99TH CONGRESS
2D SESSION

H. R. 4899

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 18 (legislative day, SEPTEMBER 15), 1986
Received; read twice and ordered held at the desk

AN ACT

To amend title 35, United States Code, with respect to patented processes and the patent cooperation treaty.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Patent Equity Act".

SEC. 2. REFERENCE TO TITLE 35, UNITED STATES CODE.

Whenever in this Act an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section or other provision of title 35, United States Code.

TITLE I—PATENTED PROCESSES

SEC. 101. RIGHTS OF OWNERS OF PATENTED PROCESSES.

Section 154 is amended by inserting after "United States," the following: "and, if the invention is a process, of the right to exclude others from using or selling throughout the United States, or importing into the United States, products made by that process,".

SEC. 102. INFRINGEMENT FOR IMPORTATION OR SALE.

Section 271 is amended by adding at the end the following new subsection:

"(g) Whoever without authority imports into the United States or sells or uses within the United States a product which is made by a process patented in the United States shall be liable as an infringer, if the importation, sale, or use of the product occurs during the term of such process patent. In an action for infringement of a process patent, no remedy may be granted for infringement on account of the use of a product unless there is no adequate remedy under this title for infringement on account of the importation or sale of that product. A product which is made by a patented process will, for purposes of this title, not be considered to be so made after—

"(1) it is materially changed by subsequent processes; or

"(2) it becomes a minor or nonessential component of another product.".

SEC. 103. DAMAGES FOR INFRINGEMENT.

Section 287 is amended—

(1) by inserting "(a)" before "Patentees"; and

(2) by adding at the end the following:

"(b)(1) No damages may be recovered for an infringement under section 271(g) of this title with respect to a product unless the infringer knew or was on notice that the product was made by a process patented in the United States. Damages may be recovered only for such infringement occurring after such knowledge or notice and, with respect to—

"(A) a product obtained before such knowledge or notice, or

"(B) a product which—

"(i) is purchased pursuant to a contract that is entered into before such knowledge or notice and that provides for the delivery of a fixed quantity of the product in a specified period of time, and

"(ii) is in the inventory of or in transit to the purchaser, or is received by the purchaser within 6 months after such knowledge or notice,

shall be limited to reasonable royalties therefor.

"(2) For purposes of paragraph (1), 'notice' means the receipt of facts set forth in writing which are sufficient to establish that there is a substantial likelihood that the product was made by an infringing process.".

SEC. 104. EFFECTIVE DATE.

The amendments made by this title apply to United States patents granted before, on, or after the date of the enactment of this Act, except that these amendments do not apply to any product imported into or made in the United States before such date.

SEC. 105. REPORTS TO CONGRESS.

(a) CONTENTS.—The Secretary of Commerce shall, not later than the end of each one-year period described in subsection (b), report to the Congress on the effect of the amendments made by this title on the importation of ingredients to be used for manufacturing products in the United States in those domestic industries that submit complaints to the Department of Commerce, during that one-year period, alleging that their legitimate sources of supply have been adversely affected by the amendments made by this title.

(b) WHEN SUBMITTED.—A report described in subsection (a) shall be submitted with respect to each of the five one-year periods which occur successively beginning on the date of the enactment of this Act and ending five years after that date.

TITLE II—PATENT COOPERATION TREATY AUTHORIZATION

SEC. 201. DEFINITIONS.

(a) TREATY.—Section 351(a) is amended by striking ", excluding chapter II thereof".

(b) REGULATIONS.—Section 351(b) is amended by striking "excluding part C thereof".

(c) INTERNATIONAL SEARCHING AUTHORITY AND INTERNATIONAL PRELIMINARY EXAMINING AUTHORITY.—Section 351(g) is amended by striking "term 'International Searching Authority' means" and inserting "terms 'International Searching Authority' and 'International Preliminary Examining Authority' mean".

SEC. 202. TIME FOR FILING FEES.

Section 361(d) is amended to read as follows:

"(d) The international fee, and the transmittal and search fees prescribed under section 376(a) of this part, shall be paid either on filing of an international application or within such later time as the Commissioner may prescribe.".

SEC. 203. PATENT OFFICE AS INTERNATIONAL PRELIMINARY EXAMINING AUTHORITY.

(a) AUTHORITY OF PATENT OFFICE.—Section 362 is amended to read as follows:

"§ 362. International Searching Authority and International Preliminary Examining Authority

"(a) The Patent and Trademark Office may act as an International Searching Authority and an International Preliminary Examining Authority with respect to international applications in accordance with the terms and conditions of an agreement which may be concluded with the International Bureau, and may discharge all duties required of such Authorities, including the collection of handling fees and their transmittal to the International Bureau.

"(b) The handling fee, preliminary examination fee, and any additional fees due for international preliminary examination shall be paid within such time as the Commissioner may prescribe.".

(b) CONFORMING AMENDMENT.—The item relating to section 362 in the table of sections for chapter 36 is amended to read as follows:

"362. International Searching Authority and International Preliminary Examining Authority.".

SEC. 204. INTERNATIONAL STAGE: PROCEDURE.

Section 364(a) is amended by striking "or International Searching Authority, or both," and inserting ", an International Searching Authority, or an International Preliminary Examining Authority,".

SEC. 205. SECRECY OF INTERNATIONAL APPLICATIONS.

Section 368(c) is amended by striking "or International Searching Authority, or both," and inserting ", an International Searching Authority, or an International Preliminary Examining Authority".

SEC. 206. COMMENCEMENT OF NATIONAL STAGE.

(a) RECEIPT OF DOCUMENTS FROM THE INTERNATIONAL BUREAU.—Subsection (a) of section 371 is amended to read as follows:

"(a) Receipt from the International Bureau of copies of international applications with any amendments to the claims, international search reports, and international preliminary examination reports (including any annexes thereto) may be required in the case of international applications designating or electing the United States.".

(b) TIME LIMIT FOR COMMENCEMENT OF NATIONAL STAGE.—Subsection (b) of section 371 is amended to read as follows:

"(b) Subject to subsection (f) of this section, the national stage shall commence with the expiration of the applicable time limit under article 22 (1) or (2) or under article 39(1)(a) of the treaty.".

(c) FILING OF ENGLISH TRANSLATION.—Subsection (c) of section 371 is amended—

(1) in paragraph (4) by striking the period and inserting "; and"; and

(2) by adding at the end the following:

"(5) a translation into the English language of any annexes to the international preliminary examination report, if such annexes were made in another language.".

(d) TIME PERIOD FOR SUBMISSION OF ANNEXES.—Subsection (d) of section 371 is amended by adding at the end the following new sentence: "The requirement set forth in subsection (c)(5) of this section shall be complied with at such time as the Commissioner may prescribe, and failure to do so shall be regarded as cancellation of the amendments made under article 34(2)(b) of the treaty.".

(e) TIME PERIOD FOR PRESENTATION OF AMENDMENTS.—Subsection (e) of section 371 is amended by inserting "or article 41" after "28".

SEC. 207. FEES.

(a) HANDLING AND PRELIMINARY EXAMINATION FEES.—Subsection (a) of section 376 is amended—

(1) by striking "fee, which amount is" and inserting "fee and the handling fee, which amounts are";

(2) by redesignating paragraph (5) as paragraph (6); and

(3) by inserting after paragraph (4) the following new paragraph:

"(5) A preliminary examination fee and any additional fees (see section 362(b)); and".

(b) PRESCRIPTION AND REFUNDABILITY OF FEES.—Subsection (b) of section 376 is amended—

(1) in the first sentence by inserting "and the handling fee" after "international fee"; and

(2) in the third sentence by inserting "the preliminary examination fee, and any additional fees," after "fee,".

SEC. 208. EFFECTIVE DATE.

The amendments made by this title—

(1) shall take effect on the same day as the effective date of entry into force with respect to the United States of chapter II of the Patent Cooperation Treaty, on account of the withdrawal of the declaration under article 64(1)(a) of the Patent Cooperation Treaty; and

(2) shall apply to all international applications pending on or filed on or after the date on which the amendments made by this title take effect.

Passed the House of Representatives September 16, 1986.

Attest: BENJAMIN J. GUTHRIE,

Clerk.