The Second Circuit's decision to reject the "persuasive advocacy" of Judge Learned Hand and downplay secondary factors may stem in part from the fact that two members of the Supreme Court recently faulted the use of such factors (by a patent-trained district court judge) to uphold the validity of a patent. See Roanwell Corp. v. Plantronics, Inc., No. 76-448, cert. denied 12/6/76, 307 PTCJ A-9.

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UNIFORM GOVERNMENT PATENT POLICY BILL GIVES CONTRACTORS "DEFEASIBLE TITLE" TO INVENTIONS

As reported last week (324 PTCJ A-6), legislation aimed at establishing a uniform Government patent policy was introduced April 6th by Representative Ray Thornton (D-Ark.), Chairman of the House Subcommittee on Science, Research, & Technology. H. R. 6249, the "Uniform Federal Research and Development Utilization Act of 1977," deals with the allocation of rights resulting from federally-funded research and development contracts, licensing of Government-owned patents, and the rights of Government employees with respect to inventions.

One of the chief purposes of the bill, though not spelled out, is to eliminate the cloud over current patent policies resulting from the celebrated Public Citizen cases. See 233 PTCJ A-5, 250 PTCJ A-19, 259 PTCJ A-1. The thrust of those cases (dismissed for lack of standing) was that only the Congress--not the Executive branch--has the constitutional authority to establish Government patent policy.

Allocation of Rights

The proposed legislation provides, in Section 311, that the allocation of property rights in subject inventions ("subject invention" is defined in Section 511 (f) as any invention or discovery of the contractor conceived or first actually reduced to practice in the course of or under a contract) shall be determined by "uniform regulations, issued by the Administrator of General Services, and the Secretary of Defense, employing a single patent rights clause." Under Section 313, the Government acquires title to the invention only if the contractor decides not to file a patent application. (The contractor must first file a declaration of intent to commercialize or disseminate the technology, however.) Otherwise, the contractor acquires "defeasible title"; and the Government gets a nonexclusive, nontransferable, irrevocable, paid-up license.

Sections 313 (a) (2) (C) and (D) grant the Government the authority to require the contractor to license its invention if, within a reasonable time, effective steps are not taken to achieve practical application of the invention, or if necessary to alleviate health, safety, or welfare needs which are not reasonably satisfied by the contractor. If the exclusive rights in the contractor have tended substantially to lessen competition, the Government may also require the contractor to license its invention. Further, if the contractor, upon request, refuses to grant such a license, the Government has the power to unilaterally license the subject invention. Under Section 313 (a) (2) (E), the Government has the right, ten years from the date the invention was made or seven years from first public use or sale in the United States, to reassess the situation and require the contractor to license its patent if this would best support the overall purposes of the Act. (Under §315 (a) this period can be extended by the agency following public notice, etc.) Any person adversely affected by a Federal agency determination under Section 313 (a) (2) (C) (D) or (E) may file an appeal in the U. S. Court of Claims. Each agency can "specify terms and conditions" of a license (such as permissible royalties) and can deviate on a case-by-case basis from the single patent rights clause if notice of the deviation is published in the Federal Register (§§315 (c) and (d)).

Government Employees

On the subject of inventions made by Government employees, the bill authorizes each agency to set its own policy subject to prescribed rules and regulations issued by the Commissioner of Patents and Trademarks. Generally, however, under Section 322 (a), the Government takes title to those inventions which bear a relation to the duties of the employee-inventor, or are made in consequence of his employment. Where the invention is not related to the employee's duties, the employee is entitled to retain rights in the invention, subject to the Government's nonexclusive, nontransferable, irrevocable, paid-up license. Monetary incentive awards for employee inventions are permitted under provisions of Section 326. In cases where the Government acquires title to the invention, Section 327 permits the Government agency to share with the employee any income derived from licensing agreements. Under Section 322 (C), employees can also be awarded foreign rights in countries where the Government elects not to seek patent protection.

Licensing

Title IV of the Act (Section 401) specifically authorizes federal agencies to grant nonexclusive, exclusive, or partially exclusive licenses under Government-owned patents. The licenses can be royalty-bearing or royalty-free. However, Section 404 (a) permits such licensing only if, after public notice and opportunity for filing written objections, it is determined that the interests of the Government will best be served by the proposed license. The proposed terms and scope of exclusivity may not be any greater than reasonably necessary to provide incentive for bringing the invention to practical application. In addition, the Government retains the power to terminate any license or require further licensing after three years if the license has tended to substantially lessen competition.

Authority to coordinate a program for the domestic and foreign protection and licensing of federally-owned inventions is vested in the Secretary of Commerce. The Administrator of General Services is authorized, under Section 403, to promulgate regulations specifying the terms and conditions upon which any federally owned invention may be licensed.

H.R. 6249 has been referred jointly to the Committee on the Judiciary and Science and Technology. The text of the bill appears at page D-1.

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FOREIGN REGISTRANT FOUND TO HAVE ABANDONED TRADEMARK BY NONUSE

While treaty provisions afford foreign applicants a procedural advantage in procuring a U.S. trademark registration without actual use in this country, once the registration is obtained, "the foreign registrant is subject to the same treatment and conditions which prevail in connection with registrations based on use in the United States." Applying this principle, the Trademark Trial and Appeal Board holds that a foreign registrant's nonuse of a mark for more than two years warrants cancellation of the registration on grounds of abandonment. (Satinine Societa in nome collettivo di S.A. e.M. Usellini v. P.A.B. Produits et Appareils de Beaute, 2/17/77)

P.A.B. Produits et Appareils de Beaute (P.A.B. Produits), a French corporation, was issued the trademark "PAB" in 1970 on the basis of ownership of an existing French registration for cosmetics and toiletry preparations. Petitioner, Satinine Societa (Satinine) also produces various cosmetic and toiletry items at its factory in Italy and sells them in containers bearing the mark "PAB." Satinine wants to export its products into the United States, but its application to register the mark "PAB" was refused by the PTO in view of P.A.B. Produits' registration. Alleging that P.A.B. Produits had abandoned its U.S. registration, Satinine filed a cancellation petition.

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