LES USA/CANADA

COMMENTS ON SENATOR SCHMITT'S PATENT POLICY BILL

I. Substantive comments and suggested changes

201(c)(4) page 8. The restriction on the use of funds "only for the purpose of this act" refers to Section 102 (page 3). This may be satisfactory, but broader uses may be desirable, e.g. for the funding of the Patent and Trademark Office, or even to the general fund.

301(a)(4) page 10. The meaning is not clear. (The "Provided, however," clause is dealt with in one of the "house-keeping" comments in Section II below -- the clause probably should apply to all of section (a).) Probably it was intended to read "... or methods, the use of which will be required by Government regulations." Even so, it appears vague.

301(c)(2) page 11. By definition (pages 4/5) "invention" seems limited to that "which is or may resonably be patentable subject matter ...". Some "inventions" may be of a type which are better kept as trade secrets, so that the contractor should not be required to obtain a patent to perfect title to the the invention. It seems that this sub-section should be limited to patents. In addition, the grant seems too broad and could be read to cover commercial transactions, and to sweep in State and Municipal Governments. We suggest "... license under any issued patent based on an invention made under the contract to make, use, and sell the invention for non-commercial purposes throughout the world by or on behalf of the United States".

302(b) page 12.	The contractor's license should be "... world-wide, nonexclusive, royalty-free ...".
304(a)(1) page 13. and 305(a)(3) page 15.	It should be required that terms such as "reasonable time" and "effective steps" be clearly defined in the contract.
304(a)(4) page 14.	It would appear that the agency is here making antitrust decisions normally reserved for the Justice Department or the FTC.
305(a)(1) page 15.	This provision (i.e. the "Provided" clause) is at odds with 301(c)(1) onpages 10 and 11. In 301(c)(1), the Federal agency must treat the reports as protected from disclosure under the Freedom of Information Act. Here, in 305(a)(1), the agency appears to have the discretion to keep the report as confidential or not to so keep it. Reiterating the comment above on 301(c)(2), the contractor should have the right to keep the invention as his trade secret. We suggest the following: "Provided, that Federal agencies shall withhold from disclosure to the public, information disclosing any invention made under the contract of an agency until such information is in the public domain by issuance of a United States or foreign patent or by other publication".
306(a)(5) page 16.	In the "house-keeping" comments, it is suggested that the "Provided, however," clause in 304(a)(4) should apply to all of 304(a) and not be subordinated in a sub-section. Consequently, the reference here to 304(a)(4) should be changed to 304(a).

Sec. 306, page 16. This is too limited and should be broadened to include valuable background trade secrets of the contractor. There is also a typo --"or to such rights ..." should read --"or of such rights ..." (2nd line). We suggest the following: "Nothing contained in this Act shall be construed to deprive the owner of any background patent or invention or trade secret or of such rights as the owner may have thereunder." This also brings in a patent application which issues as a patent after the contract has come into effect.

II. House-keeping comments and suggested changes

201(b)(4) page 7. How do you "determine" a dispute? Suggest replace "determine" with "resolve".

201(c)(1) page 8. Should read "assist and coordinate Federal agencies' [agency] efforts to ..."

301(a)(4) page 10. We believe the Provided, however clause applies to entire section (a), not just to sub-section (a)(4) and should go out to the left margin as a new paragraph.

301(c)(1) p. 10 (2nd ln.). Should read "commercial use or [of] other ..."

305(a)(4) page 15. This needs a verb form. Suggest "create an obligation ..."

305 (a)(5)(c) p.16. "No [no] deviation under this ..."

401(f)(2) page 18. This should be inset from the left margin [as (f)(1) above it is].

401(f)(5) page 19. Same comment as for page 18,¶(f)(2).

401(f)(6) page 19. Same comment as for page 18,¶(f)(2).

401(h) page 19. There appears to be no section (g).