

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 2235

To amend title 35, United States Code, to afford a personal defense to infringement based on the commercialization of an invention in the United States prior to the filing date of a patent claiming the same invention.

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## IN THE HOUSE OF REPRESENTATIVES

AUGUST 4, 1995

Mr. MOORHEAD (for himself and Mrs. SCHROEDER) introduced the following bill; which was referred to the Committee on the Judiciary

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## A BILL

To amend title 35, United States Code, to afford a personal defense to infringement based on the commercialization of an invention in the United States prior to the filing date of a patent claiming the same invention.

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 “Prior Domestic Com-  
5        mercial Use Act of 1995”.

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

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

6 **“§ 273. Prior domestic commercial use; defense to in-**  
7 **fringement**

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

9 “(1) the terms ‘commercially used’, ‘commer-  
10 cially use’, and ‘commercial use’ mean the use in the  
11 United States in commerce or the use in the design,  
12 testing, or production in the United States of a  
13 product or service which is used in commerce,  
14 whether or not the subject matter at issue is acces-  
15 sible to or otherwise known to the public;

16 “(2) the terms ‘used in commerce’, and ‘use in  
17 commerce’ mean that there has been an actual sale  
18 or other commercial transfer of the subject matter  
19 at issue or that there has been an actual sale or  
20 other commercial transfer of a product or service re-  
21 sulting from the use of the subject matter at issue;  
22 and

23 “(3) the ‘effective filing date’ of a patent is the  
24 earlier of the actual filing date of the application for  
25 the patent or the filing date of any earlier United  
26 States, foreign, or international application to which

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

3 “(b) DEFENSE TO INFRINGEMENT.—(1) A person  
4 shall not be liable as an infringer under section 271 of  
5 this title with respect to any subject matter the manufac-  
6 ture, use, sale, or offer for sale of which in the United  
7 States or the importation of which into the United States  
8 would otherwise infringe one or more claims in the patent  
9 being asserted against such person, if such person had,  
10 acting in good faith, commercially used the subject matter  
11 before the effective filing date of such patent.

12 “(2) The sale or other disposition of the subject mat-  
13 ter of a patent by a person entitled to assert a defense  
14 under this section with respect to that subject matter shall  
15 exhaust the patent owner’s rights under the patent to the  
16 extent such rights would have been exhausted had such  
17 sale or other disposition been made by the patent owner.

18 “(c) LIMITATIONS AND QUALIFICATIONS OF DE-  
19 FENSE.—The defense to infringement under this section  
20 is subject to the following:

21 “(1) NOT A GENERAL LICENSE.—The defense  
22 under this section is not a general license under all  
23 claims of the patent at issue, but extends only to the  
24 subject matter claimed in the patent that the person  
25 asserting the defense had commercially used before

1 the effective filing date of the patent, except that the  
2 defense shall also extend to variations in the quan-  
3 tity or volume of use of the claimed subject matter,  
4 and to improvements in the claimed subject matter  
5 that do not infringe additional specifically claimed  
6 subject matter of the patent.

7 “(2) EFFECTIVE AND SERIOUS PREPARA-  
8 TION.—With respect to subject matter that cannot  
9 be commercialized without a significant investment  
10 of time, money, and effort, a person shall be deemed  
11 to have commercially used the subject matter if—

12 “(A) before the effective filing date of the  
13 patent, the person reduced the subject matter  
14 to practice in the United States, completed a  
15 significant portion of the total investment nec-  
16 essary to commercially use the subject matter,  
17 and made a commercial transaction in the  
18 United States in connection with the prepara-  
19 tion to use the subject matter, and

20 “(B) after the effective filing date of the  
21 patent, diligently completed the remainder of  
22 the activities and investments necessary to com-  
23 mercially use the subject matter, and promptly  
24 began commercial use of the subject matter.

1           “(3) BURDEN OF PROOF.—A person asserting  
2 the defense under this section shall have the burden  
3 of establishing the defense.

4           “(4) ABANDONMENT OF USE.—A person who  
5 has abandoned commercial use of subject matter  
6 may not rely on activities performed before the date  
7 of such abandonment in establishing a defense under  
8 subsection (b) with respect to actions taken after the  
9 date of such abandonment.

10           “(5) PERSONAL DEFENSE.—The defense under  
11 this section may only be asserted by the person who  
12 performed the acts necessary to establish the defense  
13 and, except for any transfer to the patent owner, the  
14 right to assert the defense shall not be licensed or  
15 assigned or transferred to another person except in  
16 connection with the good faith assignment or trans-  
17 fer of the entire enterprise or line of business to  
18 which the defense relates.

19           “(6) ONE YEAR LIMITATION.—A person may  
20 not assert a defense under this section unless the  
21 subject matter on which the defense is based had  
22 been commercially used or reduced to practice more  
23 than one year prior to the effective filing date of the  
24 patent by the person asserting the defense or some-  
25 one in privity with that person.

1           “(7) DERIVATION.—A person may not assert  
2           the defense under this section if the subject matter  
3           on which the defense is based was derived from the  
4           patentee or persons in privity with the patentee.

5           “(d) UNSUCCESSFUL ASSERTION OF DEFENSE.—If  
6           the defense under this section is pleaded by a person who  
7           is found to infringe the patent and who subsequently fails  
8           to demonstrate a reasonable basis for asserting the de-  
9           fense, the court shall find the case exceptional for the pur-  
10          pose of awarding attorney’s fees under section 285 of this  
11          title.

12          “(e) INVALIDITY.—A patent shall not be deemed to  
13          be invalid under section 102 or 103 of this title solely be-  
14          cause a defense is raised or established under this sec-  
15          tion.”.

16          (b) CONFORMING AMENDMENT.—The table of sec-  
17          tions at the beginning of chapter 28 of title 35, United  
18          States Code, is amended by adding at the end the follow-  
19          ing new item:

          “Sec. 273. Prior domestic commercial use; defense to infringement.”.

20       **SEC. 3. EFFECTIVE DATE AND APPLICABILITY.**

21           This Act and the amendments made by this Act shall  
22           take effect on the date of the enactment of this Act, but  
23           shall not apply to any action for infringement that is pend-  
24           ing on such date of enactment or with respect to any sub-  
25           ject matter for which an adjudication of infringement, in-

- 1 cluding a consent judgment, has been made before such
- 2 date of enactment.

