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

PROPOSED REGULATION

MASK WORK PROTECTION; REGISTRATION OF CLAIMS OF PROTECTION IN MASK WORKS

The following excerpt is taken from Volume 54, Number 24 of the Federal Register for Tuesday, February 7, 1989 (pp. 5942-5944)

The purpose of the policy was to discourage applicants from fractionalizing their mask work contributions into smaller portions. The commentary preceding the interim regulation cited a number of reasons for this policy. In cases where claims were asserted on the basis of small portions of mask works fixed in semiconductor chip products, it would be difficult to develop and apply standards of originality. The practice of registering multiple claims in small portions of mask works might discourage legitimate reverse engineering under section 908 of the Act. A problem in calculating the duration of protection might also arise if several portions of a final product were registered separately at different times because duration for unexploited mask works begins upon registration. Finally, multiple registrations could lead to compounding of statutory damages in a way not contemplated by Congress.

In comments on the interim regulation, industry spokesmen attacked the prohibition against registering an intermediate form where a final form was in existence. They also attacked the twenty percent rule as an arbitrary standard which was without support under the Act.

At the heart of the argument was the industry view that applicants should have discretion to subdivide their mask work contribution. That it would be easier to prove substantial similarity in litigation was cited as the primary reason an applicant would choose to follow such a course.

The Copyright Office concluded that the basic policy of the interim regulation in favor of one registration per work was a sound policy. In implementing the
policy, however, the final regulation adopted a number of changes. The
language of § 211.4(e) was recast to require applicants to register mask work
contributions in their most complete form. The 20 percent rule as an
absolute bar to registration was eliminated. However, in cases where an
applicant sought registration of a contribution of less than 20 percent of
the intended final form, a full disclosure deposit was required.

The primary reason for the policy adopted in the final regulation was the
belief of the Copyright Office that reference to “intermediate forms” in the
Act was intended to have a limited purpose. According to testimony in the
Congressional hearings on the Act, lengthy testing of semiconductor chip
products often took place before a final product became commercially available.
In the interim, a semiconductor chip producer might need protection before the
product was completed in its final form. In order to address this problem,
Congress included the reference to “intermediate forms” in the Act. This
consideration, however, in no way justified making multiple registrations of
completed semiconductor chip products.

The Copyright Office rejected the assertion that multiple registrations of
final semiconductor chip products were necessary, in order to prevent judges
from misinterpreting the Act. On the contrary, far greater confusion would
likely arise from permitting multiple registrations of completed
semiconductor chip products. If discretionary subdivision of claims were
permitted, each manufacturer would be tempted to divide his mask works into
as small a portion as possible in order to maximize his level of protection.
Moreover, under the interim deposit regulation, applicants were not required
to disclose fully the content of their mask work contribution due to trade
secret concerns. It appeared clear from the comment letters received that claims
in very small portions of semiconductor chip products would be advanced.
Therefore, without policies discouraging discretionary subdivision of claims,
adjudicating protection in only one semiconductor chip product would
require judges to take into account multiple registrations based on deposits
which were calculated to obscure the nature of the claim. The registration and
the public record would be of minimal assistance to the court, if helpful at all.

A related issue concerned the registration of gate arrays. In general,
unpersonalized gate arrays contain an array of unconnected cells which can be
customized to create a variety of semiconductor chip products.

Customizing is accomplished by adding metallization layers to the
unpersonalized gate array to complete the electrical circuitry.

Commentators on the interim regulations asserted that the registrations
prevented the registration of unpersonalized gate arrays. In its
commentary on the final regulations, the Copyright Office disputed this assertion
by pointing out that under the regulations registration was possible for
both the unpersonalized gate arrays as an intermediate form (or where that was
the extent of the owner’s right to claim) and the custom metallization layers, and
this policy was continued under the final regulations. However, once a
customized product was produced by adding metallization layers, only registration
based on the most complete form would be possible.1

The Copyright Office believes the general policies adopted in the final
regulations have worked well. While disagreements over the necessity of the
most complete form regulations lay exist, applicants seemed to have
experienced few problems in complying with the policy. No case litigating any
aspect of the Semiconductor Chip Protection Act has been argued in
federal court.

Despite the general appropriateness of the most complete form regulation, it has come to the attention of the Copyright
Office that there may be one instance in which a hardship is raised. The hardship concerns the different registration
treatment of unpersonalized gate arrays according to whether the owner is a merchant manufacturer or a captive
manufacturer.

So-called merchant manufacturers are companies that license unpersonalized
gate arrays to others who customize the chips into finished products by adding
the customized metallization layers. In the typical circumstances, the merchant
manufacturer will own the mask work contribution in the unpersonalized gate
array, and the company manufacturing the final product will own the rights in
the customized metallization layers. As a result, two separate registrations may
be made covering each owner’s mask work contribution.

The so-called captive manufacturer owns both the gate array and the
metallization layers. Typically, captive manufacturers are large manufacturers
of computer products. Once a captive manufacturer has produced any final
product by adding the metallization layers, the company loses the right to
register separately the unpersonalized gate array and the metallization layers.
A captive manufacturer can avoid this result by registering the
unpersonalized gate array before any metallization layers have been added.
As a practical matter, captive

manufacturers have not adopted such a
practice, apparently because it is
thought to be too disruptive to the
manufacturing process.

Captive manufacturers have complained to the Copyright Office that
the most complete form regulation puts them at a competitive disadvantage in
protecting their unpersonalized gate arrays. They theorize that it would be
more difficult for them to prove substantial similarity against an
infringer of the gate array because their registration covers both the array
and the metallization layers. Merchant manufacturers, on the other hand, have
registrations typically covering only the gate array.

It is reasonable that captive

manufacturers be accorded the same protection in their unpersonalized
gate arrays as merchant manufacturers.

Whether a competitive disadvantage would arise is impossible to evaluate in
the absence of cases. The Copyright Office believes it is unlikely that serious
competitive disadvantage would arise. Nevertheless, the Copyright Office
concedes that there is uncertainty on the issue. In order to put all manufacturers of
gate arrays on equal footing, the Copyright Office proposes a limited
exception to the most complete form requirement allowing separate
registration of unpersonalized gate arrays and custom metallization layers.

The exception has purposely been
drawn narrowly to accomplish the
limited purpose of extending to captive
manufacturers of gate arrays the same
treatment as merchant manufacturers.

Essentially, the exception allows the captive manufacturers two registrations:
one in the entire unpersonalized gate
array and one in the custom
metallization layers. Applicants seeking
to invoke the exception are required to
make the nature of their claim clear at
line 8 of Form MW. With respect to the
Regulatory Flexibility Act, the Copyright
Office takes the position that this Act
does not apply to Copyright Office
rulemaking. The Copyright Office is a
department of the Library of Congress
and is part of the legislative branch.

Neither the Library of Congress nor the
Copyright Office is an “agency” within
the meaning of the Administrative
Procedure Act of June 11, 1946, as
amended [Title 3, Chapter 5 of the U.S.
Code, Subchapter II and Chapter 7]. The
Regulatory Flexibility Act consequently
does not apply by the Copyright Office
since that Act affects only those entities
of the Federal Government that are
gencies as defined in the
 Administrative Procedure Act.8

1 The requirement of one registration assumes that the owner of the unpersonalized gate array and
the metallization layers is the same. If the owner of the
gate array is different from the owner of the
metallization layers, then each owner is entitled to
register his mask work contribution.

2 The Copyright Office was not subject to the
Administrative Procedure Act before 1978, and it is no
now subject only to those limitations imposed by section
701(d) of the Copyright Act (i.e., “all actions taken
by the Register of Copyrights under this title” [17],
except with respect to the making of copies of
copyright deposit) [17 U.S.C. 701(d)]. The
Copyright Act does not make the Office an “agency
as defined in the Administrative Procedure Act. For
example, persons acting for the Office are not
subject to APA FOIA requirements.
List of Subjects in 37 CFR Part 211

Mask works. Semiconductor chip products.

Proposed Regulations

In consideration of the foregoing, the Copyright Office proposes to amend Part 211 of 37 CFR, Chapter II.

1. The authority citation for Part 211 would continue to read as follows:


2. Section 211.4 (c), (d), and (e) would be revised to read as follows:

§211.4 [Amended]

(c) One registration per mask work.

(1) Subject to the exception specified in paragraph (c)(2), only one registration can generally be made for the same version of a mask work fixed in an intermediate or final form of any semiconductor chip product. However, where an applicant for registration alleges that an earlier registration for the same version of the work is unauthorized and legally invalid and submits for recordation a signed affidavit, a registration may be made in the applicant's name.

(2) Notwithstanding the general rule permitting only one registration per work, owners of mask works in final forms of semiconductor chip products which are produced by adding metal-connection layers to unpersonalized gate arrays may separately register the entire unpersonalized gate array and the custom metallization layers. Applicants seeking to register separately entire unpersonalized gate arrays or custom metallization layers should make the nature of their claim clear at Space 8 of application Form MW.

(d) Registration as a single work.

Subject to the exception specified in paragraph (c)(2), for purposes of registration on a single application and upon payment of a single fee the following shall be considered a single work:

(1) In the case of a mask work that has not been commercially exploited: All original mask work elements fixed in a particular form of a semiconductor chip product at the time an application for registration is filed and in which the owner or owners of the mask work is or are the same; and

(2) In the case of a mask work that has been commercially exploited: All original mask work elements fixed in a semiconductor chip product at the time that product was first commercially exploited and in which the owner or owners of the mask work is or are the same.

(e) Registration in most complete form.

Owners seeking registration of a mask work contribution must submit the entire original mask work contribution in its most complete form as fixed in a semiconductor chip product. The most complete form means the stage of the manufacturing process which is closest to completion. In cases where the owner is unable to register on the basis of the most complete form because he or she lacks control over the most complete form, an averment of this fact must be made at Space 2 or Form MW. Where such an averment is made, the owner may register on the basis of the most complete form in his or her possession. For applicants seeking to register an unpersonalized gate array or custom metallization layers under paragraph (c)(2), the most complete form is the entire gate array or customized metallization layers in which mask work protection is asserted.

* * * * *


Ralph Oman.
Register of Copyrights.

Approved by:

Dr. James H. Billington.
The Librarian of Congress.

[FR Doc. 88-2883 Filed 2-6-89; 8:45 am]