VESSEL HULL DESIGN PROTECTION ACT

MARCH 11, 1998.--Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. COBLE from the Committee on the Judiciary, submitted the following

REPORT

[To accompany H.R. 2696]
[Including cost estimate of the Congressional Budget Office]

The Committee on the Judiciary, to whom was referred the bill (H.R. 2696) to amend title 17, United States Code, to provide for protection of certain original designs, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

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**SECTION 1. SHORT TITLE.**

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

**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.

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"1231. Administrator.

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**"§ 1201. Designs protected**

"(a) DESIGNS PROTECTED.--

"(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 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 riginal if it is the result of the designers 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 seful 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 essel is a craft, especially one larger than a rowboat, designed to navigate on water.

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

"(5) A lug 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 old 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.

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**''§ 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;

"(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 continue 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 'Protd 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 approved and 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 vessel hull 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.

**"§ 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.

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"(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.

**"§ 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 vessel hull 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 order to purchase a vessel hull 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 persons source of such vessel hull, and that person orders or reorders such article after having 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 persons 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 nfringing 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 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 designs 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.

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**"§ 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 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 owners 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

"(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 applicants duly authorized agent or representative, setting forth, to the best of the applicants 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 applicants 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 described 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 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 designers 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 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--

"(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, 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.

"(c) APPLICATION TO CANCEL REGISTRATION.--Any person who believes he or she is or will be damaged by a registration under this chapter may, upon payment of the prescribed fee, apply to the Administrator at any time to cancel the registration on the ground that the design is not subject to protection under this chapter, stating the reasons for the request. Upon receipt of an application for cancellation, the Administrator shall send to the owner of the design, as shown in the records of the Office of the Administrator, a notice of the application, and the owner shall have a period of 3 months after the date on which such notice is mailed in which to present arguments to the Administrator for support of the validity of the registration. It shall also be within the authority of the Administrator to establish, by regulation, conditions under which the opposing parties may appear and be heard in support of their arguments. If, after the periods provided for the presentation of arguments have expired, the Administrator determines that the applicant for cancellation has established that the design is not subject to protection under this chapter, the Administrator shall order the registration stricken from the record. Cancellation under this subsection shall be announced by publication, and notice of the Administrators final determination with respect to any application for cancellation 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.

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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 registered 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 thereafter 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 designers 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 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;

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

**''§ 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 attorneys 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.

"(b) INFRINGER'S PROFITS.--As an alternative to the remedies provided in subsection (a), the court may award the claimant the infringers profits resulting from the sale of the copies if the court finds that the infringers sales are reasonably related to the use of the claimants design. In such a case, the claimant shall be required to prove only the amount of the infringers sales and the infringer shall be required to prove its expenses against such sales.

"(c) STATUTE OF LIMITATIONS.--No recovery under subsection (a) or (b) shall be had for any infringement committed more than 3 years before the date on which the complaint is filed.

"(d) ATTORNEYS FEES.--In an action for infringement under this chapter, the court may award reasonable attorneys fees to the prevailing party.

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

**''§ 1224. Power of court over registration**

"In any action involving the protection of a design under this chapter, the court, when appropriate, may order registration of a design under this chapter or the cancellation of such a registration. Any such order shall be certified 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,

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in addition to such costs and attorneys 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 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 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--

"(1) common law or other rights or remedies, if any, available to or held by any person with respect to a design which has not been registered under this chapter; or

"(2) any right under the trademark laws or any right protected against unfair competition.

**''§ 1231. Administrator**

"The Administrator and Office of the Administrator referred to in this chapter shall be the Register of Copyrights and the Copyrights Office of the Library of Congress, respectively.

**''§ 1232. No retroactive effect**

"Protection under this chapter shall not be available for any design that has been made public under section 1209(b) before the effective date of this chapter.".

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**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 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.

PURPOSE AND SUMMARY

The purpose of H.R. 1252, the "Vessel Hull Design Protection Act," is to offer limited protection for original designs of vessel hulls which are subject to misappropriation by persons who indulge in a marine industry practice known as "hull splashing."

BACKGROUND AND NEED FOR LEGISLATION

GENERAL INADEQUACIES OF PRESENT LAW

Since 1789, American intellectual property law and unfair trade statutes have evolved to afford substantial protection for individuals and business entities wishing to prevent the misappropriation of their works of authorship, inventions, and reputations. Nonetheless, in recent years it has become more apparent that this presently-constituted body of law is inadequate to serve the needs of certain designers, including those affiliated with the marine manufacturing industry. As discussed below, designs of useful articles are frequently left unprotected in the United States because safeguards available under patent, copyright, and trademark law are too time-consuming or expensive to acquire, or both.

DESIGN PATENTS

The Design Patent Act of 1954 is codified at Section 171 of Title 35 of the U.S. Code. This statute allows a person to obtain a design patent for "... any new, original, and ornamental design for an article of manufacture ...," and provides that all provisions relating to patents for inventions (utility patents) also apply.

More specifically, anyone wishing to obtain a design patent for an article of manufacture must show that the design is:

1. N*ovel.* Would an "ordinary observer," viewing the new design as a whole, consider it to be different from, rather than a modification of, an already existing design?

2. N*onobvious.* Section 103 of the Patent Act requires utility patents to be "nonobvious;" that is, "the differences between the subject matter ... to be patented and the prior art must



be such that the subject matter as a whole would not have been obvious when the invention was made to a person having ordinary skill in the relevant art ..." (*italics added*). Erratically developed and applied through the years, case law on this point suggests that nonobviousness should be measured in terms of a "designer of ordinary capability who designs articles of the type presented in the application." *In re Nalbandian, 661 F.2d 1214, 1216 (C.C.P.A. 1981).*

3. *Ornamental.* A design patent must create a pleasing appearance.

4. *Not Functional.* If a design is "primarily functional rather than ornamental," or if it is "dictated by functional considerations," it is not patentable. *Power Control Corp. v. Hybrinetics, Inc., 806 F. 2d 234, 238 (Fed. Cir. 1986).*

As a practical matter, anyone who secures a design patent enjoys a monopoly over the use of the design for 14 years. But the difficulty in meeting these extraordinarily high standards, combined with the costs and delay associated with researching prior art, dissuade many designers from pursuing this option.

COPYRIGHT AND DESIGN PROTECTION OF USEFUL ARTICLES

Section 102 of Title 17 of the U.S. Code states that "... copyright protection subsists in original works of authorship fixed in any tangible medium of expression ... from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device."

In addition, Section 101 of the Copyright Act of 1976 affords protection to "useful" articles. Pursuant to this development, a useful article may be copyrightable if it has an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information. The relevant design must incorporate pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article. For the most part, "conceptual" separability is enough to merit protection; that is, an observer must see the article in part as a work of art, not just an elegant functional item.

The benefits of applying for design protection under the Copyright Act are manifest: instant protection upon creation, relatively quick and inexpensive registration, and the preserved option of applying later for design patent protection. Nonetheless, courts have inconsistently applied different standards when reviewing the merits of design claims; in fact, many designs are rejected as "unoriginal" or "functional." Design protection under present copyright law is therefore spotty.

TRADEMARK PROTECTION OF INDUSTRIAL DESIGN

While some states have their own trademark law, federal law as prescribed by the Lanham Act *(15 U.S.C. 1051, et. seq.*) is much preferred as it offers nationwide protection. In brief, when an owner of a mark registers it with the Patent and Trademark Office under the Lanham Act, he or she enjoys the exclusive right to use that mark in connection with goods in commerce. No person or business entity may use the same mark or one of "near resem-



blance" in connection with other goods in commerce so as to confuse or mislead consumers.

Trademark law acknowledges that the consuming public makes a connection between a symbol that represents the attributes of a given product and that product. This explains why industrial designs usually cannot acquire protection

under the Lanham Act; that is, product design features are generally not *distinctive* in a trademark sense. Unlike protected marks, they are not recognized by the public as identifying a product source.

The time needed to acquire trademark status combined with the absence of enforceable rights up to that point also discourage designers from seeking protection under the Lanham Act.

ABRIDGED HISTORY OF DESIGN REFORM

The initial attempt to enact a federal design protection statute with broad, industry-wide application occurred in 1914, and was followed by sporadic efforts to resurrect the issue in other Congresses thereafter. These bills took one of two forms: changes to copyright law or a "relaxation" of the restrictions placed on design patents. Although the Senate included a design provision in its version of the Copyright Act amendments of 1976, it was deleted in conference. No other bill, before or since, has come close to enactment.

What accounts for this legislative track record? Critics from the academy as well as private industry have expressed their concerns that design protection possibly upsets a critical balance struck in intellectual property law, especially the law of patents: namely, that the promotion of innovation must, at some point, give way to imitation and refinement through imitation, both of which are "... necessary to invention itself and the very lifeblood of a competitive economy." *Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 146 (1989)* [hereinafter *Bonito Boats*]. These critics fear that comprehensive design legislation, practically applied, might diminish rather than stimulate net commercial activity throughout the economy. Their reasoning is that threshold requirements for protection under most design schemes are less demanding than those under traditional intellectual property law. This would result in increased litigation and a general unwillingness to manufacture competing products.

Advocates of design protection insist that these concerns are overstated. They argue that, in the absence of creative development, there can be no imitation. In addition, if the threshold requirements for design protection are more easily met than those applying to copyright, trademark, and patent law, the solution is to offer less protection (usually measured by duration).

VESSEL HULL DESIGNS AND *BONITO BOATS*

The experience of the marine manufacturing industry in the wake of *Bonito Boats, supra,* illustrates the reformist view. Bonito Boats was a Florida-based corporation that developed a hull design for fiberglass recreational boats. The manufacturing process entailed creating a hardwood model that was then sprayed with fiberglass to create a mold which served to produce the finished fiberglass boats for sale. The company did not acquire utility or design



patents for the hull or the process. Six years later, the Florida General Assembly enacted a so-called "plug mold" statute that prohibited the use of a direct molding process to duplicate "unpatented" boat hulls, and forbid the knowing sale of hulls so duplicated. When a Tennessee corporation, Thunder Craft Boats, began duplicating the hull designs and selling what amounted to knock-offs, Bonito Boats sued under the Florida statute. The U.S. Supreme Court affirmed the action of the Florida trial court, Court of Appeals, and Supreme Court by dismissing the case, ruling that the Supremacy Clause of the U.S. Constitution preempted state action on the matter. The Court concluded by noting that "(i)t is for Congress to determine if the present system of design and utility patents is ineffectual in promoting the useful arts in the context of industrial design." *Bonito Boats* at 168.

Boat manufacturers invest significant resources in the design and development of safe, structurally sound, and often high-performance boat hull designs. Including research and development costs, a boat manufacturer may invest as much as $ 500,000 to produce a design from which one line of vessels can be manufactured. When a boat hull is designed and the design engineering and tooling process is complete, the engineers then develop a boat "plug" from which they construct a boat "mold." The manufacturer constructs a particular line of boats from this mold.

In contrast, those intent on stealing the original boat design, such as Thunder Craft, can simply use a finished boat hull in place of the manufacturers plug to develop a mold. This practice is referred to in the trade as "splashing a mold." The copied mold can then be used to create a line of vessels with a hull seemingly identical to that appropriated from the design manufacturer.

"Hull splashing" is a problem for consumers, as well as manufacturers and boat design firms. Consumers who purchase copied boats are defrauded in the sense that they are not benefitting from the many attributes of hull design,

other than shape, that are structurally relevant, including those related to quality and safety. It is also highly unlikely that consumer know that a boat has been copied from an existing design. Most importantly for the purposes of promoting intellectual property rights, if manufacturers are not permitted to recoup at least some of their research and development costs, they may no longer invest in new, innovative boat designs that boaters eagerly await.

HEARINGS

The Committees Subcommittee on Courts and Intellectual Property held one day of hearings on H.R. 2696 on October 23, 1997. Testimony was received from five witnesses representing five organizations.

COMMITTEE CONSIDERATION

On February 26, 1998, the Subcommittee on Courts and Intellectual Property met in open session and ordered reported an amendment in the nature of a substitute to H.R. 2696 by voice vote, a quorum being present. On March 3, 1998, the Committee met in open session and ordered reported favorably the amendment in the



nature of a substitute to H.R. 2696, without amendment by voice vote, a quorum being present.

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives, the Committee reports that the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(l) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT FINDINGS

No findings or recommendations of the Committee on Government Reform and Oversight were received as referred to in clause 2(1)(3)(D) of rule XI of the Rules of the House of Representatives.

NEW BUDGET AUTHORITY AND TAX EXPENDITURES

Clause 2(1)(3)(B) of House Rule XI is inapplicable because this legislation does not provide new budgetary authority or increased tax expenditures.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
*Washington, DC, March 11, 1997.*
Hon. HENRY J. HYDE,
*Chairman, Committee on the Judiciary,*
*House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2696, the Vessel Hull Design Protection Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Kathleen Gramp (for federal costs), who can be reached at 226-2860, and Matthew Eyles (for the private-sector impact), who can be reached at 226-2649.

Sincerely,

JUNE E. O'NEILL, *Director.*

Enclosure.

cc:Hon. John Conyers, Jr.
Ranking Minority Member

*H.R.-- 2696 Vessel Hull Design Protection Act*

H.R. 2696 would provide copyright protection to certain vessel hull designs beginning one year after the enactment of the bill. The bill would direct the Administrator of the U.S. Copyright Office to establish a process for registering

copyrights of vessel designs and for hearing and arbitrating disputes. The office also would be required to publish lists of registered designs and make drawings or other representations available to the public. Prospective applicants would be required to pay fees set to cover most, if not all, of the costs incurred by the agency to administer the program. The

**[15]**

bill provides remedies for infringements of registered designs and specifies civil penalties for false representations or labeling.

CBO estimates that enacting H.R. 2696 would have no significant budgetary impact. Based on information from agency and industry sources, CBO estimates that the Copyright Office would spend about $ 200,000 in 1999 to establish the program and another $ 200,000 each year thereafter to process registrations, subject to appropriation of the necessary amounts. Offsetting collections would increase by similar amounts beginning in 2000, the first year we would expect applicants for such copyrights. CBO assumes that those collections would be credited as an offset to annual appropriations.

Revenues from possible civil penalties are not expected to be significant. Because this legislation would affect receipts, pay-as-you-go procedures would apply. CBO estimates, however, that the pay-as-you-go impact would be negligible.

H.R. 2696 would impose a new private-sector mandate, as defined in the Unfunded Mandates Reform Act of 1995 (UMRA), by creating new fees for firms and individuals who apply for copyright protection of an original vessel hull design. Copyright law and copyright fees are the exclusive domain of the federal government. Therefore, an increase in existing copyright fees or the imposition of new fees constitutes a new enforceable duty and meets the definition of a private-sector mandate in UMRA. Based on information from the Copyright Office, CBO estimates that the direct costs of the new private-sector mandate in the bill would be negligible and would fall well below the $ 100 million statutory threshold in UMRA. The bill contains no intergovernmental mandates as defined in UMRA, and would not affect the budgets of state, local, or tribal governments.

The CBO staff contacts for this estimate are Kathleen Gramp (for federal costs), who can be reached at 226-2860, and Matthew Eyles (for the private-sector impact), who can be reached at 226-2649. This estimate was approved by Robert A. Sunshine, Assistant Deputy Director for budget Analysis.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to Rule XI, clause 2(1)(4) of the Rules of the House of Representatives, the Committee finds the authority for this legislation in Article I, clause 8, section 8 of the Constitution.

SECTION-BY-SECTION ANALYSIS

*Section 1. Title.*

Section 1 creates the short title of the bill, the "Vessel Hull Design Protection Act of 1997."

*Section 2. Addition of Chapter 12 to Title 17 of the U.S. Code.*

*Designs Protected; Definitions (New Section 1201).* Subsection (a)(1) states that the "... designer or other owner of an original design of a seful article which makes the article more attractive or distinctive in appearance to the purchasing or using public may (receive protection under the bill)." A "useful article" is defined as a "... vessel hull ..., including a plug or mold ...."

**[16]**

Subsection (a)(2) specifies that "... the design of a vessel hull ..., including a plug or mold, is subject to protection notwithstanding (the general utility exclusion set forth in Section 1202(4)). In other words, it is the intent of the Committee that original designs of vessel hulls will be subject to protection whether those designs are a function of creative endeavor or utility.

Subsection (b)(1) specifies that a design is "... 'original' if it is the result of the designers 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."

Finally, since the problems of the marine manufacturing industry giving rise to the legislation are directly related to hull splashing, it is the intent of the Committee that this activity is proscribed by the bill.

*Designs not Subject to Protection (New Section 1202).* Section 1202 enumerates five descriptive elements, any one of which will disqualify a design from protection under (new) Chapter 12. This includes any design which 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 the second listed element only in insignificant details or in attributes 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 one year before the date of application for registration under Chapter 12.

*Revisions, Adaptions, and Rearrangements (New Section 1203).* This section protects a design that is a "... substantial revision, adaptation, or rearrangement of ... subject matter (that is excluded from protection under Section 1202)." Even so, the excluded subject matter itself does not receive any additional protection under the Chapter.

*Commencement of Protection (New Section 1204).* Design protection under Chapter 12 begins the earlier of the date or publication (Section 1213(a)) or the date the design is first made public (Section 1210(b)).

*Term of Protection (New Section 1205).* Term for an appropriate vessel hull design is 10 years, with a term running to the end of the calendar year in which it would otherwise expire.

*Design Notice (New Section 1206).* This section requires the owner of a protected design to mark it with a design notice consisting of the words "Protected Design" (or a prescribed abbreviation thereof), the year on which protection commenced, and the name of the owner (or a prescribed abbreviation thereof). The registration number (see Section 1214), once acquired, is an appropriate substitute for the last two requirements.

**[17]**

*Effect of Omission of Notice (New Section 1207).* In general, failure to supply notice pursuant to Section 1206 will not cause loss of protection or prevent recovery for infringement against any person who, "... after receiving written notice of the design protection, begins an undertaking leading to infringement ...."

Moreover, the owner of a protected design who has not complied with the notice requirements of Section 1206 may still bring an action against an infringer even if the latter has not received written notice prior to his or her undertaking. Under these circumstances, the owner may not obtain an injunction with respect to the infringing activity until he or she has reimbursed the infringer for reasonable expenses incurred before receiving written notice of protection. The burden of providing written notice is on the owner.

*Exclusive Rights (New Section 1208).* The owner of a protected design for a vessel hull has the exclusive right to make, have made, or import, for sale or for use in trade, any vessel hull embodying the design. The owner may also sell or distribute for sale or for use in trade any vessel hull embodying the design.

*Infringement (New Section 1209).* In general, infringement occurs when a third party other than the owner of the protected design performs any of the activities set forth in Section 1208.

Pursuant to Subsections (b) (1) and (2), a seller or distributor will only be held liable if he or she colluded with a manufacturer or an importer to infringe; or if he or she refused or failed, upon the owners request, to disclose promptly and fully the source of the infringing product, and then proceeded to order or reorder infringing product after receiving written notice of protection.

It is not an act of infringement for a person to make, have made, import, sell, or distribute any article embodying a design that was created without knowledge that it was copied from a protected design.

Similarly, a person who incorporates into his or her product of manufacture an infringing article acquired from a third party in the ordinary course of business; or who, without knowledge of protection, makes or processes an

infringing article for the use of another shall not be deemed to have infringed *except* under a condition set forth in Subsections (b) (1) or (2), *id.*

Paragraph (e) defines an "infringing article" as "... any article, the design of which has been copied from a design protected under ... [C]hapter 12], without the consent of the owner ... Illustrations or pictures of a protected design in a book, newspaper, magazine, broadcast, motion picture, or "similar medium" do *not* constitute infringing articles. Further, a design that "... is original and not substantially similar in appearance to a protected design" will be deemed *not* to have been copied from a protected design.

Paragraph (f) places the burden on that party asserting a right of protection in an infringement action to establish the originality of his or her design whenever the other party introduces an earlier work that is identical or highly similar to the design, thereby suggesting that the design was copied from the work.

Paragraph (g) permits a third party "... to reproduce the design in a vessel hull or other form for the purpose of teaching, analyzing, or evaluating the appearance, concepts, or techniques embodied in the design ...."

**[18]**

Finally, it is the intent of the Committee that the knowledge requirements set forth in Section 1209 may be satisfied by actual or constructive knowledge. Registration of a design should suffice to establish this level of knowledge. A design notice that conforms to the requirements of Section 1206 should also suffice to establish this level of knowledge, or at least raise a presumption of actual knowledge.

*Application for Registration (New Section 1210).* Section 1210 states that protection is lost if the application for design registration is not made within one year after the date the design is first made "public" (meaning, when a vessel hull embodying the design is publicly exhibited, displayed, or offered by sale with the owners consent).

Paragraph (d) of this Section prescribes relevant information that must appear on the application form, and notes that it may include "... a description setting forth the salient features of the design...." Failure to include a description, however, shall not preclude registration from occurring.

Paragraph (e) requires the owner to submit a sworn statement along with the application attesting, *inter alia,* to the originality of the design and the identity of the designer(s). Good faith errors contained in the statement will not render it defective.

*Benefit of Earlier Filing Date in a Foreign Country (New Section 1211).* A person who registers for design protection in a foreign country that extends design protection (similar to that contained in *Chapter 12*) to U.S. citizens shall receive the benefit of the earlier filing date when applying for registration in the United States.

*Oaths and Acknowledgments (New Section 1212).* This section establishes the miscellaneous terms by which any oaths required under the Act may be delivered, including by a written declaration.

*Issue or Refusal of Application for Registration (New Section 1213).* Section 1213 sets forth the process by which the "Administrator" in charge of registration (*see* Section 1231) examines an application, registers a design, refuses to register one, and reconsiders a rejected application.

Of special note is that language in Paragraph (a) which directs the Administrator to determine whether or not an application "... relates to a design which on its face appears to be subject to protection ...," and if so, to register the design. It is the intent of the Committee that this directive does not oblige the Administrator to compare the design with registered and other known designs.

*Certification of Registration (New Section 1214).* Section 1214 lists the duties of the Administrator when recording a registration certificate, as well as the contents of the certificate.

*Publication of Announcements and Indexes (New Section 1215).* Section 1215 confers upon the Administrator the authority to publish lists and indexes of registered as well as canceled designs, along with drawings or other pictorial representations of registered designs for sale or distribution. Such drawings and pictorial representations shall be filed and available for public use. Online publication is permitted under this Section.

*Fees (New Section 1216).* The Administrator, by regulation, shall set reasonable fees for the filing of applications and other administrative services under Chapter 12.

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*Regulations (New Section 1217).* This Section authorizes the Administrator to establish regulations for the administration of Chapter 12.

*Copies of Records (New Section 1218).* Section 1218 enables anyone, upon payment of a prescribed fee, to obtain certified copies of official records kept by the Administrator.

*Correction of Errors in Certificates (New Section 1219).* This section empowers the Administrator to correct errors in registration made by the Copyright Office or by the applicant (if the error is clerical in nature and made in good faith).

*Ownership and Transfer (New Section 1220).* Property rights in a design registered with the Copyright Office shall vest in the designer, his or her legal representative, the employer of the designer (if the design was created within the regular scope of the designers employment), or a person to whom the rights of the designer or the employer have been transferred.

The rights may be assigned, granted, conveyed, mortgaged, or bequeathed. With the exception of a bequest, any such transfer shall be void as against any subsequent purchaser or mortgagee for valuable consideration, unless it is recorded by the Administrator within three months after its date of execution or before the date of such subsequent purchase or mortgage.

*Remedy for Infringement (New Section 1221).* The owner of a design may seek judicial review of a final refusal by the Administrator to register the design by bringing a civil action. Parties to a registration dispute may determine it by arbitration.

*Injunctions (New Section 1222).* Any court having jurisdiction over actions under Chapter 12 may grant injunctive relief. At the same time, a seller or distributor who suffers damage as a result of injunctive relief wrongfully granted may bring a cause of action against the applicant for injunctive relief, and may be awarded reasonable damages.

*Recovery for Infringement (New Section 1223).* A court of jurisdiction may award adequate compensatory damages to a claimant in an infringement action. 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."

As an alternative to compensatory damages, the court may award the claimant the infringers profits resulting from the sale of infringing copies "... if the court finds that the ...sales are reasonably related to the use of the claimants design."

Attorneys fees may also be awarded, and a court may order any infringing articles destroyed.

No recovery may be had for an infringement committed more than three years before the date on which the complaint is filed.

*Power of Court Over Registration (New Section 1224).* This section empowers a court with jurisdiction to order registration or cancellation of a design.

*Liability for Action on Registration Fraudulently Obtained (New Section 1225).* Any person who brings an infringement action knowing that registration was obtained by false or fraudulent representation materially affecting Chapter 12 rights shall be liable for $ 10,000 or less as a court of jurisdiction may determine, and shall



be awarded to the defendant as compensation, along with costs and attorneys fees.

*Penalty for False Marketing (New Section 1226).* Any person who, for the purpose of deceiving the public, uses notice (Section 1206) for a design not registered under Chapter 12 shall pay a civil fine of not more than $ 500 for each offense.

Any person may sue for and receive one-half of the fine assessed; the remainder shall be awarded to the United States.

*Penalty for False Representation (New Section 1227).* Any person who knowingly makes a false representation materially affecting Chapter 12 rights for the purpose of obtaining registration shall pay a penalty of not less than $ 500 but not more than $ 1,000, and shall forfeit any rights or privileges he or she may otherwise have in the relevant design.

*Enforcement by Treasury and Postal Service (New Section 1228).* The Secretary of the Treasury and the U.S. Postal Service shall separately or jointly issue regulation for the enforcement of Section 1208 rights with respect to importation. Prescribed actions leading to the exclusion of imported articles are established. Any article imported in violation of Section 1208 rights are subject to seizure and forfeiture under the customs laws.

*Relation to Design Patent and Copyright Law (New Section 1229).* The issuance of a design patent for an article of manufacture or a copyright registration for an original design shall terminate any protection of the original design under Chapter 12.

*Common Law and Other Rights Unaffected (New Section 1230).* Nothing in Chapter 12 annuls or limits common law or other rights or remedies available to a person for a design not registered, or any rights under trademark or unfair competition statutes.

*Administrator (New Section 1231).* The "Administrator" and "Office of the Administrator" referred to in Chapter 12 are the Register of Copyrights and the U.S. Copyright Office, respectively.

It is the intent of the Committee that the Administrator will possess wide discretion to perform his or her duties under by the bill in a cost-efficient manner, including the right to publish registrations exclusively online.

*No Retroactive Effect (New Section 1232).* Protection under Chapter 12 is unavailable for any design not made public pursuant to Section 1209 before the effective date set forth in Section Four.

*Section 3: Conforming Amendments.*

This section makes appropriate conforming amendments to the U.S. Code.

*Section 4: Effective Date.*

The amendments set forth in Sections Two and Three of the bill shall take effect one year after the date of enactment. H.L.C.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italics and existing law in which no change is proposed is shown in roman):

**[21]**

**TITLE 17, UNITED STATES CODE**

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***§ 1201. Designs protected***

*(a) DESIGNS PROTECTED. --*

*(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 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 designers 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.*

*(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;*

*(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 registra-*

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*tion 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 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 "Protd 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 approved and 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 vessel hull 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.*

***§ 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.*

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*(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.*

***§ 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 vessel hull 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 order to purchase a vessel hull 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 persons source of such vessel hull, and that person orders or reorders such article after having 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 persons 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 ac-*



*count 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 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 designs 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 application 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 owners 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 applicants duly authorized agent or representative, setting forth, to the best of the applicants 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 applicants 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 described 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 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 designers 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 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 ap-*

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*plications 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--*

*(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, 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*

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*register the design or send to the applicant a notice of final refusal to register.*

*(c) APPLICATION TO CANCEL REGISTRATION. --Any person who believes he or she is or will be damaged by a registration under this chapter may, upon payment of the prescribed fee, apply to the Administrator at any time to cancel the registration on the ground that the design is not subject to protection under this chapter, stating the reasons for the request. Upon receipt of an application for cancellation, the Administrator shall send to the owner of the design, as shown in the records of the Office of the Administrator, a notice of the application, and the owner shall have a period of 3 months after the date on which such notice is mailed in which to present arguments to the Administrator for support of the validity of the registration. It shall also be within the authority of the Administrator to establish, by regulation, conditions under which the opposing parties may appear and be heard in support of their arguments. If, after the periods provided for the presentation of arguments have expired, the Administrator determines that the applicant for cancellation has established that the design is not subject to protection under this chapter, the Administrator shall order the registration stricken from the record. Cancellation under this subsection shall be announced by publication, and notice of the Administrators final determination with respect to any application for cancellation 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 registered 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 thereafter 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 designers 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 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 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 Administrators 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 Registers 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).*

***§ 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 attorneys 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*

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*$ 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.*

*(b) INFRINGERS PROFITS.-- As an alternative to the remedies provided in subsection (a), the court may award the claimant the infringers profits resulting from the sale of the copies if the court finds that the infringers sales are reasonably related to the use of the claimants design. In such a case, the claimant shall be required to prove only the amount of the infringers sales and the infringer shall be required to prove its expenses against such sales.*

*(c) STATUTE OF LIMITATIONS.-- No recovery under subsection (a) or (b) shall be had for any infringement committed more than 3 years before the date on which the complaint is filed.*

*(d) ATTORNEYS FEES.-- In an action for infringement under this chapter, the court may award reasonable attorneys fees to the prevailing party.*

*(e) DISPOSITION OF INFRINGING AND OTHER ARTICLES. --The court may order that all infringing articles, and any plates, molds, patterns, models, or other means specifically adapted for making the articles, be delivered up for destruction or other disposition as the court may direct.*

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

*In any action involving the protection of a design under this chapter, the court, when appropriate, may order registration of a design under this chapter or the cancellation of such a registration. Any such order shall be certified 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 attorneys 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 suing and the remainder shall be awarded to the United States.*

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***§ 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 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--*

*(1) common law or other rights or remedies, if any, available to or held by any person with respect to a design which has not been registered under this chapter; or*

*(2) any right under the trademark laws or any right protected against unfair competition.*

***§ 1231. Administrator***

*The Administrator and Office of the Administrator referred to in this chapter shall be the Register of Copyrights and the Copyrights Office of the Library of Congress, respectively.*

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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 1209(b) before the effective date of this chapter.*

**TITLE 28, UNITED STATES CODE**

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**PART IV--JURISDICTION AND VENUE**

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**CHAPTER 85--DISTRICT COURTS; JURISDICTION**

Sec.

1330. Actions against foreign states.

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1338. Patents, plant variety protection, copyrights, mask works, *designs*, trade-marks, and unfair competition.

* * * * *

**§ 1338. Patents, plant variety protection, copyrights, mask works,**, ***designs***, **trade-marks, and unfair competition**

(a) * * *

* * * * *

(c) Subsections (a) and (b) apply to exclusive rights in mask works under chapter 9 of title 17, *and to exclusive rights in designs under chapter 12 of title 17*, to the same extent as such subsections apply to copyrights.

* * * * *

§ ***1400. Patents and copyrights***

(a) Civil actions, suits, or proceedings arising under any Act of Congress relating to copyrights in mask works *or designs* may be instituted in the district in which the defendant or his agent resides or may be found.

* * * * *

§ ***1498. Patent and copyrights cases***

(a) * * *

* * * * *

(e) Subsections (b) and (c) of this section apply to exclusive rights in mask words under chapter 9 of title 17, *and to exclusive rights in designs under chapter 12 of title 17*, to the same extent as such subsections apply to copyrights.

* * * * *