

108TH CONGRESS
2^D SESSION

H. R. 3632

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 22, 2004

Received, read twice and referred to the Committee on the Judiciary

AN ACT

To prevent and punish counterfeiting of copyrighted copies
and phonorecords, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Intellectual Property
3 Protection and Courts Amendments Act of 2004”.

4 **TITLE I—ANTI-COUNTERFEITING**
5 **PROVISIONS**

6 **SEC. 101. SHORT TITLE.**

7 This title may be cited as the “Anti-counterfeiting
8 Amendments Act of 2004”.

9 **SEC. 102. PROHIBITION AGAINST TRAFFICKING IN COUN-**
10 **TERFEIT COMPONENTS.**

11 (a) IN GENERAL.—Section 2318 of title 18, United
12 States Code, is amended—

13 (1) by striking the section heading and insert-
14 ing the following:

15 **“§ 2318. Trafficking in counterfeit labels, illicit labels,**
16 **or counterfeit documentation or pack-**
17 **aging”;**

18 (2) by striking subsection (a) and inserting the
19 following:

20 “(a) Whoever, in any of the circumstances described
21 in subsection (c), knowingly traffics in—

22 “(1) a counterfeit label or illicit label affixed to,
23 enclosing, or accompanying, or designed to be af-
24 fixed to, enclose, or accompany—

25 “(A) a phonorecord;

26 “(B) a copy of a computer program;

1 “(C) a copy of a motion picture or other
2 audiovisual work;

3 “(D) a copy of a literary work;

4 “(E) a copy of a pictorial, graphic, or
5 sculptural work;

6 “(F) a work of visual art; or

7 “(G) documentation or packaging; or

8 “(2) counterfeit documentation or packaging,

9 shall be fined under this title or imprisoned for not more
10 than 5 years, or both.”;

11 (3) in subsection (b)—

12 (A) in paragraph (2), by striking “and”
13 after the semicolon;

14 (B) in paragraph (3)—

15 (i) by striking “and ‘audiovisual work’
16 have” and inserting the following: “‘audio-
17 visual work’, ‘literary work’, ‘pictorial,
18 graphic, or sculptural work’, ‘sound record-
19 ing’, ‘work of visual art’, and ‘copyright
20 owner’ have”; and

21 (ii) by striking the period at the end
22 and inserting a semicolon; and

23 (C) by adding at the end the following:

1 “(4) the term ‘illicit label’ means a genuine cer-
2 tificate, licensing document, registration card, or
3 similar labeling component—

4 “(A) that is used by the copyright owner
5 to verify that a phonorecord, a copy of a com-
6 puter program, a copy of a motion picture or
7 other audiovisual work, a copy of a literary
8 work, a copy of a pictorial, graphic, or sculp-
9 tural work, a work of visual art, or documenta-
10 tion or packaging is not counterfeit or infring-
11 ing of any copyright; and

12 “(B) that is, without the authorization of
13 the copyright owner—

14 “(i) distributed or intended for dis-
15 tribution not in connection with the copy,
16 phonorecord, or work of visual art to which
17 such labeling component was intended to
18 be affixed by the respective copyright
19 owner; or

20 “(ii) in connection with a genuine cer-
21 tificate or licensing document, knowingly
22 falsified in order to designate a higher
23 number of licensed users or copies than
24 authorized by the copyright owner, unless
25 that certificate or document is used by the

1 copyright owner solely for the purpose of
2 monitoring or tracking the copyright own-
3 er's distribution channel and not for the
4 purpose of verifying that a copy or phono-
5 record is noninfringing;

6 “(5) the term ‘documentation or packaging’
7 means documentation or packaging, in physical
8 form, for a phonorecord, copy of a computer pro-
9 gram, copy of a motion picture or other audiovisual
10 work, copy of a literary work, copy of a pictorial,
11 graphic, or sculptural work, or work of visual art;
12 and

13 “(6) the term ‘counterfeit documentation or
14 packaging’ means documentation or packaging that
15 appears to be genuine, but is not.”;

16 (4) in subsection (c)—

17 (A) by striking paragraph (3) and insert-
18 ing the following:

19 “(3) the counterfeit label or illicit label is af-
20 fixed to, encloses, or accompanies, or is designed to
21 be affixed to, enclose, or accompany—

22 “(A) a phonorecord of a copyrighted sound
23 recording or copyrighted musical work;

24 “(B) a copy of a copyrighted computer
25 program;

1 “(C) a copy of a copyrighted motion pic-
2 ture or other audiovisual work;

3 “(D) a copy of a literary work;

4 “(E) a copy of a pictorial, graphic, or
5 sculptural work;

6 “(F) a work of visual art; or

7 “(G) copyrighted documentation or pack-
8 aging; or”]; and

9 (B) in paragraph (4), by striking “for a
10 computer program”; and

11 (5) in subsection (d)—

12 (A) by inserting “or illicit labels” after
13 “counterfeit labels” each place it appears; and

14 (B) by inserting before the period at the
15 end the following: “, and of any equipment, de-
16 vice, or material used to manufacture, repro-
17 duce, or assemble the counterfeit labels or illicit
18 labels”.

19 (b) CIVIL REMEDIES.—Section 2318 of title 18,
20 United States Code, is further amended by adding at the
21 end the following:

22 “(f) CIVIL REMEDIES.—

23 “(1) IN GENERAL.—Any copyright owner who
24 is injured, or is threatened with injury, by a viola-

1 tion of subsection (a) may bring a civil action in an
2 appropriate United States district court.

3 “(2) DISCRETION OF COURT.—In any action
4 brought under paragraph (1), the court—

5 “(A) may grant 1 or more temporary or
6 permanent injunctions on such terms as the
7 court determines to be reasonable to prevent or
8 restrain a violation of subsection (a);

9 “(B) at any time while the action is pend-
10 ing, may order the impounding, on such terms
11 as the court determines to be reasonable, of any
12 article that is in the custody or control of the
13 alleged violator and that the court has reason-
14 able cause to believe was involved in a violation
15 of subsection (a); and

16 “(C) may award to the injured party—

17 “(i) reasonable attorney fees and
18 costs; and

19 “(ii)(I) actual damages and any addi-
20 tional profits of the violator, as provided in
21 paragraph (3); or

22 “(II) statutory damages, as provided
23 in paragraph (4).

24 “(3) ACTUAL DAMAGES AND PROFITS.—

1 “(A) IN GENERAL.—The injured party is
2 entitled to recover—

3 “(i) the actual damages suffered by
4 the injured party as a result of a violation
5 of subsection (a), as provided in subpara-
6 graph (B) of this paragraph; and

7 “(ii) any profits of the violator that
8 are attributable to a violation of subsection
9 (a) and are not taken into account in com-
10 puting the actual damages.

11 “(B) CALCULATION OF DAMAGES.—The
12 court shall calculate actual damages by multi-
13 plying—

14 “(i) the value of the phonorecords,
15 copies, or works of visual art which are, or
16 are intended to be, affixed with, enclosed
17 in, or accompanied by any counterfeit la-
18 bels, illicit labels, or counterfeit docu-
19 mentation or packaging, by

20 “(ii) the number of phonorecords, cop-
21 ies, or works of visual art which are, or are
22 intended to be, affixed with, enclosed in, or
23 accompanied by any counterfeit labels, il-
24 licit labels, or counterfeit documentation or
25 packaging.

1 “(C) DEFINITION.—For purposes of this
2 paragraph, the ‘value’ of a phonorecord, copy,
3 or work of visual art is—

4 “(i) in the case of a copyrighted
5 sound recording or copyrighted musical
6 work, the retail value of an authorized pho-
7 norecord of that sound recording or musi-
8 cal work;

9 “(ii) in the case of a copyrighted com-
10 puter program, the retail value of an au-
11 thORIZED copy of that computer program;

12 “(iii) in the case of a copyrighted mo-
13 tion picture or other audiovisual work, the
14 retail value of an authorized copy of that
15 motion picture or audiovisual work;

16 “(iv) in the case of a copyrighted lit-
17 erary work, the retail value of an author-
18 ized copy of that literary work;

19 “(v) in the case of a pictorial, graphic,
20 or sculptural work, the retail value of an
21 authorized copy of that work; and

22 “(vi) in the case of a work of visual
23 art, the retail value of that work.

24 “(4) STATUTORY DAMAGES.—The injured party
25 may elect, at any time before final judgment is ren-

1 dered, to recover, instead of actual damages and
2 profits, an award of statutory damages for each vio-
3 lation of subsection (a) in a sum of not less than
4 \$2,500 or more than \$25,000, as the court considers
5 appropriate.

6 “(5) SUBSEQUENT VIOLATION.—The court may
7 increase an award of damages under this subsection
8 by 3 times the amount that would otherwise be
9 awarded, as the court considers appropriate, if the
10 court finds that a person has subsequently violated
11 subsection (a) within 3 years after a final judgment
12 was entered against that person for a violation of
13 that subsection.

14 “(6) LIMITATION ON ACTIONS.—A civil action
15 may not be commenced under section unless it is
16 commenced within 3 years after the date on which
17 the claimant discovers the violation of subsection
18 (a).”.

19 (c) CONFORMING AMENDMENT.—The item relating
20 to section 2318 in the table of sections for chapter 113
21 of title 18, United States Code, is amended to read as
22 follows:

 “2318. Trafficking in counterfeit labels, illicit labels, or counterfeit documenta-
 tion or packaging.”.

1 **SEC. 103. OTHER RIGHTS NOT AFFECTED.**

2 (a) CHAPTERS 5 AND 12 OF TITLE 17; ELECTRONIC
3 TRANSMISSIONS.—The amendments made by this title—

4 (1) shall not enlarge, diminish, or otherwise af-
5 fect any liability or limitations on liability under sec-
6 tions 512, 1201 or 1202 of title 17, United States
7 Code; and

8 (2) shall not be construed to apply—

9 (A) in any case, to the electronic trans-
10 mission of a genuine certificate, licensing docu-
11 ment, registration card, similar labeling compo-
12 nent, or documentation or packaging described
13 in paragraph (4) or (5) of section 2318(b) of
14 title 18, United States Code, as amended by
15 this title; and

16 (B) in the case of a civil action under sec-
17 tion 2318(f) of title 18, United States Code, to
18 the electronic transmission of a counterfeit label
19 or counterfeit documentation or packaging de-
20 fined in paragraph (1) or (6) of section 2318(b)
21 of title 18, United States Code.

22 (b) FAIR USE.—The amendments made by this title
23 shall not affect the fair use, under section 107 of title 17,
24 United States Code, of a genuine certificate, licensing doc-
25 ument, registration card, similar labeling component, or
26 documentation or packaging described in paragraph (4)

1 or (5) of section 2318(b) of title 18, United States Code,
2 as amended by this title.

3 **TITLE II—FRAUDULENT ONLINE**
4 **IDENTITY SANCTIONS**

5 **SEC. 201. SHORT TITLE.**

6 This title may be cited as the “Fraudulent Online
7 Identity Sanctions Act”.

8 **SEC. 202. AMENDMENT TO TRADEMARK ACT OF 1946.**

9 Section 35 of the Act entitled “An Act to provide for
10 the registration and protection of trademarks used in com-
11 merce, to carry out the provisions of certain international
12 conventions, and for other purposes”, approved July 5,
13 1946 (commonly referred to as the “Trademark Act of
14 1946”; 15 U.S.C. 1117), is amended by adding at the end
15 the following new subsection:

16 “(e) In the case of a violation referred to in this sec-
17 tion, it shall be a rebuttable presumption that the violation
18 is willful for purposes of determining relief if the violator,
19 or a person acting in concert with the violator, knowingly
20 provided or knowingly caused to be provided materially
21 false contact information to a domain name registrar, do-
22 main name registry, or other domain name registration
23 authority in registering, maintaining, or renewing a do-
24 main name used in connection with the violation. Nothing

1 in this subsection limits what may be considered a willful
2 violation under this section.”.

3 **SEC. 203. AMENDMENT TO TITLE 17, UNITED STATES CODE.**

4 Section 504(e) of title 17, United States Code, is
5 amended by adding at the end the following new para-
6 graph:

7 “(3) (A) In a case of infringement, it shall be
8 a rebuttable presumption that the infringement was
9 committed willfully for purposes of determining re-
10 lief if the violator, or a person acting in concert with
11 the violator, knowingly provided or knowingly caused
12 to be provided materially false contact information
13 to a domain name registrar, domain name registry,
14 or other domain name registration authority in reg-
15 istering, maintaining, or renewing a domain name
16 used in connection with the infringement.

17 “(B) Nothing in this paragraph limits what
18 may be considered willful infringement under this
19 subsection.

20 “(C) For purposes of this paragraph, the term
21 ‘domain name’ has the meaning given that term in
22 section 45 of the Act entitled ‘An Act to provide for
23 the registration and protection of trademarks used
24 in commerce, to carry out the provisions of certain
25 international conventions, and for other purposes’

1 approved July 5, 1946 (commonly referred to as the
2 ‘Trademark Act of 1946’; 15 U.S.C. 1127).”.

3 **SEC. 204. AMENDMENT TO TITLE 18, UNITED STATES CODE.**

4 (a) SENTENCING ENHANCEMENT.—Section 3559 of
5 title 18, United States Code, is amended by adding at the
6 end the following:

7 “(f)(1) If a defendant who is convicted of a felony
8 offense (other than offense of which an element is the false
9 registration of a domain name) knowingly falsely reg-
10 istered a domain name and knowingly used that domain
11 name in the course of that offense, the maximum impris-
12 onment otherwise provided by law for that offense shall
13 be doubled or increased by 7 years, whichever is less.

14 “(2) As used in this section—

15 “(A) the term ‘falsely registers’ means registers
16 in a manner that prevents the effective identification
17 of or contact with the person who registers; and

18 “(B) the term ‘domain name’ has the meaning
19 given that term is section 45 of the Act entitled ‘An
20 Act to provide for the registration and protection of
21 trademarks used in commerce, to carry out the pro-
22 visions of certain international conventions, and for
23 other purposes’ approved July 5, 1946 (commonly
24 referred to as the ‘Trademark Act of 1946’) (15
25 U.S.C. 1127).”.

1 (b) UNITED STATES SENTENCING COMMISSION.—

2 (1) DIRECTIVE.—Pursuant to its authority
3 under section 994(p) of title 28, United States Code,
4 and in accordance with this section, the United
5 States Sentencing Commission shall review and
6 amend the sentencing guidelines and policy state-
7 ments to ensure that the applicable guideline range
8 for a defendant convicted of any felony offense car-
9 ried out online that may be facilitated through the
10 use of a domain name registered with materially
11 false contact information is sufficiently stringent to
12 deter commission of such acts.

13 (2) REQUIREMENTS.—In carrying out this sub-
14 section, the Sentencing Commission shall provide
15 sentencing enhancements for anyone convicted of
16 any felony offense furthered through knowingly pro-
17 viding or knowingly causing to be provided materi-
18 ally false contact information to a domain name reg-
19 istrar, domain name registry, or other domain name
20 registration authority in registering, maintaining, or
21 renewing a domain name used in connection with the
22 violation.

23 (3) DEFINITION.—For purposes of this sub-
24 section, the term “domain name” has the meaning
25 given that term in section 45 of the Act entitled “An

1 Act to provide for the registration and protection of
2 trademarks used in commerce, to carry out the pro-
3 visions of certain international conventions, and for
4 other purposes”, approved July 5, 1946 (commonly
5 referred to as the “Trademark Act of 1946”; 15
6 U.S.C. 1127).

7 **SEC. 205. CONSTRUCTION.**

8 (a) **FREE SPEECH AND PRESS.**—Nothing in this title
9 shall enlarge or diminish any rights of free speech or of
10 the press for activities related to the registration or use
11 of domain names.

12 (b) **DISCRETION OF COURTS IN DETERMINING RE-**
13 **LIEF.**—Nothing in this title shall restrict the discretion
14 of a court in determining damages or other relief to be
15 assessed against a person found liable for the infringement
16 of intellectual property rights.

17 (c) **DISCRETION OF COURTS IN DETERMINING**
18 **TERMS OF IMPRISONMENT.**—Nothing in this title shall be
19 construed to limit the discretion of a court to determine
20 the appropriate term of imprisonment for an offense under
21 applicable law.

1

TITLE III—COURTS

2 **SEC. 301. ADDITIONAL PLACE OF HOLDING COURT IN THE**
3 **DISTRICT OF COLORADO.**

4 Section 85 of title 28, United States Code, is amend-
5 ed by inserting “Colorado Springs,” after “Boulder,”.

6 **SEC. 302. PLACE OF HOLDING COURT IN THE NORTHERN**
7 **DISTRICT OF NEW YORK.**

8 Section 112(a) of title 28, United States Code, is
9 amended by inserting “Plattsburgh,” after “Malone,”.

Passed the House of Representatives September 21,
2004.

Attest:

JEFF TRANDAHL,

Clerk.