

96TH CONGRESS
2D SESSION

H. R. 6533

Amendments to title 35, United States Code, to establish a uniform Federal patent procedure for small businesses and nonprofit organizations, to improve the administration of the patent and trademark laws, by authorizing reexamination, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 19, 1980

Mr. RAILSBACK introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

Amendments to title 35, United States Code, to establish a uniform Federal patent procedure for small businesses and nonprofit organizations, to improve the administration of the patent and trademark laws, by authorizing reexamination, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That this Act may be cited as "The Patent Law Amend-
4 ments of 1980".

5 SEC. 2. (a) AMENDMENT TO TITLE 35, UNITED
6 STATES CODE, PATENTS.—Title 35 of the United States

1 Code is amended by adding after chapter 17, a new chapter
2 as follows:

**"CHAPTER 18—PATENT RIGHTS IN INVENTIONS MADE WITH
FEDERAL ASSISTANCE**

"Sec.

"200. Policy and objective.

"201. Definitions.

"202. Disposition of rights.

"203. March-in rights.

"204. Return of Government investment.

"205. Preference for United States industry.

"206. Confidentiality.

"207. Uniform clauses and regulations.

"208. Domestic and foreign protection of federally owned inventions.

"209. Regulations governing Federal licensing.

"210. Restrictions on licensing of federally owned inventions.

"211. Precedence of chapter.

"212. Relationship to antitrust laws.

3 **"§ 200. Policy and objective**

4 "It is the policy and objective of the Congress to use the
5 patent system to promote the utilization of inventions arising
6 from federally supported research or development; to encour-
7 age maximum participation of small business firms in federal-
8 ly supported research and development efforts; to promote
9 collaboration between commercial concerns and nonprofit or-
10 ganizations, including universities; to ensure that inventions
11 made by nonprofit organizations and small business firms are
12 used in a manner to promote free competition and enterprise;
13 to promote the commercialization and public availability of
14 inventions made in the United States by United States indus-
15 try and labor; to ensure that the Government obtains suffi-
16 cient rights in federally supported inventions to meet the
17 needs of the Government and protect the public against

1 nonuse or unreasonable use of inventions; and to minimize
2 the costs of administering policies in this area.

3 **§ 201. Definitions**

4 "As used in this chapter—

5 "(a) The term 'Federal agency' means any execu-
6 tive agency as defined in section 105 of title 5, United
7 States Code, and the military departments as defined
8 by section 102 of title 5, United States Code.

9 "(b) The term 'funding agreement' means any
10 contract, grant, or cooperative agreement entered into
11 between any Federal agency and any person for the
12 performance of experimental, developmental, or re-
13 search work funded in whole or in part by the Federal
14 Government. Such term includes any assignment, sub-
15 stitution of parties, or subcontract of any type entered
16 into for the performance of experimental, developmen-
17 tal, or research work under a funding agreement as
18 herein defined.

19 "(c) The term 'contractor' means any person that
20 is a party to a funding agreement.

21 "(d) The term 'invention' means any invention or
22 discovery which is or may be patentable or otherwise
23 protectable under this title.

24 "(e) The term 'subject invention' means any in-
25 vention of the contractor conceived or first actually re-

1 reduced to practice in the performance of work under a
2 funding agreement.

3 “(f) The term ‘practical application’ means to
4 manufacture in the case of a composition or product, to
5 practice in the case of a process or method, or to oper-
6 ate in the case of a machine or system; and, in each
7 case, under such conditions as to establish that the in-
8 vention is being utilized and that its benefits are to the
9 extent permitted by law or Government regulations
10 available to the public on reasonable terms.

11 “(g) The term ‘made’ when used in relation to
12 any invention means the conception or first actual re-
13 duction of practice of such invention.

14 “(h) The term ‘small business firm’ means a small
15 business concern as defined at section 2 of Public Law
16 85-536 (15 U.S.C. 632) and implementing regulations
17 of the Administrator of the Small Business Administra-
18 tion.

19 “(i) The term ‘nonprofit organization’ means uni-
20 versities and other institutions of higher education or
21 an organization of the type described in section
22 501(c)(3) of the Internal Revenue Code of 1954 (26
23 U.S.C. 501(c)) and exempt from taxation under section
24 501(a) of the Internal Revenue Code (26 U.S.C.
25 501(a)).

1 "§ 202. Disposition of rights
2 "(a) Each nonprofit organization or small business firm
3 may, within a reasonable time after disclosure as required by
4 paragraph (c)(1) of this section, elect to retain title to any
5 subject invention: *Provided, however,* That a funding agree-
6 ment may provide otherwise (i) when the funding agreement
7 is for the operation of a Government-owned research or pro-
8 duction facility, (ii) in exceptional circumstances when it is
9 determined by the agency that restriction or elimination of
10 the right to retain title to any subject invention will better
11 promote the policy and objectives of this chapter, or (iii)
12 when it is determined by a Government authority which is
13 authorized by statute or Executive order to conduct foreign
14 intelligence or counterintelligence activities that the restric-
15 tion or elimination of the right to retain title to any subject
16 invention is necessary to protect the security of such activi-
17 ties. The rights of the nonprofit organization or small busi-
18 ness firm shall be subject to the provisions of paragraph (c) of
19 this section and the other provisions of this chapter.

20 "(b)(1) Any determination under (ii) of paragraph (a) of
21 this section shall be in writing and accompanied by a written
22 statement of facts justifying the determination. A copy of
23 each such determination and justification shall be sent to the
24 Comptroller General of the United States within thirty days
25 after the award of the applicable funding agreement. In the

1 case of determinations applicable to funding agreements with
2 small business firms copies shall also be sent to the Chief
3 Counsel for Advocacy of the Small Business Administration.

4 “(2) If the Comptroller General believes that any pat-
5 tern of determinations by a Federal agency is contrary to the
6 policy and objectives of this chapter or that an agency’s poli-
7 cies or practices are otherwise not in conformance with this
8 chapter, the Comptroller General shall so advise the head of
9 the agency. The head of the agency shall advise the Comp-
10 troller General in writing within one hundred and twenty
11 days of that action, if any, the agency has taken or plans to
12 take with respect to the matters raised by the Comptroller
13 General.

14 “(3) At least once each year, the Comptroller General
15 shall transmit a report to the Committees on the Judiciary of
16 the Senate and House of Representatives on the manner in
17 which this chapter is being implemented by the agencies and
18 on such other aspects of Government patent policies and
19 practices with respect to federally funded inventions as the
20 Comptroller General believes appropriate.

21 “(c) Each funding agreement with a small business firm
22 or nonprofit organization shall contain appropriate provisions
23 to effectuate the following:

24 “(1) A requirement that the contractor disclose
25 each subject invention to the Federal agency within a

1 reasonable time after it is made and that the Federal
2 Government may receive title to any subject invention
3 not reported to it within such time.

4 “(2) A requirement that the contractor make an
5 election to retain title to any subject invention within a
6 reasonable time after disclosure and that the Federal
7 Government may receive title to any subject invention
8 in which the contractor does not elect to retain rights
9 or fails to elect rights within such time.

10 “(3) A requirement that a contractor electing
11 rights file patent applications within reasonable times
12 and that the Federal Government may receive title to
13 any subject inventions in the United States or other
14 countries in which the contractor has not filed patent
15 applications on the subject inventions within such
16 times.

17 “(4) With respect to any invention in which the
18 contractor elects rights, the Federal agency shall have
19 a nonexclusive, nontransferable, irrevocable, paid-up li-
20 cense to practice or have practiced for or on behalf of
21 the United States any subject invention throughout the
22 world, and may, if provided in the funding agreement,
23 have additional rights to sublicense any foreign govern-
24 ment or international organization pursuant to any ex-
25 isting or future treaty or agreement.

1 (5) The right of the Federal agency to require
2 periodic reporting on the utilization or efforts at obtain-
3 ing utilization that are being made by the contractor or
4 his licensees or assignees: *Provided*, That any such in-
5 formation may be treated by the Federal agency as
6 commercial and financial information obtained from a
7 person and privileged and confidential and not subject
8 to disclosure under section 552 of title 5 of the United
9 States Code.

10 (6) An obligation on the part of the contractor,
11 in the event a United States patent application is filed
12 by or on its behalf or by any assignee of the contrac-
13 tor, to include within the specification of such applica-
14 tion and any patent issuing thereon, a statement speci-
15 fying that the invention was made with Government
16 support and that the Government has certain rights in
17 the invention.

18 (7) In the case of a nonprofit organization, (a) a
19 prohibition upon the assignment of rights to a subject
20 invention in the United States without the approval of
21 the Federal agency, except where such assignment is
22 made to an organization which has as one of its pri-
23 mary functions the management of inventions and
24 which is not, itself, engaged in or does not hold a sub-
25 stantial interest in other organizations engaged in the

1 manufacture or sale of products or the use of processes
2 that might utilize the invention or be in competition
3 with embodiments of the invention (provided that such
4 assignee shall be subject to the same provisions as the
5 contractor); (b) a prohibition against the granting of ex-
6 clusive licenses under United States Patents or Patent
7 Applications in a subject invention by the contractor to
8 persons other than small business firms for a period in
9 excess of the earlier of five years from first commercial
10 sale or use of the invention or eight years from the
11 date of the exclusive license excepting that time before
12 regulatory agencies necessary to obtain premarket
13 clearance unless, on a case-by-case basis, the Federal
14 agency approves a longer exclusive license. If exclu-
15 sive field of use licenses are granted, commercial sale
16 or use in one field of use shall not be deemed commer-
17 cial sale or use as to other fields of use, and a first
18 commercial sale or use with respect to a product of the
19 invention shall not be deemed to end the exclusive
20 period to different subsequent products covered by the
21 invention; (c) a requirement that the contractor share
22 royalties with the inventor; and (d) a requirement that
23 the balance of any royalties or income earned by the
24 contractor with respect to subject inventions, after pay-
25 ment of expenses (including payments to inventors) in-

1 incidental to the administration of subject inventions, be
2 utilized for the support of scientific research or educa-
3 tion.

4 “(8) The requirements of sections 203, 204, and
5 205 of this chapter.

6 “(d) If a contractor does not elect to retain title to a
7 subject invention in cases subject to this section, the Federal
8 agency may consider and after consultation with the contrac-
9 tor grant requests for retention of rights by the inventor sub-
10 ject to the provisions of this Act and regulations promulgated
11 hereunder.

12 “(e) In any case when a Federal employee is a coinven-
13 tor of any invention made under a funding agreement with a
14 nonprofit organization or small business firm, the Federal
15 agency employing such coinventor is authorized to transfer or
16 assign whatever rights it may acquire in the subject invention
17 from its employee to the contractor subject to the conditions
18 set forth in this chapter.

19 “(f)(1) No funding agreement with a small business firm
20 or nonprofit organization shall contain a provision allowing a
21 Federal agency to require the licensing to third parties of
22 inventions owned by the contractor that are not subject in-
23 ventions unless such provision has been approved by the head
24 of the agency and a written justification has been signed by
25 the head of the agency. Any such provision shall clearly state

1 whether the licensing may be required in connection with the
2 practice of a subject invention, a specifically identified work
3 object, or both. The head of the agency may not delegate the
4 authority to approve provisions or sign justifications required
5 by this paragraph.

6 “(2) A Federal agency shall not require the licensing of
7 third parties under any such provision unless the head of the
8 agency determines that the use of the invention by others is
9 necessary for the practice of a subject invention or for the use
10 of a work object of the funding agreement and that such
11 action is necessary to achieve the practical application of the
12 subject invention or work object. Any such determination
13 shall be on the record after an opportunity for an agency
14 hearing. Any action commenced for judicial review of such
15 determination shall be brought within sixty days after notifi-
16 cation of such determination.

17 **“§ 203. March-in rights**

18 “With respect to any subject invention in which a small
19 business firm or nonprofit organization has acquired title
20 under this chapter, the Federal agency under whose funding
21 agreement the subject invention was made shall have the
22 right, in accordance with such procedures as are provided in
23 regulations promulgated hereunder to require the contractor,
24 an assignee or exclusive licensee of a subject invention to
25 grant a nonexclusive, partially exclusive, or exclusive license

1 in any field of use to a responsible applicant or applicants,
2 upon terms that are reasonable under the circumstances, and
3 if the contractor, assignee, or exclusive licensee refuses such
4 request, to grant such a license itself, if the Federal agency
5 determines that such—

6 “(a) action is necessary because the contractor or
7 assignee has not taken, or is not expected to take
8 within a reasonable time, effective steps to achieve
9 practical application of the subject invention in such
10 field of use;

11 “(b) action is necessary to alleviate health or
12 safety needs which are not reasonably satisfied by the
13 contractor, assignee, or their licensees;

14 “(c) action is necessary to meet requirements for
15 public use specified by Federal regulations and such re-
16 quirements are not reasonably satisfied by the contrac-
17 tor, assignee, or licensees; or

18 “(d) action is necessary because the agreement re-
19 quired by section 205 has not been obtained or waived
20 or because a licensee of the exclusive right to use or
21 sell any subject invention in the United States is in
22 breach of its agreement obtained pursuant to section
23 205.

1 **“§ 204. Return of Government investment**

2 “(a) If after the first United States patent application is
3 filed on a subject invention, a nonprofit organization, a small
4 business firm, or an assignee of a subject invention of such an
5 organization or firm to whom such invention was assigned for
6 licensing purposes, receives \$70,000 in gross income for any
7 one calendar year from the licensing of a subject invention or
8 several related subject inventions, the United States shall be
9 entitled to 15 per centum of all income in excess of \$70,000
10 for that year other than any such excess income received
11 under nonexclusive licenses (except where the nonexclusive
12 licensee previously held an exclusive or partially exclusive
13 license).

14 “(b)(1) Subject to the provisions of paragraph (2), if after
15 the first United States patent application is filed on a subject
16 invention, a nonprofit organization, a small business firm, or
17 an assignee of a subject invention of such an organization or
18 firm, receives gross income of \$1,000,000 for any one calen-
19 dar year on sales of its products embodying or manufactured
20 by a process employing one or more subject inventions, the
21 United States shall be entitled to a share, the amount of
22 which to be negotiated but not to exceed 5 per centum, of all
23 gross income in excess of \$1,000,000 for that year accruing
24 from such sales.

1 “(2) In no event shall the United States be entitled to
2 an amount greater than that portion of the Federal funding
3 under the funding agreement or agreements under which the
4 subject invention or inventions was or were made expended
5 on activities related to the making of the invention or inven-
6 tions less any amounts received by the United States under
7 subsection (a) of this section. In any case in which more than
8 one subject invention is involved, no expenditure funded by
9 the United States shall be counted more than once in deter-
10 mining the maximum amount to which the United States is
11 entitled.

12 “(c) The Director of the Office of Federal Procurement
13 Policy is authorized and directed to revise the dollar amounts
14 in subsections (a) and (b) of this section at least every three
15 years in light of changes to the Consumer Price Index or
16 other indices which the Director considers reasonable to use.

17 “(d) The entitlement of the United States under subsec-
18 tions (a) and (b) shall cease after (i) the United States Patent
19 and Trademark Office issues a final rejection of the patent
20 application covering the subject invention, (ii) the patent cov-
21 ering the subject invention expires, or (iii) the completion of
22 litigation (including appeals) in which such a patent is finally
23 found to be invalid.

1 **“§ 205. Preference for United States industry**

2 “Notwithstanding any other provision of this chapter,
3 no small business firm or nonprofit organization which re-
4 ceives title to any subject invention and no assignee of any
5 such small business firm or nonprofit organization shall grant
6 to any person the exclusive right to use or sell any subject
7 invention in the United States unless such person agrees that
8 any products embodying the subject invention or produced
9 through the use of the subject invention will be manufactured
10 substantially in the United States. However, in individual
11 cases, the requirement for such an agreement may be waived
12 by the Federal agency under whose funding agreement the
13 invention was made upon a showing by the small business
14 firm, nonprofit organization, or assignee that reasonable but
15 unsuccessful efforts have been made to grant licenses on sim-
16 ilar terms to potential licensees that would be likely to manu-
17 facture substantially in the United States or that under the
18 circumstances domestic manufacture is not commercially
19 feasible.

20 **“§ 206. Confidentiality**

21 “Federal agencies are authorized to withhold from dis-
22 closure to the public information disclosing any invention in
23 which the Federal Government owns or may own a right,
24 title, or interest (including a nonexclusive license) for a rea-
25 sonable time in order for a patent application to be filed.

1 Furthermore, Federal agencies shall not be required to re-
2 lease copies of any document which is part of an application
3 for patent filed with the United States Patent and Trademark
4 Office or with any foreign patent office.

5 **“§ 207. Uniform clauses and regulations**

6 “The Office of Federal Procurement Policy, after re-
7 ceiving recommendations of the Office of Science and Tech-
8 nology Policy, may issue regulations which may be made ap-
9 plicable to Federal agencies implementing the provisions of
10 sections 202 through 205 of this chapter and the Office of
11 Federal Procurement Policy shall establish standard funding
12 agreement provisions required under this chapter.

13 **“§ 208. Domestic and foreign protection of federally**
14 **owned inventions**

15 “Each Federal agency is authorized to—

16 “(1) apply for, obtain, and maintain patents or
17 other forms of protection in the United States and in
18 foreign countries on inventions in which the Federal
19 Government owns a right, title, or interest;

20 “(2) grant nonexclusive, exclusive, or partially ex-
21 clusive licenses under federally owned patent applica-
22 tions, patents, or other forms of protection obtained,
23 royalty-free or for royalties or other consideration, and
24 on such terms and conditions, including the grant to
25 the licensee of the right of enforcement pursuant to the

1 provisions of chapter 29 of this title as determined ap-
2 propriate in the public interest;

3 “(3) undertake all other suitable and necessary
4 steps to protect and administer rights to federally
5 owned inventions on behalf of the Federal Government
6 either directly or through contract; and

7 “(4) transfer custody and administration, in whole
8 or in part, to another Federal agency, of the right,
9 title, or interest in any federally owned invention.

10 **“§ 209. Regulations governing Federal licensing**

11 “The Administrator of General Services is authorized to
12 promulgate regulations specifying the terms and conditions
13 upon which any federally owned invention may be licensed
14 on a nonexclusive, partially exclusive, or exclusive basis.

15 **“§ 210. Restrictions on licensing of federally owned
16 inventions**

17 “(a) No Federal agency shall grant any license under a
18 patent or patent application on a federally owned invention
19 unless the person requesting the license has supplied the
20 agency with a plan for development and/or marketing of the
21 invention, except that any such plan may be treated by the
22 Federal agency as commercial and financial information ob-
23 tained from a person and privileged and confidential and not
24 subject to disclosure under section 552 of title 5 of the United
25 States Code.

1 “(b) A Federal agency shall normally grant the right to
2 use or sell any federally owned invention in the United States
3 only to a licensee that agrees that any products embodying
4 the invention or produced through the use of the invention
5 will be manufactured substantially in the United States.

6 “(c)(1) Each Federal agency may grant exclusive or
7 partially exclusive licenses in any invention covered by a fed-
8 erally owned domestic patent or patent application only if,
9 after public notice and opportunity for filing written objec-
10 tions, it is determined that—

11 “(A) the interests of the Federal Government and
12 the public will best be served by the proposed license,
13 in view of the applicant’s intentions, plans, and ability
14 to bring the invention to practical application or other-
15 wise promote the invention’s utilization by the public;

16 “(B) the desired practical application has not been
17 achieved, or is not likely expeditiously to be achieved,
18 under any nonexclusive license which has been
19 granted, or which may be granted, on the invention;

20 “(C) exclusive or partially exclusive licensing is a
21 reasonable and necessary incentive to call forth the in-
22 vestment of risk capital and expenditures to bring the
23 invention to practical application or otherwise promote
24 the invention’s utilization by the public; and

1 (D) the proposed terms and scope of exclusivity
2 are not greater than reasonably necessary to provide
3 the incentive for bringing the invention to practical ap-
4 plication or otherwise promote the invention's utiliza-
5 tion by the public.

6 (2) A Federal agency shall not grant such exclusive or
7 partially exclusive license under paragraph (1) of this subsec-
8 tion if it determines that the grant of such license will tend
9 substantially to lessen competition or result in undue concen-
10 tration in any section of the country in any line of commerce
11 to which the technology to be licensed relates, or to create or
12 maintain other situations inconsistent with the antitrust laws.

13 (3) First preference in the exclusive or partially exclu-
14 sive licensing of federally owned inventions shall go to small
15 business firms submitting plans that are determined by the
16 agency to be within the capabilities of the firms and equally
17 likely, if executed, to bring the invention to practical applica-
18 tion as any plans submitted by applicants that are not small
19 business firms.

20 (d) After consideration of whether the interests of the
21 Federal Government or United States industry in foreign
22 commerce will be enhanced, any Federal agency may grant
23 exclusive or partially exclusive licenses in any invention cov-
24 ered by a foreign patent application or patent, after public
25 notice and opportunity for filing written objections, except

1 that a Federal agency shall not grant such exclusive or par-
2 tially exclusive license if it determines that the grant of such
3 license will tend substantially to lessen competition or result
4 in undue concentration in any section of the United States in
5 any line of commerce to which the technology to be licensed
6 relates, or to create or maintain other situations inconsistent
7 with antitrust laws.

8 "(e) The Federal agency shall maintain a record of de-
9 terminations to grant exclusive or partially exclusive licenses.

10 "(f) Any grant of a license shall contain such terms and
11 conditions as the Federal agency determines appropriate for
12 the protection of the interests of the Federal Government and
13 the public, including provisions for the following:

14 "(1) periodic reporting on the utilization or efforts
15 at obtaining utilization that are being made by the li-
16 censee with particular reference to the plan submitted:

17 *Provided*, That any such information may be treated
18 by the Federal agency as commercial and financial in-
19 formation obtained from a person and privileged and
20 confidential and not subject to disclosure under section
21 552 of title 5 of the United States Code;

22 "(2) the right of the Federal agency to terminate
23 such license in whole or in part if it determines that
24 the licensee is not executing the plan submitted with
25 its request for a license and the licensee cannot other-

1 wise demonstrate to the satisfaction of the Federal
2 agency that it has taken or can be expected to take
3 within a reasonable time, effective steps to achieve
4 practical application of the invention;

5 “(3) the right of the Federal agency to terminate
6 such license in whole or in part if the licensee is in
7 breach of an agreement obtained pursuant to paragraph
8 (b) of this section; and

9 “(4) the right of the Federal agency to terminate
10 the license in whole or in part if the agency determines
11 that such action is necessary to meet requirements for
12 public use specified by Federal regulations issued after
13 the date of the license and such requirements are not
14 reasonably satisfied by the licensee.

15 **“§ 211. Precedence of chapter**

16 “(a) This chapter shall take precedence over any other
17 Act which would require a disposition of rights in subject
18 inventions of small business firms or nonprofit organizations
19 contractors in a manner that is inconsistent with this chapter,
20 including but not necessarily limited to the following:

21 “(1) section 10(a) of the Act of June 29, 1935, as
22 added by title 1 of the Act of August 14, 1946 (7
23 U.S.C. 427i(a); 60 Stat. 1085);

24 “(2) section 205(a) of the Act of August 14, 1946
25 (7 U.S.C. 1624(a); 60 Stat. 1090);

1 “(3) section 501(c) of the Federal Mine Safety and
2 Health Act of 1977 (30 U.S.C. 951(c); 83 Stat. 742);

3 “(4) section 106(c) of the National Traffic and
4 Motor Vehicle Safety Act of 1966 (15 U.S.C. 1395(c);
5 80 Stat. 721);

6 “(5) section 12 of the National Science Founda-
7 tion Act of 1950 (42 U.S.C. 1871(a); 82 Stat. 360);

8 “(6) section 152 of the Atomic Energy Act of
9 1954 (42 U.S.C. 2182; 68 Stat. 943);

10 “(7) section 305 of the National Aeronautics and
11 Space Act of 1958 (42 U.S.C. 2457);

12 “(8) section 6 of the Coal Research Development
13 Act of 1960 (30 U.S.C. 666; 74 Stat. 337);

14 “(9) section 4 of the Helium Act Amendments of
15 1960 (50 U.S.C. 167b; 74 Stat. 920);

16 “(10) section 32 of the Arms Control and Disar-
17 mament Act of 1961 (22 U.S.C. 2572; 75 Stat. 634);

18 “(11) subsection (e) of section 302 of the Appa-
19 lachian Regional Development Act of 1965 (40 U.S.C.
20 App. 302(e); 79 Stat. 5);

21 “(12) section 9 of the Federal Nonnuclear Energy
22 Research and Development Act of 1974 (42 U.S.C.
23 5901; 88 Stat. 1878);

24 “(13) section 5(d) of the Consumer Product Safety
25 Act (15 U.S.C. 2054(d); 86 Stat. 1211);

1 "(14) section 3 of the Act of April 5, 1944 (30
2 U.S.C. 323; 58 Stat. 191);

3 "(15) section 8001(c)(3) of the Solid Waste Dis-
4 posal Act (42 U.S.C. 6981(c); 90 Stat. 2829);

5 "(16) section 219 of the Foreign Assistance Act
6 of 1961 (22 U.S.C. 2179; 83 Stat. 806);

7 "(17) section 427(b) of the Federal Mine Health
8 and Safety Act of 1977 (30 U.S.C. 937(b); 86 Stat.
9 155);

10 "(18) section 306(d) of the Surface Mining and
11 Reclamation Act of 1977 (30 U.S.C. 1226(d); 91 Stat.
12 455);

13 "(19) section 21(d) of the Federal Fire Prevention
14 and Control Act of 1974 (15 U.S.C. 2218(d); 88 Stat.
15 1548);

16 "(20) section 6(b) of the Solar Photovoltaic
17 Energy Research Development and Demonstration Act
18 of 1978 (42 U.S.C. 5585(b); 92 Stat. 2516);

19 "(21) section 12 of the Native Latex Commercial-
20 ization and Economic Development Act of 1978 (7
21 U.S.C. 178(j); 92 Stat. 2533); and

22 "(22) section 408 of the Water Resources and
23 Development Act of 1978 (42 U.S.C. 7879; 92 Stat.
24 1360).

1 The Act creating this chapter shall be construed to take prece-
2 edence over any future Act unless that Act specifically cites
3 this Act and provides that it shall take precedence over this
4 Act.

5 “(b) Nothing in this chapter is intended to alter the
6 effect of the laws cited in paragraph (a) of this section or any
7 other laws with respect to the disposition of rights in inven-
8 tions made in the performance of funding agreements with
9 persons other than nonprofit organizations or small business
10 firms.

11 “(c) Nothing in this chapter is intended to limit the au-
12 thority of agencies to agree to the distribution of rights in
13 inventions made in the performance of work under funding
14 agreements with persons other than nonprofit organizations
15 or small business firms in accordance with the Statement of
16 Government Patent Policy issued by the President on August
17 23, 1971 (36 Fed. Reg. 16887), agency regulations, or other
18 applicable regulations or to otherwise limit the authority of
19 agencies to agree to allow such persons to retain ownership
20 of such inventions.

21 “(d) Nothing in this chapter shall be construed to re-
22 quire the disclosure of intelligence sources or methods or to
23 otherwise affect the authority granted to the Director of Cen-
24 tral Intelligence by statute or Executive order for the protec-
25 tion of intelligence sources or methods.

1 **“§ 212. Relationship to antitrust laws**

2 “Nothing in this chapter shall be deemed to convey to
3 any person immunity from civil or criminal liability, or to
4 create any defenses to actions, under any antitrust law.”.

5 (b) The table of chapters for title 35, United States
6 Code, is amended by adding immediately after the item relat-
7 ing to chapter 17 the following:

“18. Patent rights in invention made with Federal assistance.”.

8 **SEC. 3. AMENDMENTS TO OTHER ACTS.**—The follow-
9 ing Acts are amended as follows:

10 (a) Section 156 of the Atomic Energy Act of 1954 (42
11 U.S.C. 2186; 68 Stat. 947) is amended by deleting the words
12 “held by the Commission or”.

13 (b) The National Aeronautics and Space Act of 1958 is
14 amended by repealing paragraph (g) of section 305 (42
15 U.S.C. 2457(g); 72 Stat. 436).

16 (c) The Federal Nonnuclear Energy Research and De-
17 velopment Act of 1974 is amended by repealing paragraphs
18 (g), (h), and (i) of section 9 (42 U.S.C. 5908 (g), (h), and (i);
19 88 Stat. 1889–1891).

20 **SEC. 4. (a) AMENDMENT TO TITLE 35, UNITED**
21 **STATES CODE, PATENTS.**—Title 35 of the United States
22 Code is amended by adding after chapter 18, a new chapter
23 as follows:

“CHAPTER 19—PRIOR ART CITATIONS TO PATENT OFFICE AND
REEXAMINATION OF PATENTS

“Sec.

“300. Rules established by Commissioner of Patents.

“301. Citation of art.

“302. Request for examination.

“303. Determination of issue by Commissioner of Patents.

“304. Reexamination ordered by Commissioner of Patents.

“305. Response or amendment by patent owner.

“306. Appeals.

“307. Certificate of patentability; unpatentability and claim cancellation.

“308. Reliance on art in court.

“309. Stay of court proceedings to permit Office review.

“310. Dismissal of complaint.

1 **“§ 300. Rules established by Commissioner of Patents**

2 “The Commissioner shall establish rules and regulations

3 for the citation to the Office of prior art patents or publica-

4 tions, pertinent to the validity of patents, and for the reexam-

5 ination of patents in the light of such prior art.

6 **“§ 301. Citation of art**

7 “Any person may, at any time within the period of en-

8 forceability of a patent, cite to the Office prior patents or

9 publications which may have a bearing on the patentability of

10 any claim of the patent: *Provided*, That the person citing

11 such prior art identifies in writing the part(s) of the same

12 considered pertinent and the manner of applying the same to

13 at least one claim of the patent. The writing identifying and

14 applying the same shall become a part of the official file of

15 the patent. The identity of the person citing the prior art will

16 be excluded from such file upon his request to remain

17 anonymous.

1 **“§ 302. Request for examination**

2 “Any person may, at any time within the period of en-
3 forceability of a patent, request reexamination of the patent
4 as to the patentability of any claim thereof in the light of any
5 prior art cited under the provisions of section 301 of this
6 chapter, by filing in the Office a written request for such
7 reexamination accompanied by a reexamination fee pre-
8 scribed according to this title and by a statement of the rela-
9 tion of such prior art to the patentability of the claim or
10 claims involved. Unless the requesting person is the patentee,
11 the Commissioner shall promptly send a copy of such request
12 and statement to the owner of the patent appearing from the
13 records of the Office at the time of the filing of the request.

14 **“§ 303. Determination of issue by Commissioner of Pat-**
15 **ents**

16 “(a) Within 90 days following the filing of a request for
17 reexamination under section 302 of this chapter, the Com-
18 missioner shall make a determination as to whether a sub-
19 stantial new question of patentability affecting any claim of
20 the patent concerned, not previously considered in examina-
21 tion or reexamination of such claim, is raised by the consider-
22 ation, with or without any other prior art, of the prior art
23 which has been cited in relation to the patent according to
24 section 301 of this chapter. The Commissioner on his own
25 initiative may make such a determination at any time.

1 “(b) A record of the Commissioner’s determination
2 under paragraph (a) of this section shall be made in the file of
3 the patent, and a copy of it sent promptly to the owner of the
4 patent.

5 “(c) A determination by the Commissioner pursuant to
6 paragraph (a) of this section that such a new question of pat-
7 entability is not so raised shall be final and nonappealable.

8 “§ 304. Reexamination ordered by Commissioner of Pat-
9 ents

10 “If, in a determination made pursuant to paragraph (a)
11 of section 303, the Commissioner finds that a substantial new
12 question of patentability affecting a claim or claims of the
13 patent is raised by consideration of the patents and publica-
14 tions that have been cited in relation to the patent according
15 to section 301 of this chapter, he shall order a reexamination
16 of the patent for the resolution of the question, and shall
17 proceed to resolve it as though the claim or claims involved
18 were present in a pending application. The patent owner
19 shall be given a reasonable period, not less than two months,
20 after the filing of the reexamination order within which he
21 may file a statement on such question for consideration in the
22 reexamination. The patentee shall serve a copy of such state-
23 ment on any person who has requested examination accord-
24 ing to section 302 of this chapter and such person shall have
25 the right, within a period of two months from such service, to

1 submit a reply to the patentees statement. Any reexamina-
2 tion proceeding under this section shall be conducted with
3 special dispatch within the Office.

4 **“§ 305. Response or amendment by patent owner**

5 “The patent owner shall be provided an opportunity in
6 any reexamination proceeding under this chapter to amend
7 any claim of his patent in order to distinguish the claim from
8 prior art cited according to section 301 of this chapter, or in
9 response to a decision adverse to the patentability of the
10 claim, but no amendment enlarging the scope of a claim shall
11 be permitted in a reexamination proceeding under this
12 chapter.

13 **“§ 306. Appeals**

14 “The owner of a patent involved in a reexamination
15 proceeding under this chapter may appeal from a final deci-
16 sion in such proceeding adverse to the patentability of any
17 claim, or amended claim, of the patent.

18 **“§ 307. Certificate of patentability; unpatentability and**
19 **claim cancellation**

20 “When in a reexamination proceeding under this chap-
21 ter the time for appeal has expired or any appeal proceeding
22 has terminated, the Commissioner shall issue and publish a
23 certificate canceling any claim of the patent finally deter-
24 mined in such proceeding or on appeal therein to be unpatent-
25 able, confirming any claim of the patent so determined to be

1 patentable, and incorporating in the patent any amended
2 claim thereof so determined to be patentable.

3 **“§ 308. Reliance on art in court**

4 “No patent or (printed) publication may be relied upon
5 as evidence or nonpatentability in a civil action involving an
6 issue of validity or infringement of a patent unless (a) the
7 patent or publication was cited by or to the Office during
8 prosecution of the application for the patent or was submitted
9 for consideration by the Office in accordance with sections
10 301 and 302 of this chapter and was actually considered in
11 accordance with section 303, or (b) the court, upon motion,
12 concludes such submission and reconsideration to be un-
13 necessary for its adjudication of the issue of validity or
14 infringement.

15 “The limitation provided by this section shall apply in
16 any civil action in which a pleading presents a claim for in-
17 fringement or for adjudication of the validity of a patent,
18 upon the basis of the contents of the patent file as it existed
19 on the date of the filing of such pleading, excepting that a
20 party may rely upon a patent or publication cited later, and
21 upon the final determination had on a request for reexamina-
22 tion in the light of such patent or publication if such patent or
23 publication was cited and such request was filed in the Office
24 within the period of a stay ordered by the court in accordance
25 with section 309 of this chapter.

1 **“§ 309. Stay of court proceedings to permit Office review**

2 “(a) Any party to a civil action against whom a pleading
3 presents a claim for infringement or for adjudication of the
4 validity of a patent shall have the right, by motion brought
5 before any responsive pleading, to secure a stay of all pro-
6 ceedings in the action by order of the court for a period, not
7 less than four months, sufficient to enable such party to
8 search for and cite patents or publications considered perti-
9 nent to the patent and to request reexamination of the patent
10 in view of such prior art according to sections 301 and 302 of
11 this chapter. If such party files a request for such reexamina-
12 tion in the Office and serves and files a copy of it in the
13 action within the period of the stay provided by such order,
14 the stay shall be extended by further order of the court until
15 at least 20 days after the final determination of the request
16 for reexamination.

17 “(b) The court, on motion and upon such terms as are
18 just, may at any time stay the proceedings in a civil action in
19 which the validity of a patent is in issue for a period sufficient
20 to enable the moving party to cite to the Office newly discov-
21 ered additional prior art in the nature of patents or (printed)
22 publications and to secure final determination of a request for
23 reexamination of the patent in the light of such additional
24 prior art, provided the court finds that such additional prior
25 art, in fact, constitutes newly discovered evidence which by

1 due diligence could not have been discovered in time to be
 2 cited to and considered by the Office within the period of a
 3 stay of such proceedings that was or could have been secured
 4 according to subsection (a) of this section.

5 **“§ 310. Dismissal of complaint**

6 “The party or parties whose complaint commencing a
 7 civil action presents a claim for infringement or for adjudica-
 8 tion of the validity of a patent shall have the right, by notice
 9 served upon the other party or parties and filed in the action
 10 at any time within the period of a stay ordered by the court
 11 pursuant to section 309 of this chapter, to dismiss such com-
 12 plaint without prejudice and without costs to any party.”.

13 SEC. 5. Title 35 of the United States Code is hereby
 14 amended as follows:

15 SEC. 6. Section 1 is repealed and the following is
 16 inserted in lieu thereof:

17 **“§ 1. Establishment**

18 “The Patent and Trademark Office, referred to in this
 19 chapter as the ‘Office’, shall be an independent agency,
 20 where records, books, drawings, specifications, and other
 21 papers and things pertaining to patents and to trademark
 22 registrations shall be kept and preserved, except as otherwise
 23 provided by law.”.

24 SEC. 7. Section 3(a) is amended by striking out the last
 25 sentence and inserting in lieu thereof the following: “The

1 Commissioner shall be the Chief Officer of the Office and
2 shall be a person of substantial experience in patent and
3 trademark matters. The Commissioner shall be appointed for
4 a fixed term of six years and shall be removable from office
5 by the President for good cause. The Commissioner shall ap-
6 point all other officers and employees of the Office.”

7 SEC. 8. (a) Section 3(b) is repealed.

8 (b) In section 3(c) the words “Secretary of Commerce”
9 are struck out and the word “Commissioner” inserting in lieu
10 thereof, and section 3(c) is redesignated as section 3(b).

11 (c) In section 6, the words “under the direction of the
12 Secretary of Commerce” and “subject to the approval of the
13 Secretary of Commerce” are struck out wherever found.

14 (d) In section 7, strike out “Secretary of Commerce”
15 and insert in lieu thereof “Commissioner”.

16 (e) In section 31, strike out, “subject to the approval of
17 the Secretary of Commerce”.

18 (f) In section 181, the third paragraph, in the last sen-
19 tence strike out “appeal to the Secretary of Commerce” and
20 insert in lieu thereof “a right to appeal from the order under
21 rules prescribed by the Commissioner”.

22 (g) In section 188, strike out “Secretary of Commerce”
23 and insert in lieu thereof “Commissioner of Patents and
24 Trademarks”.

1 SEC. 9. Section 1511(e) of title 15, United States Code,
2 is repealed.

3 SEC. 10. This Act and the amendments made by this
4 Act shall take effect one hundred and eighty days after the
5 date of its enactment, except that the regulations referred to
6 in section 2, or other implementing regulations, may be
7 issued prior to that time.



