was not bound by the prior assignment of film rights, 379 F. Supp. 723, 183 USPQ 592 (SDNY 1974), 191 PTCJ A-4, the court of appeals determined that the vesting of renewed copyright in the novel did not prevent the proprietor of the copyrighted derivative film from using "so much of the underlying work as already [was] embodied in the [film]." _____ F. 2d _____, 192 USPQ 545 (CA 1977), 313 PTCJ A-18.

The petitioner maintains that the statutory successor of a deceased author obtains a "new estate" that is "free of, and unencumbered by, any grants made by the author during his lifetime." Any grant of rights by the author affecting the renewal "must of necessity be wholly ineffective when [the renewal] expectancy is cut off by the death of the grantor prior to the date when the right to renew accrues."

[Text] Within recent months Congress has adopted the Copyright Revision Act of 1976 (90 Stat. 2541) [298 PTCJ D-1] and in so doing has enacted a wholly new plan for the protection of authors and their families. This new plan involves but a single term of copyright that is to continue for the life of the author plus 50 years after his death, replacing the concept of an initial term of 28 years and a renewal term of an additional 28 years which was embodied in the 1909 Act. Included in the new statute is a provision which, for the first time, creates a right on the part of an author or, if he be deceased, his family, to terminate any grant of rights under the copyright between the 35th and 40th year following the date of execution of such grant, subject to the proviso that duly authorized derivative works may continue to be utilized after termination of the grant takes place (§203).

However, Congress has made it clear that the provisions of the new §203 - which will first become operative in the year 2013 - represent a marked departure from the past and are designed not to codify existing law, but to change it radically. S. Rept. No. 473, 94th Cong. 1st Sess. at p. 108 (1975). They reflect what is there denominated as "a practical compromise" - one that has been said to be an attempt "to balance the interests of individual authors and their transferees in a fairer way than the present renewal provisions" (emphasis added). Second Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1975 Revision Bill, October-December 1975, ch. XI, p. 10.

Moreover, both the extended single term of copyright and the "termination" right created by §203 of the new statute will by its terms apply only to works created on or after January 1, 1978. Those works which on that date are in their original term of copyright - i.e., all those that have been published and copyrighted since January 1, 1950, estimated to approximate 6,000,000 (S. Rept. No. 473, supra, at p. 122) - will continue to be governed by a renewal provision (§304[a]) which is in all respects identical with the present §24. Consequently, adoption of the 1976 Act has in no sense rendered academic the legal question which this case presents. Instead, it is one that, until finally resolved by this Court, will be with us well into the twenty-first century. [End text]

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BILL INTRODUCED TO PROVIDE FOR UNIFORM GOVERNMENT PATENT POLICY

H.R. 6249, a bill to establish a uniform patent policy for inventions resulting from federally funded research and development, was introduced by Representative Ray Thornton (D-Ark.) on April 6th. The bill was referred to both the Judiciary and Science & Technology Committees. "It is time," said Thornton, "for the Congress to exercise its constitutional responsibility to protect the Nation's scientists and inventors and the public which ultimately is the beneficiary of technological innovations."

The "Uniform Federal Research and Development Utilization Act of 1977," besides providing for the allocation of rights resulting from federally funded research, is also designed to permit early development and commercial use of the resulting inventions, Thornton said.

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Thus, the bill includes "march in" rights to allow the Government to order licensing of a patent if useful inventions aren't being actively pursued to commercialization. Moreover, absent a declaration of contractor interest, the Government would acquire title for use by the public.

Emphasizing the need for an overall federal policy, Thornton pointed out that patent policy has developed primarily on an agency-by-agency basis, often resulting in varied and confusing directives, legislation, and regulations. "Agency-by-agency determinations have both deterred inventive undertakings by individuals and cost the American public the price of needed scientific and technological advances."

Determining patent rights under federally funded research has become increasingly complex, Thornton stated, but the subject has been under careful study by several commissions and study groups for at least 30 years. H.R. 6249 is the result of their efforts and conclusions; the bill "evolved" from consideration of years of study and reflects the assistance of individuals in both the public and private sectors, he said.

The text of Thornton's floor remarks (Cong. Rec., H3149, 4/6/77) appears below. The bill itself, which had not been printed as PTCJ went to press, will appear in a subsequent issue.

[Text]

INTRODUCTION OF UNIFORM FEDERAL RESEARCH AND DEVELOPMENT UTILIZATION ACT OF 1977

* * *

Mr. THORNTON. Mr. Speaker, the bill I am introducing today is primarily to establish a uniform Federal system for management, protection, and utilization of the results of federally sponsored scientific and technological research and development.

The issue of a balanced, equitable, and uniform Federal patent policy, and the resultant procurement and licensing practices and their economic impacts have been of continued importance to the Federal Government since the framing of our Constitution.

Article I, section 8, states that it is the responsibility of the Government, "to promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive rights to their respective writings and discoveries." Notwithstanding that mandate, over the years, patent policy has developed primarily on an agency-by-agency basis, resulting in many varied and often confusing executive directives, legislative mandates and regulations.

Determining patent rights when an invention is the result of federally funded research has become increasingly complex. The allocation of rights, however, has been under careful scrutiny by several commissions and study groups for at least 30 years. It is a result of their efforts and conclusions that this legislative initiative has been undertaken. In addition to establishing a uniform patent policy for the allocation of rights, a primary emphasis of this legislation is to permit the early development and commercial utilization of resulting inventions. These goals and consistent with public interests, enhancing the probability that useful inventions will reach the marketplace to benefit the public as well as the individual inventor.

"March-in" rights have been incorporated in the legislation to allow the Federal Government to order licensing of a patent where useful inventions are not being actively pursued to commercialization, or to meet other public interest considerations. In addition, in the absence of a declaration of contractor interest, the Federal Government acquires title for use by the public.

It is of serious concern to me that the legislative branch has failed to act to establish a mechanism whereby the fruits of federally sponsored research and development can move forward with the researcher confident that his rights are protected under a uniform policy. Agency-by-agency determinations have both deterred inventive undertakings by individuals and cost the American public the price of needed scientific and technological advances.

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This is a problem with both substantive and procedural issues. The former require careful consideration by the scientific and technological community, the latter are best considered by patent experts dealing with the judicial system.

Thirty years of study have provided the necessary data to write meaningful and judicious legislation. It is time for the Congress to exercise its constitutional responsibility to protect the Nation's scientists and inventors and the public which ultimately is the beneficiary of technological innovations.

This legislation evolved from careful consideration of the results of years of study and reflects the unselfish and time consuming assistance of many individuals in both the public and private sectors. Members of the Committee on Government Patent Policy, formerly under the Federal Coordinating Council for Science and Technology and currently under the Federal Coordinating Council for Science, Engineering, and Technology's Committee on Intellectual Property and Information were especially helpful in consultation on their findings and potentials for legislative action. [End Text]

- 0 -

FILING OF REISSUE APPLICATION UNDER NEW PTO RULES FAILS TO CONVINCE COURT TO STAY INFRINGEMENT SUIT

A patentee's bid to stay an infringement suit on the eve of trial, so that he can avail himself of the reissue mechanism provided under the new PTO rules (314 PTCJ A-1, D-1), meets with failure. While the U.S. District Court for Delaware would like to have "the benefit of the PTO's expertise," and would be inclined to grant a stay if the reissue procedure had been available sooner, at this "late stage" the benefit of PTO input is "outweighed by the additional delay involved." In a companion ruling, the court holds that a fraud defense raised by the alleged infringer is equitable in nature, and that the patentee is not entitled to a jury trial. (General Tire & Rubber Co. v. Watson-Bowman Associates, Inc., 3/28/77, 3/29/77)

No Stay Pending Reissue (3/28/77)

General Tire initiated this suit in 1972, claiming that Watson-Bowman infringed two of its patents. Watson-Bowman's defense is based, in part, on allegations that General is guilty of unclean hands and inequitable conduct in connection with the prosecution of the patents. After years of extensive discovery and a number of court rulings on motions, the case was scheduled for a bench trial commencing April 18, 1977. However, on February 22nd, General moved to stay the proceeding pending the final outcome of proceedings in the Patent and Trademark Office which it had instituted pursuant to new PTO rules on reissue applications. The new rules allow a patentee to seek reconsideration of his patent in view of prior art or other information relevant to patentability which was not previously considered by the PTO. Watson-Bowman opposed the stay.

Senior Judge Wright states that the grant or denial of a stay is addressed to the court's discretion. "As with any exercise of discretion, the court must balance the equities presented by the particular set of facts." After examining the impact of the new rules on the issues involved, the court concludes that the interests of justice will not be served by delaying the trial any further.

[Text] The notice of adoption of the new rules * * * described the potential outcomes of [reissue] applications as follows:

> "If a reissue application is filed as a result of new prior art with no changes in the claims or specification and the examiner finds the claims patentable over the new art, the application will be rejected as lacking statutory basis for a reissue, since 35 U.S.C. 251 does not authorize reissue of a patent unless it is deemed wholly or partly inoperative or invalid. However, the record of prosecution of the reissue will indicate that the prior art has been considered by the examiner."

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