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The Honorable Charles McC. Mathias  
Chairman  
Subcommittee on Patents, Copyrights,  
and Trademarks  
Committee on The Judiciary  
United States Senate  
Washington, D.C. 20510

Dear Senator Mathias:

The American Chemical Society favors efforts to improve the U.S. patent laws through appropriate and prudent amendments as proposed in S.1535. These provisions would enable the patent system to be more useful for the public good. The ACS supports the principles contained in S.1535. The following elaborates upon the Society's position.

Process Patents

The American Chemical Society agrees with the proposed addition of subsections (e) and (f) to 35 U.S.C. 271. These amendments are a proper extension of existing law, and would provide better protection of process patents. A manufacturer can no longer circumvent a patent by having component parts of a product assembled outside the United States.

License for Foreign Filing

The purpose of the present Sections 184 and 185 of 35 U.S.C. is to prevent the transmittal abroad of information that might possibly be detrimental to national security. The Society believes that the proposed modification of the statute to accommodate errors of judgment, as well as pure inadvertence, is desirable where the subject matter is not under a secrecy order. The ACS understands that information which has been designated by the government as a security risk would not be affected by the proposed amendments.

Section 2(2) of S.1535 eliminates the requirement that a license be obtained before an applicant can file amendments to a patent application in a foreign country, when these amendments disclose only information that has already been disclosed in the application. This amendment would clarify a present area of uncertainty, and would eliminate a great deal of paperwork at the Patent and Trademark Office.

### Penalty

Section 4 of the bill would amend 35 U.S.C. 186 to limit the penalty imposed for violation of the secrecy provisions of 35 U.S.C. 181. The Society believes that the imposition under 35 U.S.C. 186, as currently written, of a substantial fine and possible imprisonment for inadvertent filing of a foreign patent application without the proper foreign filing license is excessive. Thus, the ACS supports the amendment proposed in this bill.

### Prior Art

The inventive process is evolutionary. The last step of that process--between a certain level of technology (base technology) and an invention--may turn out to be, on subjective analysis, an obvious step. If the base technology is known to the public, then Section 103 of 35 U.S.C. would apply and no invention is deemed to have occurred. However, if a research organization has built the base technology and has not disclosed it to others, the ACS believes that organization should not be precluded from obtaining a patent for the invention. In proposing this modification, S.1535 would accomplish a number of objectives: (1) promote the free exchange of ideas and concepts within a research team; (2) encourage the publication of inventions through the patent system, and (3) provide an incentive for investment in research and development. The ACS recommends the following amendment prepared by the American Intellectual Property Law Association as preferable to the current language in S.1535:

"That Section 103 of Title 35, United States Code, is amended by adding at the end thereof the following:

In addition, subject matter developed by another, which qualifies as prior art only under Section 102(f) or (g) of this title, shall not negative patentability under this section where the subject matter and the claimed invention were commonly owned at the time the invention was made".

### Joint Inventorship

The proposed modification of Section 116 of 35 U.S.C. is appropriate and just, for it recognizes that much research that results in an invention is conducted on a team basis. Team members may each contribute to a significant stage of the research, but seldom does each team member contribute to each stage. The ACS supports this modification for it removes the inequity of depriving an individual of the status of joint inventor when that person was a significant contributor to an invention.

### Interference Practice

The ACS supports proposals which simplify the often involved patent interference process and which seek alternatives to determining prior inventorship through the discovery and deposition process. The proposed wording changes for Section 135(c) of 35 U.S.C. are in keeping with the intent to promote agreement between parties to an interference. This modification will make it less likely for involved parties to encounter difficulties arising from innocent oversights or undue time constraints.

Licensee Estoppel

The objective of Section 10 of S.1535 is to codify, generally, judicial holdings against licensee estoppel and to include a license termination provision related thereto. The principles established in this section are supported by the Society. However, the ACS does believe that clarification of the intent of the second paragraph is warranted. For example, as presently drafted this paragraph would make the following scenario possible. A licensee challenges the validity of a licensed patent, and the license is terminated in accordance with the provisions of this paragraph. The licensee then continues production. If subsequently the patent is found to be valid, the now terminated licensee probably will be found liable for infringement. The intent of this paragraph needs to be further clarified relative to: (1) the mere existence of a license; (2) the good faith of the validity contest; (3) the identity of the terminating party; and (4) the relationship of these factors to the damages and accelerated damage awards provisions of Section 284 of 35 U.S.C.

The American Chemical Society reiterates its support of S.1535 and hopes these comments, which have been approved by the ACS Board of Directors, will assist the Subcommittee in its deliberations.

Sincerely yours,

*Warren D. Niederhauser*

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Similar letter sent to Robert W. Kastenmeier, Chairman,  
House Judiciary Subcommittee on Courts, Civil Liberties,  
and the Administration of Justice