

MEMORANDUM

B2-JUD. - PATENTS jaj

TO: Senator
FROM: Joe
RE: Proposed patent bill
DATE: July 31, 1979
COPIES: Kevin, Linda, Mary, Tom, Eve, Jim B., Bob B., Ann H., Leg (2),
And Indiana office

The American Patent Law Association would like for you to introduce a patent bill this week which simplifies the process for determining the validity of patent challenges.

This bill would allow the Patent and Trademark Office to consider claims that prior patents or information invalidates an issued patent. This is an important question for the patent bar and for patent holders because the patent files are 2%-28% incomplete in some areas and sometimes these incomplete files are missing information which directly relates to new patents that are being issued. (You indicated your concern with this problem of incomplete files in the Patent Office in your letter to Senator Hollings asking for additional funding of the Patent Office so that these files could be completed.) About 50% of these challenged patents are being thrown out in court after great expense and delay when pertinent prior art is found in a missing file. The APLA estimates that patent challenger presently cost both parties \$250,000 and are frequently presided over by judges with little or no expertise in the patent area.

The APLA bill would refer these questions of pertinent prior art back to the Patent Office where this new information would be evaluated and a decision made by technically trained people to determine whether or not this information is relevant to an issued patent. If the challenge was found to be invalid then the original patent would be upheld and not subject to any more challenges on that point. If the new information does invalidate a part of the patent the patent holder could revise his patent application to be more narrow, otherwise the patent would be disallowed. This sort of review would be paid for by the patent challenger so that these types of reviews would not be brought for the purpose of harassing patent holders. Many small businessmen holding important patents have found themselves constantly in court defending their patents from larger companies trying to deplete their resources through constant litigation over the validity of the patents.

This type of review for technical challenges of patents had been endorsed by the American Patent Law Association, The Copyright and Trademark Section of the ABA, and by the President's Advisory Subcommittee on Patent and Information Policy which is part of President Carter's review of industrial innovation. I have talked with small business and university supporters of your patent bill, S. 414, and they are every supportive of this bill (including Ralph Davis of Purdue). This approach is also supported by cooperations like G.E., Exxon, and duPont so it is not a big business v. small business issue but is of value to the business community in general without harming consumers.

The APLA would like for you to introduce this bill this week so that the BBA could endorse it during their convention next week. I think that the bill is a good one and in line with your other efforts to improve the patent system. This issue is extremely important to the business community and to the patent bar. I think that it is a good idea substantively and politically and one that you will get a lot of support for.

I recommend that you introduce this bill this week if possible. I have attached a copy of the bill for your information.