

The Vessel Hull Design Protection Act of 1998: is it still afloat?

Bradley J. Olson*

1. A unique form of protection

Congress enacted the first industrial design protection statutes in the United States, the Vessel Hull Design Protection Act ('VHDPA'), as part of the Digital Millennium Copyright Act of 1998.¹ In the intervening 8 years since enactment, the recreational boating industry has generally overlooked this industry-specific form of intellectual property design protection. The Act has been clearly underutilized since enactment, no doubt in part to the difficulty in proving infringement due to the unintended consequences of the way in which it originally defined 'hull'.² A presently pending bill in Congress would redefine 'hull' and 'deck' as separate areas of protection, so that infringers will not have the safe-harbour of 'knocking-off' an economically valuable hull design, avoiding liability for infringement by merely rearranging the 'deck' features to eliminate the requisite 'substantial similarity' between the original design and the knock-off.³ Statutory modifications to the language of section 1301 of title 17, if passed, should enable registrants to pursue infringers with greater rates of success. Apart from raising awareness in the boating industry that there is an increased likelihood of success in infringement proceedings, the revised Act will also have the positive secondary effect of driving parties together for cross-licensing of registration rights, resulting in increased royalty revenues between boat manufacturers.

The VHDPA can provide a relatively low-cost and effective form of intellectual property protection for recreational boat manufacturers who design and

Key issues

- The Vehicle Hull Design Protection Act in the United States is a unique piece of intellectual property legislation, though a thoroughly underused one. A revised and improved version of the Act has now been prepared and awaits enactment into law.
- Review of this *sui generis* right suggests that it will provide protection that is both cheaper and easier to secure than that available through patent law and that it should provide a secure basis upon which to invest in innovative hull design.
- This article reviews the existing law as well as the proposed amendments, explaining some of the right's terminology and placing it within the wider context of intellectual property protection in the United States.

build original styles of vessel hulls from moulded fibreglass or similar materials. The Act is unique, as there is no other form of statutory industrial design protection provided under the laws of the United States. The VHDPA provides a procedure for getting federal design protection on original vessel hulls other than as the more traditional routes of utility and design patents, trade dress, and copyright protection.⁴ It also provides a 'federal question'⁵ gateway into the federal court system, offering aggrieved boating manufacturers a way of obtaining monetary damages and shutting down infringers on a nationwide basis through the imposition of a federal injunction.

* Dickstein Shapiro LLP, 1825 Eye Street, N.W., Washington, DC 2006

1 Title V of the Digital Millennium Copyright Act of 1998, Pub. L. No., 105-304, 112 Stat. 2860 (28 October 1998), 'Vessel Hull Design Protection Act,' now codified as 17 USC §§ 1301-1332 (1998).

2 17 USC § 1301(b)(4): A 'hull' is the frame or body of a vessel, including the deck of a vessel, exclusive of masts, sails, yards, and rigging. (emphasis added).

3 S. 1785 RFH (109th CONGRESS; first Session; 18 November 2005). An Act to amend chapter 13 of title 17, USC (relating to the vessel hull design protection), to clarify the distinction between a hull and a deck, to provide factors for the determination of the protectability of a revised design, to provide guidance for assessments of substantial similarity, and for other purposes.

4 See titles 35, 15, and 17, US Code, respectively.

5 28 USC § 1331.

The domestic recreational boat manufacturing industry⁶ has long been plagued by low-cost boat makers who think nothing of taking a successful competing boat hull design of another, using it as a ‘plug’ to make a direct-cast mould for their own unauthorized manufacturing use. This knock-off technique is commonly known in the boat building trade as ‘splashing’ a hull.⁷

2. Legislative background

The Supreme Court’s decision in *Bonito Boats Inc. v. Thunder Craft Boats, Inc.*, overturning a Florida state statute that prohibited the unauthorized ‘splashing’ of boat hulls, created a political backlash from the influential recreational boat manufacturing industry that culminated in Congressional ratification of the VHDPA to fill the void created by *Bonito Boats*.⁸ In that case, the Supreme Court affirmed the lower court’s invalidation of a Florida statute that prohibited the use of the direct moulding process to duplicate unpatented boat hulls, finding that the protection offered by the Florida law conflicted with the balance struck by Congress in the federal patent statutes between the encouragement of invention and free competition in unpatented ideas.⁹ The

VHDPA, added as part of the Digital Millennium Copyright Act (‘DMCA’) 1998,¹⁰ was grafted on as chapter 13 to title 17 of the United States Code (the part of the US Code that contains copyright and related laws).¹¹

The Register of Copyrights is responsible for administration of the VHDPA, principally through a design registration system established for eligible vessel hulls.¹² Since enactment, the Copyright Office has registered more than 250 vessel hull designs.¹³ As originally enacted, the VHDPA contained a sunset provision, being scheduled to expire after a period of 2 years.¹⁴ In October 1999, Congress enacted the Intellectual Property and Communications Omnibus Reform Act 1999 (‘IPCORA’), of which Section 5005 amended the DMCA by repealing, among others, the sunset provision.¹⁵ Strictly speaking, the Vessel Hull Design Protection provisions do *not* provide copyright protection to vessel hull designs, the VHDPA being a *sui generis* form of industrial design protection that protects ‘both the ornamental appearance and utilitarian function of a vessel hull’.¹⁶

The main advantage of registering an original vessel hull design under the VHDPA is that, with a single registration, a boat manufacturer can get

6 According to the National Marine Manufacturing Association, a trade association for the recreational boating industry, the retail value of all recreational boats sold in the United States in 2004 exceeded \$6 billion dollars and accounted for more than 300,000 individual vessels sold. <http://www.nmma.org/facts/boatingstats/2004/files/populationstats1.asp> (last accessed 12 January 2006).

7 ‘Hull splashing’ or ‘splashing’ commonly refers to the practice of making an identical mould of an existing commercially successful boat hull by spraying an acquired specimen of that hull with a mixture of chopped fibreglass and hardening resin. When the mixture cures, the peeled-away cast is an exact replica of the features of the boat hull from which it was formed. It can be used as a template to mould exact replicas of the original boat hull without the time and expense of retaining a naval architect(s) to design new and hydrodynamically efficient hull.

8 17 USC §§ 1301–1332 (1998).

9 In *Bonito Boats Inc. v. Thunder Craft Boats, Inc.*, 489 US 141, 9 USPQ2d (BNA) 1847 (1989), Bonito, a Florida corporation, developed a hull design for a fibreglass recreational boat. Designing a boat hull required substantial effort by Bonito. A set of engineering drawings was prepared, from which a hardwood model was created. That model was then sprayed with fibreglass to create a mould, which served to produce the finished fibreglass boats for sale. That model, which was placed on the market in September 1976, was favourably received by the boating public, and ‘a broad interstate market’ developed for its sale. *ibid* 144; 9 USPQ2d, 1849. After Bonito’s had been available to the public for over 6 years, the Florida Legislature enacted Fla. Stat. § 559.94 (1987), making it ‘unlawful for any person to use the direct moulding process to duplicate for the purpose of sale any manufactured vessel hull or component part of a vessel made by another without the written permission of that other person’. In 1984 Bonito sued Thunder Craft for using the direct moulding process to duplicate its fibreglass hull, and for knowingly selling such duplicates in violation of the Florida statute. Thunder Craft sought to dismiss the complaint, arguing that under the

Supreme Court’s decisions in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 US 225, 140 USPQ (BNA) 524 (1964) and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 US 234, 140 USPQ (BNA) 531 (1964) the Florida statute conflicted with federal patent law and was therefore invalid under the Supremacy Clause of the Federal Constitution. The Supreme Court struck down the Florida statute: see 489 US at 161, 9 USPQ2d (BNA), 1859.

10 Title V of the Digital Millennium Copyright Act of 1998, Pub. L. No., 105–304, 112 Stat. 2860 (28 October 1998), the ‘Vessel Hull Design Protection Act’.

11 See, e.g., The Vessel Hull Design Protection Act: Overview and Analysis, November 2003 (a Report by the United States Copyright Office and the United States Patent and Trademark Office ‘The Report’).

12 *ibid*.

13 <http://www.copyright.gov/vessels/list/index.html> (last accessed 12 January 2006).

14 See The Report, pp 1–3. During that period Congress requested the Register of Copyrights and the Commissioner of Patents and Trademarks to submit two joint reports to the Judiciary Committees of the House of Representatives and the Senate evaluating the effectiveness of the VHDPA.

15 See The Report, p 2.

16 Remarks of Prof. Robert Fryer, *Vessel Hull Design Protection Act*: Hearing on HR 2696 Before the House Subcommittee on Courts and Intellectual Property. 105 Cong. 28 (1997). The Vessel Hull Design Protection Act, Title 17, Chapter 13 of the USC, was signed into law on 28 October 1998, providing the protection for original designs of vessel hulls. The law grants an owner of an original vessel hull design certain exclusive rights provided that application for registration of the design with the Copyright Office is made within 2 years of the design being made public. Protection is afforded only to vessel hull designs embodied in actual vessel hulls that are publicly exhibited, publicly distributed, or offered for sale or sold to the public on or after 28 October 1998.

simultaneous protection of a combination of aesthetic as well as utilitarian characteristics of an original vessel hull design, e.g., hull ‘style’ lines taken in combination with the functional hull ‘chine’ lines. This is not so with utility and design patents, trade dress, or copyright protection which, taken alone, inflict greater cost and time in acquiring a patchwork of traditional intellectual property protection of both utilitarian (utility patents) and aesthetic (copyright, trade dress, design patents) features, to cobble together something approaching what a single design registration under the VHDPA can offer.^{17,18}

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Protection under the VHDPA is also considerably more generous in some respects than that provided under the design patent statutes,¹⁹ such as having a 2 year grace period in which to seek VHDPA protection after first publicly displaying the original hull design, versus a 1 year grace period after the first public use to file for a design or utility patent. Boat manufacturers would thus be wise to de-emphasize design patent, but not utility patent protection, from the platform of intellectual property protection available to them.

3. What does the Act protect?

The VHDPA provides that ‘[t]he designer or other owner of an original design²⁰ of a useful article²¹

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’.²² Congress, creating an exception for vessel hull designs, permitted both the features that make the vessel hull more attractive and distinctive as well as utilitarian aspects to be subject to the Act’s protection.²³

Congress also held that subject matter is not subject to protection under the Act if the vessel hull design is (1) not original; (2) a staple or commonplace; (3) different from an earlier design only in insignificant details or elements; (4) dictated solely by utilitarian function; or (5) embodied in a useful article that was made public by the designer or owner in the United States or a foreign country more than two years before the date of application for registration under the Act.²⁴

Despite this, design protection is available even if the design employs subject matter excluded from protection under the Act, such as where a vessel hull design had been used in public for more than 2 years and thereby statutorily barred from registration, if the new design is a ‘substantial revision, adaptation, or rearrangement of such subject matter’.²⁵

4. Term of protection

Protection begins (i) upon publication of the registration under Section 1313, or (ii) on the date the design was first made public as defined in Section 1310(b).²⁶ A registration for protection must be filed within 2 years of the date on which the design was first made public. A public use of a design occurs when a useful article embodying the design is publicly exhibited, publicly distributed, or offered for sale or sold to the public by the owner of the design or

17 See *Mazer v. Stein*, 347 US 201, 217, 100 USPQ (BNA) 325, 333 (1954) (‘neither the Copyright Statute nor any other says that because a thing is patentable it may not be copyrighted’).

18 Congress carved out an exception to the VHDPA with respect to design patent coverage in that, if a design patent issues on a novel ornamental aspect of an article of manufacture, any protection provided under the Act will be terminated as an operation of law. See 17 USC § 1329 (the issuance of a design patent under title 35, USC, for an original design for an article of manufacture shall terminate any protection of the original design under this chapter).

19 35 USC §§ 171–173. Design patents are limited to the sole protection of ornamental designs rather than a combination of appearance and utilitarian design features as under the VHDPA; see also Remarks of Prof. Robert Fryer, Vessel Hull Design Protection Act: Hearing on HR 2696 Before the House Subcommittee on Courts and Intellectual Property, 105 Cong. 28 (1997).

20 See 17 USC § 1301(b)(1): A design is ‘original’ if it is the result of the designer’s creative endeavour 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.

21 See 17 USC § 1301(b)(2): A ‘useful article’ is a vessel hull, including a plug or mould, 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.

22 17 USC § 1301 et seq.

23 17 USC § 1301(a)(1).

24 17 USC § 1302.

25 17 USC § 1303.

26 17 USC § 1304.

with the owner’s consent.²⁷ Protection is provided for a design for a term of 10 years beginning on the date of commencement of such protection.²⁸

5. The design application registration process

The application procedure, which is straightforward, must be made by the owner of the design within 2 years from the date on which the design was first made public.²⁹ Such application for registration must state

- (i) the name and address of the designer or designers of the design;
- (ii) the name and address of the owner if different from the designer;
- (iii) the specific name of the useful article embodying the design;
- (iv) the date, if any, that the design was first made public, if such date was earlier than the date of the application;
- (v) affirmation that the design has been fixed in a useful article; and
- (vi) such other information as may be required by the Administrator.³⁰

The application must also provide a statement under oath by the applicant or the applicant’s duly authorized agent or representative.³¹ If the design has already been made public with a design notice as prescribed in Section 1306, the statement has to describe the exact form and position of the notice. Typical positions for display of the design notice, which must be reasonably located, include the aft quarter near the Hull Identification Number (HIN)

plate or embossment, or as part of the vessel capacity plate. Unlike the US copyright laws, in which displaying a notice of copyright protection is discretionary for coverage for newly created works,³² the open and proper display of a design protection notice is mandatory in order to obtain protection under the Act.

Most importantly, the application must be accompanied by two copies of a drawing or other pictorial representation of the useful article embodying the design, having one or more views, adequate to show the design, in a form and style suitable for reproduction, which will be deemed a part of the application.³³ When applying for protection for recreational vessel hull design, two photographs or drawings should be submitted that only visually depict the various ‘lines’ of the hull itself³⁴ for which protection is sought. Protection is accorded to vessel hull design even if the design itself is only found on the ‘deck’ area of the vessel rather than the hull itself, exclusive of masts, sails, yards, or rigging.³⁵

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This broad definition opens up many possibilities for design protection for savvy boat manufacturers, provided that the vessel deck reflects any moulded-in or permanent deck features of the exterior cabin and cockpit surfaces (other than hardware, fixtures, or other attachments) such as sunbathing and seating areas, compartments, railings, consoles, cabins,

27 17 USC § 1310(b).

28 17 USC § 1305.

29 17 USC § 1310(b). When design is made public—A design is made public when an existing useful article embodying the design is anywhere publicly exhibited, publicly distributed, or offered for sale or sold to the public by the owner of the design or with the owner’s consent.

30 17 USC § 1310(d) et seq.

31 The oath must set forth, to the best of the applicant’s knowledge and belief, (1) that the design is original and was created by the designer or designers named in the application; (2) that the design has not previously been registered on behalf of the applicant or the applicant’s predecessor in title; and (3) that the applicant is the person entitled to protection and to registration. See 17 USC § 1310(d).

32 After the US became a signatory in 1988 to the ‘Berne Convention’ on copyright via the Berne Convention Implementation Act of 1988, Pub. L. 100–568, 102 Stat. 2853–54 (31 October 1988), original works created

after the date the United States became a signatory party to the Berne Convention do not require a copyright notice, ‘©’, or its statutory equivalents, to be displayed on a work to be subject to copyright protection under the United States copyright laws.

33 17 USC § 1310(h).

34 Such ‘lines’ can include the ‘the sheer line’, ‘the style lines’, and ‘the chine lines’. The sheer line is formed by the intersection of the hull sides with the top of the deck. A style line is an offset or indentation made on the hull sides to establish a unique visual graphic to establish the individual ‘signature’ or ‘source identifier’ of the vessel model or brand name. A chine line is the particular line formed by the intersection of the hull lines with the bottom of a vessel’s hull and contributes to the stability of the vessel while underway. See e.g., *Principles of Naval Architecture* by Edward V. Lewis (Ed), Society of Naval Architects (June 1988), vol 1, pp 1–16.

35 17 USC § 1301(4).

windlass housing openings, anchor locker housings, bowsprit configurations, live wells, toe-kicks, cowl vent openings, and radar arch configurations.³⁶

6. Exclusivity and infringement under the Act

The rights provided under the VHDP Act include the right to exclude others from making, having made, importing, for sale or for use in any trade, any useful article embodying that design and to sell or distribute for sale or for use in trade any useful article embodying that design.³⁷ Like the US patent laws, this right to exclude does not convey the positive right to make one's own registered design, since dominant registered designs may prevent a later registered design from being lawfully made or sold despite the existence of a valid design registration.³⁸

As a consequence of the Act only having fairly recently come into force, in combination with the difficulty in establishing proof of infringement due to the original loophole created by the original definition of a vessel 'hull', there has been a paucity of published case law under the Act.

The Act defines infringement as copying without the consent of the owner of the design, within the United States, during the term of such design protection, by the activity to make, have made, or import, for sale or for use in trade, any infringing article as defined in Section 1309(e) or to sell or distribute for sale or for use in trade any such infringing article. The VHDP Act clearly requires some level of 'knowledge' or access to the protected vessel hull on the part of the putative infringer, as the statute mandates an intentional act of unauthorized 'copying' of a protected design.³⁹ Thus independent creation of a substantially similar design, or the express copying

of a vessel hull not displaying a design protection notice, without proof of the alleged infringer's actual knowledge of the protected status of the vessel hull design, should act either as a complete bar to recovery or as an offset to the recovery of damages. Failure to display the required notice of design protection is not fatal to bringing an action under the Act, but such failure will bar recovery of damages and prevent the imposition of an injunction, prior to actual notice being given to the infringer.

In order to establish infringement under the Act, the plaintiff must prove each prong of a bipartite test that a challenged design has been copied from a registered design, by establishing by a preponderance of the evidence that

- (i) it is not original, and
- (ii) it is substantially similar in appearance to the protected design.⁴⁰

In what may be the only published decision involving the VHDP Act as originally enacted, *Maverick Boat Company, Inc v American Marine Holdings, Inc.*,⁴¹ the plaintiff's attempted enforcement under the VHDP Act failed due to technical and inherent deficiencies in the registered hull design.⁴² The district court fashioned a threshold test of 'substantial similarity' that seemingly required an almost mirror image copy of the hull and deck of the registered vessel as compared with the hull and deck of the accused vessel in order to find infringement. That was so despite a finding that the defendant used the registered hull as a template or mould plug for making the allegedly infringing vessel hulls. In *Maverick Boat*, the district court stated that even though '[t]here is no dispute that AMH and Blazer used the Pathfinder 2200 V-Hull as a starting point for the development of the allegedly infringing boat ... this fact alone does

36 See The Vessel Hull Design Protection Act: Overview and Analysis, November 2003, a Report by the United States Copyright Office and the United States Patent and Trademark Office, 16.

37 See 17 USC § 1308.

38 See 35 USC § 154(a)(1).

39 The burden of proof remains on the design owner to establish the protected design's originality whenever the opposing party introduces an earlier work which is identical to such design or so similar as to make a *prima facie* showing that such design was copied from such work. 17 USC § 1309(f).

40 17 USC § 1309(e).

41 02-14102-CIV, 2004 US Dist. Lexis 9412, 70 USPQ2d (BNA) 1493 (S.D. Fla. 10 February 2004), *aff'd*, 2005 US App. Lexis 15323, 75 USPQ2d (BNA) 1590 (11th Cir. 27 July 2005).

42 After a bench trial, the court entered an order and final judgment in this action against Maverick, where the court cancelled Maverick's vessel hull design registrations in the United States Copyright Office for lack of originality, as the registered hull designs were mere corrections of longstanding errors in an old design and such purported revised designs did not constitute the 'substantial' revision subject matter that Congress plainly intended to be protected by 17 USC § 1303. *ibid* *17, 70 USPQ2d, 1499. The court also denied Maverick's claims against AMH and Blazer for copyright infringement and trade dress infringement. *ibid*, *19, 70 USPQ2d, 1501. The court awarded defendants AMH and Blazer attorneys' fees as the prevailing party. *ibid* *55, 70 USPQ2d, 1508. On appeal, the Eleventh Circuit affirmed the lower court's decision on all issues. *ibid* *1193; 75 USPQ2d, 1594.

43 *ibid* *20, 21, 70 USPQ2d (BNA), 1500.

not constitute infringement'.⁴³ The trial court added that '[t]here were ten differences between the Pathfinder 2200 V-Hull and the Pro-Line 22'. These differences were found by comparing 'the decks of the Pathfinder 2200 V-Hull and the Pro-Line 22'. The district court further elicited that '[t]he language of the statute is clear . . . [it] protects the design of a vessel hull'.⁴⁴ The district court emphasized '[t]he statutory definition of hull includes the frame or body of a vessel, "including *the deck* of the vessel"'.⁴⁵ The trial court concluded that the 'changes AMH made in getting from the Pathfinder 2200 V-Hull [plaintiff's registered vessel] as its starting point to the Pro-Line 22 [accused infringing vessel] demonstrate that the Pro-Line 22 is an original and is "not substantially similar in appearance" to the allegedly protected design of the Pathfinder 2200 V-Hull, particularly where the protected design includes the deck of the vessel'.⁴⁶

The proposed new federal legislation (VHDPA), introduced and passed by the Senate, is pending in committee in the House.⁴⁷ If enacted, it will redefine what constitutes a vessel 'hull' and 'deck', making each a separate area for registration and potential enforcement. Putative infringers will thus no longer be able to take refuge in the safe-harbour provided by the original statutory definition of 'hull'. The pending statutory modifications to the language of Section 1301, if passed, should enable registrants to pursue court action against infringers with a much greater likelihood of success.

A finding of infringement under the Act in the future is likely to be based on a strict interpretation of 'substantial similarity' in view of the guidance provided by *Maverick Boats* in which the trial court seemingly required an almost identical copy. Accordingly, one technique that boat manufacturers may employ when seeking to prove that unauthorized copying of a registered design occurred is to embed

'trap' features in the hull or deck, while otherwise emphasizing-hard-to-protect features such as the hull 'deadrise' in advertising. This technique is reminiscent of the Alfred Hitchcock film plot device of a employing a 'MacGuffin' to direct the attention to a goal or object that is not important for resolving the ultimate issue, as here, whether an unauthorized copying took place. With respect to boat hull manufacturing, this technique would involve incorporating a physical feature in the registered hull design that 'knock-off' artists are unwittingly likely to copy from the registered design without recognizing that they are, in fact, helping prove an infringement case against themselves.⁴⁸ Employing a 'trap' marker such as a unique pattern of hull 'chine' and 'style' lines or some other visual clue that permits copying of a registered design to be more easily proven is something that boat

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manufacturers and their legal counsel should discuss before manufacturing begins on a new hull design. This technique has long been used in the copyright field to help establish the element of copying *per se*.⁴⁹

Notably, from a potential defendant's perspective, a research exemption to infringement, analogous to the copyright 'fair use' doctrine,⁵⁰ has also been codified in the Act. Thus it is not an infringement for another person to reproduce the design in a useful article [vessel hull] or in any other form 'solely for the purpose of teaching, analyzing, or evaluating the appearance, concepts, or techniques embodied

44 Citing 17 USC § 1301(a)(2).

45 Citing 17 USC § 1301(b)(4), emphasis added.

46 Citing 17 USC §§ 1301(b)(4), 1309(e).

47 S. 1785 RFH (109th CONGRESS; 1st Session; 18 November 2005).

48 A 'MacGuffin' is a plot device that motivates the characters and advances the story, yet from the observer's perspective, it may be minimally explained or form a challenge to the observer's suspension of disbelief if scrutinized ('[t]he unknown plot objective which you did not need to choose until the story planning was complete'): see P McGilligan, *Alfred Hitchcock: A Life in Darkness and Light* (1st Ed. 2003, Harper Collins) 158.

49 *Hassenfeld Bros., Inc. v. Mego Corp. et al.*, 150 USPQ (BNA) 786, 788 (S.D.N.Y. 1966).

50 Fair use is an 'equitable rule of reason', *Sony Corp. of America v. Universal City Studios, Inc.*, 464 US 417, 448, 224 USPQ (BNA) 736 (1984), requiring careful balancing of multiple factors 'in light of the purposes of copyright'. *Campbell v. Acuff-Rose Music, Inc.*, 510 US 569, 578, 29 USPQ2d (BNA) 1961, 1965 (1994). This defence 'permits courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster'. *Iowa State Univ. Research Found., Inc. v. American Broadcasting Cos.*, 621 F.2d 57, 60, 207 USPQ (BNA) 97, 99 (2d Cir. 1980); see also 17 USC § 107.

in the design, or the function of the useful article embodying the design'.⁵¹ Similarly, an 'innocent infringer' defence protects those who incorporate otherwise infringing designs provided by another into products through the ordinary course of their business without knowledge of the protected designs.⁵² Court doctrine will be necessary for determining the extent of these statutory provisions as a colourable defence to infringement.

7. Damages and remedies for infringement

The Act provides for compensatory damages for infringement; there is also a modest provision for the recovery of enhanced damages, but no form of punitive damages are permitted.⁵³

There is a mechanism for the recovery of lost profits, which can be sizable when involving boat vessel hulls, as well as awarding attorneys fees to the prevailing party.⁵⁴ Significant damages may be recovered under a theory of 'lost profits' if the court finds that the infringer's sales were 'reasonably related' to the use of the claimant's design.⁵⁵ In such a case, the design owner need only prove the amount of the infringer's sales; the infringer must then prove its expenses against such sales.⁵⁶ However, there is a 3 year statute of limitations for the recovery of damages.⁵⁷ Thus no damages may be recovered for any infringement committed more than 3 years before the date on which the complaint was filed. However, it also stands to reason that an action could be brought for recovery of damages for up to 3 years after the 10 year term of protection expires, as is the case with the 6 year time limitation for recovery of damages in patent cases, but no injunctive relief would be available after the expiration of the hull design protection term.⁵⁸

Protection is also available under the Act for false marking of products subject to the Act with design notices.⁵⁹ Such false marking subjects the violator to

a civil fine of not more than \$500 for each such offence. Moreover, *any* person may sue for the \$500 penalty, in which event half the penalty will be awarded to the person suing and the remainder will be awarded to the United States.⁶⁰

8. Injunctive relief and border enforcement by the Treasury and Postal Service

Any court having proper jurisdiction over the parties under the Act 'may grant injunctions in accordance with the principles of equity to prevent infringement of a design' under the Act, including, in its discretion, the extraordinary relief of issuing temporary restraining orders and preliminary injunctions.⁶¹ Such injunctive relief will necessitate establishing the requisite elements of a preliminary injunction or temporary restraining order. Injunctive relief under the Act should not be taken lightly, as a wrongfully obtained injunction under this Act provides a seller or distributor with a cause of action against the design holder for damages, lost profits, costs, loss of goodwill, and punitive damages if sought in bad faith, unless the court finds extenuating circumstances, as well as reasonable attorneys' fees.

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The design owner must post a surety bond for any injury that may result if the detention or exclusion of the articles proves unjustified

Once the VHDPA owner has obtained a favourable decision on infringement and a preliminary or permanent injunction, certain procedural mechanisms provided under the Act permit the US Customs and Border Protection Agency, as well as the US Postal Service, to bar entry and to seize and destroy any infringing design products by order of the Act.⁶²

51 17 USC § 1309(g); see also *Integra Lifesciences I, Ltd. v. Merck KGaA*, 331 F.3d 860, 875–877, 66 USPQ2d (BNA) 1865, 1875–1877 (Fed. Cir. 2003). (J. Newman, dissenting).

52 17 USC § 1309(d).

53 The Court may award compensatory damages adequate to compensate the design holder for the infringement; it may increase damages to such amount, not exceeding \$50,000 or \$1 per copy, whichever is greater, as the court determines to be just: 17 USC § 1323(a).

54 *ibid.*

55 *ibid.*

56 *ibid.*

57 17 USC § 1323(c).

58 See 35 USC § 286.

59 17 USC § 1326(b).

60 *ibid.*

61 17 USC § 1322.

62 17 USC § 1328.

The design owner is also permitted under the Act to obtain a court order enjoining importation or to get an exclusion order from the International Trade Commission under section 337 of the Tariff Act of 1930 compelling exclusion of the importation of the infringing articles. The design owner must furnish proof that the design involved is protected under the Act and that the importation of the articles would infringe the rights in the design under the Act. In addition, as is commonly the case, the design owner must post a surety bond for any injury that may result if the detention or exclusion of the articles proves unjustified.

9. Time for Congress to move

Since its enactment in October 1998, the Vessel Hull Design Protection Act has been available as a *sui generis* form of federal industrial design protection for original boat vessel hulls. The VHDPA has been underutilized by the boating industry; nonetheless Congress should move quickly to pass, and the President should sign into the law, the revised Vessel Hull Design Protection Act to enable the boat manufacturing industry to have at their disposal a low-cost and arguably more effective form of intellectual property protection than they could otherwise obtain by seeking similar protection through more traditional routes, such as utility and design patent, trade dress, and copyright protection. There is no other single form of intellectual property protection under the laws of the United States that will provide 10 years of exclusivity, and serve as a basis for subsequent enforcement, for a combination of the aesthetic *and* utilitarian features of a vessel hull design in a single legal instrument. Registering original vessel hull designs under the Act should be seen as a routine step by boat manufacturers in the increasingly competitive recreational boating industry.

doi:10.1093/jiplp/jpl137