Calendar No. 1330

98TH CONGRESS
1ST SESSION

S. 1535

[Report No. 98–663]

To amend title 35, United States Code, to increase the effectiveness of the patent laws and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 23 (legislative day, JUNE 20), 1983

Mr. MATHIAS (for himself, Mr. DOLE, Mr. DECONCINI, Mr. CHAFEE, and Mr. HECHT) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

OCTOBER 5 (legislative day, SEPTEMBER 24), 1984

Reported by Mr. THURMOND, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To amend title 35, United States Code, to increase the effectiveness of the patent laws and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

~~That section 271 of title 35, United States Code, is amended by adding at the end thereof the following new subsections:~~

"(c) Whoever without authority imports into or sells or uses within the United States a product made in another country by a process patented in the United States shall be liable as an infringer.

"(f) Whoever without authority supplies or causes to be supplied in the United States the material components of a patented invention, where such components are uncombined in whole or in part, intending that such components will be combined outside of the United States, and knowing that if such components were combined within the United States the combination would be an infringement of the patent, shall be liable as an infringer.".

SEC. 2. Section 184 of title 35, United States Code, is amended by—

(1) amending the third sentence thereof by striking out "inadvertently" and inserting after "filed abroad" the words "through error and without deceptive intent";

(2) adding at the end thereof the following new paragraph:

"In the case of an application for which a license has been obtained or an application which has been filed in the United States Patent and Trademark Office for more than six months before the filing in a foreign country, and on which no secrecy order has been issued, a license shall not be required

for any modifications, amendments, supplements, divisions, or other information filed in or transmitted to the foreign country in connection with such application if such modifications, amendments, supplements, divisions, or information consist only of the illustration, exemplification, comparison, or explanation of subject matter specifically or generally disclosed in such application.''.

SEC. 3. Section 185 of title 35, United States Code, is amended by adding before the period in the last sentence thereof the following: '', unless the failure to procure such license was through error and without deceptive intent, and the patent does not disclose subject matter within the scope of section 181 of this title''.

SEC. 4. Section 186 of title 35, United States Code, is amended by—

(1) striking out ''whoever, in violation of the provisions of section 184 of this title,''; and

(2) inserting ''such'' after ''in respect of any''.

SEC. 5. Section 103 of title 35, United States Code, is amended by adding at the end thereof the following:

''Prior art shall not include unpublished information which is developed by the applicant singly or jointly with others, or which is known to the applicant only by virtue of his or her employment.''.

SEC. 6. Section 116 of title 35, United States Code, is amended by amending the first paragraph to read as follows:

"When two or more persons have made inventive contributions to the subject matter claimed in an application, they shall apply for patent jointly and each shall sign the application and make the required oath, except as otherwise provided in this title. Joint inventors need not have made an inventive contribution to each claim of the application.".

SEC. 7. Section 135(a) of title 35, United States Code, is amended by adding at the end thereof the following: "Evidence to establish priority of invention in accordance with section 102(g) shall be provided by affidavit.".

SEC. 8. Section 135(c) of title 35, United States Code, is amended by—

(1) inserting before "shall render" in the third sentence the following: ", unless such failure was through error and without deceptive intent,"; and

(2) striking out the words "during the six-month period" in the fourth sentence and "within the six-month period" in the sixth sentence.

SEC. 9. Section 135 of title 35, United States Code, is amended by adding at the end thereof the following new subsection:

"(d) Parties to a patent interference may determine such contest or any aspect thereof by arbitration. The parties shall

give notice of any arbitration award to the Commissioner, and such award shall be dispositive of the issues to which it relates. The arbitration award shall be unenforceable until such notice is given.''.

SEC. 10. (a) Title 35, United States Code, is amended by adding after section 294 the following new section:

''§ 295. Licensee estoppel

''(a) A licensee shall not be estopped from asserting in judicial action the invalidity of any patent to which it is licensed. Any agreement between the parties to a patent license agreement which purports to bar the licensee from asserting the invalidity of any licensed patent shall be unenforceable as to that provision.

''(b) In the event of an assertion of invalidity by the licensee in a judicial action, licensee and licensor shall each have the right to terminate the license at any time after such assertion. Until so terminated by either party, the licensee shall pay and the licensor shall receive the consideration set in the license agreement.''.

(b) The table of sections for chapter 29 of title 35, United States Code, is amended by adding after the item relating to section 294 the following:

''295. Licensee estoppel.''.

SEC. 11. The amendments made by this Act shall apply to all unexpired United States patents granted before or after the date of enactment of this Act.

That this Act may be cited as the "Patent Law Amendment of 1984".

SEC. 2. (a) Section 154 of title 35, United States Code, is amended by inserting after "United States," the following: "and, if the invention is a process, of the right to exclude others from using or selling products produced thereby throughout, or importing products produced thereby into, the United States,".

(b) Section 271 of title 35, United States Code, is amended by—

(1) inserting "(1)" after "(a)";

(2) adding at the end of subsection (a), the following:

"(2) If the patented invention is a process, whoever without authority uses or sells within, or imports into, the United States during the term of the patent therefor a product produced by such process infringes the patent."; and

(3) adding the following at the end thereof:

"(e)(1) Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the components of a patented invention, where such components are uncombined in whole or in part, in such manner as to actively induce the combination of such components outside of the United States in a manner that would

infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

"(2) Whoever without authority supplies or causes to be supplied in or from the United States any component of a patented invention that is especially made or especially adapted for use in the invention and not a staple article or commodity of commerce suitable for substantial noninfringing use, where such component is uncombined in whole or in part, knowing that such component is so made or adapted and intended that such component will be combined outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.".

(c) Section 287 of title 35, United States Code, is amended by—

(1) inserting "(a)" before "Patentees,"; and

(2) adding a the end thereof the following new subsection:

"(b) No damages shall be recovered by the patentee for infringement under section 271(a)(2) of this title from an infringer who did not use the patented process except on proof that such infringer knew of or was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring

after such knowledge or notice. Filing of an action for infringement shall constitute such notice.".

SEC. 3. Section 103 of title 35, United States Code, is amended by adding at the end thereof the following:

"In addition, subject matter developed by another, which qualifies as prior art only under subsection (f) or (g) of section 102 of this title, shall not negate patentability under this section where the subject matter and the claimed invention were commonly owned or subject to an obligation of assignment to the same party at the same time the invention was made.".

SEC. 4. (a) Section 116 of title 35, United States Code, is amended by amending the first paragraph to read as follows:

"When an invention is made by two or more persons jointly, such persons shall apply for a patent jointly and each shall make the required oath, except as otherwise provided in this title. Inventors may 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.".

(b) Section 120 of title 35, United States Code, is amended to read as follows:

"An application for patent for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in an application previously filed in the United States, or as provided by section 363 of this title, by an inventor or inventors named in the previously filed application shall have the same effect, as to such invention, as though filed on the date of the prior application, if filed before the patenting or abandonment of or termination of proceedings on the first application or an application similarly entitled to the benefit of the filing date of the first application and if it contains or is amended to contain a specific reference to the earlier filed application.".

SEC. 5. Section 135 of title 35, United States Code, is amended by adding at the end thereof the following new subsection:

"(d) Parties to a patent interference may determine such contest or any aspect thereof by arbitration. Such arbitration shall be governed by the provisions of title 9, United States Code, to the extent such title is not inconsistent with this section. The parties shall give notice of any arbitration award to the Commissioner, and such award shall be final and binding between the parties to the arbitration but shall have no force or effect regarding any other person. The arbitration award shall be unenforceable until such notice is given. Nothing in this subsection shall preclude the Commis-

sioner from determining patentability of the invention involved in the interference.".

SEC. 6. (a) Title 35, United States Code, is amended by adding after section 295 the following new section:

"§ 296. Licensee challenges to patent validity

"(a) A licensee shall not be estopped from asserting in a judicial action the invalidity of any patent to which it is licensed. Any agreement between the parties to a patent license agreement which purports to bar the license from asserting the invalidity of any licensed patent shall be unenforceable as to that provision.

"(b) Any patent license agreement may provide for a party or parties to the agreement to terminate the license if the licensee asserts in a judicial action the invalidity of the licensed patent, and, if the licensee has such a right to terminate, the agreement may further provide that the licensee's obligations under the agreement shall continue until a final and unappealable determination of invalidity is reached or until such right to terminate is exercised. Such agreement shall not be unenforceable as to such provisions on the ground that such provisions are contrary to Federal patent law or policy.".

(b) The table of sections for chapter 29 of title 35, United States Code, is amended by adding after the item relating to section 295 the following:

"296. Licensee challenges to patent validity.".

SEC. 7. (a) Chapter 14 of title 35, United States Code, is amended by adding at the end thereof the following new section:

"§ 156. Statutory invention recording

"(a) Notwithstanding any other provisions of this title, the Commissioner is authorized to publish a statutory invention recording containing the specification and drawings of a regularly filed application for a patent without examination, except as may be required to conduct an interference proceeding, to determine compliance with section 112 of this title, or to review for formalities required for printing, if the applicant—

"(1) waives the right to receive a patent on the invention within such period as may be prescribed by the Commissioner, and

"(2) pays application, publication and other processing fees established by the Commissioner.

"(b) The waiver under this section shall take effect upon publication of the statutory invention recording.

"(c) A statutory invention recording published pursuant to this section shall have all of the attributes specified for patents in this title except those specified in section 183, and sections 271 through 289 of this title. A statutory invention recording shall not have any of the attributes specified for patents in any other title of this Code.

"(d) The Secretary of Commerce shall convene an interagency committee to coordinate policy on the use of the statutory invention recording procedure by agencies of the United States. Such policy shall ordinarily require use of the statutory invention recording procedure for inventions as to which the United States may have the right of ownership that do not have commercial potential. The interagency committee shall also, after obtaining views from the public, establish standards for evaluating the commercial potential of inventions to which the government may have the right of ownership. The head of each agency which has a significant research program (as determined by the Secretary of Commerce) shall designate either the senior technology transfer official or the senior research policy official to participate as a member of the interagency committee. The Secretary of Commerce shall report to the Congress annually on the use of statutory invention recordings. Such report shall include an assessment of the degree to which agencies of the Federal Government are making use of the statutory invention recording system, the degree to which it aids the management of federally developed technology, and an assessment of the cost savings to the Federal Government of the use of such procedures.".

(b) The analysis for chapter 14 of title 35, United States Code, is amended by adding at the end the following:

"156. Statutory invention recording.".

SEC. 8. Section 134 of title 35, United States Code, is amended by striking out "primary".

SEC. 9. Section 361(d) of title 35, United States Code, is amended by inserting "or within one month after such date" after "application" in the first sentence.

SEC. 10. Section 366 of title 35, United States Code, is amended—

(1) by inserting "after the date of withdrawal," after "effect";

(2) by inserting ", unless a claim for the benefit of a prior filing date under section 365(c) of this part was made in a national application, or an international application designating the United States, filed before the date of such withdrawal" before the period at the end of the first sentence; and

(3) by inserting "withdrawn" after "such" in the second sentence.

SEC. 11. (a) Section 371(a) of title 35, United States Code, is amended by—

(1) striking out "is" and inserting in lieu thereof "may be"; and

(2) striking out ", except those filed in the Patent Office".

(b) Section 371(b) of title 35, United States Code, is amended to read as follows:

"(b) Subject to subsection (f) of this section, the national stage shall commence with the expiration of the applicable time limit under article 22 (1) or (2) of the treaty.".

(c) Section 371(c)(2) of title 35, United States Code, is amended by—

(1) striking out "received from" and inserting in lieu thereof "communicated by"; and

(2) striking out "verified" before "translation".

(d) Section 371(d) of title 35, United States Code, is amended to read as follows:

"(d) The requirements with respect to the national fee referred to in subsection (c)(1), the translation referred to in subsection (c)(2), and the oath or declaration referred to in subsection (c)(4) of this section shall be complied with by the date of the commencement of the national stage or by such later time as may be fixed by the Commissioner. The copy of the international application referred to in subsection (c)(2) shall be submitted by the date of the commencement of the national stage. Failure to comply with these requirements shall be regarded as abandonment of the application by the parties thereof, unless it be shown to the satisfaction of the Commissioner that such failure to comply was unavoidable. The payment of a surcharge may be required as a condition of accepting the national fee referred to in subsection (c)(1) or the oath or declaration referred to in subsection (c)(4) of this

section if these requirements are not met by the date of the commencement of the national stage. The requirements of subsection (c)(3) of this section shall be complied with by the date of the commencement of the national stage, and failure to do so shall be regarded as a cancellation of the amendments to the claims in the international application made under article 19 of the treaty.".

SEC. 12. (a) Section 372(b) of title 35, United States Code, is amended by—

(1) striking out the period at the end of paragraph (2) and inserting in lieu thereof a semicolon; and

(2) inserting at the end thereof the following:

"(3) the Commissioner may require a verification of the translation of the international application or any other document pertaining thereto if the application or other document was filed in a language other than English.".

(b) Section 372 of title 35, United States Code, is amended by deleting subsection (c).

SEC. 13. Section 376(a) of title 35, United States Code, is amended by striking out paragraph (5) and redesignating paragraph (6) as paragraph (5).

SEC. 14. Title 35, United States Code, is amended by striking out "Patent Office" each place it appears and inserting in lieu thereof "Patent and Trademark Office".

SEC. 15. Notwithstanding section 2 of Public Law 96–517, no fee shall be collected for maintaining a plant patent in force.

SEC. 16. (a) Section 7 of title 35, United States Code, is amended to read as follows:

"§ 7. Board of Patent Appeals and Interferences

"The examiners-in-chief shall be persons of competent legal knowledge and scientific ability, who shall be appointed under the classified civil service. The Commissioner, the deputy commissioner, the assistant commissioners, and the examiners-in-chief shall constitute a Board of Patent Appeals and Interferences.

"The Board of Patent Appeals and Interferences shall, on written appeal of an applicant, review adverse decisions of examiners upon applications for patents and shall determine priority and patentability of invention in interferences declared pursuant to section 135(a) of this title. Each appeal and interference shall be heard by at least three members of the Board of Patent Appeals and Interferences, the members to be designated by the Commissioner. The Board of Patent Appeals and Interferences has sole power to grant rehearings.

"Whenever the Commissioner considers it necessary to maintain the work of the Board of Patent Appeals and Interferences current, he may designate any patent examiner of the primary examiner grade or higher, having the requisite

ability, to serve as examiner-in-chief for periods not exceeding six months each. An examiner so designated shall be qualified to act as a member of the Board of Patent Appeals and Interferences. Not more than one such primary examiner shall be a member of the Board of Patent Appeals and Interferences hearing an appeal or determining an interference. The Secretary of Commerce is authorized to fix the per annum rate of basic compensation of each designated examiner-in-chief in the Patent and Trademark Office at not in excess of the maximum scheduled rate provided for positions at GS–16 pursuant to section 5332 of title 5, United States Code. The per annum rate of basic compensation of each designated examiner-in-chief shall be adjusted, at the close of the period for which he was designated to act as examiner-in-chief, to the per annum rate of basic compensation which he would have been receiving at the close of such period if such designation had not been made.".

(b) The item relating to section 7 in the analysis for chapter 1 of title 35, United States Code, is amended by inserting "Board of Patent Appeals and Interferences" in lieu of "Board of Appeals".

SEC. 17. Section 41(a)(6) of title 35, United States Code, is amended by inserting "Board of Patent Appeals and Interferences" in lieu of "Board of Appeals", each place it appears and inserting "in the appeal" after "oral hearing".

SEC. 18. (a) Section 134 of title 35, United States Code, including the section heading, is amended by inserting "Board of Patent Appeals and Interferences" in lieu of "Board of Appeals" each place it appears.

(b) The item relating to section 134 in the analysis for chapter 12 of title 35, United States Code, is amended by inserting "Board of Patent Appeals and Interferences" in lieu of "Board of Appeals".

SEC. 19. (a) Section 135(a) of title 35, United States Code, is amended to read as follows:

"(a) Whenever an application is made for a patent which, in the opinion of the Commissioner, would interfere with any pending application, or with any unexpired patent, an interference may be declared and the Commissioner shall give notice thereof to the applicants, or applicant and patentee, as the case may be. The Board of Patent Appeals and Interferences shall determine the priority and patentability of invention in interferences. Any final decision, if adverse to the claim of an applicant, shall constitute the final refusal by the Patent and Trademark Office of the claims involved, and the Commissioner may issue a patent to the applicant who is adjudged the prior inventor. A final judgment adverse to a patentee from which no appeal or other review has been or can be taken or had shall constitute cancellation of the claims of the patent, and notice thereof shall be endorsed on copies of

the patent thereafter distributed by the Patent and Trademark Office.".

(b) Section 135(b) of title 35, United States Code, is amended by striking out "may" and inserting in lieu thereof "shall".

SEC. 20. Section 141 of title 35, United States Code, is amended to read as follows:

"§ 141. Appeal to court of appeals for the Federal circuit

"An applicant dissatisfied with the decision in an appeal to the Board of Patent Appeals and Interferences under section 134 of this title may appeal to the United States Court of Appeals for the Federal Circuit, thereby waiving his right to proceed under section 145 of this title. A party to an interference dissatisfied with the decision of the Board of Patent Appeals and Interferences may appeal to the United States Court of Appeals for the Federal Circuit, but such appeal shall be dismissed if any adverse party to such interference, within twenty days after the appellant has filed notice of appeal according to section 142 of this title, files notice with the Commissioner that he elects to have all further proceedings conducted as provided in section 146 of this title. Thereupon the appellant shall have thirty days thereafter within which to file a civil action under section 146, in default of which the decision apealed from shall govern the further proceedings in the case.".

SEC. 21. Section 145 of title 35, United States Code, is amended—

(1) by inserting "Board of Patent Appeals and Interferences in an appeal under section 134 of this title" in lieu of "Board of Appeals" in the first sentence; and

(2) by inserting "Board of Patent Appeals and Interferences" in lieu of "Board of Appeals" in the second sentence.

SEC. 22. Section 146 of title 35, United States Code, is amended by striking "Board of patent interferences on the question of priority" and inserting in lieu thereof "Board of Patent Appeals and Interferences".

SEC. 23. Section 305 of title 35, United States Code, is amended by inserting "Board of Patent Appeals and Interferences" in lieu of "Board of Appeals".

SEC. 24. Section 1295(a)(4)(A) of title 28, United States Code, is amended by striking out "Appeals or the Board of Patent" and inserting in lieu thereof "Patent Appeals and".

SEC. 25. Section 152 of the Atomic Energy Act of 1954 (42 U.S.C. 2182), is amended by striking out "a Board of Patent Interferences" and inserting in lieu thereof "the Board of Patent Appeals and Interferences", and by striking out "the Board of Patent Interferences" and insert-

ing in lieu thereof "the Board of Patent Appeals and Interferences".

SEC. 26. (a) Section 305(d) of the National Aeronautics and Space Act of 1952 (42 U.S.C 2457(d)) is amended by—

(1) by striking out "a Board of Patent Interferences" and inserting in lieu thereof "the Board of Patent Appeals and Interferences", and

(2) striking out "the Board of Patent Interferences" and inserting in lieu thereof "the Board of Patent Appeals and Interferences".

(b) Section 305(e) of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2457(e)) is amended by striking out "a Board of Patent Interferences" and inserting in lieu thereof "the Board of Patent Appeals and Interferences".

SEC. 27. The examiners-in-chief of the Board of Appeals and the examiners of interferences of the Board of Patent Interferences on the effective date of this Act shall continue in office as members of the Board of Patent Appeals and Interferences.

SEC. 28. Section 3 of title 35, United States Code, is amended by adding at the end thereof the following:

"(e) The members of the Trademark Trial and Appeal Board of the Patent and Trademark Office shall receive compensation equal to that paid a GS–16 under the General

Schedule contained in section 5332 of title 5, United States Code.".

SEC. 29. (a) Title 35 of the United States Code is amended by adding immediately following section 155 the following new section:

"§ 155A. Patent extension.

"(a) Notwithstanding section 154 of this title, the term of any patent which encompasses within its scope a composition of matter which is a new drug product, if such new drug product is subject to the labeling requirements for oral hypoglycemic drugs of the sulfonylurea class as promulgated by the Food and Drug Administration in its final rule of March 22, 1984 (FR Doc. 84–9640) and was approved by the Food and Drug Administration for marketing after promulgation of such final rule and prior to the date of enactment of this law, shall be extended until April 21, 1982.

"(b) The patentee or licensee or authorized representative of any patent described in such subsection (a) shall, within ninety days after the date of enactment of such subsection, notify the Commissioner of Patents and Trademarks of the number of any patent so extended. On receipt of such notice, the Commissioner shall confirm such extension by placing a notice thereof in the official file of such patent and publishing an appropriate notice of such extension in the Official Gazette of the Patent and Trademark Office.".

(b) The table of sections for chapter 14 of title 35, United States Code, is amended by adding after the item relating to section 155 the following new item:

"155A. Patent extension.".

SEC. 30. (a) Section 14, 15, and 29 of this Act shall take effect upon the date of enactment.

(b) Sections 7 through 13 of this Act shall take effect three months after the date of enactment.

(c) Sections 16 through 28 of this Act shall take effect three months after the date of enactment.

(d) Subject to subsections (e), (f), (g), and (h) of this section, the amendments made by this Act shall apply to all United States patents granted before, on, or after the date of enactment of this Act, and to all applications for United States patents pending on or filed on or after the date of enactment.

(e) The amendments made by this Act shall not affect any final decision made by a court or the Patent and Trademark Office before the date of enactment of this Act with respect to a patent or application for patent, if no appeal from such decision is pending and the time for filing an appeal has expired.

(f) Section 271(a)(2) of title 35, United States Code, added by section 2 of this Act, shall apply only to products produced or imported after the date of enactment of this Act.

(g) Section 271 (e) of title 35, United States Code, added by section 2 of this Act shall apply only to the supplying, or causing to be supplied, of any component or components of a patented invention after the date of enactment of this Act.

(h) Subject to the provisions of subsections (f) and (g) of this section, no United States patent granted before the date of enactment of this Act shall abridge or affect the right of any person or his successors in business who made, purchased, or used prior to such effective date anything protected by the patent, to continue the use of, or to sell to others to be used or sold, the specific thing so made, purchased, or used, if the patent claims were invalid or otherwise unenforceable on a ground obviated by sections 2 through 6 of this Act and the person made, purchased, or used the specific thing in reasonable reliance on such invalidity or unenforceability. If a person reasonably relied on such invalidity or unenforceability, the court before which such matter is in question may provide for the continued manufacture, use, or sale of the thing made, purchased, or used as specified, or for the manufacture, use, or sale of which substantial preparation was made before the date of enactment of this Act, and it may also provide for the continued practice of any process practiced, or for the practice of which substantial preparation was made, prior to the date of enactment, to the extent and under such

terms as the court deems equitable for the protection of investments made or business commenced before the date of enactment.

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OCTOBER 5 (legislative day, SEPTEMBER 24), 1984

Reported with an amendment