OISS FORM 51 (Rev. 11-82)

CONGRESSIONAL RECORD
PROCEEDINGS AND DEBATES OF THE 98TH CONGRESS

SENATE

BILL	DATE	PAGE(S)
S. 1535	June 23, 1983	S9005-06

Action: Introduced by Mr. Mathias, et al;

By Mr. MATHIAS (for himself, Mr. DOLE, and Mr. DECONCINI):

S. 1535. A bill to amend title 35 of the United States Code, to increase the effectiveness of the patent laws, and for other purposes; to the Committee on the Judiciary.

PATENT LAW REFORM

● Mr. MATHIAS. Mr. President, the patent system lies at the heart of our country's prowess in research and innovation. Traditionally our patent system has kept the United States in the forefront of technology and kept our standard of living high. But today American inventors face stiff competition in the worldwide race for innovation.

In recent months I have consulted with a number of patent authorities from various U.S. industries to develop a bill that will strengthen the patent system and streamline some of the administrative procedures for securing a patent. Many of the areas addressed by the bill have been considered by Congress and the executive branch over the past decade: I believe all of them need a fresh look today. I expect to examine these subjects closely in hearings in the Subcommittee on Patents, Copyrights and Trademarks in the weeks ahead, and the subcommittee, of course, invites suggestions for improving the bill in the course of the legislative process.

Briefly, the bill's provisions follow:

Section 1—Infringement of process patents by offshore production: Under current U.S. law, a 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, and it is only fair to give American inventors the same protection. As a corollary to this principle, the bill also contains a provision to assure that a product patent cannot be circumvented by manufacturing the material components of the product within the United States, then assembling them and selling the finished product abroad.

Sections 2-4—License for foreign filing: Under the U.S. patent law a U.S. inventor wishing to file a foreign patent application is required to obtain a license from the U.S. Government or wait for 6 months after he or she filed for an application in this country. The purpose of these requirements is to allow U.S. agencies concerned with security matters to inspect the patent application and determine whether or not it contains technical information bearing on national security. However, they tend to impose unnecessary delays and paperwork burdens on inventors of products with no security implications because they also apply to any information, however perfunctory, that is sent to supplement an application, even if the initial patent application has cleared the agency review and obtained the license. The provisions in my bill dealing with foreign licenses would eliminate these unnecessary burdens by allowing supplemental information to be passed on to the foreign country without a subsequent license if the initial patent application has obtained a license and no secrecy order was issued by an agency. Another provision would make clear that failure to obtain a license for a patent application that is not subject to a secrecy order would not be subject to criminal penalties unless the failure was due to a deliberate intent to deceive.

Sections 5-6—Unpublished knowledge as prior art: This provision simply says that 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.

Sections 7-9—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. My bill proposes to simplify the process by making priority of invention determined on the basis of affidavits and documents submitted to the Patent and Trademark Office, rather than by discovery and deposition. It would also promote the use of arbitration in facilitating the settlement of disputes.

Section 10—Licensee estoppel: Court decisions have established the right of a patent licensee to challenge the validity of the licensed patent. Case law, however, may have shifted the balance of rights in such challenges too far in favor of the licensee, allowing undue leverage against the licensor. The changes proposed in the bill would insure the right of the licensor to continue to receive the contracted royalty payments during the time his or her patent is under challenge, or to terminate the license if he or she chooses.

I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1535

Be it enacted by the Senate and House of Representatives of he United States of America in Congress assembled, That section 271 of title 35, of the United States Code, is amended by adding at the end thereof the following new subsections:

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

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

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

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

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

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

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

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

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

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

(2) inserting "such" after "inrespect of any".

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

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

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

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

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

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

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

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

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

"(d) Parties to a patent interference may determine such contest or any aspect thereof by arbitration. The parties shall give notice of any arbitration award to the Commissioner, and such award shall be dispositive of the issues to which it relates. The arbitration award shall be unenforceable until such notice is given.".

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

"SECTION 295. LICENSEE ESTOPPEL.

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

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

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

"295. Licensee estoppel.".

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