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INNOVATIVE DESIGN PROTECTION ACT OF 2012

DECEMBER 20, 2012.—Ordered to be printed

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

R E P O R T

together with

MINORITY VIEWS

[To accompany S. 3523]

[Including cost estimate of the Congressional Budget Office]

The Committee on the Judiciary, to which was referred S. 3523, a bill to amend title 17, United States Code, to extend protection to fashion design, and for other purposes, having considered the same, reports favorably thereon, without amendment, and recommends that the bill do pass.

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I. BACKGROUND AND PURPOSE OF THE INNOVATIVE DESIGN PROTECTION ACT OF 2012

The United States fashion industry provides jobs for more than four million American workers and accounts for \$350 billion in annual retail sales. The industry is not only an engine for economic

growth but one of the most important, common, and accessible sources for artistic expression in the nation. In terms of the protections available to designers, however, the United States remains at a disadvantage compared to the European Union, with which we compete to be the global center of the fashion industry. In Europe today, with thriving fashion capitals like Paris, London, and Milan, designers are afforded significant protection (ranging from three to twenty-five years) for their creative endeavors.¹

By contrast, fashion design in the United States, for the most part, has not enjoyed substantial intellectual property rights protection. Although the core economic strength of the U.S. fashion industry has shifted away from manufacturing and toward design over the course of half a century, the law has not kept up with the times by extending protection to inventive, groundbreaking fashion. The Innovative Design Protection Act (“the Act”) represents a well-balanced attempt to protect truly original and innovative fashion design without stifling creativity, spurring frivolous lawsuits, or hindering the industry’s ability to do business. Drafted in consultation with the full range of interested parties, from designers to manufacturers to retailers, the Act will ensure that American fashion designers can receive a return on their investments and that the U.S. fashion industry can maintain its position as a global leader.

The Act is narrowly tailored to afford the minimum intellectual property protections necessary to protect the innovative fashion designs that help drive the vibrancy of the fashion industry. It applies only to fashion designs that are unique and have never before been seen. The Act does not extend protection to components of designs—such as sleeves, shoulders, or pockets—but rather, only to the article as a whole. In addition, the myriad designs that are in the public domain (such as, for example, cargo shorts, denim jeans, and pencil skirts) would not be entitled to protection.

The Act also has more safeguards against unnecessary litigation than other intellectual property laws. First, the Act requires that a plaintiff provide written notice to an alleged infringer. A lawsuit cannot be filed, and damages cannot accrue, until 21 days after such notice is provided and no cure has been achieved.²

Second, the Act provides for a heightened pleading standard. A plaintiff must be able to state in his complaint that he has a protected design, that the defendant’s design infringes, and that the design was available in a way such that one can infer that the defendant saw or had knowledge of the design. This last element specifically requires that “the protected design or an image thereof was available in such location or locations, in such a manner, and for such duration that it can be reasonably inferred from the totality of the surrounding facts and circumstances that the defendant saw or otherwise had knowledge of the protected design.” In other words, the particular facts of an individual pleading should give

¹Prior to 1998, there were varying degrees of protection for design, including fashion design, in different European Union member countries. In 1998, the European Parliament and Council of Europe passed a directive to harmonize the design laws of the member states. Council Directive 98/71, 1998 O.J. (L 289) 28 (EC). Further codification was added by the European Council in 2002 with a regulation that explicitly set forth a two-tiered scheme of protection, providing a three-year term of protection to unregistered designs and up to twenty-five years of protection for registered designs. Council Regulation 6/2002, 2002 O.J. (L 3) 1 (EC).

²It is the intention of the Act that an alleged infringer should not be able to claim that he has cured a violation merely by selling or transferring the items to another business entity.

rise to the reasonable inference that the defendant knew of the design. For example, the plaintiff can offer facts that show consumers' knowledge of the first design and the latter design, the date of a public runway show, or the date that retail establishments first offered both designs. The pleading standard does not require the plaintiff to plead facts about the defendant's actions or to show the defendant's subjective knowledge, since the plaintiff could not be aware of such circumstances before discovery.³

Third, there are severe penalties for misrepresentation by a plaintiff.

Fourth, the term of protection is only three years, the shortest extant term of intellectual property protection.⁴

Fifth, an infringing design must be "substantially identical" to the protected design, in other words, a copy that is "so similar in appearance as to be likely to be mistaken for the protected design, and contains only those differences in construction or design which are merely trivial." Such trivial differences are intended to include, for example, a small difference in design that is the result of a cheaper manufacturing process, such as the substitution of less expensive materials or processes—or literally cutting corners to reduce the amount of fabric or trim. As in other tests for similarity under the Copyright Act, the question whether an allegedly infringing copy is substantially identical to a protected original is determined by reference to the ordinary observer and does not require reference to time-consuming and costly consumer surveys or other methods used to establish likelihood of confusion in trademark.

Under the Act, there is no liability for consumers who purchase an infringing design, or for home sewers who design and make items for personal use. As defenses, a defendant may argue that his design is an independent creation, or that the protected design is not, in fact, new, but is, instead, part of the existing public domain of fashion designs.

The bill also clarifies the standards for showing that a second or third-party actor committed an act of infringement. Chapter 13 currently protects sellers and distributors by providing a higher threshold for these actors to be found liable for infringement. The bill states explicitly that secondary and tertiary actors, such as retailers and importers, should benefit from the heightened standards set forth in Section 1309. The Act thus limits liability for secondary and tertiary actors to those who collude with infringers or those who decline to reveal the source of their merchandise and subsequently order or reorder the infringing article.

Finally, the Act makes clear that merely providing Internet sales facilities is not an act of infringement.

The Innovative Design Protection Act has the support of the Council of Fashion Designers of America, a trade association consisting of creative designers, and the American Apparel & Footwear Association, the largest U.S. fashion industry trade association.

³This requirement, however, should not be interpreted to eliminate the independent creation defense (see *infra*).

⁴In Europe, by contrast, designs can be afforded up to twenty-five years of protection. See Council Directive, *supra* note 1, art. 10.

II. HISTORY OF THE BILL AND COMMITTEE CONSIDERATION

A. INTRODUCTION OF THE BILL

Senator Schumer introduced the Innovative Design Protection Act of 2012 on September 10, 2012. Senators Blumenthal, Boxer, Cardin, Gillibrand, Graham, Hatch, Kohl, Snowe, and Whitehouse were original cosponsors. On September 19, 2012, Senator Klobuchar was added as cosponsor.

The legislation derives from the Design Piracy Prohibition Act of 2007, S. 1957, which Senator Schumer introduced on August 2, 2007. That legislation was substantially revised after consultation with industry representatives, and reintroduced on August 5, 2010, as the Innovative Design Protection and Piracy Prevention Act, S. 3728. The Judiciary Committee favorably reported that bill on December 6, 2010. Further constructive compromise changes were made before the legislation was introduced this Congress as S. 3523.

B. COMMITTEE CONSIDERATION

The bill was placed on the Judiciary Committee's agenda on September 10, 2012.

The Committee considered the legislation on September 24, 2012. Senator Lee offered an amendment, joined by Senator Cornyn and Senator Coburn, that would award reasonable attorneys' fees to the prevailing party. The amendment was rejected by a voice vote.

The Committee then voted to report the Innovative Design Protection Act of 2012, S. 3523, without amendment, favorably to the Senate by voice vote. Senators Kyl, Cornyn, Lee and Coburn were recorded as voting against the bill.

III. SECTION-BY-SECTION SUMMARY OF THE BILL

Section 1—Short title

This section provides that the legislation may be cited as the "Innovative Design Protection Act of 2012."

Section 2—Amendments to Title 17, United States Code

Subsection (a): This subsection extends the protection of, and adds the necessary definitions to, the "definition" paragraph of 17 U.S.C. 1301 in order to protect unique fashion designs. The terms defined are "fashion design," "apparel," and, in the case of a fashion design, "substantially identical."

"Substantially identical" means only those designs that could be mistaken for the protected original, with "only those differences in construction or design which are merely trivial." The term "substantially identical" is intended to create a heightened standard for infringement of protected fashion designs as compared with the "substantially similar" standard used in copyright law. It is not, however, to be confused with the term "substantially identical" as used elsewhere in intellectual property law. For fashion designs, substantial identity shall be determined by the trier of fact viewing the protected design and the copy sequentially and from the perspective of an ordinary observer. An allegedly infringing article shall be determined to have been copied from a protected design if the differences between the protected design and the copy

are merely trivial in the eye of the ordinary observer viewing the protected design and the copy sequentially.

A “fashion design” under this Act is limited to the “appearance as a whole” of an article of apparel; a single element—for example, a sleeve—is not entitled to protection. Furthermore, a design that garners the protection of this Act must include design elements, including both original designs and non-original elements with original placement, that are “the result of a designer’s own creative endeavor” and “provide a unique, distinguishable, non-trivial and non-utilitarian variation over prior designs for similar types of articles.”

“Non-trivial” means the same thing for the purposes of determining whether a design is protected, and whether a defendant’s design is substantially identical to the protected design.

Subsection (b): This subsection defines designs that are not subject to protection. This section accepts the definition of designs that are not subject to protection under existing law, and in the case of fashion design, adds an exception for designs that are embodied in a useful article that was made public by the designer before the date of enactment, or more than three years before the date upon which the protection of the design is asserted. (This comports with the Act’s limiting protection to a period of three years.)

Subsection (c): Subsection (c) addresses revisions, adaptations, and rearrangements that are specific to a fashion design. The Act would limit design protection by providing that the presence or absence of a particular color, or of a picture or graphic that is imprinted on fabric, is not part of considering whether a fashion design gets protection, or whether infringement has occurred. For example, the switching of colors or prints on a design would not be enough of a difference to entitle the revised design to protection, nor would it subject the revised design to liability for infringing the original, unswitched design.

Subsection (d): This subsection sets forth the term of protection for fashion designs. While designs of vessels and hulls receive 10 years of protection under current law, fashion designs receive three years of protection.

Subsection (e): Under this subsection, the owner of a design would be required to provide an alleged infringer with a detailed written notice of his or her belief that a protected design has been infringed. The owner would not be able to file suit until 21 days after the date on which written notice was provided to the alleged infringer. In addition, this subsection provides that an award under this Act would only be available for damages and profits that accrue after the filing date of the action for infringement.

Subsection (f): Subsection (f) clarifies the standards for showing that a second- or third-party actor committed an act of infringement. Section 1309 currently provides for a heightened threshold of liability for sellers and distributors; subsection (f) explicitly extends this standard to importers as well, and clarifies that retailers are covered by this section. This will ensure that the same standard of liability applies to all secondary and tertiary actors, rather than, under current law, potentially putting importers in the same “bucket” as manufacturing infringers. This section would also include “offering for sale” as an act that cannot constitute infringement without knowledge. (Under existing law, making, importing,

selling, or distributing cannot constitute infringement without knowledge.) “Knowledge,” under this section, would be modified by the language, “either actual or reasonably inferred from the totality of the circumstances.”

In addition, this subsection would make clear that it is not an act of infringement to provide a telecommunications service, or to transmit or store a communication (or handle a communication in a way that does not modify it).

This subsection also defines an “infringing article” with respect to fashion designs. While an infringing article for vessel hull designs, under current law, requires that an infringing article be “substantially similar” to the original, a fashion design is only an infringing article if it is “substantially identical” to the original design with regard to appearance and elements, or is not the result of independent creation.

This subsection also creates a “home sewing exception” that allows protected designs to be copied for personal use.

Subsection (g): This subsection would amend 17 U.S.C. 1310(a) to exempt fashion designs from the registration process requirement.

Subsection (h): This subsection creates a heightened pleading standard for fashion designs. A claimant must plead with particularity facts that establish that the design is a fashion design within the meaning of the Act; that the design of the defendant infringes upon the protected design; and that the protected design or an image of it was available in a way that would make it reasonably inferable that the defendant had seen or known of the protected design.

Subsection (i): Subsection (i) would increase the penalties for making false representations in order to obtain recovery for a claim of infringement under Chapter 13, from a \$500 minimum to a \$5,000 minimum, and from a \$1,000 maximum to a \$10,000 maximum.

Subsection (j): This subsection would exempt fashion design from Treasury and Postal Service importation regulations.

Subsection (k): This subsection would clarify that certain intellectual property protections already available for limited aspects of fashion designs, such as copyright protection for original fabric prints or trademark protection, would still exist and would be unaffected by this legislation.

Section 3—Effective date

This section establishes the effective date of the Act as the date of enactment.

IV. CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

The Committee sets forth, with respect to the bill, S. 3523, the following estimate and comparison prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, November 5, 2012.

Hon. PATRICK J. LEAHY,
Chairman, Committee on the Judiciary,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 3523, the Innovative Design Protection Act of 2012.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Susan Willie.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure.

S. 3523—Innovative Design Protection Act of 2012

CBO estimates that implementing S. 3523 would have no significant cost to the federal government. Enacting the bill would not affect direct spending but could affect revenues; therefore, pay-as-you-go procedures apply. However, CBO estimates that any effects would be insignificant for each year.

S. 3523 would provide protection similar to a copyright, lasting for three years, for original fashion designs. Those protections would allow the owner of a protected design to make (or import) and sell any useful article embodying the design. The bill would require the owner to provide written notice to a person thought to be violating those protections and to wait 21 days after providing such notice before instituting an action for infringement. S. 3523 also would increase the amount of penalties that could be levied for falsely representing information when registering a design or obtaining recovery on a claim of infringement.

Based on information from the Library of Congress, CBO does not expect that implementing S. 3523 would significantly change the workload or expenditures of the Copyright Office because the bill does not require fashion designs to be registered in order for the protections to take effect. Because S. 3523 would raise the amount of penalties that could be collected for making false representations in certain instances, the federal government might collect additional civil fines if the bill is enacted. Such fines are recorded as revenues; CBO expects that any additional collections would not be significant because of the relatively small number of cases likely to be affected.

S. 3523 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

S. 3523 would impose a private-sector mandate as defined in UMRA. By providing protection for original fashion designs, the bill would prohibit any person from manufacturing, selling, or distributing an article of apparel that copies a protected fashion design. To use a protected fashion design, a person must obtain the consent of the owner of the protected design. The cost of complying with the mandate would be the cost of obtaining consent or the cost of changing designs and any revenue forgone from removing designs from the market. The cost of the mandate is uncertain, how-

ever, because it would depend in part on future court actions. Therefore, CBO cannot determine whether the aggregate cost of the mandate would exceed the annual threshold for private-sector mandates (\$146 million in 2012, adjusted annually for inflation).

The CBO staff contacts for this estimate are Susan Willie (for federal costs) and Paige Piper/Bach (for the private-sector impact). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.

V. REGULATORY IMPACT EVALUATION

In compliance with rule XXVI of the Standing Rules of the Senate, the Committee finds that no significant regulatory impact will result from the enactment of S. 3523.

VI. CONCLUSION

The Innovative Design Protection Act, S. 3523, addresses the lack of protection in intellectual property laws for truly innovative and unique fashion designs. Granting innovative American fashion designers some of the same intellectual property protections recognized in other countries so that their businesses can continue to grow and thrive, the Act creates a limited, three-year protection for certain fashion designs and provides a legal remedy for the owners of these protected articles when they are copied.

VII. MINORITY VIEWS

MINORITY VIEWS FROM SENATORS COBURN, CORNYN, LEE, AND SESSIONS

We write to explain our opposition to S. 3523, the Innovative Design Protection Act of 2012 (the “Act”), and our support for an amendment that would provide for the award of reasonable attorneys’ fees to the prevailing party in a lawsuit under the Act.

The United States fashion industry is an important engine for economic growth, contributing billions of dollars to our economy each year. It is also an important means for artistic expression. American designers are among the most creative in the world, and their designs have long formed the basis of many of the world’s fashion trends.

The fashion industry is financially successful and, for more than half a century, has experienced consistent and continuous growth.¹ Robust competition within the industry has led to innovation and consumer choice. The fashion industry is thus a model for how a free market benefits everyone: artists, designers, manufacturers, laborers and consumers.

The Constitution authorizes Congress “To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” By creating limited monopolies in the form of copyright and patent protection, Congress on many occasions has exercised that authority to encourage innovation.

This Act seeks to extend copyright protection to fashion design for the first time in our nation’s history. It addresses concerns expressed by incumbent designers that their original designs are copied and sold by competitors to the detriment of those incumbents.

We understand that concern and the negative impact that copying can have on certain fashion designers. But any time the federal government enacts legislation, we must proceed cautiously. We have learned from experience that legislation has many consequences, some of which can be unintended, unforeseen, and negative. That same experience reveals a legislative propensity towards expanding rights once created. By contrast, Congress has been much less successful paring down statutory rights, even where evidence demonstrates that such rights have become overly-broad. Accordingly, before creating a new monopoly right, as this Act would, we must be certain that it addresses systematic and permanent

¹See *Innovative Design Protection and Piracy Prevention Act: Hearing Before the Subcomm. on Intellectual Property, Competition and the Internet of the H. Committee on the Judiciary*, 112th Cong. 74–76, 75 (2011) (testimony of Christopher Sprigman, Professor of Law, University of Virginia School of Law).

threats to industry and consumers, and that the statutory remedy is narrowly tailored so as to apply only to conduct that is harmful.

We have three reasons to be especially cautious here. First, we must take special care not to upset a well-functioning market. This is particularly true where, as is the case with the fashion market, the market is characterized by innovation and low barriers to entry. Statutory monopolies by their nature increase prices for consumers. Any benefit inuring to incumbent designers as a result of the Act would be offset by these increased costs, which could be borne by middle-income consumers.

Second, while copying within the fashion industry no doubt presents a threat to certain designers, some scholars have suggested that it is also a significant driver of innovation.² Copying may generate rapid demand for new designs as older, copied designs lose some of their appeal. This issue is the subject of lively debate. But absent a stronger showing that a practice is systematic and harmful to the market as a whole, the threat of encroachment on liberty represented by any congressional enactment tips the balance against government intervention in the private market.

Third, we remain concerned about the effect of creating a new private right of action. Litigation is an essential enforcement mechanism for many rights, but it also creates inefficiencies and costs for innocent parties as well as the guilty. The Act would force non-incumbent fashion designers—many of whom are small businesses with limited litigation budgets—to internalize substantial liability risks. It would also potentially chill innovation and raise prices for consumers.

Since our Committee considered the 2010 version of the Act, the Act's sponsors have made several changes intended to prevent frivolous litigation. The Act now requires that a design owner provide notice of infringement, that a design owner provide an alleged infringer a 21-day period to cure any violation, and that a plaintiff plead a case of alleged infringement with particularity.

We commend these efforts, but we feel that they do not go far enough. Under the Act, large incumbent designers and their legal teams would have an understandable incentive to seek to expand the boundaries of the law through litigation. These efforts, coupled with potentially uneven judicial application, are another consequence of the law we must consider. Our staffs have spoken with many businesses that may be affected negatively by the proposed new right to sue. They remain concerned about the continued potential for frivolous litigation.

To mitigate these concerns, we support an amendment that Senators Cornyn, Lee, and Coburn introduced during our Committee's consideration of the Act. The amendment would establish a so-called "loser pays" system, pursuant to which the court would award reasonable attorneys' fees to the prevailing party in a lawsuit under the Act. Such a rule would reward good claims and discourage bad ones. It would reduce the ability of litigious parties to bring weak cases solely to threaten their opponents economically. It would shift the costs of over-pleading, lengthy litigation, exces-

²See *id.*

sive discovery, and unnecessary motion practice, to plaintiffs who would seek to use the legal system to bully competitors.

We believe this amendment provides the fairest and most effective means to deter unnecessary and frivolous litigation, and thus mitigates the threat a new copyright and right to sue would pose to a competitive industry. By reducing liability risk, the amendment would secure greater freedom for fashion designers and help preserve an industry in which consumers have broad access to fashion designs.

TOM COBURN.
JOHN CORNYN.
MIKE LEE.
JEFF SESSIONS.

VIII. CHANGES TO EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by S. 3523, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

UNITED STATES CODE

TITLE 17. COPYRIGHTS

* * * * *

CHAPTER 13—PROTECTION OF ORIGINAL DESIGNS

* * * * *

§ 1301. 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 FEATURES.—The design of a vessel hull, deck, or combination of a hull and deck, including a plug or mold, is subject to protection under this chapter, notwithstanding section 1302(4).

(3) EXCEPTIONS.—Department of Defense rights in a registered design under this chapter, including the right to build to such registered design, shall be determined solely by operation of section 2320 of title 10 or by the instrument under which the design was developed for the United States Government.

(4) *FASHION DESIGN*.—A fashion design is subject to protection under this chapter.

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

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

(2) A “useful article” is a vessel hull or deck, including a plug or mold, or an article of apparel, 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—

(A) that is designed and capable of independently steering a course on or through water through its own means of propulsion; and

(B) that is designed and capable of carrying and transporting one or more passengers.

(4) A “hull” is the exterior frame or body of a vessel, exclusive of the deck, superstructure, masts, sails, yards, rigging, hardware, fixtures, and other attachments.

(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.

(7) A “deck” is the horizontal surface of a vessel that covers the hull, including exterior cabin and cockpit surfaces, and exclusive of masts, sails, yards, rigging, hardware, fixtures, and other attachments.

(8) A “fashion design”—

(A) *is the appearance as a whole of an article of apparel, including its ornamentation; and*

(B) *includes original elements of the article of apparel or the original arrangement or placement of original or non-original as incorporated in the overall appearance of the article of apparel that—*

(i) *are the result of a designer’s own creative endeavor; and*

(ii) *provide a unique, distinguishable, non-trivial and non-utilitarian variation over prior designs for similar types of articles.*

(9) *The term “design” includes fashion design, except to extent expressly limited to the design of a vessel.*

(10) *The term “apparel” means—*

(A) *an article of men’s, women’s, or children’s clothing, including undergarments, outerwear, gloves, footwear, and headgear;*

(B) *handbags, purses, wallets, tote bags, and belts; and*

(C) *eyeglass frames.*

(11) *In the case of a fashion design, the term “substantially identical” means an article of apparel which is so similar in appearance as to be likely to be mistaken for the protected design, and contains only those differences in construction or design which are merely trivial.*

(c) *RULE OF CONSTRUCTION.—In the case of a fashion design under this chapter, those differences or variations which are considered non-trivial for the purposes of establishing that a design is subject to protection under subsection (b)(8) shall be considered non-trivial for the purposes of establishing that a defendant’s design is not substantially identical under subsection (b)(11) and section 1309(e).*

* * * * *

§ 1302(5). Designs not subject to protection

* * * * *

[(5)] (5)(A) *in the case of a design of a vessel hull*, embodied in a useful article that was made public by the designer or owner in the United States or a foreign country more than 2 years before the date of the application for registration under this chapter.

(B) *in the case of a fashion design, embodied in a useful article that was made public by the designer or owner in the United States or a foreign country before the date of enactment of this chapter or more than 3 years before the date upon which protection of the design is asserted under this chapter.*

* * * * *

§ 1303. 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 1302 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. *The presence or absence of a particular color or colors or of a pictorial or graphic work imprinted on fabric shall not be considered in determining the protection of a fashion design under section 1301 or 1302 or in determining infringement under section 1309.*

* * * * *

§ 1305(a). Term of protection

* * * * *

[(a) IN GENERAL.—Subject to subsection (b), the protection provided under this chapter for a design shall continue for a term of 10 years beginning on the date of the commencement of protection under section 1304.]

(a) *IN GENERAL.—Subject to subsection (b), the protection provided under this chapter—*

(1) for a design of a vessel hull, shall continue for a term of 10 years beginning on the date of the commencement of protection under section 1304;

(2) for a fashion design, shall continue for a term 3 years beginning on the date of the commencement of protection under section 1304.

* * * * *

§ 1306(d). Design notice

* * * * *

(d) *FASHION DESIGN.—*

(1) *IN GENERAL.*—In the case of a fashion design, the owner of the design shall provide written notice of the design protection to any person the design owner has reason to believe has violated or will violate this chapter.

(2) *CONTENTS.*—The written notice required under paragraph (1) shall contain, at a minimum—

(A) the date on which protection for the design commenced;

(B) a description of the protected design which specifies how the protected design falls within the meaning of section 1301(b)(8);

(C) a description of the allegedly infringing design which specifies how the allegedly infringing design infringed upon the protected design as described under section 1309(e); and

(D) the date on which the protected design or an image thereof was available such that it could be reasonably inferred from the totality of the surrounding facts and circumstances that the owner of the allegedly infringing design saw or otherwise had knowledge of the protected design.

(3) *COMMENCEMENT OF ACTION.*—An action for infringement of a fashion design under this chapter shall not commence until the date that is 21 days after the date on which written notice required under this subsection was provided to the defendant.

(4) *LIMITATION ON DAMAGES.*—A person alleged to be undertaking action leading to infringement under this chapter shall be held liable only for damages and profits accrued after the date on which the action for infringement is commenced against such person under paragraph (3).

* * * * *

§ 1309. Design notice

* * * * *

(a) *ACTS OF INFRINGEMENT.*—Except as provided in subsection (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, IMPORTERS, AND DISTRIBUTORS.*—A retailer, seller, importer or distributor of an infringing article who did not make [or import] the article shall be deemed to have infringed on a design protected under this chapter only if that person—

(1) induced or acted in collusion with a manufacturer to make[, or an importer to import] such article, except that merely purchasing or giving an order to purchase such article in the ordinary course of business shall not of itself constitute such inducement or collusion; or

(2) refused or failed, upon the request of the owner of the design, to make a prompt and full disclosure of that person's

source of such article, and that person orders or reorders such article after receiving notice by registered or certified mail of the protection subsisting in the design.

(c) ACTS WITHOUT KNOWLEDGE.—It shall not be infringement under this section to make, have made, import, sell, *offer for sale* or distribute, any article embodying a design which was created without knowledge *either actual or reasonably inferred from the totality of the circumstances* that a design was protected under this chapter and was copied from such protected design.

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

(e) ACTS OF THIRD PARTIES.—*Acts that do not constitute acts of infringement under subsections (a) or (b) do not otherwise constitute acts of infringement under this chapter. It shall be infringement under this section to be engaged in*

(1) the provision of a telecommunications service, or of an Internet access service or Internet information location tool (as those terms are defined in section 231 the Communications Act of 1934 (47 U.S.C. 231)); or

(2) the transmission, storage, retrieval, hosting, formatting, or translation (or any combination thereof) of a communication, without selection or alteration of the content of the communication, except that deletion of a particular communication or material made by another person in a manner consistent with section 230(c) of the Communications Act of 1934 (47 U.S.C. 230(c)).

[(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. 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) INFRINGING ARTICLE DEFINED.—

(1) IN GENERAL.—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, or from an image thereof, 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.

(2) VESSEL HULL DESIGN.—In the case of a design of a vessel hull, 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.

(3) *FASHION DESIGN.*—*In the case of a fashion design, a design shall not be deemed to have been copied from a protected design if that design—*

(A) is not substantially identical in overall visual appearance to and as to the original elements of a protected design; or

(B) is the result of independent creation.

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

(**[g]h**) **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 useful article 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 useful article embodying the design.

(i) **HOME SEWING EXCEPTION.**—

(1) *IN GENERAL.*—*It is not an infringement of the exclusive rights of a design owner for a person to produce a single copy of a protected design for personal use or for the use of an immediate family member, if that copy is not offered for sale or use in trade during the period of construction.*

(2) *RULE OF CONSTRUCTION.*—*Nothing in this subsection shall be construed to permit the publication or distribution of instructions or patterns for the copying of a protected design.*

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§ 1310(a). Application for registration

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(a) **TIME LIMIT FOR APPLICATION FOR REGISTRATION.**—**[Protection under this chapter]** *In the case of a design of a vessel hull, protection under this chapter shall be lost if application for registration of the design is not made within 2 years after the date on which the design is first made public. Registration shall not apply to fashion design.*

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1321. Remedy for infringement

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[(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.]

(a) *IN GENERAL.*—

(1) *VESSEL HULL.*—*In the case of a vessel hull, 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.*

(2) *FASHION DESIGN.*—*In the case of a fashion design, the owner of a design is entitled to institute an action for any infringement of the design after—*

(A) the design is made public under the terms of section 1310(b) of this chapter; and

(B) the 21-day period described in section 1306(d).

(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 Administrator's option, become a party to the action with respect to the issue of registrability of the design claim by entering an appearance within 60 days after being served with the complaint, but the failure of the Administrator 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 1313(c).

(e) *PLEADING REQUIREMENT FOR FASHION DESIGNS.*—

(1) *IN GENERAL.*—*In the case of a fashion design, a claimant in an action for infringement shall plead with particularity facts establishing that—*

(A) the design of the claimant is a fashion design within the meaning of section 9 1301(b)(8) of this title and thus entitled to protection under this chapter;

(B) the design of the defendant infringes upon the protected design as described under section 1309(e); and

(C) the protected design or an image thereof was available in such location or locations, in such a manner, and for such duration that it can be reasonably inferred from

the totality of the surrounding facts and circumstances that the defendant saw or otherwise had knowledge of the protected design.

(2) *CONSIDERATIONS.—In considering whether a claim for infringement has been adequately pleaded, the court shall consider the totality of the circumstances.*

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§ 1327. Penalty for false representation

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Whoever knowingly makes a false representation materially affecting the rights obtainable under this chapter for the purpose of obtaining registration of a design *or for purposes of obtaining recovery based on a claim of infringement under this chapter* shall pay a penalty of not less than **[\$500]** \$5,000 and not more than **[\$1,000]** \$10,000, and any rights or privileges that individual may have in the design under this chapter shall be forfeited.

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§ 1328. Enforcement by Treasury and Postal Service

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(a) **REGULATIONS.**—**[The Secretary]** *In the case of designs of vessel hulls protected under this chapter, 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 1308 with respect to importation. Such 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]** *In the case of designs of vessel hulls protected under this chapter, articles* imported in violation of the rights set forth in section 1308 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.

(c) **NONAPPLICABILITY.**—*This section shall not apply to fashion designs protected under this chapter.*

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§ 1330. Common law and other rights unaffected

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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~~[],~~ *or*

(3) *any rights that may exist under provisions of this title other than this chapter.*

