



ANNOUNCEMENT

from the Copyright Office, Library of Congress, Washington, D.C. 20559

NOTICE OF INQUIRY AND OF PUBLIC HEARING

IMPLEMENTATION OF THE SEMICONDUCTOR CHIP PROTECTION ACT OF 1984: INQUIRY AND OF PUBLIC HEARING

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LIBRARY OF CONGRESS

Copyright Office

37 CFR Ch. II

[RM 84-6]

Implementation of the Semiconductor Chip Protection Act of 1984; Inquiry and of Public Hearing

AGENCY: Library of Congress, Copyright Office.

ACTION: Notice of inquiry and of public hearing.

SUMMARY: This notice of inquiry and of a public hearing is issued to advise the public that the Copyright Office of the Library of Congress will institute a rulemaking proceeding to implement certain provisions of the Semiconductor Chip Protection Act of 1984, provided that the bill is enacted before the 98th Congress adjourns. Different bills (S. 1201 and H.R. 5525) have passed the Senate and the House of Representatives. By this notice, the Copyright Office invites public comment, views and information to assist it in the preparation of regulations on specific issues such as the nature of identifying material to be deposited in connection with an application for registration of a claim to protection in a mask work and recommended methods for affixation and positions of mask work notice.

Since the time available to complete a regulatory proceeding on the registration of mask works in the Copyright Office and other related matters is limited in

the pending bills, the comment period set in this notice is accordingly short.

DATES: The hearing will be held on October 18, 1984 in Washington, D.C. Anyone desiring to testify should submit a request by letter or telephone no later than October 16, 1984. To assist the Copyright Office in scheduling witnesses, we urge the public scrupulously to observe the date for requesting time to testify, even if written statements are submitted later. Ten copies of written statements should be received by the Copyright Office by 4:00 p.m., October 16, 1984, if at all possible. In any case, persons who testify should file written statements no later than October 31, 1984. Interested persons who do not wish to testify should submit ten copies of written statements by October 31, 1984.

ADDRESSES: Hearing location: The hearing will be held on October 18, 1984 in the Dining Room, A, LM-620 of the James Madison Memorial Building of the Library of Congress, First and Independence Ave., SE., Washington, D.C., beginning at 9:30 a.m.

Written requests to present testimony and ten copies of written statements, supplementary statements, or comments, should be submitted as follows: If sent by mail, address to: Library of Congress, Department: D.S., Washington, D.C. 20540.

If delivered by hand, copies should be brought to: Office of General Counsel, James Madison Memorial Building, Room 407, First and Independence Avenue, SE., Washington, D.C.

FOR FURTHER INFORMATION CONTACT: Dorothy Schrader, General Counsel, U.S.

Copyright Office, Library of Congress, Washington, D.C. 20559, (202) 287-8380.

SUPPLEMENTARY INFORMATION: At the time this notice was prepared for publication, the Senate and the House of Representatives had passed two different bills (S. 1201 and H.R. 5525) to afford protection for "mask works" (defined as a "series of related images" in the Senate bill and "2-dimensional and 3-dimensional features of shape, pattern, and configuration" in the House bill). The Senate bill would amend the Copyright Act of 1976, title 17 of the United States Code, Chapters 1-8 by adding "mask works" as a new category of copyrightable subject matter, and make other consequential amendments. The House bill would create a new, sui generis form of protection for "mask works," independent of and apart from the Copyright Act, based on an amalgam of intellectual property law principles, but predicated more on copyright-type principles than any other single field of intellectual property. Both bills have many features in common, and have the common objective of affording protection against unauthorized reproduction and distribution of the intellectual work represented by the creation of semiconductor chip products. H.R. 5525 if enacted would be codified as chapter 9 of title 17 U.S.C.

Given the importance of the legislation and the absence of any known opposition to the principle of protection for "mask works," it appears likely that a bill will be enacted into law before the 98th Congress adjourns. The Register of Copyrights is designated as the administrator of the law in both bills. Since the Copyright Office will

probably have only a short period of time after enactment to begin administration of the new law, the Office has decided to request written comment by October 31, 1984 and to hold a public hearing in Washington, D.C. on October 15, 1984. The purpose of this notice is to solicit public comment with respect to administration of the contemplated law, especially with respect to forms, regulations governing registration, deposit, notice, fees, and similar matters. The administrative provisions of both bills are similar, but the House version (H.R. 5525) requires additional rulemaking by the Office. The public is invited to comment on either bill's administrative provisions; for the sake of simplicity, the background information that follows focuses upon the specific provisions of the House bill.

Section 902 of the proposed Semiconductor Chip Protection Act of 1984¹ provides generally that mask works that are original and are neither staple, commonplace, nor familiar in the semiconductor industry, nor variations thereof that are combined in an unoriginal way, are eligible for protection under new chapter 9 of title 17 of the United States Code. As a condition of protection, however, section 908(a) stipulates that protection of a mask work under chapter 9 terminates "if application for registration of a claim of protection in the mask work is not made * * * within two years after the date on which the mask work is first commercially² exploited." In accordance with section 905 and the other provisions of proposed chapter 9, the owner of a mask work enjoys the exclusive rights to do and to authorize any of the following:

(1) To reproduce the mask work by optical, electronic or any other means;

(2) To import or distribute a semiconductor chip product in which the mask work is embodied; and

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

The owner of exclusive rights in a mask work for which registration has been made under section 908, or for which an application for registration has been or is eligible to be filed, may transfer the rights in whole or in part. Where there are conflicting transfers of exclusive rights, section 903(c) provides that "the transfer first executed shall be void as against a subsequent transfer which is made for a valuable consideration and without notice of the first transfer, unless the first transfer is recorded in the Copyright Office within three months after the date on which it

is executed, but in no case later than the day before the date of such subsequent transfer."

Another aspect of the protection of mask works under chapter 9, is the provision in section 909 for a mask work notice. Unlike the copyright notice required pursuant to chapter 4 of title 17 of the United States Code, the affixation of the mask work notice, as set forth in section 909(b), is optional.

With respect to registration of claims of protection of mask works, the recordation of transfers of exclusive rights, and recommended methods of affixation and positions of the mask work notice, the Register of Copyrights is responsible for adopting regulations to assist owners and users of mask works in carrying out the intent of Congress to extend protection to this new form of creative work. Although specific grants of regulatory authority are made in connection with issues such as the mask work notice, there is a general reference in section 908(b) to the provisions of chapter 7 of title 17 relating to the regulatory authority of the Register. Under section 702 of title 17 U.S.C., the Register of Copyrights is authorized "to establish regulations not inconsistent with law for the administration of the functions and duties made the responsibility of the Register under this title." It also provides that "[a]ll regulations established by the Register under this title are subject to the approval of the Librarian of Congress."⁵

This notice of inquiry is made in order to assist the Register in drafting regulations for the implementation of the proposed Semiconductor Chip Protection Act of 1984. The issues addressed in this notice are of specific concern to the Copyright Office in instituting a rulemaking proceeding; and the Office invites public comment, views and information on the subjects noted below. There may be additional matters in connection with the proposed Semiconductor Chip Protection Act not listed below that a member of the public would like to bring to the attention of the Copyright Office. Public comment is invited on the following issues as well as any other issues that may be of assistance to the Office in implementing any new law to protect mask works. Depending upon the date of enactment and the delay allowed to prepare for implementation in relation to the deadlines established for public comment, the Office may not be able fully to consider public comments before printing registration forms and adopting interim administrative practices. Any

comments received will be given full consideration in subsequent reviews of Office forms, practices and procedures.

Public Comment Invited on the Following Issues

1. *Registration form.* Section 908(c) of chapter 9 requires that an application for registration of a mask work in the Copyright Office be made on a form prescribed by the Register of Copyrights and include "any information regarded by the Register of Copyrights as bearing upon the preparation or identification of the work, the existence or duration of protection, or ownership of the work."

The Register has long experience in preparing forms for registration of claims in works subject to copyright. Generally, the information required of an applicant on such forms has been limited. In view of the unique character of mask works, however, it is not clear whether a more detailed registration record would be beneficial to the public. While the Office fully understands that originality rather than priority of creation entitles claimants to protection, it is the act of registration that establishes legal protection. Moreover, since virtually all "mask works" may be based knowingly on earlier mask work design components and since earlier designs may be well-known in the semiconductor chip industry, it may be useful and in public interest for the Office to require an applicant to describe with some specificity the nature and scope of the mask work for which registration of a claim is sought. Where a prior work has been substantially reproduced in a second mask work, should there be a clear indication in an application form of the portions reproduced and the new material added?

2. *Filing fee for registration and fees for other services.* The Register of Copyrights is authorized pursuant to section 908(d) to "set reasonable fees for the filing of applications to register claims to protection in mask works under this chapter [chapter 9], and for other services relating to the administration of this chapter or rights under this chapter, taking into consideration the cost of providing those services, the benefits of a public record, and statutory fee schedules under this title [title 17 U.S.C.]."

With the exception of the fee for filing of an application for registration, the Register is inclined to prescribe, by regulation, that the fees for copyright services established under section 708 of title 17, apply, where appropriate, to services rendered by the Copyright Office under chapter 9. For the filing of

¹Any reference to sections are to H.R. 5525.

²Error; line should read: "D.C. on October 13, 1984. The purpose of"

³Error; line should read: "mask work is first commercially"

⁴Error; line should read: "is executed, but in no case later than the"

⁵Error; line should read: "relating to the regulatory authority of the"

⁶Error; line should read: "Librarian of Congress."

⁷Error; line should read: "claims of protection in mask works"

an application for registration, however, the Office believes a slightly higher fee is required. Current thinking is to set the filing fee at twenty dollars (\$20). The copyright registration fee of ten dollars (\$10) allows the Office to recover less than 30% of the processing costs for copyright claims. Pursuant to the proposed new authority under chapter 9, the fee should allow recovery of a much higher percentage of costs, but less than full recovery of costs.

3. *Application for registration.* Section 903(a) provides that the exclusive rights in a protected mask work vest in the owner of the mask work; and "owner" of a mask work is defined in section 901 as "the author of the mask work, the legal representatives of a deceased author or of an author under a legal incapacity, the employer of an author who created the mask work for the employer in the case of a work made within the scope of the author's employment, or a person to whom the rights of the author or of such employer are transferred * * *"

In light of the above provisions, the Copyright Office intends, at this point, to allow only the initial owner of all of the exclusive rights in a mask work, or a person who has obtained ownership of all rights in the work initially belonging to such owner, to be identified in an application as the "claimant" for purposes of registration. Unlike the requirements for registration of copyright claims, an application would not be accepted from an "author" who was not also an "owner" of a mask work, or from one who claims to own less than all exclusive rights. Transfers of less than all rights could, however, be recorded.

As a general rule, the Copyright Office plans to accept only one application for registration for the same version of a particular mask work. The Office invites comments as to whether and under the circumstances an owner of a mask work should be allowed to register an intermediate form of a semiconductor chip product, beyond the "technical drawing" stage (where application under the Copyright Act might be possible). If applications are allowed in such cases, the Office tentatively believes it must require a clear statement in subsequent application forms that an earlier registration has been made for particular version of a mask work fixed in specific layers of a semiconductor chip product. This provision appears necessary since, under section 904(a), protection for a mask work begins on the date of registration or first commercial exploitation. If multiple applications are allowed, different parts of a semiconductor chip product could be protected for varying periods. Should the Office encourage or discourage this development? Are there any safeguards or conditions that should be applied to protect the public interest, other than

clear disclosure of the basis of the claim? What statements or descriptions of the basis of claiming are appropriate for mask works?

Under H.R. 5525, note that once a mask work fixed in a semiconductor chip product has been commercially exploited an application may be submitted only for that version and not an earlier intermediate form of the product.

4. *Deposit copy and identifying material.* One of the more difficult issues under consideration by the Copyright Office is the type of deposit to require for registration of a claim of protection in a mask work. Section 908(d) of the Act requires that the Register "specify the identifying material to be deposited in connection with the claim for registration." Although not directly applicable to the issue of deposit for registration, a statement in the report of the Senate Committee on the Judiciary to accompany S. 1201, S. Rep. No. 98-425, 98th Cong., 2d Sess. 19 (1984), provides some guidance. The Senate Committee clearly noted that "deposit of chips in the Library of Congress would serve no useful purpose." The Copyright Office concurs in this view.

The question remains, however, what material should be required for deposit purposes that would clearly identify the mask work for which protection is claimed. Public comment, views and information on this issue would be most helpful. Perhaps earlier "drawings" on mylar sheets, if available, would sufficiently identify a mask work produced from the drawings for purposes of registration in the Copyright Office, or should more detailed representations be required?

In the case of semiconductor chip products, would it be practical to allow an applicant to deposit the required identifying material in some machine-readable form such as a magnetic tape, perhaps in combination with mylar sheets? If this type of deposit were permitted, the semiconductor industry may be asked to furnish, or at least advise the Office on the acquisition and operation of equipment needed to effectively process the deposited material. Any additional costs involved would also have to be taken into account in determining the filing fee for registration. The Office hopes to work closely with representatives of the semiconductor industry in establishing deposit procedures that will provide an adequate public record, while not placing an undue burden on owners of mask works.

5. *Mask work notice.* A regulation on recommended methods of affixation and placement of a mask work notice relates directly to the forms in which the owner of a mask work anticipates the work will be commercially exploited.

The over-all standard set in § 201.20(c)(1) of 37 CFR with respect to the manner of affixation and position of the copyright notice may also be applied in the mask work notice. Section 201.20(c)(1) provides generally that "the acceptability of a notice depends upon its being permanently legible to an ordinary user of the work under normal conditions of use, and affixed to the copies in such manner and position that, when affixed, it is not concealed from view upon reasonable examination." In applying this standard to mask works, the acceptability of a notice would vary depending on the nature of the material object in which the work was fixed. For example, where the coordinates of a mask work are reproduced in a magnetic tape or disc, the mask work notice should be embodied in the mask work fixed in the tape or disc in such a form that it would be reasonably visible to a user "under normal conditions of use," or permanently affixed to the housing or container. The Copyright Office is particularly interested in receiving comments concerning the affixation and placement of a mask work notice in connection with this and other forms in which a mask work may be reproduced.

In the usual case, a mask work will be fixed in a semiconductor chip product. For such works, reasonable notice would depend on the location of the chip product in normal use. Where a chip product is normally concealed in use, would affixation of a mask work notice on the permanent housing or container for the mask work constitute reasonable notice of protection?

6. *Publication of registrations made in the Copyright Office.* A final determination of the type of publication that should be made of registrations of claims of protection of mask works must await a decision on the nature of the identifying material required for deposit. As a preliminary matter, however, the Office asks whether a complete record of a registration, including any forms and material deposited in the Copyright Office, should be made available to the public, in advance of specific requests. Although a publication along the lines of the *Official Gazette* of the U.S. Patent and Trademark Office may not be appropriate or useful, perhaps something more than the current *Catalog of Copyright Entries* would provide a useful service to the public. If the Copyright Office decides to require a detailed description of the nature and scope of a mask work claim in an application for registration, perhaps this and other information relevant to a particular work could be made readily available to the public on a semiannual basis in a machine-readable form. Comment is invited.

(17 U.S.C. 702)

List of Subjects in 37 CFR Ch. II

Mask works, Semiconductor chips.

Dated: October 1, 1984.

David Ladd,

Register of Copyrights.

Approved by.

Donald C. Curran,

Associate Librarian of Congress.

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