[Below are (1) the "Section-By-Section Analysis of H.R. 6286, Patent Law Amendments Act of 1984 " inserted in the Congressional Record of October 1, 1984 at H10525 to H10529, by Representative Kastenmier, chairman of the Subcommittee on Courts, Civil Liberties and the Administration of Justice of the Committee on the Judiciary, and (2) comments by Mr. Kastenmeier on Senate action deleting certain provisions from H.R. 6286, in the Congressional Record of October 11, 1984, at H12231.]

SECTION-BY-SECTION ANALYSIS OF H.R. 6286, PATENT LAW AMENDMENTS ACT OF 1984

Section 1. The short title is " Patent Law Amendments Act of 1984 ."

TITLE I: PATENT IMPROVEMENT PROVISIONS

Use of patented inventions outside the United States (process patents)

Section 101 makes two major changes in the patent law to avoid encouraging manufacturing outside the United States. Section 101 is similar to H.R. 4526.

The first change concerns process patents. Subsection (a) amends section 271 of the patent law to add to the exclusive rights provided by a patent the right to exclude others from importing into the United States products produced by a process covered by the patent. The principal effect of this change is to prevent competitors of a patent owner from avoiding the patent by practicing the patented process outside the United States and marketing the resulting product in this country. Like the coverage of H.R. 4526 the bill extends only to products made in another country and subsequently imported into the United states. The Committee assumes that in appropriate cases the courts will use evidentiary presumptions to establish inferences concerning whether a product made in another country was produced by the patent process. Subsection (b) of section 101 adds to section 287 of the patent law a sentence requiring that an alleged infringer, other than a manufacturer who practices the patented process in the United States, must be notified of the infringement before damages can be recovered. The term "was on notice" means through either notice received from the patent owner or actual knowledge of infringement obtained from another source. Notice may be proven if the alleged infringer was "willfully blind" about the existing circumstances. *See H. Rep.* 96-1396 at 35-36.

The second major change made by section 101 will prevent copiers from avoiding U.S. patents by supplying components of a patented product in this country so that the assembly of the components may be completed abroad. This proposal responds to the United States Supreme Court decision in *Deepsouth Packing Co. v. Laitram Corp.,* 406 U.S. 518 (1972), concerning the need for a legislative solution to close a loophole in patent law.

In this regard, section 101 adds a new subsection 271(f) to the patent law . Subsection 271(f) makes it an infringement to supply components of a patented invention, or to cause components to be supplied, that are to be combined outside the United States. In order to be liable as an infringer under paragraph (f)(1), one must supply or cause to be supplied "all or a substantial portion" of the components in a manner that would infringe the patent if such a combination occured within the United States." The term "actively induce" is drawn from existing subsection 271(b) of the patent law, which provides that whoever actively induces patent infringement is liable as an infringer.

Under paragraph (f)(1) the components may be staple articles or commodities of commerce which are also suitable for substantial non-infringing use, but under paragraph (f)(2) the components must be especially made or adapted for use in the invention. The passage in paragraph (f)(2) reading "especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial non-infringing use" comes from existing section 271(c) of the patent law, which governs contributory infringement. Paragraph (f)(2), like existing subsection 271(c), requires the infringer to have knowledge that the component is especially made or adopted. Paragraph (f)(2) also contains a further requirement that infringers must have an intent that the components will be combined

outside of the United States in a manner that would infringe if the combination occurred within the United States.

Statutory invention registration

Section 102 of the bill adds a new section 156 to title 35. United States Code. The new section established an optional procedure by which an inventor may secure patent protection which is strictly defensive in nature.

Under current law, there is no simple, practical method by which an inventor can protect his ability to exploit the invention without obtaining a patent. The new procedure created by section 102 would confer on an inventor the same rights that a patent provides to prevent others from patenting the invention. However, it would not permit the holder to exclude others from making, using or selling the invention.

The new procedure is to be known as a Statutory Invention Registration (SIR). As originally proposed in H.R. 2610, the new procedure was referred to as a "defensive patent." Several witnesses and the United States Senate (see S. 1538 as passed by the Senate On June 29, 1984) felt that such a characterization would confuse public perception of patent protection and detract from the image of a patent. In addition, concern was also expressed that use of the term patent in connection with the rights granted by Section 102 would be inconsistent with the definiton of Patent being considered by the proposed revision of the Paris Convention for the Protection of Industrial Property.

Due to the fact that a SIR does not grant an exclusive right to an inventor, it would not be necessary to subject a SIR to the lengthy examination process required for the granting a patent. Such an examination would only be necessary if the SIR was subjected to an interference proceeding to determine priority of invention. In all other instances, the Patent and Trademark Office would only review the application for adherence to formal printing and payment requirements and to ensure that the requirements of 35 U.S.C. § 112 were satisfied.

An applicant desiring to have a SIR published under this section will be required to file a regular application for a patent and to excute a waiver of enforcement of patent rights. This waiver of the claimed invention will be effective at the time of publication. The original application for a SIR can be replaced by a continuation or a continuation-in-part application for a patent until publication of the SIR and under such regulations as the Commissioner may establish, thereby providing the applicant with flexibility during the pendency period of the applicaiton. Until the SIR is published the application remains an application for a patent. However, the holder of a SIR will not be able to use the reissue mechanism to reinstate the rights to exclusive use that were waived by the initial publication of the SIR.

The waiver of the right to receive a patent, required of all applicants electing to receive a SIR, applies to those remedies provided for the enforcement of a patent under section 183 and sections 271 through 289 of title 35, United States Code. The waiver also applies to remedies under other titles of the United States Code including sections 1337 and 1337a of title 19, section 2356 of title 22, and section 1498 of title 28. This waiver of enforcement applies only to the claimed subject matter of the SIR and not to say any foreign patent arising from an application which might have served as the basis of a priority claim under the Paris Convention for the Protection of Industrial Property. Likewise, the waiver does not prevent the holder of a SIR from asserting any defenses provided in sections 271 through 289 of title 35 with respect to a charge of infringement of any other patent.

The Commissioner of Patents and Tradmarks can refuse to accept the waiver in certain cases. For example, the waiver could not be accepted if the waiver is not a waiver of all the previously mentioned rights. The Commissioner also has discretion to set time limits on the waiver. This would allow the Commissioner to limit the ability of an inventor to keep inventions secret through a series of continuing patent applications followed by a conversion to a SIR.

The waiver of patent rights in the SIR publications to the subject matter claimed therein may affect the patentability of a claim in other related applications, particularly divisional applications, since the waiver of patent rights would be effective for all inventions claimed in the SIR and would be effective as a waiver of the right to obtain a patent on the invention claimed in the same application or any other application. Where an application containing generic claims is published as a SIR, the waiver in that application applies to any other related applications. Including divisions, continuations, and continuations-in-part, to the extent that

the same invention claimed in the SIR is also claimed in the other related application.

The PTO may apply standards similar to those which it applies in making determinations of "same invention" and "obvious type" double patenting for purposes of determining whether or not a waiver by an applicant to claims in a SIR precludes patenting by the same applicant to subject matter in any other related application. Therefore, the waiver would preclude patenting of an invention claimed in a related application which is the same as, or not patentably distinct from, the invention claimed in the SIR. When making this determination it is the claimed subject matter of the SIR which is compared to the claimed subject matter of the related application. Where the subject matter claimed in the related application is not patentably distinct from the subject matter waived in the SIR, the claims of the related application would be rejected as being precluded by the waiver in the SIR and could not be overcome by a terminal disclaimer. If a divisional application were filed and published as a SIR claiming only a method, publication thereof would not normally effect a waiver on an application for a patent claiming only an apparatus.

The holder of a SIR containing the required waiver would be left without the exclusivity associated with a patent. In other respects a SIR issued under this section would be the same as a patent, including the application which is published as a SIR serving as the basis for a priority claim in a foreign application under the Paris Convention. A SIR would be treated the same as a U.S. patent for all defensive purposes. The applicaton, and the SIR published therefrom, could become involved in an interference; the SIR would be a "constructive reduction to practice" under 35 U.S.C. 102(g) ; it would be "prior art" under all applicable sections of 35 U.S.C.102 including section 102(3); and it would be classified and cross-referenced, disseminated to foreign patent offices, stored in the Patent and Trademark Office computer tapes, made available in commercial data bases, and announced in the *Official Gazette* of the PTO. A published SIR is intended to be a fully viable publication for defense purposes, usable as a reference as of its filing date in the same manner as a patent. A SIR would also serve as a basis to initiate or participate in an interference or priority proceeding under 35 U.S.C. 291 and could be used as a reference in defense of an infringement suit.

A SIR is based on a regularly filed application for a patent. Therefore, the filing date of the application would be a sufficient basis for a priority claim in a foreign application. Article 4, section A(3) of the Paris Convention states:

"... by a regular national filing is meant any filing that is adequate to establish the date on which the application was filed in the country concerned, whatever may be the subsequent fate of the application."

After a SIR is published, makings such as "patent pending" are improper under section 292 of title 35 of the United States Code.

The SIR will serve as replacement for the current nonstatutory "defensive publication program" which was established under 37 CFR 1.139 . Although publication under the "defensive publication program was intended to provide rights similar to those of the SIR, a publication under that program has been held not to be availabe as evidence of prior knowledge as of its filing date under section 102(a) of title 35 (*Ex parte Osmond,* 191 USPQ 334 (P.T.O. Bd. App. 1976)). The use of a "defensive publication" as a reference to prevent a patent from issuing on a subsequent application is therefore limited. A SIR, on the other hand, will have a clear statutory basis in title 35. The SIR will be "prior art" and a "constructive reduction to practice" under section 102(a) and section 102(g), respectively, as of the filing date of the application on which it is based.

A SIR would not be subject to reexamination under sections 302 to 307 of title 35, United States Code.

The Commissioner is authorized by section 102 to issue SIRs for defensive purposes, but is not required to do so. The Committee selected the term "authorized" with the specific intent of giving the Commissioner discretion in determining whether or not a SIR should be issued on a particular application. In circumstances where the subject matter was obviously not an invention, was too informal to print, and so forth, the Commissioner has the right to refuse to publish the SIR.

Fees charged by the PTO for SIRs should be less than those charged for examined applications, and SIRs will be published sooner than patents because no substantive examinations would normally be required for SIRs. To the extent that examination is required, it will be conducted in the same manner as in any other patent application. Maintenance fees will not be charged for SIRs. Since the Commissioner may

permit the waiver of patent rights to be filed after the more extensive examination for a patent application has begun, the Committee expects that, if the Commissioner does so, he will charge the appropriate higher fees in such a case.

Since the fees set by the Commissioner for the new SIR procedure under section 156 of title 35 are not established under section 41(a) or (b) of that title, they are not subject to reduction if the applicant has small entity status.

If the fee for publication is not paid at the time of filing of the waiver of the right to receive a patent, the Commissioner may set a period within which the fee must be paid to prevent abandonment of the application. Such a period would be subject to petitions and fees for extensions of time under section 41(a)8. If abandonment should occur, the application may be revived under the provisions of section 41(a)7.

In the final analysis, the procedures set forth in section 102 will not only give inventors a limited form of protection more cheaply than they could get by applying for a patent, but it may also save the government substantial time and money as well. The procedure would allow the government and the private sector to make inventions public knowledge. Last, the SIR would be particularly useful to those with limited resources such as universities and small businesses, who have a new less expensive alternative to the traditional patenting of inventions.

Proposed section 102(c) requires that a SIR shall give appropriate notice to the public indicating the fact that it does not have all the attributes of a patent. This consumer protection measure will be further mandated by regulations to be issued by the Commissioner.

Section 102 is derived from H.R. 2610 (section 2) and S. 1538 (section 2(a)).

For further information about section 102 and various other administrative improvements, see Remarks of Robert W. Kastenmeier. 129 CONGRESSIONAL RECORD H2187 (daily ed. April 19, 1983.)

Foreign filing licenses

Section 103 of the bill modifies the requirements for obtaining a license from the United States Patent and Trademark Office before filing an application in a foreign patent office. These subsections, 103(a), 103(b), and 103(c), are similar to sections, 1,2, and 3, respectively, of H.R. 4524.

Subsection (a) of section 103 substitutes the words "through error and without deceptive intent" for "inadvertently" in section 184 of the patent law. This changes the standard for granting a license retroactively where an application has been filed abroad and the subject matter is not important to national security within the meaning of section 181 of the patent law. The intent of the change is to authorize granting of retroactive licenses in cases where harmless judgemental errors have been made in good faith, provided that the applications which were filed abroad do not disclose inventions within the secrecy scope of section 181.

Subsection (a) of section 103 also adds a new paragraph at the end of section 184 of the patent law making clear that the scope of a license for a patent application permits subsequent modifications, amendments and supplements containing additional subject matter, provided that the original application does not contain subject matter which is relevant to national security and which therefore must be made available for inspection under section 181. The scope of permissible modifications, amendments and supplements is subject to conditions, the Commissioner may set by regulation.

The purpose of this new paragraph for section 184 is to make clear that a patent applicant should not be burdened with a requirement to obtain additional licenses after a license has been obtained for the initial application, except where there is a continued need to protect national security interests. Thus, the bill would not authorize a test as strict as that resulting from the court's interpertation of regulations, since revised, in *In re Gaertner,* 604 F.2d 1348 202 USPQ 714 (C.C.P.A. 1979).

Subsection (b) of section 103 complements the first part of section 103 by amending section 185 of the patent law . Section 185 as amended provides that a United States patent is not to be barred for failure to obtain a license for foreign filing if the failure was through error and without deceptive intent and the subject matter has been determined by the Commissioner not to be within the scope of section 181. The term "within the scope of section 181" means the secrecy scope of that section in the same fashion as that

term appearing in section 184 was interperted by the court in *Reese v. Dann,* 391 F. Supp. 12, 185 USPQ 492 (D.D.C. 1975).

Subsection (c) of section 103 amends section 136 of the patent law to make clear that the criminal sanctions of section 186 for failure to obtain a license apply only in instances where a person "willfully" files or causes or authorizes to be filed abroad an application in violation of the license requirements of section 184.

Prior art

Section 104 of the bill changes a complex body of case law which discourages communication among members of research teams working in corporations, universities or other organizations. *See* Remarks of Robert W. Kastenmeier, 129 CONG. REC. E5777 (daily ed. Nov. 18, 1983).

Section 104 amends section 103 of the patent law by adding a new sentence providing that subject matter developed by another person which qualifies as "prior art" only under subsections 102(f) or (g) of the patent law is not to be considered when determining whether an invention sought to be patented is obvious under section 103, provided the subject matter and the claimed invention were commonly owned at the time the invention was made.

"Prior art" is the existing technical information against which the patentability of an invention is judged. Publicly known information is always considered in determining whether an invention is obvious. However, under *In re Bass,* 474 F.2d 1276, 177 USPQ 178, (C.C.P.A. 1973), and *In re Clemens,* 622 F.2d 1029, 206 USPQ 289 (C.C.P.A. 1980), an earlier invention which is not public may be treated under section 102(g), and possibly under 102(f), as prior art with respect to a later invention made by another employee of the same organization.

New technology often is developed by using background scientific or technical information known within an organization but unknown to the public. The bill by disqualifying such background information from prior art, will encourage communication among members of research teams, and patenting, and consequently public dissemination, of the results of "team research."

The subject matter which is disqualified as prior art under section 103 is strictly limited to subject matter which qualifies as prior art only under sections 102(f) or (g). If the subject matter qualifies as prior art under any other subsection--e.g., subsection 102 (a), (b) or (e)--it would not be disqualified as prior art under the amendment to section 103.

The amendment applies only to consideration of prior art for purposes of section 103. It does not apply to or affect subject matter which qualifies as prior art under section 102. A patent applicant urging that subject matter was disqualified has the burden of establishing that it was commonly owned at the time the claimed invention was made.

Section 104 is not intended to permit anyone other than the inventor to be named in patent application or patent. Also, the amendment is not intended to enable appropriation of the invention of another.

The Committee expects that the Patent and Trademark Office will reinstitute in appropriate circumstances the practice of rejecting claims in commonly owned applications of different inventive entities on the ground of double patenting. This will be necessary in order to prevent an organization from obtaining two or more patents with different expiration dates covering nearly identical subject matter. In accordance with established patent law doctrines, double patenting rejections can be overcome in certain circumstances by disclaiming the terminal portion of the term of the later patent, thereby eliminating the problem of extending patent life.

The language in section 104 is parallel to but also is more precise than the language of H.R. 4525. For example, section 104 makes clearer that information learned from or transmitted to persons outside the inventor's immediate organization is not disqualified as prior art.

The term "subject matter" as used in section 104 is intended to be construed broadly in the same manner as the term is construed in the remainder of section 103. The term "another" as used in this amendment means any inventive entity other than the inventor. The term "developed" is to be read broadly and is not limited by the manner in which the development occurred.

Joint inventors

Section 105 complements section 104 of the bill. It recognizes the realities of modern team research. A research project may include many inventions. Some inventions may have contributions made by individuals who are not involved in other, related inventions.

Subsection (a) of section 105 amends section 116 of the patent law to allow inventors to apply for a patent jointly even though (i) they did not physically work together or at the same time, (ii) each did not make the same type or amount of contribution, or (iii) each did not make a contribution to the subject matter of every claim of the patent. Items (1) and (ii) adopt the rationale of decisions such as *Monsanto v. Kamp,* 269 F. Supp. 818, 154 USPQ 259 (D.D.C. 1967). Item (iii) adopts the rationale of cases such as *SAB Industri AB v. Bendix Corp., 199* USPQ 95 (E.D. Va. 1978).

Like other patent applications, jointly-filed applications will continue to be subject to the requirements of 35 U.S.C. § 121 that an application be directed to only a single invention. If more than one invention is included in the application, the Patent and Trademark Office may require the application to be restricted to one of the inventions. In such a case, a "divisional" application would be entitled to the benefit of the earlier filing date of the original application.

Subsection (a) of section 105 increases the likelihood that different claims of a patent may have different dates of invention, even though the patent covers only one independent and distinct invention within the meaning of 35 U.S.C. § 121 . When necessary, the Patent and Trademark Office or a court may inquire of the patent applicant or owner concerning the inventors and the invention dates for the subject matter of the various claims.

Subsection (b) of section 105 amends section 120 of the patent law to provide that an application can obtain the benefit of the filing date of an earlier application when not all inventors named in the joint application are the same as named in the earlier application. This permit greater latitude in filing "divisional" applications. For example, if the "previously filed application named inventors A and B as the inventors, a later application by either A or B could be filed during the pendency of the previously filed application and claim benefit of the previously filed application. In order to be entitled to the benefit of an earlier pending application, of course, the subject matter of the claims of the later application would have to be disclosed in the earlier application.

Section 105 is taken from H.R. 4527 and includes changes recommended during testimony before the Subcommittee on Courts, Civil Liberties, and the Administration of Justice.

Arbitration of interferences

Section 106 of the bill authorizes parties involved in patent interferences to arbitrate such disputes. This change parallels a provision of Public Law 97-247 which authorizes arbitration with respect to validity and infringement. Section 106 requires parties to provide notice of the aribitraton award to the Commissioner of Patents and Trademarks. Awards under this section, as under Public Law 97-247 , affect only the parties involved. The final sentence of subsection 135(d) of the patent law, added by section 106, makes clear that nothing in this bill abrogates the final authority of the Commissioner to determine the patentability of an invention covered by patent application.

Section 106 of bill is nearly identical to H.R. 4528.

Effective date: Title I

Section 107 of the bill describes how and under what circumstances the changes to the law made in sections 101 through 106 will take effect.

Subsection (a) provides that, subject to the remaining subsections of section 107, the amendments shall apply to all patents granted before, on, or after the date of enactment and to all applications pending on or filed after the date of enactment. The only exception is that the remedy created by section 101 in adding a new section 271(e) to title 35, United States Code, shall only apply to patents issued after the date of enactment.

Subsection (b) provides that the Act will have no effect on final decisions of a court or the Patent and Trademark Office if the time for appeal has expired.

Subsection (c) limits the applicability of section 271(f) to acts which occur after the effective date of this Act.

Subsection (d) authorizes a court to provide equity according to the terms specified to parties to litigation who acted in reasonable and good faith reliance that a patent was invalid for reasons obviated by sections 103, 104, or 105 of this Act. The Committee intends that persons who did embark on a commercial course of action because of a legal opinion based on ascertained facts that a certain patent or patents were invalid shall have the burden of establishing reasonable reliance with competent evidence.

Subsection (e) states that certain amendments to the law made by this Act will in the future prevent patents from being found to be invalid for reasons not related to the patented invention itself. The Committee recognizes that on the date of enactment there may be cases pending in the judicial system in which the validity of patents are at issue for the very reasons obviated in this Act. The Committee intends that such cases should be determined on the basis of the substantive law existing prior to the date of enactment. However, the judgment of a court in such a case subsequent to the date of enactment shall affect only the parties to the case and shall not result in the forfeiture of a patent as to non-parties to the litigation.

TITLE II: PATENT AND TRADEMARK OFFICE PROCEDURES

Board of Patent Appeals and Interferences

Sections 201-207 of the bill amend section 7 of title 35, United States Code, to combine the Board of Appeals and the Board of Patent Interferences of the Patent and Trademark Office into a single Board, i.e., the Board of Patent Appeals and Interferences. This is accomplished by eliminating all references to either the existing board of Appeals or the Board of Patent Interferences.

Section 202 of the bill amends section 135 of title 35, United States Code, to permit the Board of Patent Appeals and Interferences to consider all patentability issues on interferences.

At present, if two or more inventors claim the same patentable invention, the Patent and Trademark Office is required to determine "priority"; that is, who was the first inventor. The administrative proceedings to determine priority in the Patent and Trademark Office are known as "interference proceedings." Under existing law, the Board of Patent Interferences is not authorized to consider all questions of patentability when determining priority. The Board of Patent Interferences can consider only priority and other issues which have been held to be "ancillary to priority." For example, it has been held that the Board of Patent Interferences does not have jurisdiction to decide whether a claim in an application of a patent is patentable over prior art (*see e.g., Glass v. DeRoo,* 239 F.2d 402 (CCPA 1956)). This restriction on the Board's jurisdiction unduly complicates the process for obtaining a patent based on an application which becomes involved in an interference. In addition, determining whether an issue is ancillary to priority is a difficult and length endeavor (*see e.g., Tofe v. Winchell,* 645 F.2d 58 (CCPA 1981); *Hester v. Allegezer,* 645 F.2d 513 (CCPA 1981); and *Magdo v. Koot,* 699 F.2d 1325 (Fed. Cir. 1983)). The longest interference took over 13 years in the Patent and Trademark Office. While most interferences are not that long, the substantial delays in issuing a patent due to the lengthy interference proceedings and subsequent *ex partes* proceedings are harmful to both applicants and the public. Lack of confidence in the patent law system is the ultimate result.

In response to the problem, the Patent and Trademark Office already has published regulations to streamline this process (49 Fed. Reg. 3788 (Jan. 30, 1984)). The Committee finds, however, that one of the reasons for the lengthy proceedings in the Office is a jurisdictional problem that can only be cured by legislation. The Board of Appeals of the Patent and Trademark Office can consider patentability, but not priority. As noted above, the Board of Patent Interferences can consider priority, but not all questions of patentability. This statutory jurisdictional inconsistency is eliminated through the merger of these two Boards. By combining the two Boards into a single Board having jurisdiction to consider priority and patentability, it is expected that interferences will become simpler, more expeditious, and less costly. Under the bill, all issues of patentability and priority which arise in an interference can be decided in a single proceeding rather than in a series of complicated *inter partes* and *ex partes* proceedings (*see, e.g., Switzer v. Sockman,* 333 F.2d 935, 936 (CCPA 1964) and *Sze v. Bloch,* 458 F.2d 137, 138-139 (CCPA 1972)). The Patent and Trademark Office and reviewing courts will no longer have to decide whether an issue is "ancillary to priority."

Section 207 provides that the amendments made by this title shall take effect three months after the date of enactment of this act.

Sections 201-207 are substantially derived from H.R. 4462 (section 2) and S. 1538 (sections 11 through 22).

TITLE III: NATIONAL COMMISSION ON INNOVATION AND PRODUCTIVITY

Section 301 creates a Natinal Commission on Innovation and Productivity. During the past three Congresses, much has been heard about the need to improve American creativity. The fostering of technological change and the stimulation of innovation have become our goals. Relatively little has been done to examine how to accomplish these objectives on an employee level. The purpose of the National Commission is to focus attention on this question.

The Commission will be charged with the task of studying the level of innovation of employed inventors and examining the various options for increasing the productivity of individual employed inventors. The section does not represent any view about the merits of the two proposals pending in the 98th Congress: H.R. 3285 and 3286, relating to statutory changes in the rights of employed inventors. The statutory framework used here is derived from the model used by the Committee in creating other study entities such as the National Commission on Reform of Federal Criminal Laws (Brown Commission) and the Commission on Revision of the Federal Court Appellate System (Hruska Commission).

Section 302 sets forth the membership of the Commission. Three members shall be appointed by the President, three by the Speaker of the House, and the three by the President of the Senate, making a total of nine members. The President of the United States shall designate the Chairman of the members appointed by the President. One member should be a high-ranking officer or employee of the United States, one should be an employer who employs inventors, and the third should be an employed inventor.

Section 303 sets forth the duties of the Commission.

Section 303 provides that the Commission shall make a full and complete review and study of the level of innovation and productivity of employed inventors. Such study shall include an analysis of the various contractual and legislative methods available to inspire or stimulate individual and corporate innovation and productivity, including an assessment of the techniques used in other countries (such as West Germany) to achieve this objective. Such study may include an assessment of those aspects of other areas of intellectual property law that inspire or stimulate such innovation and productivity. In particular, the Commission may want to examine the issue of work-for-hire in copyright law. The Commission shall make recommendations for such revisions of the laws of the United States, including the repeal of unnecessary or undesirable statutes, and such other changes as the Commission considers will better foster innovation and productivity by employees.

Section 304 sets forth a compensation scheme for Commission members. A member of the Commission who is a member of Congress or a public servant shall receive no additional compensation. Members of the Commission from private life are to be paid at a *per diem* rate of up to Executive Level III.

Section 305 provides for the duties and pay of the Director and staff of the Commission. The Director, who is subject to the control of the Commission, shall supervise the activities of Commission employees, shall prepare reports for the Commission, and shall perform duties that may be assigned.

Section 306 provides for other Federal agencies to cooperate with the Commission. Since there is substantial expertise in government agencies about innovation and patent policy, it is hoped that these agencies will assist the Commission in achieving its assigned functions.

Section 307 requires the Commission to submit interim reports on its activities to the President and the Congress as the Commission deems appropriate, except that at least one report shall be so submitted within one year. The Commission shall submit its final report to the President and the Congress within two years after the date of enactment and the Commission shall cease to exist sixty days after the date of the submission of its final report.

Section 308 provides the GSA with authority to provide administrative services on a reimbursable basis.

Section 309 provides for an authorized appropriation of up to one million dollars for the operation of the Commission.

Section 310 provides that this Commission shall be established effective January 21, 1985.

TITLE IV: MISCELLANEOUS PROVISIONS

International stage

Section 401 is composed of two amendments to title 35, United States Code.

Subsection 401(a) amends section 361(d) of title 35, United States Code, to provide a one-month grace period from the date of filing of an international application for the payment of the basic international fee and the transmittal and search fees.

Subsection 401(b) amends section 366 of title 35, United States Code, to clarify the effect of withdrawal of an international application on claims for the benefit of its filing date. The withdrawal of an international application designating the United States will not deprive an applicant of the right to claim the benefit of the filing date of such an international application, provided the claim is made before that application is withdrawn. Stated otherwise, this clarifies that withdrawing the designation of the United States in an international application is comparable to abandoning a national application as far as a claim for an earlier filing date is concerned.

This section is derived from sections 5 and 6 of H.R. 2610. and sections 4 and 5 of S. 1538.

National Stage

Section 402 comprises several housekeeping amendments to title 35, United States Code.

As a general proposition, the amendments made by subsections 402(a)-(d) to 35 U.S.C. § 371 set forth a legislative scheme to provide greater flexibility in the Patent and Trademark Office for the handling of international applications. In addition, these subsections, by relaxing the requirements which international applicants must satisfy by the commencement of the national stage, give international applicants benefits similar to those given national applicants by P.L. 97-247 with respect to the time for filing the national fee and oath or declaration.

Subsection 402(e) amends section 372(b) of title 35, United States Code, to authorize the Commissioner to require a verification of the translation of an international application or any other document pertaining thereto if the application or other document was filed in a language other than English. An authorization for the Commissioner to require verification in appropriate cases is necessary since subsection (c)(2) of section 371 was amended to remove the requirement that the translation be verified in all cases.

Subsection 402(f) also deletes section 372(c) of title 35, United States Code, thereby discontinuing the requirement for payment of a special fee to maintain claims in an international application which were not searched by an international searching authority. This deletion was made to place international applications processed in the national stage on the same footing as purely national applications.

Subsection 402(g) amends section 376(a) of title 35, United States Code, to delete mention of the special fee in order to conform with amendment of section 372(c) made above.

Section 402 is derived from section 7, 8 and 9 of H.R. 2610, and section 6, 7 and 8 of S. 1538.

Technical amendments

Section 403 provides two necessary technical amendments to title 35, United States Code.

Subsection (a) replaces the term "Patent Office" with "Patent and Trademark Office" throughout title 35, United States Code, to conform to the provisions of Public Law 93-596 .

Subsection (b) amends the table of contents at the beginning of title 35, United States Code, to reflect the Patent Cooperation Treaty. This amendment corrects an oversight in previous legislation.

Section 403 is derived from section 10 of H.R. 2610 and section 9 of S. 1538.

Patent fees

Section 404 is also a technical amendment to insure that no maintenance fees are charged for plant patents, regardless of when filed. Without this provision, plant patent owners whose applications were filed between the dates of enactment of Public Law 96-517 and Public Law 97-247 would be subject to payment of maintenance fees, while plant patent owners whose applications were filed outside those dates would not be subject to such fees. This provision eliminates that inconsistency.

Section 404 is derived from section 11 of H.R. 2610 and section 10 of S. 1528.

Trademark Trial and Appeal Board

Section 405 amends section 3 of title 35, United States Code, to provide for compensation to the members of the Trademark Trial and Appeal Board of the Patent and Trademark Office at a rate equal to that of GS-16s under the General Schedule.

Section 405 is derived from section 23 of S. 1538.

Effective date

Subsection 406(a) provides that section 404 (no patent maintenance fees for plant patents) and the technical amendments made by section 403 shall become effective on the date of enactment of the Act.

There should be no difficulty in making these provisions effective immediately. The current inequality of treatment for plant patents should be eliminated with great haste. Similarly, the name change envisoned in section 403 and the reference to the Patent Cooperation Treaty can occur immediately.

Subsection 406(b) provides that the amendments made by sections 401, 402, and 405 of this Act shall become effective six months after the date of enactment of this Act. These sections, which provide various administrative changes to existing patent law, require an orderly transition between the new and old procedures. Six months is the amount of time allowed for the transition period.

Mr. KASTENMEIER, Mr. Speaker, I am pleased to present to the House H.R. 6286, the Patent Law Amendments Act of 1984 , as amended by the other body.

The amendment before us accepts the Senate amendments with one exception. Not included is a nongermane amendment to the Lanham Act.

The bill before us today satisfies the "public interest" test of patent law reform. The bill is likely to be seen by most observers as mundane or technical in nature. Each of the titles addresses a specific, narrow concern in the patent law. However, without enactment of these housekeeping-oriented measures, the patent system would not be responsive to the challenges of a changing world and the public would not benefit from the release of creative genius.

Now, let me turn to a very brief summary of the bill. I note parenthetically that the two most controversial provisions-- relating to process patent protection and changes in the rules with respect to foreign license filing--have been omitted. No doubt these issues will be revisited next Congress.

Title I contains several important patent law improvements.

Section 101 of the bill provides that a product's patent cannot be avoided through the manufacture of component parts within the United States for assembly outside the United States.

Section 102 establishes a new procedure for a statutory invention registration, thereby creating an optional procedure by which an inventor may secure patent protection that is strictly defensive in nature. This new option will be very useful to those with limited resources such as universities and small businesses who will be able to select, in appropriate cases, a less expensive alternative to the more costly patent process.

Section 104 provides that unpublished information known to the inventor does not constitute prior art in the field of the invention, and therefore cannot serve to defeat the patentability of that invention. This latter change will be of material benefit to university and corporate research laboratories where the free

exchange of ideas and concepts may have been hampered by the current state of the law with respect to what constitutes "prior art."

Section 105 of the bill provides that the two or more inventors may obtain a patent jointly even though each inventor has not contributed to each and every "claim" found in the patent application. This technical amendment should also be of benefit to universities and corporations which rely on team research.

Section 106 authorizes parties involved in patent interferences to arbitrate such disputes. This change parallels a provision of Public Law 97-297 which authorizes arbitration with respect to questions of patentablility.

Section 107 contains the effective date provisions for Title I.

Title II of H.R. 6286 is designed to improve administrative proceedings in the Patent and Trademark Office of the Department of Commerce for determining who is the first inventor of a given patentable invention. At present, these proceedings are known as interference proceedings. They are conducted in the Patent and Trademark Office between two or more adverse patent applicants or between one or more patent applicants and a patentee, all of whom are claiming the same patentable invention. Under existing law, the tribunal responsible for determining who is the first inventor, a Board of Patent Interferences, is not authorized to address all questions of patentability of the invention. This restriction on the Board's jurisdiction unduly complicates the procedures for obtaining patents for applicants involved in interference proceedings. By combining the Board of Patent Interferences with an existing board having patentability jurisdiction--the Board of Appeals of the Patent the Trademark Office--procedures for patent applicants and patentees involved in interferences will be simpler, more expeditious, and less costly.

Title III of the bill creates a National Commission on Employed Inventors Rights. During the past decade, the need to promote creativity and stimulate innovation have become catch phrases. Much debate has revolved around improving the patent and copyright systems, creating new forms of intellectual property, and establishing corporate incentives (such as tax and investment credits). Little discussion has occurred about how to accomplish agreed upon objectives at an employee level. The purpose of the Commission, therefore, is to focus and redirect attention on the issue of employed inventors' rights.

Title IV of the bill contains miscellaneous provisions designed to bring United States law into conformity with international patent law and treaty obligations, to correct drafting mistakes in recently enacted public law, and to augment the salary level of members of the Trademark Trial and Appeal Board.

Mr. Speaker, this concludes my summary of H.R. 6286, as amended.

The bill is appropriately called a "housekeeping" bill. Such a banal title, however, should not disguise the importance of several sections in the bill. It is critical that we keep our patent "house" in order. Increased innovation, better government, a satisfied public, improved economic health of the nation, and more jobs will be the result.

Considered as a whole, H.R. 6286 is a very important bill.