THE WHITE HOUSE

WASHINGTON

October 31, 1984

MEMORANDUM FOR RICHARD G. DARMAN
ASSISTANT TO THE PRESIDENT

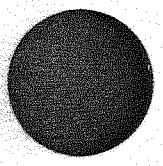
FROM: JOHN G. ROBERTS JGR
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: H.R. 6286 -- Patent Law Amendments Act of 1984

Counsel's Office has reviewed the above-referenced enrolled bill, and finds no objection to it from a legal perspective. We also have no objection to the signing statement proposed by the Department of Commerce, although the language suggested by the Department of Justice should be added to that statement.

ID # 244985 CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET



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Date Correspondence Received (YY/MM/DD) 1 1

Name of Correspondent: Richard Darman

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Subject: H.R. 6286 - Patent Law Amendments Act of 1984

ROUTE TO:	ACTION		DISPOSITION		
Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
CMHSL	ORIGINATOR	84/10/31			1 1
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ACTION CODES:
A - Appropriate Action
C - Comment/Recommendation
D - Draft Response
F - Furnish Fact Sheet to be used as Enclosure
I - Info Copy Only/No Action Necessary
R - Direct Reply w/Copy
S - For Signature
X - Interim Reply

DISPOSITION CODES:
A - Answered
B - Non-Special Referral
C - Completed
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FOR OUTGOING CORRESPONDENCE:
Type of Response = Initials of Signer
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Comments: Justice Department report and signing Statement attached

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Document No. 244985SS

WHITE HOUSE STAFFING MEMORANDUM

DATE: 10/30/84 ACTION/CONCURRENCE/COMMENT DUE BY: NOON TOMORROW 10/31

SUBJECT: H.R. 6286 - PATENT LAW AMENDMENTS ACT OF 1984

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	MURPHY	☐	☑
MEESE	☐	☑	OGLESBY	☑	☐
BAKER	☐	☑	ROGERS	☐	☐
DEAVER	☐	☑	SPEAKES	☐	☑
STOCKMAN	☐	☐	SVAHN	☑	☐
DARMAN	☐P	☑S	VERSTANDIG	☑	☐
FIELDING	☑	☐	WHITTLESEY	☑	☐
FULLER	☑	☐	_____	☐	☐
HERRINGTON	☐	☐	_____	☐	☐
HICKEY	☐	☐	_____	☐	☐
McFARLANE	☐	☑	_____	☐	☐
McMANUS	☐	☑	_____	☐	☐

REMARKS:

Please provide any comments/recommendations on the attached bill and the Commmerce's draft signing statement by noon tomorrow, 10/31.

Thank you.

RESPONSE:

Richard G. Darman
Assistant to the President
Ext. 2702

1984 OCT 30 PM 7:13

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OCT 30 1984

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 6286 - Patent Law Amendments Act of 1984
Sponsors - Rep. Kastenmeier (D) Wisconsin and 10 others

Last Day for Action

November 9, 1984 - Friday

Purpose

To (1) increase the effectiveness of patent laws and (2) establish a National Commission on Innovation and Productivity.

Agency Recommendations

Office of Management and Budget	Approval
Department of Commerce	Approval (Signing statement attached)
Department of State	Approval
Office of Science and Technology Policy	Approval
Department of Justice	Approval
United States Trade Representative	No objection
National Aeronautics and Space Administration	No objection

Discussion

The provisions in H.R. 6286 concern patent law and are generally of a technical nature. As the Department of Commerce advises in its views letter, however, the provisions are important ones which either improve the degree of protection accorded patent owners or substantially simplify procedures at the Patent and Trademark Office. As such, Commerce advises that approval of H.R. 6286 should "greatly help the Administration achieve its goal of reducing patent processing time and should reduce certain Federal expenditures."

The enrolled bill also will establish a National Commission on Productivity and Innovation, which was not supported by the Administration, but which is not sufficiently objectionable in the view of concerned agencies to warrant disapproval of H.R. 6286.

H.R. 6286 consists of four Titles, which are described below.

Title I - Patent Improvement Provisions

This Title contains a number of amendments to improve the patent process. The more significant of these are described below:

-- Use of Patented Inventions Outside the United States

This provision, designed to close a loophole in patent law, provides that infringement of a patent cannot be avoided by assembling U.S. built components outside the United States. A patent infringement would occur if a party supplied "all or a substantial portion" of the components of a patented invention in a way that would infringe the patent if the product were assembled in the United States. As the Department of Justice advises in its views letter, this provision would reverse a Supreme Court decision that has reduced the return on export sales that some patent holders were able to realize on their inventions.

-- Statutory Invention Registration

Under current law, the only means by which an inventor can protect his invention is by obtaining a patent. Without a patent, an inventor runs the risk that he or she may be prevented from working the invention or forced to pay damages if another party subsequently acquires a patent. The enrolled bill establishes an optional, less complex, and less costly procedure by which an inventor may secure protection short of actually obtaining a patent. This optional procedure -- to be known as a Statutory Invention Registration (SIR) -- will still prevent another party from patenting the same invention as the registration holder, but will not permit the holder to exclude others from making, using, or selling the invention. Since the SIR does not grant an exclusive right to an invention, the lengthy examination process required for granting of a patent would not be necessary. This new procedure should be economical and efficient for inventors to use when it is unclear if an invention's commercial possibilities justify the considerable time and expense involved in obtaining a patent. Noting the importance of this provision in its views letter, the Department of Commerce points out that this new procedure could provide substantial savings to Federal agencies, which constitute the single largest filer of U.S. patents. H.R. 6286 will require the Secretary of Commerce to report annually to the Congress on the use of SIR's.

-- Housekeeping Amendments

Other amendments in this Title of a housekeeping nature provide that: (1) unpublished information owned by a company that is known to an inventor does not constitute "prior art" in the field of the invention, and therefore cannot serve to defeat the patentability of that invention; (2) two or more inventors may obtain a patent jointly even though each inventor has not contributed to each and every claim found in the patent application; and (3) arbitration is authorized between parties involved in disputes over who was the first inventor.

Title II - Patent and Trademark Office Procedures

This Title combines the Board of Appeals and the Board of Patent Interferences, which are two appellate administrative tribunals within the Patent and Trademark Office (PTO) of the Department of Commerce, into a single Board (the Board of Patent Appeals and Interferences). It is designed to improve administrative proceedings (known as interference proceedings) for determining who is the first inventor of a given patentable invention. Under existing law, the Board of Patent Interferences is responsible for determining who is the first inventor, but the board is not authorized to address whether a product or process is patentable. The Board of Appeals has this authority. Combining these two Boards will simplify and expedite the procedures for patent applicants and patentees involved in interferences.

Title III - National Commission on Innovation and Productivity

This Commission is established to review and study the level of innovation and productivity of employed inventors. The study is to include an analysis of methods available to inspire or stimulate individual and corporate innovation and productivity. The Commission is also required to make recommendations for revisions of U.S. laws to better foster innovation and productivity. Federal agencies will be required, to the extent permitted by law, to provide information and assistance to the Commission as necessary for it to carry out its functions. A report on the Commission's activities to the President and the Congress is required within one year of enactment. The Commission will cease to exist 60 days after its final report, which is due two years after this bill's enactment.

The Commission will be composed of 9 members, 3 each appointed by the President, the Speaker of the House and the President Pro Tempore of the Senate. Of the members appointed by the President, one is to be an appropriate U.S. officer or employee, one is to be an employer of inventors, and one is to be an employed inventor. The President is to designate the Chairman from among the members he appoints.

Although the Department of Justice recommends approval of H.R. 6286, it does object to the establishment of a Commission which consists of representatives from both the Executive and Legislative branches. As Justice states in its enrolled bill views letter, "...we believe that creation of such commissions...tends...to blur the functional distinction between the Branches that is fundamental to the separation of powers." Accordingly, the Department has prepared appropriate language, which is attached to its views letter, for inclusion in a signing statement.

Title IV - Miscellaneous Provisions

Title IV contains, in addition to technical amendments, miscellaneous provisions designed to bring U.S. law into conformity with international patent and treaty obligations. In addition to providing for conformity, these provisions will clarify and simplify procedures for filing and processing international applications. Additionally, it provides that members of the Trademark Trial and Appeal Board of the Patent and Trademark Office will be paid at a rate not to exceed that of GS-16 under the General Schedule.

Conclusion

H.R. 6286 will improve the degree of protection accorded patent owners, substantially simplify various procedures of the Patent and Trademark Office, and establish a National Commission on Innovation and Productivity. While the Administration opposed establishment of the Commission, as Commerce points out in its views letter, its "charter, composition, size, funding, and duration are very limited and should prevent it from expanding into broader, less appropriate subject areas." On balance, the patent provisions of H.R. 6286 are of sufficient importance to warrant your approval.

The Department of Commerce has prepared a signing statement, for your consideration, which extolls the patent provisions in this enrolled bill, as well as patent provisions in another enrolled bill, H.R. 6163, whose last date for action is also November 9.

* * * * *

H.R. 6286 passed both Houses by voice vote.

James M. Frey
Assistant Director for
Legislative Reference

Enclosures

SUGGESTED SIGNING STATEMENT

I have this day approved H.R. 6163, the "Federal District Court Organization Act of 1984," and H.R. 6286, the "Patent Law Amendments Act of 1984."

These bills are concerned with promoting America's technological advancement and its ability to compete in a global market. They recognize my Administration's continuing commitment to protecting intellectual property as a means of spurring the creative genius of the American people. The creation of new jobs, new investment opportunities, new products, and indeed of new industries, all depend largely on the extent to which we preserve the right of people who come up with bold new ideas or who are willing to take the risks of commercializing them to reap their just rewards. We must not become a nation that cares more about rewarding those who copy rather than those who create. These bills convince me that we have not.

H.R. 6163 does this in three ways. First, it creates a new form of intellectual property protection for semiconductor chip products. These chips have fueled what has been rightly called the microcomputer revolution. Yet they are easily copied and an investment of millions of dollars to design a new chip can be jeopardized by an outlay of mere thousands to copy it. Second, it reaffirms certain basic principles of trademark law which all American businesses have traditionally relied upon to protect the marks that have enabled them to distinguish their goods and services from those of others. Finally, it extends the principle of contractor ownership of Federally-funded inventions to those made in Government-owned, contractor-operated laboratories. I am firmly committed to this principle for the private sector is far more able than the Federal government to commercialize these inventions.

H.R. 6286 effects a number of improvements in the patent system to ensure that its incentives will continue to stimulate American inventive genius. It provides inventors with a new, efficient mechanism to protect their right to use their inventions without the need to expend scarce resources to obtain a patent. This procedure offers great cost savings potential to Federal agencies, which are the single largest filers of U.S. patents. It also closes a loophole in existing law which permitted copiers to export jobs and avoid liability by arranging for final assembly of patented machines to occur off-shore. The bill eliminates unwarranted technicalities in the patent law which threaten the validity of patents for inventions arising from corporate research teams. These provisions, together with other provisions which enable the Patent and Trademark Office to streamline its operations, make our patent system more responsive to the needs of our inventors and industry. America must remain at the cutting edge of technology and a strong and effective patent system is fundamental to this goal.

I am pleased to approve this legislation.

U.S. Department of Justice

Office of Legislative and Intergovernmental Affairs

Office of the Assistant Attorney General

Washington, D.C. 20530

29 OCT 1984

Honorable David A. Stockman
Director
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Stockman:

In compliance with your request, I have examined a facsimile of the enrolled bill H.R. 6286, "Patent Law Amendments Act of 1984." While the Department of Justice recommends that this bill receive Executive approval, we object to Title III of H.R. 6286. We believe that a statement should accompany Executive action which sets forth our concerns.

H.R. 6286 contains four titles. Title I would make five substantive changes in the patent statute. Section 101 would expand the definition of patent infringement to include, in certain circumstances, attempts to evade infringement liability by exporting a patented invention in unassembled "kit" form. This provision would reverse a Supreme Court decision that has reduced the return in export sales that some patent holders were able to realize on their inventions. Section 102 would create a relatively inexpensive and expedited invention registration procedure for persons willing to forego the grant of exclusive patent rights in an invention. Section 103 would modify the statutory definition of "prior art" in a manner that would encourage more efficient research practices. Section 104 would modify the statutory treatment of joint inventorship so as not to unduly discourage group research efforts. Section 105 would enable parties to patent interferences to arbitrate their disputes.

Title II of H.R. 6286 would combine two appellate administrative tribunals within the Patent and Trademark Office into a single Board of Patent Appeals and Interferences and make conforming changes in the patent statute. Title IV would make a variety of miscellaneous changes to improve the efficiency of the operations of the Patent and Trademark Office. The Administration indicated its support of the basic provisions contained in Titles I, II, and IV in testimony of Commissioner Mossinghoff of the Patent and Trademark Office before the Subcommittee on Courts, Civil Liberties and the Administration of Justice of the House Committee on the Judiciary. While we would have preferred certain

of the statutory provisions of these titles to have been worded somewhat differently, these provisions are economically desirable and should be enacted.

Title III of the bill would establish a National Commission on Innovation and Productivity which would be charged with making a full and complete review and study of the level of innovation and productivity of employed inventors. The Commission would be composed of three Members of the Senate appointed by the President of the Senate; three Members of the House of Representatives appointed by the Speaker, and three members appointed by the President, of whom one shall be an "appropriate" officer or employee of the United States, one shall be an employer who employs inventors, and one shall be an employed inventor. The Commission would report simultaneously to the President and Congress.

We do not believe that Congress should establish commissions such as this to advise and to report to both the Executive and Legislative Branches. The creation of a commission that is not clearly legislative, judicial, or executive tends to erode the structural separation of powers. As established by this bill, the Commission could not be considered to be a part of any of the three Branches and would be in the difficult position of having to serve two masters. Although the Branches of Government are not "hermetically sealed" from one another, Immigration and Naturalization Service v. Chadha, ____ U.S. ____, 77 L.Ed. 2d 317, 345 (1983), th separation of powers requires that each Branch maintain its separate identity, and that functions generally should be clearly assigned among the separate branches. Buckley v. Valeo, 424 U.S. 1, 120-24 (1976). The Commission does not mesh with this constitutional structure.

If the Commission were intended solely to investigate and provide recommendations to Congress, we would have no concerns about the bill. In fact, we do not believe a commission comprised of members appointed by or serving in the Legislative Branch, and clearly existing solely within the Legislative Branch, would have to be established by legislation, since it would serve to carry out Congress's constitutional investigatory and legislative functions -- functions that could be carried out by an existing congressional committee.

However, the bill would appear to create a commission that is, at least in part, within the Executive Branch, since three of its members would be appointed by the President and would include an official of the Executive Branch, and the Commission is directed to provide recommendations to the President, as well as Congress. While the Commission would serve only in an investigatory and advisory capacity, we believe that creation of such commissions, which are not clearly within either the Executive or Legislative Branch, tends, as stated above, to blur the functional distinction between the Branches that is fundamental to the separation of powers. In our view, therefore, such a commission

should be established either within the Executive Branch (in which case its members should be selected by the President), or clearly within the Legislative Branch (in which case Congress should select its members).

As long as the Commission performs purely advisory functions as apparently contemplated by this bill, we cannot conclude that the composition of the Council directly violates the Appointments Clause of the Constitution. Under the Supreme Court's decision in Buckley v. Valeo, appointees who are neither appointed pursuant to Article II nor subordinate to officers so appointed may perform only "investigative and informative" functions that could be undertaken by a congressional committee and that are adequately remote from the administration and enforcement of public law. 424 U.S. 1, 137-39 (1976). These boundaries delimit the functions that may be assumed by the Commission under the Appointments Clause.

Even if these limits are observed, however, so as to avoid a direct violation of the Appointments Clause, that does not alleviate our overall concern regarding the blurring of the lines between the Executive and Legislative Branches that inevitably results from the placement of a hybrid agency in a netherworld between the Executive and Legislative Branches.

We have raised our objections to entities such as these on previous occasions. At the time that the Commission on Civil Rights in its present form was established under Pub. L. No. 98-183, the Department of Justice objected to the composition and powers of that Commission because it was "hybrid body." We concluded that the Commission could not be delegated duties that may be performed only by Officers of the United States. The Department recommended that a signing statement be issued to emphasize that the Commission's powers were limited to an advisory role and to make clear to Congress and the public that the creation of the Commission should not be viewed as a precedent for the establishment of similar entities in the future.

It now is apparent that this Department was justified in writing to you, in connection with the Commission on Civil Rights, that "[e]ach time there is a departure from the carefully considered structure developed by the Framers of our Constitution, a dangerous precedent is established which tends to encourage more and greater deviations. This erosion should be resisted by the Executive." Letter to Honorable David A. Stockman from Assistant Attorney General Robert A. McConnell regarding Enrolled Bill H.R. 2230, November 22, 1983. It is clear that the result that this Department anticipated has occurred. Congress is now creating other bodies whose existence is inconsistent with the tripartite system of Government established by the Constitution. The Department of Justice vigorously opposes the apparent inclination of Congress to allow such bodies to proliferate.

Another recent example of this trend is the Older Americans Act Amendments of 1984. In a letter to you of October 5, 1984, the Department urged presidential disapproval of that bill, which would strip the President of his power to appoint ten of the fifteen members of the Federal Council on Aging, a body designed to be in the Executive Branch and to advise and assist the President on matters relating to older Americans. We concluded that such a body, placed within the Executive Branch but not subject to the supervisory control of the President, contravenes the fundamental principle that each Branch of Government must be the master in its own house even if that body does not necessarily perform duties that could only be performed by officers of the United States. In his signing statement for that bill, the President specifically noted his strong constitutional reservations regarding the appointment of the Council members, and urged Congress to repeal the appointment provisions.

We also noted similar concerns in our letters on enrolled bills S. 1330, the Public Works Improvement Act of 1984, Letter to Honorable David A. Stockman from Robert A. McConnell, Assistant Attorney General, regarding Enrolled Bill S. 1330, October 15, 1984, and on H.J. Res. 600, Letter to Honorable David A. Stockman from Robert A. McConnell, Assistant Attorney General, regarding Enrolled Bill H.J. Res. 600, August 16, 1984. The President noted these objections in his statement accompanying H.J. Res. 600. 20 Weekly Compilation of Presidential Documents 1202 (September 3, 1984).

We believe that it is vital that the President continue to note his objection, in order to halt the evidently increasing inclination of Congress to establish hybrid bodies with divided loyalties. We therefore strongly urge that the President issue the attached message. It is important to demonstrate that the President does not acquiesce in the creation of entities not clearly placed in one of the three constitutional Branches of Government.

Accordingly, the Department of Justice recommends Executive approval of H.R. 6286 provided that a statement setting forth the objections noted above be issued. A draft of the statement is enclosed.

Sincerely,

(Signed) Robert A. McConnell

ROBERT A. McCONNELL
Assistant Attorney General

Enclosure

PROPOSED LANGUAGE
TO ACCOMPANY EXECUTIVE ACTION
ON H.R. 6286

In signing this legislation, I must note my objection to the structure and composition of the National Commission on Innovation and Productivity. The Commission would be composed of three Members of the Senate appointed by the President of the Senate; three Members of the House of Representatives appointed by the Speaker, and three members appointed by the President, of whom one shall be an "appropriate" officer or employee of the United States, one shall be an employer who employs inventors, and one shall be an employed inventor. Such entites are severely destructive of the tripartite system of Government established by the Constitution.

Although the Commission would appear to serve primarily legislative functions, this bill would place the Commission partly within the executive branch. I believe that creation of such a commission, which is neither clearly within the executive branch, nor clearly within the legislative branch, tends to blur the functional distinction between the governmental branches that is fundamental to the concept of separation of powers. It would be more appropriate for the Commission to be composed either entirely of members selected by the legislative branch, if it is to serve primarily legislative functions, or entirely of members appointed by the President, if it is to serve the executive branch.

THE WHITE HOUSE

WASHINGTON

November 5, 1984

MEMORANDUM FOR RICHARD G. DARMAN
ASSISTANT TO THE PRESIDENT AND
DEPUTY TO THE CHIEF OF STAFF

FROM: JOHN G. ROBERTS
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: H.R. 6286 - Patent Law
Amendments Act of 1984

Counsel's Office agrees with the recommendation of the Office of Policy Development that separate signing statements be issued for H.R. 6163 and H.R. 6286. With respect to the proposed signing statement for H.R. 6286, this office continues to recommend that the language submitted by the Department of Justice be included in that signing statement.

ID # _____ CU

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

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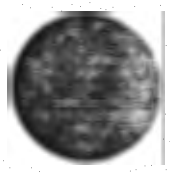

Name of Correspondent: Richard Lorenz

☐ MI Mail Report User Codes: (A) _____ (B) _____ (C) _____

Subject: H.R. 6163, "Federal District Court Organization Act of 1984" and H.R. 6286 "Patent Laws Amendments Act of 1984"

ROUTE TO:	ACTION		DISPOSITION		
Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
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CUAT04	I	84/11/02			/ /
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ACTION CODES:
A - Appropriate Action
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D - Draft Response
F - Furnish Fact Sheet to be used as Enclosure
I - Info Copy Only/No Action Necessary
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S - For Signature
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DISPOSITION CODES:
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FOR OUTGOING CORRESPONDENCE:
Type of Response = Initials of Signer
Code = "A"
Completion Date = Date of Outgoing

Comments: SMC handle 6163 and JGR handle 6286

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Document No. _____

WHITE HOUSE STAFFING MEMORANDUM

DATE: 11/2/84 ACTION/CONCURRENCE/COMMENT DUE BY: 11/5 - 12:00 NOON

SUBJECT: H.R. 6163 and H.R. 6286 - SIGNING STATEMENT

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☐	MURPHY	☐	☑
MEESE	☐	☑	OGLESBY	☑	☐
BAKER	☐	☑	ROGERS	☐	☐
DEAVER	☐	☑	SPEAKES	☐	☑
STOCKMAN	☑	☐	SVAHN	☑	☐
DARMAN	☐P	☑S	VERSTANDIG	☑	☐
FIELDING	☑	☐	WHITTLESEY	☑	☐
FULLER	☑	☐	CLERKS OFFICE	☑	☐
HERRINGTON	☐	☐	_____	☐	☐
HICKEY	☐	☐	_____	☐	☐
McFARLANE	☑	☐	_____	☐	☐
McMANUS	☐	☑	_____	☐	☐

REMARKS:

OPD recommends that two separate signing statements be issued for H.R. 6163 and H.R. 6286

May we have your recommendation re OPD's suggestion. If you agree, please edit the attached statements. (A copy of the Department of Commerce's statement, which was previously staffed to you is attached for your information.)

NOTE: The Bill Report for H.R. 6163 is expected to be circulated later today.

RESPONSE:

Richard G. Darman
Assistant to the President
Ext. 2702

1984 NOV -2 PM 1:36

THE WHITE HOUSE

WASHINGTON

November 1, 1984

MEMORANDUM FOR RICHARD G. DARMAN

FROM: ROGER B. PORTER RBP

SUBJECT: H.R. 6286 - Patent Law Amendments Act of 1984

The Office of Policy Development recommends approval of H.R. 6286, the "Patent Law Amendments Act of 1984."

We recommend that the attached signing statement submitted by the Department of Commerce be revised substantially. Combining a discussion of both H.R. 6286 and H.R. 6163, the "Federal District Court Organization Act of 1984," dilutes the attention that can be given to the semiconductor chip design protection provision in H.R. 6163. Both Commerce and Justice (the lead agencies for these two bills) agree that from both substantive and political perspectives, chip protection is by far the most important provision in either bill.

We recommend that the President issue two separate signing statements for H.R. 6286 and H.R. 6163. We have prepared a draft statement for H.R. 6286, which we reviewed with the Patent and Trademark Office at Commerce. It basically takes the language in the Commerce draft that is relevant to H.R. 6286, but deletes discussion of H.R. 6163.

We have also prepared the attached draft statement for H.R. 6163, which we reviewed with the Patent and Trademark Office. The draft focuses attention on the semiconductor provision that is commensurate with its importance. OMB and the lead agencies are expected to recommend approval of H.R. 6163.

Attachments

SUGGESTED SIGNING STATEMENT

I have this day approved H.R. 6163, the "Federal District Court Organization Act of 1984," and H.R. 6286, the "Patent Law Amendments Act of 1984."

These bills are concerned with promoting America's technological advancement and its ability to compete in a global market. They recognize my Administration's continuing commitment to protecting intellectual property as a means of spurring the creative genius of the American people. The creation of new jobs, new investment opportunities, new products, and indeed of new industries, all depend largely on the extent to which we preserve the right of people who come up with bold new ideas or who are willing to take the risks of commercializing them to reap their just rewards. We must not become a nation that cares more about rewarding those who copy rather than those who create. These bills convince me that we have not.

H.R. 6163 does this in three ways. First, it creates a new form of intellectual property protection for semiconductor chip products. These chips have fueled what has been rightly called the microcomputer revolution. Yet they are easily copied and an investment of millions of dollars to design a new chip can be jeopardized by an outlay of mere thousands to copy it. Second, it reaffirms certain basic principles of trademark law which all American businesses have traditionally relied upon to protect the marks that have enabled them to distinguish their goods and services from those of others. Finally, it extends the principle of contractor ownership of Federally-funded inventions to those made in Government-owned, contractor-operated laboratories. I am firmly committed to this principle for the private sector is far more able than the Federal government to commercialize these inventions.

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I am pleased to approve this legislation.

STATEMENT BY THE PRESIDENT

I am pleased to sign today H.R. 6163, the "Federal District Court Organization Act of 1984." This legislation accomplishes a number of key reforms that significantly improve the environment for technological innovation. By strengthening the rights of people who are willing to risk commercializing new ideas to reap their just rewards, this legislation encourages individuals to create and develop new technologies.

The most important provision in this legislation is the creation of a new form of intellectual property protection for semiconductor chip products. It is easy to copy chip designs. Innovators can invest tens of millions of dollars to create and market these semiconductors, while others can copy these designs at a tiny fraction of the cost. By creating penalties against copying, this legislation significantly enhances the incentives for firms to invest in new designs. Furthermore, the legislation includes a provision encouraging other countries to provide comparable protection for U.S. semiconductors sold abroad.

The stakes in this area are tremendous. Not only does the semiconductor industry annually ship about $14 billion of semiconductors, it also employs about 200,000 people. Perhaps most important, increasingly more powerful and cheaper

semiconductors are at the heart of a wide range of technologies that have increased American productivity, competitiveness, and our standard of living.

The legislation also reaffirms certain basic principles of trademark law upon which all American businesses have traditionally relied to protect the marks enabling them to distinguish their products from those of others. Moreover, it extends the principle of contractor ownership of Federally-funded inventions to those made in government-owned, contractor-operated laboratories, which takes advantage of the private sector's ability to commercialize these inventions more effectively than the government.

The Congress passed this legislation with strong bipartisan support. My Administration strongly supported these provisions that strengthen intellectual property rights. This legislation takes a major step in spurring the creative genius of America's entrepreneurs.

STATEMENT BY THE PRESIDENT

I am pleased to sign today H.R. 6286, the "Patent Law Amendments Act of 1984." The stimulation of American inventive genius requires a patent system which offers our inventors prompt and effective protection for their inventions. Not only should our patent laws reflect changes in the nature of research, for example, the increased role of the employed inventor, the trend toward team research, and the increased Federal funding of basic research, these laws should also provide adequate protection from duplication abroad.

The Patent Law Amendments of 1984 effects a number of improvements in the patent system to achieve these goals. It provides inventors with a new, efficient mechanism to protect their right to use their inventions without the need to expend scarce resources to obtain a patent. This procedure offers great cost savings potential to Federal agencies, which are the single largest filers of U.S. patents. It also closes a loophole in existing law which permitted copiers to export jobs and avoid liability by arranging for final assembly of patented machines to occur off-shore. The bill eliminates unwarranted technicalities in the patent law which threaten the validity of patents for inventions arising from corporate research teams.

Together with other provisions which enable the Patent and Trademark Office to streamline its operations, these provisions make our patent system more responsive to the needs

of our inventors and industry. America must remain at the cutting edge of technology and a strong and effective patent system is fundamental to this goal.