

Supersedes 98 H.R. 1028

I

98TH CONGRESS
2D SESSION

H. R. 5525

To amend title 17, United States Code, to protect mask works of semiconductor chips against unauthorized duplication, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 26, 1984

Mr. EDWARDS of California (for himself, Mr. RODINO, Mr. MINETA, Mr. KASTENMEIER, Mr. AU COIN, Mr. BADHAM, Mr. BERMAN, Mr. BOEHLERT, Mr. BOSCO, Mrs. BOXER, Mr. BROOKS, Mr. BROWN of California, Mr. CHANDLER, Mr. CHAPPIE, Mr. CLINGER, Mr. CONYERS, Mr. DEWINE, Mr. ERLBORN, Mr. FAZIO, Ms. FIEDLER, Mr. FISH, Mr. FRANK, Mr. GEKAS, Mr. GLICKMAN, Mr. HAWKINS, Mr. HYDE, Mr. JEFFORDS, Mrs. JOHNSON, Mr. KINDNESS, Mr. LAFALCE, Mr. LANTOS, Mr. LEHMAN of Florida, Mr. LEVINE of California, Mr. LOWERY of California, Mr. LUJAN, Mr. MCCAIN, Mr. MCCOLLUM, Mr. MARTINEZ, Mr. MAZZOLI, Mr. MOORHEAD, Mr. MORRISON of Connecticut, Mr. MRAZEK, Mr. MURPHY, Mr. NELSON of Florida, Mr. OLIN, Mr. OWENS, Mr. PANETTA, Mr. PRITCHARD, Mr. REID, Mr. RICHARDSON, Mr. RITTER, Mr. RUDD, Mr. SAWYER, Mrs. SCHNEIDER, Mrs. SCHROEDER, Mr. SENSENBRENNER, Mr. ROBERT F. SMITH, Mr. STARK, Mr. SYNAR, Mr. TORRES, Mr. WAXMAN, Mr. WYDEN, and Mr. ZSCHAU) introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To amend title 17, United States Code, to protect mask works of semiconductor chips against unauthorized duplication, 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,*

1 SHORT TITLE

2 SECTION 1. This Act may be cited as the "Semiconduc-
3 tor Chip Protection Act of 1984".

4 PROTECTION OF SEMICONDUCTOR CHIP PRODUCTS

5 SEC. 2. Title 17, United States Code, is amended by
6 adding at the end thereof the following new chapter:

7 "CHAPTER 9—PROTECTION OF SEMICONDUCTOR
8 CHIP PRODUCTS

"Sec.

"901. Definitions.

"902. Subject matter of protection.

"903. Ownership and transfer.

"904. Duration of protection.

"905. Exclusive rights in mask works.

"906. Limitation on exclusive rights: reverse engineering; first sale.

"907. Limitation on exclusive rights: innocent infringement.

"908. Registration of claims of protection.

"909. Mask work notice.

"910. Enforcement of exclusive rights.

"911. Remedies for infringement.

"912. Relation to other laws.

9 "§901. Definitions

10 "As used in this chapter—

11 "(1) a 'semiconductor chip product' is the final or
12 intermediate form of any product—

13 "(A) having two or more layers of metallic,
14 insulating, or semiconductor material deposited or
15 otherwise placed on, or etched away or otherwise
16 removed from, a piece of semiconductor material
17 in accordance with a predetermined pattern; and

18 "(B) that is intended to perform electronic
19 circuitry functions;

1 “(2) a ‘mask work’ means the 2-dimensional and
2 3-dimensional features of shape, pattern, and configura-
3 tion of the surface of the layers of a semiconductor
4 chip product, regardless of whether such features have
5 an intrinsic utilitarian function that is not only to por-
6 tray the appearance of the product or to convey infor-
7 mation;

8 “(3) a mask work is ‘fixed’ in a semiconductor
9 chip product when its embodiment in the product, by
10 or under the authority of the owner of the mask work,
11 is sufficiently permanent or stable to permit the mask
12 work to be perceived, reproduced, or otherwise com-
13 municated for a period of more than transitory dura-
14 tion;

15 “(4) a mask work is ‘original’ if it is the independ-
16 ent creation of an author who did not copy it from an-
17 other source;

18 “(5) to ‘commercially exploit’ a mask work is to
19 sell, offer for sale after the mask work is fixed in a
20 semiconductor chip product, or otherwise distribute to
21 the public for profit semiconductor chip products em-
22 bodying the mask work;

23 “(6) the ‘owner’ of a mask work is the author of
24 the mask work, the legal representatives of a deceased
25 author or of an author under a legal incapacity, the

1 employer for whom the author created the mask work
2 in the case of a work made within the scope of the au-
3 thor's employment, or a person to whom the rights of
4 the author or of such employer are transferred in ac-
5 cordance with this chapter;

6 “(7) an ‘innocent purchaser’ is a person who pur-
7 chases a semiconductor chip product in good faith and
8 without having notice of protection with respect to that
9 semiconductor chip product;

10 “(8) having ‘notice of protection’ means having
11 actual knowledge that, or reasonable grounds to be-
12 lieve that, a mask work fixed in a semiconductor chip
13 product is protected under this chapter; and

14 “(9) an ‘infringing semiconductor chip product’ is
15 a semiconductor chip product which is made, imported,
16 or distributed in violation of the exclusive rights of the
17 owner of a mask work under this chapter.

18 **“§902. Subject matter of protection**

19 “(a)(1) An original mask work fixed in a semiconductor
20 chip product is eligible for protection under this chapter if—

21 “(A) on the date on which the mask work is reg-
22 istered under section 908, or the date on which the
23 mask work is first commercially exploited, whichever
24 occurs first, the owner of the mask work is a national
25 or domiciliary of the United States, or is a national,

1 domiciliary, or sovereign authority of a foreign nation
2 that is a party to a treaty affording protection to mask
3 works to which the United States is also a party, or is
4 a stateless person, wherever that person may be domi-
5 ciled;

6 “(B) the mask work is first commercially exploited
7 in the United States; or

8 “(C) the mask work comes within the scope of a
9 Presidential proclamation issued under paragraph (2).

10 “(2) Whenever the President finds that a foreign nation
11 extends, to mask works of owners who are nationals or domi-
12 ciliaries of the United States or to mask works on the date on
13 which the mask works are registered under section 908, or
14 the date on which the mask works are first commercially
15 exploited, whichever occurs first, protection (A) on substan-
16 tially the same basis as that on which the foreign nation ex-
17 tends protection to mask works of its own nationals and
18 domiciliaries and mask works first commercially exploited in
19 that nation, or (B) on substantially the same basis as provided
20 in this chapter, the President may by proclamation extend
21 protection under this chapter to mask works (i) of owners
22 who are, on the date on which the mask works are registered
23 under section 908, or the date on which the mask works are
24 first commercially exploited, whichever occurs first, nation-

1 als, domiciliaries, or sovereign authorities of that nation, or
2 (ii) which are first commercially exploited in that nation.

3 “(b) Protection under this chapter shall not be available
4 for a mask work that—

5 “(1) is not original; or

6 “(2) consists of designs that are staple, common-
7 place, or familiar in the semiconductor industry, or
8 variations of such designs, combined in a way that is
9 not original.

10 “(c) In no case does protection under this chapter for a
11 mask work extend to any idea, procedure, process, system,
12 method of operation, concept, principle, or discovery, regard-
13 less of the form in which it is described, explained, illustrat-
14 ed, or embodied in such work.

15 **“§903. Ownership and transfer**

16 “(a) The exclusive rights in a mask work subject to pro-
17 tection under this chapter shall vest in the owner of the mask
18 work.

19 “(b) The exclusive rights in a mask work registered
20 under section 908, or a mask work for which an application
21 for registration has been or is eligible to be filed under section
22 908, may be transferred in whole or in part by any means of
23 conveyance or by operation of law, and may be bequeathed
24 by will or pass as personal property by the applicable laws of
25 intestate succession.

1 “(c) In any case in which conflicting transfers of the
2 exclusive rights in a mask work are made, the transfer first
3 executed shall be void as against a subsequent transfer which
4 is made for a valuable consideration and without notice of the
5 first transfer, unless the first transfer is recorded in the Copy-
6 right Office within three months after the date on which it is
7 executed, but in no case later than the day before the date of
8 such subsequent transfer.

9 “(d) Mask works prepared by an officer or employee of
10 the United States Government as part of that person’s official
11 duties are not protected under this chapter, but the United
12 States Government is not precluded from receiving and hold-
13 ing exclusive rights in mask works transferred to the Govern-
14 ment under subsection (b).

15 **“§904. Duration of protection**

16 “(a) The protection provided for a mask work under this
17 chapter shall commence on the date on which the mask work
18 is registered under section 908, or the date on which the
19 mask work is first commercially exploited, whichever occurs
20 first.

21 “(b) Subject to the provisions of this chapter, the protec-
22 tion provided under this chapter to a mask work shall contin-
23 ue for a term of ten years beginning on the date on which
24 such protection commences under subsection (a).

1 **“§905. Exclusive rights in mask works**

2 “Subject to the other provisions of this chapter, the
3 owner of a mask work has the exclusive rights to do and to
4 authorize any of the following:

5 “(1) to reproduce the mask work by optical, elec-
6 tronic, or any other means;

7 “(2) to import or distribute a semiconductor chip
8 product in which the mask work is embodied; and

9 “(3) to induce or knowingly to cause another
10 person to do any of the acts described in paragraphs
11 (1) and (2).

12 **“§906. Limitation on exclusive rights: reverse engineering;**
13 **first sale**

14 “(a) Notwithstanding the provisions of section 905(1), it
15 is not an infringement of the exclusive rights of the owner of
16 a mask work to reproduce the work solely for the purpose of
17 teaching, analyzing, or evaluating the concepts or techniques
18 embodied in the mask work or the circuitry or organization of
19 components used in the mask work.

20 “(b) Notwithstanding the provisions of section 905(2),
21 the owner of a particular semiconductor chip product lawfully
22 made under this chapter, or any person authorized by such
23 owner, is entitled, without the authority of the owner of the
24 mask work, to sell or otherwise dispose of that semiconductor
25 chip product.

1 **“§907. Limitation on exclusive rights: innocent infringe-**
2 **ment**

3 “(a) Notwithstanding any other provision of this chap-
4 ter, an innocent purchaser of an infringing semiconductor
5 chip product—

6 “(1) shall incur no liability under this chapter with
7 respect to the distribution of units of the infringing
8 semiconductor chip product that occurred before that
9 innocent purchaser had notice of protection with re-
10 spect to that semiconductor chip product; and

11 “(2) shall be liable only for a reasonable royalty
12 on each unit of the infringing semiconductor chip prod-
13 uct that the innocent purchaser distributed after having
14 notice of protection with respect to that semiconductor
15 chip product, the amount of the royalty to be deter-
16 mined by voluntary negotiation between the parties,
17 mediation, or binding arbitration, or, if the parties do
18 not resolve the issue, by the court in a civil action for
19 infringement.

20 “(b) The immunity from liability and limitation on liabil-
21 ity referred to in subsection (a) shall apply to any person who
22 directly or indirectly purchases an infringing semiconductor
23 chip product from an innocent purchaser.

24 “(c) The provisions of subsections (a) and (b) apply only
25 with respect to units of an infringing semiconductor chip
26 product that an innocent purchaser purchased before having

1 notice of protection with respect to that semiconductor chip
2 product.

3 **“§908. Registration of claims of protection**

4 “(a) Protection of a mask work under this chapter shall
5 terminate if application for registration of a claim of protec-
6 tion in the mask work is not made as provided by this chapter
7 within two years after the date on which the mask work is
8 first commercially exploited.

9 “(b) The Register of Copyrights shall be responsible for
10 all administrative functions and duties under this chapter.
11 Except for section 708, the provisions of chapter 7 of this
12 title relating to the general responsibilities, organization, reg-
13 ulatory authority, actions, records, and publications of the
14 Copyright Office shall apply to this chapter, except that the
15 Register of Copyrights may make such changes as may be
16 necessary in applying those provisions to this chapter.

17 “(c) The application for registration of a mask work
18 shall be made on a form prescribed by the Register of Copy-
19 rights and shall include any information regarded by the Reg-
20 ister of Copyrights as bearing upon the preparation or identi-
21 fication of the work, the existence or duration of protection,
22 or ownership of the work.

23 “(d) The Register of Copyrights shall by regulation set
24 reasonable fees for the filing of applications to register claims
25 of protection in mask works under this chapter, and for other

1 services relating to the administration of this chapter or the
2 rights under this chapter, taking into consideration the cost of
3 providing those services, the benefits of a public record, and
4 statutory fee schedules under this title. The Register shall
5 also specify the identifying material to be deposited in con-
6 nection with the claim for registration.

7 “(e) If the Register of Copyrights, after examining an
8 application for registration, determines, in accordance with
9 the provisions of this chapter, that the application relates to a
10 mask work which warrants protection under this chapter,
11 then the Register shall register the claim and issue to the
12 applicant a certificate of registration of the claim under the
13 seal of the Copyright Office. The effective date of registration
14 of a claim of protection shall be the date on which an applica-
15 tion, deposit, and fee, which are determined by the Register
16 of Copyrights or by a court of competent jurisdiction to be
17 acceptable for registration, have all been received in the
18 Copyright Office.

19 “(f) In any action for infringement under this chapter,
20 the certificate of registration of a mask work shall constitute
21 prima facie evidence (1) of the facts stated in the certificate,
22 and (2) that the applicant issued the certificate has met the
23 requirements of this chapter, and the regulations issued under
24 this chapter, with respect to the registration of claims.

1 “(g) Any applicant for registration under this section
2 who is dissatisfied with the refusal of the Register of Copy-
3 rights to issue a certificate of registration under this section
4 may seek judicial review of that refusal by bringing an action
5 for such review in an appropriate United States district court,
6 in accordance with chapter 7 of title 5, not later than sixty
7 days after the refusal. The failure of the Register of Copy-
8 rights to issue a certificate of registration within three
9 months after an application for registration is filed shall be
10 deemed to be a refusal to issue a certificate of registration for
11 purposes of this subsection and section 910(c).

12 **“§909. Mask work notice**

13 “(a) The owner of a mask work provided protection
14 under this chapter may affix notice to the mask work or to
15 the semiconductor chip product embodying the mask work in
16 such manner and location as to give reasonable notice of such
17 protection. The Register of Copyrights shall prescribe by reg-
18 ulation, as examples, specific methods of affixation and posi-
19 tions of notice for purposes of this section, but these specifica-
20 tions shall not be considered exhaustive. The affixation of
21 such notice is not a condition of protection under this chapter,
22 but shall constitute prima facie evidence of notice of protec-
23 tion.

24 “(b) The notice referred to in subsection (a) shall consist
25 of—

1 “(1) the words ‘mask work’, or the letter M in a
2 circle (M);

3 “(2) the year in which the mask work was first
4 fixed in a semiconductor chip product; and

5 “(3) the name of the owner or owners of the mask
6 work or an abbreviation by which the name is recog-
7 nized or is generally known.

8 **“§910. Enforcement of exclusive rights**

9 “(a) Except as otherwise provided by this chapter, any
10 person who violates any of the exclusive rights of the owner
11 of a mask work under this chapter shall be liable as an in-
12 fringer of such rights.

13 “(b) The owner of a mask work protected under this
14 chapter shall be entitled to institute a civil action for infringe-
15 ment after a certificate of registration of a claim in that mask
16 work is issued under section 908.

17 “(c) In any case in which an application for registration
18 and the required deposit and fee have been received in the
19 Copyright Office in proper form and registration of the mask
20 work has been refused, the applicant is entitled to institute a
21 civil action for infringement under this chapter if notice of the
22 action, together with a copy of the complaint, is served on
23 the Register of Copyrights, in accordance with the Federal
24 Rules of Civil Procedure. The Register may, at his or her
25 option, become a party to the action with respect to the issue

1 of whether the claim is eligible for registration by entering an
2 appearance within sixty days after such service, but the fail-
3 ure of the Register to become a party to the action shall not
4 deprive the court of jurisdiction to determine that issue.

5 “(d)(1) The Secretary of the Treasury and the United
6 States Postal Service shall separately or jointly issue regula-
7 tions for the enforcement of the right to import set forth in
8 section 905. These regulations may require, as a condition
9 for the exclusion of articles from the United States, that the
10 person seeking exclusion—

11 “(A) obtain a court order enjoining, or an order of
12 the International Trade Commission under section 337
13 of the Tariff Act of 1930 excluding, importation of the
14 articles; or

15 “(B) furnish proof that the mask work involved is
16 protected under this chapter and that the importation
17 of the articles would infringe the rights in the mask
18 work under this chapter, and also post a surety bond
19 for any injury that may result if the detention or exclu-
20 sion of the articles proves to be unjustified.

21 “(2) Articles imported in violation of the right to import
22 set forth in section 905 are subject to seizure and forfeiture in
23 the same manner as property imported in violation of the
24 customs laws. Any such forfeited articles shall be destroyed
25 as directed by the Secretary of the Treasury or the court, as

1 the case may be, except that the articles may be returned to
2 the country of export whenever it is shown to the satisfaction
3 of the Secretary of the Treasury that the importer had no
4 reasonable grounds for believing that his or her acts consti-
5 tuted a violation of the law.

6 **“§911. Remedies for infringement**

7 “(a) Any court having jurisdiction of a civil action aris-
8 ing under this chapter may grant temporary and permanent
9 injunctions on such terms as the court may deem reasonable
10 to prevent or restrain infringement of the exclusive rights in
11 a mask work under this chapter.

12 “(b) Upon finding for the owner of the mask work, the
13 court shall award the owner actual damages suffered by the
14 owner as a result of the infringement. The court shall also
15 award the owner the infringer’s profits that are attributable
16 to the infringement and are not taken into account in comput-
17 ing the award of actual damages. In establishing the infring-
18 er’s profits, the owner of the mask work is required to
19 present proof only of the infringer’s gross revenue, and the
20 infringer is required to prove his or her deductible expenses
21 and the elements of profit attributable to factors other than
22 the mask work.

23 “(c) At any time before final judgment is rendered, the
24 owner of the mask work may elect, instead of actual damages
25 and profits as provided by subsection (b), an award of statuto-

1 ry damages for all infringements involved in the action, with
2 respect to any one mask work for which any one infringer is
3 liable individually, or for which any two or more infringers
4 are liable jointly and severally, in an amount not more than
5 \$250,000 as the court considers just.

6 “(d) In any action for infringement under this chapter,
7 the court in its discretion may allow the recovery of full
8 costs, including reasonable attorneys’ fees, to the prevailing
9 party.

10 “(e) An action for infringement under this chapter shall
11 not be maintained unless the action is commenced within
12 three years after the claim accrues.

13 “(f) As part of a final judgment or decree, the court may
14 order the destruction or other disposition of any infringing
15 semiconductor chip products, and any masks, tapes, or other
16 articles by means of which such products may be reproduced.

17 **“§912. Relation to other laws**

18 “(a) Nothing in this chapter shall affect any right or
19 remedy held by any person under chapters 1 through 8 of this
20 title, or under title 35.

21 “(b) Except as provided in section 908(b) of this title,
22 references to ‘this title’ or ‘title 17’ in chapters 1 through 8
23 of this title shall be deemed not to apply to this chapter.

24 “(c) The provisions of this chapter shall preempt the
25 laws of any State to the extent those laws provide any rights

1 or remedies with respect to a mask work which are equiva-
2 lent to those provided by this chapter, except that such pre-
3 emption shall be effective only with respect to actions filed on
4 or after January 1, 1986.

5 “(d) The provisions of sections 1338, 1400(a), and
6 1498(b) and (c) of title 28 shall apply to exclusive rights in
7 mask works under this chapter.”.

8 TECHNICAL AMENDMENT

9 SEC. 3. The table of chapters of title 17, United States
10 Code, is amended by adding at the end thereof the following
11 new item:

“9. Protection of Semiconductor Chip Products. . . 901”.

12 EFFECTIVE DATE

13 SEC. 4. (a) The amendments made by this Act shall take
14 effect on January 1, 1985.

15 (b)(1) Subject to paragraph (2) of this subsection, protec-
16 tion shall be available under chapter 9 of title 17, United
17 States Code, as added by section 2 of this Act, to any mask
18 work fixed in a semiconductor chip product that was first
19 commercially exploited on or after January 1, 1984, and
20 before January 1, 1985, if a claim of protection in the mask
21 work is registered in the Copyright Office before January 1,
22 1986, under section 908 of title 17, United States Code, as
23 added by section 2 of this Act.

24 (2) In the case of any mask work provided protection
25 under chapter 9 of title 17, United States Code, in accord-

1 ance with paragraph (1) of this subsection, any infringing
2 semiconductor chip products manufactured before the effec-
3 tive date of this Act may be imported into or distributed in
4 the United States, or both, subject to the payment by the
5 importer or distributor, as the case may be, of the reasonable
6 royalty specified in section 907(a)(2) of title 17, United States
7 Code, as added by section 2 of this Act.

8 (3) For purposes of this subsection, the terms “mask
9 work”, “fixed”, “semiconductor chip product”, “commercial-
10 ly exploited”, and “infringing semiconductor chip product”
11 have the meanings given those terms in section 901 of title
12 17, United States Code, as added by section 2 of this Act.

13 **AUTHORIZATION OF APPROPRIATIONS**

14 **SEC. 5.** There are authorized to be appropriated such
15 sums as may be necessary to carry out this Act and the
16 amendments made by this Act.

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