

103^D CONGRESS
2^D SESSION

S. 2272

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 29, 1994

Referred to the Committee on the Judiciary

AN ACT

To amend chapter 28 of title 35, United States Code, to provide a defense to patent infringement based on prior use by certain persons, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Patent Prior User
5 Rights Act of 1994”.

1 **SEC. 2. DEFENSE TO PATENT INFRINGEMENT BASED ON**
2 **PRIOR USE.**

3 (a) IN GENERAL.—Chapter 28 of title 35, United
4 States Code, is amended by adding at the end thereof the
5 following new section:

6 **“§ 273. Rights based on prior use; defense to infringe-**
7 **ment**

8 “(a) DEFINITIONS.—For purposes of this section—

9 “(1) the term ‘commercially used’ means used
10 in the production of commercial products, whether
11 or not the processes, equipment, tooling, or other
12 materials so used are normally accessible, available,
13 or otherwise known to the public;

14 “(2) the term ‘effective and serious preparation’
15 means that a person has—

16 “(A) actually reduced to practice the sub-
17 ject matter for which rights based on prior use
18 are claimed; and

19 “(B) made a substantial portion of the
20 total investment necessary, for the subject mat-
21 ter to be commercially used; and

22 “(3) the ‘effective filing date’ of an application
23 for patent is the earlier of the actual filing date of
24 the application or the filing date of any earlier Unit-
25 ed States, foreign, or international application to

1 which the subject matter at issue is entitled under
2 sections 119, 120, or 365 of this title.

3 “(b) IN GENERAL.—

4 “(1) DEFENSE.—A person shall not be liable as
5 an infringer of a patent under section 271 of this
6 title with respect to any subject matter claimed in
7 the patent that such person had commercially used
8 in the United States, or made effective and serious
9 preparation therefor in the United States, before the
10 effective filing date of the application for the patent.

11 “(2) GOOD FAITH PURCHASERS.—A person who
12 purchases in good faith a product that results di-
13 rectly from a use or preparation therefor described
14 in paragraph (1) shall not be liable as an infringer
15 for continuing the use of the product purchased, or
16 for selling to another person the product purchased.

17 “(c) LIMITATION OF DEFENSE.—Rights based on
18 prior use under this section are not a general license under
19 all claims of the patent, but, subject to subsection (d), ex-
20 tend only to the claimed subject matter that the person
21 asserting the defense based on prior use had commercially
22 used or made effective and serious preparation therefor
23 before the effective filing date of the application for the
24 patent.

1 “(d) CERTAIN VARIATIONS AND IMPROVEMENTS NOT
2 AN INFRINGEMENT.—The rights under this section based
3 on prior use shall include the right to vary quantities or
4 volumes, or to make improvements, that do not infringe
5 claims other than those claims that, but for subsection (b),
6 would have been infringed as of the effective date of the
7 application for patent.

8 “(e) QUALIFICATIONS.—

9 “(1) RIGHTS ARE PERSONAL.—The rights
10 under this section based on prior use are personal
11 and may not be licensed or assigned or transferred
12 to any other person except in connection with the
13 good faith assignment or transfer of the entire busi-
14 ness or enterprise or the entire line of business or
15 enterprise to which the rights relate.

16 “(2) EXCLUSIONS.—(A) A person may not
17 claim rights under this section based on prior use if
18 the activity under which such person claims the
19 rights was based on information obtained or derived
20 from the patentee or those in privity with the pat-
21 entee.

22 “(B) If the activity under which a person
23 claims rights under this section based on prior use
24 is abandoned on or after the effective filing date of
25 the application for the patent, such person may

1 claim such rights only for that period of activity
2 which occurred before abandonment.

3 “(f) BURDEN OF PROOF.—In any action in which a
4 person claims a defense to infringement under this section,
5 the burden of proof for establishing the defense shall be
6 on the person claiming rights based on prior use.”.

7 (b) TECHNICAL AND CONFORMING AMENDMENT.—
8 The table of sections for chapter 28 of title 35, United
9 States Code, is amended by adding at the end thereof the
10 following:

“273. Rights based on prior use; defense to infringement.”.

11 **SEC. 3. EFFECTIVE DATE.**

12 (a) IN GENERAL.—Subject to subsections (b) and (c),
13 this Act and the amendments made by this Act shall take
14 effect on the date of the enactment of this Act.

15 (b) EXISTING PATENT CLAIMS.—This Act and the
16 amendments made by this Act shall apply to any action
17 for infringement that is brought, on or after the date of
18 the enactment of this Act, by a patentee in a case in which
19 the effective filing date (as defined in section 273(a)(2)
20 of title 35, United States Code) of the application for pat-
21 ent is before such date of enactment, only if—

22 (1) no other action for the same act or acts of
23 infringement was brought before such date of enact-
24 ment, and

1 (2) there has been no notice of infringement
2 under section 287 of title 35, United States Code,
3 as of October 1, 1994, with respect to the same act
4 or acts of infringement.

5 (c) EQUITABLE COMPENSATION.—In any action for
6 infringement to which subsection (b) applies and in which
7 the defense of prior user rights under section 273 of title
8 35, United States Code (as added by this Act), is asserted
9 and determined to be valid by the court, the court may
10 grant equitable compensation to the patentee, notwith-
11 standing subsection (b) of such section 273. Such equi-
12 table compensation may be based on all actions of the per-
13 son asserting the defense that were carried out after notice
14 of infringement under section 287 of title 35, United
15 States Code, which would constitute infringement of the
16 patent but for section 273 of such title (as added by this
17 Act).

 Passed the Senate October 8 (legislative day, Sep-
 tember 12), 1994.

Attest:

MARTHA S. POPE,

Secretary.