

21ST CENTURY PATENT SYSTEM IMPROVEMENT ACT

MARCH 20, 1997.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. COBLE, from the Committee on the Judiciary,
submitted the following

R E P O R T

[To accompany H.R. 400]

[Including cost estimate of the Congressional Budget Office]

The Committee on the Judiciary, to whom was referred the bill (H.R. 400) to amend title 35, United States Code, with respect to patents, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “21st Century Patent System Improvement Act”.

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TITLE I—PATENT AND TRADEMARK OFFICE MODERNIZATION

SEC. 101. SHORT TITLE.

This title may be cited as the “Patent and Trademark Office Modernization Act”.

Subtitle A—United States Patent and Trademark Office

SEC. 111. ESTABLISHMENT OF PATENT AND TRADEMARK OFFICE AS A GOVERNMENT CORPORATION.

Section 1 of title 35, United States Code, is amended to read as follows:

“§ 1. Establishment

“(a) ESTABLISHMENT.—The United States Patent and Trademark Office is established as a wholly owned Government corporation subject to chapter 91 of title 31, separate from any department of the United States, and shall be an agency of the United States under the policy direction of the Secretary of Commerce. For purposes of internal management, the United States Patent and Trademark Office shall be

a corporate body not subject to direction or supervision by any department of the United States, except as otherwise provided in this title.

“(b) OFFICES.—The United States Patent and Trademark Office shall maintain its principal office in the metropolitan Washington, D.C. area, for the service of process and papers and for the purpose of carrying out its functions. The United States Patent and Trademark Office shall be deemed, for purposes of venue in civil actions, to be a resident of the district in which its principal office is located, except where jurisdiction is otherwise provided by law. The United States Patent and Trademark Office may establish satellite offices in such other places as it considers necessary and appropriate in the conduct of its business.

“(c) REFERENCE.—For purposes of this title, the United States Patent and Trademark Office shall also be referred to as the ‘Office’ and the ‘Patent and Trademark Office’.”.

SEC. 112. POWERS AND DUTIES.

Section 2 of title 35, United States Code, is amended to read as follows:

“§ 2. Powers and duties

“(a) IN GENERAL.—The United States Patent and Trademark Office, under the policy direction of the Secretary of Commerce—

“(1) shall be responsible for the granting and issuing of patents and the registration of trademarks;

“(2) may conduct studies, programs, or exchanges of items or services regarding domestic and international law of patents, trademarks, and other matters, the administration of the Office, or any function vested in the Office by law, including programs to recognize, identify, assess, and forecast the technology of patented inventions and their utility to industry;

“(3)(A) may authorize or conduct studies and programs cooperatively with foreign patent and trademark offices and international organizations, in connection with patents, trademarks, and other matters; and

“(B) with the concurrence of the Secretary of State, may authorize the transfer of not to exceed \$100,000 in any year to the Department of State for the purpose of making special payments to international intergovernmental organizations for studies and programs for advancing international cooperation concerning patents, trademarks, and other matters; and

“(4) shall be responsible for disseminating to the public information with respect to patents and trademarks.

The special payments under paragraph (3)(B) shall be in addition to any other payments or contributions to international organizations described in paragraph (3)(B) and shall not be subject to any limitations imposed by law on the amounts of such other payments or contributions by the United States Government.

“(b) SPECIFIC POWERS.—The Office—

“(1) shall have perpetual succession;

“(2) shall adopt and use a corporate seal, which shall be judicially noticed and with which letters patent, certificates of trademark registrations, and papers issued by the Office shall be authenticated;

“(3) may sue and be sued in its corporate name and be represented by its own attorneys in all judicial and administrative proceedings, subject to the provisions of section 7;

“(4) may indemnify the Director, and other officers, attorneys, agents, and employees (including members of the Management Advisory Board established in section 5) of the Office for liabilities and expenses incurred within the scope of their employment;

“(5) may adopt, amend, and repeal bylaws, rules, regulations, and determinations, which—

“(A) shall govern the manner in which its business will be conducted and the powers granted to it by law will be exercised;

“(B) shall be made after notice and opportunity for full participation by interested public and private parties;

“(C) shall facilitate and expedite the processing of patent applications, particularly those which can be filed, stored, processed, searched, and retrieved electronically, subject to the provisions of section 122 relating to the confidential status of applications;

“(D) may govern the recognition and conduct of agents, attorneys, or other persons representing applicants or other parties before the Office, and may require them, before being recognized as representatives of applicants or other persons, to show that they are of good moral character and reputation and are possessed of the necessary qualifications to render to appli-

cants or other persons valuable service, advice, and assistance in the presentation or prosecution of their applications or other business before the Office; and

“(E) recognize the public interest in continuing to safeguard broad access to the United States patent system through the reduced fee structure for small entities under section 41(h)(1) of this title;

“(6) may acquire, construct, purchase, lease, hold, manage, operate, improve, alter, and renovate any real, personal, or mixed property, or any interest therein, as it considers necessary to carry out its functions;

“(7)(A) may make such purchases, contracts for the construction, maintenance, or management and operation of facilities, and contracts for supplies or services, without regard to the provisions of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 and following), the Public Buildings Act (40 U.S.C. 601 and following), and the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 and following); and

“(B) may enter into and perform such purchases and contracts for printing services, including the process of composition, platemaking, presswork, silk screen processes, binding, microform, and the products of such processes, as it considers necessary to carry out the functions of the Office, without regard to sections 501 through 517 and 1101 through 1123 of title 44;

“(8) may use, with their consent, services, equipment, personnel, and facilities of other departments, agencies, and instrumentalities of the Federal Government, on a reimbursable basis, and cooperate with such other departments, agencies, and instrumentalities in the establishment and use of services, equipment, and facilities of the Office;

“(9) may obtain from the Administrator of General Services such services as the Administrator is authorized to provide to other agencies of the United States, on the same basis as those services are provided to other agencies of the United States;

“(10) may, when the Director determines that it is practicable, efficient, and cost-effective to do so, use, with the consent of the United States and the agency, government, or international organization concerned, the services, records, facilities, or personnel of any State or local government agency or instrumentality or foreign government or international organization to perform functions on its behalf;

“(11) may determine the character of and the necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed, and paid, subject to the provisions of this title and the Act of July 5, 1946 (commonly referred to as the ‘Trademark Act of 1946’);

“(12) may retain and use all of its revenues and receipts, including revenues from the sale, lease, or disposal of any real, personal, or mixed property, or any interest therein, of the Office, including for research and development and capital investment, subject to the provisions of section 10101 of the Omnibus Budget Reconciliation Act of 1990 (35 U.S.C. 41 note);

“(13) shall have the priority of the United States with respect to the payment of debts from bankrupt, insolvent, and decedents’ estates;

“(14) may accept monetary gifts or donations of services, or of real, personal, or mixed property, in order to carry out the functions of the Office;

“(15) may execute, in accordance with its bylaws, rules, and regulations, all instruments necessary and appropriate in the exercise of any of its powers; and

“(16) may provide for liability insurance and insurance against any loss in connection with its property, other assets, or operations either by contract or by self-insurance.

“(c) CONSTRUCTION.—Nothing in this section shall be construed to nullify, void, cancel, or interrupt any pending request-for-proposal let or contract issued by the General Services Administration for the specific purpose of relocating or leasing space to the United States Patent and Trademark Office.”.

SEC. 113. ORGANIZATION AND MANAGEMENT.

Section 3 of title 35, United States Code, is amended to read as follows:

“§ 3. Officers and employees

“(a) DIRECTOR.—

“(1) IN GENERAL.—The management of the United States Patent and Trademark Office shall be vested in a Director of the United States Patent and Trademark Office (in this title referred to as the ‘Director’), who shall be a citizen of the United States and who shall be appointed by the President, by and with the advice and consent of the Senate. The Director shall be a person who,

by reason of professional background and experience in patent or trademark law, is especially qualified to manage the Office.

“(2) DUTIES.—

“(A) IN GENERAL.—The Director shall be responsible for the management and direction of the Office, including the issuance of patents and the registration of trademarks, and shall perform these duties in a fair, impartial, and equitable manner.

“(B) ADVISING THE PRESIDENT.—The Director shall advise the President, through the Secretary of Commerce, of all activities of the Office undertaken in response to obligations of the United States under treaties and executive agreements, or which relate to cooperative programs with those authorities of foreign governments that are responsible for granting patents or registering trademarks. The Director shall also recommend to the President, through the Secretary of Commerce, changes in law or policy which may improve the ability of United States citizens to secure and enforce patent rights or trademark rights in the United States or in foreign countries.

“(C) CONSULTING WITH THE MANAGEMENT ADVISORY BOARD.—The Director shall consult with the Management Advisory Board established in section 5 on a regular basis on matters relating to the operation of the Office, and shall consult with the Advisory Board before submitting budgetary proposals to the Office of Management and Budget or changing or proposing to change patent or trademark user fees or patent or trademark regulations.

“(D) SECURITY CLEARANCES.—The Director, in consultation with the Director of the Office of Personnel Management, shall maintain a program for identifying national security positions and providing for appropriate security clearances.

“(3) TERM.—The Director shall serve a term of 5 years, and may continue to serve after the expiration of the Director’s term until a successor is appointed and assumes office. The Director may be reappointed to subsequent terms.

“(4) OATH.—The Director shall, before taking office, take an oath to discharge faithfully the duties of the Office.

“(5) COMPENSATION.—The Director shall receive compensation at the rate of pay in effect for level III of the Executive Schedule under section 5314 of title 5 and, in addition, may receive as a bonus, an amount which would raise the Director’s total compensation to not more than the equivalent of the level of the rate of pay in effect for level I of the Executive Schedule under section 5312 of title 5, based upon an evaluation by the Secretary of Commerce of the Director’s performance as defined in an annual performance agreement between the Director and the Secretary. The annual performance agreement shall incorporate measurable goals as delineated in an annual performance plan agreed to by the Director and the Secretary.

“(6) REMOVAL.—The Director may be removed from office by the President. The President shall provide notification of any such removal to both Houses of Congress.

“(7) DESIGNEE OF DIRECTOR.—The Director shall designate an officer of the Office who shall be vested with the authority to act in the capacity of the Director in the event of the absence or incapacity of the Director.

“(b) OFFICERS AND EMPLOYEES OF THE OFFICE.—

“(1) COMMISSIONERS.—The Director shall appoint a Commissioner for Patents and a Commissioner for Trademarks for terms that shall expire on the date on which the Director’s term expires. The Commissioner for Patents shall be a person with demonstrated experience in patent law and the Commissioner for Trademarks shall be a person with demonstrated experience in trademark law. The Commissioner for Patents and the Commissioner for Trademarks shall be the principal policy and management advisers to the Director on all aspects of the activities of the Office that affect the administration of patent and trademark operations, respectively.

“(2) OTHER OFFICERS AND EMPLOYEES.—The Director shall—

“(A) appoint such officers, employees (including attorneys), and agents of the Office as the Director considers necessary to carry out the functions of the Office; and

“(B) define the authority and duties of such officers and employees and delegate to them such of the powers vested in the Office as the Director may determine.

The Office shall not be subject to any administratively or statutorily imposed limitation on positions or personnel, and no positions or personnel of the Office shall be taken into account for purposes of applying any such limitation.

“(c) CONTINUED APPLICABILITY OF TITLE 5.—Officers and employees of the Office shall be subject to the provisions of title 5 relating to Federal employees. Section 2302 of title 5 applies to the Office, notwithstanding subsection (a)(2)(B)(i) of such section.

“(d) ADOPTION OF EXISTING LABOR AGREEMENTS.—The Office shall adopt all labor agreements which are in effect, as of the day before the effective date of the Patent and Trademark Office Modernization Act, with respect to such Office (as then in effect).

“(e) CARRYOVER OF PERSONNEL.—

“(1) FROM PTO.—Effective as of the effective date of the Patent and Trademark Office Modernization Act, all officers and employees of the Patent and Trademark Office on the day before such effective date shall become officers and employees of the Office, without a break in service.

“(2) OTHER PERSONNEL.—Any individual who, on the day before the effective date of the Patent and Trademark Office Modernization Act, is an officer or employee of the Department of Commerce (other than an officer or employee under paragraph (1)) shall be transferred to the Office if—

“(A) such individual serves in a position for which a major function is the performance of work reimbursed by the Patent and Trademark Office, as determined by the Secretary of Commerce;

“(B) such individual serves in a position that performed work in support of the Patent and Trademark Office during at least half of the incumbent’s work time, as determined by the Secretary of Commerce; or

“(C) such transfer would be in the interest of the Office, as determined by the Secretary of Commerce in consultation with the Director.

Any transfer under this paragraph shall be effective as of the same effective date as referred to in paragraph (1), and shall be made without a break in service.

“(3) ACCUMULATED LEAVE.—The amount of sick and annual leave and compensatory time accumulated under title 5 before the effective date described in paragraph (1), by those becoming officers or employees of the Office pursuant to this subsection, are obligations of the Office.

“(f) TRANSITION PROVISIONS.—

“(1) INTERIM APPOINTMENT OF DIRECTOR.—On or after the effective date of the Patent and Trademark Office Modernization Act, the President shall appoint an individual to serve as the Director until the date on which a Director qualifies under subsection (a). The President shall not make more than one such appointment under this subsection.

“(2) CONTINUATION IN OFFICE OF CERTAIN OFFICERS.—(A) The individual serving as the Assistant Commissioner for Patents on the day before the effective date of the Patent and Trademark Office Modernization Act may serve as the Commissioner for Patents until the date on which a Commissioner for Patents is appointed under subsection (b).

“(B) The individual serving as the Assistant Commissioner for Trademarks on the day before the effective date of the Patent and Trademark Office Modernization Act may serve as the Commissioner for Trademarks until the date on which a Commissioner for Trademarks is appointed under subsection (b).”.

SEC. 114. MANAGEMENT ADVISORY BOARD.

Chapter 1 of part I of title 35, United States Code, is amended by inserting after section 4 the following:

“§ 5. Patent and Trademark Office Management Advisory Board

“(a) ESTABLISHMENT OF MANAGEMENT ADVISORY BOARD.—

“(1) APPOINTMENT.—The United States Patent and Trademark Office shall have a Management Advisory Board (hereafter in this title referred to as the ‘Advisory Board’) of 12 members, 4 of whom shall be appointed by the President, 4 of whom shall be appointed by the Speaker of the House of Representatives, and 4 of whom shall be appointed by the majority leader of the Senate. Not more than 3 of the 4 members appointed by each appointing authority shall be members of the same political party.

“(2) TERMS.—Members of the Advisory Board shall be appointed for a term of 4 years each, except that of the members first appointed by each appointing authority, 1 shall be for a term of 1 year, 1 shall be for a term of 2 years, and 1 shall be for a term of 3 years. No member may serve more than 1 term.

“(3) CHAIR.—The President shall designate the chair of the Advisory Board, whose term as chair shall be for 3 years.

“(4) **TIMING OF APPOINTMENTS.**—Initial appointments to the Advisory Board shall be made within 3 months after the effective date of the Patent and Trademark Office Modernization Act, and vacancies shall be filled within 3 months after they occur.

“(5) **VACANCIES.**—Vacancies shall be filled in the manner in which the original appointment was made under this subsection. Members appointed to fill a vacancy occurring before the expiration of the term for which the member’s predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member’s term until a successor is appointed.

“(6) **COMMITTEES.**—The Chair shall designate members of the Advisory Board to serve on a committee on patent operations and on a committee on trademark operations to perform the duties set forth in subsection (e) as they relate specifically to the Office’s patent operations, and the Office’s trademark operations, respectively.

“(b) **BASIS FOR APPOINTMENTS.**—Members of the Advisory Board shall be citizens of the United States who shall be chosen so as to represent the interests of diverse users of the United States Patent and Trademark Office, and shall include individuals with substantial background and achievement in corporate finance and management.

“(c) **APPLICABILITY OF CERTAIN ETHICS LAWS.**—Members of the Advisory Board shall be special Government employees within the meaning of section 202 of title 18.

“(d) **MEETINGS.**—The Advisory Board shall meet at the call of the chair to consider an agenda set by the chair.

“(e) **DUTIES.**—The Advisory Board shall—

“(1) review the policies, goals, performance, budget, and user fees of the United States Patent and Trademark Office, and advise the Director on these matters; and

“(2) within 60 days after the end of each fiscal year, prepare an annual report on the matters referred to in paragraph (1), transmit the report to the President and the Committees on the Judiciary of the Senate and the House of Representatives, and publish the report in the Patent and Trademark Office Official Gazette.

“(f) **COMPENSATION.**—Members of the Advisory Board shall be compensated for each day (including travel time) during which they are attending meetings or conferences of the Advisory Board or otherwise engaged in the business of the Advisory Board, at the rate which is the daily equivalent of the annual rate of basic pay in effect for level III of the Executive Schedule under section 5314 of title 5, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5.

“(g) **ACCESS TO INFORMATION.**—Members of the Advisory Board shall be provided access to records and information in the United States Patent and Trademark Office, except for personnel or other privileged information and information concerning patent applications required to be kept in confidence by section 122.”.

SEC. 115. CONFORMING AMENDMENTS.

(a) **DUTIES.**—Chapter 1 of title 35, United States Code, is amended by striking section 6.

(b) **REGULATIONS FOR AGENTS AND ATTORNEYS.**—Section 31 of title 35, United States Code, and the item relating to such section in the table of sections for chapter 3 of title 35, United States Code, are repealed.

SEC. 116. TRADEMARK TRIAL AND APPEAL BOARD.

Section 17 of the Act of July 5, 1946 (commonly referred to as the “Trademark Act of 1946”) (15 U.S.C. 1067) is amended to read as follows:

“SEC. 17. (a) In every case of interference, opposition to registration, application to register as a lawful concurrent user, or application to cancel the registration of a mark, the Director shall give notice to all parties and shall direct a Trademark Trial and Appeal Board to determine and decide the respective rights of registration.

“(b) The Trademark Trial and Appeal Board shall include the Director, the Commissioner for Patents, the Commissioner for Trademarks, and administrative trademark judges who are appointed by the Director.”.

SEC. 117. BOARD OF PATENT APPEALS AND INTERFERENCES.

Chapter 1 of title 35, United States Code, is amended by striking section 7 and inserting after section 5 the following:

“§ 6. Board of Patent Appeals and Interferences

“(a) ESTABLISHMENT AND COMPOSITION.—There shall be in the United States Patent and Trademark Office a Board of Patent Appeals and Interferences. The Director, the Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges shall constitute the Board. The administrative patent judges shall be persons of competent legal knowledge and scientific ability who are appointed by the Director.

“(b) DUTIES.—The Board of Patent Appeals and Interferences shall, on written appeal of an applicant, review adverse decisions of examiners upon applications for patents and shall determine priority and patentability of invention in interferences declared under section 135(a). Each appeal and interference shall be heard by at least 3 members of the Board, who shall be designated by the Director. Only the Board of Patent Appeals and Interferences may grant rehearings.”.

SEC. 118. SUITS BY AND AGAINST THE OFFICE.

Chapter 1 of part I of title 35, United States Code, is amended by inserting after section 6 the following new section:

“§ 7. Suits by and against the Office

“(a) ACTIONS UNDER UNITED STATES LAW.—Any civil action or proceeding to which the United States Patent and Trademark Office is a party is deemed to arise under the laws of the United States. The Federal courts shall have exclusive jurisdiction over all civil actions by or against the Office.

“(b) REPRESENTATION BY THE DEPARTMENT OF JUSTICE.—The United States Patent and Trademark Office shall be deemed an agency of the United States for purposes of section 516 of title 28.

“(c) PROHIBITION ON ATTACHMENT, LIENS, ETC.—No attachment, garnishment, lien, or similar process, intermediate or final, in law or equity, may be issued against property of the Office.”.

SEC. 119. ANNUAL REPORT OF DIRECTOR.

Section 14 of title 35, United States Code, is amended to read as follows:

“§ 14. Annual report to Congress

“The Director shall report to the Congress, not later than 180 days after the end of each fiscal year, the moneys received and expended by the Office, the purposes for which the moneys were spent, the quality and quantity of the work of the Office, and other information relating to the Office. The report under this section shall also meet the requirements of section 9106 of title 31, to the extent that such requirements are not inconsistent with the preceding sentence. The report required under this section shall not be deemed to be the report of the United States Patent and Trademark Office under section 9106 of title 31, and the Director shall file a separate report under such section.”.

SEC. 120. SUSPENSION OR EXCLUSION FROM PRACTICE.

Section 32 of title 35, United States Code, is amended by inserting before the last sentence the following: “The Director shall have the discretion to designate any attorney who is an officer or employee of the United States Patent and Trademark Office to conduct the hearing required by this section.”.

SEC. 121. FUNDING.

Section 42 of title 35, United States Code, is amended to read as follows:

“§ 42. Patent and Trademark Office funding

“(a) FEES PAYABLE TO THE OFFICE.—All fees for services performed by or materials furnished by the United States Patent and Trademark Office shall be payable to the Office.

“(b) USE OF MONEYS.—Moneys from fees shall be available to the United States Patent and Trademark Office to carry out, to the extent provided in appropriations Acts, the functions of the Office. Moneys of the Office not otherwise used to carry out the functions of the Office shall be kept in cash on hand or on deposit, or invested in obligations of the United States or guaranteed by the United States, or in obligations or other instruments which are lawful investments for fiduciary, trust, or public funds. Fees available to the Office under this title shall be used for the processing of patent applications and for other services and materials relating to patents. Fees available to the Office under section 31 of the Act of July 5, 1946 (commonly referred to as the ‘Trademark Act of 1946’; 15 U.S.C. 1113), shall be used only for the processing of trademark registrations and for other services and materials relating to trademarks.

“(c) BORROWING AUTHORITY.—The United States Patent and Trademark Office is authorized to issue from time to time for purchase by the Secretary of the Treasury its debentures, bonds, notes, and other evidences of indebtedness (hereafter in this subsection referred to as ‘obligations’) to assist in financing its activities. Borrowing under this subsection shall be subject to prior approval in appropriations Acts. Such borrowing shall not exceed amounts approved in appropriations Acts. Any borrowing under this subsection shall be repaid only from fees paid to the Office and surcharges appropriated by the Congress. Such obligations shall be redeemable at the option of the Office before maturity in the manner stipulated in such obligations and shall have such maturity as is determined by the Office with the approval of the Secretary of the Treasury. Each such obligation issued to the Treasury shall bear interest at a rate not less than the current yield on outstanding marketable obligations of the United States of comparable maturity during the month preceding the issuance of the obligation as determined by the Secretary of the Treasury. The Secretary of the Treasury shall purchase any obligations of the Office issued under this subsection and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities issued under chapter 31 of title 31, and the purposes for which securities may be issued under that chapter are extended to include such purpose. Payment under this subsection of the purchase price of such obligations of the United States Patent and Trademark Office shall be treated as public debt transactions of the United States.”.

SEC. 122. EXTENSION OF SURCHARGES ON PATENT FEES.

(a) IN GENERAL.—Section 10101 of the Omnibus Budget Reconciliation Act of 1990 (35 U.S.C. 41 note) is amended to read as follows:

“SEC. 10101. PATENT AND TRADEMARK OFFICE USER FEES.

“(a) SURCHARGES.—There shall be a surcharge on all fees authorized by subsections (a) and (b) of section 41 of title 35, United States Code, in order to ensure that the amounts specified in subsection (c) are collected.

“(b) USE OF SURCHARGES.—Notwithstanding section 3302 of title 31, United States Code, all surcharges collected by the Patent and Trademark Office—

“(1) shall be credited to a separate account established in the Treasury and ascribed to the activities of the United States Patent and Trademark Office as offsetting collections,

“(2) shall be collected by and available to the United States Patent and Trademark Office for all authorized activities and operations of the Office, including all direct and indirect costs of services provided by the office, and

“(3) shall remain available until expended.

“(c) ESTABLISHMENT OF SURCHARGES.—The Director of the United States Patent and Trademark Office shall establish surcharges under subsection (a), subject to the provisions of section 553 of title 5, United States Code, in order to ensure that \$119,000,000, but not more than \$119,000,000, are collected in fiscal year 1999 and each fiscal year thereafter.

“(d) APPROPRIATIONS ACT REQUIRED.—Notwithstanding subsections (a) through (c), no fee established by subsection (a) shall be collected nor shall be available for spending without prior authorization in appropriations Acts.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 1998.

SEC. 123. TRANSFERS.

(a) TRANSFER OF FUNCTIONS.—Except to the extent that such functions, powers, and duties relate to the direction of patent or trademark policy, there are transferred to, and vested in, the United States Patent and Trademark Office all functions, powers, and duties vested by law in the Secretary of Commerce or the Department of Commerce or in the officers or components in the Department of Commerce with respect to the authority to grant patents and register trademarks, and in the Patent and Trademark Office, as in effect on the day before the effective date of this title, and in the officers and components of such Office.

(b) TRANSFER OF FUNDS AND PROPERTY.—The Secretary of Commerce shall transfer to the United States Patent and Trademark Office, on the effective date of this title, so much of the assets, liabilities, contracts, property, records, and unexpended and unobligated balances of appropriations, authorizations, allocations, and other funds employed, held, used, arising from, available to, or to be made available to the Department of Commerce, including funds set aside for accounts receivable, which are related to functions, powers, and duties which are vested in the Patent and Trademark Office by this title.

SEC. 124. GAO STUDY AND REPORT.

The Comptroller General shall conduct a study of and, not later than the date that is 2 years after the effective date of this title, submit to the Committee on the Judiciary of the House of Representatives and the Committee on the Judiciary of the Senate a report on—

- (1) the operations of the Patent and Trademark Office as a Government corporation; and
- (2) the feasibility and desirability of making the trademark operations of the Patent and Trademark Office a separate Government corporation or agency.

Subtitle B—Effective Date; Technical Amendments

SEC. 131. EFFECTIVE DATE.

This title and the amendments made by this title shall take effect 4 months after the date of the enactment of this Act.

SEC. 132. TECHNICAL AND CONFORMING AMENDMENTS.**(a) AMENDMENTS TO TITLE 35.—**

- (1) The item relating to part I in the table of parts for chapter 35, United States Code, is amended to read as follows:

“I. United States Patent and Trademark Office 1”.

- (2) The heading for part I of title 35, United States Code, is amended to read as follows:

“PART I—UNITED STATES PATENT AND TRADEMARK OFFICE”.

- (3) The table of chapters for part I of title 35, United States Code, is amended by amending the item relating to chapter 1 to read as follows:

“1. Establishment, Officers and Employees, Functions 1”.

- (4) The table of sections for chapter 1 of title 35, United States Code, is amended to read as follows:

“CHAPTER 1—ESTABLISHMENT, OFFICERS AND EMPLOYEES, FUNCTIONS

“Sec.

- “1. Establishment.
- “2. Powers and duties.
- “3. Officers and employees.
- “4. Restrictions on officers and employees as to interest in patents.
- “5. Patent and Trademark Office Management Advisory Board.
- “6. Board of Patent Appeals and Interferences.
- “7. Suits by and against the Office.
- “8. Library.
- “9. Classification of patents.
- “10. Certified copies of records.
- “11. Publications.
- “12. Exchange of copies of patents with foreign countries.
- “13. Copies of patents for public libraries.
- “14. Annual report to Congress.”.

- (5) Section 155 of title 35, United States Code, is amended by striking “Commissioner of Patents and Trademarks” and inserting “Director”.

- (6) Section 155A(c) of title 35, United States Code, is amended by striking “Commissioner of Patents and Trademarks” and inserting “Director”.

- (7) Section 302 of title 35, United States Code, is amended by striking “Commissioner of Patents” and inserting “Director”.

- (8) Section 303(b) of title 35, United States Code, is amended by striking “Commissioner’s” and inserting “Director’s”.

- (9) Title 35, United States Code, is amended by striking “Commissioner” each place it appears and inserting “Director”.

- (10) Section 41(a)(8)(A) of title 35, United States Code, is amended by striking “On” and inserting “on”.

(b) OTHER PROVISIONS OF LAW.—

- (1)(A) Section 45 of the Act of July 5, 1946 (commonly referred to as the “Trademark Act of 1946”; 15 U.S.C. 1127), is amended by striking “The term ‘Commissioner’ means the Commissioner of Patents and Trademarks.” and in-

serting “The term ‘Director’ means the Director of the United States Patent and Trademark Office.”.

(B) The Act of July 5, 1946 (commonly referred to as the “Trademark Act of 1946”; 15 U.S.C. 1051 and following), except for section 17, as amended by section 116 of this Act, is amended by striking “Commissioner” each place it appears and inserting “Director”.

(2) Section 9101(3) of title 31, United States Code, is amended by adding at the end the following:

“(R) the United States Patent and Trademark Office.”.

(3) Section 500(e) of title 5, United States Code, is amended by striking “Patent Office” and inserting “United States Patent and Trademark Office”.

(4) Section 5102(c)(23) of title 5, United States Code, is amended to read as follows:

“(23) administrative patent judges and designated administrative patent judges in the United States Patent and Trademark Office;”.

(5) Section 5316 of title 5, United States Code (5 U.S.C. 5316) is amended by striking “Commissioner of Patents, Department of Commerce,” “Deputy Commissioner of Patents and Trademarks,” “Assistant Commissioner for Patents,” and “Assistant Commissioner for Trademarks.”.

(6) Section 9(p)(1)(B) of the Small Business Act (15 U.S.C. 638(p)(1)(B)) is amended to read as follows:

“(B) the Director of the United States Patent and Trademark Office; and”.

(7) Section 12 of the Act of February 14, 1903 (15 U.S.C. 1511) is amended by striking “(d) Patent and Trademark Office;” and redesignating subsections (a) through (g) as paragraphs (1) through (6), respectively.

(8) Section 19 of the Tennessee Valley Authority Act of 1933 (16 U.S.C. 831r) is amended—

(A) by striking “Patent Office of the United States” and inserting “United States Patent and Trademark Office”; and

(B) by striking “Commissioner of Patents” and inserting “Director of the United States Patent and Trademark Office”.

(9) Section 182(b)(2)(A) of the Trade Act of 1974 (19 U.S.C. 2242(b)(2)(A)) is amended by striking “Commissioner of Patents and Trademarks” and inserting “Director of the United States Patent and Trademark Office”.

(10) Section 302(b)(2)(D) of the Trade Act of 1974 (19 U.S.C. 2412(b)(2)(D)) is amended by striking “Commissioner of Patents and Trademarks” and inserting “Director of the United States Patent and Trademark Office”.

(11) The Act of April 12, 1892 (27 Stat. 395; 20 U.S.C. 91) is amended by striking “Patent Office” and inserting “United States Patent and Trademark Office”.

(12) Sections 505(m) and 512(o) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355(m) and 360b(o)) are each amended by striking “Patent and Trademark Office of the Department of Commerce” and inserting “United States Patent and Trademark Office”.

(13) Section 702(d) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 372(d)) is amended by striking “Commissioner of Patents” and inserting “Director of the United States Patent and Trademark Office”.

(14) Section 105(e) of the Federal Alcohol Administration Act (27 U.S.C. 205(e)) is amended by striking “United States Patent Office” and inserting “United States Patent and Trademark Office”.

(15) Section 1295(a)(4) of title 28, United States Code, is amended—

(A) in subparagraph (A) by inserting “United States” before “Patent and Trademark”; and

(B) in subparagraph (B) by striking “Commissioner of Patents and Trademarks” and inserting “Director of the United States Patent and Trademark Office”.

(16) Section 1744 of title 28, United States Code is amended—

(A) by striking “Patent Office” each place it appears in the text and section heading and inserting “United States Patent and Trademark Office”; and

(B) by striking “Commissioner of Patents” and inserting “Director of the United States Patent and Trademark Office”; and

(C) by striking “Commissioner” and inserting “Director”.

(17) Section 1745 of title 28, United States Code, is amended by striking “United States Patent Office” and inserting “United States Patent and Trademark Office”.

(18) Section 1928 of title 28, United States Code, is amended by striking “Patent Office” and inserting “United States Patent and Trademark Office”.

(19) Section 151 of the Atomic Energy Act of 1954 (42 U.S.C. 2181) is amended in subsections c. and d. by striking “Commissioner of Patents” and inserting “Director of the United States Patent and Trademark Office”.

(20) Section 152 of the Atomic Energy Act of 1954 (42 U.S.C. 2182) is amended by striking “Commissioner of Patents” each place it appears and inserting “Director of the United States Patent and Trademark Office”.

(21) Section 305 of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2457) is amended—

(A) in subsection (c) by striking “Commissioner of Patents” and inserting “Director of the United States Patent and Trademark Office (hereafter in this section referred to as the ‘Director’);” and

(B) by striking “Commissioner” each subsequent place it appears and inserting “Director”.

(22) Section 12(a) of the Solar Heating and Cooling Demonstration Act of 1974 (42 U.S.C. 5510(a)) is amended by striking “Commissioner of the Patent Office” and inserting “Director of the United States Patent and Trademark Office”.

(23) Section 1111 of title 44, United States Code, is amended by striking “the Commissioner of Patents,”

(24) Section 1114 of title 44, United States Code, is amended by striking “the Commissioner of Patents,”

(25) Section 1123 of title 44, United States Code, is amended by striking “the Patent Office,”

(26) Sections 1337 and 1338 of title 44, United States Code, and the items relating to those sections in the table of contents for chapter 13 of such title, are repealed.

(27) Section 10(i) of the Trading With the Enemy Act (50 U.S.C. App. 10(i)) is amended by striking “Commissioner of Patents” and inserting “Director of the United States Patent and Trademark Office”.

(28) Section 11 of the Inspector General Act of 1978 (5 U.S.C. App.) is amended—

(A) in paragraph (1)—

(i) by striking “and” before “the chief executive officer of the Resolution Trust Corporation;”;

(ii) by striking “and” before “the Chairperson of the Federal Deposit Insurance Corporation;”;

(iii) by striking “or” before “the Commissioner of Social Security;”;

and

(iv) by inserting “or the Director of the United States Patent and Trademark Office;” after “Social Security Administration;” and

(B) in paragraph (2)—

(i) by striking “or” before “the Veterans’ Administration;” and

(ii) by striking “or the Social Security Administration” and inserting “the Social Security Administration, or the United States Patent and Trademark Office”.

Subtitle C—Miscellaneous Provisions

SEC. 141. REFERENCES.

(a) IN GENERAL.—Any reference in any other Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or pertaining to a department or office from which a function is transferred by this title—

(1) to the head of such department or office is deemed to refer to the head of the department or office to which such function is transferred; or

(2) to such department or office is deemed to refer to the department or office to which such function is transferred.

(b) SPECIFIC REFERENCES.—Any reference in any other Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or pertaining to the Patent and Trademark Office—

(1) to the Commissioner of Patents and Trademarks is deemed to refer to the Director of the United States Patent and Trademark Office;

(2) to the Assistant Commissioner for Patents is deemed to refer to the Commissioner for Patents; or

(3) to the Assistant Commissioner for Trademarks is deemed to refer to the Commissioner for Trademarks.

SEC. 142. EXERCISE OF AUTHORITIES.

Except as otherwise provided by law, a Federal official to whom a function is transferred by this title may, for purposes of performing the function, exercise all authorities under any other provision of law that were available with respect to the performance of that function to the official responsible for the performance of the function immediately before the effective date of the transfer of the function under this title.

SEC. 143. SAVINGS PROVISIONS.

(a) **LEGAL DOCUMENTS.**—All orders, determinations, rules, regulations, permits, grants, loans, contracts, agreements, certificates, licenses, and privileges—

(1) that have been issued, made, granted, or allowed to become effective by the President, the Secretary of Commerce, any officer or employee of any office transferred by this title, or any other Government official, or by a court of competent jurisdiction, in the performance of any function that is transferred by this title, and

(2) that are in effect on the effective date of such transfer (or become effective after such date pursuant to their terms as in effect on such effective date), shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with law by the President, any other authorized official, a court of competent jurisdiction, or operation of law.

(b) **PROCEEDINGS.**—This title shall not affect any proceedings or any application for any benefits, service, license, permit, certificate, or financial assistance pending on the effective date of this title before an office transferred by this title, but such proceedings and applications shall be continued. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this title had not been enacted, and orders issued in any such proceeding shall continue in effect until modified, terminated, superseded, or revoked by a duly authorized official, by a court of competent jurisdiction, or by operation of law. Nothing in this subsection shall be considered to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this title had not been enacted.

(c) **SUITS.**—This title shall not affect suits commenced before the effective date of this title, and in all such suits, proceedings shall be had, appeals taken, and judgments rendered in the same manner and with the same effect as if this title had not been enacted.

(d) **NONABATEMENT OF ACTIONS.**—No suit, action, or other proceeding commenced by or against the Department of Commerce or the Secretary of Commerce, or by or against any individual in the official capacity of such individual as an officer or employee of an office transferred by this title, shall abate by reason of the enactment of this title.

(e) **CONTINUANCE OF SUITS.**—If any Government officer in the official capacity of such officer is party to a suit with respect to a function of the officer, and under this title such function is transferred to any other officer or office, then such suit shall be continued with the other officer or the head of such other office, as applicable, substituted or added as a party.

(f) **ADMINISTRATIVE PROCEDURE AND JUDICIAL REVIEW.**—Except as otherwise provided by this title, any statutory requirements relating to notice, hearings, action upon the record, or administrative or judicial review that apply to any function transferred by this title shall apply to the exercise of such function by the head of the Federal agency, and other officers of the agency, to which such function is transferred by this title.

SEC. 144. TRANSFER OF ASSETS.

Except as otherwise provided in this title, so much of the personnel, property, records, and unexpended balances of appropriations, allocations, and other funds employed, used, held, available, or to be made available in connection with a function transferred to an official or agency by this title shall be available to the official or the head of that agency, respectively, at such time or times as the Director of the Office of Management and Budget directs for use in connection with the functions transferred.

SEC. 145. DELEGATION AND ASSIGNMENT.

Except as otherwise expressly prohibited by law or otherwise provided in this title, an official to whom functions are transferred under this title (including the head of any office to which functions are transferred under this title) may delegate any of the functions so transferred to such officers and employees of the office of the official as the official may designate, and may authorize successive redelegations

of such functions as may be necessary or appropriate. No delegation of functions under this section or under any other provision of this title shall relieve the official to whom a function is transferred under this title of responsibility for the administration of the function.

SEC. 146. AUTHORITY OF DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET WITH RESPECT TO FUNCTIONS TRANSFERRED.

(a) DETERMINATIONS.—If necessary, the Director of the Office of Management and Budget shall make any determination of the functions that are transferred under this title.

(b) INCIDENTAL TRANSFERS.—The Director of the Office of Management and Budget, at such time or times as the Director shall provide, may make such determinations as may be necessary with regard to the functions transferred by this title, and to make such additional incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such functions, as may be necessary to carry out the provisions of this title. The Director shall provide for the termination of the affairs of all entities terminated by this title and for such further measures and dispositions as may be necessary to effectuate the purposes of this title.

SEC. 147. CERTAIN VESTING OF FUNCTIONS CONSIDERED TRANSFERS.

For purposes of this title, the vesting of a function in a department or office pursuant to reestablishment of an office shall be considered to be the transfer of the function.

SEC. 148. AVAILABILITY OF EXISTING FUNDS.

Existing appropriations and funds available for the performance of functions, programs, and activities terminated pursuant to this title shall remain available, for the duration of their period of availability, for necessary expenses in connection with the termination and resolution of such functions, programs, and activities.

SEC. 149. DEFINITIONS.

For purposes of this title—

- (1) the term “function” includes any duty, obligation, power, authority, responsibility, right, privilege, activity, or program; and
- (2) the term “office” includes any office, administration, agency, bureau, institute, council, unit, organizational entity, or component thereof.

TITLE II—EXAMINING PROCEDURE IMPROVEMENTS: PUBLICATION WITH PROVISIONAL ROYALTIES; TERM EXTENSIONS; FURTHER EXAMINATION

SEC. 201. SHORT TITLE.

This title may be cited as the “Examining Procedure Improvements Act”.

SEC. 202. PUBLICATION.

Section 122 of title 35, United States Code, is amended to read as follows:

“§ 122. Confidential status of applications; publication of patent applications

“(a) CONFIDENTIALITY.—Except as provided in subsection (b), applications for patents shall be kept in confidence by the Patent and Trademark Office and no information concerning applications for patents shall be given without authority of the applicant or owner unless necessary to carry out the provisions of an Act of Congress or in such special circumstances as may be determined by the Director.

“(b) PUBLICATION.—

“(1) IN GENERAL.—(A) Subject to paragraph (2), each application for patent, except applications for design patents filed under chapter 16 of this title and provisional applications filed under section 111(b) of this title, shall be published, in accordance with procedures determined by the Director, promptly after the expiration of a period of 18 months from the earliest filing date for which a benefit is sought under this title. At the request of the applicant, an application may be published earlier than the end of such 18-month period.

“(B) No information concerning published patent applications shall be made available to the public except as the Director determines.

“(C) Notwithstanding any other provision of law, a determination by the Director to release or not to release information concerning a published patent application shall be final and nonreviewable.

“(2) EXCEPTIONS.—(A) An application that is no longer pending shall not be published.

“(B) An application that is subject to a secrecy order pursuant to section 181 of this title shall not be published.

“(C)(i) Upon the request of the applicant at the time of filing, the application shall not be published in accordance with paragraph (1) until 3 months after the Director makes a notification to the applicant under section 132 of this title.

“(ii) Applications filed pursuant to section 363 of this title, applications asserting priority under section 119 or 365(a) of this title, and applications asserting the benefit of an earlier application under section 120, 121, or 365(c) of this title shall not be eligible for a request pursuant to this subparagraph.

“(iii) In a request under this subparagraph, the applicant shall certify that the invention disclosed in the application was not and will not be the subject of an application filed in a foreign country.

“(iv) The Director may establish appropriate procedures and fees for making a request under this subparagraph.

“(D)(i) In a case in which an applicant, after making a request under subparagraph (C)(i), determines to file an application in a foreign country, the applicant shall notify the Director promptly. The application shall then be published in accordance with the provisions of paragraph (1).

“(ii) The Director may establish appropriate fees to cover the costs of processing notifications under clause (i), including the costs of any special handling of applications resulting from the initial request under subparagraph (C)(i).

“(c) PRE-ISSUANCE OPPOSITION.—The provisions of this section shall not operate to create any new opportunity for pre-issuance opposition. The Director may establish appropriate procedures to ensure that this section does not create any new opportunity for pre-issuance opposition.”.

SEC. 203. TIME FOR CLAIMING BENEFIT OF EARLIER FILING DATE.

(a) IN A FOREIGN COUNTRY.—Section 119(b) of title 35, United States Code, is amended to read as follows:

“(b)(1) No application for patent shall be entitled to this right of priority unless a claim is filed in the Patent and Trademark Office, at such time during the pendency of the application as is required by the Director, that identifies the foreign application by specifying its application number, the country in or for which the application was filed, and the date of its filing.

“(2) The Director may consider the failure of the applicant to file a timely claim for priority as a waiver of any such claim, and may require the payment of a surcharge as a condition of accepting an untimely claim during the pendency of the application.

“(3) The Director may require a certified copy of the original foreign application, specification, and drawings upon which it is based, a translation if not in the English language, and such other information as the Director considers necessary. Any such certification shall be made by the intellectual property authority in the foreign country in which the foreign application was filed and show the date of the application and of the filing of the specification and other papers.”.

(b) IN THE UNITED STATES.—Section 120 of title 35, United States Code, is amended by adding at the end the following: “No application shall be entitled to the benefit of an earlier filed application under this section unless an amendment containing the specific reference to the earlier filed application is submitted at such time during the pendency of the application as is required by the Commissioner. The Director may consider the failure to submit such an amendment within that time period as a waiver of any benefit under this section. The Director may establish procedures, including the payment of a surcharge, to accept unavoidably late submissions of amendments under this section.”.

SEC. 204. PROVISIONAL RIGHTS.

Section 154 of title 35, United States Code, is amended—

(1) in the section caption by inserting “; **provisional rights**” after “**patent**”; and

(2) by adding at the end the following new subsection:

“(d) PROVISIONAL RIGHTS.—

“(1) IN GENERAL.—In addition to other rights provided by this section, a patent shall include the right to obtain a reasonable royalty from any person who, during the period beginning on the date of publication of the application for such patent pursuant to section 122(b) of this title, or in the case of an inter-

national application filed under the treaty defined in section 351(a) of this title designating the United States under Article 21(2)(a) of such treaty, the date of publication of the application, and ending on the date the patent is issued—

“(A)(i) makes, uses, offers for sale, or sells in the United States the invention as claimed in the published patent application or imports such an invention into the United States; or

“(ii) if the invention as claimed in the published patent application is a process, uses, offers for sale, or sells in the United States or imports into the United States products made by that process as claimed in the published patent application; and

“(B) had actual notice of the published patent application and, where the right arising under this paragraph is based upon an international application designating the United States that is published in a language other than English, a translation of the international application into the English language.

“(2) RIGHT BASED ON SUBSTANTIALLY IDENTICAL INVENTIONS.—The right under paragraph (1) to obtain a reasonable royalty shall not be available under this subsection unless the invention as claimed in the patent is substantially identical to the invention as claimed in the published patent application.

“(3) TIME LIMITATION ON OBTAINING A REASONABLE ROYALTY.—The right under paragraph (1) to obtain a reasonable royalty shall be available only in an action brought not later than 6 years after the patent is issued. The right under paragraph (1) to obtain a reasonable royalty shall not be affected by the duration of the period described in paragraph (1).

“(4) REQUIREMENTS FOR INTERNATIONAL APPLICATIONS.—The right under paragraph (1) to obtain a reasonable royalty based upon the publication under the treaty defined in section 351(a) of this title of an international application designating the United States shall commence from the date that the Patent and Trademark Office receives a copy of the publication under such treaty of the international application, or, if the publication under the treaty of the international application is in a language other than English, from the date that the Patent and Trademark Office receives a translation of the international application in the English language. The Director may require the applicant to provide a copy of the international publication of the international application and a translation thereof.”

SEC. 205. PRIOR ART EFFECT OF PUBLISHED APPLICATIONS.

Section 102(e) of title 35, United States Code, is amended to read as follows:

“(e) the invention was described in—

“(1) an application for patent, published pursuant to section 122(b) of this title, by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) of this title shall have the effect under this subsection of a national application published under section 122(b) of this title only if the international application designating the United States was published under Article 21(2)(a) of such treaty in the English language, or

“(2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, or”.

SEC. 206. COST RECOVERY FOR PUBLICATION.

The Director of the United States Patent and Trademark Office shall recover the cost of early publication required by the amendment made by section 202 by adjusting the filing, issue, and maintenance fees under title 35, United States Code, by charging a separate publication fee, or by any combination of these methods.

SEC. 207. CONFORMING CHANGES.

The following provisions of title 35, United States Code, are amended:

(1) Section 11 is amended in paragraph 1 of subsection (a) by inserting “and published applications for patents” after “Patents”.

(2) Section 12 is amended—

(A) in the section caption by inserting “**and applications**” after “**patents**”; and

(B) by inserting “and published applications for patents” after “patents”.

(3) Section 13 is amended—

(A) in the section caption by inserting “**and applications**” after “**patents**”; and

(B) by inserting “and published applications for patents” after “patents”.

(4) The items relating to sections 12 and 13 in the table of sections for chapter 1, as amended by section 132(a)(4) of this Act, are each amended by inserting “and applications” after “patents”.

(5) The item relating to section 122 in the table of sections for chapter 11 is amended by inserting “; publication of patent applications” after “applications”.

(6) The item relating to section 154 in the table of sections for chapter 14 is amended by inserting “; provisional rights” after “patent”.

(7) Section 181 is amended—

(A) in the first paragraph—

(i) by inserting “by the publication of an application or” after “disclosure”; and

(ii) by inserting “the publication of the application or” after “withhold”;

(B) in the second paragraph by inserting “by the publication of an application or” after “disclosure of an invention”;

(C) in the third paragraph—

(i) by inserting “by the publication of the application or” after “disclosure of the invention”; and

(ii) by inserting “the publication of the application or” after “withhold”; and

(D) in the fourth paragraph by inserting “the publication of an application or” after “and” in the first sentence.

(8) Section 252 is amended in the first paragraph by inserting “substantially” before “identical” each place it appears.

(9) Section 284 is amended by adding at the end of the second paragraph the following: “Increased damages under this paragraph shall not apply to provisional rights under section 154(d) of this title.”

(10) Section 374 is amended to read as follows:

“§ 374. Publication of international application: Effect

“The publication under the treaty defined in section 351(a) of this title of an international application designating the United States shall confer the same rights and shall have the same effect under this title as an application for patent published under section 122(b), except as provided in sections 102(e) and 154(d) of this title.”.

(11) Section 135(b) of title 35, United States Code, is amended—

(A) by inserting “(1)” after “(b)”;

(B) by striking “from the date on which the patent was granted” and inserting “after the date on which the patent is granted and the applicant makes a prima facie showing of prior invention”; and

(C) by adding at the end the following:

“(2) A claim which is the same as, or for the same or substantially the same subject matter as, a claim of a published application may be made in an application filed after the published application is published only if the claim is made prior to one year after the date on which the published application is published and the applicant of the later filed application makes a prima facie showing of prior invention.”.

SEC. 208. PATENT TERM EXTENSION AUTHORITY.

Section 154(b) of title 35, United States Code, is amended to read as follows:

“(b) TERM EXTENSION.—

“(1) BASIS FOR PATENT TERM EXTENSION.—

“(A) DELAY.—Subject to the limitations set forth in paragraph (2), if the issue of an original patent is delayed due to—

“(i) a proceeding under section 135(a) of this title, including any appeal under section 141, or any civil action under section 146, of this title,

“(ii) the imposition of an order pursuant to section 181 of this title,

“(iii) appellate review by the Board of Patent Appeals and Interferences or by a Federal court in a case in which the patent was issued pursuant to a decision in the review reversing an adverse determination of patentability, or

“(iv) an unusual administrative delay by the Patent and Trademark Office in issuing the patent,

the term of the patent shall be extended for the period of delay.

“(B) ADMINISTRATIVE DELAY.—For purposes of subparagraph (A)(iv), an unusual administrative delay by the Patent and Trademark office is the failure to—

“(i) make a notification of the rejection of any claim for a patent or any objection or argument under section 132 of this title or give or mail a written notice of allowance under section 151 of this title not later than 14 months after the date on which the application was filed;

“(ii) respond to a reply under section 132 of this title or to an appeal taken under section 134 of this title not later than 4 months after the date on which the reply was filed or the appeal was taken;

“(iii) act on an application not later than 4 months after the date of a decision by the Board of Patent Appeals and Interferences under section 134 or 135 of this title or a decision by a Federal court under section 141, 145, or 146 of this title in a case in which allowable claims remain in an application;

“(iv) issue a patent not later than 4 months after the date on which the issue fee was paid under section 151 of this title and all outstanding requirements were satisfied; or

“(v) issue a patent within 3 years after the filing date of the application in the United States, if the applicant—

“(I) has not obtained further limited examination of the application under section 209 of the Examining Procedure Improvements Act;

“(II) has responded to all rejections, objections, arguments, or other requests of the Patent and Trademark Office within 3 months after the date on which they are made;

“(III) has not benefitted from an extension of patent term under clause (i), (ii) or (iii) of paragraph (1)(A);

“(IV) has not sought or obtained appellate review by the Board of Patent Appeals and Interferences or by a Federal Court other than in a case in which the patent was issued pursuant to a decision in the review reversing an adverse determination of patentability; and

“(V) has not requested any delay in the processing of the application by the Patent and Trademark Office.

“(2) LIMITATIONS.—(A) The total duration of any extensions granted pursuant to either clause (iii) or (iv) of paragraph (1)(A) or both such clauses shall not exceed 10 years. To the extent that periods of delay attributable to grounds specified in paragraph (1) overlap, the period of any extension granted under this subsection shall not exceed the actual number of days the issuance of the patent was delayed.

“(B) The period of extension of the term of a patent under this subsection shall be reduced by a period equal to the time in which the applicant failed to engage in reasonable efforts to conclude prosecution of the application. The Director shall prescribe regulations establishing the circumstances that constitute a failure of an applicant to engage in reasonable efforts to conclude processing or examination of an application in order to ensure that applicants are appropriately compensated for any delays by the Patent and Trademark Office in excess of the time periods specified in paragraph (1)(B).

“(C) No patent the term of which has been disclaimed beyond a specified date may be extended under this section beyond the expiration date specified in the disclaimer.

“(3) PROCEDURES.—The Director shall prescribe regulations establishing procedures for the notification of patent term extensions under this subsection and procedures for contesting patent term extensions under this subsection.”.

SEC. 209. FURTHER EXAMINATION OF PATENT APPLICATIONS.

The Director of the United States Patent and Trademark Office shall prescribe regulations to provide for the further limited reexamination of applications for patent. The Director may establish appropriate fees for such further limited reexamination and shall be authorized to provide a 50 percent reduction on such fees for small entities that qualify for reduced fees under section 41(h)(1) of title 35, United States Code.

SEC. 210. LAST DAY OF PENDENCY OF PROVISIONAL APPLICATION.

Section 119(e) of title 35, United States Code, is amended by adding at the end the following:

“(3) If the day that is 12 months after the filing date of a provisional application falls on a Saturday, Sunday, or Federal holiday within the District of Columbia, the period of pendency of the provisional application shall be extended to the next succeeding business day.”.

SEC. 211. REPORTING REQUIREMENT.

The Director of the United States Patent and Trademark Office shall report to the Congress not later than April 1, 2001, and not later than April 1 of each year thereafter, regarding the impact of publication on the patent applications filed by an applicant who has been accorded the status of independent inventor under section 41(h) of title 35, United States Code. The report shall include information concerning the frequency and number of initial and continuing patent applications, pendency, interferences, reexaminations, rejection, abandonment rates, fees, other expenses, and other relevant information related to the prosecution of patent applications.

SEC. 212. EFFECTIVE DATE.

(a) SECTIONS 202 THROUGH 207.—Sections 202 through 207, and the amendments made by such sections, shall take effect on April 1, 1998, and shall apply to all applications filed under section 111 of title 35, United States Code, on or after that date, and all international applications designating the United States that are filed on or after that date.

(b) SECTIONS 208 THROUGH 210.—The amendments made by sections 208 through 210 shall take effect on the date of the enactment of this Act and, except for a design patent application filed under chapter 16 of title 35, United States Code, shall apply to any application filed on or after June 8, 1995.

TITLE III—PROTECTION FOR PRIOR DOMESTIC USERS OF PATENTED TECHNOLOGIES

SEC. 301. SHORT TITLE.

This title may be cited as the “Protection for Prior Domestic Commercial and Research Users of Patented Technologies Act”.

SEC. 302. DEFENSE TO PATENT INFRINGEMENT BASED ON PRIOR DOMESTIC COMMERCIAL OR RESEARCH USE.

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

“§ 273. Prior domestic commercial or research use; defense to infringement

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

“(1) the terms ‘commercially used’, ‘commercially use’, and ‘commercial use’ mean the use in the United States in commerce or the use in the design, testing, or production in the United States of a product or service which is used in commerce, whether or not the subject matter at issue is accessible to or otherwise known to the public;

“(2) in the case of activities performed by a nonprofit research laboratory, or nonprofit entity such as a university, research center, or hospital, a use for which the public is the intended beneficiary shall be considered to be a use described in paragraph (1) if the use is limited to activity that occurred within the laboratory or nonprofit entity or by persons in privity with that laboratory or nonprofit entity before the effective filing date of the application for patent at issue, except that the use—

“(A) may be asserted as a defense under this section only by the laboratory or nonprofit entity; and

“(B) may not be asserted as a defense with respect to any subsequent use by any entity other than such laboratory, nonprofit entity, or persons in privity;

“(3) the terms ‘used in commerce’, and ‘use in commerce’ mean that there has been an actual sale or other arm’s-length commercial transfer of the subject matter at issue or that there has been an actual sale or other arm’s-length commercial transfer of a product or service resulting from the use of the subject matter at issue; and

“(4) the ‘effective filing date’ of a patent is the earlier of the actual filing date of the application for the patent or the filing date of any earlier United States, foreign, or international application to which the subject matter at issue is entitled under section 119, 120, or 365 of this title.

“(b) DEFENSE TO INFRINGEMENT.—(1) A person shall not be liable as an infringer under section 271 of this title with respect to any subject matter that would otherwise infringe one or more claims in the patent being asserted against such person, if such person had, acting in good faith, commercially used the subject matter before the effective filing date of such patent.

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

“(c) LIMITATIONS AND QUALIFICATIONS OF DEFENSE.—The defense to infringement under this section is subject to the following:

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

“(2) NOT A GENERAL LICENSE.—The defense asserted by a person under this section is not a general license under all claims of the patent at issue, but extends only to the subject matter claimed in the patent with respect to which the person can assert a defense under this chapter, except that the defense shall also extend to variations in the quantity or volume of use of the claimed subject matter, and to improvements in the claimed subject matter that do not infringe additional specifically claimed subject matter of the patent.

“(3) EFFECTIVE AND SERIOUS PREPARATION.—With respect to subject matter that cannot be commercialized without a significant investment of time, money, and effort, a person shall be deemed to have commercially used the subject matter if—

“(A) before the effective filing date of the patent, the person actually reduced the subject matter to practice in the United States, completed a significant portion of the total investment necessary to commercially use the subject matter, and made an arm’s-length commercial transaction in the United States in connection with the preparation to use the subject matter; and

“(B) thereafter the person diligently completed the remainder of the activities and investments necessary to commercially use the subject matter, and promptly began commercial use of the subject matter, even if such activities were conducted after the effective filing date of the patent.

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

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

“(6) PERSONAL DEFENSE.—The defense under this section may only be asserted by the person who performed the acts necessary to establish the defense and, except for any transfer to the patent owner, the right to assert the defense shall not be licensed or assigned or transferred to another person except in connection with the good faith assignment or transfer of the entire enterprise or line of business to which the defense relates.

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

“(d) UNSUCCESSFUL ASSERTION OF DEFENSE.—If the defense under this section is pleaded by a person who is found to infringe the patent and who subsequently fails to demonstrate a reasonable basis for asserting the defense, the court shall find the case exceptional for the purpose of awarding attorney’s fees under section 285 of this title.

“(e) INVALIDITY.—A patent shall not be deemed to be invalid under section 102 or 103 of this title solely because a defense is established under this section.”.

(b) CONFORMING AMENDMENT.—The table of sections at the beginning of chapter 28 of title 35, United States Code, is amended by adding at the end the following new item:

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

SEC. 303. EFFECTIVE DATE AND APPLICABILITY.

This title and the amendments made by this title shall take effect on the date of the enactment of this Act, but shall not apply to any action for infringement that is pending on such date of enactment or with respect to any subject matter for which an adjudication of infringement, including a consent judgment, has been made before such date of enactment.

TITLE IV—ENHANCED PROTECTION OF INVENTORS' RIGHTS

SEC. 401. SHORT TITLE.

This title may be cited as the “Enhanced Protection of Inventors’ Rights Act”.

SEC. 402. INVENTION DEVELOPMENT SERVICES.

Part I of title 35, United States Code, is amended by adding after chapter 4 the following new chapter:

“CHAPTER 5—INVENTION DEVELOPMENT SERVICES

“Sec.

“51. Definitions.

“52. Contracting requirements.

“53. Standard provisions for cover notice.

“54. Reports to customer required.

“55. Mandatory contract terms.

“56. Remedies.

“57. Records of complaints.

“58. Fraudulent representation by an invention developer.

“59. Rule of construction.

“§ 51. Definitions

“For purposes of this chapter—

“(1) the term ‘contract for invention development services’ means a contract by which an invention developer undertakes invention development services for a customer;

“(2) the term ‘customer’ means any person, firm, partnership, corporation, or other entity who is solicited by, seeks the services of, or enters into a contract with an invention promoter for invention promotion services;

“(3) the term ‘invention promoter’ means any person, firm, partnership, corporation, or other entity who offers to perform or performs for, or on behalf of, a customer any act described under paragraph (4), but does not include—

“(A) any department or agency of the Federal Government or of a State or local government;

“(B) any nonprofit, charitable, scientific, or educational organization, qualified under applicable State law or described under section 170(b)(1)(A) of the Internal Revenue Code of 1986; or

“(C) any person duly registered with, and in good standing before, the United States Patent and Trademark Office acting within the scope of that person’s registration to practice before the Patent and Trademark Office; and

“(4) the term ‘invention development services’ means, with respect to an invention by a customer, any act involved in—

“(A) evaluating the invention to determine its protectability as some form of intellectual property, other than evaluation by a person licensed by a State to practice law who is acting solely within the scope of that person’s professional license;

“(B) evaluating the invention to determine its commercial potential by any person for purposes other than providing venture capital; or

“(C) marketing, brokering, licensing, selling, or promoting the invention or a product or service in which the invention is incorporated or used, except that the display only of an invention at a trade show or exhibit shall not be considered to be invention development services.

“§ 52. Contracting requirements

“(a) IN GENERAL.—(1) Every contract for invention development services shall be in writing and shall be subject to the provisions of this chapter. A copy of the signed written contract shall be given to the customer at the time the customer enters into the contract.

“(2) If a contract is entered into for the benefit of a third party, such party shall be considered a customer for purposes of this chapter.

“(b) REQUIREMENTS OF INVENTION DEVELOPER.—The invention developer shall—

“(1) state in a written document, at the time a customer enters into a contract for invention development services, whether the usual business practice of the invention developer is to—

“(A) seek more than 1 contract in connection with an invention; or

“(B) seek to perform services in connection with an invention in 1 or more phases, with the performance of each phase covered in 1 or more subsequent contracts; and

“(2) supply to the customer a copy of the written document together with a written summary of the usual business practices of the invention developer, including—

“(A) the usual business terms of contracts; and

“(B) the approximate amount of the usual fees or other consideration that may be required from the customer for each of the services provided by the developer.

“(c) RIGHT OF CUSTOMER TO CANCEL CONTRACT.—(1) Notwithstanding any contractual provision to the contrary, a customer shall have the right to terminate a contract for invention development services by sending a written letter to the invention developer stating the customer’s intent to cancel the contract. The letter of termination must be deposited with the United States Postal Service on or before 5 business days after the date upon which the customer or the invention developer executes the contract, whichever is later.

“(2) Delivery of a promissory note, check, bill of exchange, or negotiable instrument of any kind to the invention developer or to a third party for the benefit of the invention developer, without regard to the date or dates appearing in such instrument, shall be deemed payment received by the invention developer on the date received for purposes of this section.

“§ 53. Standard provisions for cover notice

“(a) CONTENTS.—Every contract for invention development services shall have a conspicuous and legible cover sheet attached with the following notice imprinted in boldface type of not less than 12-point size:

“YOU HAVE THE RIGHT TO TERMINATE THIS CONTRACT. TO TERMINATE THIS CONTRACT, YOU MUST SEND A WRITTEN LETTER TO THE COMPANY STATING YOUR INTENT TO CANCEL THIS CONTRACT. THE LETTER OF TERMINATION MUST BE DEPOSITED WITH THE UNITED STATES POSTAL SERVICE ON OR BEFORE FIVE (5) BUSINESS DAYS AFTER THE DATE ON WHICH YOU OR THE COMPANY EXECUTE THE CONTRACT, WHICHEVER IS LATER.

“THE TOTAL NUMBER OF INVENTIONS EVALUATED BY THE INVENTION DEVELOPER FOR COMMERCIAL POTENTIAL IN THE PAST FIVE (5) YEARS IS _____. OF THAT NUMBER, _____ RECEIVED POSITIVE EVALUATIONS AND _____ RECEIVED NEGATIVE EVALUATIONS.

“IF YOU ASSIGN EVEN A PARTIAL INTEREST IN THE INVENTION TO THE INVENTION DEVELOPER, THE INVENTION DEVELOPER MAY HAVE THE RIGHT TO SELL OR DISPOSE OF THE INVENTION WITHOUT YOUR CONSENT AND MAY NOT HAVE TO SHARE THE PROFITS WITH YOU.

“THE TOTAL NUMBER OF CUSTOMERS WHO HAVE CONTRACTED WITH THE INVENTION DEVELOPER IN THE PAST FIVE (5) YEARS IS _____. THE TOTAL NUMBER OF CUSTOMERS KNOWN BY THIS INVENTION DEVELOPER TO HAVE RECEIVED, BY VIRTUE OF THIS INVENTION DEVELOPER’S PERFORMANCE, AN AMOUNT OF MONEY IN EXCESS OF THE AMOUNT PAID BY THE CUSTOMER TO THIS INVENTION DEVELOPER IS _____.

“THE OFFICERS OF THIS INVENTION DEVELOPER HAVE COLLECTIVELY OR INDIVIDUALLY BEEN AFFILIATED IN THE LAST TEN (10) YEARS WITH THE FOLLOWING INVENTION DEVELOPMENT COMPANIES: (LIST THE NAMES AND ADDRESSES OF ALL PREVIOUS INVENTION DEVELOPMENT COMPANIES WITH WHICH THE PRINCIPAL OFFICERS HAVE BEEN AFFILIATED AS OWNERS, AGENTS, OR EMPLOYEES). YOU ARE ENCOURAGED TO CHECK WITH THE UNITED STATES PATENT AND TRADEMARK OFFICE, THE FEDERAL TRADE COMMISSION, YOUR STATE ATTORNEY GENERAL’S OFFICE, AND THE BETTER BUSINESS BUREAU FOR ANY COMPLAINTS FILED AGAINST ANY OF THESE COMPANIES.

“YOU ARE ENCOURAGED TO CONSULT WITH AN ATTORNEY OF YOUR OWN CHOOSING BEFORE SIGNING THIS CONTRACT. BY PROCEEDING WITHOUT THE ADVICE OF AN ATTORNEY REGISTERED TO PRACTICE BEFORE THE UNITED STATES PATENT AND TRADEMARK OFFICE, YOU COULD LOSE ANY RIGHTS YOU MIGHT HAVE IN YOUR IDEA OR INVENTION.’

“(b) OTHER REQUIREMENTS FOR COVER NOTICE.—The cover notice shall contain the items required under subsection (a) and the name, primary office address, and local office address of the invention developer, and may contain no other matter.

“(c) DISCLOSURE OF CERTAIN CUSTOMERS NOT REQUIRED.—The requirement in the notice set forth in subsection (a) to include the ‘TOTAL NUMBER OF CUSTOMERS WHO HAVE CONTRACTED WITH THE INVENTION DEVELOPER IN THE PAST FIVE (5) YEARS’ need not include information with respect to customers who have purchased trade show services, research, advertising, or other nonmarketing services from the invention developer, nor with respect to customers who have defaulted in their payments to the invention developer.

“§ 54. Reports to customer required

“With respect to every contract for invention development services, the invention developer shall deliver to the customer at the address specified in the contract, at least once every 3 months throughout the term of the contract, a written report that identifies the contract and includes—

“(1) a full, clear, and concise description of the services performed to the date of the report and of the services yet to be performed and names of all persons who it is known will perform the services; and

“(2) the name and address of each person, firm, corporation, or other entity to whom the subject matter of the contract has been disclosed, the reason for each such disclosure, the nature of the disclosure, and complete and accurate summaries of all responses received as a result of those disclosures.

“§ 55. Mandatory contract terms

“(a) MANDATORY TERMS.—Each contract for invention development services shall include in boldface type of not less than 12-point size—

“(1) the terms and conditions of payment and contract termination rights required under section 52;

“(2) a statement that the customer may avoid entering into the contract by not making a payment to the invention developer;

“(3) a full, clear, and concise description of the specific acts or services that the invention developer undertakes to perform for the customer;

“(4) a statement as to whether the invention developer undertakes to construct, sell, or distribute one or more prototypes, models, or devices embodying the invention of the customer;

“(5) the full name and principal place of business of the invention developer and the name and principal place of business of any parent, subsidiary, agent, independent contractor, and any affiliated company or person who it is known will perform any of the services or acts that the invention developer undertakes to perform for the customer;

“(6) if any oral or written representation of estimated or projected customer earnings is given by the invention developer (or any agent, employee, officer, director, partner, or independent contractor of such invention developer), a statement of that estimation or projection and a description of the data upon which such representation is based;

“(7) the name and address of the custodian of all records and correspondence relating to the contracted for invention development services, and a statement that the invention developer is required to maintain all records and correspondence relating to performance of the invention development services for such customer for a period of not less than 2 years after expiration of the term of such contract; and

“(8) a statement setting forth a time schedule for performance of the invention development services, including an estimated date in which such performance is expected to be completed.

“(b) INVENTION DEVELOPER AS FIDUCIARY.—To the extent that the description of the specific acts or services affords discretion to the invention developer with respect to what specific acts or services shall be performed, the invention developer shall be deemed a fiduciary.

“(c) AVAILABILITY OF INFORMATION.—Records and correspondence described under subsection (a)(7) shall be made available after 7 days written notice to the customer or the representative of the customer to review and copy at a reasonable cost on the invention developer’s premises during normal business hours.

“§ 56. Remedies

“(a) IN GENERAL.—(1) Any contract for invention development services that does not comply with the applicable provisions of this chapter shall be voidable at the option of the customer.

“(2) Any contract for invention development services entered into in reliance upon any material false, fraudulent, or misleading information, representation, notice, or advertisement of the invention developer (or any agent, employee, officer, director, partner, or independent contractor of such invention developer) shall be voidable at the option of the customer.

“(3) Any waiver by the customer of any provision of this chapter shall be deemed contrary to public policy and shall be void and unenforceable.

“(4) Any contract for invention development services which provides for filing for and obtaining utility, design, or plant patent protection shall be voidable at the option of the customer unless the invention developer offers to perform or performs such act through a person duly registered to practice before, and in good standing with, the Patent and Trademark Office.

“(b) CIVIL ACTION.—(1) Any customer who is injured by a violation of this chapter by an invention developer or by any material false or fraudulent statement or representation, or any omission of material fact, by an invention developer (or any agent, employee, director, officer, partner, or independent contractor of such invention developer) or by failure of an invention developer to make all the disclosures required under this chapter, may recover in a civil action against the invention developer (or the officers, directors, or partners of such invention developer) in addition to reasonable costs and attorneys’ fees, the greater of—

“(A) \$5,000; or

“(B) the amount of actual damages sustained by the customer.

“(2) Notwithstanding paragraph (1), the court may increase damages to not more than 3 times the amount awarded.

“(c) REBUTTABLE PRESUMPTION OF INJURY.—For purposes of this section, substantial violation of any provision of this chapter by an invention developer or execution by the customer of a contract for invention development services in reliance on any material false or fraudulent statements or representations or omissions of material fact shall establish a rebuttable presumption of injury.

“§ 57. Records of complaints

“(a) RELEASE OF COMPLAINTS.—The Director shall make all complaints received by the United States Patent and Trademark Office involving invention developers publicly available, together with any response of the invention developers.

“(b) REQUEST FOR COMPLAINTS.—The Director may request complaints relating to invention development services from any Federal or State agency and include such complaints in the records maintained under subsection (a), together with any response of the invention developers.

“§ 58. Fraudulent representation by an invention developer

“Whoever, in providing invention development services, knowingly provides any false or misleading statement, representation, or omission of material fact to a customer or fails to make all the disclosures required under this chapter, shall be guilty of a misdemeanor and fined not more than \$10,000 for each offense.

“§ 59. Rule of construction

“Except as expressly provided in this chapter, no provision of this chapter shall be construed to affect any obligation, right, or remedy provided under any other Federal or State law.”.

SEC. 403. TECHNICAL AND CONFORMING AMENDMENT.

The table of chapters for part I of title 35, United States Code, is amended by adding after the item relating to chapter 4 the following:

“5. Invention Development Services 51”.

SEC. 404. EFFECTIVE DATE.

This title and the amendments made by this title shall take effect 60 days after the date of the enactment of this Act.

TITLE V—IMPROVED REEXAMINATION PROCEDURES

SEC. 501. SHORT TITLE.

This title may be cited as the “Improved Reexamination Procedures Act”.

SEC. 502. DEFINITIONS.

Section 100 of title 35, United States Code, is amended by adding at the end the following new subsection:

“(e) The term ‘third-party requester’ means a person requesting reexamination under section 302 of this title who is not the patent owner.”.

SEC. 503. REEXAMINATION PROCEDURES.

(a) REQUEST FOR REEXAMINATION.—Section 302 of title 35, United States Code, is amended to read as follows:

“§ 302. Request for reexamination

“Any person at any time may file a request for reexamination by the Office of a patent on the basis of any prior art cited under the provisions of section 301 of this title or on the basis of the requirements of section 112 of this title other than the requirement to set forth the best mode of carrying out the invention. The request must be in writing, must include the identity of the real party in interest, and must be accompanied by payment of a reexamination fee established by the Director pursuant to the provisions of section 41 of this title. The request must set forth the pertinency and manner of applying cited prior art to every claim for which reexamination is requested or the manner in which the patent specification or claims fail to comply with the requirements of section 112 of this title. Unless the requesting person is the owner of the patent, the Director promptly shall send a copy of the request to the owner of record of the patent.”.

(b) DETERMINATION OF ISSUE BY DIRECTOR.—Section 303 of title 35, United States Code, is amended to read as follows:

“§ 303. Determination of issue by Director

“(a) REEXAMINATION.—Not later than 3 months after the filing of a request for reexamination under the provisions of section 302 of this title, the Director shall determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request, with or without consideration of other patents or printed publications. On the Director’s initiative, at any time, the Director may determine whether a substantial new question of patentability is raised by any other patent or publication or by the failure of the patent specification or claims of a patent to comply with the requirements of section 112 of this title other than the best mode requirement described in section 302.

“(b) RECORD.—A record of the Director’s determination under subsection (a) shall be placed in the official file of the patent, and a copy shall be promptly given or mailed to the owner of record of the patent and to the third-party requester, if any.

“(c) FINAL DECISION.—A determination by the Director pursuant to subsection (a) shall be final and nonappealable. Upon a determination that no substantial new question of patentability has been raised, the Director may refund a portion of the reexamination fee required under section 302 of this title.”.

(c) REEXAMINATION ORDER BY DIRECTOR.—Section 304 of title 35, United States Code, is amended to read as follows:

“§ 304. Reexamination order by Director

“If, in a determination made under the provisions of section 303(a) of this title, the Director finds that a substantial new question of patentability affecting a claim of a patent is raised, the determination shall include an order for reexamination of the patent for resolution of the question. The order may be accompanied by the initial action of the Patent and Trademark Office on the merits of the reexamination conducted in accordance with section 305 of this title.”.

(d) CONDUCT OF REEXAMINATION PROCEEDINGS.—Section 305 of title 35, United States Code, is amended to read as follows:

“§ 305. Conduct of reexamination proceedings

“(a) IN GENERAL.—Subject to subsection (b), reexamination shall be conducted according to the procedures established for initial examination under the provisions of sections 132 and 133 of this title. In any reexamination proceeding under this chapter, the patent owner shall be permitted to propose any amendment to the patent and a new claim or claims, except that no proposed amended or new claim enlarging the scope of the claims of the patent shall be permitted.

“(b) RESPONSE.—(1) This subsection shall apply to any reexamination proceeding in which the order for reexamination is based upon a request by a third-party requester.

“(2) With the exception of the reexamination request, any document filed by either the patent owner or the third-party requester shall be served on the other party.

“(3) If the patent owner files a response to any action on the merits by the Patent and Trademark Office, the third-party requester shall have 1 opportunity to file written comments within a reasonable period not less than 1 month after the date of service of the patent owner’s response. Written comments provided under this paragraph shall be limited to issues covered by action of the Patent and Trademark Office or the patent owner’s response.

“(c) SPECIAL DISPATCH.—Unless otherwise provided by the Director for good cause, all reexamination proceedings under this section, including any appeal to the Board of Patent Appeals and Interferences, shall be conducted with special dispatch within the Office.”

(e) APPEAL.—Section 306 of title 35, United States Code, is amended to read as follows:

“§ 306. Appeal

“(a) PATENT OWNER.—The patent owner involved in a reexamination proceeding under this chapter—

“(1) may appeal under the provisions of section 134 of this title, and may appeal under the provisions of sections 141 through 144 of this title, with respect to any decision adverse to the patentability of any original or proposed amended or new claim of the patent; and

“(2) may be a party to any appeal taken by a third-party requester pursuant to subsection (b) of this section.

“(b) THIRD-PARTY REQUESTER.—A third-party requester in a reexamination proceeding—

“(1) may appeal under the provisions of section 134 of this title, and may appeal under the provisions of sections 141 through 144 of this title, with respect to any final decision in the reexamination proceeding that is favorable to the patentability of any original or proposed amended or new claim of the patent; and

“(2) may be a party to any appeal taken by the patent owner with respect to a decision in the reexamination proceeding, subject to subsection (c) of this section.

“(c) PARTICIPATION AS PARTY.—(1) A third-party requester who, under the provisions of sections 141 through 144 of this title, files a notice of appeal, or who participates as a party to an appeal by the patent owner, with respect to a reexamination proceeding, is estopped from asserting at a later time, in any forum, the invalidity of any claim determined to be patentable on that appeal on any ground which the third-party requester raised or could have raised during the reexamination proceeding. This subsection does not prevent the assertion of invalidity based on newly discovered prior art unavailable to the third-party requester and the Patent and Trademark Office at the time of the reexamination proceeding.

“(2) For purposes of paragraph (1), a third-party requester is deemed not to have participated as a party to an appeal by the patent owner unless, not later than 20 days after the patent owner has filed a notice of appeal, the third-party requester files notice with the Commissioner electing to participate.”

(f) REEXAMINATION PROHIBITED.—(1) Chapter 30 of title 35, United States Code, is amended by adding at the end the following new section:

“§ 308. Reexamination prohibited

“(a) ORDER FOR REEXAMINATION.—Notwithstanding any provision of this chapter, once an order for reexamination of a patent has been issued under section 304 of this title, neither the patent owner nor the third-party requester, if any, nor privies of either, may, unless authorized by the Director, file a subsequent request for reexamination of the patent until a certificate relating to that reexamination proceeding is issued and published under section 307 of this title.

“(b) FINAL DECISION.—Once a final decision has been entered against a party in a civil action arising in whole or in part under section 1338 of title 28 that the party has not sustained its burden of proving the invalidity of any patent claim in suit, or if a final decision in a reexamination proceeding instituted by a third-party requester is favorable to the patentability of any original or proposed amended or new claim of the patent and such decision is not appealed by the third-party requester under section 306(b), then neither that party nor its privies may thereafter request reexamination of any such patent claim on the basis of issues which that party or its privies raised or could have raised in such civil action or reexamination proceeding. This subsection does not prevent the assertion of invalidity based on newly discovered prior art unavailable to the party or privies and the Office at the time of the civil action or reexamination proceeding, as the case may be.”

(2) The table of sections for chapter 30 of title 35, United States Code, is amended by adding at the end the following:

“308. Reexamination prohibited.”.

(g) REPORT TO CONGRESS.—Within 4 years after the effective date of this title, the Director of the United States Patent and Trademark Office shall submit to the Congress a report evaluating whether the reexamination proceedings established under the amendments made by this title are inequitable to any of the parties in interest and, if so, the report shall contain recommendations for changes to the amendments made by this title to remove such inequity.

SEC. 504. CONFORMING AMENDMENTS.

(a) BOARD OF PATENT APPEALS AND INTERFERENCES.—The first sentence of section 6(b) of title 35, United States Code, as amended by section 117 of this Act, is amended to read as follows: “The Board of Patent Appeals and Interferences shall, on written appeal of an applicant, or a patent owner or a third-party requester in a reexamination proceeding, review adverse decisions of examiners upon applications for patents and decisions of examiners in reexamination proceedings, and shall determine priority and patentability of invention in interferences declared under section 135(a) of this title.”.

(b) PATENT FEES; PATENT AND TRADEMARK SEARCH SYSTEMS.—Section 41(a)(7) of title 35, United States Code, is amended to read as follows:

“(7) On filing each petition for the revival of an unintentionally abandoned application for a patent, for the unintentionally delayed payment of the fee for issuing each patent, or for an unintentionally delayed response by the patent owner in a reexamination proceeding, \$1,250, unless the petition is filed under section 133 or 151 of this title, in which case the fee shall be \$110.”.

(c) APPEAL TO THE BOARD OF PATENT APPEALS AND INTERFERENCES.—Section 134 of title 35, United States Code, is amended to read as follows:

“§ 134. Appeal to the Board of Patent Appeals and Interferences

“(a) PATENT APPLICANT.—An applicant for a patent, any of whose claims has been twice rejected, may appeal from the decision of the primary examiner to the Board of Patent Appeals and Interferences, having once paid the fee for such appeal.

“(b) PATENT OWNER.—A patent owner in a reexamination proceeding may appeal from the final rejection of any claim by the primary examiner to the Board of Patent Appeals and Interferences, having once paid the fee for such appeal.

“(c) THIRD-PARTY.—A third-party requester may appeal to the Board of Patent Appeals and Interferences from the final decision of the primary examiner favorable to the patentability of any original or proposed amended or new claim of a patent, having once paid the fee for such appeal.”.

(d) APPEAL TO COURT OF APPEALS FOR THE FEDERAL CIRCUIT.—Section 141 of title 35, United States Code, is amended by amending the first sentence to read as follows: “An applicant, a patent owner, or a third-party requester, dissatisfied with the final decision in an appeal to the Board of Patent Appeals and Interferences under section 134 of this title, may appeal the decision to the United States Court of Appeals for the Federal Circuit.”.

(e) PROCEEDINGS ON APPEAL.—Section 143 of title 35, United States Code, is amended by amending the third sentence to read as follows: “In ex parte and reexamination cases, the Director shall submit to the court in writing the grounds for the decision of the United States Patent and Trademark Office, addressing all the issues involved in the appeal.”.

(f) CIVIL ACTION TO OBTAIN PATENT.—Section 145 of title 35, United States Code, is amended in the first sentence by inserting “(a)” after “section 134”.

SEC. 505. EFFECTIVE DATE.

This title and the amendments made by this title shall take effect on the date that is 6 months after the date of the enactment of this Act and shall apply to all reexamination requests filed on or after such date.

TITLE VI—MISCELLANEOUS IMPROVEMENTS

SEC. 601. PROVISIONAL APPLICATIONS.

(a) ABANDONMENT.—Section 111(b)(5) of title 35, United States Code, is amended to read as follows:

“(5) ABANDONMENT.—Notwithstanding the absence of a claim, upon timely request and as prescribed by the Director, a provisional application may be treated as an application filed under subsection (a). If no such request is made, the

provisional application shall be regarded as abandoned 12 months after the filing date of such application and shall not be subject to revival thereafter.”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) applies to any provisional application filed on or after June 8, 1995.

SEC. 602. INTERNATIONAL APPLICATIONS.

Section 119 of title 35, United States Code, is amended—

- (1) in subsection (a), by inserting “or in a WTO member country,” after “or to citizens of the United States,”; and
- (2) by adding at the end the following new subsections:
 - “(f) **APPLICATIONS FOR PLANT BREEDER’S RIGHTS.**—Applications for plant breeder’s rights filed in a WTO member country (or in a UPOV Contracting Party) shall have the same effect for the purpose of the right of priority under subsections (a) through (c) of this section as applications for patents, subject to the same conditions and requirements of this section as apply to applications for patents.
 - “(g) **DEFINITIONS.**—As used in this section—
 - “(1) the term ‘WTO member country’ has the same meaning as the term is defined in section 104(b)(2) of this title; and
 - “(2) the term ‘UPOV Contracting Party’ means a member of the International Convention for the Protection of New Varieties of Plants.”.

SEC. 603. PLANT PATENTS.

- (a) **TUBER PROPAGATED PLANTS.**—Section 161 of title 35, United States Code, is amended by striking “a tuber propagated plant or”.
- (b) **RIGHTS IN PLANT PATENTS.**—The text of section 163 of title 35, United States Code, is amended to read as follows: “In the case of a plant patent, the grant shall include the right to exclude others from asexually reproducing the plant, and from using, offering for sale, or selling the plant so reproduced, or any of its parts, throughout the United States, or from importing the plant so reproduced, or any parts thereof, into the United States.”.
- (c) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply on the date of the enactment of this Act. The amendment made by subsection (b) shall apply to any plant patent issued on or after the date of the enactment of this Act.

SEC. 604. ELECTRONIC FILING.

Section 22 of title 35, United States Code, is amended by striking “printed or typewritten” and inserting “printed, typewritten, or on an electronic medium”.

SEC. 605. DIVISIONAL APPLICATIONS.

Section 121 of title 35, United States Code, is amended—

- (1) in the first sentence by striking “If” and inserting “(a) If”; and
- (2) by adding at the end the following new subsections:
 - “(b) In a case in which restriction is required on the ground that two or more independent and distinct inventions are claimed in an application, the applicant shall be entitled to submit an examination fee and request examination for each independent and distinct invention in excess of one. The examination fee shall be equal to the filing fee, including excess claims fees, that would have applied had the claims corresponding to the asserted independent and distinct inventions been presented in a separate application for patent. For each of the independent and distinct inventions in excess of one for which the applicant pays an examination fee within two months after the requirement for restriction, the Director shall cause an examination to be made and a notification of rejection or written notice of allowance provided to the applicant within the time period specified in section 154(b)(1)(B)(i) of this title for the original application. Failure to meet this or any other time limit set forth in section 154(b)(1)(B) of this title shall be treated as an unusual administrative delay under section 154(b)(1)(A)(iv) of this title.
 - “(c) An applicant who requests reconsideration of a requirement for restriction under this section and submits examination fees pursuant to such requirement shall, if the requirement is determined to be improper, be entitled to a refund of any examination fees determined to have been paid pursuant to the requirement.”.

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PURPOSE AND SUMMARY

The United States is by far the world's largest producer of intellectual property, and this has greatly benefitted our balance of trade. This success is dependent upon a rational and sound policy of protecting intellectual property by encouraging the development of new inventions and processes.

Despite this success, the U.S. patent system is not without its problems. Some dilatory patent applicants and plaintiffs' attorneys have developed ways to abuse the system and ultimately extort hundreds of millions of dollars from industries—costs that are ultimately passed on to American consumers. Another key problem is that the Patent and Trademark Office is bogged down in bureaucratic red tape. It cannot run at its peak efficiency. Many other nations have learned from our success—America no longer stands alone in its commitment to a strong system of patent protection for its inventors, small businesses, and industries. Consequently, it is more important now than ever that Congresses adopt certain reforms that will ensure that America maintains its position as the world leader in the production of intellectual property.

H.R. 400 contains several titles addressing and solving major problems threatening our patent system. With the exception of the title containing miscellaneous provisions, each title consists of an independent bill that was the subject of comprehensive hearings in the Subcommittee on Courts and Intellectual Property over the last two Congresses. Each of these titles also reflects changes that were made in response to valuable comments submitted by expert witnesses, Members, independent inventors, small businesses, large corporations, universities and research institutions, industry organizations, patent law associations, and the Patent and Trademark Office.

BACKGROUND AND NEED FOR THE LEGISLATION

The following is a breakdown and explanation of the background and need for each of the patent titles contained in H.R. 400:

TITLE I.—PATENT AND TRADEMARK OFFICE MODERNIZATION

Under Title I, the United States Patent and Trademark Office ("PTO"), currently a bureau within the Department of Commerce, would be established as an independent government agency, subject to the Government Corporation Act, under the policy direction of the Secretary of Commerce. These provisions separate the Office from any established department, creating a new agency of the United States, but maintain policy direction from the Executive Branch to ensure uniform goals in the area of intellectual property rights.

The PTO is one of a few government entities which lends itself to being subject to the Government Corporation Act. It was recommended for government corporation status by the National Academy of Public Administration. It is funded completely by user fees. It can and should operate to serve most efficiently the public interest, including the interest of those who pay user fees to support it—patent and trademark applicants. Further, the Office performs a quasi-judicial function, which should be handled in an independent manner.

Apart from policy, the work of the PTO, such as the processing and examination of applications, has always been independent, but the Department of Commerce has exercised control over its finances and its rulemaking procedures. An independently managed government corporation with the accountability measures provided in the Government Corporation Act, in H.R. 400 itself, through oversight by Congress and through congressionally approved fee usage and borrowing authority, will possess the operational flexibility and independence required to best serve the public and the innovators who have become an increasingly important aspect of our national economy. If the PTO is to operate in a businesslike manner to accomplish operational efficiency with integrity, it must have management, operational, and financial flexibility that it does not currently have.

Title I establishes the Patent and Trademark Office as an independent wholly owned government corporation and transfers to it the duties carried out by the existing Office while maintaining the policy direction of the Secretary of Commerce. It establishes that the Office shall be managed by a Director who is appointed by the President, by and with the advice and consent of the Senate, for a term of five years. The length of the term should provide continuity and carry-over between presidential Administrations. Under this title, the President is required to nominate a Director who, “by reason of professional background and experience in patent or trademark law, is especially qualified to manage the Office.”

Title I caps the salaries of the Director, the Commissioner for Patents, the Commissioner for Trademarks (both of whom are appointed by the Director), and any other employees hired by the PTO. It further leaves to Congress the duty of setting filing fees which establish and control the budget of the PTO. The title further requires that an Inspector General be appointed under the provisions of the Inspector General Act.

Title I provides that the new government agency would be able to purchase personal property based on an established bidding process without proceeding through the General Services Administration. Importantly, it frees the Office from any administratively or statutorily imposed limitations on positions or personnel so that it can hire as many examiners as are needed to serve its applicants effectively to the extent feasible in its budget. The title guarantees that PTO employees, as government employees, will retain full civil service protection, including federal health, life, and retirement benefits.

The title further provides for a bipartisan Management Advisory Board, comprised of members of the private sector who represent users of the PTO. Under this title, the Board would be made up

of 12 members: four to be appointed by the President, four to be appointed by the Speaker of the House, and four to be appointed by the Majority Leader of the Senate. The terms of the members of the Board would be for four years, and the terms would be staggered. The Chairman of the Board would be appointed by the President and would serve for three years. The Board shall review the policies, goals, performance, budget, and user fees of the PTO and advise the Commissioner. Its powers are limited to an advisory capacity only. The Board shall also prepare an annual report to the President and the Judiciary Committees of the House and the Senate, which will be published in the PTO Official Gazette.

Title I maintains the Trademark Trial and Appeals Board which determines the rights of registration in every case, opposition to registration, or application to cancel the registration of a mark. It further maintains a Board of Patent Appeals and Interferences which shall, on written appeal of an applicant, review adverse decisions of patent examiners.

Under the title, a relationship is established with the Justice department for assistance in the defense of lawsuits brought against the Office. The PTO will be required to report to Congress annually on budget and patent quality issues.

The PTO is granted borrowing authority, subject to annual appropriations Acts, and is allowed to issue bonds for purchase by the Secretary of the Treasury. Any monies not otherwise used to carry on the duties of the PTO must be kept in cash on hand, in deposit, or invested in U.S. obligations or other lawful investments for public funds. The PTO cannot borrow money without explicit advance approval in appropriations acts and not without guaranteeing its payment from future user fee income. The PTO remains subject to the Chief Financial Officers Act and remains subject to review by the Comptroller General.

Title I was written to reflect the concerns of employees of the PTO, expressed in hearing testimony. It will provide better service to America's creative community through a better work force under the oversight of the Government Corporation Act, Congress and the President with increased input by inventors and trademark applicants.

Title I also responds to past practices and current proposals to divert up to \$119 million from the PTO, which receives no taxpayer dollars, to other tax-funded areas of the government. Taxpayer support for the operations of the Office was eliminated in 1990 with the passage of the Omnibus Budget Reconciliation Act. The Act imposed a massive fee increase (referred to as a "surcharge") on America's inventors and industry in order to replace taxpayer support the Office was then receiving. The revenues generated by this surcharge, \$119 million, which constitute approximately 20% of the PTO's operating budget, are placed into a surcharge account. The PTO is required to request of the Appropriations Committees that they be allowed to use these surcharge revenues in this account to support the 20% of its operations these revenues represent. It was anticipated in 1990 that Congress would routinely grant the PTO permission to use the surcharge revenue since it was generated originally from fees paid by users of the patent and trademark systems to support the cost of those systems.

Unfortunately, experience has shown us that the user fees paid into the surcharge account have become a target of opportunity to fund other, unrelated, taxpayer-funded government programs. The temptation to use the surcharge, and thus a significant portion of the operating budget of the PTO, has proven increasingly irresistible, to the detriment and sound functioning of our nation's patent and trademark systems. Beginning with the diversion of \$8 million in 1992, Congress has increasingly redirected a larger share of the surcharge revenue, reaching a record level of \$54 million in the current year. In total, over the past six fiscal years, more than \$142 million has been diverted from the PTO.

This, of course, has had a debilitating impact on the Patent and Trademark Office. The effort to reclassify the patent search fee to keep it current with developing technologies had to be eliminated. The efforts to provide technological training for patent examiners and to expose them to the latest developments in their fields has been reduced. The support of legal training for patent examiners has been cut 50%. One of the most promising cost-saving steps contemplated by the PTO, allowing applicants to file their applications electronically, has been postponed indefinitely. Since the diversion of \$54 million this year, the Office has been forced to reduce the hiring of patent examiners 50% at a time when patent application filings are increasing by nearly 10% annually. We cannot afford to allow this dismantling of our patent system to occur.

This legislation is revenue neutral. It does not increase an expenditure of taxpayer revenues which would increase the deficit. It merely permits the PTO to use all of the patent and trademark fees it receives to examine patent and trademark applications, to grant patents, and to register trademarks. It does this by placing the fees generated by the surcharge mandated by the Omnibus Budget Reconciliation Act of 1990 into the same category as the other user fees paid by patent and trademark applicants. Specifically, it would characterize these fees as "offsetting collections" rather than "offsetting receipts" so that all of the fees collected could be used for the purposes for which they were paid. Allowing the PTO to have access to all of its funds will ensure that patents are issued more rapidly, adding to the term of the patent.

The establishment of the PTO as a separate government agency under the Government Corporation Act is necessary to achieve cost-effective, quality examining operations which will best serve its users, and consequently, the public interest.

TITLE II.—TERM EXTENSION AND PATENT PUBLICATION

Title II will ensure that every diligent patent applicant is guaranteed at least a 17-year patent term under the current 20 year from filing system. In most cases, applicants will gain term under its provisions.

Term Issues

One of the key patent provisions in the TRIPS Agreement was the establishment of an international standard minimum term for patent protection. In accordance with the treaty, the United States is obliged to establish a minimum patent term of twenty years from the time the patent application was filed. Formerly, the U.S. pro-

vided only 17 years of protection from the time the patent was issued. Consequently, a change in the law was required to ensure compliance.

In 1994, the Congress took a straightforward approach to complying with this obligation and simply adopted the 20 year from filing term, the minimum required by TRIPS. Since June 8, 1995, that has been the standard to measure patent term in the United States. Obviously, any patent that is granted within three years will result in an increase in patent term for patent applicants. Under this new system, even based on historical data from a time when there was not the same incentive to expedite processing, the vast majority of patent applicants, nearly 90%, will experience a significant increase in patent term.

Nevertheless, because the system changed from one based upon grant to one based upon filing, there was some concern that delays in the Patent Office would diminish some applicants' patent term through no fault of the applicants. This is addressed to some extent by present law, where the 20 year patent term may be extended for a total of up to five years for delays in the issuance of a patent due to interferences, secrecy orders, or successful appeals to the Board of Patent Appeals and Interferences or the Federal courts.

Title II provides that unusual administrative delays shall justify extended term compensation by introducing an objective time clock to interpret the unusual administrative delay standard. Under the objective time clock, the Patent Office is required to compensate automatically and fully any delays beyond a stated minimum. Under the provisions of Title II, every diligent patent applicant is ensured at least 17 years of patent term from the date of grant, and in most cases, a term closer to 18 years.

Publication Provisions

All of the major patent systems throughout the world, with the exception of the United States, publish applications 18 months from the earliest effective filing date. In an age where worldwide patent protection is becoming increasingly important, the current system places U.S. inventors at a clear disadvantage. For example, an invention that is the subject of a patent application in Japan will be published in the Japanese language after 18 months. Inventors reviewing the Japanese patent application disclosures will have the benefit of the early disclosure in Japan. This is especially beneficial to domestic inventors in Japan as they are able to obtain an early disclosure of the technology in the Japanese language. Meanwhile, in the United States, domestic inventors do not have the benefit of an English language publication of the technology disclosed in an application for a patent until the patent is actually issued. This situation provides foreign inventors a clear advantage relative to U.S. domestic inventors.

The early publication provisions of Title II would provide American inventors with a prompt English-language publication of relatively current technology. There would be no need to await the grant of a patent to gain an understanding of the technology it contains. This will speed disclosure of foreign-origin U.S. patent technology by at least 12 months. Further, technology contained in patent applications that never mature into patents would also be

available. Our domestic inventors would be able to take advantage of this earlier access to English-language patent application technology and build upon it more rapidly than they are able to do in our current system. In this way, the Constitutional objective of “promoting the progress of . . . [the] useful arts” would be advanced.

In addition, these provisions would promote more efficient use of limited research and development resources by preventing duplication of research, signaling promising areas of research, and indicating which research topics are being pursued by others. Further, with this law, inventors would be able to avoid the commitment of substantial resources to develop an invention based on an incomplete, erroneous assessment of its patentability.

This legislation would also help to address the submarine patent problem that has long plagued the U.S. patent system. Submarine patents surface from applications that have been purposely delayed by the applicant and are pending in the PTO for many years. The belatedly granted patents often cause disruptions in the market place because competitors unknowingly regarded and adopted the later- patented technology as commonplace publicly available information. No disclosure has ever been made warning others not to develop the technology broadly included in a claim filed by a “submariner”. Those competitors are often required to negotiate a license with the late-arriving patentee against a threat of a lawsuit which might shut down their operations. Early publication would provide the above competitors with the necessary information to make the requisite business decisions before entering a given field.

In return for the disclosure that would be made by virtue of early publication, patentees would be given provisional rights to obtain compensation for any use of an invention disclosed in the patent application for the time period between publication, and grant. In conjunction with a 20-year patent term, provisional rights would give eventual patentees the opportunity to obtain at least 18½ years of patent rights (provisional rights from publication at 18 months until grant plus full rights upon grant) regardless of patent pendency. If a provisional patent application is filed, or if publication is requested earlier than the eighteenth month, an eventual patentee could obtain up to 19½ years or more of patent rights.

Title II takes a significant additional step to protect those who may not want their application published. It proposes to amend title 35 to enable an independent inventor to defer publication until three months after an initial patentability determination by the PTO. To be eligible for this provision, an inventor must certify that he or she has not also filed the application in a foreign country (where it will inevitably be published within 18 months). Situations are extremely rare where an independent inventor who is actively seeking an early PTO action will not obtain at least one patentability determination (most will receive two) before three months prior to the 18 months of pendency of his/her application. However, this provision ensures that such an action will be received by qualified independent inventors in a timely manner. In this way, the independent inventor is given ample opportunity to withdraw his application and pursue the trade secret route when patentability is unlikely and the invention can be kept secret.

The 20-year term and the 18-month publication provisions of Title II have the strong support of the current and previous presidential administrations and five of the past six living Commissioners of Patents and Trademarks. Title II also has the backing of key industry groups like the National Association of Manufacturers and the Biotechnology Industry Organization as well as every major intellectual property and bar association that has expressed an opinion on these topics.

TITLE III.—PRIOR DOMESTIC USER RIGHTS

Title III provides a defense of prior user rights against infringement of a patent to businesses, universities, and nonprofit research institutions. The defense typically arises when an original inventor, who decided not to patent a manufacturing process, or simply didn't consider patenting, uses the process as a trade secret in a commercial or university-related endeavor. The original inventor is later sued by a party, often a party outside the United States, who subsequently patented the process. While U.S. law permits the assertion of prior public use as a method of defeating a patent under our first-to-invent system, it does not recognize secret prior use as a defense to patent infringement.

An inventor may develop a process without ever considering obtaining a patent, may not be able to afford obtaining a patent, or may choose for strategic or personal reasons to protect his process as a trade secret. One of the more famous trade secrets is the formula for Coca-Cola which has never been patented. While there is no federal trade secret law, there is state common law protection for trade secrets and many states have enacted statutes to protect trade secrets specifically or in unfair competition laws.

Under current law, choosing to practice an invention as a trade secret has its risks because while prior public disclosure of an invention defeats a patent, an undisclosed invention which relies on trade secret protection may not. Title III would eliminate this risk by granting a prior commercial or university user, in effect, a defense against infringement suits for practicing the later patented invention. This personal defense does not extend to later developed products and processes that infringe upon the patent.

Title III would allow an inventor to choose whether to patent an invention or use it as a trade secret by granting a personal defense against an infringement suit to any inventor who commercially used an invention at least one year before the filing date of a patent for the very same invention issued to another. This prior use defense leaves the patent intact for assertions against all others. This balance is designed to maintain incentives to patent new inventions without forcing inventors to seek patents on every trivial advancement.

Under the current system, foreign patentees, who are treated the same as U.S. inventors under our patent laws, may obtain patents on processes or products protected by trade secret laws in the U.S. and sue the original U.S. inventors for infringement. However, U.S. inventors are not able to do the same abroad because most of our foreign trading partners have enacted prior user rights as a means of protecting their manufacturers.

TITLE IV.—INVENTOR PROTECTION

Title IV would create a new chapter 5 in title 35 of the United States Code, designed to curb the deceptive practices of certain invention marketing companies. Many of these companies operate under the following scenario. They advertise that inventors may call a toll-free number for an invention evaluation form, which they claim is used to provide expert analysis of the development possibilities of their inventions. The inventors return the form with descriptions of the inventions, which become the basis for contacts by salespeople at the marketing companies. The next step is a costly product research report which usually contains nothing more than boilerplate information stating merely that the invention may qualify for a design patent. Then the marketing companies attempt to convince the inventor to buy marketing services—typically consisting of a mere mention in a few press releases and trade shows—at a cost of up to \$10,000.

This title aims to confront these problems by requiring that: (1) contracts between marketing companies and inventors contain standardized disclosures, including the number of applicants rejected by the companies, statistics on the profits actually earned by inventors, and contractual terms prescribing payment conditions and termination rights; and (2) marketing companies submit quarterly reports to their subscribing inventors.

Remedies against companies for failing to comply include private civil actions for actual or \$5,000 statutory damages, the possibility of treble damages, and costs and attorneys' fees. Criminal penalties of up to \$10,000 are also provided.

TITLE V.—PATENT REEXAMINATION REFORM

In 1980, Congress enacted Public Law No. 96-517 to authorize the reexamination of U.S. patents in the Patent and Trademark Office. The reexamination provisions, set forth in 35 U.S.C. §§ 301-307, and the rules governing reexamination (37 CFR 1.501-1.570) became effective on July 1, 1981. The reexamination statute permits the patent owner or any other person to (1) cite to the Office patents or printed publications as prior art pertaining to the validity of an issued patent, and (2) request that the Office reexamine any claim of that patent on the basis of the cited prior art. Within three months of such a request or on his own initiative, the Director must determine whether a substantial new question of patentability is raised by the prior art cited to or discovered by him. If a substantial new question of patentability is found, the Director will issue an order granting the reexamination. The patent owner is then given two months to file a preliminary statement responding to the reexamination order. If the order follows a request by a third party to reexamine the patent, and the patent owner files a preliminary statement responding to the order, the third-party requester may, within two months, file a reply to the patent owner's preliminary statement. The claim or claims in question are then reexamined by the Office "with special dispatch," but otherwise using essentially the same procedures applicable to the examination of patent applications.

Reexamination proceedings, like the examination of patent applications, are *ex parte* in nature (i.e., they exclude participation by parties other than the Office and the patent owner). In such proceedings, the patent owner may file amendments to the specification, amend existing claims or present new claims, conduct interviews and take appeals from final adverse determinations of patentability by the Office. Reexamination concludes with the issuance of a reexamination certificate which cancels any claims found to be unpatentable, and confirms the patentability of claims determined to be patentable whether originally amended or newly submitted during the reexamination.

Current reexamination procedures have been criticized as being biased against “third-party” requesters (i.e., a party other than the patent owner who requests reexamination). A third-party requester cannot participate in the reexamination proceeding beyond filing the initial request for reexamination. Some have claimed that the *ex parte* nature of prosecution following a reexamination order, while reducing the time and costs involved, provides the patent owner with an unfair advantage.

Conclusions of the Office in reexamination proceedings are given considerable weight by a court in considering the validity of reexamined claims of a patent. This has led some to conclude that a third party’s burden of proving invalidity in litigation will be more difficult to sustain than in instances where the patent was not involved in a reexamination. Many third parties are accordingly reluctant to request reexamination even when they possess relevant prior art. Thus, reexamination has not realized its full potential as an inexpensive and expeditious alternative to litigation.

The reexamination system established in 1980 needs to be revised to make it a more effective and balanced procedure for reviewing patent validity. This legislation would introduce changes to the reexamination provisions to accomplish this objective.

There are three main elements of the legislation. First, the legislation provides third parties with a greater opportunity to participate in reexamination proceedings while maintaining most of the features which make reexamination a desirable alternative to litigation in the federal courts (e.g., low cost, expedited procedure). Second, the legislation expands the basis and scope of reexamination to include review of compliance with all aspects of 35 U.S.C. § 112, except the “best mode” requirement. Third, the proposed legislation requires that the real party in interest be identified and provides third-party requesters with certain appeal rights. Exercising some of these rights (e.g., filing of an appeal to the Federal Circuit), would be conditioned on the third-party requester accepting a statutory estoppel against subsequent review, either by the Office or by a federal court, of the issues that were or could have been raised in the reexamination proceeding. These limits, along with certain others introduced in the legislation, would ensure that reexamination proceedings could not be used to harass patent owners and would not be available where court action makes reexamination unnecessary.

The proposed modifications would not unreasonably increase the cost, complexity or duration of reexamination proceedings, nor would they impose unreasonable burdens on the Office or patent-

ees. Reexamination proceedings would continue to be based largely on the *ex parte* structure of regular examination. The issues considered during reexamination would continue to be those routinely considered by examiners in the course of regular examination procedures. Most importantly, however, these modifications would increase third-party use of the reexamination system as a meaningful, inexpensive and expeditious alternative to patent validity litigation, while preventing abuse of the reexamination process by limiting requests to one per claim.

TITLE VI.—MISCELLANEOUS PATENT PROVISIONS

Title VI contains various technical, clarifying and conforming changes to our patent law that are not related to any of the five major titles of H.R. 400.

HEARINGS

There have been seven days of hearings and 61 witnesses who have testified on the provisions of H.R. 400 in the 104th and 105th Congresses.

The Committee's Subcommittee on Courts and Intellectual Property held two days of hearings on Title I of H.R. 400 on September 14, 1995, and March 8, 1996. Testimony was received from The Honorable Bruce A. Lehman, Assistant Secretary of Commerce and Commissioner of Patents and Trademarks, Patent and Trademark Office, U.S. Department of Commerce; Dr. Harold Seidman, Senior Fellow, and Alan Dean, Fellow, from the National Academy of Public Administration; Michael K. Kirk, Executive Director of the American Intellectual Property Law Association; Herbert C. Wamsley, Executive Director of the Intellectual Property Owners; Donald R. Dunner, Chair of the Section on Intellectual Property Law Section of the American Bar Association; The Honorable Dana Rohrabacher, Representative, California 45th District; The Honorable Duncan Hunter, Representative, California, 52nd District; Mr. Timothy Reardon, Congressional Liaison, Patent & Trademark Office Society; Mr. Robert M. Tobias, National President, National Treasury Employees Union; Mr. Ronald J. Stern, President, Patent Office Professional Association; Mr. Howard Friedman, President, The Trademark Society, National Treasury Employees Union, Chapter 245; and Ms. Catherine Simmons-Gill, President, International Trademark Association.

The Committee's Subcommittee on Courts and Intellectual Property held two days of hearings on Title II and Title V of H.R. 400 on June 8, 1995 and November 1, 1995. Testimony was received from The Honorable Bruce A. Lehman, Assistant Secretary of Commerce and Commissioner of Patents and Trademarks, Patent and Trademark Office, U.S. Department of Commerce; Mr. Gary L. Griswold, Intellectual Property Owners; Mr. Michael Kirk, American Intellectual Property Law Association; Mr. Thomas E. Smith, American Bar Association, Section on Intellectual Property Law; Mr. Andrew Kimbrell, Director, International Center for Technology Assessment; Mr. Kenneth Addison, Oklahoma Inventors Congress; Dr. Raymond Damadian, President and Chairman, Fonar Corporation; The Honorable Dana Rohrabacher, Representative,

California, 45th District; Mr. James L. Fergason, Inventor, Founder and President of Optical Shields, Incorporated, Menlo Park, California; Mr. Mark A. Lemley, Assistant Professor, School of Law, University of Texas at Austin; Mr. Thomas W. Buckman, Inventor, Vice President, Patents and Technology, Illinois Tool Works, Incorporated, Glenview, Illinois, representing the National Association of Manufacturers; Mr. William D. Budinger, Inventor, Chairman & Chief Executive Officer, Rodel, Incorporated, and Chair of the Technology and Innovation Section of the White House Conference on Small Business; Mr. Edward Stead, Vice President, General Counsel & Secretary, Apple Computer, Incorporated, testifying on behalf of the Information Technology Industry Council; Mr. Roger May, Assistant General Counsel, Ford Motor Company, Member of the Michigan Patent Law Association; Mr. Stephen Barram, Inventor, Chief Executive Officer, Integrated Services, Incorporated, Lake Oswego, Oregon; Dr. Raymond Damadian, Inventor, President and Chairman, Fonar, Incorporated, Inventor and Manufacturer of Magnetic Resonance Imaging (MRI); Mr. James Chandler, President of the National Intellectual Property Law Institute, Washington, D.C.; Dr. Robert Rines, Inventor, Founder, and former President of the Franklin Pierce Law Center; Ms. Diane L. Gardner, Patent Agent, Molecular Biosystems, Incorporated, and President of the Intellectual Property Law Society at Thomas Jefferson School of Law; Dr. Paul Crilly, Inventor, and Associate Professor of Electronic Engineering University of Tennessee, Knoxville; and Dr. David L. Hill, President, Patent Enforcement Fund, Incorporated, Southport, Connecticut.

The Committee's Subcommittee on Courts and Intellectual Property held one day of hearings on Title III of H.R. 400 on October 26, 1995. Testimony was received from Mr. Dieter Hoinkes, Senior Counsel, Office of Legislative and International Affairs, Patent and Trademark Office, U.S. Department of Commerce; Mr. Karl Jorda, Professor, Franklin Pierce Law Center; Mr. Richard Schwaab, Adjunct Professor, George Mason Law School and Partner, Foley & Lardner; Mr. Gary L. Griswold, President of the Intellectual Property Owners; Mr. Robert A. Armitage, President, American Intellectual Property Law Association (AIPLA); and Mr. William D. Budinger, Chairman and Chief Executive Officer, Rodel, Incorporated.

The Committee's Subcommittee on Courts and Intellectual Property held one day of hearings on Title IV of H.R. 400 on October 19, 1996. Testimony was received from G. Lee Skillington, Counsel, Office of Legislative and International Affairs, Patent and Trademark Office, United States Department of Commerce; Senator Joseph I. Lieberman, the sponsor of S. 909, the Senate companion bill to H.R. 2419; Dr. William D. Noonan, Klarquist, Sparkman, Campbell, Leigh & Whinston; Mr. Donald R. Dunner, Chair, Section of Intellectual Property Law Section, American Bar Association; Mr. Michael Kirk, Executive Director, American Intellectual Property Law Association; and Mr. Robert Lougher, Inventors Awareness Group.

The Committee's Subcommittee on Courts and Intellectual Property held one day of hearings on all of the provisions of H.R. 400 on February 26, 1997. Testimony was received by: The Honorable

Sue W. Kelly, Member of Congress, 19th District of New York; The Honorable Duncan Hunter, Member of Congress, 52nd District of California; The Honorable Dana Rohrabacher, Member of Congress, 45th District of California; The Honorable Tom Campbell, Member of Congress, 15th District of California; The Honorable Bruce A. Lehman, Assistant Secretary of Commerce and Commissioner of Patents and Trademarks, Patent and Trademark Office, U.S. Department of Commerce; Mr. John R. Kirk, Chair, Section of Intellectual Property Law, American Bar Association; Mr. Michael K. Kirk, Executive Director, American Intellectual Property Law Association; Mr. Chuck Ludlam, Vice President for Government Relations; Biotechnology Industry Organization; Mr. Erwin Bud Berrier, President, Intellectual Property Owners; Ms. Mary Ann Alford, President, International Trademark Association; Mr. Alan F. Holmer, President, Pharmaceutical Research and Manufacturers of America; Mr. David L. Hill, Chairman, Advisory Board, Alliance for American Innovation; Mr. Harold C. Wegner, Professor, The George Washington University National Law Center; Mr. Stephen H. Barram, Chief Executive Officer, Integrated Services, Inc. and Delegate, White House Conference on Small Business; Ms. Maureen Gilman, Director of Legislation, National Treasury Employees Union; and Mr. Ronald J. Stern, President, Patent Office Professional Association.

COMMITTEE CONSIDERATION

On March 5, 1997, the Subcommittee on Courts and Intellectual Property considered H.R. 400. Amendments offered by Mr. Coble, Chairman of the Subcommittee on Courts and Intellectual Property, to extend protection to universities and strengthen the guarantee of 17 years of patent term, were considered en bloc and adopted by voice vote, a quorum by present. The bill, as amended, was reported favorably to the full Committee on the Judiciary by voice vote, a quorum being present. On March 12, 1997, the Committee on the Judiciary considered H.R. 400. Mr. Coble offered amendments to Titles III and V to further extend protection to universities and research institutions which were considered en bloc. The amendments were adopted by voice vote, a quorum being present and the bill H.R. 400, as amended, were ordered reported favorably by voice vote, a quorum being present, to the full House.

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 2(1)(3)(A) of rule XI of the Rules of the House of Representatives, the Committee reports that the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT FINDINGS

No findings or recommendations of the Committee on Government Reform and Oversight were received as referred to in clause 2(1)(3)(D) of rule XI of the Rules of the House of Representatives.

NEW BUDGET AUTHORITY AND TAX EXPENDITURES

Clause 2(l)(3)(C) of House Rule XI is inapplicable because this legislation does not provide new budgetary authority or increased tax expenditures.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

In compliance with clause 2(l)(C)(3) of rule XI of the Rules of the House of Representatives, the Committee sets forth, with respect to the bill, H.R. 400, the following estimate and comparison prepared by the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, March 18, 1997.

Hon. HENRY J. HYDE,
Chairman, Committee on the Judiciary,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 400, the 21st Century Patent System Improvement Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Rachel Forward, who can be reached at 226-2860.

Sincerely,

JAMES L. BLUM
(For June E. O'Neill, Director).

Enclosure.

H.R. 400—21ST CENTURY PATENT IMPROVEMENT ACT

Summary

H.R. 400 would establish the United States Patent and Trademark Office (PTO) as a government corporation and make a number of other changes in laws governing the issuance of patents and related procedures.

CBO estimates that enacting H.R. 400 would result in net discretionary spending by the PTO totaling about \$33 million over the 1998-2002 period, assuming appropriation of the authorized amounts. Enacting H.R. 400 would result in a net decrease in direct spending of \$15 million in fiscal year 1998 and \$112 million over the 1998-2002 period. Because the bill would affect direct spending in fiscal year 1998, pay-as-you-go procedures would apply.

The legislation contains private-sector mandates, but CBO is uncertain whether the costs associated with the new mandates in the bill would exceed the \$100 million threshold specified in the Unfunded Mandates Reform Act of 1995 (UMRA). The costs of private-sector mandates would exceed the threshold if the extension of current PTO surcharges is included, but the costs would be well below the \$100 million threshold if only the added fees are counted. H.R. 400 contains no intergovernmental mandates as defined in UMRA and would not impose costs on state, local, or tribal governments.

Title I would establish a wholly owned government corporation to replace the existing PTO, an agency within the Department of Commerce. The new government corporation would retain the same name and would be subject to the policy guidance of the Department of Commerce but would not be subject to supervision by any department. The bill would authorize the PTO to collect and spend a surcharge on existing patent and trademark fees beginning in fiscal year 1999, subject to prior approval in appropriations acts. Authority to collect such surcharges currently expires after fiscal year 1998.

Title II would require the PTO to publish patent applications within 18 months of filing regardless of whether a patent has been granted and would authorize the PTO to charge a fee to cover the cost of early publication. Title V would modify current reexamination procedures to ease the restrictions on third parties requesting the PTO to reexamine the validity of an existing patent. The bill would require a fee to be submitted with each third-party request for a patent reexamination and would authorize the PTO to collect a fee from the patent owner if the owner does not respond in a timely manner to a request for information pertinent to the reexamination. H.R. 400 also would require the PTO and the General Accounting Office (GAO) to complete a number of studies for the Congress.

H.R. 400 would make a number of other changes to patent law that would not significantly affect the federal budget. The bill would require invention marketing companies that evaluate the market potential of inventions to include standardized disclosures in contracts between the companies and the inventors. The bill also would allow an inventor who has used an invention at least one year before the invention is patented by another party to continue using the invention without infringing on the new patent.

Estimated Cost to the Federal Government

The estimated budgetary impact of H.R. 400 for the PTO is shown in Table 1. Under current law, the PTO collects a number of user fees that are spent by the agency to the extent provided in advance in the appropriations acts. CBO assumes that over time the PTO would be authorized to spend all of the fees that the agency collects, except for the surcharge fees required to be collected through 1998 pursuant to the Omnibus Budget Reconciliation Act of 1990. Hence, our current law projections show the estimated authorization levels for fiscal years 1998 through 2002 net of the user fees estimated to be collected and spent by the agency.

For the purposes of this estimate, CBO assumes that H.R. 400 would be enacted by the end of fiscal year 1997. Outlays have been estimated on the basis of historical spending patterns for the PTO and information provided by the agency.

TABLE 1.—ESTIMATED BUDGETARY IMPACT OF H.R. 400

[By fiscal year, in millions of dollars]

	1997	1998	1999	2000	2001	2002
SPENDING SUBJECT TO APPROPRIATION						
Spending under current law:						
Estimated authorization level ¹	61	61	61	61	61	61
Estimated outlays	-2	24	18	14	10	5

TABLE 1.—ESTIMATED BUDGETARY IMPACT OF H.R. 400—Continued
[By fiscal year, in millions of dollars]

	1997	1998	1999	2000	2001	2002
Proposed changes:						
Estimated authorization level	0	15	19	22	26	30
Estimated outlays	0	5	-26	8	21	25
Spending under H.R. 400:						
Estimated authorization level ¹	61	76	80	83	87	91
Estimated outlays	-2	29	-8	22	31	30
CHANGES TO DIRECT SPENDING						
Estimated budget authority	0	-15	-19	-22	-26	-30
Estimated outlays	0	-15	-19	-22	-26	-30

¹ The 1997 level is the amount appropriated for that year. The estimated authorization levels for 1998–2002 reflect CBO baseline estimates for the PTO, assuming no adjustment for inflation.

The costs of this legislation fall within budget function 370 (commerce and housing credit).

Basis of Estimate

Establishing the Patent and Trademark Office as a wholly owned government corporation would result in a number of efficiencies and savings, primarily for procurement and administration, that CBO expects would be roughly offset by expenditures for new requirements in the bill and for salary increases.

Table 2 shows the estimated fee collections under H.R. 400 as compared to projected fee collections under current law. The bill would allow an extension of the surcharge on the patent and trademark fees that expires in fiscal year 1998, but would make both the collection of the surcharge fees and the spending from those collections subject to appropriations. That is, the bill would change those collections from offsetting receipts (a form of direct spending) to offsetting collections credited to appropriations (a form of discretionary spending). H.R. 400 also would require the PTO to collect some additional user fees, which CBO estimates would total \$112 million over five years.

TABLE 2.—ESTIMATED PTO FEES
[Outlays in millions of dollars, by fiscal year]

	1997	1998	1999	2000	2001	2002
Fees under current law:						
Patent surcharge	-115	-119	0	0	0	0
Patent and trademark user fees	-604	-664	-731	-804	-884	-973
Proposed changes:						
Patent surcharge ¹	0	0	-119	-119	-119	-119
Patent and trademark user fees ²	0	-15	-19	-22	-26	-30
Fees under H.R. 400:						
Patent surcharge	-115	-119	-119	-119	-119	-119
Patent and trademark user fees	-604	-679	-750	-826	-910	-1003

NOTE: Fee collections are recorded as negative outlays.

¹ Would require appropriations action and would be available for spending.

² Would not require appropriations action.

Spending Subject to Appropriation

Under current law, the PTO cannot spend any user fees without prior approval in an appropriations act. Although H.R. 400 would establish the PTO as a government corporation, the agency would

still need to receive approval in appropriations acts to spend any of the user fees collected.

H.R. 400 would authorize the PTO to impose surcharges on certain user fees in order to collect an additional \$119 million in fiscal year 1999 and in subsequent years. PTO would not be able to collect or spend the surcharge fees without prior approval in an appropriations act. CBO estimates that enacting H.R. 400 would result in increased surcharge collections of \$476 million and additional discretionary spending from those collections of \$418 million over the 1999–2002 period, assuming appropriation of the full amount of the authorized surcharge fees.

Enacting H.R. 400 would result in collections of additional user fees, which would be reflected as a net decrease in direct spending. The bill would authorize the agency to collect an estimated \$112 million in publication and reexamination fees over the 1998–2002 period, and CBO assumes that the agency would be authorized in appropriations acts to spend these additional fees. Because CBO expects a lag between the time the PTO collects and spends the fees, we estimate that the agency would only spend \$91 million of the fees over the 1998–2002 period. This amount is included in Table 1 as spending subject to appropriation.

H.R. 400 also would provide the PTO with the authority to issue bonds or other forms of indebtedness for purchase by the Treasury, subject to prior approval in appropriations acts. The General Services Administration (GSA) is currently soliciting proposals to lease an estimated 2 million square feet of office space to house the PTO for 20 years beginning in 2002 or 2003. Based on information from the GSA and PTO, the lease agreement will likely contain a clause that would allow the federal government to buy the buildings at several points during the course of the lease. CBO estimates that the PTO could issue \$800 million worth of bonds for purchase by the Treasury and use the proceeds for the purchase of the buildings after their completion (probably no earlier than 2003), assuming appropriation of the necessary amounts.

CBO estimates that enacting H.R. 400 would result in new discretionary spending of less than \$500,000 in fiscal year 1999 for GAO to conduct a study required by the bill, assuming the appropriation of the necessary amount.

Direct Spending

Enacting the bill would affect direct spending by increasing receipts from several types of fees.

Publication Fees.—H.R. 400 would authorize the PTO to raise existing fees or establish a new fee to offset the cost of publishing the patent applications. Because the PTO would not be allowed to spend the additional fees without approval in appropriations acts, any collections would reduce direct spending. Based on information from the PTO, CBO estimates that the PTO would collect about \$98 million in publication fees over the 1998–2002 period.

Reexamination Fee.—H.R. 400 would ease restrictions on reexamination proceedings initiated by third parties, thus causing an increase in the number of proceedings. Based on information from the PTO, CBO estimates enacting H.R. 400 would nearly double

the number of reexamination requests, resulting in additional fee collections of about \$14 million over the 1998–2002 period.

Penalty Fee.—The bill would authorize the PTO to collect a new penalty fee if a patent owner does not respond to a request for information pertinent to the reexamination. CBO expects that any receipts from this new fee would not be significant.

Pay-As-You-Go Considerations

Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1998. CBO estimates that enacting H.R. 400 would decrease direct spending by about \$15 million in fiscal year 1998 from the increased collections of publication and reexamination fees.

Estimated Impact on State, Local, and Tribal Governments

H.R. 400 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA) and would not impose costs on state, local, or tribal governments.

Estimated Impact on the Private Sector

H.R. 400 would impose new private-sector mandates by extending the surcharge on patent and trademark fees, by authorizing the PTO to raise or assess new fees for the services it provides, and by placing requirements on the invention development services industry. CBO has determined that the extension of existing fees, increases to existing fees, and the imposition of new fees by the PTO are mandates as defined in UMRA.

First, the bill would impose a mandate by extending PTO's authority to collect a surcharge on patent and trademark fees. Under current law, patent and trademark surcharges by the PTO expire after fiscal year 1998. H.R. 400 would permanently extend the PTO's authority to collect \$119 million in patent and trademark surcharges beginning in fiscal year 1999—the same amount as required for fiscal year 1998.

Because of ambiguities in UMRA, CBO is uncertain whether extending surcharges would increase the direct costs of federal private-sector mandates. UMRA could be interpreted as requiring the estimate of direct costs of the mandate extension to be based on a comparison with current costs under the existing mandate. In that case, the direct costs of extending the surcharge would be close to zero. An alternative interpretation is that direct costs should be measured relative to current law, under which there would be no surcharges imposed after 1998. The direct costs of the mandate under that approach would be \$119 million in each of the first five years that the surcharge was effective.

Second, H.R. 400 would impose private-sector mandates by authorizing the PTO to increase existing fees or to charge new fees to offset the cost of publishing patent applications. In addition, the bill would authorize the PTO to assess new penalty fees against a patent owner who does not respond to a request made under a reexamination proceeding. Direct costs would rise, on average, by about \$20 million annually over the 1998–2002 period as a result of the new fees.

Third, new mandates would be imposed on providers of invention development services. H.R. 400 would require that every contract for invention development services between invention developers and their customers be in writing and contain specific language. In addition, the bill would place an enforceable duty on invention developers to produce and deliver reports containing specific information about the status of services provided to their customers at least every three months throughout the term of the contract. The aggregate additional costs imposed on providers of invention development services would not be significant because the new requirements are modest and the industry is small.

Thus, CBO is uncertain whether the total direct costs of new private-sector mandates in H.R. 400 would exceed the \$100 million threshold in UMRA. If the collections from extending patent and trademark surcharges are excluded from direct costs, new mandates would impose, on average, \$20 million in direct costs per year during the first five years that the mandates were effective. However, if such surcharges are counted, the direct costs of new private-sector mandates in H.R. 400 would total about \$140 million per year starting in 1999.

Estimated prepared by: Federal cost: Rachel Forward; impact on State, local, and tribal governments: Leo Lex; and impact on the private sector: Matthew Eyles.

Estimate approved by: Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

CONSTITUTIONAL AUTHORITY

Pursuant to Rule XI, clause 2(1)(4) of the Rules of the House of Representatives, the Committee finds the authority for this legislation in Article I, clause 8, section 8 of the Constitution.

SECTION-BY-SECTION ANALYSIS AND DISCUSSION

Section 1.—Short Title

This section entitles the Act as the “21st Century Patent System Improvement Act.

Section 2.—Table of Contents

This section sets forth the table of contents for the bill.

TITLE I.—PATENT AND TRADEMARK OFFICE MODERNIZATION

Section 101.—Short Title

This section entitles this title the “Patent and Trademark Office Modernization Act.”

SUBTITLE A.—UNITED STATES PATENT AND TRADEMARK OFFICE

Section 111.—Establishment of Patent and Trademark Office as a Government Corporation

This section amends section 1 of title 35, United States Code (35 U.S.C. § 1) to establish the United States Patent and Trademark Office (hereinafter the PTO or the Office) as a wholly owned government corporation under chapter 91 of title 31, United States Code (31 U.S.C. § 9101 *et seq.*). The Office will continue to be under

the policy direction of the Secretary of Commerce. As a body corporate and government agency, the Office will have the authority to direct its personnel, procurement, budget, and similar administrative functions in a manner consistent with the flexibilities required for businesslike operations, without supervision by any department unless expressly provided for in the Act, but subject to the specific oversight provisions contained in the Act. Establishing the PTO as a separate entity under the policy direction of the Secretary of Commerce permits the Office to establish its own rules, regulations, and other processes. It is anticipated that the Office will achieve savings and efficiencies from its status as a wholly owned government corporation separate from the rules and procedures of other departments and agencies of the United States Government, while allowing the Administration to achieve an integrated approach on patent and trademark policy and on general policies affecting jobs, trade and technology.

Subsection (a) establishes the United States Patent and Trademark Office as a wholly-owned government corporation under the policy direction of the Secretary of Commerce on all matters within his purview such as international treaties and agreements concerning patents and trademarks, domestic patent and trademark legislation, and issues involving interagency coordination.

Subsection (b) requires that the Office maintain its principal office in the Washington, D.C. metropolitan area for purposes of service of process and authorizes the Office to establish satellite offices elsewhere as well. Venue in civil actions to which the Office is subject is established in the district in which the principal office is located.

Section 112.—Powers and Duties

This section amends section 2 of title 35, United States Code (35 U.S.C. §2) to provide the Office with the powers and authorities necessary to carry out its functions as a wholly owned government corporation.

Subsection (a)(1) provides that the PTO, as a sovereign agency of the United States, will be responsible for the granting and issuing of patents and the registration of trademarks. These functions are transferred to the Office under Section 123 of the Act. Article I, Section 8, paragraph 8 of the Constitution of the United States gives to the Congress the power to promote the progress of science and the useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries. The Constitution leaves to the discretion of the Congress the manner in which those rights are provided. Congress has authority under the Commerce Clause of the Constitution to provide a uniform trademark law for the United States and to designate a body responsible for maintaining a register for protected marks. The PTO, as a wholly owned government corporation, will be able to carry out the functions necessary for the granting and issuing of patents and the registration of trademarks more efficiently and cost effectively than would be the case if the Office were subject to the limitations placed on taxpayer-funded Departments and Agencies.

Subsection (a)(2) authorizes the U.S. Patent and Trademark Office to conduct studies, programs and exchanges regarding the law of patents, trademarks and other matters. It allows, but does not require the PTO to conduct, independently, studies, programs and exchanges on patents, trademarks and other matters, such as copyrights, database protection and other related rights.

Subsection (a)(3)(A) addresses the ability of the U.S. Patent and Trademark Office to conduct studies, programs and exchanges with international organizations. Recently, the Patent and Trademark Office has been selected by the Administration to represent the United States as a party to international treaty negotiations on intellectual property rights, including negotiations on the law of patents, trademarks and copyrights. The authorization contained in this subsection grants the Office the ability to continue to serve in this capacity, if chosen by the Administration to do so.

Subsection (A)(3)(B) authorizes the Office to transfer up to \$100,000 to the State Department, with the concurrence of the Secretary of State, for making payments to international intergovernmental organizations, such as the World Intellectual Property Organization, for studies and programs advancing international cooperation in connection with patents, trademarks, and other matters. The payments referred to may be in addition to other payments or contributions to these international intergovernmental organizations.

Subsection (a)(4) makes the PTO responsible for disseminating to the public information about patents and trademarks. This is done currently through the Patent and Trademark Depository Library program, the sale of electronic data to information vendors, and the provision of public access through the World Wide Web (the commercial multimedia component of the Internet, or national and global information infrastructure), as well as through other programs for the public. It is expected that these programs would continue and others would be developed. In fulfilling the responsibility set out under Subsection (a)(4), the Office should pursue policies that most effectively, efficiently, and broadly disseminate patent and trademark information. In so doing, the Office should continue to balance PTO direct services with its program that provides bulk data in electronic form for a fee to any member of the public wishing to buy it. This PTO program has been one of the most successful in government in terms of broad, far-reaching, efficient and effective dissemination of information. With regard to direct services, the Office should continue the policy which provides, for a fee, on-site direct access to the Automated Patent System (APS) in the public search room and in the Patent and Trademark Depository Libraries; and the policy which provides, for no cost to the user, access via the Internet to bibliographic records of patents issued over the most recent 20 year period. The Office should continue the policy which provides bulk patent and trademark text and image data in electronic form, for a fee which is based on the cost of dissemination. A vigorous, competitive private sector patent information dissemination industry has emerged as a direct result of the Patent and Trademark Office's excellent bulk dissemination program. The PTO should proceed with caution before creating any direct-to-end-user retail services because they could undercut the value of the

bulk dissemination program and the value of the patent information products and services now sold.

Subsection (b) identifies the specific powers granted the PTO to carry out its functions efficiently and in a cost-effective manner.

Subsection (b)(1) specifies that the Office shall have perpetual succession.

Subsection (b)(2) authorizes the PTO to adopt and use a corporate seal that is to be judicially noticed. All letters patent, trademark registration certificates, and other official papers issued by the Office are to be authenticated with the seal.

Subsection (b)(3) provides that the Office may sue and be sued in its own name. Wholly owned government corporations generally have "sue and be sued" status which is specific to the body corporate. The provisions regarding implementation of the Office's authority to sue and be sued are in section 7 of this title, which allows the Justice Department to represent the Office in lieu of the Office's own attorneys at the discretion of the Attorney General.

Subsection (b)(4) authorizes the PTO to indemnify all officers, employees and agents of the Office, including the members of the Management Advisory Board, against liabilities and expenses incurred within the scope of their employment.

Subsection (b)(5) authorizes the PTO to adopt, amend, and repeal any bylaws, rules, regulations, and determinations that govern the conduct of its business and the exercise of the powers granted to the Office by law. The adoption, amendment, and repeal of bylaws, rules, regulations, and determinations are to be made after notice and an opportunity for full participation by interested public and private parties. The purpose of any such adoption, amendment, or repeal should be to facilitate and expedite the processing of patent and trademark applications, particularly through the use of electronic media. The provisions of section 122 regarding the confidential treatment of patent applications are to be adhered to in any expedited processing. With regard to any bylaws, rules, regulations, and determination regarding the recognition and conduct of agents, attorneys, or other persons representing applicants or other parties before the Office (the bar of the PTO), the PTO is expressly authorized to require, before granting recognition to anyone who wishes to represent others before the Office, that party show that he or she is of good moral character and reputation and is qualified to render applicants and others valuable service, advice, and assistance in procedures before the Office. The power to recognize includes the power to revoke recognition once granted in accordance with the rules and regulations governing the conduct of those authorized to practice before the Office.

Subsection (b)(6) gives the PTO broad authority to manage its own real and personal property, or any interests in property. The Office is authorized to acquire, construct, purchase, lease, hold, manage, operate, improve, alter, and renovate any real, personal, or mixed property or any interest in such property, that it considers necessary to carry out the responsibilities assigned to it.

Subsection (b)(7) provides that the PTO may make purchases, contract for the construction, maintenance, or management and operations of facilities, and contract for supplies or services without regard to (1) the Federal Property and Administrative Services Act

of 1949 (“FPAS”) (40 U.S.C. § 471 and following), (2) the Public Buildings Act of 1949 (40 U.S.C. § 601 and following), and (3) the Stewart B. McKinney Homeless Assistance Act (the McKinney Act) (42 U.S.C. §§ 11301 and following). Subsections (b)(7)(A) and (B) provide the PTO with authorities to oversee its own acquisitions.

The FPAS contains many detailed requirements that are not appropriate for the businesslike operations of a fee-funded government corporation and that often impose substantial administrative costs. For example, the photocomposition procurement for the Patent and Trademark Office took more than two and one-half years to complete, resulting in wasted Office resources, necessitating sole-source extensions, and revisions of requirements to keep pace with technology advances. The Office, as a nontaxpayer-funded, fee-funded government corporation, has a responsibility to minimize operating costs while assuring a fair and competitive process that reduces the overall cost of acquisitions. The PTO is expected to follow prudent business practices that achieve the objectives of FPAS, such as obtaining effective competition, ensuring that prices for supplies and services are fair and reasonable, and that delivery times are reasonable. The Office remains subject to the oversight provisions in the Act, as well as existing ethics in government Acts.

The Public Buildings Act gives the Administrator of the General Services Administration (“GSA”) exclusive authority to acquire and manage office space for federal agencies. While this system may be justified for taxpayer-funded agencies, it is inappropriate and is not cost-effective when applied to nontaxpayer-funded government corporations which are created to operate intrinsically under businesslike principles. GSA may not always be able to respond to the PTO’s needs in a timely manner. To ensure timely and cost-effective space acquisition and management, the Office must have authority to act on its own behalf in appropriate circumstances, subject to the provision contained in Subsection (c). In addition, GSA imposes surcharges upon agencies for the provision of its services. Funds used to pay these surcharges could be better used by the PTO in conducting its business. Mandatory, rather than discretionary, GSA authority conflicts with the Office’s need to acquire its own space in a businesslike manner. This proposal is consistent with the current trend for GSA to be an asset management agency rather than a provider of services.

The McKinney Act requires that real property being disposed of by a federal agency must be screened by the Department of Housing and Urban Development to determine whether the property may be used by agencies assisting the homeless. Because any real property that the PTO might acquire would be paid for with patent and trademark fees, rather than with taxpayer moneys, it is inappropriate to apply the McKinney Act to disposal of PTO property.

Subsection (b)(7)(B) exempts the PTO from the requirements for printing and binding in sections 501–517 of title 44, United States Code (44 U.S.C. §§ 501–517) and from the requirements of executive and judiciary printing and binding in sections 1101–1123 of title 44, United States Code (44 U.S.C. §§ 1101–1123). There are instances when it may be more efficient for the Office to have access to alternative printing sources. For example, the Office is developing the capability to print trademark registration certificates di-

rectly from its automated computer systems, making it unnecessary to obtain outside printing services. Without the exemption, the Office would be unable to realize the cost savings associated with this and future plans for technological improvement.

Subsection (b)(8) authorizes the PTO to use services, equipment, personnel and facilities of other United States departments, agencies, and instrumentalities with their consent and with reimbursement. The Office is also authorized to cooperate with other departments, agencies, and instrumentalities by allowing them the use of services, equipment, and facilities of the Office in a like manner.

Subsection (b)(9) authorizes the PTO, if it deems it appropriate, to obtain services from the Administrator of General Services under the same conditions that those services are made available to other agencies of the United States.

Subsection (b)(10) authorizes the PTO to use the services, records, facilities, or personnel of any State or local government agency or instrumentality, any foreign government, or any international organization, with their consent and that of the United States, to perform functions on its behalf.

Subsection (b)(11) provides the PTO with the authority to determine the character of, and necessity for, its financial obligations and expenditures and the manner in which they are incurred, allowed, and paid, subject to statutes expressly applicable to wholly owned government corporations; title 35, United States Code; and the Act of July 5, 1946 (commonly referred to as the "Trademark Act of 1946"). The PTO's use of its funds, therefore, would be subject only to the restrictions in its enabling law and in the relevant provisions of the Government Corporation Control Act and other laws specifically applicable to wholly owned government corporations. The Comptroller General no longer would certify the Office's obligations and expenditures. The Office would retain this authority. This method of operation is appropriate since the Office's funds derive from its own revenues and receipts, not from taxpayer funds.

Subsection (b)(12) authorizes the PTO to retain and use of all of the revenues, receipts, and other monies that arise from activities of the Office for the operations of the Office, subject to oversight provisions of the Act, and the Government Corporation Control Act. Subsection (b)(12) clarifies that the Office's funding is derived principally from fees paid for the Office's services, which are set by Congress. Accordingly, Congress directly controls the budget of the PTO. Revenues are not derived from appropriated, general taxpayer funds. This statement recognizes current conditions of the Patent and Trademark Office. Since fiscal year 1993, the Office has relied upon user fees for all of its revenues. Except for restrictions on required surcharge fees under the provisions of section 10101 of the Omnibus Budget Reconciliation Act of 1990 (35 U.S.C. §41 note), all funding is available to the Office for the conduct of its affairs. The authority granted to the PTO in this charter is consistent with that prevailing prior to incorporation under this Act, excepting certain restrictions associated with the appropriation and apportionment processes. Exemption from the apportionment process affords flexibility to the PTO in the management of its financial resources to enhance operating efficiencies.

Subsection (b)(13) gives the PTO the priority of the United States in connection with the payment of any debts from bankrupt, insolvent, and decedents estates.

Subsection (b)(14) authorizes the PTO to accept gifts or donations of services and property. This provision mirrors those of 12 other Executive agencies and currently applies to the Patent and Trademark Office. The requirements of, and regulations establishing standards for ethical conduct for executive branch employees under Appendix 5 of title 5, United States Code, including those regarding the acceptance of gifts, will continue to apply to officers and employees of the PTO as will the provisions of Chapter 11 of Title 18 of the United States Code.

Subsection (b)(15) authorizes the PTO to execute any legal instruments necessary and appropriate for the exercise of its powers and authorities. Such execution shall conform to the bylaws, rules and regulations established by the Office for the exercise of such powers and authorities.

Subsection (b)(16) authorizes the PTO, either by contract or through self-insurance, to provide for liability insurance and insurance against loss in connection with any of its property, other assets, or operations.

Under subsection (c), the provisions of the bill will not render null and void those pending request-for-proposal let or contract regarding the leasing of space to the PTO already approved by the General Services Administration.

Section 113.—Organization and Management

This section amends section 3 of title 35, United States Code, substituting new language. Subsection (a)(1) vests the management of the PTO in a Director of Patents and Trademarks (the “Director”) who is appointed by the President, by and with the advice and consent of the Senate. The Director must be a person who, by reason of knowledge of patent or trademark law and management experience, is specially qualified to manage the Office. While it is the intent of the Act that the PTO and the Director control the policies, practices and operation of the Office in accordance with Presidential and Congressional direction and expectations, it is also the intent of the Act that whomever the President appoints, that individual be uniquely qualified to manage a government corporation that performs the important and essential function of granting and issuing of patents and registering trademarks.

Subsection (a)(2) establishes the duties of the Director to include the managing and directing of the PTO, which includes the granting and issuing of patents and the registration of trademarks. Those duties are to be performed in a fair, impartial and equitable manner. This responsibility includes the establishment of the organization of the Office, the number and types of its offices and the filling thereof, ensuring equitable term and other properties inherent in patents issued by the Office, and the definition of the duties assigned to employees and officers of the Office. The Director is charged with advising the President, through the Secretary of Commerce, regarding all activities the Office undertakes on treaties and executive agreements entered into by the United States or that are related to cooperative programs with authorities of foreign govern-

ments regarding the granting of patents and the registration of trademarks. In addition, the Director is to recommend to the President, through the Secretary of Commerce, any changes in the law or in policy that might improve U.S. citizens abilities to secure and enforce patent rights and trademark rights in the United States and abroad.

On issues involving the operation of the Office, the Director is to consult with the Management Advisory Board (the "Advisory Board"), established in section 5 of title 35, United States Code (35 U.S.C. § 5). The Director also shall consult with the Advisory Board before submitting budget proposals to the Office of Management and Budget, before changing patent or trademark regulations, and before proposing to Congress that it change patent and trademark user fees. The Management Advisory Board is advisory only. While it must be consulted for input to allow the Director to make informed decisions, it does not control any decisions to be made by the Director.

A program for identifying national security positions and providing for appropriate security clearances must be established by the Director in consultation with the Director of the Office of Personnel Management.

Subsection (a)(3) sets the Director's term at 5 years and whatever time thereafter is required for a successor to be appointed and confirmed and actually assume the office. The number of terms an individual may serve as Director is not limited. The 5-year term ensures the continuity of the management of the Office, and is intended to foster the selection of a non-political appointee who is qualified to manage the detailed operations of the Office and to look after the integrity of the examination process.

Subsection (a)(4) requires that before assuming office, the Director take an oath to discharge faithfully the duties of the Director as the head of an agency of the United States.

Subsection (a)(5) sets the Director's compensation at the rate of basic pay in effect for level III of the Executive Schedule under section 5314 of title 5, United States Code (5 U.S.C. § 5313).

Subsection (a)(6) permits removal of the Director by the President.

Subsection (a)(7) requires the Director to designate an officer of the PTO who will be vested with authority to act as Director in the event of absence or incapacity of the Director. This assures the continuity of management of the Office.

Subsection (b) deals with the officers and employees of the PTO other than the Director. Subsection (b)(1) requires the Director to appoint a Commissioner for Patents and a Commissioner for Trademarks, whose terms are coextensive with the Director's term. Each person is to have had demonstrated experience in the field of law for which he or she will be responsible. The Commissioner for Patents and the Commissioner for Trademarks are to advise the Director on all activities of the Office that affect the administration of the section of the Office for which that Commissioner is responsible.

Subsection (b)(2) requires the Director to appoint officers, employees (including attorneys) and agents whom the Director deems necessary to carry out the functions of the Office. Finally, the sub-

section authorizes the Director to define the authority and duties of the Office's officers and employees and to delegate the powers required to carry out those duties. Subsection (b)(2) also makes it clear that it is Congress's intent that no administrative or statutory limitations on the number of positions or the number of personnel are to apply to the PTO and that none of the positions or personnel of the Office are to be taken into account in applying any such limitation to other departments and agencies of the United States Government.

Subsection (c) explicitly states that officers and employees of the PTO are subject to the provisions of Title 5 of the U.S. Code relating to federal employees, including section 2302 of title 5. This means that the civil service protection guarantees for the federal workforce (title 5) will continue to apply to the PTO, and that PTO employees cannot be coerced to indulge in proscribed political activity as federal employees (section 2302).

Subsection (d) provides for the continuation of all labor agreements that are in effect on the day before the effective date of the Act. Should any of the unions representing PTO employees not have a labor agreement in effect on that date, terms and conditions of employment shall continue unless and until changed by the Office or as otherwise set forth in the Act.

Subsection (e)(1) provides that all officers and employees of the current Patent and Trademark Office will become officers and employees of the United States Patent and Trademark Office established in this Act on the effective date of the Act, without a break in service. In addition, Subsection (e)(2) sets forth the conditions under which certain individuals employed by the Department of Commerce shall be transferred to the Office on the effective date of the Act. Any amount of sick or annual leave and compensatory time accumulated under title 5, United States Code, before the effective date of the Act by employees covered in subsection (e)(3) will become obligations of the Office.

Subsection (f)(1) requires the President, on or after enactment of the Act, to appoint an individual to serve as Director until the date on which a Director qualifies and is chosen under subsection (a). The President may make only one such appointment pursuant to subsection (f)(1).

Subsections (f)(2)(A) and (B) permit the individual serving as the Assistant Commissioner for Patents on the day before the effective date of the Act to serve as the Commissioner for Patents until the date upon which a Commissioner for Patents is appointed under Subsection (b). Similarly, the individual serving as Assistant Commissioner for Trademarks on the day before the effective date of the Act may serve as the Commissioner for Trademarks until the date on which a Commissioner for Trademarks is appointed under subsection (b).

Section 114.—Management Advisory Board

Section 114 adds a new section 5 to title 35, United States Code, to establish a Management Advisory Board for the PTO. Section (a)(1) specifies that the Board shall be comprised of twelve members. Four of the members are to be appointed by the President, four by the Speaker of the House of Representatives, and four by

the Majority Leader of the Senate. No more than three of the four members appointed by each appointing authority may be members of the same political party.

Subsection (a)(2) sets the term of the Advisory Board's members at four years and no member may serve more than a single term. During the first appointment, each of the appointing authorities shall appoint one member for a term of one year, one for a term of two years, one for a term of three years, and one for a full term of four years.

Subsection (a)(3) requires that the President designate a member of the Advisory Board to serve as Chair for a term of three years.

Subsection (a)(4) requires that the appointment of members to the Advisory Board be made within three months of the effective date of the Act. Vacancies must be filled within three months of their occurrence.

Subsection (a)(5) specifies that vacancies on the Advisory Board are to be filled in the same way the original appointments were made. Those members appointed to fill a vacancy of a member who did not complete his or her term of appointment shall serve only for the remainder of that term. Members may continue to serve after their term expires until a successor is appointed.

Subsection (a)(6) requires that the Chair designate members of the Advisory Board to serve on a committee concerned with patent operations and a committee concerned with trademark operations. The members of these committees are to be responsible for the duties identified in subsection (e) in connection with patent operations and trademark operations, respectively.

Subsection (b) requires that those persons appointed to be members of the Advisory Board be citizens of the United States. The members are to be chosen so that they reflect the interests of diverse users of the PTO. Among those chosen as members of the Advisory Board are to be individuals who have substantial experience and achievement in corporate finance and in management.

Subsection (c) makes the members of the Advisory Board special government employees within the meaning of section 202 of title 18, United States Code (18 U.S.C. § 202). Advisory Board members, therefore, will be subject to certain ethics laws governing representation of others before the United States during and following employment and participation in matters in which the party has a financial interest, as provided in sections 203, 205, 207, 208, and 209 of title 18.

Subsection (d) authorizes the Chair to call meetings of the Advisory Board and to establish the agenda for the meeting.

Subsection (e) requires the Advisory Board to review the policies, goals, performance, budget, and user fees of the PTO and to provide advice to the Director on these matters. In addition, the Advisory Board is required to submit an annual report on the matters which it reviews to the President and to the Committees on the Judiciary of the Senate and the House of Representatives within 60 days of the end of the fiscal year. A copy of that report must be published in the PTO's Official Gazette.

Subsection (f) authorizes compensation for the members of the Advisory Board for each day (including travel time) during which they are attending meetings or conferences of the Advisory Board

or are otherwise engaged in work on behalf of the Advisory Board. The rate of pay at which the members may be compensated is the daily equivalent of the annual rate of basic pay in effect for level III of the Executive Schedule under section 5314 of title 5. In addition, the subsection authorizes travel expenses, including per diem in lieu of subsistence for periods when the members must be away from their homes and regular places of business, as provided in section 5703 of title 5, United States Code.

Subsection (g) requires the PTO to provide members of the Advisory Board with access to records and information in the Office, except for personnel or other privileged information and information concerning patent applications required to be kept in confidence by section 122.

Section 115.—Conforming Amendments

Subsection (a) repeals section 6 of title 35, United States Code (35 U.S.C. § 6), along with the heading for that section in the table of contents for Chapter 1 of title 35. The duties that were assigned the Director under section 6 are replaced by the provisions of Sections 112 and 113 of this Act.

Section 31 of title 35, United States Code (35 U.S.C. § 31) and the heading for that section in the table of contents for chapter 3 are also repealed. The authority for issuing regulations and rules governing the recognition and conduct of agents, attorneys, or other persons representing applicants and other parties before the Office are replaced by the provisions of Section 112(b) of this Act.

Section 116.—Trademark Trial and Appeal Board

This section amends section 17 of the Act of July 5, 1946 (commonly referred to as the Trademark Act of 1946") (15 U.S.C. § 1067) to require, in subsection (a), that in every case of interference, opposition to registration, application to register as a lawful concurrent user, or application to cancel the registration of a mark, the Director shall give notice to all parties and direct that the matter be decided by a Trademark Trial and Appeal Board.

Subsection (b) specifies that the Board will include the Director, the Commissioner for Patents, the Commissioner for Trademarks, and administrative trademark judges who have been appointed by the Director.

Section 117.—Board of Patent Appeals and Interferences

This section amends section 7 of title 35, United States Code (35 U.S.C. § 7) to provide for a Board of Patent Appeals and Interferences in the PTO, composed of the Director, the Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges. The administrative patent judges are to have competent legal knowledge and scientific ability.

Subsection (b) assigns to the Board of Patent Appeals and Interferences responsibility for reviewing written appeals from adverse decisions of examiners upon applications for patents and for determining priority and patentability of invention in interferences declared under section 135(a) of title 35, United States Code (35 U.S.C. § 135(a)). The decisions are to be made by panels of the Board, composed of at least three members, designated by the Di-

rector. Subsection (b) also limits the authority to grant rehearings to the Board itself.

Section 118.—Suits by and Against the Office

This section inserts a new section 7 to title 35, and provides for the renumbering of the existing sections.

Subsection (a) of the new section 7 requires that any action against the PTO must arise under Federal law. Jurisdiction over civil actions by or against the Office is vested with the Federal courts.

Pursuant to Subsection (b), the PTO is deemed an agency for the purposes of Section 516 of title 28. This means that, except as otherwise authorized by other law, the Department of Justice, under the direction of the Attorney General, is responsible for any conduct of litigation to which the PTO may be a party or in which it has an interest.

Subsection (c) expressly prohibits certain legal processes, such as attachments, garnishment, liens, or similar processes from being issued against the PTO's property. This protection is currently available to the property of the United States under the Office's custody or control. This is necessary to protect Office property and prevent interference with the day-to-day operation of the patent and trademark examination systems. Although the Office has waived its sovereign immunity, that waiver is limited and should not be construed as allowing relief in any proceeding against the Office's property. This protection against interference with important governmental operations is customary for wholly owned government corporations.

Section 119.—Annual Report of Director

This section amends renumbered section 14 of title 35, United States Code (35 U.S.C. § 14) to require the Director to prepare and submit to the Congress an annual financial and management report using the requirements under section 9106 of title 31, United States Code (31 U.S.C. § 9106). The required report to Congress should not be deemed to replace the report of the PTO required under § 9106 and a second report will accordingly need to be filed by the Director.

Section 120.—Suspension or Exclusion from Practice

This section amends section 32 of title 35, United States Code (35 U.S.C. § 32) to authorize the Director to designate any attorney who is an officer or employee of the PTO to conduct any hearing in connection with any suspension or exclusion from practice before the Office.

Section 121.—Funding

This section amends section 42 of title 35, United States Code (35 U.S.C. § 42)(a) and provides that the Office be paid all fees collected for services performed or materials furnished.

Section 42(b) provides that the PTO shall have the use of its moneys for the functions of the Office, subject to approval in appropriations acts, and that moneys not used to carry out the functions of the Office shall be kept as cash on hand or on deposit, invested in obligations of the United States or guaranteed by the United

States, or in obligations or other instruments which are lawful investments for fiduciary, trust, or public funds. Specific language determines that fees available to the Director under title 35 shall be used for processing patent applications as well as other services and materials deemed necessary by the Office; fees available under the Trademark Act of 1946, 15 U.S.C. 1113, shall be used only and exclusively for the processing of trademark registration applications, services and materials.

Section 42(c) provides that the Office may borrow from the Secretary of Treasury and that such borrowing will be treated as a public-debt transaction of the United States. All borrowing shall be subject to advance approval in appropriations Acts of the Congress and cannot exceed amounts in such Acts. Any borrowing under this subsection shall be repaid only from fees paid to the Office and surcharges appropriated by the Congress.

Section 122.—Extension of Surcharges in Patent Fees

Section 122 prevents the diversion of user fees paid to the United States Patent and Trademark Office to other taxpayer-funded agencies, without harming the budget, so that the PTO can continue to operate effectively for the benefit of those it serves.

The Patent and Trademark Office is funded totally through the payment of application and user fees. Taxpayer support for the operations of the Office was eliminated in 1990 with the passage of the Omnibus Budget Reconciliation Act. The Act imposed a massive fee increase (referred to as a "surcharge") on America's inventors and industry in order to replace taxpayer support the Office was then receiving. The revenues generated by this surcharge, \$119 million, which constitute approximately 20% of the PTO's operating budget, are placed into a surcharge account. The PTO is required to request of the Appropriations Committees that they be allowed to use these surcharge revenues in this account to support the 20% of its operations these revenues represent. It was anticipated in 1990 that Congress would routinely grant the PTO permission to use the surcharge revenue since it was generated originally from fees paid by users of the patent and trademark systems to support the cost of those systems.

The user fees paid into the surcharge account have become a target of opportunity to fund other, unrelated, taxpayer-funded government programs. The diversion of surcharge revenues, a significant portion of the operating budget of the PTO, has grown considerably over the past six years to the detriment and sound functioning of our nation's patent and trademark systems. Beginning with the diversion of \$8 million in 1992, Congress has increasingly redirected a larger share of the surcharge revenue, reaching a record level of \$54 million in the current year. In total, over the past six fiscal years, over \$142 million has been diverted from the PTO, which has had a debilitating impact on the Patent and Trademark Office.

This section is revenue neutral. It does not increase an expenditure of taxpayer revenues which would increase the deficit. It would merely permit the PTO to use all of the patent and trademark fees it receives to examine patent and trademark applications, to grant patents and to register trademarks. It does this by

placing the fees generated by the surcharge mandated by the Omnibus Budget Reconciliation Act of 1990 into the same category as the other user fees paid by patent and trademark applicants. Specifically, it characterizes these fees as “offsetting collections” rather than “offsetting receipts” so that all of the fees collected could be used for the purposes for which they were paid.

Section 123.—Transfers

Subsection (a) transfers the functions, powers, and duties of the Patent and Trademark Office and the Department of Commerce with respect to the granting and issuing of patents and the registration of trademarks to the United States Patent and Trademark Office. The purpose of this section is to assure that the Office has the legal authority to perform all of the Office’s functions and execute the laws that apply to the PTO.

Subsection (b) transfers to the PTO, on the effective date of the Act, all assets, liabilities, contracts, property, records, and unexpended and unobligated balances of appropriations, authorizations, allocations, and other funds and other items, employed, held, used, arising from, available to, or to be made available to the Department of Commerce, including any funds set aside for accounts receivable that are related to functions, powers, and duties that are vested in the PTO by this title.

SUBTITLE B.—EFFECTIVE DATE; TECHNICAL AMENDMENTS

Section 131.—Effective Date

This section makes the title and amendments made by it effective four months after the date of enactment of the Act.

Section 132.—Technical and Conforming Amendments

Subsection (a) makes conforming amendments to headings and tables of contents in title 35, United States Code, reflecting the amendments.

Subsection (b) makes conforming and technical changes to statutes made applicable and inapplicable to the PTO, including the Government Corporation Control Act and the Federal Property and Administrative Services Act of 1949.

Subsection (b)(1) adds the PTO to the list of wholly owned government corporations. Several subsections change references to the “Patent Office” or the “Patent and Trademark Office” to the “United States Patent and Trademark Office.” Several references to the “Commissioner of Patents” in several statutes are changed to the “Director of the U.S. Patent and Trademark Office.” Subsection (b)(4) codifies the terms Administrative patent judge and Administrative trademark judge in lieu of examiner-in-chief and members of the Trademark Trial and Appeal Board. Subsection (b)(28) amends section 11 of the Inspector General Act of 1978 (5 U.S.C. App.), to include the PTO as a “designated Federal entity,” thereby authorizing the Commissioner to appoint the Inspector General of the Office.

SUBTITLE C.—MISCELLANEOUS PROVISIONS

Subtitle C contains several provisions which allow for the transfer of authority from the Patent and Trademark Office and the De-

partment of Commerce to the United States Patent and Trademark Office established under this Act which are necessary for its operation as a sovereign agency of the United States, including references to the authority to operate, references in legal documents, continuance of suits and proceedings, administrative procedure and judicial review, transfer of assets, delegation and assignment, and the Office of Management and Budget's authority to oversee these transfers.

TITLE II.—EXAMINING PROCEDURE IMPROVEMENTS: PUBLICATION WITH PROVISIONAL ROYALTIES; TERM EXTENSIONS; FURTHER EXAMINATION

Section 201.—Short Title

This section provides a short title: “Examining Procedure Improvements Act.”

Section 202.—Publication

This section amends section 122 of chapter 11 of title 35. A new subsection (b), in subparagraph (1)(A), provides that applications for patents, except applications for design patents under Chapter 16 of title 35, provisional applications filed under section 111(b) of title 35 and the exceptions noted below, shall be published in accordance with procedures determined by the Director, as soon as possible after the passage of 18 months from the earliest filing date for which a benefit is sought by the applicant under title 35. This includes any claim to the right of priority in accordance with sections 119, 365(a) and 365(b) of title 35 and any benefit of an earlier filing date in accordance with sections 120, 121 and 365(c) of title 35. An application that is filed more than 18 months after the earliest filing date for which a benefit is sought will be subject to immediate publication. Applications, filed under the Patent Cooperation Treaty, that enter the national stage in the United States will also be subject to this publication requirement. The publication requirements of this subsection are not intended to alter the practice accorded to reissue applications. The exclusion of provisional applications filed under section 111(b) of title 35 from the publication requirement precludes the early publication of such applications prior to the abandonment, by operation of law if not converted to a non-provisional application (see Section 601), of such applications twelve months after filing. At the request of an applicant, an application may be published earlier than passage of 18 months.

Subparagraphs (1)(B) and (1)(C) of the new subsection (b) also provide that the Director shall determine what information is published and what information will be available after the publication at 18 months. Decisions on making information available between the date of publication and the date of issue are final and nonreviewable.

Subsection (b)(2) provides certain exceptions to the publication requirement in subsection (b)(1). Subparagraph (b)(2)(A) provides that applications that are no longer pending will not be published. Subparagraph (b)(2)(B) provides that applications subject to secrecy orders pursuant to section 181 of title 35 will not be published.

Subparagraph (b)(2)(C) provides an exception for applicants who file only in the United States. Upon the request of an applicant at

the time of filing, publication will not take place until 3 months after the Director makes a notification to the applicant under section 132 of title 35. This exception does not include applications filed pursuant to section 363 of title 35, applications asserting priority under sections 119 or 365(a) of title 35 or applications asserting the benefit of an earlier application under sections 120, 121, or 365(c) of title 35. Further, in a request for treatment under this subparagraph, an applicant must certify that the application was not and will not be the subject of an application filed in a foreign country. If an applicant wishes to withdraw his request to receive the exception provided in this paragraph because he later decides to file outside the United States, but before receiving a notification under § 132, he may do so. The Director may establish appropriate procedures and fees for making a request in accordance with this subparagraph.

Subsection (c) establishes that the provisions of this section shall not operate to create any new opportunity for pre-issuance opposition and that the Director may establish appropriate procedures to ensure that this section does not create any new opportunity for pre-issuance opposition that did not exist prior to the adoption of this section. The publication of applications at 18 months should not operate to allow third parties an opportunity to oppose an applicant's application. As under current law, the process of issuing a patent must be a process that involves only the applicant and the PTO.

Section 203.—Time for Claiming Benefit of Earlier Filing Date

This section allows the Director to require the early submission of a priority claim under section 119 of title 35 or the early submission of an amendment containing a specific reference to an earlier filed application under section 120 of title 35.

Section 119 of title 35 is amended, in subsection (b), by deleting time limits and adding a basis for establishing a waiver of claims for priority. Thus, the Director is authorized to promulgate rules establishing time periods during the pendency of an application within which a right to priority may be established. The failure of the applicant to file a timely claim for priority may be considered a waiver of any such claim, and the Director may require a certified copy of an original foreign application, specification or drawing and a translation in English if necessary.

Section 120 of title 35 is similarly amended by allowing the Director to determine the time period during the pendency of an application within which an amendment containing a specific reference to an earlier filed application must be submitted. Additionally, the Commissioner may consider the failure to timely submit such an amendment as a waiver of any benefit under this section and to establish procedures, including the payment of a surcharge, to accept late submissions under this section.

Section 204.—Provisional Rights

This section amends section 154 of title 35 by adding a new subsection (d), entitled "PROVISIONAL RIGHTS."

Paragraph (d)(1) provides that a patent shall include the right to obtain a reasonable royalty from any person who makes, uses, of-

fers for sale, sells, or imports in the United States the invention as claimed in the published patent application between the time it is published and the time the patent is issued. Subsection (d)(1) further requires that the alleged misappropriator must have had actual notice of the published patent application from the application owner who is alleging misappropriation and, where necessary, a translation of an international application into the English language.

Subsection (d)(2) provides that the right to obtain a reasonable royalty under this section shall be available only if the invention claimed in the patent is substantially identical to the invention as claimed in the published patent application. That is, at least one infringed claim in the published patent application must be substantially identical to at least one claim in the patent in order to obtain a reasonable royalty under this section. The requirement for “substantial identity” in this section is based, by analogy, upon the decisional law for establishing intervening rights under the reissue statute. In section 252 of title 35, the term “identical” has, heretofore, been used without qualification, but the courts have interpreted that term to encompass claims that are “substantially identical.” *Slimfold Mfg. Co., Inc. v. Kinkead Industries, Inc.*, 810 F.2d 1113, 1 USPQ2d 1563 (Fed. Cir. 1987). That standard has been adopted here for provisional rights and has now been explicitly codified in section 252 of title 35 by a conforming amendment. No change in the law of intervening rights is intended by that conforming amendment and it is intended that same standard be applied in the context of provisional rights.

The “invention as claimed in the published application” is defined by the claims present in the patent application on the date of publication or as amended thereafter. The claims in the Patent and Trademark Office publication, as the nature, format, and content of that document is determined in accordance with the requirement of section 122(b) of title 35, do not necessarily limit the right to obtain a reasonable royalty under this section as the claims in the application may have been amended as of the date of publication or thereafter. In any event, proper notice of those claims upon which a claim for reasonable royalty is based must have been given during the period in which provisional rights are available.

Subsection (d)(3) provides that the right to obtain a reasonable royalty shall be available only in an action brought within 6 years after a patent is issued and shall not be affected by the duration of the period beginning on the date of publication of an application and ending on the date a patent is issued. This provision is included to make clear that the time limitation on damages set forth in section 286 of title 35 shall not affect the ability to recover a reasonable royalty for the entire period of time from publication until issue even though that period may, itself, exceed six years. However, the new subsection further provides that the right to obtain a reasonable royalty for that period, however long, shall be available only within six years of issue of the patent.

Subsection (d)(4) provides that the right to obtain a reasonable royalty based upon the publication under the Patent Cooperation Treaty of an international application designating the United

States shall commence from the date that the Patent and Trademark Office receives a copy of the international publication of the international application, or, if the publication under the treaty of the international application is in a language other than English, from the date that the PTO receives a translation of the international application in the English language. These requirements are in accord with the requirements in Article 29 of the Patent Cooperation Treaty that may be imposed by national law.

Section 205.—Prior Art Effect of Published Applications

This section amends section 102 of title 35 to provide a prior art effect for applications published pursuant to new subsection 122(b) and international applications published under the Patent Cooperation Treaty and expands the prior art effect of patents based upon applications filed under the Patent Cooperation Treaty.

To that end, subsection 102 (e) of title 35 is amended to include, as prior art, in paragraph (e)(1), inventions described in an application for patent, published pursuant to subsection 122(b) of title 35, by another filed in the United States before the invention thereof by the applicant for patent. The effective date as prior art for inventions described in application for patent which is only published pursuant to subsection 122(b) will be the date the application is actually filed in the United States, and not any filing date to which it might be entitled under the Paris Convention for the Protection of Industrial Property or the Patent Cooperation Treaty. Amended Subsection 102(e) also provides that an international application filed under the Patent Cooperation Treaty shall have the effect of a national application published under section 122(b) of title 35 only if the international application designates the United States and is published under Article 21(2)(a) of the Patent Cooperation Treaty in the English language. Amended subsection 102(e) of title 35 continues to include, as prior art, in paragraph (e)(2), inventions described in a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, but deletes the language extending to a prior art effect to a patent granted on an international application filed by another under the Patent Cooperation Treaty. This is no longer necessary in view of the extension of a prior art effect to the underlying published application pursuant to paragraph (e)(1).

Section 206.—Cost Recovery for Publication

The Director shall recover the cost of early publication by the amendment made in section 202 by adjusting the filing, issue, and maintenance fees under title 35, United States Code, by charging a separate publication fee, or by any combination of these methods.

Section 207.—Conforming Changes

Sections 11 of title 35, United States Code, is amended by inserting “and published applications for patents” after “Patents.”

Section 12 is amended in the section caption by inserting “and applications” after “patents” and by inserting “and published applications for patents” after “patents.”

Section 13 is amended in the section caption by inserting “and applications” after “patents” and by inserting “and published applications for patents” after “patents.”

The items relating to sections 12 and 13 in the table of sections for chapter 1 are each amended by inserting “and applications” after “patents.”

The table of sections for chapter 11 of title 35, United States Code, is amended in the item relating to section 122 by inserting “; publication of patent applications” after “applications.”

The table of sections for chapter 14 of title 35, United States Code, is amended in the item relating to section 154 by inserting “; provisional rights” after “patent.”

Section 181 of title 35, United States Code, is amended in the first paragraph by inserting “by the publication of an application or” after “disclosure” and “the publication of an application or” after “withhold.” The second paragraph is amended by inserting “by the publication of an application or” after “disclosure of an invention.” The third paragraph is amended by inserting “by the publication of the application or” after “disclosure of the invention.” Further, the third paragraph is amended by inserting “the publication of the application or” after “withhold.” Still further, the fourth paragraph is amended by inserting “the publication of an application or” after “and” in the first sentence.

Section 252 of title 35 is amended in the first undesignated paragraph by inserting “substantially” before “identical” each place it appears. This change, referred to above in the discussion relating to provisional rights in Section 204, is not intended to change the law of intervening rights but rather is intended only to codify existing decisional law.

Section 284 of title 35 is amended by adding at the end of the second paragraph the following: “Increased damages under this paragraph shall not apply to provisional rights under section 154(d) of this title.” This amendment has been made because the willfulness necessary for the award of increased damages cannot exist in the context of provisional rights because the fact of infringement cannot be determined until a patent has issued. That is, there can be no willful infringement in the period for which provisional rights may be available because “infringement” within that period can only be defined by the terms of the patented claims that are, of course, not available until a patent issues.

Section 374 of title 35 is amended such that the publication under Patent Cooperation Treaty, of an international application designating the United States shall confer the same rights and shall have the same effect under this title as an application for patent published under section 122(b) of this title, except as provided in section 102(e) and 154(d) of title 35.

Section 208.—Patent Term Extension Authority

Section 208 amends § 154(b) of title 35 to provide patent term compensation for those diligent patent applicants who experience delays beyond their control in the process of getting their patents issued or who have not received a final decision within three years of filing. Section 154(b)(1)(A)(i) provides that a patent applicant will receive compensation for any time lost due to an interference proceeding under § 135(a) of title 35. Section 154(b)(1)(A)(ii) provides that a patent applicant will receive compensation for any time lost due to the imposition of a secrecy order pursuant to § 181

of title 35. Section 154(b)(1)(A)(iii) provides that a patent applicant will receive compensation for any time lost due to appellate review by the Board of Patent Appeals and Interferences or by a federal court where the patent was issued pursuant to a decision in the review reversing an adverse determination of patentability. Section 154(b)(1)(A)(iv) provides that a patent applicant will receive compensation for any time lost due to an "unusual administrative delay" by the PTO in issuing the patent. Section 154(b)(1)(A)(v) provides that any time beyond three years from filing should be deemed to be unusual administrative delay, guaranteeing 17 years of patent term for applicants, as long as the applicant is diligent. Applicants may not purposely delay their application beyond three years by filing spurious appeals or using other dilatory tactics.

"Unusual administrative delay" is strictly defined to impose an objective time clock on the PTO in issuing a patent. Any time the PTO takes in excess of the stated minimums is automatically and fully compensated. An unusual administrative delay is defined as the failure of the PTO to: (i) make a notification of the rejection of any claim for a patent or any objection or argument under section 132 of this title or give or mail a written notice of allowance under section 151 of title 35 not later than fourteen months after the date on which the application was filed; (ii) respond to a reply under section 132 of this title or to an appeal taken under section 134 of this title not later than four months after the date on which the reply was filed or the appeal was taken; (iii) act on an application not later than four months after the date of a decision by the Board of Patent Appeals and Interferences under sections 134 or 135 of this title or a decision by a Federal court under sections 141, 145, or 146 of this title where allowable claims remain in an application; (iv) issue a patent not later than four months after the date on which the issue fee was paid under section 151 of this title and all outstanding requirements were satisfied; or (v) issue a patent within three years after the filing date of the application in the United States if the applicant has not obtained further limited examination of the application under section 209 of the Examining Procedure Improvements Act, has responded to all rejections, objections, arguments, or other requests from the PTO within two months after they are made, has not benefitted from an extension of patent term, has not sought or obtained appellate review by the Board of Patent Appeals or by a Federal Court, or has not requested any delay in the processing of the application by the Patent and Trademark Office.

The constraint upon the PTO in section 154(b)(1)(B)(I), does not imply that a written notice of allowance under section 151 of title 35 must be given or mailed not later than 14 months after the date on which the application in issue was filed. Rather, this constraint could be satisfied if a notification of the rejection of any claim for a patent or any objection or argument under section 132 of title 35 is made not later than 14 months after the date on which the application in issue was filed.

Section 154(b)(2)(A) provides that the total duration for extensions granted under subsections (i) and (ii) of § 154(b)(1)(B) shall not be limited and that the total duration for extensions granted under subsections (iii) or (iv) or both shall not exceed ten years.

Section 154(b)(2)(A) also provides that overlapping delays should not be double counted.

Section 154(b)(2)(B) provides that extensions will not be granted where the patent applicant fails to take reasonable efforts to conclude prosecution of the application. The few applicants who engage in intentional or unjustifiable delay tactics will not be rewarded for such behavior. The PTO is required to prescribe the regulations necessary to carry out the mandate of this subsection. Section 154(b)(2)(C) provides that no patent the term of which has been disclaimed beyond a specified day may be extended under this section beyond the expiration date specified in the disclaimer. The "reasonable efforts" clause is an effort to avoid the submarine patent problem. The intent of the Committee is that only the most egregious and obvious delay tactics will go unrewarded by this provision.

In prescribing regulations to carry out the provisions of this section, the PTO should ensure that in those cases where an appeal of an adverse determination of patentability is filed or an interference is declared, the extension to be granted for a successful appeal or for the interference proceeding should be equal to the time from filing or declaration until an applicant is notified of the conclusion of the proceeding. The regulations should also provide that a patent applicant who exercises reasonable efforts is eligible for one form or another of term compensation throughout the prosecution of the application. That is, there should be no time period where a diligent patent applicant may lose term for reasons beyond his or her control without an opportunity for compensation.

The Committee has received comments regarding the provisions in section 154(b) of title 35 allowing for extensions of patent terms for successful appellate review. The Committee believes that the language contained in section 154, as well as the corresponding language incorporated into H.R. 400, adequately establishes the basis to provide compensation when the issuance of a patent is delayed by virtue of an appeal which results in a reversal of an adverse determination of patentability.

The language should not be viewed in a mechanistic way. Even though an application wins on some relevant issue, the Board of Patent Appeals and Interferences or the Court of Appeals for the Federal Circuit can "affirm" a rejection. In certain such cases, the applicant may be entitled to term extension. Only where an applicant does not prevail on any determination should no extension be provided for lost patent term.

To ensure an equitable application of the provisions providing for term extension for delays due to appellate review, the Patent and Trademark Office should look carefully at the substance of each particular case and not arbitrarily deny any extension of term simply because an application was not immediately ready for patent grant following an action by the Board or the Court. For example, where the Court reversed the PTO's decision to not consider an affidavit to overcome a rejection and remanded the case to the PTO to consider the merits of the affidavit as in *In re Alton*, 37 U.S.P.Q. 2d. 1577, the subsequent issuance of a patent based on the review of the affidavit would constitute a situation where patent term extension for the period of the review would be appropriate. Simi-

larly, in a case where the Board reverses an examiner's rejection, but issues a new rejection which the applicant is able to overcome in subsequent prosecution by, for example, submission of a Rule 131 affidavit, the applicant should receive an extension equal to the period of appellate review.

Another situation could be where the Board or the Court affirms a rejection on very narrow grounds that are subsequently overcome by a minor amendment which the applicant clearly would have known to submit had not it faced a broader and improper rejection by the examiner. In such a situation, the issuance of the patent can be said to have been a result of the reversal of the examiner's broad rejection. Finally, where the Office withdraws an appeal after it had been pending for a long time before the Board or the court on the basis that a minor amendment would obviate the original rejection and place the case in condition for allowance, an extension would equally be appropriate.

In establishing rules to implement the provisions allowing for patent term extensions for successful appeals, interferences, secrecy orders, and unusual administrative delays, the PTO should make every effort to ensure the applicants whose patents are unfairly delayed receive appropriate extensions. At the same time, the Office should be ever watchful to ensure that its procedures do not admit of the manipulation which Congress intended to stop with the adoption of a term measured from filing.

Section 209.—Further Examination of Patent Applications

This section mandates that the Director prescribe regulations to provide for the further limited reexamination of an application for patent and provides the Director the authority to establish appropriate fees for such further limited reexamination and to provide a 50 percent reduction on such fees for small entities that qualify for reduced fees under section 41(h)(1) of title 35. This section is intended to simplify the continued prosecution of patent applications after a final rejection has been entered, extending to all applications the transitional practice introduced in P.L. 103-465, section 532(a)(2).

Section 210.—Last Day of Pendency of Provisional Application

This section amends section 119(e) of title 35 by providing that if the day that is 12 months after the filing date of a provisional application falls on a Saturday, Sunday, or Federal holiday within the District of Columbia, the period of pendency of the provisional application shall be extended to the next succeeding business day. This amendment is intended to address and resolve the so-called "last day trap" for provisional applications. Because the requirement for filing a non-provisional application that claims priority of a provisional application under section 119(e) of title 35 relies upon both copendency and action taking, the remedy of section 21(b) of title 35 is not available for the filing of that non-provisional application and an applicant may be confronted with this "last day trap." This amendment resolves this problem.

Section 211.—Reporting Requirement

Section 211 requires the PTO to report to Congress by April 1, 2001, and every year thereafter, on the impact of that publication of applications has on independent inventors.

Section 212.—Effective Date

Sections 202 through 207, and the amendments made by those sections, shall take effect on April 1, 1998, and shall apply to all applications filed under 35 U.S.C. § 111 on or after that date and all applications complying with 35 U.S.C. § 371 that resulted from international applications filed on or after that date. Sections 204 and 205 shall also apply to international applications designating the United States that are filed on or after April 1, 1998.

Sections 208 through 210, and the amendments made by those sections, shall take effect on the date of enactment of the Act and, except for design patent applications filed under chapter 16 of title 35, shall apply to any application filed on or after June 8, 1995.

TITLE III.—PROTECTION FOR PRIOR DOMESTIC USERS OF PATENTED TECHNOLOGIES

This title provides a defense to patent infringement based on prior use of a patented invention in certain circumstances. The bill clarifies the rights of a party who had used an invention (a “prior user”) vis-a-vis a party that subsequently patents the invention. Under this title, a person, who prior to the effective filing date of a patent, has been commercially using the claimed invention or has made effective and serious preparation for commercial use of such an invention, will have a defense if that party is charged with patent infringement based on the prior use. The provisions of this title will permit the prior user to continue the use of the invention even though it is claimed in a subsequently granted patent.

Section 301.—Short Title

This section provides that the title may be cited as the “Protection for Prior Domestic Commercial and Research Users of Patented Technologies Act.”

Section 302.—Defense to Patent Infringement Based on Prior Domestic Commercial or Research Use

This section adds a new section 273 to Chapter 28 of title 35, United States Code, which establishes a defense to a claim of patent infringement where a person has “commercially” used or made serious preparations to use commercially an invention that later becomes the subject matter of a patent issued to another. Such commercial use or preparation for commercial use must have occurred at least one year prior to the earliest effective filing date to which the subject matter at issue is entitled.

Subsection (a) of the newly added section 273 defines the terms “commercially used,” “commercially use,” and “commercial use” to mean that the subject matter actually claimed in the subsequently granted patent has, in fact, been used in the United States in the design, testing, or production of a product or service that is used in commerce in the United States. Commercial use does not require that the invention itself be publicly disclosed or that it be in any way publicly accessible.

The subsection defines commercial use to include regular use in laboratory research. This means regularly used in laboratory research in the United States, whether or not the subject matter at issue is accessible or known to the public. The subsection also defines “used in commerce” and “use in commerce” as meaning that an actual sale or other commercial transfer of the claimed invention has taken place or that an actual sale or other commercial transfer of a product or service resulting from the use of the invention has taken place. Determining whether an activity would constitute commercial use should be construed to include activities that individuals in a particular industry would consider commercial in nature. For example, sale of a software product that consists of a license authorizing the copying and use of a computer program and providing terms regarding proprietary information embedded in the program, in conjunction with a copy of the object code representing the compiled computer program on a computer readable medium, would be viewed as “commercial use” under subsection 273(a)(3).

The “effective filing date” of a patent is defined in subparagraph 273(a)(4) as the actual filing date of the application in the United States or, if such an earlier filing date is claimed, the earlier filing date claimed, and to which the subject matter is entitled, under section 119, 120, or 365.

Subsection (b) of Section 273 provides that a prior user of a patented invention will not be liable as an infringer under section 271 of title 35 if certain requirements are met. The prior user, acting in good faith, must have commercially used the invention, as defined by one or more claims of the patent being asserted against the prior user, in the United States or made effective and serious preparation for its commercial use prior to the effective filing date. It is important to recognize that the prior user right is a defense that can be asserted in response to a claim of infringement. The prior user right is not a license under the patent and, therefore, does not create an obligation to pay a royalty or other compensation to the patent holder.

Subparagraph (b)(2) makes it clear that a party who purchases the subject matter claimed in a patent, or a product or service produced using the subject matter claimed in a patent from a person entitled to assert prior user rights in connection under this section, would not be liable to the patent owner for patent infringement any more than the party would be if he had purchased from the patent owner. One who has the right to assert a prior user defense would be able to sell the subject matter claimed in a patent or the product or service produced using that subject matter without liability to the patent owner for patent infringement. It follows that, if the prior user’s activities were not infringing, the purchaser of the products or services resulting from those non-infringing activities would not be liable for using that which was purchased.

Subsection (c)(1) of new Section 273 makes it clear that the prior user defense is not available to a person who derived the subject matter on which the defense is claimed from the patentee or from one in privity with the patentee. The prior user does not have to be a prior inventor in order to assert a defense based on prior use. Prior user rights may be claimed whether the party asserting the

right conceived the invention or a third party conceived the invention, so long as the technology that is the basis of the prior use defense was not obtained directly or indirectly from the patentee.

Subparagraph (c)(2) provides that the prior user defense does not have the effect of a general license under the patent. The right extends only to what was actually in commercial use by the prior user, or had been used by the prior user in the design, testing, or production in the United States of a product or service which is used in commerce. Variations in the quantity or volume of the prior use are protected by the right as are improvements in the claimed subject matter that do not infringe additional claimed subject matter of the patent. In other words, if the prior user must infringe additional claims of the patent in order to implement an improvement in the claimed subject matter, the prior user would not be able to rely on the defense provided in this section. To determine whether an alteration in the "commercial use" would infringe additional claims of a patent, one should first determine which claims of the patent would have been infringed by the original prior use but for the operation of section 273(b). If the prior user alters its activities after the filing date of the patent application in a way that would infringe claims other than those identified above, the prior user will be liable for patent infringement with respect to those additional claims.

It is not the intent of the legislation to limit the prior use defense only to instances in which actual commercial use can be demonstrated. Under subsection (c)(3), the defense would also be available to a prior user who can prove that he or she has actually reduced the subsequently patented invention to practice, has made a significant investment or a substantial portion of the total investment necessary to use the subject matter, and has made a commercial transaction in the United States in connection with the preparation to use the subject matter. In addition, the person must have completed in diligent fashion the remainder of the activities and investments needed to commercially use the subject matter. These latter activities can have taken place after the effective filing date of the patent application so long as they are pursued diligently.

Subsection (c)(4) makes it clear that the burden of proof is on the person asserting the defense. The prior user must provide evidence to establish each of the conditions precedent to the defense. To prove that the necessary investment has taken place, the party asserting the defense must show that substantial investment was made in equipment, testing, advertising, or other preparation for commercializing the invention. Documentation and commercialization plans must be sufficiently developed and in sufficient detail to prove the rights claimed. For example, in the pharmaceutical industry, evidence that a prospective new drug had been cleared for clinical trials prior to the effective filing date would be sufficient to show effective and serious preparation. In the chemical industry, effective and serious preparation would require evidence proving that a substantial investment had been made, for example, in reactors or process equipment designed to employ or manufacture the invention. Evidence of actions that amount merely to conceiving the invention, development of the invention on a laboratory, experimental, or reduction of an invention to practice, without evidence

of subsequent efforts to use the invention commercially and to make the necessary investments to commercialize the invention, would not be adequate to satisfy the test for effective and serious preparation.

Subsection (c)(5) provides that the defense of prior use is not available if a person has abandoned commercial use of the subject matter. Regardless of the degree of commercial use or serious and effective preparation which might have occurred at an earlier point in time, a defense based on prior user rights may not be invoked if such commercial use was in a state of abandonment, or abandoned after the effective filing date. If the prior use is abandoned after the effective filing date, it is the intent of this section that the prior user right shall be a defense to infringement for the time of commercial use between the effective filing date and abandonment. As the term is used in connection with this legislation, abandonment refers to cessation of use with no intent to resume. Certain activities, however, are naturally periodic or cyclical. Intervals of non-use between such periodic activities such as seasonal factors or reasonable intervals between contracts, shall not be considered abandonment so long as there is no positive corroborating evidence of abandonment.

Subsection (c)(6) makes clear that the ability to assert a right of prior use is a personal right and cannot be licensed, assigned, or transferred to any other person except to the patentee, or as part of the assignment or transfer, in good faith, of the entire enterprise or business to which the defense relates. This subsection is intended to permit a business to continue to use the subject matter related to the defense in circumstances in which there has been a good faith transfer of the entire enterprise or business but to prohibit any attempt to sell or license the defense itself.

Subsection (c)(7) provides that, to assert a defense of prior use, a person, or someone in privity with that person, must have been using the subject matter commercially or have reduced the subject matter to practice more than one year prior to the effective filing date of the patent.

Subsection (d) is intended to ensure that the defense is raised only in circumstances in which its assertion is reasonable. The subsection requires that a court find the case exceptional and award attorney's fees under section 285 of title 35, United States Code, if the defense is pleaded by a person who is found to infringe a patent and who fails to show a reasonable basis for asserting the defense.

Subsection (e) provides that a patent cannot be deemed to be invalid under section 102 or 103 of title 35 solely because a defense is established under section 273(b). Any determination under section 102 or 103 must be established separately, although evidence used to establish a defense of prior use could be used in connection with establishing invalidity under those sections.

Subsection (b) of section 302 of the Act amends the table of sections at the beginning of chapter 28 of title 35 to add the heading for section 273, "Prior domestic commercial or research use; defense to infringement."

Section 303.—Effective Date and Applicability

This section makes the amendments provided for in title III effective on the date of enactment of the Act. The section specifies, however, that the amendments shall not apply to any action for infringement pending on the date of enactment or to any subject matter for which an adjudication of infringement, including any consent judgment, was made before the date of enactment.

TITLE IV.—ENHANCED PROTECTION OF INVENTORS RIGHTS

Section 401.—Short Title

This section provides that the title may be cited as the “Enhanced Protection of Inventors’ Rights Act.”

Section 402.—Invention Development Services

This section adds a new chapter 5 to Part I of title 35, United States Code, consisting of sections 51 through 59. Invention development companies can be of great assistance to independent inventors providing a single source to evaluate an invention, assist in developing its technical potential, assist in obtaining protection for it, and assist in promoting it in order to license or sell it. While many invention developers are legitimate, the unscrupulous ones take advantage of untutored inventors, asking for large sums of money up front for which they provide no real service in return. This new section provides a much needed tool for independent inventors to use if they are the target of the predatory practices of unscrupulous invention development companies.

New section 51 of title 35 defines the terms used in the chapter. The terms used in the chapter are defined broadly in order to ensure that organizations that would prey upon inventors cannot escape the reach of the chapter merely by using titles and business descriptions artfully. Subsection (3), however, excepts from the definition of “invention promoter” departments and agencies of the Federal, state, and local governments; any nonprofit, charitable, scientific, or educational organizations qualified under applicable State laws or described under section 170(b)(1)(A) of the Internal Revenue Code of 1986; or any person registered and in good standing with the U.S. Patent and Trademark Office (PTO) who is acting within the scope of his or her registration to practice before the PTO.

The Committee is in agreement that the exclusion provided for in § 51(3)(c) does not totally exempt patent attorneys from regulation under the act. The exception provides that any person registered to practice before the Patent and Trademark Office is exempt from regulation when acting within the scope of that person’s registration to practice before the Patent and Trademark Office. However, the Committee recognizes that patent attorneys may provide services which fall outside the scope of their registration to practice before the Patent and Trademark Office and within the definition of invention development services. Whenever a patent attorney engages in conduct described in § 51(4)(B) and (C), he or she will be subject to the provisions of this act.

§ 51(4) defines the term invention development services to mean, with respect to an invention by a customer, any act involved in evaluating the invention to determine its protectability as some form of intellectual property, other than evaluation by a person li-

censed by a state to practice law who is acting within the scope of the license; evaluating the invention to determine its commercial potential by any person for purposes other than providing venture capital; or marketing, brokering, licensing, selling, or promoting the invention or a product or service in which the invention is incorporated or used, except that the display only of an invention at a trade show or exhibit shall not be considered to be invention development services.

New subsection 52(a) requires that contracts for invention development services be in writing and that a copy of the signed contract be provided to the customer at the time he or she enters into the contract. Even in the event the contract is entered into on behalf of a third party, that third party is to be treated as a customer and the provisions of the chapter apply.

Subsection 52(b) requires invention developers to provide to customers at the time a contract is entered into a written document stating whether the developer customarily seeks more than one contract in connection with an invention and seeks to perform services in connection with an invention in 1 or more phases, using 1 or more contracts governing the performance at each phase. In addition, invention developers must provide the customer with a copy of the written contract together with a summary, in writing, describing the developer's usual business practices, including the customary terms in contracts and the approximate amount of the usual fees or other consideration that the customer will be charged for each service provided by the invention developer.

Subsection 52(c) provides the customer with the right to terminate a contract for invention development services by sending a letter to the invention developer stating the customer's intent to cancel. This right may not be waived in the contract for invention development services. To execute the right to terminate, the customer must send the letter within five business days after both the customer and the invention developer execute the invention development contract. It is the intention of the Congress to give the customer a "cooling off" period in which the customer can effectively change his or her mind. The delivery of a promissory note, check, bill of exchange, or other negotiable instrument to the invention developer or a third party for the benefit of the invention developer is deemed payment received by the invention developer on the date received, even though the date or dates in such instruments differ from the date of receipt.

New section 53(a) of title 35 requires that every contract for invention development services include a cover sheet with the notice included in the legislation in legible, bold-face type of not less than 12-point size, explaining the right of termination; giving information regarding the number of inventions evaluated by the invention developer and stating the number of those evaluated positively and the number negatively; advising the customer that assigning rights to the invention developer can allow sale or other disposal of the invention by the latter without sharing the profits; advising the customer of the number of customers who have contracted for services with the invention developer in the prior five years and how many of them have earned more than the cost of the services due to the performance of the invention developer; informing the cus-

tomers of the invention development companies with which the invention developer's officer have been affiliated in the previous ten years to enable the customer to check out the reputations of these companies; and encouraging the customer to consult an attorney before entering in the contract and advising that rights can be lost by proceeding pro se before the PTO.

Subsection 53(b) requires that the cover notice, in addition to the obligatory text, include the name, primary office address, and local office address of the invention developer. The subsection prohibits inclusion of other matter.

Subsection 53(c) allows the invention developer to delete from the total number of customers who have contracted with the organization provided for in subsection 53(a) the customers who have purchased trade show services, research, advertising, or other non-marketing services from the invention developer. The invention developer also need not include those who have defaulted in their payments under invention development contracts.

Subsection 54 of title 35 requires the invention developer to provide each customer who has contracted for invention development services a written report at least once every three months during the term of the contract. The report must describe fully, clearly, and concisely, the services performed by the invention developer on behalf of the customer during the report period and the services to be performed, giving the names of the persons who will perform those services. The report must include the name and address of each person, firm, corporation, or other entity to whom the invention that is the subject matter of the contract has been disclosed, the reason for the disclosure, and the nature of the disclosure. Where more than one person has been contacted in a particular corporation or entity, it will suffice to include the name and address of one of the people contacted and of the corporation or entity. Copies of all responses received as a result of the disclosure must be provided. The purpose of this section is to ensure that the customer is kept fully informed of the services being performed on his or her behalf and the results of those services so that the customer may take appropriate action if they are not receiving the service required under the contract.

New subsection 55(a) requires that all contracts for invention development services include, in bold-face type of not less than 12-point type: the terms and conditions of payment and the contract termination rights required by section 52; a statement making it clear that the contract is not executed until the customer makes a payment to the invention developer and, therefore, the customer can avoid executing the contract by not making such a payment; a complete, clear, and concise description of the specific acts and services that the invention developer is to perform for the customer; a clear statement indicating whether the invention developer is going to construct, sell, or distribute any prototypes, models, or devices embodying the customer's invention and, if so, how many; the full name and principal place of business developer and, to the extent known at the time the contract is entered into, the name and principal place of business of any parent, subsidiary, agent, independent contractor, and any affiliated company or person who will perform any service or act that the invention devel-

oper has undertaken to perform for the customer; a statement of any estimation or projection of customer earnings resulting from the invention that has been given orally or in writing by the invention developer or anyone on behalf of the invention developer, and a full description of the data on which that estimation or projection was based; the name and address of the organization or person who is to be the custodian of all the records and correspondence related to the contracted for invention development services and an unequivocal statement acknowledging that the invention developer is required to maintain all such records and correspondence for the customer for at least two years following the expiration of the invention development services contract; and a statement of the time schedule for performance of the invention development services with an estimated date by which the performance of services is expected to be completed. It is the intent of this legislation that the invention developer ensure that all material information be provided to the customer so that the customer can make an informed decision in entering into any contract for development services.

Subsection 55(b) makes it clear that, if the invention developer has discretion regarding the nature of the specific acts and services the invention developer is to perform for the customer, as those acts and services are described in the contract, the invention developer will be deemed to be a fiduciary with all corresponding obligations with respect to the customer.

Subsection 55(c) requires that, within 7 days of written notice to the invention developer or the custodian of records and correspondence identified in the contract for invention development services, such custodian must make available to the customer or the customer's representative for review and copying all records and correspondence related to the invention development contract. The review and copying shall take place on the invention developer's premises during normal business hours and any fees for copying shall be reasonable.

Subsection 56(a) authorizes the customer to declare void any contract for invention development services that does not conform to the requirements of chapter 5 of Part I of title 35, United States Code. In addition, the subsection authorizes the customer to void any contract entered into in reliance on any false, fraudulent, or misleading information, representation, notice, or advertisement of the invention developer that is material where the contract provides for filing an application to obtain a utility, design, or plant patent. An exception exists where the contract makes it clear that the filing of such application will be done by an agent or attorney registered to practice before the PTO and such filing is, in fact, performed by such agent or attorney. Finally, subsection 56(a) makes void and unenforceable any waiver by a customer of any provision required by chapter 4.

Subsection 56(b) establishes a civil cause of action against any invention developer who injures a customer through a violation of any of the obligations of chapter 5 or through any false or fraudulent statement, representation, or omission of material fact by the invention developer, or any person acting on behalf of the invention developer, or through failure of the invention developer to make all the disclosures required under the chapter. In such a civil action,

the customer may recover from the invention developer, or any officers, directors, or partners of such developer, reasonable costs, attorneys' fees, and the greater of \$5000 or the amount of actual damages sustained by the customer. Subsection (b)(2) authorizes the court to increase damages in egregious cases to an amount not to exceed 3 times the amount awarded as statutory or actual damages.

Subsection 56(c) establishes a rebuttable presumption of injury in the event of any substantial violation of chapter 5 by an invention developer or of execution of an invention development services contract by a customer in reliance on any false or fraudulent statements, representations, or material omissions by the invention developer or any person acting on behalf of the invention developer.

Subsection 57(a) requires the Director of the PTO to retain all complaints submitted to the PTO regarding invention developers, together with any responses by invention developers to those complaints, and to make such complaints and responses available to the public.

Subsection 57(b) authorizes the Director to request from Federal and State agencies copies of any complaints relating to invention development services they have received and to include those complaints in the records maintained by the PTO regarding invention development services.

Section 58 provides that making false or misleading statements or representations to a customer, omitting any material fact in a communication with a customer or failing to make all the disclosures required by chapter 5 is a misdemeanor and authorizes a fine of not more than \$10,000 for each such offense.

Section 59 makes it clear that the provisions of chapter 5 are not to be construed to affect any other obligation, right, or remedy that is provided under any other Federal or State law.

Section 403.—Technical and Conforming Amendment

This section amends the table of chapters of Part I of title 35, United States Code to add a heading for chapter 5.

Section 404.—Effective Date

This section specifies that the title and the amendments made by it will be effective 60 days after the date of enactment of the Act.

TITLE V.—IMPROVED REEXAMINATION PROCEDURES

Section 501.—Short Title

This section provides a short title: "Improved Reexamination Procedures Act."

Section 502.—Definitions

This section amends 35 U.S.C. § 100 to add a definition for the term "third-party requester". A third-party requester is defined as a person requesting reexamination under 35 U.S.C. § 302 who is not the patent owner.

Section 503.—Reexamination Procedures

This section amends the reexamination procedures set forth in chapter 302 of title 35, United States Code, to broaden the basis

for, and scope of, reexamination to increase third-party requester participation in reexamination procedures and appeals and to preclude reexamination in certain circumstances.

Subsection (a) amends 35 U.S.C. § 302 to provide an additional basis for a patent owner or a third party to request reexamination. The additional basis is that a substantial new question of patentability exists for any claim of a patent due to a lack of compliance of that claim with the requirements of 35 U.S.C. § 112 except for the requirement to set forth the best mode of carrying out the invention. It also requires that the request identify the real party in interest.

Subsection (b) amends each subsection of 35 U.S.C. § 303. Subsection (b) amends 35 U.S.C. § 303(a) to provide an additional basis for determining whether a substantial new question of patentability exists in Director-initiated reexaminations, namely the failure of one or more claims of a patent to comply with the requirements of 35 U.S.C. § 112 other than the best mode requirement. Reexamination of a new question of patentability may involve reconsideration of patents and publications considered during the original examination, the examination of a reissue patent or an earlier concluded prior reexamination. Such patents and publications may be considered alone or in combination with patents and publications not previously considered. Although a new question of patentability can be raised by the same patents and printed publications previously considered by the Office, a new question cannot be based solely on an issue that has already been decided by the Office.

Subsection (b) amends 35 U.S.C. § 303(b) by substituting the term third-party requester for the phrase person requesting reexamination. Subsection (b) amends 35 U.S.C. § 303(c) by removing the phrase that no substantial new question of patentability has been raised from the first sentence of this subsection. This change clarifies that all determinations of the Director under subsection (a) (e.g., that a substantial new question of patentability has or has not been raised) are nonappealable. This amendment codifies existing case law which provides that a positive determination by the Director that a substantial new question of patentability has been raised is nonappealable. The phrase “that no new question of patentability has been raised” is added to the second sentence of this subsection to clarify that refunds may be made for negative determinations. Review of negative determinations should remain available for both patent owner requesters and third-party requesters by petition to the Director under 37 C.F.R. § 1.181, as currently provided for in 37 C.F.R. § 1.515(c).

Subsection (c) amends 35 U.S.C. § 304 to provide that the initial PTO action on the merits of a reexamination may accompany the order granting the reexamination request. This amendment also deletes provisions that allow the patent owner to file a preliminary statement, which must be served on any third-party requester, and may allow the third-party requester to file a reply to the patent owner’s statement. These changes are made in view of the procedure in subsection (d) of this Section.

Subsection (d) amends the first sentence of 35 U.S.C. § 305 by deleting the reference to the procedures of 35 U.S.C. § 304 relating to the patent owner statement and third-party requester reply, which

are deleted by subsection (c) of this Section. Subsection (d) also amends 35 U.S.C. § 305 to simplify the authority of a patent owner to amend the patent or any of its claims or to present new claims. The change permits a patent owner to amend an existing claim or to add a new claim for any reason once a reexamination proceeding has been established. The change does not alter the prohibition imposed by the third sentence of § 305 against amendments or new claims that would enlarge the scope of the claims relative to the claims in the patent as originally issued. Subsection (d) then designates the existing provisions of 35 U.S.C. § 305, so modified, as subsection 305(a). Reexamination of a new question of patentability may involve reconsideration of patents and publications considered during the original examination, the examination of a reissue patent, or an earlier concluded prior reexamination. Such patents and publications may be considered alone or in combination with patents and publications not previously considered. Although a new question of patentability can be raised by the same patents and printed publications previously considered by the Office, a new question cannot be based solely on an issue that has already been decided by the Office.

Subsection (d) also amends 35 U.S.C. § 305 to add a new subsection, § 305(b), to address reexamination proceedings based on a request from a third-party requester. The new § 305(b)(2) requires that any document filed by either the patent owner or a third-party requester be served on all other parties to the reexamination proceeding, with the exception of the request for reexamination. The new § 305(b)(2) provides that a third-party requester may submit one set of written comments to the office in reply to a response by the patent owner to any Office action. The written reply must be limited to issues covered by the Office action or raised in the patent owner's response thereto. This subsection provides that the third party must submit the comments within a reasonable period, such period to be not less than one month from the date of service by the patent owner of its response to any Office action.

Additionally, subsection (d) designates the last sentence of existing 35 U.S.C. § 305 as 35 U.S.C. § 305(c), and amends this sentence by providing an exception to the "special dispatch" requirement where so provided by the Director for good cause.

While no statutory provision is added by this Act to address interviews conducted before the examiner during reexamination, it is intended that the Office, through rulemaking, will provide third-party requesters the right to participate in any examiner interview initiated by the patent owner or by the examiner, and that such interviews will be conducted under controlled conditions before the examiner and an additional, more senior, Office representative. The third party should not be permitted to initiate examiner interviews.

Subsection (e) amends 35 U.S.C. § 306 by designating the current provisions relating to appeal rights of the patent owner as subsection 306(a) and by making amendments thereto, and by adding two new subsections, 306(b) and 306(c), to provide third-party requesters with appeal rights and to create an estoppel effect, respectively.

Subsection 306(a) provides the patent owner with a right to be a party to any appeal taken by a third-party requester pursuant to subsection 306(b). In addition, subsection 306(a) is amended to remove the availability of review under 35 U.S.C. § 145, while maintaining the availability of review under 35 U.S.C. § 134 and 35 U.S.C. §§ 141–144. By this amendment, patent owners dissatisfied with a decision of the Board of Patent Appeals and Interferences in a reexamination proceeding would no longer be permitted to file a civil action against the Director in the U.S. District Court for the District of Columbia, but could continue to appeal such decision to the U.S. Court of Appeals for the Federal Circuit.

Subsection 306(b) provides third-party requesters with appeal rights that parallel those provided to patent owners. Under subsection 306(b), third-party requesters may appeal any final decision favorable to the patentability of any original or proposed amended or new claim of the patent under the provisions of 35 U.S.C. § 134. They may also seek court review under 35 U.S.C. §§ 141–144, and may be a party to any appeal taken by the patent owner, subject to the provisions of 35 U.S.C. § 306(c).

Subsection 306(c)(1) provides that a third-party requester who files an appeal or participates as a party to an appeal by the patent owner under the provisions of 35 U.S.C. §§ 141–144, is estopped from later asserting, in any forum, the invalidity of any claim determined to be patentable on appeal on any ground which the third-party requester raised or could have raised during the reexamination proceedings, including the request for reexamination. Subsection 306(c)(2) provides that a third-party requester is deemed not to have participated as a party to an appeal by the patent owner unless, within twenty days after the patent owner has filed notice of appeal, the third-party requester files notice with the Director electing to participate.

Subsection (f)(1) adds a new section, 35 U.S.C. § 308, having two subsections, 308(a) and 308(b). This new section prohibits reexamination in two circumstances, notwithstanding any other reexamination provision. First, section 308(a) provides that, once an order for reexamination of a patent has been issued under section 35 U.S.C. § 304, neither the patent owner nor a third-party requester may file a subsequent request for reexamination of the patent until a reexamination certificate is issued and published under section 35 U.S.C. § 307, unless authorized by the Director.

Second, § 308(b) provides that once a judgment has been entered against a party to a civil action arising in whole or in part under 28 U.S.C. § 1338 that the party has not sustained its burden of proving the invalidity of any patent claims in suit, then neither that party nor its privies may thereafter request reexamination of any such patent claim on the basis of issues which that party or its privies raised or could have raised in that action. A reexamination requested by such a party or by a party in privity with such a party on the basis of such issues may not be maintained by the Office. This provision avoids the potential for inconsistent treatment by the Office of patent claims in a reexamination after a final judicial determination of validity that the same patent claims are not valid. § 308(b) applies to any action that could be brought under

§ 1338 regardless of whether that section is formally cited in the complaint.

Subsection (f)(2) amends the table of sections for chapter 30 of title 35, United States Code, to add the section heading, “308. Reexamination Prohibited.” for the new section added by subsection 503(f)(1) of this Act.

Subsection (g) requires the Director to submit a report to Congress within four years after the effective date which evaluates whether the reexamination proceedings established under the amendments are inequitable to any parties, and if so, the report should contain recommendations to remove the inequities.

Section 504.—Conforming Amendments

Subsection (a) amends 35 U.S.C. § 6(b) to authorize the Board to review decisions of examiners upon written appeal of a patent owner or a third-party requester in reexamination proceedings.

Subsection (b) amends 35 U.S.C. § 41(a)(7) to provide the authority for the Director to accept the filing of an unintentionally delayed response by the patent owner in a reexamination proceeding and for charging a fee for such filing.

Subsection (c) amends 35 U.S.C. § 134 to provide for review of examiner decisions by the Board in reexamination proceedings upon written appeal by a patent owner or by a third-party requester. Specifically, subsection (b) amends 35 U.S.C. § 134 by designating the existing provisions as subsection 134(a) and by adding two new subsections, designated as subsections 134(b) and 134(c). Subsection 134(b) permits a patent owner in a reexamination proceeding to appeal to the Board from the final rejection of any claim by the primary examiner, having once paid the fee for such appeal. Subsection 134(c) permits third-party requesters to appeal to the Board from the final decision of the primary examiner favorable to the patentability of any original or proposed amended or new claim of a patent, having once paid the fee for such appeal.

Subsection (d) amends 35 U.S.C. § 141 to permit patent owners and third-party requesters dissatisfied with the final decision in an appeal under 35 U.S.C. § 134 to appeal to the Court of Appeals for the Federal Circuit.

Subsection (e) amends 35 U.S.C. § 143 to require the Director to make submissions to the court in reexamination cases, as well as in *ex parte* cases. Currently, this section only requires such submissions in *ex parte* cases. This amendment would require the Director to make submissions to the court in reexamination cases even when they are not *ex parte*, but rather involve a third-party requester.

Subsection (f) amends 35 U.S.C. § 145 to conform to the amendments made to 35 U.S.C. § 134. Specifically, this section amends § 145 to provide that appeals under § 145 may only be initiated by patent applicants, and not by a patent owner or a third-party requester who is a participant in a reexamination proceeding.

Section 505.—Effective Date

This section provides that this title and the amendments made by this title shall take effect six months after the date of enactment

of this Act, and that they shall apply only to those reexamination requests that are filed on or after that date.

TITLE VI.—MISCELLANEOUS IMPROVEMENTS

Section 601.—Provisional Applications

This section amends section 111(b)(5) of title 35 to enhance the attractiveness of filing provisional applications by providing a basis for converting provisional applications to non-provisional applications. A basis for converting non-provisional applications to provisional applications is already provided. This enhancement is provided in subsection 111(b)(5) by providing that notwithstanding the absence of a claim, upon timely request and as prescribed by the Director, a provisional application may be treated as an application filed under subsection (a) of section 111. Further, the amendment provides that if no such request is made, the provisional application shall be regarded as abandoned 12 months after the filing date of such application and shall not be subject to revival thereafter. Accordingly, a provisional application could be converted to a non-provisional application, be subjected to examination and, depending upon the outcome of the examination process, ultimately lead to the issue of a patent. This amendment would be effective upon enactment and would apply to provisional applications filed on or after June 8, 1995.

Section 602.—International Applications

Section 119(a) has been amended to permit persons, who filed an application for patent first in a WTO member country, to claim the right of priority in a subsequent patent application filed in the United States, even if such country does not yet afford similar privileges on the basis of applications filed in the United States. This amendment was made in conformity with the requirements of Articles 1 and 2 of the TRIPS Agreement. These Articles require that WTO member countries apply the substantive provisions of the Paris Convention for the Protection of Industrial Property to other WTO member countries. As, however, some WTO member countries are not yet members of the Paris Convention, and as developing countries are permitted periods of up to 10 years before complying with all provisions of the TRIPS Agreement, they are not required to extend the right of priority to other WTO member countries until such time.

In subsection (b), the term “foreign intellectual property authority” has been substituted for “patent office of the foreign country” to clarify that regional patent offices are included, as well as international organizations acting as receiving offices under the Patent Cooperation Treaty.

Subsection (f) has been added to section 119 to provide for the right of priority in the United States on the basis of an application for a plant breeder’s right first filed in a WTO member country or in a UPOV Contracting Party. Many foreign countries provide only a *sui generis* system of protection for plant varieties. Because section 119 presently addresses only patents and inventors’ certificates, applicants from those countries are technically unable to base a priority claim on a foreign application for a plant breeder’s

right when seeking plant patent or utility protection for a plant variety in this country.

Subsection (g) has been added to section 119 to define the terms “WTO member country” and “UPOV Contracting Party.”

Section 603.—Plant Patents

Subsection (a) of Section 603 allows for the patenting of tuber propagated plants.

Subsection (b) of Section 603 corrects a flaw in the wording of 35 U.S.C. § 163 to clarify that a plant patent includes the right to exclude others from using, offering for sale, selling, or importing both the entire plant and any of its parts.

Section 604.—Electronic Filing

Section 604 amends § 22 of title 35 to make it clear that the PTO can receive information in an electronic format.

Section 605.—Divisional Applications

This section designates the existing text of section 121 of title 35 as subsection (a) and adds subsections (b) and (c), to permit an applicant who is subject to a restriction requirement to have the Director examine more than one independent and distinct invention in the application. A request to examine more than one invention in an application is an alternative to filing a divisional application for each invention in excess of one as permitted in existing section 121 of title 35.

Subsection (b) specifies that a request to examine more than one invention in an application must be accompanied by an examination fee equal to the filing fees that would have applied if the invention had been presented in separate applications. Subsection (b) requires the Patent and Trademark Office to meet the time limits set forth in section 154(b)(1)(B) of title 35 for each of the inventions for which the applicant pays the examination fee within two months after the requirement for restriction. Failure to meet the time limits will be treated as an unusual administrative delay and the term of the patent will be extended for the period of the delay. Where at the request of an applicant under subsection (b) the Patent and Trademark Office examines more than one invention in an application, it may issue a separate patent for each invention determined to be patentable. Subsection (c) specifies that the applicant is entitled to a refund of examination fees if a requirement for restriction is determined to be improper.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

TITLE 35, UNITED STATES CODE

Part		Sec.
	[I. Patent and Trademark Office	1]
	<i>I. United States Patent and Trademark Office</i>	<i>1</i>
	* * * * *	

[PART I—PATENT AND TRADEMARK OFFICE]

PART I—UNITED STATES PATENT AND TRADEMARK OFFICE

Chap.		Sec.
	[1. Establishment, Officers, Functions	1]
	<i>1. Establishment, Officers and Employees, Functions</i>	<i>1</i>
	* * * * *	
	<i>5. Invention Development Services</i>	<i>51</i>
	* * * * *	

[CHAPTER 1—ESTABLISHMENT, OFFICERS, FUNCTIONS

- [Sec.
- [1. Establishment.
 - [2. Seal.
 - [3. Officers and employees.
 - [4. Restrictions on officers and employees as to interest in patents.
 - [6. Duties of Commissioner.
 - [7. Board of Patent Appeals and Interferences.
 - [8. Library.
 - [9. Classification of patents.
 - [11. Publications.
 - [10. Certified copies of records.
 - [12. Exchange of copies of patents with foreign countries.
 - [13. Copies of patents for public libraries.
 - [14. Annual report to Congress.]

CHAPTER 1—ESTABLISHMENT, OFFICERS AND EMPLOYEES, FUNCTIONS

- Sec.
- 1. *Establishment.*
 - 2. *Powers and duties.*
 - 3. *Officers and employees.*
 - 4. *Restrictions on officers and employees as to interest in patents.*
 - 5. *Patent and Trademark Office Management Advisory Board.*
 - 6. *Board of Patent Appeals and Interferences.*
 - 7. *Suits by and against the Office.*
 - 8. *Library.*
 - 9. *Classification of patents.*
 - 10. *Certified copies of records.*
 - 11. *Publications.*
 - 12. *Exchange of copies of patents and applications with foreign countries.*
 - 13. *Copies of patents and applications for public libraries.*
 - 14. *Annual report to Congress.*

[§ 1. Establishment

[The Patent and Trademark Office shall continue as an office in the Department of Commerce, where records, books, drawings, specifications, and other papers and things pertaining to patents

and to trademark registrations shall be kept and preserved, except as otherwise provided by law.

§ 2. Seal

[(The Patent and Trademark Office shall have a seal with which letters patent, certificates of trade-mark registrations, and papers issued from the Office shall be authenticated.]

§ 3. Officers and employees

[(a) There shall be in the Patent and Trademark Office a Commissioner of Patents and Trademarks, a Deputy Commissioner, two Assistant Commissioners, and examiners-in-chief appointed under section 7 of this title. The Deputy Commissioner, or, in the event of a vacancy in that office, the Assistant Commissioner senior in date of appointment shall fill the office of Commissioner during a vacancy in that office until the Commissioner is appointed and takes office. The Commissioner of Patents and Trademarks, the Deputy Commissioner, and the Assistant Commissioners shall be appointed by the President, by and with the advice and consent of the Senate. The Secretary of Commerce, upon the nomination of the Commissioner, in accordance with law shall appoint all other officers and employees.]

[(b) The Secretary of Commerce may vest in himself the functions of the Patent and Trademark Office and its officers and employees specified in this title and may from time to time authorize their performance by any other officer or employee.]

[(c) The Secretary of Commerce is authorized to fix the per annum rate of basic compensation of each examiner-in-chief in the Patent and Trademark Office at not in excess of the maximum scheduled rate provided for positions in grade 17 of the General Schedule of the Classification Act of 1949, as amended.]

[(d) The Commissioner of Patents and Trademarks shall be an Assistant Secretary of Commerce and shall receive compensation at the rate prescribed by law for Assistant Secretaries of Commerce.]

[(e) The members of the Trademark Trial and Appeal Board of the Patent and Trademark Office shall each be paid at a rate not to exceed the maximum rate of basic pay payable for GS-16 of the General Schedule under section 5332 of title 5.]

§ 1. Establishment

(a) *ESTABLISHMENT.*—*The United States Patent and Trademark Office is established as a wholly owned Government corporation subject to chapter 91 of title 31, separate from any department of the United States, and shall be an agency of the United States under the policy direction of the Secretary of Commerce. For purposes of internal management, the United States Patent and Trademark Office shall be a corporate body not subject to direction or supervision by any department of the United States, except as otherwise provided in this title.*

(b) *OFFICES.*—*The United States Patent and Trademark Office shall maintain its principal office in the metropolitan Washington, D.C. area, for the service of process and papers and for the purpose of carrying out its functions. The United States Patent and Trademark Office shall be deemed, for purposes of venue in civil actions,*

to be a resident of the district in which its principal office is located, except where jurisdiction is otherwise provided by law. The United States Patent and Trademark Office may establish satellite offices in such other places as it considers necessary and appropriate in the conduct of its business.

(c) *REFERENCE.*—For purposes of this title, the United States Patent and Trademark Office shall also be referred to as the “Office” and the “Patent and Trademark Office”.

§2. Powers and duties

(a) *IN GENERAL.*—The United States Patent and Trademark Office, under the policy direction of the Secretary of Commerce—

(1) shall be responsible for the granting and issuing of patents and the registration of trademarks;

(2) may conduct studies, programs, or exchanges of items or services regarding domestic and international law of patents, trademarks, and other matters, the administration of the Office, or any function vested in the Office by law, including programs to recognize, identify, assess, and forecast the technology of patented inventions and their utility to industry;

(3)(A) may authorize or conduct studies and programs cooperatively with foreign patent and trademark offices and international organizations, in connection with patents, trademarks, and other matters; and

(B) with the concurrence of the Secretary of State, may authorize the transfer of not to exceed \$100,000 in any year to the Department of State for the purpose of making special payments to international intergovernmental organizations for studies and programs for advancing international cooperation concerning patents, trademarks, and other matters; and

(4) shall be responsible for disseminating to the public information with respect to patents and trademarks.

The special payments under paragraph (3)(B) shall be in addition to any other payments or contributions to international organizations described in paragraph (3)(B) and shall not be subject to any limitations imposed by law on the amounts of such other payments or contributions by the United States Government.

(b) *SPECIFIC POWERS.*—The Office—

(1) shall have perpetual succession;

(2) shall adopt and use a corporate seal, which shall be judicially noticed and with which letters patent, certificates of trademark registrations, and papers issued by the Office shall be authenticated;

(3) may sue and be sued in its corporate name and be represented by its own attorneys in all judicial and administrative proceedings, subject to the provisions of section 7;

(4) may indemnify the Director, and other officers, attorneys, agents, and employees (including members of the Management Advisory Board established in section 5) of the Office for liabilities and expenses incurred within the scope of their employment;

(5) may adopt, amend, and repeal bylaws, rules, regulations, and determinations, which—

(A) shall govern the manner in which its business will be conducted and the powers granted to it by law will be exercised;

(B) shall be made after notice and opportunity for full participation by interested public and private parties;

(C) shall facilitate and expedite the processing of patent applications, particularly those which can be filed, stored, processed, searched, and retrieved electronically, subject to the provisions of section 122 relating to the confidential status of applications;

(D) may govern the recognition and conduct of agents, attorneys, or other persons representing applicants or other parties before the Office, and may require them, before being recognized as representatives of applicants or other persons, to show that they are of good moral character and reputation and are possessed of the necessary qualifications to render to applicants or other persons valuable service, advice, and assistance in the presentation or prosecution of their applications or other business before the Office; and

(E) recognize the public interest in continuing to safeguard broad access to the United States patent system through the reduced fee structure for small entities under section 41(h)(1) of this title;

(6) may acquire, construct, purchase, lease, hold, manage, operate, improve, alter, and renovate any real, personal, or mixed property, or any interest therein, as it considers necessary to carry out its functions;

(7)(A) may make such purchases, contracts for the construction, maintenance, or management and operation of facilities, and contracts for supplies or services, without regard to the provisions of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 and following), the Public Buildings Act (40 U.S.C. 601 and following), and the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 and following); and

(B) may enter into and perform such purchases and contracts for printing services, including the process of composition, platemaking, presswork, silk screen processes, binding, microform, and the products of such processes, as it considers necessary to carry out the functions of the Office, without regard to sections 501 through 517 and 1101 through 1123 of title 44;

(8) may use, with their consent, services, equipment, personnel, and facilities of other departments, agencies, and instrumentalities of the Federal Government, on a reimbursable basis, and cooperate with such other departments, agencies, and instrumentalities in the establishment and use of services, equipment, and facilities of the Office;

(9) may obtain from the Administrator of General Services such services as the Administrator is authorized to provide to other agencies of the United States, on the same basis as those services are provided to other agencies of the United States;

(10) may, when the Director determines that it is practicable, efficient, and cost-effective to do so, use, with the consent of the United States and the agency, government, or international organization concerned, the services, records, facilities, or person-

nel of any State or local government agency or instrumentality or foreign government or international organization to perform functions on its behalf;

(11) may determine the character of and the necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed, and paid, subject to the provisions of this title and the Act of July 5, 1946 (commonly referred to as the "Trademark Act of 1946");

(12) may retain and use all of its revenues and receipts, including revenues from the sale, lease, or disposal of any real, personal, or mixed property, or any interest therein, of the Office, including for research and development and capital investment, subject to the provisions of section 10101 of the Omnibus Budget Reconciliation Act of 1990 (35 U.S.C. 41 note);

(13) shall have the priority of the United States with respect to the payment of debts from bankrupt, insolvent, and decedents' estates;

(14) may accept monetary gifts or donations of services, or of real, personal, or mixed property, in order to carry out the functions of the Office;

(15) may execute, in accordance with its bylaws, rules, and regulations, all instruments necessary and appropriate in the exercise of any of its powers; and

(16) may provide for liability insurance and insurance against any loss in connection with its property, other assets, or operations either by contract or by self-insurance.

(c) CONSTRUCTION.—Nothing in this section shall be construed to nullify, void, cancel, or interrupt any pending request-for-proposal let or contract issued by the General Services Administration for the specific purpose of relocating or leasing space to the United States Patent and Trademark Office.

§3. Officers and employees

(a) DIRECTOR.—

(1) IN GENERAL.—The management of the United States Patent and Trademark Office shall be vested in a Director of the United States Patent and Trademark Office (in this title referred to as the "Director"), who shall be a citizen of the United States and who shall be appointed by the President, by and with the advice and consent of the Senate. The Director shall be a person who, by reason of professional background and experience in patent or trademark law, is especially qualified to manage the Office.

(2) DUTIES.—

(A) IN GENERAL.—The Director shall be responsible for the management and direction of the Office, including the issuance of patents and the registration of trademarks, and shall perform these duties in a fair, impartial, and equitable manner.

(B) ADVISING THE PRESIDENT.—The Director shall advise the President, through the Secretary of Commerce, of all activities of the Office undertaken in response to obligations of the United States under treaties and executive agreements, or which relate to cooperative programs with those

authorities of foreign governments that are responsible for granting patents or registering trademarks. The Director shall also recommend to the President, through the Secretary of Commerce, changes in law or policy which may improve the ability of United States citizens to secure and enforce patent rights or trademark rights in the United States or in foreign countries.

(C) *CONSULTING WITH THE MANAGEMENT ADVISORY BOARD.*—The Director shall consult with the Management Advisory Board established in section 5 on a regular basis on matters relating to the operation of the Office, and shall consult with the Advisory Board before submitting budgetary proposals to the Office of Management and Budget or changing or proposing to change patent or trademark user fees or patent or trademark regulations.

(D) *SECURITY CLEARANCES.*—The Director, in consultation with the Director of the Office of Personnel Management, shall maintain a program for identifying national security positions and providing for appropriate security clearances.

(3) *TERM.*—The Director shall serve a term of 5 years, and may continue to serve after the expiration of the Director's term until a successor is appointed and assumes office. The Director may be reappointed to subsequent terms.

(4) *OATH.*—The Director shall, before taking office, take an oath to discharge faithfully the duties of the Office.

(5) *COMPENSATION.*—The Director shall receive compensation at the rate of pay in effect for level III of the Executive Schedule under section 5314 of title 5 and, in addition, may receive as a bonus, an amount which would raise the Director's total compensation to not more than the equivalent of the level of the rate of pay in effect for level I of the Executive Schedule under section 5312 of title 5, based upon an evaluation by the Secretary of Commerce of the Director's performance as defined in an annual performance agreement between the Director and the Secretary. The annual performance agreement shall incorporate measurable goals as delineated in an annual performance plan agreed to by the Director and the Secretary.

(6) *REMOVAL.*—The Director may be removed from office by the President. The President shall provide notification of any such removal to both Houses of Congress.

(7) *DESIGNEE OF DIRECTOR.*—The Director shall designate an officer of the Office who shall be vested with the authority to act in the capacity of the Director in the event of the absence or incapacity of the Director.

(b) *OFFICERS AND EMPLOYEES OF THE OFFICE.*—

(1) *COMMISSIONERS.*—The Director shall appoint a Commissioner for Patents and a Commissioner for Trademarks for terms that shall expire on the date on which the Director's term expires. The Commissioner for Patents shall be a person with demonstrated experience in patent law and the Commissioner for Trademarks shall be a person with demonstrated experience in trademark law. The Commissioner for Patents and the Commissioner for Trademarks shall be the principal policy and

management advisers to the Director on all aspects of the activities of the Office that affect the administration of patent and trademark operations, respectively.

(2) *OTHER OFFICERS AND EMPLOYEES.—The Director shall—*

(A) appoint such officers, employees (including attorneys), and agents of the Office as the Director considers necessary to carry out the functions of the Office; and

(B) define the authority and duties of such officers and employees and delegate to them such of the powers vested in the Office as the Director may determine.

The Office shall not be subject to any administratively or statutorily imposed limitation on positions or personnel, and no positions or personnel of the Office shall be taken into account for purposes of applying any such limitation.

(c) *CONTINUED APPLICABILITY OF TITLE 5.—Officers and employees of the Office shall be subject to the provisions of title 5 relating to Federal employees. Section 2302 of title 5 applies to the Office, notwithstanding subsection (a)(2)(B)(i) of such section.*

(d) *ADOPTION OF EXISTING LABOR AGREEMENTS.—The Office shall adopt all labor agreements which are in effect, as of the day before the effective date of the Patent and Trademark Office Modernization Act, with respect to such Office (as then in effect).*

(e) *CARRYOVER OF PERSONNEL.—*

(1) FROM PTO.—Effective as of the effective date of the Patent and Trademark Office Modernization Act, all officers and employees of the Patent and Trademark Office on the day before such effective date shall become officers and employees of the Office, without a break in service.

(2) OTHER PERSONNEL.—Any individual who, on the day before the effective date of the Patent and Trademark Office Modernization Act, is an officer or employee of the Department of Commerce (other than an officer or employee under paragraph (1)) shall be transferred to the Office if—

(A) such individual serves in a position for which a major function is the performance of work reimbursed by the Patent and Trademark Office, as determined by the Secretary of Commerce;

(B) such individual serves in a position that performed work in support of the Patent and Trademark Office during at least half of the incumbent's work time, as determined by the Secretary of Commerce; or

(C) such transfer would be in the interest of the Office, as determined by the Secretary of Commerce in consultation with the Director.

Any transfer under this paragraph shall be effective as of the same effective date as referred to in paragraph (1), and shall be made without a break in service.

(3) ACCUMULATED LEAVE.—The amount of sick and annual leave and compensatory time accumulated under title 5 before the effective date described in paragraph (1), by those becoming officers or employees of the Office pursuant to this subsection, are obligations of the Office.

(f) *TRANSITION PROVISIONS.—*

(1) *INTERIM APPOINTMENT OF DIRECTOR.*—On or after the effective date of the Patent and Trademark Office Modernization Act, the President shall appoint an individual to serve as the Director until the date on which a Director qualifies under subsection (a). The President shall not make more than one such appointment under this subsection.

(2) *CONTINUATION IN OFFICE OF CERTAIN OFFICERS.*—(A) The individual serving as the Assistant Commissioner for Patents on the day before the effective date of the Patent and Trademark Office Modernization Act may serve as the Commissioner for Patents until the date on which a Commissioner for Patents is appointed under subsection (b).

(B) The individual serving as the Assistant Commissioner for Trademarks on the day before the effective date of the Patent and Trademark Office Modernization Act may serve as the Commissioner for Trademarks until the date on which a Commissioner for Trademarks is appointed under subsection (b).

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§5. Patent and Trademark Office Management Advisory Board

(a) *ESTABLISHMENT OF MANAGEMENT ADVISORY BOARD.*—

(1) *APPOINTMENT.*—The United States Patent and Trademark Office shall have a Management Advisory Board (hereafter in this title referred to as the “Advisory Board”) of 12 members, 4 of whom shall be appointed by the President, 4 of whom shall be appointed by the Speaker of the House of Representatives, and 4 of whom shall be appointed by the majority leader of the Senate. Not more than 3 of the 4 members appointed by each appointing authority shall be members of the same political party.

(2) *TERMS.*—Members of the Advisory Board shall be appointed for a term of 4 years each, except that of the members first appointed by each appointing authority, 1 shall be for a term of 1 year, 1 shall be for a term of 2 years, and 1 shall be for a term of 3 years. No member may serve more than 1 term.

(3) *CHAIR.*—The President shall designate the chair of the Advisory Board, whose term as chair shall be for 3 years.

(4) *TIMING OF APPOINTMENTS.*—Initial appointments to the Advisory Board shall be made within 3 months after the effective date of the Patent and Trademark Office Modernization Act, and vacancies shall be filled within 3 months after they occur.

(5) *VACANCIES.*—Vacancies shall be filled in the manner in which the original appointment was made under this subsection. Members appointed to fill a vacancy occurring before the expiration of the term for which the member’s predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member’s term until a successor is appointed.

(6) *COMMITTEES.*—The Chair shall designate members of the Advisory Board to serve on a committee on patent operations and on a committee on trademark operations to perform the du-

ties set forth in subsection (e) as they relate specifically to the Office's patent operations, and the Office's trademark operations, respectively.

(b) BASIS FOR APPOINTMENTS.—Members of the Advisory Board shall be citizens of the United States who shall be chosen so as to represent the interests of diverse users of the United States Patent and Trademark Office, and shall include individuals with substantial background and achievement in corporate finance and management.

(c) APPLICABILITY OF CERTAIN ETHICS LAWS.—Members of the Advisory Board shall be special Government employees within the meaning of section 202 of title 18.

(d) MEETINGS.—The Advisory Board shall meet at the call of the chair to consider an agenda set by the chair.

(e) DUTIES.—The Advisory Board shall—

(1) review the policies, goals, performance, budget, and user fees of the United States Patent and Trademark Office, and advise the Director on these matters; and

(2) within 60 days after the end of each fiscal year, prepare an annual report on the matters referred to in paragraph (1), transmit the report to the President and the Committees on the Judiciary of the Senate and the House of Representatives, and publish the report in the Patent and Trademark Office Official Gazette.

(f) COMPENSATION.—Members of the Advisory Board shall be compensated for each day (including travel time) during which they are attending meetings or conferences of the Advisory Board or otherwise engaged in the business of the Advisory Board, at the rate which is the daily equivalent of the annual rate of basic pay in effect for level III of the Executive Schedule under section 5314 of title 5, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5.

(g) ACCESS TO INFORMATION.—Members of the Advisory Board shall be provided access to records and information in the United States Patent and Trademark Office, except for personnel or other privileged information and information concerning patent applications required to be kept in confidence by section 122.

【§ 6. Duties of Commissioner

【(a) The Commissioner, under the direction of the Secretary of Commerce, shall superintend or perform all duties required by law respecting the granting and issuing of patents and the registration of trademarks; shall have the authority to carry on studies, programs, or exchanges of items or services regarding domestic and international patent and trademark law or the administration of the Patent and Trademark Office, including programs to recognize, identify, assess and forecast the technology of patented inventions and their utility to industry; and shall have charge of property belonging to the Patent and Trademark Office. He may, subject to the approval of the Secretary of Commerce, establish regulations, not inconsistent with law, for the conduct of proceedings in the Patent and Trademark Office.

[(b) The Commissioner, under the direction of the Secretary of Commerce, may, in coordination with the Department of State, carry on programs and studies cooperatively with foreign patent offices and international intergovernmental organizations, or may authorize such programs and studies to be carried on, in connection with the performance of duties stated in subsection (a) of this section.

[(c) The Commissioner, under the direction of the Secretary of Commerce, may, with the concurrence of the Secretary of State, transfer funds appropriated to the Patent and Trademark Office, not to exceed \$100,000 in any year, to the Department of State for the purpose of making special payments to international intergovernmental organizations for studies and programs for advancing international cooperation concerning patents, trademarks, and related matters. These special payments may be in addition to any other payments or contributions to the international organization and shall not be subject to any limitations imposed by law on the amounts of such other payments or contributions by the Government of the United States.

§ 7. Board of Patent Appeals and Interferences

[(a) The examiners-in-chief shall be persons of competent legal knowledge and scientific ability, who shall be appointed to the competitive service. The Commissioner, the Deputy Commissioner, the Assistant Commissioners, and the examiners-in-chief shall constitute the Board of Patent Appeals and Interferences.

[(b) The Board of Patent Appeals and Interferences shall, on written appeal of an applicant, review adverse decisions of examiners upon applications for patents and shall determine priority and patentability of invention in interferences declared under section 135(a) of this title. Each appeal and interference shall be heard by at least three members of the Board of Patent Appeals and Interferences, who shall be designated by the Commissioner. Only the Board of Patent Appeals and Interferences has the authority to grant rehearings.

[(c) Whenever the Commissioner considers it necessary, in order to keep current the work of the Board of Patent Appeals and Interferences, the Commissioner may designate any patent examiner of the primary examiner grade or higher, having the requisite ability, to serve as examiner-in-chief for periods not exceeding six months each. An examiner so designated shall be qualified to act as a member of the Board of Patent Appeals and Interferences. Not more than one of the members of the Board of Patent Appeals and Interferences hearing an appeal or determining an interference may be an examiner so designated. The Secretary of Commerce is authorized to fix the pay of each designated examiner-in-chief in the Patent and Trademark Office at not to exceed the maximum rate of basic pay payable for grade GS-16 of the General Schedule under section 5332 of title 5. The rate of basic pay of each individual designated examiner-in-chief shall be adjusted, at the close of the period for which that individual was designated to act as examiner-in-chief, to the rate of basic pay which that individual would have been receiving at the close of such period if such designation had not been made.]

§ 6. Board of Patent Appeals and Interferences

(a) *ESTABLISHMENT AND COMPOSITION.*—*There shall be in the United States Patent and Trademark Office a Board of Patent Appeals and Interferences. The Director, the Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges shall constitute the Board. The administrative patent judges shall be persons of competent legal knowledge and scientific ability who are appointed by the Director.*

(b) *DUTIES.*—*The Board of Patent Appeals and Interferences shall, on written appeal of an applicant, review adverse decisions of examiners upon applications for patents and shall determine priority and patentability of invention in interferences declared under section 135(a).¹ Each appeal and interference shall be heard by at least 3 members of the Board, who shall be designated by the Director. Only the Board of Patent Appeals and Interferences may grant rehearings.*

§ 7. Suits by and against the Office

(a) *ACTIONS UNDER UNITED STATES LAW.*—*Any civil action or proceeding to which the United States Patent and Trademark Office is a party is deemed to arise under the laws of the United States. The Federal courts shall have exclusive jurisdiction over all civil actions by or against the Office.*

(b) *REPRESENTATION BY THE DEPARTMENT OF JUSTICE.*—*The United States Patent and Trademark Office shall be deemed an agency of the United States for purposes of section 516 of title 28.*

(c) *PROHIBITION ON ATTACHMENT, LIENS, ETC.*—*No attachment, garnishment, lien, or similar process, intermediate or final, in law or equity, may be issued against property of the Office.*

§ 8. Library

The [Commissioner] *Director* shall maintain a library of scientific and other works and periodicals, both foreign and domestic, in the Patent and Trademark Office to aid the officers in the discharge of their duties.

§ 9. Classification of patents

The [Commissioner] *Director* may revise and maintain the classification by subject matter of United States letters patent, and such other patents and printed publications as may be necessary or practicable, for the purpose of determining with readiness and accuracy the novelty of inventions for which applications for patent are filed.

§ 10. Certified copies of records

The [Commissioner] *Director* may furnish certified copies of specifications and drawings of patents issued by the Patent and

¹ Effective 6 months after the date of the enactment of this Act the first sentence of section 6(b) will be amended to read as follows: "The Board of Patent Appeals and Interferences shall, on written appeal of an applicant, or a patent owner or a third-party requester in a reexamination proceeding, review adverse decisions of examiners upon applications for patents and decisions of examiners in reexamination proceedings, and shall determine priority and patentability of invention in interferences declared under section 135(a) of this title."

Trademark Office, and of other records available either to the public or to the person applying therefor.

§ 11. Publications

(a) The **【Commissioner】** *Director* may print, or cause to be printed, the following:

1. Patents *and published applications for patents*, including specifications and drawings, together with copies of the same. The Patent and Trademark Office may print the headings of the drawings for patents for the purpose of photolithography.

* * * * *

(b) The **【Commissioner】** *Director* may exchange any of the publications specified in items 3, 4, 5, and 6 of subsection (a) of this section for publications desirable for the use of the Patent and Trademark Office.

§ 12. Exchange of copies of patents *and applications* with foreign countries

The **【Commissioner】** *Director* may exchange copies of specifications and drawings of United States patents *and published applications for patents* for those of foreign countries.

§ 13. Copies of patents *and applications* for public libraries

The **【Commissioner】** *Director* may supply printed copies of specifications and drawings of patents *and published applications for patents* to public libraries in the United States which shall maintain such copies for the use of the public, at the rate for each year's issue established for this purpose in section 41(d) of this title.

【§ 14. Annual report to Congress

【The Commissioner shall report to Congress annually the moneys received and expended, statistics concerning the work of the Office, and other information relating to the Office as may be useful to the Congress or the public.】

§ 14. Annual report to Congress

The Director shall report to the Congress, not later than 180 days after the end of each fiscal year, the moneys received and expended by the Office, the purposes for which the moneys were spent, the quality and quantity of the work of the Office, and other information relating to the Office. The report under this section shall also meet the requirements of section 9106 of title 31, to the extent that such requirements are not inconsistent with the preceding sentence. The report required under this section shall not be deemed to be the report of the United States Patent and Trademark Office under section 9106 of title 31, and the Director shall file a separate report under such section.

CHAPTER 2—PROCEEDINGS IN THE PATENT AND TRADEMARK OFFICE

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§ 21. Filing date and day for taking action

(a) The [Commissioner] *Director* may by rule prescribe that any paper or fee required to be filed in the Patent and Trademark Office will be considered filed in the Office on the date on which it was deposited with the United States Postal Service or would have been deposited with the United States Postal Service but for postal service interruptions or emergencies designated by the [Commissioner] *Director*.

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§ 22. Printing of papers filed

The [Commissioner] *Director* may require papers filed in the Patent and Trademark Office to be [printed or typewritten] *printed, typewritten, or on an electronic medium*.

§ 23. Testimony in Patent and Trademark Office cases

The [Commissioner] *Director* may establish rules for taking affidavits and depositions required in cases in the Patent and Trademark Office. Any officer authorized by law to take depositions to be used in the courts of the United States, or of the State where he resides, may take such affidavits and depositions.

* * * * *

§ 25. Declaration in lieu of oath

(a) The [Commissioner] *Director* may by rule prescribe that any document to be filed in the Patent and Trademark Office and which is required by any law, rule, or other regulation to be under oath may be subscribed to by a written declaration in such form as the [Commissioner] *Director* may prescribe, such declaration to be in lieu of the oath otherwise required.

* * * * *

§ 26. Effect of defective execution

Any document to be filed in the Patent and Trademark Office and which is required by any law, rule, or other regulation to be executed in a specified manner may be provisionally accepted by the [Commissioner] *Director* despite a defective execution, provided a properly executed document is submitted within such time as may be prescribed.

CHAPTER 3—PRACTICE BEFORE PATENT AND TRADEMARK OFFICE

Sec.

[31. Regulations for agents and attorneys.]

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[§ 31. Regulations for agents and attorneys

[The Commissioner, subject to the approval of the Secretary of Commerce, may prescribe regulations governing the recognition and conduct of agents, attorneys, or other persons representing applicants or other parties before the Patent and Trademark Office, and may require them, before being recognized as representatives

of applicants or other persons, to show that they are of good moral character and reputation and are possessed of the necessary qualifications to render to applicants or other persons valuable service, advice, and assistance in the presentation or prosecution of their applications or other business before the Office.】

§ 32. Suspension or exclusion from practice

The 【Commissioner】 *Director* may, after notice and opportunity for a hearing, suspend or exclude, either generally or in any particular case, from further practice before the Patent and Trademark Office, any person, agent, or attorney shown to be incompetent or disreputable, or guilty of gross misconduct, or who does not comply with the regulations established under section 31 of this title, or who shall, by word, circular, letter, or advertising, with intent to defraud in any manner, deceive, mislead, or threaten any applicant or prospective applicant, or other person having immediate or prospective business before the Office. The reasons for any such suspension or exclusion shall be duly recorded. *The Director shall have the discretion to designate any attorney who is an officer or employee of the United States Patent and Trademark Office to conduct the hearing required by this section.* The United States District Court for the District of Columbia, under such conditions and upon such proceedings as it by its rules determines, may review the action of the 【Commissioner】 *Director* upon the petition of the person so refused recognition or so suspended or excluded.

CHAPTER 4—PATENT FEES; FUNDING; SEARCH SYSTEMS

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§ 41. Patent fees; patent and trademark search systems

(a) The 【Commissioner】 *Director* shall charge the following fees:

(1) * * *

* * * * *

【(7) On filing each petition for the revival of an unintentionally abandoned application for a patent or for the unintentionally delayed payment of the fee for issuing each patent, \$820, unless the petition is filed under section 133 or 151 of this title, in which case the fee shall be \$78.】

(7) On filing each petition for the revival of an unintentionally abandoned application for a patent, for the unintentionally delayed payment of the fee for issuing each patent, or for an unintentionally delayed response by the patent owner in a reexamination proceeding, \$1,250, unless the petition is filed under section 133 or 151 of this title, in which case the fee shall be \$110.

(8) For petitions for 1-month extensions of time to take actions required by the 【Commissioner】 *Director* in an application—

(A) 【On】 on filing a first petition, \$78;

(B) on filing a second petition, \$172; and

(C) on filing a third petition or subsequent petition, \$340.

* * * * *

For the purpose of computing fees, a multiple dependent claim as referred to in section 112 of this title or any claim depending therefrom shall be considered as separate dependent claims in accordance with the number of claims to which reference is made. Errors in payment of the additional fees may be rectified in accordance with regulations of the **Commissioner** *Director*.

(b) The **Commissioner** *Director* shall charge the following fees for maintaining in force all patents based on applications filed on or after December 12, 1980:

- (1) 3 years and 6 months after grant, \$650.
- (2) 7 years and 6 months after grant, \$1,310.
- (3) 11 years and 6 months after grant, \$1,980.

Unless payment of the applicable maintenance fee is received in the Patent and Trademark Office on or before the date the fee is due or within a grace period of six months thereafter, the patent will expire as of the end of such grace period. The **Commissioner** *Director* may require the payment of a surcharge as a condition of accepting within such six-month grace period the late payment of an applicable maintenance fee. No fee will be established for maintaining a design or plant patent in force.

(c)(1) The **Commissioner** *Director* may accept the payment of any maintenance fee required by subsection (b) of this section which is made within twenty-four months after the six-month grace period if the delay is shown to the satisfaction of the **Commissioner** *Director* to have been unintentional, or at any time after the six-month grace period if the delay is shown to the satisfaction of the **Commissioner** *Director* to have been unavoidable. The **Commissioner** *Director* may require the payment of a surcharge as a condition of accepting payment of any maintenance fee after the six-month grace period. If the **Commissioner** *Director* accepts payment of a maintenance fee after the six-month grace period, the patent shall be considered as not having expired at the end of the grace period.

* * * * *

(d) The **Commissioner** *Director* shall establish fees for all other processing, services, or materials relating to patents not specified in this section to recover the estimated average cost to the Office of such processing, services, or materials, except that the **Commissioner** *Director* shall charge the following fees for the following services:

- (1) For recording a document affecting title, \$40 per property.
- (2) For each photocopy, \$.25 per page.
- (3) For each black and white copy of a patent, \$3.

The yearly fee for providing a library specified in section 13 of this title with uncertified printed copies of the specifications and drawings for all patents in that year shall be \$50.

(e) The **Commissioner** *Director* may waive the payment of any fee for any service or material related to patents in connection with an occasional or incidental request made by a department or agen-

cy of the Government, or any officer thereof. The **【Commissioner】 Director** may provide any applicant issued a notice under section 132 of this title with a copy of the specifications and drawings for all patents referred to in that notice without charge.

(f) The fees established in subsections (a) and (b) of this section may be adjusted by the **【Commissioner】 Director** on October 1, 1992, and every year thereafter, to reflect any fluctuations occurring during the previous 12 months in the Consumer Price Index, as determined by the Secretary of Labor. Changes of less than 1 per centum may be ignored.

(g) No fee established by the **【Commissioner】 Director** under this section shall take effect until at least 30 days after notice of the fee has been published in the Federal Register and in the Official Gazette of the Patent and Trademark Office.

(h)(1) Fees charged under subsection (a) or (b) shall be reduced by 50 percent with respect to their application to any small business concern as defined under section 3 of the Small Business Act, and to any independent inventor or nonprofit organization as defined in regulations issued by the **【Commissioner】 Director** of Patents and Trademarks.

(2) With respect to its application to any entity described in paragraph (1), any surcharge or fee charged under subsection (c) or (d) shall not be higher than the surcharge or fee required of any other entity under the same or substantially similar circumstances.

(i)(1) The **【Commissioner】 Director** shall maintain, for use by the public, paper or microform collections of United States patents, foreign patent documents, and United States trademark registrations arranged to permit search for and retrieval of information. The **【Commissioner】 Director** may not impose fees directly for the use of such collections, or for the use of the public patent or trademark search rooms or libraries.

(2) The **【Commissioner】 Director** shall provide for the full deployment of the automated search systems of the Patent and Trademark Office so that such systems are available for use by the public, and shall assure full access by the public to, and dissemination of, patent and trademark information, using a variety of automated methods, including electronic bulletin boards and remote access by users to mass storage and retrieval systems.

(3) The **【Commissioner】 Director** may establish reasonable fees for access by the public to the automated search systems of the Patent and Trademark Office. If such fees are established, a limited amount of free access shall be made available to users of the systems for purposes of education and training. The **【Commissioner】 Director** may waive the payment by an individual of fees authorized by this subsection upon a showing of need or hardship, and if such a waiver is in the public interest.

(4) The **【Commissioner】 Director** shall submit to the Congress an annual report on the automated search systems of the Patent and Trademark Office and the access by the public to such systems. The **【Commissioner】 Director** shall also publish such report in the Federal Register. The **【Commissioner】 Director** shall provide an opportunity for the submission of comments by interested persons on each such report.

§ 42. Patent and Trademark Office funding

[(a) All fees for services performed by or materials furnished by the Patent and Trademark Office will be payable to the Commissioner.

[(b) All fees paid to the Commissioner and all appropriations for defraying the costs of the activities of the Patent and Trademark Office will be credited to the Patent and Trademark Office Appropriation Account in the Treasury of the United States.

[(c) Revenues from fees shall be available to the Commissioner to carry out, to the extent provided in appropriation Acts, the activities of the Patent and Trademark Office. Fees available to the Commissioner under section 31 of the Trademark Act of 1946 may be used only for the processing of trademark registrations and for other activities, services, and materials relating to trademarks and to cover a proportionate share of the administrative costs of the Patent and Trademark Office.

[(d) The Commissioner may refund any fee paid by mistake or any amount paid in excess of that required.

[(e) The Secretary of Commerce shall, on the day each year on which the President submits the annual budget to the Congress, provide to the Committees on the Judiciary of the Senate and the House of Representatives—

[(1) a list of patent and trademark fee collections by the Patent and Trademark Office during the preceding fiscal year;

[(2) a list of activities of the Patent and Trademark Office during the preceding fiscal year which were supported by patent fee expenditures, trademark fee expenditures, and appropriations;

[(3) budget plans for significant programs, projects, and activities of the Office, including out-year funding estimates;

[(4) any proposed disposition of surplus fees by the Office; and

[(5) such other information as the committees consider necessary.]

§ 42. Patent and Trademark Office funding

(a) *FEES PAYABLE TO THE OFFICE.*—All fees for services performed by or materials furnished by the United States Patent and Trademark Office shall be payable to the Office.

(b) *USE OF MONEYS.*—Moneys from fees shall be available to the United States Patent and Trademark Office to carry out, to the extent provided in appropriations Acts, the functions of the Office. Moneys of the Office not otherwise used to carry out the functions of the Office shall be kept in cash on hand or on deposit, or invested in obligations of the United States or guaranteed by the United States, or in obligations or other instruments which are lawful investments for fiduciary, trust, or public funds. Fees available to the Office under this title shall be used for the processing of patent applications and for other services and materials relating to patents. Fees available to the Office under section 31 of the Act of July 5, 1946 (commonly referred to as the “Trademark Act of 1946”; 15 U.S.C. 1113), shall be used only for the processing of trademark registrations and for other services and materials relating to trademarks.

(c) **BORROWING AUTHORITY.**—*The United States Patent and Trademark Office is authorized to issue from time to time for purchase by the Secretary of the Treasury its debentures, bonds, notes, and other evidences of indebtedness (hereafter in this subsection referred to as “obligations”) to assist in financing its activities. Borrowing under this subsection shall be subject to prior approval in appropriations Acts. Such borrowing shall not exceed amounts approved in appropriations Acts. Any borrowing under this subsection shall be repaid only from fees paid to the Office and surcharges appropriated by the Congress. Such obligations shall be redeemable at the option of the Office before maturity in the manner stipulated in such obligations and shall have such maturity as is determined by the Office with the approval of the Secretary of the Treasury. Each such obligation issued to the Treasury shall bear interest at a rate not less than the current yield on outstanding marketable obligations of the United States of comparable maturity during the month preceding the issuance of the obligation as determined by the Secretary of the Treasury. The Secretary of the Treasury shall purchase any obligations of the Office issued under this subsection and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities issued under chapter 31 of title 31, and the purposes for which securities may be issued under that chapter are extended to include such purpose. Payment under this subsection of the purchase price of such obligations of the United States Patent and Trademark Office shall be treated as public debt transactions of the United States.*

CHAPTER 5—INVENTION DEVELOPMENT SERVICES

Sec.

- 51. Definitions.
- 52. Contracting requirements.
- 53. Standard provisions for cover notice.
- 54. Reports to customer required.
- 55. Mandatory contract terms.
- 56. Remedies.
- 57. Records of complaints.
- 58. Fraudulent representation by an invention developer.
- 59. Rule of construction.

§51. Definitions

For purposes of this chapter—

(1) *the term “contract for invention development services” means a contract by which an invention developer undertakes invention development services for a customer;*

(2) *the term “customer” means any person, firm, partnership, corporation, or other entity who is solicited by, seeks the services of, or enters into a contract with an invention promoter for invention promotion services;*

(3) *the term “invention promoter” means any person, firm, partnership, corporation, or other entity who offers to perform or performs for, or on behalf of, a customer any act described under paragraph (4), but does not include—*

(A) any department or agency of the Federal Government or of a State or local government;

(B) any nonprofit, charitable, scientific, or educational organization, qualified under applicable State law or described under section 170(b)(1)(A) of the Internal Revenue Code of 1986; or

(C) any person duly registered with, and in good standing before, the United States Patent and Trademark Office acting within the scope of that person's registration to practice before the Patent and Trademark Office; and

(4) the term "invention development services" means, with respect to an invention by a customer, any act involved in—

(A) evaluating the invention to determine its protectability as some form of intellectual property, other than evaluation by a person licensed by a State to practice law who is acting solely within the scope of that person's professional license;

(B) evaluating the invention to determine its commercial potential by any person for purposes other than providing venture capital; or

(C) marketing, brokering, licensing, selling, or promoting the invention or a product or service in which the invention is incorporated or used, except that the display only of an invention at a trade show or exhibit shall not be considered to be invention development services.

§52. Contracting requirements

(a) *IN GENERAL.*—(1) Every contract for invention development services shall be in writing and shall be subject to the provisions of this chapter. A copy of the signed written contract shall be given to the customer at the time the customer enters into the contract.

(2) If a contract is entered into for the benefit of a third party, such party shall be considered a customer for purposes of this chapter.

(b) *REQUIREMENTS OF INVENTION DEVELOPER.*—The invention developer shall—

(1) state in a written document, at the time a customer enters into a contract for invention development services, whether the usual business practice of the invention developer is to—

(A) seek more than 1 contract in connection with an invention; or

(B) seek to perform services in connection with an invention in 1 or more phases, with the performance of each phase covered in 1 or more subsequent contracts; and

(2) supply to the customer a copy of the written document together with a written summary of the usual business practices of the invention developer, including—

(A) the usual business terms of contracts; and

(B) the approximate amount of the usual fees or other consideration that may be required from the customer for each of the services provided by the developer.

(c) *RIGHT OF CUSTOMER TO CANCEL CONTRACT.*—(1) Notwithstanding any contractual provision to the contrary, a customer shall have the right to terminate a contract for invention development services by sending a written letter to the invention developer stating the customer's intent to cancel the contract. The letter of termi-

nation must be deposited with the United States Postal Service on or before 5 business days after the date upon which the customer or the invention developer executes the contract, whichever is later.

(2) Delivery of a promissory note, check, bill of exchange, or negotiable instrument of any kind to the invention developer or to a third party for the benefit of the invention developer, without regard to the date or dates appearing in such instrument, shall be deemed payment received by the invention developer on the date received for purposes of this section.

§ 53. Standard provisions for cover notice

(a) *CONTENTS.*—Every contract for invention development services shall have a conspicuous and legible cover sheet attached with the following notice imprinted in boldface type of not less than 12-point size:

“YOU HAVE THE RIGHT TO TERMINATE THIS CONTRACT. TO TERMINATE THIS CONTRACT, YOU MUST SEND A WRITTEN LETTER TO THE COMPANY STATING YOUR INTENT TO CANCEL THIS CONTRACT. THE LETTER OF TERMINATION MUST BE DEPOSITED WITH THE UNITED STATES POSTAL SERVICE ON OR BEFORE FIVE (5) BUSINESS DAYS AFTER THE DATE ON WHICH YOU OR THE COMPANY EXECUTE THE CONTRACT, WHICHEVER IS LATER.

“THE TOTAL NUMBER OF INVENTIONS EVALUATED BY THE INVENTION DEVELOPER FOR COMMERCIAL POTENTIAL IN THE PAST FIVE (5) YEARS IS _____. OF THAT NUMBER, _____ RECEIVED POSITIVE EVALUATIONS AND _____ RECEIVED NEGATIVE EVALUATIONS.

“IF YOU ASSIGN EVEN A PARTIAL INTEREST IN THE INVENTION TO THE INVENTION DEVELOPER, THE INVENTION DEVELOPER MAY HAVE THE RIGHT TO SELL OR DISPOSE OF THE INVENTION WITHOUT YOUR CONSENT AND MAY NOT HAVE TO SHARE THE PROFITS WITH YOU.

“THE TOTAL NUMBER OF CUSTOMERS WHO HAVE CONTRACTED WITH THE INVENTION DEVELOPER IN THE PAST FIVE (5) YEARS IS _____. THE TOTAL NUMBER OF CUSTOMERS KNOWN BY THIS INVENTION DEVELOPER TO HAVE RECEIVED, BY VIRTUE OF THIS INVENTION DEVELOPER’S PERFORMANCE, AN AMOUNT OF MONEY IN EXCESS OF THE AMOUNT PAID BY THE CUSTOMER TO THIS INVENTION DEVELOPER IS _____.

“THE OFFICERS OF THIS INVENTION DEVELOPER HAVE COLLECTIVELY OR INDIVIDUALLY BEEN AFFILIATED IN THE LAST TEN (10) YEARS WITH THE FOLLOWING INVENTION DEVELOPMENT COMPANIES: (LIST THE NAMES AND ADDRESSES OF ALL PREVIOUS INVENTION DEVELOPMENT COMPANIES WITH WHICH THE PRINCIPAL OFFICERS HAVE BEEN AFFILIATED AS OWNERS, AGENTS, OR EMPLOYEES). YOU ARE ENCOURAGED TO CHECK WITH THE UNITED STATES PATENT AND

TRADEMARK OFFICE, THE FEDERAL TRADE COMMISSION, YOUR STATE ATTORNEY GENERAL'S OFFICE, AND THE BETTER BUSINESS BUREAU FOR ANY COMPLAINTS FILED AGAINST ANY OF THESE COMPANIES.

"YOU ARE ENCOURAGED TO CONSULT WITH AN ATTORNEY OF YOUR OWN CHOOSING BEFORE SIGNING THIS CONTRACT. BY PROCEEDING WITHOUT THE ADVICE OF AN ATTORNEY REGISTERED TO PRACTICE BEFORE THE UNITED STATES PATENT AND TRADEMARK OFFICE, YOU COULD LOSE ANY RIGHTS YOU MIGHT HAVE IN YOUR IDEA OR INVENTION."

(b) *OTHER REQUIREMENTS FOR COVER NOTICE.*—The cover notice shall contain the items required under subsection (a) and the name, primary office address, and local office address of the invention developer, and may contain no other matter.

(c) *DISCLOSURE OF CERTAIN CUSTOMERS NOT REQUIRED.*—The requirement in the notice set forth in subsection (a) to include the "TOTAL NUMBER OF CUSTOMERS WHO HAVE CONTRACTED WITH THE INVENTION DEVELOPER IN THE PAST FIVE (5) YEARS" need not include information with respect to customers who have purchased trade show services, research, advertising, or other nonmarketing services from the invention developer, nor with respect to customers who have defaulted in their payments to the invention developer.

§54. Reports to customer required

With respect to every contract for invention development services, the invention developer shall deliver to the customer at the address specified in the contract, at least once every 3 months throughout the term of the contract, a written report that identifies the contract and includes—

(1) a full, clear, and concise description of the services performed to the date of the report and of the services yet to be performed and names of all persons who it is known will perform the services; and

(2) the name and address of each person, firm, corporation, or other entity to whom the subject matter of the contract has been disclosed, the reason for each such disclosure, the nature of the disclosure, and complete and accurate summaries of all responses received as a result of those disclosures.

§55. Mandatory contract terms

(a) *MANDATORY TERMS.*—Each contract for invention development services shall include in boldface type of not less than 12-point size—

(1) the terms and conditions of payment and contract termination rights required under section 52;

(2) a statement that the customer may avoid entering into the contract by not making a payment to the invention developer;

(3) a full, clear, and concise description of the specific acts or services that the invention developer undertakes to perform for the customer;

(4) a statement as to whether the invention developer undertakes to construct, sell, or distribute one or more prototypes, models, or devices embodying the invention of the customer;

(5) the full name and principal place of business of the invention developer and the name and principal place of business of any parent, subsidiary, agent, independent contractor, and any affiliated company or person who it is known will perform any of the services or acts that the invention developer undertakes to perform for the customer;

(6) if any oral or written representation of estimated or projected customer earnings is given by the invention developer (or any agent, employee, officer, director, partner, or independent contractor of such invention developer), a statement of that estimation or projection and a description of the data upon which such representation is based;

(7) the name and address of the custodian of all records and correspondence relating to the contracted for invention development services, and a statement that the invention developer is required to maintain all records and correspondence relating to performance of the invention development services for such customer for a period of not less than 2 years after expiration of the term of such contract; and

(8) a statement setting forth a time schedule for performance of the invention development services, including an estimated date in which such performance is expected to be completed.

(b) *INVENTION DEVELOPER AS FIDUCIARY.*—To the extent that the description of the specific acts or services affords discretion to the invention developer with respect to what specific acts or services shall be performed, the invention developer shall be deemed a fiduciary.

(c) *AVAILABILITY OF INFORMATION.*—Records and correspondence described under subsection (a)(7) shall be made available after 7 days written notice to the customer or the representative of the customer to review and copy at a reasonable cost on the invention developer's premises during normal business hours.

§56. Remedies

(a) *IN GENERAL.*—(1) Any contract for invention development services that does not comply with the applicable provisions of this chapter shall be voidable at the option of the customer.

(2) Any contract for invention development services entered into in reliance upon any material false, fraudulent, or misleading information, representation, notice, or advertisement of the invention developer (or any agent, employee, officer, director, partner, or independent contractor of such invention developer) shall be voidable at the option of the customer.

(3) Any waiver by the customer of any provision of this chapter shall be deemed contrary to public policy and shall be void and unenforceable.

(4) Any contract for invention development services which provides for filing for and obtaining utility, design, or plant patent protection shall be voidable at the option of the customer unless the invention developer offers to perform or performs such act through a

person duly registered to practice before, and in good standing with, the Patent and Trademark Office.

(b) *CIVIL ACTION.*—(1) Any customer who is injured by a violation of this chapter by an invention developer or by any material false or fraudulent statement or representation, or any omission of material fact, by an invention developer (or any agent, employee, director, officer, partner, or independent contractor of such invention developer) or by failure of an invention developer to make all the disclosures required under this chapter, may recover in a civil action against the invention developer (or the officers, directors, or partners of such invention developer) in addition to reasonable costs and attorneys' fees, the greater of—

(A) \$5,000; or

(B) the amount of actual damages sustained by the customer.

(2) Notwithstanding paragraph (1), the court may increase damages to not more than 3 times the amount awarded.

(c) *REBUTTABLE PRESUMPTION OF INJURY.*—For purposes of this section, substantial violation of any provision of this chapter by an invention developer or execution by the customer of a contract for invention development services in reliance on any material false or fraudulent statements or representations or omissions of material fact shall establish a rebuttable presumption of injury.

§57. Records of complaints

(a) *RELEASE OF COMPLAINTS.*—The Director shall make all complaints received by the United States Patent and Trademark Office involving invention developers publicly available, together with any response of the invention developers.

(b) *REQUEST FOR COMPLAINTS.*—The Director may request complaints relating to invention development services from any Federal or State agency and include such complaints in the records maintained under subsection (a), together with any response of the invention developers.

§58. Fraudulent representation by an invention developer

Whoever, in providing invention development services, knowingly provides any false or misleading statement, representation, or omission of material fact to a customer or fails to make all the disclosures required under this chapter, shall be guilty of a misdemeanor and fined not more than \$10,000 for each offense.

§59. Rule of construction

Except as expressly provided in this chapter, no provision of this chapter shall be construed to affect any obligation, right, or remedy provided under any other Federal or State law.

PART II—PATENTABILITY OF INVENTIONS AND GRANT OF PATENTS

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CHAPTER 10—PATENTABILITY OF INVENTIONS

* * * * *

§ 100. Definitions

When used in this title unless the context otherwise indicates—

(a) * * *

* * * * *

(e) *The term “third-party requester” means a person requesting re-examination under section 302 of this title who is not the patent owner.*

* * * * *

§ 102. Conditions for patentability; novelty and loss of right to patent

A person shall be entitled to a patent unless—

(a) * * *

* * * * *

[(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent, or]

(e) *the invention was described in—*

(1) *an application for patent, published pursuant to section 122(b) of this title, by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) of this title shall have the effect under this subsection of a national application published under section 122(b) of this title only if the international application designating the United States was published under Article 21(2)(a) of such treaty in the English language, or*

(2) *a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, or*

* * * * *

CHAPTER 11—APPLICATION FOR PATENT

Sec.

111. Application.

* * * * *

122. Confidential status of applications; *publication of patent applications.*

§ 111. Application

(a) IN GENERAL.—

(1) WRITTEN APPLICATION.—An application for patent shall be made, or authorized to be made, by the inventor, except as otherwise provided in this title, in writing to the [Commissioner] *Director*.

* * * * *

(4) FAILURE TO SUBMIT.—Upon failure to submit the fee and oath within such prescribed period, the application shall be regarded as abandoned, unless it is shown to the satisfaction of

the **【Commissioner】 Director** that the delay in submitting the fee and oath was unavoidable or unintentional. The filing date of an application shall be the date on which the specification and any required drawing are received in the Patent and Trademark Office.

(b) PROVISIONAL APPLICATION.—

(1) AUTHORIZATION.—A provisional application for patent shall be made or authorized to be made by the inventor, except as otherwise provided in this title, in writing to the **【Commissioner】 Director**. Such application shall include—

(A) a specification as prescribed by the first paragraph of section 112 of this title; and

(B) a drawing as prescribed by section 113 of this title.

* * * * *

(3) FEE.—(A) The application must be accompanied by the fee required by law.

(B) The fee may be submitted after the specification and any required drawing are submitted, within such period and under such conditions, including the payment of a surcharge, as may be prescribed by the **【Commissioner】 Director**.

(C) Upon failure to submit the fee within such prescribed period, the application shall be regarded as abandoned, unless it is shown to the satisfaction of the **【Commissioner】 Director** that the delay in submitting the fee was unavoidable or unintentional.

* * * * *

【(5) ABANDONMENT.—The provisional application shall be regarded as abandoned 12 months after the filing date of such application and shall not be subject to revival thereafter.**】**

(5) ABANDONMENT.—Notwithstanding the absence of a claim, upon timely request and as prescribed by the Director, a provisional application may be treated as an application filed under subsection (a). If no such request is made, the provisional application shall be regarded as abandoned 12 months after the filing date of such application and shall not be subject to revival thereafter.

(6) OTHER BASIS FOR PROVISIONAL APPLICATION.—Subject to all the conditions in this subsection and section 119(e) of this title, and as prescribed by the **【Commissioner】 Director**, an application for patent filed under subsection (a) may be treated as a provisional application for patent.

* * * * *

§ 113. Drawings

The applicant shall furnish a drawing where necessary for the understanding of the subject matter sought to be patented. When the nature of such subject matter admits of illustration by a drawing and the applicant has not furnished such a drawing, the **【Commissioner】 Director** may require its submission within a time period of not less than two months from the sending of a notice thereof. Drawings submitted after the filing date of the application may not be used (i) to overcome any insufficiency of the specification

due to lack of an enabling disclosure or otherwise inadequate disclosure therein, or (ii) to supplement the original disclosure thereof for the purpose of interpretation of the scope of any claim.

§ 114. Models, specimens

The **【Commissioner】** *Director* may require the applicant to furnish a model of convenient size to exhibit advantageously the several parts of his invention.

When the invention relates to a composition of matter, the **【Commissioner】** *Director* may require the applicant to furnish specimens or ingredients for the purpose of inspection or experiment.

* * * * *

§ 116. Inventors

* * * * *

If a joint inventor refuses to join in an application for patent or cannot be found or reached after diligent effort, the application may be made by the other inventor on behalf of himself and the omitted inventor. The **【Commissioner】** *Director*, on proof of the pertinent facts and after such notice to the omitted inventor as he prescribes, may grant a patent to the inventor making the application, subject to the same rights which the omitted inventor would have had if he had been joined. The omitted inventor may subsequently join in the application.

Whenever through error a person is named in an application for patent as the inventor, or through error an inventor is not named in an application, and such error arose without any deceptive intention on his part, the **【Commissioner】** *Director* may permit the application to be amended accordingly, under such terms as he prescribes.

* * * * *

§ 118. Filing by other than inventor

Whenever an inventor refuses to execute an application for patent, or cannot be found or reached after diligent effort, a person to whom the inventor has assigned or agreed in writing to assign the invention or who otherwise shows sufficient proprietary interest in the matter justifying such action, may make application for patent on behalf of and as agent for the inventor on proof of the pertinent facts and a showing that such action is necessary to preserve the rights of the parties or to prevent irreparable damage; and the **【Commissioner】** *Director* may grant a patent to such inventor upon such notice to him as the **【Commissioner】** *Director* deems sufficient, and on compliance with such regulations as he prescribes.

§ 119. Benefit of earlier filing date; right of priority

(a) An application for patent for an invention filed in this country by any person who has, or whose legal representatives or assigns have, previously regularly filed an application for a patent for the same invention in a foreign country which affords similar privileges in the case of applications filed in the United States or to citizens of the United States, *or in a WTO member country*, shall have the same effect as the same application would have if filed in this

country on the date on which the application for patent for the same invention was first filed in such foreign country, if the application in this country is filed within twelve months from the earliest date on which such foreign application was filed; but no patent shall be granted on any application for patent for an invention which had been patented or described in a printed publication in any country more than one year before the date of the actual filing of the application in this country, or which had been in public use or on sale in this country more than one year prior to such filing.

[(b) No application for patent shall be entitled to this right of priority unless a claim therefor and a certified copy of the original foreign application, specification and drawings upon which it is based are filed in the Patent and Trademark Office before the patent is granted, or at such time during the pendency of the application as required by the Commissioner not earlier than six months after the filing of the application in this country. Such certification shall be made by the patent office of the foreign country in which filed and show the date of the application and of the filing of the specification and other papers. The Commissioner may require a translation of the papers filed if not in the English language and such other information as he deems necessary.]

(b)(1) No application for patent shall be entitled to this right of priority unless a claim is filed in the Patent and Trademark Office, at such time during the pendency of the application as is required by the Director, that identifies the foreign application by specifying its application number, the country in or for which the application was filed, and the date of its filing.

(2) The Director may consider the failure of the applicant to file a timely claim for priority as a waiver of any such claim, and may require the payment of a surcharge as a condition of accepting an untimely claim during the pendency of the application.

(3) The Director may require a certified copy of the original foreign application, specification, and drawings upon which it is based, a translation if not in the English language, and such other information as the Director considers necessary. Any such certification shall be made by the intellectual property authority in the foreign country in which the foreign application was filed and show the date of the application and of the filing of the specification and other papers.

* * * * *

(e)(1) * * *

* * * * *

(3) If the day that is 12 months after the filing date of a provisional application falls on a Saturday, Sunday, or Federal holiday within the District of Columbia, the period of pendency of the provisional application shall be extended to the next succeeding business day.

(f) APPLICATIONS FOR PLANT BREEDER'S RIGHTS.—Applications for plant breeder's rights filed in a WTO member country (or in a UPOV Contracting Party) shall have the same effect for the purpose of the right of priority under subsections (a) through (c) of this section as applications for patents, subject to the same conditions and requirements of this section as apply to applications for patents.

(g) *DEFINITIONS.*—As used in this section—

(1) the term “WTO member country” has the same meaning as the term is defined in section 104(b)(2) of this title; and

(2) the term “UPOV Contracting Party” means a member of the International Convention for the Protection of New Varieties of Plants.

§ 120. Benefit of earlier filing date in the United States

An application for patent for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in an application previously filed in the United States, or as provided by section 363 of this title, which is filed by an inventor or inventors named in the previously filed application shall have the same effect, as to such invention, as though filed on the date of the prior application, if filed before the patenting or abandonment of or termination of proceedings on the first application or on an application similarly entitled to the benefit of the filing date of the first application and if it contains or is amended to contain a specific reference to the earlier filed application. *No application shall be entitled to the benefit of an earlier filed application under this section unless an amendment containing the specific reference to the earlier filed application is submitted at such time during the pendency of the application as is required by the Commissioner. The Director may consider the failure to submit such an amendment within that time period as a waiver of any benefit under this section. The Director may establish procedures, including the payment of a surcharge, to accept unavoidably late submissions of amendments under this section.*

§ 121. Divisional applications

(a) If two or more independent and distinct inventions are claimed in one application, the [Commissioner] *Director* may require the application to be restricted to one of the inventions. If the other invention is made the subject of a divisional application which complies with the requirements of section 120 of this title it shall be entitled to the benefit of the filing date of the original application. A patent issuing on an application with respect to which a requirement for restriction under this section has been made, or on an application filed as a result of such a requirement, shall not be used as a reference either in the Patent and Trademark Office or in the courts against a divisional application or against the original application or any patent issued on either of them, if the divisional application is filed before the issuance of the patent on the other application. If a divisional application is directed solely to subject matter described and claimed in the original application as filed, the [Commissioner] *Director* may dispense with signing and execution by the inventor. The validity of a patent shall not be questioned for failure of the [Commissioner] *Director* to require the application to be restricted to one invention.

(b) *In a case in which restriction is required on the ground that two or more independent and distinct inventions are claimed in an application, the applicant shall be entitled to submit an examination fee and request examination for each independent and distinct invention in excess of one. The examination fee shall be equal to the*

filing fee, including excess claims fees, that would have applied had the claims corresponding to the asserted independent and distinct inventions been presented in a separate application for patent. For each of the independent and distinct inventions in excess of one for which the applicant pays an examination fee within two months after the requirement for restriction, the Director shall cause an examination to be made and a notification of rejection or written notice of allowance provided to the applicant within the time period specified in section 154(b)(1)(B)(i) of this title for the original application. Failure to meet this or any other time limit set forth in section 154(b)(1)(B) of this title shall be treated as an unusual administrative delay under section 154(b)(1)(A)(iv) of this title.

(c) An applicant who requests reconsideration of a requirement for restriction under this section and submits examination fees pursuant to such requirement shall, if the requirement is determined to be improper, be entitled to a refund of any examination fees determined to have been paid pursuant to the requirement.

【§ 122. Confidential status of applications

【Applications for patents shall be kept in confidence by the Patent and Trademark Office and no information concerning the same given without authority of the applicant or owner unless necessary to carry out the provisions of any Act of Congress or in such special circumstances as may be determined by the Commissioner.】

§ 122. Confidential status of applications; publication of patent applications

(a) CONFIDENTIALITY.—Except as provided in subsection (b), applications for patents shall be kept in confidence by the Patent and Trademark Office and no information concerning applications for patents shall be given without authority of the applicant or owner unless necessary to carry out the provisions of an Act of Congress or in such special circumstances as may be determined by the Director.

(b) PUBLICATION.—

(1) IN GENERAL.—(A) Subject to paragraph (2), each application for patent, except applications for design patents filed under chapter 16 of this title and provisional applications filed under section 111(b) of this title, shall be published, in accordance with procedures determined by the Director, promptly after the expiration of a period of 18 months from the earliest filing date for which a benefit is sought under this title. At the request of the applicant, an application may be published earlier than the end of such 18-month period.

(B) No information concerning published patent applications shall be made available to the public except as the Director determines.

(C) Notwithstanding any other provision of law, a determination by the Director to release or not to release information concerning a published patent application shall be final and nonreviewable.

(2) EXCEPTIONS.—(A) An application that is no longer pending shall not be published.

(B) An application that is subject to a secrecy order pursuant to section 181 of this title shall not be published.

(C)(i) Upon the request of the applicant at the time of filing, the application shall not be published in accordance with paragraph (1) until 3 months after the Director makes a notification to the applicant under section 132 of this title.

(ii) Applications filed pursuant to section 363 of this title, applications asserting priority under section 119 or 365(a) of this title, and applications asserting the benefit of an earlier application under section 120, 121, or 365(c) of this title shall not be eligible for a request pursuant to this subparagraph.

(iii) In a request under this subparagraph, the applicant shall certify that the invention disclosed in the application was not and will not be the subject of an application filed in a foreign country.

(iv) The Director may establish appropriate procedures and fees for making a request under this subparagraph.

(D)(i) In a case in which an applicant, after making a request under subparagraph (C)(i), determines to file an application in a foreign country, the applicant shall notify the Director promptly. The application shall then be published in accordance with the provisions of paragraph (1).

(ii) The Director may establish appropriate fees to cover the costs of processing notifications under clause (i), including the costs of any special handling of applications resulting from the initial request under subparagraph (C)(i).

(c) **PRE-ISSUANCE OPPOSITION.**—The provisions of this section shall not operate to create any new opportunity for pre-issuance opposition. The Director may establish appropriate procedures to ensure that this section does not create any new opportunity for pre-issuance opposition.

CHAPTER 12—EXAMINATION OF APPLICATION

§ 131. Examination of application

The **【Commissioner】** Director shall cause an examination to be made of the application and the alleged new invention; and if on such examination it appears that the applicant is entitled to a patent under the law, the **【Commissioner】** Director shall issue a patent therefor.

§ 132. Notice of rejection; reexamination

Whenever, on examination, any claim for a patent is rejected, or any objection or requirement made, the **【Commissioner】** Director shall notify the applicant thereof, stating the reasons for such rejection, or objection or requirement, together with such information and references as may be useful in judging of the propriety of continuing the prosecution of his application; and if after receiving such notice, the applicant persists in his claim for a patent, with or without amendment, the application shall be reexamined. No amendment shall introduce new matter into the disclosure of the invention.

§ 133. Time for prosecuting application

Upon failure of the applicant to prosecute the application within six months after any action therein, of which notice has been given or mailed to the applicant, or within such shorter time, not less than thirty days, as fixed by the **[Commissioner]** *Director* in such action, the application shall be regarded as abandoned by the parties thereto, unless it be shown to the satisfaction of the **[Commissioner]** *Director* that such delay was unavoidable.

§ 134. Appeal to the Board of Patent Appeals and Interferences

[An applicant for a patent, any of whose claims has been twice rejected, may appeal from the decision of the primary examiner to the Board of Patent Appeals and Interferences, having once paid the fee for such appeal.]

§ 134. Appeal to the Board of Patent Appeals and Interferences

(a) *PATENT APPLICANT.*—An applicant for a patent, any of whose claims has been twice rejected, may appeal from the decision of the primary examiner to the Board of Patent Appeals and Interferences, having once paid the fee for such appeal.

(b) *PATENT OWNER.*—A patent owner in a reexamination proceeding may appeal from the final rejection of any claim by the primary examiner to the Board of Patent Appeals and Interferences, having once paid the fee for such appeal.

(c) *THIRD-PARTY.*—A third-party requester may appeal to the Board of Patent Appeals and Interferences from the final decision of the primary examiner favorable to the patentability of any original or proposed amended or new claim of a patent, having once paid the fee for such appeal.

§ 135. Interferences

(a) Whenever an application is made for a patent which, in the opinion of the **[Commissioner]** *Director*, would interfere with any pending application, or with any unexpired patent, an interference may be declared and the **[Commissioner]** *Director* shall give notice of such declaration to the applicants, or applicant and patentee, as the case may be. The Board of Patent Appeals and Interferences shall determine questions of priority of the inventions and may determine questions of patentability. Any final decision, if adverse to the claim of an applicant, shall constitute the final refusal by the Patent and Trademark Office of the claims involved, and the **[Commissioner]** *Director* may issue a patent to the applicant who is adjudged the prior inventor. A final judgment adverse to a patentee from which no appeal or other review has been or can be taken or had shall constitute cancellation of the claims involved in the patent, and notice of such cancellation shall be endorsed on copies of the patent distributed after such cancellation by the Patent and Trademark Office.

(b)(1) A claim which is the same as, or for the same or substantially the same subject matter as, a claim of an issued patent may not be made in any application unless such a claim is made prior to one year **[from the date on which the patent was granted]** after

the date on which the patent is granted and the applicant makes a prima facie showing of prior invention.

(2) A claim which is the same as, or for the same or substantially the same subject matter as, a claim of a published application may be made in an application filed after the published application is published only if the claim is made prior to one year after the date on which the published application is published and the applicant of the later filed application makes a prime facie showing of prior invention.

(c) Any agreement or understanding between parties to an interference, including any collateral agreements referred to therein, made in connection with or in contemplation of the termination of the interference, shall be in writing and a true copy thereof filed in the Patent and Trademark Office before the termination of the interference as between the said parties to the agreement or understanding. If any party filing the same so requests, the copy shall be kept separate from the file of the interference, and made available only to Government agencies on written request, or to any person on a showing of good cause. Failure to file the copy of such agreement or understanding shall render permanently unenforceable such agreement or understanding and any patent of such parties involved in the interference or any patent subsequently issued on any application of such parties so involved. The **[Commissioner]** *Director* may, however, on a showing of good cause for failure to file within the time prescribed, permit the filing of the agreement or understanding during the six-month period subsequent to the termination of the interference as between the parties to the agreement or understanding.

The **[Commissioner]** *Director* shall give notice to the parties or their attorneys of record, a reasonable time prior to said termination, of the filing requirement of this section. If the **[Commissioner]** *Director* gives such notice at a later time, irrespective of the right to file such agreement or understanding within the six-month period on a showing of good cause, the parties may file such agreement or understanding within sixty days of the receipt of such notice.

Any discretionary action of the **[Commissioner]** *Director* under this subsection shall be reviewable under section 10 of the Administrative Procedure Act.

(d) Parties to a patent interference, within such time as may be specified by the **[Commissioner]** *Director* by regulation, may determine such contest or any aspect thereof by arbitration. Such arbitration shall be governed by the provisions of title 9 to the extent such title is not inconsistent with this section. The parties shall give notice of any arbitration award to the **[Commissioner]** *Director*, and such award shall, as between the parties to the arbitration, be dispositive of the issues to which it relates. The arbitration award shall be unenforceable until such notice is given. Nothing in this subsection shall preclude the **[Commissioner]** *Director* from determining patentability of the invention involved in the interference.

CHAPTER 13—REVIEW OF PATENT AND TRADEMARK OFFICE DECISIONS

§ 141. Appeal to Court of Appeals for the Federal Circuit

[An applicant dissatisfied with the decision in an appeal to the Board of Patent Appeals and Interferences under section 134 of this title may appeal the decision to the United States Court of Appeals for the Federal Circuit.] *An applicant, a patent owner, or a third-party requester, dissatisfied with the final decision in an appeal to the Board of Patent Appeals and Interferences under section 134 of this title, may appeal the decision to the United States Court of Appeals for the Federal Circuit.* By filing such an appeal the applicant waives his or her right to proceed under section 145 of this title. A party to an interference dissatisfied with the decision of the Board of Patent Appeals and Interferences on the interference may appeal the decision to the United States Court of Appeals for the Federal Circuit, but such appeal shall be dismissed if any adverse party to such interference, within twenty days after the appellant has filed notice of appeal in accordance with section 142 of this title, files notice with the [Commissioner] *Director* that the party elects to have all further proceedings conducted as provided in section 146 of this title. If the appellant does not, within thirty days after the filing of such notice by the adverse party, file a civil action under section 146, the decision appealed from shall govern the further proceedings in the case.

§ 142. Notice of appeal

When an appeal is taken to the United States Court of Appeals for the Federal Circuit, the appellant shall file in the Patent and Trademark Office a written notice of appeal directed to the [Commissioner] *Director*, within such time after the date of the decision from which the appeal is taken as the [Commissioner] *Director* prescribes, but in no case less than 60 days after that date.

§ 143. Proceedings on appeal

With respect to an appeal described in section 142 of this title, the [Commissioner] *Director* shall transmit to the United States Court of Appeals for the Federal Circuit a certified list of the documents comprising the record in the Patent and Trademark Office. The court may request that the [Commissioner] *Director* forward the original or certified copies of such documents during pendency of the appeal. [In an ex parte case, the Commissioner shall submit to the court in writing the grounds for the decision of the Patent and Trademark Office, addressing all the issues involved in the appeal.] *In ex parte and reexamination cases, the Director shall submit to the court in writing the grounds for the decision of the United States Patent and Trademark Office, addressing all the issues involved in the appeal.* The court shall, before hearing an appeal, give notice of the time and place of the hearing to the [Commissioner] *Director* and the parties in the appeal.

§ 144. Decision on appeal

The United States Court of Appeals for the Federal Circuit shall review the decision from which an appeal is taken on the record

before the Patent and Trademark Office. Upon its determination the court shall issue to the [Commissioner] *Director* its mandate and opinion, which shall be entered of record in the Patent and Trademark Office and shall govern the further proceedings in the case.

§ 145. Civil action to obtain patent

An applicant dissatisfied with the decision of the Board of Patent Appeals and Interferences in an appeal under section 134(a) of this title may, unless appeal has been taken to the United States Court of Appeals for the Federal Circuit, have remedy by civil action against the [Commissioner] *Director* in the United States District Court for the District of Columbia if commenced within such time after such decision, not less than sixty days, as the [Commissioner] *Director* appoints. The court may adjudge that such applicant is entitled to receive a patent for his invention, as specified in any of his claims involved in the decision of the Board of Patent Appeals and Interferences, as the facts in the case may appear and such adjudication shall authorize the [Commissioner] *Director* to issue such patent on compliance with the requirements of law. All the expenses of the proceedings shall be paid by the applicant.

§ 146. Civil action in case of interference

Any party to an interference dissatisfied with the decision of the Board of Patent Appeals and Interferences on the interference, may have remedy by civil action, if commenced within such time after such decision, not less than sixty days, as the [Commissioner] *Director* appoints or as provided in section 141 of this title, unless he has appealed to the United States Court of Appeals for the Federal Circuit, and such appeal is pending or has been decided. In such suits the record in the Patent and Trademark Office shall be admitted on motion of either party upon the terms and conditions as to costs, expenses, and the further cross-examination of the witnesses as the court imposes, without prejudice to the right of the parties to take further testimony. The testimony and exhibits of the record in the Patent and Trademark Office when admitted shall have the same effect as if originally taken and produced in the suit.

Such suit may be instituted against the party in interest as shown by the records of the Patent and Trademark Office at the time of the decision complained of, but any party in interest may become a party to the action. If there be adverse parties residing in a plurality of districts not embraced within the same state, or an adverse party residing in a foreign country, the United States District Court for the District of Columbia shall have jurisdiction and may issue summons against the adverse parties directed to the marshal of any district in which any adverse party resides. Summons against adverse parties residing in foreign countries may be served by publication or otherwise as the court directs. The [Commissioner] *Director* shall not be a necessary party but he shall be notified of the filing of the suit by the clerk of the court in which it is filed and shall have the right to intervene. Judgment of the court in favor of the right of an applicant to a patent shall authorize the [Commissioner] *Director* to issue such patent on the filing

in the Patent and Trademark Office of a certified copy of the judgment and on compliance with the requirements of law.

CHAPTER 14—ISSUE OF PATENT

Sec.

151. Issue of patent.

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154. Contents and term of patent; *provisional rights*.

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§ 151. Issue of patent

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If any payment required by this section is not timely made, but is submitted with the fee for delayed payment and the delay in payment is shown to have been unavoidable, it may be accepted by the **【Commissioner】** *Director* as though no abandonment or lapse had ever occurred.

* * * * *

§ 153. How issued

Patents shall be issued in the name of the United States of America, under the seal of the Patent and Trademark Office, and shall be signed by the **【Commissioner】** *Director* or have his signature placed thereon and attested by an officer of the Patent and Trademark Office designated by the **【Commissioner】** *Director*, and shall be recorded in the Patent and Trademark Office.

§ 154. Contents and term of patent; *provisional rights*

(a) * * *

【(b) TERM EXTENSION.—

【(1) INTERFERENCE DELAY OR SECRECY ORDERS.—If the issue of an original patent is delayed due to a proceeding under section 135(a) of this title, or because the application for patent is placed under an order pursuant to section 181 of this title, the term of the patent shall be extended for the period of delay, but in no case more than 5 years.

【(2) EXTENSION FOR APPELLATE REVIEW.—If the issue of a patent is delayed due to appellate review by the Board of Patent Appeals and Interferences or by a Federal court and the patent is issued pursuant to a decision in the review reversing an adverse determination of patentability, the term of the patent shall be extended for a period of time but in no case more than 5 years. A patent shall not be eligible for extension under this paragraph if it is subject to a terminal disclaimer due to the issue of another patent claiming subject matter that is not patentably distinct from that under appellate review.

【(3) LIMITATIONS.—The period of extension referred to in paragraph (2)—

【(A) shall include any period beginning on the date on which an appeal is filed under section 134 or 141 of this title, or on which an action is commenced under section 145 of this title, and ending on the date of a final decision in favor of the applicant;

[(B) shall be reduced by any time attributable to appellate review before the expiration of 3 years from the filing date of the application for patent; and

[(C) shall be reduced for the period of time during which the applicant for patent did not act with due diligence, as determined by the Commissioner.

[(4) LENGTH OF EXTENSION.—The total duration of all extensions of a patent under this subsection shall not exceed 5 years.]

(b) *TERM EXTENSION.*—

(1) *BASIS FOR PATENT TERM EXTENSION.*—

(A) *DELAY.*—*Subject to the limitations set forth in paragraph (2), if the issue of an original patent is delayed due to—*

(i) *a proceeding under section 135(a) of this title, including any appeal under section 141, or any civil action under section 146, of this title,*

(ii) *the imposition of an order pursuant to section 181 of this title,*

(iii) *appellate review by the Board of Patent Appeals and Interferences or by a Federal court in a case in which the patent was issued pursuant to a decision in the review reversing an adverse determination of patentability, or*

(iv) *an unusual administrative delay by the Patent and Trademark Office in issuing the patent,*

the term of the patent shall be extended for the period of delay.

(B) *ADMINISTRATIVE DELAY.*—*For purposes of subparagraph (A)(iv), an unusual administrative delay by the Patent and Trademark office is the failure to—*

(i) *make a notification of the rejection of any claim for a patent or any objection or argument under section 132 of this title or give or mail a written notice of allowance under section 151 of this title not later than 14 months after the date on which the application was filed;*

(ii) *respond to a reply under section 132 of this title or to an appeal taken under section 134 of this title not later than 4 months after the date on which the reply was filed or the appeal was taken;*

(iii) *act on an application not later than 4 months after the date of a decision by the Board of Patent Appeals and Interferences under section 134 or 135 of this title or a decision by a Federal court under section 141, 145, or 146 of this title in a case in which allowable claims remain in an application;*

(iv) *issue a patent not later than 4 months after the date on which the issue fee was paid under section 151 of this title and all outstanding requirements were satisfied; or*

(v) *issue a patent within 3 years after the filing date of the application in the United States, if the applicant—*

(I) has not obtained further limited examination of the application under section 209 of the Examining Procedure Improvements Act;

(II) has responded to all rejections, objections, arguments, or other requests of the Patent and Trademark Office within 3 months after the date on which they are made;

(III) has not benefitted from an extension of patent term under clause (i), (ii) or (iii) of paragraph (1)(A);

(IV) has not sought or obtained appellate review by the Board of Patent Appeals and Interferences or by a Federal Court other than in a case in which the patent was issued pursuant to a decision in the review reversing an adverse determination of patentability; and

(V) has not requested any delay in the processing of the application by the Patent and Trademark Office.

(2) LIMITATIONS.—(A) The total duration of any extensions granted pursuant to either clause (iii) or (iv) of paragraph (1)(A) or both such clauses shall not exceed 10 years. To the extent that periods of delay attributable to grounds specified in paragraph (1) overlap, the period of any extension granted under this subsection shall not exceed the actual number of days the issuance of the patent was delayed.

(B) The period of extension of the term of a patent under this subsection shall be reduced by a period equal to the time in which the applicant failed to engage in reasonable efforts to conclude prosecution of the application. The Director shall prescribe regulations establishing the circumstances that constitute a failure of an applicant to engage in reasonable efforts to conclude processing or examination of an application in order to ensure that applicants are appropriately compensated for any delays by the Patent and Trademark Office in excess of the time periods specified in paragraph (1)(B).

(C) No patent the term of which has been disclaimed beyond a specified date may be extended under this section beyond the expiration date specified in the disclaimer.

(3) PROCEDURES.—The Director shall prescribe regulations establishing procedures for the notification of patent term extensions under this subsection and procedures for contesting patent term extensions under this subsection.

* * * * *

(d) PROVISIONAL RIGHTS.—

(1) IN GENERAL.—In addition to other rights provided by this section, a patent shall include the right to obtain a reasonable royalty from any person who, during the period beginning on the date of publication of the application for such patent pursuant to section 122(b) of this title, or in the case of an international application filed under the treaty defined in section 351(a) of this title designating the United States under Article 21(2)(a) of such treaty, the date of publication of the application, and ending on the date the patent is issued—

(A)(i) makes, uses, offers for sale, or sells in the United States the invention as claimed in the published patent application or imports such an invention into the United States; or

(ii) if the invention as claimed in the published patent application is a process, uses, offers for sale, or sells in the United States or imports into the United States products made by that process as claimed in the published patent application; and

(B) had actual notice of the published patent application and, where the right arising under this paragraph is based upon an international application designating the United States that is published in a language other than English, a translation of the international application into the English language.

(2) **RIGHT BASED ON SUBSTANTIALLY IDENTICAL INVENTIONS.**—The right under paragraph (1) to obtain a reasonable royalty shall not be available under this subsection unless the invention as claimed in the patent is substantially identical to the invention as claimed in the published patent application.

(3) **TIME LIMITATION ON OBTAINING A REASONABLE ROYALTY.**—The right under paragraph (1) to obtain a reasonable royalty shall be available only in an action brought not later than 6 years after the patent is issued. The right under paragraph (1) to obtain a reasonable royalty shall not be affected by the duration of the period described in paragraph (1).

(4) **REQUIREMENTS FOR INTERNATIONAL APPLICATIONS.**—The right under paragraph (1) to obtain a reasonable royalty based upon the publication under the treaty defined in section 351(a) of this title of an international application designating the United States shall commence from the date that the Patent and Trademark Office receives a copy of the publication under such treaty of the international application, or, if the publication under the treaty of the international application is in a language other than English, from the date that the Patent and Trademark Office receives a translation of the international application in the English language. The Director may require the applicant to provide a copy of the international publication of the international application and a translation thereof.

§ 155. Patent term extension

Notwithstanding the provisions of section 154, the term of a patent which encompasses within its scope a composition of matter or a process for using such composition shall be extended if such composition or process has been subjected to a regulatory review by the Federal Food and Drug Administration pursuant to the Federal Food, Drug, and Cosmetic Act leading to the publication of regulation permitting the interstate distribution and sale of such composition or process and for which there has thereafter been a stay of regulation of approval imposed pursuant to section 409 of the Federal Food, Drug, and Cosmetic Act which stay was in effect on January 1, 1981, by a length of time to be measured from the date such stay of regulation of approval was imposed until such proceedings are finally resolved and commercial marketing permitted. The

patentee, his heirs, successors or assigns shall notify the **【Commissioner of Patents and Trademarks】** *Director* within ninety days of the date of enactment of this section or the date the stay of regulation of approval has been removed, whichever is later, of the number of the patent to be extended and the date the stay was imposed and the date commercial marketing was permitted. On receipt of such notice, the **【Commissioner】** *Director* shall promptly issue to the owner of record of the patent a certificate of extension, under seal, stating the fact and length of the extension and identifying the composition of matter or process for using such composition to which such extension is applicable. Such certificate shall be recorded in the official file of each patent extended and such certificate shall be considered as part of the original patent, and an appropriate notice shall be published in the Official Gazette of the Patent and Trademark Office.

§ 155A. Patent term restoration

(a) * * *

* * * * *

(c) The patentee of any patent described in subsection (a) of this section shall, within ninety days after the date of enactment of this section, notify the **【Commissioner of Patents and Trademarks】** *Director* of the number of any patent so extended. On receipt of such notice, the **【Commissioner】** *Director* shall confirm such extension by placing a notice thereof in the official file of such patent and publishing an appropriate notice of such extension in the Official Gazette of the Patent and Trademark Office.

§ 156. Extension of patent term

(a) * * *

* * * * *

(d)(1) To obtain an extension of the term of a patent under this section, the owner of record of the patent or its agent shall submit an application to the **【Commissioner】** *Director*. Except as provided in paragraph (5), such an application may only be submitted within the sixty-day period beginning on the date the product received permission under the provision of law under which the applicable regulatory review period occurred for commercial marketing or use. The application shall contain—

(A) * * *

* * * * *

(C) information to enable the **【Commissioner】** *Director* to determine under subsections (a) and (b) the eligibility of a patent for extension and the rights that will be derived from the extension and information to enable the **【Commissioner】** *Director* and the Secretary of Health and Human Services or the Secretary of Agriculture to determine the period of the extension under subsection (g);

* * * * *

(E) such patent or other information as the **【Commissioner】** *Director* may require.

(2)(A) Within 60 days of the submittal of an application for extension of the term of a patent under paragraph (1), the **【Commissioner】 Director** shall notify—

(i) * * *

* * * * *

of the extension application and shall submit to the Secretary who is so notified a copy of the application. Not later than 30 days after the receipt of an application from the **【Commissioner】 Director**, the Secretary receiving the application shall review the dates contained in the application pursuant to paragraph (1)(C) and determine the applicable regulatory review period, shall notify the **【Commissioner】 Director** of the determination, and shall publish in the Federal Register a notice of such determination.

(B)(i) If a petition is submitted to the Secretary making the determination under subparagraph (A), not later than 180 days after the publication of the determination under subparagraph (A), upon which it may reasonably be determined that the applicant did not act with due diligence during the applicable regulatory review period, the Secretary making the determination shall, in accordance with regulations promulgated by such Secretary, determine if the applicant acted with due diligence during the applicable regulatory review period. The Secretary making the determination shall make such determination not later than 90 days after the receipt of such a petition. For a drug product, device, or additive subject to the Federal Food, Drug, and Cosmetic Act or the Public Health Service Act, the Secretary may not delegate the authority to make the determination prescribed by this clause to an office below the Office of the **【Commissioner】 Director** of Food and Drugs. For a product subject to the Virus-Serum-Toxin Act, the Secretary of Agriculture may not delegate the authority to make the determination prescribed by this clause to an office below the office of the Assistant Secretary for Marketing and Inspection Services.

(ii) The Secretary making a determination under clause (i) shall notify the **【Commissioner】 Director** of the determination and shall publish in the Federal Register a notice of such determination together with the factual and legal basis for such determination. Any interested person may request, within the 60-day period beginning on the publication of a determination, the Secretary making the determination to hold an informal hearing on the determination. If such a request is made within such period, such Secretary shall hold such hearing not later than 30 days after the date of the request, or at the request of the person making the request, not later than 60 days after such date. The Secretary who is holding the hearing shall provide notice of the hearing to the owner of the patent involved and to any interested person and provide the owner and any interested person an opportunity to participate in the hearing. Within 30 days after the completion of the hearing, such Secretary shall affirm or revise the determination which was the subject of the hearing and shall notify the **【Commissioner】 Director** of any revision of the determination and shall publish any such revision in the Federal Register.

* * * * *

(4) An application for the extension of the term of a patent is subject to the disclosure requirements prescribed by the **【Commissioner】 Director**.

(5)(A) If the owner of record of the patent or its agent reasonably expects that the applicable regulatory review period described in paragraph (1)(B)(ii), (2)(B)(ii), (3)(B)(ii), (4)(B)(ii), or (5)(B)(ii) of subsection (g) that began for a product that is the subject of such patent may extend beyond the expiration of the patent term in effect, the owner or its agent may submit an application to the **【Commissioner】 Director** for an interim extension during the period beginning 6 months, and ending 15 days, before such term is due to expire. The application shall contain—

(i) * * *

* * * * *

(iii) information to enable the **【Commissioner】 Director** to determine under subsection (a)(1), (2), and (3) the eligibility of a patent for extension;

* * * * *

(v) such patent or other information as the **【Commissioner】 Director** may require.

(B) If the **【Commissioner】 Director** determines that, except for permission to market or use the product commercially, the patent would be eligible for an extension of the patent term under this section, the **【Commissioner】 Director** shall publish in the Federal Register a notice of such determination, including the identity of the product under regulatory review, and shall issue to the applicant a certificate of interim extension for a period of not more than 1 year.

* * * * *

(E) Any interim extension granted under this paragraph shall terminate at the end of the 60-day period beginning on the date on which the product involved receives permission for commercial marketing or use, except that, if within that 60-day period the applicant notifies the **【Commissioner】 Director** of such permission and submits any additional information under paragraph (1) of this subsection not previously contained in the application for interim extension, the patent shall be further extended, in accordance with the provisions of this section—

(i) * * *

* * * * *

(F) The rights derived from any patent the term of which is extended under this paragraph shall, during the period of interim extension—

(i) * * *

* * * * *

(iii) in the case of a patent which claims a method of manufacturing a product, be limited to the method of manufacturing as used to make the product then under regulatory review.

(e)(1) A determination that a patent is eligible for extension may be made by the **【Commissioner】 Director** solely on the basis of the representations contained in the application for the extension. If

the **【Commissioner】** *Director* determines that a patent is eligible for extension under subsection (a) and that the requirements of paragraphs (1) through (4) of subsection (d) have been complied with, the **【Commissioner】** *Director* shall issue to the applicant for the extension of the term of the patent a certificate of extension, under seal, for the period prescribed by subsection (c). Such certificate shall be recorded in the official file of the patent and shall be considered as part of the original patent.

(2) If the term of a patent for which an application has been submitted under subsection (d)(1) would expire before a certificate of extension is issued or denied under paragraph (1) respecting the application, the **【Commissioner】** *Director* shall extend, until such determination is made, the term of the patent for periods of up to one year if he determines that the patent is eligible for extension.

* * * * *

(h) The **【Commissioner】** *Director* may establish such fees as the **【Commissioner】** *Director* determines appropriate to cover the costs to the Office of receiving and acting upon applications under this section.

§ 157. Statutory invention registration

(a) Notwithstanding any other provision of this title, the **【Commissioner】** *Director* is authorized to publish a statutory invention registration containing the specification and drawings of a regularly filed application for a patent without examination if the applicant—

- (1) meets the requirements of section 112 of this title;
- (2) has complied with the requirements for printing, as set forth in regulations of the **【Commissioner】** *Director*;
- (3) waives the right to receive a patent on the invention within such period as may be prescribed by the **【Commissioner】** *Director*; and
- (4) pays application, publication, and other processing fees established by the **【Commissioner】** *Director*.

If an interference is declared with respect to such an application, a statutory invention registration may not be published unless the issue of priority of invention is finally determined in favor of the applicant.

* * * * *

(c) A statutory invention registration published pursuant to this section shall have all of the attributes specified for patents in this title except those specified in section 183 and sections 271 through 289 of this title. A statutory invention registration shall not have any of the attributes specified for patents in any other provision of law other than this title. A statutory invention registration published pursuant to this section shall give appropriate notice to the public, pursuant to regulations which the **【Commissioner】** *Director* shall issue, of the preceding provisions of this subsection. The invention with respect to which a statutory invention certificate is published is not a patented invention for purposes of section 292 of this title.

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CHAPTER 15—PLANT PATENTS

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§ 161. Patents for plants

Whoever invents or discovers and asexually reproduces any distinct and new variety of plant, including cultivated sports, mutants, hybrids, and newly found seedlings, other than [a tuber propagated plant or] a plant found in an uncultivated state, may obtain a patent therefor, subject to the conditions and requirements of this title.

The provisions of this title relating to patents for inventions shall apply to patents for plants, except as otherwise provided.

* * * * *

§ 163. Grant

[In the case of a plant patent the grant shall be of the right to exclude others from asexually reproducing the plant or selling or using the plant so reproduced.] *In the case of a plant patent, the grant shall include the right to exclude others from asexually reproducing the plant, and from using, offering for sale, or selling the plant so reproduced, or any of its parts, throughout the United States, or from importing the plant so reproduced, or any parts thereof, into the United States.*

§ 164. Assistance of Department of Agriculture

The President may by Executive order direct the Secretary of Agriculture, in accordance with the requests of the [Commissioner] *Director*, for the purpose of carrying into effect the provisions of this title with respect to plants (1) to furnish available information of the Department of Agriculture, (2) to conduct through the appropriate bureau or division of the Department research upon special problems, or (3) to detail to the [Commissioner] *Director* officers and employees of the Department.

* * * * *

CHAPTER 17—SECRECY OF CERTAIN INVENTIONS AND FILING APPLICATIONS IN FOREIGN COUNTRY

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§ 181. Secrecy of certain inventions and withholding of patent

Whenever publication or disclosure *by the publication of an application or by the grant of a patent* on an invention in which the Government has a property interest might, in the opinion of the head of the interested Government agency, be detrimental to the national security, the [Commissioner] *Director* upon being so notified shall order that the invention be kept secret and shall withhold *the publication of the application or the grant of a patent* therefor under the conditions set forth hereinafter.

Whenever the publication or disclosure of an invention *by the publication of an application or by the granting of a patent*, in which the Government does not have a property interest, might, in

the opinion of the [Commissioner] *Director*, be detrimental to the national security, he shall make the application for patent in which such invention is disclosed available for inspection to the Atomic Energy Commission, the Secretary of Defense, and the chief officer of any other department or agency of the Government designated by the President as a defense agency of the United States.

Each individual to whom the application is disclosed shall sign a dated acknowledgment thereof, which acknowledgment shall be entered in the file of the application. If, in the opinion of the Atomic Energy Commission, the Secretary of a Defense Department, or the chief officer of another department or agency so designated, the publication or disclosure of the invention *by the publication of the application or by the granting of a patent therefor* would be detrimental to the national security, the Atomic Energy Commission, the Secretary of a Defense Department, or such other chief officer shall notify the [Commissioner] *Director* and the [Commissioner] *Director* shall order that the invention be kept secret and shall withhold *the publication of the application or the grant of a patent* for such period as the national interest requires, and notify the applicant thereof. Upon proper showing by the head of the department or agency who caused the secrecy order to be issued that the examination of the application might jeopardize the national interest, the [Commissioner] *Director* shall thereupon maintain the application in a sealed condition and notify the applicant thereof. The owner of an application which has been placed under a secrecy order shall have a right to appeal from the order to the Secretary of Commerce under rules prescribed by him.

An invention shall not be ordered kept secret and *the publication of an application or the grant of a patent withheld* for a period of more than one year. The [Commissioner] *Director* shall renew the order at the end thereof, or at the end of any renewal period, for additional periods of one year upon notification by the head of the department or the chief officer of the agency who caused the order to be issued that an affirmative determination has been made that the national interest continues so to require. An order in effect, or issued, during a time when the United States is at war, shall remain in effect for the duration of hostilities and one year following cessation of hostilities. An order in effect, or issued, during a national emergency declared by the President shall remain in effect for the duration of the national emergency and six months thereafter. The [Commissioner] *Director* may rescind any order upon notification by the heads of the departments and the chief officers of the agencies who caused the order to be issued that the publication or disclosure of the invention is no longer deemed detrimental to the national security.

§ 182. Abandonment of invention for unauthorized disclosure

The invention disclosed in an application for patent subject to an order made pursuant to section 181 of this title may be held abandoned upon its being established by the [Commissioner] *Director* that in violation of said order the invention has been published or disclosed or that an application for a patent therefor has been filed in a foreign country by the inventor, his successors, assigns, or

legal representatives, or anyone in privity with him or them, without the consent of the **【Commissioner】** *Director*. The abandonment shall be held to have occurred as of the time of violation. The consent of the **【Commissioner】** *Director* shall not be given without the concurrence of the heads of the departments and the chief officers of the agencies who caused the order to be issued. A holding of abandonment shall constitute forfeiture by the applicant, his successors, assigns, or legal representatives, or anyone in privity with him or them, of all claims against the United States based upon such invention.

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PART III—PATENTS AND PROTECTION OF PATENT RIGHTS

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CHAPTER 25—AMENDMENT AND CORRECTION OF PATENTS

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§ 251. Reissue of defective patents

Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid, 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 **【Commissioner】** *Director* shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

The **【Commissioner】** *Director* may issue several reissued patents for distinct and separate parts of the thing patented, upon demand of the applicant, and upon payment of the required fee for a reissue for each of such reissued patents.

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§ 252. Effect of reissue

The surrender of the original patent shall take effect upon the issue of the reissued patent, and every reissued patent shall have the same effect and operation in law, on the trial of actions for causes thereafter arising, as if the same had been originally granted in such amended form, but in so far as the claims of the original and reissued patents are *substantially* identical, such surrender shall not affect any action then pending nor abate any cause of action then existing, and the reissued patent, to the extent that its claims are *substantially* identical with the original patent, shall constitute a continuation thereof and have effect continuously from the date of the original patent.

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§ 254. Certificate of correction of Patent and Trademark Office mistake

Whenever a mistake in a patent, incurred through the fault of the Patent and Trademark Office, is clearly disclosed by the records of the Office, the **[Commissioner]** *Director* may issue a certificate of correction stating the fact and nature of such mistake, under seal, without charge, to be recorded in the records of patents. A printed copy thereof shall be attached to each printed copy of the patent, and such certificate shall be considered as part of the original patent. Every such patent, together with such certificate, shall have the same effect and operation in law on the trial of actions for causes thereafter arising as if the same had been originally issued in such corrected form. The **[Commissioner]** *Director* may issue a corrected patent without charge in lieu of and with like effect as a certificate of correction.

§ 255. Certificate of correction of applicant's mistake

Whenever a mistake of a clerical or typographical nature, or of minor character, which was not the fault of the Patent and Trademark Office, appears in a patent and a showing has been made that such mistake occurred in good faith, the **[Commissioner]** *Director* may, upon payment of the required fee, issue a certificate of correction, if the correction does not involve such changes in the patent as would constitute new matter or would require re-examination. Such patent, together with the certificate, shall have the same effect and operation in law on the trial of actions for causes thereafter arising as if the same had been originally issued in such corrected form.

§ 256. Correction of named inventor

Whenever through error a person is named in an issued patent as the inventor, or through error an inventor is not named in an issued patent and such error arose without any deceptive intention on his part, the **[Commissioner]** *Director* may, on application of all the parties and assignees, with proof of the facts and such other requirements as may be imposed, issued a certificate correcting such error.

The error of omitting inventors or naming persons who are not inventors shall not invalidate the patent in which such error occurred if it can be corrected as provided in this section. The court before which such matter is called in question may order correction of the patent on notice and hearing of all parties concerned and the **[Commissioner]** *Director* shall issue a certificate accordingly.

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CHAPTER 27—GOVERNMENT INTERESTS IN PATENTS

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§ 267. Time for taking action in Government applications

Notwithstanding the provisions of sections 133 and 151 of this title, the **[Commissioner]** *Director* may extend the time for taking any action to three years, when an application has become the property of the United States and the head of the appropriate de-

partment or agency of the Government has certified to the [Commissioner] *Director* that the invention disclosed therein is important to the armament or defense of the United States.

CHAPTER 28—INFRINGEMENT OF PATENTS

Sec.

271. Infringement of patent.

272. Temporary presence in the United States.

273. *Prior domestic commercial or research use; defense to infringement.*

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§273. *Prior domestic commercial or research use; defense to infringement*

(a) *DEFINITIONS.—For purposes of this section—*

(1) the terms “commercially used”, “commercially use”, and “commercial use” mean the use in the United States in commerce or the use in the design, testing, or production in the United States of a product or service which is used in commerce, whether or not the subject matter at issue is accessible to or otherwise known to the public;

(2) in the case of activities performed by a nonprofit research laboratory, or nonprofit entity such as a university, research center, or hospital, a use for which the public is the intended beneficiary shall be considered to be a use described in paragraph (1) if the use is limited to activity that occurred within the laboratory or nonprofit entity or by persons in privity with that laboratory or nonprofit entity before the effective filing date of the application for patent at issue, except that the use—

(A) may be asserted as a defense under this section only by the laboratory or nonprofit entity; and

(B) may not be asserted as a defense with respect to any subsequent use by any entity other than such laboratory, nonprofit entity, or persons in privity;

(3) the terms “used in commerce”, and “use in commerce” mean that there has been an actual sale or other arm’s-length commercial transfer of the subject matter at issue or that there has been an actual sale or other arm’s-length commercial transfer of a product or service resulting from the use of the subject matter at issue; and

(4) the “effective filing date” of a patent is the earlier of the actual filing date of the application for the patent or the filing date of any earlier United States, foreign, or international application to which the subject matter at issue is entitled under section 119, 120, or 365 of this title.

(b) *DEFENSE TO INFRINGEMENT.—(1) A person shall not be liable as an infringer under section 271 of this title with respect to any subject matter that would otherwise infringe one or more claims in the patent being asserted against such person, if such person had, acting in good faith, commercially used the subject matter before the effective filing date of such patent.*

(2) *The sale or other disposition of the subject matter of a patent by a person entitled to assert a defense under this section with respect to that subject matter shall exhaust the patent owner’s rights under the patent to the extent such rights would have been ex-*

hausted had such sale or other disposition been made by the patent owner.

(c) *LIMITATIONS AND QUALIFICATIONS OF DEFENSE.*—The defense to infringement under this section is subject to the following:

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

(2) *NOT A GENERAL LICENSE.*—The defense asserted by a person under this section is not a general license under all claims of the patent at issue, but extends only to the subject matter claimed in the patent with respect to which the person can assert a defense under this chapter, except that the defense shall also extend to variations in the quantity or volume of use of the claimed subject matter, and to improvements in the claimed subject matter that do not infringe additional specifically claimed subject matter of the patent.

(3) *EFFECTIVE AND SERIOUS PREPARATION.*—With respect to subject matter that cannot be commercialized without a significant investment of time, money, and effort, a person shall be deemed to have commercially used the subject matter if—

(A) before the effective filing date of the patent, the person actually reduced the subject matter to practice in the United States, completed a significant portion of the total investment necessary to commercially use the subject matter, and made an arm's-length commercial transaction in the United States in connection with the preparation to use the subject matter; and

(B) thereafter the person diligently completed the remainder of the activities and investments necessary to commercially use the subject matter, and promptly began commercial use of the subject matter, even if such activities were conducted after the effective filing date of the patent.

(4) *BURDEN OF PROOF.*—A person asserting the defense under this section shall have the burden of establishing the defense.

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

(6) *PERSONAL DEFENSE.*—The defense under this section may only be asserted by the person who performed the acts necessary to establish the defense and, except for any transfer to the patent owner, the right to assert the defense shall not be licensed or assigned or transferred to another person except in connection with the good faith assignment or transfer of the entire enterprise or line of business to which the defense relates.

(7) *ONE-YEAR LIMITATION.*—A person may not assert a defense under this section unless the subject matter on which the defense is based had been commercially used or actually reduced to practice more than one year prior to the effective filing date of the patent by the person asserting the defense or someone in privity with that person.

(d) *UNSUCCESSFUL ASSERTION OF DEFENSE.*—If the defense under this section is pleaded by a person who is found to infringe the patent and who subsequently fails to demonstrate a reasonable basis for asserting the defense, the court shall find the case exceptional for the purpose of awarding attorney’s fees under section 285 of this title.

(e) *INVALIDITY.*—A patent shall not be deemed to be invalid under section 102 or 103 of this title solely because a defense is established under this section.

CHAPTER 29—REMEDIES FOR INFRINGEMENT OF PATENT, AND OTHER ACTIONS

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§ 282. Presumption of validity; defenses

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In actions involving the validity or infringement of a patent the party asserting invalidity or noninfringement shall give notice in the pleadings or otherwise in writing to the adverse party at least thirty days before the trial, of the country, number, date, and name of the patentee of any patent, the title, date, and page numbers of any publication to be relied upon as anticipation of the patent in suit or, except in actions in the United States Court of Federal Claims, as showing the state of the art, and the name and address of any person who may be relied upon as the prior inventor or as having prior knowledge of or as having previously used or offered for sale the invention of the patent in suit. In the absence of such notice proof of the said matters may not be made at the trial except on such terms as the court requires. Invalidity of the extension of a patent term or any portion thereof under section 156 of this title because of the material failure—

(1) by the applicant for the extension, or

(2) by the [Commissioner] *Director*,

to comply with the requirements of such section shall be a defense in any action involving the infringement of a patent during the period of the extension of its term and shall be pleaded. A due diligence determination under section 156(d)(2) is not subject to review in such an action.

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§ 284. Damages

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When the damages are not found by a jury, the court shall assess them. In either event the court may increase the damages up to three times the amount found or assessed. *Increased damages under this paragraph shall not apply to provisional rights under section 154(d) of this title.*

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§ 290. Notice of patent suits

The clerks of the courts of the United States, within one month after the filing of an action under this title shall give notice thereof

in writing to the **【Commissioner】 Director**, setting forth so far as known the names and addresses of the parties, name of the inventor, and the designating number of the patent upon which the action has been brought. If any other patent is subsequently included in the action he shall give like notice thereof. Within one month after the decision is rendered or a judgment issued the clerk of the court shall give notice thereof to the **【Commissioner】 Director**. The **【Commissioner】 Director** shall, on receipt of such notices, enter the same in the file of such patent.

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CHAPTER 30—PRIOR ART CITATIONS TO OFFICE AND REEXAMINATION OF PATENTS

Sec.

301. Citation of prior art.

302. Request for reexamination.

303. Determination of issue by **【Commissioner】 Director**.

304. Reexamination order by **【Commissioner】 Director**.

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308. *Reexamination prohibited.*

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§ 302. Request for reexamination

Any person at any time may file a request for reexamination by the Office of any claim of a patent on the basis of any prior art cited under the provisions of section 301 of this title. The request must be in writing and must be accompanied by payment of a reexamination fee established by the **【Commissioner of Patents】 Director** pursuant to the provisions of section 41 of this title. The request must set forth the pertinency and manner of applying cited prior art to every claim for which reexamination is requested. Unless the requesting person is the owner of the patent, the **【Commissioner】 Director** promptly will send a copy of the request to the owner of record of the patent.

§ 303. Determination of issue by **【Commissioner】 Director**

(a) Within three months following the filing of a request for reexamination under the provisions of section 302 of this title, the **【Commissioner】 Director** will determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request, with or without consideration of other patents or printed publications. On his own initiative, and any time, the **【Commissioner】 Director** may determine whether a substantial new question of patentability is raised by patents and publications discovered by him or cited under the provisions of section 301 of this title.

(b) A record of the **【Commissioner's】 Director's** determination under subsection (a) of this section will be placed in the official file of the patent, and a copy promptly will be given or mailed to the owner of record of the patent and to the person requesting reexamination, if any.

(c) A determination by the **【Commissioner】 Director** pursuant to subsection (a) of this section that no substantial new question of

patentability has been raised will be final and nonappealable. Upon such a determination, the **Commissioner** *Director* may refund a portion of the reexamination fee required under section 302 of this title.

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§ 307. Certificate of patentability, unpatentability, and claim cancellation

(a) In a reexamination proceeding under this chapter, when the time for appeal has expired or any appeal proceeding has terminated, the **Commissioner** *Director* will issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent any proposed amended or new claim determined to be patentable.

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NOTE.—The amendments made to the following sections shall take effect on the date that is 6 months after the date of enactment of this Act and shall apply to all reexamination requests filed on or after such date:

§ 302. Request for reexamination

Any person at any time may file a request for reexamination by the Office of any claim of a patent on the basis of any prior art cited under the provisions of section 301 of this title. The request must be in writing and must be accompanied by payment of a reexamination fee established by the Commissioner of Patents pursuant to the provisions of section 41 of this title. The request must set forth the pertinency and manner of applying cited prior art to every claim for which reexamination is requested. Unless the requesting person is the owner of the patent, the Commissioner promptly will send a copy of the request to the owner of record of the patent.

§ 303. Determination of issue by Commissioner

[(a)] Within three months following the filing of a request for reexamination under the provisions of section 302 of this title, the Commissioner will determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request, with or without consideration of other patents or printed publications. On his own initiative, and any time, the Commissioner may determine whether a substantial new question of patentability is raised by patents and publications discovered by him or cited under the provisions of section 301 of this title.

[(b)] A record of the Commissioner's determination under subsection (a) of this section will be placed in the official file of the patent, and a copy promptly will be given or mailed to the owner of record of the patent and to the person requesting reexamination, if any.

[(c) A determination by the Commissioner pursuant to subsection (a) of this section that no substantial new question of patentability has been raised will be final and nonappealable. Upon such a determination, the Commissioner may refund a portion of the reexamination fee required under section 302 of this title.

[§ 304. Reexamination order by Commissioner

[If, in a determination made under the provisions of subsection 303(a) of this title, the Commissioner finds that a substantial new question of patentability affecting any claim of a patent is raised, the determination will include an order for reexamination of the patent for resolution of the question. The patent owner will be given a reasonable period, not less than two months from the date a copy of the determination is given or mailed to him, within which he may file a statement on such question, including any amendment to his patent and new claim or claims he may wish to propose, for consideration in the reexamination. If the patent owner files such a statement, he promptly will serve a copy of it on the person who has requested reexamination under the provisions of section 302 of this title. Within a period of two months from the date of service, that person may file and have considered in the reexamination a reply to any statement filed by the patent owner. That person promptly will serve on the patent owner a copy of any reply filed.

[§ 305. Conduct of reexamination proceedings

[After the times for filing the statement and reply provided for by section 304 of this title have expired, reexamination will be conducted according to the procedures established for initial examination under the provisions of sections 132 and 133 of this title. In any reexamination proceeding under this chapter, the patent owner will be permitted to propose any amendment to his patent and a new claim or claims thereto, in order to distinguish the invention as claimed from the prior art cited under the provisions of section 301 of this title, or in response to a decision adverse to the patentability of a claim of a patent. No proposed amended or new claim enlarging the scope of a claim of the patent will be permitted in a reexamination proceeding under this chapter. All reexamination proceedings under this section, including any appeal to the Board of Patent Appeals and Interferences, will be conducted with special dispatch within the Office.

[§ 306. Appeal

[The patent owner involved in a reexamination proceeding under this chapter may appeal under the provisions of section 134 of this title, and may seek court review under the provisions of sections 141 to 145 of this title, with respect to any decision adverse to the patentability of any original or proposed amended or new claim of the patent.]

§ 302. Request for reexamination

Any person at any time may file a request for reexamination by the Office of a patent on the basis of any prior art cited under the provisions of section 301 of this title or on the basis of the require-

ments of section 112 of this title other than the requirement to set forth the best mode of carrying out the invention. The request must be in writing, must include the identity of the real party in interest, and must be accompanied by payment of a reexamination fee established by the Director pursuant to the provisions of section 41 of this title. The request must set forth the pertinency and manner of applying cited prior art to every claim for which reexamination is requested or the manner in which the patent specification or claims fail to comply with the requirements of section 112 of this title. Unless the requesting person is the owner of the patent, the Director promptly shall send a copy of the request to the owner of record of the patent.

§ 303. Determination of issue by Director

(a) *REEXAMINATION*.—Not later than 3 months after the filing of a request for reexamination under the provisions of section 302 of this title, the Director shall determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request, with or without consideration of other patents or printed publications. On the Director's initiative, at any time, the Director may determine whether a substantial new question of patentability is raised by any other patent or publication or by the failure of the patent specification or claims of a patent to comply with the requirements of section 112 of this title other than the best mode requirement described in section 302.

(b) *RECORD*.—A record of the Director's determination under subsection (a) shall be placed in the official file of the patent, and a copy shall be promptly given or mailed to the owner of record of the patent and to the third-party requester, if any.

(c) *FINAL DECISION*.—A determination by the Director pursuant to subsection (a) shall be final and nonappealable. Upon a determination that no substantial new question of patentability has been raised, the Director may refund a portion of the reexamination fee required under section 302 of this title.

§ 304. Reexamination order by Director

If, in a determination made under the provisions of section 303(a) of this title, the Director finds that a substantial new question of patentability affecting a claim of a patent is raised, the determination shall include an order for reexamination of the patent for resolution of the question. The order may be accompanied by the initial action of the Patent and Trademark Office on the merits of the reexamination conducted in accordance with section 305 of this title.

§ 305. Conduct of reexamination proceedings

(a) *IN GENERAL*.—Subject to subsection (b), reexamination shall be conducted according to the procedures established for initial examination under the provisions of sections 132 and 133 of this title. In any reexamination proceeding under this chapter, the patent owner shall be permitted to propose any amendment to the patent and a new claim or claims, except that no proposed amended or new claim enlarging the scope of the claims of the patent shall be permitted.

(b) *RESPONSE.*—(1) *This subsection shall apply to any reexamination proceeding in which the order for reexamination is based upon a request by a third-party requester.*

(2) *With the exception of the reexamination request, any document filed by either the patent owner or the third-party requester shall be served on the other party.*

(3) *If the patent owner files a response to any action on the merits by the Patent and Trademark Office, the third-party requester shall have 1 opportunity to file written comments within a reasonable period not less than 1 month after the date of service of the patent owner's response. Written comments provided under this paragraph shall be limited to issues covered by action of the Patent and Trademark Office or the patent owner's response.*

(c) *SPECIAL DISPATCH.*—*Unless otherwise provided by the Director for good cause, all reexamination proceedings under this section, including any appeal to the Board of Patent Appeals and Interferences, shall be conducted with special dispatch within the Office.*

§306. Appeal

(a) *PATENT OWNER.*—*The patent owner involved in a reexamination proceeding under this chapter—*

(1) *may appeal under the provisions of section 134 of this title, and may appeal under the provisions of sections 141 through 144 of this title, with respect to any decision adverse to the patentability of any original or proposed amended or new claim of the patent; and*

(2) *may be a party to any appeal taken by a third-party requester pursuant to subsection (b) of this section.*

(b) *THIRD-PARTY REQUESTER.*—*A third-party requester in a reexamination proceeding—*

(1) *may appeal under the provisions of section 134 of this title, and may appeal under the provisions of sections 141 through 144 of this title, with respect to any final decision in the reexamination proceeding that is favorable to the patentability of any original or proposed amended or new claim of the patent; and*

(2) *may be a party to any appeal taken by the patent owner with respect to a decision in the reexamination proceeding, subject to subsection (c) of this section.*

(c) *PARTICIPATION AS PARTY.*—(1) *A third-party requester who, under the provisions of sections 141 through 144 of this title, files a notice of appeal, or who participates as a party to an appeal by the patent owner, with respect to a reexamination proceeding, is estopped from asserting at a later time, in any forum, the invalidity of any claim determined to be patentable on that appeal on any ground which the third-party requester raised or could have raised during the reexamination proceeding. This subsection does not prevent the assertion of invalidity based on newly discovered prior art unavailable to the third-party requester and the Patent and Trademark Office at the time of the reexamination proceeding.*

(2) *For purposes of paragraph (1), a third-party requester is deemed not to have participated as a party to an appeal by the patent owner unless, not later than 20 days after the patent owner has*

filed a notice of appeal, the third-party requester files notice with the Commissioner electing to participate.

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§ 308. Reexamination prohibited

(a) *ORDER FOR REEXAMINATION.*—Notwithstanding any provision of this chapter, once an order for reexamination of a patent has been issued under section 304 of this title, neither the patent owner nor the third-party requester, if any, nor privies of either, may, unless authorized by the Director, file a subsequent request for reexamination of the patent until a certificate relating to that reexamination proceeding is issued and published under section 307 of this title.

(b) *FINAL DECISION.*—Once a final decision has been entered against a party in a civil action arising in whole or in part under section 1338 of title 28 that the party has not sustained its burden of proving the invalidity of any patent claim in suit, or if a final decision in a reexamination proceeding instituted by a third-party requester is favorable to the patentability or any original or proposed amended or new claim of the patent and such decision is not appealed by the third-party requester under section 306(b), then neither that party nor its privies may thereafter request reexamination of any such patent claim on the basis of issues which that party or its privies raised or could have raised in such civil action or reexamination proceeding. This subsection does not prevent the assertion of invalidity based on newly discovered prior art unavailable to the party or privies and the Office at the time of the civil action or reexamination proceeding, as the case may be.

PART IV—PATENT COOPERATION TREATY

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CHAPTER 35—DEFINITIONS

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§ 351. Definitions

When used in this part unless the context otherwise indicates—

(a) The term “treaty” means the Patent Co-operation Treaty done at Washington, on June 19, 1970.

(b) The term “Regulations”, when capitalized, means the Regulations under the treaty, done at Washington on the same date as the treaty. The term “regulations”, when not capitalized, means the regulations established by the [Commissioner] *Director* under this title.

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CHAPTER 36—INTERNATIONAL STAGE

§ 361. Receiving Office

(a) * * *

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(d) The international fee, and the transmittal and search fees prescribed under section 376(a) of this part, shall either be paid on filing of an international application or within such later time as may be fixed by the **【Commissioner】** *Director*.

§ 362. International Searching Authority and International Preliminary Examining Authority

(a) * * *

(b) The handling fee, preliminary examination fee, and any additional fees due for international preliminary examination shall be paid within such time as may be fixed by the **【Commissioner】** *Director*.

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§ 364. International stage: Procedure

(a) * * *

(b) An applicant's failure to act within prescribed time limits in connection with requirements pertaining to a pending international application may be excused upon a showing satisfactory to the **【Commissioner】** *Director* of unavoidable delay, to the extent not precluded by the treaty and the Regulations, and provided the conditions imposed by the treaty and the Regulations regarding the excuse of such failure to act are complied with.

§ 365. Right of priority; benefit of the filing date of a prior application

(a) * * *

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(c) In accordance with the conditions and requirements of section 120 of this title, an international application designating the United States shall be entitled to the benefit of the filing date of a prior national application or a prior international application designating the United States, and a national application shall be entitled to the benefit of the filing date of a prior international application designating the United States. If any claim for the benefit of an earlier filing date is based on a prior international application which designated but did not originate in the United States, the **【Commissioner】** *Director* may require the filing in the Patent and Trademark Office of a certified copy of such application together with a translation thereof into the English language, if it was filed in another language.

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§ 367. Actions of other authorities: Review

(a) Where a Receiving Office other than the Patent and Trademark Office has refused to accord an international filing date to an international application designating the United States or where it has held such application to be withdrawn either generally or as to the United States, the applicant may request review of the matter by the **【Commissioner】** *Director*, on compliance with the requirements of and within the time limits specified by the treaty and the Regulations. Such review may result in a determination

that such application be considered as pending in the national stage.

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CHAPTER 37—NATIONAL STAGE

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§ 371. National stage: Commencement

(a) * * *

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(d) The requirements with respect to the national fee referred to in subsection (c)(1), the translation referred to in subsection (c)(2), and the oath or declaration referred to in subsection (c)(4) of this section shall be complied with by the date of the commencement of the national stage or by such later time as may be fixed by the **【Commissioner】 Director**. The copy of the international application referred to in subsection (c)(2) shall be submitted by the date of the commencement of the national stage. Failure to comply with these requirements shall be regarded as abandonment of the application by the parties thereof, unless it be shown to the satisfaction of the **【Commissioner】 Director** that such failure to comply was unavoidable. The payment of a surcharge may be required as a condition of accepting the national fee referred to in subsection (c)(1) or the oath or declaration referred to in subsection (c)(4) of this section if these requirements are not met by the date of the commencement of the national stage. The requirements of subsection (c)(3) of this section shall be complied with by the date of the commencement of the national stage, and failure to do so shall be regarded as a cancellation of the amendments to the claims in the international application made under article 19 of the treaty. The requirement of subsection (c)(5) shall be complied with at such time as may be fixed by the **【Commissioner】 Director** and failure to do so shall be regarded as cancellation of the amendments made under article 34(2)(b) of the treaty

* * * * *

§ 372. National stage: Requirements and procedure

(a) * * *

(b) In case of international applications designating but not originating in, the United States—

(1) the **【Commissioner】 Director** may cause to be reexamined questions relating to form and contents of the application in accordance with the requirements of the treaty and the Regulations;

(2) the **【Commissioner】 Director** may cause the question of unity of invention to be reexamined under section 121 of this title, within the scope of the requirements of the treaty and the Regulations; and

(3) the **【Commissioner】 Director** may require a verification of the translation of the international application or any other

document pertaining to the application if the application or other document was filed in a language other than English.

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[§ 374. Publication of international application: Effect

【The publication under the treaty of an international application shall confer no rights and shall have no effect under this title other than that of a printed publication.】

§ 374. Publication of international application: Effect

The publication under the treaty defined in section 351(a) of this title of an international application designating the United States shall confer the same rights and shall have the same effect under this title as an application for patent published under section 122(b), except as provided in sections 102(e) and 154(d) of this title.

§ 375. Patent issued on international application: Effect

(a) A patent may be issued by the 【Commissioner】 *Director* based on an international application designating the United States, in accordance with the provisions of this title. Subject to section 102(e) of this title, such patent shall have the force and effect of a patent issued on a national application filed under the provisions of chapter 11 of this title.

* * * * *

§ 376. Fees

(a) The required payment of the international fee and the handling fee, which amounts are specified in the Regulations, shall be paid in United States currency. The Patent and Trademark Office shall charge a national fee as provided in section 41(a), and may also charge the following fees:

(1) * * *

* * * * *

(5) Such other fees as established by the 【Commissioner】 *Director*.

(b) The amounts of fees specified in subsection (a) of this section, except the international fee and the handling fee, shall be prescribed by the 【Commissioner】 *Director*. He may refund any sum paid by mistake or in excess of the fees so specified, or if required under the treaty and the Regulations. The 【Commissioner】 *Director* may also refund any part of the search fee, the national fee, the preliminary examination fee, and any additional fees, where he determines such refund to be warranted.

* * * * *

ACT OF JULY 5, 1946

(Commonly Referred to as the Trademark Act of 1946)

* * * * *

TITLE I—THE PRINCIPAL REGISTER

SECTION 1. (a) * * *

(1) * * *

(A) a written application, in such form as may be prescribed by the **【Commissioner】** *Director*, verified by the applicant, or by a member of the firm or an officer of the corporation or association applying, specifying applicant's domicile and citizenship, the date of applicant's first use of the mark, the date of applicant's first use of the mark in commerce, the goods in connection with which the mark is used and the mode or manner in which the mark is used in connection with such goods, and including a statement to the effect that the person making the verification believes himself, or the firm, corporation, or association in whose behalf he makes the verification, to be the owner of the mark sought to be registered, that the mark is in use in commerce, and that no other person, firm, corporation, or association, to the best of his knowledge and belief, has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive: *Provided*, That in the case of every application claiming concurrent use the applicant shall state exceptions to his claim of exclusive use in which he shall specify, to the extent of his knowledge, any concurrent use by others, the goods in connection with which and the areas in which each concurrent use exists, the periods of each use, and the goods and area for which the applicant desires registration;

* * * * *

(C) such number of specimens or facsimiles of the mark as used as may be required by the **【Commissioner】** *Director*.

(2) * * *

(3) By complying with such rules or regulations, not inconsistent with law, as may be prescribed by the **【Commissioner】** *Director*.

(b) * * *

(1) * * *

(A) a written application, in such form as may be prescribed by the **【Commissioner】** *Director*, verified by the applicant, or by a member of the firm or an officer of the corporation or association applying, specifying applicant's domicile and citizenship, applicant's bona fide intention to use the mark in commerce, the goods on or in connection with which the applicant has a bona fide intention to use the mark and the mode or manner in which the mark is intended to be used on or in connection with such goods, including a statement to the effect that the person making the verification believes himself or herself, or the firm, corporation, or association in whose behalf he or she makes the verification, to be entitled to use the mark in com-

merce, and that no other person, firm, corporation, or association, to the best of his or her knowledge and belief, has the right to use such mark in commerce either in the identical form of the mark or in such near resemblance to the mark as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive; however, except for applications filed pursuant to section 44, no mark shall be registered until the applicant has met the requirements of subsection (d) of this section; and

(B) * * *

(2) * * *

(3) By complying with such rules or regulations, not inconsistent with law, as may be prescribed by the **【Commissioner】** *Director*.

* * * * *

(d)(1) Within six months after the date on which the notice of allowance with respect to a mark is issued under section 13(b)(2) to an applicant under subsection (b) of this section, the applicant shall file in the Patent and Trademark Office, together with such number of specimens or facsimiles of the mark as used in commerce as may be required by the **【Commissioner】** *Director* and payment of the prescribed fee, a verified statement that the mark is in use in commerce and specifying the date of the applicant's first use of the mark in commerce, those goods or services specified in the notice of allowance on or in connection with which the mark is used in commerce, and the mode or manner in which the mark is used on or in connection with such goods or services. Subject to examination and acceptance of the statement of use, the mark shall be registered in the Patent and Trademark Office, a certificate of registration shall be issued for those goods or services recited in the statement of use for which the mark is entitled to registration, and notice of registration shall be published in the Official Gazette of the Patent and Trademark Office. Such examination may include an examination of the factors set forth in subsections (a) through (e) of section 2. The notice of registration shall specify the goods or services for which the mark is registered.

(2) The **【Commissioner】** *Director* shall extend, for one additional 6-month period, the time for filing the statement of use under paragraph (1), upon written request of the applicant before the expiration of the 6-month period provided in paragraph (1). In addition to an extension under the preceding sentence, the **【Commissioner】** *Director* may, upon a showing of good cause by the applicant, further extend the time for filing the statement of use under paragraph (1) for periods aggregating not more than 24 months, pursuant to written request of the applicant made before the expiration of the last extension granted under this paragraph. Any request for an extension under this paragraph shall be accompanied by a verified statement that the applicant has a continued bona fide intention to use the mark in commerce and specifying those goods or services identified in the notice of allowance on or in connection with which the applicant has a continued bona fide intention to use the mark in commerce. Any request for an extension under this paragraph shall be accompanied by payment of the prescribed fee.

The **Commissioner** *Director* shall issue regulations setting forth guidelines for determining what constitutes good cause for purposes of this paragraph.

(3) The **Commissioner** *Director* shall notify any applicant who files a statement of use of the acceptance or refusal thereof and, if the statement of use is refused, the reasons for the refusal. An applicant may amend the statement of use.

* * * * *

(e) If the applicant is not domiciled in the United State he shall designate by a written document filed in the Patent and Trademark Office the name and address of some person resident in the United States on whom may be served notices or process in proceedings affecting the mark. Such notices or process may be served upon the person so designated by leaving with him or mailing to him a copy thereof at the address specified in the last designation so filed. If the person so designated cannot be found at the address given in the last designation, such notice or process may be served upon the **Commissioner** *Director*.

MARKS REGISTRABLE ON THE PRINCIPAL REGISTER

SEC. 2. * * *

* * * * *

(d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive: *Provided*, That if the **Commissioner** *Director* determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods on or in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce prior to (1) the earliest of the filing dates of the applications pending or of any registration issued under this Act; (2) July 5, 1947, in the case of registrations previously issued under the Act of March 3, 1881, or February 20, 1905, and continuing in full force and effect on that date; or (3) July 5, 1947, in the case of applications filed under the Act of February 20, 1905, and registered after July 5, 1947. Use prior to the filing date of any pending application or a registration shall not be required when the owner of such application or registration consents to the grant of a concurrent registration to the applicant. Concurrent registrations may also be issued by the **Commissioner** *Director* when a court of competent jurisdiction has finally determined that more than one person is entitled to use the same or similar marks in commerce. In issuing concurrent registrations, the **Commissioner** *Director* shall prescribe conditions and limitations as to the mode or place of use of the mark or the

goods on or in connection with which such mark is registered to the respective persons.

* * * * *

(f) Except as expressly excluded in paragraphs (a), (b), (c), (d), and (e)(3) of this section, nothing herein shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce. The **Commissioner** *Director* may accept as prima facie evidence that the mark has become distinctive, as used on or in connection with the applicant's goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made. Nothing in this section shall prevent the registration of a mark which, when used on or in connection with the goods of the applicant, is primarily geographically deceptively misdescriptive of them, and which became distinctive of the applicant's goods in commerce before the date of the enactment of the North American Free Trade Agreement Implementation Act.

* * * * *

SEC. 6. (a) The **Commissioner** *Director* may require the applicant to disclaim an unregistrable component of a mark otherwise registrable. An applicant may voluntarily disclaim a component of a mark sought to be registered.

* * * * *

CERTIFICATES

SEC. 7. (a) Certificates of registration of marks registered upon the principal register shall be issued in the name of the United States of America, under the seal of the Patent and Trademark Office, and shall be signed by the **Commissioner** *Director* or have his signature placed thereon, and a record thereof shall be kept in the Patent Office.. The registration shall reproduce the mark, and state that the mark is registered on the principal register under this Act, the date of the first use of the mark, the date of the first use of the mark in commerce, the particular goods or services for which it is registered, the number and date of the registration, the term thereof, the date on which the application for registration was received in the Patent and Trademark Office, and any conditions and limitations that may be imposed in the registration.

* * * * *

(d) A certificate of registration of a mark may be issued to the assignee of the applicant, but the assignment must first be recorded in the Patent and Trademark Office. In case of change of ownership the **Commissioner** *Director* shall, at the request of the owner and upon a proper showing and the payment of the prescribed fee, issue to such assignee a new certificate of registration of the said mark in the name of such assignee, and for the unexpired part of the original period.

(e) Upon application of the registrant the **Commissioner** *Director* may permit any registration to be surrendered for cancellation, and upon cancellation appropriate entry shall be made in the records of the Patent and Trademark Office. Upon application of

the registrant and payment of the prescribed fee, the **【Commissioner】 Director** for good cause may permit any registration to be amended or to be disclaimed in part: *Provided*, That the amendment or disclaimer does not alter materially the character of the mark. Appropriate entry shall be made in the records of the Patent and Trademark Office and upon the certificate of registration or, if said certificate is lost or destroyed, upon a certified copy thereof.

(f) Copies of any records, books, papers, or drawings belonging to the Patent and Trademark Office relating to marks, and, copies of registrations, when authenticated by the seal of the Patent and Trademark Office and certified by the **【Commissioner】 Director**, or in his name by an employee of the Office duly designated by the **【Commissioner】 Director**, shall be evidence in all cases wherein the originals would be evidence; and any person making application therefore and paying the prescribed fee shall have such copies.

(g) Whenever a material mistake in a registration, incurred through the fault of the Patent and Trademark Office, is clearly disclosed by the records of the Office a certificate stating the fact and nature of such mistake shall be issued without charge and recorded and a printed copy thereof shall be attached to each printed copy of the registration and such corrected registration shall thereafter have the same effect as if the same had been originally issued in such corrected form, or in the discretion of the **【Commissioner】 Director** a new certificate of registration may be issued without charge. All certificates of correction heretofore issued in accordance with the rules of the Patent and Trademark Office and the registrations to which they are attached shall have the same force and effect as if such certificates and their issue had been specifically authorized by statute.

(h) Whenever a mistake has been made in a registration and a showing has been made that such mistake occurred in good faith through the fault of the applicant, the **【Commissioner】 Director** is authorized to issue a certificate of correction or, in his discretion, a new certificate upon the payment of the prescribed fee: *Provided*, That the correction does not involve such changes in the registration as to require republication of the mark.

DURATION

SEC. 8. (a) Each certificate of registration shall remain in force for ten years: *Provided*, That the registration of any mark under the provisions of this Act shall be canceled by the **【Commissioner】 Director** at the end of six years following its date, unless within one year next preceding the expiration of such six years the registrant shall file in the Patent and Trademark Office an affidavit setting forth those goods or services recited in the registration on or in connection with which the mark is in use in commerce and attaching to the affidavit a specimen or facsimile showing current use of the mark, or showing that any nonuse is due to special circumstances which excuse such nonuse and is not due to any intention to abandon the mark. Special notice of the requirement for such affidavit shall be attached to each certificate of registration.

(b) Any registration published under the provisions of subsection (c) of section 12 of this Act shall be canceled by the **【Commissioner】 Director** at the end of six years after the date of such publi-

cation unless within one year next preceding the expiration of such six years the registrant shall file in the Patent and Trademark Office an affidavit showing that said mark is in use in commerce or showing that its nonuse is due to special circumstances which excuse such nonuse and is not due to any intention to abandon the mark.

(c) The **【Commissioner】** *Director* shall notify any registrant who files either of the above-prescribed affidavits of his acceptance or refusal thereof and, if a refusal, the reasons therefore.

SEC. 9. (a) * * *

(b) If the **【Commissioner】** *Director* refuses to renew the registration, he shall notify the registrant of his refusal and the reasons therefor.

* * * * *

PUBLICATION

SEC. 12. (a) Upon the filing of an application for registration and payment of the prescribed fee, the **【Commissioner】** *Director* shall refer the application to the examiner in charge of the registration of marks, who shall cause an examination to be made and, if on such examination it shall appear that the applicant is entitled to registration, or would be entitled to registration upon the acceptance of the statement of use required by section 1(d) of this Act, the **【Commissioner】** *Director* shall cause the mark to be published in the Official Gazette of the Patent and Trademark Office: *Provided*, That in the case of an applicant claiming concurrent use, or in the case of an application to be placed in an interference as provided for in section 16 of this Act, the mark, if otherwise registrable, may be published subject to the determination of the rights of the parties to such proceedings.

(b) If the applicant is found not entitled to registration, the examiner shall advise the applicant thereof and of the reasons therefor. The applicant shall have a period of six months in which to reply or amend his application, which shall then be reexamined. This procedure may be repeated until (1) the examiner finally refuses registration of the mark or (2) the applicant fails for a period of six months to reply or amend or appeal, whereupon the application shall be deemed to have been abandoned, unless it can be shown to the satisfaction of the **【Commissioner】** *Director* that the delay in responding was unavoidable, whereupon such time may be extended.

(c) A registrant of a mark registered under the provisions of the Act of March 3, 1881, or the Act of February 20, 1905, may, at any time prior to the expiration of the registration thereof, upon the payment of the prescribed fee file with the **【Commissioner】** *Director* an affidavit setting forth those goods stated in the registration on which said mark is in use in commerce and that the registrant claims the benefits of this Act for said mark. The **【Commissioner】** *Director* shall publish notice thereof with a reproduction of said mark in the Official Gazette, and notify the registrant of such publication and of the requirement for the affidavit of use or nonuse as provided for in subsection (b) of section 8 of this Act. Marks pub-

lished under this subsection shall not be subject to the provisions of section 13 of this Act.

OPPOSITION

SEC. 13. (a) Any person who believes that he would be damaged by the registration of a mark upon the principal register may, upon payment of the prescribed fee, file an opposition in the Patent and Trademark Office, stating the grounds therefor, within thirty days after the publication under subsection (a) of section 12 of this Act of the mark sought to be registered. Upon written request prior to the expiration of the thirty-day period, the time for filing opposition shall be extended for an additional thirty days, and further extensions of time for filing opposition may be granted by the **Commissioner** *Director* for good cause when requested prior to the expiration of an extension. The Commissioner shall notify the applicant of each extension of the time for filing opposition. An opposition may be amended under such conditions as may be prescribed by the **Commissioner** *Director*.

* * * * *

SEC. 15. Except on a ground for which application to cancel may be filed at any time under paragraphs (3) and (5) of section 14 of this Act, and except to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of registration under this Act of such registered mark, the right of the registrant to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable: *Provided, That—*

(1) * * *

* * * * *

(3) an affidavit is filed with the **Commissioner** *Director* within one year after the expiration of any such five-year period setting forth those goods or services stated in the registration on or in connection with which such mark has been in continuous use for such five consecutive years and is still in use in commerce, and the other matters specified in paragraphs (1) and (2) of this section; and

(4) no incontestable right shall be acquired in a mark which is the generic name for the goods or services or a portion thereof, for which it is registered.

Subject to the conditions above specified in this section, the incontestable right with reference to a mark registered under this Act shall apply to a mark registered under the Act of March 3, 1881, or the Act of February 20, 1905, upon the filing of the required affidavit with the **Commissioner** *Director* within one year after the expiration of any period of five consecutive years after the date of publication of a mark under the provisions of subsection (c) of section 12 of this Act.

The **Commissioner** *Director* shall notify any registrant who files the above-prescribed affidavit of the filing thereof.

INTERFERENCE

SEC. 16. Upon petition showing extraordinary circumstances, the **Commissioner** *Director* may declare that an interference exists when application is made for the registration of a mark which so resembles a mark previously registered by another, or for the registration of which another has previously made application, as to be likely when used on or in connection with the goods or services of the applicant to cause confusion or mistake or to deceive. No interference shall be declared between an application and the registration of a mark the right to the use of which has become incontestable.

SEC. 17. In every case of interference, opposition to registration, application to register as a lawful concurrent user, or application to cancel the registration of a mark, the Commissioner shall give notice to all parties and shall direct a Trademark Trial and Appeal Boards, to determine and decide the respective rights of registration.

[The Trademark Trial and Appeal Board shall include the Commissioner, the Deputy Commissioner, the Assistant Commissioners, and members appointed by the Commissioner. Employees of the Patent and Trademark Office and other persons, all of whom shall be competent in trademark law, shall be eligible for appointment as members. Each case shall be heard by at least three members of the Board, the members hearing such case to be designated by the Commissioner.]

SEC. 17. (a) In every case of interference, opposition to registration, application to register as a lawful concurrent user, or application to cancel the registration of a mark, the Director shall give notice to all parties and shall direct a Trademark Trial and Appeal Board to determine and decide the respective rights of registration.

(b) The Trademark Trial and Appeal Board shall include the Director, the Commissioner for Patents, the Commissioner for Trademarks, and administrative trademark judges who are appointed by the Director.

SEC. 18. In such proceedings the **Commissioner** *Director* may refuse to register the opposed mark, may cancel the registration, in whole or in part, may modify the application or registration by limiting the goods or services specified therein, may otherwise restrict or rectify with respect to the register the registration of a registered mark, may refuse to register any or all of several interfering marks, or may register the mark or marks for the person or persons entitled thereto, as the rights of the parties hereunder may be established in the proceedings; *Provided*, That in the case of the registration of any mark based on concurrent use, the **Commissioner** *Director* shall determine and fix the conditions and limitations provided for in subsection (d) of section 2 of this Act. However, no final judgment shall be entered in favor of an applicant under section 1(b) before the mark is registered, if such applicant

cannot prevail without establishing constructive use pursuant to section 7(c).

* * * * *

SEC. 21. (a)(1) An applicant for registration of a mark, party to an interference proceeding, party to an opposition proceeding, party to an application to register as a lawful concurrent user, party to a cancellation proceeding, a registrant who has filed an affidavit as provided in section 8, or an applicant for renewal, who is dissatisfied with the decision of the **【Commissioner】** *Director* or Trademark Trial and Appeal Board, may appeal to the United States Court of Appeals for the Federal Circuit thereby waiving his right to proceed under subsection (b) of this section: *Provided*, That such appeal shall be dismissed if any adverse party to the proceeding, other than the **【Commissioner】** *Director*, shall, within twenty days after the appellant has filed notice of appeal according to paragraph (2) of this subsection, files notice with the **【Commissioner】** *Director* that he elects to have all further proceedings conducted as provided in subsection (b) of this section. Thereupon the appellant shall have thirty days thereafter within which to file a civil action under subsection (b) of this section, in default of which the decision appealed from shall govern the further proceedings in the case.

(2) When an appeal is taken to the United States Court of Appeals for the Federal Circuit, the appellant shall file in the Patent and Trademark Office a written notice of appeal directed to the **【Commissioner】** *Director*, within such time after the date of the decision from which the appeal is taken as the **【Commissioner】** *Director* prescribes, but in no case less than 60 days after that date.

(3) The **【Commissioner】** *Director* shall transmit to the United States Court of Appeals for the Federal Circuit a certified list of the documents comprising the record in the Patent and Trademark Office. The court may request that the **【Commissioner】** *Director* forward the original or certified copies of such documents during pendency of the appeal. In an ex parte case, the **【Commissioner】** *Director* shall submit to that court a brief explaining the grounds for the decision of the Patent and Trademark Office, addressing all the issues involved in the appeal. The court shall, before hearing an appeal give notice of the time and place of the hearing to the **【Commissioner】** *Director* and the parties in the appeal.

(4) The United States Court of Appeals for the Federal Circuit shall review the decision from which the appeal is taken on the record before the Patent and Trademark Office. Upon its determination the court shall issue its mandate and opinion to the **【Commissioner】** *Director*, which shall be entered of record in the Patent and Trademark Office and shall govern the further proceedings in the case. However, no final judgment shall be entered in favor of an applicant under section 1(b) before the mark is registered, if such applicant cannot prevail without establishing constructive use pursuant to section 7(c).

(b)(1) Whenever a person authorized by subsection (a) of this section to appeal to the United States Court of Appeals for the Federal Circuit is dissatisfied with the decision of the **【Commissioner】** *Director* or Trademark Trial and Appeal Board, said person may, unless appeal has been taken to said United States Court of Appeals for the Federal Circuit, have remedy by a civil action if commenced

within such time after such decision, not less than sixty days, as the **【Commissioner】 Director** appoints or as provided in subsection (a) of this section. The court may adjudge that an applicant is entitled to a registration upon the application involved, that a registration involved should be canceled, or such other matter as the issues in the proceeding require, as the facts in the case may appear. Such adjudication shall authorize the **【Commissioner】 Director** to take any necessary action, upon compliance with the requirements of law. However, no final judgment shall be entered in favor of an applicant under section 1(b) before the mark is registered, if such applicant cannot prevail without establishing constructive use pursuant to section 7(c).

(2) The **【Commissioner】 Director** shall not be made a party to an inter partes proceeding under this subsection, but he shall be notified of the filing of the complaint by the clerk of the court in which it is filed and shall have the right to intervene in the action.

(3) In any case where there is no adverse party, a copy of the complaint shall be served on the **【Commissioner】 Director**, and, unless the court finds the expenses to be unreasonable, all the expenses of the proceeding shall be paid by the party bringing the case, whether the final decision is in favor of such party or not. In suits brought hereunder, the record in the Patent and Trademark Office shall be admitted on motion of any party, upon such terms and conditions as to costs, expenses, and the further cross-examination of the witnesses as the court imposes, without prejudice to the right of any party to take further testimony. The testimony and exhibits of the record in the Patent and Trademark Office, when admitted, shall have the same effect as if originally taken and produced in the suit.

* * * * *

TITLE II—THE SUPPLEMENTAL REGISTER

SEC. 23. (a) In addition to the principal register, the **【Commissioner】 Director** shall keep a continuation of the register provided in paragraph (b) of section 1 of the Act of March 19, 1920, entitled “An Act to give effect to certain provisions of the convention for the protection of trade-marks and commercial names, made and signed in the city of Buenos Aires, in the Argentine Republic, August 20, 1910, and for other purposes”, to be called the supplemental register. All marks capable of distinguishing applicant’s goods or services and not registrable on the principal register herein provided, except those declared to be unregistrable under subsections (a), (b), (c), (d), and (e)(3) of section 2 of this Act, which are in lawful use in commerce by the owner thereof, on or in connection with any goods or services may be registered on the supplemental register upon the payment of the prescribed fee and compliance with the provisions of subsections (a) and (e) of section 1 so far as they are applicable. Nothing in this section shall prevent the registration on the supplemental register of a mark, capable of distinguishing the applicant’s goods or services and not registrable on the principal register under this Act, that is declared to be unregistrable under section 2(e)(3), if such mark has been in lawful use in commerce by the owner thereof, on or in connection with any goods or serv-

ices, since before the date of the enactment of the North American Free Trade Agreement Implementation Act.

(b) Upon the filing of an application for registration on the supplemental register and payment of the prescribed fee the **【Commissioner】** *Director* shall refer the application to the examiner in charge of the registration of marks, who shall cause an examination to be made and if on such examination it shall appear that the applicant is entitled to registration, the registration shall be granted. If the applicant is found not entitled to registration the provisions of subsection (b) of section 12 of this Act shall apply.

* * * * *

CANCELLATION

SEC. 24. Marks for the supplemental register shall not be published for or be subject to opposition, but shall be published on registration in the Official Gazette of the Patent and Trademark Office. Whenever any person believes that he is or will be damaged by the registration of a mark on this register he may at any time, upon payment of the prescribed fee and the filing of a petition stating the ground therefor, apply to the **【Commissioner】** *Director* to cancel such registration. The **【Commissioner】** *Director* shall refer such application to the Trademark Trial and Appeal Board, which shall give notice thereof to the registrant. If it is found after a hearing before the Board which that the registrant is not entitled to registration, or that the mark has been abandoned, the registration shall be canceled by the **【Commissioner】** *Director*. However, no final judgment shall be entered in favor of an applicant under section (1)(b) before the mark is registered, if such applicant cannot prevail without establishing constructive use pursuant to section 7(c).

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TITLE IV—CLASSIFICATION

SEC. 30. The **【Commissioner】** *Director* may establish a classification of goods and services, for convenience of Patent and Trademark Office administration, but not to limit or extend the applicant's or registrant's rights. The applicant may apply to register a mark for any or all of the goods or services on or in connection with which he or she is using or has a bona fide intention to use the mark in commerce: *Provided*, That if the **【Commissioner】** *Director* by regulation permits the filing of an application for the registration of a mark for goods or services which fall within a plurality of classes, a fee equaling the sum of the fees for filing an application in each class shall be paid, and the **【Commissioner】** *Director* may issue a single certificate of registration for such mark.

TITLE V—FEES AND CHARGES

§ 31. Fees

(a) The **【Commissioner】** *Director* will establish fees for the filing and processing of an application for the registration of a trademark or other mark and for all other services performed by and materials furnished by the Patent and Trademark Office related to

trademarks and other marks. However, no fee for the filing or processing of an application for the registration of a trademark or other mark or for the renewal or assignment of a trademark or other mark will be adjusted more than once every three years. No fee established under this section will take effect prior to sixty days following notice in the Federal Register.

(b) The **【Commissioner】** *Director* may waive the payment of any fee for any service or material related to trademarks or other marks in connection with an occasional request made by a department or agency of the Government, or any officer thereof. The Indian Arts and Crafts Board will not be charged any fee to register Government trademarks of genuineness and quality for Indian products or for products of particular Indian tribes and groups.

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SEC. 34. (a) * * *

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(c) It shall be the duty of the clerks of such courts within one month after the filing of any action, suit, or proceeding involving a mark registered under the provisions of this Act to give notice thereof in writing to the **【Commissioner】** *Director* setting forth in order so far as known the names and addresses of the litigants and the designating number or numbers of the registration or registrations upon which the action, suit, or proceeding has been brought, and in the event any other registration be subsequently included in the action, suit, or proceeding by amendment, answer, or other pleading, the clerk shall give like notice thereof to the **【Commissioner】** *Director*, and within one month after the judgment is entered or an appeal is taken the clerk of the court shall give notice thereof to the **【Commissioner】** *Director*, and it shall be the duty of the **【Commissioner】** *Director* on receipt of such notice forthwith to endorse the same upon the file wrapper of the said registration or registrations and to incorporate the same as a part of the contents of said file wrapper.

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SEC. 37. In any action involving a registered mark the court may determine the right to registration, order the cancellation of registrations, in whole or in part, restore canceled registrations, and otherwise rectify the register with respect to the registrations of any party to the action. Decrees and orders shall be certified by the court to the **【Commissioner】** *Director*, who shall make appropriate entry upon the records of the Patent and Trademark Office, and shall be controlled thereby.

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SEC. 41. The **【Commissioner】** *Director* shall make rules and regulations, not inconsistent with law, for the conduct of proceedings in the Patent and Trademark Office under this Act.

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TITLE VIX—INTERNATIONAL CONVENTIONS

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SEC. 44. (a) The **【Commissioner】** *Director* shall keep a register of all marks communicated to him by the international bureaus provided for by the conventions for the protection of industrial property, trade-marks, trade and commercial names, and the repression of unfair competition to which the United States is or may become a party, and upon the payment of the fees required by such conventions and the fees required in this Act may place the marks so communicated upon such register. This register shall show a facsimile of the mark or trade or commercial name; the name, citizenship, and address of the registrant; the number, date, and place of the first registration of the mark, including the date on which application for such registration was filed and granted and the term of such registration; a list of goods or services to which the mark is applied as shown by the registration in the country of origin, and such other data as may be useful concerning the mark. This register shall be a continuation of the register provided in section 1(a) of the Act of March 19, 1920.

* * * * *

TITLE X—CONSTRUCTION AND DEFINITIONS

SEC. 45. In the construction of this Act, unless the contrary is plainly apparent from the context—

The United States includes and embraces all territory which is under its jurisdiction and control.

The word “commerce” means all commerce which may lawfully be regulated by Congress.

* * * * *

【The term “Commissioner” means the Commissioner of Patents and Trademarks.】 *The term “Director” means the Director of the United States Patent and Trademark Office.*

* * * * *

TITLE XI—REPEAL OF PREVIOUS ACTS

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SEC. 47. (a) * * *

(b) In any case in which an appeal is pending before the United States Court of Customs and Patent Appeals or any United States Circuit Court of Appeals or the United States Court of Appeals for the District of Columbia or the United States Supreme Court at the effective date of this Act, the court, if it be of the opinion that the provisions of this Act are applicable to the subject matter of the appeal, may apply such provision or may remand the case to the **【Commissioner】** *Director* or to the district court for the taking of additional evidence or a new trial or for reconsideration of the decision on the record as made, as the appellate court may deem proper.

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**SECTION 10101 OF THE OMNIBUS BUDGET
RECONCILIATION ACT OF 1990**

[SEC. 10101. PATENT AND TRADEMARK OFFICE USER FEES.

[(a) SURCHARGES.—There shall be a surcharge, during fiscal years 1991 through 1998, on all fees authorized by subsections (a) and (b) of section 41 of title 35, United States Code, in order to ensure that the amounts specified in subsection (c) are collected.

[(b) USE OF SURCHARGES.—Notwithstanding section 3302 of title 31, United States Code, beginning in fiscal year 1991, all surcharges collected by the Patent and Trademark Office—

[(1) in fiscal year 1991—

[(A) shall be credited to a separate account established in the Treasury and ascribed to the Patent and Trademark Office activities in the Department of Commerce as offsetting receipts, and

[(B) of these surcharges, \$91,000,000 shall be available only to the Patent and Trademark Office, to the extent provided in appropriation Acts, and the additional surcharge receipts, totalling \$18,807,000, shall be available only to the Patent and Trademark Office without appropriation, for all authorized activities and operations of the office, including all direct and indirect costs of services provided by the office,

[(2) in fiscal years 1992 through 1998—

[(A) shall be credited to a separate account established in the Treasury and ascribed to the Patent and Trademark Office activities in the Department of Commerce as offsetting receipts, and

[(B) shall be available only to the Patent and Trademark Office, to the extent provided in appropriation Acts, for all authorized activities and operations of the office, including all direct and indirect costs of services provided by the office, and

[(3) shall remain available until expended.

[(c) ESTABLISHMENT OF SURCHARGES.—In fiscal years 1991 through 1998, the Commissioner of Patents and Trademarks shall establish surcharges under subsection (a), subject to the provisions of section 553 of title 5, United States Code, in order to ensure that the following amounts, but not more than the following amounts, of patent and trademark user fees are collected:

[(1) \$109,807,000 in fiscal year 1991.

[(2) \$95,000,000 in fiscal year 1992.

[(3) \$99,000,000 in fiscal year 1993.

[(4) \$103,000,000 in fiscal year 1994.

[(5) \$107,000,000 in fiscal year 1995.

[(6) \$111,000,000 in fiscal year 1996.

[(7) \$115,000,000 in fiscal year 1997.

[(8) \$119,000,000 in fiscal year 1998.

[(d) REPEAL.—Section 105(a) of Public Law 100–703 (102 Stat. 4675) is repealed.

[(e) REPORT ON FEES.—The Commissioner of Patents and Trademarks shall study the structure of all fees collected by the Patent

and Trademark Office and, not later than May 1, 1991, shall submit to the Congress a report on all fees to be collected by the office in fiscal years 1992 through 1995. The report shall include a proposed schedule of fees that would distribute the surcharges provided by subsection (a) among all fees collected by the office, and recommendations for any statutory changes that may be necessary to implement the proposals contained in the report.】

SEC. 10101. PATENT AND TRADEMARK OFFICE USER FEES.

(a) *SURCHARGES.*—*There shall be a surcharge on all fees authorized by subsections (a) and (b) of section 41 of title 35, United States Code, in order to ensure that the amounts specified in subsection (c) are collected.*

(b) *USE OF SURCHARGES.*—*Notwithstanding section 3302 of title 31, United States Code, all surcharges collected by the Patent and Trademark Office—*

(1) shall be credited to a separate account established in the Treasury and ascribed to the activities of the United States Patent and Trademark Office as offsetting collections,

(2) shall be collected by and available to the United States Patent and Trademark Office for all authorized activities and operations of the Office, including all direct and indirect costs of services provided by the office, and

(3) shall remain available until expended.

(c) *ESTABLISHMENT OF SURCHARGES.*—*The Director of the United States Patent and Trademark Office shall establish surcharges under subsection (a), subject to the provisions of section 553 of title 5, United States Code, in order to ensure that \$119,000,000, but not more than \$119,000,000, are collected in fiscal year 1999 and each fiscal year thereafter.*

(d) *APPROPRIATIONS ACT REQUIRED.*—*Notwithstanding subsections (a) through (c), no fee established by subsection (a) shall be collected nor shall be available for spending without prior authorization in appropriations Acts.*

SECTION 9101 OF TITLE 31, UNITED STATES CODE

§ 9101. Definitions

In this chapter—

(1) * * *

* * * * *

(3) “wholly owned Government corporation” means—

(A) * * *

* * * * *

(R) *the United States Patent and Trademark Office.*

TITLE 5, UNITED STATES CODE

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PART I—THE AGENCIES GENERALLY

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CHAPTER 5—ADMINISTRATIVE PROCEDURE

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SUBCHAPTER I—GENERAL PROVISIONS

§ 500. Administrative practice; general provisions

(a) * * *

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(e) Subsections (b)–(d) of this section do not apply to practice before the **Patent Office** *United States Patent and Trademark Office* with respect to patent matters that continue to be covered by chapter 3 (sections 31–33) of title 35.

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PART III—EMPLOYEES

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Subpart D—Pay and Allowances

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CHAPTER 51—CLASSIFICATION

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§ 5102. Definitions; application

(a) * * *

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(c) This chapter does not apply to—

(2) * * *

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[(23) examiners-in-chief and designated examiners-in-chief in the Patent and Trademark Office, Department of Commerce;]

(23) administrative patent judges and designated administrative patent judges in the United States Patent and Trademark Office;

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CHAPTER 53—PAY RATES AND SYSTEMS

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SUBCHAPTER II—EXECUTIVE SCHEDULE PAY RATES

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§ 5316. Positions at level V

Level V of the Executive Schedule applies to the following positions, for which the annual rate of basic pay shall be the rate determined with respect to such level under chapter 11 of title 2, as adjusted by section 5318 of this title:

Administrator, Bonneville Power Administration, Department of the Interior.

Administrator of the National Capital Transportation Agency.

Associate Administrators of the Small Business Administration (4).

* * * * *

【Commissioner of Patents, Department of Commerce.】

* * * * *

【Deputy Commissioner of Patents and Trademarks.

【Assistant Commissioner for Patents.

【Assistant Commissioner for Trademarks.】

Commissioner, Administration on Children, Youth, and Families.

Director, Bureau of Transportation Statistics.

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SECTION 9 OF THE SMALL BUSINESS ACT

SEC. 9. (a) * * *

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(p) STTR POLICY DIRECTIVE.—

(1) ISSUANCE.—The Administrator shall issue a policy directive for the general conduct of the STTR programs within the Federal Government. Such policy directive shall be issued after consultation with—

(A) * * *

【(B) the Commissioner of Patents and Trademarks; and】

(B) the Director of the United States Patent and Trademark Office; and

* * * * *

ACT OF FEBRUARY 14, 1903

CHAP. 552.—An Act To establish the Department of Commerce and Labor.

* * * * *

BUREAUS IN DEPARTMENT

SEC. 12. The following named bureaus, administrations, services, offices, and programs of the public service, an all that pertains thereto, shall be under the jurisdiction and subject to the control of the Secretary of Commerce:

【(a) (1) National Oceanic and Atmospheric Administration;

【(b) (2) United States Travel and Tourism Administration;

【(c) (3) National Institute of Standards and Technology;

【(d) Patent and Trademark Office;】

【(e) (4) Bureau of the Census;

【(f) (5) United States Fire Administration; and

[(g)] (6) such other bureaus or other organizational units as the Secretary of Commerce may from time to time establish in accordance with law.

SECTION 19 OF THE TENNESSEE VALLEY AUTHORITY ACT OF 1933

SEC. 19. The Corporation, as an instrumentality and agency of the Government of the United States for the purpose of executing its constitutional powers, shall have access to the [Patent Office of the United States] *United States Patent and Trademark Office* for the purpose of studying, ascertaining, and copying all methods, formula, and scientific information (not including access to pending applications for patents) necessary to enable the Corporation to use and employ the most efficacious and economical process for the production of fixed nitrogen, or any essential ingredient of fertilizer, or any method of improving and cheapening the production of hydroelectric power, and any owner of a patent whose patent rights may have been thus in any way copied, used, infringed, or employed by the exercise of this authority by the Corporation shall have as the exclusive remedy a cause of action against the Corporation to be instituted and prosecuted on the equity side of the appropriate district court of the United States, for the recovery of reasonable compensation for such infringement. The [Commissioner of Patents] *Director of the United States Patent and Trademark Office* shall furnish to the Corporation, at its request and without payment of fees, copies of documents on file in his office: *Provided*, That the benefits of this section shall not apply to any art, machine, method of manufacture, or composition of matter, discovered or invented by such employee during the time of his employment or service with the Corporation or with the Government of the United States.

TRADE ACT OF 1974

TITLE I—NEGOTIATING AND OTHER AUTHORITY

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CHAPTER 8—IDENTIFICATION OF MARKET BARRIERS AND CERTAIN UNFAIR TRADE ACTIONS

* * * * *

SEC. 182. IDENTIFICATION OF COUNTRIES THAT DENY ADEQUATE PROTECTION, OR MARKET ACCESS, FOR INTELLECTUAL PROPERTY RIGHTS.

(a) * * *

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(b) SPECIAL RULES FOR IDENTIFICATIONS.—

(1) * * *

* * * * *

(2) In identifying priority foreign countries under subsection (a)(2), the Trade Representative shall—

(A) consult with the Register of Copyrights, the [Com-
missioner of Patents and Trademarks] *Director of the*
United States Patent and Trademark Office, other appro-
priate officers of the Federal Government, and

* * * * *

TITLE III—RELIEF FROM UNFAIR TRADE PRACTICES

CHAPTER 1—ENFORCEMENT OF UNITED STATES RIGHTS UNDER TRADE AGREEMENTS AND RESPONSE TO CERTAIN FOREIGN TRADE PRACTICES

* * * * *

SEC. 302. INITIATION OF INVESTIGATIONS.

(a) * * *

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(b) INITIATION OF INVESTIGATION BY MEANS OTHER THAN PETI-
TION.—

(1) * * *

(2)(A) * * *

* * * * *

(D) The Trade Representative shall, from time to time, con-
sult with the Register of Copyrights, the [Commissioner of
Patents and Trademarks] *Director of the United States Patent*
and Trademark Office, and other appropriate officers of the
Federal Government, during any investigation initiated under
this chapter by reason of subparagraph (A).

* * * * *

ACT OF APRIL 12, 1892

[No. 8.] Joint resolution to encourage the establishment and endowment of institu-
tions of learning at the national capital by defining the policy of the Government
with reference to the use of its literary and scientific collections by students.

Whereas, large collections illustrative of the various arts and
sciences and facilitating literary and scientific research have been
accumulated by the action of Congress through a series of years at
the national capital; and

Whereas it was the original purpose of the Government thereby
to promote research and the diffusion of knowledge, and is now the
settled policy and present practice of those charged with the care
of these collections specially to encourage students who devote
their time to the investigation and study of any branch of knowl-
edge by allowing to them all proper use thereof; and

Whereas it is represented that the enumeration of these facilities
and the formal statement of this policy will encourage the estab-
lishment and endowment of institutions of learning at the seat of
Government, and promote the work of education by attracting stu-
dents to avail themselves of the advantages aforesaid under the di-
rection of competent instructors: Therefore,

Resolved by the Senate and House of Representatives of the United States of America, in Congress assembled, That the facilities for research and illustration in the following and any other Governmental collections now existing or hereafter to be established in the city of Washington for the promotion of knowledge shall be accessible, under such rules and restrictions as the officers in charge of each collection may prescribe, subject to such authority as is now or may hereafter be permitted by law, to the scientific investigators and to students of any institution of higher education now incorporated or hereafter to be incorporated under the laws of Congress or of the District of Columbia, to wit:

One. Of the Library of Congress.

Two. Of the National Museum.

Three. Of the [Patent Office] *United States Patent and Trademark Office*.

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FEDERAL FOOD, DRUG, AND COSMETIC ACT

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CHAPTER V—DRUGS AND DEVICES

SUBCHAPTER A—DRUGS AND DEVICES

* * * * *

NEW DRUGS

SEC. 505. (a) * * *

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(m) For purposes of this section, the term “patent” means a patent issued by the [Patent and Trademark Office of the Department of Commerce] *United States Patent and Trademark Office*.

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NEW ANIMAL DRUGS

SEC. 512. (a) * * *

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(o) For purposes of this section, the term “patent” means a patent issued by the [Patent and Trademark Office of the Department of Commerce] *United States Patent and Trademark Office*.

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CHAPTER VII—GENERAL AUTHORITY

SUBCHAPTER A—GENERAL ADMINISTRATIVE PROVISIONS

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EXAMINATIONS AND INVESTIGATIONS

SEC. 702. (a) * * *

* * * * *

(d) The Secretary is authorized and directed, upon request from the [Commissioner of Patents] *Director of the United States Patent and Trademark Office*, to furnish full and complete information with respect to such questions relating to drugs as the Commissioner may submit concerning any patent application. The Secretary is further authorized, upon receipt of any such request, to conduct or cause to be conducted, such research as may be required.

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**SECTION 105 OF THE FEDERAL ALCOHOL
ADMINISTRATION ACT**

UNFAIR COMPETITION AND UNLAWFUL PRACTICES

SEC. 105. (a) * * *

* * * * *

(e) Labeling.—To sell or ship or deliver for sale or shipment, or otherwise introduce in interstate or foreign commerce, or to receive therein, or to remove from customs custody for consumption, any distilled spirits, wine, or malt beverages in bottles, unless such products are bottled, packaged, and labeled in conformity with such regulations, to be prescribed by the Administrator, with respect to packaging, marking, branding, and labeling and size and fill of container (1) as will prohibit deception of the consumer with respect to such products or the quantity thereof and as will prohibit, irrespective of falsity, such statements relating to age, manufacturing processes, analyses, guarantees, and scientific or irrelevant matters as the Administrator finds to be likely to mislead the consumer; (2) as will provide the consumer with adequate information as to the identity and quality of the products, the alcoholic content thereof (except that statements of, or statements likely to be considered as statements of, alcoholic content of malt beverages are prohibited unless required by State law and except that, in case of wines, statements of alcoholic content shall be required only for wines containing more than 14 per centum of alcohol by volume), the net contents of the package, and the manufacturer or bottler or importer of the product; (3) as will require an accurate statement, in the case of distilled spirits (other than cordials, liqueurs, and specialties) produced by blending or rectification, if neutral spirits have been used in the production thereof, informing the consumer of the percentage of neutral spirits so used and of the name of the commodity from which such neutral spirits have been distilled, or in case of neutral spirits or of gin produced by a process of continuous distillation, the name of the commodity from which distilled; (4) as will prohibit statements on the label that are disparaging of a competitor's products or are false, misleading, obscene, or indecent; and (5) as will prevent deception of the consumer by use of a trade or brand name that is the name of any living individual

of public prominence, or existing private or public organization, or is a name that is in simulation or is an abbreviation thereof, and as will prevent the use of a graphic, pictorial, or emblematic representation of any such individual or organization, if the use of such name or representation is likely falsely to lead the consumer to believe that the product has been indorsed, made, or used by, or produced for, or under the supervision of, or in accordance with the specifications of, such individual or organization: *Provided*, That this clause shall not apply to the use of the name of any person engaged in business as a distiller, brewer, rectifier, blender, or other producer, or as an importer, wholesaler, retailer, bottler, or warehouseman, of distilled spirits, wine, or malt beverages, nor to the use by any person of a trade or brand name used by him or his predecessor in interest prior to the date of enactment of this Act; including regulations requiring, at time of release from customs custody, certificates issued by foreign governments covering origin, age, and identity of imported products: *Provided further*, That nothing herein nor any decision, ruling, or regulation of any Department of the Government shall deny the right of any person to use any trade name or brand of foreign origin not presently effectively registered in the [United States Patent Office] *United States Patent and Trademark Office* which has been used by such person or predecessors in the United States for a period of at least five years last past, if the use of such name or brand is qualified by the name of the locality in the United States in which the product is produced, and, in the case of the use of such name or brand on any label or in any advertisement, if such qualification is as conspicuous as such name or brand.

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TITLE 28, UNITED STATES CODE

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PART IV—JURISDICTION AND VENUE

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CHAPTER 83—COURTS OF APPEALS

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§ 1295. Jurisdiction of the United States Court of Appeals for the Federal Circuit

(a) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction—

(1) * * *

* * * * *

(4) of an appeal from a decision of—

(A) the Board of Patent Appeals and Interferences of the *United States Patent and Trademark Office* with respect to patent applications and interferences, at the instance of an applicant for a patent or any party to a patent inter-

ference, and any such appeal shall waive the right of such applicant or party to proceed under section 145 or 146 of title 35;

(B) the [Commissioner of Patents and Trademarks] *Director of the United States Patent and Trademark Office* or the Trademark Trial and Appeal Board with respect to applications for registration of marks and other proceedings as provided in section 21 of the Trademark Act of 1946 (15 U.S.C. 1071); or

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PART V—PROCEDURE

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CHAPTER 115—EVIDENCE; DOCUMENTARY

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§ 1744. Copies of [Patent Office] *United States Patent and Trademark Office* documents, generally

Copies of letters patent or of any records, books, papers, or drawings belonging to the [Patent Office] *United States Patent and Trademark Office* and relating to patents, authenticated under the seal of the [Patent Office] *United States Patent and Trademark Office* and certified by the [Commissioner of Patents] *Director of the United States Patent and Trademark Office*, or by another officer of the [Patent Office] *United States Patent and Trademark Office* authorized to do so by the [Commissioner] *Director*, shall be admissible in evidence with the same effect as the originals.

Any person making application and paying the required fee may obtain such certified copies.

§ 1745. Copies of foreign patent documents

Copies of the specifications and drawings of foreign letters patent, or applications for foreign letters patent, and copies of excerpts of the official journals and other official publications of foreign patent offices belonging to the [United States Patent Office] *United States Patent and Trademark Office*, certified in the manner provided by section 1744 of this title are prima facie evidence of their contents and of the dates indicated on their face.

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CHAPTER 123—FEES AND COSTS

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§ 1928. Patent infringement action; disclaimer not filed

Whenever a judgment is rendered for the plaintiff in any patent infringement action involving a part of a patent and it appears that the patentee, in his specifications, claimed to be, but was not, the original and first inventor or discoverer of any material or substantial part of the thing patented, no costs shall be included in such judgment, unless the proper disclaimer has been filed in the [Pat-

ent Office] *United States Patent and Trademark Office* prior to the commencement of the action.

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ATOMIC ENERGY ACT OF 1954

TITLE I—ATOMIC ENERGY

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CHAPTER 13. PATENTS AND INVENTIONS

SEC. 151. INVENTIONS RELATING TO ATOMIC WEAPONS, AND FILING OF REPORTS.—

a. * * *

* * * * *

c. Any person who has made or hereafter makes any invention or discovery useful in the production or utilization of special nuclear material or atomic energy, shall file with the Commission a report containing a complete description thereof unless such invention or discovery is described in an application for a patent filed with the [Commissioner of Patents] *Director of the United States Patent and Trademark Office* by such person within the time required for the filing of such report. The report covering any such invention or discovery shall be filed on or before the one hundred and eightieth day after such person first discovers or first has reason to believe that such invention or discovery is useful in such production or utilization.

d. The [Commissioner of Patents] *Director of the United States Patent and Trademark Office* shall notify the Commission of all applications for patents heretofore or hereafter filed which, in his opinion, disclose inventions or discoveries required to be reported under subsection 151 c., and shall provide the Commission access to all such applications.

* * * * *

SEC. 152. INVENTIONS MADE OR CONCEIVED DURING COMMISSION CONTRACTS.—Any invention or discovery, useful in the production or utilization of special nuclear material or atomic energy, made or conceived in the course of or under any contract, subcontract, or arrangement entered into with or for the benefit of the Commission, regardless of whether the contract, subcontract, or arrangement involved the expenditure of funds by the Commission, shall be vested in, and be the property of, the Commission, except that the Commission may waive its claim to any such invention or discovery under such circumstances as the Commission may deem appropriate, consistent with the policy of this section. No patent for any invention or discovery, useful in the production or utilization of special nuclear material or atomic energy, shall be issued unless the applicant files with the application, or within thirty days after request therefor by the [Commissioner of Patents] *Director of the United States Patent and Trademark Office* (unless the Commission advises the [Commissioner of Patents] *Director of the United*

States Patent and Trademark Office that its rights have been determined and that accordingly no statement is necessary) a statement under oath setting forth the full facts surrounding the making or conception of the invention or discovery described in the application and whether the invention or discovery was made or conceived in the course of or under any contract, subcontract, or arrangement entered into with or for the benefit of the Commission, regardless of whether the contract, subcontract, or arrangement involved the expenditure of funds by the Commission. The **【Commissioner of Patents】** *Director of the United States Patent and Trademark Office* shall as soon as the application is otherwise in condition for allowance forward copies of the application and the statement to the Commission.

The **【Commissioner of Patents】** *Director of the United States Patent and Trademark Office* may proceed with the application and issue the patent to the applicant (if the invention or discovery is otherwise patentable) unless the Commission, within 90 days after receipt of copies of the application and statement, directs the **【Commissioner of Patents】** *Director of the United States Patent and Trademark Office* to issue the patent to the Commission (if the invention or discovery is otherwise patentable) to be held by the Commission as the agent of and on behalf of the United States.

If the Commission files such a direction with the **【Commissioner of Patents】** *Director of the United States Patent and Trademark Office*, and if the applicant's statement claims, and the applicant still believes, that the invention or discovery was not made or conceived in the course of or under any contract, subcontract or arrangement entered into with or for the benefit of the Commission entitling the Commission to the title to the application or the patent the applicant may, within 30 days after notification of the filing of such a direction, request a hearing before the Board of Patent Appeals and Interferences. The Board shall have the power to hear and determine whether the Commission was entitled to the direction filed with the **【Commissioner of Patents】** *Director of the United States Patent and Trademark Office*. The Board shall follow the rules and procedures established for interference cases and an appeal may be taken by either the applicant or the Commission from the final order of the Board to the United States Court of Appeals for the Federal Circuit in accordance with the procedures governing the appeals from the Board of Patent Appeals and Interferences.

If the statement filed by the applicant should thereafter be found to contain false material statements any notification by the Commission that it has no objections to the issuance of a patent to the applicant shall not be deemed in any respect to constitute a waiver of the provisions of this section or of any applicable civil or criminal statute, and the Commission may have the title to the patent transferred to the Commission on the records of the **【Commissioner of Patents】** *Director of the United States Patent and Trademark Office* in accordance with the provisions of this section. A determination of rights by the Commission pursuant to a contractual provision or other arrangement prior to the request of the **【Commissioner of Patents】** *Director of the United States Patent and Trademark Office* for the statement, shall be final in the absence of false

material statements or nondisclosure of material facts by the applicant.

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SECTION 305 OF THE NATIONAL AERONAUTICS AND SPACE ACT OF 1958

PROPERTY RIGHTS IN INVENTIONS

SEC. 305. (a) * * *

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(c) No patent may be issued to any applicant other than the Administrator for any invention which appears to the **【Commissioner of Patents】** *Director of the United States Patent and Trademark Office* (hereafter in this section referred to as the “Director”, to have significant utility in the conduct of aeronautical and space activities unless the applicant files with the **【Commissioner】** *Director*, with the application or within thirty days after request therefor by the **【Commissioner】** *Director*, a written statement executed under oath setting forth the full facts concerning the circumstances under which such invention was made and stating the relationship (if any) of such invention to the performance of any work under any contract of the Administration. Copies of each such statement and the application to which it relates shall be transmitted forthwith by the **【Commissioner】** *Director* to the Administrator.

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SECTION 12 OF THE SOLAR HEATING AND COOLING DEMONSTRATION ACT OF 1974

DISSEMINATION OF INFORMATION AND OTHER ACTIONS TO PROMOTE PRACTICAL USE OF SOLAR HEATING AND COOLING TECHNOLOGIES

SEC. 12. (a) The Secretary shall take all possible steps to assure that full and complete information with respect to the demonstrations and other activities conducted under this Act is made available to Federal, State, and local authorities, the building industry and related segments of the economy, the scientific and technical community, and the public at large, both during and after the close of the programs under this Act, with the objective of promoting and facilitating to the maximum extent feasible the early and widespread practical use of solar energy for the heating and cooling of buildings throughout the United States. In accordance with regulations prescribed under section 16 such information shall be disseminated on a coordinated basis by the Secretary, the Administrator, the Director of the National Bureau of Standards, the Director, the **【Commissioner of the Patent Office】** *Director of the United States Patent and Trademark Office*, and other appropriate Federal offices and agencies.

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TITLE 44, UNITED STATES CODE

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CHAPTER 11—EXECUTIVE AND JUDICIARY PRINTING AND BINDING

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§ 1111. Annual reports: time for furnishing manuscript and proofs to Public Printer

The appropriations made for printing and binding may not be used for an annual report or the accompanying documents unless the manuscript and proof is furnished to the Public Printer in the following manner:

manuscript of the documents accompanying annual reports on or before February 1, each year;

manuscript of the annual report on or before February 15, each year;

complete revised proofs of the accompanying documents on March 1, each year, and of the annual reports on March 10, each year.

Annual reports and accompanying documents shall be printed, made public, and available for distribution not later than within the first five days after the assembling of each regular session of Congress.

This section does not apply to the annual reports of the Smithsonian Institution, [the Commissioner of Patents,] the Comptroller of the Currency, or the Secretary of the Treasury.

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§ 1114. Annual reports: number of copies for Congress

One thousand copies of the annual reports of the departments to Congress shall be printed for the Senate, and two thousand for the House of Representatives.

The usual number only of the reports of the Chief of Engineers of the Army, [the Commissioner of Patents,] the Commissioner of Internal Revenue, the report of the Chief Signal Officer of the Department of the Army, and the Chief of Ordnance shall be printed.

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§ 1123. Binding materials; bookbinding for libraries

Binding for the departments of the Government shall be done in plain sheep or cloth, except that record and account books may be bound in Russia leather, sheep fleshers, and skivers, when authorized by the head of a department. The libraries of the several departments, the Library of Congress, the libraries of the Surgeon General's Office, [the Patent Office,] and the Naval Observatory may have books for the exclusive use of these libraries bound in half Turkey, or material no more expensive.

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CHAPTER 13—PARTICULAR REPORTS AND DOCUMENTS

Sec.

1301. Agriculture, Department of: report of Secretary.

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【1337. Patent Office: publications authorized to be printed.

【1338. Patent Office: limitations and conditions concerning printing and lithographing.】

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【§ 1337. Patent Office: publications authorized to be printed

【The Commissioner of Patents, upon the requisition of the Secretary of Commerce may cause to be printed:

【1. PATENTS ISSUED.—The patents for inventions and designs issued by the Patent Office, including grants, specifications, and drawings, together with copies of them, and of patents already issued, in the number needed for the business of the office.

【2. TRADE-MARKS AND LABELS.—The certificates of trade-marks and labels registered in the Patent Office, including descriptions and drawings, together with copies of them, and of trade-marks and labels previously registered, in the numbers needed for the business of the office.

【3. OFFICIAL GAZETTE.—The Official Gazette of the United States Patent Office in numbers sufficient to supply all who subscribe for it at \$5 a year; also for exchange for other scientific publications desirable for the use of the Patent Office; also to supply one copy to each Senator and Representative in Congress; with one hundred additional copies, together with weekly, monthly, and annual indexes. The “usual number” of the Official Gazette may not be printed.

【4. REPORT OF COMMISSIONER OF PATENTS.—The annual report of the Commissioner of Patents, not exceeding five hundred in number, for distribution by him; the annual report of the Commissioner of Patents to Congress, without the list of patents, not exceeding one thousand five hundred in number, for distribution by him; and the annual report of the Commissioner of Patents to Congress, with the list of patents, five hundred copies for sale by him, if needed, and in addition the “usual number” only shall be printed.

【5. RULES OF PRACTICE, LAWS, ETC.—Pamphlet copies of the rules of practice, and of the patent laws, and pamphlet copies of the laws and rules relating to trade-marks and labels, and circulars relating to the business of the office, all in numbers as needed for the business of the office. The “usual number” may not be printed.

【6. DECISIONS OF COMMISSIONER AND COURTS.—Annual volumes of the decisions of the Commissioner of Patents and of the United States courts in patent cases, not exceeding one thousand five hundred in number, of which the usual number shall be printed, and for this purpose a copy of each shall be transmitted to Congress promptly when prepared.

【7. INDEXES.—Indexes to patents relating to electricity, and indexes to foreign patents, in the numbers needed for the business of the office. The “usual number” may not be printed.

[§ 1338. Patent Office: limitations and conditions concerning printing and lithographing

【Printing for the Patent Office making use of lithography or photo-lithography, together with the plates, shall be contracted for and performed under the direction of the Commissioner of Patents, under limitations and conditions prescribed by the Joint Committee on Printing, and other printing for the Patent Office shall be done by the Public Printer under limitations and conditions prescribed by the Joint Committee on Printing. The entire work may be done at the Government Printing Office when in the judgment of the Joint Committee on Printing it is to the interest of the Government.】

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SECTION 10 OF THE TRADING WITH THE ENEMY ACT

SEC. 10. That nothing contained in this Act shall be held to make unlawful any of the following Acts:

(a) * * *

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(i) Whenever the publication of an invention by the granting of a patent may in the opinion of the President, be detrimental to the public safety or defense, or may assist the enemy or endanger the successful prosecution of the war, he may order that the invention be kept secret and withhold the grant of a patent until the end of the war: *Provided*, That the invention disclosed in the application for said patent may be held abandoned upon it being established before or by the 【Commissioner of Patents】 *Director of the United States Patent and Trademark Office* that, in violation of said order, said invention has been published or that an application for a patent therefor has been filed in any other country, by the inventor or his assigns or legal representatives, without the consent or approval of the commissioner or under a license of the President.

When an applicant whose patent is withheld as herein provided and who faithfully obeys the order of the President above referred to shall tender his invention to the Government of the United States for its use, he shall, if he ultimately receives a patent, have the right to sue for compensation in the United States Claims Court, such right to compensation to begin from the date of the use of the invention by the Government.

SECTION 11 OF THE INSPECTOR GENERAL ACT OF 1978

DEFINITIONS

SEC. 11. As used in this Act—

(1) the term “head of the establishment” means the Secretary of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Housing and Urban Development, the Interior, Labor, State, Transportation, or the Treasury; the Attorney General; the Administrator of the Agency for International Development, Environmental Protection, General

Services, National Aeronautics and Space, or Small Business, or Veterans' Affairs; the Director of the Federal Emergency Management Agency, the Office of Personnel Management or the United States Information Agency; the Chairman of the Nuclear Regulatory Commission or the Railroad Retirement Board; the Chairperson of the Thrift Depositor Protection Oversight Board; the Chief Executive Officer of the Corporation for National and Community Service; the Administrator of the Community Development Financial Institutions Fund; **[and]** the chief executive officer of the Resolution Trust Corporation; **[and]** the Chairperson of the Federal Deposit Insurance Corporation; **[or]** the Commissioner of Social Security, Social Security Administration; *or the Director of the United States Patent and Trademark Office* as the case may be;

(2) the term "establishment" means the Department of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Housing and Urban Development, the Interior, Justice, Labor, State, Transportation, or the Treasury; the Agency for International Development, the Community Development Financial Institutions Fund, the Environmental Protection Agency, the Federal Emergency Management Agency, the General Services Administration, the National Aeronautics and Space Administration, the Nuclear Regulatory Commission, the Office of Personnel Management, the Railroad Retirement Board, the Resolution Trust Corporation, the Federal Deposit Insurance Corporation, the Small Business Administration, the United States Information Agency, the Corporation for National and Community Service, **[or]** the Veterans' Administration, **[or the Social Security Administration]** *the Social Security Administration, or the United States Patent and Trademark Office*; as the case may be;

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