LEGISLATION RELATING TO

INTELLECTUAL PROPERTY

95th Congress

(1977 - 1978)

Antitrust Law

H.R. 7780 Mr. Seiberling, et. al.
(Note: H.R. 7403, 8569 are identical.)

To amend the Clayton Act to prohibit the suppression of certain technology, and for other purposes. This Act may be cited as the "Energy Technology Availability Act".

As described by Mr. Seiberling:

> "This bill would prohibit the suppression of essential nonnuclear energy technology by requiring that the owners of such technology make it available at reasonable rates to all qualified applicants. The bill would prevent the kind of technology suppression which is now possible under the patent code--which currently would permit an oil company which makes a major breakthrough in technology to use a patent to prevent the development, demonstration or commercial application of that technology--a possibility whenever the company concludes that the technology's availability may decrease its overall profits."

The bill would order mandatory licensing of all "technology" relating to the development, demonstration, or commercial application of any nonnuclear energy process or system. Technology is defined as "any invention or discovery (patented or nonpatented), patent (including background patents), trade secret, know-how, or proprietary information".

Chemical Practice

H.R. 46 Mr. Rosenthal; H.R. 2192, H.R. 4594, Mr. Rosenthal, et. al.
H.R. 3582 Mr. Oberstar

To amend title 35 of the United States Code to provide for compulsory licensing of prescription drug patents. This Act may be cited as the "Prescription Drug Patent Licensing Act".

The bill would add a new section to Chapter 29 of title 35 to provide for compulsory licensing of prescription drug patents under certain circumstances.

The bill provides standing to a person who has unsuccessfully sought a license from the patent holder or his licensee to make, use, or sell a drug, to file a complaint with the Federal Trade Commission alleging that the patent holder or his licensee is selling the particular prescription drug to "druggists" at a charge 500% or more than "the cost of production". The FTC is empowered to determine whether this mark up allegation is true, and if so, order that the patent holder grant an "unrestricted patent license" to "any qualified applicant", and "if necessary" an "unrestricted trademark license".

S. 631 Mr. Nelson

To amend the Public Health Service Act in order to protect the public against excessively high prices for certain drugs. This Act may be cited as the "Public Health Price Protection Act of 1977".

This bill is similar in intent but more complicated in execution than is Mr. Rosenthal's bill in the House (H.R. 46). In Mr. Nelson's version the Secretary of HEW may make a determination that a certain drug is produced by three or less producers, that the average price of such drug to the "consumer or user" is five times the direct cost of producing it, and that the general use of such drug is in the public interest. In such case, the Secretary shall certify these facts to the Federal Trade Commission, which will then undertake to determine whether they are true. If true, a mandatory licensing order may be issued by the FTC pursuant to public rulemaking proceeding. If mandatory licensing is ordered the Commission determines the royalty rate by using a reasonableness standard. The Commission may further order that the patent holder, as a condition of receiving any royalties, make available to the licensee "technical data" which the licensee might need to practice the patent or market the drug.

S. 3018 Mr. Helms

To amend the Federal Food, Drug, and Cosmetic Act to provide that drugs will be regulated under the Act solely to assure their safety, to promote pharmaceutical development and innovation, the efficient and fair treatment of new drug applications, the health of the American people, and for other purposes. This Act may be cited as the "Food and Drug Reform Act of 1978".

This bill is to reform and revise the procedures of the Food and Drug Administration by which a new drug is certified to be safe and effective. This bill provides that the data and information required by the FDA to substantiate the applicants belief that the drug is safe and effective shall be released only in summary form. It is also provided that any information of any kind released by the FDA "may not be used to establish the safety of another drug for the purposes of this Act by any person other than the person who submitted the information so made available.". Such procedures also cover new animal drug applications for certification.

The bill provides an extension for the term of a patent subject to FDA approval to be either twenty-seven years after the date the patent is issued or seventeen years after the date that HEW approval is obtained, whichever occurs earlier. This portion of the bill is identical to Mr. Symms bill, H.R. 11447.

H.R. 11447 Mr. Symms

To amend title 35, United States Code, section 154, to extend the patent term for new drugs and new animal drugs.

The bill provides that any patent for a "new drug" as provided by section 201(p) of the Food, Drug and Cosmetic Act, or any "new animal drug" as provided in section 201(w) shall have a term of (1) seventeen years after HEW approves an application for approval pursuant to section 505(b) or 512(b), or (2) twenty-seven years after the patent was issued; whichever is shorter.

H.R. 8891 Mr. Rogers

To amend the Federal Food, Drug, and Cosmetic Act and related provisions of law to improve the protection of the public health and safety with respect to drugs. This Act may be cited as the "Drug Safety Amendments of 1977".

The thrust of this legislation is to reform the procedures currently followed by the Food and Drug Administration to certify new drugs as safe and effective. Two sections of this bill are of interest.

Release Of Safety and Effectiveness Data. This section provides that "all information which relates to the safety and effectiveness of any drug, which was submitted to the Secretary" for the purpose of obtaining the required certification "shall be made public upon the issuance of an order" approving the application for certification, withdrawing approval of an application, or suspending approval of an application. Regulations shall be promulgated providing for a "detailed summary of information which relates to the safety and effectiveness of any drug" which "shall be made available to the public upon issuance of the order" denying approval of an application, disapproving or terminating an investigation exemption for such drug, or declaring a drug development protocol for such drug not completed. The bill goes on to provide for the disclosure of similar data for animal drugs.

The bill also provides that if a "patent is issued for a drug, a composition containing a drug, a process for using a drug, or a process for manufacturing a drug" and such drug is the subject of an application to the Food and Drug Administration for certification of safety and effectiveness the term of the patent shall "not expire until seventeen years from the date of the approval".

S. 2755 Mr. Kennedy, et. al.; H.R. 12980 Mr. Rogers, et. al.
(An Administration bill)

To revise and reform the Federal law applicable to drugs for human use and to establish a National Center for Clinical Pharmacology within the Department of Health, Education, and Welfare. This Act may be cited as the "Drug Regulation Reform Act of 1978".

This bill is the HEW proposal to reform and revise the procedures of the Food and Drug Administration.

The Administration proposal requires that in order to obtain approval for marketing a new drug, data submitted to support the applicants claim that the drug is safe and effective shall be publicly disclosed. The bill flatly says that the Freedom of Information Act shall not apply to this data. The details of the disclosure are that at the time that an application is filed, FDA shall immediately make public a report in summary form discussing the data and information upon which the applicant concludes that the drug is effective and safe. Also upon filing an application, a report containing a detailed description of each investigation, the protocol used and the analysis of all the data and information will be prepared by the applicant. A full report of all the data and information will also be prepared. This information may be disclosed to any persons who demonstrate to the Secretary that he seeks this information "solely" for the purpose of participating in a public hearing, that the information will not be used for commercial purposes, and that the person seeking to review the data is now employed by or is not serving as an agent of any person who would be able to use such information for commercial purposes.

S. 2040 Mr. Javits

To amend the Federal Food, Drug, and Cosmetic Act and related provisions of the law. This Act may be cited as the "Comprehensive Drug Amendments of 1977".

This bill provides for a comprehensive reform of the Food and Drug Administration procedures. It contains a section entitled Release of Safety and Effectiveness Data which addresses the same issue as is addressed in a section of the same name in H.R. 8891. However, Senator Javits proposes that only a "detailed summary of information which relates to the safety and effectiveness of any drug" be released to the public.

The bill in effect amends the Freedom of Information Act by providing that information "which is exempt from disclosure pursuant to subsection (a) of section 552 of title 5, United States Code, by reason of subsection (b)(4) of such section" may not be disclosed except pursuant to five new exceptions which allow disclosure to; other government officials in connection with official duties, government contractors if such disclosure is "necessary for the satisfactory performance" of that contract or, situations involving serious and substantial risk of harm to any segment of the public or to any individual for research purposes under certain circumstances. The new section also provides a process by which the submitter of the data can challenge the Commissioner's decision to release it, and criminal penalties for people receiving such data and using it for purposes other than the purposes for which they received it.

The bill extends the patent term of any drug subject to approval procedures by the Food and Drug Administration to seventeen years "after the date the new drug is approved". As part of the extension of the patent life of such a new drug the bill provides for mandatory licensing of the patent after eight and onehalf years dating from the approval by the Food and Drug Administration, if the Commissioner finds that such drug is not available to the public in certain parts of the country or is "commercially utilized or available only in insufficient amounts or quantities to satisfy the public need" or if available is of "an inferior quality" or available only at "price levels" which may be such as to substantially lessen competition in the use of such product.

Copyright

H.R. 6063 Mr. Danielson

To amend the General Revision of Copyright Law, and for other purposes. This Act may be cited as the "Performance Rights Amendment of 1977".

The bill creates a new section in the copyright law which defines the scope of copyrights in sound recordings, establishes a performance right as a separate and distinct right of ownership (in sound recordings) and provides a compulsory license for the use of copyrighted sound recording by broadcasters. The bill restricts the scope of the claimed performance rights by requiring the copyright owners to license sound recordings to broadcasters for royalties specified in the bill. The bill also provides how royalties will be distributed.

This bill was the subject of hearings by the House Judiciary Subcommittee on Courts, Civil Liberties, and the Administration of Justice in 1978.

H.R. 8098 Mrs. Spellman

To amend title 17, United States Code, relating to copyright, for the purpose of extending certain exemptions, and removing certain limitations, pertaining to the transmission of performances of dramatic literary works, which performances are designed specifically for blind or other handicapped persons.

Section 110 of the Copyright Act contains nine exemptions to the exclusive rights of copyright holders. Exemption (9) provides that it is not an infringement if dramatic literary works are presented on certain types of radio broadcasts in certain circumstances intended for the benefit of the blind. This bill generally relaxes the restrictions as to this type of use of this copyrighted material.

H.R. 14293 Mr. Edwards, et. al.

To amend the Copyright Act of 1976 to provide copyright protection for imprinted design patterns on semiconductor chips.

The bill would add the following paragraph to section 101 of title 17, United States Code:

> "Such pictorial, graphic, and sculptural works shall also include the photographic masks used to imprint patterns on integrated circuit chips and include the imprinted patterns on integrated circuit chips and include the imprinted patterns themselves even though they are used in connection with the manufacture of, or incorporated in a useful article."

The bill is designed to afford copyright protection to a certain segment of the semiconductor industry. The register of copyrights has denied registration to imprinted design patterns on semiconductor chips.

S. 3324 Mr. Gravel

To amend section 111 of title 17, United States Code, to clarify for purposes of copyright liability the status of delayed secondary transmissions by certain retransmission services located outside the continental United States.

This is a piece of technical legislation which applies to those companies engaged in the cable television industry and their specific problems in moving signals to the state of Alaska.

H.R. 8261 Mr. Drinan

To amend the copyright law to secure the rights of authors of pictorial, graphic, or sculptural works to prevent the distortion, mutilation, or other alteration of such works, and for other purposes. This Act may be cited as the "Visual Artists Moral Rights Amendment of 1977".

Section 113 of Public Law 94-553 (The Copyright Act of 1976) is amended by adding at the end thereof the following new subsection:

> "(d) Independently of the author's copyright in a pictorial, graphic, or sculptural work, the author or the author's legal representative shall have the right, during the life of the author and fifty years after the author's death, to claim authorship of such work and to object to any distortion, mutilation, or other alteration thereof, and to enforce any other limitation recorded in the Copyright Office that would prevent prejudice to the author's honor or reputation."

Federal Practice and Procedure

S. 2857 Mr. DeConcini; H.R. 12006 Mr. Rodino
(An Administration bill)

To clarify and revise various provisions of title 28 of the United States Code relating to the judiciary and judicial procedure regarding judicial review of international trade matters, and for other purposes. This Act may be cited as the "Customs Courts Act of 1978".

This bill which proposes a number of reforms to the law governing the jurisdiction and power of the United States Customs Court also affects the Court of Customs and Patent Appeals. The bill is primarily designed to simplify many of the complexities surrounding international trade litigation.

Title V--Court of Customs and Patent Appeals includes the following amendments: Section 1541 of title 28 is amended by adding a paragraph which gives the CCPA "jurisdiction of appeals from interlocutory orders of the Customs Court, or of the judges thereof, granting, modifying, refusing, or dissolving injunctions, or refusing to dissolve or modify injunctions.".

A new section is added to title 28 which provides that the Federal Rules of Evidence shall be applicable in the CCPA in any appeal from the Customs Court. Further provided that the CCPA shall "possess all the powers in law and equity of, or as conferred by statute upon, a court of appeals of the United States.". This new section also confers exclusive jurisdiction in the CCPA to review decisions of the Secretary of the Treasury to revoke or deny customs brokers' licenses, and decisions by the Secretary of Labor or the Secretary of Commerce "certifying or refusing to certify workers, communities, or businesses as eligible for adjustment assistance under the Trade Act of 1974.".

This bill was the subject of two days of hearings in the Senate Subcommittee on Improvements in Judicial Machinery in the summer of 1978.

S. 2420 Mr. Sparkman, et. al.; H.R. 10691 Mr. Zablocki, et. al.

To promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development by establishing the International Development Cooperation Administration, and for other purposes. This Act may be cited as the "International Development Cooperation Act of 1978".

This bill is a lengthy and ambitious piece of legislation designed to create a new government agency for the purpose of improving the ability of the United States to assist the "poor majority of people in developing countries to participate in a process of equitable growth through productive work.".

Section 745--Patents and Technical Information contains two provisions which become operative in connection with furnishing assistance to underdeveloped countries pursuant to this Act. Firstly, in the event that (1) an invention or discovery covered by a patent is practiced within the United States without authorization of the owner, or (2) information, which is protected by law or held by the United States Government subject to restrictions imposed by the owner is disclosed by government employees in violation of such restrictions, the exclusive remedy of the owner will be to sue the United States Government for "reasonable and entire compensation for such practice or disclosure in the district court of the United States for the district in which such owner is a resident, or in the Court of Claims, within six years after the cause of action arises.".

Secondly, the bill contains a limitation upon the expenditure of funds appropriated pursuant to the Act preventing "the acquisition of any drug product or pharmaceutical produce manufactured outside the United States if the manufacture of such drug produce or pharmaceutical product in the United States would involve (patent rights...) unless such manufacture is expressly authorized by the owner of such patent.".

Government Patent Policy

H.R. 5350 Mr. Mitchell

To provide for the recycling of used oil, and for other purposes. This Act may be cited as the "National Oil Recycling Act".

This bill would empower the Administrator of the Environmental Protection Agency to determine that the use of a patent is necessary to enable any person to comply with the Act; that the patent is not available to that person; that there is no reasonable alternative method to accomplish the Act's purposes; and that the unavailability of the patent right "may" result in a substantial lessening of competition or a tendency to create a monopoly in any line of the Nation's commerce. Such a set of findings may be certified to any district court of the United States, which court may then order the patentee to license his patent on such terms as the court may determine.

H.R. 6380 Mr. Brown

To establish a national climate program, and for other purposes. This Act may be cited as the "National Climate Program Act of 1977".

This bill would establish a "National Climate Program Office" to do basic research in collecting, analyzing, forecasting, modeling and disseminating data concerning the climate. The new Office is authorized to spend certain amounts of money for research and development grants. The patent policy provisions to apply to work done pursuant to such grants shall be identical to section 9 of the Federal Nonnuclear Energy Research and Development Act of 1974.

S. 419 Mr. Haskell, et. al.; H.R. 12818 Mr. Evans

To test the commercial, environmental, and social viability of various oil shale technologies, and for other purposes. This Act may be cited as the "Federal Oil Shale Commercialization Test Act".

The purpose of the bill is to cause the development of technology which may be used to commercially utilize shale oil. Extensive hearings were held on this bill in the Energy Committee. It was debated and passed by the Senate on June 27, 1978 and referred to the House Committees on Armed Services and Science and Technology. No hearings were held in the House.

As reported by the Committee, the bill contained a section entitled "Patents" which provided that the title to any invention made or conceived by a government contractor performing the task directed by the legislation shall vest in the United States and that the Secretary of Energy may not waive any rights granted thereby. The Secretary may grant licenses in these inventions but they may not be exclusive or partially exclusive and further any contractor participating in the program who holds "background patents, trade secrets, or proprietary information necessary to the commercial operation of any technology used in the projects authorized by this Act" will be required by law to license such information.

On the floor of the Senate this highly restrictive patent policy was vigorously criticized by Senator Harrison Schmitt and supported by no one.

Senator Bellmon offered the following amendment to the section on patents which was accepted:

> "A person participating in the program authorized by this Act shall have a nonexclusive paid-up license to any invention made or conceived during the course of the program authorized by this Act."

H.R. 34 Mr. Teague
(Note: Mr. Teague is retired from Congress.)

To establish a materials policy for the United States, to create a materials research and development capability, and to provide an organizational structure for the effective application of such research capability, and for other purposes. This Act may be cited as the "National Materials Policy, Research, and Organization Act of 1977".

This bill is designed to stimulate the development of technology to improve the national ability to find and tap mineral deposits, convert agricultural products and waste into useful manufactured products, prevent the dissipation of materials as wastes or air or water pollutants, and reduce industrial requirements for materials without reducing industrial output.

Among other things it creates a "National Materials Policy Board" and establishes a "Special Assistant to the President for Materials Policy". Further created is a "Commission on Materials Research and Operations" part of which will be a "Patent Policy Committee".

The bill sets out a patent policy to be used regarding patents arising from expenditure of funds pursuant to this Act. The policy includes the power to transfer ownership of the patent to the inventor, granting exclusive license to the inventor or a third party or license the patent to a corporation subject to free compulsory licensing after a stipulated period. Other options including nonexclusive licensing are included.

This bill was the subject of lengthy hearings by the Science and Technology Committee during the 95th Congress. However, it was strongly opposed by the Secretary of the Interior.

S. 2704 Mr. Gravel

To promote a more adequate and responsive national program of water research and development, and for other purposes. This Act may be cited as the "Water Research and Development Act of 1978".

This legislation was passed by the Congress and is now Public Law 95-467. The purpose of the Act is to fund water related research and technology to solve a wide variety of problems relating to the nation's water supply. The program will be administered by the Secretary of Interior.

The bill as introduced and passed in the Senate contained the following section related to patent policy:

> "With respect to patent policy and to the definition of title to, and licensing of inventions made or conceived in the course of, or under any contract or grant pursuant to this Act, and notwithstanding any other provision of law, the Secretary shall be governed by the provisions of section 9 and 10 of the Federal Nonnuclear Energy Research and Development Act of 1974 (Public Law 93-577; 88 Stat. 1887, 1891; 42 U.S.C. 5908, 5909): Provided, however, That subsections (1) and (n) of section 9 of such Act shall not apply to this Act."

An amendment to this provision was made in the House Committee but the purpose of the amendment was not explained in either the Committee Report or on the House floor. The amendment was accepted by the Senate without comment. The text of the House amendment follows:

> "Provided further, however, That, subject to the patent policy of section 408 all research or development contracted for, sponsored, cosponsored, or authorized under authority of this Act, shall be provided in such manner that all information, data, and know-how regardless of their nature or mediums, resulting from such research and development will (with such exceptions and limitations, if any, as the Secretary may find to be necessary in the interest of national defense) be usefully available for practice by the general public consonant with the purpose of this Act."

S. 3496 Mr. Dole, et. al.

To amend title 35 of the United States Code; to establish a uniform Federal patent procedure for small businesses and nonprofit organizations; to create a consistent policy and procedure concerning patentability of inventions made with Federal assistance; and for other related purposes. This Act may be cited as the "Small Business Nonprofit Organization Patent Procedures Act".

The bill provides for the allocation of patent rights in inventions which result from federally funded research and development accomplished by nonprofit organizations (501 (c)(3)) and small businesses (as those words are legally defined). The contractor may elect to take title in any such invention with the agreement that it be commercialized. The contractor shall promptly disclose all inventions together with a statement as to title. The contractor must file reports with the appropriate government agency on efforts to commercialize. The government receives a paid-up license to practice any invention where title vests in the contractor. If the contractor does not elect to take title, such right vests in the government.

The contractor's right to exclusively practice the invention is subject to "march-in" rights by the government for failure to commercialize or for circumstances relating to public health, safety or welfare.

A small business contractor who successfully commercializes an invention shall repay to the government certain specified amounts of such profits. A university contractor who elects to take title to a patent may not assign such rights without the approval of the appropriate Federal agency; may not grant an exclusive license thereto for longer than five years from the first commercial sale or use of the invention or eight years from the date of the exclusive license and subject to certain conditions; and that royalties resulting from licensing activity shall be used for the support of scientific research or education.

The bill includes authority identical to that found in the "Thornton" bill for the Secretary of Commerce to enter into the business of licensing government owned patents. However, this bill provides that first preference in licensing under the Act shall be to small business firms.

S. 3627 Mr. Schmitt

A bill entitled the "Science and Technology Research and Development Utilization Policy Act".

This bill provides the details of the allocation of rights in inventions resulting from federally funded research and development. The title to inventions made under such contracts shall be in the government if any one of a large list of circumstances which are broadly drafted are found to exist. However, all of these circumstances will not apply and title to the patent may be waived by the government if such waiver is in the interest of the United States. A number of broadly stated standards are included which guide the governments decision whether or not to waive. The vagueness of the drafting of this legislation vests the power and almost total discretion in each agency to make the determination of the legal rights to patents on a case by case basis.

If title to the invention is vested in the contractor, the government receives a paid-up license to practice the invention. The contractor must provide detailed reports to the government agency on his efforts to commercialize the invention. The contractor's title is subject to "march-in" rights as they appear in the "Thornton" bill.

The bill provides that the Secretary of Commerce is authorized to license all government owned patents. The Secretary is given full authority to pursue this activity including monitoring other agencies work, filing patent applications abroad, and so forth.

The bill contains a title which will be determinative of the ownership of inventions made by federal employees. Those determinations are identical to those found in the "Thornton" bill with the following significant exception. In those inventions which do not relate to the duties of the employee and are not made in the course of his employment but which are made with the assistance of government facilities, funds or other forms of support, the "Thornton" bill provides title to the inventor with license to the government, while this bill provides for title vesting in the government. The bill mandates a financial federal employee research award program.

H.R. 6249 Mr. Thornton

To establish a uniform Federal system for management, protection, and utilization of the results of federally sponsored scientific and technological research and development; and to further the public interest of the United States domestically and abroad; and for other related purposes. This Act may be cited as the "Uniform Federal Research and Development Utilization Act of 1977".

The bill provides that a single uniform patent rights clause be used in every Federal government contract for work which in some way involves research and development or which in other ways may result in patentable invention. The contractor may elect to take title in any patent obtained as a result of such government contract. The contractor shall promptly disclose such invention to the particular government agency with a stated intention to commercialize the invention. The contractor shall also file the patent application.

The government receives a paid-up, nonexclusive, nontransferable license to use the patented invention, together with the right to negotiate with the contractor to sublicense the invention to other Federal and State government agencies. The government is given the right to reclaim title to the patent (march-in rights) in certain stated circumstances involving public health, welfare and certain antitrust type misuses of the patent. The government may also reclaim title if the contractor does not make good on his promise to commercialize the invention. The contractor shall be subject to government march-in rights for any reason commencing ten years from the date the invention was made or seven years after the first public use or sale of the invention, whichever occurs first. This time period may be extended by the government agency if the contractor can establish "good cause" for so doing.

The bill provides that the Federal government through the Secretary of Commerce may enter into the business of licensing government owned patents. The Secretary is authorized to engage in a number of activities to promote this licensing business. The bill provides a number of duties and responsibilities regarding reporting, commercialization, and so forth on anyone licensing a government invention. The licenses may be exclusive. The government may collect royalties and use such funds to further promote the licensing business.

The bill establishes legal standards for deciding the ownership of inventions made by Federal employees. Title will vest in the government for any invention made by a government employee which relates to his duties or is made in consequence to his employment. If the invention does not relate to the employees duties but government facilities, funds, materials or time is used, title vests in the inventor with a paid-up license in the government. In any other circumstance, the employee gets title to an invention made by him.

Patent Law

H.R. 2101 Mr. Moss

To create a comprehensive Federal system for determining the ownership of and amount of compensation to be paid for inventions made by employed persons.

The bill would establish new law concerning disposition of rights in inventions made by any employee, and would require the modification of existing employee contracts and corporate policies in the private sector, and the amending of a number of specific laws involving inventions made by government employees or with federal funding.

The bill divides all inventions into two classes. A "service invention" is made during the employee's period of employment, as a result of work performed for the employer or experience gained on the job. All other inventions are a "free invention". In addition, a service invention may become a free invention under certain specified conditions.

An employee with a service invention must give written notice of the invention to his employer without undue delay. An employer electing to claim exclusive rights in such invention would be required to give a written declaration of his claim to the employee. Upon receipt of such a declaration, the employee must assign all rights to the invention to the employer, subject to the right of "adequate compensation". Adequate compensation is defined as the "fair market value" of the exclusive right to the invention adjusted to reflect "the position and duties of the employee," and "the degree to which the operations of the employer contributed to the making of the invention." The provision of the bill "may not be avoided by agreement to the detriment of the employee."

The employer is required to file a patent application in the name of the inventor on a service invention unless the invention becomes "free" or the employer elects to compensate the inventor but retain the invention as a trade secret.

If the employer and employee cannot agree on the amount of compensation, the matter could be referred to an arbitration board composed of three members appointed by the Commissioner of Patents, whose decisions would be subject to judicial review in a Federal district court. However, the arbitration board apparently would not provide an exclusive remedy. The Secretary of Labor would issue guidelines "providing specific rules for the determination of the compensation to be paid".

S. 2525 Mr. Huddleston, et. al.

To improve the intelligence system of the United States by the establishment of a statutory basis for the national intelligence activities of the United States, and for other purposes. This Act may be cited as the "National Intelligence Reorganization and Reform Act of 1978".

This bill was the product of three years work by the Senate Select Committee on Intelligence. It is a complex, lengthy piece of legislation designed to deal with alleged abuse by the CIA and the FBI in the field of intelligence gathering and other matters. However, the bill contains several provisions directly relating to intellectual property.

Title VI--National Security Agency, in Part E, "Patents and Inventions" gives the Director of the National Security Agency the authority to order that "patents and inventions useful in the provision of security, confidentiality, or privacy of communications or other forms of transmission of data, or incorporating sensitive cryptologic techniques, which in the opinion of the Director of the National Security Agency, if published, might be detrimental to the national security, shall be handled in accordance with the provisions of this section as if the Commissioner (of Patents and Trademarks) had determined that the publication or disclosure of any such invention by the granting of a patent might be detrimental to the national security."

This same authority is given to the Director "...to secure from disclosure any material which might otherwise be subject to copyright protection which involves the provision of security, confidentiality, or privacy of communications or other forms of transmission of data, or incorporating sensitive cryptologic techniques which in the opinion of such Director, if available for public inspection and copying, might be detrimental to the national security." The Register of Copyrights is directed to take such measures as are appropriate in the opinion of the Director to see that the objectives of the section are accomplished.

S. 3584 Mr. Bartlett
(Note: Senator Bartlett has retired and will not serve in the 96th Congress.)

To amend the "Joint Owners" provision of the Patent Act, section 262 of title 35, United States Code.

The bill would add the following new subsection to section 262:

> "(b) Any assignment of a part interest in a patent is voidable at the instance of any party if it does not set forth in writing the provisions of the preceding subsection."

H.R. 4331 Mr. Vento

To amend title 35, United States Code, to provide that any provision in any law, regulation, or contract which requires an employee to assign all his rights in certain patentable inventions to the employer is void.

The bill would void as a matter of federal law any law, regulation, or contract which "requires" that an employee including a government employee assign to his employer "all rights" to an invention with the following exceptions:

1. Invention made during "a period" when the inventor was being paid by the employer.

2. Invention made with use of any of employers "equipment, material, or facilities".

3. Invention "related to or has directly grown out of" work inventor is hired to perform.

H.R. 10184 Mr. Butler

To amend the Patent Act of July 19, 1952, and for other purposes. A bill to amend title 35, United States Code, to provide for re-examination of issued patents.

The bill would allow any person, including the patentee, to request that an issued patent be re-examined on the grounds that such patent should not have issued "by reason of not being entitled to one or more claims under section 102 alone, or together with section 103". The PTO will re-examine the invention and take into consideration the "information not heretofore considered" provided by the applicant.

If the patent for which re-examination is sought, is then the subject of litigation, a court is given the discretion to stay the proceedings in whole or part. The patent holder is entitled to amend the patent which is being re-examined. A certificate reflecting the outcome of the re-examination procedure shall be attached to the patent.

H.R. 11811 Mr. Evans

To discourage the prevention of the marketing of certain patented means for energy conservation.

This legislation provides for compulsory licensing of any patent issued but not commercialized within five years covering an invention, discovery or process which would result in a lessening in the consumption of any "energy source". No terms are defined.

Public Information

H.R. 12318 Mr. Patten

To establish in the Smithsonian Institution the Thomas A. Edison Centennial Commission, to establish a grant program to assist the collecting, compiling, editing, and publishing of The Papers of Thomas A. Edison, and for other purposes. This Act may be cited as the "Thomas A. Edison Centennial Act".

The bill would establish within the Smithsonian Institution the "Thomas A. Edison Centennial Commission" which would serve as a promoter and coordinator of year long observances honoring Thomas A. Edison in 1979, the 100th anniversary of the invention of the first practical incandescent electric lamp. The Commission would also be authorized "to collect, compile, edit and publish 'The Papers of Thomas A. Edison'.".

Relations with the Patent and Trademark Office

S. 3615 Mr. Kennedy; H.R. 13628 Mr. Rodino
(An Administration bill)

To amend the fee provisions of the United States patent and trademark laws.

The proposed bill would repeal the present statutory fees for patent and trademark assignments, certificates and copies. Fees for these services and other patent and trademark services for which no statutory fee is specified would be established by the Commissioner of Patents and Trademarks on the basis of the actual costs of providing these services. The establishment of such fees would be in line with generally understood principles for user charges such as those outlined in OMB Circular A25. The bill also would require all fee changes to be announced in the Federal Register at least thirty days prior to coming into effect, in order to insure ample notice to the public.

The fees collected for patent and trademark services for which no statutory fee is specified would be credited to the Patent and Trademark Office appropriations. The fees thus credited would be used to pay the costs of the products or services for which the fees are charged or to repay appropriations.

The bill would make trademark fees applicable to government agencies as well as to private trademark applicants. The existing patent fee statute, in section 41(c) of Title 35, United States Code, provides that patent fees apply to other government agencies. Extension of this provision to trademark fees will provide a uniform policy on Patent and Trademark Office fees. The change will have little effect on other government agencies, since very few applications for trademark registrations are filed by the government.

Small Business

S. 807 Mr. McIntyre, et. al.; H.R. 3984 Mr. Bedell

To amend the Small Business Act and the Federal Nonnuclear Energy Research and Development Act of 1974 to provide certain assistance to individuals and small business concerns in the areas of solar energy equipment and energy-related inventions. This Act may be cited as the "Small Business Energy Research Incentives Act".

The bill would grant both authority and significant appropriations to the Small Business Administration to foster and encourage the development of solar energy equipment. Also, the Federal Nonnuclear Energy Research and Development Act of 1974 is amended to create within ERDA an "Office of Invention and Innovation". Through this Office, the ERDA Administrator is authorized to spend 5 million dollars per year for research, development and demonstration of any invention regarding solar energy. The Administrator is further authorized to spend 50 million dollars per year in the form of grants, loans or loan guarantees to further promote inventions that in the opinion of ERDA merit further demonstration or commercialization effort.

Taxation

S. 2917 Mr. Domenici

To amend the Internal Revenue Code of 1954 to provide tax incentives for investment in small corporations doing research in the area of energy development and conservation.

The bill provides a new section to the Code; Section 192. Investment In Energy Invention Corporations which provides the following rule:

> "(a) General Rule--There shall be allowed as a deduction an amount equal to the sum of the amounts paid or incurred by the taxpayer for the taxable year to acquire qualified energy invention corporation stock."

The bill provides that certain legal entities shall for the purposes of this law be entitled to be "Energy Investment Corporations". By definition such corporations shall not have a gross income in the year preceding the year of qualification of $100,000. To qualify the Corporation must "own a patent, or the right to a patent, or have an application for a patent pending, which relates to the invention of an energy saving device or process.". In lieu of the patent, the inventor may qualify with a letter from the Secretary of the Department of Energy stating that such qualification has the rights to "nonpatentable improvements of energy saving devices or processes".

In considerable detail the bill then details limits on the rules of deductability that a tax payer applies if he should buy stock in an energy investment corporation.

Trademark and Tradename Protection

S. 1416 Mr. McClellan

To amend the Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes. This Act may be cited as the "Unfair Competition Act of 1977".

The bill makes a number of technical and clarifying amendments to 15 United States Code 1114(2), 1116, 1117, 1118, 1125, 1126(h), and to title 28, U.S.C. 1338(a) and 1338(b). Among these changes are the elimination in section 1114(2) of special treatment of newspapers and magazines who are innocent infringers of trademark rights provided that such entity shall be treated as other printers. Section 1125, "False Descriptions of Origin and False Descriptions Forbidden" is repealed and a completely new section is provided.

S. 3613 Mr. Kennedy
(An Administration bill)

To amend section 17 of the Act of July 5, 1946, as amended, entitled "An Act to provide for the registration and protection of trade-marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes.".

The purpose of the bill is to amend the Trademark Act to provide that persons other than employees of the Patent and Trademark Office are legally entitled to be selected to be members of the Trademark Trial and Appeal Board.