is too old to be expunged.

**Reexamination proceedings**. Parties will also be able to institute reexamination proceedings alleging that a registered mark was not in use at the time of its application filing date for applications based on use, or at the time of its Allegation of Use filing date for applications based on intent to use. As with the expungement option, either a party can file a petition for reexamination or the Director can independently institute a proceeding.

A registration challenged through the new reexamination proceeding must be no more than 5 years old.

## CHANGES TO COPYRIGHT LAW: THE CASE ACT AND FELONY STREAMING

In addition to its considerable impact on trademark law, the legislation also significantly changes U.S. copyright law by creating a "small-claims" tribunal for smaller copyright disputes and by making illegal streaming a felony in some cases.

**Small-claims tribunal**. Of greatest significance, the new law includes the Copyright Alternative in Small-Claims Enforcement (CASE) Act, a piece of legislation several years in the making. It provides for the creation of a "Copyright Claims Board," a small-claims tribunal within the U.S. Copyright Office tasked with adjudicating smaller-scale claims of copyright infringement.

Under the CASE Act, copyright disputes may be referred to the new Copyright Claims Board unless an accused infringer opts out. Such disputes would be heard by a three-person panel comprised of copyright experts, known as "claims officers," rather than judges or juries. Awards for infringement for cases heard by a Copyright Claims Board panel would be capped at $15,000 per infringed work (as opposed to the current statutory limit of $150,000 per work), and $30,000 total for all of the works infringed.

Proponents of the CASE Act say that the creation of an independent, "small-claims" tribunal will create an affordable, efficient process for copyright owners to enforce their rights, providing content owners an effective remedy for small-scale infringement that does not require hiring a lawyer or pursuing a copyright infringement suit in federal court. By creating a streamlined, lower-cost method of settling low-dollar infringement claims, content owners may be better able to enforce their copyrights when they might not otherwise have the means or resources to do so.

The CASE Act is not without its critics, however. Opponents of the legislation, including the American Civil Liberties Union and the Electronic Frontier Foundation, argue that the CASE Act will make it easier for sophisticated copyright owners and their attorneys to engage in profiteering or abusive practices to the detriment of everyday internet users. Critics have also raised doubts as to the constitutionality of creating a quasi-judicial tribunal within the Copyright Office, which is part of the legislative branch.

**Felonious streaming**. In addition to the CASE Act, the COVID-19 omnibus relief act also contains the Protecting Lawful Streaming Act (PLSA). This legislation ratchets up penalties for illegal streaming of copyrighted works. Currently a misdemeanor, the PLSA makes illegally streaming of copyrighted

material for profit a felony punishable by up to 10 years of imprisonment. In a statement, Senator Thom Tillis argued that the PLSA was necessary because "[t]he shift toward streaming content online has resulted in criminal streaming services illegally distributing copyrighted material that costs the U.S. economy nearly $30 billion every year and discourages the production of creative content." The act is ostensibly tailored only to apply to "commercial, for-profit streaming piracy services," and proponents of the measure have made clear that the relevant provisions are not intended to target individual streamers. Nevertheless, critics are skeptical of the need for such legislation and argue that the increased penalties could have a chilling effect on everyday internet users.

For additional resources and information regarding the COVID-19 relief act, see the Haynes and Boone alert available here. If you have additional questions about the intellectual property implications of the legislation, please contact any of the Haynes and Boone attorneys listed below.

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*Haynes and Boone's Media, Entertainment and First Amendment Practice Group has extensive experience representing major media clients across all platforms – including newspapers, magazines, broadcast and cable networks, production companies, and online content providers – in high-profile disputes. Our team brings deep knowledge to a broad range of matters, including libel, intellectual property, and access to information. Our lawyers present frequently on issues facing the industry and have been leaders in drafting legislation to address cutting-edge issues affecting free speech and transparency.*

## RECOGNITIONS

**Haynes and Boone Lawyers Recognized in D Magazine's 2021 'Best Lawyers Under 40' List**

Stephanie Sivinski

## SPEAKING ENGAGEMENTS

Laura Prather

**28th Annual Fordham IPLJ Symposium: Free Speech in the Modern Age**
**Panelist: Hitting Back: SLAPP Suits & Anti-SLAPP Statutes**
March 8, 2021

## HB MEDIA MINUTE PODCAST

**Episode 6**
Significant Changes to U.S. Trademark and Copyright Law Included in Latest Coronavirus Relief Legislation

**Episode 5**
TikTok Influencers and Cross-Platform #AdLaw Concerns

**Episode 4**
How to Avoid Liability for Posting Photos and Other Online Content

FOR MORE INFORMATION CONTACT:

**LAURA LEE PRATHER**
PARTNER
laura.prather@haynesboone.com
+1 512.867.8476

**TOM WILLIAMS**
PARTNER
thomas.williams@haynesboone.com
+1 817.347.6625