First, it is unclear whether and how the UK copyright law really applies to ICs. It is uncertain that a microscopic, virtually invisible design is copyrightable under UK law, particularly when the product is sealed in an opaque container so that it cannot be seen. Second, it is uncertain whether the UK is about to change its copyright law. The European Community has complained that the UK copyright law creates barriers to intra-European Community trade. And the House of Lords has decided to review the latest decision in the field, in which British Leyland, an automobile manufacturer, stopped competition in the sale of spare tailpipes for its cars as a copyright infringement. A governmental commission of experts recommended that Parliament repeal the present UK copyright law applicable to industrial designs; and some observers believe that the House of Lords at least is ready to follow this recommendation. The SIA’s main concern, of course, is merely that US firms might be promised IC protection only to lose it later.

A further problem exists with the UK copyright law’s treatment of reverse engineering and innocent infringement. In the recent British Leyland tailpipe case, to be reviewed by the House of Lords later this year, the defendant had reverse-engineered the tailpipes from the dimensions of the underside of the car. The defendant claimed that this was not copyright infringement but “fair use” of the plaintiff’s copyright as to the tailpipes. The UK Court of Appeals said that this kind of reverse engineering was not defensible as fair use. Yet, if the facts were changed from tailpipes to ICs and the case occurred in the US, the defendant’s conduct would probably be considered legitimate reverse engineering, expressly permitted under section 906(a) of the SCPA.  

In a different but related vein, the Patent and Trademark Office has questioned whether reciprocal protection should be given to a country, such as Sweden, that perhaps “overprotects” ICs, in the sense of giving IC proprietors protection far beyond that of the SCPA. Without its express legitimation of reverse-engineering, the SCPA probably could not have passed. The US law reflects a balance and compromise between the respective interests of IC proprietors, their competitors, IC users, and the public. If a foreign country strikes a very different balance of these interests, its law may not satisfy the SCPA’s reciprocity requirement, which demands that the foreign law give US firms protection “on substantially the same basis” as the SCPA. The UK copyright law seems to tilt the balance much further to the side of the first chip seller, and against the reverse-engineering competitor, than the US SCPA does. It might well be that if a US firm engaged in second-sourcing of another firm’s chip, it would be found innocent of liability in the US because of the reverse-engineering defense, but guilty of copyright infringement in the UK because the UK does not recognize that defense. (The result would be the same irrespective of whether the plaintiff firm were a US or UK semiconductor manufacturer.)

The SCPA reflects a balance between the interests of IC proprietors, their competitors, users, and the public.

A similar, but probably less grave, question may be raised by the innocent infringement defense, which the US SCPA recognizes and foreign copyright laws do not. Under the innocent infringement defense, an equipment manufacturer is not liable for innocently incorporating infringing ICs in its equipment and reselling them. At most, the unknowing equipment manufacturer is liable for a reasonable royalty on ICs that it bought without knowledge and resold after it learned of the IC topography rights. Another question is whether copyright law’s 50-75 year term of protection is excessive for ICs.

Finally, the Commission of the European Communities is preparing a draft directive to its member states on IC protection. If the directive becomes final, it will require all EEC states to protect IC topography, either by a special (sui generis) law as in the US and Japan, or by copyright. At this time, the Patent and Trademark Office has not yet been able to complete its review of the EEC petition.

References

1. An “intermediate form” of a semiconductor chip product is the first m layers fabricated in the manufacturing process of a chip where there are m masking (photolithography) steps and where \( 0 < m < n \). For example, a wafer with an oxide coating into which windows have been opened for doping is an intermediate form of the semiconductor chip product. So, too, is an unpersonalized (unmetallized) array or unprogrammed mask-programmable ROM.

2. If the Copyright Office means the latter, too, then it may be that no cell is registrable as such if it has ever been placed on a wafer with other circuitry for testing.

3. Under UK copyright law, manufacture and sale of a product can be an infringement of the copyright in the blueprints or other technical drawings for the product. That the competitor never saw the blueprints is irrelevant. The copyright law in the US and most other countries is to the opposite effect.

4. Alternatively, the second-sourcing might be defended on the ground that the function of the product dictated its layout. Under the SCPA, layout features dictated by function are not infringing when copied. This rule probably extends to features needed to make a chip “form, fit, and function compatible,” such as pin layout.

Reader Interest Survey

Indicate your interest in this department by circling the appropriate number on the Reader Interest Card.

High 183 Medium 184 Low 185