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FEDERAL COPYRIGHT LAW

THE LEGISLATIVE HISTORIES OF THE MAJOR ENACTMENTS OF THE 105th CONGRESS

Volume V
Document Numbers 88-140

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William S. Hein & Co., Inc.
Buffalo, New York
1999

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INTRODUCTION

Three major pieces of copyright legislation were passed by the 105th Congress. The first to be enacted was the No Electronic Theft (NET) Act, passed in response to a federal district court decision finding no criminal liability in the distribution of copyrighted software where there was no financial gain. Under the NET Act, liability is determined by the retail value of the work in question. Reproduction of works worth over $1,000 is a misdemeanor, while copying works valued over $2,500 ranks as a felony. Those convicted face fines and imprisonment of up to three years for the first offense, and up to six years for a second conviction. The act also extends the statute of limitations from three to five years and mandates "victim impact statements."

More controversial was the issue of copyright term extension. Opponents viewed such proposals as a move by major publishers and producers to deprive the public of access to copyrighted works soon to enter the public domain with the expiration of the old copyright term, most notably Disney's Mickey Mouse in 2002. Proponents claimed the extension of the copyright term by twenty years would promote creativity by offering artists and authors a greater return on their work, and would bring the United States into line with the copyright term in effect overseas.

Their views prevailed with the passage of the Sonny Bono Copyright Term Extension Act. Title I of the Act amends federal law so as to extend from fifty to seventy years the duration of copyrights. Most notably this includes copyrights on works created after Jan. 1, 1978, for which it extends the term to the life of the author plus seventy years. Section 104 of the Act provides an exception for libraries and archives, allowing reproduction for preservation, scholarship, or research during the last twenty years of the copyright term. This limited exception applies only if it can be determined that the work in question is not subject to normal commercial exploitation, cannot be obtained at a reasonable price, and the copyright holder has not provided notice that either of these conditions applies. Title II consists of the Fairness in Music Licensing Act of 1998. This provides that the use of transmission or retransmission of a non-dramatic musical work originated by a radio or television broadcast is not a copyright infringement if the establishment is a food service or drinking establishment, no direct charge was made to see or hear the

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transmission, and such, and that the transmission or retransmission was licensed by the copyright holder.

The final and most important copyright enactment of the 105th Congress was the Digital Millennium Copyright Act. The most notable part of the legislation was Title I, the WIPO Copyright and Performances and Phonograms Treaties Implementation Act of 1998. This Act, which amends federal law to conform to these treaties, sparked controversy because of its "anti-circumvention" provisions which opponents claimed would render unlawful such legitimate activities as encryption research and reverse engineering. The remainder of the legislation includes:

Title II - the Online Copyright Infringement Liability Limitation Act which limits the liability for copyright infringement of Internet service providers;

Title III - the Computer Maintenance Competition Assurance Act providing that under certain conditions there is no copyright violation where copies of computer programs are made solely in conjunction with the repair of computer equipment;

Title IV - Miscellaneous Provisions;

Title V - Vessel Hull Design Protection Act which amends federal copyright law to protect original hull designs which make vessels distinctive or attractive.

Notably absent from the Act was any provision extending copyright protection to databases. Such a provision had been a last minute addition by the House to H.R. 2281, but was dropped from the final bill version by the Conference Committee.

This compilation includes the full text of all three enactments, prior bill versions, relevant congressional reports and hearings, *Congressional Record* references, and presidential statements. Also included are the full texts of the WIPO treaties.

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June 1999

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Doc. No. 34 H.R. 2589 - Sonny Bono Copyright Term Extension Act. Passed by the House, 105th Cong., 2d Sess. (Mar. 25, 1998).

Doc. No. 35 H.R. 2589 - Sonny Bono Copyright Term Extension Act. Received in the Senate, 105th Cong, 2d Sess. (Mar. 26, 1998).

III. Prior Bill Versions

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Doc. No. 38 H.R. 989 - Copyright Term Extension Act of 1995. Introduced and referred to the Committee on the Judiciary, 104th Cong., 1st Sess. (Feb. 16, 1995).

Doc. No. 39 H.R. 604 - Copyright Term Extension Act of 1997. Introduced by Rep. Gallegly and referred to the Committee on the Judiciary, 105th Cong., 1st Sess. (Feb. 5, 1997).

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IV. Congressional Record

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Doc. No. 43 141 Cong. Rec. S3390 (daily ed. Mar. 2, 1995) (introduction of S. 483 by Sen. Hatch, the text of the bill, remarks of Sen. Feinstein, and a reprint of Extending Copyright Preserves U.S. Culture by Prof. Arthur Miller).

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Doc. No. 51 144 Cong. Rec. E484 (daily ed. Mar. 26, 1998) (remarks of Rep. Jackson-Lee on H.R. 2589).

Doc. No. 52 144 Cong. Rec. E753 (daily ed. May 5, 1998) (remarks of Rep. Coble on H.R. 2589).

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Doc. No. 68 Digital Millennium Copyright Act of 1998, P.L. 105-304, 112 Stat. 2860.

II. Reports on the Law

Doc. No. 69 WIPO Copyright Treaties Implementation and On-Line Copyright Infringement Liability Limitation, H. Rep. No. 105-551, pt. I, 105th Cong., 2d Sess. (May 22, 1998).

Doc. No. 70 Digital Millennium Copyright Act of 1998, H. Rep. No.105-551, pt. II, 105th Cong., 2d Sess. (July22, 1998).

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Doc. No. 81 S. 1121 - WIPO Copyright and Performances and Phonograms Treaty Implementation Act of 1997. Introduced by Sen. Hatch and referred to the Committee on the Judiciary, 105th Cong., 1st Sess. (July 31, 1997).

Doc. No. 82 S. 1146 - Digital Copyright Clarification and Technology Education Act of 1997. Introduced by Sen. Ashcroft and referred to the Committee on the Judiciary, 105th Cong, 1st Sess. (Sept. 3, 1997).

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Doc. No. 86 H.R. 2652 - Collections of Information Antipiracy Act. Referred to Senate committee, 105th Cong., 2d Sess. (May 20, 1998).

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Doc. No. 89 H.R. 2696 - Vessel Hull Design Protection Act. Passed by the House, 105th Cong., 2d Sess. (Mar. 18, 1998).

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Doc. No. 104 143 Cong. Rec. S8728 (daily ed. Sept. 3, 1997) (remarks of Sen. Ashcroft on H.R. 1146 and the text of the bill).

Doc. No. 105 144 Cong. Rec. S205 (daily ed. Jan. 29, 1998) (remarks of Sen. Leahy).

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Doc. No. 117 144 Cong. Rec. H7074 (daily ed. Aug. 4, 1998) (text of H.R. 2281 and the consideration of the bill).

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Doc. No. 132 Digital Millennium Copyright Act of 1998, S. Rep. No. 105-190, 105th Cong., 2d Sess. (May 11, 1998).

Doc. No. 133 Collections of Information Antipiracy Act, H. Rep. No. 525, 105th Cong., 2d Sess. (May 12, 1998).

Doc. No. 134 WIPO Copyright Treaty (WCT) (1996) and WIPO Performances and Phonograms Treaty (WPPT) (1996), Exec. Rep. No. 105-25, 105th Cong., 2d Sess. (Oct. 14, 1998).

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Doc. No. 137 WIPO Performances and Phonograms Treaty adopted by the Diplomatic Conference on Dec. 20, 1996.

Doc. No. 138 Resolution Concerning Audiovisual Performances (Dec. 2-20, 1996).

Doc. No. 139 Agreed Statements Concerning the WIPO Copyright Treaty (Dec. 20, 1996).

Doc. No. 140 Agreed Statements Concerning the WIPO Performances and Phonograms Treaty (Dec. 20, 1996).

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LEGISLATIVE CHRONOLOGY

I. No Electronic Theft (NET) Act

House Actions

Jul. 25, 1997:	Referred to the House Committee on the Judiciary.
Aug. 5, 1997:	Referred to the Subcommittee on Courts and Intellectual Property.
Sep. 11, 1997:	Subcommittee Hearings held.
Sep. 30, 1997:	Subcommittee Consideration and Mark-up Session held.
Sep. 30, 1997:	Forwarded by Subcommittee to Full Committee (Amended) by Voice Vote.
Oct. 7, 1997:	Committee Consideration and Mark-up Session held.
Oct. 7, 1997:	Ordered to be Reported (Amended) by voice vote.
Oct. 23, 1997:	Reported to House (Amended) by House Committee on the Judiciary. H. Rep. No. 105-339.
Oct. 23, 1997:	Placed on the Union Calendar, Calendar No. 198.
Nov. 4, 1997:	Called up by House under suspension of the rules. Considered by House as unfinished business. Passed House (Amended) by voice vote.

Senate Actions

Nov. 5, 1997:	Received in the Senate and read twice and referred to the Committee on the Judiciary.
Nov. 13, 1997:	Passed Senate without amendment by unanimous consent.
Nov. 14, 1997:	Message on Senate action sent to the House.

Executive Actions

Nov. 13, 1997:	Cleared for White House.
Dec. 5, 1997:	Presented to President.

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Dec. 16, 1997: Signed by President. Became Public Law No: 105-147.

II. Sonny Bono Copyright Extension Act

Senate Actions

Mar. 20, 1997: S. 505 read twice and referred to the Committee on the Judiciary.

Mar. 26, 1998: H.R. 2589 received in the Senate and read twice and referred to the Committee on Judiciary.

Oct. 7, 1998: S. 505 discharged by Senate Committee on the Judiciary. Measure laid before the Senate by unanimous consent. Amendment SP 3782 proposed by Senator Lott for Senator Hatch agreed to in Senate by unanimous consent. Passed Senate with an amendment by unanimous consent. Message on Senate action sent to the House.

House Actions

Oct. 1, 1997: H.R. 2589 referred to the House Committee on the Judiciary.

Mar. 3, 1998: Committee Consideration and Mark-up Session held on H.R. 2589.

Mar. 4, 1998: H.R. 2589 ordered to be Reported (Amended) by voice vote.

Mar. 18, 1998: H.R. 2589 reported to House (Amended) by House Committee on Judiciary. H. Rep. No.105-452.

Mar. 18, 1998: H.R. 2589 placed on the Union Calendar, Calendar No. 258.

Mar. 24, 1998: H.R. 2589 reported to House.

Mar. 25, 1998: H.R. 2589 Amendments: HA 531 Amendment offered by Representative Coble, and ageed to by voice vote; HA 533 Amendment Offered by Representative McCollum, and failed by recorded vote: 150 - 259; HA 532 Amendment Offered by Representative Sensenbrenner, and agreed to by recorded vote: 297 - 112. Rule H. Res. 390 passed House. Called up by House under the provisions of rule H. Res. 390. The House

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adopted the amendment in the nature of a substitute as agreed to by the Committee of the whole House on the state of the Union. H.R. 2589 passed House (Amended) by voice vote.

Oct. 7, 1998: S. 505 called up by House under suspension of the rules and passed by voice vote.

Executive Actions

Oct. 7, 1998: Cleared for White House.

Oct. 15, 1998: Presented to President.

Oct. 27, 1998: Signed by President. Became Public Law No: 105-298.

III. Digital Millennium Copyright Act

House Actions

July 29, 1997: Referred to the House Committee on the Judiciary.

Aug. 7, 1997: Referred to the Subcommittee on Courts and Intellectual Property.

Sep. 16, 1997: Subcommittee hearings held.

Apr. 1, 1998: Committee consideration and mark-up session held.

Apr. 1, 1998: Ordered to be Reported (Amended) by voice vote.

May 22, 1998: Reported to House (Amended) by House Committee on 105-551, Part I.

May 22, 1998: Referred jointly and sequentially to the House Committee on Commerce.

Jun. 5, 1998: Subcommittee hearings held.

Jun. 17, 1998: Subcommittee consideration and mark-up session held.

Jul. 17, 1998: Committee consideration and mark-up session held.

Jul. 17, 1998: Ordered to be Reported (Amended) by Yeas- Nay vote: 41 - 0.

Jul. 22, 1998: Reported to House (Amended) by House Committee on Commerce. H.Rep No. 105-551,Part II.

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May 22, 1998:	Referred jointly and sequentially to the House Committee on Ways and Means.
Jul. 22, 1998:	House Committee on Ways and Means discharged. Placed on the Union Calendar, Calendar No. 362.
Aug. 4, 1998:	Called up by the House under suspension of the rules. Passed House (Amended) by voice vote.

Senate Actions

Apr. 30, 1998:	S. 2037 ordered to be reported by the Committee on Judiciary.
May 6, 1998:	S. 2037 reported to Senate by Senator Hatch without a report, and is placed on Senate Legislative Calendar under General Orders. Calendar No. 358.
May 11, 1998:	By Senator Hatch from Committee on Judiciary filed written report on S. 2037. Report No. 105-190. Additional views filed.
May 14, 1998:	S. 2037 laid before Senate by unanimous consent. Amendment SP 2411 proposed by Senator Hatch, and agreed to in Senate by voice vote. Passed Senate with an amendment by Yea-Nay vote. 99-0.
Sep. 17, 1998:	Senate incorporated S. 2037 in H.R. 2281 as an amendment. Senate passed companion measure H.R. 2281 in lieu of this measure by unanimous consent. Senate vitiated previous passage. Indefinitely postponed by Senate by unanimous consent.
Aug. 31, 1998:	Received in the Senate. Read twice. Placed on Senate Legislative Calendar under General Orders. Calendar No. 535.
Sep. 17, 1998:	Measure laid before Senate by unanimous consent. Senate struck all after the Enacting Clause and substituted the language of S. 2037 amended. Passed Senate in lieu of S. 2037 with an amendment by unanimous consent.
Sep. 18, 1998:	Message on Senate action sent to the House.

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Oct. 8, 1998: Conference papers: Senate report and managers' statement official papers held at the desk in Senate. Message on Senate action sent to the House.

Conference Actions

Sep. 17, 1998: Senate insists on its amendment asks for a conference and appoints as conferees Sens. Hatch; Thurmond and Leahy.

Sep. 23, 1998: On motion that the House disagree to the Senate amendment, and agree to a conference Agreed to without objection. The Speaker appoints as conferees Reps. Hyde, Coble, Goodlatte, Conyers, Berman Bliley, Tauzin, and Dingell..

Sep. 24, 1998: Conference held.

Oct. 8, 1998: Conference report H. Rep No. 105-796 filed in House. Senate agreed to conference report by unanimous consent. Conferees agreed to file conference report.

Oct. 12, 1998: House agreed to conference report by voice vote.

Executive Actions

Oct. 12, 1998: Cleared for White House.

Oct. 20, 1998: Presented to President.

Oct. 28, 1998: Signed by President. Became Public Law No: 105-304.

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Union Calendar No. 246

105TH CONGRESS
2D SESSION

H. R. 2696

[Report No. 105–436]

To amend title 17, United States Code, to provide for protection of certain original designs.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 22, 1997

Mr. COBLE (for himself and Mr. SHAW) introduced the following bill; which was referred to the Committee on the Judiciary

MARCH 11, 1998

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on October 22, 1997]

A BILL

To amend title 17, United States Code, to provide for protection of certain original designs.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 ***SECTION 1. SHORT TITLE.***
4 *This Act may be referred to as the "Vessel Hull Design*
5 *Protection Act".*

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1 ***SEC. 2. PROTECTION OF CERTAIN ORIGINAL DESIGNS.***

2 *Title 17, United States Code, is amended by adding*
3 *at the end the following new chapter:*

4 ***"CHAPTER 12—PROTECTION OF ORIGINAL***
5 ***DESIGNS***

"Sec.
"1201. Designs protected.
"1202. Designs not subject to protection.
"1203. Revisions, adaptations, and rearrangements.
"1204. Commencement of protection.
"1205. Term of protection.
"1206. Design notice.
"1207. Effect of omission of notice.
"1208. Exclusive rights.
"1209. Infringement.
"1210. Application for registration.
"1211. Benefit of earlier filing date in foreign country.
"1212. Oaths and acknowledgments.
"1213. Examination of application and issue or refusal of registration.
"1214. Certification of registration.
"1215. Publication of announcements and indexes.
"1216. Fees.
"1217. Regulations.
"1218. Copies of records.
"1219. Correction of errors in certificates.
"1220. Ownership and transfer.
"1221. Remedy for infringement.
"1222. Injunctions.
"1223. Recovery for infringement.
"1224. Power of court over registration.
"1225. Liability for action on registration fraudulently obtained.
"1226. Penalty for false marking.
"1227. Penalty for false representation.
"1228. Enforcement by Treasury and Postal Service.
"1229. Relation to design patent and copyright law.
"1230. Common law and other rights unaffected.
"1231. Administrator.
"1232. No retroactive effect.

6 ***"§ 1201. Designs protected***

7 *"(a) DESIGNS PROTECTED.—*

8 *"(1) IN GENERAL.—The designer or other owner*
9 *of an original design of a useful article which makes*
10 *the article attractive or distinctive in appearance to*

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the purchasing or using public may secure the protection provided by this chapter upon complying with and subject to this chapter.

"(2) VESSEL HULLS OR COMPONENT PARTS THEREOF.—The design of a vessel hull or component part of a vessel hull, including a plug or mold, is subject to protection under this chapter, notwithstanding section 1202(4).

"(b) DEFINITIONS.—For the purpose of this chapter, the following terms have the following meanings:

"(1) A design is 'original' if it is the result of the designer's creative endeavor that provides a distinguishable variation over prior work pertaining to similar articles which is more than merely trivial and has not been copied from another source.

"(2) A 'useful article' is a vessel hull or a component part thereof, including a plug or mold, which in normal use has an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information. An article which normally is part of a useful article shall be deemed to be a useful article.

"(3) A 'vessel' is a craft, especially one larger than a rowboat, designed to navigate on water.

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"(4) A 'hull' is the frame or body of a vessel, exclusive of masts, sails, yards, and rigging.

"(5) A 'plug' means a device or model used to make a mold for the purpose of exact duplication, regardless of whether the device or model has an intrinsic utilitarian function that is not only to portray the appearance of the product or to convey information.

"(6) A 'mold' means a matrix or form in which a substance for material is used, regardless of whether the matrix or form has an intrinsic utilitarian function that is not only to portray the appearance of the product or to convey information.

"§ 1202. Designs not subject to protection

"Protection under this chapter shall not be available for a design that is—

"(1) not original;

"(2) staple or commonplace, such as a standard geometric figure, familiar symbol, emblem, or motif, or other shape, pattern, or configuration which has become standard, common, prevalent, or ordinary;

"(3) different from a design excluded by paragraph (2) only in insignificant details or in elements which are variants commonly used in the relevant trades;

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"(4) dictated solely by a utilitarian function of the article that embodies it; or

"(5) embodied in a useful article that was made public by the designer or owner in the United States or a foreign country more than 1 year before the date of the application for registration under this chapter.

"§ 1203. Revisions, adaptations, and rearrangements

"Protection for a design under this chapter shall be available notwithstanding the employment in the design of subject matter excluded from protection under section 1202 if the design is a substantial revision, adaptation, or rearrangement of such subject matter. Such protection shall be independent of any subsisting protection in subject matter employed in the design, and shall not be construed as securing any right to subject matter excluded from protection under this chapter or as extending any subsisting protection under this chapter.

"§ 1204. Commencement of protection

"The protection provided for a design under this chapter shall commence upon the earlier of the date of publication of the registration under section 1213(a) or the date the design is first made public as defined by section 1210(b).

"§ 1205. Term of protection

"(a) IN GENERAL.—Subject to subsection (b), the protection provided under this chapter for a design shall con-

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tinue for a term of 10 years from the date of the commencement of protection under section 1204.

"(b) EXPIRATION.—All terms of protection provided in this section shall run to the end of the calendar year in which they would otherwise expire.

"(c) TERMINATION OF RIGHTS.—Upon expiration or termination of protection in a particular design under this chapter, all rights under this chapter in the design shall terminate, regardless of the number of different articles in which the design may have been used during the term of its protection.

"§ 1206. Design notice

"(a) CONTENTS OF DESIGN NOTICE.—(1) Whenever any design for which protection is sought under this chapter is made public under section 1210(b), the owner of the design shall, subject to the provisions of section 1207, mark it or have it marked legibly with a design notice consisting of—

*"(A) the words 'Protected Design', the abbreviation 'Prot'd Des.', or the letter 'D' with a circle, or the symbol *D*;*

"(B) the year of the date on which protection for the design commenced; and

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1 *"(C) the name of the owner, an abbreviation by*
2 *which the name can be recognized, or a generally ac-*
3 *cepted alternative designation of the owner.*
4 *Any distinctive identification of the owner may be used for*
5 *purposes of subparagraph (C) if it has been approved and*
6 *recorded by the Administrator before the design marked*
7 *with such identification is registered.*
8 *"(2) After registration, the registration number may*
9 *be used instead of the elements specified in subparagraphs*
10 *(B) and (C) of paragraph (1).*
11 *"(b) LOCATION OF NOTICE.—The design notice shall*
12 *be so located and applied as to give reasonable notice of*
13 *design protection while the vessel hull embodying the design*
14 *is passing through its normal channels of commerce.*
15 *"(c) SUBSEQUENT REMOVAL OF NOTICE.—When the*
16 *owner of a design has complied with the provisions of this*
17 *section, protection under this chapter shall not be affected*
18 *by the removal, destruction, or obliteration by others of the*
19 *design notice on an article.*
20 ***"§ 1207. Effect of omission of notice***
21 *"(a) ACTIONS WITH NOTICE.—Except as provided in*
22 *subsection (b), the omission of the notice prescribed in sec-*
23 *tion 1206 shall not cause loss of the protection under this*
24 *chapter or prevent recovery for infringement under this*
25 *chapter against any person who, after receiving written no-*

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tice of the design protection, begins an undertaking leading to infringement under this chapter.

"(b) ACTIONS WITHOUT NOTICE.—The omission of the notice prescribed in section 1406 shall prevent any recovery under section 1223 against a person who began an undertaking leading to infringement under this chapter before receiving written notice of the design protection. No injunction shall be issued under this chapter with respect to such undertaking unless the owner of the design reimburses that person for any reasonable expenditure or contractual obligation in connection with such undertaking that was incurred before receiving written notice of the design protection, as the court in its discretion directs. The burden of providing written notice of design protection shall be on the owner of the design.

"§ 1208. Exclusive rights

"The owner of a design protected under this chapter has the exclusive right to—

"(1) make, have made, or import, for sale or for use in trade, any vessel hull embodying that design; and

"(2) sell or distribute for sale or for use in trade any vessel hull embodying that design.

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1 ***"§ 1209. Infringement***

2 *"(a) ACTS OF INFRINGEMENT.—Except as provided in*
3 *subjection (b), it shall be infringement of the exclusive rights*
4 *in a design protected under this chapter for any person,*
5 *without the consent of the owner of the design, within the*
6 *United States and during the term of such protection, to—*

7 *"(1) make, have made, or import, for sale or for*
8 *use in trade, any infringing article as defined in sub-*
9 *section (e); or*

10 *"(2) sell or distribute for sale or for use in trade*
11 *any such infringing article.*

12 *"(b) ACTS OF SELLERS AND DISTRIBUTORS.—A seller*
13 *or distributor of an infringing article who did not make*
14 *or import the vessel hull shall be deemed to have infringed*
15 *on a design protected under this chapter only if that per-*
16 *son—*

17 *"(1) induced or acted in collusion with a manu-*
18 *facturer to make, or an importer to import such arti-*
19 *cle, except that merely purchasing or giving an order*
20 *to purchase a vessel hull in the ordinary course of*
21 *business shall not of itself constitute such inducement*
22 *or collusion; or*

23 *"(2) refused or failed, upon the request of the*
24 *owner of the design, to make a prompt and full dis-*
25 *closure of that person's source of such vessel hull, and*
26 *that person orders or reorders such article after hav-*

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ing receiving notice by registered or certified mail of the protection subsisting in the design.

"(c) ACTS WITHOUT KNOWLEDGE.—It shall not be infringement under this section to make, have made, import, sell, or distribute, any vessel hull embodying a design which was created without knowledge that a design was protected under this chapter and was copied from such protected design.

"(d) ACTS IN ORDINARY COURSE OF BUSINESS.—A person who incorporates into that person's product of manufacture an infringing article acquired from others in the ordinary course of business, or who, without knowledge of the protected design embodied in an infringing article, makes or processes the infringing article for the account of another person in the ordinary course of business, shall not be deemed to have infringed the rights in that design under this chapter except under a condition contained in paragraph (1) or (2) of subsection (b). Accepting an order or reorder from the source of the infringing article shall be deemed ordering or reordering within the meaning of subsection (b)(2).

"(e) INFRINGING ARTICLE DEFINED.—As used in this section, an 'infringing article' is any article the design of which has been copied from a design protected under this chapter, without the consent of the owner of the protected

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design. An infringing article is not an illustration or picture of a protected design in an advertisement, book, periodical, newspaper, photograph, broadcast, motion picture, or similar medium or an article that embodies, in common with the protected design, only elements described in section 1202. A design shall not be deemed to have been copied from a protected design if it is original and not substantially similar in appearance to a protected design.

"(f) ESTABLISHING ORIGINALITY.—The party to any action or proceeding under this chapter who alleges rights under this chapter in a design shall have the burden of establishing the design's originality whenever the opposing party introduces an earlier work which is identical to such design, or so similar as to make prima facie showing that such design was copied from such work.

"(g) REPRODUCTION FOR TEACHING OR ANALYSIS.—It is not an infringement of the exclusive rights of a design owner for a person to reproduce the design in a vessel hull or in any other form solely for the purpose of teaching, analyzing, or evaluating the appearance, concepts, or techniques embodied in the design, or the function of the vessel hull embodying the design.

"§ 1210. Application for registration

"(a) TIME LIMIT FOR APPLICATION FOR REGISTRATION.—Protection under this chapter shall be lost if appli-

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cation for registration of the design is not made within one year after the date on which the design is first made public.

"(b) WHEN DESIGN IS MADE PUBLIC.—A design is made public when an existing vessel hull embodying the design is anywhere publicly exhibited, publicly distributed, or offered for sale or sold to the public by the owner of the design or with the owner's consent.

"(c) APPLICATION BY OWNER OF DESIGN.—Application for registration may be made by the owner of the design.

"(d) CONTENTS OF APPLICATION.—The application for registration shall be made to the Administrator and shall state—

"(1) the name and address of the designer or designers of the design;

"(2) the name and address of the owner if different from the designer;

"(3) the specific name of the vessel hull embodying the design;

"(4) the date, if any, that the design was first made public, if such date was earlier than the date of the application;

"(5) affirmation that the design has been fixed in a useful article; and

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"(6) such other information as may be required by the Administrator.

The application for registration may include a description setting forth the salient features of the design, but the absence of such a description shall not prevent registration under this chapter.

"(e) SWORN STATEMENT.—The application for registration shall be accompanied by a statement under oath by the applicant or the applicant's duly authorized agent or representative, setting forth, to the best of the applicant's knowledge and belief—

"(1) that the design is original and was created by the designer or designers named in the application;

"(2) that the design has not previously been registered on behalf of the applicant or the applicant's predecessor in title; and

"(3) that the applicant is the person entitled to protection and to registration under this chapter.

If the design has been made public with the design notice prescribed in section 1406, the statement shall also describe the exact form and position of the design notice.

"(f) EFFECT OF ERRORS.—(1) Error in any statement or assertion as to the utility of the vessel hull named in the application, the design of which is sought to be reg-

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istered, shall not affect the protection secured under this chapter.

"(2) Errors in omitting a joint designer or in naming an alleged joint designer shall not affect the validity of the registration, or the actual ownership or the protection of the design, unless it is shown that the error occurred with deceptive intent.

"(g) DESIGN MADE IN SCOPE OF EMPLOYMENT.—In a case in which the design was made within the regular scope of the designer's employment and individual authorship of the design is difficult or impossible to ascribe and the application so states, the name and address of the employer for whom the design was made may be stated instead of that of the individual designer.

"(h) PICTORIAL REPRESENTATION OF DESIGN.—The application for registration shall be accompanied by two copies of a drawing or other pictorial representation of the vessel hull having one or more views, adequate to show the design, in a form and style suitable for reproduction, which shall be deemed a part of the application.

"(i) DESIGN IN MORE THAN ONE USEFUL ARTICLE.—If the distinguishing elements of a design are in substantially the same form in different vessel hulls, the design shall be protected as to all such vessel hulls when protected as

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to one of them, but not more than one registration shall be required for the design.

"(j) APPLICATION FOR MORE THAN ONE DESIGN.—More than one design may be included in the same application under such conditions as may be prescribed by the Administrator. For each design included in an application the fee prescribed for a single design shall be paid.

"§ 1211. Benefit of earlier filing date in foreign country

"An application for registration of a design filed in the United States by any person who has, or whose legal representative or predecessor or successor in title has, previously filed an application for registration of the same design in a foreign country which extends to designs of owners who are citizens of the United States, or to applications filed under this chapter, similar protection to that provided under this chapter shall have that same effect as if filed in the United States on the date on which the applications as first field in any such foreign country, if the application in the United States is filed within 6 months after the earliest date on which any such foreign application was filed.

"§ 1212. Oaths and acknowledgments

"(a) IN GENERAL.—Oaths and acknowledgments required by this chapter—

"(1) may be made—

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"(A) before any person in the United States authorized by law to administer oaths, or

"(B) when made in a foreign country, before any diplomatic or consular officer of the United States authorized to administer oaths, or before any official authorized to administer oaths in the foreign country concerned, whose authority shall be proved by a certificate of a diplomatic or consular officer of the United States, and

"(2) shall be valid if they comply with the laws of the State or country where made.

"(b) WRITTEN DECLARATION IN LIEU OF OATH.—(1) The Administrator may by rule prescribe that any document which is to be filed under this chapter in the Office of the Administrator and which is required by any law, rule, or other regulation to be under oath, may be subscribed to by a written declaration in such form as the Administrator may prescribe, and such declaration shall be in lieu of the oath otherwise required.

"(2) Whenever a written declaration under paragraph (1) is used, the document containing the declaration shall state that willful false statements are punishable by fine or imprisonment, or both, pursuant to section 1001 of title 18,

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and may jeopardize the validity of the application or document or a registration resulting therefrom.

"§ 1213. Examination of application and issue or refusal of registration

"(a) DETERMINATION OF REGISTRABILITY OF DESIGN; REGISTRATION.—Upon the filing of an application for registration in proper form under section 1210, and upon payment of the fee prescribed under section 1216, the Administrator shall determine whether or not the application relates to a design which on its face appears to be subject to protection under this chapter, and, if so, the Register shall register the design. Registration under this subsection shall be announced by publication. The date of registration shall be the date of publication.

"(b) REFUSAL TO REGISTER; RECONSIDERATION.—If, in the judgment of the Administrator, the application for registration relates to a design which on its face is not subject to protection under this chapter, the Administrator shall send to the applicant a notice of refusal to register and the grounds for the refusal. Within 3 months after the date on which the notice of refusal is sent, the applicant may, by written request, seek reconsideration of the application. After consideration of such a request, the Administrator shall either register the design or send to the applicant a notice of final refusal to register.

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1 *"(c) APPLICATION TO CANCEL REGISTRATION.—Any*
2 *person who believes he or she is or will be damaged by a*
3 *registration under this chapter may, upon payment of the*
4 *prescribed fee, apply to the Administrator at any time to*
5 *cancel the registration on the ground that the design is not*
6 *subject to protection under this chapter, stating the reasons*
7 *for the request. Upon receipt of an application for cancella-*
8 *tion, the Administrator shall send to the owner of the de-*
9 *sign, as shown in the records of the Office of the Adminis-*
10 *trator, a notice of the application, and the owner shall have*
11 *a period of 3 months after the date on which such notice*
12 *is mailed in which to present arguments to the Adminis-*
13 *trator for support of the validity of the registration. It shall*
14 *also be within the authority of the Administrator to estab-*
15 *lish, by regulation, conditions under which the opposing*
16 *parties may appear and be heard in support of their argu-*
17 *ments. If, after the periods provided for the presentation*
18 *of arguments have expired, the Administrator determines*
19 *that the applicant for cancellation has established that the*
20 *design is not subject to protection under this chapter, the*
21 *Administrator shall order the registration stricken from the*
22 *record. Cancellation under this subsection shall be an-*
23 *nounced by publication, and notice of the Administrator's*
24 *final determination with respect to any application for can-*

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cellation shall be sent to the applicant and to the owner of record.

"§ 1214. Certification of registration

"Certificates of registration shall be issued in the name of the United States under the seal of the Office of the Register and shall be recorded in the official records of that office. The certificate shall state the name of the useful article, the date of filing of the application, the date of registration, and the date the design was made public, if earlier than the date of filing of the application, and shall contain a reproduction of the drawing or other pictorial representation of the design. If a description of the salient features of the design appears in the application, this description shall also appear in the certificate. A certificate of registration shall be admitted in any court as prima facie evidence of the facts stated in the certificate.

"§ 1215. Publication of announcements and indexes

"(a) PUBLICATIONS OF THE ADMINISTRATOR.—The Administrator shall publish lists and indexes of registered designs and cancellations of designs and may also publish the drawings or other pictorial representations of registered designs for sale or other distribution.

"(b) FILE OF REPRESENTATIVES OF REGISTERED DESIGNS.—The Administrator shall establish and maintain a file of the drawings or other pictorial representations of reg-

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istered designs. The file shall be available for use by the public under such conditions as the Administrator may prescribe.

"§ 1216. Fees

"The Administrator shall by regulation set reasonable fees for the filing of applications to register designs under this chapter and for other services relating to the administration of this chapter, taking into consideration the cost of providing these services and the benefit of a public record.

"§ 1217. Regulations

"The Administrator may establish regulations for the administration of this chapter.

"§ 1218. Copies of records

"Upon payment of the prescribed fee, any person may obtain a certified copy of any official record of the Office of the Administrator that relates to this chapter. That copy shall be admissible in evidence with the same effect as the original.

"§ 1219. Correction of errors in certificates

"The Register may, by a certificate of correction under seal, correct any error in a registration incurred through the fault of the Office, or, upon payment of the required fee, any error of a clerical or typographical nature occurring in good faith but not through the fault of the Office. Such registration, together with the certificate, shall there-

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after have the same effect as if it had been originally issued in such corrected form.

"§ 1220. Ownership and transfer

"(a) PROPERTY RIGHT IN DESIGN.—The property right in a design subject to protection under this chapter shall vest in the designer, the legal representatives of a deceased designer or of one under legal incapacity, the employer for whom the designer created the design in the case of a design made within the regular scope of the designer's employment, or a person to whom the rights of the designer or of such employer have been transferred. The person in whom the property right is vested shall be considered the owner of the design.

"(b) TRANSFER OF PROPERTY RIGHT.—The property right in a registered design, or a design for which an application for registration has been or may be filed, may be assigned, granted, conveyed, or mortgaged by an instrument in writing, signed by the owner, or may be bequeathed by will.

"(c) OATH OR AFFIRMATION OF TRANSFER.—An acknowledgment under section 1212 shall be prima facie evidence of the execution of an assignment, grant, conveyance, or mortgage under subsection (b).

"(d) RECORDATION OF TRANSFER.—An assignment, grant, conveyance, or mortgage under subsection (b) shall

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be void as against any subsequent purchaser or mortgagee for a valuable consideration, unless it is recorded in the Office of the Administrator within 3 months after its date of execution or before the date of such subsequent purchase or mortgage.

"§ 1221. Remedy for infringement

"(a) IN GENERAL.—The owner of a design is entitled, after issuance of a certificate of registration of the design under this chapter, to institute an action for any infringement of the design.

"(b) REVIEW OF REFUSAL TO REGISTER.—(1) Subject to paragraph (2), the owner of a design may seek judicial review of a final refusal of the Administrator to register the design under this chapter by bringing a civil action, and may in the same action, if the court adjudges the design subject to protection under this chapter, enforce the rights in that design under this chapter.

"(2) The owner of a design may seek judicial review under this section if—

"(A) the owner has previously duly filed and prosecuted to final refusal an application in proper form for registration of the design;

"(B) the owner causes a copy of the complaint in the action to be delivered to the Administrator

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within 10 days after the commencement of the action; and

"(C) the defendant has committed acts in respect to the design which would constitute infringement with respect to a design protected under this chapter.

"(c) ADMINISTRATOR AS PARTY TO ACTION.—The Administrator may at the Administrator's option, become a party to the action with respect to the issue of registrability of the design claim by entering an appearance within 60 days after being served with the complaint, but the Register's failure to become a party shall not deprive the court of jurisdiction to determine that issue.

"(d) USE OF ARBITRATION TO RESOLVE DISPUTE.—The parties to an infringement dispute under this chapter, within such time as may be specified by the Administrator by regulation, may determine the dispute, or any aspect of the dispute, by arbitration. Arbitration shall be governed by title 9. The parties shall give notice of any arbitration award to the Administrator, and such award shall, as between the parties to the arbitration, be dispositive of the issues to which it relates. The arbitration award shall be unenforceable until such notice is given. Nothing in this subsection shall preclude the Administrator from determining whether a design is subject to registration in a cancellation proceeding under section 1213(c).

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§ 1222. Injunctions

"(a) IN GENERAL.—A court having jurisdiction over actions under this chapter may grant injunctions in accordance with the principles of equity to prevent infringement, including, in its discretion, prompt relief by temporary restraining orders and preliminary injunctions.

"(b) DAMAGES FOR INJUNCTIVE RELIEF WRONGFULLY OBTAINED.—A seller or distributor who suffers damage by reason of injunctive relief wrongfully obtained under this section has a cause of action against the applicant for such injunctive relief and may recover such relief as may be appropriate, including damages for lost profits, cost of materials, loss of good will, and punitive damages in instances where the injunctive relief was sought in bade faiths, and, unless the court finds extenuating circumstances, to recover a reasonable attorney's fee.

"§ 1223. Recovery for infringement

"(a) DAMAGES.—Upon a finding for the claimant in an action for infringement under this chapter, the court shall award the claimant damages adequate to compensate for the infringement. In addition, the court may increase the damages to such amount, not exceeding $50,000 or $1 per copy, whichever is greater, as the court determines to be just. The damages awarded shall constitute compensation and not a penalty. The court may receive expert testimony as an aid to the determination of damages.

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1 *"(b) INFRINGER'S PROFITS.—As an alternative to the*
2 *remedies provided in subsection (a), the court may award*
3 *the claimant the infringer's profits resulting from the sale*
4 *of the copies if the court finds that the infringer's sales are*
5 *reasonably related to the use of the claimant's design. In*
6 *such a case, the claimant shall be required to prove only*
7 *the amount of the infringer's sales and the infringer shall*
8 *be required to prove its expenses against such sales.*
9 *"(c) STATUTE OF LIMITATIONS.—No recovery under*
10 *subsection (a) or (b) shall be had for any infringement com-*
11 *mitted more than 3 years before the date on which the com-*
12 *plaint is filed.*
13 *"(d) ATTORNEY'S FEES.—In an action for infringe-*
14 *ment under this chapter, the court may award reasonable*
15 *attorney's fees to the prevailing party.*
16 *"(e) DISPOSITION OF INFRINGING AND OTHER ARTI-*
17 *CLES.—The court may order that all infringing articles,*
18 *and any plates, molds, patterns, models, or other means spe-*
19 *cifically adapted for making the articles, be delivered up*
20 *for destruction or other disposition as the court may direct.*
21 ***"§ 1224. Power of court over registration***
22 *"In any action involving the protection of a design*
23 *under this chapter, the court, when appropriate, may order*
24 *registration of a design under this chapter or the cancella-*
25 *tion of such a registration. Any such order shall be certified*

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by the court to the Administrator, who shall make an appropriate entry upon the record.

"§ 1225. Liability for action on registration fraudulently obtained

"Any person who brings an action for infringement knowing that registration of the design was obtained by a false or fraudulent representation materially affecting the rights under this chapter, shall be liable in the sum of $10,000, or such part of that amount as the court may determine. That amount shall be to compensate the defendant and shall be charged against the plaintiff and paid to the defendant, in addition to such costs and attorney's fees of the defendant as may be assessed by the court.

"§ 1226. Penalty for false marking

"(a) IN GENERAL.—Whoever, for the purpose of deceiving the public, marks upon, applies to, or uses in advertising in connection with an article made, used, distributed, or sold, a design which is not protected under this chapter, a design notice specified in section 1206, or any other words or symbols importing that the design is protected under this chapter, knowing that the design is not so protected, shall pay a civil fine of not more than $500 for each such offense.

"(b) SUIT BY PRIVATE PERSONS.—Any person may sue for the penalty established by subsection (a), in which event one-half of the penalty shall be awarded to the person

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suing and the remainder shall be awarded to the United States.

"§ 1227. Penalty for false representation

"Whoever knowingly makes a false representation materially affecting the rights obtainable under this chapter for the purpose of obtaining registration of a design under this chapter shall pay a penalty of not less than $500 and not more than $1,000, and any rights or privileges that individual may have in the design under this chapter shall be forfeited.

"§ 1228. Enforcement by Treasury and Postal Service

"(a) REGULATIONS.—The Secretary of the Treasury and the United States Postal Service shall separately or jointly issue regulations for the enforcement of the rights set forth in section 1208 with respect to importation. These regulations may require, as a condition for the exclusion of articles from the United States, that the person seeking exclusion take any one or more of the following actions:

"(1) Obtain a court order enjoining, or an order of the International Trade Commission under section 337 of the Tariff Act of 1930 excluding, importation of the articles.

"(2) Furnish proof that the design involved is protected under this chapter and that the importation

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of the articles would infringe the rights in the design under this chapter.

"(3) Post a surety bond for any injury that may result if the detention or exclusion of the articles proves to be unjustified.

"(b) SEIZURE AND FORFEITURE.—Articles imported in violation of the rights set forth in section 1208 are subject to seizure and forfeiture in the same manner as property imported in violation of the customs laws. Any such forfeited articles shall be destroyed as directed by the Secretary of the Treasury or the court, as the case may be, except that the articles may be returned to the country of export whenever it is shown to the satisfaction of the Secretary of the Treasury that the importer had no reasonable grounds for believing that his or her acts constituted a violation of the law.

"§ 1229. Relation to design patent and copyright law

"The issuance of a design patent under title 35 for an original design for an article of manufacture, or the issuance of a copyright registration under title 17 for an original design, shall terminate any protection of the original design under this chapter.

"§ 1230. Common law and other rights unaffected

"Nothing in this chapter shall annul or limit—

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1 *"(1) common law or other rights or remedies, if*
2 *any, available to or held by any person with respect*
3 *to a design which has not been registered under this*
4 *chapter; or*
5 *"(2) any right under the trademark laws or any*
6 *right protected against unfair competition.*
7 ***"§ 1231. Administrator***
8 *"The Administrator and Office of the Administrator*
9 *referred to in this chapter shall be the Register of Copy-*
10 *rights and the Copyrights Office of the Library of Congress,*
11 *respectively.*
12 ***"§ 1232. No retroactive effect***
13 *"Protection under this chapter shall not be available*
14 *for any design that has been made public under section*
15 *1209(b) before the effective date of this chapter.".*
16 ***SEC. 3. CONFORMING AMENDMENTS.***
17 *(a) TABLE OF CHAPTERS.—The table of chapters for*
18 *title 17, United States Code, is amended by adding at the*
19 *end the following:*

"12. Protection of Original Designs ..... 1201".

20 *(b) JURISDICTION OF DISTRICT COURTS OVER DESIGN*
21 *ACTIONS.—(1) Section 1338(c) of title 28, United States*
22 *Code, is amended by inserting ", and to exclusive rights*
23 *in designs under chapter 12 of title 17," after "title 17".*

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(2)(A) The section heading for section 1338 of title 28, United States Code, is amended by inserting "designs," after "mask works,".

(B) The item relating to section 1338 in the table of sections at the beginning of chapter 85 of title 28, United States Code, is amended by inserting "designs," after "mask works,".

(c) PLACE OF DESIGN ACTIONS.—Section 1400(a) of title 28, United States Code, is amended by inserting "or designs" after "mask works".

(d) ACTIONS AGAINST THE UNITED STATES.—Section 1498(e) of title 28, United States Code, is amended by inserting ", and to exclusive rights in designs under chapter 12 of title 17," after "title 17".

SEC. 4. EFFECTIVE DATE.

The amendments made by sections 2 and 3 shall take effect one year after the date of the enactment of this Act.

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105TH CONGRESS
2D SESSION

H. R. 2696

AN ACT

To amend title 17, United States Code, to provide for protection of certain original designs.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

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SECTION 1. SHORT TITLE.

This Act may be referred to as the "Vessel Hull Design Protection Act".

SEC. 2. PROTECTION OF CERTAIN ORIGINAL DESIGNS.

Title 17, United States Code, is amended by adding at the end the following new chapter:

"CHAPTER 12—PROTECTION OF ORIGINAL DESIGNS

"Sec.
"1201. Designs protected.
"1202. Designs not subject to protection.
"1203. Revisions, adaptations, and rearrangements.
"1204. Commencement of protection.
"1205. Term of protection.
"1206. Design notice.
"1207. Effect of omission of notice.
"1208. Exclusive rights.
"1209. Infringement.
"1210. Application for registration.
"1211. Benefit of earlier filing date in foreign country.
"1212. Oaths and acknowledgments.
"1213. Examination of application and issue or refusal of registration.
"1214. Certification of registration.
"1215. Publication of announcements and indexes.
"1216. Fees.
"1217. Regulations.
"1218. Copies of records.
"1219. Correction of errors in certificates.
"1220. Ownership and transfer.
"1221. Remedy for infringement.
"1222. Injunctions.
"1223. Recovery for infringement.
"1224. Power of court over registration.
"1225. Liability for action on registration fraudulently obtained.
"1226. Penalty for false marking.
"1227. Penalty for false representation.
"1228. Enforcement by Treasury and Postal Service .
"1229. Relation to design patent law.
"1230. Common law and other rights unaffected.
"1231. Administrator; Office of the Administrator.
"1232. No retroactive effect.

"§ 1201. Designs protected

"(a) DESIGNS PROTECTED.—

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"(1) IN GENERAL.—The designer or other owner of an original design of a useful article which makes the article attractive or distinctive in appearance to the purchasing or using public may secure the protection provided by this chapter upon complying with and subject to this chapter.

"(2) VESSEL HULLS.—The design of a vessel hull, including a plug or mold, is subject to protection under this chapter, notwithstanding section 1202(4).

"(b) DEFINITIONS.—For the purpose of this chapter, the following terms have the following meanings:

"(1) A design is 'original' if it is the result of the designer's creative endeavor that provides a distinguishable variation over prior work pertaining to similar articles which is more than merely trivial and has not been copied from another source.

"(2) A 'useful article' is a vessel hull, including a plug or mold, which in normal use has an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information. An article which normally is part of a useful article shall be deemed to be a useful article.

"(3) A 'vessel' is a craft, especially one larger than a rowboat, designed to navigate on water, but

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1 does not include any such craft that exceeds 200
2 feet in length.
3 "(4) A 'hull' is the frame or body of a vessel,
4 including the deck of a vessel, exclusive of masts,
5 sails, yards, and rigging.
6 "(5) A 'plug' means a device or model used to
7 make a mold for the purpose of exact duplication,
8 regardless of whether the device or model has an in-
9 trinsic utilitarian function that is not only to portray
10 the appearance of the product or to convey informa-
11 tion.
12 "(6) A 'mold' means a matrix or form in which
13 a substance for material is used, regardless of
14 whether the matrix or form has an intrinsic utilitar-
15 ian function that is not only to portray the appear-
16 ance of the product or to convey information.
17 **"§ 1202. Designs not subject to protection**
18 "Protection under this chapter shall not be available
19 for a design that is—
20 "(1) not original;
21 "(2) staple or commonplace, such as a standard
22 geometric figure, a familiar symbol, an emblem, or
23 a motif, or another shape, pattern, or configuration
24 which has become standard, common, prevalent, or
25 ordinary;

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"(3) different from a design excluded by paragraph (2) only in insignificant details or in elements which are variants commonly used in the relevant trades;

"(4) dictated solely by a utilitarian function of the article that embodies it; or

"(5) embodied in a useful article that was made public by the designer or owner in the United States or a foreign country more than 1 year before the date of the application for registration under this chapter.

"§ 1203. Revisions, adaptations, and rearrangements

"Protection for a design under this chapter shall be available notwithstanding the employment in the design of subject matter excluded from protection under section 1202 if the design is a substantial revision, adaptation, or rearrangement of such subject matter. Such protection shall be independent of any subsisting protection in subject matter employed in the design, and shall not be construed as securing any right to subject matter excluded from protection under this chapter or as extending any subsisting protection under this chapter.

"§ 1204. Commencement of protection

"The protection provided for a design under this chapter shall commence upon the earlier of the date of

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publication of the registration under section 1213(a) or the date the design is first made public as defined by section 1210(b).

"§ 1205. Term of protection

"(a) IN GENERAL.—Subject to subsection (b), the protection provided under this chapter for a design shall continue for a term of 10 years beginning on the date of the commencement of protection under section 1204.

"(b) EXPIRATION.—All terms of protection provided in this section shall run to the end of the calendar year in which they would otherwise expire.

"(c) TERMINATION OF RIGHTS.—Upon expiration or termination of protection in a particular design under this chapter, all rights under this chapter in the design shall terminate, regardless of the number of different articles in which the design may have been used during the term of its protection.

"§ 1206. Design notice

"(a) CONTENTS OF DESIGN NOTICE.—(1) Whenever any design for which protection is sought under this chapter is made public under section 1210(b), the owner of the design shall, subject to the provisions of section 1207, mark it or have it marked legibly with a design notice consisting of—

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"(A) the words 'Protected Design', the abbreviation 'Prot'd Des.', or the letter 'D' with a circle, or the symbol *D*;

"(B) the year of the date on which protection for the design commenced; and

"(C) the name of the owner, an abbreviation by which the name can be recognized, or a generally accepted alternative designation of the owner.

Any distinctive identification of the owner may be used for purposes of subparagraph (C) if it has been recorded by the Administrator before the design marked with such identification is registered.

"(2) After registration, the registration number may be used instead of the elements specified in subparagraphs (B) and (C) of paragraph (1).

"(b) LOCATION OF NOTICE.—The design notice shall be so located and applied as to give reasonable notice of design protection while the useful article embodying the design is passing through its normal channels of commerce.

"(c) SUBSEQUENT REMOVAL OF NOTICE.—When the owner of a design has complied with the provisions of this section, protection under this chapter shall not be affected by the removal, destruction, or obliteration by others of the design notice on an article.

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"§ 1207. Effect of omission of notice

"(a) ACTIONS WITH NOTICE.—Except as provided in subsection (b), the omission of the notice prescribed in section 1206 shall not cause loss of the protection under this chapter or prevent recovery for infringement under this chapter against any person who, after receiving written notice of the design protection, begins an undertaking leading to infringement under this chapter.

"(b) ACTIONS WITHOUT NOTICE.—The omission of the notice prescribed in section 1206 shall prevent any recovery under section 1223 against a person who began an undertaking leading to infringement under this chapter before receiving written notice of the design protection. No injunction shall be issued under this chapter with respect to such undertaking unless the owner of the design reimburses that person for any reasonable expenditure or contractual obligation in connection with such undertaking that was incurred before receiving written notice of the design protection, as the court in its discretion directs. The burden of providing written notice of design protection shall be on the owner of the design.

"§ 1208. Exclusive rights

"The owner of a design protected under this chapter has the exclusive right to—

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"(1) make, have made, or import, for sale or for use in trade, any useful article embodying that design; and

"(2) sell or distribute for sale or for use in trade any useful article embodying that design.

"§ 1209. Infringement

"(a) ACTS OF INFRINGEMENT.—Except as provided in subjection (b), it shall be infringement of the exclusive rights in a design protected under this chapter for any person, without the consent of the owner of the design, within the United States and during the term of such protection, to—

"(1) make, have made, or import, for sale or for use in trade, any infringing article as defined in subsection (e); or

"(2) sell or distribute for sale or for use in trade any such infringing article.

"(b) ACTS OF SELLERS AND DISTRIBUTORS.—A seller or distributor of an infringing article who did not make or import the article shall be deemed to have infringed on a design protected under this chapter only if that person—

"(1) induced or acted in collusion with a manufacturer to make, or an importer to import such article, except that merely purchasing or giving an

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order to purchase such article in the ordinary course of business shall not of itself constitute such inducement or collusion; or

"(2) refused or failed, upon the request of the owner of the design, to make a prompt and full disclosure of that person's source of such article, and that person orders or reorders such article after receiving notice by registered or certified mail of the protection subsisting in the design.

"(c) ACTS WITHOUT KNOWLEDGE.—It shall not be infringement under this section to make, have made, import, sell, or distribute, any article embodying a design which was created without knowledge that a design was protected under this chapter and was copied from such protected design.

"(d) ACTS IN ORDINARY COURSE OF BUSINESS.—A person who incorporates into that person's product of manufacture an infringing article acquired from others in the ordinary course of business, or who, without knowledge of the protected design embodied in an infringing article, makes or processes the infringing article for the account of another person in the ordinary course of business, shall not be deemed to have infringed the rights in that design under this chapter except under a condition contained in paragraph (1) or (2) of subsection (b). Accepting

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1 an order or reorder from the source of the infringing arti-
2 cle shall be deemed ordering or reordering within the
3 meaning of subsection (b)(2).

4 "(e) INFRINGING ARTICLE DEFINED.—As used in
5 this section, an 'infringing article' is any article the design
6 of which has been copied from a design protected under
7 this chapter, without the consent of the owner of the pro-
8 tected design. An infringing article is not an illustration
9 or picture of a protected design in an advertisement, book,
10 periodical, newspaper, photograph, broadcast, motion pic-
11 ture, or similar medium. A design shall not be deemed to
12 have been copied from a protected design if it is original
13 and not substantially similar in appearance to a protected
14 design.

15 "(f) ESTABLISHING ORIGINALITY.—The party to any
16 action or proceeding under this chapter who alleges rights
17 under this chapter in a design shall have the burden of
18 establishing the design's originality whenever the opposing
19 party introduces an earlier work which is identical to such
20 design, or so similar as to make prima facie showing that
21 such design was copied from such work.

22 "(g) REPRODUCTION FOR TEACHING OR ANALY-
23 SIS.—It is not an infringement of the exclusive rights of
24 a design owner for a person to reproduce the design in
25 a useful article or in any other form solely for the purpose

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of teaching, analyzing, or evaluating the appearance, concepts, or techniques embodied in the design, or the function of the useful article embodying the design.

"§ 1210. Application for registration

"(a) TIME LIMIT FOR APPLICATION FOR REGISTRATION.—Protection under this chapter shall be lost if application for registration of the design is not made within two years after the date on which the design is first made public.

"(b) WHEN DESIGN IS MADE PUBLIC.—A design is made public when an existing useful article embodying the design is anywhere publicly exhibited, publicly distributed, or offered for sale or sold to the public by the owner of the design or with the owner's consent.

"(c) APPLICATION BY OWNER OF DESIGN.—Application for registration may be made by the owner of the design.

"(d) CONTENTS OF APPLICATION.—The application for registration shall be made to the Administrator and shall state—

"(1) the name and address of the designer or designers of the design;

"(2) the name and address of the owner if different from the designer;

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"(3) the specific name of the useful article embodying the design;

"(4) the date, if any, that the design was first made public, if such date was earlier than the date of the application;

"(5) affirmation that the design has been fixed in a useful article; and

"(6) such other information as may be required by the Administrator.

The application for registration may include a description setting forth the salient features of the design, but the absence of such a description shall not prevent registration under this chapter.

"(e) SWORN STATEMENT.—The application for registration shall be accompanied by a statement under oath by the applicant or the applicant's duly authorized agent or representative, setting forth, to the best of the applicant's knowledge and belief—

"(1) that the design is original and was created by the designer or designers named in the application;

"(2) that the design has not previously been registered on behalf of the applicant or the applicant's predecessor in title; and

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"(3) that the applicant is the person entitled to protection and to registration under this chapter.

If the design has been made public with the design notice prescribed in section 1206, the statement shall also describe the exact form and position of the design notice.

"(f) EFFECT OF ERRORS.—(1) Error in any statement or assertion as to the utility of the useful article named in the application under this section, the design of which is sought to be registered, shall not affect the protection secured under this chapter.

"(2) Errors in omitting a joint designer or in naming an alleged joint designer shall not affect the validity of the registration, or the actual ownership or the protection of the design, unless it is shown that the error occurred with deceptive intent.

"(g) DESIGN MADE IN SCOPE OF EMPLOYMENT.—In a case in which the design was made within the regular scope of the designer's employment and individual authorship of the design is difficult or impossible to ascribe and the application so states, the name and address of the employer for whom the design was made may be stated instead of that of the individual designer.

"(h) PICTORIAL REPRESENTATION OF DESIGN.—The application for registration shall be accompanied by two copies of a drawing or other pictorial representation

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of the useful article embodying the design, having one or more views, adequate to show the design, in a form and style suitable for reproduction, which shall be deemed a part of the application.

"(i) DESIGN IN MORE THAN ONE USEFUL ARTICLE.—If the distinguishing elements of a design are in substantially the same form in different useful articles, the design shall be protected as to all such useful articles when protected as to one of them, but not more than one registration shall be required for the design.

"(j) APPLICATION FOR MORE THAN ONE DESIGN.—More than one design may be included in the same application under such conditions as may be prescribed by the Administrator. For each design included in an application the fee prescribed for a single design shall be paid.

"§ 1211. Benefit of earlier filing date in foreign country

"An application for registration of a design filed in the United States by any person who has, or whose legal representative or predecessor or successor in title has, previously filed an application for registration of the same design in a foreign country which extends to designs of owners who are citizens of the United States, or to applications filed under this chapter, similar protection to that provided under this chapter shall have that same effect

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as if filed in the United States on the date on which the application was first filed in such foreign country, if the application in the United States is filed within 6 months after the earliest date on which any such foreign application was filed.

"§ 1212. Oaths and acknowledgments

"(a) IN GENERAL.—Oaths and acknowledgments required by this chapter—

"(1) may be made—

"(A) before any person in the United States authorized by law to administer oaths; or

"(B) when made in a foreign country, before any diplomatic or consular officer of the United States authorized to administer oaths, or before any official authorized to administer oaths in the foreign country concerned, whose authority shall be proved by a certificate of a diplomatic or consular officer of the United States; and

"(2) shall be valid if they comply with the laws of the State or country where made.

"(b) WRITTEN DECLARATION IN LIEU OF OATH.—(1) The Administrator may by rule prescribe that any document which is to be filed under this chapter in the Office of the Administrator and which is required by any law,

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rule, or other regulation to be under oath, may be subscribed to by a written declaration in such form as the Administrator may prescribe, and such declaration shall be in lieu of the oath otherwise required.

"(2) Whenever a written declaration under paragraph (1) is used, the document containing the declaration shall state that willful false statements are punishable by fine or imprisonment, or both, pursuant to section 1001 of title 18, and may jeopardize the validity of the application or document or a registration resulting therefrom.

"§ 1213. Examination of application and issue or refusal of registration

"(a) DETERMINATION OF REGISTRABILITY OF DESIGN; REGISTRATION.—Upon the filing of an application for registration in proper form under section 1210, and upon payment of the fee prescribed under section 1216, the Administrator shall determine whether or not the application relates to a design which on its face appears to be subject to protection under this chapter, and, if so, the Register shall register the design. Registration under this subsection shall be announced by publication. The date of registration shall be the date of publication.

"(b) REFUSAL TO REGISTER; RECONSIDERATION.—If, in the judgment of the Administrator, the application for registration relates to a design which on its face is

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1 not subject to protection under this chapter, the Adminis-
2 trator shall send to the applicant a notice of refusal to
3 register and the grounds for the refusal. Within 3 months
4 after the date on which the notice of refusal is sent, the
5 applicant may, by written request, seek reconsideration of
6 the application. After consideration of such a request, the
7 Administrator shall either register the design or send to
8 the applicant a notice of final refusal to register.

9 "(c) APPLICATION TO CANCEL REGISTRATION.—Any
10 person who believes he or she is or will be damaged by
11 a registration under this chapter may, upon payment of
12 the prescribed fee, apply to the Administrator at any time
13 to cancel the registration on the ground that the design
14 is not subject to protection under this chapter, stating the
15 reasons for the request. Upon receipt of an application for
16 cancellation, the Administrator shall send to the owner of
17 the design, as shown in the records of the Office of the
18 Administrator, a notice of the application, and the owner
19 shall have a period of 3 months after the date on which
20 such notice is mailed in which to present arguments to
21 the Administrator for support of the validity of the reg-
22 istration. The Administrator shall also have the authority
23 to establish, by regulation, conditions under which the op-
24 posing parties may appear and be heard in support of
25 their arguments. If, after the periods provided for the

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1 presentation of arguments have expired, the Administrator
2 determines that the applicant for cancellation has estab-
3 lished that the design is not subject to protection under
4 this chapter, the Administrator shall order the registration
5 stricken from the record. Cancellation under this sub-
6 section shall be announced by publication, and notice of
7 the Administrator's final determination with respect to
8 any application for cancellation shall be sent to the appli-
9 cant and to the owner of record.

10 **"§ 1214. Certification of registration**

11 "Certificates of registration shall be issued in the
12 name of the United States under the seal of the Office
13 of the Administrator and shall be recorded in the official
14 records of the Office. The certificate shall state the name
15 of the useful article, the date of filing of the application,
16 the date of registration, and the date the design was made
17 public, if earlier than the date of filing of the application,
18 and shall contain a reproduction of the drawing or other
19 pictorial representation of the design. If a description of
20 the salient features of the design appears in the applica-
21 tion, the description shall also appear in the certificate.
22 A certificate of registration shall be admitted in any court
23 as prima facie evidence of the facts stated in the certifi-
24 cate.

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1 **"§ 1215. Publication of announcements and indexes**

2 "(a) PUBLICATIONS OF THE ADMINISTRATOR.—The
3 Administrator shall publish lists and indexes of registered
4 designs and cancellations of designs and may also publish
5 the drawings or other pictorial representations of reg-
6 istered designs for sale or other distribution.

7 "(b) FILE OF REPRESENTATIVES OF REGISTERED
8 DESIGNS.—The Administrator shall establish and main-
9 tain a file of the drawings or other pictorial representa-
10 tions of registered designs. The file shall be available for
11 use by the public under such conditions as the Adminis-
12 trator may prescribe.

13 **"§ 1216. Fees**

14 "The Administrator shall by regulation set reason-
15 able fees for the filing of applications to register designs
16 under this chapter and for other services relating to the
17 administration of this chapter, taking into consideration
18 the cost of providing these services and the benefit of a
19 public record.

20 **"§ 1217. Regulations**

21 "The Administrator may establish regulations for the
22 administration of this chapter.

23 **"§ 1218. Copies of records**

24 "Upon payment of the prescribed fee, any person may
25 obtain a certified copy of any official record of the Office
26 of the Administrator that relates to this chapter. That

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1 copy shall be admissible in evidence with the same effect
2 as the original.

3 **"§ 1219. Correction of errors in certificates**

4 "The Administrator may, by a certificate of correc-
5 tion under seal, correct any error in a registration in-
6 curred through the fault of the Office, or, upon payment
7 of the required fee, any error of a clerical or typographical
8 nature occurring in good faith but not through the fault
9 of the Office. Such registration, together with the certifi-
10 cate, shall thereafter have the same effect as if it had been
11 originally issued in such corrected form.

12 **"§ 1220. Ownership and transfer**

13 "(a) PROPERTY RIGHT IN DESIGN.—The property
14 right in a design subject to protection under this chapter
15 shall vest in the designer, the legal representatives of a
16 deceased designer or of one under legal incapacity, the em-
17 ployer for whom the designer created the design in the
18 case of a design made within the regular scope of the de-
19 signer's employment, or a person to whom the rights of
20 the designer or of such employer have been transferred.
21 The person in whom the property right is vested shall be
22 considered the owner of the design.

23 "(b) TRANSFER OF PROPERTY RIGHT.—The prop-
24 erty right in a registered design, or a design for which
25 an application for registration has been or may be filed,

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may be assigned, granted, conveyed, or mortgaged by an instrument in writing, signed by the owner, or may be bequeathed by will.

"(c) OATH OR ACKNOWLEDGEMENT OF TRANSFER.—An oath or acknowledgment under section 1212 shall be prima facie evidence of the execution of an assignment, grant, conveyance, or mortgage under subsection (b).

"(d) RECORDATION OF TRANSFER.—An assignment, grant, conveyance, or mortgage under subsection (b) shall be void as against any subsequent purchaser or mortgagee for a valuable consideration, unless it is recorded in the Office of the Administrator within 3 months after its date of execution or before the date of such subsequent purchase or mortgage.

"§ 1221. Remedy for infringement

"(a) IN GENERAL.—The owner of a design is entitled, after issuance of a certificate of registration of the design under this chapter, to institute an action for any infringement of the design.

"(b) REVIEW OF REFUSAL TO REGISTER.—(1) Subject to paragraph (2), the owner of a design may seek judicial review of a final refusal of the Administrator to register the design under this chapter by bringing a civil action, and may in the same action, if the court adjudges

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1 the design subject to protection under this chapter, en-
2 force the rights in that design under this chapter.
3 "(2) The owner of a design may seek judicial review
4 under this section if—
5 "(A) the owner has previously duly filed and
6 prosecuted to final refusal an application in proper
7 form for registration of the design;
8 "(B) the owner causes a copy of the complaint
9 in the action to be delivered to the Administrator
10 within 10 days after the commencement of the ac-
11 tion; and
12 "(C) the defendant has committed acts in re-
13 spect to the design which would constitute infringe-
14 ment with respect to a design protected under this
15 chapter.
16 "(c) ADMINISTRATOR AS PARTY TO ACTION.—The
17 Administrator may, at the Administrator's option, become
18 a party to the action with respect to the issue of
19 registrability of the design claim by entering an appear-
20 ance within 60 days after being served with the complaint,
21 but the failure of the Administrator to become a party
22 shall not deprive the court of jurisdiction to determine that
23 issue.
24 "(d) USE OF ARBITRATION TO RESOLVE DISPUTE.—
25 The parties to an infringement dispute under this chapter,

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1 within such time as may be specified by the Administrator
2 by regulation, may determine the dispute, or any aspect
3 of the dispute, by arbitration. Arbitration shall be gov-
4 erned by title 9. The parties shall give notice of any arbi-
5 tration award to the Administrator, and such award shall,
6 as between the parties to the arbitration, be dispositive
7 of the issues to which it relates. The arbitration award
8 shall be unenforceable until such notice is given. Nothing
9 in this subsection shall preclude the Administrator from
10 determining whether a design is subject to registration in
11 a cancellation proceeding under section 1213(c).

12 **§ 1222. Injunctions**

13 "(a) IN GENERAL.—A court having jurisdiction over
14 actions under this chapter may grant injunctions in ac-
15 cordance with the principles of equity to prevent infringe-
16 ment of a design under this chapter, including, in its dis-
17 cretion, prompt relief by temporary restraining orders and
18 preliminary injunctions.

19 "(b) DAMAGES FOR INJUNCTIVE RELIEF WRONG-
20 FULLY OBTAINED.—A seller or distributor who suffers
21 damage by reason of injunctive relief wrongfully obtained
22 under this section has a cause of action against the appli-
23 cant for such injunctive relief and may recover such relief
24 as may be appropriate, including damages for lost profits,
25 cost of materials, loss of good will, and punitive damages

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1 in instances where the injunctive relief was sought in bad
2 faith, and, unless the court finds extenuating cir-
3 cumstances, reasonable attorney's fees.

4 **"§ 1223. Recovery for infringement**

5 "(a) DAMAGES.—Upon a finding for the claimant in
6 an action for infringement under this chapter, the court
7 shall award the claimant damages adequate to compensate
8 for the infringement. In addition, the court may increase
9 the damages to such amount, not exceeding $50,000 or
10 $1 per copy, whichever is greater, as the court determines
11 to be just. The damages awarded shall constitute com-
12 pensation and not a penalty. The court may receive expert
13 testimony as an aid to the determination of damages.

14 "(b) INFRINGER'S PROFITS.—As an alternative to
15 the remedies provided in subsection (a), the court may
16 award the claimant the infringer's profits resulting from
17 the sale of the copies if the court finds that the infringer's
18 sales are reasonably related to the use of the claimant's
19 design. In such a case, the claimant shall be required to
20 prove only the amount of the infringer's sales and the in-
21 fringer shall be required to prove its expenses against such
22 sales.

23 "(c) STATUTE OF LIMITATIONS.—No recovery under
24 subsection (a) or (b) shall be had for any infringement

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1 committed more than 3 years before the date on which
2 the complaint is filed.

3 "(d) ATTORNEY'S FEES.—In an action for infringe-
4 ment under this chapter, the court may award reasonable
5 attorney's fees to the prevailing party.

6 "(e) DISPOSITION OF INFRINGING AND OTHER ARTI-
7 CLES.—The court may order that all infringing articles,
8 and any plates, molds, patterns, models, or other means
9 specifically adapted for making the articles, be delivered
10 up for destruction or other disposition as the court may
11 direct.

12 **"§ 1224. Power of court over registration**

13 "In any action involving the protection of a design
14 under this chapter, the court, when appropriate, may
15 order registration of a design under this chapter or the
16 cancellation of such a registration. Any such order shall
17 be certified by the court to the Administrator, who shall
18 make an appropriate entry upon the record.

19 **"§ 1225. Liability for action on registration fraudu-**
20 **lently obtained**

21 "Any person who brings an action for infringement
22 knowing that registration of the design was obtained by
23 a false or fraudulent representation materially affecting
24 the rights under this chapter, shall be liable in the sum
25 of $10,000, or such part of that amount as the court may

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1 determine. That amount shall be to compensate the de-
2 fendant and shall be charged against the plaintiff and paid
3 to the defendant, in addition to such costs and attorney's
4 fees of the defendant as may be assessed by the court.

5 **"§ 1226. Penalty for false marking**

6 "(a) IN GENERAL.—Whoever, for the purpose of de-
7 ceiving the public, marks upon, applies to, or uses in ad-
8 vertising in connection with an article made, used, distrib-
9 uted, or sold, a design which is not protected under this
10 chapter, a design notice specified in section 1206, or any
11 other words or symbols importing that the design is pro-
12 tected under this chapter, knowing that the design is not
13 so protected, shall pay a civil fine of not more than $500
14 for each such offense.

15 "(b) SUIT BY PRIVATE PERSONS.—Any person may
16 sue for the penalty established by subsection (a), in which
17 event one-half of the penalty shall be awarded to the per-
18 son suing and the remainder shall be awarded to the
19 United States.

20 **"§ 1227. Penalty for false representation**

21 "Whoever knowingly makes a false representation
22 materially affecting the rights obtainable under this chap-
23 ter for the purpose of obtaining registration of a design
24 under this chapter shall pay a penalty of not less than
25 $500 and not more than $1,000, and any rights or privi-

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1 leges that individual may have in the design under this
2 chapter shall be forfeited.

3 **"§ 1228. Enforcement by Treasury and Postal Service**

4 "(a) REGULATIONS.—The Secretary of the Treasury
5 and the United States Postal Service shall separately or
6 jointly issue regulations for the enforcement of the rights
7 set forth in section 1208 with respect to importation. Such
8 regulations may require, as a condition for the exclusion
9 of articles from the United States, that the person seeking
10 exclusion take any one or more of the following actions:

11 "(1) Obtain a court order enjoining, or an order
12 of the International Trade Commission under sec-
13 tion 337 of the Tariff Act of 1930 excluding, impor-
14 tation of the articles.

15 "(2) Furnish proof that the design involved is
16 protected under this chapter and that the importa-
17 tion of the articles would infringe the rights in the
18 design under this chapter.

19 "(3) Post a surety bond for any injury that
20 may result if the detention or exclusion of the arti-
21 cles proves to be unjustified.

22 "(b) SEIZURE AND FORFEITURE.—Articles imported
23 in violation of the rights set forth in section 1208 are sub-
24 ject to seizure and forfeiture in the same manner as prop-
25 erty imported in violation of the customs laws. Any such

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1 forfeited articles shall be destroyed as directed by the Sec-
2 retary of the Treasury or the court, as the case may be,
3 except that the articles may be returned to the country
4 of export whenever it is shown to the satisfaction of the
5 Secretary of the Treasury that the importer had no rea-
6 sonable grounds for believing that his or her acts con-
7 stituted a violation of the law.

8 **"§ 1229. Relation to design patent law**

9 "The issuance of a design patent under title 35 for
10 an original design for an article of manufacture shall ter-
11 minate any protection of the original design under this
12 chapter.

13 **"§ 1230. Common law and other rights unaffected**

14 "Nothing in this chapter shall annul or limit—
15 "(1) common law or other rights or remedies,
16 if any, available to or held by any person with re-
17 spect to a design which has not been registered
18 under this chapter; or
19 "(2) any right under the trademark laws or any
20 right protected against unfair competition.

21 **"§ 1231. Administrator; Office of the Administrator**

22 "In this chapter, the 'Administrator' is the Register
23 of Copyrights, and the 'Office of the Administrator' and
24 the 'Office' refer to the Copyright Office of the Library
25 of Congress.

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"§ 1232. No retroactive effect

"Protection under this chapter shall not be available for any design that has been made public under section 1210(b) before the effective date of this chapter.".

SEC. 3. CONFORMING AMENDMENTS.

(a) TABLE OF CHAPTERS.—The table of chapters for title 17, United States Code, is amended by adding at the end the following:

"12. Protection of Original Designs ..... 1201".

(b) JURISDICTION OF DISTRICT COURTS OVER DESIGN ACTIONS.—(1) Section 1338(c) of title 28, United States Code, is amended by inserting ", and to exclusive rights in designs under chapter 12 of title 17," after "title 17".

(2)(A) The section heading for section 1338 of title 28, United States Code, is amended by inserting "**designs,**" after "**mask works,**".

(B) The item relating to section 1338 in the table of sections at the beginning of chapter 85 of title 28, United States Code, is amended by inserting "designs," after "mask works,".

(c) PLACE FOR BRINGING DESIGN ACTIONS.—Section 1400(a) of title 28, United States Code, is amended by inserting "or designs" after "mask works".

(d) ACTIONS AGAINST THE UNITED STATES.—Section 1498(e) of title 28, United States Code, is amended

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1 by inserting ", and to exclusive rights in designs under
2 chapter 12 of title 17," after "title 17".

3 **SEC. 4. EFFECTIVE DATE.**

4 The amendments made by sections 2 and 3 shall take
5 effect one year after the date of the enactment of this Act.

Passed the House of Representatives March 18, 1998.

Attest:

Clerk.

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105TH CONGRESS
2D SESSION

H. R. 2696

IN THE SENATE OF THE UNITED STATES

MARCH 19, 1998

Received; read twice and referred to the Committee on the Judiciary

AN ACT

To amend title 17, United States Code, to provide for protection of certain original designs.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

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1 **SECTION 1. SHORT TITLE.**

2 This Act may be referred to as the "Vessel Hull De-
3 sign Protection Act".

4 **SEC. 2. PROTECTION OF CERTAIN ORIGINAL DESIGNS.**

5 Title 17, United States Code, is amended by adding
6 at the end the following new chapter:

7 **"CHAPTER 12—PROTECTION OF ORIGINAL**
8 **DESIGNS**

"Sec.
"1201. Designs protected.
"1202. Designs not subject to protection.
"1203. Revisions, adaptations, and rearrangements.
"1204. Commencement of protection.
"1205. Term of protection.
"1206. Design notice.
"1207. Effect of omission of notice.
"1208. Exclusive rights.
"1209. Infringement.
"1210. Application for registration.
"1211. Benefit of earlier filing date in foreign country.
"1212. Oaths and acknowledgments.
"1213. Examination of application and issue or refusal of registration.
"1214. Certification of registration.
"1215. Publication of announcements and indexes.
"1216. Fees.
"1217. Regulations.
"1218. Copies of records.
"1219. Correction of errors in certificates.
"1220. Ownership and transfer.
"1221. Remedy for infringement.
"1222. Injunctions.
"1223. Recovery for infringement.
"1224. Power of court over registration.
"1225. Liability for action on registration fraudulently obtained.
"1226. Penalty for false marking.
"1227. Penalty for false representation.
"1228. Enforcement by Treasury and Postal Service .
"1229. Relation to design patent law.
"1230. Common law and other rights unaffected.
"1231. Administrator; Office of the Administrator.
"1232. No retroactive effect.

9 **"§ 1201. Designs protected**

10 "(a) DESIGNS PROTECTED.—

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"(1) IN GENERAL.—The designer or other owner of an original design of a useful article which makes the article attractive or distinctive in appearance to the purchasing or using public may secure the protection provided by this chapter upon complying with and subject to this chapter.

"(2) VESSEL HULLS.—The design of a vessel hull, including a plug or mold, is subject to protection under this chapter, notwithstanding section 1202(4).

"(b) DEFINITIONS.—For the purpose of this chapter, the following terms have the following meanings:

"(1) A design is 'original' if it is the result of the designer's creative endeavor that provides a distinguishable variation over prior work pertaining to similar articles which is more than merely trivial and has not been copied from another source.

"(2) A 'useful article' is a vessel hull, including a plug or mold, which in normal use has an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information. An article which normally is part of a useful article shall be deemed to be a useful article.

"(3) A 'vessel' is a craft, especially one larger than a rowboat, designed to navigate on water, but

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1 does not include any such craft that exceeds 200
2 feet in length.
3 "(4) A 'hull' is the frame or body of a vessel,
4 including the deck of a vessel, exclusive of masts,
5 sails, yards, and rigging.
6 "(5) A 'plug' means a device or model used to
7 make a mold for the purpose of exact duplication,
8 regardless of whether the device or model has an in-
9 trinsic utilitarian function that is not only to portray
10 the appearance of the product or to convey informa-
11 tion.
12 "(6) A 'mold' means a matrix or form in which
13 a substance for material is used, regardless of
14 whether the matrix or form has an intrinsic utilitar-
15 ian function that is not only to portray the appear-
16 ance of the product or to convey information.
17 **"§ 1202. Designs not subject to protection**
18 "Protection under this chapter shall not be available
19 for a design that is—
20 "(1) not original;
21 "(2) staple or commonplace, such as a standard
22 geometric figure, a familiar symbol, an emblem, or
23 a motif, or another shape, pattern, or configuration
24 which has become standard, common, prevalent, or
25 ordinary;

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"(3) different from a design excluded by paragraph (2) only in insignificant details or in elements which are variants commonly used in the relevant trades;

"(4) dictated solely by a utilitarian function of the article that embodies it; or

"(5) embodied in a useful article that was made public by the designer or owner in the United States or a foreign country more than 1 year before the date of the application for registration under this chapter.

"§ 1203. Revisions, adaptations, and rearrangements

"Protection for a design under this chapter shall be available notwithstanding the employment in the design of subject matter excluded from protection under section 1202 if the design is a substantial revision, adaptation, or rearrangement of such subject matter. Such protection shall be independent of any subsisting protection in subject matter employed in the design, and shall not be construed as securing any right to subject matter excluded from protection under this chapter or as extending any subsisting protection under this chapter.

"§ 1204. Commencement of protection

"The protection provided for a design under this chapter shall commence upon the earlier of the date of

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publication of the registration under section 1213(a) or the date the design is first made public as defined by section 1210(b).

"§ 1205. Term of protection

"(a) IN GENERAL.—Subject to subsection (b), the protection provided under this chapter for a design shall continue for a term of 10 years beginning on the date of the commencement of protection under section 1204.

"(b) EXPIRATION.—All terms of protection provided in this section shall run to the end of the calendar year in which they would otherwise expire.

"(c) TERMINATION OF RIGHTS.—Upon expiration or termination of protection in a particular design under this chapter, all rights under this chapter in the design shall terminate, regardless of the number of different articles in which the design may have been used during the term of its protection.

"§ 1206. Design notice

"(a) CONTENTS OF DESIGN NOTICE.—(1) Whenever any design for which protection is sought under this chapter is made public under section 1210(b), the owner of the design shall, subject to the provisions of section 1207, mark it or have it marked legibly with a design notice consisting of—

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"(A) the words 'Protected Design', the abbreviation 'Prot'd Des.', or the letter 'D' with a circle, or the symbol *D*;

"(B) the year of the date on which protection for the design commenced; and

"(C) the name of the owner, an abbreviation by which the name can be recognized, or a generally accepted alternative designation of the owner.

Any distinctive identification of the owner may be used for purposes of subparagraph (C) if it has been recorded by the Administrator before the design marked with such identification is registered.

"(2) After registration, the registration number may be used instead of the elements specified in subparagraphs (B) and (C) of paragraph (1).

"(b) LOCATION OF NOTICE.—The design notice shall be so located and applied as to give reasonable notice of design protection while the useful article embodying the design is passing through its normal channels of commerce.

"(c) SUBSEQUENT REMOVAL OF NOTICE.—When the owner of a design has complied with the provisions of this section, protection under this chapter shall not be affected by the removal, destruction, or obliteration by others of the design notice on an article.

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"§ 1207. Effect of omission of notice

"(a) ACTIONS WITH NOTICE.—Except as provided in subsection (b), the omission of the notice prescribed in section 1206 shall not cause loss of the protection under this chapter or prevent recovery for infringement under this chapter against any person who, after receiving written notice of the design protection, begins an undertaking leading to infringement under this chapter.

"(b) ACTIONS WITHOUT NOTICE.—The omission of the notice prescribed in section 1206 shall prevent any recovery under section 1223 against a person who began an undertaking leading to infringement under this chapter before receiving written notice of the design protection. No injunction shall be issued under this chapter with respect to such undertaking unless the owner of the design reimburses that person for any reasonable expenditure or contractual obligation in connection with such undertaking that was incurred before receiving written notice of the design protection, as the court in its discretion directs. The burden of providing written notice of design protection shall be on the owner of the design.

"§ 1208. Exclusive rights

"The owner of a design protected under this chapter has the exclusive right to—

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"(1) make, have made, or import, for sale or for use in trade, any useful article embodying that design; and

"(2) sell or distribute for sale or for use in trade any useful article embodying that design.

"§ 1209. Infringement

"(a) ACTS OF INFRINGEMENT.—Except as provided in subjection (b), it shall be infringement of the exclusive rights in a design protected under this chapter for any person, without the consent of the owner of the design, within the United States and during the term of such protection, to—

"(1) make, have made, or import, for sale or for use in trade, any infringing article as defined in subsection (e); or

"(2) sell or distribute for sale or for use in trade any such infringing article.

"(b) ACTS OF SELLERS AND DISTRIBUTORS.—A seller or distributor of an infringing article who did not make or import the article shall be deemed to have infringed on a design protected under this chapter only if that person—

"(1) induced or acted in collusion with a manufacturer to make, or an importer to import such article, except that merely purchasing or giving an

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order to purchase such article in the ordinary course of business shall not of itself constitute such inducement or collusion; or

"(2) refused or failed, upon the request of the owner of the design, to make a prompt and full disclosure of that person's source of such article, and that person orders or reorders such article after receiving notice by registered or certified mail of the protection subsisting in the design.

"(c) ACTS WITHOUT KNOWLEDGE.—It shall not be infringement under this section to make, have made, import, sell, or distribute, any article embodying a design which was created without knowledge that a design was protected under this chapter and was copied from such protected design.

"(d) ACTS IN ORDINARY COURSE OF BUSINESS.—A person who incorporates into that person's product of manufacture an infringing article acquired from others in the ordinary course of business, or who, without knowledge of the protected design embodied in an infringing article, makes or processes the infringing article for the account of another person in the ordinary course of business, shall not be deemed to have infringed the rights in that design under this chapter except under a condition contained in paragraph (1) or (2) of subsection (b). Accepting

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1 an order or reorder from the source of the infringing arti-
2 cle shall be deemed ordering or reordering within the
3 meaning of subsection (b)(2).

4 "(e) INFRINGING ARTICLE DEFINED.—As used in
5 this section, an 'infringing article' is any article the design
6 of which has been copied from a design protected under
7 this chapter, without the consent of the owner of the pro-
8 tected design. An infringing article is not an illustration
9 or picture of a protected design in an advertisement, book,
10 periodical, newspaper, photograph, broadcast, motion pic-
11 ture, or similar medium. A design shall not be deemed to
12 have been copied from a protected design if it is original
13 and not substantially similar in appearance to a protected
14 design.

15 "(f) ESTABLISHING ORIGINALITY.—The party to any
16 action or proceeding under this chapter who alleges rights
17 under this chapter in a design shall have the burden of
18 establishing the design's originality whenever the opposing
19 party introduces an earlier work which is identical to such
20 design, or so similar as to make prima facie showing that
21 such design was copied from such work.

22 "(g) REPRODUCTION FOR TEACHING OR ANALY-
23 SIS.—It is not an infringement of the exclusive rights of
24 a design owner for a person to reproduce the design in
25 a useful article or in any other form solely for the purpose

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of teaching, analyzing, or evaluating the appearance, concepts, or techniques embodied in the design, or the function of the useful article embodying the design.

"§ 1210. Application for registration

"(a) TIME LIMIT FOR APPLICATION FOR REGISTRATION.—Protection under this chapter shall be lost if application for registration of the design is not made within two years after the date on which the design is first made public.

"(b) WHEN DESIGN IS MADE PUBLIC.—A design is made public when an existing useful article embodying the design is anywhere publicly exhibited, publicly distributed, or offered for sale or sold to the public by the owner of the design or with the owner's consent.

"(c) APPLICATION BY OWNER OF DESIGN.—Application for registration may be made by the owner of the design.

"(d) CONTENTS OF APPLICATION.—The application for registration shall be made to the Administrator and shall state—

"(1) the name and address of the designer or designers of the design;

"(2) the name and address of the owner if different from the designer;

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"(3) the specific name of the useful article embodying the design;

"(4) the date, if any, that the design was first made public, if such date was earlier than the date of the application;

"(5) affirmation that the design has been fixed in a useful article; and

"(6) such other information as may be required by the Administrator.

The application for registration may include a description setting forth the salient features of the design, but the absence of such a description shall not prevent registration under this chapter.

"(e) SWORN STATEMENT.—The application for registration shall be accompanied by a statement under oath by the applicant or the applicant's duly authorized agent or representative, setting forth, to the best of the applicant's knowledge and belief—

"(1) that the design is original and was created by the designer or designers named in the application;

"(2) that the design has not previously been registered on behalf of the applicant or the applicant's predecessor in title; and

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"(3) that the applicant is the person entitled to protection and to registration under this chapter.

If the design has been made public with the design notice prescribed in section 1206, the statement shall also describe the exact form and position of the design notice.

"(f) EFFECT OF ERRORS.—(1) Error in any statement or assertion as to the utility of the useful article named in the application under this section, the design of which is sought to be registered, shall not affect the protection secured under this chapter.

"(2) Errors in omitting a joint designer or in naming an alleged joint designer shall not affect the validity of the registration, or the actual ownership or the protection of the design, unless it is shown that the error occurred with deceptive intent.

"(g) DESIGN MADE IN SCOPE OF EMPLOYMENT.—In a case in which the design was made within the regular scope of the designer's employment and individual authorship of the design is difficult or impossible to ascribe and the application so states, the name and address of the employer for whom the design was made may be stated instead of that of the individual designer.

"(h) PICTORIAL REPRESENTATION OF DESIGN.—The application for registration shall be accompanied by two copies of a drawing or other pictorial representation

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of the useful article embodying the design, having one or more views, adequate to show the design, in a form and style suitable for reproduction, which shall be deemed a part of the application.

"(i) DESIGN IN MORE THAN ONE USEFUL ARTICLE.—If the distinguishing elements of a design are in substantially the same form in different useful articles, the design shall be protected as to all such useful articles when protected as to one of them, but not more than one registration shall be required for the design.

"(j) APPLICATION FOR MORE THAN ONE DESIGN.—More than one design may be included in the same application under such conditions as may be prescribed by the Administrator. For each design included in an application the fee prescribed for a single design shall be paid.

"§ 1211. Benefit of earlier filing date in foreign country

"An application for registration of a design filed in the United States by any person who has, or whose legal representative or predecessor or successor in title has, previously filed an application for registration of the same design in a foreign country which extends to designs of owners who are citizens of the United States, or to applications filed under this chapter, similar protection to that provided under this chapter shall have that same effect

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as if filed in the United States on the date on which the application was first filed in such foreign country, if the application in the United States is filed within 6 months after the earliest date on which any such foreign application was filed.

"§ 1212. Oaths and acknowledgments

"(a) IN GENERAL.—Oaths and acknowledgments required by this chapter—

"(1) may be made—

"(A) before any person in the United States authorized by law to administer oaths; or

"(B) when made in a foreign country, before any diplomatic or consular officer of the United States authorized to administer oaths, or before any official authorized to administer oaths in the foreign country concerned, whose authority shall be proved by a certificate of a diplomatic or consular officer of the United States; and

"(2) shall be valid if they comply with the laws of the State or country where made.

"(b) WRITTEN DECLARATION IN LIEU OF OATH.—(1) The Administrator may by rule prescribe that any document which is to be filed under this chapter in the Office of the Administrator and which is required by any law,

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1 rule, or other regulation to be under oath, may be sub-
2 scribed to by a written declaration in such form as the
3 Administrator may prescribe, and such declaration shall
4 be in lieu of the oath otherwise required.

5 "(2) Whenever a written declaration under paragraph
6 (1) is used, the document containing the declaration shall
7 state that willful false statements are punishable by fine
8 or imprisonment, or both, pursuant to section 1001 of title
9 18, and may jeopardize the validity of the application or
10 document or a registration resulting therefrom.

11 **"§ 1213. Examination of application and issue or re-**
12 **fusal of registration**

13 "(a) DETERMINATION OF REGISTRABILITY OF DE-
14 SIGN; REGISTRATION.—Upon the filing of an application
15 for registration in proper form under section 1210, and
16 upon payment of the fee prescribed under section 1216,
17 the Administrator shall determine whether or not the ap-
18 plication relates to a design which on its face appears to
19 be subject to protection under this chapter, and, if so, the
20 Register shall register the design. Registration under this
21 subsection shall be announced by publication. The date of
22 registration shall be the date of publication.

23 "(b) REFUSAL TO REGISTER; RECONSIDERATION.—
24 If, in the judgment of the Administrator, the application
25 for registration relates to a design which on its face is

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1 not subject to protection under this chapter, the Adminis-
2 trator shall send to the applicant a notice of refusal to
3 register and the grounds for the refusal. Within 3 months
4 after the date on which the notice of refusal is sent, the
5 applicant may, by written request, seek reconsideration of
6 the application. After consideration of such a request, the
7 Administrator shall either register the design or send to
8 the applicant a notice of final refusal to register.

9 "(c) APPLICATION TO CANCEL REGISTRATION.—Any
10 person who believes he or she is or will be damaged by
11 a registration under this chapter may, upon payment of
12 the prescribed fee, apply to the Administrator at any time
13 to cancel the registration on the ground that the design
14 is not subject to protection under this chapter, stating the
15 reasons for the request. Upon receipt of an application for
16 cancellation, the Administrator shall send to the owner of
17 the design, as shown in the records of the Office of the
18 Administrator, a notice of the application, and the owner
19 shall have a period of 3 months after the date on which
20 such notice is mailed in which to present arguments to
21 the Administrator for support of the validity of the reg-
22 istration. The Administrator shall also have the authority
23 to establish, by regulation, conditions under which the op-
24 posing parties may appear and be heard in support of
25 their arguments. If, after the periods provided for the

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1 presentation of arguments have expired, the Administrator
2 determines that the applicant for cancellation has estab-
3 lished that the design is not subject to protection under
4 this chapter, the Administrator shall order the registration
5 stricken from the record. Cancellation under this sub-
6 section shall be announced by publication, and notice of
7 the Administrator's final determination with respect to
8 any application for cancellation shall be sent to the appli-
9 cant and to the owner of record.

10 **"§ 1214. Certification of registration**

11 "Certificates of registration shall be issued in the
12 name of the United States under the seal of the Office
13 of the Administrator and shall be recorded in the official
14 records of the Office. The certificate shall state the name
15 of the useful article, the date of filing of the application,
16 the date of registration, and the date the design was made
17 public, if earlier than the date of filing of the application,
18 and shall contain a reproduction of the drawing or other
19 pictorial representation of the design. If a description of
20 the salient features of the design appears in the applica-
21 tion, the description shall also appear in the certificate.
22 A certificate of registration shall be admitted in any court
23 as prima facie evidence of the facts stated in the certifi-
24 cate.

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1 **"§ 1215. Publication of announcements and indexes**

2 "(a) PUBLICATIONS OF THE ADMINISTRATOR.—The
3 Administrator shall publish lists and indexes of registered
4 designs and cancellations of designs and may also publish
5 the drawings or other pictorial representations of reg-
6 istered designs for sale or other distribution.

7 "(b) FILE OF REPRESENTATIVES OF REGISTERED
8 DESIGNS.—The Administrator shall establish and main-
9 tain a file of the drawings or other pictorial representa-
10 tions of registered designs. The file shall be available for
11 use by the public under such conditions as the Adminis-
12 trator may prescribe.

13 **"§ 1216. Fees**

14 "The Administrator shall by regulation set reason-
15 able fees for the filing of applications to register designs
16 under this chapter and for other services relating to the
17 administration of this chapter, taking into consideration
18 the cost of providing these services and the benefit of a
19 public record.

20 **"§ 1217. Regulations**

21 "The Administrator may establish regulations for the
22 administration of this chapter.

23 **"§ 1218. Copies of records**

24 "Upon payment of the prescribed fee, any person may
25 obtain a certified copy of any official record of the Office
26 of the Administrator that relates to this chapter. That

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1 copy shall be admissible in evidence with the same effect
2 as the original.

3 **"§ 1219. Correction of errors in certificates**

4 "The Administrator may, by a certificate of correc-
5 tion under seal, correct any error in a registration in-
6 curred through the fault of the Office, or, upon payment
7 of the required fee, any error of a clerical or typographical
8 nature occurring in good faith but not through the fault
9 of the Office. Such registration, together with the certifi-
10 cate, shall thereafter have the same effect as if it had been
11 originally issued in such corrected form.

12 **"§ 1220. Ownership and transfer**

13 "(a) PROPERTY RIGHT IN DESIGN.—The property
14 right in a design subject to protection under this chapter
15 shall vest in the designer, the legal representatives of a
16 deceased designer or of one under legal incapacity, the em-
17 ployer for whom the designer created the design in the
18 case of a design made within the regular scope of the de-
19 signer's employment, or a person to whom the rights of
20 the designer or of such employer have been transferred.
21 The person in whom the property right is vested shall be
22 considered the owner of the design.

23 "(b) TRANSFER OF PROPERTY RIGHT.—The prop-
24 erty right in a registered design, or a design for which
25 an application for registration has been or may be filed,

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may be assigned, granted, conveyed, or mortgaged by an instrument in writing, signed by the owner, or may be bequeathed by will.

"(c) OATH OR ACKNOWLEDGEMENT OF TRANSFER.—An oath or acknowledgment under section 1212 shall be prima facie evidence of the execution of an assignment, grant, conveyance, or mortgage under subsection (b).

"(d) RECORDATION OF TRANSFER.—An assignment, grant, conveyance, or mortgage under subsection (b) shall be void as against any subsequent purchaser or mortgagee for a valuable consideration, unless it is recorded in the Office of the Administrator within 3 months after its date of execution or before the date of such subsequent purchase or mortgage.

"§ 1221. Remedy for infringement

"(a) IN GENERAL.—The owner of a design is entitled, after issuance of a certificate of registration of the design under this chapter, to institute an action for any infringement of the design.

"(b) REVIEW OF REFUSAL TO REGISTER.—(1) Subject to paragraph (2), the owner of a design may seek judicial review of a final refusal of the Administrator to register the design under this chapter by bringing a civil action, and may in the same action, if the court adjudges

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1 the design subject to protection under this chapter, en-
2 force the rights in that design under this chapter.
3 "(2) The owner of a design may seek judicial review
4 under this section if—
5 "(A) the owner has previously duly filed and
6 prosecuted to final refusal an application in proper
7 form for registration of the design;
8 "(B) the owner causes a copy of the complaint
9 in the action to be delivered to the Administrator
10 within 10 days after the commencement of the ac-
11 tion; and
12 "(C) the defendant has committed acts in re-
13 spect to the design which would constitute infringe-
14 ment with respect to a design protected under this
15 chapter.
16 "(c) ADMINISTRATOR AS PARTY TO ACTION.—The
17 Administrator may, at the Administrator's option, become
18 a party to the action with respect to the issue of
19 registrability of the design claim by entering an appear-
20 ance within 60 days after being served with the complaint,
21 but the failure of the Administrator to become a party
22 shall not deprive the court of jurisdiction to determine that
23 issue.
24 "(d) USE OF ARBITRATION TO RESOLVE DISPUTE.—
25 The parties to an infringement dispute under this chapter,

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1 within such time as may be specified by the Administrator
2 by regulation, may determine the dispute, or any aspect
3 of the dispute, by arbitration. Arbitration shall be gov-
4 erned by title 9. The parties shall give notice of any arbi-
5 tration award to the Administrator, and such award shall,
6 as between the parties to the arbitration, be dispositive
7 of the issues to which it relates. The arbitration award
8 shall be unenforceable until such notice is given. Nothing
9 in this subsection shall preclude the Administrator from
10 determining whether a design is subject to registration in
11 a cancellation proceeding under section 1213(c).

12 **§ 1222. Injunctions**

13 "(a) IN GENERAL.—A court having jurisdiction over
14 actions under this chapter may grant injunctions in ac-
15 cordance with the principles of equity to prevent infringe-
16 ment of a design under this chapter, including, in its dis-
17 cretion, prompt relief by temporary restraining orders and
18 preliminary injunctions.

19 "(b) DAMAGES FOR INJUNCTIVE RELIEF WRONG-
20 FULLY OBTAINED.—A seller or distributor who suffers
21 damage by reason of injunctive relief wrongfully obtained
22 under this section has a cause of action against the appli-
23 cant for such injunctive relief and may recover such relief
24 as may be appropriate, including damages for lost profits,
25 cost of materials, loss of good will, and punitive damages

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1 in instances where the injunctive relief was sought in bad
2 faith, and, unless the court finds extenuating cir-
3 cumstances, reasonable attorney's fees.

4 **"§ 1223. Recovery for infringement**

5 "(a) DAMAGES.—Upon a finding for the claimant in
6 an action for infringement under this chapter, the court
7 shall award the claimant damages adequate to compensate
8 for the infringement. In addition, the court may increase
9 the damages to such amount, not exceeding $50,000 or
10 $1 per copy, whichever is greater, as the court determines
11 to be just. The damages awarded shall constitute com-
12 pensation and not a penalty. The court may receive expert
13 testimony as an aid to the determination of damages.

14 "(b) INFRINGER'S PROFITS.—As an alternative to
15 the remedies provided in subsection (a), the court may
16 award the claimant the infringer's profits resulting from
17 the sale of the copies if the court finds that the infringer's
18 sales are reasonably related to the use of the claimant's
19 design. In such a case, the claimant shall be required to
20 prove only the amount of the infringer's sales and the in-
21 fringer shall be required to prove its expenses against such
22 sales.

23 "(c) STATUTE OF LIMITATIONS.—No recovery under
24 subsection (a) or (b) shall be had for any infringement

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1 committed more than 3 years before the date on which
2 the complaint is filed.

3 "(d) ATTORNEY'S FEES.—In an action for infringe-
4 ment under this chapter, the court may award reasonable
5 attorney's fees to the prevailing party.

6 "(e) DISPOSITION OF INFRINGING AND OTHER ARTI-
7 CLES.—The court may order that all infringing articles,
8 and any plates, molds, patterns, models, or other means
9 specifically adapted for making the articles, be delivered
10 up for destruction or other disposition as the court may
11 direct.

12 **"§ 1224. Power of court over registration**

13 "In any action involving the protection of a design
14 under this chapter, the court, when appropriate, may
15 order registration of a design under this chapter or the
16 cancellation of such a registration. Any such order shall
17 be certified by the court to the Administrator, who shall
18 make an appropriate entry upon the record.

19 **"§ 1225. Liability for action on registration fraudu-**
20 **lently obtained**

21 "Any person who brings an action for infringement
22 knowing that registration of the design was obtained by
23 a false or fraudulent representation materially affecting
24 the rights under this chapter, shall be liable in the sum
25 of $10,000, or such part of that amount as the court may

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1 determine. That amount shall be to compensate the de-
2 fendant and shall be charged against the plaintiff and paid
3 to the defendant, in addition to such costs and attorney's
4 fees of the defendant as may be assessed by the court.

5 **"§ 1226. Penalty for false marking**

6 "(a) IN GENERAL.—Whoever, for the purpose of de-
7 ceiving the public, marks upon, applies to, or uses in ad-
8 vertising in connection with an article made, used, distrib-
9 uted, or sold, a design which is not protected under this
10 chapter, a design notice specified in section 1206, or any
11 other words or symbols importing that the design is pro-
12 tected under this chapter, knowing that the design is not
13 so protected, shall pay a civil fine of not more than $500
14 for each such offense.

15 "(b) SUIT BY PRIVATE PERSONS.—Any person may
16 sue for the penalty established by subsection (a), in which
17 event one-half of the penalty shall be awarded to the per-
18 son suing and the remainder shall be awarded to the
19 United States.

20 **"§ 1227. Penalty for false representation**

21 "Whoever knowingly makes a false representation
22 materially affecting the rights obtainable under this chap-
23 ter for the purpose of obtaining registration of a design
24 under this chapter shall pay a penalty of not less than
25 $500 and not more than $1,000, and any rights or privi-

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1 leges that individual may have in the design under this
2 chapter shall be forfeited.

3 **"§ 1228. Enforcement by Treasury and Postal Service**

4 "(a) REGULATIONS.—The Secretary of the Treasury
5 and the United States Postal Service shall separately or
6 jointly issue regulations for the enforcement of the rights
7 set forth in section 1208 with respect to importation. Such
8 regulations may require, as a condition for the exclusion
9 of articles from the United States, that the person seeking
10 exclusion take any one or more of the following actions:

11 "(1) Obtain a court order enjoining, or an order
12 of the International Trade Commission under sec-
13 tion 337 of the Tariff Act of 1930 excluding, impor-
14 tation of the articles.

15 "(2) Furnish proof that the design involved is
16 protected under this chapter and that the importa-
17 tion of the articles would infringe the rights in the
18 design under this chapter.

19 "(3) Post a surety bond for any injury that
20 may result if the detention or exclusion of the arti-
21 cles proves to be unjustified.

22 "(b) SEIZURE AND FORFEITURE.—Articles imported
23 in violation of the rights set forth in section 1208 are sub-
24 ject to seizure and forfeiture in the same manner as prop-
25 erty imported in violation of the customs laws. Any such

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1 forfeited articles shall be destroyed as directed by the Sec-
2 retary of the Treasury or the court, as the case may be,
3 except that the articles may be returned to the country
4 of export whenever it is shown to the satisfaction of the
5 Secretary of the Treasury that the importer had no rea-
6 sonable grounds for believing that his or her acts con-
7 stituted a violation of the law.

8 **"§ 1229. Relation to design patent law**

9 "The issuance of a design patent under title 35 for
10 an original design for an article of manufacture shall ter-
11 minate any protection of the original design under this
12 chapter.

13 **"§ 1230. Common law and other rights unaffected**

14 "Nothing in this chapter shall annul or limit—
15 "(1) common law or other rights or remedies,
16 if any, available to or held by any person with re-
17 spect to a design which has not been registered
18 under this chapter; or
19 "(2) any right under the trademark laws or any
20 right protected against unfair competition.

21 **"§ 1231. Administrator; Office of the Administrator**

22 "In this chapter, the 'Administrator' is the Register
23 of Copyrights, and the 'Office of the Administrator' and
24 the 'Office' refer to the Copyright Office of the Library
25 of Congress.

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"§ 1232. No retroactive effect

"Protection under this chapter shall not be available for any design that has been made public under section 1210(b) before the effective date of this chapter.".

SEC. 3. CONFORMING AMENDMENTS.

(a) TABLE OF CHAPTERS.—The table of chapters for title 17, United States Code, is amended by adding at the end the following:

"12. Protection of Original Designs ..... 1201".

(b) JURISDICTION OF DISTRICT COURTS OVER DESIGN ACTIONS.—(1) Section 1338(c) of title 28, United States Code, is amended by inserting ", and to exclusive rights in designs under chapter 12 of title 17," after "title 17".

(2)(A) The section heading for section 1338 of title 28, United States Code, is amended by inserting "**designs,**" after "**mask works,**".

(B) The item relating to section 1338 in the table of sections at the beginning of chapter 85 of title 28, United States Code, is amended by inserting "designs," after "mask works,".

(c) PLACE FOR BRINGING DESIGN ACTIONS.—Section 1400(a) of title 28, United States Code, is amended by inserting "or designs" after "mask works".

(d) ACTIONS AGAINST THE UNITED STATES.—Section 1498(e) of title 28, United States Code, is amended

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1 by inserting ", and to exclusive rights in designs under
2 chapter 12 of title 17," after "title 17".

3 **SEC. 4. EFFECTIVE DATE.**

4 The amendments made by sections 2 and 3 shall take
5 effect one year after the date of the enactment of this Act.

Passed the House of Representatives March 18, 1998.

Attest: Robin H. Carle,
Clerk.

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105TH CONGRESS
1ST SESSION

H. R. 3048

To update and preserve balance in the Copyright Act for the 21st Century; to advance educational opportunities through distance learning; to implement the World Intellectual Property Organization Copyright Treaty, and Performances and Phonograms Treaty, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 13, 1997

Mr. BOUCHER (for himself and Mr. CAMPBELL) introduced the following bill; which was referred to the Committee on the Judiciary

---

A BILL

To update and preserve balance in the Copyright Act for the 21st Century; to advance educational opportunities through distance learning; to implement the World Intellectual Property Organization Copyright Treaty and Performances and Phonograms Treaty, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Digital Era Copyright
5 Enhancement Act".

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SEC. 2. FAIR USE.

(a) TRANSMISSIONS.—The first sentence of section 107 of title 17, United States Code, is amended by inserting after "or by any other means specified in that section," the following: "and by analog or digital transmission,"; and

(b) DETERMINATION.—Section 107 of title 17, United States Code, is amended by adding at the end thereof the following:

"In making a determination concerning fair use, no independent weight shall be afforded to—

"(1) the means by which the work has been performed, displayed or distributed under the authority of the copyright owner; or

"(2) the application of an effective technological measure (as defined under section 1201(c)) to the work.".

SEC. 3. LIBRARY/ARCHIVE EXEMPTIONS.

Section 108 of title 17, United States Code, is amended—

(1) by striking "Notwithstanding" at the beginning of subsection (a) and inserting: "Except as otherwise provided and notwithstanding";

(2) by inserting after "copyright" in subsection (a)(3): "if such notice appears on the copy or phono-

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record that is reproduced under the provisions of this section";

(3) in subsection (b) by—

(A) deleting "a copy or phonorecord" and inserting in lieu thereof: "three copies or phonorecords"; and

(B) deleting "in facsimile form"; and

(4) in subsection (c) by—

(A) deleting "a copy or phonorecord" and inserting in lieu thereof: "three copies or phonorecords";

(B) deleting "in facsimile form"; and

(C) inserting "or if the existing format in which the work is stored has become obsolete," after "stolen,".

SEC. 4. FIRST SALE.

Section 109 of title 17, United States Code, is amended by adding the following new subsection at the end thereof:

"(f) The authorization for use set forth in subsection (a) applies where the owner of a particular copy or phonorecord in a digital format lawfully made under this title, or any person authorized by such owner, performs, displays or distributes the work by means of transmission to a single recipient, if that person erases or destroys his

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or her copy or phonorecord at substantially the same time. The reproduction of the work, to the extent necessary for such performance, display, distribution, is not an infringement.".

SEC. 5. DISTANCE LEARNING.

(a) TITLE CHANGE.—The title of section 110 of title 17, United States Code, is amended to read as follows:

"§ 110. Limitations on exclusive rights: Exemption of certain activities";

(b) PERFORMANCE, DISPLAY AND DISTRIBUTION OF A WORK.—Section 110(2) of title 17, United States Code, is amended to read as follows:

"(2) performance, display or distribution of a work, by or in the course of an analog or digital transmission, if—

"(A) the performance, display or distribution is a regular part of the systematic instructional activities of a governmental body or a nonprofit educational institution;

"(B) the performance, display or distribution is directly related and of material assistance to the teaching content of the transmission; and

"(C) the work is provided for reception by—

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"(i) students officially enrolled in the course in connection with which it is provided; or

"(ii) officers or employees of governmental bodies as part of their official duties or employment;"

(c) EPHEMERAL RECORDINGS OF WORKS.—Section 112(b) of title 17, United States Code, is amended by deleting "transmit a performance or display of" and inserting in lieu thereof: "perform, display or distribute".

SEC. 6. LIMITATIONS ON EXCLUSIVE RIGHTS.

(a) TITLE.—The title of section 117 of title 17, United States Code, is amended to read as follows:

"§ Limitations on exclusive rights: Computer programs and digital copies";

(b) DIGITAL COPIES.—Section 117 of title 17, United States Code, is amended by inserting "(a)" before "Notwithstanding" and inserting the following as a new subsection (b):

"(b) Notwithstanding the provisions of section 106, it is not an infringement to make a copy of a work in a digital format if such copying—

"(1) is incidental to the operation of a device in the course of the use of a work otherwise lawful under this title; and

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"(2) does not conflict with the normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author.".

SEC. 7. PREEMPTION.

Section 301(a) of title 17, United States Code, is amended by inserting the following at the end thereof: "When a work is distributed to the public subject to non-negotiable license terms, such terms shall not be enforceable under the common law or statutes of any state to the extent that they—

"(1) limit the reproduction, adaptation, distribution, performance, or display, by means of transmission or otherwise, of material that is uncopyrightable under section 102(b) or otherwise; or

"(2) abrogate or restrict the limitations on exclusive rights specified in sections 107 through 114 and sections 117 and 118 of this title.".

SEC. 8. COPYRIGHT PROTECTION AND MANAGEMENT SYSTEMS.

Title 17, United States Code, is amended by adding at the end the following new chapter:

"CHAPTER 12—COPYRIGHT PROTECTION AND MANAGEMENT SYSTEMS

"Sec.
"1201. Circumvention of certain technological measures.

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"1202. Integrity of copyright management information.
"1203. Civil remedies.

1 **"§ 1201. Circumvention of certain technological meas-**
2 **ures**

3 "(a) CIRCUMVENTION CONDUCT.—No person, for the
4 purpose of facilitating or engaging in an act of infringe-
5 ment, shall engage in conduct so as knowingly to remove,
6 deactivate or otherwise circumvent the application or oper-
7 ation of any effective technological measure used by a
8 copyright owner to preclude or limit reproduction of a
9 work or a portion thereof. As used in this subsection, the
10 term 'conduct' does not include manufacturing, importing
11 or distributing a device or a computer program.

12 "(b) CONDUCT GOVERNED BY SEPARATE CHAP-
13 TER.—Notwithstanding subsection (a), this section shall
14 not apply with respect to conduct or the offer or perform-
15 ance of a service governed by a separate chapter of this
16 title.

17 "(c) DEFINITION OF EFFECTIVE TECHNOLOGICAL
18 MEASURE.—As used in this section, the term 'effective
19 technological measure' means a change in the data com-
20 prising a work or a copy of a work transmitted in digital
21 format so as to protect the rights of a copyright owner
22 of such work or portion thereof under this title and
23 which—

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"(1) encrypts or scrambles the work or a portion thereof in the absence of information supplied by the copyright owner; or

"(2) includes attributes with respect to access or recording status that cannot be removed without degrading the work or a portion thereof.

"§ 1202. Integrity of copyright management information

"(a) FALSE COPYRIGHT MANAGEMENT INFORMATION.—No person shall knowingly provide copyright management information that is false, or knowingly publicly distribute or import for distribution copyright management information that is false, with intent to induce, facilitate, or conceal infringement.

"(b) REMOVAL OR ALTERATION OF COPYRIGHT MANAGEMENT INFORMATION.—No person shall, without authority of the copyright owner or other lawful authority, knowingly and with intent to mislead or to induce or facilitate infringement—

"(1) remove or alter any copyright management information;

"(2) publicly distribute or import for distribution a copy or phonorecord containing copyright management information that has been altered with-

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1 out authority of the copyright owner or other lawful
2 authority; or
3 "(3) publicly distribute or import for distribu-
4 tion a copy or phonorecord from which copyright
5 management information has been removed without
6 authority of the copyright owner or other lawful au-
7 thority: *Provided,* That the conduct governed by this
8 subsection does not include the manufacturing, im-
9 porting or distributing of a device.
10 "(c) DEFINITION OF COPYRIGHT MANAGEMENT IN-
11 FORMATION.—As used in this chapter, the term 'copyright
12 management information' means the following information
13 in electronic form as carried in or as data accompanying
14 a copy or phonorecord of a work, including in digital form:
15 "(1) The title and other information identifying
16 the work, including the information set forth in a
17 notice of copyright;
18 "(2) The name and other identifying informa-
19 tion of the author of the work;
20 "(3) The name and other identifying informa-
21 tion of the copyright owner of the work, including
22 the information set forth in a notice of copyright;
23 "(4) Terms and conditions for uses of the work;

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"(5) Identifying numbers or symbols referring to such information or links to such information; and

"(6) Such other identifying information concerning the work as the Register of Copyrights may prescribe by regulation:

Provided, That the term 'copyright management information' does not include the information described in section 1002, section 1201(c), or a chapter of this title other than chapters one through nine of this title: *Provided further,* That, in order to assure privacy protection, the term 'copyright management information' does not include any personally identifiable information relating to the user of a work, including but not limited to the name, account, address or other contact information of or pertaining to the user.

"§ 1203. Civil remedies

"(a) CIVIL ACTIONS.—Any person aggrieved by a violation of section 1201(a) or 1202 may bring a civil action in an appropriate United States district court against any person for such violation.

"(b) POWERS OF THE COURT.—In an action brought under subsection (a), the court—

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"(1) may grant a temporary and a permanent injunction on such terms as it deems reasonable to prevent or restrain a violation;

"(2) may grant such other equitable relief as it deems appropriate;

"(3) may award damages pursuant to subsection (c);

"(4) may allow the recovery of costs by or against any party other than the United States or an officer thereof; and

"(5) may award a reasonable attorney's fee to the prevailing party.

"(c) AWARD OF DAMAGES.—

"(1) IN GENERAL.—If the court finds that a violation of section 1201(a) or 1202 has occurred, the complaining party may elect either actual damages as computed under paragraph (2) or statutory damages as computed under paragraph (3).

"(2) ACTUAL DAMAGES.—The court may award to the complaining party the actual damages suffered by him or her as a result of the violation, and any profits of the violator that are attributable to the violation and are not taken into account in computing the actual damages, if the complaining party

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elects such damages instead of statutory damages at any time before final judgment is entered.

"(3) STATUTORY DAMAGES.—(A) The court may award to the complaining party statutory damages for each violation of section 1201(a) of not less than $250 or more than $2,500, as the court considers just, if the complaining party elects such damages instead of actual damages at any time before final judgment is entered.

"(B) The court may award to the complaining party statutory damages for each violation of section 1202 of not less than $500 or more than $20,000, as the court considers just, if the complaining party elects such damages instead of actual damages at any time before final judgment is entered.

"(4) REPEATED VIOLATIONS.—In any case in which the court finds that a person has violated section 1201(a) or 1202 within three years after a final judgment against that person for another such violation was entered, the court may increase the award of damaages to not more than double the amount that would otherwise be awarded under paragraph (2) or (3), as the court considers just.

"(5) INNOCENT VIOLATION.—The court may reduce or remit altogether the total award of damages

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that otherwise would be awarded under paragraph (2) or (3) in any case in which the violator sustains the burden of proving, and the court finds, that the violator was not aware and had no reason to believe that its acts constituted a violation of section 1201(a) or 1202.".

SEC. 9. CONFORMING AMENDMENTS.

"(a) TABLE OF SECTIONS.—The table of sections for chapter 1 of title 17, United States Code, is amended by—

(1) Revising the item relating to section 110 to read as follows:

"110. Limitations on exclusive rights: Exemption of certain activities";

and

(2) Revising the item relating to section 117 to read as follows:

"117. Limitations on exclusive rights: computer programs and digital copies".

"(b) TABLE OF CHAPTERS.—The table of chapters for title 17, United States Code, is amended by adding at the end the following:

"12. Copyright Protection and Management Systems ..... 1201".

SEC. 10. EFFECTIVE DATES.

"(a) IN GENERAL.—Sections one through seven and section 9(a) of this Act, and the amendments made by sections one through seven and section 9(a) of this Act, shall take effect on the date of enactment of this Act.

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1 "(b) WIPO TREATIES.—Section 8 and section 9(b)
2 of this Act, and the amendments made by section 8 and
3 section 9(b) of this Act, shall take effect on the date on
4 which both the World Intellectual Property Organization
5 Copyright Treaty and the World Intellectual Property Or-
6 ganization Performances and Phonograms Treaty have
7 entered into force with respect to the United States.

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105TH CONGRESS
2D SESSION

H. R. 3209

To amend title 17, United States Code, to limit liability for copyright infringement for on-line material.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 12, 1998

Mr. COBLE (for himself and Mr. GOODLATTE) introduced the following bill; which was referred to the Committee on the Judiciary

---

A BILL

To amend title 17, United States Code, to limit liability for copyright infringement for on-line material.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "On-Line Copyright In-
5 fringement Liability Limitation Act".

6 **SEC. 2. LIMITATIONS ON LIABILITY FOR COPYRIGHT IN-**
7 **FRINGEMENT.**

8 (a) IN GENERAL.—Chapter 5 of title 17, United
9 States Code, is amended by adding after section 511 the
10 following new section:

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1 **"§ 512. Limitations on liability relating to material**
2 **on-line**

3 "(a) LIMITATION.—Notwithstanding the provisions
4 of section 106, a provider shall not be liable for—

5 "(1) direct infringement, based solely on the in-
6 termediate storage and transmission of material over
7 that provider's system or network, if—

8 "(A) the transmission was initiated by an-
9 other person;

10 "(B) the storage and transmission is car-
11 ried out through an automatic technological
12 process, without any selection of that material
13 by the provider; and

14 "(C) any copy made of the material is not
15 retained longer than necessary for the purpose
16 of carrying out that transmission;

17 "(2) monetary relief under section 504 or 505
18 for contributory infringement or vicarious liability,
19 based solely on conduct described in paragraph (1);
20 or

21 "(3) monetary relief under section 504 or 505
22 for contributory infringement or vicarious liability,
23 based solely on transmitting or providing access to
24 material over that provider's system or network,
25 other than conduct described in paragraph (1), if the
26 provider—

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"(A) does not know and is not aware of information indicating that the material is infringing; and

"(B) does not receive a financial benefit directly attributable to the infringing activity.

"(b) PROTECTION OF PRIVACY.—Nothing in subsection (a) shall authorize or obligate a provider to access material that the provider is prohibited by law from accessing, or impose an affirmative obligation to monitor or otherwise seek information indicating infringement.

"(c) LIMITATION BASED UPON REMOVING OR DISABLING ACCESS TO INFRINGING MATERIAL.—A provider shall not be liable for any claim based on that provider's removing or disabling on-line access to material, in response to knowledge or information indicating that the material is infringing, whether or not the material is infringing.

"(d) OTHER DEFENSES NOT AFFECTED.—Removing or disabling access to material which a provider transmits on-line or to which a provider provides on-line access, or the failure to do so, shall not adversely bear upon the consideration by a court of a defense to infringement asserted by that provider on the basis of section 107 or any other provision of law.

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"(e) MISREPRESENTATIONS.—Any person who knowingly materially misrepresents that material on-line is infringing shall be liable for any damages, including costs and attorneys' fees, incurred by the alleged infringer or by any copyright owner or copyright owner's authorized licensee who is injured by such misrepresentation, or by any provider who relies upon such misrepresentation in removing or disabling access to the material claimed to be infringing.

"(f) DEFINITION.—As used in this section, the term 'provider' means a provider of on-line services or network access.".

(b) CONFORMING AMENDMENT.—The table of sections for chapter 5 of title 17, United States Code, is amended by adding at the end the following:

"512. Limitations on liability relating to material on-line.".

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105TH CONGRESS
2D SESSION

S. 2037

To amend title 17, United States Code, to implement the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty, to provide limitations on copyright liability relating to material online, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 6, 1998

Mr. HATCH, from the Committee on the Judiciary, reported the following original bill; which was read twice and placed on the calendar

---

A BILL

To amend title 17, United States Code, to implement the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty, to provide limitations on copyright liability relating to material online, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Digital Millennium Copyright Act of 1998".

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1 **SEC. 2. TABLE OF CONTENTS.**

Sec. 1. Short title.
Sec. 2. Table of contents.

TITLE I—WIPO TREATIES IMPLEMENTATION

Sec. 101. Short title.
Sec. 102. Technical amendments.
Sec. 103. Copyright protection systems and copyright management information.
Sec. 104. Conforming amendment.
Sec. 105. Effective date.

TITLE II—INTERNET COPYRIGHT INFRINGEMENT LIABILITY

Sec. 201. Short title.
Sec. 202. Limitations on liability for Internet copyright infringement.
Sec. 203. Conforming amendment.
Sec. 204. Liability of educational institutions for online infringement of copyright.
Sec. 205. Effective date.

TITLE III—COMPUTER MAINTENANCE OR REPAIR

Sec. 301. Limitation on exclusive rights; computer programs.

TITLE IV—DISTANCE EDUCATION; EXEMPTION FOR LIBRARIES AND ARCHIVES

Sec. 401. Ephemeral recordings.
Sec. 402. Limitations on exclusive rights; distance education.
Sec. 403. Exemption for libraries and archives.

2 # TITLE I—WIPO TREATIES
3 # IMPLEMENTATION

4 **SEC. 101. SHORT TITLE.**

5 This Title may be cited as the "WIPO Copyright and
6 Performances and Phonograms Treaties Implementation
7 Act of 1998".

8 **SEC. 102. TECHNICAL AMENDMENTS.**

9 (a) Section 101 of title 17, United States Code, is
10 amended—

11 (1) by deleting the definition of "Berne Conven-
12 tion work";

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(2) in the definition of "The 'country of origin' of a Berne Convention work", by deleting "The 'country of origin' of a Berne Convention work,", capitalizing the first letter of the word "for", deleting "is the United States" after "For purposes of section 411,", and inserting "a work is a 'United States work' only" after "For purposes of section 411,";

(3) in subsection (1)(B) of the definition of "The 'country of origin' of a Berne Convention work", by inserting "treaty party or parties" and deleting "nation or nations adhering to the Berne Convention";

(4) in subsection (1)(C) of the definition of "The 'country of origin' of a Berne Convention work", by inserting "is not a treaty party" and deleting "does not adhere to the Berne Convention";

(5) in subsection (1)(D) of the definition of "The 'country of origin' of a Berne Convention work", by inserting "is not a treaty party" and deleting "does not adhere to the Berne Convention";

(6) in section (3) of the definition of "The 'country of origin' of a Berne Convention work", by deleting "For the purposes of section 411, the 'coun-

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try of origin' of any other Berne Convention work is not the United States.";

(7) after the definition for "fixed", by inserting "The 'Geneva Phonograms Convention' is the Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms, concluded at Geneva, Switzerland on October 29, 1971.";

(8) after the definition for "including", by inserting "An 'international agreement' is—

"(1) the Universal Copyright Convention;

"(2) the Geneva Phonograms Convention;

"(3) the Berne Convention;

"(4) the WTO Agreement;

"(5) the WIPO Copyright Treaty;

"(6) the WIPO Performances and Phonograms Treaty; and

"(7) any other copyright treaty to which the United States is a party.";

(9) after the definition for "transmit", by inserting "A 'treaty party' is a country or intergovernmental organization other than the United States that is a party to an international agreement.";

(10) after the definition for "widow", by inserting "The 'WIPO Copyright Treaty' is the WIPO

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Copyright Treaty concluded at Geneva, Switzerland, on December 20, 1996.";

(11) after the definition for "The 'WIPO Copyright Treaty', by inserting "The 'WIPO Performances and Phonograms Treaty' is the WIPO Performances and Phonograms Treaty concluded at Geneva, Switzerland on December 20, 1996."; and

(12) by inserting, after the definition for "work for hire", "The 'WTO Agreement' is the Agreement Establishing the World Trade Organization entered into on April 15, 1994. The terms 'WTO Agreement' and 'WTO member country' have the meanings given those terms in paragraphs (9) and (10) respectively of section 2 of the Uruguay Round Agreements Act.".

(b) Section 104 of title 17, United States Code, is amended—

(1) in section (b)(1), by deleting "foreign nation that is a party to a copyright treaty to which the United States is also a party" and inserting "treaty party";

(2) in section (b)(2) by deleting "party to the Universal Copyright Convention" and inserting "treaty party";

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(3) by renumbering the present section (b)(3) as (b)(5) and moving it to its proper sequential location and inserting a new section (b)(3) to read:

"(3) the work is a sound recording that was first fixed in a treaty party; or";

(4) in section (b)(4) by deleting "Berne Convention work" and inserting "pictorial, graphic or sculptural work that is incorporated in a building or other structure, or an architectural work that is embodied in a building and the building or structure is located in the United States or a treaty party";

(5) by renumbering present section (b)(5) as (b)(6);

(6) by inserting a new section (b)(7) to read:

"(7) For purposes of paragraph (2), a work that is published in the United States or a treaty party within thirty days of publication in a foreign nation that is not a treaty party shall be considered first published in the United States or such treaty party as the case may be."; and

(7) by inserting a new section (d) to read:

"(d) EFFECT OF PHONOGRAMS TREATIES.—Notwithstanding the provisions of subsection (b), no works other than sound recordings shall be eligible for protection under this title solely by virtue of the adherence of the

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1 United States to the Geneva Phonograms Convention or
2 the WIPO Performances and Phonograms Treaty.".
3 (c) Section 104A(h) of title 17, United States Code,
4 is amended—
5 (1) in paragraph (1), by deleting "(A) a nation
6 adhering to the Berne Convention or a WTO mem-
7 ber country; or (B) subject to a Presidential procla-
8 mation under subsection (g)," and inserting—
9 "(A) a nation adhering to the Berne Con-
10 vention;
11 "(B) a WTO member country;
12 "(C) a nation adhering to the WIPO Copy-
13 right Treaty;
14 "(D) a nation adhering to the WIPO Per-
15 formances and Phonograms Treaty; or
16 "(E) subject to a Presidential proclamation
17 under subsection (g)";
18 (2) paragraph (3) is amended to read as fol-
19 lows:
20 "(3) the term 'eligible country' means a nation,
21 other than the United States that—
22 "(A) becomes a WTO member country
23 after the date of enactment of the Uruguay
24 Round Agreements Act;

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"(B) on the date of enactment is, or after the date of enactment becomes, a nation adhering to the Berne Convention;

"(C) adheres to the WIPO Copyright Treaty;

"(D) adheres to the WIPO Performances and Phonograms Treaty; or

"(E) after such date of enactment becomes subject to a proclamation under subsection (g).";

(3) in paragraph (6)(C)(iii), by deleting "and" after "eligibility";

(4) at the end of paragraph (6)(D), by deleting the period and inserting "; and";

(5) by adding the following new paragraph (6)(E):

"(E) if the source country for the work is an eligible country solely by virtue of its adherence to the WIPO Performances and Phonograms Treaty, is a sound recording.";

(6) in paragraph (8)(B)(i), by inserting "of which" before "the majority" and striking "of eligible countries"; and

(7) by deleting paragraph (9).

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(d) Section 411 of title 17, United States Code, is amended—

(1) in subsection (a), by deleting "actions for infringement of copyright in Berne Convention works whose country of origin is not the United States and"; and

(2) in subsection (a), by inserting "United States" after "no action for infringement of the copyright in any".

(e) Section 507(a) of title 17, United States Code, is amended by adding at the beginning, "Except as expressly provided elsewhere in this title,".

SEC. 103. COPYRIGHT PROTECTION SYSTEMS AND COPYRIGHT MANAGEMENT INFORMATION.

Title 17, United States Code, is amended by adding the following new chapter:

"CHAPTER 12—COPYRIGHT PROTECTION AND MANAGEMENT SYSTEMS

"Sec.
"1201. Circumvention of copyright protection systems.
"1202. Integrity of copyright management information.
"1203. Civil remedies.
"1204. Criminal offenses and penalties.
"1205. Savings Clause.

"§ 1201. Circumvention of copyright protection systems

"(a) VIOLATIONS REGARDING CIRCUMVENTION OF TECHNOLOGICAL PROTECTION MEASURES.—(1) No per-

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1 son shall circumvent a technological protection measure
2 that effectively controls access to a work protected under
3 this title.
4 "(2) No person shall manufacture, import, offer to
5 the public, provide or otherwise traffic in any technology,
6 product, service, device, component, or part thereof that—
7 "(A) is primarily designed or produced for the
8 purpose of circumventing a technological protection
9 measure that effectively controls access to a work
10 protected under this title;
11 "(B) has only limited commercially significant
12 purpose or use other than to circumvent a techno-
13 logical protection measure that effectively controls
14 access to a work protected under this title; or
15 "(C) is marketed by that person or another act-
16 ing in concert with that person with that person's
17 knowledge for use in circumventing a technological
18 protection measure that effectively controls access to
19 a work protected under this title.
20 "(3) As used in this subsection—
21 "(A) to 'circumvent a technological protection
22 measure' means to descramble a scrambled work, to
23 decrypt an encrypted work, or otherwise to avoid,
24 bypass, remove, deactivate, or impair a technological

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1 protection measure, without the authority of the
2 copyright owner; and
3 "(B) a technological protection measure 'effec-
4 tively controls access to a work' if the measure, in
5 the ordinary course of its operation, requires the ap-
6 plication of information, or a process or a treatment,
7 with the authority of the copyright owner, to gain
8 access to the work.
9 "(b) ADDITIONAL VIOLATIONS.—(1) No person shall
10 manufacture, import, offer to the public, provide, or other-
11 wise traffic in any technology, product, service, device,
12 component, or part thereof that—
13 "(A) is primarily designed or produced for the
14 purpose of circumventing protection afforded by a
15 technological protection measure that effectively pro-
16 tects a right of a copyright owner under this title in
17 a work or a portion thereof;
18 "(B) has only limited commercially significant
19 purpose or use other than to circumvent protection
20 afforded by a technological protection measure that
21 effectively protects a right of a copyright owner
22 under this title in a work or a portion thereof; or
23 "(C) is marketed by that person or another act-
24 ing in concert with that person with that person's
25 knowledge for use in circumventing protection af-

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1 forded by a technological protection measure that ef-
2 fectively protects a right of a copyright owner under
3 this title in a work or a portion thereof.
4 "(2) As used in this subsection—
5 "(A) to 'circumvent protection afforded by a
6 technological protection measure' means avoiding,
7 bypassing, removing, deactivating, or otherwise im-
8 pairing a technological protection measure; and
9 "(B) a technological protection measure 'effec-
10 tively protects a right of a copyright owner under
11 this title' if the measure, in the ordinary course of
12 its operation, prevents, restricts, or otherwise limits
13 the exercise of a right of a copyright owner under
14 this title.
15 "(c) IMPORTATION.—The importation into the
16 United States, the sale for importation, or the sale within
17 the United States after importation by the owner, im-
18 porter, or consignee of any technology, product, service,
19 device, component, or part thereof as described in sub-
20 section (a) or (b) shall be actionable under section 337
21 of the Tariff Act of 1930 (19 U.S.C. 1337).
22 "(d) OTHER RIGHTS, ETC., NOT AFFECTED.—(1)
23 Nothing in this section shall affect rights, remedies, limi-
24 tations, or defenses to copyright infringement, including
25 fair use, under this title.

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1 "(2) Nothing in this section shall enlarge or diminish
2 vicarious or contributory liability for copyright infringe-
3 ment in connection with any technology, product, service,
4 device, component or part thereof.

5 "(3) Nothing in this section shall require that the de-
6 sign of, or design and selection of parts and components
7 for, a consumer electronics, telecommunications, or com-
8 puting product provide for a response to any particular
9 technological protection measure, so long as such part or
10 component or the product, in which such part or compo-
11 nent is integrated, does not otherwise fall within the prohi-
12 bitions of subsections (a)(2) or (b)(1).

13 "(e) EXEMPTION FOR NONPROFIT LIBRARIES, AR-
14 CHIVES, AND EDUCATIONAL INSTITUTIONS.—(1) A non-
15 profit library, archives, or educational institution which
16 gains access to a commercially exploited copyrighted work
17 solely in order to make a good faith determination of
18 whether to acquire a copy of that work for the sole purpose
19 of engaging in conduct permitted under this title shall not
20 be in violation of subsection (a)(1). A copy of a work to
21 which access has been gained under this paragraph—

22 "(A) may not be retained longer than necessary
23 to make such good faith determination; and

24 "(B) may not be used for any other purpose.

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1 "(2) The exemption made available under paragraph
2 (1) shall only apply with respect to a work when an iden-
3 tical copy of that work is not reasonably available in an-
4 other form.
5 "(3) A nonprofit library, archives, or educational in-
6 stitution that willfully for the purpose of commercial ad-
7 vantage or financial gain violates paragraph (1)—
8 "(A) shall, for the first offense, be subject to
9 the civil remedies under section 1203; and
10 "(B) shall, for repeated or subsequent offenses,
11 in addition to the civil remedies under section 1203,
12 forfeit the exemption provided under paragraph (1).
13 "(4) This subsection may not be used as a defense
14 to a claim under subsection (a)(2) or (b), nor may this
15 subsection permit a nonprofit library, archives, or edu-
16 cational institution to manufacture, import, offer to the
17 public, provide, or otherwise traffic in any technology
18 which circumvents a technological protection measure.
19 "(5) In order for a library or archives to qualify for
20 the exemption under this subsection, the collections of that
21 library or archives shall be—
22 "(A) open to the public; or
23 "(B) available not only to researchers affiliated
24 with the library or archives or with the institution

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of which it is a part, but also to other persons doing research in a specialized field.

"(f) LAW ENFORCEMENT AND INTELLIGENCE ACTIVITIES.—This section does not prohibit any lawfully authorized investigative, protective, or intelligence activity of an officer, agent or employee of the United States, a State, or a political subdivision of a State, or a person acting pursuant to a contract with such entities.

"(g) Notwithstanding the provisions of subsection 1201(a)(1), a person who has lawfully obtained the right to use a copy of a computer program may circumvent a technological protection measure that effectively controls access to a particular portion of that program for the sole purpose of identifying and analyzing those elements of the program that are necessary to achieve interoperability of an independently created computer program with other programs, and that have not previously been readily available to the person engaging in the circumvention, to the extent any such acts of identification and analysis do not constitute infringement under this title.

"(h) Notwithstanding the provisions of subsections 1201(a)(2) and (b), a person may develop and employ technological means to circumvent for the identification and analysis described in subsection (g), or for the limited purpose of achieving interoperability of an independently

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1 created computer program with other programs, where
2 such means are necessary to achieve such interoperability,
3 to the extent that doing so does not constitute infringe-
4 ment under this title.

5 "(i) The information acquired through the acts per-
6 mitted under subsection (g), and the means permitted
7 under subsection (h), may be made available to others if
8 the person referred to in subsections (g) or (h) provides
9 such information or means solely for the purpose of
10 achieving interoperability of an independently created
11 computer program with other programs, and to the extent
12 that doing so does not constitute infringement under this
13 title, or violate applicable law other than this title.

14 "(j) For purposes of subsections (g), (h) and (i), the
15 term "interoperability" means the ability of computer pro-
16 grams to exchange information, and for such programs
17 mutually to use the information which has been ex-
18 changed.

19 "(k) In applying subsection (a) to a component or
20 part, the court may consider the necessity for its intended
21 and actual incorporation in a technology, product, service
22 or device, which (i) does not itself violate the provisions
23 of this chapter and (ii) has the sole purpose to prevent
24 the access of minors to material on the Internet."

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1 **"§ 1202. Integrity of copyright management informa-**
2 **tion**

3 "(a) FALSE COPYRIGHT MANAGEMENT INFORMA-
4 TION.—No person shall knowingly—

5 "(1) provide copyright management information
6 that is false, or

7 "(2) distribute or import for distribution copy-
8 right management information that is false, with the
9 intent to induce, enable, facilitate or conceal in-
10 fringement.

11 "(b) REMOVAL OR ALTERATION OF COPYRIGHT
12 MANAGEMENT INFORMATION.—No person shall, without
13 the authority of the copyright owner or the law—

14 "(1) intentionally remove or alter any copyright
15 management information,

16 "(2) distribute or import for distribution copy-
17 right management information knowing that the
18 copyright management information has been re-
19 moved or altered without authority of the copyright
20 owner or the law, or

21 "(3) distribute, import for distribution, or pub-
22 licly perform works, copies of works, or
23 phonorecords, knowing that copyright management
24 information has been removed or altered without au-
25 thority of the copyright owner or the law, knowing,
26 or, with respect to civil remedies under section 1203,

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1 having reasonable grounds to know, that it will in-
2 duce, enable, facilitate or conceal an infringement of
3 any right under this title.
4 "(c) DEFINITION.—As used in this chapter, 'copy-
5 right management information' means the following infor-
6 mation conveyed in connection with copies or phonorecords
7 of a work or performances or displays of a work, including
8 in digital form—
9 "(1) the title and other information identifying
10 the work, including the information set forth on a
11 notice of copyright;
12 "(2) the name of, and other identifying infor-
13 mation about, the author of a work;
14 "(3) the name of, and other identifying infor-
15 mation about, the copyright owner of the work, in-
16 cluding the information set forth in a notice of copy-
17 right;
18 "(4) with the exception of public performances
19 of works by radio and television broadcast stations
20 the name of, and other identifying information
21 about, a performer whose performance is fixed in a
22 work other than an audiovisual work;
23 "(5) with the exception of public performances
24 of works by radio and television broadcast stations,
25 in the case of an audiovisual work, the name of, and

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other identifying information about, a writer, performer, or director who is credited in the audiovisual work;

"(6) identifying numbers of symbols referring to such information or links to such information; or

"(7) such other information as the Register of Copyrights may prescribe by regulation, except that the Register of Copyrights may not require the provision of any information concerning the user of a copyrighted work.

"(d) LAW ENFORCEMENT AND INTELLIGENCE ACTIVITIES.—This section does not prohibit any lawfully authorized investigative, protective, or intelligence activity of an officer, agent, or employee of the United States, a State, or a political subdivision of a State, or a person acting pursuant to a contract with such entities.

"(e) LIMITATIONS ON LIABILITY.—

"(1) ANALOG TRANSMISSIONS.—In the case of an analog transmission, a person who is making transmissions in its capacity as a radio or television broadcast station, or as a cable system, or someone who provides programming to such station or system, shall not be liable for a violation of subsection (b) if—

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"(A) avoiding the activity that constitutes such violation is not technically feasible or would create an undue financial hardship on such person; and

"(B) such person did not intend, by engaging in such activity, to induce, enable, facilitate or conceal infringement.

"(2) DIGITAL TRANSMISSIONS.—

"(A) If a digital transmission standard for the placement of copyright management information for a category of works is set in a voluntary, consensus standard-setting process involving a representative cross-section of radio or television broadcast stations or cable systems and copyright owners of a category of works that are intended for public performance by such stations or systems, a person identified in subsection (e)(1) shall not be liable for a violation of subsection (b) with respect to the particular copyright management information addressed by such standard if—

"(i) the placement of such information by someone other than such person is not in accordance with such standard; and

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"(ii) the activity that constitutes such violation is not intended to induce, enable, facilitate or conceal infringement.

"(B) Until a digital transmission standard has been set pursuant to subparagraph (A) with respect to the placement of copyright management information for a category or works, a person identified in subsection (e)(1) shall not be liable for a violation of subsection (b) with respect to such copyright management information, where the activity that constitutes such violation is not intended to induce, enable, facilitate or conceal infringement, if—

"(i) the transmission of such information by such person would result in a perceptible visual or aural degradation of the digital signal; or

"(ii) the transmission of such information by such person would conflict with—

"(I) an applicable government regulation relating to transmission of information in a digital signal;

"(II) an applicable industry-wide standard relating to the transmission

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of information in a digital signal that was adopted by a voluntary consensus standards body prior to the effective date of this section; or

"(III) an applicable industry-wide standard relating to the transmission of information in a digital signal that was adopted in a voluntary, consensus standards-setting process open to participation by a representative cross-section of radio or television broadcast stations or cable systems and copyright owners of a category of works that are intended for public performance by such stations or systems.

"§ 1203. Civil remedies

"(a) CIVIL ACTIONS.—Any person injured by a violation of section 1201 or 1202 may bring a civil action in an appropriate United States district court for such violation.

"(b) POWERS OF THE COURT.—In an action brought under subsection (a), the court—

"(1) may grant temporary and permanent injunctions on such terms as it deems reasonable to prevent or restrain a violation;

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"(2) at any time while an action is pending, may order the impounding, on such terms as it deems reasonable, of any device or product that is in the custody or control of the alleged violator and that the court has reasonable cause to believe was involved in a violation;

"(3) may award damages under subsection (c);

"(4) in its discretion may allow the recovery of costs by or against any party other than the United States or an officer thereof;

"(5) in its discretion may award reasonable attorney's fees to the prevailing party; and

"(6) may, as part of a final judgment or decree finding a violation, order the remedial modification or the destruction of any device or product involved in the violation that is in the custody or control of the violator or has been impounded under paragraph (2).

"(c) AWARD OF DAMAGES.—

"(1) IN GENERAL.—Except as otherwise provided in this chapter, a person committing a violation of section 1201 or 1202 is liable for either—

"(A) the actual damages and any additional profits of the violator, as provided in paragraph (2), or

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"(B) statutory damages, as provided in paragraph (3).

"(2) ACTUAL DAMAGES.—The court shall award to the complaining party the actual damages suffered by the party as a result of the violation, and any profits of the violator that are attributable to the violation and are not taken into account in computing the actual damages, if the complaining party elects such damages at any time before final judgment is entered.

"(3) STATUTORY DAMAGES.—

"(A) At any time before final judgment is entered, a complaining party may elect to recover an award of statutory damages for each violation of section 1201 in the sum of not less than $200 or more than $2,500 per act of circumvention, device, product, component, offer, or performance of service, as the court considers just.

"(B) At any time before final judgment is entered, a complaining party may elect to recover an award of statutory damages for each violation of section 1202 in the sum of not less than $2,500 or more than $25,000.

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"(4) REPEATED VIOLATIONS.—In any case in which the injured party sustains the burden of proving, and the court finds, that a person has violated section 1201 or 1202 within three years after a final judgment was entered against the person for another such violation, the court may increase the award of damages up to triple the amount that would otherwise be awarded, as the court considers just.

"(5) INNOCENT VIOLATIONS.—

"(A) IN GENERAL.—The court in its discretion may reduce or remit the total award of damages in any case in which the violator sustains the burden of proving, and the court finds, that the violator was not aware and had no reason to believe that its acts constituted a violation.

"(B) NONPROFIT LIBRARY, ARCHIVES, OR EDUCATIONAL INSTITUTIONS.—In the case of a nonprofit library, archives, or educational institution, the court shall remit damages in any case in which the library, archives, or educational institution sustains the burden of proving, and the court finds, that the library, archives, or educational institution was not aware

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and had no reason to believe that its acts constituted a violation.

"§ 1204. Criminal offenses and penalties

"(a) IN GENERAL.—Any person who violates section 1201 or 1202 willfully and for purposes of commercial advantage or private financial gain—

"(1) shall be fined not more than $500,000 or imprisoned for not more than 5 years, or both for the first offense; and

"(2) shall be fined not more than $1,000,000 or imprisoned for not more than 10 years, or both for any subsequent offense.

"(b) LIMITATION FOR NONPROFIT LIBRARY, ARCHIVES, OR EDUCATIONAL INSTITUTION.—Subsection (a) shall not apply to a nonprofit library, archives, or educational institution.

"(c) STATUTE OF LIMITATIONS.—Notwithstanding section 507(a) of this title, no criminal proceeding shall be brought under this section unless such proceeding is commenced within five years after the cause of action arose.".

"§ 1205. Savings Clause

"Nothing in this chapter abrogates, diminishes or weakens the provisions of, nor provides any defense or element of mitigation in a criminal prosecution or civil action

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1 under, any federal or state law that prevents the violation
2 of the privacy of an individual in connection with the indi-
3 vidual's use of the Internet.".

4 **SEC. 104. CONFORMING AMENDMENT.**

5 The table of chapters for Title 17, United States
6 Code, is amended by adding at the end the following:

"12. Copyright Protection and Management Systems ..... 1201".

7 **SEC. 105. EFFECTIVE DATE.**

8 (a) IN GENERAL.—Subject to subsection (b), the
9 amendments made by this title shall take effect on the
10 date of the enactment of this Act.

11 (b) AMENDMENTS RELATING TO CERTAIN INTER-
12 NATIONAL AGREEMENTS.—(1) The following shall take ef-
13 fect upon entry into force of the WIPO Copyright Treaty
14 with respect to the United States:

15 (A) paragraph (5) of the definition of "inter-
16 national agreement" contained in section 101 of title
17 17, United States Code, as amended by section
18 102(a)(8) of this title.

19 (B) the amendment made by section 102(a)(10)
20 of this title;

21 (C) subparagraph (C) of section 104A(h)(1) of
22 title 17, United States Code, as amended by section
23 102(c)(1) of this title; and

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(D) subparagraph (C) of section 104A(h)(3) of title 17, United States Code, as amended by section 102(c)(2) of this title.

(2) The following shall take effect upon the entry into force of the WIPO Performances and Phonograms Treaty with respect to the United States:

(A) paragraph (6) of the definition of "international agreement" contained in section 101 of title 17, United States Code, as amended by section 102(a)(8) of this title.

(B) the amendment made by section 102(a)(11) of this title;

(C) the amendment made by section 102(b)(7) of this title;

(D) Subparagraph (D) of section 104A(h)(1) of title 17, United States Code, as amended by section 102(c)(2) of this title; and

(E) the amendment made by section 102(c)(4) of this title; and

(F) the amendment made by section 102(c)(5) of this title.

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TITLE II—INTERNET COPYRIGHT INFRINGEMENT LIABILITY

SEC. 201. SHORT TITLE.

This title may be cited as the "Internet Copyright Infringement Liability Clarification Act of 1998".

SEC. 202. LIMITATIONS ON LIABILITY FOR INTERNET COPYRIGHT INFRINGEMENT.

(a) IN GENERAL.—Chapter 5 of title 17, United States Code, is amended by adding after section 511 the following new section:

"§ 512. Liability of service providers for online infringement of copyright

"(a) DIGITAL NETWORK COMMUNICATIONS.—A service provider shall not be liable for monetary relief, or except as provided in subsection (i) for injunctive or other equitable relief, for infringement for the provider's transmitting, routing, or providing connections for, material through a system or network controlled or operated by or for the service provider, or the intermediate and transient storage of such material in the course of such transmitting, routing or providing connections, if—

"(1) it was initiated by or at the direction of a person other than the service provider;

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"(2) it is carried out through an automatic technical process without selection of such material by the service provider;

"(3) the service provider does not select the recipients of such material except as an automatic response to the request of another;

"(4) no such copy of such material made by the service provider is maintained on the system or network in a manner ordinarily accessible to anyone other than anticipated recipients, and no such copy is maintained on the system or network in a manner ordinarily accessible to the anticipated recipients for a longer period than is reasonably necessary for the communication; and

"(5) the material is transmitted without modification to its content.

"(b) SYSTEM CACHING.—A service provider shall not be liable for monetary relief, or except as provided in subsection (i) for injunctive or other equitable relief, for infringement for the intermediate and temporary storage of material on the system or network controlled or operated by or for the service provider, where (i) such material is made available online by a person other than such service provider, (ii) such material is transmitted from the person described in clause (i) through such system or network

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1 to someone other than that person at the direction of such
2 other person, and (iii) the storage is carried out through
3 an automatic technical process for the purpose of making
4 such material available to users of such system or network
5 who subsequently request access to that material from the
6 person described in clause (i), provided that:

7 "(1) such material is transmitted to such subse-
8 quent users without modification to its content from
9 the manner in which the material otherwise was
10 transmitted from the person described in clause (i);

11 "(2) such service provider complies with rules
12 concerning the refreshing, reloading or other updat-
13 ing of such material when specified by the person
14 making that material available online in accordance
15 with an accepted industry standard data commu-
16 nications protocol for the system or network through
17 which that person makes the material available; pro-
18 vided that the rules are not used by the person de-
19 scribed in clause (i) to prevent or unreasonably im-
20 pair such intermediate storage;

21 "(3) such service provider does not interfere
22 with the ability of technology associated with such
23 material that returns to the person described in
24 clause (i) the information that would have been
25 available to such person if such material had been

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1 obtained by such subsequent users directly from
2 such person, provided that such technology—
3 "(A) does not significantly interfere with
4 the performance of the provider's system or
5 network or with the intermediate storage of the
6 material;
7 "(B) is consistent with accepted industry
8 standard communications protocols; and
9 "(C) does not extract information from the
10 provider's system or network other than the in-
11 formation that would have been available to
12 such person if such material had been accessed
13 by such users directly from such person;
14 "(4) either—
15 "(A) the person described in clause (i)
16 does not currently condition access to such ma-
17 terial; or
18 "(B) if access to such material is so condi-
19 tioned by such person, by a current individual
20 pre-condition, such as a pre-condition based on
21 payment of a fee, or provision of a password or
22 other information, the service provider permits
23 access to the stored material in significant part
24 only to users of its system or network that have

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been so authorized and only in accordance with those conditions; and

"(5) if the person described in clause (i) makes that material available online without the authorization of the copyright owner, then the service provider responds expeditiously to remove, or disable access to, the material that is claimed to be infringing upon notification of claimed infringements described in subsection (c)(3); provided that the material has previously been removed from the originating site, and the party giving the notification includes in the notification a statement confirming that such material has been removed or access to it has been disabled or ordered to be removed or have access disabled.

"(c) INFORMATION STORED ON SERVICE PROVIDERS.—

"(1) IN GENERAL.—A service provider shall not be liable for monetary relief, or except as provided in subsection (i) for injunctive or other equitable relief, for infringement for the storage at the direction of a user of material that resides on a system or network controlled or operated by or for the service provider, if the service provider—

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"(A)(i) does not have actual knowledge that the material or activity is infringing,

"(ii) in the absence of such actual knowledge, is not aware of facts or circumstances from which infringing activity is apparent, or

"(iii) if upon obtaining such knowledge or awareness, the service provider acts expeditiously to remove or disable access to, the material;

"(B) does not receive a financial benefit directly attributable to the infringing activity, where the service provider has the right and ability to control such activity; and

"(C) in the instance of a notification of claimed infringement as described in paragraph (3), responds expeditiously to remove, or disable access to, the material that is claimed to be infringing or to be the subject of infringing activity.

"(2) DESIGNATED AGENT.—The limitations on liability established in this subsection apply only if the service provider has designated an agent to receive notifications of claimed infringement described in paragraph (3), by substantially making the name, address, phone number, electronic mail address of

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1 such agent, and other contact information deemed
2 appropriate by the Register of Copyrights, available
3 through its service, including on its website, and by
4 providing such information to the Copyright Office.
5 The Register of Copyrights shall maintain a current
6 directory of agents available to the public for inspec-
7 tion, including through the Internet, in both elec-
8 tronic and hard copy formats.

9 "(3) ELEMENTS OF NOTIFICATION.—

10 "(A) To be effective under this subsection,
11 a notification of claimed infringement means
12 any written communication provided to the
13 service provider's designated agent that includes
14 substantially the following:

15 "(i) a physical or electronic signature
16 of a person authorized to act on behalf of
17 the owner of an exclusive right that is al-
18 legedly infringed;

19 "(ii) identification of the copyrighted
20 work claimed to have been infringed, or, if
21 multiple such works at a single online site
22 are covered by a single notification, a rep-
23 resentative list of such works at that site;

24 "(iii) identification of the material
25 that is claimed to be infringing or to be

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1 the subject of infringing activity that is to
2 be removed or access to which is to be dis-
3 abled, and information reasonably suffi-
4 cient to permit the service provider to lo-
5 cate the material;
6 "(iv) information reasonably sufficient
7 to permit the service provider to contact
8 the complaining party, such as an address,
9 telephone number, and, if available an elec-
10 tronic mail address at which the complain-
11 ing party may be contacted;
12 "(v) a statement that the complaining
13 party has a good faith belief that use of
14 the material in the manner complained of
15 is not authorized by the copyright owner,
16 or its agent, or the law; and
17 "(vi) a statement that the information
18 in the notification is accurate, and under
19 penalty of perjury, that the complaining
20 party has the authority to enforce the own-
21 er's rights that are claimed to be infringed.
22 "(B) A notification from the copyright
23 owner or from a person authorized to act on be-
24 half of the copyright owner that fails substan-
25 tially to conform to the provisions of paragraph

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(3)(A) shall not be considered under paragraph (1)(A) in determining whether a service provider has actual knowledge or is aware of facts or circumstances from which infringing activity is apparent, provided that the provider promptly attempts to contact the complaining party or takes other reasonable steps to assist in the receipt of notice under paragraph (3)(A) when the notice is provided to the service provider's designated agent and substantially satisfies the provisions of subparagraphs (3)(A)(ii), (iii), and (iv).

"(d) INFORMATION LOCATION TOOLS.—A service provider shall not be liable for monetary relief, or except as provided in subsection (i) for injunctive or other equitable relief, for infringement for the provider referring or linking users to an online location containing infringing material or activity by using information location tools, including a directory, index, reference, pointer or hypertext link, if the provider—

"(1) does not have actual knowledge that the material or activity is infringing or, in the absence of such actual knowledge, is not aware of facts or circumstances from which infringing activity is apparent;

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"(2) does not receive a financial benefit directly attributable to the infringing activity, where the service provider has the right and ability to control such activity; and

"(3) responds expeditiously to remove or disable the reference or link upon notification of claimed infringement as described in subsection (c)(3); provided that for the purposes of this paragraph, the element in subsection (c)(3)(A)(iii) shall be identification of the reference or link, to material or activity claimed to be infringing, that is to be removed or access to which is to be disabled, and information reasonably sufficient to permit the service provider to locate such reference or link.

"(e) MISREPRESENTATIONS.—Any person who knowingly materially misrepresents under this section (1) that material or activity is infringing, or (2) that material or activity was removed or disabled by mistake or misidentification, shall be liable for any damages, including costs and attorneys' fees, incurred by the alleged infringer, by any copyright owner or copyright owner's authorized licensee, or by the service provider, who is injured by such misrepresentation, as the result of the service provider relying upon such misrepresentation in removing or disabling access to the material or activity claimed to be

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1 infringing, or in replacing the removed material or ceasing
2 to disable access to it.
3 "(f) REPLACEMENT OF REMOVED OR DISABLED MA-
4 TERIAL AND LIMITATION ON OTHER LIABILITY.—
5 "(1) Subject to paragraph (2) of this sub-
6 section, a service provider shall not be liable to any
7 person for any claim based on the service provider's
8 good faith disabling of access to, or removal of, ma-
9 terial or activity claimed to be infringing or based on
10 facts or circumstances from which infringing activity
11 is apparent, regardless of whether the material or
12 activity is ultimately determined to be infringing.
13 "(2) Paragraph (1) of this subsection shall not
14 apply with respect to material residing at the direc-
15 tion of a subscriber of the service provider on a sys-
16 tem or network controlled or operated by or for the
17 service provider that is removed, or to which access
18 is disabled by the service provider pursuant to a no-
19 tice provided under subsection (c)(1)(C), unless the
20 service provider—
21 "(A) takes reasonable steps promptly to
22 notify the subscriber that it has removed or dis-
23 abled access to the material;
24 "(B) upon receipt of a counter notice as
25 described in paragraph (3), promptly provides

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1 the person who provided the notice under sub-
2 section (c)(1)(C) with a copy of the counter no-
3 tice, and informs such person that it will re-
4 place the removed material or cease disabling
5 access to it in ten business days; and
6 "(C) replaces the removed material and
7 ceases disabling access to it not less than ten,
8 nor more than fourteen, business days following
9 receipt of the counter notice, unless its des-
10 ignated agent first receives notice from the per-
11 son who submitted the notification under sub-
12 section (c)(1)(C) that such person has filed an
13 action seeking a court order to restrain the sub-
14 scriber from engaging in infringing activity re-
15 lating to the material on the service provider's
16 system or network.
17 "(3) To be effective under this subsection, a
18 counter notification means any written communica-
19 tion provided to the service provider's designated
20 agent that includes substantially the following:
21 "(A) a physical or electronic signature of
22 the subscriber;
23 "(B) identification of the material that has
24 been removed or to which access has been dis-
25 abled and the location at which such material

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appeared before it was removed or access was disabled;

"(C) a statement under penalty of perjury that the subscriber has a good faith belief that the material was removed or disabled as a result of mistake or misidentification of the material to be removed or disabled;

"(D) the subscriber's name, address and telephone number, and a statement that the subscriber consents to the jurisdiction of Federal Court for the judicial district in which the address is located, or if the subscriber's address is outside of the United States, for any judicial district in which the service provider may be found, and that the subscriber will accept service of process from the person who provided notice under subsection (c)(1)(C) or agent of such person.

"(4) A service provider's compliance with paragraph (2) shall not subject the service provider to liability for copyright infringement with respect to the material identified in the notice provided under subsection (c)(1)(C).

"(g) IDENTIFICATION OF DIRECT INFRINGER.—The copyright owner or a person authorized to act on the own-

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1 er's behalf may request an order for release of identifica-
2 tion of an alleged infringer by filing (i) a copy of a notifi-
3 cation described in subsection (c)(3)(A), including a pro-
4 posed order, and (ii) a sworn declaration that the purpose
5 of the order is to obtain the identity of an alleged infringer
6 and that such information will only be used for the pur-
7 pose of this title, with the clerk of any United States dis-
8 trict court. The order shall authorize and order the service
9 provider receiving the notification to disclose expeditiously
10 to the copyright owner or person authorized by the copy-
11 right owner information sufficient to identify the alleged
12 direct infringer of the material described in the notifica-
13 tion to the extent such information is available to the serv-
14 ice provider. The order shall be expeditiously issued if the
15 accompanying notification satisfies the provisions of sub-
16 section (c)(3)(A) and the accompanying declaration is
17 properly executed. Upon receipt of the order, either ac-
18 companying or subsequent to the receipt of a notification
19 described in subsection (c)(3)(A), a service provider shall
20 expeditiously give to the copyright owner or person author-
21 ized by the copyright owner the information required by
22 the order, notwithstanding any other provision of law and
23 regardless of whether the service provider responds to the
24 notification.

25 "(h) CONDITIONS FOR ELIGIBILITY.—

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1 "(1) ACCOMMODATION OF TECHNOLOGY.—The
2 limitations on liability established by this section
3 shall apply only if the service provider—
4 "(A) has adopted and reasonably imple-
5 mented, and informs subscribers of the service
6 of, a policy for the termination of subscribers of
7 the service who are repeat infringers; and
8 "(B) accommodates and does not interfere
9 with standard technical measures as defined in
10 this subsection.
11 "(2) DEFINITION.—As used in this section,
12 "standard technical measures" are technical meas-
13 ures, used by copyright owners to identify or protect
14 copyrighted works, that—
15 "(A) have been developed pursuant to a
16 broad consensus of copyright owners and serv-
17 ice providers in an open, fair, voluntary, multi-
18 industry standards process;
19 "(B) are available to any person on rea-
20 sonable and nondiscriminatory terms; and
21 "(C) do not impose substantial costs on
22 service providers or substantial burdens on their
23 systems or networks.
24 "(i) INJUNCTIONS.—The following rules shall apply
25 in the case of any application for an injunction under sec-

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1 tion 502 against a service provider that is not subject to
2 monetary remedies by operation of this section:
3 "(1) SCOPE OF RELIEF.—
4 "(A) With respect to conduct other than
5 that which qualifies for the limitation on rem-
6 edies as set forth in subsection (a), the court
7 may only grant injunctive relief with respect to
8 a service provider in one or more of the follow-
9 ing forms:
10 "(i) an order restraining it from pro-
11 viding access to infringing material or ac-
12 tivity residing at a particular online site on
13 the provider's system or network;
14 "(ii) an order restraining it from pro-
15 viding access to an identified subscriber of
16 the service provider's system or network
17 who is engaging in infringing activity by
18 terminating the specified accounts of such
19 subscriber; or
20 "(iii) such other injunctive remedies
21 as the court may consider necessary to pre-
22 vent or restrain infringement of specified
23 copyrighted material at a particular online
24 location, provided that such remedies are
25 the least burdensome to the service pro-

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1 vider that are comparably effective for that
2 purpose.
3 "(B) If the service provider qualifies for
4 the limitation on remedies described in sub-
5 section (a), the court may only grant injunctive
6 relief in one or both of the following forms:
7 "(i) an order restraining it from pro-
8 viding access to an identified subscriber of
9 the service provider's system or network
10 who is using the provider's service to en-
11 gage in infringing activity by terminating
12 the specified accounts of such subscriber;
13 or
14 "(ii) an order restraining it from pro-
15 viding access, by taking specified reason-
16 able steps to block access, to a specific,
17 identified, foreign online location.
18 "(2) CONSIDERATIONS.—The court, in consid-
19 ering the relevant criteria for injunctive relief under
20 applicable law, shall consider:
21 "(A) whether such an injunction, either
22 alone or in combination with other such injunc-
23 tions issued against the same service provider
24 under this subsection, would significantly bur-

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1 den either the provider or the operation of the
2 provider's system or network;
3 "(B) the magnitude of the harm likely to
4 be suffered by the copyright owner in the digi-
5 tal network environment if steps are not taken
6 to prevent or restrain the infringement;
7 "(C) whether implementation of such an
8 injunction would be technically feasible and ef-
9 fective, and would not interfere with access to
10 noninfringing material at other online locations;
11 and
12 "(D) whether other less burdensome and
13 comparably effective means of preventing or re-
14 straining access to the infringing material are
15 available.
16 "(3) NOTICE AND EX PARTE ORDERS.—Injunc-
17 tive relief under this subsection shall not be available
18 without notice to the service provider and an oppor-
19 tunity for such provider to appear, except for orders
20 ensuring the preservation of evidence or other orders
21 having no material adverse effect on the operation
22 of the service provider's communications network.
23 "(j) DEFINITIONS.—
24 "(1)(A) As used in subsection (a), the term
25 "service provider" means an entity offering the

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1 transmission, routing or providing of connections for
2 digital online communications, between or among
3 points specified by a user, of material of the user's
4 choosing, without modification to the content of the
5 material as sent or received.

6 "(B) As used in any other subsection of this
7 section, the term "service provider" means a pro-
8 vider of online services or network access, or the op-
9 erator of facilities therefor, and includes an entity
10 described in the preceding paragraph of this sub-
11 section.

12 "(2) As used in this section, the term "mone-
13 tary relief" means damages, costs, attorneys' fees,
14 and any other form of monetary payment.

15 "(k) OTHER DEFENSES NOT AFFECTED.—The fail-
16 ure of a service provider's conduct to qualify for limitation
17 of liability under this section shall not bear adversely upon
18 the consideration of a defense by the service provider that
19 the service provider's conduct is not infringing under this
20 title or any other defense.

21 "(l) PROTECTION OF PRIVACY.—Nothing in this sec-
22 tion shall be construed to condition the applicability of
23 subsections (a) through (d) on—

24 "(1) a service provider monitoring its service or
25 affirmatively seeking facts indicating infringing ac-

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