

PATENT LAW REVISION AND CODIFICATION

THURSDAY, JUNE 14, 1951

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE NO. 3 OF THE COMMITTEE ON THE JUDICIARY,
WASHINGTON, D. C.

The subcommittee met at 2 p. m., pursuant to recess, in room 310, Old House Office Building, Hon. Joseph R. Bryson (chairman of the subcommittee) presiding.

Mr. Bryson. The subcommittee will come to order.

Gentlemen, Mr. Kane wishes to make a brief statement. As I understand it you wish to reserve the right to file a written statement?

STATEMENT OF AL PHILIP KANE, KANE & KOONS, WASHINGTON, D. C.

Mr. KANE. That is correct, Mr. Chairman.

Mr. Chairman and members of the subcommittee, my name is Al Philip Kane. I am a member of the District of Columbia bar, a member of the law firm of Kane & Koons, general practicing attorneys, not patent attorneys or patent lawyers, in the city of Washington, D. C. I appear here today on behalf of Victor J. Evans & Co., registered patent attorneys and McMorrow, Berman, and Davidson, registered patent attorneys.

We are particularly interested in sections 31, 32, and 33 of the bill which is before the subcommittee. We have been having certain discussions with members of the committee staff with regard to the phrasing of those sections, and we desire to continue our discussions with the staff to see if the differences which we have between ourselves and the staff can be ironed out amicably and to our satisfaction.

We therefore desire at this time merely to state we do intend to continue our discussions and that we reserve the right to file a written statement. We hope that if we are unable to iron out our differences, we may have the privilege of an oral statement at some later date.

Mr. Bryson. We will try to grant that.

So we may understand your position concretely, it revolves around the custom of advertising?

Mr. KANE. That is correct.

Mr. Bryson. You wish to retain the status quo in this pending bill?

Mr. KANE. That is correct.

Mr. Bryson. You wish to continue the practice that lawyers follow now?

Mr. KANE. Yes; subject to approval of the advertising by the Commissioner of Patents, which is the present practice.

Mr. Bryson. You will try to get together with our staff in the hope of working out your differences and respective views at an early date?

Mr. KANE. We are holding ourselves available for meetings with the staff at the staff's convenience.

Mr. Bryson. Thank you.

Mr. Scott, will you identify yourself?

**STATEMENT OF JOHN W. SCOTT, SCOTT & LITTMAN,
WASHINGTON, D. C.**

Mr. Scott. I am John W. Scott. I am a member of the firm of Scott & Littman, attorneys, 1025 Vermont Avenue, Washington, D. C. I appear here for Clarence O'Brien and Harvey B. Jacobson, patent attorneys.

I join in the statement that Mr. Kane has just made. I, too, am working with the group. We hope that there can be some satisfactory solution of the problems which we have been working on with the staff.

I would like to reserve the right in case that does not materialize to submit a statement on behalf of my clients and also be heard at whatever further session of the committee may be held in that regard.

Mr. Bryson. We will try to extend every courtesy possible. Thank you.

Mr. Scott. Thank you.

Mr. Bryson. We now have Captain Robillard of the United States Navy. We will be pleased to have you come around.

Do you have a prepared statement?

**STATEMENT OF CAPT. GEORGE N. ROBILLARD, UNITED STATES
NAVY, APPEARING FOR THE DEPARTMENT OF DEFENSE**

Captain Robillard. Mr. Chairman, I understand that you have received the copy of the report. I have not prepared any statement in addition. I would like to add a few comments to what is in the report.

(The report is as follows:)

DEPARTMENT OF THE NAVY,
OFFICE OF THE JUDGE ADVOCATE GENERAL,
Washington, D. C., June 11, 1951.

Hon. EMANUEL CETERA,
Chairman, Committee on the Judiciary,
House of Representatives.

MY DEAR MR. CHAIRMAN: Your request for comments on H. R. 3700, to revise and codify the laws relating to patents and the Patent Office, and to enact into law title 35 of the United States Code entitled "Patents," has been referred to this Department for the preparation of a report thereon expressing the views of the Department of Defense.

The purpose of this proposed legislation is expressed in the title of the bill. The Department of the Navy, on behalf of the Department of Defense, interposes no objection to the enactment of H. R. 3700 subject, however, to certain amendments which are recommended hereinafter for the reasons stated in connection therewith.

(a) In line 1 of section 101, insert the word "art," before the word "process," and make the same change in line 2 of section 115.

The above changes are recommended to avoid misinterpretation. H. R. 3700 has eliminated the term "art" now appearing in the present law (35 U. S. C. 31) and substituted the word "process." The term "art" is as old as the patent law and finds its basis in the constitutional provision permitting the establishment of patent laws. It has a well defined meaning and has been construed by the courts in numerous cases.

(b) Delete subsection (a) of section 102 and insert the following in lieu thereof: "before the applicant's invention thereof the invention was in fact made by another who in this country was using reasonable diligence in reducing it to practice or had reduced it to practice, provided such other had not abandoned, suppressed or concealed the invention after reduction to practice, and had exercised diligence in putting it into use or in otherwise making knowledge thereof available to the public."

This subsection as now written in the bill could be interpreted to constitute a secret reduction to practice in anticipation of an issued patent. This interpretation is contrary to existing law and is not approved by the Department of Defense. The above amendment would prevent such an interpretation.

(c) Add the following paragraph to section 122 of the bill:

"Pending applications for patents may be printed and published by the Commissioner, at the request and expense of the applicant and owner. Such publication shall have the same effect as an issued patent for the purposes of section 102 (a) of this title."

This paragraph was included in H. R. 1433, Eighty-first Congress, and received strong support from governmental agencies. It will permit governmental agencies to have applications printed and published and thus save the cost of prosecuting them to allowance. If the application is full disclosure then publication will make it "prior art" and give to the Government the same protective position as does an issued patent. The procedure is presently followed under administrative orders of the Commissioner of Patents. Statutory authority would remove any doubt of the legality of this procedure.

(d) In line 1 of section 201, strike out the words "through error."

In line 1 of section 201, insert the words "through error and" before the word "without."

As presently drawn the words "through error" could be construed as referring to the words "is deemed" whereas these words should refer to "by reason of a defective specification or drawing or by reason of the patentee claiming more or less than he had a right to claim in the patent." The recommended change will assure the proper construction.

(e) Strike out the first sentence in section 211.

Although patents have always been recognized as property, they have not been recognized as personal property but as having the attributes of several kinds of property. The opinion in *Solomon v. United States* (21 Ct. Clms. 470), points out wherein patents are a novelty in the law, certain respects wherein they differ from personal property, and certain similarities thereof to real property. It is not considered desirable to discard over a century of law relating to patent property and replace it with the rules of personal property.

(f) Delete all after the catch line in section 212 and insert in lieu thereof the following:

"Whoever two or more persons own a patent jointly, either by bequest of the patent to them jointly or by reason of the assignment of an undivided interest in the patent or by reason of succession in title to such interest, each of the joint owners, in the absence of any agreement to the contrary, shall be entitled to make, use or sell the patented inventions or license others so to do, or assign or encumber his interest without accounting to the other joint owners."

This section of the bill provides that joint owners must either join in an assignment or license or account to each other in the absence of an agreement to the contrary. It is believed that this requirement unnecessarily restricts the rights of joint owners. The above amendment, which was section 212 of H. R. 0133, Eighty-first Congress, is considered preferable.

(g) Add the following sentence to section 240:

"With respect to infringement committed by or on behalf of the Government, the period between the date of receipt by the Government of a written claim for compensation for infringement and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as part of the 4 years, unless suit is brought before the last mentioned date."

Governmental agencies have authority to settle claims prior to suit and this authority has proved very useful in resolving and disposing of claims against the Government without the necessity of the effort and expense of litigation. It is noted, however, that a claimant who seeks to proceed administratively to settle his claim prior to suit may lose his right to recover compensation for a period of the time equivalent to the time required to process the claim admini-

tratively since the statute of limitations has been running against the claimant during this period of time. Because of this many claimants have filed suit rather than proceeding to a final administrative determination. The intent of Congress in providing for the administrative compromise and settlement of claims was to reduce the over-all cost of determining the existence of Government liability, both from the Government's standpoint and that of the claimant. The above amendment is needed to protect this intent.

(h) In subsection (e) of terminal section 4 on page 28 of the bill add the following at the end before the period: "prior to the effective date of this Act."

This amendment will clarify the application of this subsection.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Navy Department has been advised by the Bureau of the Budget that there is no objection to the submission of this report on H. R. 3770 to the Congress.

For the Secretary of the Navy.

Sincerely yours,

G. I. RUSSELL,

Rear Admiral, United States Navy, Judge Advocate General of the Navy.

Mr. Bryson. I would like to state before Captain Robillard proceeds, and I hope you will not object, it might be that some of you busy lawyers here have not seen the current issue of the Saturday Evening Post. It would be profitable and interesting if you would get a copy and see the article that is in there.

Captain ROULLARD. The report has been cleared by the Bureau of the Budget. In the report, you will find that we request but eight changes on behalf of the Department of Defense in the codification. I think that is an outstanding tribute, Mr. Chairman, to your committee and to the coordinating committee. We can generally make eight changes in a single paragraph.

Of those eight changes there are two in particular to which I would like to address myself and invite your attention. The first is an addition to section 122. You will find it on page 2 of the report where we ask that a paragraph be added which will permit the printing and publication of pending applications without the necessity of prosecuting them through to an allowance. The reason we are particularly interested in that, from the viewpoint of the Government, is that we feel that our policy of issuing patents in the name of the Government only from the viewpoint of establishing a protective position results in a tremendous waste of time, effort, and money, which could be saved if we could print and publish the application and make it a complete disclosure with the same effect as the patent.

More as an example, we have in our own Navy Department approximately 800 to 1,000 cases which are Government-owned. If this provision were enacted into legislation, we could probably publish all of those without the necessity of any further prosecution, saving a tremendous amount of time on our part and certainly relieving the Patent Office of a tremendous burden.

The second provision which I wish to emphasize is the addition to section 246 which, in effect, is the statute of limitations for recovery under a patent. At present, a patent owner's remedy against the Government is by suit in the Court of Claims, unless they reach a satisfactory settlement with those agencies which have authority to settle the cases.

We would like to add the provision to toll the statute of limitations during the pendency of a claim in an administrative agency so that

neither of us would have the pressure on us to try to reach a settlement and the patent owner would not be losing his right to go into the Court of Claims in the period between the time he files the claim and we finally reject it. It would be particularly beneficial to the Government, I think, in view of the fact that in many instances we can often arrive at a very satisfactory compromise, many times including settlements for past infringement and future use, which, of course, is extremely important to use where the patent has not expired and we will continue to use it.

Mr. CRUMPACKER. I see that this language which you have recommended here says that the period of time from the date a written claim is received until the date of mailing of a notice of denial shall not be counted in the 6-year period unless suit is brought before the last mentioned date. If a claim were filed, say, 5 years after the infringement and negotiations continued for more than one year thereafter, and no suit was filed, then from the time that the 6-year period had expired until the Government saw fit to act on the claim the patentee would be entirely without remedy or recourse, would he not?

Captain ROULLARD. Your point is well taken, sir. The language is poor. That was not the intent. The intent was to toll that period.

Mr. CRUMPACKER. Then if you strike the part beginning with the words "unless on", would that create any new defects?

Captain ROULLARD. We did want to point out if a claim is pending and during that pendency the claimant brings suit, then the statute would start running.

Mr. CRUMPACKER. The filing of the suit tolls the statute in any event, does it not?

Captain ROULLARD. Yes. I think it is right to strike it out. Would you let me give it a little more thought and discuss it with the committee in case we have any worries about it?

Mr. CRUMPACKER. Yes.

Mr. BRYSON. When we go into executive session to mark the bill up, we would appreciate your being available to assist us in making any changes.

Captain ROULLARD. They are the two which I consider very important. The others, I think, are directed more to clarification than anything else. That is all I have to say.

Mr. BRYSON. You do not care to discuss the others?

Captain ROULLARD. No, sir. I do not think they are important enough to take up the time of the committee.

Mr. BRYSON. Thank you, Captain.

We wish to offer for the record here a statement dated June 13, 1951, from the Federal Security Agency and likewise a statement dated June 12, 1951, from the National Advisory Committee on Aeronautics.

(The statements referred to follow:

FEDERAL SECURITY AGENCY,
Washington, June 3, 1951.

HON. JOSEPH R. BRYSON,
Chairman, Subcommittee No. 3, Committee on the Judiciary,
House of Representatives, Washington 25, D. C.

DEAR MR. CHAIRMAN: This letter is in response to your request of April 30, 1951, for a report on H. R. 3700, a bill to revise and codify the laws relating to patents and the Patent Office, and to enact into law title 35 of the United States Code entitled "Patents."

Each year a number of inventions are made by employees of this Agency, and also by other individuals engaged in research work supported wholly or in part by Public Health Service fellowships or grants in aid of research. Where the invention is of such a nature that it should be patented in the public interest, the Agency takes steps to secure a patent. The preparation and prosecution of patent applications is handled for us by the Department of Justice, and we assume that Department may have its own recommendations with respect to this bill. Our comments will be confined to points relating to the ownership and assignment of inventions and patents, and to the waiver of patent fees in certain cases.

1. *Section 212 "Joint Owners"*.—This section of the bill provides that in the absence of any agreement to the contrary, where an invention is made jointly by two or more persons "neither of the owners may grant licenses or assign his interest, or any part thereof, without the consent of the other owners or without accounting to them." This constitutes an important change from the present law, under which each joint owner has an independent interest in the patent. There are two aspects to this interest. At present, in the absence of an agreement to the contrary each coowner of an undivided interest in a patent can independently make, use, and sell the invention, i. e., the thing or process invented, without the consent of the other owners and without accounting to them for any profits; and this rule is preserved in section 212 of the present bill. However, under existing law a joint owner ordinarily can also assign or grant his interest in the patent itself, or can grant licenses under the patent, without the consent of his coowners and without accounting to them; and this aspect would be changed by the language quoted above.

The exact meaning of the quoted language is not entirely clear, however. It might be interpreted as requiring a coowner either to obtain the consent of his coowners or to account to them, before granting licenses or assigning his interest in the patent. On the other hand, it could also be read as requiring him to do both. In the latter event particularly, the change in the law would create a problem for this agency in certain cases and presumably also for other Government agencies making research grants.

This difficulty arises out of the circumstance that patentable inventions sometimes result from research performed by a research scientist who, for example, may have been receiving a Public Health Service fellowship, but who may have been working in a laboratory jointly with one or more other individuals who received no support from public funds. In such cases, the inventor who had received Federal funds in support of his work would be free, under existing law, to fulfill without the consent of his coinventor any agreement he may have made for the purpose of receiving the research award. For example, that agreement might call for the assignment of his interest in the patent, without remuneration, to the Government, or the inventor might be authorized to assign his interest in the patent to a suitable institution for administration in the public interest. In the event of such assignment, the Government or other assignee in turn is also free to grant licenses under any such patent to any commercial firm or other person who may wish to make use of the invention. However, without the agreement of the colleague who participated in the research (who was under no obligation to the Government), it would appear that the Government might be impeded in receiving any interest in the invention or granting any licenses under it, even though the invention resulted from a substantial investment of public funds. This would be equally undesirable from the point of view of the coinventor, since the Government would be involved in any action he wished to take with respect to his interest in the patent.

If the bill were passed in its present form and narrowly interpreted, it might be difficult to take effective steps to protect the public interest in such inventions. For example, it would not always be practicable to enter into advance agreements with each person who might collaborate in the research, because it would be very difficult to identify in advance each scientist or assistant who might participate and who therefore would have to be a party to the agreement. Even if the identity of all such individuals could be ascertained, the main purpose of the research grants and fellowships is to promote the increase of knowledge and to train skilled personnel, rather than to make inventions, and a patentable invention results from only a small percentage of them. Therefore it would be necessary to enter into a large number of agreements, only a small fraction of which would be useful.

If it is decided to enact a provision which will accomplish the general objectives of section 212, this agency would have no objection, provided it clearly

permits (1) a joint inventor, without receiving any remuneration therefor, to assign his interest in a patent application or in a patent, or to give a license, without incurring any obligation to his co-owners by reason of having made such assignment or granted such license; and (2) permits the Government or other assignee, or licensee to issue royalty-free licenses or sublicenses in the public interest under such application or patent, without incurring any obligation to the co-owners.

It is suggested that this result might be obtained and at the same time provide for an accounting of remuneration actually received, by revising the last clause of section 212 to read somewhat as follows:

... and any owner may grant licenses or assign his interest, or any part thereof, without the consent of the other owners, provided that he must account to them for their proportionate shares in the event he receives any remuneration therefor."

This recommendation is substantially in accord with the views of a committee appointed by the Chairman of the Government Patents Board to consider this question.

2. *Section 221: "Issue of patents without fees to Government employees"*.—

This provision derives from the "no-fee" act of March 3, 1883, as amended (35 U. S. C. § 45), which authorizes the Commissioner of Patents to waive the fee for inventions by Federal employees if they are liable to be used in the public interest and if the employee gives the Government a license to use the invention. There are a few changes in language, such as the requirement of a certification that the invention is used or likely to be used "by or for the Government," rather than used "in the public interest" as in the present law.

In addition to inventions owned by employees, there are inventions conceived by our employees under circumstances where the Government is entitled to the assignment of all rights in the invention or of certain lesser rights therein. Moreover, as indicated earlier in this report, there are some inventions made by individuals who are not Federal employees, under agreements whereby the Government is entitled to an assignment of some or all rights in the invention because it resulted from research work financed in whole or in part from public funds. The research activities of the Public Health Service, whether undertaken directly by employees or indirectly through grant-supported research, at times result in valuable inventions in the nature of chemical or biological discoveries which may be of substantial value for use in the field of public health and medicine. These inventions might in some cases be highly useful in the public interest, even if not manufactured or used directly by or for the Government. The Public Health Service can of course arrange for filing patent applications on nonemployee inventions and pay the usual Patent Office fees out of appropriated funds which may be available for that purpose. However, this simply means the transfer of such funds back into the Federal Treasury, with an incidental administrative expense and possible delay in handling the paper work needed for a transfer of funds.

It would therefore seem to be a logical clarification of section 221 if it were revised to conform to present practice by including expressly employee inventions assigned or to be assigned to the Government. It would be very desirable in that connection to retain the language of the existing statute ("in the public interest"), because the more restrictive requirement that the invention is likely to be used "by or for the Government" might operate to discourage the patenting of some inventions made with the use of public funds where it would be in the public interest to secure a patent.

It would also seem to be logical and justifiable to extend the scope of section 221 to include cases where the invention is made by a person not technically a Federal employee, if it resulted from the expenditure of public funds and if the Government has rights in the invention (frequently, but not always, being entitled to the assignment of all domestic rights therein). It is believed that this limited extension of the section to cover certain nonemployee inventions resulting from publicly financed research might not involve any very large increase in the number of waivers by the Patent Office, as compared with those under the present statute. If believed to be desirable, the waiver could be made discretionary in accordance with rules to be formulated by the Commissioner. Suggested language to carry out this recommendation is enclosed for the committee's consideration.

This agency has no objection to the enactment of the bill, but we recommend that it be modified as suggested above.

The Bureau of the Budget advises that there is no objection to the submission of this report to your committee.
Sincerely yours,

JOHN L. THURSTON,
Acting Administrator.

SUGGESTED LANGUAGE FOR THE REVISION OF SECTION 221

The Commissioner may grant, subject to the provisions of this title, to any officer, enlisted man, or employee of the Government, except officers and employees of the Patent Office, or to any individual whose invention was made in connection with activities financed wholly or partially from Federal funds, a patent without the payment of fees, when the head of a department or agency, or a responsible official duly authorized in writing to act on his behalf, certifies that the invention is used or likely to be used in the public interest, and further when either (1) such official also certifies that to the best of his information and belief the Government has been assigned or is entitled to the ownership of all rights in the invention or to a specified lesser interest therein, or (2) the applicant in his application states that the invention described therein may be manufactured and used by or for the Government for governmental purposes without the payment to him of any royalty thereon, which stipulation shall be included in the patent.

NATIONAL ADVISORY COMMITTEE FOR AERONAUTICS,
Washington, D. C., June 12, 1951.

Hon. JOSEPH R. BRYSON,
Chairman, Subcommittee No. 3, Committee on the Judiciary,
United States House of Representatives, Washington, D. C.

DEAR MR. BRYSON: Permit me, in the absence of Chairman Hunsaker, to reply to your letter of April 30, 1951, in which you requested an expression of the views of this committee concerning H. R. 3700, a bill entitled "To revise and codify the laws relating to Patents and the Patent Office, and to enact into law title 35 of the United States Code entitled 'Patents'."

The revision and codification of the existing patent laws is considered desirable and H. R. 3700 is regarded as a generally satisfactory means of accomplishing this end. The bill was discussed at the meeting of the Government Patents Board on May 14, 1951, and it was concluded that a further study should be made of the possible effects of the passage of the bill upon the rights of the Government to inventions made by Government employees.

An interagency working committee was accordingly established by the Chairman of the Government Patents Board. This committee, which included the NACA representative on the Board, met on May 24, 1951. It was agreed that section 212 of H. R. 3700, as now written, if enacted into law, would complicate the acquisition by the Government of rights under patents granted jointly to two or more inventors not all of whom are Government employees. It was, therefore, agreed that recommendation should be made to revise the wording of section 212 to read substantially as follows:

"In the absence of any agreement to the contrary, each of the joint owners of a patent may make, use, or sell the patented invention without the consent of and without accounting to the other owners, and any owner may grant licenses or assign his interest, or any part thereof, without the consent of the other owners provided he accounts to them for any material consideration received therefor."

A satisfactory alternative to the revision suggested would be a return to the wording of section 212 of H. R. 9133 of the Eighty-first Congress.

The NACA is in agreement with the foregoing recommendation and has no other comments to offer regarding H. R. 3700.

Sincerely yours,

J. W. CROWLEY,
Associate Director for Research.

¹ This phrase is intended to make it clear that the head of an agency could authorize the execution of the necessary certificates by some other responsible official in the agency, such as, for example, by the Surgeon General of the Public Health Service.

² The phrase "or to a specified lesser interest therein" is designed to cover cases where the Government is entitled to the ownership of something less than all rights in an invention, such as, for example, cases where the foreign rights are retained by the inventor, or where the Government is entitled only to the interest of one or more joint inventors, and not to the interest of all of the joint inventors.

Mr. Bryson. We now have the privilege of hearing Dr. S. B. Fracker of the Department of Agriculture.

STATEMENT OF S. B. FRACKER, ASSISTANT TO RESEARCH
ADMINISTRATOR, DEPARTMENT OF AGRICULTURE

Mr. FRACKER. My name is S. B. Fracker, assistant to the Research Administrator in the Department of Agriculture, and representative of the Department of Agriculture on the Government Patents Board. I am appearing in favor of the bill now under consideration by the committee with the suggestion of two changes in section 221 of the bill.

The committee has been supplied with copies of a letter of June 12 from the Assistant Secretary of Agriculture on this subject. I wish merely to make a few brief informal comments.

Section 221 of the bill constitutes a restatement of what is commonly known as the Nonfee Act under which inventions by Government employees in the course of their duties or otherwise may be patented without the payment of patent fees. The original authorization to accomplish this purpose was passed on March 3, 1883, and has been continued with little change since that time.

Under present law in accordance with the original statute, when a patent application is filed under the Nonfee Act by an employee of the Government for a patent on an invention resulting from his research, the head of the agency is required to certify that the invention is "in the public interest." The inventor is also required to give the Government shop rights.

Section 221 of the bill before the committee changes the certification requirement so that Government inventions are exempt from the payment of fees, "when the inventions are to be used or likely to be used by the Government."

I should like to comment on the difference in the meaning of these two phrases and the effect of the changes. The change in the language will undoubtedly be satisfactory with respect to military inventions where the Government is the principal user and in many cases is the only purchaser of the product or the device invented. The Department of Agriculture, however, was established for the purpose of the development and dissemination of knowledge and the type of research that is carried on in the Department is not research aimed toward the development of articles for the procurement by Government. The Government, in most cases, is not the principal user of the invention. Accordingly, the Department feels that the language in the present law, "in the public interest," is more satisfactory as a description of the type of inventions that come from Department of Agriculture research than the proposed change.

I would like to illustrate the difference by mentioning a number of recent patents.

For example, one issued on February 20, 1951, assigned to the Secretary of Agriculture covers a process for the glazing of fruit that is to be stored, transported, and sold in frozen packages. The fruit so glazed under this process remains separate. The individual pieces of the individual fruits do not cohere in a solid mass in the package as is now the case with frozen fruit available on the market. It can be packed mechanically instead of by hand. The berries, cherries, or individual pieces of larger fruits are frozen hard and the glazing pro-

fects it so it is not injured in storage or transportation. No sirup is required to fill the interstices between the pieces of fruit. It is clear that an invention of this type is primarily directed, first, to the better utilization of horticultural crops, and, second, to the advantage of the consumer in having a more desirable product. It is probable that at some time in the future the Quartermaster Corps may have occasion to use some such products, but a description of the invention as being "in the public interest" is more applicable than to say that the product is "likely to be used by and for the Government."

There is another type of invention to which this difference is also applicable. Some of the inventions, particularly in the Bureau of Agriculture and Industrial Chemistry and at the Forest Products Laboratory of the Department, involve products that are intermediate to further manufacturing processes, and are directed primarily to the utilization of farm and forest products without regard to the end uses that may later be developed. For example, a patent issued on February 27, 1951, provides certain methods for treating feathers to get them into a protein form. In this form the material may later be used by manufacturing companies for a wide variety of materials, including the development of fibers, bristles, and similar articles, or the development of protein feeds for poultry, or the manufacture of plastics, or many other different uses to which protein materials can be put.

The invention is intended primarily to provide for the utilization of feathers when in surplus, and while the Government might at some time use some of the end products manufactured, the Government is not likely to engage in the treatment of feathers for this purpose.

The committee is doubtless also familiar with the work of the Department in the development of certain medicinal products from agricultural products. One of these that has come into use is Rutin, now made largely from buckwheat. It is a product used in medicine to reduce the danger of bleeding, in the case of persons whose capillaries and other blood vessels have become fragile and brittle with a tendency to break under pressure or damage.

There are several patents in regard to the method of manufacturing and purifying this product. These inventions are better described as "in the public interest," rather than as "to be used by and for the Government."

As another illustration, a Department employee has applied for a public-service patent on a method of removing the last traces of fatty materials from starch. This is a process that is useful in many industrial fields in connection with any product in which defatted starch is of value. It is not likely to be employed by Government agencies, but it is in the interest of the use of agricultural products and in the interest of consumers.

That is one suggestion we are making with respect to section 221 of H. R. 3760, that the language go back to the wording that was used in H. R. 9133 of the last Congress, namely, use the term "in the public interest" in place of the proposed change.

In the Secretary's letter to the committee, there is an additional suggestion which does involve a change in the present law in case the committee wishes to consider it. This relates to the cooperative research of the Department. Under various statutes the Department

of Agriculture carries on considerable research in cooperation with the agricultural experiment stations.

It also engages in contract research with various contractors. Such research sometimes results in patentable inventions by persons who are carrying out all their investigations at the expense of the Government, but they are not Government employees.

Under present law the Nonfee Act is available only for inventions made by Government employees. Therefore, when there is an invention by a contractor or a cooperating agency working on a Government grant or an allotment or under a Government contract, it cannot now be patented under the Nonfee Act. In such cases either the Department pays the fee, or the rights, under the cooperative agreement, may be granted to the cooperator, depending on the equities in the particular case. In some cases possibly no application for patent is filed.

In the case of inventions made wholly or partially at Government expense where a cooperating inventor assigns patent rights to the Government, or dedicates such rights to the public, the Department recommends that the inventor should not be required to pay the patent fees. The Secretary's letter to the committee suggests a modified language for this paragraph, section 221, providing for such authorization.

I shall be glad to leave with the counsel of the committee for consideration as further illustrations of the type of patents referred to that are of general interest to the public a list of all of the patents that were granted to the Bureau of Agricultural and Industrial Chemistry, one of the Bureaus that carries on research of this type during the fiscal year 1950.

The committee can note from this list the title of the patents, the nature of the Department inventions that come under this law.

Thank you, Mr. Chairman.

Mr. BRYSON. Would you like to have this letter from the Secretary included in the record?

Mr. FRACKER. I would be glad to have it included in the record, if you will, sir.

(The letter referred to follows:)

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, June 12, 1951.

HON. JOSEPH R. BRYSON,
Subcommittee No. 3, Committee on the Judiciary, House of Representatives.

DEAR MR. BRYSON: This is in response to your letter of April 30, 1951, requesting a report on H. R. 3760, a bill to revise and codify the laws relating to patents and the Patent Office, and to enact into law title 35 of the United States Code entitled "Patents."

We have previously urged inclusion of a number of additional items as outlined, for example, in our letter to you of June 1, 1950, commenting on the preliminary draft of the proposed revision and amendment of the patent laws. However, it appears that these proposed items are of controversial nature and may have been omitted from the bill for this reason.

We believe the major portion of the bill advances the patent laws and should be enacted. Except for one item discussed in detail below, we do not oppose the bill and do not propose to press, at present, for several of the additional items referred to above. The Department is not, however, abandoning its contention that legislation along the lines we have previously urged should be adopted.

The item of H. R. 3760 which is objectionable to the Department is found in section 221. According to this section, filing an application under the Nonfee Act would require certification by the head of a department or agency that the inven-

tion is used or likely to be used by or for the Government The corresponding language of the present law (35 U. S. C. 45) requires certification that the "invention is used or liable to be used in the public interest." This change in language may be significant to the operation of this Department.

Much of the Department's research is intended primarily for advancing agriculture and other industries, and use of a resulting invention by or for the Government is incidental. It is the policy of the Department to patent such inventions with dedication of the patent rights to the public or assignment to the Government, thus to assure that the results of the research for which the public has paid will inure to the benefit of the public; that is, patents are obtained as a safeguard to prevent unwarranted patenting by others. It is customary to file the application for such an invention under the nonfee act certifying that the invention is "used or liable to be used in the public interest," without regard to direct use by or for the Government.

If section 221 of H. R. 3760 passes in its present form and is construed to be limited to inventions used or likely to be used by or for the Government itself, as, for example, in procurement of devices including the invention, it may result in removing many of the Department's inventions from the benefits of the nonfee act.

This Department is opposed to the proposed change. There is as much or more reason to place an application under the nonfee act when the entire domestic patent rights are dedicated to the public or assigned to the Government as when merely a license in the invention is given the Government for its own use.

The payment of Patent Office fees by the Department on these applications would, of course, be possible. However, there is no advantage to the Government in doing this, but a considerable disadvantage. Payment of fees from one department to another involves a cumbersome procedure. It includes costly details of operation and is time consuming. Applications deposited in the Patent Office may lie for several weeks waiting for completion of the operation of making the payment. This delay in obtaining a filing date may result in valuable rights properly belonging to the Government or the public being acquired by private parties.

We wish to call attention to our recommendations of June 1, 1950, in which it was indicated that this Department acquires some patent rights to inventions from persons who are not Government employees; as, for example, rights acquired by virtue of a research contract, and that it would be desirable for applications for such inventions to be included under the nonfee act. To this end we recommend that section 221 of the bill be amended to read as follows:

"The Commissioner may grant, subject to the requirements of law, to any officer, enlisted man, or employee of the Government, except officials and employees of the Patent Office, a patent without the payment of any fee, when the head of a Department or agency certifies that the invention described in the patent application is used or liable to be used in the public interest and the applicant in his application states that the invention may be manufactured and used by or for the Government for governmental purposes without the payment to him of any royalty thereon, which stipulation shall be included in the patent, or to any person who assigns the domestic patent rights for an invention to the Government or dedicates such rights to the public, when the head of a department or agency certifies that the invention was made wholly or partially at Government expense."

We again recommend that the act be amended to read as above set forth. The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely,

K. T. HUTCHINSON,
Assistant Secretary.

Mr. CRUMPACKER. This issuance of patents without fees, has that been in the law for some time?

Mr. FRACKER. Since 1883, approximately 68 or 70 years ago.

Mr. CRUMPACKER. When you use the term "in the public interest," would it not be a fair statement to say in the general sense that any really worth-while patent is issued in the public interest? Is that not a pretty broad term?

Mr. FRACKER. I suppose there are patents that are issued that benefit either the inventor or the assignee more than they do the public. In the case of the Department of Agriculture, the purposes for which the Department was established would be our basis for determining whether inventions that come up in our regular work would be in the public interest.

Mr. CRUMPACKER. I presume the fees charged by the Patent Office are scaled primarily just to pay their expenses of operation, are they not?

Mr. FRACKER. I am not familiar with how they are scaled.

Mr. BRYSON. We have that.

Mr. CRUMPACKER. What I am thinking is, in the interest of more orderly governmental accounting so that it will be easier, particularly for a Congressman looking at the appropriations bills, to know where the money is being spent and why, would it not be more appropriate to let these other Government agencies pay the normal fees, irrespective of what the purpose of the patent is, and keep the Patent Office on a self-sustaining basis rather than have what you might call subsidy payments covered up in the Patent Office appropriation? I think, in the interest of arranging your bookkeeping so that you can see where the money goes and for what purpose, it would be more proper even though the Government is merely taking money out of one pocket and putting it in another. Then would it not be better to eliminate this provision entirely and merely have the Government departments pay the normal fees?

Mr. FRACKER. The financial effect on the Government is the same either way.

Mr. CRUMPACKER. I can see that. It is the same number of dollars either way, but it is a matter of bookkeeping.

Mr. FRACKER. The making of those transfers has two disadvantages—the clerical cost within the Government and the delay in certain cases while payment is going through, which would affect the processing of the patent. Otherwise the matter is one for determination of general Government policy.

Mr. CRUMPACKER. I can recognize those two objections to doing it that way. I would think, however, that you would probably have a fairly steady flow of this type of application through your department. That is, year in and year out there would be about the same number of patents, something you could anticipate in the budget request. Is that right?

Mr. FRACKER. The department applies for patents on inventions in numbers approximating about 100 a year, varying above and below that by 20 or 30 percent perhaps.

Mr. BRYSON. Thank you, Dr. Fracker.

We will now hear from Mr. Edward R. Walton.

STATEMENT OF EDWARD R. WALTON, JR., REPRESENTING THE DISTRICT BAR ASSOCIATION FOR THE DISTRICT OF COLUMBIA

Mr. WALTON. Mr. Chairman and members, I am Edward R. Walton, Jr., a member of the bar of the District of Columbia and also chairman of its patent committee this year. I am here representing the Bar Association for the District of Columbia.

BAR ASSOCIATION OF THE DISTRICT OF COLUMBIA,
Washington, D. C., June 12, 1951.

EDWARD R. WALTON, Esq.,
Chairman, Committee on Patent Law,
Munsey Building, Washington 3, D. C.

DEAR ED: The board of directors, after full consideration of the final report of the patent law committee, which you personally presented to the board at its meeting on June 7, upon motion duly made, seconded, and carried:

(1) Approved the recommendation of your committee and authorized the chairman or other member duly designated by the committee to appear before the appropriate committees of Congress to urge the passage of H. R. 3760, with proposed amendments, favored by the committee.

(2) Approved the balance of the report with an expression of appreciation to the committee for the excellent work done during the past year.

With kindest regards,
Sincerely yours,

JUSTIN L. EDGERTON, Secretary.

Our committee studied H. R. 3760 very carefully, particularly in view of the amendments that were proposed by the so-called coordinating committee. The only way I have to refer to them is by date of May 22. I suppose your committee knows what they refer to. This study was reported to the association of the District of Columbia and was approved by that association.

We recommend the passage of H. R. 3760 so amended. Although there were a number of other questions that arose, our association felt the present bill represented a very large area of agreement between the patent lawyers and would probably be as large an area of agreement that could be expected at this time. Therefore, we would like to see its passage, particularly with those amendments.

Thank you, sir.

Mr. Bryson. Thank you, sir.

We would like to offer for the record at this point a statement from the State Department dated June 13, 1951, a statement from the Chamber of Commerce of the State of New York in which they recommended passage of the bill dated June 7, 1951, and a telegram from the Seattle Patent Law Association recommending the passage of the bill, said telegram being dated June 13, 1951.

(The documents referred to follow:)

HON. JOSEPH R. BRYSON,
Chairman, Subcommittee No. 3, Committee on the Judiciary, House of Representatives.

DEPARTMENT OF STATE,
Washington, June 13, 1951.

MY DEAR MR. BRYSON: Reference is made to your letter of April 30, 1951, transmitting a copy of H. R. 3760, to revise and codify the laws relating to patents and the Patent Office, and to enact into law title 35 of the United States Code entitled "Patents."

The Department understands that H. R. 3760 is essentially a codification of existing laws and involves no major changes in patent legislation. There are, however, a few minor modifications proposed in H. R. 3760 which have some bearing on foreign relations. Specific comments of the Department of State on these modifications are as follows:

1. *Section 102, "Conditions for patentability."*—Subsection (d) of this section will operate to the advantage of foreign nationals applying for United States patents as compared with provisions of existing law. Under the present law if a foreign patent is issued before a United States patent on the same invention and the foreign application was filed more than a year prior to the United States application, a United States patent cannot be secured. Under the new provision a patent may, nonetheless, be secured provided the application is filed in the United States prior to issuance of a patent in a foreign country.

Since the existing law appears unnecessarily harsh and United States nationals do not face a similar disability in most foreign jurisdictions, the Department fully supports this modification.

2. *Section 119, "Right of priority based on foreign application."*—This section adds a new requirement to the patent law by providing that no application or patent shall be entitled to priority based on a foreign application unless a claim for such right and a certified copy of the original foreign application are filed with the Patent Office. It also provides that the Commissioner may require an English translation and such other information he deems necessary. It is understood that these requirements are desired by the Patent Office for administrative reasons and that they are no more rigid than requirements in many foreign countries.

3. *Section 232, "Temporary practice in the United States."*—This section provides that no patent shall prevent the use of an invention in any ship, vessel, aircraft, or land vehicle of another country temporarily entering the United States. This provision accords with the requirements of article 5 of the International Convention for the Protection of Industrial Property. Since the United States is a party to this convention, the Department regards it as desirable that this provision be written into our domestic patent law.

4. *Section 252, "Service and notice; nonresident patentee."*—This section provides that a nonresident patentee may designate by notice to the Patent Office a person within the United States on whom process or notice may be served and that in lieu of such designation such notice or process may be served upon the Commissioner. The Department understands that this provision has been added for the benefit of American residents desiring to bring action against foreign owners of United States patents. At the present time American manufacturers threatened by charges of infringement of United States patents by persons resident abroad are especially handicapped by inability to bring suit for declaratory judgment. Most foreign countries in their patent laws require foreign owners of patents issued by them to have resident agents upon whom service may be made.

The Department has no objections to any of these modifications or to enactment of the bill as drafted.

The Department appreciates the invitation to have a representative present at the hearings on this bill. However, in view of the technical and legal nature of the modifications, and apparent absence of any controversial problems relating to foreign affairs, the Department does not believe that it could make any material addition to the testimony of the Patent Office. The Department would, of course, be glad to send a representative should your committee desire a further expression of the Department's views on any problem presented by the proposed legislation.

The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this report.

Sincerely yours,

BEN H. BROWN, Jr.,
Acting Assistant Secretary for Congressional Relations,
(For the Secretary of State).

CHAMBER OF COMMERCE OF THE STATE OF NEW YORK

At the regular monthly meeting of the Chamber of Commerce of the State of New York held June 7, 1951, the following resolutions and report presented by its committee on law reform were unanimously adopted:

PROPOSED REVISION OF PATENT LAWS

To the Chamber of Commerce:

The committee on law revision offers the following:

The last general revision of our patent laws was the act of July 8, 1870, which was enacted as part of a program to revise and consolidate all the laws of the United States.

The present patent law, as set out in title 35 of the United States Code, is, therefore, essentially the act of 1870, with subsequent amendments.

As originally compiled and published, The United States Code was not enacted as law but only printed in the volumes of the law. Consequently, the Congress has since that time, has undertaken to revise and enact various titles of the code.

During the past several years, there have been substantial efforts regarding the revision and enactment of Title 35, Patents. On July 17, 1951, a bill to revise and codify the patent statutes was introduced in the House of Representatives. It was drafted by a subcommittee of the House Judiciary Committee after a considerable study of all congressional acts relating to patents, which had been passed since the early 1870's. (Historically known as the Haysen bill, the measure derived its name from the chairman of the subcommittee, Joseph H. Haysen (D), South Carolina.)

This 1951 measure not only undertakes to arrange, and consolidate the various patent acts; but also endeavored to present various amendments of substance.

Following the introduction of the measure, numerous suggestions with respect to it were made by patent law associations and other technically competent private groups; and these suggestions were subsequently coordinated by a committee appointed by the National Council of Patent Law Associations.

The result is a new Haysen bill, H. R. 3700, introduced on April 18, 1951, containing most of the suggestions made by the coordinating committee of the National Council of Patent Law Associations.

Like its predecessor, the new bill has the dual objective of revising and consolidating existing laws, and of offering certain substantive amendments.

In its consideration of the currently proposed legislation, the chamber's committee on law reform recently concluded that the first objective, i. e., the revision and consolidation of existing statutes, constitutes a step long overdue. Since the last general revision of these laws was some 80 years ago, there would appear to be little question as to the desirability of such revision.

Insofar as the second objective is concerned, it is to be noted that the drafting of amendments of substance was the result of prolonged and careful study. In drafting amendments to existing laws, the following sources were consulted: (1) All bills relating to patents which have been introduced in Congress since 1857; (2) Reports of the Science Advisory Board, the Temporary National Economic Committee and the National Patent Planning Commission; and, (3) Reports and recommendations of private groups such as patent law associations and patent societies of the American Bar Association.

Because of the highly intricate and technical nature of the subject, the committee on law reform believes that it should not endeavor to pass judgment on each individual amendment. Nevertheless, it is the opinion of this committee that the amendments, in general, represent improvements in existing patent law.

The more important amendments to the present law are discussed briefly. The proposed law makes a provision that the manner in which an invention is made shall not negative patentability. Some question has been raised as to whether or not a new device or process discovered by experimentation constitutes a patentable invention and the bill now says these are patentable.

Court decisions are in conflict as to so-called intervening rights, and section 29 clarifies the law thereof.

In the interest of national defense the powers of the Commissioner to keep inventions owned by the Government secret have been enlarged.

Many schemes have arisen by which others pirate a patented invention by making a part only thereof and selling the part to another who completes the patented invention. The courts held as early as 1871 that such acts which contribute to infringement are infringements of the patent. In recent years, however, the courts have whittled away at this doctrine of contributory infringement so that it is now nonexistent, leaving many patentees without remedy to protect their patented inventions. The proposed bill reestablishes the principle, though not to the same extent, that contributory infringement is infringement of a patent.

The bill also makes it possible for a court to take any action respecting a patent or rights thereunder of a patentee not resident in the United States. Under the present patent laws such patents cannot be reached except at the will of the nonresident owner.

In view of the fact that our last general revision of the patent laws dates back to the 1870's, the committee on law reform believes that the chamber should place itself on record as supporting any soundly conceived proposal—such as that contained in H. R. 3700—which would revise and consolidate existing patent statutes.

And, while the committee does not feel empowered to request endorsement of the specific amendments of substance embodied in the bill, it wishes to emphasize that these amendments were included only after the most careful study, and with full consideration to suggestions of technically competent private groups. Now, therefore, be it

Resolved, That the Chamber of Commerce of the State of New York endorse, in principle, H. R. 3700, which would revise, codify, and amend into law Title 35 of the United States Code, entitled "Patents"; and which would add to Title 35 certain amendments of substance; and be it

Resolved, That the chamber urge the Congress to act favorably upon this or generally similar legislation; and be it further Resolved, That copies of this report be sent to all Members of Congress. Respectfully submitted

Attest: Interests Chairman,
Matthew G. Ely,
John M. Alexander,
Secretary, H. Haysen,
Executive Director,
Edwin H. Rosenbaum,
Thomas F. Ryan,
Committee on Law Reform,
Robert C. Havert, President.

Attest:
New York, June 7, 1951. R. COWELL DAVIS, JR., Executive Secretary

NATIONAL COUNCIL OF PATENT LAW ASSOCIATIONS,
National Patent Building, Washington, D. C.

The Seattle Patent Law Association by special committee for the consideration of H. R. 3700, approves that bill as it is proposed to be amended in the coordinating committee's report of May 22, 1951, subject to further consideration of section 102 (g) which may better state the law of interference. In principle this proposed legislation is approved and its passage is supported.

Edwin E. Sutton, Chairman,
Robert W. Haven,
Richard Neese,
Oscar M. Cummings,
Herbert E. Hays,
Deane C. Howe.

Mr. Haysen. Mr. T. Hayward Brown, of the Department of Justice,
STATEMENT OF T. HAYWARD BROWN, CHIEF, PATENT LITIGATION UNIT, CLAIMS DIVISION, DEPARTMENT OF JUSTICE

Mr. Haysen, Please proceed, sir.

Mr. Brown, Mr. Chairman, I appreciate the opportunity to express the views of the Department of Justice concerning H. R. 3700. The primary purpose of the present bill is the codification of the statutes relating to patents. The Department of Justice is in accord with this general objective and recognizes that your subcommittee has made notable accomplishments in codifying the law in other fields.

In addition to the codification objective of the present bill, the bill also proposes to make various changes of substance in the patent laws. Ordinarily codification bills are very restricted in the actual changes in substance made in the law. There is one danger in introducing changes in the law in a codification bill in that the changes may be major or may be controversial and would overshadow the general objectives of the codification bill.

In cases of codification there is a general presumption of a legislative intent to follow existing statutes, notwithstanding changes in phraseology, which could not be applicable where the law is also being amended substantively. As a result, it becomes difficult to ascertain upon a doubtful point whether a substantial change in existing law or merely a change in language was intended and the ultimate effect may be to cause confusion in the interpretation of the law.

It is particularly important that the patent law not be unsettled or rendered ambiguous at this time of National emergency when patents will play a large part in the expansion of industry incidental to National defense needs.

The Government has a particular interest in this since it must pay, directly or indirectly, for the use of patent rights in such expansion and in the rearmament program.

There is also the danger that in attempting to revise the whole patent law insufficient consideration may be given to particular sections and their interrelationship with the consequence that unintended changes in the law may result.

It is suggested that if enactment of the present Title 35 into law is deemed necessary, this be done without attempting to revise the law substantively at the same time.

If, on the other hand, over-all substantive changes are deemed necessary, it would seem better to handle such changes by separate enactments. If it is thought desirable, however, to enact the bill in its present form, there are certain features of the measure which would seem to require further consideration. I will discuss the particular sections that the Department feels may deserve further consideration. Section 100 of the bill, "definitions," defines "invention" to include discoveries. While the term "discovery" is used in the patent law as synonymous with invention and it has been recognized that the act of discovery is an essential part of the invention, under existing law discoveries, as such, are not patentable.

The section might have the effect of creating doubt as to existing law on the subject of discovery and might result in opening the door to a huge new area of patents, and permit the creation of monopolies in some of the fundamental and far-reaching discoveries in the fields of chemistry, physics, medicine, mathematics, et cetera.

The Department would be opposed to the creation of any new area of monopoly which would be exempt from the operation of the anti-trust laws in the absence of clear evidence that such extension is necessary to provide adequate incentive for scientific effort. There would appear to be no such necessity with respect to the broad field of "discovery."

Section 100 also defines the term "process" to include a "new use of a known process, machine, manufacture, composition of matter or material." Under present law it is not invention to apply old and well-known materials, processes, or devices to new uses in other and analogous arts. However, if an old device or process be put to a new use, which is not analogous to the old use, and the adaptation of the old device or process to the new use is of such a character as to require the exercise of the inventive faculty to produce it, a patent may be granted for the new use. The Department is opposed to this section if it is intended to materially extend existing law, to uses that are obvious or to uses that do not require invention.

Section 103 of the bill, "conditions for patentability; nonobvious subject matter," provides that:

A patent may not be obtained though the invention is not identically disclosed or described in the prior art set forth in section 102 of this title, if the differences between the subject matter sought to be patented and that prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which the subject matter pertains.

This section is rather ambiguous in phraseology and its meaning is not clear. Section 103 apparently attempts to state one of the present negative rules of invention that mere mechanical skill is not invention. This rule has a long history and background and the standard of mechanical skill depends upon the nature of the art in question. The wisdom of attempting to codify this rule in one sentence is questionable and in any event this is only one test of invention and it should not, in the opinion of this Department, be made the sole test. Insofar as this section may be intended to change the present law, we are opposed to it. If no change is intended, we think that the language should be clarified.

There are some sections of the bill that have been discussed in the Deputy Attorney General's letter that you have on file in which he reports favorably on the sections, pointing them out as being new legislation that the Department agrees with.

To shorten my presentation, I will omit mention of these sections. They include section 104 and other sections that I will mention later.

Section 112 relating to patent specification contains a provision that—

an element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure or acts to support thereof, and such claim shall be construed to cover the corresponding structure, materials, or acts described in the specification and equivalents thereof.

This section may substantially alter existing law. At present the courts will invalidate a single "means" claim when it is functional; that is, when it covers all means for performing an act, or when the step described as a "means" is the precise point of invention. The burden at present is upon the patentee to describe his invention in exact terms and it is not clear to what extent he might be relieved of this duty under the proposed section.

The section further introduces into the statute for the first time the controversial doctrine of equivalents without defining its scope. The Department sees no necessity for this section since the courts have rarely invalidated a patent merely because of the language used in a claim when it is clear that the patentee only intended to refer to, but not to claim as his invention, means which were old in the art.

Section 118 of the present bill introduces a new concept heretofore unknown to the United States patent law. This section permits an assignee or a person to whom the inventor has agreed to assign an invention in writing to apply for a patent whenever the inventor cannot be found or refuses to execute an application. The patent to be applied for under this section will issue to and in the name of the inventor unless a court of competent jurisdiction orders a transfer thereof to the party to whom the inventor has agreed to assign the invention. This new section is believed to be highly desirable in that it would

permit employers, including the Government, to file applications for patent on inventions made by employees who are unavailable when an application is ready to be filed. This is not uncommon in these troublous days when many military and other personnel are beyond the seas when needed for the execution of a patent application. The section does not change any substantive rights. It merely permits the timely filing of an application by the party who thinks he has an interest therein without in any way affecting the inventor's rights.

Section 141, "Decision on appeal," embodies the existing statute except that it omits the last sentence of the present section 4914 (35 U. S. C. 62) which states that—

no opinion or decision of the court in any such case shall preclude any person interested from the right to contest the validity of such patent in any court wherein the same may be called in question.

Deletion of this sentence might be interpreted as expressing a congressional intent to make patent validity conclusive where the patent had been upheld by the Court of Customs and Patent Appeals in what is frequently an ex parte action. This Department would be opposed to such a change in the law and suggests that the bill be amended so as to retain the above language.

With respect to section 202, it is suggested that if the existing court law is to be embodied in a statute, as that section contemplates, the established court rule of due diligence in applying for a reissue should be included as well as the present rule that a delay of more than 2 years will create a presumption of intervening rights in the public.

Section 212 of this bill provides that in the absence of agreement, joint owners of a patent may not individually grant licenses or assign their interest without the consent of the other owners or without accounting to them. This section introduces a new concept to the patent law but it is believed to be a salutary one for inventors very often know little or nothing about the patent laws. Enactment of this section would protect a joint inventor against an unscrupulous coinventor or coowner.

Paragraph (b) of section 231 provides that any person who actively induces infringement shall be liable as an infringer. Paragraph (c) provides that it shall constitute contributory infringement to sell a component part of a patented machine, manufacture, combination or composition or material or apparatus for use therewith, if a—

material part of the invention, especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use * * *

Paragraph (d) provides that:

No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right because he has done one or more of the following: (1) Derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized a person to perform acts which if performed without his consent would constitute contributory infringement of the patent; and (3) sought to enforce his patent rights against infringement or contributory infringement.

These provisions would result in writing into the patent statutes for the first time the strictly judicial doctrine of contributory infringement, a doctrine which has been the subject of considerable controversy and has been properly limited by the courts in recent years.

This Department is opposed to extending the law of contributory infringement. The revision would clearly extend it in several respects. In the first place, paragraph (b) would put the contributory infringer in the same category as a direct infringer, thereby subjecting him to the limitations and liabilities of the latter.

Paragraph (d) would greatly impair the salutary doctrine that a patentee who has misused his patents may not recover in a suit for either direct or contributory infringement. The Supreme Court has held that a requirement by a patentee that users purchase from him or his exclusive licensee unpatented parts not within the scope of the patent, was a misuse of the patent and barred recovery even though contributory infringement was assumed to exist. This doctrine is a most important factor in the enforcement of the antitrust laws with respect to tying arrangements and the Department is opposed to any impairment thereof.

It is not clear to what extent paragraph (b) is intended to enlarge the present law on contributory infringement. The phrase, "actively induces infringement" might cover many situations which are not now considered to be contributory infringement. Paragraph (c) also appears to enlarge the scope of contributory infringement. While some cases have indicated that one who sells an article not capable of use except in an infringing manner is liable for contributory infringement even in the absence of actual knowledge of the infringement, the sounder approach would seem to be that such facts merely give rise to a rebuttable presumption of intent to infringe.

The first paragraph of section 242 (Presumption of validity; defenses) provides that a patent shall be presumed to be valid and the burden of establishing invalidity shall rest upon the party asserting it. The Department objects to these provisions since at present the presumption of validity is not embodied in a statute and is merely a qualified rule of evidence. Also under present law this presumption does not always hold true, for example in cases where the Patent Office fails to cite or consider pertinent references or prior art.

Section 203 (Disclaimer of invalid claim) and 248 (Suit for infringement when a claim may be invalid) substantially alter the present law as to a statutory disclaimer. Section 203 omits the provision of the present statute (R. S. 4922; 35 U. S. C. 71) that "no patentee shall be entitled to the benefits of this section if he has unreasonably neglected or delayed to enter a disclaimer." Under this provision, the courts have held that the entire patent may be void if a prompt disclaimer is not filed. Section 248 of the proposed bill, on the contrary, expressly provides that an action for infringement may be maintained despite failure to disclaim an invalid claim, the only penalty being that no costs may be recovered.

The present rule, requiring a prompt disclaimer of invalid claims is intended to place upon the patentee the burden of restricting his claims to his actual invention. This accords with the basic idea of the patent laws that a patentee may only claim the invention he had disclosed in his patent. The present law even goes so far as to require the prompt disclaimer of claims similar to one which has been held invalid. The public interest requires the formal cancellation of invalid claims so that they may no longer be used to harass the public through nuisance litigation and misleading impressions of legitimate scope of the patent, and thus discourage the public's use of technology that it is entitled to use freely.

Section 251 raises the false marking penalty from \$100 and costs to a flat \$500. This change is believed to be desirable in that it will aid the policing of false marking. With the present law the informant bringing a qui tam action rarely receives more than \$50, which does not pay him for his time and trouble.

Section 252 (Service and notice; nonresident patentee) provides that a nonresident patentee may designate by notice to the Patent Office a person within the United States on whom process or notice may be served and that in lieu of such designation such notice or process may be served upon the Commissioner. This is a new section. It does not represent codification, but the Department has indicated that it is in favor of this.

The department understands that this provision has been added for the benefit of American citizens desiring to bring action against foreign owners of United States patents. At the present time American manufacturers threatened by charges of infringement of United States patents by persons resident abroad are especially handicapped by inability to bring suit for declaratory judgment. Most foreign countries in their patent laws require foreign owners of patents issued by them to have resident agents upon whom service may be made.

Except for the specific sections to which objections or questions have been raised, the Department of Justice is not opposed to H. R. 3760.

Mr. Bryson: Thank you, Mr. Brown.

Mr. Lanham, we are always pleased to have you present.

Would you like to make some comment or statement that would be helpful and constructive here?

STATEMENT OF FRITZ G. LANHAM, FORMER REPRESENTATIVE FROM TEXAS

Mr. LANHAM, Mr. Chairman and members of the committee: I had not intended to testify. I am not a patent attorney.

Mr. Bryson: You are a patent authority, though.

Mr. LANHAM, I had the pleasure of serving for about a quarter of a century on the Committee of Patents of the House of Representatives. I thus acquired some familiarity with the structure of our patent system and also in appearances which I have made before this committee since my voluntary retirement from the Congress after 28 years of service.

I am and have been since my retirement a representative of the National Patent Council, which is a nonprofit organization of smaller manufacturers primarily interested in the education of the public with reference to the importance of our patent system and the fact that patents make jobs and promote the development of our economy.

However, that council is not a patent law association. Because of their interest in its policy many patent attorneys are connected with it as associates.

It is to be assumed that there is some diversity of opinion and sentiment among those patent attorneys who are associates with reference to certain provisions of the pending proposal, just as we have seen outcroppings here in the testimony some differences of opinion concerning special sections. Consequently my appearance is merely as an individual in compliance with the request of the chairman just made and not as a representative of the National Patent Council.

This bill seeks to codify provisions with reference to patents. Certainly a codification measure is desirable, but in my judgment, what is placed in the law codifying patent provisions should be, insofar as possible, noncontroversial. Certain controversies have arisen in the discussion thus far and likely further differences of opinion as to a few provisions will be presented by other witnesses. There are one or two such provisions in particular which I recall have been the subject matter of hearings before this subcommittee heretofore, notably perhaps in the last Congress, one having to do with the test of invention or patentability and the other having to do with contributory infringement.

I recall that among others I testified on each of those matters before the subcommittee in the Eighty-first Congress. It appears that they are still somewhat controversial.

Would it be advisable, therefore, in view of the fact that this bill seeks the codification of the patent laws, to eliminate one or two controversial provisions from present consideration and have separate consideration of each improper and appropriate bills which would permit much more detailed and thoughtful study of the matters involved than would be possible in such testimony as will be given before this subcommittee? That would not prevent codification of provisions which could be agreed upon.

I recall, for instance, in my long service on the Committee on Patents, I was requested to endeavor to get an enactment with reference to trademarks that would be more in keeping with modern conditions and practices in view of the fact that the old laws of 1905 and 1920 had become somewhat obsolete and not applicable to the business conditions and practices today. Though I have now, and had then, no personal interest in any trade-mark except as a consumer, I undertook that task. It was quite a comprehensive undertaking, technical in many aspects just as the consideration of this measure involves many technical considerations.

I labored as the chairman of a subcommittee with different personnel in each Congress through four different Congresses to get the final enactment of the trade-mark law now on the statute books. When we first began the consideration of that subject matter, those who appeared were, speaking figuratively, at one another's throats. There was great diversity of opinion concerning provisions that should be incorporated in such a law.

So I served perhaps more or less, as a mediator and conciliator and tried to get the groups together upon something with reference to which they could agree.

Finally, after 4 years of such effort and the introduction of several different bills with modifications which had been suggested, we got the enactment, with the terms of which practically all of those in original disagreement found themselves quite in conformity and accord.

We took up those bills, section by section, and heard testimony upon each section, in order that we might have all of the facts and information upon which we could base our final judgment.

Here are many provisions of this bill, some of them very technical as evidenced by the testimony thus far adduced. I believe by proper conferences practically all of the differences can be settled and the codification effected. I merely inquire as a policy of procedure whether

it would be wise just now to include one or two highly controversial provisions in the codification or leave them for early consideration in separate bills for more extended and detailed discussion and study.

We are all anxious to have a proper codification of the patent laws, and the coordinating committee has labored diligently with such a purpose. We are all specially anxious to have them properly protective of the patentee, because upon the ingenuity of this country through the incentive of our patent system we have attained the progress and prosperity which has made us the first Nation of the world. Let us keep so and let us be very sure that whatever we enact will retain that incentive and inspire these workers of America, who give us so many things useful for our progress, to carry on their laudable undertakings.

It is very interesting, in that connection, to note that many and perhaps most of our very useful inventions which have greatly accelerated our progress and our prosperity have come from most humble sources.

Leonardo da Vinci was in a way an authority on aviation, but they had no internal combustion motor in his day and there was no practical application of his ideas.

Langley and others worked with aviation, and finally two bicycle dealers down in North Carolina disclosed that it was practical. Instance after instance of a comparable nature could be cited with reference to so many of our most important discoveries.

Let us be very sure that whatever we enact is not only going to continue the incentive of humble people as well as others to promote our progress, but let us see to it also that in their discoveries they are protected, as has been intended in this Government ever since we first had our patent law, largely through the efforts and the activity of Thomas Jefferson.

These random thoughts may not be helpful to you, and they are purely my individual opinions. Although I have no patent and I have made no discovery, I doubt if anyone, by reason of my long service on a similar committee and the realization of the importance of protecting our patent system, has any greater interest in seeing proper legislation continue so that that incentive will continue which will make for our greater progress and prosperity. Let us hope that to this end proper codification may be had as promptly as possible.

Mr. BRYSON. We are much obliged to you.

I am sure we are starting toward the same objective. I believe the record will disclose this particular committee has sought to give ample opportunity and study to any controversial issue that we now consider or we may consider.

You know we have distributed literally thousands of the proposed revision and codification to every possible agency. These representatives from these well established reputable organizations from every point throughout the country are feeding us with their suggestions and thoughts. In these hearings here we are going to give everyone an opportunity to be fully heard, whether he favors or opposes. There will be no disposition to shorten these hearings at all.

Mr. LANHAM. I appreciate that, Mr. Chairman. I am well advised concerning the fairness of this committee. I am well advised also concerning its unremitting activity to bring about the very objectives in which you and I, and I think all of the loyal American citizens, are properly interested. And please understand that I am not opposing codification and that I have merely offered a suggestion with refer-

ence to procedure in the consideration of one or two controversial issues.

Mr. ROGERS. You recognize that the revision and the old Committee on Patents is all accumulated here in this subcommittee under the re-organization?

Mr. LANHAM. I appreciate that.

Mr. ROGERS. Do you think, due to the fact we have this controversy existing as to what constitutes the law makes it almost an insurmountable task to recodify the law?

Mr. LANHAM. I think most of the provisions in this bill before you can be codified.

I would not appear as being opposed to codification of patent laws. I think we should codify what is not highly controversial and what through conferences can be agreed upon.

Mr. ROGERS. Have you, in the study of this proposed bill, any particular objection to any particular provision that you feel should not go in there without a thorough study and a different bill introduced to take its course through Congress?

Mr. LANHAM. Let me repeat, I am not a patent attorney. I am not versed in all of these technical provisions. I feel that with reference to practically all of the provisions of this bill some agreement can be reached from the standpoint of codification. On one or two controversial provisions I think the action should assure a basis of clarity for judicial interpretation and the protection of the discoverers of useful and novel inventions. In other words, the code concerning them should be both fair and definite.

Mr. ROGERS. In other words, you feel, to take the noncontroversial ones, make that the codified bill and then the controversial ones could be considered separately?

Mr. LANHAM. They could be enacted as amendments to the codification and in that way perhaps we would get a better final result. There are several provisions here concerning which there is some slight controversy. I think those differences can be ironed out and most of the bill could thus be codified without any particular difficulty.

Mr. BRYSON. Thank you, sir.

Mr. Federico, will you come around, please?

STATEMENT OF P. J. FEDERICO, UNITED STATES PATENT OFFICE

Mr. BRYSON. Mr. Federico, before you begin, may I ask: Has the Department of Commerce made a formal report on the pending bill?

Mr. FEDERICO. The Department of Commerce has made a report, but I am sorry to say we have not yet got it back from the Bureau of the Budget. We expect it today or tomorrow and will file it with the committee. The report will speak for itself. If I may speak before the report comes in, it raises no special objections and has one or two suggestions.

Mr. BRYSON. It goes along the general lines of the other departments?

Mr. FEDERICO. Yes.

Mr. BRYSON. Favoring the enactment of the bill preferably with certain amendments?

Mr. FEDERICO. In general; yes.

Mr. BRYSON. But favoring the enactment of the general principle?

Mr. FEDERICO. Yes.

Mr. BRYSON. Would you care to address yourself or make any statement or comments on the positions taken by the different department representatives here today or who testified yesterday, or would you care to make any statement on your own observations?

If so, you may proceed.

Mr. FEDERICO. With respect to the reports from the other departments, I am sorry to say I do not feel in a position to comment on their specific suggestions for the reason that most of them I have seen today for the first time. The Department has not had the opportunity to make a report on them.

I would like to state generally that the reports of the three departments that have testified orally strike me that some of their proposals are things that none of the other departments would have any special objection to. A large number of them relate to matters of language and clarification which could be straightened out by some slight discussion. Possibly all of the reports of the departments on all points, except one or two, might be brought into agreement between the departments. I do not feel that I can comment on any of the specific provisions.

Mr. BRYSON. Without giving further study to them?

Mr. FEDERICO. They would have to be studied.

Shall I continue with the survey of the structure of the bill?

Mr. BRYSON. Yes.

Mr. FEDERICO. As I stated yesterday, chapter I of the bill collects the provisions relating to the Patent Office. Chapter II collects the provisions relating to the requirements for obtaining a patent and the procedure in obtaining a patent.

Chapter III deals with the patent itself after it has been granted. The first group of sections relate to correcting and amending a patent, which is a necessary thing.

Sections 201 and 202 are a development of the present statute relating to what are called reissues. Under certain circumstances the patentee may obtain a new patent to replace the old one to correct various defects that he may have discovered in the patent. These two sections together replace the present one, making a number of clarifications with a few additions of further developments in the subject which I do not believe need to be gone into at the moment.

Section 203 relates to another form of correction of a patent known as the disclaimer. The patentee files a paper in the Office which is recorded. He disclaims certain things from the scope of his patent or disclaims certain claims. This subject of disclaimers in the present law has resulted in a great deal of confusion and uncertainty in certain situations, which are almost ridiculous at times. Consequently, the bill in two sections—203 and 248—has introduced certain changes relating to disclaimers. One of these changes is that only a whole claim can be disclaimed. A claim cannot be rewritten by filing a paper in the Patent Office. Only a whole claim can be disclaimed.

The second change relates to the situation when a patent has two or more claims and one of them may be discovered to be invalid.

Under the existing law, there is a provision in the statute that says that the invalid claim must be disclaimed without unreasonable

delay in order to save the rest of the patent. What that unreasonable time might be is quite confusing, and the present law does not as a matter of fact, prevent the patentee from suing again on the invalid claim if he so wishes.

So, the bill has eliminated that requirement. It has left the situation that if one claim of a patent is invalid, the patentee may take it out. He may still sue on the remaining claims which have whatever validity they might have on their own merits. That is, one bad claim does not affect the other claims, unless they are themselves bad.

Other provisions of the bill perhaps take care as well as is done in the present law of the possibility of a patentee suing again after his patent has been held invalid. That can be done today and the bill makes no change in that situation, except that certain provisions might tend to deter doing such a thing.

Mr. BRYSON. How many times can he renew his request for a patent?

Mr. FEDERICO. You mean if he has been refused a patent?

Mr. BRYSON. Yes.

Mr. FEDERICO. That goes to obtaining a patent. Under the statute, the applicant has an absolute right to a reconsideration with whatever amendment, not changing the invention, he wishes to present. By the practice of the Patent Office in its regulations there may be two, three, or more reconsiderations until the matter reaches clearer issues which are closed one way or the other.

Mr. BRYSON. Must he supplement his petition by what we would call in the general practice "after discovered" or "newly discovered" evidence?

Mr. FEDERICO. Again referring to obtaining a patent and the procedure in the Office, if the Patent Office refuses the patent the first time, he is at liberty to present whatever he wishes, arguments, tests, affidavits, evidence. He is free to do anything he wishes. Whatever he does is reconsidered in the light of his arguments. He is given a new examination. That may continue for one or two times more after that.

Mr. BRYSON. In the discretion of the examiner?

Mr. FEDERICO. To a large extent, yes.

Mr. ROGERS. Getting back to this subject of section 203 of disclaimer you referred to a moment ago, did I understand you to say that the law at the present time is that in the event a man wants to disclaim he has got to disclaim the whole patent?

Mr. FEDERICO. No; the whole claim.

Mr. ROGERS. How does this new section 203 affect that? There was some testimony it omitted part of the statute.

Mr. FEDERICO. Under the bill, he must disclaim the whole claim. Under the present law, as it is worded, he may revise a claim.

The change in the present law is in omitting the requirement that an invalid claim must be disclaimed within a reasonable time; that is, must be taken out of the patent within a reasonable time to save the validity of other claims in the patent.

Mr. ROGERS. If he does not disclaim within a reasonable time under the present set-up, does that vitiate the entire patent?

Mr. FEDERICO. That theoretically vitiates the entire patent, but he is still free to sue on that invalid claim again.

Mr. ROGERS. He would not get very far.

Mr. FREDRICK. That is right.

Mr. ROGERS. Your objective in this section 203 is to change it in what manner?

Mr. FREDRICK. That particular change is made by section 218, rather than section 203.

They dovetail together. The manner of making that change is if a claim is invalid, held invalid by a court, the patentee may disclaim it himself if he wants to and in the usual case he will. If he does not disclaim it, nothing happens to the remaining claims.

Mr. ROGERS. If he disclaims as to those that are invalid, he still retains the valid one?

Mr. FREDRICK. Yes.

Mr. ROGERS. That is the present law?

Mr. FREDRICK. Yes. Of course, if a patentee does not disclaim under the present law and under the bill he cannot recover costs in a suit.

Under a later provision in this bill, which is in the present law, too, if a patentee sues on a patent that is invalid and the suit is wholly unjustified, the court could assess him attorney's fees as well as costs, so there are deterrents to suing on a claim or on a patent that is invalid. The deterrents under the bill are about the same order as under the present law.

In making these comments, I am making them only by the way of explanation of what was the intention in introducing these particular provisions into this bill, rather than arguing for or against any of them.

Referring still to the correction of patents, section 204 is a section for correcting by a certificate a clerical error due to the Patent Office.

Section 205 is a section that is new in the patent law that permits the Patent Office to correct by a certificate a clerical error of the patentee.

Section 206 is a new section in the law that is correlated with section 116 in chapter 2 relating to a mistake in joining a person as a joint inventor. Very often two or three people make an invention together. They must apply as joint inventors. If they make a mistake in determining that the third one is one of the three inventors that actually made the invention, they do so at their peril.

This provision permits a bona fide mistake in joining a person as inventor or in failing to join a person as an inventor to be corrected.

The next group of two sections relates to assignments and ownerships.

Section 212 introduces a change over the present law relating to joint ownership.

The next two sections collect provisions now in the law referring to Government interests in patents without making any significant change except in language.

The next group of sections relates to infringements of patents.

Section 231, paragraph (a), is merely a declaration of what constitutes infringement.

Incidentally, there is no declaration of what constitutes infringement in the present statute. It is actually not really necessary because the granting clause grants exclusive rights and infringement would be any violation of that grant.

Mr. ROGERS. Just to interrupt you there, do I understand your position to be that, so far as section 231 is concerned, that any rights of infringement of the patent exist under the present law?

Mr. FREDRICK. Section 231 (a), the first paragraph. I was referring to the first paragraph in that statement.

Now, paragraphs (b), (c), and (d) bring up the subject that has been referred to as contributory infringement, on which I understand some other people are going to speak, and I do not think it advisable to go into too much detail at the moment, except to state that paragraph (c) which is the key section, was devised by the groups working on it as an attempt to state in statutory form the theory of what has been called contributory infringement of patents in a manner which, looked at from certain points of view, might be considered restrictive of what has been held in the past and looked at from some other points of view might be considered broader.

Mr. ROGERS. What is the present status of the contributory infringement? Is that based upon statutes, or a court decision?

Mr. FREDRICK. It is entirely on court decisions in suits for infringement of patents.

Mr. ROGERS. Then this part that is added here in 231 (c) is something new, so far as

Mr. FREDRICK. As being stated in the statutes is concerned, yes.

Mr. ROGERS. Do you consider that the section (c), to which you referred, will change the decisions that have been announced by the Supreme Court, or is this just an attempt to say what these decisions have heretofore held?

Mr. FREDRICK. There has been so much argument about what the Supreme Court decisions do mean that I am afraid I cannot answer that question.

If a person takes the position that the decisions mean a certain thing, then it could be said these do not do very much. But it is very easy to take another position, that the decisions mean something quite different; in which event the section would do something.

Mr. ROGERS. Would anybody's rights be affected in any manner if we eliminated this section 231 (c) and (d) altogether?

I will put it this way; if the Court eventually is to pass upon it, do you know of any necessity why the Congress of the United States should determine what an infringer is, whether he is a contributor, or what?

Mr. FREDRICK. Speaking personally, my view would be that the only necessity is a desire to have clarity in the law.

Mr. ROGERS. Do you not know that lawyers have existed for many years upon disputes, and we have never been able to get anybody that could write a law that applied to all situations?

Do you think that this would clarify it in any manner if it was enacted, that is, the definitions as set forth here and of what constitutes a contributory infringement?

Does this clarify it in any manner so that it may be a guide to the lawyers in the future?

Mr. FREDRICK. Yes.

Well, it would clarify it to this extent: That having a written formula in the statute, you have a guidepost which would settle or determine the way the development of the law would be after that would be passed.

Without a guidepost, there would be a lot of floundering. Eventually there might be something stable.

Mr. ROGERS. Do you think that this, as written here in 231, is the guidepost or the interpretation that some have placed upon decisions that have been rendered by the Supreme Court dealing with contributory infringement?

Mr. FEDERICO. I think it represents what a large body thinks is an interpretation of a large number of decisions in the past.

Mr. ROGERS. Would it necessarily follow that if we did include it in this bill, that the argument would be that Congress has at least accepted the interpretation that certain individuals have placed upon these decisions, as to what constitutes contributory infringement, and say that Congress is satisfied to interpret these decisions in this manner?

Mr. FEDERICO. I think it would. I think it would be picking a path.

Mr. ROGERS. And in that manner clarify an issue that lawyers are unable to give the clients proper advice upon when the question of contributory infringement is brought up?

Mr. FEDERICO. Yes. I think it would do a great deal to that extent.

Mr. BRYSON. Although the Supreme Court, of course, would follow its precedent by exercising its right to have the last guess, the last say so.

Mr. FEDERICO. Section 232 is a new section in the law relating to infringements, but it is of relatively little importance and it follows a paragraph in a treaty that the United States adhered to.

Mr. BRYSON. Mr. Federico, may I ask you to go back to section 212 for the moment. Would you care to comment on that as to whether or not it should remain as is, or in conformity with the ideas expressed by the National Advisory Committee on Aeronautics?

Are you familiar with their views on the subject?

Mr. FEDERICO. I have not seen them; no, sir.

Well, I will state what 212 does in a problem concerning it.

Under the present law, which is by decision and not by expression in the statute, if two persons own a patent jointly, either one can do what he pleases in respect to making and using the invention for his own profit and granting licenses to others and selling his share, or any part of his share, without regard to the other one.

That is stated generally.

Under the provision here, the two owners could still each manufacture the invention for their own profit, but if one granted licenses or sold his interest to others, he would have to account to the other owner, or get his consent.

Now, some problems have arisen in that change, and I think there are quite a few suggestions that have come to the committee to not make the change at the present moment. There is an advantage in having the change, but some problems have been mentioned in connection with doing it in the form here stated.

Mr. BRYSON. We have the several views as expressed by these agencies.

The Federal Security Agency inquires as to the effect or desirability of adding this clause onto the end of the suggested section 212:

And any owner may grant license or assign his interest or any part thereof without the consent of the other owner, provided that he may account to them for their proportionate shares in the event he receives any remuneration therefor.

Is not that in substance about what you said?

Mr. FEDERICO. That is in substance what the section says, and that suggestion becomes one of language and clarity, to me.

Mr. BRYSON. When we go into marking up the bill, we will have these several suggestions before us and we will, of course, try to work out the best language possible.

Mr. CUTWICKER. While we are in this part of the bill, I would like to get back to the section 231.

I asked the witness a while ago about these fees in the Patent Office, and he said he did not know.

Can you tell me, Mr. Federico? Are the fees designed primarily to reimburse the patent office for its expenses of operation, or what is the basis for fees?

Mr. FEDERICO. In actual practice the fees received by the Patent Office for various services provided for, for which a fee is provided, bring in about 55 to 60 percent of the amount of expenditures of the Patent Office.

So that in practice the fees do not cover the expenses of operation.

Mr. CUTWICKER. Do you have any idea, in round figures, what percentage of the total business of the Patent Office might come under this particular section?

Mr. FEDERICO. This section provides that when the other Government departments are handling a case for an invention of a Government employee, they do not pay the fees which are \$30 on filing and \$50 on granting of the patent.

The number applied for and granted under that section varies considerably.

During the war years, it was higher than before or after.

In addition to that, the Patent Office does a lot of other things for Government departments without fees, for which it would charge a fee to a private individual.

I would say, merely guessing at the moment, that the total services that the Patent Office does for other departments, including this item as well as other items, might well run to about \$100,000 a year.

Mr. CUTWICKER. What are your total expenses in a year's time?

Mr. FEDERICO. The total expenses of the Patent Office?

Mr. CUTWICKER. By \$100,000, are you referring to the fees that are not collected or—

Mr. FEDERICO. Just fees that are not collected from other departments of the Government.

Mr. CUTWICKER. What are your total fees, then? Do you know that offhand?

Mr. FEDERICO. The total fees collected in a year would be, say, \$6 million a year for this purpose. It is roughly around there.

Mr. CUTWICKER. Are these fees fixed by statute?

Mr. FEDERICO. All fees are fixed by statute. They are in an earlier section of the bill—except a variety of small items that are fixed by the Department under authority contained in various statutes on fixing fees for services.

Mr. CUTWICKER. This particular bill does not make any change in them, does it—or does it?

Mr. FEDERICO. This particular bill readjusts two fees in a minor manner, makes a change in one fee, and, other than that, leaves the system of fees alone.

Mr. CHUMPACKER. How long has it been since there has been any substantial change in the fee system?

Mr. FEDERICO. The basic fees for obtaining a patent were changed to what they are now about 20 years ago.

Mr. CHUMPACKER. That is all.

Mr. FEDERICO. I will take up the next group of sections now.

Mr. ROGERS. May I interrupt you?

You had reference there to section 211; is that right?

Mr. FEDERICO. Yes.

Mr. ROGERS. Could I interrupt you to go back again to section 211?

While we appreciate any opinions or statements that you are giving us, it more or less is to help the committee and is in no manner binding, so far as the Department or the Patent Office is concerned. You are appearing here to assist us in any manner possible.

You were present at the time that the Department of Justice expressed their displeasure to section 231, pointing out that it may interfere with the antitrust laws.

Have you made any particular study of that, or do you know how that may affect it in any manner whatsoever?

Mr. FEDERICO. I would like to ask not to speak on that point at the moment. I do understand that several witnesses are going to comment on that.

Mr. ROGERS. I appreciate your position, and thank you.

Mr. FEDERICO. Beginning with 211 are a group of sections relating to remedy for infringement of a patent, the suit in the courts. The present statutes on this matter are in quite a mess because they were written quite some time ago and court procedure and the names of actions, and so on, have changed considerably since then.

So the present sections were substantially reorganized into a group of sections fitting in at this place, with some slight changes.

The beginning section is a declaration which serves as a preliminary to the others.

Section 242 introduces a declaration of the presumption of validity of a patent, which is now a rule made by courts in decisions, but has had no expression in the statute.

The defenses to an action for infringement are stated in general terms, changing the language in the present statute; but not changing the substance materially.

The next section relates to injunctions and the next to damages, the next to attorney fees, the statute of limitations, and to marking and notice; all of which together replace present statutes on suits, with a good deal of reorganization in language to attempt to clarify the statement of the statutes.

Mr. CHUMPACKER. May I interrupt again at this point?

Mr. FEDERICO. Yes.

Mr. CHUMPACKER. On attorney fees, it says the court in exceptional cases may award reasonable attorney fees. Does not that open the door to all kinds of interpretations as to what is meant by the language, or is there already a body of law as to what "exceptional cases" are intended?

Mr. FEDERICO. The present statute says the court may award reasonable attorney fees to the prevailing party; which was introduced into the law by an act of 1946.

The hearings and the reports of the committees showed that they intended that to apply to exceptional cases without going into detail, and the court decisions have followed that principle of awarding attorney fees in exceptional cases.

What that constitutes is left, and stays left, to the discretion of the court that is conducting the case.

Mr. CHUMPACKER. Should not there be some kind of an expression of the particular areas that they intended to apply to? I never saw any statutory language as unclear to the uninitiated as that would be. It may mean something to an experienced patent lawyer, but just to look at that—

Mr. FEDERICO. That provision, as I said, came into the statute in 1946. There have been a number of rulings on it. In some cases the courts have denied attorney fees and in others, they have allowed them.

Mr. CHUMPACKER. You say the 1946 statute just said that the court in its discretion may award reasonable attorney fees; is that right?

Mr. FEDERICO. Yes.

Mr. CHUMPACKER. But this term "exceptional cases" is introduced for the first time here, is it not?

Mr. FEDERICO. Yes. It was picked up from the reports in passing that first law, which indicated that that was what was meant, and the decisions of the courts that have followed that.

Mr. CHUMPACKER. That is all.

Mr. BRYSON. Proceed, Mr. Federico.

Mr. FEDERICO. Section 248 is the other companion section to the disclaimer point that I mentioned before.

Sections 249 and 250 involve merely changes in language.

Section 251 is a criminal statute relating to falsely marking an article as being patented when it is not patented; which is now in the present law.

But this section revises it and makes a few changes as to the fine for false marking and a few other things, and also makes it an ordinary criminal action as well as an infamer action that is in the present statute.

Section 252 is a new section that is needed to obtain jurisdiction over foreign patent owners, those that do not reside in the United States. That is necessary on some occasions.

Mr. BRYSON. That has been discussed by a previous witness.

Mr. FEDERICO. Yes.

Chapter 4 is the chapter that collects the provisions relating to plant patents and to design patents.

In the group of sections relating to plants, there is no change in the present law except in section 303, relating to the nature of the right granted by a plant patent.

The wording here is that the plant patent grants to the patentee the right to exclude others from reproducing the plant and selling the plant so reproduced.

Under the present law, there is some ambiguity in interpretation, and this section settles what the interpretation should be in the manner indicated.

The next groups of sections relates to design patents.

The only effort in this group was to state the present statute.

In the committee's preliminary print that introduced this codification the statement was made that the subject of design patents was

reserved for later consideration, and the present code merely puts it in its place without attempting to make any changes in the statute.

Following that are a few miscellaneous provisions with a table of statutes repealed, and that concludes the description of the bill.

Mr. BRYSON. Thank you, Mr. Federico.

We have one other witness, the President of the New York Patent Law Association, Mr. Neave.

STATEMENT OF ALEXANDER C. NEAVE, PRESIDENT, NEW YORK PATENT LAW ASSOCIATION, NEW YORK CITY

Mr. NEAVE. I am Alexander C. Neave, of New York City. I am here on behalf of the New York Patent Law Association, Mr. Chairman.

Our committee has written your committee a letter, Mr. Chairman.

Mr. BRYSON. We have your letter. Would you like to read it, or would you like to have it submitted for the record and make comments on it?

Mr. NEAVE. May I have it submitted for the record? I do not think it necessary for me to read it.

Mr. BRYSON. All right.

(The letter referred to follows:)

THE NEW YORK PATENT LAW ASSOCIATION,
June 8, 1931.

Re Bryson, H. R. 3700, Codification of the patent laws.

HON. JOSEPH R. BRYSON,

Chairman, Subcommittee No. 3, Committee on the Judiciary,
House of Representatives, Washington, D. C.

DEAR SIR: The committee on patent law and practice of this association, after making a thorough study of the Bryson H. R. 3700, and of its predecessor in the Eighty-first Congress, H. R. 9133, reached the following conclusion in regard to bill H. R. 3700:

"The committee highly recommends the adoption of this bill by Congress as soon as possible. Certainly no patent legislation of recent years has been given as much study and careful thought as has this bill. It is our opinion that the bill not only clarifies the existing law but also, in those instances in which it revises that law, achieves a proper balance between the protection of the public from extension of monopoly rights and the encouragement to inventors to make and disclose their inventions so that the progress of science and useful arts will be promoted in accordance with the provision of the Constitution."

This committee also concluded that the bill would be improved if a few changes were made. These and other proposed changes were discussed and voted upon at a meeting of the coordinating committee appointed by the National Council of Patent Law Associations. That committee has made certain recommendations which, in the opinion of our committee, would materially improve this proposed legislation. Since we understand that these changes will be submitted to you, we will not burden the record by including them in this letter. We wish to emphasize, however, that we are in entire agreement with the coordinating committee that these changes should be made.

On May 24, 1931, the governors of the New York Patent Law Association passed the following resolution:

"Resolved, That the president of the New York Patent Law Association, acting on behalf of its board of governors, is authorized to endorse and to testify in support of the Bryson bill H. R. 3700; he is also similarly authorized to endorse and support the recommendations finally made by the coordinating committee as valuable suggestions for improvement in the bill which should be included in it if possible."

Sincerely yours,

ALEXANDER C. NEAVE, President.

Mr. NEAVE. Mr. Ashton has read to your committee a resolution favoring the bill in question.

The letter also contains an extract from our patent law committee's report on the bill. A great deal of study over a period of 2 years was given the bill by our committee.

There is one additional matter which is not contained in our letter to your committee that I would like to mention, since the matter has been brought up by Captain Robillard.

The committee of our association which considered the bill believed that it would be advisable to have included in the bill a section of a character which Captain Robillard referred to, with respect to publication of applications. That suggestion was specifically made to the coordinating committee and was discussed in their meetings, in several of their meetings.

The committee, as a whole, voted against such a provision, and in interest of not having a talent for disagreement, we thought we would not press the matter.

We believe, however, that since the Navy has made the suggestion, it might be helpful to your committee to have some specific language with respect to that matter.

Of course, I have no idea whether the Navy would approve of the language, because Captain Robillard has not seen that.

The language which we are suggesting—and conceivably it might be a separate section, section 123—is as follows:

Pending applications for patents may be printed and published by the Commission, at the request and at the expense of the owner or applicant if he be the owner. Such publication shall have the effect as an issued patent for the purposes of section 102 (a) of this title.

The only other matter that I would like to mention is to comment upon the statement by Mr. Lanham that there are in the bill a number of controversial sections.

Our association does not feel that is so.

In that connection, I would like to call the attention of the committee to the fact that the Department of Justice's report on the bill contains only eight suggestions or criticisms. I would say criticisms of eight paragraphs.

When you consider that the Antitrust Division has had quite a talent for criticizing patents, I think that is a real accomplishment.

I also feel, although I have not had much time to study the criticisms that the Department of Justice has made—that practically all of the criticisms are of such a character that they can be taken care of upon further consideration.

I believe that many of them are perhaps justified if the bill is understood. It may be that the bill is not sufficiently clear.

As to such remaining criticisms as they have, I think it is entirely a matter of whether the Antitrust Division's policies with respect to patents, which became fairly sharp at the time Mr. Arnold came into the Department, should be followed, or whether it is this committee that should recommend and urge the legislation that should be passed.

I feel that the work that has been done by the Department of Justice on this bill and the comments that they have made to it show that the bill is an excellent bill, and we recommend it very highly to your committee.

Mr. BRYSON. Thank you very much.

Mr. ROGERS. May I ask this: You state that, in your opinion, there are not enough controversial things in this recodification that would justify our not going ahead with the codification and that there are, as pointed out by Mr. Lauham, possibilities; that is, he points out possibilities, and it has been directed to our attention perhaps this contributory infringement is one controversial point.

Do you feel that the section here, 231, as it is now written, actually states what the decisions of the courts have announced within recent years?

Mr. NEAVE. My difficulty in answering that Mr. Rogers, is rather the same difficulty Mr. Federico had. The law is in a considerable state of confusion on that point. I prefer not to go into it because it is going to be gone into tomorrow, I believe, by somebody who is more capable of doing it than I am.

On the other hand, I do very much feel that where the law is in a very confused situation, it is up to the Congress to clarify it.

Mr. ROGERS. Do you think that this clarification is sufficient in words as placed in the section 231 to properly advise the legal profession and the manufacturers as to when and where they may be likely to become contributors to a patent infringement?

Mr. NEAVE. As to that, I think that this will very much help the lawyers in straightening the matter out. It does not go the whole way, but it is better than nothing, and it will help us in knowing what the law is, insofar as it goes.

Mr. ROGERS. The main objective so far, of the legal profession, as I understand it, is to have it clarified.

Mr. NEAVE. That is right, sir.

Mr. ROGERS. It is not so much as to which way it may go as to how far a man must act before he becomes a contributor to an infringement.

Mr. NEAVE. That is always a matter depending upon the facts themselves.

Mr. ROGERS. That is all.

Mr. BRYSON. Mr. Crumpacker, do you have any questions of Mr. Neave?

Mr. CRUMPACKER. No questions.

Mr. BRYSON. I believe that is all.

Thank you, sir.

Mr. NEAVE. Thank you, Mr. Chairman.

Mr. BRYSON. We will meet in the morning at 10 o'clock, gentlemen.

(Thereupon, at 4:10 p.m., the hearing recessed, to reconvene at 10 a.m., Friday, June 15, 1951.)