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SENATE

BILL	DATE	PAGE(S)
H.R.6286	OCT 11 '84 (134)	S14248-50

ACTION:

Patent Law Amendments of 1984: Senate passed H.R. 6286, amending title 35, United States Code, to increase the effectiveness of the patent laws, after agreeing to the following amendment proposed thereto:

Baker (for Mathias) Amendment No. 7102, deleting the language which would have extended process patent protection to products produced by the patented process overseas.

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INCREASING EFFECTIVENESS OF PATENT LAWS

Mr. BAKER. Mr. President, next I ask the Chair lay before the Senate Calendar Order No. 1324.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 6286) to amend title 35, United States Code, to increase the effectiveness of the patent laws, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

AMENDMENT NO. 7102

Mr. BAKER. I send to the desk, Mr. President, an amendment on behalf of the distinguished Senator from Maryland [Mr. MATHIAS] and ask that it be considered.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Tennessee [Mr. BAKER], for Mr. MATHIAS, proposes an amendment numbered 7102.

Mr. BAKER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike all of Section 101, and insert in lieu thereof the following:

SEC. 101. (a) Section 271 of title 35, United States Code, is amended by adding at the end thereof the following new subsection:

"(f)(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 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 of 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 with the United States, shall be liable as an infringer.".

Strike all of Section 103 and insert in lieu thereof the following:

CONCURRENT TRADEMARK USE

SEC. 103. Section 2(d) of the Act of July 5, 1946, commonly known as the Lanham Act (15 U.S.C. 1052(d)), is amended by adding at the end of the first full sentence thereof the following: "Use prior to any filing date of a pending application or registration shall not be required when the owner of such application or registration consents to the grant of a concurrent registration to the applicant.".

In Section 107, strike all of Subsection (a) and insert in lieu thereof the following:

"(a) Subject to subsections (b), (c), (d) and (e) of this section, the amendments made by this Act shall apply to all United States patents granted before, on, or after the date of enactment of this Act, and to all applications for United States patents pending on or filed after the date of enactment."

In Subsection (d) of Section 107, strike "section 103, 104 or 105" after "a ground obviated by" and before "of this Act", and insert in lieu thereof: "Section 104 or 105".

In Section 102(a) of the bill, strike the final quotation mark (") and the period following the final quotation mark, and insert in lieu thereof the following:

"(d) The Secretary of Commerce shall report to the Congress annually on the use of statutory invention registrations. Such report shall include an assessment of the degree to which agencies of the federal government are making use of the statutory invention registration 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 procedures.".

In section 102 of the bill strike "§ 156. Statutory invention registration" each place it appears and insert in lieu thereof the following: "§ 157. Statutory invention registration".

In section 309 of the bill, strike "1,000,000" and insert in lieu thereof: "250,000".

Mr. MATHIAS. Mr. President, this amendment to the House bill would narrow the bill in a number of ways. First, we have decided to drop entirely the process patent provision, which would have extended process patent protection to products produced by the patented process overseas. Although this provision passed the House and a similar one was approved without dissent by the Senate Judiciary Committee as part of the companion bill, S. 1535, some last minute questions have been raised. Because of the short time remaining in the session, I have decided it would be best to set aside the entire provision rather than try to limit its coverage. I intend to give this project the highest priority in the Subcommittee, on Patents, Copyrights and Trademarks next year.

The other major amendment to H.R. 6286 is the deletion of section 103, which would have clarified and simplified the requirements for obtaining licenses to file patent applications abroad. There has been a great deal of discussion on the amendments made by this section, but we have been unable to resolve the strongly-held differences of opinion. In fact, in the face of the continuing controversy we had dropped this provision in the Senate bill during the subcommittee mark-up.

Notwithstanding these limiting amendments, this bill will significantly improve both the incentives provided by the patent system as well as its efficient functioning. The bill eliminates technical traps for the unwary inventor, it closes loopholes, and it makes a number of other needed refinements in our patent law. I urge passage of this proposal, with the proposed amendments. We also add an amendment at the request of the Chairman of the Judiciary Committee [Mr. THURMOND]. This amendment has been cleared by both sides of the aisle. Let me give a brief history.

Associates First Capital Corporation is a wholly owned subsidiary of Gulf & Western Industries. In late 1982, Associates proposed the mark "Equity Express" in connection with a loan service for homeowners. An independent professional search of all data bases as of December 13, 1982, disclosed no conflicting prior uses. In fact, however, Washington Mutual Savings Bank of Seattle, WA, had adopted the same mark for similar services on October 18, 1982, but its pending application had not arrived into the data bases as of the date of the search. Upon discovery of their dual use of the mark, the two users entered into an agreement that acknowledged Washington Mutual's exclusive rights in four States and Associates' exclusive rights in 46 States.

While Associates' right to continued use of the mark is clear, an anomaly in the Lanham Act (15 U.S.C.) 1051 precludes Associates from obtaining a Federal concurrent use registration to protect its rights by foreclosing subsequent use by others in the States where Associates is clearly the first user.

Under 15 U.S.C. § 1052(d), a concurrent use registration may be granted at the discretion of the Patent and Trademark Commissioner in two situations. First, it may be granted if both parties use the mark before the first filing date. Second, such a registration may be granted if a court determines that more than one party is entitled to use. In Associates' case, neither provision technically affords relief.

The Patent and Trademark Office acknowledges that the parties are affected by an anomaly in the law. That Office traditionally does not support private legislation, but has indicated that it would accept a narrowly-worded change in the Lanham Act itself. The amendment incorporates language acceptable to the PTO. This language will permit the Patent and Trademark Commissioner to grant concurrent registrations. The Commissioner would be required to determine that confusion or deception would not be likely to result and would be authorized to impose conditions relating to the mode or place of use of the mark to prevent such confusion or deception.

The remedy proposed presents no antitrust problems. On the contrary, it will serve to promote alternative business efforts by making a given trademark available for registration to more than one user.

Mr. METZENBAUM. This amendment provides that the Lanham Act is not violated, in the case of the use of a trademark prior to the filing date of a pending application or registration, if the owner of the application or registration, consents to the grant of a concurrent registration. The amendment, however, does not expressly or by implication provide any immunity under the antitrust laws. Consequently, if an agreement for concurrent use, pursuant to this proposed provision, harmed competition, there would not be any immunity from the antitrust laws under this amendment. Is my understanding correct?

Mr. MATHIAS. The gentleman is correct.

On another matter, I would like to note a further amendment that was adopted at the request of Senator DECONCINI and Senator DOLE.

The Senate Judiciary Committee has long been interested in reducing the administrative burden on the U.S. Patent and Trademark Office. The committee expects that the statutory invention registration will substantially cut down the number of Government-owned patents filed while still protecting the legitimate concern of the agencies that they not be liable for infringement suits if they fail to file a full patent. This should also result in a substantial cost savings to the agencies.

The committee also expects the agencies to use SIR's in most cases unless there is commercial potential for the invention that justifies the cost of filing for a full patent. The committee notes that the administratively-created Defensive Publication Program was used only once by the agencies in its 5 years of existence. In light of that record, the committee will use the annual report by the Secretary of Commerce to ensure that the agencies are faithful to the intent of the Congress that this new program be used to the fullest possible extent.

Finally, Mr. President I would like to take this opportunity to express my thanks to the Senators from Minnesota for bringing to the attention of the Subcommittee on Patents, Copyrights and Trademarks the problems being experienced by the University of Minnesota in securing FDA approval for several drugs they are currently testing and developing. I understand the deep concern of Senators BOSCHWITZ and DURENBERGER over this matter, and would like to assure them that the subcommittee will hold hearings on the need for additional patent

protection for these particular drugs as soon as possible during the 99th Congress.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 7102) was agreed to.

Mr. BOSCHWITZ. Mr. President, as the distinguished Senator from Maryland knows, I have an amendment which is very important to the University of Minnesota and the general public. Very simply, the amendment would extend the patents on two drugs developed by the University of Minnesota. These drugs have the potential to save the lives of thousands and thousands of people who suffer from heart problems that result in sudden death.

It is necessary to extend the patents so that clinical studies can be conducted to compare these drugs with other drugs that are currently being used. If the studies are not conducted, it is certain that the drugs will not be used widely, if at all, when the patents expire.

Because the first patent expires in 1986, it is appropriate to recount the circumstances that demonstrate the need for extending the patents. As the Senator from Maryland is well aware, obtaining approval from the Food and Drug Administration is often a lengthy process. I am not suggesting that the FDA acted inappropriately or in an untimely manner in approving the use of the drugs. Indeed, I am not aware of any allegations to this effect. Still, the fact remains that FDA did not approve the drugs for general use until 1981. And, physicians have not been using these life-saving drugs because the studies I referred to earlier have not been done.

Since the FDA approval in 1981, efforts have been made to have the studies conducted by private industry. However, the short, remaining life of the patents had made it economically impracticable for private industry to finance the studies to overcome this obstacle. The University of Minnesota has pledged to finance the studies of the patents are extended.

I believe it is clearly in the public interest to extend the patents, and to do so at the earliest possible time. Although the first patent does not expire until 1986, it is necessary to extend the patents this year, if possible, or at possible time next year, because the studies themselves could take up to 2 years.

I recognize the difficult and sensitive position the Senator from Maryland finds himself in during the hectic last days of this Congress. The legislation he has authored is important, and I do not wish to create obstacles for him. I understand that Congressman KASTENMEIER, the chairman of the House subcommittee with jurisidiction over this matter, is not willing to accept this amendment without having hearings on it. I fully understand Mr. KASTENMEIER's position and believe it is both fair and reasonable—even though I would prefer to accomplish my goal this year. Indeed, Mr. KASTENMEIER and his staff have been most cooperative in this endeavor—as has the Senator from Maryland and his staff—during the final days of this Congress.

Because of these circumstances, I will not offer the amendment to this legislation. Still, I plan to pursue this important matter at the earliest possible time next year. In addition, I plan to coordinate my efforts with Congressman SABO—who has been very helpful this year—in order to achieve enactment of the patent extension next year. To accomplish our goal, I look forward to working with the Senator from Maryland at the beginning of the next Congress and will value his assistance in scheduling hearings and committee and floor action at the earliest possible time.

Mr. DECONCINI. Mr. President, I express my strong support for this bill. The bill is a combination of two Senate bills—S. 1538 and S. 1535—which received careful consideration before the Subcommittee on Patents, Copyrights, and Trademarks of which I am a member. Although this is not a major bill in the intellectual property field of the law, it is nevertheless an important bill that clarifies many ambiguous areas of the law. It will go a long way toward creating an atmosphere in which the property rights of intellectual property owners will be strengthened.

There are several people and groups that have given generously of their time and expertise in the formulation of this bill. First and foremost, of course, is the distinguished chairman of the Subcommittee on Patents, Copyrights, and Trademarks, Senator MATHIAS. Under his leadership, that subcommittee has undertaken the important and sometimes thankless task of delving into the arcane and highly technical area intellectual property law. The results have been significant and laid a groundwork for a most active and productive Congress next year as well as resulting in the passage of a number of key bills this Congress. Recognition should also be given to the fine professional staff of the chairman, Ralph Oman, Steve Metalitz and Charles Borden, for their long labors.

One other person and one other group are particularly associated with the passage of the bill before us. They are Judge Pauline Newman of the Court of the Federal Circuit and the Intellectual Property Owners Association. Judge Newman was an attorney member of the IPO when many of the basic concepts of today's bill were developed. Since her ascension to the bench, the IPO has continued to be most helpful in providing technical date to assist the subcommittee in development of the bill. Of special note was the work of Herb Wamsley, their executive director, who was always willing to ferret out answers to our numerous questions and do so in a cheerful manner.

I am disappointed that two provisions that were in the bills as they came out of the Judiciary Committee have been stripped or substantially modified by the present bill. I am referring to the provision originally found in S. 1538, concerning creation of a uniform practice of using the new statutory invention registrations within the executive branch. And to the provision stripped from this bill that would have given greater sanctity to process patents. With regard to the first of these provisions, a modified version of the original language has been included in this bill which will require the Secretary of Commerce to report annually to the Congress on the use of SIRS by the various agencies. Both the chairman of the subcommittee and I expect that this report will be a thorough analysis of the use of SIRS, as well as suggesting guidelines for their use government-wide and also recommending standards for the evaluation of the commercial potential of inventions to which the Government may have the right of ownership. Of special interest to this Member, is the use of SIRS made by Government agencies such as NASA, the Department of Energy, and the Army and Navy. If reasonable use of SIRS, is not evident by the time of the first annual report, I will strongly urge the subcommittee to take up the issue of uniform practice in the use of SIRS.

Again, I am pleased to be associated with this bill and urge its prompt adoption.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read a third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

So the bill (H.R. 6286) was passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

HEALTH N AND DISEASE)N AMENDMENTS

Mr. BA esident, I ask that the C e the Senate a message f of Representatives on

The P)FFICER laid before th following message fron of Representatives: