ANALYSIS

BNA's
PATENT, TRADEMARK & COPYRIGHT JOURNAL

1977-78 Legislative Review and Outlook

Concern over energy, the economy and the social security system left the First Session of the 95th Congress with little time for legislation dealing with intellectual property, but the forecast for the Second Session is a little brighter. It can reasonably be anticipated that during the upcoming year Congress will work on fashioning a uniform government patent policy, overhauling federal drug laws, including trade secret protection for drug data, and "fine-tuning" the new copyright law, P. L. 94-553, now in effect.

Committee Reorganization

The decision by the Senate Judiciary Committee to abolish its Subcommittee on Patents, Trademarks, and Copyrights and vest jurisdiction over intellectual property matters with its Criminal Laws and Procedures Subcommittee (see 323 PTCJ A-23) was an early hint that the Senate would not initiate any major legislation involving patents, trademarks, or copyrights. This realignment was adopted, presumably, to accommodate the desire of Senator John L. McClellan (D-Ark.), chairman of the Criminal Laws Subcommittee, to remain active in the patent reform field. Senator McClellan's death on November 28th has, therefore, created a void in a key leadership position and might result in a further reshuffling of legislative assignments. (See 356 PTCJ A-20.)

Government Patent Policy

Serious disagreement within the Carter Administration and within Congress as to the allocation of patent rights resulting from federally-funded research and development contracts makes it impossible to predict anything other than that this issue will get a thorough airing during the next Session. Legislation, supported by the Commerce Department and industry, has been introduced in the House of Representatives, (Thornton, H. R. 6249) under which any resulting patent rights would presumptively belong to the contractor doing the federal research. The Government would be left with a nonexclusive, nontransferable, irrevocable, paid-up license, as well as "march-in" rights to order the licensing of a patent if it isn't being actively pursued to commercialization. See 324 PTCJ A-6, 325 PTCJ A-4, D-1. Hearings before the House Subcommittee on Science, Research, and Technology are scheduled for March.

Crying "foul," supporters of the so-called title policy, which would allow the Government to retain ownership of R&D inventions, hope to derail what one has characterized as "one of the most radical, far-reaching, and blatant giveaways * * *." The waning days of 1977 saw several proponents of the title policy testify before the Senate Small Business Monopolies Subcommittee. (See 358 PTCJ A-11.) Antitrust Division chief John H. Shenefield spoke out forcefully for the title approach and was backed up by Federal Trade Commission Chairman Michael Pertschuk.

The battle lines have thus been drawn. As it appears that the views of Commerce and Justice are irreconcilable, President Carter may be forced to make a major policy decision. While the side the Administration ultimately supports will obviously have a major advantage in having its views enacted into law, Congress may continue to dodge the issue as it has in the past.

Patents

No attempt at comprehensive patent reform legislation, similar in scope to S.2255, was made during 1977 and the upcoming year should be no different. Congress' inaction can, in part, be explained by the rule changes adopted by the Patent and Trademark Office, most of which took effect on March 1st. See 298 PTCJ A-12, E-1, 308 PTCJ A-11, and 314 PTCJ A-1, D-1.

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MEMORANDUM TO: Heads of POC's
Assistant Secretari
Heads of OS Staff O
Principal Regional Officials

SUBJECT : Patent Policy and Procedures

As you may be aware, the patent policies of Federal agencies are coming under close scrutiny. I am concerned about these developments as they relate to Departmental policies. Accordingly, because of the cross-cutting and legal implications of policies and procedures involving the granting of patents by the Department, I have asked the General Counsel to conduct a review of the Department's present patent policy, including the policies and practices relating to the granting of patents, the reservation of rights with respect to patents, financial support of the development of patentable products and processes, and the granting of licenses and exclusive licenses.

I have asked the General Counsel to submit his report to me by February 15, 1978.

Joseph A. Califano, Jr.