An Act

To amend the Act entitled "An Act to provide for the registration and protection of trade-marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes".

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—TRADEMARK LAW REVISION

SEC. 101. SHORT TITLE.

This title may be cited as the "Trademark Law Revision Act of 1988".

SEC. 102. REFERENCE TO THE TRADEMARK ACT OF 1946.

Except as otherwise expressly provided, whenever in this title an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section or other provision of the Act entitled "An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes", approved July 5, 1946 (15 U.S.C. 1051 and following) (commonly referred to as the "Trademark Act of 1946").

SEC. 103. APPLICATION TO REGISTER TRADEMARKS.

Section 1 (15 U.S.C. 1051) is amended—
(1) in the matter before subsection (a), by striking out "may register his" and inserting in lieu thereof "may apply to register his or her";
(2) by redesignating paragraphs (1), (2), and (3) of subsection (a) as subparagraphs (A), (B), and (C), respectively;
(3) by redesignating subsections (a), (b), and (c) as paragraphs (1), (2), and (3), respectively;
(4) by inserting "(a)" after "SECTION 1.";
(5) in subsection (a)(1)(A), as redesignated by this section—
   (A) by striking out "applied to" and inserting in lieu thereof "used on or in connection with"; and
   (B) by striking out "goods in connection" and inserting in lieu thereof "goods on or in connection";
(6) in subsection (a)(1)(C), as redesignated by this section, by striking out "actually";
(7) in subsection (a)(2), as redesignated by this section, by striking out "filing" and inserting in lieu thereof "prescribed";
(8) by redesignating subsection (d) as subsection (e); and
(9) by inserting before subsection (e), as redesignated by paragraph (8) of this section, the following:
   "(b) A person who has a bona fide intention, under circumstances showing the good faith of such person, to use a trademark in
commerce may apply to register the trademark under this Act on the principal register hereby established:

“(1) By filing in the Patent and Trademark Office—

“(A) a written application, in such form as may be prescribed by the Commissioner, verified by the applicant, or by a member of the firm or an officer of the corporation or association applying, specifying applicant's domicile and citizenship, applicant's bona fide intention to use the mark in commerce, the goods on or in connection with which the applicant has a bona fide intention to use the mark and the mode or manner in which the mark is intended to be used on or in connection with such goods, including a statement to the effect that the person making the verification believes himself or herself, or the firm, corporation, or association in whose behalf he or she makes the verification, to be entitled to use the mark in commerce, and that no other person, firm, corporation, or association, to the best of his or her knowledge and belief, has the right to use such mark in commerce either in the identical form of the mark or in such near resemblance to the mark as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive; however, except for applications filed pursuant to section 44, no mark shall be registered until the applicant has met the requirements of subsection (d) of this section; and

“(B) a drawing of the mark.

“(2) By paying in the Patent and Trademark Office the prescribed fee.

“(3) By complying with such rules or regulations, not inconsistent with law, as may be prescribed by the Commissioner.

“(c) At any time during examination of an application filed under subsection (b), an applicant who has made use of the mark in commerce may claim the benefits of such use for purposes of this Act, by amending his or her application to bring it into conformity with the requirements of subsection (a).

“(d) Within six months after the date on which the notice of allowance with respect to a mark is issued under section 13(b)(2) to an applicant under subsection (b) of this section, the applicant shall file in the Patent and Trademark Office, together with such number of specimens or facsimiles of the mark as used in commerce as may be required by the Commissioner and payment of the prescribed fee, a verified statement that the mark is in use in commerce and specifying the date of the applicant's first use of the mark in commerce, those goods or services specified in the notice of allowance on or in connection with which the mark is used in commerce, and the mode or manner in which the mark is used on or in connection with such goods or services. Subject to examination and acceptance of the statement of use, the mark shall be registered in the Patent and Trademark Office, a certificate of registration shall be issued for those goods or services recited in the statement of use for which the mark is entitled to registration, and notice of registration shall be published in the Official Gazette of the Patent and Trademark Office. Such examination may include an examination of the factors set forth in subsections (a) through (e) of section 2. The
notice of registration shall specify the goods or services for which
the mark is registered.

"(2) The Commissioner shall extend, for one additional 6-month
period, the time for filing the statement of use under paragraph (1),
upon written request of the applicant before the expiration of the 6-
month period provided in paragraph (1). In addition to an extension
under the preceding sentence, the Commissioner may, upon a show­
ing of good cause by the applicant, further extend the time for filing
the statement of use under paragraph (1) for periods aggregating not
more than 24 months, pursuant to written request of the applicant
made before the expiration of the last extension granted under this
paragraph. Any request for an extension under this paragraph shall
be accompanied by a verified statement that the applicant has a
continued bona fide intention to use the mark in commerce and
specifying those goods or services identified in the notice of allow­
ance on or in connection with which the applicant has a continued
bona fide intention to use the mark in commerce. Any request for an
extension under this paragraph shall be accompanied by payment of
the prescribed fee. The Commissioner shall issue regulations setting
forth guidelines for determining what constitutes good cause for
purposes of this paragraph.

"(3) The Commissioner shall notify any applicant who files a
statement of use of the acceptance or refusal thereof and, if the
statement of use is refused, the reasons for the refusal. An applicant
may amend the statement of use.

"(4) The failure to timely file a verified statement of use under
this subsection shall result in abandonment of the application.".

SEC. 104. TRADEMARKS REGISTRABLE ON PRINCIPAL REGISTER.

Section 2 (15 U.S.C. 1052) is amended—

(1) by amending subsection (d) to read as follows:

"(d) Consists of or comprises a mark which so resembles a mark
registered in the Patent and Trademark Office, or a mark or trade
name previously used in the United States by another and not
abandoned, as to be likely, when used on or in connection with the
goods of the applicant, to cause confusion, or to cause mistake, or to
deceive: Provided, That if the Commissioner determines that confu­
sion, mistake, or deception is not likely to result from the continued
use by more than one person of the same or similar marks under
conditions and limitations as to the mode or place of use of the
marks or the goods on or in connection with which such marks are
used, concurrent registrations may be issued to such persons when
they have become entitled to use such marks as a result of their
concurrent lawful use in commerce prior to (1) the earliest of the
filing dates of the applications pending or of any registration issued
under this Act; (2) July 5, 1947, in the case of registrations pre­
viously issued under the Act of March 3, 1881, or February 20, 1905,
and continuing in full force and effect on that date; or (3) July 5,
1947, in the case of applications filed under the Act of February 20,
1905, and registered after July 5, 1947. Use prior to the filing date of
any pending application or a registration shall not be required when
the owner of such application or registration consents to the grant of
a concurrent registration to the applicant. Concurrent registrations
may also be issued by the Commissioner when a court of competent
jurisdiction has finally determined that more than one person is
entitled to use the same or similar marks in commerce. In issuing
concurrent registrations, the Commissioner shall prescribe condi-
tions and limitations as to the mode or place of use of the mark or the goods on or in connection with which such mark is registered to the respective persons.

(2) in subsection (e) by striking out "applied to" each place it appears and inserting in lieu thereof "used on or in connection with"; and

(3) in subsection (f)—

(A) by striking out "applied to" and inserting in lieu thereof "used on or in connection with"; and

(B) by striking out "five years" and all that follows through the end of the subsection and inserting in lieu thereof "five years before the date on which the claim of distinctiveness is made."

SEC. 105. SERVICE MARKS REGISTRABLE.

Section 3 (15 U.S.C. 1053) is amended—

(1) in the first sentence—

(A) by striking out "used in commerce"; and

(B) by striking out ", except when" and all that follows through "mark is used"; and

(2) by striking out the second sentence.

SEC. 106. COLLECTIVE AND CERTIFICATION MARKS REGISTRABLE.

Section 4 (15 U.S.C. 1054) is amended—

(1) in the first sentence—

(A) by striking out "origin used in commerce," and inserting in lieu thereof "origin,"; and

(B) by striking out ", except when" and inserting in lieu thereof "except in the case of certification marks when"; and

(2) by striking out the second sentence.

SEC. 107. USE BY RELATED COMPANIES.

Section 5 (15 U.S.C. 1055) is amended by adding at the end thereof the following: "If first use of a mark by a person is controlled by the registrant or applicant for registration of the mark with respect to the nature and quality of the goods or services, such first use shall inure to the benefit of the registrant or applicant, as the case may be."

SEC. 108. DISCLAIMER OF UNREGISTRABLE MATTER.

Section 6(b) (15 U.S.C. 1056(b)) is amended by striking out "paragraph (d)" and inserting in lieu thereof "subsection (e)".

SEC. 109. CERTIFICATE OF REGISTRATION ON THE PRINCIPAL REGISTER.

Section 7 (15 U.S.C. 1057) is amended—

(1) by amending subsection (b) to read as follows:

"(b) A certificate of registration of a mark upon the principal register provided by this Act shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate, subject to any conditions or limitations stated in the certificate.";

(2) by redesignating subsections (c), (d), (e), (f), and (g) as subsections (d), (e), (f), (g), and (h), respectively;

(3) by inserting after subsection (b) the following:
"(c) Contingent on the registration of a mark on the principal register provided by this Act, the filing of the application to register such mark shall constitute constructive use of the mark, conferring a right of priority, nationwide in effect, on or in connection with the goods or services specified in the registration against any other person except for a person whose mark has not been abandoned and who, prior to such filing—

"(1) has used the mark;
(2) has filed an application to register the mark which is pending or has resulted in registration of the mark; or
(3) has filed a foreign application to register the mark on the basis of which he or she has acquired a right of priority, and timely files an application under section 44(d) to register the mark which is pending or has resulted in registration of the mark.");

in subsection (d), as redesignated by paragraph (2) of this section, by striking out “fee herein provided” and inserting in lieu thereof “prescribed fee”;

in subsection (f), as redesignated by paragraph (2) of this section, by striking out “fee required by law” and inserting in lieu thereof “prescribed fee”; and

in subsection (h), as redesignated by paragraph (2) of this section, by striking out “required fee” and inserting in lieu thereof “prescribed fee”.

SEC. 110. DURATION OF REGISTRATION.

Section 8(a) (15 U.S.C. 1058(a)) is amended—

(1) by striking out “twenty” and inserting in lieu thereof “ten”; and

(2) by striking out “showing that said mark is in use in commerce or showing that its” and inserting in lieu thereof “setting forth those goods or services recited in the registration on or in connection with which the mark is in use in commerce and attaching to the affidavit a specimen or facsimile showing current use of the mark, or showing that any”.

SEC. 111. RENEWAL OF REGISTRATION.

Section 9 (15 U.S.C. 1059) is amended—

(1) in subsection (a) by striking out “twenty” and inserting in lieu thereof “ten”; and

(2) in subsection (c) by striking out “1(d) hereof and inserting in lieu thereof “1(e) of this Act”.

SEC. 112. ASSIGNMENT.

Section 10 (15 U.S.C. 1060) is amended—

(1) in the first sentence by striking out “and in any such assignment” and inserting in lieu thereof the following: “. However, no application to register a mark under section 1(b) shall be assignable prior to the filing of the verified statement of use under section 1(d), except to a successor to the business of the applicant, or portion thereof, to which the mark pertains, if that business is ongoing and existing. In any assignment authorized by this section”; and

(2) in the last paragraph by striking out “1(d) hereof” and inserting in lieu thereof “1(e) of this Act”.
SEC. 113. EXAMINATION OF APPLICATION.

Section 12(a) (15 U.S.C. 1062(a)) is amended—
(1) by striking out “fee herein provided” and inserting in lieu thereof “prescribed fee”; and
(2) by striking out “to registration, the” and inserting in lieu thereof “to registration, or would be entitled to registration upon the acceptance of the statement of use required by section 1(d) of this Act, the”.

SEC. 114. OPPOSITION TO MARKS.

Section 13 (15 U.S.C. 1063) is amended—
(1) by inserting “(a)” before “Any person”;
(2) by striking out “required fee” and inserting in lieu thereof “prescribed fee”; and
(3) by adding at the end thereof the following:
“(b) Unless registration is successfully opposed—
“(1) a mark entitled to registration on the principal register based on an application filed under section 1(a) or pursuant to section 44 shall be registered in the Patent and Trademark Office, a certificate of registration shall be issued, and notice of the registration shall be published in the Official Gazette of the Patent and Trademark Office; or
“(2) a notice of allowance shall be issued to the applicant if the applicant applied for registration under section 1(b).”.

SEC. 115. CANCELLATION OF REGISTRATIONS.

Section 14 (15 U.S.C. 1064) is amended—
(1) in the matter preceding subsection (a)—
(A) by inserting “as follows” after “be filed”; and
(B) by striking out “1905—” and inserting in lieu thereof “1905:”;
(2) in subsection (a)—
(A) by striking out “(a) within” and inserting in lieu thereof “(1) Within”; and
(B) by striking out “; or” and inserting in lieu thereof a period;
(3) in subsection (b)—
(A) by striking out “(b) within” and inserting in lieu thereof “(2) Within”; and
(B) by striking out “; or” and inserting in lieu thereof a period;
(4) by amending subsection (c) to read as follows:
“(3) At any time if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of section 4 or of subsection (a), (b), or (c) of section 2 for a registration under this Act, or contrary to similar prohibitory provisions of such prior Acts for a registration under such Acts, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a
name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.”;

(5) in subsection (d)—
(A) by striking out “(d) at” and inserting in lieu thereof “(4) At”; and
(B) by striking out “; or” and inserting in lieu thereof a period;

(6) in subsection (e)—
(A) by striking out “(e) at” and inserting in lieu thereof “(5) At”; and
(B) by striking out “(1)”, “(2)”, “(3)”, and “(4)” and inserting in lieu thereof “(A)”, “(B)”, “(C)”, and “(D)”, respectively; and

(7) in the proviso at the end of the section by striking out “subsections (c) and (e)” and inserting in lieu thereof “paragraphs (3) and (5)”.

SEC. 116. INCONTESTABILITY OF RIGHT TO USE MARK.
Section 15 (15 U.S.C. 1065) is amended—
(1) by striking out “subsections (c) and (e)” and inserting in lieu thereof “paragraphs (3) and (5)”;
(2) in paragraph (3) by striking out “subsections (1) and (2) hereof” and inserting in lieu thereof “paragraphs (1) and (2) of this section”; and
(3) in paragraph (4) by striking out “the common descriptive name of any article or substance, patented or otherwise” and inserting in lieu thereof “the generic name for the goods or services or a portion thereof, for which it is registered”.

SEC. 117. INTERFERENCE.
Section 16 (15 U.S.C. 1066) is amended by striking out “applied to the goods or when used in connection with the services” and inserting in lieu thereof “used on or in connection with the goods or services”.

SEC. 118. ACTION OF COMMISSIONER IN PROCEEDINGS.
Section 18 (15 U.S.C. 1068) is amended—
(1) by striking out “or restrict” and inserting in lieu thereof “the registration, in whole or in part, may modify the application or registration by limiting the goods or services specified therein, may otherwise restrict or rectify with respect to the register”; 
(2) by striking out “or may refuse” and inserting in lieu thereof “may refuse”; and
(3) adding at the end thereof the following: “However, no final judgment shall be entered in favor of an applicant under section 1(b) before the mark is registered, if such applicant cannot prevail without establishing constructive use pursuant to section 7(c).”.

SEC. 119. APPLICATION OF EQUITABLE PRINCIPLES.
Section 19 (15 U.S.C. 1069) is amended by striking out the second sentence.
SEC. 120. APPEALS.

Section 21 (15 U.S.C. 1071) is amended—
(1) in subsection (a)(1)—
   (A) by striking out “section 21(b) hereof” each place it appears and inserting in lieu thereof “subsection (b) of this section”; 
   (B) by striking out “section 21(a)(2) hereof” and inserting in lieu thereof “paragraph (2) of this subsection”; and 
   (C) by striking out “said section 21(b)” and inserting in lieu thereof “subsection (b) of this section”; 
(2) in subsection (a)(4), by adding at the end thereof the following: “However, no final judgment shall be entered in favor of an applicant under section 1(b) before the mark is registered, if such applicant cannot prevail without establishing constructive use pursuant to section 7(c).”;
(3) in subsection (b)(1)—
   (A) by striking out “section 21(a) hereof” and inserting in lieu thereof “subsection (a) of this section”; 
   (B) by striking out “section 21(a)” and inserting in lieu thereof “subsection (a) of this section”; and 
   (C) by adding at the end thereof the following: “However, no final judgment shall be entered in favor of an applicant under section 1(b) before the mark is registered, if such applicant cannot prevail without establishing constructive use pursuant to section 7(c).”; and
(4) in subsection (b)(3), by striking out “(3)” and all that follows through the end of the first sentence and inserting in lieu thereof the following:
“(3) In any case where there is no adverse party, a copy of the complaint shall be served on the Commissioner, and, unless the court finds the expenses to be unreasonable, all the expenses of the proceeding shall be paid by the party bringing the case, whether the final decision is in favor of such party or not.”.

SEC. 121. SUPPLEMENTAL REGISTER.

Section 23 (15 U.S.C. 1091) is amended—
(1) by inserting “(a)” before “In addition” in the first paragraph;
(2) by inserting “(b)” before “Upon the” in the second paragraph;
(3) by inserting “(c)” before “For the purposes” in the third paragraph;
(4) in subsection (a), as designated by paragraph (1) of this section—
   (A) by striking out “paragraphs (a),” and inserting in lieu thereof “subsections (a),”;
   (B) by striking out “have been in lawful use in commerce by the proprietor thereof, upon” and inserting in lieu thereof “are in lawful use in commerce by the owner thereof, on”;
   (C) by striking out “for the year preceding the filing of the application”; and
   (D) by inserting before “section 1” the following: “subsections (a) and (e) of”;
(5) in subsection (b), as designated by paragraph (2) of this section, by striking out “fee herein provided” and inserting in lieu thereof “prescribed fee”; and
(6) by striking out the last paragraph.

SEC. 122. CANCELLATION ON SUPPLEMENTAL REGISTER.

Section 24 (15 U.S.C. 1092) is amended—
(1) by striking out "verified" in the second sentence;
(2) by striking out "was not entitled to register the mark at the time of his application for registration thereof," and inserting in lieu thereof "is not entitled to registration,";
(3) by striking out "is not used by the registrant or"; and
(4) by adding at the end thereof the following: "However, no final judgment shall be entered in favor of an applicant under section 1(b) before the mark is registered, if such applicant cannot prevail without establishing constructive use pursuant to section 7(c)."

SEC. 123. PROVISIONS OF ACT APPLICABLE TO SUPPLEMENTAL REGISTER.

Section 26 (15 U.S.C. 1094) is amended—
(1) by inserting "1(b)," after "sections"; and
(2) by inserting "7(c)," after "7(b)."

SEC. 124. REGISTRATION ON PRINCIPAL REGISTER NOT PRECLUDED.

Section 27 (15 U.S.C. 1095) is amended by adding at the end thereof the following: "Registration of a mark on the supplemental register shall not constitute an admission that the mark has not acquired distinctiveness."

SEC. 125. NOTICE OF REGISTRATION.

Section 29 (15 U.S.C. 1111) is amended by striking out "as used".

SEC. 126. CLASSIFICATION OF GOODS AND SERVICES.

Section 30 (15 U.S.C. 1112) is amended—
(1) by inserting "or registrant's" after "applicant's";
(2) by striking out "may file an application" and inserting in lieu thereof "may apply";
(3) by striking out "goods and services upon or in connection with which he is actually using the mark:" and inserting in lieu thereof "goods or services on or in connection with which he or she is using or has a bona fide intention to use the mark in commerce:"; and
(4) by amending the proviso to read as follows: "Provided, That if the Commissioner by regulation permits the filing of an application for the registration of a mark for goods or services which fall within a plurality of classes, a fee equaling the sum of the fees for filing an application in each class shall be paid, and the Commissioner may issue a single certificate of registration for such mark."

SEC. 127. INNOCENT INFRINGEMENT AND VIOLATIONS OF SECTION 43(a).

Section 32(2) (15 U.S.C. 1114(2)) is amended to read as follows:
"(2) Notwithstanding any other provision of this Act, the remedies given to the owner of a right infringed under this Act or to a person bringing an action under section 43(a) shall be limited as follows:
"(A) Where an infringer or violator is engaged solely in the business of printing the mark or violating matter for others and establishes that he or she was an innocent infringer or innocent violator, the owner of the right infringed or person bringing the action under section 43(a) shall be entitled as against such
infringer or violator only to an injunction against future printing.

“(B) Where the infringement or violation complained of is contained in or is part of paid advertising matter in a newspaper, magazine, or other similar periodical or in an electronic communication as defined in section 2510(12) of title 18, United States Code, the remedies of the owner of the right infringed or person bringing the action under section 43(a) as against the publisher or distributor of such newspaper, magazine, or other similar periodical or electronic communication shall be limited to an injunction against the presentation of such advertising matter in future issues of such newspapers, magazines, or other similar periodicals or in future transmissions of such electronic communications. The limitations of this subparagraph shall apply only to innocent infringers and innocent violators.

“(C) Injunctive relief shall not be available to the owner of the right infringed or person bringing the action under section 43(a) with respect to an issue of a newspaper, magazine, or other similar periodical or an electronic communication containing infringing matter or violating matter where restraining the dissemination of such infringing matter or violating matter in any particular issue of such periodical or in an electronic communication would delay the delivery of such issue or transmission of such electronic communication after the regular time for such delivery or transmission, and such delay would be due to the method by which publication and distribution of such periodical or transmission of such electronic communication is customarily conducted in accordance with sound business practice, and not due to any method or device adopted to evade this section or to prevent or delay the issuance of an injunction or restraining order with respect to such infringing matter or violating matter.

“(D) As used in this paragraph—

“(i) the term ‘violator’ means a person who violates section 43(a); and

“(ii) the term ‘violating matter’ means matter that is the subject of a violation under section 43(a).”

SEC. 128. REMEDIES.

(a) PRIMA FACIE EVIDENCE OF EXCLUSIVE RIGHT TO USE MARK.—Section 33(a) (15 U.S.C. 1115(a)) is amended—

(1) by inserting “the validity of the registered mark and of the registration of the mark, of the registrant’s ownership of the mark, and of the” after “prima facie evidence of”; 

(2) by inserting “or in connection with” after “in commerce on”; 

(3) by striking out “an opposing party” after “in commerce on”; and

(4) by inserting “another person” and inserting in lieu thereof “or defect”.

(b) CONCLUSIVE EVIDENCE OF EXCLUSIVE RIGHT TO USE MARK.—Section 33(b) (15 U.S.C. 1115(b)) is amended—

(1) in subsection (b) by amending the matter before paragraph (1) to read as follows:

“(b) To the extent that the right to use the registered mark has become incontestable under section 15, the registration shall be conclusive evidence of the validity of the registered mark and of the
registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce. Such conclusive evidence shall relate to the exclusive right to use the mark on or in connection with the goods or services specified in the affidavit filed under the provisions of section 15, or in the renewal application filed under the provisions of section 9 if the goods or services specified in the renewal are fewer in number, subject to any conditions or limitations in the registration or in such affidavit or renewal application. Such conclusive evidence of the right to use the registered mark shall be subject to proof of infringement as defined in section 32, and shall be subject to the following defenses or defects:

(2) in paragraph (3) by inserting "on or" after "goods or services";

(3) in paragraph (4)—
(A) by striking out "trade or service"; and
(B) by striking out "to users";

(4) in paragraph (5) by striking out "registration of the mark under this Act or" and inserting in lieu thereof "(A) the date of constructive use of the mark established pursuant to section 7(c), (B) the registration of the mark under this Act if the application for registration is filed before the effective date of the Trademark Law Revision Act of 1988, or (C)";

(5) in paragraph (7) by striking out the period and inserting in lieu thereof "; or"; and

(6) by adding at the end of the subsection the following:
"(8) That equitable principles, including laches, estoppel, and acquiescence, are applicable."

(c) INJUNCTIONS.—Section 34(a) (15 U.S.C. 1116(a)) is amended in the first sentence by inserting "or to prevent a violation under section 43(a)" after "Office".

(d) NOTICE OF SUIT TO COMMISSIONER.—Section 34(c) (15 U.S.C. 1116(c)) is amended—
(1) by striking out "proceeding arising" and inserting in lieu thereof "proceeding involving a mark registered"; and
(2) by striking out "decision is rendered, appeal taken or a decree issued" and inserting in lieu thereof "judgment is entered or an appeal is taken".

(e) CIVIL ACTIONS ARISING FROM USE OF COUNTERFEIT MARKS.—
Section 34(d)(1)(B) (15 U.S.C. 1116(d)(1)(B)) is amended by inserting "on or" after "designation used".

SEC. 129. RECOVERY FOR VIOLATION OF RIGHTS.

Section 35(a) (15 U.S.C. 1117(a)) is amended in the first sentence by inserting "; or a violation under section 43(a)," after "Office".

SEC. 130. DESTRUCTION OF INFRINGING ARTICLES.

Section 36 (15 U.S.C. 1118) is amended in the first sentence—
(1) by inserting "; or a violation under section 43(a)," after "Office"; and
(2) by inserting after "registered mark" the following: "or, in the case of a violation of section 43(a), the word, term, name, symbol, device, combination thereof, designation, description, or representation that is the subject of the violation,".
SEC. 131. JURISDICTION.

(a) JURISDICTION OF COURTS.—Section 39 (15 U.S.C. 1121) is amended by inserting "(a)" after "SEC. 39."

(b) CERTAIN ACTIONS BY STATES PRECLUDED.—Section 39a (15 U.S.C. 1121a) is amended—

(1) by striking out "Sec. 39a." and inserting in lieu thereof "(b)"; and

(2) by striking out "servicemarks" each place it appears and inserting in lieu thereof "service marks".

SEC. 132. UNREGISTERED MARKS, DESCRIPTIONS, AND REPRESENTATIONS.

Section 43(a) (15 U.S.C. 1125(a)) is amended to read as follows:

"(a) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

"(1) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

"(2) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.".

SEC. 133. INTERNATIONAL MATTERS.

Section 44 (15 U.S.C. 1126) is amended—

(1) in subsections (c), (d), (e), (g), and (h) by striking out "paragraph (b)" each place it appears and inserting in lieu thereof "subsection (b)";

(2) in subsection (a) by striking out "herein prescribed" and inserting in lieu thereof "required in this Act";

(3) in subsection (d) by striking out "sections 1, 2, 3, 4, or 23" and inserting in lieu thereof "section 1, 3, 4, 23, or 44(e)";

(4) in subsection (dX2) by striking out "but use in commerce need not be alleged" and inserting in lieu thereof "including a statement that the applicant has a bona fide intention to use the mark in commerce' ;

(5) in subsection (dX3) by striking out "foreing" and inserting in lieu thereof "foreign";

(6) in subsection (e) by adding at the end thereof the following: "The application must state the applicant's bona fide intention to use the mark in commerce, but use in commerce shall not be required prior to registration."

(7) in subsection (f) by striking out "paragraphs (c), (d)," and inserting in lieu thereof "subsections (c), (d),"; and

(8) in subsection (i) by striking out "paragraph (b) hereof" and inserting in lieu thereof "subsection (b) of this section".

SEC. 134. CONSTRUCTION AND DEFINITIONS.

Section 45 (15 U.S.C. 1127) is amended—
(1) by amending the paragraph defining "related company" to read as follows:

"The term ‘related company’ means any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or services on or in connection with which the mark is used.”;

(2) by amending the paragraph defining “trade name” and “commercial name” to read as follows:

"The terms ‘trade name’ and ‘commercial name’ mean any name used by a person to identify his or her business or vocation.”;

(3) by amending the paragraph defining “trademark” to read as follows:

"The term ‘trademark’ includes any word, name, symbol, or device, or any combination thereof—

“(1) used by a person, or

“(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this Act, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.”;

(4) by amending the paragraph defining “service mark” to read as follows:

"The term ‘service mark’ means any word, name, symbol, or device, or any combination thereof—

“(1) used by a person, or

“(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this Act, to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown. Titles, character names, and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor.”;

(5) by amending the paragraph defining “certification mark” to read as follows:

"The term ‘certification mark’ means any word, name, symbol, or device, or any combination thereof—

“(1) used by a person other than its owner, or

“(2) which its owner has a bona fide intention to permit a person other than the owner to use in commerce and files an application to register on the principal register established by this Act, to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person’s goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.”;

(6) by amending the paragraph defining “collective mark” to read as follows:

"The term ‘collective mark’ means a trademark or service mark—

“(1) used by the members of a cooperative, an association, or other collective group or organization, or

“(2) which such cooperative, association, or other collective group or organization has a bona fide intention to use in commerce and applies to register on the principal register established by this Act,
and includes marks indicating membership in a union, an association, or other organization.”;

(7) by amending the paragraph defining “mark” to read as follows:

“The term ‘mark’ includes any trademark, service mark, collective mark, or certification mark.”;

(8) by amending the matter which appears between the paragraph defining “mark”, and the paragraph defining “colorable imitation” to read as follows:

“The term ‘use in commerce’ means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this Act, a mark shall be deemed to be in use in commerce—

“(1) on goods when—

“(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

“(B) the goods are sold or transported in commerce, and

“(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

“A mark shall be deemed to be ‘abandoned’ when either of the following occurs:

“(1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for two consecutive years shall be prima facie evidence of abandonment. ‘Use’ of a mark means the bona fide use of that mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.

“(2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this paragraph.”.

SEC. 135. PENDING APPLICATIONS.

The Trademark Act of 1946 is amended by adding at the end thereof the following:

“Sec. 51. All certificates of registration based upon applications for registration pending in the Patent and Trademark Office on the effective date of the Trademark Law Revision Act of 1988 shall remain in force for a period of 10 years.”.

SEC. 136. EFFECTIVE DATE.

This title and the amendments made by this title shall become effective on the date which is one year after the date of enactment of this Act.
TITLE II—SATELLITE HOME VIEWER ACT

SEC. 201. SHORT TITLE.

This title may be cited as the "Satellite Home Viewer Act of 1988".

SEC. 202. AMENDMENTS TO TITLE 17, UNITED STATES CODE.

Title 17, United States Code, is amended as follows:

(1) Section 111 of title 17, United States Code, is amended—

(A) in subsection (a)—

(i) in paragraph (3) by striking "or" at the end;

(ii) by redesignating paragraph (4) as paragraph (5); and

(iii) by inserting the following after paragraph (3):

"(4) the secondary transmission is made by a satellite carrier for private home viewing pursuant to a statutory license under section 119; or";

and

(B) in subsection (d)(1)(A) by inserting before "Such statement" the following:

"In determining the total number of subscribers and the gross amounts paid to the cable system for the basic service of providing secondary transmissions of primary broadcast transmitters, the system shall not include subscribers and amounts collected from subscribers receiving secondary transmissions for private home viewing pursuant to section 119.".

(2) Chapter 1 of title 17, United States Code, is amended by adding at the end the following new section:

"§ 119. Limitations on exclusive rights: Secondary transmissions of superstations and network stations for private home viewing

"(a) Secondary Transmissions by Satellite Carriers.—

"(1) Superstations.—Subject to the provisions of paragraphs (3), (4), and (6) of this subsection, secondary transmissions of a primary transmission made by a superstation and embodying a performance or display of a work shall be subject to statutory licensing under this section if the secondary transmission is made by a satellite carrier to the public for private home viewing, and the carrier makes a direct or indirect charge for each retransmission service to each household receiving the secondary transmission or to a distributor that has contracted with the carrier for direct or indirect delivery of the secondary transmission to the public for private home viewing.

"(2) Network stations.—

"(A) In general.—Subject to the provisions of subparagraphs (B) and (C) of this paragraph and paragraphs (3), (4), (5), and (6) of this subsection, secondary transmissions of programming contained in a primary transmission made by a network station and embodying a performance or display of a work shall be subject to statutory licensing under this section if the secondary transmission is made by a satellite carrier to the public for private home viewing, and the carrier makes a direct or indirect charge for such retransmission service to each subscriber receiving the secondary transmission."
"(B) Secondary transmissions to unserved households.—The statutory license provided for in subparagraph (A) shall be limited to secondary transmissions to persons who reside in unserved households.

"(C) Submission of subscriber lists to networks.—A satellite carrier that makes secondary transmissions of a primary transmission made by a network station pursuant to subparagraph (A) shall, 90 days after the effective date of the Satellite Home Viewer Act of 1988, or 90 days after commencing such secondary transmissions, whichever is later, submit to the network that owns or is affiliated with the network station a list identifying (by street address, including county and zip code) all subscribers to which the satellite carrier currently makes secondary transmissions of that primary transmission. Thereafter, on the 15th of each month, the satellite carrier shall submit to the network a list identifying (by street address, including county and zip code) any persons who have been added or dropped as such subscribers since the last submission under this subparagraph. Such subscriber information submitted by a satellite carrier may be used only for purposes of monitoring compliance by the satellite carrier with this subsection. The submission requirements of this subparagraph shall apply to a satellite carrier only if the network to whom the submissions are to be made places on file with the Register of Copyrights, on or after the effective date of the Satellite Home Viewer Act of 1988, a document identifying the name and address of the person to whom such submissions are to be made. The Register shall maintain for public inspection a file of all such documents.

"(3) Noncompliance with reporting and payment requirements.—Notwithstanding the provisions of paragraphs (1) and (2), the willful or repeated secondary transmission to the public by a satellite carrier of a primary transmission made by a superstation or a network station and embodying a performance or display of a work is actionable as an act of infringement under section 501, and is fully subject to the remedies provided by sections 502 through 506 and 509, where the satellite carrier has not deposited the statement of account and royalty fee required by subsection (b), or has failed to make the submissions to networks required by paragraph (2)(C).

"(4) Willful alterations.—Notwithstanding the provisions of paragraphs (1) and (2), the secondary transmission to the public by a satellite carrier of a primary transmission made by a superstation or a network station and embodying a performance or display of a work is actionable as an act of infringement under section 501, and is fully subject to the remedies provided by sections 502 through 506 and sections 509 and 510, if the content of the particular program in which the performance or display is embodied, or any commercial advertising or station announcement transmitted by the primary transmitter during, or immediately before or after, the transmission of such program, is in any way willfully altered by the satellite carrier through changes, deletions, or additions, or is combined with programming from any other broadcast signal.

"(5) Violation of territorial restrictions on statutory license for network stations.—
“(A) INDIVIDUAL VIOLATIONS.—The willful or repeated secondary transmission by a satellite carrier of a primary transmission made by a network station and embodying a performance or display of a work to a subscriber who does not reside in an unserved household is actionable as an act of infringement under section 501 and is fully subject to the remedies provided by sections 502 through 506 and 509, except that—

“(i) no damages shall be awarded for such act of infringement if the satellite carrier took corrective action by promptly withdrawing service from the ineligible subscriber, and

“(ii) any statutory damages shall not exceed $5 for such subscriber for each month during which the violation occurred.

“(B) PATTERN OF VIOLATIONS.—If a satellite carrier engages in a willful or repeated pattern or practice of delivering a primary transmission made by a network station and embodying a performance or display of a work to subscribers who do not reside in unserved households, then in addition to the remedies set forth in subparagraph (A)—

“(i) if the pattern or practice has been carried out on a substantially nationwide basis, the court shall order a permanent injunction barring the secondary transmission by the satellite carrier, for private home viewing, of the primary transmissions of any primary network station affiliated with the same network, and the court may order statutory damages of not to exceed $250,000 for each 6-month period during which the pattern or practice was carried out; and

“(ii) if the pattern or practice has been carried out on a local or regional basis, the court shall order a permanent injunction barring the secondary transmission, for private home viewing in that locality or region, by the satellite carrier of the primary transmissions of any primary network station affiliated with the same network, and the court may order statutory damages of not to exceed $250,000 for each 6-month period during which the pattern or practice was carried out.

“(C) PREVIOUS SUBSCRIBERS EXCLUDED.—Subparagraphs (A) and (B) do not apply to secondary transmissions by a satellite carrier to persons who subscribed to receive such secondary transmissions from the satellite carrier or a distributor before the date of the enactment of the Satellite Home Viewer Act of 1988.

“(6) DISCRIMINATION BY A SATELLITE CARRIER.—Notwithstanding the provisions of paragraph (1), the willful or repeated secondary transmission to the public by a satellite carrier of a primary transmission made by a superstation or a network station and embodying a performance or display of a work is actionable as an act of infringement under section 501, and is fully subject to the remedies provided by sections 502 through 506 and 509, if the satellite carrier unlawfully discriminates against a distributor.

“(7) GEOGRAPHIC LIMITATION ON SECONDARY TRANSMISSIONS.—The statutory license created by this section shall apply only to
secondary transmissions to households located in the United States.

"(b) STATUTORY LICENSE FOR SECONDARY TRANSMISSIONS FOR PRIVATE HOME VIEWING.—

(1) DEPOSITS WITH THE REGISTER OF COPYRIGHTS.—A satellite carrier whose secondary transmissions are subject to statutory licensing under subsection (a) shall, on a semiannual basis, deposit with the Register of Copyrights, in accordance with requirements that the Register shall, after consultation with the Copyright Royalty Tribunal, prescribe by regulation—

(A) a statement of account, covering the preceding 6-month period, specifying the names and locations of all superstations and network stations whose signals were transmitted, at any time during that period, to subscribers for private home viewing as described in subsections (a)(1) and (a)(2), the total number of subscribers that received such transmissions, and such other data as the Register of Copyrights may, after consultation with the Copyright Royalty Tribunal, from time to time prescribe by regulation; and

(B) a royalty fee for that 6-month period, computed by—

(i) multiplying the total number of subscribers receiving each secondary transmission of a superstation during each calendar month by 12 cents;

(ii) multiplying the number of subscribers receiving each secondary transmission of a network station during each calendar month by 3 cents; and

(iii) adding together the totals computed under clauses (i) and (ii).

(2) INVESTMENT OF FEES.—The Register of Copyrights shall receive all fees deposited under this section and, after deducting the reasonable costs incurred by the Copyright Office under this section (other than the costs deducted under paragraph (4)), shall deposit the balance in the Treasury of the United States, in such manner as the Secretary of the Treasury directs. All funds held by the Secretary of the Treasury shall be invested in interest-bearing securities of the United States for later distribution with interest by the Copyright Royalty Tribunal as provided by this title.

(3) PERSONS TO WHOM FEES ARE DISTRIBUTED.—The royalty fees deposited under paragraph (2) shall, in accordance with the procedures provided by paragraph (4), be distributed to those copyright owners whose works were included in a secondary transmission for private home viewing made by a satellite carrier during the applicable 6-month accounting period and who file a claim with the Copyright Royalty Tribunal under paragraph (4).

(4) PROCEDURES FOR DISTRIBUTION.—The royalty fees deposited under paragraph (2) shall be distributed in accordance with the following procedures:

(A) FILING OF CLAIMS FOR FEES.—During the month of July in each year, each person claiming to be entitled to statutory license fees for secondary transmissions for private home viewing shall file a claim with the Copyright Royalty Tribunal, in accordance with requirements that the Tribunal shall prescribe by regulation. For purposes of this paragraph, any claimants may agree among themselves as
to the proportionate division of statutory license fees among them, may lump their claims together and file them jointly or as a single claim, or may designate a common agent to receive payment on their behalf.

"(B) DETERMINATION OF CONTROVERSY; DISTRIBUTIONS.—
After the first day of August of each year, the Copyright Royalty Tribunal shall determine whether there exists a controversy concerning the distribution of royalty fees. If the Tribunal determines that no such controversy exists, the Tribunal shall, after deducting reasonable administrative costs under this paragraph, distribute such fees to the copyright owners entitled to receive them, or to their designated agents. If the Tribunal finds the existence of a controversy, the Tribunal shall, pursuant to chapter 8 of this title, conduct a proceeding to determine the distribution of royalty fees.

"(C) WITHHOLDING OF FEES DURING CONTROVERSY.—During the pendency of any proceeding under this subsection, the Copyright Royalty Tribunal shall withhold from distribution an amount sufficient to satisfy all claims with respect to which a controversy exists, but shall have discretion to proceed to distribute any amounts that are not in controversy.

"(c) DETERMINATION OF ROYALTY FEES.—

"(1) APPLICABILITY AND DETERMINATION OF ROYALTY FEES.—
The rate of the royalty fee payable under subsection (b)(1)(B) shall be effective until December 31, 1992, unless a royalty fee is established under paragraph (2), (3), or (4) of this subsection. After that date, the fee shall be determined either in accordance with the voluntary negotiation procedure specified in paragraph (2) or in accordance with the compulsory arbitration procedure specified in paragraphs (3) and (4).

"(2) FEE SET BY VOLUNTARY NEGOTIATION.—

"(A) NOTICE OF INITIATION OF PROCEEDINGS.—On or before July 1, 1991, the Copyright Royalty Tribunal shall cause notice to be published in the Federal Register of the initiation of voluntary negotiation proceedings for the purpose of determining the royalty fee to be paid by satellite carriers under subsection (b)(1)(B).

"(B) NEGOTIATIONS.—Satellite carriers, distributors, and copyright owners entitled to royalty fees under this section shall negotiate in good faith in an effort to reach a voluntary agreement or voluntary agreements for the payment of royalty fees. Any such satellite carriers, distributors, and copyright owners may at any time negotiate and agree to the royalty fee, and may designate common agents to negotiate, agree to, or pay such fees. If the parties fail to identify common agents, the Copyright Royalty Tribunal shall so do, after requesting recommendations from the parties to the negotiation proceeding. The parties to each negotiation proceeding shall bear the entire cost thereof.

"(C) AGREEMENTS BINDING ON PARTIES; FILING OF AGREEMENTS.—Voluntary agreements negotiated at any time in accordance with this paragraph shall be binding upon all satellite carriers, distributors, and copyright owners that are parties thereto. Copies of such agreements shall be filed with the Copyright Office within 30 days after execution in
accordance with regulations that the Register of Copyrights shall prescribe.

“(D) PERIOD AGREEMENT IS IN EFFECT.—The obligation to pay the royalty fees established under a voluntary agreement which has been filed with the Copyright Office in accordance with this paragraph shall become effective on the date specified in the agreement, and shall remain in effect until December 31, 1994.

“(3) FEE SET BY COMPULSORY ARBITRATION.—

“(A) NOTICE OF INITIATION OF PROCEEDINGS.—On or before December 31, 1991, the Copyright Royalty Tribunal shall cause notice to be published in the Federal Register of the initiation of arbitration proceedings for the purpose of determining a reasonable royalty fee to be paid under subsection (b)(1)(B) by satellite carriers who are not parties to a voluntary agreement filed with the Copyright Office in accordance with paragraph (2). Such notice shall include the names and qualifications of potential arbitrators chosen by the Tribunal from a list of available arbitrators obtained from the American Arbitration Association or such similar organization as the Tribunal shall select.

“(B) SELECTION OF ARBITRATION PANEL.—Not later than 10 days after publication of the notice initiating an arbitration proceeding, and in accordance with procedures to be specified by the Copyright Royalty Tribunal, one arbitrator shall be selected from the published list by copyright owners who claim to be entitled to royalty fees under subsection (b)(4) and who are not party to a voluntary agreement filed with the Copyright Office in accordance with paragraph (2), and one arbitrator shall be selected from the published list by satellite carriers and distributors who are not parties to such a voluntary agreement. The two arbitrators so selected shall, within 10 days after their selection, choose a third arbitrator from the same list, who shall serve as chairperson of the arbitrators. If either group fail to agree upon the selection of an arbitrator, or if the arbitrators selected by such groups fail to agree upon the selection of a chairperson, the Copyright Royalty Tribunal shall promptly select the arbitrator or chairperson, respectively. The arbitrators selected under this subparagraph shall constitute an Arbitration Panel.

“(C) ARBITRATION PROCEEDING.—The Arbitration Panel shall conduct an arbitration proceeding in accordance with such procedures as it may adopt. The Panel shall act on the basis of a fully documented written record. Any copyright owner who claims to be entitled to royalty fees under subsection (b)(4), any satellite carrier, and any distributor, who is not party to a voluntary agreement filed with the Copyright Office in accordance with paragraph (2), may submit relevant information and proposals to the Panel. The parties to the proceeding shall bear the entire cost thereof in such manner and proportion as the Panel shall direct.

“(D) FACTORS FOR DETERMINING ROYALTY FEES.—In determining royalty fees under this paragraph, the Arbitration Panel shall consider the approximate average cost to a cable system for the right to secondarily transmit to the
public a primary transmission made by a broadcast station, the fee established under any voluntary agreement filed with the Copyright Office in accordance with paragraph (2), and the last fee proposed by the parties, before proceedings under this paragraph, for the secondary transmission of superstations or network stations for private home viewing. The fee shall also be calculated to achieve the following objectives:

"(i) To maximize the availability of creative works to the public.

"(ii) To afford the copyright owner a fair return for his or her creative work and the copyright user a fair income under existing economic conditions.

"(iii) To reflect the relative roles of the copyright owner and the copyright user in the product made available to the public with respect to relative creative contribution, technological contribution, capital investment, cost, risk, and contribution to the opening of new markets for creative expression and media for their communication.

"(iv) To minimize any disruptive impact on the structure of the industries involved and on generally prevailing industry practices.

"(E) REPORT TO COPYRIGHT ROYALTY TRIBUNAL.—Not later than 60 days after publication of the notice initiating an arbitration proceeding, the Arbitration Panel shall report to the Copyright Royalty Tribunal its determination concerning the royalty fee. Such report shall be accompanied by the written record, and shall set forth the facts that the Panel found relevant to its determination and the reasons why its determination is consistent with the criteria set forth in subparagraph (D).

"(F) ACTION BY COPYRIGHT ROYALTY TRIBUNAL.—Within 60 days after receiving the report of the Arbitration Panel under subparagraph (E), the Copyright Royalty Tribunal shall adopt or reject the determination of the Panel. The Tribunal shall adopt the determination of the Panel unless the Tribunal finds that the determination is clearly inconsistent with the criteria set forth in subparagraph (D). If the Tribunal rejects the determination of the Panel, the Tribunal shall, before the end of that 60-day period, and after full examination of the record created in the arbitration proceeding, issue an order, consistent with the criteria set forth in subparagraph (D), setting the royalty fee under this paragraph. The Tribunal shall cause to be published in the Federal Register the determination of the Panel, and the decision of the Tribunal with respect to the determination (including any order issued under the preceding sentence). The Tribunal shall also publicize such determination and decision in such other manner as the Tribunal considers appropriate. The Tribunal shall also make the report of the Arbitration Panel and the accompanying record available for public inspection and copying.

"(G) PERIOD DURING WHICH DECISION OF PANEL OR ORDER OF TRIBUNAL EFFECTIVE.—The obligation to pay the royalty fee established under a determination of the Arbitration Panel which is confirmed by the Copyright Royalty Tribu-
nal in accordance with this paragraph, or established by any order issued under subparagraph (F), shall become effective on the date when the decision of the Tribunal is published in the Federal Register under subparagraph (F), and shall remain in effect until modified in accordance with paragraph (4), or until December 31, 1994.

"(H) PERSONS SUBJECT TO ROYALTY FEE.—The royalty fee adopted or ordered under subparagraph (F) shall be binding on all satellite carriers, distributors, and copyright owners, who are not party to a voluntary agreement filed with the Copyright Office under paragraph (2).

"(4) JUDICIAL REVIEW.—Any decision of the Copyright Royalty Tribunal under paragraph (3) with respect to a determination of the Arbitration Panel may be appealed, by any aggrieved party who would be bound by the determination, to the United States Court of Appeals for the District of Columbia Circuit, within 30 days after the publication of the decision in the Federal Register. The pendency of an appeal under this paragraph shall not relieve satellite carriers of the obligation under subsection (b)(1) to deposit the statement of account and royalty fees specified in that subsection. The court shall have jurisdiction to modify or vacate a decision of the Tribunal only if it finds, on the basis of the record before the Tribunal and the statutory criteria set forth in paragraph (3)(D), that the Arbitration Panel or the Tribunal acted in an arbitrary manner. If the court modifies the decision of the Tribunal, the court shall have jurisdiction to enter its own determination with respect to royalty fees, to order the repayment of any excess fees deposited under subsection (b)(1)(B), and to order the payment of any underpaid fees, and the interest pertaining respectively thereto, in accordance with its final judgment. The court may further vacate the decision of the Tribunal and remand the case for arbitration proceedings in accordance with paragraph (3).

"(d) DEFINITIONS.—As used in this section—

"(1) DISTRIBUTOR.—The term ‘distributor’ means an entity which contracts to distribute secondary transmissions from a satellite carrier and, either as a single channel or in a package with other programming, provides the secondary transmission either directly to individual subscribers for private home viewing or indirectly through other program distribution entities.

"(2) NETWORK STATION.—The term ‘network station’ has the meaning given that term in section 111(f) of this title, and includes any translator station or terrestrial satellite station that rebroadcasts all or substantially all of the programming broadcast by a network station.

"(3) PRIMARY NETWORK STATION.—The term ‘primary network station’ means a network station that broadcasts or rebroadcasts the basic programming service of a particular national network.

"(4) PRIMARY TRANSMISSION.—The term ‘primary transmission’ has the meaning given that term in section 111(f) of this title.

"(5) PRIVATE HOME VIEWING.—The term ‘private home viewing’ means the viewing, for private use in a household by means of satellite reception equipment which is operated by an individual in that household and which serves only such household, of a secondary transmission delivered by a satellite carrier of a
primary transmission of a television station licensed by the Federal Communications Commission.

"(6) SATTELITE CARRIER.—The term 'satellite carrier' means an entity that uses the facilities of a satellite or satellite service licensed by the Federal Communications Commission, to establish and operate a channel of communications for point-to-multipoint distribution of television station signals, and that owns or leases a capacity or service on a satellite in order to provide such point-to-multipoint distribution, except to the extent that such entity provides such distribution pursuant to tariff under the Communications Act of 1934, other than for private home viewing.

"(7) SECONDARY TRANSMISSION.—The term 'secondary transmission' has the meaning given that term in section 111(f) of this title.

"(8) SUBSCRIBER.—The term 'subscriber' means an individual who receives a secondary transmission service for private home viewing by means of a secondary transmission from a satellite carrier and pays a fee for the service, directly or indirectly, to the satellite carrier or to a distributor.

"(9) SUPERSTATION.—The term 'superstation' means a television broadcast station, other than a network station, licensed by the Federal Communications Commission that is secondarily transmitted by a satellite carrier.

"(10) UNSERVED HOUSEHOLD.—The term 'unserved household', with respect to a particular television network, means a household that—

"(A) cannot receive, through the use of a conventional outdoor rooftop receiving antenna, an over-the-air signal of grade B intensity (as defined by the Federal Communications Commission) of a primary network station affiliated with that network, and

"(B) has not, within 90 days before the date on which that household subscribes, either initially or on renewal, to receive secondary transmissions by a satellite carrier of a network station affiliated with that network, subscribed to a cable system that provides the signal of a primary network station affiliated with that network.

"(e) EXCLUSIVITY OF THIS SECTION WITH RESPECT TO SECONDARY TRANSMISSIONS OF BROADCAST STATIONS BY SATELLITE TO MEMBERS OF THE PUBLIC.—No provision of section 111 of this title or any other law (other than this section) shall be construed to contain any authorization, exemption, or license through which secondary transmissions by satellite carrier for private home viewing of programming contained in a primary transmission made by a superstation or a network station may be made without obtaining the consent of the copyright owner.

(3) Section 501 of title 17, United States Code, is amended by adding at the end the following:

"(e) With respect to any secondary transmission that is made by a satellite carrier of a primary transmission embodying the performance or display of a work and is actionable as an act of infringement under section 119(a)(5), a network station holding a copyright or other license to transmit or perform the same version of that work shall, for purposes of subsection (b) of this section, be treated as a legal or beneficial owner if such secondary transmission occurs within the local service area of that station."
102 STAT. 3958 PUBLIC LAW 100-667—NOV. 16, 1988

(4) Section 801(b)(3) of title 17, United States Code, is amended by striking "and 116" and inserting ", 116, and 119(b)".

(5) Section 804(d) of title 17, United States Code, is amended by striking "sections 111 or 116" and inserting "section 111, 116, or 119".

(6) The table of sections at the beginning of chapter 1 of title 17, United States Code, is amended by adding at the end the following new item:

"119. Limitations on exclusive rights: Secondary transmissions of superstations and network stations for private home viewing."

SEC. 203. SYNDICATED EXCLUSIVITY; REPORT ON DISCRIMINATION.

Title VII of The Communications Act of 1934 (47 U.S.C. 601 et seq.) is amended by adding at the end the following:

"SYNDICATED EXCLUSIVITY

47 USC 612.

"Sec. 712. (a) The Federal Communications Commission shall, within 120 days after the effective date of the Satellite Home Viewer Act of 1988, initiate a combined inquiry and rulemaking proceeding for the purpose of—

"(1) determining the feasibility of imposing syndicated exclusivity rules with respect to the delivery of syndicated programming (as defined by the Commission) for private home viewing of secondary transmissions by satellite of broadcast station signals similar to the rules issued by the Commission with respect to syndicated exclusivity and cable television; and

"(2) adopting such rules if the Commission considers the imposition of such rules to be feasible.

"(b) In the event that the Commission adopts such rules, any willful and repeated secondary transmission made by a satellite carrier to the public of a primary transmission embodying the performance or display of a work which violates such Commission rules shall be subject to the remedies, sanctions, and penalties provided by title V and section 705 of this Act.

"DISCRIMINATION

47 USC 613.

"Sec. 713. The Federal Communications Commission shall, within 1 year after the effective date of the Satellite Home Viewer Act of 1988, prepare and submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Energy and Commerce of the House of Representatives a report on whether, and the extent to which, there exists discrimination described in section 119(a)(6) of title 17, United States Code."

SEC. 204. INQUIRY ON ENCRYPTION STANDARD.

Section 705 of the Communications Act of 1934 (47 U.S.C. 605) is amended by adding at the end thereof the following:

"(f) Within 6 months after the date of enactment of the Satellite Home Viewer Act of 1988, the Federal Communications Commission shall initiate an inquiry concerning the need for a universal encryption standard that permits decryption of satellite cable programming intended for private viewing. In conducting such inquiry, the Commission shall take into account—

"(1) consumer costs and benefits of any such standard, including consumer investment in equipment in operation;
“(2) incorporation of technological enhancements, including advanced television formats;
“(3) whether any such standard would effectively prevent present and future unauthorized decryption of satellite cable programming;
“(4) the costs and benefits of any such standard on other authorized users of encrypted satellite cable programming, including cable systems and satellite master antenna television systems;
“(5) the effect of any such standard on competition in the manufacture of decryption equipment; and
“(6) the impact of the time delay associated with the Commission procedures necessary for establishment of such standards.
“(g) If the Commission finds, based on the information gathered from the inquiry required by subsection (f), that a universal encryption standard is necessary and in the public interest, the Commission shall initiate a rulemaking to establish such a standard.”.

SEC. 205. PIRACY OF SATELLITE CABLE PROGRAMMING.

Section 705 of the Communications Act of 1934 (47 U.S.C. 605) is amended—

(1) in subsection (c)—
   (A) by striking “and” at the end of paragraph (4);
   (B) by striking the period at the end of paragraph (5) and inserting “; and”;
   (C) by adding at the end the following:
       “(6) the term ‘any person aggrieved’ shall include any person with proprietary rights in the intercepted communication by wire or radio, including wholesale or retail distributors of satellite cable programming, and, in the case of a violation of paragraph (4) of subsection (d), shall also include any person engaged in the lawful manufacture, distribution, or sale of equipment necessary to authorize or receive satellite cable programming.”;

(2) in subsection (d)(1), by striking “$1,000” and inserting “$2,000”;

(3) in paragraph (2) of subsection (d), by striking “$25,000” and all that follows through the end of that paragraph and inserting “$50,000 or imprisoned for not more than 2 years, or both, for the first such conviction and shall be fined not more than $100,000 or imprisoned for not more than 5 years, or both, for any subsequent conviction.”;

(4) in subsection (d)(3)(A), by inserting “or paragraph (4) of subsection (d)” immediately after “subsection (a)”;

(5) in subsection (d)(3)(B) by striking “may” the first time it appears;

(6) in subsection (d)(3)(B)(i), by inserting “may” immediately before “grant”;

(7) in subsection (d)(3)(B)(ii), by inserting “may” immediately before “award”;

(8) in subsection (d)(3)(B)(iii), by inserting “shall” immediately before “direct”;

(9) in subsection (d)(3)(C)(i)(D)—
   (A) by inserting “of subsection (a)” immediately after “violation”;
   (B) by striking “$250” and inserting “$1,000”; and
(C) by inserting immediately before the period the follow­ing: “, and for each violation of paragraph (4) of this subsection involved in the action an aggrieved party may recover statutory damages in a sum not less than $10,000, or more than $100,000, as the court considers just”;  
(10) in subsection (d)(3)(C)(ii), by striking “$50,000” and insert­ing “$100,000 for each violation of subsection (a)”;
(11) in subsection (d)(3)(C)(iii), by striking “$100” and inserting “$250”; and
(12) by striking paragraph (4) of subsection (d) and inserting the following:
“(4) Any person who manufactures, assembles, modifies, imports, exports, sells, or distributes any electronic, mechanical, or other device or equipment, knowing or having reason to know that the device or equipment is primarily of assistance in the unauthorized decryption of satellite cable programming, or is intended for any other activity prohibited by subsection (a), shall be fined not more than $500,000 for each violation, or imprisoned for not more than 5 years for each violation, or both. For purposes of all penalties and remedies established for violations of this paragraph, the prohibited activity established herein as it applies to each such device shall be deemed a separate violation.”.

17 USC 119 note.  SEC. 206. EFFECTIVE DATE.

This title and the amendments made by this title take effect on January 1, 1989, except that the authority of the Register of Copyrights to issue regulations pursuant to section 119(b)(1) of title 17, United States Code, as added by section 202 of this Act, takes effect on the date of the enactment of this Act.

17 USC 119 note.  SEC. 207. TERMINATION.

This title and the amendments made by this title (other than the amendments made by section 205) cease to be effective on December 31, 1994.