Calendar No. 1330

98TH CONGRESS
2d Session

SENATE

REPORT
98-663

PATENT LAW AMENDMENTS OF 1984

OCTOBER 5 (legislative day, SEPTEMBER 24), 1984.—Ordered to be printed

Mr. THURMOND, from the Committee on the Judiciary, submitted the following

REPORT

[To accompany S. 1535]

The Committee on the Judiciary, to which was referred the bill (S. 1535), the patent law amendments of 1984, having considered the same, reports favorably thereon with an amendment in the nature of a substitute) and recommends that the bill (as amended) do pass.

I. PURPOSE

The principal aims of S. 1535 as reported by the Judiciary Committee are:

To declare it to be patent infringement to import into, or to use or sell in the United States, a product manufactured by a patented process;

To declare it to be patent infringement to supply components of an invention patented in the United States for final assembly abroad if the purpose of the shipment abroad is to circumvent a U.S. patent;

To revise the law concerning unpublished knowledge and prior art to allow freer exchange of information and ideas between colleagues in university and corporate research teams;

To reinforce the rights of patent licensors during litigation with their licensees;

To institute a new procedure within the Patent and Trademark Office for obtaining defensive protection of the right to practice an invention (the Statutory Invention Recording); and

To merge the Board of Patent Appeals and the Board of Patent Interferences.

51-010 O

II. History and Committee Action

On June 23, 1983, Senator Charles McC. Mathias, Jr. (R-Md.), with Senator Dole (R-Kans.) and Senator DeConcini (D-Ariz.), introduced S. 1535, and with Senator Dole, S. 1538. Both bills were referred to the Committee on the Judiciary and subsequently were referred to the Subcommittee on Patents, Copyrights and Trademarks.

The Subcommittee held hearings on S. 1538 on July 20, 1983. On November 15, 1983, the Subcommittee approved an amendment in the nature of a substitute for S. 1538, offered by Senator Mathias. On April 27, 1984, the full Judiciary Committee with a quorum present, by voice vote and without objection, ordered reported favorably to the Senate the bill with amendments, including a perfecting amendment offered by Senators Dole and DeConcini to encourage government agency use of the Statutory Invention Recording procedure. The Senate passed S. 1538 on June 29, 1984, with further amendments by Senator Strom Thurmond (R-S.C.) concerning textile labeling and patent extensions for certain oral antidiabetic drugs. In floor action on September 6, 1984, the House deleted the body of the bill, retained the bill number, and inserted the generic ANDA and patent term restoration bill (H.R. 3605), which passed the House and Senate in that form.

The Subcommitte on Patents, Copyrights and Trademarks held a hearing on S. 1535 on April 3, 1984. On July 31, 1984, the Subcommittee approved an amendment in the nature of a substitute for S. 1535, offered by Senator Mathias. On September 28, 1984, the full Judiciary Committee with quorum present, by voice vote and without objection, ordered reported to the Senate favorably the bill with an amendment in the nature of a substitute offered by Senator Mathias, which added a provision concerning patent infringements by offshore assembly of parts and also incorporated the Statutory Invention Recording provisions of S. 1538 that had been vacated by the House on September 6.

III. General Explanation of S. 1535

A general summary of the provisions of S. 1535 as ordered reported by the full Judiciary Committee follows:

Section 2(a)—Infringement of process patents by offshore production

A process patent is a patent on the method or technology of making a product. Under current United States law a United States process patent is not violated if a product is manufactured outside of the United States using that patented process; then imported for sale here. All other major manufacturing countries have statutes against process patent infringement by offshore production. S. 1535 would give American inventors the same protection.

Section 2(b)—Infringement of production patents by offshore assembly (reversal of Deepsouth decision)

This portion of Section 2 would make anyone an infringer who "supplies or causes to be supplied in or from the United States" components of a patented invention for assembly outside the United States, in certain circumstances. This provision is a re-

sponse to the Supreme Court's 1972 *Deepsouth* decision which interpreted the patent law not to make it infringement where the final assembly and sale is abroad.

The invention in *Deepsouth* was a shrimp deveining machine. The components were manufactured in the United States by a competitor of the patent owner and shipped to Brazil in less than completely assembled form. Final assembly in Brazil required less than one hour.

The bill simply amends the patent law so that when components are supplied for assembly abroad to circumvent a patent, the situation will be treated the same as when the invention is "made" or "sold" in the United States. (Patent infringement currently is defined as making, using, or selling an invention in the United States.)

The bill is needed to help maintain a climate in the United States conducive to invention, innovation, and investment. Permitting the subterfuge which is allowed under the *Deepsouth* interpretation of the patent law weakens confidence in patents among businesses and investors.

Sections 3 and 4—Unpublished knowledge as prior art

This provision simply says that certain unpublished information known to an inventor does not constitute prior art in the field of his invention, and hence does not interfere with the patentability of that invention. This proposed change will help university and corporate research teams, where the free exchange of information and ideas between colleagues is hampered by prior art considerations.

Section 5—Patent interference reform

Interferences are proceedings conducted by the Patent and Trademark Office to determine which rival inventor made the invention first and so is entitled to the patent. The cost of these proceedings has become inordinately high. S. 1535 would encourage the use of arbitration in facilitating the settlement of disputes.

Section 6

Assistant Secretary of Commerce and Commissioner of Patents and Trademarks Commissioner Mossinghoff described the background of this provision in his testimony before the Subcommittee on April 3:

> This section would codify the decision in *Lear, Inc.* v. *Adkins,* 395 U.S. 653, 162 U.S.P.Q. 1 (1969), in which the Supreme Court overturned the judicial doctrine of "license estoppel." Prior to the *Lear* decision, a licensee was precluded from questioning the validity of any patent under which he was licensed. The *Lear* case, however, assures a licensee the right to challenge the validity of any such patent. The Supreme Court recognized the public interest in freedom from invalid patents and, further, that the license is the party most able and most likely to challenge validity.

As a result of *Lear,* however, the licensee is at times able to attack patent validity under conditions completely unfair to the licensor. A licensee, for example, can negotiate the best license terms available from the licensor, accept the contract, and then question the validity without relinquishing the license. If he wins the validity suit, he can, of course, practice the invention safe in the knowledge that the patent is valid. If he loses, the licensee merely continues to pay the agreed-upon royalties. He can "have his cake and eat it," risking nothing but attorney's fees. In fact, some courts have even held that it may be possible for the licensee to pay royalties to an escrow account during the pendency of the suit over validity, rather than directly to the licensor.

A fairer balance between the rights of the licensor and those of the licensee is needed, without compromising the public interest.

(Patent Law Improvements Act, Hearings on S. 1535 before the Subcommittee on Patents, Copyrights and Trademarks of the Senate Committee on the Judiciary, 98th Congress, 2nd Session; April 3, 1984)

In the wake of *Lear* v. *Atkins,* licensors normally cannot terminate a patent licensing agreement after the licensees initiate a challenge to the patent's validity. If licensors cannot terminate the license, then the licensees have undue leverage; they can litigate against the patent's validity with virtual impunity while benefitting from its use. They stop paying royalties and continue to use the patent until the decision comes down: if the patent is found valid, they simply pay back royalties. The licensors are saddled with the added litigation expenses, and cannot increase the royalty to make up the litigation costs. Section 6 of S. 1535 permits the parties to negotiate an agreement requiring the licensee to continue paying royalties until the case is finally resolved in court, provided the agreement also gives the licensee the option of terminating the agreement. In addition, the section permits agreements that give the licensor the right to terminate, so that, if the patent is upheld, the licensee would have to negotiate a new license. Section 6 restores balance to the licensor-licensee relationship.

Sections 7-29—Statutory invention recording provisions and provisions relating to the improvement of Patent and Trademark Office procedures

These sections are the equivalent of title I of S. 1538, which passed the Senate by unanimous consent on June 29, 1984 (see: June 29, 1984, Cong. Rec. pp. S. 8915-21). These sections permit an inventor to obtain a new form of protection; a Statutory Invention Recording (SIR). The SIR procedure permits an inventor to obtain certain defensive rights in an invention without obtaining the right to exclude others from making or using the invention. It became necessary to process this measure again when the House vacated the Senate provisions of S. 1538 to utilize the bill as a vehicle for the ANDA/patent term restoration bill on September 6, 1984. For a full account of these provisions see S. Report No. 98-547.

Section 30—Effective dates

This section provides the effective dates for the various provisions of the bill. The provisions corresponding to S. 1538 are effective upon the date of enactment or three months thereafter. Section 2 of the bill applies to existing patents but only for infringing activity which occurs after the date of enactment. Sections 3 through 5 authorize the correction of defects in existing patents and patent applications. However, if any person acted in good faith and with reasonable reliance that a patent was invalid for reasons obviated by these sections, the Act authorizes a court to provide for equity according to specific terms. Section 6 applies to patents subject to existing license agreements if those agreements are not inconsistent with the terms of the section as well as license agreements entered into after the effective date of this act.

IV. Section-by-Section Analysis

Section 2—Process patents; invention components

Section 2 amends provisions of existing law which encourage manufacture of patented inventions outside the United States.

Subsections (a), (b)(1), (b)(2), and (c) of Section 1 broaden the protection afforded by process patents. Subsection (a) amends section 154 of the patent law to add to the exclusive rights provided by a patent the right to exclude others from using or selling in the United States or importing into the United States products produced by a process covered by the patent. Subsections (b)(1) and (b)(2) amend section 271 of the patent law to add to the definition of patent infringement the acts of using in the United States, selling in the United States, and importing into the United States a product produced by a process patented in the United States.

The principal effect of these changes 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. The coverage of the original version of S. 1535 extended only to products made in another country and subsequently imported into the United States. The language adopted by the Committee is broader, covering products made by the patented process either in the United States or abroad.

The Committee adopted the broader language to avoid any appearance of discrimination against foreign manufacturers.

In practice, the Committee anticipates that the remedy will be used primarily against infringers who are importing or selling products manufactured abroad, since under existing law the owner of a process patent already has available the remedy of suing a manufacturer for infringement if the process is practiced within the United States.

Subsection (c) adds a new subsection 287(b) to the patent law requiring that an alleged infringer, other than a manufacturer who practices the patented process, must be notified of the infringement before damages can be recovered. The language of subsection (c) is similar to the language of the last two sentences of existing section 287 of the patent law. That section requires the owner of a product patent to notify an alleged infringer of the infringement if the

patent owner has failed to mark patented products. Subsection (c) allows recovery of damages if the infringer "knew of or was notified of" the infringement. The infringer would have adequate notice either if the infringer was notified by the patent owner or if the infringer gained knowledge of the infringement from some other source.

The Administration proposed, but the Committee did not adopt, language in this section that would have created a presumption that a product has been produced by a patented process if certain conditions precedent are met. The effect of such a presumption would have been to require the alleged infringer to prove that its product was not made by a patented process.

The Committee recognizes that in some cases it may be impossible for the patent owner to establish from direct evidence that the product was produced by the patented process, where the process is practiced outside the United States and attempts to utilize discovery procedures of foreign countries have proven unsuccessful or would clearly be futile. In such cases, a court may make reasonable inferences about the likelihood that a product was made by a patented process based on credible expert testimony or competent and reliable circumstantial evidence. The burden of proof that the preponderance of the evidence shows that the product was produced with a patented process remains on the plaintiff.

The need for a presumption arises from the impossibility of the patent owner establishing that the product was produced by the patented process in some cases, especially when the process is practiced outside the United States. The Committee does not intend that a claimant would have to utilize the discovery procedures of foreign laws before obtaining the benefit of a presumption if it would be futile to seek discovery through foreign procedures. In fact, the Committee notes that the International Trade Commission has shifted the burden of proof in cases decided under section 337 of the Tariff Act, e.g. *In re Certain Multicellular Plastic Film,* 2 ITRD 5056 (1979).

Subsection (b)(3) of Section 2 will prevent copiers from avoiding U.S. patents by shipping overseas the components of a product patented in this country so that the assembly of the components will be completed abroad. This proposal responds to a comment by the United States Supreme Court in *Deepsouth Packing Co.* v. *Laitram Corp.,* 406 U.S. 518 (1972), calling for a legislative solution to close a loophole in patent law.

Subsection (b)(3) adds a new subsection 271(e) to the patent law. Subsection 271(e) 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 (e)(1), one must supply or cause to be supplied "all or a substantial portion" of the components and must "actively induce the combining of the components in a manner that would infringe the patent if such a combination occurred 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 (e)(1) the components may be staple articles or commodities of commerce which are also suitable for substantial non-infringing use, but under paragraph (e)(2) the components must be especially made or adapted for use in the invention. The passage in paragraph (e)(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 noninfringing use" comes from existing section 271(c), which governs contributory infringement. Paragraph (e)(2), like existing subsection 271(c), requires the infringer to have knowledge that the component is especially made or adapted. Paragraph (e)(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.

Section 3—Team research

Section 3 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. It amends section 103 of the patent law by adding a new sentence providing that subject matter developed by another 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 body of 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, (CCPA 1973), and *In re Clemens,* 622 F.2d 1029, 206 USPQ 289 (CCPA 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 lead to more public dissemination through patents of the results of team research.

The subject matter that is disqualified as prior art under section 103 is strictly limited to subject matter that qualifies as prior art only under sections 102(f) or 102(g). If the subject matter qualifies as prior art under any other subsection—e.g., subsection 102(a), 102(b) or 102(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 would have the burden of establishing that it was commonly owned at the time the claimed invention was made.

Section 3 is not intended to permit anyone other than the inventor to be named in a 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 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 patening 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 approved by the Committee is more precise than the language of the original bill. For example, the revised bill makes clearer that information learned from or transmitted to persons outside the organization is not disqualified as prior art.

The term "subject matter" as used in Section 3 is intended to be construed broadly, in the same manner 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 and would include the inventor and any other persons. The term "developed" is used to be read broadly and is not limited by the manner in which the development occurred. The term "commonly owned" means wholly owned by the same person, persons, or organization at the time the invention was made.

Section 4—Joint inventors

Section 4 complements Section 3. 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. Section 4 includes changes recommended during the testimony.

Subsection 4(a) allows 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 (i) 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 Industrie AB* v. *Bendiz 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 USC 121 that an application be directed to only a single invention. If more that 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 4(a) increases the likelihood that different claims of a patent may have different dates of invention. 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 4(b) amends section 120 of the patent law to provide that 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 amendment permits 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 5—Arbitration of interferences

Section 5 of the bill authorizes parties involved in patent interferences to arbitrate such disputes. This change parallels a provision of Public Law 97-947 which authorizes arbitration with respect to patentability. Section 5 requires parties to provide notice of the arbitration award to the Commissioner of Patents and Trademarks. The final sentence of subsection 135(d) of the patent law, added by Section 5, makes clear that nothing in this bill abrogates the final authority of the Commissioner to determine the patentability of an invention covered by a patent application.

Section 6—Licensee challenges to validity

Section 6 adds a new section 295 to the patent law, pertaining to challenges by licensees to the validity of patents under which they are licensed. This section is similar to Section 10 of S. 1535 as introduced.

The Supreme Court decision in *Lear* v. *Adkins*, 395 U.S. 653 (1969), and subsequent lower court interpretations of the *Lear* opinion, changed the law to allow a party with a license from a patent owner to challenge the validity of the patent and continue to use the license. The bill is intended to restore a balance between the rights of licensors and licensees in patent validity suits, and to clarify the law.

Subsection 295(a) provides that a licensee shall not be estopped from asserting in a judicial action the invalidity of any patent under which it is licensed. This continues the right given to licensees by *Lear* to challenge validity. The Committee does not intend that Section 296(a) render unenforceable an arbitration clause in a patent license agreement, which requires any dispute regarding patent validity to be submitted to arbitration. The licensee's right to assert invalidity of the licensed patent in an arbitration proceeding would fully meet the intent of Section 295(a).

Subsection 296(b) modifies the *Lear* doctrine by providing that a license agreement may allow a party or parties to the agreement to terminate the license if the licensee asserts invalidity of the patent in court. The subsection further provides that, if the agreement gives the licensee such a right to terminate, the agreement may also provide that the licensee's obligations, including the obligation to pay royalties to the patent owner, shall continue until the litiga-

tion is concluded, unless the licensee exercises its right to terminate.

Section 7(a)—Statutory invention recording

This section adds a new section 156 to title 35 of the United States Code. This provides a new, optional procedure for obtaining defensive protection for inventors. This new procedure is to be known as a Statutory Invention Recording (SIR).

This section addresses a shortcoming of current law. Under existing patent law, an inventor must obtain a patent to safeguard his or her right to practice an invention. No simple, practical method exists by which an inventor may safeguard this right without securing a patent, and consequently obtaining exclusive use of the invention. Thus, even where exclusivity is neither needed nor desired, it is nonetheless acquired in order to protect the right to practice the invention. The new procedure created by this section fills this void. A Statutory Invention Recording (SIR) published under the procedures created by this legislation would confer upon the holder the same rights that a patent holder enjoys to prevent another from patenting and obtaining the exclusive right to practice the same invention. It would not, however, permit its holder to exclude others from making, using, or selling the invention.

Originally, S. 1538 provided for the creation of a "defensive patent." However during the course of hearings several witnesses expressed concern that this characterization would confuse the public perception of patent protection and detract from the image of a patent. Moreover, there was also concern that the use of the term patent in conjunction with the rights granted would be inconsistent with the definition of "patent" being considered in the revision of the Paris Convention for the Protection of Industrial Property. The Committee recognized the validity of these concerns. The Committee therefore chose the name Statutory Invention Recording as a more appropriate appellation for the limited protection offered by this new procedure.

Because a SIR does not grant an exclusive right to the inventor, it would not be necessary to subject a SIR to the lengthy examination process required for a patent. Such an examination would only be necessary if the SIR became involved in an interference proceeding to determine priority of invention. It would then be subject to an examination as necessary to determine priority in that interference proceeding. In all other cases, the Patent and Trademark Office (PTO) would only review the application for adherence to formal requirements and to ensure that the requirements of 35 U.S.C. 112 were satisfied. Because no substantive examination would be required for SIRs, fees charged by the PTO for SIRs could be substantially less than those charged for examined patent applications, and SIRs could be published sooner than patents. In addition, maintenance fees would not be charged for SIRs issued under this section.

An applicant desiring to have a SIR published under this section would be required to file a regular application for a patent and to execute a waiver of enforcement of U.S. patent rights. This waiver would be effective at the time of publication. The original application for a SIR could be replaced by a continuation or a continu-

ation-in-part application for a patent before 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 application. Until the SIR is published, the application remains an application for a patent.

The waiver of U.S. patent rights made in connection with publication of the SIR would also be effective with respect to an application to reissue the SIR, filed under section 251 of title 35. This would prevent the holder of a SIR from using the reissue mechanism to reinstate the exclusive rights that were waived by the initial publication of the SIR.

The waiver of the right to receive a U.S. 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. 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 in the United States and not to 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.

In certain cases, the Commissioner of Patents and Trademarks can refuse to accept the waiver. For example, if the waiver is not a waiver of all the previously mentioned rights, the waiver could be refused.

The Committee recognizes that the waiver of U.S. patent rights to the subject matter claimed in the SIR publication may affect the patentability of a claim in related applications, particularly divisional applications, since the waiver would be effective for all inventions claimed in the SIR and is effective as a waiver of the right to obtain a patent on the invention claimed on that or any other U.S. application. For example, if an application containing generic claims is published as a SIR, the waiver in that application applies to any related applications, including any division, continuation, or continuation-in-part, to the extent that the same invention is claimed in such other application.

For purposes of determining whether or not a waiver by an applicant in a SIR precludes patenting by the same applicant of subject matter in any other related application, the PTO may apply standards similar to those which it applies in making determinations of "same invention" and "obviousness" type double patenting. Thus, 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. In making this determination, it is the claimed subject matter of the SIR which is compared to the claimed subject matter of the related application. If 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. Further, if a divisional application were filed and published as a SIR claiming only a method, its publication would not effect a waiver on an application for a patent claiming only an apparatus; a waiver in one application would not affect the ability to obtain a patent in the other application.

Although the required waiver would leave the holder of the SIR without the exclusivity associated with a patent, a SIR issued under this section would be the same in other respects as a patent. The application on which the SIR is based may serve 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 application and any resulting SIR could become involved in an interference. The application on which the SIR was based would be a "constructive reduction to practice" under 35 U.S.C. 102(g). The SIR would be "prior art" under all applicable sections of 35 U.S.C. 102 including section 102(e) 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. The SIR is intended to be a fully viable publication for defensive purposes, usable as a reference as of its filing date in the same manner as a patent. It 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.

Since a SIR would be based on a regularly filed application for a patent, the filing date of the application would be a sufficient basis for a priority claim in a foreign application. As Article 4, subparagraph 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.

Once a SIR was published, markings such as "patent pending" would be improper under section 292 of title 35 of the United States Code.

The Committee intends that the SIR will serve as a replacement for the current non-statutory "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 available 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. Therefore, the SIR will suffer from none of the limitations as a defense against subsequent applications that have marred the "defensive publication program."

A SIR application will be reviewed and examined by the PTO only to the extent necessary to determine adherence to formal requirements for publication, for interference purposes, and to ensure that the requirements of section 112 of title 35 are satisfied. If a published SIR becomes involved in an interference proceeding, it will be subject to such examination as may be necessary for the interference. Otherwise, a SIR would not be subject to substantative examination. In addition, a SIR would not be subject to reexamination under sections 302 to 307 of title 35.

This limited examination should require little time in most cases, since a large majority of the SIR applications will have been prepared by registered patent attorneys or agents who are experienced in patent application preparation. The oath or declaration requirements for applicants and the ethical obligations placed on attorneys and agents will also help ensure that most applications will be satisfactorily prepared.

Section 7(a) authorizes the Commissioner to issue SIRs for defensive purposes, but it does not require him 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 is obviously not an invention, is too informal to print, etc., the Commissioner has the right to refuse to publish the SIR.

The Committee expects that the fees established by the Commissioner for application, publication, and other processing of a SIR shall be set no higher than the level required to recover in the aggregate the estimated average cost to the Office of such processing, services, or materials. Since no substantive examination will be normally made as to patentability, the Committee expects that the total amount of the fees charged by the PTO for a SIR will be less than those charged for a patent. To the limited extent that examinations will be conducted, they will be conducted in the same manner as for a patent application. 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 appropriately higher fees in such a case.

The Committee understands that no maintenance fees will be charged on SIRs. Since examination will be limited, the Committee also expects that SIRs will be available to the public in a significantly shorter period of time than patents.

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 extension of time under section 41(a)8 of title 35. If abandonment should occur, the application may be revived under the provisions of section 41(a)7 of title 35.

A continuing application may be filed based on an earlier pending application until the time that the earlier application is published as a SIR. However, once a waiver takes effect upon publication of a particular SIR, that waiver is also a waiver of the claimed invention in any continuing or separate U.S. patent application to the extent that such claimed invention is not patentably distinct.

During the hearing on S. 1538, concern was expressed that an applicant might abuse the continuing application procedure to create secret prior art. An applicant could do this by filing a series of continuing applications, each entitled to the filing date of the first application in the series as its effective date as a reference against other applications. In the event that someone should attempt to abuse SIRs in this fashion, the Committee expects the Commissioner would issue appropriate regulations to preclude any such practice.

Section 7(a) also addresses the question of government agency use of the newly created statutory invention recording procedure. Government agencies currently file hundreds of patent applications each year on inventions made by Federal contractors and agency employees. In fact, the Federal government has received more patents than any other entity filing with the PTO. The examination and processing of the government's patent applications constitutes a significant portion of the workload of the PTO, and these patents, when issued, are added to the already large portfolio—now numbering about 28,000—of patents owned by the Federal government.

The Committee recognizes that some of the agencies involved are already making efforts to apply for patents only on inventions which are likely to have commercial potential. Nonetheless, the rate of commercialization of inventions for which the government holds patents remains distressingly low.

The Committee expects that the statutory invention recording procedure will help the agencies reduce the number of their patent applications, and relieve the PTO from undertaking a full-fledged patent examination when full patent protection is not needed. The Committe believes that the invention protection offered by SIRs is presumptively adequate for the majority of government-owned inventions made by government employees and contractors. The SIR offers the legal protection required to assure the government that it may use the invention in the public interest without fear of infringement suits.

The Committee recognizes, however, that the presumption against full patent protection may be overcome in rare instances. Chief among these is the situation in which an invention has commercial potential which can be realized only if a full patent is obtained.

Testimony received at the hearing held by the Subcommittee on Patents, Copyrights and Trademarks on this bill on July 20, 1983, from Mr. Alfons Kwitnieski, the patent counsel for the Navy, is instructive:

> Senator MATHIAS. * * * You said you thought the Navy would utilize the [SIR] for 75 percent of the applications it files. What would be the criterion on which you would make the decision to go for a [SIR] or a full patent?

Mr. KWITNIESKI. Our statistics show that—and it is included in my formal statement—in about 8 percent of our inventions, title remains in the employee and we merely get a license. So it would be unfair to the employee not to permit him to enforce his patent. * * *

Another 10 percent of our inventions have some commercial possibilities. These would be able to be utilized in our licensing program in which we non-exclusively or exclusively license people who would want to use the Navy patents and commercialize them.

* * * [A]nother 5 to 10 percent are basic-type inventions that do not necessarily have commercial view at the early days, but we can look at them to give us protection should we be sued later on by someone else's patent. We could show that we have done work in this area, and we can use it as a counterclaim or to leverage and thus pay fewer dollars in liability.

Senator MATHIAS. Well, now, why would not a [SIR] be good for that purpose?

Mr. KWITNIESKI. Because we would have no quid to give for the patent owner's quo.

Mr. MATHIAS. In other words, you are looking for a negotiated settlement in this area?

Mr. KWITNIESKI. Exactly. * * *

[*The Patent Law Amendments of 1983*/Hearings on S. 1538 before the Subcommittee on Patents, Copyrights and Trademarks of the Senate Committee on the Judiciary, 98th Congress, 2nd Session; July 20, 1983; pp. 48-49.]

The policy to be developed by the interagency committee created by this section should recognize the appropriateness of full patent protection in the types of instances cited by Mr. Kwitnieski. The Committee expects, however, that these three instances will be relatively rare.

First, the Committee understands that an employee retains title to an invention only if the government's interest in it is minimal. In this case, the agency may file and prosecute the application with the PTO on behalf of the individual inventor. The inventor may choose to take a SIR, but in some cases the inventor may wish to keep the exclusive right to practice the invention, and will thus want a patent. An invention as to which an employee retains title is not, in the Committee's view, an invention "as to which the United States may have a right of ownership."

Second, the Committee expects that the government will ordinarily use a SIR unless an invention has commerical potential which justifies the expenses of obtaining a patent. While the Committee recognizes that it is sometimes difficult to decide which inventions have such potential, especially in fields where there is fast-breaking research, the Committee wishes to emphasize that an agency's decision on this question should not be based simply on speculation or theoretical possibilities. If the agency can determine (based upon standards developed by the interagency committee) that there is a likelihood that an invention can be licensed to achieve commercial

development and that the expense to both the agency and the PTO is justified, then the agency is entitled to seek a full-fledged patent.

Third, the Committee understands that situations may arise in which patent protection, although not necessary to promote commercial development, is needed to protect some government interest in future technologial development in a field in which commerical development may be anticipated. The example which the Navy patent counsel presented at the hearing, where the government patents a basic invention in an emerging field of technology, in order to have an asset in settlement of future infringement suits, is an apt one. The Committee intends that the standards for commerical potential to be developed by the interagency committee recognize that in emerging fields of technology, full patent protection for basic inventions may occasionally be appropriate to further some important interest of the government as a whole in the technical field in which the invention has been made.

Finally, the Committee recognizes that there may be other exceptional instances where the protection offered by a SIR—the guarantee that the government will always have the right to practice the invention—is infeasible. But the Committee is concerned that these exceptions must not be allowed to swallow the rule: full patent protection is inappropriate for most government-owned inventions made by Federal contractors and employees. The Committee is disturbed by the history of a similar procedure, the "defensive publication program," which was created by PTO regulations rather than by statute. During the five-year period between 1968 and 1973, when the "defensive publication program" was in effect, government agencies filed for at least 8,925 patents, and used the defensive publication procedure only once. Thus, despite the Navy patent counsel's informative testimony, there is good reason to believe that some government agencies may be reluctant to take full advantage of the cost-savings opportunities provided by the SIR program.

For this reason, the Committee feels it advisable to direct the Secretary of Commerce to convene an interagency committee to develop a coordinated Federal policy on the use of SIRs. Since the Department of Commerce serves as the lead agency for managing Federal technology under Public Law 96-480 (the Stevenson-Wydler Act) and contains the Office of Productivity, Technology, and Innovation, the Committee believes that the Secretary is the appropriate head of the interagency committee. This interagency committee should be able to provide clear guidance for the uses of SIRs and patents that reflects the principles discussed above, that seeks to eliminate policy inconsistencies among the agencies, and that ensures that the agencies will take full advantage of the SIR program.

The Committee intends to monitor usage of the SIR program through the annual report of the Secretary of Commerce required under this section. This report should, at a minimum, provide the Congress with data showing the degree to which the principal agencies are making use of the SIR procedure and the types of determinations which support decisions to apply for regular patents. The responsibilities of the other agencies participating in the interagency committee include the provision of the data needed for the

annual report. The report should also include an analysis of the use of SIRs by private enterprise.

This section creates no right to judicial review of an agency's decision to seek or not to seek, a SIR, or to seek a patent rather than a SIR on any invention.

Section 7(b)

The analysis for chapter 14 of title 35, U.S.C., is amended by adding at the end thereof the following: "156. Statutory invention recording."

SECTIONS 8–15—MISCELLANEOUS PATENT LAW AMENDMENTS

Section 8

This section amends section 134 of title 35 by striking out the word "primary." This will permit an appeal from a non-final second rejection of claims which can be made by an examiner who is not a primary examiner. In such cases, applicants who feel the issues are ripe for appeal will not be delayed in prosecution of the case by having to wait for a final rejection from a primary examiner.

Section 9

This section amends section 361(d) of title 35 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.

Section 10

This section amends section 366 of title 35 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 application, provided the claim is made before that application is withdrawn.

Section 11

This section amends section 371(a) to provide greater flexibility for the PTO in handling international applications. Also, this section, by relaxing the requirements which international applicants must satisfy by the commencement of the national stage, gives 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.

Section 12

This section amends section 372(b) of title 35 to authorize the Commissioner to require a verification of the translation of an international application of any other document pertaining thereto if the application or other document was filed in a language other than English.

The section also deletes section 372(c) of title 35, 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.

Section 13

This section amends section 376(a) of title 35 to delete mention of the special fee in order to conform with the amendment of section 372(c) in section 7 above.

Section 14

This section replaces the term "Patent Office" with "Patent and Trademark Office" throughout title 35 to conform to the provisions of Public Law 93-596.

Section 15

This section ensures that no maintenance fees are charged for plant patents, regardless of when such patents were filed. The Committee finds that due to the passage of Public Law 96-517 certain plant patents have become subject to maintenance fees while other, similar patents, have not been assessed such fees, based solely on the differences in the dates of filing. The Committee believes this disparate treatment is unfair and undesirable.

Sections 16-27—Board of Patent Appeals and Interferences

These sections of the act combine the Board of Appeals and the Board of Patent Interferences into a single panel—the Board of Patent Appeals and Interferences. This is accomplished in these sections by eliminating all references to either the Board of Appeals or the Board of Patent Interferences and replacing such references with references to the Board of Patent Appeals and Interferences.

At present, if two or more inventors claim the same patentable invention, the PTO is required to determine who was the first inventor and award a patent to such first inventor. The administrative proceedings to determine inventorship are known as "interference proceedings." The longest interference took over thirteen years in the PTO. While most interferences are not that long, the delays in issuing a patent due to the lengthy interference proceedings are harmful to both applicants and the public. The PTO is publishing regulations to streamline this process. The Committee finds, however, that one of the reasons for the lengthy proceedings in the PTO is a jurisdictional problem. By statute, the tribunal responsible for determining patentability is the Board of Appeals. The statutory tribunal for determining priority in an interference proceeding is the Board of Patent Interferences. The Board of Patent Interferences is not authorized to address questions of patentability of the invention. This statutory jurisdictional problem is eliminated through the merger of these two boards.

Section 28—Compensation of Trademark Trial and Appeal Board members

This section amends section 3 of title 35 to provide for compensation of 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 29—Patent extension

This section provides a limited patent term extension for certain oral antidiabetic drugs. The drugs affected were issued approval letters by the Food and Drug Administration relating to their safety and effectiveness during the 1970's. Final approval was withheld while the FDA completed its rulemaking procedures with respect to class labeling for all oral antidiabetic drugs, which were begun in 1970. Despite the best efforts of the patent holders to cooperate and expedite these proceedings, they were not completed until earlier in 1983. One of the affected patent holders lost ten years of patent protection because of these prolonged proceedings and, in the absence of a remedy, would have only two years of exclusive marketability left. This section provides partial relief to these patent holders by extending their patents until April 21, 1991.

Section 30—Effective dates

Section 30 defines the effective dates of the various sections.

The patent extension in Section 29 and the technical amendments in Sections 14 and 15 take effect on the date of enactment. The provisions instituting the Statutory Invention Recording (Sections 7 through 13) take effect three months after date of enactment. The provisions relating to the integration of the Board of Patent Appeals and the Board of Patent Interferences (Sections 16 through 28) also take effect three months after the date of enactment.

Subsection 30(d) states that the remaining provisions of the bill (Sections 2 through 6) apply to all existing patents as well as to patents granted in the future, and to all pending applications for patents, except as otherwise provided in the subsequent subsections of Section 30. Those subsections impose certain limitations on the retroactive effect of the bill.

Subsection 30(e) provides that the bill will not affect decisions by the courts or the Patent and Trademark Office made before the date of enactment. Although the bill overturns or modifies interpretations of the patent law that have been made in certain decisions, the bill does not affect the rights of the parties in any actual case which already has been litigated.

Subsection 30(f) provides that the first part of Section 2 of the bill, pertaining to process patents, shall apply only to products produced or imported after the date of enactment. Parties who imported products before the date of enactment would be able to sell those products after the date of enactment without incurring liability for infringement.

Subsection 30(g) provides that the second part of Section 2, pertaining to assembly of components of a patented invention outside of the United States, shall apply only if the alleged acts of infringement of supplying one or more components, or causing them to be supplied, occurs after the date of enactment.

Subsection 30(h) limits the retroactive effect of sections of the bill other than Section 2 on persons who take action before the date of

enactment in reasonable reliance on the invalidity or unenforceability of a patent under the law as it existed before the date of enactment. Subsection 30(h) is patterned after the "intervening rights" provision of section 252 of the existing patent law, dealing with reissue patents, except that Subsection 30(h) adds a requirement for "reasonable reliance" not found in section 252.

The first sentence of Subsection 30(h) is similar to the first sentence of the second paragraph of section 252. It provides that a person who has made, purchased or used before the effective date anything protected by the patent, reasonably relying on the invalidity of the patent, will have the right to continue to use or sell that specific thing. The second sentence of Subsection 30(h) parallels the second sentence of the second paragraph of section 252. It gives courts discretion to provide for the continued practice of the patented invention after the date of enactment by a person who reasonably relied on the invalidity or unenforceability of the patent under the existing law, to the extent the court deems equitable for the protection of investments made or business commenced before the date of enactment.

V. Administration Position

The Administration is supportive of both S. 1535 and S. 1538, as evidenced by the testimony of Gerald J. Mossinghoff, Assistant Secretary of Commerce and Commissioner of Patents and Trademarks, at the hearings before the Subcommittee on Patents, Copyrights and Trademarks on July 20, 1983, and April 3, 1984. In addition, the Patent and Trademark Office and the Department of Justice participated in discussions with the Subcommittee following the hearing on S. 1535 that led to the new draft approved by the Subcommittee in July, 1984.

VI. Regulatory Impact Statement

In compliance with paragraph 11(b), Rule XXVI, of the Standing Rules of the Senate, the Committee has concluded that the bill will have no significant regulatory impact or impact on personal privacy. Enactment of the bill would not create any significant additional paperwork.

VII. Cost of the Legislation

In accordance with paragraph 11(a), Rule XXVI, of the Standing Rules of the Senate, the Committee offers the following report of the Congressional Budget Office:

U.S. Congress,
Congressional Budget, Office,
Washington, DC, October 2, 1984.

Hon. Strom Thurmond,
Chairman, Committee on the Judiciary,
U.S. Senate, Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has reviewed S. 1535, the Patent Law Amendments of 1984, as ordered reported by the Senate Committee on the Judiciary, September 28, 1984. We estimate that the federal government would incur no net

additional costs and might realize some savings if this bill were enacted.

S. 1535 would make a number of changes to current patent procedures and laws. It would prohibit offshore production and assembly of certain patented products. The bill would provide that the exchange of certain unpublished information should not be considered when applying for a patent, and that inventors could jointly apply for a patent even though they did not physically work together. Section 5 would encourage arbitration, rather than interference proceedings, to resolve settlement of such disputes.

S. 1535 would also replace the current Board of Appeals at the Patent and Trademark Office (PTO) with a Board of Patent Appeals and Interferences. It would establish a new, optional procedure for obtaining protection for inventors—called a statutory invention recording (SIR). The SIR would give the inventor many of the same rights that a patent would provide, although it would not exclude others from making, using or selling the invention. According to the PTO, this alternative patent process might replace some requests for patients, as well as generate new requests for SIRs, although the precise level of activity is not certain at this time. Because the PTO operates on a cost-recovery basis, the agency would establish and assess fees for SIRs at levels sufficient to recover the administrative expenses associated with the filing, resulting in no net budget impact to the PTO. Unlike patents, however, SIRs would require no maintenance fees.

The PTO expects the major users of SIRs to include other federal government agencies, which would benefit from the reduced fees as well as the reduced administrative expenses of the simplified SIR process. The annual savings to the various federal agencies, however, are not expected to be significant.

Enactment of this bill would not affect the budgets of state or local governments.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

ERIC HANUSHEK
(For Rudolph G. Penner, Director).

VIII. CHANGES IN EXISTING LAW

In compliance with paragraph 12 of Rule XXVI, of the Standing Rules of the Senate, changes in existing law made by S. 1535 as reported are shown as follows (existing law proposed to be omitted is enclosed in brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

UNITED STATES CODE

TITLE 28—JUDICIARY AND JUDICIAL PROCEDURE

* * * * * * *

§ 1295. Jurisdiction of the United States Court of Appeals for the Federal Circuit

(a) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction—

* * * * * * *

(4) an appeal from a decision of—

(A) the Board of [Appeals or the Board of Patent] *Patent Appeals and* Interferences of the Patent and Trademark Office with respect to patent applications and interferences, at the instance of an applicant for a patent or any party to a patent interference, and any such appeal shall waive the right of such applicant or party to proceed under section 145 or 146 of title 35;

* * * * * * *

TITLE 35—PATENTS

* * * * * * *

PART I—PATENT AND TRADEMARK OFFICE

* * * * * * *

CHAPTER 1—ESTABLISHMENT, OFFICERS, FUNCTIONS

Sec.

1. Establishment.
2. Seal.
3. Officers and employees.
4. Restrictions on officers and employees as to interest in patents.
5. Repealed.
6. Duties of Commissioner.
7. [Board of Appeals] *Board of Patent Appeals and Interferences.*
8. Library.

* * * * * * *

§ 3. Officers and employees

* * * * * * *

(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.

* * * * * * *

[§ 7. Board of Appeals

[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 Appeals, which on written appeal of the applicant, shall review adverse decisions of examiners upon applica-

tions for patents. Each appeal shall be heard by at least three members of the Board of Appeals, the members hearing each appeal to be designated by the Commissioner. The Board of Appeals has sole power to grant rehearings.

[Whenever the Commissioner considers it necessary to maintain the work of the Board of Appeals 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 Appeals. Not more than one such primary examiner shall be a member of the Board of Appeals hearing an appeal. 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 in grade 16 of the General Schedule of the Classification Act of 1949, as amended. 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.]

§ 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.

* * * * * * *

CHAPTER 4—PATENT FEES

* * * * * * *

§ 41. Patent fees

(a) The Commissioner shall charge the following fees:

* * * * * * *

6. On filing an appeal from the examiner to the [Board of Appeals] *Board of Patent Appeals and Interferences,* $115; in addition, on filing a brief in support of the appeal, $115, and on requesting an oral hearing *in the appeal* before the [Board of Appeals] *Board of Patent Appeals and Interferences,* $100.

* * * * * * *

PART II—PATENTABILITY OF INVENTIONS AND GRANT OF PATENTS

* * * * * * *

CHAPTER 10—PATENTABILITY OF INVENTIONS

* * * * * * *

§ 103. Conditions for patentability; non-obvious subject matter

* * * * * * *

Patentability shall not be negatived by the manner in which the invention was made. *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 time the invention was made.*

§ 104. Invention made abroad.

In proceedings in the [Patent Office] *Patent and Trademark office* and in the courts, an applicant for a patent, or a patentee, may not establish a date of invention by reference to knowledge or use thereof, or other activity with respect thereto, in a foreign country, except as provided in sections 119 and 365 of this title. Where an invention was made by a person, civil or military, while domiciled in the United States and serving in a foreign country in connection with operations by or on behalf of the United States, he shall be entitled to the same rights of priority with respect to such inventions as if the same had been made in the United States.

* * * * * * *

CHAPTER 11—APPLICATION FOR PATENT

* * * * * * *

§ 116. Inventors

[When an invention is made by two or more persons jointly, they shall apply for patent jointly and each sign the application and make the required oath, except as otherwise provided in this title.]

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.

* * * * * * *3/4

§ 120. Benefit of an earlier filing date in the United States

[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 the same inventor 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 on 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.]

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.

* * * * * * *

CHAPTER 12—EXAMINATION OF APPLICATION

Sec.

131. Examination of application.
132. Notice of rejection; reexamination.
133. Time for prosecuting application.
134. Appeal to the [Board of Appeals] *Board of Patent Appeals and Interferences.*
135. Interferences.

* * * * * * *

§ 134. Appeal to the [Board of Appeals] *Board of Patent Appeals* and Interferences

An applicant for a patent, any of whose claims has been twice rejected, may appeal from the decision of the [primary] examiner to the [Board of Appeals] *Board of Patent Appeals and Interferences,* having once paid the fee for such appeal.

* * * * * * *

§ 135. Interferences

[(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, he shall give notice thereof to the applicants, or applicant and patentee, as the case may be. The question of priority of invention shall be determined by a board of patent interferences (consisting of three examiners of interferences) whose 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 involved from the patent, and notice thereof shall be endorsed on copies of the patent thereafter distributed by the Patent and Trademark Office.]

(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) A claim which is the same as, or for the same or substantially the same subject matter as, a claim of an issued patent [may] *shall* not be made in any application unless such a claim is made prior to one year from the date on which the patent was granted.

* * * * * * *

(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 Commissioner from determining patentability of the invention involved in the interference.

* * * * * * *

CHAPTER 13—REVIEW OF PATENT AND TRADEMARK OFFICE DECISION

* * * * * * *

[§ 141. Appeal to Court of Appeals for the Federal Circuit

[An applicant dissatisfied with the decision of the Board of Appeals 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 interferences on the question of priority 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 appealed from shall govern the further proceedings in the case.]

§ 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 Appeal 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 Appeal 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 appealed from shall govern the further proceedings in the case.

* * * * * * *

§ 145. Civil action to obtain patent

An applicant dissatisfied with the decision of the [Board of Appeals] *Board of Patent Appeals and Interferences on an appeal under section 134 of this title* may unless appeal has been taken to the United States Court of Appeals for the Federal Circuit, have remedy by civil action against the Commissioner in the United States District Court for the District of Columbia if commenced

within such time after such decision, not less than sixty days, as the Commissioner appoints. The court may adjudge that such applicant is entitled to receive a patent for his invention, as specified in any of his claims invovled in the decision of the [Board of Appeals] *Board of Patent Appeals and Interferences,* as the facts in the case may appear and such adjudication shall authorize the Commissioner to issue such patent on compliance with the requirements of law. All the expenses of the proceedings shall be paid by the applicant.

§ 146. Civil action in case of interference

Any party to an interference dissatisfied with the decision of the [board of patent interferences on the question of priority] *Board of Patent Appeals and Interferences,* may have remedy by civil action, if commenced within such time after such decision, not less than sixty days, as the Commissioner appoints or as provided in section 141 of this title, unless he has appealed to the United States Court of Appeals for the Federal Circuit, and such appeal is pending or has been decided. In such suits the record in the Patent and Trademark Office shall be admitted on motion of either party upon the terms and conditions as to costs, expenses, and the further cross-examination of the witnesses as the court imposes, without prejudice to the right of the parties to take further testimony. The testimony and exhibits of the record in the Patent and Trademark Office when admitted shall have the same effect as if originally taken and produced in the suit.

* * * * * * *

CHAPTER 14—ISSUE OF PATENT

Sec.
151. Issue of patent.
152. Issue of patent to assignee.
153. How issued.
154. Contents and terms of patent.
155. Patent term extension.
[155A. Patent term restoration.]
155A. Patent extension.
156. Statutory invention recording.

* * * * * * *

§ 154. Contents and term of patent

Every patent shall contain a short title of the invention and a grant to the patentee, his heirs, or assigns, for the term of seventeen years, subject to the payment of fees as provided for in this title, of the right to exclude others from making, using, or selling the invention through the United States, *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,* referring to the specification for the particulars thereof. A copy of the specification and drawings shall be annexed to the patent and be a part thereof.

* * * * * * *

§ 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, 1992.

(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 Patents and Trademark Office.

§ 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 regulatory 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 procesing 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 annual-

ly 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 procedure.

* * * * * * *

PART III—PATENTS AND PROTECTION OF PATENT RIGHTS

* * * * * * *

CHAPTER 28—INFRINGEMENT OF PATENTS

* * * * * * *

§ 271. Infringement of patent

(a) *(1)* Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.

(2) If the patent 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.

* * * * * * *

(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 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 intending that such component will be combined outside of the United States in a manner that would infringe the patent if such combination occurred in the United States shall be liable as an infringer.

* * * * * * *

CHAPTER 29—REMEDIES FOR INFRINGEMENT OF PATENT AND OTHER ACTIONS

Sec.

281. Remedy for infringement of patent.
282. Presumption of validity; defenses.
283. Injunction.

284. Damages.
285. Attorney fees.
286. Time limitation on damages.
287. Limitation on damages; marking and notice.
288. Action for infringement of a patent containing an invalid claim.
289. Additional remedy for infringement of design patent.
290. Notice of patent suits.
291. Interfering patents.
292. False marketing.
293. Nonresident patentee, service and notice.
294. Voluntary Arbitration.
296. Licensee challenges to patent validity.

* * * * * * *

§ 287. Limitation on damages; marking and notice

(a) Patentees, and persons making or selling any patented article for or under them, may give notice to the public that the same is patented, either by fixing thereon the word "patent" or the abbreviation "pat." together with the number of the patent, or when, from the character of the article, this can not be done, by fixing to it, or to the package wherein one or more of them is contained, a label containing a like notice. In the event of failure so to mark, no damage shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice. Filing of an action for infringement shall constitute such notice.

(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 even damages may be recovered only for infringement occurring after such knowledge or notice. Filing of an action for infringement shall constitute such notice.

* * * * * * *

§ 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 licensee 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.

* * * * * * *

CHAPTER 30—PRIOR ART CITATIONS TO OFFICE AND REEXAMINATION OF PATENTS

* * * * * * *

§ 305. Conduct of reexamination proceedings

After the times for filing the statement and reply provided for by section 304 of this title have expired, reexamination will be conducted according to the procedures established for initial examination under the provisions of sections 132 and 133 of this title. In any reexamination proceeding under this chapter, the patent owner will be permitted to propose any amendment to his patent and a new claim or claims thereto, in order to distinguish the invention as claimed from the prior art cited under the provisions of section 301 of this title, or in response to a decision adverse to the patentability of a claim of a patent. No proposed amended or new claim enlarging the scope of a claim of the patent will be permitted in a reexamination proceeding under this chapter. All reexamination proceedings under this section, including any appeal to the [Board of Appeals] *Board of Patent Appeals and Interferences,* will be conducted with special dispatch within the Office.

* * * * * * *

PART IV—PATENT COOPERATION TREATY

* * * * * * *

CHAPTER 35—DEFINITIONS

* * * * * * *

§ 351. Definitions

* * * * * * *

(d) The term "international application originating in the United States" means an international application filed in the [Patent Office] *Patent and Trademark Office* when it is acting as a Receiving Office under the treaty, irrespective of whether or not the United States has been designated in that international application.

* * * * * * *

CHAPTER 36—INTERNATIONAL STAGE

* * * * * * *

§ 361. Receiving Office

(a) The [Patent Office] *Patent and Trademark Office* shall act as a Receiving Office for international applications filed by nationals or residents of the United States. In accordance with any agreement made between the United States and another country, the [Patent Office] *Patent and Trademark Office* may also act as a Receiving Office for international applications filed by residents or

nationals of such country who are entitled to file international applications.

(b) The [Patent Office] *Patent and Trademark Office* shall perform all acts connected with the discharge of duties required of a Receiving Office, including the collection of international fees and their transmittal to the International Bureau.

(c) International applications filed in the [Patent Office] *Patent and Trademark Office* shall be in the English language.

(d) The basic fee portion of the international fee, and the transmittal and search fees prescribed under section 376(a) of this part, shall be paid on filing of an international application *or within one month after such date.*

§ 362. International Searching Authority

The [Patent Office] *Patent and Trademark Office* may act as an International Searching Authority with respect to international applications in accordance with the terms and conditions of an agreement which may be concluded with the International Bureau.

§ 363. International application designating the United States: Effect

An international application designating the United States shall have the effect, from its international filing date under article 11 of the treaty, of a national application for patent regularly filed in the [Patent Office] *Patent and Trademark Office* except as otherwise provided in section 102(e) of this title.

§ 364. International stage: Procedure

(a) International applications shall be processed by the [Patent Office] *Patent and Trademark Office* when acting as a Receiving Office or International Searching Authority, or both, in accordance with the applicable provisions of the treaty, the Regulations, and this title.

* * * * * * *

§ 365. Right of priority; benefit of the filing date of a prior application

* * * * * * *

(c) In accordance with the conditions and requirements of section 120 of this title, an international application designating the United States shall be entitled to the benefit of the filing date of a prior national application or a prior international application designating the United States, and a national application shall be entitled to the benefit of the filing date of a prior international application designating the United States. If any claim for the benefit of an earlier filing date is based on a prior international application which designated but did not originate in the United States, the Commissioner may require the filing in the [Patent Office] *Patent and Trademark Office* of a certified copy of such application together with a translation thereof into the English language, if it was filed in another language.

§ 366. Withdrawn international application

Subject to section 376 of this part, if an international application designating the United States is withdrawn or considered withdrawn, either generally or as to the United States, under the conditions of the treaty and the Regulations, before the applicant has complied with the applicable requirements prescribed by section 371(c) of this part, the designation of the United States shall have no effect *after the date of withdrawal,* and shall be considered as not having been made, *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.* However, such *withdrawn* international application may serve as the basis for a claim of priority under section 365(a) and (b) of this part, if it designated a country other than the United States.

§ 367. Actions of other authorities: Review

(a) Where a receiving office other than the [Patent Office] *Patent and Trademark Office* has refused to accord an international filing date to an international application designating the United States or where it has held such application to be withdrawn either generally or as to the United States, the applicant may request review of the matter by the Commisioner, on compliance with the requirements of and within the time limits specified by the treaty and the Regulations. Such review may result in a determination that such application be considered as pending in the national stage.

* * * * * * *

§ 368. Secrecy of certain inventions; filing international applications in foreign countries

(a) International applications filed in the [Patent Office] *Patent and Trademark Office* shall be subject to the provisions of chapter 17 of this title.

* * * * * * *

(c) If a license to file in a foreign country is refused or if an international application is ordered to be kept secret and a permit refused, the [Patent Office] *Patent and Trademark Office* when acting as a Receiving Office or International Searching Authority, or both, may not disclose the contents of such application to anyone not authorized to receive such disclosure.

* * * * * * *

§ 371. National stage: Commencement

(a) Receipt from the International Bureau of copies of international applications with amendments to the claims, if any, and international search reports [is] *may be* required in the case of all international applications designating the United States [, except those filed in the Patent Office].

[(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, at which time the applicant shall have complied with the applicable requirements specified in subsection (c) of this section.]

(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) The applicant shall file in the [Patent Office] *Patent and Trademark Office—*

(1) the national fee prescribed under section 376(a)(4) of this part;

(2) a copy of the international application, unless not required under subsection (a) of this section or already [received from] *communicated by* the International Bureau, and a [verified] translation into the English language of the international application, if it was filed in another language;

(3) amendments, if any, to the claims in the international application, made under article 19 of the treaty, unless such amendments have been communicated to the [Patent Office] *Patent and Trademark Office* by the International Bureau, and a translation into the English language if such amendments were made in another language;

* * * * * * *

[(d) Failure to comply with any of the requirements of subsection (c) of this section, within the time limit provided by article 22 (1) or (2) of the treaty shall result in abandonment of the international application.]

(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.

* * * * * * *

§ 372. National stage: Requirements and procedure

(a) All questions of substance and, within the scope of the requirements of the treaty and regulation, procedure in an international application designating the United States shall be deter-

mined as in the case of national applications regularly filed in the [Patent Office] *Patent and Trademark Office.*

(b) In case of international applications designating but not originating in, the United States—

* * * * * * *

(2) the Commissioner may cause the question of unity of invention to be reexamined under section 121 of this title, within the scope of the requirements of the treaty and the Regulations[.];

(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.

[(c) Any claim not searched in the international stage in view of a holding, found to be justified by the Commissioner upon review, that the international application did not comply with the requirement for unity of invention under the treaty and the Regulations, shall be considered cancelled, unless payment of a special fee is made by the applicant. Such special fee shall be paid with respect to each claim not searched in the international stage and shall be submitted not later than one month after a notice was sent to the applicant informing him that the said holding was deemed to be justified. The payment of the special fee shall not prevent the Commissioner from requiring that the international application be restricted to one of the inventions claimed therein under section 121 of this title, and within the scope of the requirements of the treaty and the Regulations.]

§ 373. Improper applicant

An international application designating the United States, shall not be accepted by the [Patent Office] *Patent and Trademark Office* for the national stage if it was filed by anyone not qualified under chapter 11 of this title to be an applicant for the purpose of filing a national application in the United States. Such international applications shall not serve as the basis for the benefit of an earlier filing date under section 120 of this title in a subsequently filed application, but may serve as the basis for a claim of the right of priority under section 119 of this title, if the United States was not the sole country designated in such international application.

* * * * * * *

§ 376. Fees

(a) The required payment of the international fee, which amount is specified in the Regulations, shall be paid in United States currency. The [Patent Office] *Patent and Trademark Office* may also charge the following fees:

(1) A transmittal fee (see section 361(d));

(2) A search fee (see section 361(d));

(3) A supplemental search fee (to be paid when required);

(4) A national fee (see section 371(c));

[(5) A special fee (to be paid when required; see section 372(c))];

[(6)] *(5)* Such other fees as established by the Commissioner.

* * * * * * *

TITLE 42—THE PUBLIC HEALTH AND WELFARE

* * * * * * *

§ 2182. Inventions conceived during Commission contracts; ownership; waiver; hearings

* * * * * * *

If the Commission files such a direction with the Commissioner of Patents, and if the applicant's statement claims, and the applicant still believes, that the invention or discovery was not made or conceived in the course of or under any contract, subcontract or arrangement entered into with or for the benefit of the Commission entitling the Commission to the title to the application or the patent the applicant may, within 30 days after notification of the filing of such a direction, request a hearing before [a Board of Patent Interferences] *the Board of Patent Appeals and Interferences.* The Board shall have the power to hear and determine whether the Commission was entitled to the direction filed with the Commissioner of Patents. The Board shall follow the rules and procedures established for intereference cases and an appeal may be taken by either the applicant or the Commission from the final order of the Board to the United States Court of Appeals for the Federal Circuit in accordance with the procedures governing the appeals from [the Board of Patent Interferences] *the Board of patent Appeals and Interferences.*

* * * * * * *

§ 2457. Property rights in inventions

* * * * * * *

(d) Issuance of patent to applicant; request by Administrator; notice; hearing; determination; review

Upon any application as to which any such statement has been transmitted to the Administrator, the Commissioner may, if the invention is patentable, issue a patent to the applicant unless the Administrator, within ninety days after receipt of such application and statement, requests that such patent be issued to him on behalf of the United States. If, within such time, the administrator files such a request with the Commissioner, the Commissioner shall transmit notice thereof to the applicant, and shall issue such a patent to the Administrator unless the applicant within thirty days after receipt of such notice requests a hearing before [a Board of Patent Interferences] *the Board of Patent Appeals and Interferences* on the question of whether the Administrator is entitled under this section to receive such patent. The Board may hear and determine, in accordance with rules and procedures established for

interference cases, the questions presented, and its determination shall be subject to appeal by the applicant or by the Administrator to the United States Court of Appeals for the Federal Circuit in accordance with procedures governing appeals from decisions of [the Board of Patent Interferences] *the Board of Patent Appeals and Interferences* in other proceedings.

(e) False representations; request for transfer of title to patent; notice; hearing determination; review

Whenever any patent has been issued to any applicant in conformity with subsection (d) of this section, and the Administrator thereafter has reason to believe that the statement filed by the applicant in connection therewith contained any false representation of any material fact, the Administrator within five years after the date of issuance of such patent may file with the Commissioner a request for the transfer to the Administrator of title to such patent on the records of the Commissioner. Notice of any such request shall be transmitted by the Commissioner to the owner of record of such patent, and title to such patent shall be so transferred to the Administrator unless within thirty days after receipt of such notice such owner of record requests a hearig before [a Board of Patent Interferences] *the Board of Patent Appeals and Interferences* on the question whether any such false representation was contained in such statement. * * *

○